THE EFFECT OF CUSTOMER SATISFACTION ON LOYALTY

A CASE STUDY OF FIRST ALLIED SAVINGS AND LOANS LTD

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BY

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DECLARATION

I hereby declare that this submission is my own work towards the CEMBA and that ,to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

In a highly competitive industry like banking, one way to gain competitive advantage is to ensure that the customers are satisfied. It is also a fact that, having loyal customers is a great asset to ensure long term growth of a company. The study aimed at finding out why some customers have stuck with FASL for long periods of time as well as determining what factors made them satisfied. Eventually the result is meant to improve the existing levels of customer satisfaction as well as loyalty.

The study covered the Kumasi branches of FASL and involved the use of questionnaires. Explanation in the local language was also provided where needed. In all 60 questionnaires were circulated. The data gathered were primary in nature. The data was then analysed using excel charts and further explained in words.

From the results it was realised that customer service was rated as the biggest satisfier. Majority of the respondents were satisfied with the overall service of FASL; about 73.33% of the respondents also believed FASL deserved their loyalty. The final findings also indicated that an improvement in the pricing and complaint handling of FASL will go a long way to improve satisfaction of its clients.

It was recommended that complaint handling and pricing are two factors FASL needs to improve in order to increase the levels of satisfaction.

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DEDICATION

This project work is dedicated with love and gratitude to my family for their invaluable support throughout my project.

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ACRONYMS

KNUST	Kwame Nkrumah University of Science and Technology
FASL	First Allied Savings and Loans Limited
HD	Harley Davidson
PNDC	Provisional National Defense Council
SMS	Short Messaging System
ECSI	European Customer Satisfaction Index
ATM	Automated Teller Machine

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 INTRODUCTION

Data gathered from the Bank of Ghana indicates significant increase in the number of players in the financial sector. Currently it has twenty eight (28) licensed banks, forty four (44) non-banking financial institutions and one hundred and twenty nine (129) Rural Banks. There are other micro finance institutions not included in the list. All these institutions are engaged in the same basic activities that is taking funds from the public and investing to yield returns. Source: www.bog.com (accessed 2009 February 15)

The market for most of these companies including First Allied Savings and Loans Limited has shrunk leaving most to scramble to boost customer satisfaction and keep their current customers rather than devoting additional resources to chase new potential customers

The claim that it cost five to eight times as much to get new customers than hold on to old ones is key to understanding the drive towards benchmarking and tracking customer satisfaction.

The history and background to the company under study is discussed in the next few paragraphs.

First Allied Savings and Loans Limited ("FASL") was incorporated as a private limited liability company on May 24, 1995 under the Ghana Companies Code, 1963 (Act 179). FASL was incorporated as a non-bank financial institution to operate as a savings and loans business in the country. FASL was granted an operating license by the Bank of Ghana under the Non-Bank Financial Institutions Law (PNDCL 328) of 1993 on March 27, 1996 to accept deposits from the public and provide credit services to businesses and consumers. FASL commenced official business on September 25, 1996.

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FASL commenced operations with the mission "To offer convenient access to efficient, innovative and responsive financial services to the micro and small scale entrepreneur on a sustainable basis for the mutual benefit of all stakeholders". The vision of FASL is to create an excellent institution and be a leader in the provision of quality financial services to the micro and small enterprise sector in Ghana. Source: www.faslgh.com (accessed 2009 February 15)

The Institution was established purposely to engage in micro-financing activities through the mobilization of savings from the retail public – mainly households and small business enterprises – and the provision of credit largely to its target group (micro and small business financing). The target group oriented credits are usually linked to savings. The Institution has been reaching out to its customers through its branches, agency and a "distance banking" concept.

The Institution has been able to position itself as the leader in the savings and loans business through the provision of quality products and the delivery of efficient services to its targeted customers.

FASL started operations on September 25, 1996 at the ground floor of its building at Adum-Kumasi, the capital city of the Ashanti Kingdom, which now houses the Head Office, the Adum branch, and other sections and departments of the Institution.

As at the end of September 2007, FASL could boast of of eight (8) branches; four in Kumasi; Adum branch, Roman Hill branch, Asafo branch, Suame branch, one branch in Techiman in the Brong Ahafo Region and two branches in Accra, Adabraka and Tudu. FASL has further opened a branch in Nkawkaw on September 7th, 2007 in the Eastern Region. Two more branches have been added in 2008 and they are Mpraeso and Nkoranza. FASL started business in 1996 with a skeleton staff of 14 but has grown to a staff complement of 370 at the end of September 2007. Source: www.faslgh.com (accessed 2009 February 15)

Some of FASL's loan products are discussed in the following paragraphs;

Golden Susu: This is a passbook small daily savings programme designed to assist micro / small-scale entrepreneurs to expand their businesses.

Contributors may after two months savings, access micro loans of between five hundred Ghana cedis and ten thousand Ghana Cedis.

Repayments of the loan are made through a flexible package covering a period of between six and twelve months.

Allied Mpontu Group Loans: This is a band group Savings and Loans programme designed to meet the banking needs of customers. Individual members of the group are required to make a minimum daily saving of eight weeks. Loans granted under this scheme range between five hundred Ghana Cedis and three thousand Ghana Cedis. Customers are granted flexible terms to pay off their loans.

Super Golden Susu Loans: This is a specially designed savings and loans product for customers who go through two loan cycles of the Golden Susu programme and can contribute a daily minimum of one hundred Ghana Cedis.

Consumer Loans: In order to serve the credit needs of its various customers and stay ahead of its competitors, FASL developed innovative complementary loan products to support domestic and business needs of its clients.

These loan products include the: i) Travel Loans, ii) Salary Loans, iii) Hire Purchase Loans, and iv) Clearance Credits.

A special unit has been created in the Individual Loans Section to handle consumer loans, and is expected to improve loan disbursements and repayment systems.

Travel Loans- These loans are sourced through travel companies which book primarily trade related trips for clients. These clients may not have banking relationship with FASL. Beneficiaries are required to provide to FASL one guarantor and additionally issue post-dated cheques for the installments payments.

Salary Loans - This loan product is exclusively made available to salaried customers whose monthly Salaries are channelled through FASL. Non-customers who are senior staff of established institutions can also access the facility.

Hire Purchase

This product currently serves clients of two retail stores (New Style Limited and Erikus New Ventures) who need credit to purchase household goods and mobile phones.

Non customers of FASL are required to provide post-dated cheques for the installments payments. A cash deposit of 30% of the cost of the item is paid by all beneficiaries. Institutions wishing to provide adequate guarantees to cover their employees can participate in the programme and thus enable interested staff members enjoy the scheme.

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Also available to clients are Depository Products and Services;

Savings Deposit Account:

Our Savings Account is available to customers who desire to make regular deposits and build on them to meet their future needs, to do so profitably. A very low initial deposit of Five Ghana cedis is required.

Benefits include:

- Flexible Cash withdrawal terms
- Quarterly payment of high interest on savings accounts
- Easy access to loans
- Statement of Accounts upon request

Current (Checking) Account

This is specially designed for customers who require unlimited access to their money. It is operated with personalized cheque books which is available to all customers. Benefits associated with this account are:

- Very low initial minimum deposit requirement of ten Ghana Cedis
- Instant access to your money
- Outreach/ Mobile banking services undertaken by well trained officers
- Withdrawal of money from your account at any of our networked branches
- Provision of regular statements of transactions on your account
- Withdrawal from your account can be made through various forms (cash payout, banker's draft, standing order/direct debit
- Easy access to Commercial loan
- Salary loans
- Customer credit and Travel credit
- SMS/Mobile Banking facilities

Fixed Deposit Account (Maturity)

Fixed Deposit is an investment that is offered for a fixed term or on rollover basis. The very high interest rates associated with this product may be negotiable or fixed at the time of the investment.

Fixed deposits may be placed for terms on one month, three months, six months or one year. Benefits include:

- High and competitive interest rates are offered on maturity
- Fixed Deposit can be used as collateral for a loan
- Instant access to your money

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Susu Savings Account

The Susu system is an informal grassroot savings practice that has been widely practiced in Ghana for over 50 years. The susu collector is a one-man operator who visits his savings clients in their shops, workplaces, or homes on daily basis to collect a predetermined amount of money agreed with the saver. The collection cycle has traditionally been one month, after which period the collector returns the saver's deposit to him/her, less a commission equivalent to one day's contribution.

FASL introduced its Susu savings scheme in 1997. FASL's Golden Susu scheme is essentially an adaptation of the traditional susu. Golden Susu clients are required to make a minimum daily contribution of Ghc 2.00 for a period of two months. At the end of the contribution cycle, the client can opt to either withdraw his/her contribution and start a new cycle, or take a Golden Susu Loans and use his/her contribution as security.

Outreach Services

This is a mobile cash collection service and cash encashment facilities, undertaken by well trained personnel of FASL, for its customers who desire them or for others whose business demands may prevent them from calling at the branch frequently for the placing of deposits.

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1.2 STATEMENT OF THE PROBLEM

First Allied savings and Loans Ltd has witness tremendous growth of its loan portfolio in recent years but this growth can only be attributed to a small group of customer who have been with the institution for years. Then the question of why do this group keep coming back while other leave the institution after a short spell.

Numerous complaints have been received by the marketing department on quality of services. However most of these concerns and trends have not been investigated to identify causes.

The measurement of satisfaction has been a relatively new concept to many companies that have been focused on income statement and balance sheets. Companies now recognize that the new global economy has changed things forever. Increased

competition, crowded markets with little product differentiation has meant that companies would have to take proactive measures to gain that competitive edge.

Determining the level of satisfaction is the initial step to gain that edge. Finding why that level of satisfaction and relating it to the current marketing strategy is the most crucial.

More executives and management teams are interested in customer satisfaction and loyalty metrics than ever before. And more recently there has been specific interest in customer loyalty metrics and gaining competitive advantage through loyalty.

Interestingly, very few executives and managers understand the crucial value customer satisfaction plays in improving business.

Customer satisfaction is very different from customer loyalty according to Vance Christensen, Co founder and CEO of Amae Software. One is required to do business while the other is the basis for sustained profitability and growth. Customer chum rates are at unprecedented highs everywhere.

As markets shrink, companies are scrambling to boost customer satisfaction and keep their current customers rather than devoting additional resources to chase potential new customers. Companies in Ghana recognize that the new global economy has changed things forever. Companies that are prospering in the new global economy recognize that customer satisfaction is key.

1.3 RESEARCH QUESTIONS

The questions that were addressed included the following:

(1) Who is a loyal customer to FASL?

(2) What factors make the customers of FASL satisfied?

(3) What is the current level of customer's satisfaction at FASL?

(4) What is the effect of customer satisfaction on customer's loyalty at FASL?

(5) What factors need to be improved to ensure an improvement in the levels of customer satisfaction at FASL?

1.4 OBJECTIVES OF THE STUDY

In the research, all efforts were made to understand and appreciate the level of customer satisfaction of FASL customers as well as their loyalty to the institution. Based on these two variables, a correlation between satisfaction and loyalty was drawn.

Apart from the main objective mentioned above, there were specific objectives which included:

(1) 1To establish who a loyal customer is.

(2) To determine factors that make the customer satisfied.

(3) To try to measure the current level of customer satisfaction of FASL customers.

(4) To determine to what extent customer satisfaction has influenced customer's loyalty.

(5) To determine what factors need to be improved to increase customer satisfaction.

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1.5 LIMITATIONS

The study was expected to have high cost implications. These costs went into transportation to and from research sites, cost of materials needed, some of which were books, electronic data, sheets etc. All these were expected to affect the study in one-way or another. It was also expected that there will be problems accessing some data at First Allied Savings and Loans Limited due to bureaucratic processes and the fear of competitors using the outcome of the study however this did not affect the research much as raw data collect would be used most. The time available to do the study was limited hence this was expected to negatively impact the research.

New products can be developed as a result of the research. It is however important to note that such research on satisfaction need to be conducted on regular basis since satisfiers shift easily to dissatisfiers.

1.6 ORGANISATION OF THE STUDY

The study is organised into five chapters. Chapter 1 provides a brief background to the study, discusses the research problem, and significance of the study. Chapter 2 reviews previous research on customer satisfaction and loyalty. Chapter 3 presents the methodology adopted in the study. Chapter 4 presents the findings from the study. Chapter 5 summarises, draws conclusions and provides recommendations.

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CHAPTER TWO

LITERATURE REVIEW

2.1 MEANING OF CUSTOMER SATISFACTION

Khirallah (2005) defines customer satisfaction as; A customer's perception that his or her needs, wishes, expectations, or desires with regard to products and service have been fulfilled. Again, it is an attitude or behavior that customers vocalize or exhibit. The implication is that the financial institution is consciously and proactively able to meet the myriad expectations of its many customers. Unfortunately, customer satisfaction is no guarantee of retention or loyalty. Customer Retention is the ability to hold on to customers over time.

Unlike customer loyalty and customer satisfaction, which measure aspects of the relationship from the customer's perspective, customer retention is a direct measure of the institution's ability to maintain relationships with customers. Because the concept of customer satisfaction is new to many companies, it's important to be clear on exactly what is meant by the term.

Cacioppo (2000) defines 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.

In summary, Customer Satisfaction is the meeting of customer’s expectation after a product or service has been used.

2.2 MEANING OF LOYALTY

According to Subkhan (2005), LOYAL customers are those who have the enthusiasm about the brands or products they use. The more enthusiastic a customer is, the higher the profit contributed to the brand.

An example would be the enthusiasm of a Harley Davidson (HD) motorbike rider, who is not only satisfied by and takes pride in the quality and physical form of his bike. The characteristic sound of the hog's motor is also a fascination among "HD maniacs". Khirallah (2005) also writes that a customer's demonstration of faithful adherence to an institution (or merchant) despite the occasional error or indifferent service is Loyalty. As the definition implies, having entered into a business relationship with a financial services institution, the customer maintains and continues the relationship. In this view, customer loyalty is an attitude or behavior that customers explicitly vocalize or exhibit.

The modeling of loyalty has a long tradition in academic literature research (Jacoby and Knyer 1973). The majority of early studies define loyalty as the repeat purchasing of a particular service or product (Homburg and Giering, 2001). This approach has been long criticized by numerous scholars for the missing differentiation between true and spurious loyalty: "The key point is that spurious loyalty buyers lack any attachment to brand attributes, and they can be immediately captured by another brand that offers a better deal…" (Day 1969). In order to avoid the pitfall of equating repeat purchasing with loyalty, the combination of attitudinal and behavioral attributes is recommended (Grisaffe 2001).

The positive outcomes of loyalty have been the subject of several theoretical articles and empirical studies. Reichheld and Sasser (1990) found that reducing defections by 5% yields improvements in profitability of 20% to 85%. When Reichheld and Schefter (2000) analyzed customer life-cycle economics in several e-commerce sectors (e.g. online selling of books, groceries and consumer electronics) they found that on the Internet the same rules apply as in the offline world. Early losses, which are caused by expenses for acquiring new customers, are followed by rising profits, caused by a higher willingness to pay and more tolerance on the part of the customer if problems occur (Zeithaml et al. 1996). In fact, the success of several online companies is attributed to their high ratio of repeat sales (Gefen 2002). Amazon.com, for example, generated 66% of its sales from purchases made by retaining customers a couple of years ago already (The Economist 2000).

Loyal customers are also more inclined to recommend an online service provider to other customers (Heskett et al. 1994). Referrals increase the customer base by lowering the costs of attracting new ones (Reichheld, 1996).

In summary, Loyalty is customer's demonstration of faithful adherence to an institution despite the occasional errors. The major factors that determine loyalty are likelihood to repurchase a product or do business again with an institution, likelihood to recommend a product or an institution to others and last but not the least, the length or duration of stay of a customer with a company.

2.3 BENEFITS OF CUSTOMER SATISFACTION

Figures of surveys have shown that the costs of acquiring a new customer are more expensive than retaining accessible ones (Reichheld et al, 1990 and Reichheld, 1996).

Investments in customer satisfaction, customer relationships and service quality leads to profitability and market share (Rust and Zahorik, 1993). Customer satisfaction and High quality service often outcome in more repeat purchases and market share improvements (Buzzel and Gale, 1997).

Customer satisfaction leads to customer loyalty and this leads to profitability (Hallowell, 1996).

According to Reichheld and Sasser (1990), the costs of customer acquisition are much higher than the costs of retention. They have recognized the benefits that customer retention delivers to a bank. For instance, 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. These comprise 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.

In summary, Customer satisfaction is cost effective, it leads to loyalty and this leads to profitability.

2.4 COMPONENTS OF CUSTOMER SATISFACTION

Customer satisfaction is generally described as the full meeting of one's expectations. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. A review of the existing literature indicates that there can be potentially many antecedents of customer satisfaction, as the dimensions underlying satisfaction judgments are global rather than specific (Taylor and Baker, 1994; Patterson and Johnson, 1993; Rust and Oliver, 1994). The customer satisfaction literature has paid a great deal of attention to the confirmation paradigm, which concerns the comparison of product or service performance expectations and evaluations (Goode and Moutinho, 1995).

The confirmation model treats satisfaction as a meeting of customer expectations (East, 1997; Oliver 1989) and is generally related to habitual usage of products (East, 1997). However, research on customer satisfaction has moved towards the disconfirmation paradigm which views satisfaction with products and brands as a result of two cognitive variables: pre-purchase expectations and disconfirmation (Churchill and Surprenant, 1982; Peter and Olson, 1996). According to Peter and Olson (1996), "pre-purchase expectations are beliefs about anticipated performance of the product; disconfirmation refers to the differences between pre-purchase expectations and post-purchase perceptions" (p.509). In an earlier study, Churchill and Surprenant (1982) reported that disconfirmation positively affected satisfaction.

That is, when subjects perceived the product performing better than expected, they were more satisfied (Churchill and Surprenant, 1982). Further empirical research supports the notion that satisfaction is caused by expectations and requires considerable cognitive effort on the part of customers (Bearden and Teel, 1983; Moutinho and Goode, 1995; Cadotte et al., 1987).

Kristensen, Juhl and Ostergaard (2001) calculated the relationship between customer satisfaction and customer loyalty in Danish retailing business using the European Customer Satisfaction Index (ECSI). The model links customer satisfaction to its drivers (e.g., customer expectation, perceived company's image, perceived quality and perceived value) and, in turn, to its consequences, specifically customer loyalty.

Al Zaabi (2002) studied customer satisfaction with bill payment actions at Emirates Telecommunications Corporation, which is identified as Etisalat. The study sample consisted of individual customers and business customers. The author recognized a set of eleven satisfaction attributes that were considered vital to Etisalat's customers with respect to service bill payment and related actions.

McColl-Kennedy et al. (2003) studied the reactions of over 700 hotel Reactions to service recovery strategies patrons to videos depicting different scenarios of service recovery. They found important differences in the perceptions of male and female of how service recovery should be handled. Female, more than male, required to be capable to voice their concerns through the service recovery time. There is also some connection between the length of the customer relationship and satisfaction.

In summary, the main components of customer satisfaction are the customer's expectation that is pre-purchase expectation (i.e. beliefs about anticipated performance of the product) and disconfirmation (differences between pre-purchase expectation and post-purchase perceptions).

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2.5 DETERMINANTS OF CUSTOMER SATISFACTION.

After reviewing a host of factors corresponding to customer satisfaction in retail banking discussed in Richens (1983), Lele and Sheth (1988), Levesque and McDougall (1996), Manrai and Manrai (2007), and Sweeney and Swait (2008), four main items which include subcategories were reached. The main items are as follows:

(1) Service Quality

(2) Situational Factors

(3) Service Features

(4) Complaint Handling

2.5.1 Customer Satisfaction and Service Quality

In the service literature, strong emphasis is placed on the importance of service quality perceptions and the relationship between customer satisfaction and service quality (see for example Bitner and Hubbert, 1994; Cronin and Taylor, 1992; Taylor and Baker 1994; Rust and Oliver, 1994).

Service quality has been described as a form of attitude that results from the comparison of expectations with performance (Cronin and Taylor, 1992; Parasuraman et al., 1985). Gronroos (1982) argued that customers, while evaluating the quality of a service, compare the service they expect with perceptions of the services they actually receive. It has been argued that the quality of service is not a one-dimensional construct. Rather, service quality incorporates various dimensions that relate to both core and augmented service offerings (Bitran and Lojo, 1993; Gronroos, 1984; Lewis, 1993). Parasuraman et al. (1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy.

Parasuraman et al. (1991a) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process. The customers not only judge the accuracy and dependability (i.e. reliability) of the delivered service but they also judge the other dimensions as the service is being delivered (Parasuraman et al., 1991a). Customer satisfaction can thus be based not only on the judgment of customers towards the

reliability of the delivered service but also on customers' experiences with the service delivery process.

On the basis of their review of service quality literature, McDougall and Levesque (1994), however, argued that there were two overriding dimensions to service quality. The first one being the core or outcome aspects(contractual) of the service, and the second being the relational or process aspects (customer-employee relationship) of the service.

It is generally accepted that customer satisfaction often depends on the quality of product or service offering (Anderson and Sullivan, 1993; Levesque and McDougall, 1996). For this reason, research on customer satisfaction is often closely associated with the measurement of quality (East, 1997). Thus, both service quality and customer satisfaction share a close relationship, though they are normally conceptualise as unique (or separate) constructs (Bitner and Hubbert, 1994; Cronin and Taylor, 1992; Patterson and Johnson, 1993; Taylor and Baker, 1994).

There is some empirical evidence suggesting that service quality is a causal antecedent of customer satisfaction (see for example, Cronin and Taylor, 1992; Woodside et al., 1989). However, there is very little empirical research demonstrating the importance of service quality dimensions in determining customer satisfaction (Fisk et al., 1993; Levesque and McDougall, 1996). In a recent study, Levesque and McDougall 1996 found that the performance of the service provider on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK.

However, in a non-Western context, the link between core and relational dimensions of service and customer satisfaction is yet to be established empirically. The current paper aims to fill this gap in the literature.

Moreover, the literature dealing with services outlines some major characteristics of services that make them unique and different from physical products (Bitran and Lojo, 1993; LeBlanc and Nguyen, 1988; Parasuraman et. al., 1985; Zeithaml and Bitner, 1996). Services are often characterized by their intangibility, inseparability, heterogeneity, and perishability. The implications of these characteristics are that it is often difficult for customers to evaluate services at pre-consumption, consumption and post consumption stages of the consumer decision-making (Legg and Baker, 1996).

Because of the intangible nature of services, it becomes difficult for an organization to understand how its customers perceive and evaluate the quality of its services (Parasuraman et. al., 1985; Zeithaml, 1981). Customers, however, make inferences about the service quality on the basis of tangibles (the buildings, the physical layout etc.) that surround the service environment. Support for this argument comes from empirical evidence suggesting that the tangible, physical surroundings of the service environment can have a significant impact on customer's affective responses and their behavioural intentions (Wakefield and Blodgett, 1999).

Dabholkar et al. (1996) reported similar findings that the tangible aspects of department stores do influence customers' perceptions of service quality. Hence, there are

reasonable grounds to assume that customer satisfaction is also related to customers' evaluation of physical surroundings of the service environment.

In summary, customer satisfaction often depends on quality of products or service offering thus measurement of quality is often used to determine satisfaction levels. Service quality is not just about the outcome of the service but also the customer's experience with the service delivery process which is contractual and customer – employee relationship respectively.

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2.5.2 Customer Satisfaction, Situational factors and Service Features

Factors related to service offerings are also related to customer satisfaction (Levesque and McDougall, 1996). According to Levesque and McDougall (1996), convenience and competitiveness of the bank are two important factors which are likely to influence the overall satisfaction levels of a customer. A number of researchers have looked into the bank selection criteria adopted by customers (see for example, Anderson et al. 1976; Denton and Chan, 1991; Erol and El-Bdour, 1989; Erol et al., 1990; Khazeh and Decker, 1992; Kaynak et al., 1991; Laroche and Taylor, 1988; Levesque and McDougall, 1996; Naser et al., 1999; Tan and Chua, 1986). Empirical findings from this stream of research suggest that convenient location is a critical factor influencing the choice of a bank by customers. A convenient bank location means customers can easily do business with their banks on a regular basis (Levesque and McDougall, 1996).

Accessibility is also a related factor which, while acting together with convenience, enables customers to deal with their banks more easily (Levesque and McDougall, 1996). Furthermore, customer satisfaction in retail banking is also likely to be influenced by the perceived competitiveness of the bank's interest rates (Laroche and Taylor, 1988; Levesque and McDougall, 1996).

In summary, the more a location is convenient and accessible, the higher the perceived customer satisfaction level. Moreover, the more attractive a bank interest rate is, the higher the perceived customer satisfaction level.

2.5.3 Customer Satisfaction and Complaint Handling

Since services exist in real time, services are consumed at the very moment when they are made available to customers. They cannot be stored and checked for their quality like a physical product. Hence, every service production failure is likely to be experienced by a customer. Consequently, "dissatisfaction with a service might occupy most of the time over which service is consumed" (East, 1997). However, customers might not instantly switch their banks after experiencing a problem during the service production. This is mainly because of the fact that the perceived costs of switching are relatively high in retail banking. Customers, however, might display a passive response to a problem, which can be in the form of making a formal complaint. Customer satisfaction in such cases can depend upon the efficient and effective response of the service provider (Levesque and McDougall, 1996).

2.6 CUSTOMER SATISFACTION, LOYALTY AND THE BANKING SECTOR

Banking in the Western world is one of the many service industries where customer satisfaction has been the focus of research (Holliday, 1996). This is mainly because of the fact that the banking sector is increasingly experiencing a high level of competition. This puts a tremendous amount of pressure on banks to improve their services (see for example, Levesque and McDougall, 1996; Good et al., 1996; Good and Moutinho, 1996; 1995; File and Prince, 1992; Nicholls et al., 1993).

However, a similar argument can be made in connection with the banking sector in many Asian countries. For instance, the banking sector in Pakistan has become competitive in recent years. The government in recent years has pushed the industry from state ownership towards privatization. Related to this are the liberalization policies followed by the government, which has encouraged some international players to intensify their activities in the market. Customers are also increasingly becoming sophisticated as they have access to the latest forms of information technology (such as the Internet).

Consequently, many financial institutions have to focus on increasing customer satisfaction and customer retention through improved quality of their services enabling factors that make it easy for the customer to do business with the bank. The bank's ability to deliver these benefits on a continuing basis to its existing customers will probably impact on customer satisfaction.

Earlier research by Brownlie, (1989) has recommended that some consumers have positive attitudes towards ATMs based on dominant perceptions of convenience/accessibility/ease of use. In addition, Leonard and Spencer (1991) argue that consumers perceive that ATMs are indicative of achievement and contribute towards a positive organizational image. On the other hand, an amount of negative attitudes towards ATMs have been recognized.

Reichheld and Sasser (1990) have recognized the benefits that customer retention delivers to a bank. For instance, 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. These comprise 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 a bank, and positive word-of-mouth promotion.

Levesque and McDougall (1996) indicate that customer satisfaction and retention are critical for retail banks. They study the major determinants of customer satisfaction (situational factors, service quality, service features, and customer complaint handling), and future intentions in the retail bank sector. Bloemer et al. (1998) study how satisfaction, image, and perceived service quality determine loyalty in a retail bank.

Study by Hallowell (1996), moreover examined customer satisfaction but in relation to loyalty. Conversely, Levesque and McDougall (1996) comprehensively analyzed the effects of service quality, service features and customer complaint handling on customer satisfaction in the Canadian retail banking sector. Their result proposes that satisfaction

determinants in retail banking are driven by an amount of factors including service quality dimensions.

Wong and Kanji (2001) discussed and experienced an extended customer satisfaction model in the retail-banking industry in Hong Kong. They built the extended model on the thought that evaluation of customer satisfaction in the retail banking industry is a function of overall customer expectation, perceived value and quality perception, whereas customer loyalty is a function of both perceived value and customer satisfaction.

Kristensen, Juhl and Ostergaard (2001) calculated the relationship between customer satisfaction and customer loyalty in Danish retailing business using the European Customer Satisfaction Index (ECSI). The model links customer satisfaction to its drivers (e.g., customer expectation, perceived company's image, perceived quality and perceived value) and, in turn, to its consequences, specifically customer loyalty.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

The previous chapter reviewed relevant literature on customer satisfaction, customer loyalty, components of customer satisfaction, its benefits and the relationships between customer satisfaction and loyalty. This chapter discusses aspects of the research methodology including research design, data collection and data analysis methods. The objectives of this chapter are:

(1) To justify the study's research methodology,

(2) To explain the research methodology used in the study

(3) To demonstrate how data collection and analysis is utilized in this study to answer the research objectives outlined in chapter one.

3.2 DATA COLLECTION

The study employed questionnaire to gather primary data. The primary data were gathered using the following techniques:

3.2.1 Population and Sample

Due to limitations of time and funds, the target population in this research did not cover all customers of First Allied Savings and Loans (FASL). Moreover, this research is not designed to study all customers in every branch of FASL but only designed to study the impact of customer satisfaction on loyalty with evidence from the Kumasi branch of FASL. It is not therefore necessary to define the target population as the whole of FASL customers.

The study used a sample of FASL customers who use most of FASL products. In all, 60 customers in Kumasi were randomly selected from the Company's list of customers. All these customers were repeat customers.

To draw conclusions about populations from samples, inferential statistics were used which enabled us to determine a population`s characteristics by directly observing only a portion (or sample) of the population. A sample rather than a complete enumeration (a census) of the population was obtained for many reasons. Obviously, it is cheaper to observe a part rather than the whole, but we needed to prepare ourselves to cope with the dangers of using samples.

In this research, an investigation into various kinds of sampling procedures was made before random sampling was eventually settled on.

3.2.2 Data Gathering

Sixty (60) questionnaires were personally delivered to FASL customers in Kumasi. In order to ensure accurate response from the respondents who could not read, the author went through the questionnaires with such respondent using Twi (a local Ghanaian language). This made them fully understand the content of the questionnaire and respond appropriately. Questionnaires were the option used because of the following reasons:

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Questionnaires are easier to analyze and most statistical analysis software can easily process them. They are cost effective when compared to face-to-face interviews, mostly because of the costs associated with travel time. This is especially true for studies involving large sample sizes and large geographic areas. Written questionnaires become even more cost effective as the number of research questions increases.

They are less intrusive than telephone or face-to-face surveys. When respondents receive a questionnaire in the mail, they are free to complete it on their own time-table. Unlike other research methods, the respondent is not interrupted by the research instrument. On the other hand, questionnaires are simply not suited for some people. For example, a written survey to a group of poorly educated people might not work because of reading skill problems. More frequently, some people are turned off by written questionnaires because of misuse.

Written questionnaires reduce interviewer bias because there is uniform question presentation. Unlike in-person interviewing, there are no verbal or visual clues to

influence a respondent to answer in a particular way. Many investigators have reported that interviewer voice inflections and mannerisms can affect responses.

An anonymous study is one in which nobody can identify who provided data on completed questionnaires. It is generally not possible to conduct a completely anonymous questionnaire because of the need to follow-up on non responders. However, it is possible to guarantee confidentiality, where those conducting the study promise not to reveal the information to anyone. For the purpose of follow-up, identifying numbers on questionnaires are generally preferred to using respondents' names. It is important, however, to explain why the number is there and what it will be used for. This normally increases the rate of response.

In all, this process took approximately three month to complete.

Regarding customer satisfaction, the study examined the needs of the customer in relation to service quality, situational factors, service features and complaint handling. Regarding customer loyalty, the study examined the average number of times and years the interviewee have had transactions with FASL, willingness to recommend company's products to other non customers, how customers would rate the various components of customer satisfaction and rate how these factors have kept the customers coming back to FASL for repeat transactions.

3.3 DATA ANALYSIS

Descriptive statistics such as frequency, tabulation were used to summarize and describe components and levels of satisfaction of FASL customers in sample. Factor analysis was also used to determine whether a relationship exists between customer satisfaction, loyalty and FASL profitability, and to explain this relationship. Results of the survey and findings of customer satisfaction levels and loyalty are presented in chapter 4: captioned "Data Analysis and Findings".

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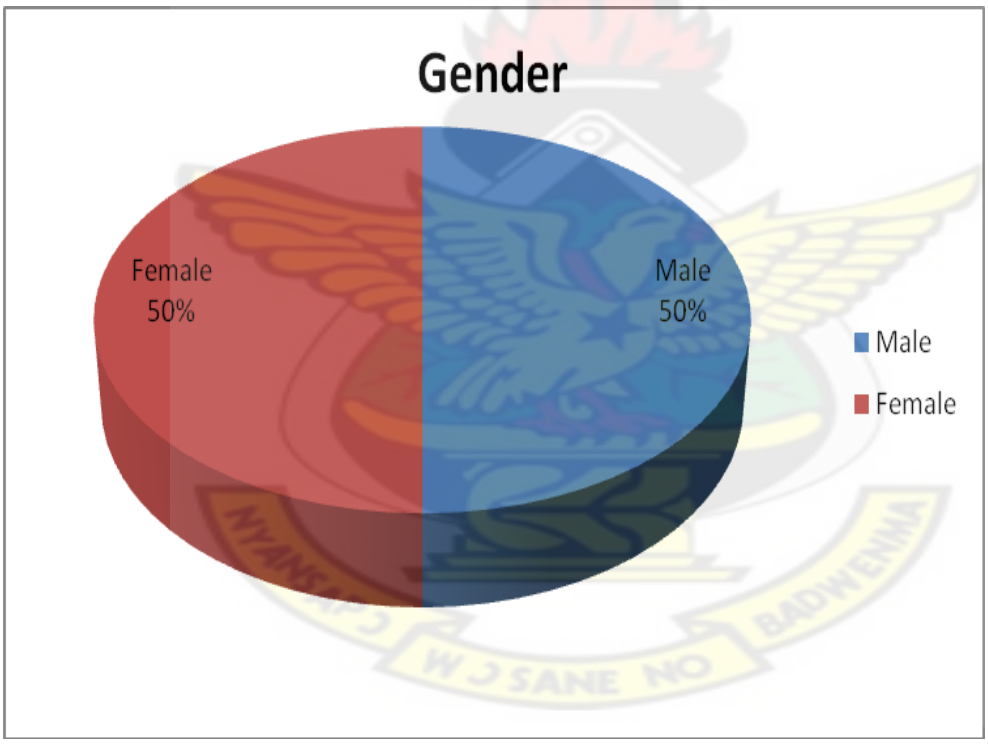
CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 DATA ANALYSIS

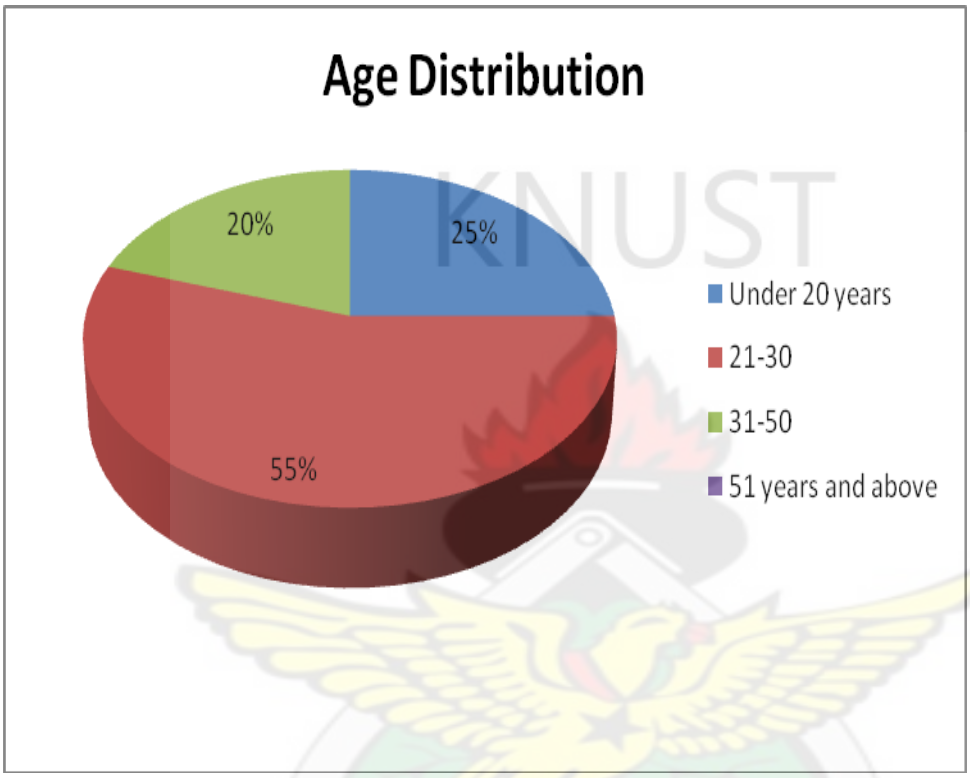
Questionnaires were administered to sixty (60) customers of FASL in Kumasi.

Fig 4.1: A pie chart illustrating the percentage of males and females who answered the questionnaire



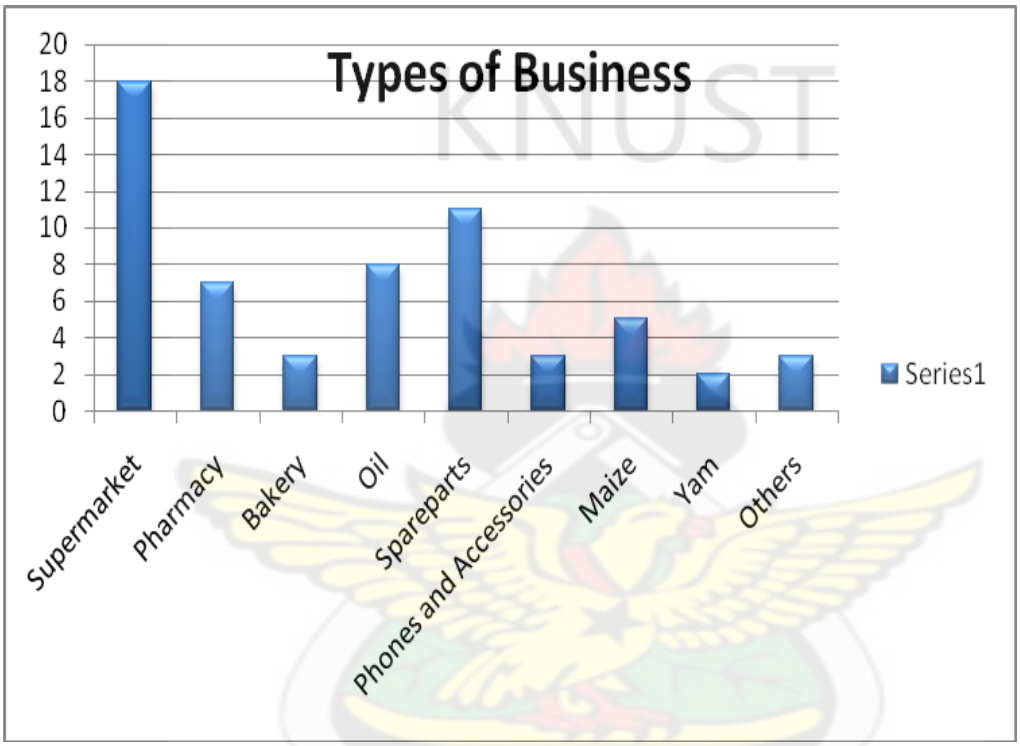
Out of a total of 60 respondents 30 which represent 50% of the sampled size were male and the other 30 which also represents 50% were female. This implies equal proportion of males and females was used.

Fig 4.2: A pie chart illustrating the age distribution of respondents



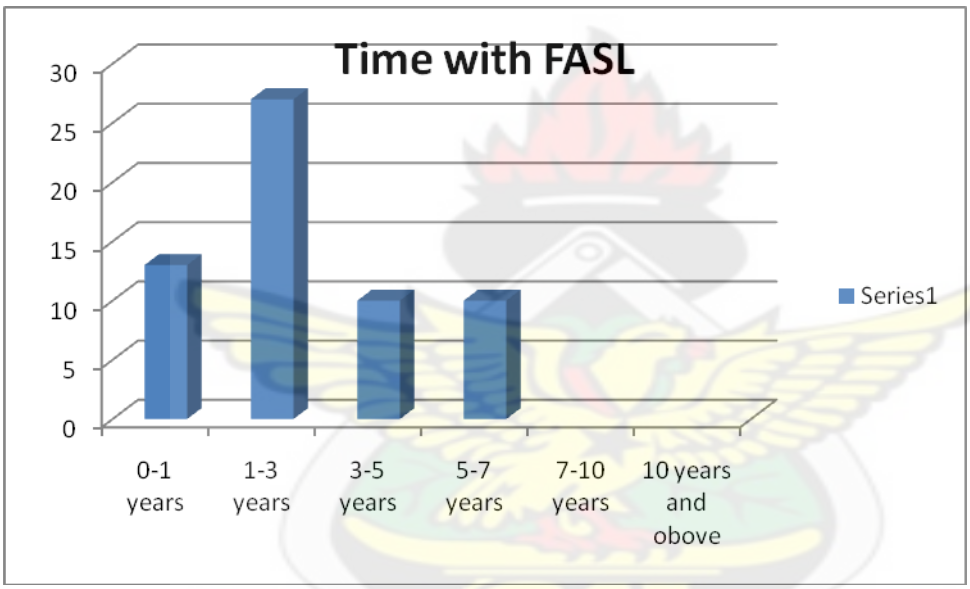
From Fig 4.2 it can be observed that most of the respondents are between 21 and 30 years. 33 out of 60 respondents belong to this group. This represents 55% of the sampled population. It can also be noted that 25% of the respondents are below the age of 20 and none is above the age of 50. This indicates that most of the customers doing business with FASL are youths.

Fig 4.3: A bar chart illustrating the various businesses respondents engage in.



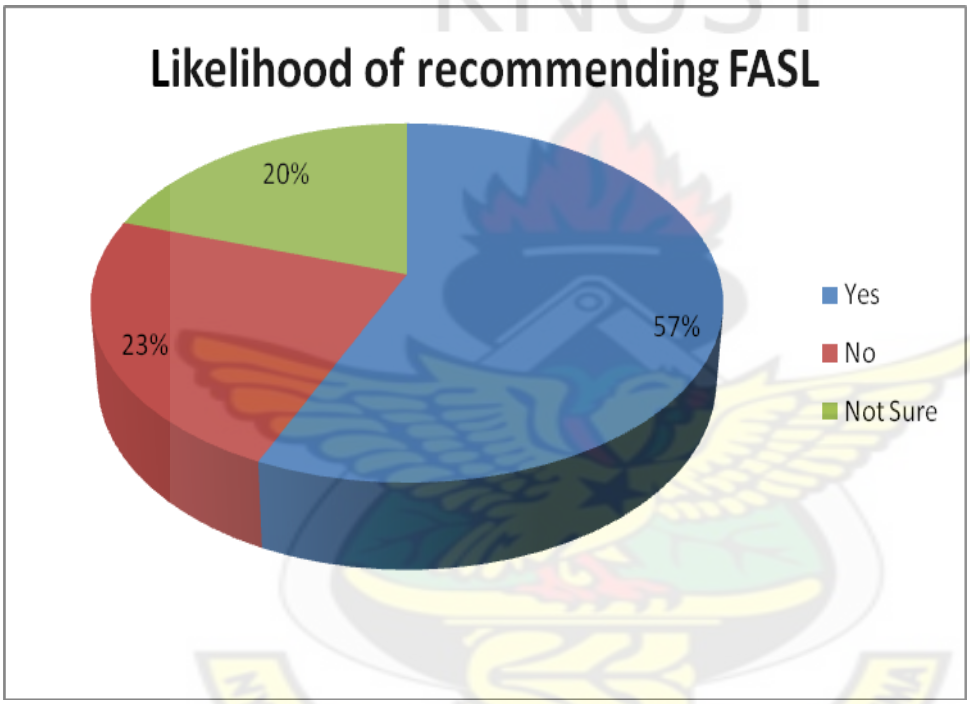
It can be observed from Fig 4.3 that 18 representing 30% of the respondents own supermarkets followed by spare part shops 11 representing 18.33% of the sampled population. The Oil business which 8 representing 13.33% of the respondents is next followed by pharmaceutical shops which 7 respondents representing 11.67 %. Maize dominates in the food staffs category with 5 respondents representing 8.33% of the sampled unit.

Fig 4.4: A bar chart illustrating how long the respondent had been doing business with FASL.



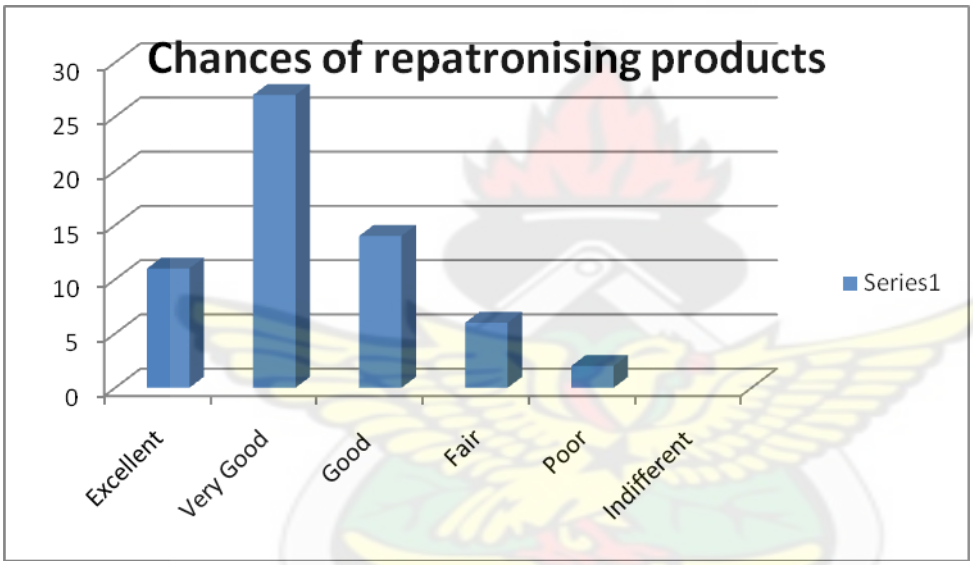
13 respondents representing 21.66% of the sampled population have been with FASL for below a year, 27 representing 54.00% have been with FASL for between 1 to 3 years, 10 representing 16.67% have been with FASL for between 3 to 5 years and 10 respondents representing 16.67% of the sample population have been with FASL for between 5 to 7 years.

Fig 4.5: A pie chart illustrating the likelihood of a respondent recommending FASL to somebody.



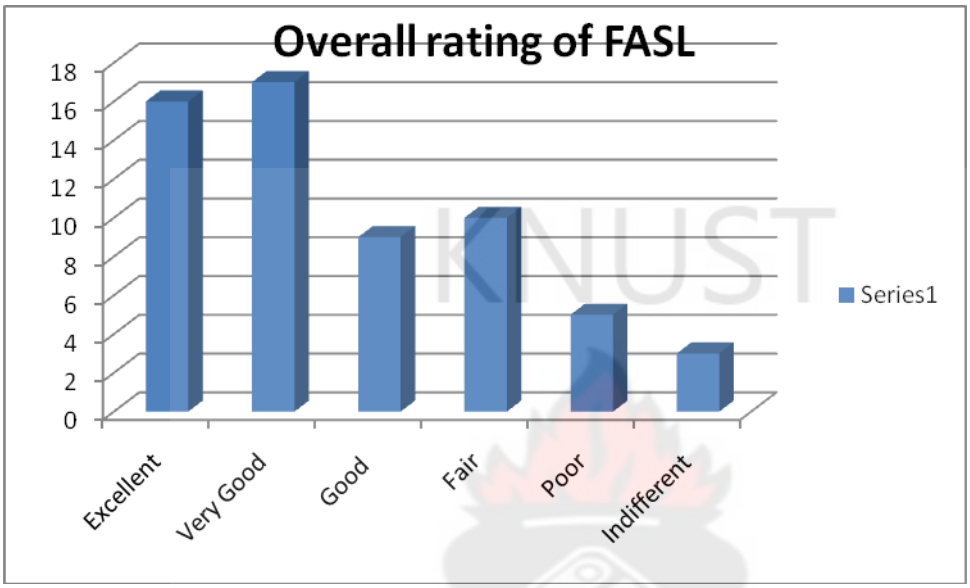
34 respondents representing 57.00% of the sampled population would recommend FASL to a friend, 14 representing 23.00% will not recommend FASL to a friend and 12 respondents representing 20.00% are indifferent.

Fig 4.6: A bar chart illustrating how likely it is for a respondent to re-patronize a product from FASL.



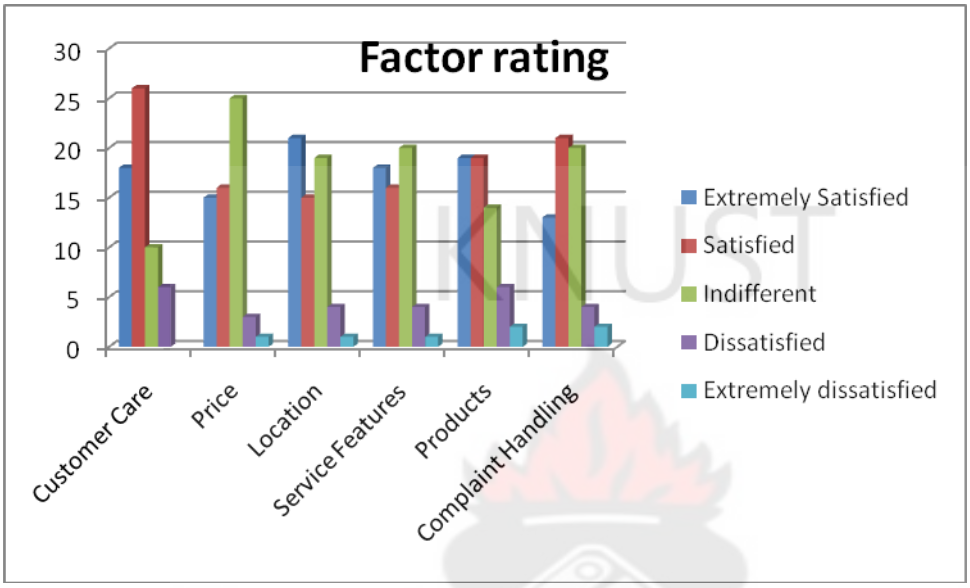
11 representing 18.33% of the respondents have an excellent chance of repurchasing a product from FASL.27 representing 45.00 % of respondents have a very good chance, 14 representing 23.33% have a good chance 6 representing 10.00% of respondents have a fair chance and 2 representing 3.33% of respondents might not buy a product from FASL again. None of the respondents however was indifferent.

Fig 4.7: A bar chart illustrating the overall rating of FASL by respondents.



16 of the respondents representing 26.67% of the sampled population rate FASL as excellent, 17 representing 28.33% of respondents rate FASL as very good, 9 representing 15.00% of respondents rate FASL as good. 10 respondents representing 16.67% of the total population rate FASL as Fair, 5 respondents representing 8.33% of the sampled population rate FASL as Poor and 3 respondents representing 5.00% of the sampled population are indifferent about the rating of FASL

Fig 4.8: A multiple bar chart illustrating how respondents rate the factors making up FASL



For Customer Care, 18 respondents representing 30.00% of the sampled population are extremely satisfied, 26 representing 43.33% are satisfied, 10 representing 16.67% are indifferent, 6 representing 10.00% are dissatisfied and none is dissatisfied.

For Product Price, 15 respondents representing 25.00% if the sampled population are extremely satisfied, 16 representing 26.67% are satisfied, 25 representing 41.67% are indifferent, 3 representing 5% are dissatisfied and 1 representing 1.67% is extremely dissatisfied.

For location, 21 of the respondents representing 35.00% of the sampled population are extremely satisfied, 15 representing 25.00% are satisfied, 19 representing 31.67% are

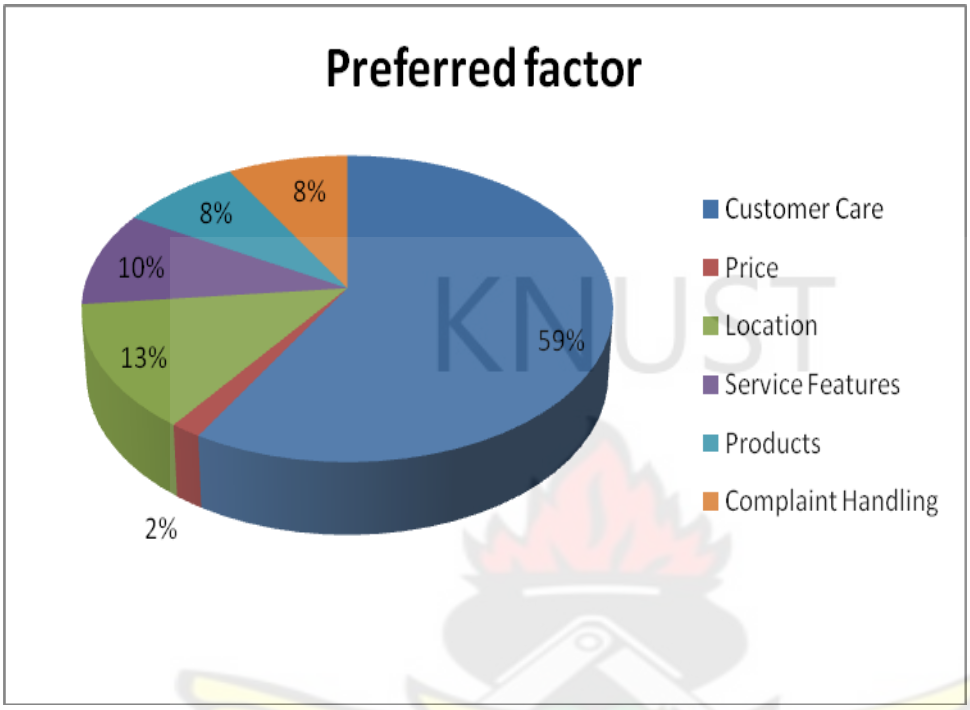
indifferent, 4 representing 6.67% are dissatisfied and 1 respondent representing 1.67% is extremely dissatisfied.

For Service Features, 18 respondents representing 30.00% of the sampled population are extremely satisfied, 16 representing 26.6% are satisfied, 20 representing 33.33% are indifferent, 4 representing 6.67% are dissatisfied and 1 representing 1.67% is extremely dissatisfied.

For Products, 19 respondents representing 31.67% of the sampled population are extremely satisfied, 19 representing 31.67% are satisfied, 14 representing 23.33% are indifferent, 6 representing 10.00% are dissatisfied, and 2 representing 3.33% are extremely dissatisfied.

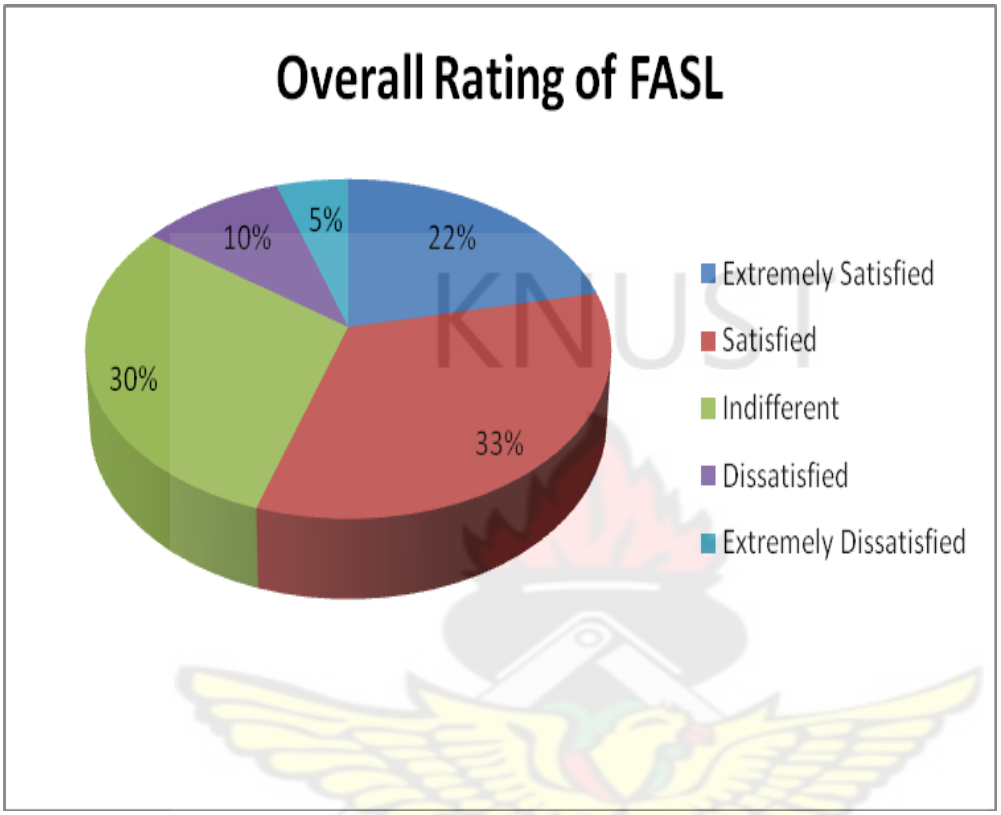
For complaint handling, 13 respondents representing 21.67 of the sampled population are extremely satisfied, 21 representing 35.00% are satisfied, 20 representing 33.33% are indifferent, 4 representing 6.67% are dissatisfied and 2 representing 3.33% are extremely dissatisfied.

Fig 4.9: A pie chart illustrating which factor respondents are most satisfied with.



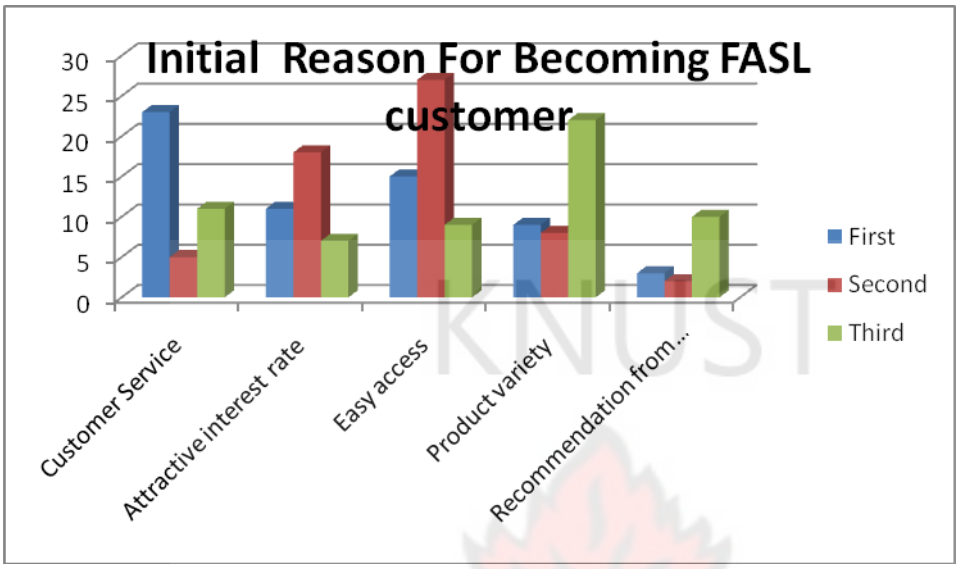
Customer care appears to be the most preferred factor with 35 respondents representing 59% of the sampled population. Location follows with 8 respondents representing 13%. Service Features is next with 6 respondents representing 10% of the sampled population. Products and Complaint Handling both have 5 respondents each representing 8% each of the Sampled population. Price comes last with only one respondent representing approximately 2% of the sampled population.

Fig 4.10: A pie chart illustrating the overall rating of FASL by respondents



13 of the respondents representing 22% of the sampled population are extremely satisfied with FASL, 20 respondents representing 33% of the sampled population are Satisfied, 18 respondents representing 30% of the sampled population are Indifferent. 6 respondents representing 10% of the sampled population are dissatisfied with FASL and 3 respondents representing 5% of the sampled population are extremely dissatisfied.

Fig 4.11: A multiple bar chart showing the three most preferred factors by respondents.



Out of 60 respondents a cumulative 45 of them rated “Customer Service” out of which 29 rated it first, 5 rated it second and 11 rated it third.

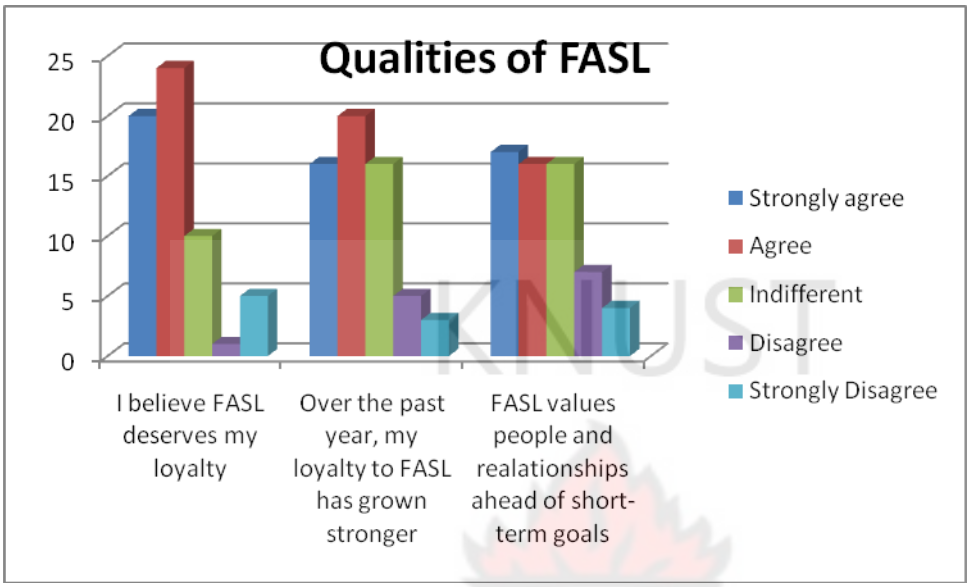
A total of 36 rated “Attractive Interest Rate”, out of which 11 rated it first, 18 rated it second and 7 rated it third.

Out of 51 respondents who rated “Easy Access”, 15 rated it first, 27 rated it second and 9 rated it third.

“Product variety” was rated by 39 respondents out of which 9 rated it first, 8 rated it second and 22 rated it third.

15 respondents rated “Recommendation from Existing Customers” out of which 3 rated it first 2 rated it second and 10 rated it third

Fig 4.12: A multiple bar chart showing respondents' opinion of their loyalty to FASL.



As to if FASL deserves respondent s loyalty, 20 respondents representing 33.33% of the sample population strongly agree, 24 representing 40.00% agree, 10 representing 16.67% are indifferent, 1 representing 1.67% disagree, 5 representing 8.33% strongly disagree.

As to whether the respondents loyalty has grown stronger, 16 respondents representing 26.37% of the sampled population strongly agree, 20 representing 33.33% agree, 16 representing 26.67% are indifferent, 5 representing 8.33% disagree and 3 representing 5% strongly disagree.

As to the respondents opinion on whether FASL values people and relationships ahead of short term goals, 17 respondents representing 28.33% of the sampled population strongly agree, 16 representing 26.67% agree, 16 representing 26.67% are indifferent, 7 representing 11.67% disagree and 4 representing 6.67% strongly disagree.

CHAPTER FIVE

DISCUSSION OF RESULTS

5.1 THE FASL CUSTOMER

The gender distribution chart indicates that FASL's clientele base is evenly distributed gender wise. This is an indication of an institutional effort to ensure a balance in the clientele gender distribution. It is also expected that the results from the research reflects the opinions of both genders.

Majority of the respondents (80%) are under the age of 30, an age bracket that demands a lot from their banks and financial institutions and a reflection of the tendencies of customers to switch financial institutions.

Majority of the respondents are into commerce, a general trend in the country. This is an indication of the lack of interest of a lot of business people to go into manufacturing which is normally a more sustainable driver of development.

5.2. INDICATORS OF LOYALTY

The length or duration of stay of customers with FASL is an indication of their loyalty. In an economy where banking and finance is so competitive and institutions find it difficult to hang onto clients for more than a year. It is a very good sign to see over 70% of the respondents being with FASL for over a year.

Another indicator of loyalty is the willingness to recommend the product or institution to friends. This is a very crucial factor to the growth of the entire institution. The more loyal the customer is, the higher the likelihood of him/her recommending products to a friend. Results from the survey indicate that 57.00% of respondents would recommend FASL to a friend and 20.00% are indifferent. We can therefore confidently say that not less than 60% of respondents will recommend FASL to their friends.

Adding up the number of respondents who rated their chances of repurchasing products from FASL (another indicator of loyalty) as excellent, very good, and good yields 86.66% respondents. This implies less than 13.44% will not repurchase product from FASL. If about 50.00% will introduce their friends to FASL and 13.44% will not repurchase products, then we have in excess of about 36.56% who will possibly buy products for the first time. This will result in increased customer level.

5.3 DETERMINANTS OF CUSTOMER SATISFACTION

When it comes to rating, about 70.00% of respondents rated FASL as good, very good and excellent. This leaves 30% for those who rated it as fair and poor. This gives a good rating of FASL.

73.33% of respondents claim they are satisfied and extremely satisfied with the customer Service. 16.67% of respondents are indifferent which could increase the number of satisfied respondents to 80.00 %. This is also a good response in favour of FASL in terms of customer care.

A total of 51.67% of respondents were satisfied and extremely satisfied with product price. Since 41.67% are indifferent we can project the number of those satisfied to about 70.00%. Most respondents however will always like a reduction in price of services they receive. The above figure therefore gives a strong satisfaction for the price of services offered by FASL.

For location, 60.00% of respondents are satisfied and extremely satisfied. 31.67% of the respondents are indifferent. We can therefore step up the number of respondents satisfied with the location of FASL to about 70.00%. This is also a good indication of proper location of FASL offices.

A total of 56.67% respondents are satisfied and extremely satisfied with the Service Features of FASL. 33.33% of respondents being indifferent gives us the room to step up this value to about 60.00% of the respondents. This is fairly good response in favour of FASL in terms of Service Features. However, steps need to be taken to improve Service Features so as to satisfy as much customers as possible.

For Products, 63.34% of respondents are satisfied and extremely satisfied. 23.33% of the respondents are indifferent. We can therefore step up the number of people satisfied with the Products of FASL to about 70.00%. This is also a good indication of good products being sold by FASL. The company should however try as much as possible to get more of their customers to patronise their products through innovations and better packages.

A total of 56.67% of respondents were satisfied and extremely satisfied with Complaint Handling. Since 33.33% are indifferent we can project the number of those satisfied to about 60.00%. This is an indication of a good system for complaint handling. However the company should try their possible best to satisfy as many customers as possible in terms of addressing their complaints.

The most preferred factor by respondents was Customer Service which 59.00% of respondents chose. Price was however least but this is normal considering the attitude of customers towards the cost of services they are provided with. Management should however try to improve on the other factors so as to make a customer indifferent about the various factors as much as possible.

Considering the overall rating of FASL 55.00% of respondents are satisfied and extremely satisfied with FASL. 30.00% are however indifferent. This can help us step up the number of satisfied respondents to about 60.00%. Management therefore needs to improve upon the services of FASL in other to win the hearts of more customers.

Most respondents rated Customer Service more as their first preferred factor. Most respondents rated Ease of Access as the second most preferred factor while most respondents rated Product Variety as the third most preferred factor.

A total of 73.33% of respondents agree that FASL deserves their loyalty. 16.67% of respondents are indifferent. We may therefore step up the number of those who agree to 75%. This is a good indication of loyal customers.

A total of 59.70% of respondents agree that over the past few years their loyalty has grown for FASL. 26.67% of respondents are indifferent. We may therefore step up the number of those who agree to 70%. This is a good indication of the increase in loyalty of customers.

A total of 55.00% of respondents agree that FASL values people and relationships more than short term goals. 26.67% of respondents are indifferent. We may therefore step up the number of those who agree to 65%. This is a good indication of loyal customers.

5.4 IMPLICATIONS OF RESULTS

For FASL, any customer who has been with the company for over a year is deemed to be loyal. In a highly competitive industry like the financial sector, holding on to a customer for more than a year is quite commendable

In this respect, it can be inferred that over 78.34 percent of customers of FASL are loyal to the institution. However in determining the loyalty of the customer base, a gamut of factors needs to be considered.

Although regularly checking on the frequency with which customers introduce new customers to the company is recommended, it is not the metric that tells us whether or not loyalty has been achieved.

There is a strong correlation between high satisfaction scores on issues that really matter and loyalty, but there is an even stronger correlation between the ‘likelihood to

recommend' and customer loyalty. Advocacy (or recommendation) is the ultimate accolade. There can be no greater measure of loyalty than a satisfied customer who says "I strongly recommend you to do business with FASL, I use them and I wouldn't go anywhere else". Figure 4.5 indicates that majority of the respondents are likely to recommend FASL to others.

Customer Loyalty is strongly driven by the relationships that are built up between the staff of FASL and its customers.

Typical drivers of customer loyalty are staff who solve customers' problems, are easy to get hold of, pleasant to deal with and ones that respond quickly to customers' wants and needs- this is what good customer service is about. The result from the survey indicates that customer service is rated highest in the list of factors that make customers satisfied.

The results also indicate that majority of customers initially found FASL attractive because of proximity to their businesses, however what has kept them with FASL is the high level of customer service they receive.

One major factor of concern that needs to be looked at by the organisation is the issue of pricing which seems to be a main point of contention.

About fifty-five percent (55%) of the respondents are satisfied with the overall service of FASL. A similar percentage feels that FASL deserves their loyalty; an indication of the correlation between customer satisfaction and loyalty.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATION

6.1 SUMMARY

From the statistics gathered in chapter four, it can be claimed that:

The establishment of a loyal customer should be in accordance with the company's definition of a loyal customer.

The factor that makes the customer satisfied the most is Customer Care. The others have a marginal preference as compared with customer care. Customer satisfaction is fairly high as about 73.33% of respondents believe that FASL deserves their loyalty.

A high number of respondents are satisfied with FASL and that has affected the number of respondents who believe they owe FASL their loyalty.

The respondents are satisfied about most of the services. However an increase in Interest rate of deposits and lower price for products will make the customer more satisfied.

6.2 CONCLUSION

In conclusion, FASL clients are generally satisfied with the company. However this satisfaction seems to have an effect on the number of clients who are willing to repurchase or re-patronise FASL products. In effect, the more satisfied customers are, the more loyal they are likely to be.

In a highly competitive industry like banking, loyalty is everything. Loyalty facilitates positive word of mouth about the company. Loyalty has also had a positive effect on the bottom line of FASL. Although the increase in profits year in year out has been below the targeted, it is in the right direction. From the study we can also conclude that the climate factor that makes customer satisfied is high level of customer service although more effort needs to be directed towards complaint handling.

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6.3 RECOMMENDATION

From the study it was identified that FASL needs to direct more efforts into product innovation and it's pricing. It is recommended that a review of its products be conducted as well as pricing. The customer needs should be the driver and basis on which all products will survive.

Although pricing is relatively high, specialized products could be developed and priced higher above the rest to reduce the effect of interest rate reduction on other credit products and vice versa for deposit products.

Complaint Handling and Service features should also be improved.

For location however, once the services are excellent, customers might not really be concerned about location. In addition, structures should be put in place to allow customers transact business with FASL with more ease and convenience.

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QUESTIONNAIRE

This questionnaire seeks to collect data about the Effect of Customer Satisfaction on Loyalty in First Allied Savings and Loans (FASL). The data collected will be used for academic purposes only, please take your time and answer the questions that follow.

Please tick (√) or provide your own answers where applicable.

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1.Gender

Male ( ) Female ( )

2. Age:

Under 20 years ( ) 21- 30 years ( ) 31- 50 years ( ) 51 years and above ( )

3. What business are you involved in?

Supermarket ( ) Pharmacy ( ) Bakery ( ) Oil ( ) Spare parts ( ) Phones and Accessories ( ) Maize ( ) Yams ( ) Others (please specify)…….

4. How long have you saved with FASL?

0 – 1 years ( ) 1 – 3years ( ) 3 – 5years ( ) 5 - 7 years ( ) 7 – 10 years ( ) 10 years and above ( )

5. Would you recommend FASL to a friend or relative?

Yes ( ) No ( ) Not Sure ( )

6. How likely are you to repurchase products and services from FASL? Would you say the chances are?

- ☐ Excellent
- ☐ Very Good
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Indifferent

8. How would you rate the overall quality of your relationship with FASL, considering all of your experiences with them?

- ☐ Excellent
- ☐ Very Good
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Indifferent

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On a scale of 1 to 5 where;

1 – Extremely satisfied, 2 – Satisfied, 3 – Indifferent, 4 – dissatisfied, 5 – Extremely dissatisfied. How would you rate your level of satisfaction with FASL in regards to the following?

9. Customer Service

1	2	3	4	5
☐	☐	☐	☐	☐

10. Price

1	2	3	4	5
☐	☐	☐	☐	☐

11. Location

1	2	3	4	5
☐	☐	☐	☐	☐

12. Service Features

1	2	3	4	5
☐	☐	☐	☐	☐

13. Products

1	2	3	4	5
☐	☐	☐	☐	☐

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14. Complaint Handling

1 2 3 4 5

☐ ☐ ☐ ☐ ☐

15. Which one of the factors mentioned above would you rate as the most important satisfier?

……..

16. On a scale of 1 – 5, how would you rate your level of overall satisfaction with FASL?

1 2 3 4 5

☐ ☐ ☐ ☐ ☐

17. Please number the top three reasons why you initially became a member of FASL in order of importance?

- Customer service
- Attractive interest rate
- Easy access
- Product variety
- Recommendation from existing customers

18. On a scale of 1 to 5 where;

1 – Strongly agree, 2 – Agree, 3 – Indifferent, 4 – disagree, 5 – Strongly disagree. How would you rate your level of agreement with FASL in regards to the following statements?

	1 2 3 4 5
I believe FASL deserves my loyalty	☐ ☐☐☐☐
Over the past year, my loyalty to FASL has grown stronger	☐ ☐☐☐☐
FASL values people and relationships ahead of short-term goals	☐ ☐☐☐☐

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APPENDIX

Automated Teller Machine

A woman uses an automated teller machine (ATM) at a bank. First introduced in the 1980s, ATMs are now common in most countries. Banks prefer that customers use ATMs for most transactions because the machines are inexpensive to operate compared to the cost of paying human tellers.

James MArshall/Corbis

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