



St. Mary University School of Graduate Studies

EVALUATION OF CUSTOMERS' SATISFACTION WITH BANK SERVICES IN WEGAGEN BANK S.C.

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**October, 2013
Addis Ababa, Ethiopia**

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**A THESIS SUBMITTED TO ST. MARY UNIVERSITY
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SCHOOL OF GRADUATE STUDIES
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DECLARATION

I, the undersigned, Tiruwork Admassu declare that this thesis “**Evaluation of Customers’ Satisfaction with Bank Services in Wegagen Bank S.C.**” is my original work, prepared under the guidance of Asst. Prof. Abera Demsis. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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October 2013

ENDORSEMENT

This thesis, **“Evaluation of Customers’ Satisfaction with Bank Services in Wegagen Bank S.C.”** by Tiruwork Admassu has been submitted to St. Mary’s University College, School of Graduate Studies for examination with my approval as a university advisor.

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ABBREVIATIONS and ACRONYMS

ACSI	American Customer Satisfaction Index
ATM	Automatic teller machine
CI	Confidence Interval
Ho	Null Hypothesis
Ha	Alternate Hypothesis
IT	Information Technology
ICT	Information and Communication Technology
L/C	Letter of Credit
MBA	Masters in Business Administration
OR	Odds Ratio
SC	Share Company
SD	Standard Deviation
SPSS	Statistical Package for Social Science
WB	Wegagen Bank

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ABSTRACT

Customers are the livelihood of all organizations and businesses. The competitive power, strength, and survival of a bank rest in the degree of its customer satisfaction. Customer satisfaction is the situation when customer expectations have been fulfilled or exceeded to the fullest capacity over the life time of the service/product which leads to retention, loyalty, product purchase, and increased profitability. Factors that are implicated in literature that may affect customer satisfaction include: service quality; price and interest rates; employees' knowledge and skills about services/ products; bank access and convenience (location, business hours, waiting time); bank image (appearance, reliability of equipment, physical environment and atmosphere); and complaint handling or service recovery. The objective of the study is to evaluate level of overall customer satisfaction and the factors contributing to satisfaction at Wegagen Bank.

The design of the study is a quantitative cross-sectional type of research conducted in June and July 2013. The data collection tool used anonymous self-administered questionnaire and filled by customers of Wegagen bank. The tool has nine main parts mostly closed ended questions that measures satisfaction on a five point Likert scale, multiple choices, and open ended questions. Cross tabulations and binary logistic regression were done between the different factors with customer overall satisfaction.

The overall level of satisfaction of customers for services/products was mean score 3.8 and the number of customers who were satisfied and very satisfied, 76.0%. It was found out that association between overall customer satisfaction and service factors (P value=0.00), economic related factors (P value=0.01), and employee/staff related factors (P value=0.00). However, my results have not shown the existence of association between overall customer satisfaction and the other factors (their P value greater than 0.05). Binary Logistic Regression analysis of service factors with overall satisfaction the adjusted OR=4.01 (CI 2.19, 7.35). On the other hand, employee related factors with overall satisfaction the adjusted OR=1.58 (CI 0.75, 3.35); and economic related factors with overall satisfaction the adjusted OR=0.92 (CI 0.52, 1.65).

In conclusion the calculated mean score for overall satisfaction of customers of WB was 3.8 and the number of customers who were satisfied and very satisfied, 59.8% and 16.2%, respectively. Service factors have significant, positive, and are strong correlates with overall customer satisfaction. Although level of customer satisfaction may seem somehow encouraging and significant, there are rooms for improvements to work for Wegagen bank in enhancing its services. The bank has to strengthen or formulate innovative customers focused and satisfaction strategy, particularly on service quality, employees and economic factors such as prices, charges and interest rates and also avoid/minimize complaints by customers and if so happens recover quickly. It is also suggested that the bank to implement alternative channels; offer more innovate products/services; strive to retain/maintain long term relationship with its customers; and regularly take and implement feedbacks of customers and make them part of the strategy.

Key words: Customer satisfaction, factors of customer satisfaction, Wegagen Bank,

CHAPTER ONE

1. INTRODUCTION

1.1. Background

In today's competitive economy, in which responsiveness, quality and productivity are essential for the survival and growth of any organization, rendering excellent service and building and managing relationship with customers has become a vital strategy for various businesses, most especially in banking. The basis of building long-term relationships with customers' satisfaction lays the foundation that leads to loyalty, recommendation or positive word-of-mouth, repeat purchase and much profitability (Agbor 2011; Rust and Zahorik 1993). Technological advances, increased competition, massive increases in income levels, and the expansion in economic activities, as well as the growing diversity of customer needs, have contributed to the increase in the scope of banks services (Al-Sulaiti et al., 2000). Banks are challenged to lower costs, increase efficiency while improving the quality of their service and increase customer satisfaction (Shah, 2012). To survive and grow in the changing market environment, banks go for latest technology that can help in developing new products and flexible structure to respond quickly to the competitive market scenario. Information technology has started changing banking services and so also the expectation of customers from banks has increased. Therefore, "banks cannot take a lifetime relationship with the customers as granted and they have to work continuously to foster relationship and retain customer loyalty" requiring banks to respond strategically for delivering effective service (Center for Social Policy Study, 2007).

Customer satisfaction is the situation when customer expectations have been fulfilled or exceeded to the fullest capacity over the life time of the product or service which leads to loyalty (Faraz, 2005). The capacity to fulfill customer expectation consequently brings about strong loyalty to the product or services of a company. Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations (Kotler and Keller, 2009). The achievement of customer satisfaction leads to company loyalty and product purchase and extensively influences company performance and survival (Rajasekhara and Mangnale 2011). Businesses focus on monitoring customer satisfaction in order to determine how to increase their customer base, customer loyalty, revenue, profits, market share and survival (Center for Social Policy Study, 2007). The same study shows

that customer satisfaction depends on the quality and effects of customer experiences and the goods or services they receive. The characteristics that are associated with service quality and other factors such as timeliness and convenience, personal attention, availability, reliability and dependability, employee competency and professionalism highly affect customer satisfaction.

In a highly competitive economy, customer satisfaction can be considered as the essence of success and a corporate target as more and more firms strive for quality in their products and services. In this context, an understanding of 'determinants of customer satisfaction' and continuously measuring it is of great significance to companies (Bitner and Hubbert, 1994; Churchill and Suprenant, 1982; Levesque and McDougall, 1996).

The banking sector in Ethiopia is playing a crucial role for economic growth of the country (NBE 2013). Following the liberalization of the economy in the 1990's, the banking industry was opened for private investors. Currently, there are 3 public and 16 private banks in Ethiopia with more than 1480 branches and mobilizing tens of billions of Birr contributing to the growing economy in the country which has created stiff competition for customers among themselves (NBE, 2013).

Wegagen Bank Share Company is a privately owned share company which started operation on June 11, 1997 with a subscribed capital of Birr 60 million and a paid up capital of Birr 30 million. Vision: 'Becoming the most preferred bank in Ethiopia'. Mission: "To provide a wide range of quality services through a dynamic workforce and up-to-date information technology (IT) solutions to satisfy the desires of all stakeholders." Values: The Bank's commitment to work for outstanding customer service, operate efficiently and effectively and treat employees, as would like them to treat the bank's customer is among the set out core values. The main objective of WB are: maximizing profitability through increased efficiency; enhancing market share; expanding the bank's capital base; ensuring excellence in customers services; and providing differentiate, varied and value added banking services (WB, 2013). WB has introduced a Core Banking System as of July 2000, thereby managed to network the Head Office organs and all branches. It has transformed its Core Banking System into a more versatile standard solution and has been able to deliver efficient service to its customers (WB, 2013). WB offers full-fledged banking services and products that include various types of deposits, and credit facilities as well as international banking services, international and local money transfers, Exchange of foreign

currency and other modern e-banking such as 24/7 payment card services through ATMs, Debit cards, Internet banking, Mobile banking which are new to customers and the Ethiopian banking industry. It offers various deposit products including overdraft accounts, checking deposits, negotiable order of withdrawal accounts, zero balance accounts, escrow accounts, savings deposits and fixed time deposit. Its loans portfolio comprises term loans, merchandise loans, trade and service loans, agriculture production loans, manufacturing loans, building construction loans, bridge loans, consumer loans, and automobile loans. The bank also offers international banking services, foreign exchange bureau services, and local and international money transfer services. It focuses on enhancing quality and efficiency through upgrading existing facilities and employees' capacity, and introducing new and state-of-the-art technologies that would definitely support introduction of new products and increase efficiency (WB, 2013).

The benefits of effective and active customer involvement suggest that there are gains to be made from attempting to address such concerns of customers, to accept the role of employees and to recognize the value of active participation in service delivery. A study in the service industry including banks in Ethiopia has shown that there is dissatisfaction of customers regarding service interaction/delivery procedures, and recovery process, complaint handling (Rajasekhara Mouly; Potluri and Mangnale, 2011). A few studies have focused only on quality of banks products and services as a proxy indicator to customer satisfaction but these are not the only ones affecting customers satisfaction (Abbor 2011, Syed and Guruswamy, 2007; Maskuj and Afia 2010). Customer satisfaction is affected by many factors other than quality of services and products. Studies on the quality of banking services and products in Ethiopia (Mesay, 2012; Derbie 2012; Kassa, 2012; Gebre, 2010) have suggested the need to conduct customer satisfaction research on an ongoing basis. Despite the importance of customer satisfaction in improving the performance of banks, the studies conducted in the area are very limited to change the situation. Hence to make primary interest and agenda of business banks; the question arises whether customers are satisfied or otherwise and what are the factors that contributes to satisfaction of bank customers.

1.2. Conceptual Framework

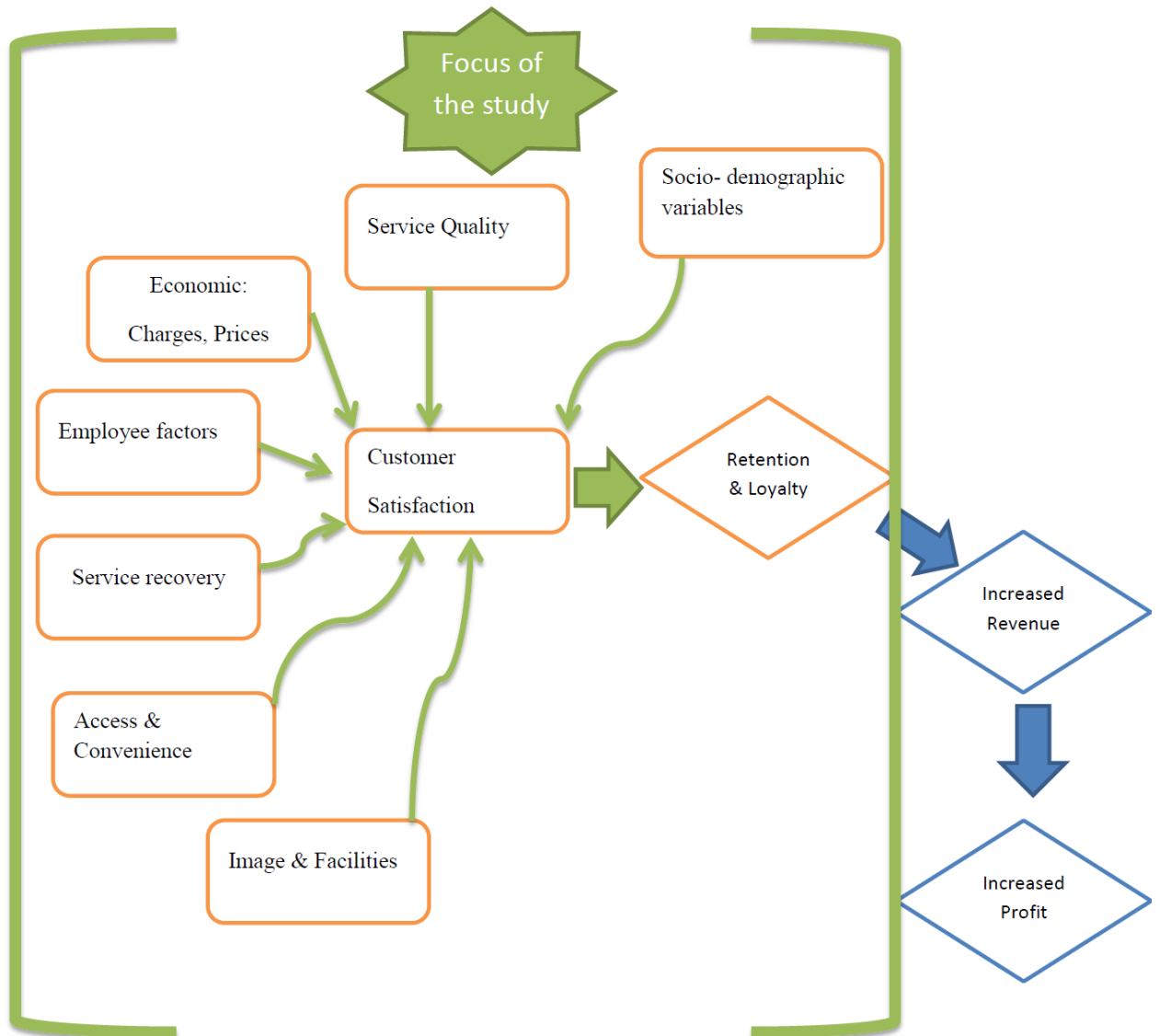


Figure 1: Conceptual Framework, Factors Affecting Customers Satisfaction (own synthesis)

1.3. Statement of the problem

Research has shown that customer satisfaction is tied directly to retention, and profitability. Bain and Company study in Harvard Business Review, (2001); and Reichheld & Sasser, (1990) claimed that a 5% improvement in customer retention can increase in profitability between 25% and 95%. The same study indicated that it is expensive to gain a new customer than to keep an existing one and one bad experience can outweigh a whole lot of good experiences.

It is critical to make sure that customers are satisfied and ensure that they continue to be customers for sustaining competitiveness, profitability and in fact business survival. It is also important to give customers the opportunity to provide feedback about their overall satisfaction level and specific needs and concerns to consistently measure and monitor for improvements. In the current environment of increased competition with rapid entry of new banks in Ethiopia, customer satisfaction and retention presents a challenge. It needs a more in-depth understanding of the complex relationship between overall customer satisfaction and factors affecting it.

As described above customers are the livelihood of all businesses. Businesses in the various industries try to attract and keep customers and build long-term relationships. Banking operations are becoming increasingly customer oriented. The ability of banks to offer customers access for different banking services and products become a valuable competitive edge. In literature, service quality, price and interest rates, employee relations, image, access and convenience have been cited as contributing to overall customer satisfaction, customer retention, and loyalty which are going to be key differentiations for a bank's future success sometimes consistently and at other times inconsistently. Moreover, the levels of overall customer satisfaction and the factors affecting varies with individuals and over time. It thus, becomes very important for WB to get feedback about its customers' overall satisfaction regularly which has strong link with customer loyalty and retention and increased profitability. There are limited studies in WB to measure overall level of customer satisfaction and the factors associated with it. The level of customers' satisfaction and the associated factors affecting satisfaction are not clearly known in WB and there is a need to regularly know these dynamics. Thus this study attempted to assess overall level of customers' satisfaction and the factors affecting at WB and will add to the scanty literature on overall customers satisfaction in the banking industry in general and WB in particular in Ethiopia.

1.4. Research Questions

This study raised and answers several research questions regarding the level of overall customer satisfaction and the factors that affect it at Wegagen Bank.

- What is the overall level of customer satisfaction on the services and products provided?
- What are the levels of factors that affect customer satisfaction?
- What factors associate with overall customer satisfaction?

1.5. Research Objectives

General objective: The general objective of the study is to evaluate the level of overall customer satisfaction on services/products and the factors associated with overall customer satisfaction at Wegagen Bank.

Specific objectives: The research has the following specific objectives:

- To evaluate the overall customer satisfaction level on WB services/products.
- To measure level of satisfaction to the factors affecting customer satisfaction.
- To find out the factors those are associated with overall customer satisfaction at WB.
- To provide feedback on level of customer satisfaction and recommend actions for improvement.

1.6. Hypotheses

Based on the research questions and objectives of the study the following hypotheses were developed and tested:

Null Hypothesis (Ho) 1: Service factors will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 1: Service factors will have a positive and significant association with overall customer satisfaction.

Null Hypothesis (Ho) 2: Prices and interest rates (Economic Factors) will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 2: Prices and interest rates (Economic Factors) will have a positive and significant association with overall customer satisfaction.

Null Hypothesis (Ho) 3: Employee Related Factors will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 3: Employee Related Factors will have a positive and significant association with overall customer satisfaction.

Null Hypothesis (Ho) 4: Access to and convenience of bank services will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 4: Access to and convenience of bank services will have a positive and significant association with overall customer satisfaction.

Null Hypothesis (Ho) 5: Image and facilities will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 5: Image and facilities will have a positive and significant association with overall customer satisfaction.

Null Hypothesis (Ho) 6: Complaints Handling mechanisms will not have a positive and significant association with overall customer satisfaction.

Alternate Hypothesis (Ha) 6: Complaints Handling mechanisms will have a positive and significant association with overall customer satisfaction.

1.7. Definition of Terms and Concepts

Customer: (sometimes known as client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration and may or may not be the final or end user

Consumer: is a person or group of people who are the final users of products and/or services.

Customer service: is the provision of service or products to customers before, during and after a purchase.

Customer satisfaction: satisfaction is derived from the Latin *satis* (enough) and *Facere* (to do or make). It is the state of mind that customers have about a product or service when expectations have been met or exceeded over the lifetime of the product or service.

Customer Dissatisfaction: is the opposite of satisfaction.

Customer Complaint: customers who voice their dissatisfaction within a recent timeframe about a product or service that is not resolved at the first point of contact.

Customer Retention: customers who will purchase the specific good or service again from the same company on the next occasion.

Corporate image: is the “overall impression” left in the customers’ mind as a result of cumulative feelings, ideas, attitudes and experiences with the organization.

Service recovery: refers to the actions a provider takes in response to a service failure. A failure occurs when customers’ perceptions of the service they receive do not match their expectations (Kotler, 2000; Faraz (2005), American Customer Satisfaction Index 2013; Wikipedia, 2013).

1.8. Significance of the study

This study is going to be used as a useful source of information for WB to know the overall level of customers’ satisfaction, the factors associated with customer satisfaction and serve as an input to improve customer services policies, guidelines and practices for attaining customer satisfaction

at WB in particular and the banking industry in general. This research contributes by providing operational highlights on the practicality of customer satisfaction at WB on the ground. Moreover, the research may be used as a means of comparison and improvement with its competitors in the banking industry on customer satisfaction and also highlights areas that may need further investigation in the future.

1.9. Scope of the Research

This study measures customers overall level of satisfaction and the factors associated with it during the study period. It has used self-administered questionnaires. The study is limited to sampled city branches of WB in Addis Ababa. The scope of the survey is limited to studying customer satisfaction at WB after customers' transaction with the bank at city branches during the month of June and July 2013.

1.10. Organization of the thesis

The study has five chapters. Chapter one dealt with the general introduction which covers background of the study, problem statement, objective, scope, and significance of the study. Chapter two reviewed the literature relevant to this study. Chapter three covers the methodology used to conduct the study and the organizational profile of Wegagen Bank. Chapter four presents the results and discussion of the data analyzed. Chapter five presents the conclusion and recommendations part of the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Definition and Nature of Customer Satisfaction

The main purpose of any business is to create customer satisfaction. In a highly competitive and nearly identical products economy, offering differentiating services and building long-term relationships with customers can be critical for banks success. The competitive power, strength, and survival of a bank lie in the degree of its customer satisfaction (Jayaraman et al, (2010). Banks must therefore, recognize and give earnest attention to the satisfaction of customers in planning their success, as customers could shake the whole interest of the business they are linked with.

There are different definitions of customer satisfaction as there are authors in the field. It is important to see some of the definitions in empirical literature below for common understanding. Faraz (2005), defined customer satisfaction as “the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service”. Jayaraman, (2010) explained customer satisfaction as “a measurement of the kind of products and services provided by a company to meet its customer’s expectation” and that it is considered as key performance indicator. Berry and Parasuraman, (1993) suggested that customer satisfaction is a function of the customer’s assessment of service quality, product quality and price. Kotler, (2000) defined satisfaction as “a person’s feelings of pleasure or disappointment resulting from comparing product’s perceived performance or outcome in relation to his or her expectations”. Satisfaction refers to “the buyer’s state of being adequately rewarded in a buying situation for the sacrifice he or she has made” (Al-alak, 2009). Jamal and Kamal, (2002) described customer satisfaction as “a feeling or attitude of a customer towards a product or service after it has been used.” Customer satisfaction is the judgment borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience (Oliver, 1997).

According to Kotler and Armstrong, (2005) customer satisfaction depends on the product’s perceived performance relative to a buyer’s expectations and that if the product’s performance falls below expectations, the customer is dissatisfied; if performance matches expectations, the

customer is satisfied; if performance exceeds expectations, the customer is highly satisfied or delighted. Robert, (2005) defined it as “the ability of knowledgeable, capable and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately result in positive word-of-mouth publicity and return business.”

Customer satisfaction is generally defined as a post consumption evaluation judgment concerning a specific product or service purchase and it is the result of an evaluative process that contrasts pre-purchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980). “Pre-purchase expectations are beliefs about anticipated performance of the product”. “Customer expectations are beliefs about a service that serve as standards against which service performance is judged; which customer thinks a service provider should offer, rather than on what might be on offer” (Parasuram et al.,1988 ; Zrithaml et al., 1993; Jayaraman, et al 2010). As we can see all the definitions of customer satisfaction explicitly or implicitly, involve that the customer has to meet certain standards of expectations on the service provider, on the service/product, the process, price, and other factors. Moreover, one may also ask why so concerned about customer satisfaction in the banking sector? This is because customer satisfaction is changing among customers and even over time within an individual. So requires frequent and closer contacts with customers who have different needs and require customized solutions.

2.2. Importance of Customer Satisfaction

The importance of customers’ satisfaction has been recognized and knowing the level of satisfaction of customers with a company has great advantage for a company. Several studies have found the positive effect of the level of customer satisfaction on profitability stating the extent a totally satisfied customer contribute 17 times as much revenue compared to a dissatisfied customer. Satisfied customers are vital to long-term success of business and are likely to share their experience with other people. Research has also shown that companies with more satisfied customer base experience greater customer loyalty enabling to engage in repeat purchase, charge premium prices, create positive word-of-mouth promotion, market share which consequently leads to higher economic returns and future revenue, (Shah, 2012, Center for the Study of Social Policy, 2007). Thus, enhancing customer satisfaction should be a key driver for banks in

maintaining a long term relationship with their customers. In the banking industry, the nature of the relationship between the customer and the provider of the products and services of banks is a key element of customer satisfaction (Mohsan, et al 2004). To win and keep customers in service and product range, there need to regularly measure customer satisfaction. Hence, in order to achieve long term sustainability, companies must keep customers satisfied with their service offerings. The study by Mohsan, et al (2004) indicated that fast and efficient service, confidentiality of bank, speed of transaction, friendliness of bank personnel, accuracy and timeliness and clarity of billing, competitive pricing, and service quality as the key factors which significantly affect customer satisfaction.

2.3. Measurements of Customer Satisfaction

Customers are key to keep business in operation. Because satisfaction varies and changes among individuals and over time, there is a need for continuous research in the area. Measuring customer satisfaction has become a sound business strategy since customer retention for long term is critical to business success, profitability and it is cheaper to retain existing customers than attracting new ones. In order to recognize and effectively respond to the customers need and concern, there is need to measure customer satisfaction systematically to know whether customers are well served or not; whether customers' habits have been changing for competitors' services/products.

There are different methods of measuring customer satisfaction: (a) SERVQUAL model measures by identifying the gaps between customers' expectations and actual performance of service (Parasuraman, Zeithamal, and Berry, (1994), Oliver (1980); (b) the Kano model measures satisfaction against customer perceptions of attribute performance (Kano, Seraku, et al, (1996).; (c) The American Customer Satisfaction Index (ACSI) uses customer interviews as input to a multi-equation econometric model; (d) The HOTELZOT (A modified version of SERVQUAL) model measures the zone of tolerance in hotel service by incorporating two levels of expectations (desired and adequate) (Nadiri & Hussain, (2005) ; and (e) The performance based service quality (SERVPERF) (Cronin and Taylor, (1992)).

SERVQUAL method has been criticized on its focus on expectation as a comparison standard which is dynamic in nature and change according to customers' experiences and consumption

situations; and the applicability of the five SERVQUAL dimensions to different service settings and replication studies (Teas, (1994); Nadiri & Hussain, (2005)). On the other hand, Cronin et al, (1994) compared the effectiveness of SERVQUAL and SERVPERF for assessing service quality, however, remained unconvinced of both. In addition, Lee et al, (2000) compared SERVQUAL with SERVPERF and concluded that SERVPERF appeared to be superior to SERVQUAL. However, none of these methods are free from criticisms or perfect methods for measuring customer satisfaction for all organizations, times and other situations necessitating a modification to suit a particular situation.

Customer satisfaction measurement enables to evaluate and provide actionable information for service improvement initiatives. The possible dimensions that one can use in measuring customer satisfaction, such as quality of service, pricing/charges and interest rates, complaints handling, trust in employees and the closeness of the relationship with contacts in the firm, other types of services needed, and the positioning in clients' minds. It was for this reason that a research presented that "the simplest way to know how customers feel, and what they want is to ask them" this is through measurement (Agbor 2011). The research suggested three ways of measuring customer satisfaction: a survey where customer feedback can be transformed into measurable quantitative data; Focus group or informal discussions orchestrated by a trained moderator reveal what customers think; and Informal measures like reading blocs, talking directly to customers.

Measurement of Customer satisfaction can be done during a post-purchase evaluation of a product or service (Oliver, 1980) which is called transaction-specific. Cumulative customer satisfaction on the other hand is an overall evaluation based on the total purchase and consumption experiences with a product or service over time (Fornell, 1992, Johnson & Fornell 1991). Overall customer satisfaction thus reveals the general evaluation of the events carried out by a given business in relation to expectations accumulated behind different contact between the consumer and business. Levesque and McDougall, 1996 suggested that unsatisfied customers may choose not to defect, because they do not expect to receive better service elsewhere. Additionally, satisfied customers may look for other providers because they believe they might receive better service elsewhere. This reminds that there is always the need to follow and get feedbacks of customers to keep with the business.

2.4. Factors Affecting Customer Satisfaction

Kotler and Keller, (2009) defined service as “any intangible act or performance that one party offers to another that does not result in the ownership of anything”. Accordingly, services are characterized by four key characteristics; intangible, inseparable, variable and perishable. Service quality is about meeting customers’ needs and requirements, and how well the service level delivered matches customer expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers (Gebre, 2010; Mishra, et al 2010).

It is important to know the key factors/determinants of customers’ satisfaction which in effect affect customer loyalty and business profitability. Knowing the factors or determinants of customer satisfaction enables the organizations to focus and work on major factors that lead to high level of customer satisfaction so profitability. Marzieh & Davood, (2012) identified customers preferred dimensions that include: personnel-related considerations (attitudes and behavior of tellers and other staff, procedures for handling complaints, appearance of staff); financial considerations (interest earnings, interest payments); branch environment-related considerations (atmospherics); and convenience-related considerations (ATMs, opening hours). Moreover, citing the National Business Research Institute (NBRI, 2009; Jenet, 2011; Mihelis, et al, 1998) suggested possible dimensions for measuring customer satisfaction that include quality of service, speed of service, pricing, complaints or problems, trust in employees, other types of services needed, positioning (image) in client’s mind. Thus, the different factors that affect customer satisfaction can be categorized as: products/Service quality, price, factors related to employees and complaint handling, and bank access, convenience and image.

Customer perceptions of the service quality play an important role to the success of the business. Service quality can be described as a form of attitude that results from the comparison of expectations with performance (Cronin and Taylor, 1992; Parasuraman et al., 1985). While evaluating the quality of a service, customers compare the service they expect with perceptions of the services they actually receive. It is generally accepted that customer satisfaction often depends on the quality of product or service offered (Levesque and McDougall, 1996). Grönroos (2000) and Parasuraman, Zeithaml and Berry (1985; 1997) accentuated that achieving customer satisfaction through high quality service would allow an organization to gain a competitive advantage. Moreover, achieving service quality enhance the reputation of the banks, new

customers are captured that increase financial performance. Satisfied customers bring new customers to the bank through positive word-of-mouth in so doing and reducing the cost of marketing. Qualities of service and customer satisfaction are most important for building strong and sustainable relationship between an organization and its customers. Banks need to understand the loyalty of their customers and its impact in the competition. To be more effective in the market, banks therefore should focus more on their service quality and customer satisfaction paying attention on the core competitive strategy (Hossain and Leo, 2009).

The competition to gain the loyalty and trust of customers has different processes and variations of services. The continuous approach to deliver quality of services created a significant improvement as much as the strategic focus in the financial services. Most of the valuable things that might create an impact and progress in the services are the state-of-the-art technology that might change the entire organization (Frei, Kalakota, and Marx, 1997). The integration of human skills and knowledge and technology is an important idea in the banking industry. The automated service quality in the banking service created the word “e-commerce” or electronic commerce which might influence the success of the banks in delivering the kind of service preferred by customers (Al-Hawari, Hartley, and Ward, 2005).

Product differentiation is impossible in a competitive environment of the banking industry. Banks all over the place are delivering nearly identical products. There is usually only minimal variation in interest rates charged or the range of products available to customers. Therefore, bank management tends to distinguish its company from competitors through customer satisfaction (Ioanna, 2002). Service quality is one of the factors but not the only affecting customers' satisfaction in the banking industry.

Service quality is accepted as one of the elements of customer satisfaction (Parasuraman, Zeithaml and Berry, 1994). But other factors such as price, product quality, as well as specific factors such as situational and personal factors have an impact on customer satisfaction (Syed, & Guruswamy, 2007). Other factors such as the location of the bank, opening hours, security of deposit, security of customers information and customer waiting period to be key reasons for choosing a particular bank and staff attitude and poor service as the second reason for customers (Zeithaml and Bitner, 2006).

A research conducted by Mesay, (2012) tried to investigate the relationship between service quality, customer satisfaction and loyalty and the result indicated that offering high quality service increase customer satisfaction which in turn leads to high level of customer commitment and loyalty. In addition, it was showed that there is a positive and significant link between customer satisfaction and service quality like tangibility, reliability; competence conflict handling and inferred that customer satisfaction is positively significant related to customer loyalty (Mohsin et al, 2012).

Measurement of subjective experiences like service quality is not easy. The customer may be dissatisfied even if all the factors met as planned. Review of various service quality models (Nitin Seth, Deshmukh, PremVrat, 2005) has shown that the service quality outcome and measurement is dependent on type of service setting, situation, time, need factors. In addition to this even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of encounters with a particular service, and competitive environment.

It is evidenced that service satisfaction is a function of both technical and functional performance (Lien, and Kao, 2008), even though both don't have equal contribution to customer satisfaction. Technical quality is the quality of what is provided while functional quality (process quality) refers to the quality of how it is provided (Chakrabarty, 2000). Technical outcome quality, involving the actual competence of the provider, is considered difficult to evaluate due to the lack of knowledge on the part of the customer, whereas functional quality (or process quality) is more easily judged. Functional quality referring to the delivery of the services includes items such as courtesy, confidence and attentiveness. Services high in credible qualities, like banks functional qualities is suggested as a more critical driver of customer satisfaction. Customers give more attention on how they are treated during service encounters to give a satisfaction evaluation. Lien, N. and Kao, S 2008 suggested to put a little more attention on the delivery process, such as treating customers as individuals offering special treatment, understanding what customers need beforehand and showing willingness to help, maintaining friendships with the service personnel and familiarity with the service environment and procedure.

The foundations of service quality measurement can be viewed from two widely accepted perspectives: the SERVQUAL model and the Technical/Functional Quality Framework

(Chakrabarty, 2000). SERVQUAL model consists of five dimensions of service quality to be assessed in any service setting; reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, et al, 1985). Reliability (accuracy and dependability) is mostly concerned with the service outcome of the delivered service, while tangibles, responsiveness, assurance, and empathy are concerning with the service process. In judging the accuracy and dependability (i.e., reliability) of the delivered service, customers judge the other dimensions as the service is being delivered. Reliability, assurance, responsiveness, and empathy are the most important dimension in meeting customer expectations and service quality is significant predictor of customer satisfaction which has evolved over time (Parasuraman et al, 1985).

In reviewing literature (Cronin and Taylor, 1992; Oliver, 1993), there appears to be a relative consensus among researchers that service quality and customer satisfaction are separate constructs which are unique and share a close relationship. Most researchers in the services field have maintained and argued that these constructs are closely related but distinct. As these concepts are distinct, they then worthy of further separate pursuit (Iacobucci, et al 1995).

In an attempt to clarify the distinction between satisfaction and perceived quality, (Anderson, et al (2010) indicated that satisfaction requires previous consumption experience and depends on price, whereas quality can be perceived without previous consumption experience and does not normally depend on price. According to the studies of (Parasuraman et al, 1985, 1988; Cronin and Taylor, 1992; Zeithaml et al 1993; Anderson et al, 1994), customer satisfaction is seen as a wider concept influenced by service quality, product quality and price and also other situational and personal factors like emotional status. The study of Ostrom & Iacobucci, (1993) suggested that three distinctions between quality and satisfaction; timeliness, service recovery and physical environment had greater impact on satisfaction than quality.

Moreover, Oliver (1981), distinguished customer satisfaction from service quality in his definition, service quality is “more stable and is situational oriented” and a component of satisfaction but customer satisfaction “is a broader concept than service quality which focuses specifically on dimensions of service. Customer satisfaction can result from any dimension, whether or not it is quality related. Judgments can be formed by a large number of non-quality issues, such as needs, equity, perceptions of fairness and judgments do require experience with the service or provider. On the other hand, service quality has the dimensions underlying quality

judgments are rather specific; expectations for quality are based on perceptions of excellence; and quality perceptions do not require experience with the service or provider (Maskuj & Afia, 2010). The study investigated, besides the perceived quality, other aspects of the customer satisfaction like the employee behavior to customer, the work environment and layout are satisfaction element and should be maintained for good performance. The perceived quality Fornell, (1992) in the study of Swedish consumers, noted that although customer satisfaction and quality appear to be important for all firms, satisfaction is more important for loyalty in industries such as banks, insurance, mail order, and automobiles.

Service quality is accepted as one of the elements of customer satisfaction (Parasuraman, Zeithaml & Berry, 1994). But other factors in the service sector that affect customer satisfaction include are price, speed of processing information, reliability of equipment, customer relation factors (employee behavior), judgments of employees' knowledge and skills about services and products, branch (location, convenience, appearance of the facility, decor and atmosphere, business hours, interest rate, waiting time) of the branch, physical environment factors, information and situational factors have an impact on customer satisfaction (Chakrabarty, 2004). The second largest determinant of customer satisfaction is economic factors such as pricing charges and interest rates to determine the overall satisfaction of customers' satisfaction (Levesque, et al 1996; Chakrabarty, 2004; Hallowell (1996), Irina, 2010).

Levesque and McDougal (1996) found that the performance of the service provider on core and relational dimensions of service was an important driver for customer satisfaction and also customer satisfaction in retail banking can be influenced by the perceived competitiveness. A study by Leeds (1992) described that approximately 40 percent of customers switched banks because of what they considered to be poor service. Leeds (1992) further argued that nearly three-quarters of the banking customers mentioned teller courtesy as a prime consideration in choosing a bank. The study also showed that increased use of service quality and professional behaviors such as formal greetings enhanced customer satisfaction and reduced customer attrition. Indeed, customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organization. Organizations need to know how to keep their customers, even if they appear to be satisfied.

A study (Alabar, 2012) showed the positive impact of e-banking (accessibility, convenience, security, privacy, content, design, speed, fees and charges) on commercial bank customers' satisfaction, loyalty, and positive words-of-mouth. The application of various technological devices in promoting/achieving better customer service delivery guaranteed customer satisfaction that translates into increase profitability and higher return on investment.

It has been prevalent to employ technology in the delivery of banking services to reduce costs and eliminate uncertainties influencing delivery of perceived service quality and customers satisfaction (Joseph, et al, 1999). It was further investigated by the study that efficiency, speedy, reliability and user friendliness attributes of quality are highly important to consumers who thought to have positive perception of technology based service since they believe technology will deliver fast and efficient services than that of employees. Through technological development accessibility has been extended and so introduction of new service delivery channel that enable consumer to do business with service firms from home or office.

In banking services, attributes like: appearance of the facility, attitude and behavior of staff, decor and atmosphere, business hours, interest rate and waiting time are used for the measurement of satisfaction (Irina, (2010); Manrai & Manrai, (2007). Kumbhar & Vijay, (2011) evaluates major factors (i.e. service quality, brand perception and perceived value affecting on customers' satisfaction in e-banking service settings and the result indicated that perceived value, brand perception, cost effectiveness, easy to use, convenience, problem handling, security/assurance and responsiveness are important factors in customers satisfaction in e-banking. The same study indicated that the quality of service is one of the major determinants of customer satisfaction and that it can be enhanced by using advanced information and communication technology (ICT). It was further explained that ICT based e-services which almost all banks are adopting to enhance service quality of banking services brings convenience, enhance service quality and cost effectiveness in the banking services and increasing customers' satisfaction in banking services.

As said by Levesque and McDougall, 1996, convenience and competitiveness of the bank are two main factors which are likely to influence the overall satisfaction levels of customers. The provider's contribution can also be expected to affect overall customer satisfaction and continuing patronage. According to Levesque, (1996) the bank's features (e.g. location), the competitiveness of the banks interest rates, the customers' judgments about the bank employees'

skills were all factors that drove customer satisfaction, while bank features and competitive interest rates were important contributors.

Bahraini, (2012) found out that employee behavior and how they interact with customers were the most important and fundamental factor in increasing the quality of bank services besides the reliability, innovation in banking services and profit and convenience. The study tried to measure customer satisfaction by using factors that include employee behavior, competence and skills of staff, innovation and diversity in service, benefit and facilities, how to respond, physical facilities, reliability ease of service and bank's reputation and thus, suggested banks to be innovative and to diversify their services. The study of Kumar, (2007) explored the determinant factors and dimensions of customer satisfaction for nationalized and private banks where service quality, reliability, competence, efficient process, customization, ATM facility, vision, vigilance, simplicity of system and brand image were identified as determinant factors of customers' satisfaction for private banks.

Banks must focus on understanding the needs, attitudes, satisfactions and behavioral patterns of the market to successfully compete in the market (Kaynak and Kucukemiroglu, 1992). Due to service differentiation, easiness of service availability, offering culture based products and technology used in service delivery, banks, are becoming highly competitive and facing greater challenges to attract customers (WoldeMariam, 2011). Customers are selecting banks considering various features of the service proposition.

Various empirical researches have been conducted in various parts of the world to investigate the bank selection criteria of the customers. Customers evaluate a number of criteria when choosing a bank. For example, a study by Laroche and Taylor, 1988, found that convenience is the principal reason for bank selection, followed by parental influence with respect to the status of the bank. In contrast, Kaynak and Kucukemiroglu, (1992) showed that customers choose their banks because of convenience, long association, recommendations of friends and relatives, and accessibility to credit. The study by Boyd et al. (1994) indicated that reputation, interest charged on savings accounts, interest charged on loans, quick service, location on city and hours of operation are viewed as having more importance than other criteria such as friendliness of employees, modern facilities, and drive-in-service. A study by Haron et al. (1994) found that "fast and efficient

service”, “speedy of transactions”, “friendliness of bank personnel” and “confidentiality of bank, “reputation and image of bank” were the most important factors for customers in selecting a bank. Size of the bank has the greatest influence on customer choice of banks, followed by availability of large branch network across the country, then reputation of the bank, personal security of customer, and then convenient access to bank location (Thwaites & Vere, (1995).

Research on bank selection (Kennington, et al, (1996), similarly found that reputation, price/cost, convenience location and service, efficiency of personnel help friendliness of staff, communication with staff, knowledge of firm’s business, prompt provision of services, availability of branches, fast and efficient services, self-bank facilities, long operating hours, low service charges, low loan rates, online banking facilities, variety of products and services and availability of parking space nearby were found to be significant factors in selecting a bank.

Rasheed & Almin, (2012) also found the positive relationship between customer satisfaction and factors of product assortment, customer handling, banks’ image and reputation, competitive position of bank and quality of service provided, and bank selection including financial considerations by a bank suggesting to pay special attention to the employees training, financial considerations of customers and provision of appropriate products and services as demanded by the customers to increase the level of customer satisfaction.

The study of Leonard and Spencer, (1991) has recommended that some customers have positive attitudes towards ATMs based on dominant perceptions of convenience, accessibility and ease of use. On the other hand, customers perceive that ATMs are indicative of achievement and contribute towards a positive organizational image. There are literature (McKechnie, 1992; Thwaites & Vere, 1995) indicating the view that access and convenience is a dominant criterion both for subsequent satisfaction and selection of institution. A survey (Mohsan et al, 2004) indicated that young customers emphasize on factors like a bank’s reputation, friendliness of bank personnel, convenient location, ATM, and availability of parking spaces in selecting their banks.

2.5. Customer Complaints Handling and Satisfaction

The businesses true interest and commitment to customers’ lies on how they develop a system to collect and process feedback of customers, and respond to complaints for customer satisfaction.

Organizations have to develop systems and means by which customers express their satisfaction and dissatisfaction during or after a service encounter. Unless this system is in place, business may lose their customers even without knowing that they are losing. The service recovery actions taken by an organization in response to service failure have significant impact on customer evaluation “because customers are usually more emotionally involved in and observant of recovery service than in routine or first-time service and are often more dissatisfied by an organization’s failure to recover than by the service failure itself (Berry and Parasuraman 1991; Smith, Bolton, & Wagner, 1999). Service failures and failed recoveries are leading causes of customer switching behavior in service organizations and thus, well-executed service recoveries are important for enhancing customer satisfaction, building customer relationships, and preventing customer defections (Smith, Bolton, & Wagner, 1999). A study by Singh & Wilkes 1996, had shown that appropriately managing customer complaints has a significant influence on customer retention and loyalty.

As described by Levesque and McDougall, 1996, that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend shifts to competitors. Moreover, dissatisfied customers have more multiplier effect of bad service than a satisfied ones; implies additional costs of losing potential customers apart from existing ones (Chakrabarty 2004).

Satisfaction /dissatisfaction with banking does not stem from the same elements (Johnston, 1997). Some factors if improved, improve customer satisfaction, however, other factors may not improve satisfaction but prevent or reduce dissatisfaction. This can be explained by hygiene factors of Herzberg’s motivation (two factors) theory (Herzberg, Mausner, Barbara, (1959).

Complaint handling and satisfaction is important to design customer service to result in satisfied customers; however, it is not always possible to meet all the expectations of all customers for a number of reasons. This calls for proper handling of customer complaints to return them to satisfied customers. This service recovery consists of actions a service provider takes in response to a service failure (Rajasekhara & Mangnale, 2011) with the aim of converting dissatisfied to satisfied customers. In competitive business environment the types of service recovery strategies companies are using affect organizational profitability and future successes.

Failure to ensure customer satisfaction, both initially and at a later time in the process through service recovery could lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity and the direct cost of re-performing the service (Berry & Parasuraman, 1992). The study by Jian, Xin, & Zhao, (2009) found that direct complaint handling have a positive effect on satisfaction and the degree of effect depends on the result of dealing with complaints. Encouraging customer complaint can enhance customer loyalty.

2.6. Customer Satisfaction, Retention and Profitability

Customer Relation Management deals with the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler and Armstrong, 2005) and “satisfied customers are more likely to be loyal customers and to give the company a larger share of their business”. There is relationship between customer satisfaction, retention, loyalty and profitability of businesses.

The Profit-Chain Model asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the revenue and profits of the organization (Heskett et al. 1997).The model also described that profit and growth are stimulated primarily by customer loyalty as a direct result of customer satisfaction largely influenced by the value of services provided to customers.

Customer satisfaction and retention are critical for banks. Customer satisfaction is also linked to increased retention, loyalty and profitability (Rust & Zahorik, (1993). Levesque and McDougall, 1996 studied how satisfaction, image, and perceived service quality determine loyalty in a bank. Banks lose satisfied clients who have moved retired or no longer need certain services.

As described by Zairi 2000, customer satisfaction leads to repeat purchases, loyalty and retention. Satisfied customers are considered to maintain contact with the company, buy more products/services and more often (Kassa, 2012 and Irina, 2010) and add the likelihood of acceptance of other products and the favorable word-of-mouth. Increasing loyalty had been found to lead to increases in future revenue (Fornell 1992; Anderson, Fornell, & Lehmann, 1994) and reductions in the cost of future transactions (Reichheld, 1996; Kassa, 2012).

Customer satisfaction is a leading factor determining loyalty and positively associated with repurchase intentions, positive words of mouth and profitability and higher levels of customer retention and loyalty (Fornell 1992). A satisfied customer is six times more likely to repurchase a product and share his positive experience with five or six other people (Mesay, 2012; Zairi, 2000); on the other hand, unsatisfied customers can negatively affect the organization more than satisfied customers (Mohsan, 2011).

The costs of acquiring new customers are more expensive than retaining existing ones (Reichheld, 1996; Rust & Zahorik, 1993; Hallowell, 1996) and much higher than the costs of retention (Reichheld et al, 1990). Increasing customer satisfaction leads to increased buyer willingness to pay premium price, provide referrals, and use more of the product and lead to higher profitability (Reichheld 1996; Anderson & Mittal 2000). The longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank, the higher initial costs of introducing and attracting a new customer, increases in both the value and amount of purchases, the customer's better understanding of the bank, and positive word-of-mouth promotion.

CHAPTER THREE

3. RESEARCH DESIGN and METHODOLOGY

3.1. Study area

Wegagen Bank (WB) Share Company (S.C.) is a private bank established and started operation in June 11, 1997 with a paid up capital of Birr 30 million. WB has a network of 76 branches of which 38 are in Addis Ababa (named city branches) and the remaining 38 are located in other cities and towns of the country. It has now more than 2,154 shareholders and its total capital reached around Birr 1.4 billion as of June 30, 2013 (WB, 2013). The Bank offers various types of banking services and products that include deposits, and credit facilities as well as international banking services, international and local money transfers, exchange of foreign currency and payment card services. The Bank has introduced other modern e-banking methods like ATMs, Debit cards, Internet banking. Mobile banking and others are new to the Ethiopian banking sector to the customers to contribute to the growing banking service industry (WB, 2013).

3.2. Research Design

The design of this study is a cross-sectional type of research. It presented facts concerning the nature and status of customer satisfaction on WB services and products and factors affecting customer satisfaction at the time of the study based on the impressions or reactions of the respondents of the research. The study on WB customers' satisfaction was conducted immediately after customers' transaction with the bank at city branches during the month of June and July 2013. In this study, data were collected to measure and understand overall customer satisfaction level, the levels and associated factors affecting customer satisfaction were explored. The primary data for the study were collected from the study respondents or customers of WB at city branches using self-administered questionnaire.

3.3. Samples and Sampling Procedure

Six city branches of WB are sampled using simple random sampling method. The population of this study is all customers of sampled city branches of WB. As the number of customers and type

of services in each of the sampled branches were similar, about equal number of customers were sampled from each of the six city branches. Random samples of customers who come to the city branches during the study period were included as respondents of the study until sufficient samples were taken.

Sample size for customers is calculated as follows. The sample size to be used in the study with 95% confidence level and 5% confidence interval (standard error) was calculated using the following formula:

$$n = \frac{Z_{\alpha/2}^2 P (1-P)}{\delta^2}$$

Where n = sample size
 $Z_{\alpha/2}$ = confidence level (=1.96)
 P = proportion (=0.5)
 δ^2 = confidence interval (standard error) (=0.05)

$$n = \frac{(1.96)^2 0.0.5(1-0.5)}{0.05^2} = \frac{3.8416 \times 0.25}{0.0025} = 384.16$$

Adding 5% contingency for non-response rate the total sample size (n) calculated was 404.

3.4. Data Sources and Data collection Tool

Data sources

The source of data for this research was primary data sources collected using self-administered questionnaires after some explanation on the purposes of the research. The primary data sources were Wegagen bank city branches customers, who had come and got services during the study period.

Data collection tool

The tool used was designed to measure overall customer satisfaction and include range of factors affecting customer satisfaction. The data collection tool had explanation about the objectives of the research and a brief guide on how to fill the self-administered questionnaire. Anonymity of

the self-administered questionnaire were written at the beginning of the questionnaire, In addition, brief verbal explanations were provided by the data collector during handing over of the questionnaire and anonymity of the response were also assured and informed to each of the respondents of the study and assured during data collection, data entry and analysis.

The study used mainly closed ended questions which gave the respondents to rate their level of satisfaction on a five point Likert scale (Very Dissatisfied=1; Dissatisfied=2; Neutral/indifferent=3; Satisfied=4; Very Satisfied=5). The self-administered questionnaire had multiple choice questions to choose from. It also included open ended questions that gave the chance for respondents to share their ideas which are not addressed in the closed ended questions but consistent with the objective of the research. The self-administered questionnaire had ten parts. The first part, multiple choices question asks respondents of the survey the type of service(s) they obtained during the study. The second part requests respondents overall level of satisfaction on customer services and products on a five point Likert scale. The third to eighth part of the questionnaire requests respondents on service factors, prices and interest rates; how respondents were satisfied with the employees/staffs; complaints and complaint handling by employees, access, and Image and facilities, all of them measured in a five point Likert scale as mentioned above. The ninth part is open ended questions asked to give the chance to customers to provide feedback on customer services and products which might not be addressed by the questions before it. The last part of the questionnaire asked the socio-demographic questions of customers. The questionnaire asked and measured customers' level of satisfactions on WB wide range of services and products and other factors which will impact customer satisfaction on a 5-point scale immediately after transaction.

The data collection tool was pre-tested in one city non-sampled branch. The feedbacks obtained during the pre-testing were used as input to finalize the data collection tool. The questionnaires were prepared in English and then translated into Amharic. Respondents were given Amharic questionnaires.

The following were done to ensure validity and reliability of the data collection questionnaire and data collection process: the questionnaire was prepared after review of related literature and also translated to Amharic for convenience of respondents and pretested; data were collected immediately after respondents transaction services with WB from June to July 2013; the questionnaire was divided into ten parts with specific questions under each part so that

respondents can give emphasis on the specific aspects; and moreover the research questions and hypothesis lead for the design of the study.

3.5. Data Entry and Analysis

Each of the primary data collected from customers were checked for completeness immediately after data collection. These data were then entered into Statistical Package for Social Science (SPSS) version 20 software for analysis. Descriptive statistics, frequency, percentages, mean scores of the 5 point Likert scale calculated, cross tabulations, binary logistic regression were generated using the SPSS software and displayed in Tables and figures. The specific factors under each of the: service factors, economic factors, employee related factors, complaint handling, access and convenience, and image factors were coded using the median as one in their respective categories. The respondents evaluation of satisfaction on a five point Likert scale were recoded into two that is very dissatisfied, dissatisfied and neutral/indifferent were recoded as dissatisfied since it is argued that respondents would prefer to 'be nice' (Miller, 2010) and neutral/indifferent response is a social desirable and modest reply for 'not satisfied'. And satisfied and very satisfied were recoded as satisfied to create binary (two by two) table of overall satisfaction by the factors for analysis to generate descriptive tables and figures. Then cross tabulated overall customer satisfaction with the factors affecting overall customer satisfactions to find association. Binary Logistic Regression analysis of the three factors which have association with overall satisfaction that are service quality, economic, and employee/staff related factors with overall customer satisfaction resulted in Crude and Adjusted odds ratio (OR) with 95% confidence interval (CI).

CHAPTER FOUR

4. RESULTS and DISCUSSIONS

4.1. RESULTS

4.1.1. Socio-demographic characteristics of respondents of the survey

A total of 404 questionnaires were distributed out of these 392 were returned with a response rate of 93%. Then during data cleaning 4 questionnaires were discarded due to lack of completeness and the analysis was made on 388 complete questionnaires of respondents.

In this study, respondents are meant customers of WB who were provided with the self-administered questionnaire, filled and returned during the study period. Customers and respondents may be used interchangeably in this text. As can be seen from Table 1 below, the respondents of the study were 66.0%, males; 39.2% of the age group 30-45 years and 36.6% from 45-64 years of age. Similarly, respondents were first degree (49.2) and diploma (32.2%) holders by educational level (Table 1).

Table 1: Sociodemographic Characteristics of Respondents (n=388)

Sociodemographic Characteristics	Frequency	Percent
Age (years)		
▪ 18-29	84	21.6
▪ 30-45	152	39.2
▪ 46-64	142	36.6
▪ 65 and above	10	2.6
Total	388	100.0
Gender		
▪ Male	256	66.0
▪ Female	132	34.0
Total	388	100.0
Education Level		
▪ Primary School	12	3.1
▪ Secondary School	41	10.6
▪ Diploma	125	32.2
▪ First Degree	191	49.2
▪ Post graduate	19	4.9
Total	388	100.0
Employment		

Sociodemographic Characteristics	Frequency	Percent
▪ Private sector/ employed by someone	123	31.7
▪ Self-employed	199	51.3
▪ Work in a public sector	53	13.7
▪ Student	13	3.4
Total	388	100.0

4.1.2. Main Services Provided to the Respondents at WB during the Study

WB provides a full range of banking services. However, the most frequent services fetched by respondents were checking account customers, 48.7%; deposit service, 39.9%; and money transfer, 22.4% (Table 2).

Table 2: Type of services rendered during the study period in WB (n=388)

Customers by type of services transacted during the study	Frequency	%
Deposits services	155	39.9
Checking Accounts	189	48.7
Loans services	71	18.3
International Banking services	75	19.3
ATM services	63	16.2
Money transfer	87	22.4
Others	22	5.7
Total	388	100.0

4.1.3. Overall Customer Satisfaction Level

Respondents of this study were asked to evaluate their overall level of satisfaction for WB services and products before the specifics were asked. Accordingly, the calculated mean score of the five point Likert scale for overall satisfaction of customers was 3.8 this is a score between neutral/indifferent=3 and nearer to satisfaction=4. On the other hand, on disaggregation those replied that they are just satisfied are 59.8%, indifferent 18.6% and very satisfied 16.2%, (Figure 2). This brings the total satisfied and very satisfied customers to 76.0%.



4.1.4. Factors/Determinants of Customer Satisfaction

As shown in Table 3 below, the mean scores of all service quality factors were in the range of 3.1 to 3.7 (their mean is 3.5) that is between neutral/indifferent and satisfied and the overall satisfaction obtained in this study above (3.8) from customers without asking the specific factors of services. The satisfaction levels of each of the specific factors are shown in Table 3.

As we can see in the Table 3 below, 44.1 percent of the respondents were satisfied about the prompt and efficient service of the bank while 38.9 percent respondents satisfied with easy of opening account in the bank. With regards to the bank's accuracy in performing services and reliability in performing promises 39.7 percent and 46.4 percent, respectively, of the respondents were indifferent while 38.9 percent and 32.2 percent, respectively, satisfied.. Customers are keen to see the bank improve in offering suitable product and widen its product range. About 42 percent said that they are satisfied with the range of products/ services. In addition, 33.2 percent respondents are satisfied and 11.9 percent very satisfied while about 39.9 percent indifferent in 'easy of using' ATM (Table 3).

Table 3: Customers' Level of Satisfaction for Services/Products (frequency/%) (n=388)

Satisfaction with Services	Very dissatisfied	Dissatisfied	Indifferent	Satisfied	Very satisfied	Likert Mean score (SD)
Prompt and efficient Services (No long line ups at counter)	16 (4.1)	17 (4.4)	108(27.8)	171(44.1)	76(19.6)	3.7(0.968)
Variety (complete range) of services offered	11(2.8)	17(4.4)	141(36.3)	164(42.3)	55(14.2)	3.6(0.884)
Ease of opening/ transaction a current account	8(2.1)	15(3.9)	125(32.2)	151(38.9)	89(22.9)	3.8(0.917)
Ease of use of ATM services	18(4.6)	40(10.3)	155(39.9)	129(33.2)	46(11.9)	3.4(0.979)
Easy of obtaining loans	23(5.9)	60(15.5)	177(45.6)	102(26.3)	26(6.7)	3.1(0.954)
The bank performs the service right and error free	13(3.4)	30(7.7)	154(39.7)	151(38.9)	40(10.3)	3.5(0.901)
The bank performs a service exactly as promised	9(2.3)	29(7.5)	180(46.4)	125(32.2)	45(11.6)	3.4(0.911)

Competitive interest rates and charges emerge as the most important service improvement area. Of the respondents, 42.3 percent replied indifferent and 26.8% dissatisfied, 18.8% percent satisfied (mean score 3.0) on interest rate on loans. On the other hand, 44.8 percent indifferent, 33.0 percent were satisfied (mean score 3.3) on saving deposits; while 47.7 percent indifferent and 30.7 percent satisfied (mean score 3.3.) with the service charge fees (Table 4).

Table 4: Customers' Level of Satisfaction on Economic Factors (frequency/%) (n=388)

Economic Factors	Very dissatisfied	dissatisfied	Indifferent/ Neutral	Satisfied	Very satisfied	Likert Mean score (SD)
Interest rate on loans/credits	21(5.4)	104(26.8)	164(42.3)	73(18.8)	26(6.7)	3.0(0.970)
Services charges	18(4.6)	31(8.0)	185(47.7)	119(30.7)	35(9.0)	3.3(0.914)
Interest rate on saving deposits	18(4.6)	35(9.0)	174(44.8)	128(33.0)	33(8.5)	3.3(0.921)

In the below Table 5, respondents are generally satisfied with the employees knowledge, and competence about the bank's products, friendliness and willingness to serve customers (46.4%, 44.6%, 48.2%), respectively, and mean score 3.9 (Table 5).

Table 5: Customers' Level of Satisfaction on WB Employees (frequency/%) (n=388)

Employees/staffs attributes	Very dissatisfied	dissatisfied	Indifferent/ Neutral	Satisfied	Very satisfied	Likert Mean score (SD)
Employees knowledge/skill competency about services/ products	10(2.6)	8(2.1)	96(24.7)	180(46.4)	94(24.2)	3.9(0.889)
Employees courteous, friendly and trustworthiness	12(3.1)	8(2.1)	95(24.5)	173(44.6)	100(25.8)	3.9(0.922)
Employees good looking, willing, and never busy to serve the customer	10(2.6)	8(2.1)	96(24.7)	187(48.2)	87(22.4)	3.9(0.876)

As depicted in the Table 6 below, 51 percent of the respondents were satisfied while 28.9 percent very satisfied (mean score 4.0) on the convenience of the bank's operation hours. As to the convenient location of the branches, 41.2 percent were satisfied while 35.1 percent remain indifferent (mean score 3.6). Similarly, 47.4 percent were indifferent as to the adequacy of the bank's branch network. Concerning the availability and convenient location of ATMs machines 41 percent of the respondent were indifferent while 35.8 percent satisfied (mean score 3.6). About 40.2 percent satisfied with the general atmosphere and situation of branches (Table 6).

Table6:Customers' Level of Satisfaction to Access and Convenience for WB (frequency/%) (n=388)

Access	Very dissatisfied	Dissatisfied	Indifferent/ Neutral	Satisfied	Very satisfied	Likert Mean score (SD)
Bank operation hours	10(2.6)	3(0.8)	64(16.5)	199(51.3)	112(28.9)	4.0(0.847)
Conveniently location branches	9(2.3)	22(5.7)	136(35.1)	160(41.2)	61(15.7)	3.6(0.897)
Number of branches	15(3.9)	30(7.7)	184(47.45)	118(30.4)	41(10.6)	3.4(0.915)
Availability and convenient location of ATM machines	14(3.6)	43(11.1)	159(41.0)	139(35.8)	33(8.5)	3.6(0.921)
General ambience and comfort level	11(2.8)	29(7.5)	138(35.6)	156(40.2)	54(13.9)	3.2(0.969)
Available of parking space	31(8.0)	42(10.8)	171(44.1)	123(31.7)	21(5.4)	3.4(0.919)

Regarding image and facilities of WB branches, 44.3 percent indifferent and 31.7 percent of the respondents were satisfied (mean score 3.9) about the appealing appearance of the branch; while 54.1 percent satisfied and 23.5 percent very satisfied (mean score 3.5) on the bank implements modern technology. In addition, about 47.4 percent expressed their satisfaction and 30,2 indifferent (mean score 3.6) that they believe the bank has modern equipments which improve the bank's service delivery. With regards to reputation of the bank, 49.2 percent respondents have good impression about the bank (Table 7).

Table 7: Customers' Level of Satisfaction on WB Image and Facilities (frequency/%) (n=388)

Image and facilities	Very dissatisfied	Dissatisfied	Indifferent/ Neutral	Satisfied	Very satisfied	Likert Mean score (SD)
Exterior/interior appearance of the branch	12(3.1)	36 (9.3)	172 (44.3)	123 (31.7)	45 (11.6)	3.9(0.897)
Bank implement modern technology	14 (3.6)	8(2.1)	65 (16.8)	210 (54.1)	91 (23.5)	3.5(0.925)
Bank has modern looking/attractive equipment	15 (3.9)	32 (8.2)	117 (30.2)	184 (47.4)	40 (10.3)	3.6(0.942)
Bank has a strong reputation and image in the community	18 (4.6)	26 (6.7)	109 (28.1)	191 (49.2)	44 (11.3)	3.6(0.464)

4.1.5. Service Failure and Recovery

Studies show that prompt addressing of customers complaints contribute to customer satisfaction. When respondents of the study were asked whether they encountered a problem in getting service with the bank and also whether they complained about the services, 82.2 percent said no while 17.8 said yes (Figure 3). Further follow up of those who complained and as to how the complaints were handled, 33.4, 26.1 and 29.0 percent of the respondents were satisfied while 34.8, 33.3 and 33.3 were remain indifferent on the way the complaints were handled, the time taken to resolve of the complaint and also the employees dependability in handling the service complaints, respectively (Table 8).

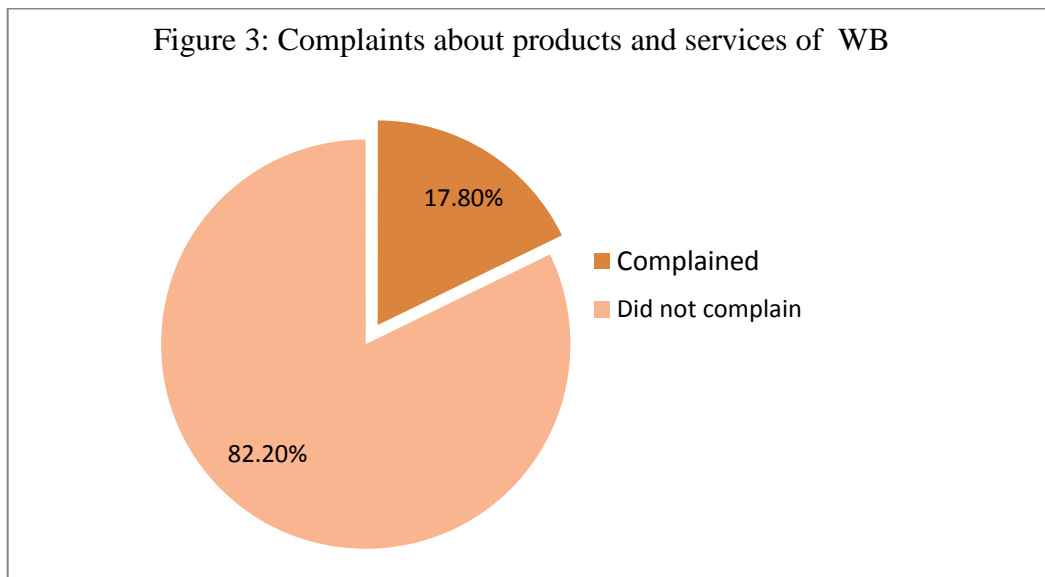


Table 8: Customers Level of Satisfaction on Compliant Handling at WB (frequency/%) (n=388)

Service Recovery	Very dissatisfied	Dissatisfied	Indifferent/ Neutral	Satisfied	Very satisfied	Likert Mean score
The way complaints was handled	8 (11.6)	8 (11.6)	24 (34.8)	21 (30.4)	8 (11.6)	3.2
The time taken to sort out your complaints	6 (8.7)	12(17.4)	23(33.3)	18(26.1)	10(14.5)	3.2
Employees show dependability in handling service of complaints	7(10.1)	9(13.0)	23(33.3)	20(29.0)	10(14.5)	3.2

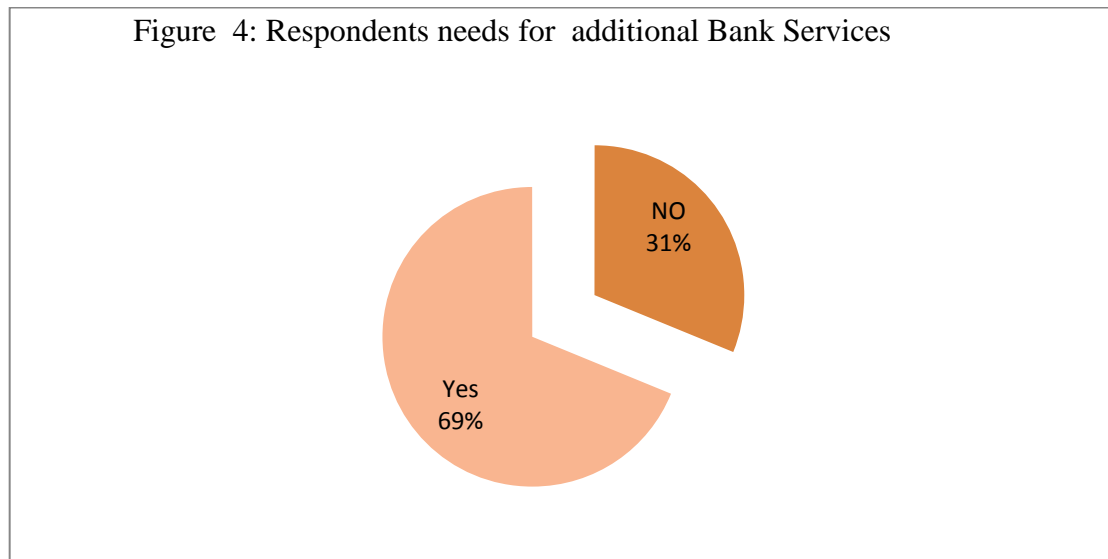
4.1.6. Retention and Loyalty to WB Services

As we can see from Table 9 below, 47.7 percent are customers of the bank for 1-5 years and about 44.6 percent 6 and more years as customers of WB. Moreover, more than 76 percent of the respondents were frequent customers (6 and more times visitors over three months time) of the bank indicating the repurchase behavior of customers (Table 9).

Table 9: Customers Retention and Loyalty at WB (yes, frequency/%) (n=388)

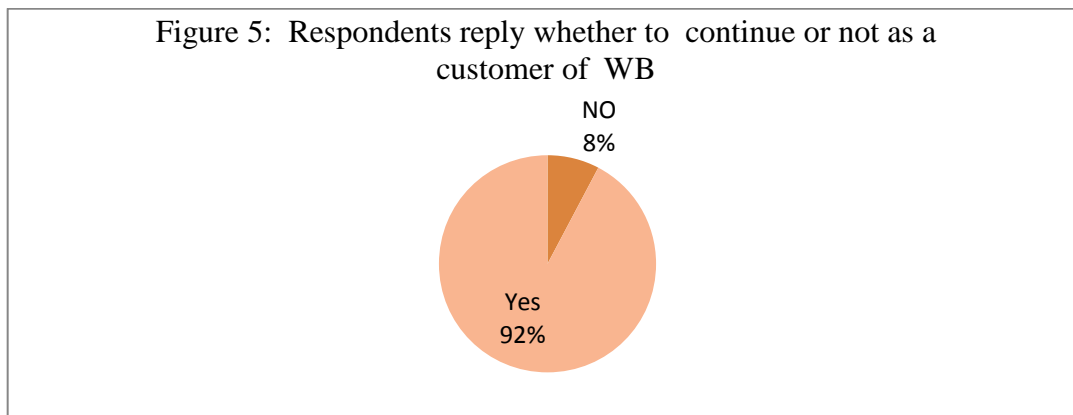
Retention/Loyalty	Yes	%
Years of Relationship as a Customers with WB		
▪ Less than 1 year	30	7.7
▪ 1-5years	185	47.7
▪ 6-10years	149	38.4
▪ >10 years	24	6.2
Total	388	100.00
Frequency of visit as a Customer with WB the last 3 months before the study		
▪ One time	12	3.1
▪ 2-5 times	81	20.9
▪ 6-10 times	153	39.4
▪ more than 10 times	142	36.6
Total	388	100.0

With regards to the question whether respondents want additional products and services other than what it currently offered, 69% said yes (Figure 4) requiring that WB to expand its service/product range and availability. Additional services proposed by respondents include electronic banking; internet and mobile banking. The respondents further suggested that the bank to provide fast and efficient services; improve ATM services; availing long term loan facilities; and improving the network system.

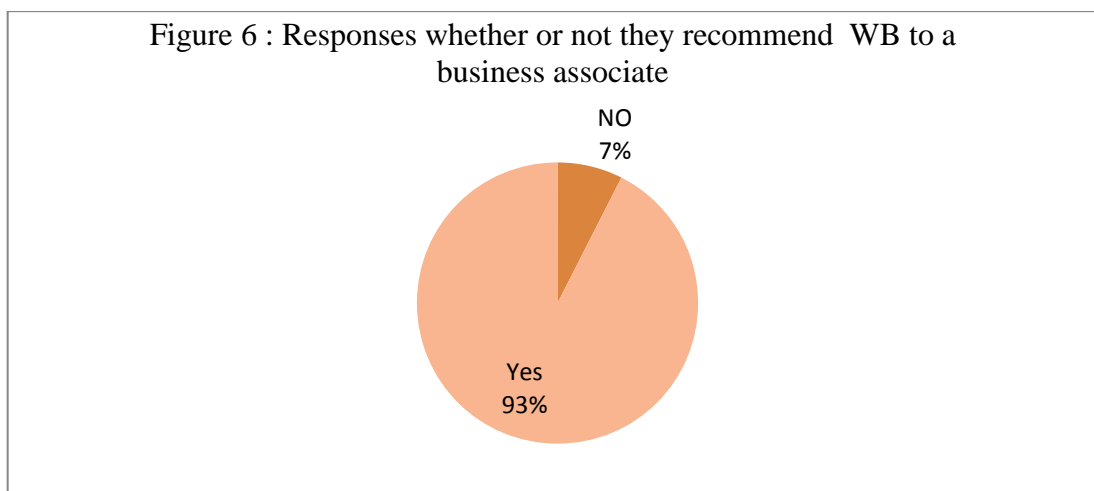


When respondents were asked whether they would continue as being customer of the bank, 92 percent said yes while 8 percent said no (Figure 5). When these respondents were asked their reason for not continuing with the bank, they mentioned the inadequacy of foreign currency, and

loan facilities that enable to satisfy their demand with competitive price. The respondents further suggested the bank to provide prompt service, resolve network problem, improve letter of credit (L/C) facility, and invest on employees' competency and motivation.



Similarly, when respondents were asked whether they would recommend the bank to others, 93 percent said yes while 7 percent said no (Figure 6) below. And those who said no mention their reason as the delay in service due to system failure and problems with few employees.



Some respondents including those who want to continue with the bank and those did not want to recommend to business associates, suggested that the bank to extend loan without collateral, improve system network, efficient use of technology, use appealing equipment, increase the number of branches, enhance the competence and service caring personality of employees, availing facilities as well as to introduce modern e-banking like mobile and internet banking, checking online, and improving ATM services.

4.1.7. Cross-tabulation and Binary Logistic Regression Analysis

Cross tabulation with chi-square test and Multivariate Binary Logistic Regression Analysis of the association of different factors with overall satisfaction were done. In here, analysis of the specific factors were cross tabulated with overall satisfaction and produced binary or two by two table for analysis (Table 10 and Table 11).

Correlation and cross tabulation were done of the various factors: service quality, economic related, employment, complaint handling, access and convenience, image, socio-demographic factors with overall satisfaction of WB customers. The cross tabulation has shown that there is association between service quality factors (P value=0.00), economic related factors (P value=0.01), and employee/staff related factors (P value=0.00) and overall customer satisfaction. However, our results have not shown the existence of association between other factors (their P value greater than 0.05) and overall customer satisfaction (Table 10).

Table 10: Association of various factors with overall satisfaction of Customers at WB

Factors Affecting Customers satisfaction	Overall Satisfaction		Sample	P-value
	Dissatisfaction	Satisfaction		
Service Related Factors				
▪ Dissatisfaction	36.6	63.4	194	0.00
▪ Satisfaction	11.3	88.7	194	
Economic Related Factors				
▪ Dissatisfaction	28.6	71.4	220	0.01
▪ Satisfaction	17.9	82.1	168	
Employee/Staff Related Factors				
▪ Dissatisfaction	28.3	71.7	286	0.00
▪ Satisfaction	11.8	88.2	102	
Complaints Handling Factors				
▪ Dissatisfaction	33.3	66.7	39	0.61
▪ Satisfaction	26.7	73.3	30	
Access and Convenience Related Factors				
▪ Dissatisfaction	28.6	71.4	220	0.30
▪ Satisfaction	17.9	82.1	168	
Image and Facilities				
▪ Dissatisfaction	26.1	73.9	238	0.27
▪ Satisfaction	20.7	79.3	150	
Age (years) of Respondents				
▪ 18-29	19.0	81.0	84	0.80
▪ 30-45	30.9	69.1	152	
▪ 46-64	19.0	81.0	142	
▪ >=65	30.0	70.0	10	
Gender of Respondents				

Factors Affecting Customers satisfaction	Overall Satisfaction		Sample	P-value
	Dissatisfaction	Satisfaction		
▪ Male	26.2	73.8	256	0.17
▪ Female	19.7	80.8	132	
Education Level of Respondents				
▪ Primary	8.3	91.7	12	0.65
▪ Secondary	34.1	65.9	41	
▪ Diploma	23.2	76.8	125	
▪ Degree	24.1	75.9	191	
▪ Postgraduate	18.8	84.2	19	
Respondents Working Sector				
▪ Private (employed by someone)	19.5	80.5	123	0.81
▪ Private (self-employed)	17.0	83.0	199	
▪ Public sector	28.6	71.4	53	
▪ Student	23.1	76.9	13	
Years of Relationship as a Customer with WB				
▪ Less than 1 year	23.3	76.7	30	0.14
▪ 2-5 years	27.6	72.4	185	
▪ 6-10 years	21.5	78.5	149	
▪ More than 10 years	12.5	87.5	24	
Frequency of Visits of Respondents the last 3 months before the Study				
▪ One time	41.7	58.3	12	0.12
▪ 2-5 times	27.2	72.8	81	
▪ 6-10 times	23.5	76.5	153	
▪ More than 10 times	21.1	78.9	142	

Binary logistic regression analysis of service quality factors with overall customer satisfactions without controlling other confounding factors has resulted in crude OR=4.51 (CI 2.65, 7.68) (Table 11). When we control economic and employee/staff related factors and analyze the magnitude and statistical significance of the association of service quality factors with overall satisfaction the adjusted OR=4.01 (CI 2.19, 7.35) (Table 11).

On the other hand, when we analyze the association of employee/staff related factors with overall satisfaction the crude OR= 2.96 and upon controlling service quality and economic related factors the adjusted OR=1.58 (CI 0.75, 3.35) (Table 11).

On the other hand, when we analyze the association of economic related factors with overall satisfaction the crude OR= 1.85 and upon controlling service quality and employee/staff related factors the adjusted OR=0.92 (CI 0.52, 7.65) (Table 11).

Table 11: Binary Logistic Regression of factors with overall satisfaction of customers at WB

Factors Affecting Customers Satisfaction	Overall Satisfaction		Crude OR (95% CI)	Adjusted OR (95% CI)
	Dissatisfaction	Satisfaction		
Service Related Factors				
▪ Dissatisfaction	71	123	1.00	1.00
▪ Satisfaction	22	172	4.51(2.65,7.68)	4.01(2.19,7.35)
Economic Factors				
▪ Dissatisfaction	63	157	1.00	1.00
▪ Satisfaction	30	138	1.85(1.13,3.02)	0.92(0.52,7.65)
Employee/Staff Related Factors				
▪ Dissatisfaction	81	205	1.00	1.00
▪ Satisfaction	12	90	2.96(1.54,5.71)	1.58(0.75,3.35)
Complaints Handling Factors				
▪ Dissatisfaction	13	26	1.00	-
▪ Satisfaction	8	22	1.38(0.48,3.92)	
Access Related Factors				
▪ Dissatisfaction	63	157	1.00	-
▪ Satisfaction	30	138	1.78(0.70,4.52)	
Image and Facilities'				
▪ Dissatisfaction	62	176	1.00	-
▪ Satisfaction	31	119	1.35(0.83,2.21)	
Age (years) of Respondents				
▪ 18-29	16	68	1.00	-
▪ 30-45	47	105	0.53(0.28,1.00)	
▪ 46-64	27	115	1.00(0.50,1.99)	
▪ >=65	3	7	0.55(0.13,2.36)	
Gender of Respondents				
▪ Female	26	106	1.00	-
▪ Male	67	189	0.69(0.42,1.15)	
Education Level of Respondents				
▪ Primary	1	11	1.00	-
▪ Secondary	14	27	0.18(0.02,1.50)	
▪ Diploma	29	96	0.30(0.04,2.43)	
▪ Degree	46	145	0.29(0.04,2.28)	
▪ Postgraduate	3	16	0.50(0.04,5.29)	
Respondents Working Sector				
▪ Student	3	10	1.00	-
▪ Private (employed by someone)	24	99	1.24(0.32,4.85)	
▪ Public sector	9	44	1.47(0.34,6.42)	
▪ Private (self-employed)	57	142	0.75(0.20,2.82)	

Factors Affecting Customers Satisfaction	Overall Satisfaction		Crude OR (95%CI)	Adjusted OR (95%CI)
	Dissatisfaction	Satisfaction		
Years of Relationship as a Customer with WB				
▪ Less than 1 year	7	23	1.00	-
▪ 2-5 years	51	134	0.80(0.32,1.98)	
▪ 6-10 years	32	117	1.11(4.38,2.83)	
▪ More than 10 years	3	21	2.13(0.49,9.320)	
Frequency of Visits of WB the last 3 months before the Study				
▪ One time			1.00	-
▪ 2-5 times			1.929(0.55,6.67)	
▪ 6-10 times			2.32(0.69,7.76)	
▪ More than 10 times			2.679(0.79,8.00)	

The Binary Logistic Regression Analyses have shown that service quality factors (P value=0.00, crude OR=4.51 and adjusted OR=4.01) has shown statically significant, positive and strong association. On the other hand economic related factors (P value=0.00, crude OR= 1.85 and adjusted OR=0.92); and employee/staff related factors (P value=0.01, crude OR=2.96, adjusted OR=1.58) have shown association with overall customer satisfaction.

4.2. DISCUSSION

The study has shown that the mean score for overall satisfaction was 3.8 and 76% customers were satisfied and very satisfied. This level of customer satisfaction figure is higher than the study by (Derbie and Derbie, 2012) at three private banks which was 29.2% level of satisfaction and it also said that WB and Awash International banks were the top most chosen banks by customers due to the wider operation and quality of service provision. On the other hand, 24% in our study at WB and 27.5% in the other study (Derbie & Derbie, 2012) were not satisfied with services of the bank. The difference may be attributed to the difference in time, sample size and location and specificity of the study. There are some studies at banks in Ethiopia on bank selection, customer satisfaction and other components of customers preferences in the service sector (Kassa, 2012; Derbie and Derbie, 2012; WoldeMariam, 2011; Gebre, 2010; Mesay, 2012; Munusamy, Chelliah, & Mun, 2010).

The knowledge of current levels of satisfaction and, in particular, the key determinants of satisfaction benefit those in the industry allowing them to focus and build upon key areas that lead to highly satisfied customers (Levesque et al, 1996). Banking customer services demand the highest possible quality services since product differentiation is not easy. The key effective tool that distinguishes from competitors is through service excellence (Jayaraman, Shankar & HorWaiM, 2010). Hence, it is necessary, to follow and meet the current and future needs, expectations and perceptions of customers to increase customer retention, ensure market share, and increase in profits.

In this study, cross tabulation between factors and overall customer satisfaction have shown that there are associations between service, economic related, and employee related factors with overall customer satisfaction (Table 10 and 11), thus rejecting the null hypotheses (that is there are no associations between service, employee and economic related factors with overall satisfaction, H_01 , 2 and 3) and accepting their corresponding alternative hypotheses (there is association associations between service, employee and economic related factors with overall satisfaction). However, we cannot see associations between the other factors i.e. access and convenience, image, complaint handling, socio-demographic variables (their P values are greater than 0.05) with overall customer satisfaction (Table 10) and thus accepting the null hypotheses. In other studies, (Parasuraman et al, 1994 and Levesque's et al, 1996) service/product was one of the factors that lead to customer satisfaction and economic factors were the second largest

determinant of customer satisfaction; these are similar to our findings at WB. Highlighting that bank charges and interest rates do determine the overall satisfaction of customers.

To look into the strength of association and statistical significance, Multivariate Binary Logistic Regression Analyses were also done. When we control economic and employee/staff related factors and analyze the association between service factors with overall satisfaction the adjusted OR=4.01 (CI 2.19, 7.35). This shows statistically significant, positive and strong association (strongest correlate) between service factors and overall customer satisfaction (Table 11). The interpretation is that the odds of overall satisfaction is 4.01 times higher among customers who are satisfied for service quality factors compared to those who were dissatisfied while controlling economic and employee/staff related factors. The specific service factors to look into include: prompt and efficient services; variety of services offered; ease of opening a current account and transaction; ease of use of ATM services; easy of obtaining loans; the bank performs the service right and error free; and the bank performs services as promised (Table 11) which is similar to other studies (Parasuraman et al, 1994 and Levesque's et al, 1996).

On the other hand, when we control service quality factors and economic related factors and analyze the effect of employee/staff related factors with overall satisfaction, the adjusted OR=1.58 (95% CI 0.75, 3.35) (Table 11). These employee related attributes include: employees knowledge/skill competency about the services and products; employees courteous, friendly and trustworthy and employees good looking, willing, and never busy to serve the customer. This means the odds of overall satisfaction was 1.58 times higher among customers who are satisfied for employee/staff related factors compared to those who are dissatisfied while controlling service quality and economic related factors (Table 11). The research was supported by other study, Heskett et al. 1997 which documented that motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the revenue and profits of the organization. Moreover, studies by Levesque's et al, (1996) and Chakrabarty, (2004) highlighted that in-branch factors particularly staff (similar to our study at WB); branch location and convenience (different from our study at WB) were the most significant factors influencing customer satisfaction in banks. A study, KPMG International, 2013 also asserted that African banking customers, 94% chose staff friendliness as the most important factor influencing satisfaction with banks, however, the same factor was around 70% in our study at WB (Table 5).

Moreover, our study calculated mean scores for service factors range from 3.1 to 3.7. However, a study in Hawassa, Ethiopia at the commercial bank of Ethiopia (Mesay, 2012) showed that the Likert scale mean score values for service quality factors were between 2.6 and 3.4 satisfaction. The lowest and highest in the range of mean scores for the study at WB is higher but with some overlap showing similarity but their study did not show the strength of the existence of association between service quality factors with overall satisfaction.

When we control service and employee/staff related factors and analyze the association between economic related factors with overall satisfaction, the adjusted OR=0.92 (CI 0.52, 1.65). These economic related factors include: interest rate on loans/credits; services charges; and interest rate on saving deposits. This means that the odds of overall satisfaction are 0.92 times higher among customers who are satisfied for economic related factors compared to those who are dissatisfied (Table 11). These are in agreement with studies by Parasuraman et al 1994 and Levesque's et al, 1996. Studies (Cronin and Taylor, 1992; Gan, et al, 2011; Levesque's et al, 1996) had shown that economic factors such as price directly influence customers' satisfaction. Still in other studies (Levesque, & McDougall, 1996; Chakrabarty, 2004) reported that economic factors such as pricing, bank charges and interest rates were the second largest determinant of customer satisfaction although in our study it is the third determinant. Moreover, in our study at WB, Likert scale mean scores for economic factors such as prices, service charges and interest rates range from 3.0 to 3.3. As argued (Miller, 2010) respondents prefer to 'be nice' and neutral/indifferent is a social desirable and modest reply for 'not satisfied' and added to the dissatisfied and very dissatisfied; in our study at WB it is more than 50% which is very high requiring action. It is argued that level of satisfaction will always be high when the customers give minimum and fair price and get maximum value or benefit and dissatisfaction occurs when the different prices and charges are high and interest on saving are low. When these happen the customers will look around with competitor banks and may challenge their loyalty and finally decide to defect.

In this study at WB, we analyzed the data to find out whether or not socio-demographic variables such as gender, age, education and working sector have impact on overall satisfaction. However, our analyses through cross tabulation and regression cannot show the existence of association between these variables and overall satisfactions similar to other studies (Munusamy, Chelliah, & Mun, 2010 and Vijay, Selvaraj, 2012 and Vijay, Selvaraj, 2012; Parasuraman et al, 1994). However, a study (Mohsan et al, 2004) had shown that young customers consider factors like

bank's reputation, friendliness of bank personnel, convenient location, ATM, and availability of parking spaces in selecting their banks.

Moreover, our results have not shown the existence of association between access, convenience, image, facilities, etc., of branches with overall satisfaction (their P values greater than 0.05) (Table 10). Nevertheless, there is a need to improve these attributes of the banks for service excellence and customer satisfaction because some studies in the literature (Katircioglu et al, 2011; Miller, (2010); Levesque, et al 1996) suggested that convenience of bank location; bank image and, reputation, product dimensions of bank services, parking facilities, the size of bank assets, availability of large branch network across the country, branch facilities, branch convenience, availability and convenient location of ATM services, electronic bank services, and perceived value, to be the most important factors to influence customers choice of banks and customer satisfaction and retention at banks. Still other studies, (Levesque, & McDougall, 1996; Chakrabarty, 2004) have shown that staff, branch location and convenience, service quality dimensions, service features and pricing issues, in-branch satisfaction, remote services satisfaction and ATM satisfaction as well as problems and its recovery are the factors contributing to overall customer satisfaction.

In this study the percentage of customers who complained about the services of the bank was 17.8%. Customers who receive fair service recovery are more likely to be loyal to the service provider and even engage in positive words-of-mouth behavior, thus spreading goodwill for the service provider (Mabel & Osarenkhoe, 2012). Communication with customers had a significant relationship with service recovery and customer satisfaction. The interaction of employee responsiveness and courtesy can have a positive impact on customers' satisfaction leading to retention, loyalty and positive words-of-mouth and profitability. Accordingly, when respondents were asked in our study on how their complaints were handled; it was found out that around 40 percent were satisfied and around 30 percent remains indifferent and the rest dissatisfied. The specific elements asked on complaint handling included: the way complaint was handled (sincere interest in solving it); the time taken to sort out complaint; and employees' dependability in handling service complaints (Figure 2 and Table 8). Studies by Smith, Bolton, & Wagner, 1999 and Mabel & Osarenkhoe, (2012) showed that service failures and failed services recoveries are a leading cause of customer switching behavior in service organizations. Service recoveries are

essential for enhancing customer satisfaction, building customer relationships, and preventing customer defections. Although our study did not show the existence of association between compliant handling procedures and overall customer satisfaction; however, the above studies have shown that there are strong relationships between customers' complaint handling procedures and customer satisfaction. On the other hand, if service failure has not improved immediately it may damage the company's business.

CHAPTER FIVE

5. CONCLUSIONS and RECOMMENDATIONS

5.1. Conclusions

The overall level of customers' satisfaction with a calculated mean score Likert scale was 3.8 (between neutral/indifferent but nearer to satisfaction, and the percent of customers who are satisfied and very satisfied altogether was 76.0%. Although this seems high, there are rooms for improvements to work at WB for service excellence.

Analyses of factors that affect customers' satisfaction have shown that there are associations between service quality factors, employee related factors, and economic (prices, charges and interest rates) with overall customers satisfaction (Table 10). Moreover, service and employee related factors have significant, positive, and strong correlates with overall customer satisfaction. However, we cannot see association between other factors and overall satisfaction. The specific services factors asked were: prompt and efficient services; variety of services offered; ease of opening a current account and transaction; ease of use of ATM services; easy of obtaining loans; performs the service right and error free; and the bank performs services as promised.

Around 45% of customers at WB are six and more years customers. Retention of customers should be worked side by side with attracting new ones. Moreover, customers' complaints in one or more services in WB during the study were 17.8%, besides the mean score for customer handling to change them to satisfied customers was only 3.2 which is nearer to neutral/indifferent. In other words, only around 30% of the respondents were satisfied/very satisfied with complaint handling. The best option is not to fail in services but if it happens so, it has to be recovered fast and make sure not to recur again.

5.2. Recommendations

Wegagen Bank must take into considerations the dynamic environment in strengthening and formulating innovative customers' focused and customer satisfaction strategy, particularly on the factors service quality, employees and economic factors which have association with overall customer satisfaction. The specific service factors to look into to improve customer satisfaction include the for prompt and efficient services; variety of services offered; ease of opening a current account and transaction of services; ease of use of ATM services; easy of obtaining loans;

the bank to perform the service right and error free; and the bank to perform services as promised. On the other hand, updating training should be provided to employees in order to make them more effective while dealing with the customers as this is the second determinant in our study and employees are key in preventing the occurrence of complaints and handling procedures.

Wegagen Bank has to try to avoid or minimize the number of customers who are complaining about services; although some of the factors may be beyond control such as network problems. If for any reason, a customer complains a quick and none recurring service recovery or complaint handling should be instituted which requires good communication skills that can be supported with training of employees mentioned above.

Less than fifty percent of respondents were not at ease in using ATM indicating the need to give the required assistance and awareness and how to access them (user friendly guide) to customers to ensure that they derive the desired satisfaction by using the products.

The study recommends the bank to quickly implement alternative channels; offer more innovative products/services; strive to retain/maintain long term relationship with its customers; and regularly take and implement feedbacks of customers and make them part of the strategy to gain advantage in market, and creating opportunity for WB to differentiate its products/services and increase loyal customers.

5.3. Limitations of the study

This research was conducted in 6 city branches in Addis Ababa of WB out of the total of more than 76 branches in the country due to shortage of time and resources. Qualitative research to explore opinions, perceptions, and attitudes of customers and employees is missing which would have complemented this quantitative study. Because of this I was not able to get detailed reasons for dissatisfaction and even for satisfaction which are helpful for WB to work on them. Certain coincidences might have affected the results of this study. Since the study focused on sampled city branches at WB bank alone, hence it may not be able to generalize to a larger population in the industry.

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APPENDICES

Appendix A: Data Collection Questionnaire: English

St. Mary University College, School of Graduate Studies Customers Satisfaction Survey at Wegagen Bank

Dear Respondent of this survey,

The main purpose of this questionnaire is to gather information for MBA thesis work on Customer Satisfaction on bank services at Wegagen Bank S.C. The information gathered will remain confidential and will be used for the intended purpose only. You are, therefore, kindly requested to fill your responses in this questionnaire. Put ‘√’ mark corresponding to the response that indicate your level of satisfaction. Thank you very much in advance for your time.

1	Type of services transacted during the study	Service Mark “√”
1.1.	Deposits services	
1.2	Checking Accounts	
1.3	Loans services	
1.4	International Banking services	
1.5	ATM services	
1.6	Money transfer	
1.7	Other: specify_____	

Your levels of satisfaction rating for the following mark “√”:

#	Questions	Level of satisfaction “√”				
		Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
2	Overall, how satisfied are you with the bank services?					
3	Satisfaction with Services offered (Service Factors)					
3.1	Prompt and efficient Services (No long line ups at counter)					
3.2	Variety of services offered (complete range) service to the customers					
3.3	Ease of opening a current account and transaction					
3.4	Ease of use of ATM services.					
3.5	Easy of obtaining loans					
4.6	The bank performs the service right and error free					
3.7	The bank performs services as promised					
4	Prices and interest rates (Economic Factors)					
4.1	Interest rate on loans/credits					
4.2	Its services charges					
4.3	Its interest rate on saving deposits					
5	How satisfied are you with the employees/staffs? (Employee Factors)					
5.1	Employees knowledge/skill competency about the services/products					
5.2	Employees courteous, friendly and trustworthy					
5.3	Employees good looking, willing, and never busy to serve the customer					

#	Questions	Level of satisfaction “√”				
		Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
6	Complaint handling					
6.1	Have you complained about products/services of the bank? Yes <input type="checkbox"/> No <input type="checkbox"/> (if no jump to Q7)					
6.2	If Yes, the way complaint was handled (sincere interest in solving it)					
6.3	If Yes, the time taken to sort out your complaint					
6.4	If Yes, employees show dependability in handling service complaints					
7	Access and convenience					
7.1	Bank’s operation hours (convenience of working hours)					
7.2	Bank’s branches are conveniently located to my home/work					
7.3	Availability and convenient location of ATM machines					
7.4	the general ambience and comfort level					
7.5	Available parking space nearby					
8	Image and facilities					
8.1	The exterior and/or interior appearance of the branch					
8.2	The bank implement modern technology (e-banking)					
8.3	The bank has modern looking and attractive equipment					
8.4	Bank has a strong reputation and image in the community					
9	General Questions					
9.1	Do you need any other services other than the currently offered? Yes <input type="checkbox"/> No <input type="checkbox"/>					
9.2	If yes, please mention					
9.3	Do you intend to continue being a customer of the bank? Yes <input type="checkbox"/> No <input type="checkbox"/>					
9.4	If no to Q9.3, please elaborate why? _____					
9.5	Would you recommend this bank to a friend/business associate? Yes <input type="checkbox"/> No <input type="checkbox"/>					
9.6	If no to Q.9.4, why would you not recommend this branch? _____					
9.7	Do you have any other remarks about the services and products of the bank?					
10	Sociodemographic questions					
10.1	Your Age? 18-29 Years <input type="checkbox"/> 31-45years <input type="checkbox"/> 46-64 years <input type="checkbox"/> >64Years <input type="checkbox"/>					
10.2	Your gender? Male <input type="checkbox"/> Female <input type="checkbox"/>					
10.3	Which sector are you working? Private sector/ employed by someone <input type="checkbox"/> Work in a public sector <input type="checkbox"/> Self-employed <input type="checkbox"/> Student <input type="checkbox"/>					
10.4	Education Level: Primary School <input type="checkbox"/> Secondary School <input type="checkbox"/> Diploma <input type="checkbox"/> First Degree <input type="checkbox"/> Masters Degree and Above <input type="checkbox"/>					
10.5	How many years customer are you at this bank? <1year <input type="checkbox"/> 1-5years <input type="checkbox"/> 6-10years <input type="checkbox"/> >10 <input type="checkbox"/> years					
10.6	Approximately how many times have you visited this bank the last 3 months? Once <input type="checkbox"/> 2-5 times <input type="checkbox"/> 6-10 times <input type="checkbox"/> more than 10 times <input type="checkbox"/>					

Thank you again for your Time

Appendix B: Data Collection Questionnaire: አማርኛ

**የቅድስት ማርያም ዩኒቨርሲቲ ኮሌጅ
የድህረምረቃ ትምህርት ቤት
የወጋገን ባንክ ደንበኞች አገልግሎት እርካታ መጠይቅ**

የተከበሩ የዚህ ጥናት ተሳታፊ:

የዚህ መጠይቅ አላማ ወጋገን ባንክ በሚሰጣቸው የተለያዩ የባንክ አገልግሎቶች ደንበኞች ባላቸው እርካታ ዙሪያ ለማካሄድ የቢዝነስ አድሚኒስትሬሽን ማስተርስ ዲግሪ የማሙያ ጥናት የደንበኞችን አስተያየት ለመሰብሰብ ነው። እርሶዎ በዚህ ጥናት በመሳተፍ የሚሰጡት መረጃ ለጥናቱ እጅግ አስፈላጊ ነው። ከደንበኛ የሚገኝ መረጃ ለሌላ አካል ሳይተላለፍ ለሚፈለገው የጥናት ዓላማ ብቻ የሚውል መሆኑን ለመግለጽ እወዳለሁ።
ጊዜዎን ሰውተው መጠይቁን ለመሙላት ለሚያደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

1	በጥናቱ ጊዜ ያገኙት የባንክ አገልግሎት	አገልግሎት አገኝቻለሁ "√" ምልክት ያድርጉ
1.1.	የቁጠባ ሂሳብ አገልግሎት	
1.2	የተንቀሳቃሽ ሂሳብ አገልግሎት	
1.3	የብድር አገልግሎት	
1.4	የወ.ቤ ምንዛሪ የህንክ አገልግሎት	
1.5	ኤ.ቲ. ኤም. አገልግሎት	
1.6	የሐዋላ አገልግሎት	
1.7	ሌላ አገልግሎት ከሆነ ቢገለጹ	

በባንኩ አገልግሎቶች ላይ ያለዎትን ርካታ ትክክለኛ ስሜትዎን ይገልጻል በሚሉት ስር "√" ምልክት ያድርጉ።

#	ጥያቄዎች	የእርካታ ደረጃዎ "√" ምልክት ያድርጉ				
		በጣም አልረካሁም	አልረካሁም	ምንም ዓይነትም አይመስለኝ	እረካቸዋለሁ	በጣም እረካቸዋለሁ
2	አጠቃላይ በባንኩ አገልግሎት።					
3	የአገልግሎት አይነትና እርካታ					
3.1	ባንኩ በሚሰጠው ፈጣን፣ ቀልጣፋ እና ጥራት ያለው አገልግሎት					
3.2	ባንኩ በሚሰጣቸው የተለያዩ (የተሟሉ) የአገልግሎት አይነቶች					
3.3	በባንኩ የተንቀሳቃሽ ሂሳብ በቀላሉ መክፈትና ማንቀሳቀስ					
3.4	የባንኩ ኤ. ቲ. ኤም. ማሽኖች በቀላሉ መጠቀም					
3.5	ከባንኩ በአጭር ጊዜ የብድር አገልግሎት ማግኘት					
3.6	ባንኩ በሚሰጣቸው ትክክለኛ እና ስህተት የሌለባቸው አገልግሎቶች					
3.7	ባንኩ ለመስጠት ቃል የገባውን አገልግሎት በትክክል ይፈፀማል					
4	የባንኩ ክፍያዎች					
4.1	ባንኩ በሚያስከፍለው ተመጣጣኝ የብድር ወለድ ክፍያ					
4.2	ባንኩ በሚያስከፍለው ተመጣጣኝ እና ተወዳዳሪ የአገልግሎት ክፍያ					
4.3	ለተቀማጭ ሒሳብ ባንኩ በአጭር ጊዜ በሚከፍለው የተሻለ ወለድ					
5	የባንኩ ሠራተኞችን በተመለከተ					
5.1	የባንኩ/የቅርንጫፍ ሠራተኞች በባንኩ አገልግሎት ላይ ባላቸው እዉቀት እና ክህሎት					
5.2	በሠራተኞች ትሁትነት፣ ጥሩ አቀራረብ እና በደንበኛ ላይ በሚያሳድሩት እምነት					
5.3	በሠራተኞች ጥሩ እይታ እና ደንበኛን ከልብ ለማገልገል ባላቸው ፍላጎት					
6	ቅሬታዎችን አፈታት በተመለከተ					
6.1	በባንኩ አገልግሎት ላይ ቅሬታ አቅርበዉ ያዉቃሉ? አዎ <input type="checkbox"/> አቅርቤ አላውቅም <input type="checkbox"/>					
6.2	ቅሬታዎን ለመፍታት የነበረው ከፍተኛ ፍላጎት					

#	ጥያቄዎች	የአርካታ ደረጃው ላይ ምልክት ያድርጉ				
		በጣም አልረካሁም	አልረካሁም	ምንም ዓይነትም አይመስለኝ	አረክቻለሁ	በጣም አረክቻለሁ
6.3	ያጋጠመዎትን ችግር ወድያውኑ ለመፍታት በተደረገው ጥረት					
6.4	በሚቀርቡ ቅሬታዎች ሠራተኞች በራሳቸው መፍትሔ ለመስጠት በሚያደርጉት ጥረት					
7	የአገልግሎት አመችነት/ተደራሽነት					
7.1	በባንኩ የስራ ሰዓት አመችነት (በተራዘመ የሥራ ሰዓት)					
7.2	በባንኩ ቅርንጫፎች አመችነት እና በአቅራቢያ መገኘት (ለቤቴና ለሥራ)					
7.3	የባንኩ ኤ.ቲ.ኤም ማሸናፊት በበርካታ አመቺ ቦታዎች መገኘት					
7.4	በቅርንጫፎች ባለው ደስ የሚል ድባብ					
7.5	በባንኩ ቅርንጫፎች አካባቢ ባለው በቂ የመኪና ማቆሚያ					
8	የባንኩ ገፅታና የመገልገያ መሳሪያዎች ሁኔታ					
8.1	በቅርንጫፍ ውጫዊም ሆነ ውስጣዊ እይታ					
8.2	ባንኩ በሚጠቀመው ዘመናዊ ቴክኖሎጂ					
8.3	በቅርንጫፍ የሚገኙ የመገልገያ መሳሪያዎች ዘመናዊ እና ማራኪ መሆን					
8.4	ባንኩ በማህበረሰቡ ዘንድ ባለው ጥሩ ስም እና ዝና					
9	አጠቃላይ ጥያቄዎች					
9.1	ባንኩ አሁን ከሚያቀርባቸው አገልግሎቶች ሌላ እንዲያቀርብ ይፈልጋሉ? አዎ <input type="checkbox"/> በቂ ናቸው(አያስፈልጉም) <input type="checkbox"/>					
9.2	ለ 9.1 የሰጡት መልስ አዎ ከሆነ ይዘርዝሩ					
9.3	የባንኩ ደንበኛ ሆነው መቀጠል ይፈልጋሉ? አዎ <input type="checkbox"/> አልፈልግም <input type="checkbox"/>					
9.4	የባንኩ ደንበኛ ሆነው የማይቀጥሉ ከሆነ ለምን?					
9.5	ሌሎች ሰዎች የባንኩ ደንበኛ እንዲሆኑ ይመከራሉ አዎ <input type="checkbox"/> አልመከርም <input type="checkbox"/>					
9.6	የማይመከሩ ከሆነ ለምን?					
9.7	ባንኩ በሚሰጣቸው አገልግሎቶች ላይ ተጨማሪ አስታያየት የሚሰጡት ካለ					
10	የግል መረጃ					
10.1.	እድሜ: ሀ) ከ18—30 <input type="checkbox"/> ለ) ከ31—45 <input type="checkbox"/> ሐ) ከ45—60 <input type="checkbox"/> መ) ከ60 ዓመት በላይ <input type="checkbox"/>					
10.2.	ጾታ : ወንድ <input type="checkbox"/> ሴት <input type="checkbox"/>					
10.3	የሥራ ሁኔታ: ሀ) የግል ተቀጣሪ <input type="checkbox"/> ለ) የራስ ሥራ ተቀጣሪ <input type="checkbox"/> ሐ) የመንግስት ሠራተኛ <input type="checkbox"/> መ) ተማሪ <input type="checkbox"/>					
10.4	የትምህርት ደረጃ: ሀ) አንደኛ ደረጃ <input type="checkbox"/> ለ) ሁለተኛ ደረጃ <input type="checkbox"/> ሐ) ዲፕሎማ <input type="checkbox"/> መ) የመጀመሪያ ዲግሪ <input type="checkbox"/> ሰ) ማስተራተ ዲግሪና ከዚያ በላይ <input type="checkbox"/>					
10.5	የባንኩ ደንበኛ ከሆኑ ሰንት ዓመት ይሆነዎታል? ሀ) ከ1 ዓመት በታች <input type="checkbox"/> ለ) ከ1 ዓመት እስከ 5 ዓመት <input type="checkbox"/> ሐ) ከ 6 እስከ 10 ዓመት <input type="checkbox"/> መ) ከ 10 ዓመት በላይ <input type="checkbox"/>					
10.6	ባለፉት ሦስት ወራት በቅርንጫፍ ምን ያህል ጊዜ ተገልግለዋል? ሀ) 1 ጊዜ <input type="checkbox"/> ለ) ከ2-5 ጊዜ <input type="checkbox"/> ሐ) ከ6-10 ጊዜ <input type="checkbox"/> መ) ከ10 ጊዜ በላይ <input type="checkbox"/>					

ስለጊዜዎ ከልብ እናመሰግናለን!