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The Dimensions of Customer Satisfaction In the Financial Services Industry

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ABSTRACT

DIMENSIONS OF CUSTOMER SATISFACTION IN THE FINANCIAL SERVICES INDUSTRY

By

José S. López-Alarcón

The objective of this study was to collect and interpret data on the areas that influence customer satisfaction in the financial services industry. Specifically, the research defined and explored the ten dimensions that provide the customers with the product perceived value of the product or service. A survey of 230 customers in the Boca Raton area was conducted; data generated through the survey was analyzed descriptively, as well as subjected to regression analysis.

The study found congruence of customer satisfaction and the dimension: tangibles, reliability, responsiveness, competence, courtesy, credibility, safety, access, communication, and empathy. The study also determined that the ten dimensions are statistically significant predictors of customer satisfaction with reliability and responsiveness having the greatest overall impact. The research concluded that 51.6% of the variance in customer's satisfaction is dependent of the ten dimensions in this study. These findings were statistically robust at the .001 level of significance.

This research provides crucial information for practitioners and policy makers on how to improve customer satisfaction, and create life long values and relationships, which will provide a company with significant profitability and viability in the future. Thus allowing a learned business to propel itself in a global competitive field, and give it

the knowledge to adapt and make constant improvements as customers preferences change, and raise the standards for the service industry organizations to achieve, maintain, and satisfy goals and objectives sought by the consumer.

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Chapter I

Introduction

Overview

This study investigated the dimensions of customer satisfaction that influence customers of financial institutions. Parasuraman, Zeithaml, and Berry (1985) state that customer satisfaction is dependent on ten dimensions of service quality. The purpose of this investigation was to identify which of these ten dimensions customers of financial institutions perceive as significant.

The researcher defined and explored the inter-relationship of customers' satisfaction based on a model of five dimensions: availability of support, reliability, responsiveness, assurance, and empathy. A survey of customers was conducted in the Boca Raton, Florida area. The data collected was analyzed descriptively and correlated. Conclusions and recommendations were detailed at the end of the research to develop programs around this customer satisfaction model.

Customer satisfaction is an important factor to the success of businesses. In the mass consumption era, one of the aspects that will make a customer choose certain products or companies over others will be the level of customer satisfaction and support before and after the sales & services provided. Insufficient research has been done on the topic of the dimensions of customer satisfaction and the link between customer satisfaction and profitability as presented by Allen and Rao (2000). The first researcher to introduce dimensions of customer satisfaction into the research spectrum was

Gronroos (1979), which leads us to the understanding that there has been less than thirty years of research on this topic. The business world is highly competitive. The businesses that operate on research-based knowledge will be the successful ones. Some companies tend to fall behind in understanding what drives the satisfaction of their customers (Allen, 2000). In the financial services industry this is a major oversight since the banking industry relies on customer satisfaction for most of their business transactions, and provides a service and not a tangible product. The only thing customers have to gauge their expectations about these service offerings is customer care (Allen, 2000).

A review of articles on the financial services industry revealed that corporations know what the consumers are looking for and that value is measured through quality (Kerber, 2000). Companies have targeted customer-centered programs, such as education of the customer about the product or service, and programs of monitoring contact with the customer before, during, and after the service has been provided. The threat of increased competition, slower growth rates, and price pressures induced many organizations to focus on customer satisfaction (Kerber, 2000).

Since the 1980s, customer satisfaction has become the focus of research. Since then, it has become one of the most widely studied and embraced constructs in marketing (Kerber, 2000). According to Peterson (1992), more than 15,000 academic and trade articles had been published on the topic of customer satisfaction. One of the examples of the extensive research in customer satisfaction and quality is Torbica's (1997) research in which he created an instrument (HOMBSAT) for measuring homebuyer satisfaction and employed it to examine the effects of Total Quality Management (TQM) principles on homebuyer satisfaction. TQM has eleven elements to achieve total quality, one of them being customer satisfaction.

Purpose of the Study

The purpose of this research study was to determine the specific dimensions of customer service that influence customers of financial institutions. Educational programs based on the results of this study can be developed which can be implemented in Colleges of Business in post secondary institutions. The information gained from this study can also be used in the development of training seminars for business executives in the financial services industry.

The purpose of determining customer satisfaction requirements is to establish a comprehensive list of all the important quality dimensions that describe the service or product for financial institutions. The researcher used dimensions of customer satisfaction developed from the Quality Dimension Development Approach (QDDA) by Parasuraman, Zeithaml, and Berry (1985).

A survey questionnaire was provided to the sample, which was formed of 230 individual customers of the financial services industry. A Likert scale was used to rate the responses. The surveys were distributed by the researcher to the sample population after making personal contact with them. The sampling method used to select the sample was the single nonrandom sampling method. This sampling method was the most economically feasible and most statistically robust method for this research (Creswell, 2003).

Significance of Study

This study is significant because of the need for research on customer satisfaction and its dimensions. Customer satisfaction has not been researched specifically for the financial services industry. This is why the objectives in this research included describing the dimensions that make up customer satisfaction for the financial services industry in South Florida. After recognizing these dimensions, they will be used to train executives in South Florida businesses. They will also be implemented in business courses in universities to replicate as programs of education for students. Another objective of the study will be to teach the public and private sectors of the importance of customer satisfaction for the financial services industry. Many service organizations include availability, responsiveness, convenience, and timeliness (Kennedy and Young, 1989) as dimensions of customer satisfaction.

Parasuraman, Zeithaml, and Berry (1985) have concluded that service quality can be described based on ten dimensions. Attempts to measure these ten dimensions, however, reveal that customers can only distinguish among five of the ten dimensions. Parasuraman, Zeithaml, and Berry (1988) suggest that the original ten dimensions considerably overlap each other. The five dimensions of service quality that customers distinguish among are: tangibles, reliability, responsiveness, assurance, and empathy.

Rationale

The study was needed because of the relationship between customer satisfaction and success of corporations. Rust and Zahorik (1993) concluded that customer satisfaction, retention, and profitability are related. The authors concluded that retention rates drive market share and that customer satisfaction was the primary determinant of retention. The purpose of determining customer satisfaction requirements was to establish a comprehensive list of all the important quality dimensions that describe the service or product.

This study covered one of the areas of customer satisfaction that has been lacking in research-based conclusions, which include the dimensions, or requirements of customer satisfaction in the financial services industry. By defining the dimensions of customer satisfaction, the corporation will be able to develop the necessary methods for these customer needs to be met, consequently becoming a more profitable business.

Research Questions

This research addressed the following questions:

1. What dimensions of customer satisfaction/service quality does the customer in the financial services industry recognize out of the ten dimensions presented?
2. Is there a relationship between customer satisfaction and the dimensions of customer satisfaction?

3. To what extent is customer satisfaction dependent on the tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions in the financial services industry?

Limitations of the Study

There were some limitations in this study. The first would be the time limit. The time constraint is important, since customer preferences often change. A longitudinal study would provide crucial information and assurance of the changes of consumer expectations over time. Second is the lack of sponsorship to obtain a bigger sample and generalize to the total population. The lack of sponsorship is a constraint since the necessary funds for a larger study will not be available to the researcher on this study. Third, the results of this study cannot be projected accurately to other industries since the target industry will be the financial services industry; all the results were only projected to customers of such industry.

Definition of Terms

Customer satisfaction: "Satisfaction is a customer's emotional response to his or her evaluation of the perceived discrepancy between his or her prior experience with and expectations of product and organization and the actual experienced performance as perceived after interacting with organization and consuming the product." (Vavra, 2002. p. 5)

Dimensions of customer satisfaction: As far as this research is concerned, quality dimensions also will be called customer requirements. These characteristics describe a product or service, and will be used by the customer to base her /his opinion about the product or service. Some examples are empathy, availability, and communication. (Parasuraman, 1985)

Quality dimensions development approach: Parasuraman, Zeithaml, and Berry (1985) have concluded that service quality can be described based on ten dimensions. Attempts to measure these 10 dimensions, however, reveal that customers can distinguish among only five dimensions. Parasuraman et al. (1985) suggest that the customer is not able to differentiate between some of the ten dimensions; the customer can perceive five. They suggest that there is considerable overlap among the original ten dimensions. The five dimensions of service quality with the highest correlations to total customer satisfaction are tangibles, reliability, responsiveness, assurance, and empathy.

Dimensions of Customer Satisfaction

The dimensions of customer satisfaction presented by Parasuman, Zeithaml, and Berry (1985) are:

- Tangibles: Appearance of physical facilities, equipment, personnel, and communications materials.
- Reliability: Ability to perform the promised service dependably and accurately.

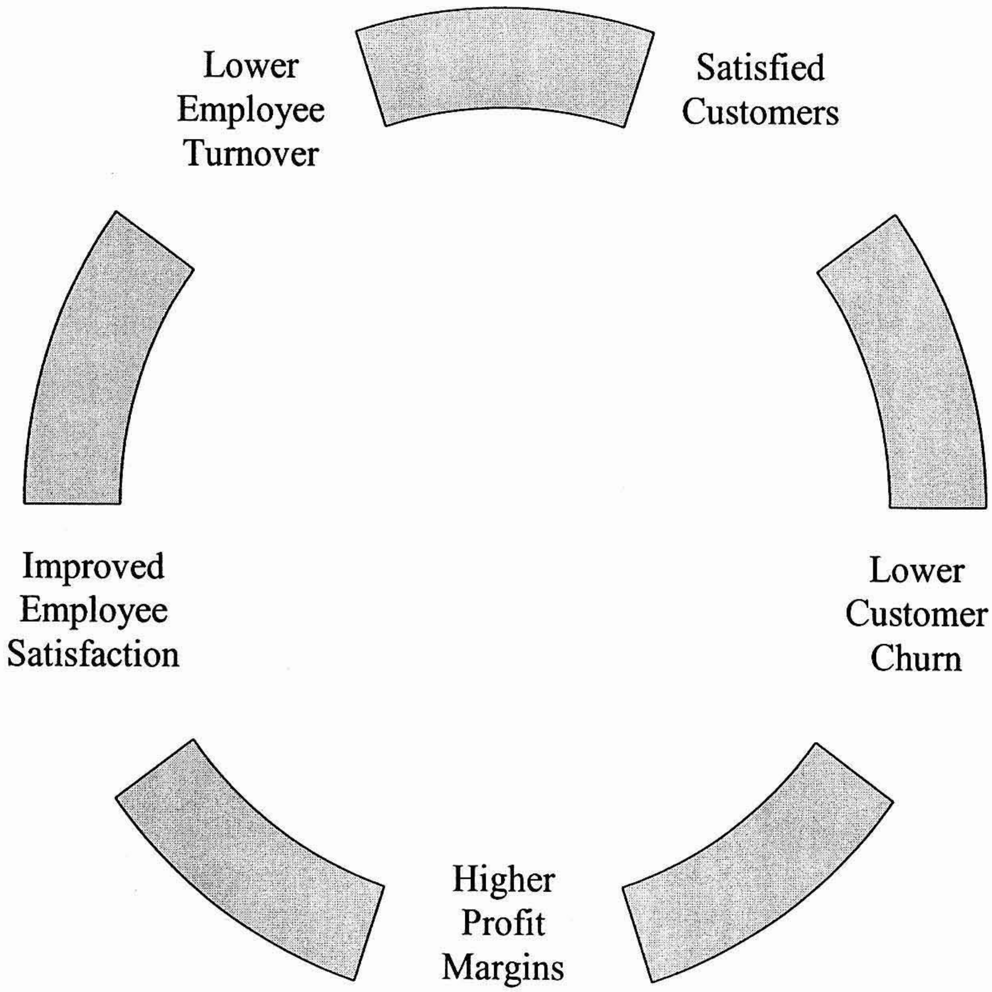
- Responsiveness: Willingness to help customers and provide prompt service.
- Competence: Possession of the required skills and knowledge to perform the service
- Courtesy: Politeness, respect, consideration, and friendliness of contact personnel.
- Credibility: Trustworthiness, believability, honesty of the service provider.
- Security: Freedom from danger, risk, or doubt.
- Access: Approachability and ease of contact.
- Communication: Keeping customers informed in language they can understand and listen too.
- Empathy: making the effort to know customers and their needs. (p. 21-22)

Philosophical Reasons for Maximizing Customer Satisfaction

Customer satisfaction has a far-reaching impact on the current and future viability and profitability of organizations. Schlesinger and Heskitt (1991) explained the relationship between satisfied customers and satisfied employees in a construct called the Cycle of Good Service shown in fig. 1. The cycle suggests that satisfied customers are willing to put up with higher profit margins for the company; therefore, the organization is able to pay employees higher salaries. The higher pay boosts morale, therefore reducing employee turnover. With employees that have long tenure servicing the customer, the customer is more likely to be better satisfied and the process repeats itself.

Some critics of the Cycle of Good Service say it is unrealistic and idealistic. It nevertheless is a worthwhile objective to aim for. Vavra (2002) presents this criticism, as "the primary criticism is the supposed link between employee and customer satisfaction. Most of us recognize the behaviors that maximize employee satisfaction could be detrimental to satisfying customers." (p.7) Having employees satisfied can usually improve working conditions, which in turn can raise effectiveness and profitability of the organization in general. Morale and employee satisfaction is important since it will make the working environment better, which assists the employee to help customers in a much friendlier and empathetic way (Vavra, 2002).

FIGURE 1. Cycle of good service by Schlesinger and Heskitt (1991).



Summary

The dimensions of customer satisfaction have lacked the necessary research to be fully understood by the public. This research has tried to clarify the relationship between the dimensions of customer satisfaction in the financial services industry and the level of the customer's satisfaction. Research has proven that customer satisfaction is one of the most important aspects a business needs to look at for customer return and profitability. W. Edwards Deming included customer satisfaction as one of his eleven aspects of (TQM) Total Quality Management that should be controlled and monitored by all organizations that want to bring in returns and profits to its investors. The literature review will provide in depth explanations and theories on the importance of customer satisfaction and the dimensions of customer satisfaction in any industry, although this research will only focus on the financial services industry.

Chapter II

Review of Literature

Money and Banking History

Money and banking have become some of the biggest and most important elements of modern life. One of the most venerable quotes of present times proves this point: "remember that time is money" by Benjamin Franklin. Money has been used since the beginning of the 7^{th} century B.C. in Lydia; since its conception, it has grown in importance and power. A simple form of banking was practiced by the Egyptians in their temples; these temples loaned gold and silver at high interest rates from the deposits made by other individuals for safekeeping. Banking was established around 600 B.C. and was developed by the Romans and Greeks. Medieval banking was dominated by Jews and Levantines since the scriptures of the Christian church were opposed to interest and usury. Banking developed rapidly throughout the 18th and 19th century, and complemented the expansion of industry and trade, with each nation evolving distinctive forms of banking proper to its economic and social life (Rothlbard 2002).

The first bank in the United States was the Bank of North America, which was established in 1781 in Philadelphia. Congress established the first Bank of The United States in 1791 to engage in general commercial banking and to represent the government as its fiscal agent. Congress did not renew its charter in 1811. The second Bank of The United States befell the same fate in 1936. In 1938, New York adopted the Free Banking Act, which permitted anyone to engage in the banking business. In 1863, the National

Bank Act provided for a system of banks to be chartered by the federal government, to monitor and control the rapid growing industry. In 1865, the National Banks received the authority to issue bank notes and place a tax on state bank notes (Lawrence Broz, 1997). This brought all banks under federal supervision. In 1908 Congress created the National Monetary Commission to investigate the banking and currency fields and to recommend new legislation. Its suggestions were used in the Federal Reserve Act of 1913, which established a central banking organization for the entire country, the Federal Reserve System (Federal Reserve Bank) (Lawrence Broz, 1997). During the deregulation era, banks expanded their business into securities and insurance, which created intense competition in the industry, since this industry does not sell or provide a material product. The way to differentiate any organization from others is by offering a variety of services, thus the services industry is based on customer retention, which is achieved by having customers satisfied. Rust and Zahorik (1993) concluded that customer satisfaction, retention, and profitability are related. They concluded that retention rates drive market share and that customer satisfaction was the primary determinant of retention (Rust et al., 1993). Customer satisfaction and retention have been related and considered dependent on the expectations of the customer. If such expectations are met, the satisfaction process will be concluded positively.

Expectations and Customer Satisfaction

Vavra (1997) states that, customer satisfaction is shaped by a comparison of expectations with perceived performance.

Olson and Dover (1979) defined expectations as: “Beliefs about a product’s or service’s attributes or preference at some time in the future.” (Pp. 179-89).

Yi (1991) defines expectations as: “Pre-consumption beliefs about the overall performance of the product/service created by: previous experience, the organization’s claims, product information, or word of mouth." (P.65)

Expectations are influenced by prior experience. It is believed that as prior experience becomes more satisfying, expectations become more difficult to fulfill.

The concept of expectations within the behavioral area is credited to Edward C. Tolman (1932). Tolman presented an explanation, arguing that individuals learn of the potential consequences of their actions and subsequently behave so as to realize and avoid these consequences. Tolman (1932) concluded that the meaning of expectation is “An anticipation of future consequences based on prior experience, current circumstances, or other sources of information.” (P.47)

Expectations involve anticipated satisfaction; a point originally made by Howard and Sheth (1969). Based on this belief, many organizations try to measure attribute performance as if there was an agreement on what the meaning of performance is (Howard et al., 1969). However, in doing so, one incurs the risk of assuming that the meaning to the consumer is inherent in the attribute being measured itself, a process Howard (1977) referred to as “Reification”. Reification implies that the attribute is the reality sought by the consumer when, in fact, it may be a superior order construct such as aesthetics or joy.

Expectations have been divided into tolerance zones (Zeithaml et al., 1991) in the most recent research on the topic. Zeithaml, Parasuman, and Berry (1991) have described expectations as falling into sets of various categories. In their conceptualization, expectations are described as being bound by adequate and desired levels. The ranges between these two extremes are tolerance zones. The high end of the range are based on excellence or superiority of service. Anderson (1993) introduced the concept of "Latitude of Acceptance" to the customer satisfaction literature. He argued that purchasers are willing to accept a range of performance around a point estimate as long as the range could be reasonably expected.

According to Oliver (1997) "Expectations are central to the satisfaction of customers because, in their later variations, they provide a standard for later judgment of product performance." (Pp. 324-40)

The role of expectations as assimilation agents provides the tools by which expectations may influence satisfaction. Consumers that do not use process performance because of lack of motivation or lack of ability, only rely on prior expectations for their satisfaction judgments. Expectations are a very important part of the satisfaction process, and research is limited on this topic (Oliver, 1997).

In the past, there has been a lack of research in the area of customer satisfaction and expectations. Customer satisfaction research has been conducted since the early 1980's, which gives this area of research fewer than 30 years of existence.

Research History of Customer Satisfaction and Quality

The interest in measuring customer satisfaction started in the 1980s (Allen, 2000). This area of interest has developed to such an extent that now there is a competition for customer service and satisfaction called the Malcolm Baldrige National Quality Award. In 1987, a slowly growing quality movement influenced Congress in establishing a National Quality Award to promote quality awareness and recognize quality and business achievements of U.S. businesses. The award also publicizes these organizations' methods and strategies. This award is now considered to be the highest honor for performance excellence in the private and public sectors in the United States of America (Allen, 2000). The award further validates the customer satisfaction researching agenda (Allen, 2000).

The first attempts to measure customer satisfaction occurred, with the early works by Oliver (1980), Churchill and Suprenant (1982), and Bearden and Teel (1983). These works tended to focus on the operational side of customer satisfaction and to evaluate the drivers of satisfaction. By the mid 1980s the focus of applied and academic research had shifted to more customer oriented research. The authors were able to refine the constructs and study the implementation of strategies designed to optimize customer satisfaction (Zeithaml, Berry and Parasuman, 1996).

Development of a customer satisfaction theory is attributed to Parasuman, Berry, and Zeithaml (1985). Their multi-item SERVQUAL scale is one of the first attempts to operationally analyze the theoretical construct of customer satisfaction. The scale focused on components of performance in the service quality model in which satisfaction or quality is defined as "the disparity between expectations and performance." (Zeithaml, 1985, p. 47) The main areas depicted in the scale are:

1. Tangibles
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

Parasuman, Berry, and Zeithaml (1988) used multiple regression analysis to assess the effect of each dimension relative to a dependent measure.

Another model developed was the Six Sigma model, which can be traced to Carl Frederick Gauss (1777-1885). The Six Sigma model is used by the Malcolm Baldrige Award board to choose the company that excels in quality and customer satisfaction. The primary objective of this model is to reduce variance around the most critical aspects of customer care (Graham, 2003).

Allen and Rao (2000) describe the most appealing aspects of the Six Sigma model as:

"The most appealing aspects of the six sigma approach involve the closed-loop relationship between business process improvements and financial accountability. That process improvements should be linked to financial outcomes is a basic requirement of the six-sigma approach. It is likely, in fact, that this aspect of six sigma precipitated additional academic and applied research into linking customer satisfaction and corporate profitability." (Pp.3-6)

Reichheld and Sasser (1990) concluded that customer retention could predict corporate success better than "scale, market share, unit costs, and many other factors usually associated with competitive advantage" (p. 105). There are researchers who attempted to prove a link between customer satisfaction and profitability, such as Danaher and Rust (1996), who focused on the financial benefits of service quality, Rust Zahorik and Keningham (1994), who tried to establish a return on quality (ROQ) measurement, and Dick and Basu (1994), who suggested that customer loyalty was a mixture of behaviors and attitudes. Customer satisfaction has become one of the most important organizational activities and was included in W. Edwards Deming Total Quality Management TQM model. In Deming's 1935 (TQM) model, there are four core concepts:

1. Continuous process improvement
2. Customer focus
3. Defect prevention
4. Universal responsibility

Deming promoted the idea that; it is less costly to rectify a mistake in defining customer requirements before a product is produced than it is afterwards.

The customer satisfaction and care concept started in the new world when the TQM design invaded the entire American Continent including South and North America (Zeithaml, 1985).

In recent years, executives and researchers have started to confuse customer satisfaction with customer loyalty (Allen, 2000). These are two different constructs. Loyalty is considered an attitudinal state by many authors, such as Dick and Basu (1994), who consider loyalty not a behavioral state. An attitudinal state is manifested in many dimensions of customer satisfaction and in the opinion of the organization being examined (Oliver, 1997). Allen and Tanniru (2000) best represent the concept of attitudinal state:

> "In most cases, customer satisfaction is a necessary but not sufficient condition for loyalty. We believe that satisfaction and loyalty are two different constructs. Satisfaction is directed specifically at product or service attributes and may be a relatively more dynamic measure. In contrast, loyalty is a broader, more static attitude toward a company in general."(P.8)

Satisfaction is based on product or service attributes with which a person will be satisfied before they become loyal to an organization or product. Loyalty is a broad attitude toward the organization or product, which is dependent on many factors such as satisfaction, price perception, brand image, and total perceived value (Zeithaml 1985). It is important for organizations to define the level of customer satisfaction (Yi, 1993)

Views of Customer Satisfaction

Yi (1993) has also observed that definitions of customer satisfaction varied within their levels of specificity. Some of the various levels identified are:

- Satisfaction with a product
- Satisfaction with purchase decision experience
- Satisfaction with a performance attribute
- Satisfaction with a consumption experience
- Satisfaction with a store or institution
- Satisfaction with pre-purchase experience

According to a comprehensive study conducted by Yi (1993), customer satisfaction has been defined in two ways: either as an outcome or as a process. The outcome definitions characterize satisfaction as the end-state resulting from the consumption experience. The definitions of customer satisfaction as an outcome are:

- "The buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone" (Howard &Sheth, 1969, p.145).

- "An emotional response to the experiences provided by, associated with particular products or services purchased, retail outlets, or even patterns of behavior such as shopping and buyer behavior, as well as the overall marketplace." (Westbrook & Reilly, 1983, p. 256)

- "An outcome of purchase and use resulting from the buyer's comparison of the rewards and the costs of the purchase in relation to the anticipated consequences." (Churchill & Suprenant, 1982, p. 493)

Alternatively, satisfaction has been considered as a process, emphasizing the perceptual evaluative and psychological processes that contribute to satisfaction (Allen, 2000). Definitions of satisfaction as a process are:

- "An evaluation rendered that the experience was at least as good as it was supposed to be." (Hunt, 1977, p. 459)

- "An evaluation that the chosen alternative is consistent with prior beliefs with respect to an alternative." (Engel, & Blackwell, 1982, p. 501)

- "Between prior expectations and the actual performance of the product as perceived after its consumption." (Tse & Wilton, 1988, p. 204)

Role and Importance of Customer Satisfaction in the Corporate World

"The era of mass distribution, mass marketing, and mass consumption has been accepted worldwide positively, but these are some people who have not seen the negative impact it has had in the relationship between service providers and service receivers" (Zeithaml, 1985, p.89). Producers often had lost touch with consumers, and a number of them were not aware of the satisfaction or dissatisfaction of their customers. This created a crisis between industries trying to have repeat customers. This idea of repeat customers drove Eastman Kodak to say in 1989, "Customer satisfaction is a daily phenomenon." (Vavra, 1997, p. 45) The system of mass distribution was a wonderfully productive system, but it created many distribution channels with intermediaries that distanced their producer from the consumer by their own distribution channels (Zeithaml, 1985).

During the mass distribution era, manufacturers gave the responsibility of customer satisfaction to their distributors, which manufacturers viewed as logical and economically feasible since manufacturing plant owners were profiting from the sales (Vavra, 1997). Why wouldn't the manufacturing plant owners care about satisfying their customers? Vavra (1997) recognized two main effects of these actions:

1. It eliminated all direct interaction between manufacturer and customers.
2. "Out-of-sight, out-of-mind"; customers became a missing component in the producers decision process.

An indicator of this phenomenon is General Motors (GM). In 1962, they held 52% of the market share in the U.S. automobile market. During the 1960's and 1970's, there was a booming economy and not much competition from foreign companies (Rust, 2000). GM management assumed that consumers would buy just about anything produced by them. This idea was best presented by Henry Ford when referring to Ford sales. He said "People can have the Model T in any color--so long as it's black" (http://www.quotationspage.com/quotes/Henry_Ford/). They made decisions to cut costs and steps in the production line to inflate their profit and, therefore, their market share. Alternatively, Japanese auto manufacturers saw the long-term relationship between customer satisfaction and profits. They acted on it by opening a design center in Southern California to fine tune their cars to American consumers' tastes. By 1980, Ford's market share had fallen from 23.5 % to 17.2 % (Rust, 2000).

Today the business world is increasingly reorganizing itself around customers rather than products. This is a reaction to certain historical trends. Customer focus requires a new approach. Management will have to manage according to customer equity (the value of a firm's customers), rather than the brand equity approach, which focuses on the value of firms brands. This guides the company to customer profitability rather than product profitability (Rust, 2000).

Evidence of Customer Satisfaction Importance

In 1994, a survey conducted by the Juran Institute showed that 90% of top managers in more than 200 of America's largest companies agreed with the statement, "Maximizing customer satisfaction will maximize profitability and market share." (Mentzer, 1995, pp.45-46) Ninety percent of these companies sponsor organized efforts to improve and track customer satisfaction.

In a 1994 survey of 124 companies, Mentzer (1995) found that 75% of the companies questioned had customer satisfaction in their mission statement as one of their goals; 59% had customer service in their mission statement and 49% had customer orientation in their mission statement.

The evidence for the importance of customer satisfaction is clearly visible, from the International Organization for Standardization (ISO) 9000 standards of quality to the training programs in any medium to large company. The ISO is a worldwide federation of national standards bodies from more than 140 countries. ISO is a non-governmental organization. The mission of ISO is to promote the development of standardization in the world with a view to facilitating the international exchange of goods and services, and to developing cooperation in the intellectual, scientific, technological, and economic activity (Vavra, 1997).

Research in this area of industry is useful for the purpose of retention of customer base because 20% of your customers are 80% of your business (Johnson, 2003).

Zeithaml (2000) presents the following example of customer equity:

"Suppose a firm has two customers- Mr. A and Ms. B. Mr. A produces only $100 per year in contribution to profit, but is expected to remain a customer for ten years. Ms. B is expected to produce $200 in contribution to profit this year, but is not expected to remain a customer. The discounted lifetime value for Mr. A is (for the firm's current discount rate) $650. (Note that this is less than 10 multiplied by $100 which is the total contribution for the ten years, due to discounting.) The discounted lifetime value of Ms. B is $200- the contribution received this year. Thus, the firm's total Customer Equity is $650 + $200 = $850." Client A is worth $650 since they will be a customer for the next ten years at $100 a year, the discounted rate is 6.5%, which makes the $1,000 worth $650 to the organization today (Zeithaml 2000 p. 4). Zeithaml (2000) proves through this example, the importance of institutions promoting a market that is strongly oriented to the consumer.

Consumer Oriented Market

McCarthy (1960) and Kotler (1967) pioneered the "customer oriented" movement in the 1960's. This movement consisted of knowing what the target market wanted and then maximizing their satisfaction with the product or service. During the 1990's, marketers lost the vision of customer satisfaction and created many products that did not follow the customer-oriented philosophy. Many customers rejected the products and, at the end of the century, customer oriented marketing returned to the front page of all marketers' books (Vavra, 1997).

Vandermerwe (1994) utilizes Levitt's notion that the crux of any product or service is its "want-satisfaction capabilities." If this is so, what is important in a product is not what goes in to such a product like material things, but the quality of the result from the use of this product or service, that is, what the product does for the customer. This perspective makes a strong point for the importance of continuous customer satisfaction measurement (Allen, 2000).

The reason why Japanese car manufacturers took the market from American manufacturers was better said by TQM guru Joseph Juran (1993):

> "The first had to do with cultural bias. The American mindset saw Japanese as copyists rather than innovators. The other reason U.S. companies failed to see the Japanese superior quality coming was that they lacked the proper 'instruments' on their 'corporate dashboards. The indicators they were watching did not measure quality. The Japanese [indicators] did." (Pp. 42-50)

To contend with quality-oriented industries, companies will have to delve into, and appraise the representative data of customer trends; this is customer satisfaction. Zeithaml et al. (1985) present the difference between the Old Economy and the New Economy as:

Old Economy	New Economy
Goods	Services
Transactions	Relationships
Attracting Customers	Retaining Customers
Product Focus	Customer Focus
Brand Equity	Customer Equity (Rust et al. 2000)

The Satisfaction Process

The most important part of the satisfaction process is the customer's expectations (Olson 1979). Olson and Dover (1979) defined expectations as "beliefs about a product or service's attributes or preference at some time in the future." (Pp. 179-89)

Yi (1991), defined expectations as "Pre-consumption beliefs about the overall performance of the product/service created by: previous experience, the organization's claims, product information, or word of mouth." (p. 35)

Oliver (1997) has concluded that expectations are the result of past experiences, and therefore, it is believed that if prior experience has been more satisfying, expectations of future performance are adjusted to a higher lead. This is one of the reasons why satisfying the customer never becomes easier, the standards are continually raised (Oliver, 1997).

The next variable included in the satisfaction process is performance. This is the level of satisfaction the customer receives from the product when it compares the product performance to the product expectations before consumption (Vavra, 1997).

The ease of evaluation is the next step in the satisfaction process. Anderson and Sullivan (1993) presented ease of evaluating performance as a major influence in the determination of satisfaction. When performance of a product is difficult for the customer to assess, they suggest perceived performance will be assimilated toward expectations.

Other important factors of customer satisfaction are features and benefits. Features describe what the seller is offering, and benefits are what customers are buying. An example of this is when the CEO of Clairol was asked what is the main product they sell, he answered, "We sell hope." Another example is a hardware store that sells electronic drills and the owner says his/her customers buy the ability to drill a hole easily (Vavra 1997).

Several theories of customer expectations and customer satisfaction exist. These theories differ regarding the relationship between expectations and satisfaction.

Frequently Used Theories of Expectations and Customer Satisfaction

Vavra (1997) presents the most commonly used theories of customer satisfaction. Attitudinal research and behavioral perspectives are involved in these theories. The theories presented examine the relationship between expectations, customer satisfaction, and product performance.

The five main theories regarding customer satisfaction according to Vavra (1997) are:

1. Assimilation Contrast Theory
2. Contrast Theory
3. Dissonance Theory
4. Negativity Theory
5. Hypothesis Testing Theory

Assimilation Contrast Theory

The Assimilation Contrast Theory is based on Sherif's Law of Social Judgment which asserts that there are "Latitudes" or ranges, of acceptable or unacceptable performance, to which one could be "indifferent," or could reject as unacceptable (Vavra 1997). All these ranges are based on the customers' expectations and acceptable or unacceptable predisposition toward the product performance. No researcher has created a set of ranges, these ranges are only perceived by the customer. In addition, these ranges are variable depending on the customers' expectations and the relationship between the customer and the product. Vavra (1997) defines this theory as:

> "Assimilation-Contrast Theory suggests that if performance is within a customer's latitude (range) of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded-assimilation will operate and the performance will be deemed acceptable. If performance falls within the latitude of rejection (no matter how close to expectation), contrast will prevail, and the difference will be exaggerated, the product deemed unacceptable." (Pp. 45-46)

Contrast Theory

According to Vavra (1997), the Contrast Theory establishes any discrepancy between real performance and expectations will be exaggerated toward rejection or approval. An example is if a manufacturer advertises and raises the expectations of the customer, but does not meet them, the product not being able to meet the customer's expectations will be exaggerated negatively. Many companies now use advertising to under-promise the value of their product. By under-promising the value of their product, the customers' expectations will be lower than the real product performance. This way when the product meets the customer's expectations positively, the customer will exaggerate the experience in the positive range.

Dissonance Theory

Dissonance Theory is based on Festinger's (1957) theory of Cognitive Dissonance. By applying Festinger's theory to customer satisfaction, one may conclude that customers will eliminate any negative experiences when they have committed to an inferior product or service. Vavra (1997) defines this theory as:

> "Dissonance Theory would predict that a customer experiencing lower performance than expected, if psychologically invested in the product or service, would mentally work to minimize the discrepancy. This may be done by lowering expectations (after the fact) or, in the case of subjective disconfirmation, positively increasing the perception of performance." (Pp. 46-47)

When the customer's experience with the product is lower than his expectations, this customer relates it to the time and effort that have gone into the purchase and usage of such. By doing so, the customer reduces the magnitude of negativity in the product performance (Vavra, 1997).

Negativity Theory

Carlsmith and Aroson (1989) developed the Negativity Theory. The theory suggests that customers' expectations need to be set at a certain level. Any disparity from the expectations will cause a negative reaction from the customer called "negative energy." Affective feelings will be inversely related to the magnitude of the disparity. An example of this is a person that purchases a computer. When he gets home, the computer has an extra part on it; this causes the customer to have a negative energy toward the company because the computer was not exactly as promised. Any difference in the product that had not been presented to the customer before consumption will cause negative disparity or "negative energy" toward such product's performance.

Hypothesis Testing Theory

Deighton (1983) suggested a two-step model to the satisfaction theory. First, Deighton hypothesizes that the pre-purchase information (advertising) plays a significant role in the construction of expectations. Customers use the experience with the product to test their expectations. Second by Deighton (1983) believes that customers are inclined to confirm rather than disconfirm their expectations. The theory suggests that customers are predisposed to positively confirm their product experience. This is an optimistic theory but it makes the management of evidence an extremely important marketing tool.

These theories present the views of many researchers in the area of expectations and customer satisfaction. Researchers have also found that customer satisfaction has different parts or dimensions that influence the total satisfaction of the customer toward a product. The dimensions of customer satisfaction are part of the performance element of total satisfaction, the two parts being expectations and performance.

Quality Researchers and Their Developed Quality Dimensions

Research in the dimensions of customer satisfaction started in 1979. Since then there have been many research projects conducted on the subject. The dimensions of customer satisfaction have been defined as "The evaluative criteria the customer's use to access service quality" (Zeithaml, 1990, p. 20). Other authors have presented different dimensions of customer satisfaction. These dimensions, as cited by Holmlund (2001), are listed in Table 1 below:

Researchers	Quality Dimensions
Gronroos, 1979, 1982	Technical quality, functional quality, image.
Lehtinen, 1982	Output quality, process quality
Lehtinen and Lehtinen, 1982	Physical, interactive, corporate
Albrecht and Zemke, 1985	Care and concern, problem solving, spontaneity and flexibility, recovery
Parasuman, Zeithaml and Berry, 1985	Tangibles, reliability, responsiveness, assurance, empathy
Parasuman, Zeithaml and Berry, 1988	Tangibles, reliability, responsiveness, assurance, empathy
Garvin, 1987	Reliability, performance, features, conformance, durability, serviceability, aesthetics, and perceived quality.
Gummersson and Gronroos, 1987	Design, production, delivery, relational, technical, functional, image
Gummersson 1987	Design, production, delivery, relational
Edvarsson, Gusravsson and Riddle, 1989	Technical, integrative, functional, outcome
Gronroos, 1990	Professionalism and skills, attitudes and behavior, accessibility and flexibility, reliability and trustworthiness, recovery, reputation and credibility
Gummersson, 1991	Design, service production, process, outcome
Olsen, 1992	Design, service production, process, outcome
Ovretveit, 1992	Customer quality, professional quality, management quality
Gummersson, 1993	Design quality, Production and delivery quality, relational quality, and outcome quality.

Table 1 Dimensions of Customer Satisfaction by Authors

Gronroos (1982) suggested the dimensions of customer satisfaction can be divided into two different domains, technical (what) and functional (how). The dimensions of customer satisfaction have been considered to be generic and apply to both consumer and business-to-business settings. The customer satisfaction process has involved expectations and performance. The combination of these two factors is considered or called "customer perceived value" (CPV) by some researchers. CPV is the factor that researchers have defined as the most important factor for lifelong customer relationships which, in the end, is more economically feasible than trying to reach a new customer base (Zeithaml, 1990).

Customer Perceived Value (CPV)

Customer perceived value (CPV) is the criteria and preliminary evaluations that will be used in the next purchase decision. Customer perceived value is a powerful predictor of customer loyalty. CPV is defined as "the prospective customer's evaluation of all benefits and all the costs of an offering as compared to that customer's perceived alternatives." (Holmlund, 2001, pp. 13-36)

When organizations do research on customer perceived value these are some questions to present to prospective clients about CPV which can include but are not limited to "What benefits are important to you?" and "How well do you believe each vendor will deliver those benefits to you?" All inquiries made about current perceptions of future value are synthesized by the organization to try meeting the expectations of the customer (Holmlund, 2001).

Since these questions are related to future purchase decisions, they are considered more helpful than the retrospective viewpoints gathered in customer satisfaction research. Researchers have made many comparisons and contrasts between consumer satisfaction and customer perceived value. These are the some of the criteria correlated between both of them are shown in Table 2. Demonstrating that customer satisfaction research is based and conducted after purchase and consumption of the product while customer perceived value research is conducted before purchase and consumption.

Customer Satisfaction Vs. Customer Perceived Value (CPV)	
Past purchase and consumption	Future purchase and consumption
Customer satisfaction	Customer Perceived Value
Limited to customers	Includes entire target market including prospective customers
Retrospective	Prospective
Features oriented	Benefits oriented
Relative to expectations	Relative to alternatives
Useful for improving processes	Useful for predicting customer behavior

Table 2 Customer Satisfaction Vs Customer Perceived Value (CPV)

Customer perceived value creates lifelong customers; a lifelong customer is considered equity for a company, since this customer will be bringing income for the organization throughout his/her life as a consumer; this is called customer equity.

Driving Customer Equity

During the last 30 years, organizations have seen the change in customer preferences, and such organizations have had to become adept to these changes. This is best told by Rust, Zeithaml and Lemon (2000):

> "The business world is increasingly organizing itself around customers rather than products. This is an inevitable reaction to a series of historical trends. Customer focus requires a new approach: managing according to customer equity (the value of a firm's customers), rather then brand equity (the value of a firm's brand), and focusing on customer profitability instead of product profitability. In fact, as we can see a slavish devotion to product profitability can be hazardous to a company's health."(Rust et al., 2000, p. 1)

The long-term value of a company is largely determined by the value of the company's customer relationship.

Customer equity is defined as:

"The total of the discounted lifetime value of all firm's customers." (Rust, et al. 2000 p. 54)

Rust, Zeithaml and, Lemon (2000) view customer equity as "the value not only in terms of customers current profitability, but also with respect to the net discounted contribution stream that the firm will realize from the customer overtime." (p. 4)

One proof of the importance of customer equity is the change of industries from goods to services. In the early 1900's, the percentage of workers in the United States in the service sector was approximately 30%. By 1970 that figure had risen to 64%, and by 1995 that figure was about 77%. (Shugan, 1993) This proves that the service industry is driving the economy, and that technology has played a major role in the services provided to customers all over the globe (Shugan, 1993).

Organizations have started the transition from customer attraction to customer retention. Companies base most of their marketing toward customer attraction instead of customer retention. In an industry such as the financial services industry, companies need to be concerned with cross selling (selling the companies profile such as Mercedes Benz and social behavior like donating to charities through marketing instead of simply selling the product) and customer lifetime retention instead of making their first priority customer attraction. Meaning that the financial services industry should focus on lifelong customers instead of focusing their efforts to attracting new customers. In the financial services, industry customer equity is the reigning power over brand equity. (Rust et al., 2000)

An example of customer equity is a small bank getting a new customer to open a checking account. In most banks, checking accounts are less profitable, but this customer now is more likely to open a savings account, a CD account, or get his/her next car loan from the bank. Where do the bank profits come from? It is clear that it was the long-term relationship with the customer that produced the profits. The profits of these products are not separate, but rather synergize to produce a successful and profitable customer relationship. However, product-specific accounting like most companies use will never reveal this long-term strategy since they target to short-term profits. (Rust et al., 2000)

While it is easy to see that customer equity is important, it is challenging to determine how to increase a firm's customer equity. There are many actions that a company can take to raise its customer equity. These include: advertising, quality, price, or retention programs. Customer equity can be divided into three types (Rust, 2000):

- Value Equity: The customer choice is influenced by perceptions of value in contrast to price of the product or service. These perceptions tend to be objective, cognitive, and rational.
- Brand Equity: Customers have perceptions of the product or service attributes, for example the customer looking for a car might think the car is exciting, well constructed, or classic. These perceptions tend to be irrational, emotional, and subjective.
- Retention Equity: Customer's perceptions to the company's effort in trying to retain them are valued here. Retention programs and relationship-building activities can increase the odds that the customer will continue to choose the firm.

Firms are dependent on the perceptions of the customer toward its organization best put by Rust (2000) who stated, "A firm is only as good as its customer's think it will be the next time they do business with that firm." (p. 54)

To understand further what customer equity is we have to concentrate on three key questions presented by Rust, et al. (2000):

1. What leads a customer to do business with the firm?

2. What leads the customer to repurchase repeatedly?
3. What influence does the firm have on these customer decisions? (p. 35)

What makes the customer equity approach to business effective is the fact that it emphasizes that which is important, namely what the customer wants. It directs the firm's strategies and tactics based on their importance to the customer. (Rust et al., 2000)

The old business model was based on mass production and mass marketing; the new business model is based on customer equity and customer satisfaction. In today's world change and fast paced technological advancements require a firm to be flexible, have flexible plans and actionable ideas that will allow large firms be as maneuverable as small firms. (Rust et al., 2000)

Conclusion

Current and past research indicates the critical importance of customer satisfaction in institutions that rely on their customer base as a producer of profit. Institutions must recognize this and focus their efforts on development of a vision and mission to service customers to the best level of their abilities.

Chapter 3

Methodology

Overview

This study investigated the dimensions of customer satisfaction in financial institutions. Which are particularly tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1990) The dimensions of quality are derived from these dimensions of customer service (Parasuraman et al., 1990). The purpose was to determine the specific customer requirements for satisfaction in financial institutions in order to establish a comprehensive list of all the important quality dimensions that describe the service or product.

The research questions were addressed using correlations and statistical analyses. A survey questionnaire with an open-ended Likert scale was used to rate the responses. The surveys were distributed by the researcher to customers of different financial organizations in locations in the area of Palm Beach and Broward Counties. The sampling method used to select the sample was the convenience sampling method. This sampling method was the most economically feasible and most statistically precise method.

Many service organizations include availability, responsiveness, convenience, and timeliness (Kennedy & Young, 1989) as additional dimensions of customer satisfaction to the ten used by this research. These quality dimensions are applicable to many service industries, including the banking industry. This research was based on a theoretical framework achieved through synthesis of current information.

Theoretical Framework

The theoretical foundation for the research was established through the literature review of relevant research. The review included identifying and reviewing research in the areas of customer satisfaction, service quality, consumer preference, customer service, and survey construction (Parasuraman et al., 1990; Rust et al., 2000). Priority was been given to the most recent works under the assumption that these studies were built upon earlier works.

Research has proven that customer satisfaction is dependent of ten dimensions which are: tangibles, reliability responsiveness, competence, courtesy, credibility, security, access, communication, empathy based on the belief that customer satisfaction is influenced on these ten dimensions the research was planned.

Quality Dimension Development Approach (QDDA)

The Quality Dimensions Development Approach (QDDA) is the research method used by Parasuraman, Zeithaml, and Berry (1985). They concluded that service quality can be described based on ten dimensions. Attempts to measure these ten dimensions, however, reveal that customers can distinguish among only five dimensions. These authors suggest that the original ten dimensions overlap each other considerably. The authors decided that five of the dimensions could be measured without overlapping. The five dimensions of service quality are: tangibles, reliability, responsiveness, assurance, and empathy.

The steps in the QDDA method are:

1) Create a list of quality dimensions from a literature review to generate a list from personal experience
2) Write definitions of each dimension, which can be in general terms
3) Develop specific examples for each dimension. The examples should use specific adjectives reflecting the product or service. The examples should include specific behaviors of the provider and use declarative statements. (Vavra, 1997, p. 10-15)

Following the QDDA method and based on the research by Zeithaml et al. (1985), this researcher decided to use the ten dimensions developed by these authors. These ten dimensions are:

- Tangibles
- Reliability
- Responsiveness
- Competence
- Courtesy
- Credibility
- Security
- Access
- Communication
- Empathy

Research Questions

The following are the research questions that were addressed by this study:

1: What dimensions of customer satisfaction does the customer in the financial services industry recognize out of the ten dimensions presented?

2: Is there a relationship between customer satisfaction and the dimensions of customer satisfaction?

3: To what extent is customer satisfaction dependent on the tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions?

Variables

This researcher used the Quality Dimension Development Approach (QDDA) to determine customer dimensions. The dependent variable was customer satisfaction. It was measured with an open ended Likert scale rated from one to one hundred, with one being lowest and 100 being highest, making it a continuous variable. Customer satisfaction is the result of the ten dimensions (Parasuraman, Zeithaml, and Berry, 1985). Customer satisfaction in this study was measured for financial service organizations. Other names for dependent variables are criterion, outcome, and effect variables, but dependent variable will be used in this study.

The independent variables are the ten dimensions of customer satisfaction created by Parasuraman, Zeithaml, and Berry (1985). These ten dimensions are:

- Tangibles: Appearance of physical facilities, equipment, personnel, and communications materials.
- Reliability: Ability to perform the promised service dependably and accurately.
- Responsiveness: Willingness to help customers and provide prompt service.
- Competence: Possessions of the required skills and knowledge to perform the service

- Courtesy: Politeness, respect, consideration, and friendliness of contact personnel.
- Credibility: Trustworthiness, believability, honesty of the service provider.
- Security: Freedom from danger, risk, or doubt.
- Access: Approachability and ease of contact.
- Communication: Keeping customers informed in language, which they can understand and listen too.
- Empathy: making the effort to know customers and their needs.

  (Zeithaml 1990 p. 21-22)

These ten variables are believed to influence a customer's level of satisfaction in the different industries. Independent variables are also called predictor variables (Zeithaml 1990).

Quantitative Methodology

Quantitative research is based on testing or verifying theories or explanations (Creswell 2003). This researcher tested the theory of customer satisfaction and the dimensions that influence it. The researcher also tested the construct of the ten dimensions of customer satisfaction as determinants of the degree of customer satisfaction. Depending on the results, it will be generalized to a larger population.

While quantitative research tries to focus on one concept or phenomenon, qualitative research is case sensitive. It cannot be generalized to a larger population like quantitative data. Quantitative data only analyzes the question at hand and not the surroundings of the surveyed sample. (Creswell 2003)

The Sample

This researcher chose a quantitative research method to be able to assure validity and accurate measurement. It is better to use a large sample to generalize the results of the study to the population (Creswell 2003). The sample consisted of 230 people. The researcher made this decision based on the principle that for a survey study there should be at least 10 observations per variable in the sample studied. The researcher used a non-probability sample, also called a convenience sample, in which the sample is chosen because of availability and convenience.

Questionnaire Construction

The survey used for this study was based on previous research by Zeithaml, Parasuraman, and Berry (1990) and Rust, Zeithaml, and Lemon (2000). Zeithaml et al. (1990), used a measuring instrument called SERVQUAL (Service Quality), on which this study is based. This instrument (SERVQUAL) is the most recognized instrument in the field of customer satisfaction. After interviewing customers, on the most important dimensions of customer satisfaction in the financial services industry the researcher used this information to develop the research tool, also basing some of the research questions on the topics used in the SERVQUAL tool. Ten executives were interviewed from different financial institutions, they were chosen by availability and willingness to being interviewed. The interviews were carried out in their offices or over the phone. After the interviews, their ideas and comments were used in creating the survey for the study that was later given to the pilot study subjects.

The following steps were followed to create a valid instrument:

1. Determining questions (items) to be used in the questionnaire
2. Selecting the response format
3. Writing the introduction to the questionnaire

Questions needed to be specific and not vague in the questionnaire to receive specific feedback. The response format was an open-ended Likert scale from one to one hundred for variance purposes. The introduction to the questionnaire makes the purpose of the study clear to the respondents.

Response Formats

In this study, the researcher used the Likert scaling method. Likert's method yields higher reliability coefficients than an interval level scale (Creswell 2003). The Likert scaling method can be approached in two ways:

1. The checklist format
2. Likert type format

The benefit of the checklist format is the ease with which customers can respond to the items. Customers can easily indicate whether or not the item describes the service they received (Parasuraman, Zeithaml, and Berry, 1985). The quality of the service or product can also be indexed by the strength of response toward each satisfaction item. The Likert type format is designed to allow customers to respond in varying degrees to each item that describes the service or product.

From a statistical perspective, scales with two response options have less reliability than scales with five response options (Lissit and Green, 1975). In addition, reliability seems to level off after five scale points, suggesting minimal incremental utility of using more than five scale points (Creswell 2003). This researcher decided to use an open ended Likert scale from 1 to 100, giving a larger margin of variance in the corresponding questions. The open ended Likert scale made the variables continuous variables, which allowed these variables to be statistically analyzed by using descriptive statistics, correlations and regression analysis as needed. The descriptive statistics gave the researcher the mean, medium, and standard deviation of such variables. The questionnaire had the necessary tools for these goals to be achieved and clearly communicated to the sample population.

Introduction to the Questionnaire

The introduction to the questionnaire was brief. It explained the purpose of the questionnaire and provided instructions for completing the questionnaire. There was a brief explanation of the purpose of such (Hayes, 1998).

The method of sampling used in this study was the probability statistical sampling method. A non-probability sampling method, also called convenience sampling was used for purposes of ease of manipulation of data and statistical validity. No subject rejected to answer any of the questions presented to them.

The questionnaire was composed of 30 questions; the first five questions were directed to the customer's demographical information such as age, gender, marital status, education, and ethnicity. This information was being collected for the purpose of correlating the responses to the different variables between the sample population. Questions six, seven, and eight were targeted to customer satisfaction and indicated the satisfaction of the sample with their current financial institution. Questions 9 to 35 were targeted directly to the ten dimensions of customer satisfaction that we were studying. The questions were divided as follows:

Tangible questions 9, 10, 11, and 12.

Reliability questions 13 and 14.

Responsiveness questions 15 and 16.

Competence questions 17 and 18.

Courtesy questions 19, 20, 21, and 22.

Credibility questions 23, 24, and 25.

Safety questions 26, 27, and 28.

Access questions 29 and 30.

Communication questions 31 and 32.

Empathy questions 33, 34, and 35.

The questions were divided into the different dimensions, to acquire as much in depth knowledge of the importance of each dimension and the influence they have on customer satisfaction. A pilot study was conducted to review the questionnaire and its results.

Pilot Study

The pilot study consisted of ten individuals representing the sample used. All individuals were over 18 years of age; five were males and five were female. The ethnicities of the pilot study sample were broken down as such: three Latino, three African American, and four Caucasians. Ideas and criticism were communicated to the researcher before and after the questionnaire was completed. Such questions were addressed in a focus group and were resolved with mutual consensus of the researcher and the pilot study volunteers.

The pilot study conducted helped establish the validity of the research instrument. Feedback taken from the sample used for this pilot study helped the researcher make changes to the instrument so it was easier for the sample to read, understand and answer. Such changes include but are not limited to: The number of questions has been changed from ten to thirty five by separating the different aspects of each dimension of customer satisfaction into its corresponding divisions. The rating scale has been changed by grouping the questions in groups of five and having the sample answer each group of questions separately and independently of each other. This made the rating of the thirty-five items much simpler for the survey taker. Questions have been clarified for the survey takers understanding to be better and easier to achieve. The first four questions have been changed to fit the necessary protocol of privacy of Lynn University. The levels of education have been changed by adding another level, which is the vocational level of education.

Methods of Increasing Response Rates of Mail Surveys

Research has shown that mail surveys are more likely to be returned if a third party such as a University is sponsoring the study. The researcher used the following strategies to increase the response rate for the mail survey (Hayes, 1998):

- Repeated contacts in the forms of preliminary notification
- Appeals to customers who want to know how their input is being used and whether their opinions are making a difference
- Inclusion of a self-addressed, stamped return envelope with the survey
- First class outgoing postage
- University sponsorship (Hayes, 1998)

The survey was distributed to 230 subjects in the Boca Raton area; it was distributed directly by the researcher to the subjects. This was carried out in a period of four months from February to May of 2003.

Conclusion

The results of the study were analyzed by using the statistical software SPSS. The analysis developed correlations between the dimensions of customer satisfaction and the level of satisfaction of the customers that were surveyed. The purpose of finding the relationship of these dimensions of customer satisfaction is to be able to develop training programs for employees and executives of companies in the financial services industry. These training programs will help companies to develop a competitive advantage and will provide Lynn University with a program of education for future students in business education programs.

Chapter 4

Findings

Introduction

This chapter presents the results of the research. Statistical analysis and discussion of the study's findings are presented. The findings are grouped in two major sections:

1. Descriptive characteristics and demographic information of the customers that participated in the study.
2. Significant differences between satisfied customers and dissatisfied customers.

A total of 230 questionnaires were distributed to the subjects during February, March, and April of 2003. All the questionnaires were returned completed. Therefore, there are no missing cases.

Demographic Information (Questions #1, #2, #3, #4, #5)

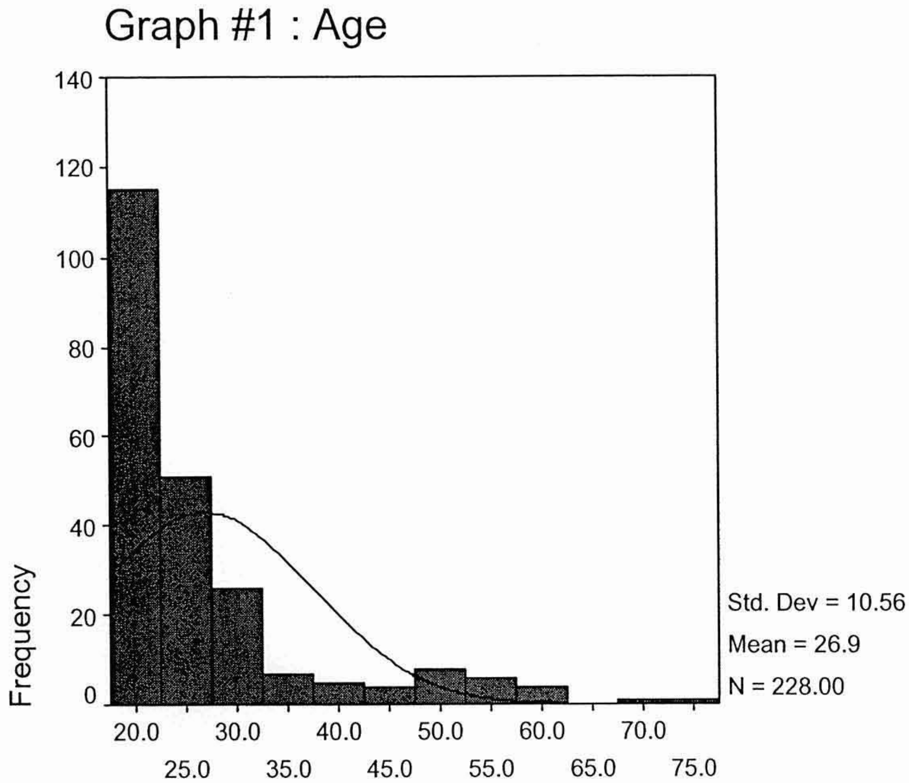
Gender between the subjects was split evenly with 52.3% being female and 47.7% being male. The mean age for those participating in the study was 26.9 years of age with a standard deviation of 10.54. The ages ranged from 18 to 74 years of age.

Question #3 asked the subject for his/her ethnic background. The break down was 10.8 percent African American, 2.8 percent Arab, 1.1 percent Asian, 66.5 percent Caucasian, and 18.2 percent Latino.

Satisfaction was correlated to ethnicity. African Americans had a mean score of 83.86 with a standard deviation of 12.99 and a standard error mean of 2.98, Latino subjects had a lower satisfaction level. The mean score for Latinos was 77.3438 with a standard deviation of 17.59 and a standard error mean of 3.11. Caucasian subjects had a mean of 78.7521 with a standard deviation of 19.35 and a standard error mean of 1.78, Asian subject were the highest in satisfaction levels, with a mean of 90.00 with a standard deviation of 7.07. The Arab subjects had a mean of 78.00 with a standard deviation of 16.43 and a standard error mean of 7.34.

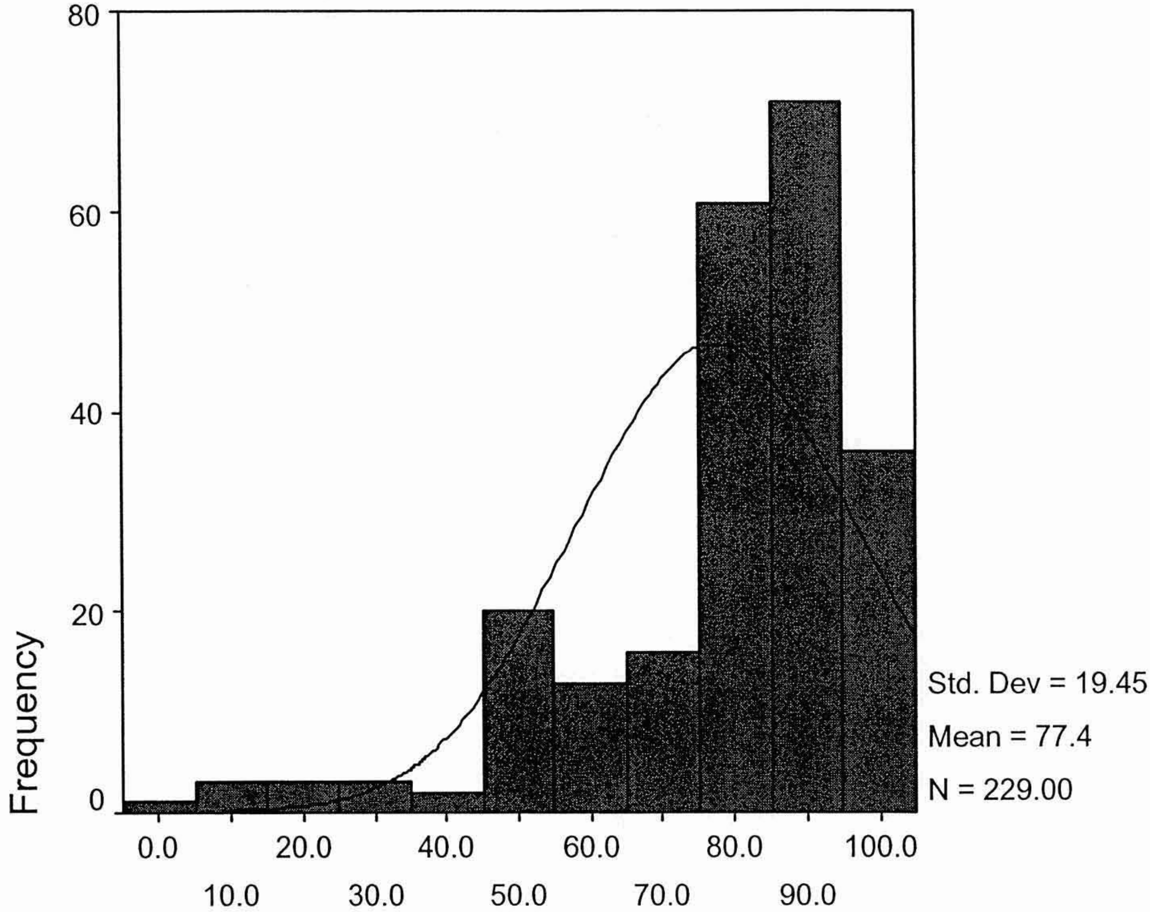
The subjects were asked their educational background; the division of the sample was as follows. There were 116 college graduates, who made up 65.9 percent of the population; subjects with graduate degrees formed 19.3 percent of the population; high school graduates were 8.5 percent of the population; postgraduate degrees made up 5.1 percent of the population; and vocational training was 1.1 percent of the population.

While the bulk of the subjects were between the ages of 22 and 26, 80% of the total sample was under 30 years of age. As shown on graph #1.



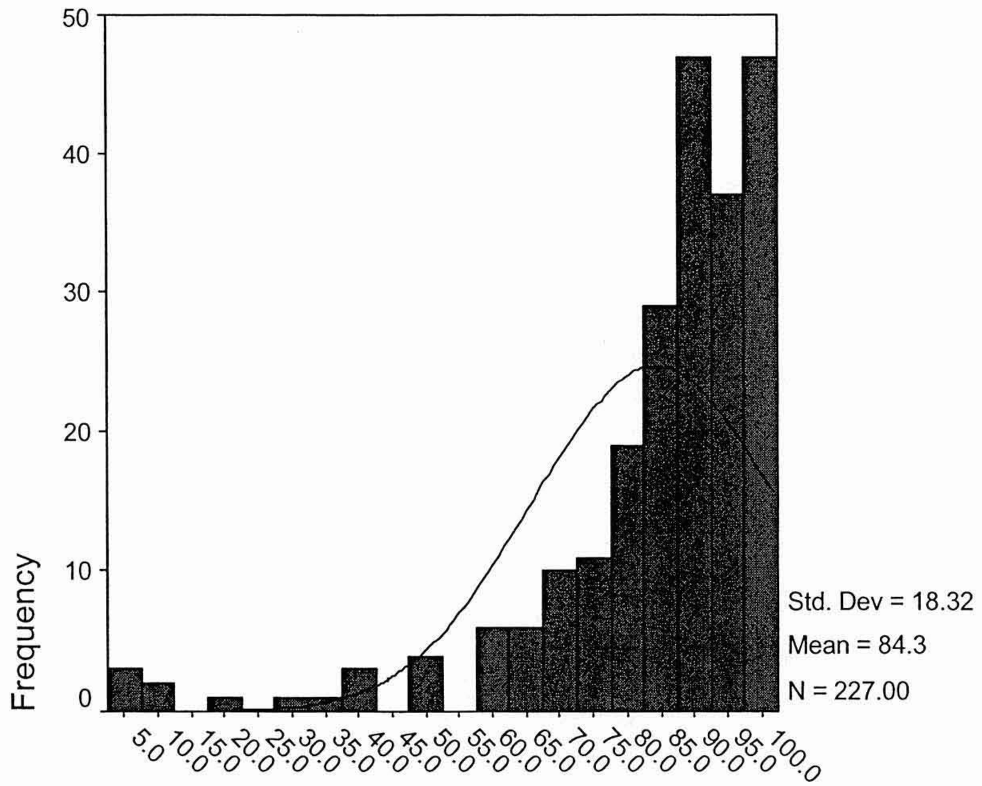
Satisfaction is the dependent variable. The mean score for satisfaction was 77.4, which was expected by the researcher. The standard deviation of satisfaction was 19.45. The normal curve for satisfaction was skewed to the right with a skewness of -1.529; Satisfaction had an unexpected result of unsatisfied subjects. The number of unsatisfied subjects was 10 as seen on graph #2.

Graph #2: Satisfaction



Safety had an average score of 84.3 making it one of the most important and valuable characteristics of customer satisfaction. Safety had a standard deviation of 18.32. It had a skewness of -2.336 making it skewed to the right side of the curve. Safety is one of the main reasons people trust financial institutions with their funds. Knowing that their prized possessions will be safe makes a customer tend to be more satisfied and likely to become a repeat customer. While safety was highly correlated to satisfaction, it was also highly correlated to reliability. Customers understand that a company will be safe, if at the same time, it is reliable. Safety was presented as one of the most important factors of customer satisfaction as shown on graph #3.

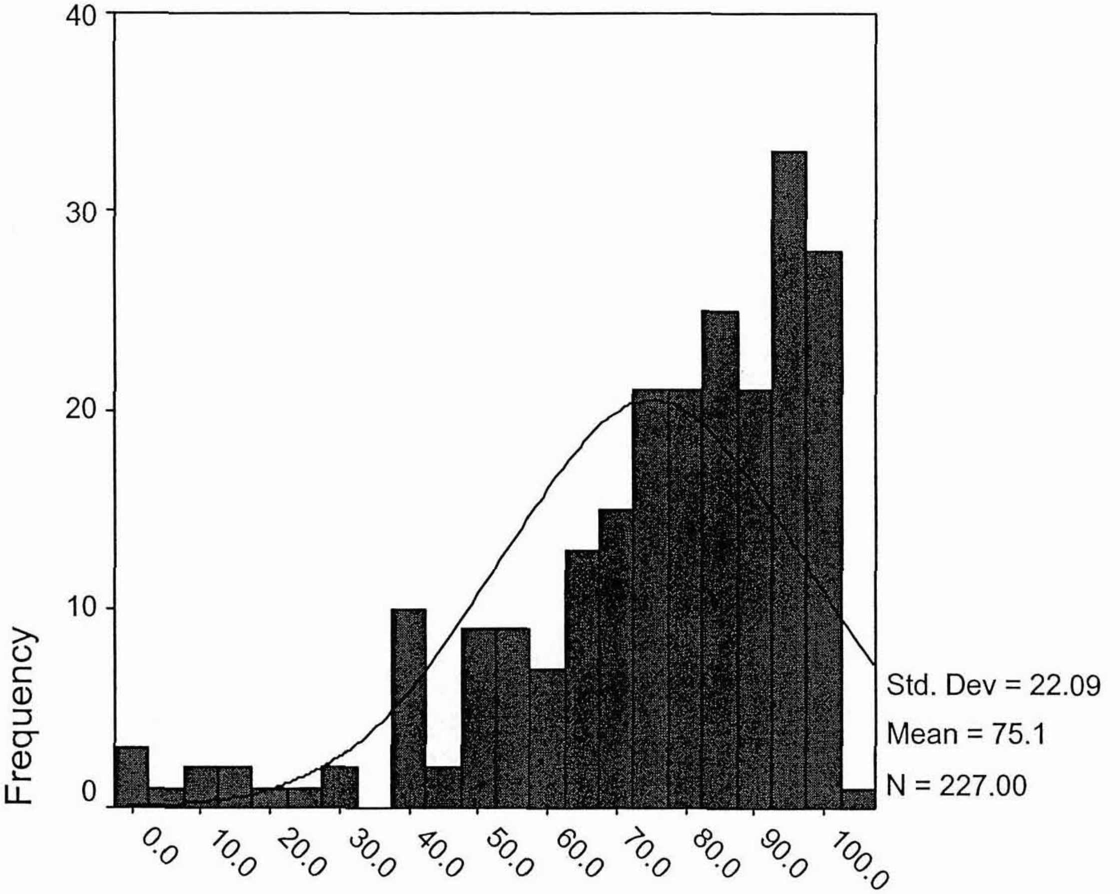
Graph #3: Safety



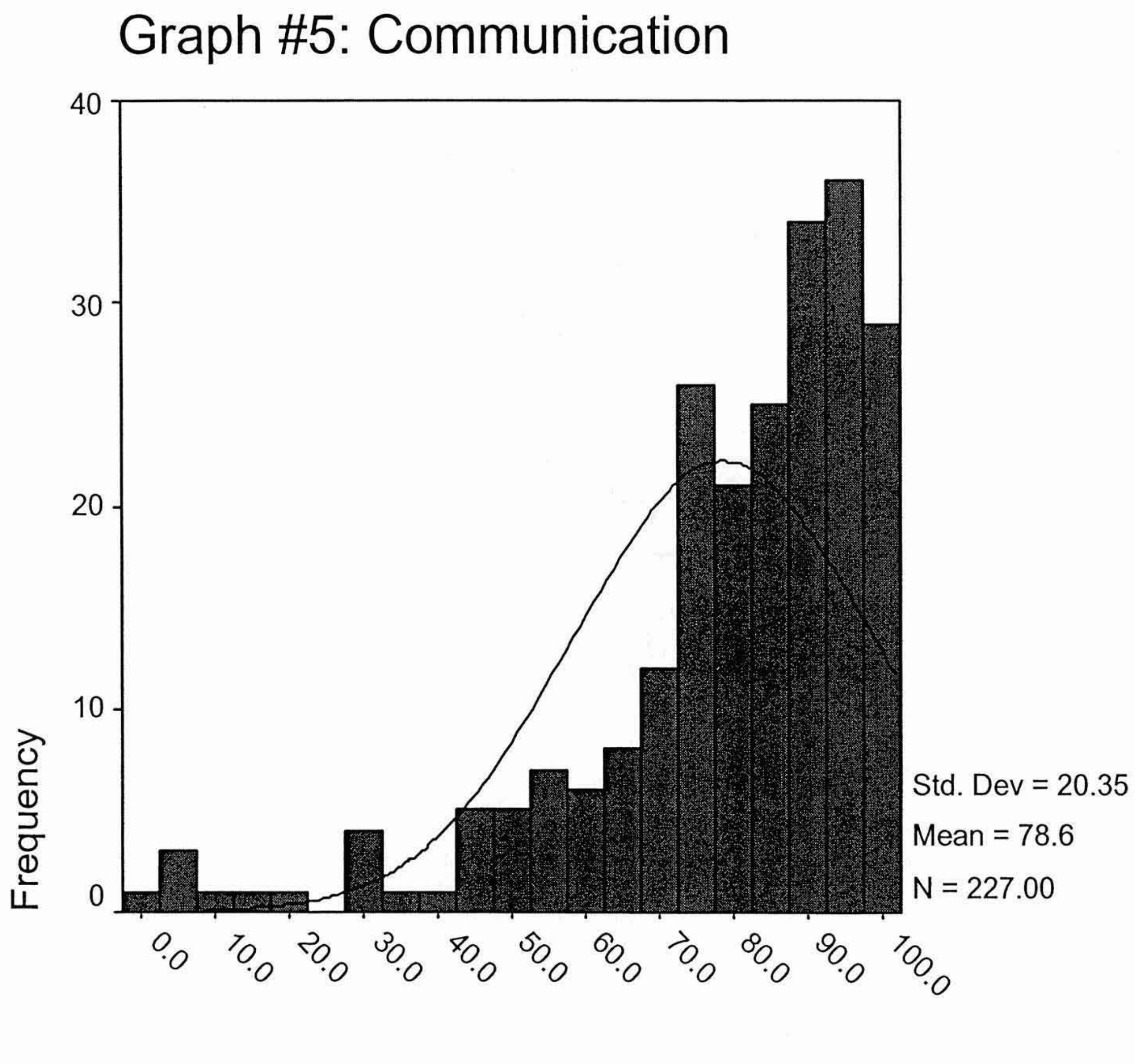
Access, communication, and empathy were the variables with the widest variation on the normal curve. There are two reasons for this variation, 1) the customer does not feel strongly about the importance of these qualities. 2) These dimensions are closely related to other ones and the customers cannot differentiate between these and the others (Zeithaml et al. 1990).

Access had a standard deviation of 22.09. The mean was 75.1 and a skewness of -1.89, which makes the curve lean to the right side of the graph leading to understand that the results of this research are only applicable to the sample population as shown on graph #4

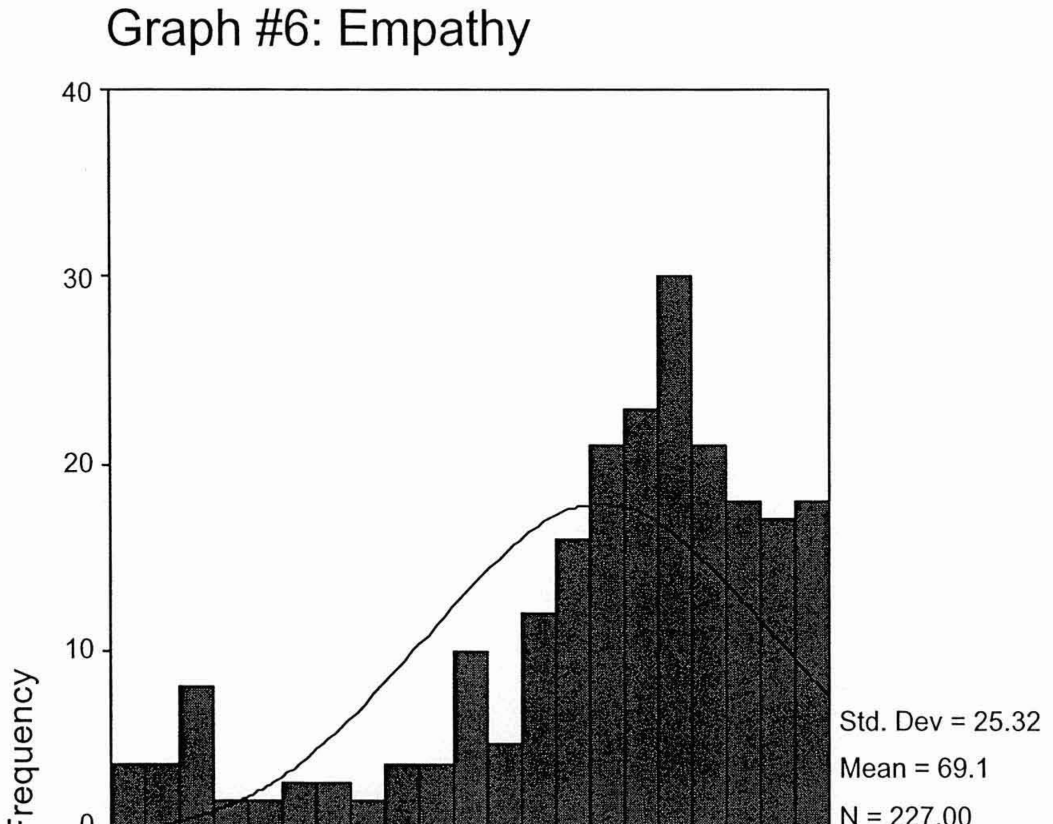
Graph #4: Access



Communication is the dimension formed by materials, data, phone calls, and the transference of ideas from the financial institution to the customer. The descriptive statistics of this variable showed a well-formed curve leaning to the right side, which meant a skewness of -1.282. Its standard deviation was 20.35 and the mean score was 78.6 as shown on graph #5.



Empathy is a variable based on how the institution feels for the customer when the customer has a problem, how the personnel help the customer who is having problems, and how the problems are solved for this customer. Empathy was the variable closest to a normal bell shaped curve its standard deviation is 25.32. The mean score was 69.1, and its skewness was -1.170. Shown in graph #6



Satisfaction

Satisfaction was the research dependent variable. A regression analysis of all the variables resulted in an R Square equal to .516. This means that there is a strong relationship between all the independent variables and the dependant variable. The set of independent variables accounts for 51.6% of a customer's satisfaction. These results are shown in table #3

Table #3 Model Summary R Square

Model	R	**R *Square***	Adjusted R Square	Std. Error of the Estimate
1	.718[a]	***.516***	.475	14.0619

a. Predictors: (Constant), GradSchoo, Responsiveness, Gender, Latino, Black, Age, Empathy, Married, Tangibles, College, Safety, Access, Communication, Reliability, Competence, Courtesy, Credibility

The score for R Square was significant at the .0001 level, which makes the findings statistically robust. The significance of the research demonstrates and answers two of the research questions presented at the beginning of this research.

- Is there a relationship between customer satisfaction and the dimensions of customer satisfaction?
- To what extent is customer satisfaction dependent on the tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions?

The significance of the findings is demonstrated in the table below:

Table #4 ANOVA Significance

Model		Sum of Squares	df	Mean Square	F	*Sig.*
1	Regression	42944.753	17	2526.162	12.775	*.000*[a]
	Residual	40338.091	204	197.736		
	Total	83282.843	221			

a. Predictors: (Constant), GradSchoo, Responsiveness, Gender, Latino, Black, Age, Empathy, Married, Tangibles, College, Safety, Access, Communication, Reliability, Competence, Courtesy, Credibility

b. Dependent Variable: Satisfaction

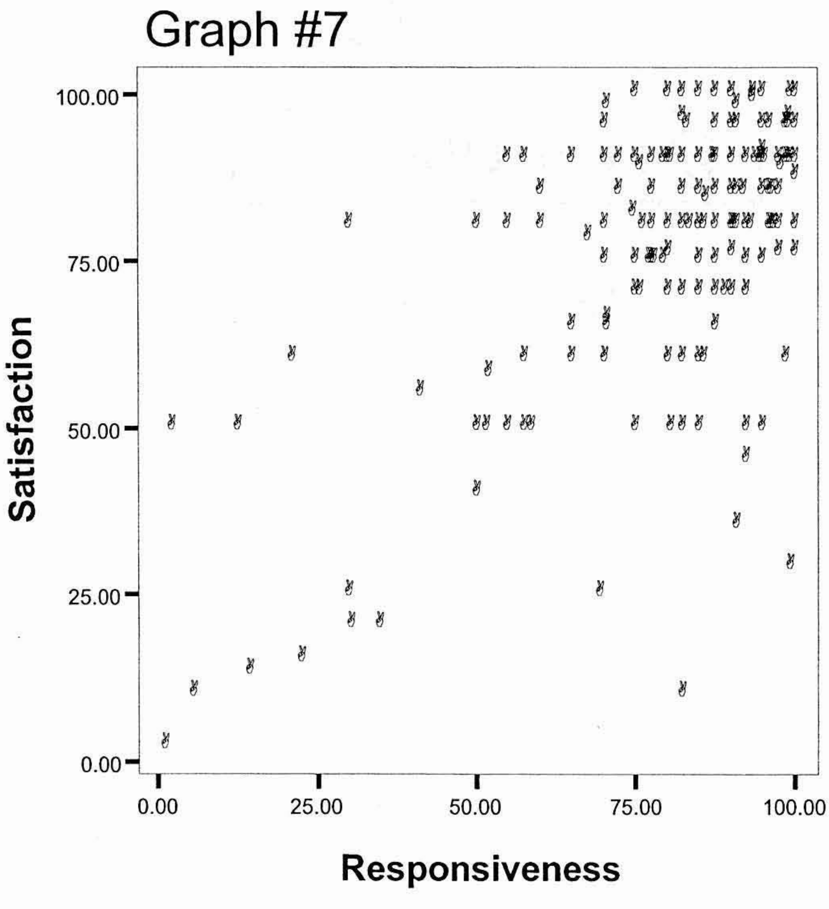
Pearson's product moment correlations were conducted between all variables. After reviewing the correlations between all variables and the dependent variable, the result has shown that there is no problem with multi-co-linearity. Multi-co-linearity occurs when two of the independent variables are correlated to a level of .85 or higher, making them the same variable and completely dependent on each other.

There were significant correlations between the independent and dependent variable. The most statistically significant correlations with customer satisfaction for highest to lowest were:

1. Responsiveness
2. Reliability
3. Courtesy
4. Communication
5. Competence
6. Credibility

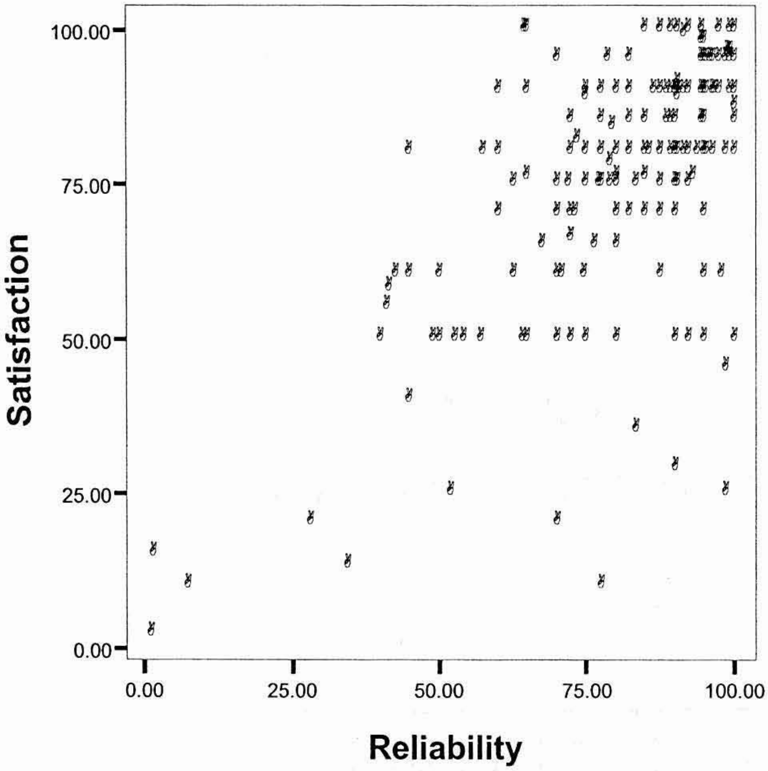
These variables had a statistically significant correlation with satisfaction, all scores were .50 or higher at the .001 level of significance. This means there is a 99% probability that these relationship scores were not produced by chance.

The highest correlation was between satisfaction and responsiveness at the .613 level with a significance at the .001 level. A scatter-plot graph shows the positive relationship between the two variables in graph #7

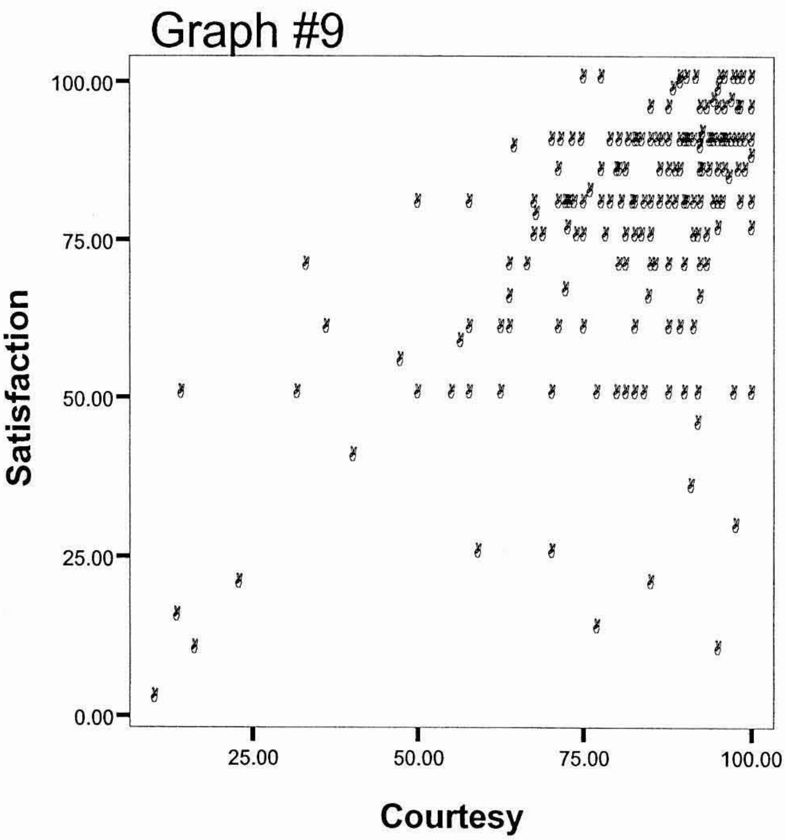


The second most significant correlation was satisfaction and reliability, which was .613 at the .001 level of significance. This means that reliability was the second highest influencing factor of overall satisfaction. Customers expect their financial institution to be reliable when they offer their services to an individual, by completing the job on time and in a fashionable manner. The results of this relationship are shown on graph #8

Graph #8



Reliability and responsiveness proved to be the two strongest predictors of satisfaction in the customers that comprised the sample. Courtesy had a correlation of .560 at the .001 level of significance. Courtesy is the third highest predictor of satisfaction in this research as seen on graph #9.



There were several negative correlations, the most significant from higher to lower were:

1. Post graduate degree
2. Latino

Post Graduate was negative at the -.162 at the significance level of .014.

Individuals with postgraduate degrees expect more from their financial institutions that the rest of the sample. This is supported by the level of variance on satisfaction between people with postgraduate degrees and the rest of the educational levels in the research.

Being Latino also had a negative correlation to satisfaction at the -.139 level with a significance level of .036.

Regression Analysis

The regression analysis produced a model of the five strongest predictors of customer satisfaction, those being:

1. Reliability
2. Responsiveness
3. Tangibles
4. Access
5. Communication

These scores were statistically significant and robust as shown on table #5

Table #5 Coefficients Positive

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.504	7.080		.354	.724
	Age	6.034E-02	.111	.033	.542	.588
	Gender	-1.350	1.940	-.035	-.696	.487
	Tangibles	.186	.089	**.139**	2.096	**.037**
	Reliability	.364	.099	**.324**	3.689	**.000**
	Responsiveness	.225	.093	**.228**	2.407	**.017**
	Competence	-6.30E-02	.100	-.058	-.632	.528
	Courtesy	1.475E-02	.116	.013	.127	.899
	Credibility	-.117	.116	-.113	-1.006	.316
	Safety	4.570E-02	.087	.043	.524	.601
	Access	.115	.066	**.131**	1.749	**.082**
	Communication	.107	.077	**.111**	1.380	**.169**
	Empathy	2.338E-02	.054	.030	.434	.665
	Black	.799	6.592	.006	.121	.904
	Latino	-4.938	2.457	-.102	-2.010	.046
	Married	-.368	3.069	-.007	-.120	.905
	College	2.265	1.365	.107	1.659	.099
	GradSchoo	1.707	3.314	.034	.515	.607

a. Dependent Variable: Satisfaction

Beta scores represent the level at which the independent variable is a predictor of the dependent variable. A statistically significant finding is, .05 or higher.

Sig scores are the significance this finding has, or the level of satisfaction that this score did not happen by chance. A score of .05 or higher makes it not significant.

The questions that arose from the regression analysis were why some of the independent variables do not matter when it comes to predicting satisfaction.

Courtesy, which has a score of .013 with a significance of .899 as seen on table #6, is not a predictor of satisfaction.

Table #6 Coefficients not Predictors

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.504	7.080		.354	.724
	Age	6.034E-02	.111	.033	.542	.588
	Gender	-1.350	1.940	-.035	-.696	.487
	Tangibles	.186	.089	.139	2.096	.037
	Reliability	.364	.099	.324	3.689	.000
	Responsiveness	.225	.093	.228	2.407	.017
	Competence	-6.30E-02	.100	-.058	-.632	.528
	Courtesy	1.475E-02	.116	**.013**	.127	**.899**
	Credibility	-.117	.116	-.113	-1.006	.316
	Safety	4.570E-02	.087	**.043**	.524	**.601**
	Access	.115	.066	.131	1.749	.082
	Communication	.107	.077	.111	1.380	.169
	Empathy	2.338E-02	.054	**.030**	.434	**.665**
	Black	.799	6.592	**.006**	.121	**.904**
	Latino	-4.938	2.457	**-.102**	-2.010	**.046**
	Married	-.368	3.069	**-.007**	-.120	**.905**
	College	2.265	1.365	.107	1.659	.099
	GradSchoo	1.707	3.314	.034	.515	.607

a. Dependent Variable: Satisfaction

Other variables were also not statistically significant predictors of customer satisfaction, such as safety, with a Beta score of .043 and a significance of .601 or empathy with a Beta score of 0.30 and a significance of .665.

The regression analysis also showed a very distinct difference between African-American's and Latino's customer satisfaction score, while being Latino was a negative predictor of customer satisfaction with a Beta score of -.102 and a significance score of .046, the African-American's did not have a significant relationship with the level of customer satisfaction of the customer.

The regression analysis also addresses the answer to the first research question for this research.

- Does the customer recognize the dimensions of customer satisfaction?

The answer is yes, the customer recognizes the dimensions of customer satisfaction, and the most recognized being:

- Reliability
- Responsiveness
- Tangibles
- Access
- Communication

This data supports the research question that questions if the customer recognizes the ten dimensions of satisfaction. It clearly demonstrates that businesses in the financial services industry should improve their standards of customer satisfaction and at the same time, they will have to target these dimensions and improve their overall competence on these aspects of the services they provide. This will increase customer satisfaction and customer retention in the financial services industry. Creating life long customers is easier than obtaining new ones through marketing and product differentiation in this industry.

Chapter 5

Summary, Conclusions, and Recommendations for Future Study

The primary research questions of this study as stated in Chapter 1are:

1. What dimensions of customer satisfaction do customers in the financial services recognize out of the ten dimensions presented?
2. Is there a relationship between customer satisfaction and the dimensions of customer satisfaction?
3. To what extent is customer satisfaction dependent on the tangible, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions?

The following section will provide the reader with a summary of the study conducted to achieve the answers to these questions. The subsequent section provides a description of the study, a summary of the results and conclusions, contributions of the study to the field of customer satisfaction, and recommendations for future research.

Summary

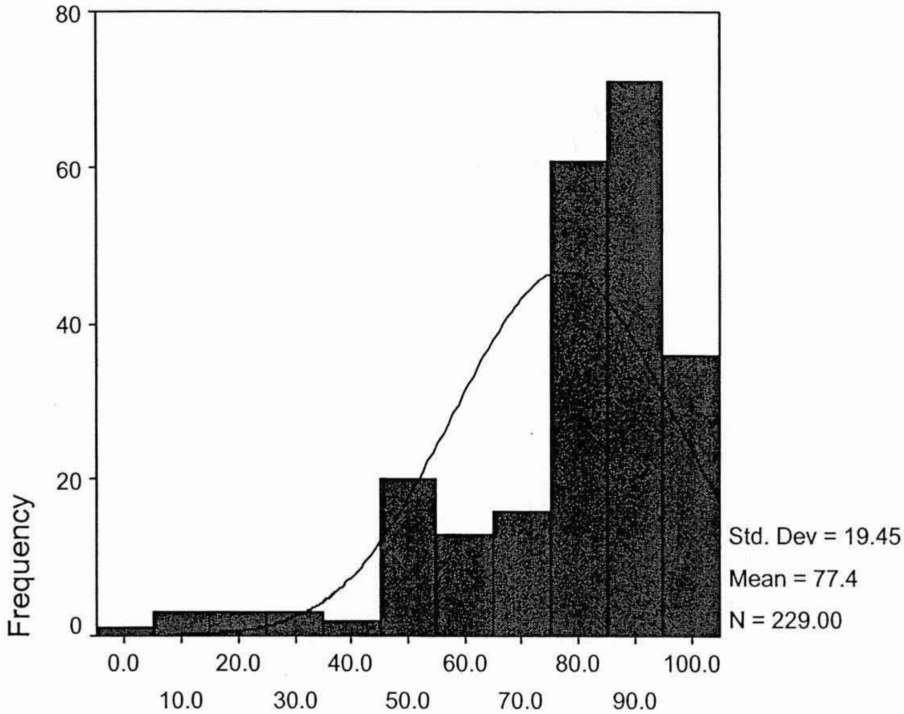
A study of customers in the financial services industry was undertaken to determine the dimensions that affect the overall customer satisfaction in the financial services industry. The dimensions investigated included tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communications, and empathy.

A sample of customers of the financial industry in Boca Raton, Florida was used for this research. The sample was a non-random sample by convenience, convenience being access to the sample population.

The individuals who were sampled received the survey personally from the researcher, with a response rate of 100% with 230 surveys completed; the survey was conducted during the spring of 2003.

Overall, the satisfaction between the sample was fairly high as seen on graph #10

Graph #10: Satisfaction



The mean score of customer overall satisfaction is 77.4. The gender distribution of the sample was divided fairly between male and female customers, having 52.3% female and 47.7% being male. The mean age of the sample used was 26.9 years of age, ranging from 18 years of age to 80 years of age, the largest part of the sample being between 18 and 25 years of age.

The ethnic background of the sample was composed by the larger spread being between Caucasian composing 66.5% of the sample, 18.2% Latino and 10.8% African American.

Latino subjects tended to be less satisfied that other ethnicities. The variable called Latino therefore had a negative correlation to overall customer satisfaction with a Beta score of -.102 with significance of .046 at the .001 level.

From the research findings, several implications can be drawn regarding customer satisfaction in the financial services industry. The research has proved that out of the ten dimensions of customer satisfaction five dimensions are significant predictors of overall customer satisfaction. As shown on table #7

Table #7 Coefficients Significant

Model		Unstandardized Coefficients		**Standardized Coefficients**		
		B	Std. Error	**Beta**	t	**Sig.**
1	(Constant)	2.504	7.080		.354	.724
	Age	6.034E-02	.111	.033	.542	.588
	Gender	-1.350	1.940	-.035	-.696	.487
	Tangibles	.186	.089	**.139**	2.096	**.037**
	Reliability	.364	.099	**.324**	3.689	**.000**
	Responsiveness	.225	.093	**.228**	2.407	**.017**
	Competence	-6.30E-02	.100	-.058	-.632	.528
	Courtesy	1.475E-02	.116	.013	.127	.899
	Credibility	-.117	.116	-.113	-1.006	.316
	Safety	4.570E-02	.087	.043	.524	.601
	Access	.115	.066	**.131**	1.749	**.082**
	Communication	.107	.077	**.111**	1.380	**.169**
	Empathy	2.338E-02	.054	.030	.434	.665
	Black	.799	6.592	.006	.121	.904
	Latino	-4.938	2.457	-.102	-2.010	.046
	Married	-.368	3.069	-.007	-.120	.905
	College	2.265	1.365	.107	1.659	.099
	GradSchoo	1.707	3.314	.034	.515	.607

a. Dependent Variable: Satisfaction

These five dimensions constitute more than 51.6 percent of total satisfaction; clearly indicating that an organization that controls these five dimensions and operates to maximize these five dimension will better predict how satisfied their customers will be with positive confidence in the results. Financial institutions should have the capability of simultaneously influencing all five dimensions in a manner to have positive results. If an organization focuses all its resources on influencing one of these dimensions while levels on the other four are allowed to decline, the improvement of the dimension that is being controlled will have little to null net impact on overall satisfaction.

Ranking the areas that have a high degree of importance in forming an overall level of customer satisfaction was a primary objective of this study. The research confirmed that there are five dimensions that rank significantly higher than the other five dimensions; these five dimensions are in order from highest to lowest:

1. Reliability
2. Responsiveness
3. Tangibles
4. Access
5. Communication

There were only minimal statistical differences between the coefficients of access (.139) and tangibles (.131), leading the researcher to believe that these two dimensions should be weighted equally in relative importance to overall satisfaction.

The second research question asked if there was a relationship between customer satisfaction and the dimensions of customer satisfaction. All ten dimensions had a significant positive correlation to customer satisfaction, with a significance level of .01 the correlations scores were as follows:

1. Responsiveness .622(**)
2. Reliability .613(**)
3. Courtesy .560(**)
4. Communication .552(**)
5. Competence .541(**)
6. Credibility .538(**)
7. Tangibles .497(**)
8. Safety .487(**)
9. Access .479(**)
10. Empathy .393(**)

(** Correlation is significant at the 0.01 level (2-tailed)

This has supported the research question that customer satisfaction is dependant on ten dimensions, which influence the level of overall satisfaction in the customer of the financial services industry.

The third question addressed in this research was: To what extent is customer satisfaction dependent on the tangible, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions?

The question was addressed by conducting a regression analysis on the data collected. The regression analysis proved that the ten dimensions of customer satisfaction presented in this research were responsible for .516% of the level of customer satisfaction for the subjects used. Meaning that 51.6% of the variance in total customer satisfaction is dependent on the ten dimensions of customer satisfaction, giving organizations the ability to be able to control these variables and raise the level of customer satisfaction to a maximum of 51.6% controlled the other 49.4% will be dependent on other variables.

Table #8 Model Summary R Square

Model	R	**R Square**	Adjusted R Square	Std. Error of the Estimate
1	.718[a]	**.516**	.475	14.0619

a. Predictors: (Constant), GradSchoo, Responsiveness, Gender, Latino, Black, Age, Empathy, Married, Tangibles, College, Safety, Access, Communication, Reliability, Competence, Courtesy, Credibility

Table #8 presents the regression analysis produced by the ten independent variables and the seven dummy variables created by the researcher. The significance of this R Square score is presented by an ANOVA test of the result. The significance of the ANOVA test was to the .01 level of significance as shown on table #8.

Table #9 ANOVA Significance

Model		Sum of Squares	df	Mean Square	F	**Sig.**
1	Regression	42944.753	17	2526.162	12.775	**.000**[a]
	Residual	40338.091	204	197.736		
	Total	83282.843	221			

a. Predictors: (Constant), GradSchoo, Responsiveness, Gender, Latino, Black, Age, Empathy, Married, Tangibles, College, Safety, Access, Communication, Reliability, Competence, Courtesy, Credibility

b. Dependent Variable: Satisfaction

This significance making the results of the research valid to a 99% confidence level. Which is a statistically robust level of confidence, proving the significance of the answers to the research questions.

Recommendations for Future Study

The findings of this research add to the knowledge base of customer satisfaction in the financial services industry. A review of the study suggests several options for future research that would build on the findings of this study.

First, further study is recommended to refine the survey instrument developed by the researcher in this study, in order to improve reliability and validity of the instrument. One way of improving the survey instrument could be to increase the number of questions to a more detailed format to differentiate the attributes within the ten dimensions. Another could be to conduct a pre and post-test to compare the responses of the subjects to create a more accurate model of customer satisfaction.

Second, this study could be replicated in different locations. The result of the present study is only applicable to the sample used in it. This could be accomplished by conducting the research in larger metropolitan areas enabling the use of a random sample that will represent the population.

Third, pursue sponsorship by an organization to conduct a study within their customer base and then create a follow up study comparing the samples from different organizations within the financial services industry. This will give the researcher a more specialized answer to the research questions, by being able to separate the dimensions of customer satisfaction to the different branches of the financial services industry.

Conclusions

The research has answered three questions.

What dimensions of customer satisfaction do customers in the financial services recognize out of the ten dimensions presented?

Is there a relationship between customer satisfaction and the dimensions of customer satisfaction?

To what extent is customer satisfaction dependent on the tangible, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and empathy dimensions?

The questions have been answered with robust statistical significance, adding further to the literature of customer satisfaction and its dimensions. The research has confirmed the belief that customer satisfaction is dependent on ten dimensions. It is likely that if organizations control these ten dimensions, then will be able to predict the satisfaction of their customers.

This research provides crucial information for practitioners and policy makers on how to improve customer satisfaction, and create life long values and relationships, which will provide a organization with the opportunity to reach higher levels of profitability and viability in the future. A learned business will propel itself in a global competitive field, specifically the knowledge allowing it to adapt and make constant improvements as customers preferences change, and to raise the standards for service industry organizations to achieve, maintain, and satisfy goals and objectives sought by the consumer.

Customers of financial institutions recognized the ten dimensions presented in this research. Organizations should examine these ten dimensions to determine how to reorganize their day to day operations to target these aspects of operations, which are the controlled factors and predictors of customer satisfaction, leading to customer retention.

Research in the area of customer satisfaction should be a continuous process since customer preferences change often. This research has covered specific areas that influence customer satisfaction and retention but further studies and knowledge about the topic should be considered such as expectations and customer satisfaction in other industries.

Appendix A

Dimensions of customer satisfaction questionnaire developed by Jose S. Lopez (2002)

<u>Customer Satisfaction Survey</u>

Responses will be kept confidential. Your responses are extremely important. Please answer objectively based on your experiences and expectations of your financial institution.

Please fill in or circle the answer that corresponds to you.

1. Age________
2. Gender M F
3. Ethnicity
    1. African American
    2. Arab
    3. Asian
    4. Caucasian
    5. Latino
4. Highest Level of Education
    1. Vocational
    2. High school
    3. College
    4. Graduate School
    5. Post Graduate
5. Marital Status
    1. Single
    2. Married
    3. Widowed
    4. Divorced

Rate the following items from 1 to 100, 1 being not at all satisfied, and 100 being completely satisfied. In question 8 please circle the answer that corresponds to your case.

6. How satisfied are you with the services provided by your financial institution?

   ____

7. How satisfied were you the last time you worked with a financial institution?

   ____

8. Would you recommend this institution to others? Yes No

Rate the following items from 1 to 100, 1 being not at all satisfied, and 100 being completely satisfied. **Do not rate two items with the same number within each block of data.**

<u>Block I. "Tangibles"</u>

9. ________Appearance of physical facilities

10. ________ Appearance of equipment

11. ________ Appearance of personnel

12. ________Appearance of communication materials

Block II. "Reliability"

13. ________Ability to perform the promised service dependably

14. ________ Ability to perform the promised service accurately

Block III. "Responsiveness"

15. ________Willingness to help customers promptly

16. ________Ability to provide prompt service

Block IV. "Competence"

17. ________Having the required skills to serve clients

18. ________Knowledge necessary to perform their duties

Block V. "Courtesy"

19. ________Politeness of the service personnel

20. ________Respect toward the customer by the personnel

21. ________Consideration of the customers needs by the personnel

22. ________Friendliness of contact personnel

<u>Block VI. "Credibility"</u>

23. ________Trustworthiness of the company and employees

24. ________Believability of the personnel

25. ________Honesty of the service provider

<u>Block VII. "Safety"</u>

26. ________Safety of your personal funds

27. ________Trust of the institution's ability to manage your finances effectively

28. ________Ability of the institution to convey personal trust

<u>Block VIII. "Access"</u>

29. ________Approachability; ease of access to individualized attention

30. ________Ease of contact with service personnel after business hours

<u>Block IX. "Communication"</u>

31. ________Keeping customers informed

32. ________All communication is worded easy to understand and listen to

Block X. "Empathy"

33. ________Making the effort to know customers

34. ________Making the effort to understand the customers needs

35. ________Feeling for the customer when difficulty arises

Out of the ten sections on this survey, please number them from 1 to 10, one being the most important, and ten being the least important.

1) **Block I.** Tangibles _________

2) **Block II.** Reliability _________

3) **Block III.** Responsiveness _________

4) **Block IV.** Competence _________

5) **Block V.** Courtesy _________

6) **Block VI.** Credibility _________

7) **Block VII.** Safety _________

8) **Block VIII.** Access _________

9) **Block IX.** Communication _________

10) **Block X.** Empathy _________

Appendix B

Introduction to questionnaire and consent letter

Dimensions of Customer Satisfaction in the Financial Services Industry Questionnaire

This research study is entitled "Dimensions of Customer Satisfaction in the Financial Services Industry." The research is based on the belief that customers are the center of and the most important asset for a business. This research is being conducted to better understand the customer and what makes them return to an organization time and time again.

The purpose of this research study is to develop a conceptual understanding of the customer, including the multiple activities and characteristics of a business which increase their customers' satisfaction. The ultimate goal of this research is to develop educational programs on customer satisfaction/customer service for the College of Business at Lynn University. Another goal is to develop a program of training seminars for business executives and employees in the financial services industry.

This study will include different aspects of customer service, particularly responsiveness, availability, and professionalism. The dimensions of quality are derived from these aspects of service. The purpose of determining customer requirements is to establish a comprehensive list of all the important quality dimensions that describe the service or product.

Be advised that by filling out this survey, you are consenting to participate in this research study and the information on this survey will be used for statistical analysis. All information obtained from this survey will be kept confidential and no personal information will be divulged.

Your cooperation and time is greatly appreciated by the researcher.

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