

**AN ASSESSMENT OF CUSTOMER SATISFACTION WITH
BANKING SERVICES: THE CASE OF CRDB BANK DODOMA
BRANCH**

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**A Dissertation submitted in partial fulfillment of the requirements for the
degree of Master of Business Administration of the University of Dodoma.**

The University Of Dodoma

October, 2013

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the University of Dodoma the dissertation entitled “Assessment of Customer Satisfaction with Banking Services: The Case of CRDB Bank Dodoma Branch” in partial fulfillment of the requirements for the degree of Master of Business Administration of the University of Dodoma.

.....

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Supervisor

Date.....

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I honestly believe that the output of this report is not my own contribution; rather it received numerous contributions from many heads. I therefore take this opportunity to thank my employer, CRDB BANK PLC- Dodoma Branch for granting me permission and other support to pursue this study. I am owed to express special thanks to my supervisor Dr. Damas K. Mbogoro for his tireless support.

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DEDICATION

This dissertation is dedicated to my beloved parents namely mother Mwajuma Herman Mziray and my father Elius A. Mishwaro.

ABSTRACT

This research aimed at assessing customer satisfaction with banking services using Dodoma CRDB Bank branch as a case study. Specifically, the study examined the implementation of customer satisfaction measures, factors that determine satisfaction with services provided by banks and challenges facing the Dodoma CRDB Bank branch.

The study used a cross sectional design in a case study that aimed to get in depth data and study the satisfaction once irrespectively. This study used random sample of 61 respondents who were the customers. Data on satisfaction were collected by survey method through the use of a structured questionnaire. In addition, a checklist was used to collect secondary data related to service delivery through documentary review. The analysis of data was done through the use of SPSS-15.

The study findings show that the Dodoma CRDB Bank branch did implement customer satisfaction measures and customers on the whole did express satisfaction with the services provided by the Dodoma branch because bank staffs were empathetic and professional in serving their customers. The study also found that the major bank branch challenge is that ATMs are not functioning well. In addition, the study has found that, the customers were not comfortable with the way the loans were issued as well as the interest rates that were charged on loans and paid on savings accounts.

The study recommends that the bank should improve the ATM operations by increasing the network availability, it should open more branches especially in the rural areas of the municipality and it should review the interest rates charged on loans and those paid on accounts to cope with the demand of customers.

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LIST OF ABBREVIATIONS

ATM	Automatic Teller Machine
BFIA	Banking and Financial Institutions Act
CCF	Corporate Culture Factor
COASCO	Cooperative Audit Services Company
CRDB	Cooperative and Rural Development Bank
CRS	Corporate Response Strategy
DANIDA	Danish International Development Agency
PLC	Publicly Licensed Company
SACCOS	Savings and Credit Cooperative Societies
SERVQUAL	Service Quality
SMS	Send Message Service
SPSS	Statistical Package for Social Sciences
UDOM	University of Dodoma

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Customer satisfaction has been a subject of great interest in organizations and researchers alike. The principle objective of the organizations is to maximize profit and minimize cost. Profit maximization can be achieved through increase in sales with lesser costs. One of the factors that can help to increase sales is customer satisfaction, because satisfaction leads to customer loyalty (Wilson et al., (2008, p. 79) recommendation and repeat purchase.

1.1 Overview

The purpose of this section is to provide the background to customer satisfaction in banking industries with a focus on CRDB Bank PLC of Tanzania. The section also provides the statement of the problem, as well as the research objectives. It further proposes the research questions to be used to address the problem. The significance of the study has been made part of this section.

1.2 Background to the problem

In many parts of the world, the banking industry is highly competitive, with banks not only competing among each other, but also with non-banks and other financial institutions Kayak and Kucukemiroglu, (1992; Hull, (2002). It has been noted that most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality. Therefore, customer satisfaction and retention is potentially an effective

tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment.

Customer satisfaction has been a core issue in the banking institutions. For instance, New Zealand's banks have non-domestic owners, and are not very diversified in terms of the products and services they offer Hull, (2002). This suggests that the New Zealand banking industry has reached the maturity phase of the product lifecycle and has become commoditized, since banks offer nearly identical products. This carries the danger of creating a downward spiral of perpetual price discounting that is fighting for customer share Mendzela, (1999). One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible.

In most cases, the argument for customer retention and satisfaction is relatively straightforward. It is more economical to keep customers than to acquire new ones. The costs of acquiring customers to "replace" those who have been lost are high. This is because the expense of acquiring customers is incurred only in the beginning stages of the commercial relationship Reichheld and Kenny, (1990). In addition, longer-term customers buy more and, if satisfied, may generate positive word-of-mouth promotion for the company. Additionally, long-term customers also take less of the company's time and are less sensitive to price changes Healy, (1999). Thus, it is believed that reducing customer defections by as little as five percent can double the profits Healy, (1999).

The key factors influencing customers' selection of a bank include the range of services, rates, fees and prices charged Abratt and Russell, (1999). It is apparent that superior service, alone, is not sufficient to satisfy customers. Prices are essential, if

not more important than service and relationship quality. Furthermore, service excellence that is meeting client needs and providing innovative products are essential to succeed in the banking industry. While there have been several studies emphasizing the significance of customer satisfaction and retention in the banking industry Dawkins and Reichheld, (1990); Fisher, (2001); Marple and Zimmerman, (1999); Pitt, and Berthon, (1996); Reichheld and Kenny, (1990), there has been little empirical research examining the constructs that could lead to customer retention.

The banking industry will often have a desk or counter devoted to dealing with returns, exchanges and complaints, or will perform related functions at the point of services provisions, the perceived success of such interactions being dependent on employees who can adjust themselves to the personality of the customer. From the above point of view customer service plays an important role in an organization's ability to generate income and revenue. That is why the perspective related to efficient customer service should be included as part of an overall approach when the banking industry wants to gain the competitive advantage and market position in any competitive environment Turban et al., (2002).

For banks to be successful in reflecting a good image for itself, efficiency in customer service activities has to be given first priority. There is a need for staff members to be well trained on customer service activities, banks' products and mostly customer relations. Staff member must have a clear understanding on how, where and whom they are rendering services. They need to understand that they are trading under a competitive marketing environment where the business environment keeps changing with customers looking for a high degree of satisfaction and quality services Stanton (1994).

In Africa, the banking services are centralized in urban areas, with rural customers traveling long distances to search for banking services. In Tanzania, for instance, few banking services are available and in most cases are prone to interruption due to power problems and shortage of human resources. Loyalties among customers and adaptation to emerging technologies have issues of attention.

1.3 Profile of CRDB Bank in Tanzania

CRDB Bank PLC is a leading private commercial bank in Tanzania. The Bank was established in 1996 to succeed the former Cooperative and Rural Development Bank (CRDB), which was a public institution with majority of shares held by the Government of the United Republic of Tanzania. The change was a result of the liberalization of the banking industry in Tanzania which was followed by enactment of the Banking and Financial Institutions Act (BFIA) of 1991. The Government's policy to divest its interest in the sector prompted a recapitalization of bank to levels stipulated by the BFIA (1991). CRDB Bank PLC has prospered over the years to become the most innovative, first choice, and trusted bank in the country. CRDB Bank has been recording progressive profits every year since its foundation and has paid dividends annually. The Bank reached an important milestone recently and was listed on the Dar es Salaam Stock Exchange on 17th of June, 2009.

CRDB Bank has been blessed with an invaluable partnership from the Danish International Development Agency (DANIDA). DANIDA's commitment and support in technical, managerial and financial areas of the Bank's operations has been instrumental for the success of CRDB BANK LIMITED. DANIDA therefore was fundamentally involved in CRDB's restructuring as demanded by BFIA (1991). The restructuring, which started in 1992, aimed at a more efficient organizational

system, better returns to shareholders and an overall improvement in the financial performance of the Bank,¹ (CRDB BANK PLC -operational manual and office magazines 2006).

1.4 Products offered by the bank

CRDB Bank offers several products to its customers which are designed and structured to meet and satisfy the needs of a wide clientele base. Accounts products that have been designed to meet and satisfy the needs of customers are Savings account which is designed to facilitate deposit for future spending; Busara Account for rewarding Banks' shareholders for supporting the Bank; Junior Jumbo Account which is structured to facilitate deposits for school fees and other related fees for children under 18 years; Tanzanite Account designated for Tanzanians living abroad; Salary Account designated for people who earn a salary regularly; Current account designated for facilitating different types and customers with loan facilities are obliged to maintain a current account for easy reconciliation of their Bank's transactions; Term Deposits or Fixed Deposits Accounts is an account for short and long period investments with fixed interest rate on deposits and a fixed term from one month to 24 months and Call account is an account for short term investment for customer's desiring to earn interest on big deposits placed in a bank over a short period of time, say a day or two.

CRDB Bank also offers other products and services such TemboCard, a debit card that facilitates electronic payments and avails the customer access to funds through the ATM; SMS Banking, a bank service that allows customer access to their accounts through their mobile phones; Local Money Transfer of funds service from One CRDB Bank Branch to another from CRDB Bank to another; Foreign Exchange

Trading that deals with buying and selling of foreign currencies; International Money Transfers which are transfers to foreign countries and from offshore electronic money transfers; International Bank Draft; Documentary Collections which are payment used under international Trade and Letters of Credit services.

In Loans Products CRDB Bank offers Short Term Loans which are normally payable within one year, Personal Loans which are credit facilities that are advanced to salaries employees and Long Term Loans that are payable in a period exceeding one year financing the core capital of businesses requiring large amount of working capital.

Treasury Bills and Bonds are government securities sold to financial institutions, investors and individuals as a group under commercial banks which is a service and a product that the Bank offers to its customers.

The CRDB Bank PLC in summary offers a comprehensive range of corporate, retail, treasury, premier, and wholesale microfinance services through a network of 94 branches, ATMs, Depository ATMs, Mobile branches, Point of Sale (POS) terminals and scores of Microfinance partners' institutions. Thus, CRDB Bank PLC in order to dominate the market which seems to be too competitive and to gain the financial performance as well as the competitive capacity must rely on the provision of efficient services to its potential, existing and likely to be customers. In the banking industry the importance of efficient customer service varies by products, industry and customer; often only with a receipt and within a specified time frame.

The bank has been able to increase significantly the number of customers to about 4

million. Among the branches that the Bank has in Dodoma, is Dodoma Branch, University of Dodoma Branch (UDOM Branch) and Chamwino Branch. Even though there are three branches in Dodoma Municipality, the provision of products and services does not meet the optimal demand of the influx of customers which has been caused by the opening of Universities and Colleges. Furthermore, there is a notion that these customers are not well served to their satisfaction and this arise the question of why? This study intends to fill this gap.

1.5. Background of CRDB Bank Dodoma Branch

CRDB BANK PLC has many branches of which one of them is Dodoma Branch which started in 1990 from the then Cooperative and Rural Development Bank. The Branch was growing at a slow pace and was having less than 500 customers. At that particular period there were two offices in each region. There was a Regional Office that was dealing with credit facilities which are lending activities and there was a Branch Office which was dealing with other bank's products and services like saving and current accounts and Bank cards.

In 1996 the bank went through changes and restructuring of its structure where all regional offices were closed and only branches remained in each region. CRDB Bank Dodoma Branch moved from its former location which was at the Cooperative Audit and Supervision Corporation (COASCO) building to the current building which is adjacent to Nyerere Square. By then the Branch had about 2000 customers who were enjoying different products and services of the bank.

In 2006 the Branch accomplished its objective and targets and thus became the big

branch of which even the structure and salary scales do change structural wise. The bank categorized its branches according to the performance as well as accomplishments. Accordingly it has big, medium, small and mini branches of which Dodoma Branch was categorized as a medium in 2006 it became the big branch after achieving and winning several awards after accomplishing the Branch deposit, lending, profitability and improvement of customer service.

1.6. CRDB Bank guidelines and standards when serving customers

CRDB Bank has set out the guidelines and standards to be observed by all employees when serving customers. And for that purpose every CRDB Banks' employee is requires to conduct himself or herself in a manner designed to promote the interests, good image and well being of the Bank as per its mission, vision, business strategy and Corporate Culture Factors (CCF). To accomplish these, a code of conduct and ethics has been adopted to define CRDB Bank's minimum standards for ethical business practice. This code applies to all employees of the Bank irrespective of their positions

1.7. Corporate culture factors

1.7.1 Accountability

CRDB Bank staff members are accountable for their own actions and attitudes. Individually each staff member should work or perform activities which they should be able to defend, stand with or take accountability. The value instills in bank staff members, a culture of owning their actions hence good course of actions.

1.7.2 Commitment

CRDB Bank staff members are committed to achieving the objectives of the bank through making them their own objectives. Overall bank objectives are distributed to departments, branch, and units and later to individual staff members. Each member of staff is expected to plan his/her work aiming at implementing the individual objectives which are directly linked to unit, department/branch and overall bank objectives thus the bank objectives are in actual fact individual staff objectives in implementing them, they achieve the banks objectives.

1.7.3 Cost consciousness

CRDB Bank staff members are committed to minimizing cost and maximizing value of each Bank activity they undertake. Time and usage of materials are taken into very high consideration. Staff members are called upon to be cost conscious or considerate to cost efficiency in that to save cost whenever possible without affecting the quality of work or resources involved. This is achieved as all staff members own the outcome of the bank's assets and whatever achievement is translated into their direct and indirect wellbeing and welfare.

1.7.4 Courtesy

CRDB Bank staff members show respect and consideration in all their interactions. They are polite attentive and useful at all times to their customers and colleagues. A happy employee is a productive employee. This is an element of customer service implying that they go an extra mile in offering good services to their internal and external customers; if necessary they should offer excellent services to a level which was not even expected by their customers.

1.7.5. Decisiveness

CRDB Bank staff members take and implement appropriate decisions in their daily assignments. Staff members are encouraged to timely and efficiently make decisions related to issues up to their level of authority. They are discouraged to hold issues pending for a long time, it is either an issue is decided immediately or within a reasonable short time or the issue is referred to the upper level with related opinion or proposal.

1.7.6 Knowledge

CRDB Bank staff members are one expected to be skilled, competent and capable. They are expected to perform work of the highest standard. Staffs have or are given all the required knowledge on the products and services and therefore are expected to utilize such knowledge for giving customers proper advice.

1.7.7 Performance driven

CRDB Bank staff members are expected to be individually and collectively committed and motivated to achieving results. Whichever they are doing, the results must be measured. There is overall Bank's performance that is contributed by individual's performance which is measured quantitatively and qualitatively. Each staff member performs his or her activities based on their goals and targets which basically form the banks performance goals. And thus each staff member strives to attain his or her performance goals and the bank goals are achieved.

1.7.8 Professional integrity

CRDB Bank staff member are expected to be trustworthy, honest and loyal. They are expected to take pride in and uphold the Banks' reputation for integrity and confidentiality in customer dealings. Working as professional bankers, they are expected to show by words and deeds that they are really professional in their specialized fields and in banking.

1.8 Statement to the problem

Customer satisfaction is quite a complex issue and there is a lot of debate and confusion about what exactly is required and how to go about it. Kotler and Keller (2006) observed that customers are becoming harder to please; they are smarter, more price conscious, more demanding, less forgiving, and they are approached by many options with equal or better offers. Hence, the challenge is beyond producing satisfied customers as competitors can do it too; the challenge is to produce delighted and loyal customers. This challenge is perhaps brought about by the increasing financial sophistication of customers which is facilitated by efficient use of information technology, and the entry of new aggressive competitors in the marketplace (Owusu -Frimpong, 1999).

Kotler and Keller (2006) hold that companies recognize the importance of satisfying and retaining customers. Satisfied customers constitute the company's customer relationship capital. According to them, customer satisfaction contributes to customer retention since acquiring new customers can cost five times more than the cost involved in satisfying and retaining current customers.

Again, Kotler and Keller (2006) argue that the critical factor to attaining customer loyalty is customer satisfaction because a customer who is highly satisfied will most likely exhibit the following characteristics: stays loyal longer, buys more as the company introduces new products and upgrades existing ones, talks favorably about the company and its products, pays less attention to competing brands and advertising and is less sensitive to price, and it will cost less to serve old customers than new customers because transactions are routine. In many places in the world, business organizations have been elevating the role of the customer to that of a key stakeholder for over the past twenty years.

Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking companies are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting that placing a high priority on customer satisfaction is critical to improved organizational performance in a global marketplace and helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company. However, in the Tanzania context, there is little evidence on how customer satisfaction varies with respect to type of bank services and products that are offered such as loans, different accounts accompanied with other services such as cards (debit and credit cards), SimBanking and Automatic Teller Machines. This limitation hampers the understanding of the impact of diverse bank service options or strategies on outcomes such as loyalty, trust and word-of-mouth advertising in the Tanzania context. Therefore, this study intends to bridge this gap.

1.9 The major objective of the study

To assess factors that determines customer satisfaction with banking services through CRDB Bank Dodoma Branch.

1.9.2 Specific objectives

The study has the following specific objectives;

- (i) To examine the operations of CRDB bank Dodoma Branch
- (ii) To assess the factors influencing customer satisfaction in banking industry
- (iii) To examine challenges facing CRDB Bank Dodoma Branch.

1.10. Research questions

- (i) How does CRDB Dodoma branch operate?
- (ii) What are the factors influencing customer satisfaction in banking industry?
- (iii) What are the challenges facing CRDB Bank Dodoma Branch.

1.11 Significance of the study

Several studies have been conducted on the contribution of banking industry to the economy. This study among other things will add value to the existing body of knowledge by providing information to policy makers on how to redesign retention policies and strategies to increase customer satisfaction and bank financial viability. The study findings will also provide insight to the bank to know to what extent its customers are satisfied with their services. Lastly, the completion of this exercise is not only a way for another researcher to explore more on what has not been

researched but also as a partial fulfillment for attaining the MBA Degree.

1.12 Conclusion

This section has presented background relating to the customer satisfaction and retention globally and in Tanzania as well. The statement of the problem that has highlighted the gap and the research objectives has been made part of this section. The study section has also covered the research questions that have been used to address the problem. The section has ended with the significance of the study that focuses on the addition to the existing body of knowledge on customer satisfaction with service delivery in the banking industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section aims to review present literatures relevant to this research. And to provide theoretical framework that underpin this study as well as the empirical studies that are related to this study. The study also covers the conceptual framework that has been used to analyze the variables used to understand the problem.

2.2 Theoretical review

The concepts of customer satisfaction and customer behaviors in switching between banks due to customer satisfaction in the Banking Industry are discussed in this chapter. The chapter also presents factors that influence the customer satisfaction to switching behaviors such as price, reputation, service quality, effective advertising competition, involuntary switching, distance, switching costs and demographic characteristics.

This part will also give an overview of literature and models that are related to the research problem presented in the previous chapter. It will provide the theoretical framework based on literature review. It will also explain the profit chain model and service expectation model in relationship to the title of customer satisfaction. The conceptual framework which helps to answer the study's research question will also guide the data collection of this study.

2.3 Customer satisfaction

Customer satisfaction is conceptualized as customer's experience on a particular service encounter, (Cronin & Taylor, 1992). Also customer satisfaction is cumulative based on the overall evaluation of service experience (Jones & Suh, 2000) of which it highlights that customer satisfaction is based on experience with service provider and also the outcome of service. Giese & Cote, (2000, p.15) define customer satisfaction is identified by a response being it cognitive or effective that pertains to a particular focus and occurs at a certain time.

2.4 Customer switching behaviour

Switching behavior is defined as defection or customers exit (Stewart, 1994). According to Boote (1998), Bolton and Bronkhurst (1995) switching behavior imitates the decision that a customer makes to stop business with a particular service or patronizing the service firm completely. In the context of banking industry, customer switching behavior means that customers shift from one bank to another for service if unsatisfied.

Levesque and McDougall (1996) conclude that service problems and the bank's service recovery ability have a major impact on customer satisfaction and intentions to switch. Reichheld (1990) finds that customers switching behavior reduces firms' earnings and profits as old customers generally generate more business than new ones. According to Matthews and Murray (2007), long term relationship with customers can minimize the negative effects of defection.

2.5 Customer switching factors

Clemes (2010) established that price, reputation; service quality, effective advertising, involuntary switching, distance, and switching costs impact customers satisfaction to switch between banks. Six events which were considerably important in order to understand the factors of bank switching were labeled as inconvenience, services failures, pricing, unacceptable behavior, attitude or knowledge of staff, involuntary mentioned incidents and attraction by competitors (Gerrard& Cunningham, 2004).

2.5.1 Price

Price in banking industry refers to fee implementation, bank charges, interest on loans, interest for saving account and deposits. Almossawi (2001) study found that the price element in a banking industry influences customers to compare cost of price on products and services between banks and induce them to switch over from one bank to another bank. Most influential factors for customers to be satisfied and not to switch banks are the convenient ATM locations, the availability of ATM in several locations, bank reputation, 24 hours service availability of ATM services and available parking space nearby. Later researchers (Kiser 2002; Clemes et al. 2007) found that price was the most influential factor that determined the customers in their switching behavior.

2.5.1.1 Importance of price

Price is an attribute that must be given up or sacrificed to obtain certain kinds of products or services (Zeithaml, 1998). In this inflationary period people of Pakistan are quite sensitive for price as Khan and Amine (2004) stated that low-price and very

low-margin strategy represents a key opportunity for bankers of Pakistan. In the financial service industry, price has wider implications than in other services industries because money is matter in money issues (Gerrard and Cunningham, 2004). Customer satisfaction is recognized as being highly associated with product price (Mavri and Ioannou, 2008). Several studies show that price has an important impact on customers switching decisions (Stewart, 1998) these loyalty behaviors include an increase in a decrease in price sensitivity (Neira et al., 2010).

2.5.2 Reputation

Reputation has been described as a social identity, and an important and intangible resource that can significantly contribute to a firm's performance and its survival (Rao, 1994). According to Clemes et al., (2007) reputation depends on three elements which are the reliability of banks, trust worthiness of the bank, and the financial stability of the bank. A bank with bad reputation led to the tendency of bank switching by customers if unsatisfied. Brand, contributions to charitable institutions, sponsorships of specific events may likely increase the reputation of a bank. Reputation is a key asset to firms as it is valuable, distinctive, difficult to duplicate, non-substitutable, and provides the firm with a sustainable competitive advantage (Wang et al., 2003).

2.5.2.1 Importance of reputation

Reputation is identified as key ingredient to satisfy and retain customers. Product quality and services produce benefits not only by lowering costs, but also by increasing competitiveness through the establishment of a good reputation and the attraction and retention of customers (Wang et al., 2003). Reputation is identified by

firms in the service sectors as an essential part of their competitive strategies. The intangible characteristic of reputation forces researchers to analyze reputation with other elements. For example, reputation has been analyzed by economists relating to product quality and price (Shapiro, 1983).

2.5.3 Advertising

Advertising is important to all the banks in this highly competitive market and it seems to be the most popular way of marketing. Advertising is defined as promoting the products or services of a brand or company for the purpose of letting the consumers know the existence of it. (Clemes, et al., 2007; Cengizet et al., 2007) describes that advertisement is one of the important determinants which influences the bank image in public. Advertising efficiency has a direct positive effect on bank image as well as customer expectation. Promoting the business through announcing various offers attracted more customers.

2.5.3.1 Importance of effective advertising competition

In an era of mature and intense competitive pressures, effective advertising can broaden the communication channel between customers and institutions which enhance the chances of success to customer satisfaction and retention and increase of customer base. According to Cengiz, Ayyildiz & Er (2007), advertising are actions undertaken to enhance the image of a service or increase sales of firm or business, and the main purpose of advertising is to inform the potential customer of the characteristics of products or services.

Firm can struggle alone because of lack or ineffectiveness of advertising. Becker and Murphy (1993) developed the model and treated advertising as a complementary good, and proved that customers may simply derive more utility from consuming a more advertised good. Jamal and Naser (2002) pointed out that, a satisfied customer is expected to be more likely to form future purchase intention, engage in positive word of mouth advertising.

Davies (1996) states that advertising make strengthen the communication between organizations and customers, it reduces consumers' perceived risks. Cengiz et al. (2007) study on banks customers' behavior of Turkey and find that efficient advertising could enhance and increase the bank s customer loyalty and help in retaining customers.

2.5.4 Involuntary switching

One of the factors that influencing customers' decision on staying or switching to another service is involuntary switching (Kiser, 2002). Unwillingly, customers may switch between banks due to unavoidable factors such as shifting residence, closure of business by the service provider. Relocation is the most frequently cited reason for bank switching. It was also found by Clemes et al., 2007 that involuntary switching is not significant, that means involuntary switching has little impact over the switching behavior of customers in the banking industry.

2.5.5 Distance

Convenient, easy and near location could be the first priority for many customers and they forge the other crucial point of service and being satisfied. Keaveney s (1995) point out that under the inconvenience category, a location is an important

factor for service provider which influencing switching behavior. Location has special meaning in the financial service industry because it is at the branch or office that banks and the customer are connected and it is where the customers have their accounts (Peppard, 2000). Convenience of ATM location (Kisser, 2002) and distance (Safakli, 2007; Salleh & Hazimah, 2009) and parking space are some of the factors that retained their customers and attracted more customers from that locality (Almossawi, 2001). According to Levesque and McDougall (1996), that convenience also contributed to customer satisfaction and positively effect on customer satisfaction. Similarly, Levesque and McDougall (1996) argue that convenient location also make impact on customers' evaluation about firms' performance.

2.5.6 Switching cost

The existence of switching cost does have impact on market operation, monopolistic profits and entry barriers. This problem arose because of the influence of switching cost on customer behavior as customers are bonded with their service provider and it is hard for them to change to a new provider. A study was carried out by Matthews. (2009) identified various elements of switching costs namely learning costs, search cost, monetary loss, personal relationship, brand relationship, hassle and uncertainty. The result of above research study showed that hassle is the most important variable among all the others in switching cost, while monetary loss has surprisingly become the least important variable.

Determinants of customers' bank switching behavior is important such as age, education, ethnics, geographical areas or any other issues related to demography may have an impact on the behavior. Banks generally must determine all these issues

especially when they implement their marketing strategies

2.5.6.1 Importance of switching cost

Switching cost is a catch-all phrase to describe the variety of costs, financial and non-financial, occurred in changing suppliers (Matthews and Murray, 2007). Lee and Cunningham (2001) describes the three types of switching costs the procedural costs, financial costs and relational costs as costs that cause customers to switch from one bank to another. Procedural costs involve mainly the time and effort spent, consist of economic risk, evaluation, learning and setup costs while the financial costs consist of financial loss costs and benefits and the relational costs involve psychological or emotional discomfort due to identity loss or linkage breaking. Fornell (1992) added switching costs to customer satisfaction in the customer loyalty function.

In a retail bank context, Beerli et al. (2004) showed that customers switching cost is a direct antecedent of loyalty. Switching cost is also considered a mediator of the satisfaction-loyalty relationship (Aydin et. al, 2006). These costs discourage customers to leave the current organization because customers may perceive switching costs to be higher than the expected benefits of changing service providers According to Jones et al. (2002), switching costs can be thought of as barriers that hold customers in service relationships

2.6 The Profit – Chain model

There are a good number of researchers who have shown that, organizational subunits where employee perceptions are favorable enjoy superior business performance. The service profit chain model of business performance (Harter et al., 2002) has identified customer satisfaction as a critical intervening variable in this

relationship. A number of researchers have found that revenue-based measures of business unit performance, for example, sales and profitability, are significantly correlated with employees' work-related perceptions. The evidence suggests that business units in which employees' collective perceptions are relatively favorable perform better.

To simplify this, the service profit chain 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), for example, define the service profit chain as 'involving direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity'. These authors recommend the service profit chain as a framework for constructing a strategic organizational vision, and suggest that, provided service profit chain concepts are carefully interpreted and adapted to an organization's specific situation, they are capable of delivering 'remarkable results' (ibid)

The second crucial element of the service profit chain is the link between customer satisfaction and financial performance. Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer (e.g. Heskett et al., 1997; Watson, 1963).

Consumer researchers have established that customers who are satisfied with a supplier report stronger intentions to purchase from that supplier than do dissatisfied customers (e.g. Koys, 2001). However, as noted by Watson and others that the customers satisfaction has not been much investigated in terms of type services

rendered.

2.7 The service expectation model

Customer satisfaction with a service and product can be measured through a survey of the actual perception of the users or otherwise comparing their actual perception with their expectations. More appropriately customer satisfaction and quality are considered. (Hennig-Thurau, & Klee, 1997). Therefore to measure the customer satisfaction the comparison has to be made on the evaluations of the user with his or her expectations connected to an ideal service or product. For some kinds of product and service such expectations are typically subjective as they have to be gathered ad hoc; for others they can be suggested by the provider of the product or service referring to an optimum product or service; in this way the expectations are collected in an "objective" way(degree course).

2.8 Empirical review

This section describes the empirical studies that were conducted in different parts of the world. The review has focused on the factors for customer satisfaction, extent and coping strategies when it happens that customers do not get the optimum level of services.

Past studies have identified the benefits that customer retention delivers to an organisation (see Colgate et al., 1996; Reichheld and Sasser, 1990; Storbacka et al., 1994). For example, the longer a customer stays with an organisation the more utility the customer generates (Reichheld and Sasser, 1990). This is an outcome of a number of factors relating to the time the customer spends with the organisation. These include the higher initial costs of introducing and attracting a new customer,

increases in both the value and number of purchases, the customer's better understanding of the organisation, and positive word-of-mouth promotion.

Despite the benefits that the longevity of customers brings, research findings also suggest that the costs of customer retention activities are less than the costs of acquiring new customers. For example, Rust and Zahorik (1993) argue the financial implications of attracting new customers may be five times as costly as keeping existing customers. However, maintaining high levels of satisfaction will not, by itself, ensure customer loyalty. Banks lose satisfied customers who have moved, retired, or no longer need certain services. As a consequence, retaining customers becomes a priority. Previous research shows, however, that longevity does not automatically lead to profitability (Colgate, Stewart, and Kinsella, 1996).

It is therefore pointed out that, there are compelling arguments for bank management to carefully consider the factors that might increase customer retention rates, with research providing ample justification for customer retention efforts by banks (see Marple and Zimmerman, 1999; Fisher, 2001). However, there has been little empirical research that investigates the constructs leading to customer retention in particular, the way customer satisfaction varies with type of service and location. Previous empirical work has focused on identifying constructs that are precursors to customer retention. These form the basis for the present investigation. There have been few, if any, attempts to link them to customer retention. This is curious, for if retention criteria are not well managed, customers might still leave their banks, no matter how hard bankers try to retain them.

Taking an account of a highly competitive market, the shortest route to differentiation is through the development of brands and active promotion to both intermediaries and final consumers (Parasuraman, 1997). In the long run, however, branding, targeting and positioning would all be much more effective if the supplier had some tangible advantage to offer consumers (Baker, 1993). This is evident in the banking industry, where many banks are providing more or less the identical products for nearly the same price. Unless a bank can extend its product quality beyond the core service with additional and potential service features and value, it is unlikely to gain a sustainable competitive advantage (Chang, Chan, and Leck, 1997). Thus, the most likely way to both retain customers and improve profitability is by adding value via a strategy of differentiation (Baker, 1993) while increasing margins through higher prices.

In Today's economy, customers do not just buy core quality products or services; they also buy a variety of added value or benefits. This forces the service providers such as banks to adopt a market orientation approach that identifies consumer needs and designs new products and redesigns current ones (Ennew and Binks, 1996; Woodruff, 1997).

Indeed, customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organisation. Organisations need to know how to keep their customers, even if they appear to be satisfied. Reichheld (1990) suggests 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. However, keeping customers is also dependent on a number of other factors. These include a wider range of product choices, greater convenience, better prices, and enhanced income (Storbacka et al., 1994). Fornell (1992), in his study of Swedish consumers, notes 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.

According to Reidenbach (1995), customer value is a more viable element than customer satisfaction because it includes not only the usual benefits that most banks focus on but also a consideration of the price that the customer pays. Customer value is a dynamic that must be managed. Customer satisfaction is merely a response to the value proposition offered in specific products/markets (Reidenbach, 1995). By this view, banks must determine how customers define value in order to provide added-value services and products.

Nowadays, consumers have more choices for their financial needs than ever before. Technology, globalization, increased competition and increased consumer mobility have dramatically changed the way people bank (Harwood, 2002). Many financial institutions are looking at branding techniques to differentiate themselves. Harwood (2002) argued that branding, as a tool to build image, is critical in the banking industry where all firms offer about the same kinds of products. Hence, it is critical that banks have a comprehensive knowledge of customers' values, attitudes, needs and perceptions of various services the bank offers and the image which customers have of the bank itself (Kaynak, 1986a, 1986b). Accordingly, bankers must be able to build and manage their bank's image in order to clearly define the differences between their bank and its competitors.

Switching barriers have been used as marketing strategies to make it costly for customers to switch to another organisation. Such barriers include search costs, transaction costs, learning costs, loyal customer discounts and emotional costs (Fornell, 1992). These barriers provide disincentives for the customer to leave the current organization. Curasi and Kennedy (2002) have shown that customer satisfaction does not predict the continuation of the relationship. High switching costs are an important factor binding the customer to the service organisation. Even with relatively low levels of satisfaction, the customer continues to patronise the service provider because repurchasing is easier and more cost effective than searching for a new provider or sampling the services of an unknown provider (Curasi and Kennedy, 2002).

Other than switching costs, cross-selling is another critical variable driving customer retention. Cross-selling is the bank's effort to sell as many different products and services as they can to a particular customer (Daniell, 2000). One aspect of loyalty is the impact of cross-selling, which forms a critical element in increasing revenue. Profitability could, as a consequence, be threatened not only by loss of market share but also by diminished opportunities for cross-selling (Jones and Farquhar, 2003). Furthermore, the more products or services you sell to a customer, the less likely it is that they will sever the relationship (Daniell, 2000).

Customer retention improves profitability principally by reducing costs incurred in acquiring new customers. A prime objective of retention strategies must therefore be "zero defections of profitable customers" (Reichheld, 1996a). There is, however, a distinction between customers who are simply retained and those who are loyal. The

concept of consumer inertia implies that some customers are only being retained, rather than expressing loyalty. Truly loyal customers are usually portrayed as being less price-sensitive and more inclined to increase the number and/or frequency of purchases. They may become advocates of the organisation concerned and play a role in the decision making of their peers or family. Satisfaction with a bank's products and services thus also plays a role in generating loyalty that might be absent in the retention situation. Customer loyalty is therefore not the same as customer retention, as loyalty is distinct from simple repurchase behaviour. Loyalty is only a valid concept in situations where customers can choose other providers. Companies thus need to understand the nature of their consumers' reasons for staying and must not assume that it is a positive, conscious choice (Colgate et al., 1996).

2.9 Service quality

In order for a company's offer to reach the customers there is a need for services. These services depend on the type of product and it differs in the various organizations. (Kotler & Keller, 2009) defines service as any intangible act or performance that one party offers to another that does not result in the ownership of anything. In all, service can also be defined as an intangible offer by one party to another in exchange of money for pleasure.

Quality is one of the things that consumers look for in an offer, which service happens to be one (Solomon 2009). Quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Kotler & Keller, 2009). It is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user.

Parasuraman defines service quality as the differences between customer expectations and perceptions of service (Parasuraman, 1988). They argued that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services.

Since the interactions between a customer and a service provide create opportunities for customers to evaluate services; service quality is defined as a customer's overall impression of the relative inferiority/superiority of the organization and its service provisions (Gronroos, 1988; Bitner & Hubbert, 1994). Similarly, Lewis & Booms (1983) defined service service quality as a measure of how well the service level delivered matches customer expectations. Perceived service quality is developed from the perspective of a customer's attitude to judge the overall service provision (Spathis, Petridon & Glaveli, 2004).

Abdullah (2007), documented that customer patronization in the Islamic bank in Malaysia depends on customer satisfaction which is highly correlated with the quality of service. Quality of services are denoted by politeness of the teller when dealing with customers, the ability of the teller to convey trust and confidence; efficiency and effectiveness of the service, and the ability of tellers to get the customer's problems solved. Courtesy and competence of a staff are the main rudiments that influence the customers' decision in Islamic banking industry. To improve the service quality, it is important that the bank's staffs are well trained with their ethics, professionalism, duties and responsibilities towards customers. It is expected that the staff would be articulate when explaining a product to customers to avoid confusion. A better service quality will undoubtedly attract new customers and

retain the existing customers, since businesses these days are customer-centric. The research gap that exists is that there is limited knowledge on service quality and customer satisfaction in the Tanzania context.

2.10 Customer satisfaction and service quality

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive on.

Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter, (Cronin & Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations.

In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson, 2008). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006,). This theory complies with the idea of Wilson et al. (2008) and has been confirmed by the definition of customer satisfaction presented by other researchers.

Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Bateson, 1985). Because of these complexities, various measuring models have been developed for measuring perceptions of service quality (Lehtinen & Lehtinen (1982), Gronroos, 1984a, 1984b; Parasuraman et al., 1988). The SERVQUAL model of Parasuraman et al. (1988) proposes a five-dimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy with items reflecting both expectations and perceived performance.

2.11 Service quality dimensions

Lehtinen & Lehtinen (1982) described three service quality dimensions: physical quality, which represents the tangible aspects of the service (e.g. machines or building); corporate quality which involves the company's image of profile; and, interaction quality which is derived from the interaction between customers (Parasuraman, Zeithaml & Berry 1985).

Gronroos (1984a, 1984b) illustrated three service quality dimensions, namely technical, functional and image qualities. Technical quality is the quality of what the customer is actually receiving from the service; functional quality is the quality of how the service is delivered and corporate image quality relates to the portrait of a service organization.

Several researchers have also demonstrated that service quality is a multidimensional construct, and the dimensions can vary across different industries (Clemes, Gan & Kao, 2007; Alexandris, Dimitriadis & Markata, 2002; Brady & Cronin, 2001; Dabholkar, Thorpe & Rentz, 1996, Lehtinen & Lehtinen (1991),

2.12 Conceptual framework

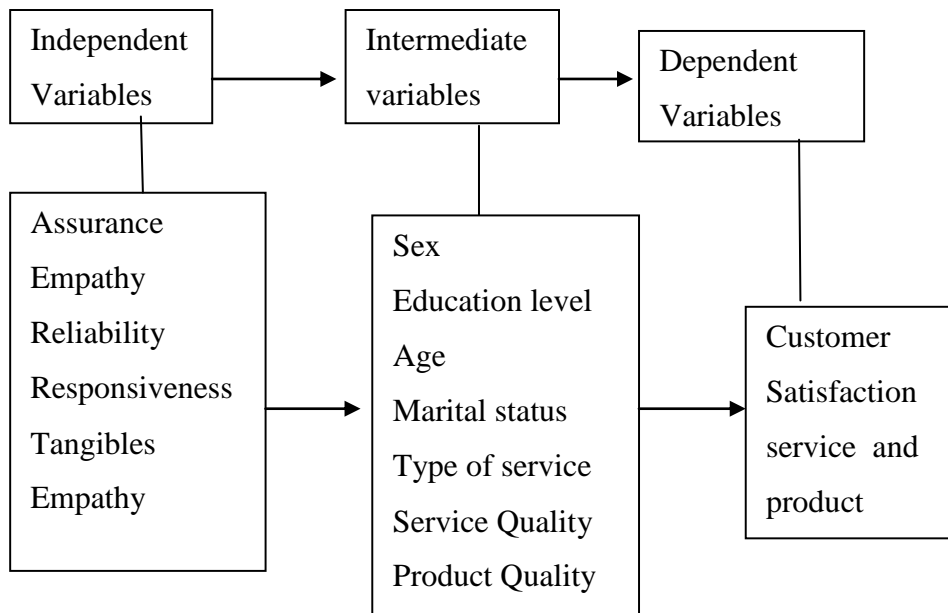
The aim of this section is to discuss the ideas from the past literature on the relationship between customer satisfaction and service quality also that service quality could be evaluated with the use of five service quality dimensions and the most usable is the SERVIQUAL scale.

Parasuraman et al. (1988) identified a five service quality dimensional construct of perceived service quality: tangibles; reliability; responsiveness; assurance; and empathy – with items reflecting both expectations and perceived performance. The service quality measurement model SERVQUAL in the Table 2.1 describes the dimensions. Tangibles relates to the effect of physical facility, equipment, personnel and communication materials on customers, and reliability, responsiveness, assurance and empathy correspond to the element of human interaction/intervention in delivery of the service. Each of the five dimensional constructs is measured by use of a Likert scale with five categories of Very satisfied, satisfied, dissatisfied, very dissatisfied and neutral whereby the respondents are asked to choose one of them.

Table 2.1: SERVIQUAL Service Quality Dimensions (Parasuraman et al., 1998).

SERVQUAL Dimensions	Description of SERVQUAL Dimensions
Tangibles	Physical facilities, equipment and appearance of personnel
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and promote service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring such as individualized attention which the employees provide for their customers

Figure 1: Conceptual framework on customer satisfaction on banking services



Source: Adopted from Wilson et al., 2008, p. 79

2.12 Conclusion

This chapter has reviewed both the theories underpinning this study as well as the empirical studies on customer satisfaction on banking services. The section also has

designed the conceptual model that depicts various models to be used to understand the customer satisfaction and retention problem.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section covers the area in which this study was conducted. It justifies the approach that will be used to study the problem, sampling and data collection methods as well as the issues of validity and reliability. Finally the chapter describes the way the data were analyzed and presented for interpretation.

3.2 Study area

This study was carried out in Dodoma Municipality with CRDB bank Dodoma Branch as a case study. The choice of CRDB bank Dodoma branch has been due to a big number of customers as compared to other branches as well as other Banks. The branch has about 20,958 customers. Therefore, the study was conducted specifically in Dodoma urban Branch.

3.3 Research design

The study employed a cross sectional design to collect data just once. The use of case study bases on the fact that, the customer satisfaction and retention can be well diagnosed as proposed by using this approach Kothari (2004), Borg (1983) and Bailey (1998). In addition, the study used case study of Dodoma Urban branch to get in detail the way customers are satisfied with services.

3.4 Sampling frame, methods and sample size

This section highlights the population in which the study was conducted, the methods used to get the sample as well as the size of the size sample used.

3.4.1 Sampling frame

Dodoma Branch was the area in which the inquiries were collected/ conducted. The total number of customers in Dodoma Branch is about 21,958 as at the end of Month of January, 2012 (CRDB Dodoma, 2012).

3.4.2 Sampling methods and sample size

This study used convenience and simple random sampling methods to get respondents who were the customers of CRDB Bank, Dodoma Branch. The choice of this has been due to the large number of customers, so every one had equal probability to be selected. The study used therefore the formula as per Kothari (2004) to get the sample size as follows:-

The sample size according to Kothari (2004) is obtained as follows:

Where:

n =sample size (?)

N = sampling frame (21,958) of individuals of above 18 years

e = level of precision (sampling error is 5%)

let $e=5\%$

$$n = \frac{21958}{1 + 21958 (0.05)^2}$$

$$n = 392$$

According to the above formula and sampling frame, the study needed to have a sample size of 392 customers. However, due to limitation of time and funds, this study contacted 61 customers.

3.5 Data collection methods and tools

This study collected two types of data, secondary and primary data; these were related to customer satisfaction with banking services.

3.5.1 Primary data

The study used survey method with questionnaire to collect primary data from customers basing on the factors for satisfaction, extent of dissatisfaction and challenges facing service delivery.

3.5.2 Secondary Data

This study used secondary data to support the findings .This involved review of documents related to customer satisfaction, retention and drop out rate. This method used checklist that contained a number of key areas such as strategies of customer retention and customer turn over.

3.6 Pilot study

This study ensured that the research tools were valid and reliable. This was made possible by pre -testing the tools on respondents before embarking on a comprehensive data collection. The aim of doing so was to test for the validity and reliability of the research tools and methodologies used in sampling and data collection. The results of the pilot study helped the researcher to review the research tools as proposed by Kothari (2004).

3.7 Data processing, analysis and presentation

Data were edited, coded and entered into SPSS-11.5. The analysis was done in the same software and the output of it was in the forms of cross tabulations, frequency tables and charts. The five categories Likert scale approach whereby the customer/respondent was required to state whether he/she was very satisfied, satisfied, dissatisfied, very dissatisfied or was neutral was used to capture the dependency of satisfaction on, types of services and even the timing of services. In addition, the same approach was used to capture the extent of satisfaction in the banking industry.

3.8 Reliability and validity

In order to reducing the possibility of getting the answer wrong, attention was paid to two particular s on research deign: reliability and validity.

3.8.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about (Saunders et. Al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Saunders et al., 2003).

From this study the several steps were done to ensure the validity of the study where as the data were collected from the reliable sources who were respondents banking with CRDB, questionnaires were pre-tested by the respondents before starting the survey which was done by five people.

3.8.2 Reliability

According to Saunders et al., 2003, reliability refers to the degree to which data collection method or methods will yield consistent findings, similar observations would be made or conclusions reached by other researchers or there is transparency in how sense was made from the raw data.

In this study the reliability of the study was done through questionnaires being divided into three parts in order that the respondents could concentrate more on each question. The theories that have been selected for the study was clearly described and the research question has been formulated based on the previous theory. Data has been collected based on the frame of reference that was drawn from the discussed theories. The objective was to make sure that if another investigator will follow the same procedures and used the same questionnaires objects, the same conclusions would be made.

3.9 Conclusion

This study was conducted using cross sectional study as well as case study for CRDB bank Dodoma Branch. The sample involved customers from the same Dodoma urban branch. The respondents were conveniently and randomly sampled and data were collected using survey method. The data analysis was carried out in SPSS and Excel-2007.

CHAPTER FOUR

RESULTS PRESENTATION AND DISCUSSION

4.1 Introduction

Chapter four presents data that has been collected through questionnaires which were collected from different respective respondents. It will also present data analysis and results interpretations.

4.2 Profile of respondents

Different types of respondents were involved in the study. The profile of respondents covers sex of respondents, age marital status, education level, occupation, length of time with the CRDB bank and the working sector of the respondent.

4.2.1 Sex of respondents

The researcher wanted to know the sex of the respondents. The findings in Table 1 below shows that 55.7 (34) percent of the respondents were males and 44.3 (26) percent were females. Thus most of the customers interviewed were males. It has been common that the majority of business people in Tanzania are males, and that is why it was easy to get them at the bank during data collection period.

Table 1: Sex of respondents

Sex	Frequency	Percent
Male	34	55.7
Female	27	44.3
Total	61	100

Source: Field data 2013

4.2.2 Age of respondents

The study covered customers who were of different ages. Findings in Table 2 below show that 44.3 (27) percent of the respondents were in the age group of 15 to 35 years; 52.5 (32) percent were in the age group of 36 to 60 years; and, 3.3 (2) percent were in the age group of above 60 years. The majority of the respondents were in the age group of 36 to 60 years to reflect the fact that users of banks would tend to be mature people who would be engaged in various economic activities.

Table 2: Age of the respondents

Ages/years		Frequency	Percent
	15-35 years	27	44.3
	36-60 years	32	52.5
	>60 years	2	3.3
	Total	61	100.0

Source: Field data 2013

4.2.3 Marital status of the respondents

The researcher was interested in knowing the marital status of the respondents. Table 3 below shows that 29.5 percent (18) were single; 68.9 percent (42) were married; and, 1.6 percent (1) was a widow. It was possible to get the majority of customers who were married since; these have the propensity to save money and also to solicit various bank services.

Table 3: Marital status of the respondents

Marital status	Frequency	Percent
Single	18	29.5
Married	42	68.9
Widow	1	1.6
Total	61	100.0

Source: Field data 2013

4.2.4 Education level of respondents

The researcher wanted to know the education level of the customers of CRDB bank. Findings in Table 4 below show that 1.7 percent of the respondents (1) had attained primary level of education; 6.8 percent (4) had secondary level of education; 5.1 percent (3) had certificate level of education; 15.3 percent (9) had diploma level of education; 40.7 percent (24) had first degree level of education; 25.4 percent (15) had masters level of education; and, 5.1 percent (3) had attained other levels of education not mentioned. Thus, the majority of the respondents had university level of education. This has a close link to their awareness of financial services, and also, being educated, meant that they had a reliable source of income which necessitates them to require financial services either for receiving a salary, saving, or borrowing.

Table 4: Education level of respondents

Education level	Frequency	Percent
Primary	1	1.7
Secondary	4	6.8
Certificate	3	5.1
Diploma	9	15.3
First Degree	24	40.7
Masters	15	25.4
Others	3	5.1
Total	59	100.0
Total	61	

Source: Field data 2013

4.2.5 Occupation of the respondents

The bank has different customers with different occupations. The researcher wanted to know the occupations of the different customers. Findings in Table 5 below show that 20.4 percent (13) were accountants and finance personnel; 3.7 percent (2) were auditors; 7.4 percent (4) were compliance officers; 1.9 percent (1) was a legal officer; 3.7 percent (2) were architects; 3.7 percent (2) were civil engineers; 5.6 percent (3) were working as utility staff; 3.7 percent (2) were working as human resource personnel; 22.2 percent (15) were educators; 3.7 percent (2) were bankers; 3.7 percent (2) were working with religious organizations; 7.4 percent (4) were administrators; 1.9 percent (1) was a marketing officer; 1.9 percent (1) was a business man; 5.6 percent (3) were IT personnel; and, 3.7 were working as secretaries. The findings show that most of the respondents were educators, reflecting the fact that Dodoma Municipality has many schools plus a good number of institutions of higher learning.

Table 5: Occupation of the respondents

Occupations	Frequency	Percent
Accountants & finance personnel	13	20.4
Auditor	2	3.7
Compliance Officer	4	7.4
Legal officer	1	1.9
Architect	2	3.7
Civil engineer	2	3.7
Utility staffs & handy men	3	5.6
Human resources personnel	2	3.7
Educator	15	22.2
Banker	2	3.7
Clergy men, sheikhs & nuns	2	3.7
Administrator	4	7.4
Marketing & sales personnel	1	1.9
Business man/woman	1	1.9
IT personnel	3	5.6
Secretary/Personal secretary	2	3.7
Total	61	100.0

Source: Field data 2013

4.2.6 Respondents' time of banking with CRDB

The researcher was interested in knowing the time that the customers had been with the bank because perception on the quality of services provided has a close link to the years that the customers had stayed with the CRDB bank. Findings in Table 6 below shows that 39.3 percent (24) of the respondents said that they had been with the bank for 1-5 years; 29.5 percent (18) for 6-10 years; and, 31.1 percent (19) for more than ten years. These results revealed that the majority of the customers of CRDB bank had stayed with the bank for a long time.

With relevance to the literature review, this indicates that the CRDB bank has been providing quality services to its customers that is why they are still banking with this Bank and they have not switched to other Banks observed from the time that they have been banking with CRDB.

Table 6: Respondents' time of banking with CRDB

Years		Frequency	Percent
	1-5 years	24	39.3
	6-10 years	18	29.5
	>10 years	19	31.1
	Total	61	100.0

Source: Field data 2013

4.2.7 Working sector of respondents

The study wanted to know the sector in which the customers of CRDB bank were from. Table 7 below shows that about 50.8 percent (31) were private sector while 49.2 percent (30) were from public sector. These results imply that the bank provides financial services to both the private and public sector. This is evidenced by the fact that the bank provides loans to both employees in the public sector and in the private sector like in Savings and Credit Cooperative Societies (SACCOS).

Table 7: Working sector of respondents

Sector	Frequency	Percent
private	31	50.8
public	30	49.2
Total	61	100.0

Source: Field data 2013

4.3 Implementation of customer satisfaction measures

This section deals with the first research question of the study. The section covers a brief outline of the major services that are provided by the CRDB Bank Dodoma branch, a brief outline of customer satisfaction measures that are being implemented by the Dodoma branch, performance of CRDB bank Dodoma branch and overall customer satisfaction perception with the bank services.

4.3.1 Major bank services provided by the Dodoma CRDB Bank branch

The CRDB Bank PLC Dodoma branch started to operate in 1990 when the Cooperative and Rural Development Bank was formed. It started with 500 customers. The branch grew at a slow pace until it reached 2,000 customers in 1996. After that the branch grew at a rapid pace until this year when the branch boasts of 25,248 customers

The branch provides the following services to its customers: first, receiving deposits and opening of customers' accounts; second; receiving applications for loans and processing the loan applications; third, managing automatic teller machines (ATMs); fourth, effecting money transfers; fifth, facilitating internet banking; sixth, facilitating currency purchase online; seventh, operating SimBanking; eighth, effecting international transfers; and, ninth, processing salaries Providing all these services involves interacting with customers on a massive scale. For example, issues that are related to managing ATMs concern card capture/swallow, card loss, card delay and card usage problems; and those that related to operating simBanking concern mobile money transfer from mobile phones money handlers to CRDB and from CRDB to mobile phones money handlers handling cardless services and

handling refund of unsuccessful transactions. The list of services is long just in line with Daniel, (2000) who observes that the more products sold the less likely the customer will sever relations. In order for the branch to minimize complaints from customers it had to implement customer satisfaction measures.

4.3.2 Customer satisfaction measures

Customer satisfaction measures that are used by the Dodoma CRDB Branch are in three parts. The first part is known as CRDB Bank guidelines and standards when serving customers. The second is known as corporate culture factors (CCF). The third is known as customer response strategy (CRS).

4.3.2.1 CRDB Bank guidelines and standards when serving customers

The CRDB Bank has prepared guidelines and performance standards which every employee of the bank is expected to observe while serving customers. He or she is expected to conduct herself or himself in a manner that will promote the interests, good image and well being of the bank in line with its mission, vision, business strategy and corporate culture factors.

4.3.2.2 Corporate culture factors

All CRDB Bank Dodoma branch staff members are expected to observe the following corporate culture factors that have been adopted by the CRDB Bank:

- a) Accountability: every bank staff member is accountable for his/her actions.
- b) Commitment: Every bank staff member must have objectives that contribute to the overall bank objectives.

- c) Cost consciousness: Every bank staff member must maximize the value of each bank activity he/she undertakes.
- d) Courtesy: Every bank staff member must show respect and consideration in all interactions.
- e) Decisiveness: Every bank staff member must timely and efficiently make decisions on issues within their level of authority.
- f) Knowledge: Every bank staff member must be skilled, competent and capable in his/her area of work.
- g) Performance driven: Every bank staff member must be individually and collectively committed and motivated to achieving bank desired results.
- h) Professional integrity: Every bank staff member is expected to be trustworthy, honest and loyal.

4.3.2.3 Customer response strategy

A customer response strategy sets out procedures and quality standards for handling customers' incidents and inquiries. The strategy ensures that customers' incidents and inquiries are resolved promptly within agreed timescale and provide customers with quality response and support. The strategy was implemented to achieve what Baker (1993) describes the strategy of differential management brings competitive advantage. Implementation of the strategy consists of the following measures:

- a) Identification of customers' interaction channels: the bank can interact with customers through customer walk ins, telephone, email, letters, fax, web based channels and social media networks.

- b) Identification and coding of customer queries: the bank has identified and coded eleven major types of customer queries which have been sub-coded into forty five issues. These 45 issues have been assigned to departments for problem solving, have been given resolution time frame and have been given customer turnaround time.
- c) The approach to a customer response strategy: the bank constantly strives to maintain a strong commitment to its customers, to define a strong mission towards a better customer response and to adopt and develop customers' service standards.
- d) Customer response management: in order to ensure that customers' issues are responded to fairly, timely and in a structured and consistent manner across all channels the bank has in place the following strategies:
 - e) Customer request and response life cycle with a time frame for response.
 - f) Clearly defined customer request and response processes.
 - g) Clearly defined escalation or passing on issues to higher levels procedures.
 - h) Well defined service level agreements.
 - i) Clearly defined complaint management system.
 - j) Well defined grievance redresser policy.
 - k) Well developed instruments for monitoring quality performance.
 - l) 24 hours call center operations.

4.3.3 Performance of CRDB Bank Dodoma Branch

Given the customer satisfaction measures that have been implemented by the branch, performance of the branch is measured by looking at number of customers, amount of deposits and net profits of the branch for the years 2010, 2011, 2012 and 2013 up to 30th June. Table 8 below shows that deposits increased by 4.5 percent between 2010 and 2011; by 15.8 percent between 2011 and 2012; A percent increase of deposits between 2012 and 30th June 2013 could not be calculated for comparison purposes because deposits data for 2013 covered only six months. With regard to the number of customers the table shows that the number of customers increased by 16 percent between 2010 and 2011; by 8 percent between 2011 and 2012 and by 6 percent between 2012 and June 2013. With regard to net profits the table shows that they increased by 485 percent between 2010 and 2011; and by 37 percent between 2011 and 2012. A percent increase of net profits between 2012 and 30th June 2013 could not be calculated for comparison purposes because net profit data for 2013 covered only six months. Looking at the three measures of performance, particularly for the years 2010, 2011 and 2012 it is obvious that it is impressive. No doubt, the implementation of customer satisfaction measures has played a role that has contributed to this good performance; which is just in line with researchers Heskett et.al. (1997) and Watson (1963) who observe that performance depends on satisfying customers.

Table 8: Performance of CRDB Bank Dodoma Branch

Year	Deposits Mill TZS	Percent change	Number of Customers	Percent change	Net profit Mill TZS	Percent change
2010	54,934	-	18,928		1,133	-
2011	57,391	4.5	21,928	16	6,632	485
2012	66,479	15.8	23,725	8	9,114	37
2013*	53,399	-	25,248	6	2,258	-

Source: Dodoma CRDB Bank branch performance report for the respective years.

4.3.4 Extent of customer satisfaction with the branch services

The researcher used two questions to gauge the extent to which the branch customers were satisfied with the bank services. The first question was with regard to the extent to which the services encouraged the respondents to continue doing business with the branch. The second question wanted to know the probability of the respondents of leaving CRDB Bank, if at all.

4.3.4.1 The extent to which services encourage customers to stay

The researcher wanted to know the extent to which the services provided by the branch did encourage them to remain with the bank. Findings in Table 19 below show that 22.4 percent (13) of the respondents said that they were satisfied to a very large extent; 60.3 percent (35) were satisfied to a large extent; 12.1 percent (7) were satisfied to a low extent; and 5.2 percent (3) were satisfied to a very low extent. The majority of the respondents i.e. 82.7 percent were satisfied to a large and very large extent. The explanation to this is also based on the availability of qualified and motivated staff members that were ready and actively responsible to serve customers.

Table 9: Whether the services provided encouraged the respondent to stay with CRDB Bank

	Extent	Frequency	Percent
	Very larger extent	14	22.4
	Large extent	36	60.3
	Low extent	8	12.1
	Very low extent	3	5.2
	Total	61	100.0

Source: Field data 2013

4.3.4.2 The probability a respondent leaving CRDB Bank

This was the second measure of customer satisfaction with bank branch services. The researcher wanted to know the percentage chance or probability of a customer to leave the CRDB Bank because of being dissatisfied with the services being provided by the branch. Findings in Table 10 below show that 53.1 percent (36) of the respondents said that the probability for them leaving CRDB Bank was 0%; for 32.7 percent (19) the probability was between 1% and 50%; and, for 14.2 percent the probability was between 51% and 100%. This shows that the majority of the customers were not likely to leave the CRDB Bank because they like the services provided by the bank. This is in line with Koys (2001) who notes that customers satisfied with supplier express strong intention to keep on using the services.

Table 10: Probability a respondent of leaving CRDB Bank

Probability	Frequency	Percent
0%	36	53.1
(1-50)%	19	32.7
(51-100)%	7	14.2
Total	61	100.0

Source: Field data 2013

4.4 Factors that influence customer satisfaction in the banking industry

This part deals with the second research question. It covers respondents' views on measures that had been implemented by the CRDB bank to achieve customer satisfaction. The measures include the following: quality assurance and security of services; staff empathy and punctuality; speed of service delivery and reliability; staff accountability and knowledge of their responsibilities; staff professionalism, trustworthiness and politeness; ease of getting a loan; convenience of ATM location; bank service charges; interest rates on savings accounts; and, interest rates on loans. The discussion under this section is important because as Kaynak (1986) observes, the perception of various services and image of the bank by customers matter; and as Colgate et.al. (1996) advise that companies must know the customers' reasons for staying

4.4.1 Quality assurance and security of services

One of the areas that were examined with regard to customer satisfaction was quality assurance. Here the question was on the satisfaction with the assurance and security of services provided. Table 11 below shows that 1.7 percent (1) of the respondents

said that he/she was very dissatisfied; 6.7 percent (4) were dissatisfied; 11.7 percent (7) were neutral; 46.7 percent (28) were satisfied; and, 33.3 percent (20) were very satisfied. These data imply that most of the respondents (customers of CRDB bank) were satisfied with the assurance and the security of the services. The security of the services here means keeping the accounts, the financial status and other particulars of the customers in a confidential way. On the other hand, assurance of the services means being confident that the financial services such as loans, savings and corporate social responsibilities were adequately available at any time.

Table 11: Quality assurance and security of services

Perception	Frequency	Percent
very dissatisfied	1	1.7
dissatisfied	4	6.7
neutral	8	11.7
satisfied	28	46.7
very satisfied	20	33.3
Total	61	100.0

Source: Field data 2013

4.4.2 Staff empathy and punctuality

The researcher wanted to know whether bank staff treated customers with empathy and punctuality. The question on this aspect was whether bank staff behaved with empathy and punctuality. The results in Table 12 below show that 3.4 percent (2) of the respondents said that they were very dissatisfied; 6.9 percent (4) were dissatisfied; 29.3 percent (18) were neutral; 44.8 percent (27) were satisfied; and, 15.5 percent (9) were very satisfied. Thus, the study shows that most of the staff members were empathetic in the sense that they were listeners and good servants. In

addition, they had been serving customers promptly and efficiently.

Table 12: Staff empathy and punctuality

Perception	Frequency	Percent
very dissatisfied	2	3.4
dissatisfied	4	6.9
neutral	18	29.3
satisfied	27	44.8
very satisfied	10	15.5
Total	61	100.0

Source: Field data 2013

4.4.3 Speed of service delivery and reliability

The researcher wanted to know whether bank staff attended their customers promptly and provided reliable services. Findings in Table 13 below show that 3.3 percent (2) of the respondents said that they were very dissatisfied; 6.9 percent (4) were dissatisfied; 29.3 percent (18) were neutral; 44.8 percent (27) were satisfied; and, 15.5 percent (10) were very satisfied.. Generally, the study has found out that the services provided by the bank had been reliable and timely delivered. Such services included saving, loan issuing, corporate social responsibility, opening accounts, internet banking and Sim Banking.

Table 13: Speed of service delivery and reliability

Perceptions	Frequency	Percent
very dissatisfied	2	3.3
dissatisfied	2	3.3
neutral	17	28.3
satisfied	32	51.7
very satisfied	9	13.3
Total	61	100.0

Source: Field data 2013

4.4.4 Staff accountability and knowledge of what they were doing.

The study wanted to find out from customers whether bank staff behaved in a responsible manner and were knowledgeable about their work. Findings in Table 14 below show that 1.7 percent (1) of the respondents said that they were very dissatisfied; 3.3 percent (2) were dissatisfied; 20 percent (12) were neutral; 53.3 percent (32) were satisfied; and, 21.7 percent (13) said that they were very satisfied. These findings mean that workers of the bank were behaving in a responsible manner when carrying out their duties and functions. This is in line with the observation made by Leeds (1992) that quality of service depends on quality of its personnel. Moreover, they were active in serving and knew what they wanted to do for their esteemed customers.

75 percent of the customers were satisfied by the way staff were accountable and knowledge that they portrayed their services and products to these customers. This has direct relation with the previous researches done in the literature review that to improve the service quality, it is important for the bank's staffs to be well trained with their ethics, professionalism, duties and responsibilities towards customers as

they are expected to articulate well when explaining a product to customers to avoid confusion.

Table 14: Staff accountability and knowledge of what they were doing

Perception	Frequency	Percent
very dissatisfied	1	1.7
dissatisfied	2	3.3
neutral	12	20.0
satisfied	32	53.3
very satisfied	14	21.7
Total	61	100.0

Source: Field data 2013

4.4.5 Staff professionalism, trustworthiness and politeness in delivering banking services

This study wanted to get the opinion of the customers on whether bank staff demonstrated a sense of professionalism, trustworthiness and politeness when they were delivering services. The results in Table 15 below show that 1.7 percent (1) of the respondents said that they were very dissatisfied; 5 percent (3) were dissatisfied; 21.7 percent (13) were neutral; 45 percent (27) were satisfied; 26.7 percent (16) were very satisfied. These findings show that workers of the CRDB Bank demonstrated a high degree of professionalism, trustworthiness and politeness and provided quality services that also met standards and tastes and preferences of the customers. As a result, the number of customers had been increasing since the establishment of the branch.

From the literature review it is evidenced that quality of services are denoted by

politeness of the teller when dealing with customers, the ability of the teller to convey trust and confidence; efficiency and effectiveness of the service, and the ability of tellers to get the customer's problems solved. Courtesy and competence of a staff are the main rudiments that influence the customers' decision not to switch Banks as evidenced by the 71.7 percent of satisfied customers with CRDB Bank. Abdullah (2007),

Table 15: Staff professionalism, trustworthiness and politeness in delivering banking services

Perception	Frequency	Percent
Valid very dissatisfied	1	1.7
dissatisfied	3	5.0
neutral	13	21.7
satisfied	27	45.0
very satisfied	17	26.7
Total	61	100.0

Source: Field data 2013

4.4.6 Ease of getting a loan

The difficulties of getting loans have been serious in many banks including CRDB Bank. This study examined the perception of customers on loan services. The responses in Table 16 show that 3.3 percent (2) said that they were very dissatisfied; 8.3 percent (5) were dissatisfied; 43.3 percent (26) were neutral; 36.7 percent (22) were satisfied; and, 8.3 percent (5) were very satisfied. There were serious problems on how loans were issued. These were due to delay in issuing loans, high interest rate and other stringent conditions that borrowers were required to meet. On the other hand, the borrowers were required to repay the loan on time and borrow in

forms of groups. For SACCOSS, getting loans was also challenging since it involved a series of appraisals and accreditations from the bank itself.

Table 16: Ease of getting a loan

Perception	Frequency	Percent
very dissatisfied	2	3.3
dissatisfied	6	8.3
Neutral	26	43.3
Satisfied	22	36.7
very satisfied	5	8.3
Total	61	100.0

Source: Field data 2013

4.4.7 Convenience of ATM location

ATMs services in Dodoma region have been quite a problem and that is why this study intended to examine the customer perception on them. The question which intended to examine whether the ATM services were adequate received responses that are summarized in Table17 below. 10 percent (6) said that they were very dissatisfied with ATM services; 6.7 percent (4) were dissatisfied; 31.7 percent (19) were neutral; 36.7 percent (22) were satisfied; and, 15 percent (9) said they were very satisfied. Customers were not happy with the services provided by the ATMs, in particular with the location of them. They claimed that ATMs were not only few and far located but also they were not operating all the time and hence interrupted the services delivery.

In the literature review, Almassawi (2001) study also found that most influential factors for customers to be satisfied and not to switch banks is the convenient of ATM locations which is supported by 51.7 percent of satisfied customers from this

finding.

Table 17: Convenience of ATMs location

Perception	Frequency	Percent
very dissatisfied	6	10.0
dissatisfied	4	6.7
Neutral	19	31.7
Satisfied	23	36.7
very satisfied	9	15.0
Total	61	100.0

Source: Field data 2013

4.4.8 Bank service charges

Bank service charges had caused complaints from some customers and that is why the researcher decided to examine the customer perception on it. The question which was intended to examine whether the charges were tolerable received responses that are summarized in Table 18 below. 3.3 percent (2) of the respondents said that they were very dissatisfied with the bank service charges; 8.5 percent (5) were dissatisfied; 40 percent (24) were neutral; 41.7 percent (25) were satisfied; and, 6.7 percent (4) said that they were very satisfied. A good percent of customers were indifferent on the issue of the bank service charges. This may be explained by the fact that the perception, whether good or bad, on the burden of bank service charges depends on the amount of savings and on the number of transactions that one executes in a given period.

Table 18: Bank service charges

Perception	Frequency	Percent
very dissatisfied	2	3.3
dissatisfied	5	8.3
Neutral	24	40.0
Satisfied	26	41.7
very satisfied	4	6.7
Total	61	100.0

Source: Field data

4.4.9 Interest rates on savings accounts

The researcher wanted to know the perception of customers on interest rates paid on savings accounts. The question asked whether they were satisfied with the rate of interest on savings accounts. Results in table 19 below show that 20 percent (12) of the respondents said that they were very dissatisfied with the interest rate paid on savings accounts; 13.3 percent (8) were dissatisfied; 38.3 percent (23) were neutral; (20 percent (12) were satisfied; and, 8.3 percent,(5) were very satisfied. These results imply that most of the customers were not satisfied and in some cases were undecided to tell the way they perceived the interest rates on saving accounts. The reasons could be due to low awareness on how the rate is computed or being ignorant on the way the rate has effect on their savings. Others pointed out that they had never received interest from their savings although it was very low.

Table 19: Interest rates on savings accounts

Perception	Frequency	Percent
very dissatisfied	12	20.0
Dissatisfied	9	13.3
Neutral	23	38.3
Satisfied	12	20.0
very satisfied	5	8.3
Total	61	100.0

Source: Field data 2013

4.4.10 Interest rates on loans

Whether the rate on loans was low or otherwise was another matter of investigation in this study. The question asked whether they were satisfied with the rates that were charged on loans on loans. Results in table 20 below show that 14.8 percent (9) of the respondents said that they were very dissatisfied with the interest rates that were charged on loans; 23 percent (14) were dissatisfied; 37.7 percent (23) were neutral; 18 percent (11) were satisfied; and, 4.9 percent (3) were very satisfied. These results imply that customers were not satisfied and in some cases were undecided to tell the way they perceived the interest rates on loans. The reasons could also be due to low awareness on how the rate is computed or being ignorant on the way the rate has effect on their loans. Others pointed out that they could not benefit from the loans since the repayment rate was high.

Table 20: Interest rates on loans

Perception	Frequency	Percent
Very dissatisfied	9	14.8
Dissatisfied	14	23.0
Neutral	23	37.7
Satisfied	12	18.0
Very satisfied	3	4.9
Total	61	100

Source: Field data 2013

4.5 Challenges facing CRDB Bank Dodoma branch

This section deals with third research question. The challenges that are discussed in this section are from two sources. The first type of challenges derived from expressions of satisfaction and non-satisfaction that have been analyzed under section 4.4. The second type of challenges was expressed by the respondents while answering an open ended question.

4.5.1 Challenges arising from no expression of satisfaction by respondents

All issues that have more than 50 percent of the respondents not expressing satisfaction are considered in this section as challenges. Under this category of challenges the following are discussed: ease of getting loans; bank service charges; interest rates on savings; and, interest rates on loans.

4.5.1.1 Ease of getting loans

The researcher was interested in getting the opinion of the customers on the ease of getting a loan from CRDB Bank Dodoma branch. Findings in Table 21 below show that 54.9 percent (34) of the respondents did not register satisfaction with the ease of

getting loans; 45.1 percent (27) did register satisfaction. This means that the CRDB Bank Dodoma branch should deal with the problems which make it difficult for its customers to get loans.

Table 21: Customer satisfaction with ease of getting loans

Perception	Frequency	Percent
Expression of satisfaction	27	45.1
No expression of satisfaction	34	54.9
Total	61	100

Source: Field data 2013.

4.5.1.2 Customer satisfaction with interest rates on savings

The researcher was interested in getting the opinion of the customers on interest rates on savings that are paid by CRDB Bank Dodoma branch. Findings in Table 22 below show that 71.7 percent (43) of the respondents did not register satisfaction with the interest rates on savings that are paid by the bank; 28.3 percent (17) did register satisfaction. This means that the CRDB Bank Dodoma branch should deal with the problem of unattractive interest rates that are paid on savings.

Table 22: Customer satisfaction with interest rates on savings

Perception	Frequency	Percent
Expression of satisfaction	17	28.3
No expression of satisfaction	44	71.7
Total	61	100

Source: Field data 2013

4.5.1.3 Customer satisfaction with interest rates on loans

The researcher wanted to know the opinion of the customers on interest rates on loans that are charged by CRDB Bank Dodoma branch. Findings in Table 23 below show that 77.1 percent (46) of the respondents did not register satisfaction with the interest rates charged on loans that are paid by the customers; 22.9 percent (14) did register satisfaction. This means that the CRDB Bank Dodoma branch should deal with the problem of high interest rates that are charged on loans that are taken by its customers.

Table 23: Customer satisfaction with interest rates on loans

Perception	Frequency	Percent
Expression of satisfaction	14	22.9
No expression of satisfaction	47	77.1
Total	61	100

Source: Field data 2013

4.5.1.4 Customer satisfaction with bank service charges

The researcher wanted to know the opinion of the customers on bank service charges imposed by CRDB Bank Dodoma branch for services rendered to its customers. Findings in Table 24 below show that 51.6 percent (32) of the respondents did not express satisfaction with the bank service charges that are imposed by the for the services it provides to its customers; 48.4 percent (29) did register satisfaction. This means that the CRDB Bank Dodoma branch should deal with the problem of bank service charges for services rendered to its customers because the majority are not happy with them.

Table 24: Customer satisfaction with bank service charges

Perception	Frequency	Percent
Expression of satisfaction	29	48.4
No expression of satisfaction	32	51.6
Total	61	100

Source: Field data 2013

4.5.2 Challenges arising from an open ended question

The open ended question wanted the customers to say what they considered to be the shortcomings in the operations of the CRDB Bank Dodoma branch. Findings under multiple response in table 25 below show that 45.9 percent (28) of the respondents said that the CRDB Bank did not have enough branches in Dodoma; 91.8 percent (56) said that ATM networks were not working properly; 3.3 percent (2) said that there was inadequate parking space; 6.6 percent (4) said that there were no banking services outside the municipal center; 13.5 percent (8) said that there poor customer services that led to long queues. The majority of the respondents were not happy with the functioning of the ATMs.

During discussions with some of the customers of the branch they mentioned the following problems with regard to the functioning of the ATMs: sometimes the machines are very slow and do make miscalculations; most of the time they are out of service; they are very few and concentrated in the municipal center; services are not available 24 as promised; they are few and cause long queues; they are very few and are scattered; and, sometimes they fail to provide money for no reason at all. With regard to the ATM cards, they had the following complaints: they are of very poor quality; they do not last long; they are expensive when lost or destroyed; they often get swallowed; and, expiration period is too short. This is indeed a long list of

complaints against the bank on ATMs. The bank should find solutions to such complaints.

Other complaints worth noting are, first the inadequacy of CRDB Bank branches which results in long queues to get bank services. The CRDB Bank should study the feasibility of increasing the number of branches in Dodoma Municipality. The second issue is poor customer services that lead to long queues. This could mean that some of the bank staff may not be adhering to the work ethics that are in place. This will require more strict supervision of bank staff in order to get them working as they are expected to perform. The other two issues, though mentioned by only a few of the respondents, also need the attention of the bank lest they become worse.

Table 25: Challenges facing CRDB bank – customer response

Challenges	Responses	
	Number	Percent
Not enough branches	28	45.9
Weak/no network in ATMs	56	91.8
Inadequate parking space	2	3.3
No banking services in remote areas	4	6.6
Poor customer service & long queues	8	13.1

Source: Field data 2013

CHAPTER FIVE

CONCLUSION AND POLICY RECOMENDATIONS

5.1 Overview

This chapter gives summary on the findings that were discussed in the previous chapter of the study on the perception of customers on the effectiveness of the services provided by CRDB bank in Dodoma. It also avail the conclusion as well as recommendations concerning the factors which determines customer satisfaction and other areas that were not captured by this study for future actions.

5.2 Summary of the findings

This study aimed at assessing the factors that determine customer satisfaction towards received banking services that were studied from CRDB Bank PLC Dodoma Branch.

5.2.1 Factors influencing customer satisfaction in banking industry

Findings of the study show that most of the customers of CRDB were extremely satisfied with the quality assurance of the service and the security where all of their banks' information such as financial status and other particulars were securely and confidentially kept. And customers were having the assurance of the Banks financial services such as loans, savings and corporate social responsibilities were adequately available at any time.

The other factor of customer satisfaction that was discussed in the findings was the empathy and punctuality that was observed by the respondents. Most of the staff members were empathetic in the sense that they were good listeners, respectful and

good servants when serving customers. In addition, they had been serving customers timely and with more efficiency.

Speed of service and delivery was another factor of customer satisfaction. The majority of the respondents showed that they were satisfied with the way the Banks' services were delivered to them. Thus, services provided by the bank had been reliable and fast. Such services included saving, loan issuing, corporate social responsibility, opening accounts, internet banking, and SimBanking.

The study results show a positive perception of the respondents on the accountability and knowledge of the bank staff when serving customers. Bankers of the Bank behaved in a manner that they are supposed to behave in carrying out their duties of the bank. They were responsible in the sense that they were meeting their responsibilities and functions. On the other hand, they were active in serving, knew what they wanted to do for customers and self esteemed. This helped to minimize the queues in the bank.

The study results show a positive perception of respondents on the bank staff professionalism, trustworthiness and politeness. That staff of CRDB expressed high degree of professionalism as the number of customers had been increasing since the establishment of the branch with a provision of quality services that also met standards and tastes and preferences of the customers. It was also concluded that, the staffs were trustful and they use friendly language and respectful words in providing services to customers which contributes to the retention of customers for a long period of time.

On the ease of accessibility of loans respondents were unhappy with stringent loan conditions and high interest rates that they were required to pay on loans. .

The study also found that customers were not happy with the services provided by the ATMs, in particular on the location of them. They claimed that ATMs were not only few and far located but also they were not operating all the time and hence impaired the services delivery to the tastes and preference of the customers. The Bank needs to consider place more ATMs to improve customer satisfaction.

On the Bank service charges being factor of the customer satisfaction, customers were indifferent because of their differences in savings and in their number of transactions and thus their perceptions on the bank service charges varied in that direction. Customers were not happy with the charges that they incur to the Bank as the majority of the customers could not express satisfaction with them.

Another factor of customer satisfaction that the majority of the respondents were not happy with was the interest paid on their savings accounts. It was also found that customers were not satisfied and in some cases were undecided to detail in the way they perceived the interest rate provided on savings. The reasons could be due to low awareness on how the rate is computed or being ignorant on the way the rate has effect on their savings. Others pointed out that they had never received interest from their saving and the rate is very low.

Customers were also not satisfied and in some cases were undecided to tell the way they perceived the interest rate charged on loans. The reasons could also be due to low awareness on how the rate is computed or being ignorant on the way the rate has effect on their loans. Others pointed out that they could not benefit from the loans

since the repayment period was short.

In the case of challenges it was also noted that the bank has few branches here in Dodoma where there are only three of them namely Dodoma, Chamwino and UDOM. Having few branches has impacted on the service delivery where it has created queues which take longer for the customers to get the services timely.

Customers were also annoyed with where to park their cars when they visit the bank for getting their services of interest. Thus, the parking site for the bank is small and not located in a safe place. In addition, theft of properties has been common in some cases where laptops and car items are stolen while the customers are in the bank for services.

5.3 Conclusion

The study findings show that the CRDB Bank Dodoma branch did implement customer satisfaction measures and as a result customers expressed satisfaction with the services provided by the bank branch. The branch also got an increasing number of customers and business prospered. Customers were however unhappy with the poor services that are provided through ATMs. Moreover, most customers could not express satisfaction with interest rates paid on savings accounts and those charged on loans.

5.4 Implications

This research has contributed to the topic both on academic and banking business industry. The objective of this study was on assessment of the customer satisfaction with banking services. Therefore the placement of various theoretical foundations

was done for further research on customer satisfaction using the service quality dimensions to assess the customer satisfaction which will help the management in understanding what these dimensions mean to customers and the bank organizations as well. This study tested the relationship between the service quality dimensions and customer satisfaction and found out that they had significant relationship in customer satisfaction. Thus the outcome in this case, suggests that for customers to be satisfied, organization in this kind of service sectors need to improve on dimensions of service quality and also to provide total satisfaction to customers, the banking industry service sectors need to improve on the other factors that were given as reasons for satisfaction.

Hence the result of this research can be useful to managers in business organizations with aspect to how to deal with customers, in order to maintain the organization's main objective of profit maximization and cost minimization. It provides results that could be useful to managers in business organizations for strategic planning. Management of the organization could examine all the factors that customers selected as reasons for satisfaction and dissatisfaction and capitalize in them to provide customers with best values and improve in customer satisfaction.

5.5 Recommendations

This study makes recommendations on issues that the majority of respondents said they were dissatisfied with. Thus, first, the bank should open many branches in particular in places where there are many customers such as Chuo cha Mipango, St John University, Kisasa and Nkuhungu.. In addition, opening branches in rural areas of Dodoma Municipality should be taken into account.

Second, the banks should improve the networks for ATM which has to go hand in hand with opening more ATMs in the different locations to increase reliability and availability of service hence improving customer satisfaction. This will encourage the customers to use their services and stay with them.

Third, the bank should find a good parking space for customers with security guards that will protect the Bank as well as customers of the Bank., otherwise the bank should employ security guards who will take care of the properties of customers when they are served inside the bank for creation of the peace of mind when they are served in the Banking hall premises.

Fourth, the claims on the interest rates on loans and bank charges are high with 22.9% and 48.4 respectively which is a result that the Bank has to review their rates with the current market rates relatively to the reflection of the customer's need not switch to other banks which may also discourage some customers on to use the bank services. And thus, the bank should revise the policies related to these services.

Fifth, the interest rates on savings account were observed to be very low and thus respondents responded indifferently on this factor .The Bank should revise the interest on the deposits of the customers and should educate the customers on the importance of savings with the reviewed on attractive rate. This is not good for business operation.

Last, the Bank should clearly set out on the ease of getting loans by setting out all the procedures and the outlines of requirements of all types of loans to avoid the confusions to the customers on the way the loans are acquired.

5.6 Limitations

Time and money have always been the main constraints in almost all research studies. Since this is an academic research with limited time, the target was based on a few CRDB customers due to the period of time that I had to conduct the research. If there was sufficient time the big number of customers would be preferred to actually be able to see how this holds with them and draw a better conclusion and generalization.

5.7 Areas for future research

This study also acknowledges that the following areas will need further actions to improve banks' products and services towards building customer satisfaction:

- Internet Banking in Tanzania and its effectiveness in Business Environment.
- The open economy and the role of Simbanking in Tanzania
- Rural agricultural financing and role of the Banking Industry
- Crop Insurance from Banks Loan

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APPENDICES

Appendix 1: Research Questionnaire

The University of Dodoma

College of Social Sciences and Humanities

School of Business and Economic Studies

Department of Business Administration



**An Assessment of Factors Determine Customer Satisfaction with
Banking Services and it. A case of CRDB Bank Dodoma Branch**

Customer Questionnaire

Masters in Business Administration

By

Chabu Mishwaro

2012

Dear Respondent.

My name is Chabu Mishwaro I am currently enrolled with UDOM pursuing MBA. As one of the requirement to be awarded this program, doing research is essential. I therefore, request you to give opinions on the services provided by CRDB Dodoma. This information will thereafter be important to improve service delivery.

Your name is not required and all the information given will be treated with strict confidentiality.

Your cooperation is highly solicited.

Thank you.

Yours sincerely,

CHABU ,

MBA Candidate

Date of Interview.....

Name of Interviewer.....

Instructions for Interviewers:

Choose an appropriate answer and then fill in the spaces the best numeric (value) accordingly otherwise fill in the blanks with suitable string/discrete value/ answers (words): Be neat and brief and Use a pencil. In case of language problem, you may use both Swahili and English language.

Part One: Profile of Respondents

- 1.1 Sex 1.Male 2. Female
- 1.2 Age
1. 7-14years
2. 15-35
3. 36-60
4. >60
- 1.3 Marital status 1. Single 2.Maried 3. Divorced
- 1.4 Education level
1. Primary
2. secondary
3. certificate
4. diploma
5. First degree
6. Masters
7. Others (Specify).....
- 1.4 Your work 1. Working 2. Not Working
- 1.5 If you work, what is your work?.....
- 1.6 If not working , what is your business

1.7 In which sector you work 1. Private 2. Public

1.8 For how long have you been with CRDB bank?

1. less than a year

2. 1-5 years

3. 6-10 years

4. more than 10 years

1.9 Which type of bank services are you aware of? Place number of the appropriate answer in the box.

1. ATM

2. Deposit and Withdrawals

3. Bank Accounts

4. Business Loans and Personal Loans

5. Corporate Social Responsibility

6. ATM Cards

7. Internet Banking

8. Simbaking

9. Electronic Money Transfers

1.10 How does the bank communicate with you

1. Email

2. Brochure

3. Phone

4. Postal

5. Walking in the Banking Hall

Part Two: Factors influencing customer satisfaction in banking industry

Use the Likert scale below to give your opinion on satisfaction

SN	FACTOR	4=Very Satisfied	3=Satisfied	2=Neutral	1=Dissatisfied	0=Very dissatisfied
1	Assurance and security of services					
2	staff with more empathy					
3	Services are always Reliable and fast					
4	Staff are Responsible and they know what they do					
5	Tangible banking options such as ATM, loans and ATM Cards					
6	Ease of obtaining loans					
7	Services charge.					
8	Interest rate on saving account					
9	Interest rate on loans.					
10	Ease of transactions.					
11	Availability of ATM in several locations.					

12	External appearance of bank.					
13	Convenient ATM locations.					
14	Ease of opening any bank account.					
15	Available parking space nearby.					
16	The quality service of e-banking ie Internet Banking and Simbaking					
17	Phone account access.					
18	Bank communication channel					

Part Three: Extent of customer satisfaction and retention

3.1 What is the chance that you can decide to leave this bank?

- 1. 1-50%
- 2. 51-100%

3.2 If the chance is less than 50% in 3.1 above state reasons

- 1.
- 2.

3.3 To what extent do the services provided encourage you to stay

- 1. Very Large Extent
- 2. Large Extent

3. Low Extent

4. Very low extent

3.4 Have ever left this bank before

1. Yes

2. No

3.5 If the response is yes in 3.3 above, state reasons

1.....

2.....

Part Four: Adaptation and mitigation strategies for customer dissatisfaction

4.1 Do you think that the BANK has some challenges?

1 Yes

2. No

4.2. If Yes in part 4.1, where are you not satisfied with services and what are the problems of the bank? (Put a tick in the appropriate box)

Area	Problems
Loans	
ATM	
ATM Cards	
Deposit and Withdrawing in the Banking Hall	
Opening of CRDB Bank Accounts. Ie;Current, Saving, Tanzanite, Junior Jumbo, Malkia, Busara, Juhudi and Scholar Account.	
Internet Banking	
Simbaking	
Electronic Money Transfer	

4.3 How can we improve the provision of services in the bank?

Area	Measures
Loans	
ATM	
ATM Cards	
Deposit and Withdrawing in the Banking Hall	
Opening of CRDB Bank Accounts. Ie;Current, Saving, Tanzanite, Junior Jumbo, Malkia, Busara, Juhudi and Scholar Account.	
Internet Banking	
Simbaking	
Electronic Money Transfer	

Thank you for your assistance