

Assessment of factors affecting customer satisfaction at Nib  
International Bank (private) Jimma town

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## DECLARATION

I declare this study of “Assessment of factors affecting customer satisfaction at Nib International Bank S.C of Jimma” is my original work, prepared under the guidance of Mr , Wubishet Mengesha. All sources of materials used for the study have been duly acknowledged. I further confirm that the study has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## **ABBRIVATION AND ACRONYM**

ATM	Automatic teller machine
CBO	Corporate Bank of Oromia
CBE	Commercial Bank of Ethiopia
CI	Confidence Interval
CS	Customer Satisfaction
Ha	Alternate Hypothesis
Ho	Null Hypothesis
ICT	Information and Communication Technology
IT	Information Technology
MBA	Masters in Business Administration
NIB	Nib International Bank
POS	Point Of Sale
SC	Share Company
SD	Standard Deviation
SPSS	Statistical Package for Social Science
OIB	Oromia International Bank



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## ABSTRACT

*This research aimed at examining factors that affect customer satisfaction at Nib International Bank S.C. Jimma town. The population of the study constituted all the customers of NIB Jimma town and a sample of 124 customers conveniently selected from this bank. The design of the study was descriptive and qualitative type of research conducted .The data collection tool used self-administered questionnaire and scheduled type filled by customers of NIB bank and interviews were made with the management person. The Pearson correlation was used to see the relationship between the variables and multiple linear regression analysis was also carried out to determine the effect of the independent variables on dependent variable. The study findings revealed that greater numbers of customers of NIB were not satisfied by services/products. The finding also shows that association between overall customer satisfactions with factors such as service quality, ICT related factor and price related factor. However, the study results have not shown the existence of association between overall customer satisfaction and Responsiveness. The multiple linear Regression analysis results showed that the three independent variables namely service quality, Information communication technology and price fair ness had an association with overall satisfaction. Moreover the findings revealed that factors such as services like reliability, tangibility and information technology were the major impact of customer satisfaction in Nib International Bank of Jimma town Menaheriya branch.*

**Key words:** Customer satisfaction, factors of customer satisfaction, service quality, ICT.

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the study

It is a well-known fact that no business can exist without customers. So they must be satisfied. More than any other, banking industry is a customer oriented services industry. Customer satisfaction is the key factor for customer retention and thereby the banks success. So identifying and improving the factors that can limit the satisfaction of customer is the crucial step for the bank which wants to be a step forward than its competitors.

As suggested by Berry (1990) and Kumbhar (2011) customer satisfaction is an ambiguous and applied concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. Among several factors; Quality, Economic factor, Timeliness, Efficiency, Ease of Access, Organizational environment, Commitment to the Customer and Innovation, Behavior of employees, Willingness to solve problems, friendliness, knowledge level, communication skills etc. are some major factors that affect the satisfaction of customer. These factors are used for measurement and continuous improvement of customer satisfaction.

Service quality and customer satisfaction are very important concepts that companies must understand if they want to remain competitive and grow. In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage (Angelova and Zekiri, 2011). More companies are recognizing the importance of satisfying and retaining customers; many businesses such as banks, insurance companies, and other service providers realize the importance of quality customer service and its potential to help them acquire new customers, retain existing ones and maximize their lifetime value (Onut, et al., 2011). Banks that master service quality can gain a competitive edge in terms of higher revenue, customer loyalty and customer retention (Kumar et al., 2010).

In Africa, it is perceived that the bank customer of late is more knowledgeable, demanding, analytical and aware of his rights and as such would not like to be treated anyhow or given substandard service (Asante and Kwasi, 2012). For instance, in the banking industry in Ghana; the intense competition in the past years due to new entrants into the industry both local and foreign and enforcement of Bank of Ghana regulations has demanded the need to offer high service quality to differentiate offerings in the market place. This is in a bid to attract and retain customers and increase customer confidence (Amoako, 2012). According to (Moller, 2008) customers of retail banks in Africa are clearly seeking a responsive service, with a high level of staff efficiency. This would suggest that efforts to increase speed of processing information and customers are likely to have an important and positive effect on customer satisfaction. Addressing this issue through regular staff training should improve service quality. Shorter queues, service reliability and convenient locations are also considered to be very important by customers. For retail banks in Africa wanting to enhance customer satisfaction, these would be key areas for improvement.

Modern banking in Ethiopia began in 1905 with the Bank of Abyssinia, a private company controlled by the Bank of Egypt. In 1931 it was liquidated and replaced by the Bank of Ethiopia. Which was the bank of issue until the Italian invasion of 1936? During the Italian occupation, Bank of Italy banknotes formed the legal tender. Under the subsequent British occupation, Ethiopia was briefly a part of the East Africa Currency Board. In 1943, the State Bank of Ethiopia was established, with 2 departments performing the separate functions of an issuing bank and a commercial bank. In 1963, these functions were formally separated and the National Bank of Ethiopia (the central and issuing bank) and the Commercial Bank of Ethiopia were formed. In the period to 1974, several other financial institutions emerged including the state owned: The Saving and Mortgage Corporation of Ethiopia and the imperial saving and Home Ownership Public Association (Which provided saving and loan services).

The shift to Marxist government in 1975 brought several changes to the banking system, and saw the nationalization of private banks and insurance companies. The major 3 Commercial Banks were merged under the Addis Ababa Bank, and the National Bank of Ethiopia was given oversight over all financial institutions. The new Housing and Saving Bank provided loans for new home construction and home improvements. The Current Conditions of financial system of Ethiopia is very underdeveloped. There is not stock exchange and of the nineteen banks that exist. There are no foreign banks in the country, and the system remains isolated from the effects of globalization while policy makers fear that liberalization will lead to loss of control over the economy. The government

controls interest rates and sets them below the high inflation rate. Corruption, though strictly sanctioned, remains a concern. Currently there are about sixteen private commercial banks and three public banks a total of nineteen banks in Ethiopia.

Since its establishment in 1999, Nib International Bank S.C has become one of the strongest banks in the banking industry of Ethiopia. It has experienced tremendous growth since the bank start its operation. Nib International Bank S.C coined its name from the Bee which is hard worker. Nib International Bank S.C vision, to become an icon of excellence and the leading commercial bank in Ethiopia. The mission of the Bank to provide customer focused, efficient and effective full-fledged commercial banking services by deploying qualified, honest and motivated staff, state-of-the-art technology and thereby optimize stakeholders' interest to satisfy its customer need. It operates through a network of 185 Branches, five dedicated Forex Bureaus, Automatic teller machine (ATMs) and plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. The bank is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence by its competitors. The Bank also works in partnership with leading brands in the prominent money transfer operators (Western Union, Money Gram, Express Money, Golden money, Dahabshiil & Trans Fast.)It operates through its Head office in Addis Ababa and 105 branches and 3 agency offices for foreign exchange transactions in and outside Addis Ababa. Therefore this study assessed factors that affect customer satisfaction in Nib International bank S.C Jimma branch.

## **1.2 Statement of the Problem**

Customers have expectations and criteria when they judge whether the provided banking services is satisfactory or not. At the same time, due to the high competition in a banking sector, the perception of customers and potential customers are also divided according to the services that they want to achieve. The proper identification of customer satisfaction helps to retain customers and to increase profitability and effectiveness of bank's services. Customer satisfaction on banking services of Commercial Bank of Ethiopia in Jimma, the study revealed that there are a number of problems hindering the smooth delivery of the banking services. The waiting time of customers is more bulky, which enhance the plan of time management is failed, the network problem, for instance is the major obstacle in the check clearing operations. Besides, in the loan operations and the delays of

the loan approval are the major problems. In the electronic banking services, the benefits they obtained are limited (Belay and Ebisa, 2012).

However, variables such as duration of using banking services do have negative significant influence on the CBO customers' satisfaction. Whereas, variables such as age, education, duration of using banking services and image were found to have significant positive influence on customer satisfaction towards banking services in the case of OIB. It is beyond the expectation that not all other institutional variables have significant influence on the OIB customers' satisfaction excepting service that to shows negative significant influence (Karunakaran, 2015).

In today's fast changing world, banking environment has become highly competitive and banks are required to respond quickly to the dynamics of fast changing customer's expectations. To be able to survive and exceed in this changing market, banks are striving to improve their customer service quality and productivity through adaptation of electronic banking. Electronic banking is generally an extension of traditional banking, using the internet as an electric delivery channel for banking products and services. The banking today is redefined and re-engineered with the use of IT and banks start offering more sophisticated services to customers with continuous product and process innovation (Tiwari and Kumar, 2012). Today's dynamic and stiff market competition forced banks to spend all their resources on improvement of service quality and value added activities in order to survive and become productive. Yeboah *et al*, (2013) believes that total automation of banking is an imperative need for all banks to attract more customers, provide efficient and quality services, and survive in the emerging new competition, apart from the profit motive which is the primary objective of the banks.

One of the research questions in this study is to know whether the customers are satisfied or not in the services of Nib International Bank of Jimma branch (Menaheriya site), and to know the most significant variables that govern customer satisfaction in the study area.

In general for the banks the challenges were service quality: responsiveness, partially tangibility and the loan service and its interest. These are the major customer oriented opportunities and challenges for the banking sector in Jimma banks. So, this study fill the gaps between ServQual model and the actual service they have received and also examine service quality, interests of the

savings, internet and mobile banking and analyzing the level of satisfaction at Nib International bank Jimma branch ,(Menaheriya).

### **1.3 Research question**

- What looks like the service quality in customer satisfaction of Nib International Bank Jimma Branch?
- What is the level of customer satisfaction of services in Nib International Bank Jimma Branch?
- What is the effect of Information Technology on customer satisfaction in Nib International Bank Jimma Branch?
- What looks like charge of price effect on customer satisfaction Nib International Bank Jimma Branch?

### **1.4. Objective of the Study**

#### **1.4.1. General objectives:**

- The main objective of this study was to examine the factors affecting customer satisfaction at Nib International Bank Jimma Branch?

#### **1.4.2 Specific objective:**

The study has got the following specific objectives:

- To examine the level of satisfaction of services at Nib International Bank Jimma Branch.
- To examine the effect of service quality on customer satisfaction in Nib International Bank Jimma Branch.
- To examine information communication technology on customer satisfaction of Nib International Bank S.C Jimma branch.
- To investigate charge of price for services or products that has effect on customer satisfaction at Nib International Bank Jimma Branch

### **1.5 Significance of the study**

The private banks utilize the findings of this study on factors that influence customer satisfaction as a basis for formulating customer engagement and satisfaction strategies in order to alleviate the problem of satisfaction. For Managers of private banks this research offers information on groups of factors leading to high levels of customer satisfaction. They can use the information in allocating

recourses (where should be improved) and making better informed decisions on which factors to develop. They can only serve as one aspect in enhancing the understanding of the factors related to customer satisfaction. The private banks can adopt a recommendation that was made by the study so as to enhance customer satisfaction in their product and services at the bank.

Moreover, this study is significant to researchers and academicians in that it adds value to the body of literature on factors that influence customer satisfaction in the banking sector. Researchers can use the findings of this study: as their reference and guide for their study, to formulate hypothesis, confirm findings or conduct further study on the same. Academicians also can use these study findings to test their hypothesis, to utilize the study findings for empirical literature review for further studies, to boost the knowledge base and enhance further research operation in the future in relation to customer satisfaction . Customer satisfaction especially in the banking industry needs to be researched on and this study offers a base for further development of the field.

The results of the study provide information for concerned organizations in setting and developing policies and strategies to improve customer satisfaction and to protect and enhance customer experiences with banking so as to retain and attract new customers. Finally, this study Will boost to knowledge and skills in analyzing and interpreting the gathered data during the study. It also helps me to identify and prioritize the factors that affect customer satisfaction at NIB S.C bank.

## **1.6 Scope of the Study**

This study focused on factors influencing customer satisfaction at private banking industry, and measures customers overall level of satisfaction. It was used self-administered questionnaires and interview questionnaires. The scope of the survey is limited to studying customer satisfaction in Nib international bank S.C Jimma Manaheriya branch.

## **1.7 Organization of the study**

This study has five chapters. The first Chapter deals with the background of the study, statement of the problem, objectives of the study, scope, and significance of the study. While, Chapter two deals with literature review and Chapter three deals with the methodology which covers research design, sampling design, data type and source method of data collection, method of data analysis, validity and reliability and ethical consideration. Chapter four presents the result and discussions of the analyzed data. Chapter five discusses about conclusion and recommendation.



# CHAPTER TWO

## LITERATURE REVIEW

### 2.1. Theoretical Literature

#### Definition

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

**Customer Satisfaction:** Hoq and Amin (2010) defines customer satisfaction as the general evaluation based on business actions carried out by organization in relation to customer expectations that has been accumulated over a period of times as a result of the client using the organizations products or services. Narteh and Kuada, (2014) on the other hand define customer satisfaction as the utility derived from using a services based on initial expectation of the service.

According Chavan and Ahmad, (2013) Customer satisfaction can be defined as the company's ability to fulfill business, emotional, and psychological needs of its customers. In other word it is a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer prior feeling about the consumption experience.

However Kumbhar (2011) argued that a customer satisfaction is an ambiguous and abstract concept. He continued that, actual manifestation of the state of satisfaction will vary from person to person, product to product and service to service. It is well-researched fact that there is a strong linkage between customer satisfaction and operational performance.

**Service Quality:** Service quality is defined is a component of business that organizations use to establish the interaction and engagements between themselves and their customers. In this case, the organizations offer a service through a medium or channel, and a customer finds value in the service that has been, or is being offered (Wruuck, 2013).

If poor customer service is realized at any time in a business, it will lead to customer dissatisfaction. If more customers are retained at an increased rate, a business can be able to realize profits increased by 25% on an average scale (Griffin, 1995). Tangibility, Reliability, Responsiveness, Assurance and Empathy are used to measure the gap between customers' expected service level and perceived service level by performing the gap analysis (Parasuraman et al., 1985). Buell et al. (2010), in the retail banking industry in the U.S, the industry is found to be too competitive and customized in offering a better service quality and price to the customers and hence there is a positive association between customer value and service sensitivity when the competitor lacks in providing high quality services to the customers.

All the five dimensions of service quality had influenced customer satisfaction substantially and improving the service quality elements is widely considered as the main ancestor which could effectively bring significant contributions on customer satisfaction. Sudhakar and Selvam (2007) studied about service quality scale development in retail banking sector in India by measuring thirty four determinants with the help of scaling procedure. The availability of service operations in banks and employees performance are closely related to each other which directly influence customer perception towards the bank. Customer satisfaction in today's marketing era is believed to strongly connect with understanding consumer behavior. To understand the consumer buying pattern as firms are looking to influence them, each organization seeks help from external agencies and various sources to acquire the required information via the very common consumer behavior research analysis. Ultimately, there are certain motivating and influencing factors which play important role in convincing a customer to choose a product and the same factors are also responsible for the consumer satisfaction after the post purchase behavior.

Consumers prefer products not base on the functional features anymore; rather products are preferred by them based on the environmental impacts and some other dynamic factors (Mont and Plepys, 2003). Also, one of the extremes, customer satisfaction is always intended to influence buyers' repurchase intention through positive word of mouth interaction; meanwhile being the other extreme, dissatisfaction leads to negative word of mouth communication. Moreover, satisfied customers always suggest others to go for the product while dissatisfied customers will also recommend others in huge numbers but in the

context of negative marketing, most probably dissatisfied customers recommend others not to use the product (La Barbera and Mazursky, 1983). Product differentiation is impossible in a competitive environment of the banking industry.

According to Qureshi *et al.* (2013) customer satisfaction has strong influence on the efficiency and financial performance of banks. It has great influence upon performance and profitability of the banks. He also claimed that satisfied customers share their experiences with other people and occupy unambiguous word of mouth (grapevine) advertisement and publication of the banks. This positive word of mouth publication is very helpful in increasing banks relationship and interaction with the whole community. Many literatures found that there is strong relationship between customer satisfaction and organizations efficiencies, operational and financial. The state of satisfaction depends on a number of factors which consolidate as psychological, economic and physical factors. The quality of service is one of the major determinants of the customer satisfaction (Kumbhar, 2011).

### **Research hypothesis**

H<sub>1</sub>: service quality has an impact on customer satisfaction.

### **Information communication technology on customer satisfaction**

Innovation technology is one way that employer can boost productivity. According to Dauda & Akingbade (2011) technological innovation rests on the creative ability of human being. Man has the capacity to use his knowledge to create new machines process and method that could enhance or improve the quality of goods and services. Technological advancement is important factor for influencing the improvement of performance. Imran (2014) concluded in his study that, technological advancement has significant impact on employee performance it means that as technology tend to be advanced, performance of employee enhanced. Technological innovation such as, the use of computer automation and electronic banking influence speed of bank service delivery, enhanced management decision making and saving time (Dauda and Akingbade, 2011). He continued, there is evidence that a significant and positive relationship exist between technology innovation and banks employee's performance. For instance, Electronic bank transfers have facilitated improved service delivery by employees, promotes customers retention and customers satisfaction.

It is easier for employees to perform all these functions as a result of impact of technological innovation on them. Ojokuku and Sajuyigbe (2012), conclude that the introduction of electronic banking system in the banking sector has helped tremendously to improve the productivity of bank personnel, leading to efficiency and effectiveness in service delivery. Many studies have identified various variables or factors that affect employees performance in work place. Saeed *et. al.* (2013) concluded that there are five factors which affect the performance of employees.

Most of the initiatives regarding technology are aimed at providing better and more efficient customer service by offering multiple options to the customer. The death of distance, which is a by-product of technology, has become a reality in the banking sector. Technology is also playing a key role in banks' strategies for gaining a competitive edge (R.K. Uppal, 2008). According to Alalade *et al.* (2014), the application of information and communication technology concepts, techniques, policies and implementation strategies to banking service, has become a subject of fundamental importance and concern to all banks and indeed a prerequisite for local and global competitiveness. ICT directly affects how managers decide, how they plan and what products and services are offered in the banking industry. According to R.K. Uppal (2008), the relationship between IT and banking is fundamentally symbiotic. In the banking sector, IT can reduce costs, increase volumes, and facilitate customized products; similarly, IT requires banking and financial services to facilitate its growth.

Alalade *et al.* (2014) argued that the most significant shortcoming in the banking industry today is a wide spread failure on the part of senior member of management in banks to grasp the importance of technology and incorporate it into their strategic plans accordingly. He continued that banks should re-examine their service and delivery systems in order to properly position them within the framework of the dictates of the dynamism of information and communication technology. Many studies agreed that there is a positive relationship between ICT and performance of banking in terms of quality service delivery, customer satisfaction and attraction, employee's productivity, cost reduction, profitability, and effective decision making.

The advancement in technology has played an important role in improving service delivery standards in the banking industry. In its simplest form, Automated Teller machine and deposit machines now allow consumers to carry out banking transactions beyond banking hours. With online banking, individuals can check their account balances and make payments without having to

go to the banking hall. There is also, mobile banking which allows individuals to check their account balance and make fund transfers using their mobile phones. This is gradually creating a cashless society where consumers no longer have to pay for all their purchase with hard cash (Wisdom, 2012). He finally conceded that the growth in the application and acceptance of internet-driven technology means that delivering an enhanced service is more achievable than ever before.

Many industries embark on improving customer satisfaction by getting the latest machines to improve their organization's performance. They believe that acquisition of latest technology will improve operating practices and the quality and quantity of their goods and services (Dauda and Akingbade, 2011). Banks provide customer - convenient and inexpensive access to the bank 24 hours a day and 7 days a week. Online banking extends the relationship with the customers through providing financial services right into their home and office. The bank may also enjoy the benefit in terms of increasing customer loyalty and satisfaction (Shaikh, 2014). According to Wisdom (2012), online banking ensures customer satisfaction as it extends financial services to customers outside the banking hall. Similarly, e-banking has provided banks with a large customer base as it has resulted in increased customer loyalty and satisfaction.

Rahman (2014) argues that the use of technology has significantly increased customer satisfaction index. In the banking industry, According to Wang, *et al.*, (2014), there are numerous ways in which IT has influenced customer satisfaction in the banking sector. This includes the provision of internet banking, provision of mobile banking, provision of e-loans among others. According to Rahman (2014) internet banking is used synonymously with electronic banking to refer to banking transaction over an electronic internet enabled medium. Internet banking has a wide range of platforms including telephone banking, online banking, use of ATM, use of Debit and Credit Card, and finally Electronic Funds Transfer (EFT) and the Real Time gross settlement (RTGS).

In Ethiopia cash is still the most dominant medium of exchange, and electronic payment systems are at an embryonic stage (Worku, 2010). Bultum (2014) concurred that the development of Ecommerce, adoption and diffusion of E-banking system is not well developed in Ethiopia. All banks in Ethiopia are too late to move with technological advancement and they should clearly chart out the time schedule for their integration and technological advancement. Even though currently there are three government and sixteen private banks in the Ethiopian banking industry, the modern e-banking services like ATMs, Payment cards, Tele banking, Internet banking, Mobile

Banking and other are new to the industry. ATM combines a computer terminal, record-keeping system and cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a personal Identification Number (PIN) or by punching a special code number into the computer

**Internet banking** *the* idea of internet banking is to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their accounts, given compliance with stringent security checks. It is used to provide traditional banking service over the internet (Oppong *et al.*, 2014).

**Mobile Banking** Mobile banking is a service that enables customers to conduct some banking services such as account inquiry and fund transfer, by using of short text message (SMS) (Bultum, 2014).

**Telephone Banking** Telebanking (Telephone Banking) can be considered as a form of remote or virtual banking, which is essentially the delivery of branch financial services via telecommunication devices where the bank customers can perform retail banking transactions by dialing a touch-tone telephone or mobile communication unit, which is connected to an automated system of the bank by utilizing automated voice response (AVR) technology (Oppong *et al.*, 2014).

H<sub>2</sub>: Information technology has an impact on customer satisfaction.

### **Price fairness**

According to Kotler and Armstrong (2010) price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service while Stanton and Michael (1994) defined price as the amount of money or goods needed to acquire some combination of another goods and its companying services. But the marketing literature showed researchers' inclination towards price fairness in relation with customer satisfaction (Hermann *et al*, 2007). Price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable (Xia *et al*, 2007). Price fairness is a very important issue that leads toward satisfaction. Charging fair price helps to develop customer satisfaction and loyalty.

Research has shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty and indirectly (Martin-Consuegra, & Molina , 2007). In another study of Hermann et al, (2007), it was concluded that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction. Marzieh & Davood, (2012) identified customers preferred dimensions that include: financial considerations (interest earnings, interest payments); branch environment-related considerations (atmospherics); and convenience-related considerations (ATMs, opening hours).

H<sub>3</sub>: Prices fairness has a positive and significant impact on customer satisfaction.

## **2.2. Empirical Review of Literature**

Potluri and Zeleke (2009) investigated the influence of employees' competency to customer satisfaction in Ethiopian banking sector. The study asserted that competencies are observable behaviors, knowledge, skills, and abilities of marketing personnel to attract and retain customers by delivering quality service. The study found that competent frontline employees are invaluable assets for any organization's survival in the dynamic and competitive environment. The study recommended that in assessing the competency level of employees helps organizations to communicate desired behaviors, control costs and increase customer satisfaction.

Awanet *al.* (2011) investigated the service quality and its relationship to customer satisfaction among the customers of conventional banks and Islamic banks. They carried a survey using a modified SERVQUAL scale to 200 walk-in customers conveniently drawn. The study used regression analysis and identified five service quality dimensions namely; empathy, service architecture, convenience service encounter, employee service criteria, customer focus and five customer satisfaction dimensions: responsiveness, competency, safe transaction, competitive services and knowledge for the overall banking

Shanka (2012) studied the relationship between service quality, customer satisfaction and loyalty using five dimensions of SERVPERF model which are reliability, assurance, tangibility, empathy and responsiveness in private banks in Ethiopia. The study used correlation and multiple regressions to analyze data from a convenient sample of 260 respondents. The study shows that all service quality dimensions are positively correlated with customer satisfaction

A research conducted by Mesay, (2012) tried to investigate the relationship between service quality, customer satisfaction and loyalty and the result indicated that offering high quality service increase customer satisfaction which in turn leads to high level of customer commitment and loyalty. In addition, it was showed that there is a positive and significant link between customer satisfaction and service quality like tangibility, reliability; competence conflict handling and inferred that customer satisfaction is positively significant related to customer loyalty (Mohsin et al, 2012). In addition to this even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of encounters with a particular service, and competitive environment.

As Haq and Muhammad (2012) found out by comparing public and private sector banks of Pakistan by evaluating their customer satisfaction. The study used questionnaires which were distributed to 351 respondents. The study showed that customers' satisfaction varies according to the nature of services and in this case, highest customers' satisfaction is shown in such areas like price charged by banks which is nominal, convenient location of bank branches and staff attitude toward problem solving of customers. Moreover, when the private sector banks are compared with public sector banks, private bank customers were more satisfied with their bank because of their multiple branches at convenient locations and technology.

Bahraini, (2012) found out that employee behavior and how they interact with customers were the most important and fundamental factor in increasing the quality of bank services besides the reliability, innovation in banking services and profit and convenience. The study tried to measure customer satisfaction by using factors that include employee behavior, competence and skills of staff, innovation and diversity in service, benefit and facilities, how to respond, physical facilities, reliability, ease of service and bank's reputation and thus, suggested banks to be innovative and to diversify their services. Through technological development accessibility has been extended and so introduction of new service delivery channel that enable consumer to do business with service firms from home or office. In banking services, attributes like: appearance of the facility, attitude and behavior of staff, decor and atmosphere, business hours, interest rate and waiting time are used for the measurement of satisfaction

A study (Alabar, 2012) showed the positive impact of e-banking (accessibility, convenience, security, privacy, content, design, speed, fees and charges) on commercial bank customers'



satisfaction, loyalty, and positive words-of-mouth. The application of various technological devices in promoting/achieving better customer service delivery guaranteed customer satisfaction that translates into increase profitability and higher return on investment.

According to research conducted by Ernst & Young (2012) 78% of banks' clients in the Czech Republic control their bank accounts by using the internet. For comparing it could be stated, that in Slovakia this option was mentioned by 67% of respondents back in 2012. A study by Cabanillas and Guardia (2013) user satisfaction levels with online banking have increased in recent years, reaching more than 80%. Authors also indicate, that online banking also was favored over other channels that customer have at their disposal (55% selected the online channel as one that satisfied them the most, while 28% chose branches, 13% chose ATMs, and only 2% chose call center and mobile banking as the channel that satisfied them most).

Oduro (2013) investigated factors that determine customer satisfaction level in banking institutions from Ghanaian Banking Industry .His study used factor analysis and found that three factors influence consumers' satisfaction level of the banks. These factors were found to be customer relation and service, staff competency and responsive and convenient banking.

A study conducted by Arokiasamy (2013) in Malasya indicated that there exists a relationship between customer mobile banking and customer satisfaction. However, he was quick to point out that most of the banks customers surveys were in the mid- to late-thirties, and therefore could not conclusively infer the finding to the large population utilizing banking services.

As Mukhtar *et al.* (2014) documented on customer satisfaction towards financial services of banks in Bahawalpur, Pakistan. The study used correlation analysis to check the intensity of relation of customer satisfaction with dimensions of service quality. These dimensions included reliability, assurance, responsiveness, empathy and tangibility. The study found that service quality is positively correlated with customers' satisfaction. The most important variable that affects customer satisfaction is tangibility, which is followed by assurance. Regression equation derived from regression analysis shows that only assurance and tangibility has significant correlation with customer satisfaction, but reliability, empathy and responsiveness has no importance relationship with customer satisfaction.

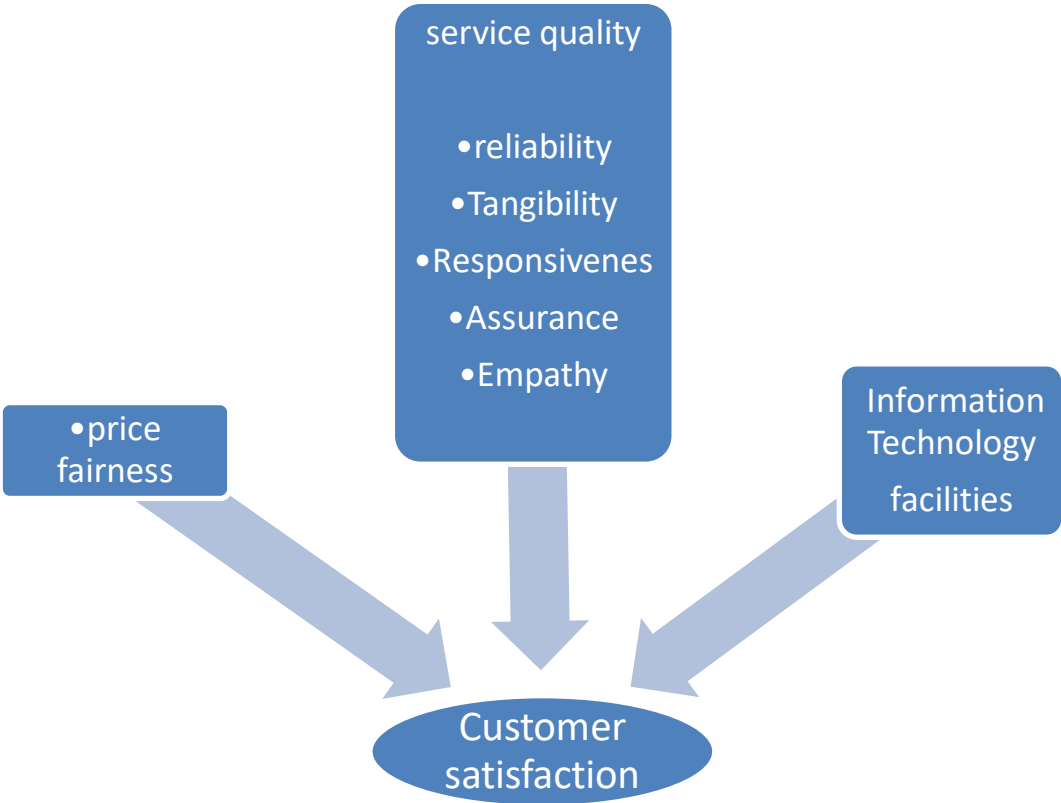
According to a study done by KPMG (2015) indicates that the rapid proliferation of smartphones and tablets globally, both in developed countries and developing countries has fueled on the mobile banking, raising the number of people who use mobile banking to 0.8 billion. Adoption rates of mobile banking are highest reaching 60- 70% in China and India. The study further suggests that the number of mobile banking users is set to rise to 1.8 billion people by 2019. So this shows ICT facilities has an impact on customer satisfaction then retention.

A study conducted by yalew, (2015) suggested that the share of using technology-based service products by the customer on his/her overall satisfaction is about 80.3%. Based on this it can be conclude that the impact of Information and communication Technology on customers satisfaction is very strong and significant impact on customer satisfaction in Ethiopian private banking industry.

### **2.3. The Conceptual Framework**

The conceptual frame work shows that the three independent variables namely service quality, information technology and price fairness has an impact on dependent variables (customer satisfaction), and for the service quality there are the five dimension used to measure this variable.

Figure 2.4.1 conceptual frame work



# **CHAPTER THREE**

## **Research Methodology**

### **3.1. The research design**

The descriptive research design approach was used in this research. This is because the intention of this study is to describe the present satisfaction level of the customers with regard to factors like services quality, ICT and pricing. This design was also enabled the researcher to determine and report on how customers are satisfied or not. This enabled as (Saunders, *et al*, 2014) when collecting data a researcher is to remain objective and only interpret data and information as received.

### **3.2. Target population and sampling design**

#### **3.2.1 Target population**

Saunders, *et al.*, (2014) defines a study population as the total group of elements, possessing common observable characteristic, that a researcher is interested in conducting a study; a population constitutes the total sum of objects and elements from which a researcher wishes to draw conclusions. For this study, the population is customers of Nib International bank Jimma Manaheriya branch. The researcher selected this bank randomly among the private banks of Jimma town.

#### **3.2.2 Sampling design**

The convenience sampling technique was applied for this study. Convenience sampling is a type of sampling where the first available primary data source was used for the research without additional requirements. In other words, this sampling method involves getting participants wherever you can find them and typically wherever is convenient. In convenience sampling no inclusion criteria identified prior to the selection of subjects. All subjects are invited to participate. In addition it has these advantages: Simplicity of sampling and the ease of research, Helpful for pilot studies and for

hypothesis generation, data collection can be facilitated in short duration of time, cheapest to implement that alternative sampling method. Therefore, 124 customers and 2 key informants were selected to get primary source of information. The participants were selected using convenient sampling technique, Non-probability sampling method (Saunders *et. al.*, 2009). According to Saunders *et.al.* (2009) unlike probability sampling, there are no rules in non-probability sampling techniques. Key informants were the manager and head of marketing department this is because they can give a detailed information for the question prepared as entirely concerns them. The key informants were interviewed about the satisfaction and dissatisfaction level of customers. Generally, the researcher selected the respondents (customers) who had either saving account or current account at Nib bank Jimma branch.

### **3.3. Data Type and Source**

Data was collected from primary sources. Primary data were gathered from customers of Nib International bank of Jimma branch using questionnaires. The questionnaire consisting of close ended questions for customers.

### **3.4. Method of Data Collection**

Both self-administered and schedule types of questionnaires were used as a data collection instrument from customers. The use of questionnaires is justified to the extent that questionnaires are effective way of collecting information from a large literate sample in a short span of time and at a reduced cost than other methods. The questionnaires were made use of closed ended questions to ensure consistency, easy coding, and data analysis. Questionnaires are divided in to four parts. The first part of the questionnaire deals with the demographic characteristics of the respondents (age, gender, educational qualification, etc.). Through this questionnaire, information that reveals the effect of demographic factors on factors like: service quality, availability of ICT facilities and charge of fair price were being examined. Second part of the questionnaire was designed to rate customers perception of the service quality based on SERVIQUAL dimensions modified for banking sector (Schemenner, 2004).Third part of the questionnaires were designed to collect information from customers that reveal their satisfaction level with regard to availability of ICT facility of Nib International bank of Jimma branch. The fourth part of the questionnaire information that shows customers perception that charge of fair price of the bank, the fifth part is about to measure level of customer satisfaction. Except the first part, the remaining three parts of the

questionnaire had five point likert scale type ranging from 1 strongly disagree to 5 strongly agree. Finally, there were an interview questions for key informants of the bank.

### **3.6. Reliability and Validity**

The collected data was checked for reliability through Cronbach's  $\alpha$ . It used to measure the consistency of each item under the same construct to gauge its reliability. Considering a threshold alpha figure 0.7 demonstrates that the questionnaire is reliable. The alpha value for each construct demonstrates adequate internal consistency. Validity refers to whether an instrument measures what it is designed to measure; for this study, the content validity of the instrument was ensured as the service quality dimensions, ICT, and price fairness attributes were included from an extensive review of related literature.

### **3.5 Data Analysis Techniques**

Copper and Schindler (2014) defines data analysis method as the use the statistical and non-statistical analysis of collected data by a researcher so as findings. Before data analysis is conducted, all data received from respondents was checked for completeness, and where data was missing, specific respondent for the questionnaire would be sort to provide missing data. Also, data cleaning and cording was being conducted for each questionnaire. Thereafter, data analysis took place using Statistical Package for Social Sciences (SPSS) software. Epetimehin and Ekundayo (2011) contend that it is essential that a researcher utilize an appropriate data analysis method to analyze and summarize data. The methods had to be able not only to present summaries of the finding in a friendly way, but also in a way that can be tested and verified by other researchers and scientists.

Descriptive and inferential statistical methods were used to analyze data for this study. Descriptive analytical method were used frequencies, percentages, mean, and standard deviation to see the distribution of variable, while inferential analytical method used correlations, to see the variation and the amount of correlation between two or more variables and multiple linear regressions is to see relationship of a set of independent variables to a dependent variable and it allows to explain or to predict a dependent variable. Regression can only interpret or analyze what exists physically i.e., there must be a physical way in which independent variable can affect dependent variable.

### 3.7. Model Specification

On the basis of several independent variables, I can then have a model like this:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

Where  $a$ , is constant

$b_1, b_2, b_3$  are coefficient of regression

$X_1, X_2, X_3$ , are independent variables, and

$Y$  = represent customer satisfaction

$X_1$  = represent service quality

$X_2$  = represent Information Technology

$X_3$ , = represent price fairness

### 3.8. Ethical consideration

Conceptualizing the writing process for a proposal, researchers need to anticipate the ethical issues that may arise during their studies (Hesse-Bieber & Leavey, 2006). Research does involve collecting data from people, about people (Punch, 2005). As mentioned earlier, writing about these issues is required in making an argument for a study as well as being an important topic in the format for the study. Researchers need to protect their research participants; develop a trust with them; promote the integrity of research; guard against misconduct and impropriety that might reflect on their organizations or institutions; and cope with new, challenging problems (Isreal & Hay, 2006). Ethical questions are apparent today in such issues as personal disclosure, authenticity and credibility of the research report, the role of researchers in cross-cultural contexts, and issues of personal privacy through forms of Internet data collection (Isreal & Hay, 2006). I actively design them into sections this study. Although these discussions will not comprehensively cover all ethical issues, they address major ones. These issues arise primarily in specifying the research problem; identifying a purpose statement and research questions; and collecting, analyzing, and writing up the results of data.

# CHAPTER FOUR

## RESULT AND DISCUSSION

### 4.1 Introduction

This chapter covers the presentation, analysis and interpretation of data collected from primary sources. The data gathered through questionnaire and interview. A total of 124 questionnaires were distributed to Nib international bank S.C Manahariya branch of customers in order to collect data of assessment on factors affecting customer satisfaction. As shown in table 4.1.1 out of the questionnaires distributed to 124 conveniently distributed customers replies were obtained from 120 customers. The collected data are presented by frequency tables and charts where ever necessary and to analyze the results Statistical Package for the Social Science (SPSS) is used. The correlation to see the variation and the amount of correlation between two or more variables and multiple linear regressions, to see relationship of a set of independent variables to a dependent variable and it allows to explain or to predict a dependent variable. And appropriate interpretations were made thereon in accordance with the results of the testing.

### 4.2 Response Rate of Respondents

Table 4.2.1: Rate of Responses

Questionnaires	Responses	Valid percentage
Returned	120	96.8
Not returned	4	3.2
total	124	100

Questionnaires were conveniently distributed for 124 customers of Nib International Bank Jimma (Menaheriya branch) of which 120 questionnaires were filled and returned.



### 4.3 Demographic Profile of Respondents

Table 4.3.1 Customers' Profile:

S.N	Variables	Classification	Frequency	Percent
1	Age	18-29	39	32.5
		30-45	47	39.1
		40-60	34	28.3
		total	120	100
2	Gender	Male	81	67.5
		Female	39	32.6
		total	120	100
3	Educational level	Primary	22	18.3
		Secondary	49	40.8
		Diploma	37	30.9
		First degree	12	10
		Total	120	100
4	Years of relationship	< 1 year	24	20
		1-3 years	75	62.5
		4-7 years	21	17.5
		Total	120	100
5	Type of services transacted	Saving deposit	92	76.7
		Current account	28	23.3
		total	120	100

As it is shown in the above table, 81 of the respondents were male which represent 67.5% of the total respondents, while the 39 were females which are 32.6% of the total respondents. Considering the age groups of the respondents, the higher number of respondents was in the age of 30-45 years, which represent 39.1%, followed by age groups of 18-30 years and 40 and above years, which represent 32.5% and 28.3% respectively. The table also showed out of the total participants, who have bachelor Degree (10%) and Diploma (30.9%) , while customers who were secondary and primary (40.8)and (18.3%) respectively. In addition from the above, 62.5% their relationship with the bank is 1-3 years, and 20% is less than one year and lastly, 17.5 % of the respondents is 4-7

years. Finally, from the table that shows the NIB bank at Menahariya branch the most frequent services fetched by respondents were deposit service, 76.7%; and current account, 23.3%.

#### 4.4 Reliability Analysis

The Cronbach’s alpha reliability analysis is used for the determination of reliability of instrument and collected data. This measure indicates the consistency of a multiple item scale. Alpha is typically used when you have several Likert type items that are summed to make a composite score or sum mated scale. Alpha is based on the mean or average correlation of each item in the scale with every other item. Reliability of the items of the variables result is measured by Cronbach’s alpha shown below in the table. In my study there were eight variables named as Reliability, Tangibility, Responsiveness, Assurance, and Empathy, Information communication technology, price and Customer Satisfaction. Cronbach’s alpha value was over 0.70 for all the variables, which shows there is reliability in the item of the variables.

Table4.6.2 Reliability Statistics Overall

Cronbach’s Alpha	Number of item
0.713	8

These alpha scores are acceptable which indicate that items within the variables are interrelated and there was a relationship between items. The results of reliability analysis shows that the value of Cronbach’s alpha is in the very good range of all variables and also of overall questionnaire. The value of Cronbach’s alpha of overall questionnaire shows the value of 0.713 that’s mean my data and instrument is almost 71.3% reliable and we should get consistent results by using this instrument. Results of reliability analysis confirm that my data and instrument is reliable for any further estimation.

#### 4.5 Service quality in NIB Jimma branch

The following section seeks to display and analyze the frequency distribution of the responses on the questionnaire items regarding service quality of the five dimensions based on SERVQUAL measure on customer satisfaction. Those dimensions showed in tables below separately as Reliability, Tangibility, Responsiveness, Assurance and Empathy factors were discussed.

Table 4.5.1 Analysis of service quality Reliability dimension in NIB S.C (n=120)

S. N	Items	SDA		DA		Neutral		Agree		S. Agree		Likert mean score (SD)
		F	%	F	%	F	%	F	%	F	%	
1	I am satisfied with the services provided by the bank as promised.	20	16.7	30	25	51	42.5	19	15.8	-	-	2.58 (0.950)
2	I am satisfied with the service of handling a problem (speed of problem solving)	42	35	26	21.7	13	10.8	31	25.8	8	6.7	2.48 (1.37)
3	I am satisfied with the operating hours of the bank.	29	24.2	27	22.5	23	19.2	25	20.8	16	13.3	2.48 (1.37)
4	I am satisfied with the way bank deliver up to date and accurate records.	20	16.7	26	21.7	24	20	43	35.8	7	5.8	2.93 (1.217)
5	The bank is dependable.	38	31.7	23	19.2	17	14.2	41	34.2	1	8	2.53 (1.276)

As shown in the above table, 19 representing 15.8% of the respondents agreed that the banks provide the services as promised. 42.5 % and 41.7% of the respondents were neutral and disagree with this statement respectively. 32.5 percent of the respondents were satisfied about speed of problem solving of the customers, but 56.7% not. While 34.1 percent of respondents satisfied with the operating hours of the bank and 46.7% not satisfied. With regards to the bank deliver up to date and accurate records and dependability of the bank 41.6 percent and 42.2 percent, of the respondents were satisfied, but 38.4% and 50.9% not satisfied respectively

Table4.5.2 Analysis of service quality tangibility dimension

S. N	Satisfaction with services	SDA		DA		Neutral		Agree		S. Agree		Likert mean score & SD
		# F	%	F	%	F	%	F	%	F	%	
6	I am satisfied with the premises (infrastructure, building etc) of the bank.	19	15.8	46	38.3	12	10	23	19.2	20	16.7	2.83 (1.364)
7	I am satisfied with the up-to-date equipment of the bank.	10	8.3	39	32.5	25	20.8	30	25	16	13.3	3.03 (1.205)
8	I am satisfied with the way employees dress.	17	14.2	21	17.5	15	12.5	48	40	19	15.8	3.26 (1.312)

9	I am satisfied with the marketing materials distributed by the bank. They clear and give complete information.	18	15	34	28.3	15	12.5	36	30	17	14.2	3.00 (1.328)

As from the above table, 54.1 percent disagree and 35.9 percent agree with the premises (infrastructure, building etc.) of the bank, and 10 percent is indifferent with this services. As to the up-to-date equipment of the bank 40.8 percent disagree and 38.3 percent agree, and 20.8 percent indifferent with this idea. Similarly, 55.8 percent agree and 33.3 percent disagree and 12.5 percent indifferent with the way employees dress. In addition, 43.3 percent disagree and 44.2 percent agree and 12.5 percent indifferent with the marketing materials distributed by the bank. They clear and give complete information.

Table4.5 -3 Analysis of service quality Responsiveness dimension

S. N	Satisfaction with services	SDA		DA		Neutral		Agree		S. Agree		Likert mean score & SD
		#F	%	F	%	F	%	F	%	F	%	
10	I am satisfied with the security of the bank and security of my money & transaction.	12	10	26	21.7	14	11.7	41	34.2	27	22.5	3.38 (1.316)
11	I am satisfied with the employee's eagerness of instilling confidence to me.	15	12.5	28	23.3	21	17.5	30	25	26	21.7	3.20 (1.351)
12	I am satisfied of the knowledge of the employee's up to date knowledge.	25	20.8	43	35.8	18	15	25	20.8	9	7.5	2.58 (1.241)
13	I am satisfied in their speed and efficiency of services	20	16.7	34	28.3	20	16.7	33	27.5	13	10.8	2.88 (1.287)

From the table above, out of the total respondents, 68 customers representing 56.7% agreed and 38 customers representing 31.7 percent disagree with the security of the bank and security of my money & transaction, 11.7 percent is indifferent. whereas, 46.7 percent agree and 35.8 percent disagree with the employee's eagerness of instilling confidence to client, and 17.5 percent is

indifferent. Similarly, 56.6 percent disagree and 31.6 percent agree that employees have up to date knowledge about products, services, rules& regulation and polices on the bank, 28.3 percent is indifferent. With regard to the speed and efficiency of services 45 percent disagree and 38.2 percent agree and 16.7 percent is indifferent.

Table4.5.4 Analysis of service quality Assurance dimension

S. N	Satisfaction with services	SDA		DA		Neutral		Agree		S. Agree		Likert mean score &SD
		#F	%	F	%	F	%	F	%	F	%	
14	The bank staff trustworthy	12	10	16	13.3	15	12.5	49	40.8	28	23.3	3.54 (1.263)
15	If I need help the bank staff could explain clearly	20	16.7	28	23.3	22	18.3	32	26.7	18	15	3.00 (1.335)
16	I am satisfied in their politeness	14	11.7	19	15.8	16	13.3	47	39.2	24	20	3.4 (1.293)
17	The staff is confident in service delivery	23	19.2	40	33.3	9	7.5	34	28.3	14	11.7	2.80 (1.351)

Out of the total respondents' 86 customers representing 64.1% of the total responses agreed that the bank staff trustworthy. Only 23.3 percent disagree with the statement and 12.5 percent is indifferent. While 41.7 percent agree that the bank staff could explain clearly whenever help is needed, and 40 percent disagree 18.3 percent is indifferent with the statement. On the other hand 59.2 percent agree, 27.5 percent disagree, and 13.3 percent is indifferent with the politeness of the bank workers. In addition, confidence of the staff in service delivery 52.5 percent disagree, 40 percent agree, and 7.5 percent is indifferent.

Table4.5.5 Analysis of service quality Empathy dimension

S. N		SDA		DA		Neutral		Agree		S. Agree		Likert mean score
		#F	%	F	%	F	%	F	%	F	%	
18	The Bank is serving each customer individualized attention	18	15	28	23.3	16	13.3	36	30	22	18.3	3.13 (1.365)
19	Employees of the bank to fully understand the needs of the customer	17	14.2	39	32.5	15	12.5	35	29.2	14	11.7	2.92 (1.287)
20	The Bank is operating at hours convenient to all customers	13	10.8	28	23.3	19	15.8	38	31.7	22	18.3	3.23 (1.295)
21	I am satisfied the bank caring for me.	27	22.5	28	23.3	19	15.8	23	19.2	23	19.2	2.89 (1.448)

Regarding Empathy of NIB, 48.3 percent agree and 38.3 percent of the respondents were disagree, and 13.3 percent indifferent about the Bank is serving each customer individualized attention; while 46.7 percent disagree and 40.9 percent agree and 12.5 percent indifferent on employees of the bank to fully understand the needs of the customer. In addition, about 50 percent expressed their agreement and 34.1 disagreements, 15.8 percent is indifferent that The Bank is operating at hours convenient to all customers. With regard to caring personally of the bank, 45.8 percent disagree and 38.4 percent agree with the statement.

As interview conducted with the management person about whether their customers satisfied by their service quality, the management response were that their customers in most cases have been satisfied by the bank services.

#### 4.6 The level of satisfaction on information technology

The following section seeks to display and analyze the frequency distribution of the responses on the questionnaire items regarding independent variables of the first research question; the impact of ICT on customers' satisfaction.

Table 4.6 Analysis of ICT facilities

S. N	ICT factor	SDA		DA		Neutral		Agree		S. Agree		Likert mean score
		#F	%	F	%	F	%	F	%	F	%	
1	Availability and convenient location of ATM machines	16	13.3	39	32.5	13	10.8	26	21.7	26	21.7	3.06 (1.398)
2	Availability of Internet banking services.	24	20	33	27.5	21	17.5	17	14.2	25	20.8	2.88 (1.433)
3	Availability Mobile banking services.	12	10	36	30	29	24.2	21	17.5	22	18.3	3.04 (1.273)
4	Availability of Telephone banking	26	21.7	43	35.8	29	24.2	10	8.3	12	10	2.49 (1.209)

As shown in the above table, 55 representing 45.8% of the respondents are disagreed that availability and convenient location of ATM machines. 43.4 % and 10.8% of the respondents were agreed and neutral with this statement respectively. While 47.5percent of respondents disagreed on availability of Internet banking services, 17.5 percent and 35 percent neutral and agreed respectively. Similarly, on availability mobile banking services 40 percent disagreed and 35.8 percent agreed, 24.2 percent neutral. In addition, concerning availability of telephone banking 57.5 percent disagreed 24.2 percent neutral and 18.3 percent agreed to this statement.

#### 4.7 The level of satisfaction on price fairness

This section also tried to display and analyze the frequency distribution of the responses on the items of independent variables that the level of satisfaction on price fairness.

Table4.4.7 Analysis of price fairness factor

S. N	Price factor	SDA		DA		Neutral		Agree		S. Agree		Likert mean score & SD
		#F	%	F	%	F	%	F	%	F	%	
1	Interest rate on loans/credits	20	16.7	37	30.8	30	25	18	15	15	12.5	2.76 (1.257)
2	Its services charges	20	16.7	20	16.7	23	19.2	36	30	21	17.5	3.15 (1.351)
3	Its interest rate on saving deposits	16	13.3	25	20.8	12	10	37	30.8	30	25	3.33 (1.398)
4	I am satisfied in obtaining loans.	31	25.8	35	29.2	16	13.3	25	20.8	13	10.8	2.62 (1.355)

Out of the total respondent 57 customers representing 47.5% of the total responses disagreed 27.5 percent agreed and 25 percent neutral that Interest rate on loans/credits. Likewise 47.5% of the total respondents or 57 of them agreed and 33.4 percent disagreed, 19.2 percent is neutral with service charges of this bank. While 67 of the respondents representing 55.8% of the total respondents were agreed, 34.1 percent disagreed and 10 percent neutral with interest rate on saving deposits. With regard to obtaining loans 55 percent disagreed or not satisfied, 31.6 percent agreed and 13.3 percent neutral.

#### 4.8 Level of customer Satisfaction in NIB S.C

Regarding the overall satisfaction on NIB bank customers were asked whether they are satisfied with the service or not. Accordingly, the results 42.5 percent was satisfied by the bank and 43.55 percent was dissatisfied by the NIB bank.

Table4.8.1 Respondents on Customer satisfaction

S. N		SDA		DA		Neutral		Agree		Str. Agree		Likert mean score & SD
		#F	%	F	%	F	%	F	%	F	%	
1	I am satisfied with the service my bank provides	18	15	32	26.7	16	13.3	29	24.2	25	20.8	3.09 (1.396)
2	I am satisfied with how I am treated by the bank's employees	20	16.7	35	29.2	16	13.3	27	22.5	22	18.3	2.97 (1.390)
3	I do not consider switching to another bank to get better service	12	10	45	37.5	21	17.5	30	25	12	10	2.88 (1.192)
4	I would recommend my bank to others	10	8.3	37	30.8	26	21.7	29	24.2	18	15	3.07 (1.221)

From the table above, on Customer satisfaction out of the total respondents, 54 customers representing 45% agreed and 50 customers representing 41.7 percent disagree with the satisfaction of the services that the bank provides,13.3 percent is indifferent. Whereas, 40.8 percent agree and 45.9 percent disagree with the bank employees' treatment satisfaction to client and 13.3 percent is indifferent. Similarly, 47.5 percent disagree and 35 percent agree with whether the customers switching to another bank to get better service, 17.5 percent is indifferent. With regard to recommending the bank to others 39.1 percent disagree and 39.2 percent agree and 21.7 percent is indifferent.



Here the interview response with the management person about what standard they use to measure the satisfaction of customer the response is no clear standard to measure but, they do have in other way. With regard to the overall customer satisfaction and the factors that influence the satisfaction of customer were asked and the response from the management person were that they believe incompleteness of the mobile banking, internet banking and telephone banking Similarly, they agree on their shortcoming of loan services. But, accept the overall customer satisfaction is high

Table 4.8.2 Summary of satisfaction level in percent

SN	Variables	Satisfied & very satisfied	Not satisfied	Neutral
1	Reliability	33.24%	58.6%	8.16%
2	Tangibility	43.65%	42.27%	13.68
3	Assurance	51.25%	35.82%	12.93%
4	Empathy	44.4%	41.22%	14.38%
5	Responsiveness	42.5%	42.27%	15.23%
6	ICT	33.12%	47.7%	19.18%
7	Price	40.6%	42.5%	16.9%
8	Customer satisfaction	42.5%	43.55%	13.9%

#### 4.9 Association between factors and customer satisfaction

The Pearson Correlation Analyses were employed among variables. Table 4.6.1 shows the correlation analyses among all constructs was reveals that there are significant positive correlations between reliability and customer satisfaction ( $r=0.715, p=0.01$ ), assurance and customer satisfaction ( $r=0.319, p=0.01$ ), tangibility and customer satisfaction ( $r=0.472, p=0.01$ ) empathy and customer satisfaction ( $r=0.355, p=0.01$ ). Information technology and customer satisfaction ( $r=0.514, P=0.01$ ) and there is correlation between price and customer satisfaction ( $r=0.358, P =0.01$ ), But there is no significant correlation between the variables responsiveness and customer satisfaction where P value not less than 0.05. It is 0.075. Hence it has less significant for dependent variable (Customer satisfaction). Positive values of correlation coefficient indicate that increase in one variable causes increase in other variable and decrease in one variable causes decrease in the other and negative value of correlation shows inversely related.

Table 4.9.1 Correlation coefficient of variable

		reliability	Tang/ity .	Resp/ne ss	Assu/ce	Empath	Informati on Tech.	Price fairness	Cus/er sat/tion
reliability	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	120							
Tangibili.	Pearson Correlation	.405**	1						
	Sig. (2-tailed)	.000							
	N	120	120						
Resp/nes	Pearson Correlation	.235**	-.096	1					
	Sig. (2-tailed)	.010	.294						
	N	120	120	120					
Assuranc	Pearson Correlation	.135	-.013	.155	1				
	Sig. (2-tailed)	.142	.885	.091					
	N	120	120	120	120				
Empathy	Pearson Correlation	.110	.066	.215*	.066	1			
	Sig. (2-tailed)	.230	.477	.018	.476				
	N	120	120	120	120	120			
Informatio Tech.	Pearson Correlation	.388**	.240**	.307**	.195*	-.032	1		
	Sig. (2-tailed)	.000	.008	.001	.033	.731			
	N	120	120	120	120	120	120		
Price fairness	Pearson Correlation	.058	.204*	-.084	.368**	.128	.155	1	
	Sig. (2-tailed)	.526	.026	.361	.000	.163	.091		
	N	120	120	120	120	120	120	120	
Customer satisfactio	Pearson Correlation	.715**	.430**	.163	.319**	.188*	.514**	.358**	1
	Sig. (2-tailed)	.000	.000	.075	.000	.040	.000	.000	
	N	120	120	120	120	120	120	120	120

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

\* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.10 Factors affect customer satisfaction

The researcher assessed the factors that affect customer satisfaction at Nib International Bank S.C Jimma M. branch the researcher tried to find out the aggregate mean score of customer satisfaction against the aggregate mean score of the determinant factors (services quality, Information technology and price fairness) of the organization. The result recorded below by regression.

##### 4.10.1 Regression Analysis

It is verified that from the five determinants of service quality the four as proposed by the SERVQUAL Model namely Reliability, Tangibility, Assurance and Empathy have an impacts on the dependent variable, and also Information Technology and price fairness have also an impact on Customer Satisfaction at NIB banking services provided to them except Responsiveness. Thus, if an increase in the predictors by 0.841 will strongly affect the customer satisfaction in Nib International Bank. Thus, the change in the six determinants will cause 84.1% deviation in customer satisfaction as realized except responsiveness.

Table 4.10.2 Model summary

Model	R	R square	Adjusted R square	Std error of the estimate
1	0.841 <sup>a</sup>	0.707	0.691	0.21979

a Predictors: (Constant), Price, reliability Mean, Empathy, Assurance, Information communication, Tangibility.

The above R square has shown that the six independent variables explain that 70.7% customer satisfaction at Nib International Bank Jimma M. branch represented by R square. This therefore means other factors not studied in this research contribute 29.3% of customer satisfaction at NIB Jimma Manahariya branch. Therefore, further research should be conducted to investigate the other factors 29.3% at Nib International bank of Jimma town.

Table 4.10.3 Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.028	.326		-3.153	.002
reliability	.556	.065	.526	8.511	.000
Tangibility.	.141	.071	.119	1.982	.050
Assurance	.123	.058	.122	2.135	.035
1 Empathy	.208	.064	.175	3.258	.001
Information communication	.212	.055	.228	3.882	.000
Price	.223	.068	.189	3.265	.001
Responsiveness	-.055	.059	-.053	-.928	.356

a, Dependent variable: customer satisfaction

The results indicate that the determinant, Reliability has the highest impact on customer satisfaction than any other factors of service quality and other banking services provided in NIB bank Jimma town. If reliability increases by 0.556 will have increased customer satisfaction in banking sector. Similarly, the customer satisfaction in NIB bank is also strongly influenced by the ICT where an increase in information communication technology by 0.212 will cause a direct increase in the customer satisfaction in NIB banks. Also, the customer satisfaction in NIB banking services will be directly affected by tangibility where an increase in tangibility by 0.141 will have a respective increase in the customer satisfaction within the bank in NIB. Next price fairness has the impact on customer satisfaction in NIB which has 0.223 effects on customer satisfaction .Where empathy and assurance have also an influence on customer satisfaction an increase in empathy and assurance by 0.208 and 0.123 respectively will bring a change in customer satisfaction in NIB bank Jimma town. However, the lowest impact shown and undermined in this study responsiveness that which has on customer satisfaction, where - 0.055 effect on customer satisfaction in Nib International bank of Jimma town.

## 4.8 Discussion of Results

The study has shown that the overall satisfaction was 42.5% customers were satisfied and very satisfied. This level of customer satisfaction figure is lower than the study by (Tiruwork, 2013) at Wogagen private bank which was 76% level of satisfaction and it also said that WB was the most chosen bank by customers due to the wider operation and quality of service provision. On the other hand, 43.5% in my study at NIB was not satisfied with services of the bank.

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

According to above analytic results, this study examined the perception of service quality, Information technology and fair price of banking services provided to customers in Nib International bank and the relative differences attached with the various factors of service quality using the SERVQUAL model. The findings of the research suggest that customer satisfaction towards NIB banking services in Jimma town is significantly influenced by Reliability, Information communication technology, Tangibility ,Price fairness, Empathy and Assurance. In other words service quality, ICT and price fairness. But, Responsiveness hadn't significant impact on customer satisfaction. It is found out that Reliability, Information communication technology and Tangibility had the most significant impact on customer satisfaction towards NIB services provided in Jimma (Menaheriya branch).On the other hand, Price fairness, Empathy and Assurance had a little impact on customer satisfaction towards Nib International bank Jimma branch.

From this findings, it is clear that the customer expectation exceeds well in Reliability provided by the NIB banks in Jimma in terms of the services provided by the bank as promised , speed of problem solving, operating hours of the bank, the way bank deliver up to date and accurate records and dependability of the bank. Similarly, customer expectation exceeds well in Information communication technology provided by the NIB banks in terms of Availability and convenient location of ATM machines, mobile banking and internet banking. In addition, Tangibility had too, in terms of the premises (infrastructure, building etc) of the bank, the technological up-to-date

equipment of the bank, the way employees dress, the marketing materials distributed by the bank and they clear and give complete information.

In addition from the regression result confirmed that the six independent variables explained 70.7% customer satisfaction at Nib International Bank represented by R square and this therefore means other factors not studied in this research contribute 29.3% of customer satisfaction at NIB of Jimma town. Therefore, further research should be conducted to investigate the other factors 29.3% in Nib International bank of Jimma town. Similarly, it is argued that level of satisfaction will always be high when the customers give minimum and fair price and get maximum value or benefit and dissatisfaction occurs when the different prices and charges are high and interest on saving are low. When these happen the customers will look around with competitor banks and may challenge their loyalty and finally decide to defect. Based on this as shown from the table-6 (40.6%) satisfied and very satisfied and 42.5% dissatisfied Still in other studies (Levesque, & McDougall, 1996; Chakrabarty, 2004) reported that pricing, bank charges and interest rates were the second largest determinant of customer satisfaction although in my study it is the fourth factor.

Though the findings in this study of Responsiveness has shown no impact on customer satisfaction, as Parasuraman et al., 1988 , researched that willingness or readiness of employees to provide the required customer service without any inconvenience at any time will strongly influence the level of customer satisfaction ,in terms of the security of the bank and security of my money &transaction , the employee's eagerness of instilling confidence , the knowledge of the employee's up to date knowledge and the speed and efficiency of services.. In this study at NIB, we analyzed the data to find out whether or not socio-demographic variables such as gender, age and education have impact on overall satisfaction. However, our analyses through correlation and regression cannot show the existence of association between these variables and overall satisfactions.

# CHAPTER FIVE

## CONCLUSION AND RECOMMENDATION

In this chapter conclusion and recommendations were made based on the results.

### Conclusion

This study has focused on the factors that affect customer satisfaction at Nib International Bank Jimmaa (Menaheriya branch). The descriptive findings have shown that the percent of customers who are satisfied and very satisfied altogether was 42.5%. This result was lower than a study conducted by (Tiruwork, 2013) at Wogagen bank which was 76% level of satisfaction. In addition previous work made by (Habte, et al, 2015) at Commercial Bank of Ethiopia West Showa zone has shown low customer satisfaction outcome in five branches. Similarly, this study has revealed moderate level of customer satisfaction. So that the Nib International Bank Jimma (Menaheriya branch) needs an improvement to work for service excellence on the satisfaction of customers. Analyses of factors that affect customers' satisfaction have shown that there are associations between service quality factors, Information communication technology and price fairness with overall customers satisfaction (Table 4.8.2).

Moreover, service quality and Information communication technology factors have significant, positive, and strong correlates with overall customer satisfaction. The result of the study also revealed the predictor variables services provided by the bank as promised, speed of problem solving, the operating hours of the bank, the way bank deliver up to date and accurate records, dependability of the bank, Availability and convenient location of ATM machines, use of Internet banking services, Availability Mobile banking services and Telephone banking were highly affects customer satisfaction. So the NIB has to realize that in today's competitive world, banks can get competitive advantage by providing superior services to their customer. However, I cannot see association between Responsiveness and overall satisfaction. The specific services factors asked were: the security of the bank and security of my money & transaction, the employee's eagerness of instilling confidence to me, the knowledge of the employee's up to date knowledge about products, services, rules & regulation and polices on the bank and the speed and efficiency of services.

The study results also reached this premises of factors were found to significantly and positively affect customer satisfaction with 70.7% of the customer satisfaction being explained by these factors perceived quality of services, Information communication technology and price fairness.

## **RECOMMENDATION**

Based on the result of the study, the following recommendations were drawn.

As there is stiff competition among banks and other financial institutions in acquiring and retaining customers, Nib International Bank of Jimma (Menaheriya branch) must take into considerations the dynamic environment in strengthening customers' focused and customer satisfaction strategy; the three factors namely: service quality, Information communication technology and price fairness which have association with overall customer satisfaction. The specific service factors to look into to improve customer satisfaction include primarily: services provided by the bank as promised, speed of problem solving, the operating hours of the bank, the way bank deliver up to date and accurate records, technological up-to-date equipment of the bank, the marketing materials distributed by the bank ,clearing and giving complete information. The second issue of the bank expected to improve on convenient location of ATM machines, Internet banking services, mobile banking services, and telephone banking services. Thirdly, the NIB has to make an improvement on interest rate on loans/credits, service charges and obtaining loans. In addition, since the level of customers' satisfaction is moderate at this bank; it is more advisable and recommended if concerned body works cooperatively for more in maximizing satisfaction of their customers.



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# Appendixes- 1

## Jimma University Business & Economics College      Management Department Questionnaire

**Questionnaire to be filled by customer only** The purpose of this questionnaire is to collect data, for conducting MBA thesis on Assessment of factors affecting customer satisfaction in Nib International Bank Jimma branch. The questionnaire is prepared to help the study through your attitude and behavior related to quality service usage satisfaction. Fill free in responding for the questionnaire, any of your response to the questionnaire is confidential and used for academic purpose only.

Belay Mesfin

### Part I. General information

1. Bank name \_\_\_\_\_
2. Type of account : current       Saving       Fixed deposit   
   Any other \_\_\_\_\_
3. Gender                      male       Female
4. Age group :  
                                 Under 18 years       18-29 years       30—45 years   
                                 46—60 year       above 60 years
5. Your education level:    primary       secondary       Diploma   
                                 First Degree                       Master's degree and above

6. How many years are you a customer at this bank?

<, 1 year       4-7 years   
 1-3 years       above 8 years

**Part .II Factors that affect customer satisfaction.**

Kindly tick“√” the answer that best represents your views.

S.N.	Research questions	Strongly disagree	Disagree	Neutral	agree	Strongly agree
	<b>I. service quality</b>					
	<b>Reliability</b>					
1	I am satisfied with the services provided by the bank as promised.					
2	I am satisfied with the service of handling a problem (speed of problem solving)					
3	I am satisfied with the operating hours of the bank.					
4	I am satisfied with the way bank deliver up to date and accurate records.					
5	The bank is dependable.					
	<b>Tangibility</b>					
6	I am satisfied with the premises (infrastructure, building etc) of the bank.					
7	I am satisfied with technological up-to-date equipment of the bank.					
8	I am satisfied with the way employees dress.					
9	I am satisfied with the marketing materials distributed by the bank .They clear and give complete information.					
	<b>Responsiveness</b>					
10	I am satisfied with the security of the bank and security of my money & transaction .					
11	I am satisfied with the employee’s eagerness of instilling confidence to me .					
12	I am satisfied of the knowledge of the employee’s up to date knowledge about products, services, rules& regulation and polices on the bank.					
13	I am satisfied in their speed and efficiency of services					
	<b>Assurance</b>					
14	The bank staff trustworthy.					
15	If I need help the bank staff could explain clearly					
16	I am satisfied in their politeness					
17	The staff is confident in service delivery					

	<b>Empathy</b>					
18	The Bank is serving each customer individualized attention					
19	Employees of the bank to fully understand the needs of the customer					
20	The Bank is operating at hours convenient to all customers					
21	I am satisfied the bank caring for me.					
	<b>II. Availability of ICT facilities</b>					
22	Availability and convenient location of ATM machines					
23	Availability of Internet banking services.					
24	Availability Mobile banking services.					
25	Availability of Telephone banking					
	<b>III. Prices and interests</b>					
26	Interest rate on loans/credits					
27	Its services charges					
28	Its interest rate on saving deposits					
29	I am satisfied in obtaining loans.					
	<b>IV. Customer satisfaction</b>					
30	I am satisfied with the service my bank provides					
31	I am satisfied with how I am treated by the bank's employees					
32	I do not consider switching to another bank to get better service					
33	I would recommend my bank to others					

Anything else, you want to comment the overall experience of the bank

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### **Interview question for management person**

1. Do your customers are satisfied by the service you deliver to them?
2. Do you probably know the factors that your customers complain your services and give solution?
3. What standard does your organization use to measure customers' satisfaction?
4. How do you see overall customer satisfaction?