BANK TRANSACTIONS: SATISFACTION AND CUSTOMER ATTRIBUTES

J. A. F. NICHOLLS, Florida International University
SYDNEY ROSLOW, Florida International University
JOHN TSALIKIS, Florida International University

Seven elements of customer satisfaction were studied to determine the degree to which these individual components of the banking service contributed to customer satisfaction. These elements were waiting time, consumption time, bank employees' professionalism, accuracy, attentiveness, courtesy, and knowledgeability. The seven elements were identified as being either "functional" or "technical" in nature. That is, the "functional" elements of the service were "how" the bank employees interacted with the customers and the "technical" were "what" the service element provided. Four demographic characteristics of bank customers with respect to the banking service they were utilizing were also examined. The most significant finding was that the users of the various bank services were significantly different in terms of age, gender, income, employment, and number of accounts held. Service satisfaction was generally high with each of the services utilized. The paper concludes with a series of managerial recommendations.

INTRODUCTION

When looking at service corporations, one can examine the parts that form the organization or the service as a whole. For example, McDonald's provides fast food. However, McDonald's fast food service can also be broken down into a series of discrete components: the convenient location of its restaurants, their decor, their cleanliness, the appearance of their personnel, the speed with which orders are filled, the variety of food items, and so forth. Any of these discrete facets of the business can attract — or not attract — individual consumers. Customers' degrees of satisfaction can differ with each component of the total service, as well as possessing a degree of satisfaction towards the entire service product.

This study breaks the holistic banking service into "specific service products" and specific customer characteristics. The first analysis of the holistic service is in terms of customer satisfaction with each specific service product. The second analysis is an examination of customers' demographic characteristics for each specific service product. Even though banking was used as the research vehicle for the study, most services can be broken down similarly. For example, generic health care service can be divided into hospital treatment, physician care, and insurance. Generic transportation service can be looked at in terms of specific modes — air, water, rail, road — each involving major industries. In the case of banking, five banking products, from safe deposit boxes to loans, were the subject of this study.

In the following section, literature pertinent to customer satisfaction, demographics, and lifestyles are reviewed.

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LITERATURE REVIEW

In his analytical approach to consumer satisfaction with services, Grönroos (1984, 1985) dichotomizes service satisfaction into two dimensions which he terms the "functional" and the "technical." The functional dimension is referred to as the "how" of service, while the technical is called the "what" of service. The functional aspect of service delivery involves the interplay between the provider and the customer. The technical aspect treats the service itself, i.e., the actual consumption of the service, as contrasted to the way in which it is delivered. This is a broad, bi-dimensional view of the service operation.

Consumers are concerned not only with the service *per se* but also with how the service is rendered. Consequently, the service provider has an influential role in a customer's satisfaction with the product, evidenced in attitudes, appearance, accessibility, behavior, and service-mindedness (Grönroos, 1985). Technical performance is a necessary, but not sufficient, condition for customer satisfaction; functional performance appears to be the dominant part of the customer's perception of service quality. An exception may be in business-to-business marketing, especially engineering, where technical performance can become the more dominant issue in providing satisfaction (Lapierre and Filatrault, 1994).

A number of writers have utilized the Grönroos approach in examining different aspects of consumer service satisfaction. For example, Crane (1991) found that most respondents in his survey indicated overall satisfaction with the professional services they had experienced; dissatisfaction was related to technical aspects of the services. Oberoi and Hales (1990) found that what distinguishes one hotel from another in customer satisfaction is the treatment given to guests by the staff. Gwin and Lindgren (1986) similarly found that customer perceptions of the functional quality of a bank's service was more important than the bank's technical competence.

Other aspects of customer satisfaction, different from those in the technical and functional dichotomy, have also been studied, e.g., time and quality (Roslow, Nicholls, and Tsalikis, 1992), customer service expectations (Garfein, 1987), and comparison of consumer service expectations with their perceptions of actual service delivery (Berry, Zeithaml, and Parasuraman, 1988). An interesting observation by Pollock (1985) was that there may well be a trade off between customers' desires for personal attention and wish to save time and enjoy more efficient service.

Demographic and lifestyle characteristics have been found to be connected with degree of consumer satisfaction in the marketing of services. In studying the aging baby-boomers, Koehn (1986) asserted that this segment's perception of service satisfaction places a premium on convenience. Blackwell and Hanke (1987) found that affluent households may be better satisfied with more speedy and efficient service because consumers with higher incomes are likely to have less discretionary time. Schneider (1987) observed it was important to service the senior market, age 55 and over, who controlled about 80% of the dollars in savings institutions. Tripp, Finlay, and Tripp (1992) found that the baby-boomers and Generation X, the baby-busters, were less satisfied than the older population with bank locations, banking hours, bank personnel friendliness and helpfulness, loan handling, and accuracy of checking account transactions. Yorke and Hayes (1982) emphasized the special requirements inherent in the women's market for financial services. They see the need to target specific strata, such as unmarried women under 25 years of age, unmarried women over 25 years of age, and married women with children. Brantley (1989) recognized the use of demographic information about the customer with an emphasis on personal service to the customer by bank personnel. This is another instance in which the importance of both customer demographics and personal relationships is recognized.

Stanley, Moschis, and Danko (1987) concluded that lifestyle segmentation is important in financial services. Laroche, Rosenblatt, and Manning (1986) reported significant differences in attitudes and opinions based on gender, language, age, income, and educational level. In a follow-up study, Laroche and Taylor (1988) confirmed the finding that there were significant differences between segments based on demographic characteristics.

This review of the literature suggests that generally there is a two-sided way for providers to look at a customer's service satisfaction: namely, personal attention and consumer attributes.

THE CURRENT STUDY

Customers who had recently conducted one of five specific banking transactions were interviewed by telephone to determine their degree of satisfaction with the particular service. Four demographic and one lifestyle characteristic for each customer were collected. The demographic characteristics were income, age, gender, and employment status. The lifestyle characteristic was the number of accounts an individual utilized from the eleven services available from the bank.

The sample size for each banking transaction is listed in Table 1. This table shows that a total of 1,058 telephone interviews were completed. Since there were contacts with 1,367 individuals, a cooperation rate of 77% was obtained.

The Elements of Satisfaction

Respondents' satisfaction was measured on a five-point Likert scale, ranging from "very satisfied=1" to "very dissatisfied=5" (Likert, Roslow, and Murphy, 1934). Overall satisfaction was investigated utilizing two questions:

TABLE 1
SAMPLE SIZE BY BANK TRANSACTION

Bank Transaction	Sample Size
Application for an ATM card	170
Redemption of a CD account	235
Application for a loan	222
Opening a new bank account	228
Opening/closing a safe deposit box	203
Total sample size	1,058
Total telephone contacts	1,367
Cooperation rate	0.77

- respondent satisfaction with the overall experience in each service transaction, and
- respondent satisfaction in accomplishing the primary purpose of the visit.

The customer overall rating was an average of these two items of satisfaction.

The five-point scale was also employed in evaluating seven elements of satisfaction for the specific bank transaction that the respondent had undertaken. Two of the elements of satisfaction related to time:

- satisfaction with the waiting time to see a bank representative, and
- satisfaction with the time to accomplish the purpose of the transaction.

The other five elements of satisfaction were operationalized in terms of:

- courtesy of the bank representative,
- attentativeness of the bank representative,
- ability of the bank representative,
- accuracy of the bank representative, and
- professionalism of the bank representative.

The Demographic and Lifestyle Variables

The demographic and lifestyle variables utilized were:

- Age was reported in seven categories from under 25, to 65 and older, and not reported. The data was analyzed in terms of a scale from 1 to 7;
- Employment status was reported in four categories from full-time, part-time, retired, and not reported. The data was analyzed in terms of a scale from 1 to 4;
- Household income was reported in nine categories from less than $20,000, to $100,00 or more, and not reported. The data was analyzed in terms of a scale from 1 to 9;
- Gender was recorded as male or female. The data was analyzed in terms of a scale from 1 to 2; and
- The lifestyle item, the number of accounts utilized, referred specifically to the kinds of accounts possessed by the customer, e.g., checking, savings, loan, retirement, and not reported. Thus a measure of the number of different bank services utilized by the customer was obtained. The data was analyzed in terms of a scale from 1 to 13.

RESULTS

In order to compare the results across the five services, a MANOVA analysis was utilized with "bank service" as the classification variable. The bank service consisted of five specific transactions:

- applying for an ATM card,
- applying for a loan,
- opening a new account,
- redeeming a certificate of deposit, and
- opening/closing a safe deposit box.

The results of the MANOVA for the satisfaction variables are presented in Table 2. This table shows the average degree of satisfaction on the five point rating scale applied to each of the five bank transactions, to the two time factors, and to customers' overall satisfaction. There were no significant differences between any of the five service transactions and the eight measures of customer satisfaction. For example, the difference of 0.02 between the waiting time satisfaction for an ATM card (1.30) and waiting time satisfaction for a loan application (1.28), was not significant. This statistical insignificance was true for all the pairs of satisfaction comparisons. In addition, respondents' overall satisfaction, the average of the transaction experience and transaction accomplishment combined, also showed no significant difference between any of the five bank services. With the scale used in this study, a lower rating indicates greater customer satisfaction. The range of these ratings was from 1.14, courtesy of the bank representative in the loan application, to the highest, 1.58, for length of time to see the bank

TABLE 2
MEAN SATISFACTION RATINGS OF BANK SERVICES[a]

Elements of Satisfaction	Bank Service Used					ANOVA Results	
	ATM Application	Loan Application	New Account Application	CD Redemption	SDB Open/Close	F	P>F
Waiting time	1.30	1.28	1.43	1.40	1.46	NS	NS
Consumption time	1.37	1.58	1.29	1.46	1.28	NS	NS
Courtesy	1.15	1.14	1.18	1.21	1.18	NS	NS
Attentiveness	1.21	1.24	1.24	1.26	1.22	NS	NS
Ability	1.24	1.34	1.29	1.27	1.18	NS	NS
Accuracy	1.28	1.28	1.25	1.26	1.21	NS	NS
Professionalism	1.24	1.24	1.28	1.30	1.19	NS	NS
Overall Satisfaction	1.36	1.38	1.33	1.42	1.24	NS	NS

[a]MANOVA analysis showing significance of differences.

representative in the loan application. Thus, these averages, in the range of very satisfied to satisfied, indicate that customers were equally satisfied, i.e., highly satisfied, with all the services.

A series of *post hoc* ANOVA analyses revealed that none of the satisfaction measurements was significantly different across the five transactions, further indicating an equivalent degree of satisfaction with the five services. In other words, people gave similar evaluations to all five services. Such a result is strong evidence that the bank provided consistently high service satisfaction in each transaction.

Bank Services by Demographic and Use Patterns

There were significant differences in respect to a customer's demographic profile for a particular banking service. The figures in Table 3 represent the mean demographic values of the customers utilizing each of the five bank services. For example, those applying for an ATM card possessed, on the average, 1.53 had other accounts; those redeeming CDs had a average age of 57 years. The F-values were all significant at the 0.0001 level, signifying that in each case there was a significant difference between the five services in their demographic and usage patterns.

An examination of each of the bank services by demographic and lifestyle characteristics showed some interesting differences in pattern. In contrast to the satisfaction variables, the demographic and lifestyle variables showed significant differences among the five services.

Number of banking services used: the customers who opened or closed a safety deposit box were the heavy users of the bank services (an average of 2.4 accounts), which is the largest number of accounts. They were different from: (a) the people who applied for an ATM card (1.5 accounts), (b) the people who applied for a new account (1.9 accounts), and (c) the people who redeemed a CD (1.8 accounts). Customers who applied for a loan (2.1 accounts) were also significantly different from those who applied for an ATM card (1.5 accounts). As might be expected, those who applied for an ATM card (who tended to be younger, with lower incomes) used fewer other accounts.

Average age of customers: people who redeemed a CD were the oldest (57 years of age). Those who opened or closed a safe deposit box, however, were somewhat younger (age 46) than those redeeming a CD. The youngest were the people who applied for an ATM card (32 years of age). One interpretation of this finding is that older, more affluent individuals were able to place their money in CD accounts and had less need for the convenience of an ATM card.

Employment status: Customers with full time employment were the ones who applied for a loan or an ATM card (75%). In contrast, most CDs (68%) were redeemed by retired people.

TABLE 3
CUSTOMER ATTRIBUTES BY BANK SERVICES[a]

	Bank Service Used					ANOVA Results	
Customer Attributes	ATM Application	Loan Application	New Application	Account Redemption	CD Open/Close	SDB F	PF
Average Number of Other Bank Services Used	1.5 {least}	2.1	1.9	1.8	2.4 {most}	8.02	0.0001
Average Age	32 years	38 years {youngest}	44 years	57 years	46 years {oldest}	39.29	0.0001
Employment Status	68% {full-time}	75% {full-time	41% {full-time}	68% {retired}	46% {full-time}	31.25	0.0001
Average Income	$29,000 {low}	$37,000 {highest}	$28,000 {low}	$31,000	$32,00	07.45	0.0001
Gender	55% men	64% men	57% women	60% women	61% women	5.9	10.0001

[a]MANOVA analysis showing significance of differences.

Income level: this category also showed significant differences. The highest incomes, average of $37,000, were reported by individuals who applied for a loan. Their income level was significantly different from those who applied for an ATM card ($29,000) and those who applied for a new account ($28,000).

Gender: this category revealed significant differences, too. It is interesting to note that while the distribution of males and females across services was about equal, more males applied for a loan (64%) than females. The only other category in which men constituted a majority (55%) were in ATM applications. Women were the majority in the three other services, new account applications (56%), CD redemption (60%), and opening/closing a safety deposit box (61%).

DIFFERENCES IN DEMOGRAPHIC AND USAGE PATTERNS

Demographic and usage patterns for the bank services were analyzed by means of Sheffe's test. The results of this analytical approach are presented in Table 4. This table indicates that significant differences were found in the usage patterns and income level and gender of the bank customers; no statistically significant differences were found for age and employment of the customers.

Applicants for a loan had significantly higher incomes than those applying for an ATM card; applicants for loans had significantly higher income than those applying for a new account or a CD redemption.

There were significant differences, on the average, in the gender of those applying for a loan (more men) and those applying for a new account (more women); there were also significant gender differences between those applying for a loan and those redeeming a CD and those opening or closing a safe deposit box.

For usage patterns, the mean number of accounts held by people applying for new accounts was significantly different from those opening or closing a safe deposit box. Likewise, the number of accounts held by those seeking CD redemptions was significantly different from those opening or closing a safe deposit box.

MANAGERIAL OBSERVATIONS

From the findings in this study, it is evident that the bank provides effective service: its employees are well trained, and customers are satisfied with the treatment they receive. Service provision is, however, unending and in order to retain a competitive edge providers need to improve their service on a continuing basis. One way that the service industry can improve its service is by cross-referencing customer demographic characteristics with particular services available. The service

TABLE 4
ANALYSIS OF BANK TRANSACTION BY DEMOGRAPHICS AND USAGE PATTERNS WITH SHEFFE'S TEST SIGNIFICANCES

Element	ATM Application	Loan Application	New Account Application	CD Redemption	SDB Open/Close
Use	1.53	2.10	1.91	1.77	2.37
Age	2.68	3.31	3.91	5.17	4.13
Employed	1.79	1.39	1.97	2.52	1.91
Income	2.89	3.71	2.81	3.05	3.17
Gender	1.45	1.36	1.56	1.60	1.61

Arrows indicate significant differences (≠) between the bank services.

industry has more knowledge of its customers than the goods industry has at its disposal. When customers buy a service product, background information is often recorded as a matter of form. Thus, the service firm, banking in this case. has the capability of cross-referencing its current customer base with its product line.

The basis of customer satisfaction seems to have resulted from the bank representative's courtesy, attentiveness, ability, accuracy, and professionalism, as well as the speed and promptness in concluding the transaction. Perhaps this finding indicates that the bank is training its staff effectively. Another deduction from the findings is that the service staff should be alert to the fact that satisfied customers may be receptive to suggestions concerning the use of other bank products.

Perhaps more importantly, however, is that the differential use of the various bank services was related to distinct demographic/lifestyle characteristics of the customers. Thus, greater emphasis should be focussed on the demographic patterns associated with the use of the specific services. This kind of information can be employed both with established customers and new customers. For instance, based on the findings in this study, monthly statements for younger customers could include applications for ATM cards. In addition, when younger individuals open a new account, the bank representative should be alert to suggest a concurrent ATM application. It would be logical to approach more affluent customers for opening safe deposit boxes and CDs. Banks need to make special efforts to retain their older customers when their CDs approach maturation since these individuals dominate this bank product category. The highest income customers are more visible in the loan area, so they should be targeted for loans, as should new customers. Since woman are the prime customers in redeeming CDs and in safe deposit box transactions, special promotions should be targeted towards them.

Another source of potential customers not already in the bank's database could be purchased from specific lists sold by commercial establishments. Socio-economic and lifestyle data can be pinpointed by ZIP codes. Residents who fit the bank's customer profile can be solicited through s direct mail or telemarketing campaign. Such a campaign would be directed at individuals who were prime targets for the bank's services. This "rifle shot" approach has a considerable advantage over a "blunderbuss" mass marketing strategy.

The findings in this study are not limited to the banking industry. Service companies generally have a variety of service products that are not essentially different from a bank's financial products. For instance, the hospitality industry provides a range of different facilities that appeal to different customers. Similar product ranges exist in the insurance industry, in the legal field, and the health area. All of these industries can satisfy and expand their customer base if they combine demographic and lifestyle considerations with their particular services.

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ABOUT THE AUTHORS

J. A. Nicholls (Ph.D., Indiana University) is Professor of Marketing at Florida International University.

Sydney Roslow (Ph.D., New York University) is Acting Associate Dean and Emeritus Professor of Marketing at Florida International University.

John Tsalikis (Ph.D., University of Mississippi) is Associate Professor of Marketing at Florida International University.