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CUSTOMER SATISFACTION AND CUSTOMER
LOYALTY TOWARDS KBZ BANK

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**CUSTOMER SATISFACTION AND CUSTOMER LOYALTY
TOWARDS KBZ BANK**

This thesis is submitted to the Board of Examination as partial fulfillment of the requirement for the Degree of Master of Banking and Finance (MBF)

Supervised by

Prof. Dr. Aye Thu Htun
Professor
Department of Commerce
Yangon University of Economics

Submitted by



Mg Set Naing
MBF II - 50
MBF 4th Batch
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OCTOBER, 2024

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics in partial fulfillment for the requirement of the Master Degree, Master of Banking and Finance.

BOARD OF EXAMINERS

.....

(Chairperson)

Prof. Dr. Tin Tin Htwe

Rector

Yangon University of Economics

.....

(Supervisor)

Prof. Dr. Aye Thu Htun

Professor

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Prof. Dr. Thynn Thynn Myint

Professor / Head

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Prof. Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

.....

(Examiner)

Prof. Dr. May Su Myat Htway Aung

Professor

Department of Commerce

Yangon University of Economics

OCTOBER, 2024

ABSTRACT

This study examines the factors that influence customer satisfaction and analyzes the effect of customer satisfaction on customer loyalty towards KBZ Bank. The study focuses on six key factors including accessibility, tangibility, reliability, responsiveness, service capabilities, and trust as the influencing factors. The study used quantitative research method. The target population of the study was the active retail banking customers of KBZ Bank's head office (Kamaryut-1 Branch) in Yangon. In this study, a sample of 370 retail banking customers were surveyed to gather relevant data. According to Multiple regression analysis, these six factors statistically significant affect customer satisfaction towards KBZ Bank's services. Among these factors, trust has the largest influence on retail banking customers followed by tangibility, service capability, reliability, responsiveness and accessibility. In addition, the study revealed that there is an effect of customer satisfaction on customer loyalty towards KBZ services. Management of the bank should continue to maintain the bank reputation. Moreover, management should open the branches and provide ATM to be convenient and to improve the accessibility for customers.

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CHAPTER I

INTRODUCTION

The business environment has changed significantly, moving from monopolistic systems to a highly competitive landscape. In this competitive age, companies, including banks, must adjust their services and products to meet customer needs. Understanding accurate customer information is essential to create offerings that boost satisfaction and profitability. Customer satisfaction has become a key strategy for increasing revenue, as satisfied customers tend to remain loyal. Customer satisfaction is a critical aspect of the banking sector, and several factors contribute to it. Accessibility, which refers to how easily customers can use services such as ATMs, branches, and online banking, plays a significant role. Tangibility, including the physical facilities and equipment, as well as the appearance of staff, also influences customers' perception of service quality. Reliability, or the ability of the bank to perform services dependably and accurately, is essential for fostering trust and satisfaction. Responsiveness, which relates to the promptness with which customer issues and inquiries are handled, ensures that customers feel valued and heard. Additionally, the bank's service capabilities, reflected in its ability to offer a range of financial products and solutions, meet customer needs effectively. Trust, built through transparent and ethical practices, is a vital element in securing long-term satisfaction and loyalty from customers. These factors collectively shape the customer experience and drive satisfaction in the banking industry (Parasuraman, Zeithaml, & Berry, 1988).

As global competition grows, businesses are expanding their reach and working to meet rising customer expectations through technology and globalization. This has created the need for a more customer-focused approach. Nowadays, customers are becoming more conscious of service quality, which has increased demand for high service standards. Service-oriented industries, such as banking, need to deliver outstanding services to maintain their edge in this global market (Kotler & Keller, 2016). High customer satisfaction is crucial since it directly affects customer loyalty, which boosts business revenue and long-term growth.

The global economy has gradually shifted from manufacturing to services, making the service sector increasingly important. The banking industry, a vital part of this sector, is crucial to a country's economy. The success of a nation's banking system

depends on the efficiency, products, and services provided by banks. As banks manage both businesses and individuals' finances, customer satisfaction becomes central to their performance. In the competitive banking sector, retaining customers is vital. Satisfied customers not only stay loyal but also promote the bank's services through word-of-mouth, which is a cost-effective way of gaining new customers (Zeithaml, Berry, & Parasuraman, 1996).

Customer satisfaction is a strong indicator of customer loyalty (Oliver, 1999). Satisfied customers are more likely to continue using the bank's services and are less likely to switch to another bank. This loyalty enhances the overall performance of the bank. Improving customer satisfaction is key to retaining customers, which ultimately leads to the success of banks. In developing countries like Myanmar, customer satisfaction is critical to the banking sector's success, especially during its ongoing democratic and economic transition. With increased competitive pressure, customer satisfaction serves as a critical factor that differentiates one bank from another, making it essential for survival and growth.

Customer satisfaction is a major factor in building customer loyalty. When customers are happy with a bank's services, they are more likely to stay with the bank and less likely to switch to a competitor. This loyalty plays a big role in the overall success of the bank. In developing countries like Myanmar, where the economy and political system are changing, customer satisfaction is especially important for the growth of banks. The banking sector in Myanmar faces many challenges, with competition being one of the toughest. As this competition grows, making sure customers are satisfied is a crucial way for banks to stand out and thrive. This study, therefore, aims to explore what drives customer satisfaction and loyalty at KBZ Bank.

1.1 Rationale of the Study

The increasing competition, along with more educated consumers and a higher standard of living, has pushed many businesses to rethink their customer service strategies. Organizations now recognize that retaining existing customers is often more cost-effective than acquiring new ones. Service quality has become essential for the growth and development of businesses, particularly in the service sector, where it directly contributes to customer satisfaction (Grönroos, 1990). Historically, quality measurement was focused on physical products, but as the service sector has grown, evaluating service quality has become increasingly important. Today, the quality of both

products and services plays a critical role in influencing customer choices and driving business success.

Satisfied customers often share their positive experiences with others, while dissatisfied customers tend to share their negative experiences with a larger audience. To achieve high customer satisfaction, businesses must build and maintain strong relationships with their customers by consistently meeting their diverse needs and expectations (Kotler & Keller, 2012). Kotler & Keller (2012) indicates that providing high-quality service is essential for customer satisfaction, which, in turn, leads to increased customer loyalty. The better the service quality, the higher the likelihood of satisfied and loyal customers, which is crucial for long-term business success.

Banks are integral to the economy of any country, as they mobilize funds and provide the primary source of financing for national economic activities. In the banking industry, delivering excellent services is often more important than simply generating profits, as it helps banks maintain their competitive position (Zeithaml, Berry, & Parasuraman, 1996). To stay competitive, banks must offer services that meet the needs and expectations of their customers. Therefore, it is essential for banks to assess and understand the factors that influence customer satisfaction to attract and retain customers. Customers prioritize receiving services that offer them the highest satisfaction when choosing a bank for financial services. Beyond price and product quality, factors such as service quality and customer experience must also be considered.

Because service quality is closely related to expenses, financial performance, customer happiness, and customer retention, there has been an increase in attention to it in recent years. To comprehend customer satisfaction levels and successfully incorporate these elements into their customer satisfaction management plans, organizations need empirical data (Rust & Oliver, 1994). By evaluating earlier research on the variables affecting customer happiness and loyalty and creating a conceptual framework for further investigation, this study seeks to close the current knowledge gap. By better understanding the elements that affect their operations, service providers—especially those in the banking industry—will be able to develop focused strategies to satisfy client demands and raise customer satisfaction.

Myanmar's banking industry is highly competitive, with 27 private banks offering a variety of services, and KBZ Bank stands out as one of the leading institutions. It provides comprehensive retail banking services and innovative digital

banking solutions. KBZ Bank's focus on safety, stability, and customer satisfaction has positioned it at the forefront of the industry (KBZ Bank, 2024). In an increasingly competitive market, maintaining high customer satisfaction is essential for sustaining and expanding market share. To maintain and grow its market share, it is crucial for KBZ Bank to focus on enhancing customer satisfaction with its products and services. Understanding customers' perspectives will help KBZ Bank retain existing customers and attract new ones by offering better services and well-organized products. Analyzing how KBZ Bank meets customer needs and expectations, particularly through its service offerings, offers valuable insights into improving customer satisfaction and loyalty. The results of this study will contribute meaningful insights, helping KBZ Bank to make the decisions that enhance its overall service quality, and could serve as a reference for other banks in Myanmar's growing financial sector. It can also help how KBZ Bank can leverage its service characteristics to remain competitive and meet customer expectations.

1.2 Objectives of the Study

The objectives of the study are as followed:

- 1) To examine the factors influencing customer satisfaction of KBZ Bank.
- 2) To analyze the effect of customer satisfaction on customer loyalty towards KBZ Bank.

1.3 Scope and Method of the Study

This study focused on the factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty of KBZ Bank. To achieved this, retail banking customers at KBZ Bank's head office (Kamaryut-1 Branch) in Yangon were chosen to study. The factors considered included accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. Quantitative research method was employed. To meet the study's objectives, a combination of primary and secondary data was utilized. According to data from KBZ Branch's head office (Kamaryut-1) in 2024, there were approximately 5,000 retail customers.

Using Taro Yamane's formula (Yamane, 1967) with a population size of 5,000 and a 5% margin of error, the sample size was 370 retail customers. Primary data were collected from these 370 customers through simple random sampling using structured questionnaires. Secondary data were gathered from various sources, including

textbooks, previously published research articles, bank records, annual reports, and reliable websites. This combination of data sources ensured a comprehensive analysis of the factors influencing customer satisfaction and loyalty at KBZ Bank. Descriptive statistics were used for data analysis, along with multiple regression analysis to explore relationships between the variables.

1.4 Organization of the Study

There are five chapters in this work. The study's motivation, aims, scope, methodology, and structure are all covered in Chapter I, which also acts as its introduction. The theoretical underpinnings pertinent to client loyalty and satisfaction in the banking industry are covered in Chapter II. A comprehensive overview of KBZ Bank is given in Chapter III, which covers its history, organizational structure, banking services, and methods for ensuring client satisfaction in Myanmar. An study of KBZ Bank's customer satisfaction and loyalty variables is presented in Chapter IV. The investigation is finally concluded in Chapter V, which summarizes the results and offers suggestions based on the research.

CHAPTER II

THEORITICAL BACKGROUND

This chapter outlines the theories related to the variables that effect on, and how it connects to customer satisfaction and loyalty. Additionally, it reviews previous studies by different researchers and introduces the theoretical framework that supports this study.

2.1 Customer Satisfaction

Achieving client pleasure is crucial to every business's future success. Satisfied clients are more inclined to stay with a company, make more purchases, and spread the word about it to others. Ensuring client happiness is essential for preserving a competitive advantage in today's cutthroat industry. Sasser and Jones (1995).

According to Kotler and Keller (2012), customer satisfaction is defined as the emotional response of a customer, which can be either positive or negative, based on their evaluation of a product's performance compared to their initial expectations. A higher level of satisfaction typically leads to greater customer loyalty, improved profitability, and increased market share. Satisfied customers are more likely to continue using the products and services of a business over time, contributing to its long-term success (Kotler & Keller, 2012).

Value, quality, and general contentment are some of the components that make up the multifaceted idea of customer satisfaction. According to Tahseen et al. (2013) and Zeithaml et al. (1988), a customer's perception of value is directly related to the caliber of the service they get and the cost of that service. Fecikova (2004) emphasized that quality relates to satisfying the requirements and expectations of consumers, while value is linked to the service provided and the financial transaction. Sustaining high levels of client satisfaction is crucial for the longevity and ongoing relevance of the bank in the banking sector, where trust is crucial. (Lace and Titko, 2010).

Minazzi (2008) argued that customer satisfaction arises from the difference between what customers expect and what they actually experience when using a service. This gap can be affected by several factors, including the reliability of the service, how responsive the staff are, and how well the service builds confidence (assurance). Empathy, or how much the service provider shows understanding and care,

also matters. Tangible aspects, like the physical environment, contribute to the overall experience. Together, these elements create the foundation for customer satisfaction, highlighting the importance of delivering on promises.

Bateson & Hoffman (1999) emphasized that factors beyond basic service delivery can influence satisfaction. These include pricing, the quality of personal interactions, and the environment or context in which the service is offered. For instance, how customers perceive the price in relation to the service quality can impact their satisfaction. The interaction between customers and employees, along with the overall service setting, is also crucial in shaping customers' opinions about the service they receive.

2.2 Factors Influencing Customer Satisfaction

Various factors influence customer satisfaction, making it essential to identify which ones are most significant. According to Satyendra (2020), customer satisfaction is shaped by multiple elements, including product quality, price, service, emotions, personal factors, situational conditions, fairness perceptions, and product features. Some customers may place a higher value on reliability and brand loyalty, while others might focus on the company's image and the quality of the products offered. Additionally, the aspects of frequency, reliability, convenience, and responsiveness are crucial in determining customer satisfaction. Quality, in particular, is often seen as consistently performing tasks correctly.

With a focus on accessibility, empathy, language, response time, ease of use, alternatives, simplicity, quality, affordability, appreciation, trust, and personnel competence, Green (2021) provided a more comprehensive view of the elements that influence consumer happiness. Accessibility, tangibility, responsiveness, dependability, service capabilities, and trust are the six main variables that this research focuses on since they are important in determining consumer satisfaction and loyalty, especially in the banking industry.

2.2.1 Accessibility

Accessibility refers to how easily customers can reach and interact with a service provider. As noted by Yarimoglu (2014), accessibility includes factors such as convenient office hours, the ability to contact the provider, and the availability of services during times that suit customers. Flavian, Torres, and Guinaliu (2004) found

that better accessibility to services significantly boosts customer satisfaction. In the banking sector, Ladhari, Souiden, and Ladhari (2011) emphasized that accessibility directly effects customer satisfaction and loyalty. Accessibility in banking involves the ease with which customers can access funds and services through various channels such as online banking, ATMs, and mobile banking apps (Flavian et al., 2004; Ladhari et al., 2011).

2.2.2 Tangibility

Tangibility relates to the physical aspects of a service, such as the appearance of facilities, equipment, and personnel. According to Parasuraman, Zeithaml, and Berry (1988), tangibility can significantly affect customers' perceptions of service quality. In banking, tangible elements like the cleanliness of branches, the professionalism of staff, and the appearance of ATMs and other equipment contribute to customer satisfaction. The importance of tangibility is also supported by Grönroos (2000), who noted that tangible cues are often the first point of contact for customers and can shape their overall experience.

2.2.3 Reliability

Reliability is about consistently delivering what has been promised to customers. Zeithaml, Berry, and Parasuraman (1996) defined reliability as the ability to perform the promised service dependably and accurately. In the context of banking, reliability might include timely processing of transactions, accurate record-keeping, and the ability to resolve issues quickly. As Ladhari et al. (2011) pointed out, reliability is crucial for maintaining customer trust and satisfaction, as customers expect banks to handle their finances competently and without errors.

2.2.4 Responsiveness

Responsiveness in the banking sector is defined as the bank's ability and willingness to address customer needs promptly and efficiently. This concept goes beyond mere customer interaction; it involves the bank's capacity to deliver services and solutions swiftly, ensuring that customer inquiries and issues are handled without unnecessary delays. According to Parasuraman, Zeithaml, and Berry (1988), responsiveness is a crucial element of service quality, emphasizing the importance of timely service delivery and the proactive behavior of employees. In a banking context,

this could involve responding quickly to customer inquiries, offering immediate assistance during financial transactions, and anticipating customer needs before they become pressing issues. Johnston (1995) also supports the view that responsiveness significantly influences customer satisfaction, as customers place high value on receiving prompt and attentive service. For instance, when customers face urgent banking needs, such as resolving a transaction error or securing a loan, the bank's ability to provide swift assistance directly affects their overall satisfaction (Johnston, 1995).

2.2.5 Service Capabilities

Service capabilities refer to the combination of skills, resources, and technologies that enable a bank to meet customer needs effectively. Grönroos (2000) identified service capabilities as a fundamental aspect of service quality, as they influence the bank's ability to deliver on its promises and address customer requirements. In the banking industry, service capabilities encompass several elements, including the expertise of bank staff, the robustness of technological infrastructure, and the range of financial services offered. These capabilities ensure that the bank can handle complex transactions, provide personalized financial advice, and maintain secure and efficient operations. Duong (2015) further explained that service capabilities are not just about having the right resources but also about the bank's readiness to deploy these resources to meet customer expectations quickly. This includes the bank's ability to handle customer issues, offer tailored solutions, and maintain a high level of service even during peak times. For example, a bank with strong service capabilities can efficiently manage customer complaints, provide accurate financial advice, and deliver services that align with customer expectations, thereby enhancing overall customer satisfaction (Duong, 2015).

2.2.6 Trust

Trust is the confidence customers have in a service provider's reliability and integrity. Morgan and Hunt (1994) emphasized that trust is a fundamental element of long-term customer relationships, particularly in industries like banking where customers need to feel secure about the safety of their funds and the confidentiality of their information. Trust is built over time through consistent and honest interactions. In the banking sector, ensuring data security, transparency in transactions, and ethical conduct are key to fostering trust among customers (Morgan & Hunt, 1994).

2.3 Customer Loyalty

Loyalty, as defined by Lau and Lee (1999), involved building and maintaining a consistent relationship with customers, leading them to repeatedly purchase products or services over a period. Loyal customers are usually more willing to pay higher prices and show greater understanding when faced with service issues.

Building client loyalty is relationship marketing's primary objective. In order to do this, businesses must concentrate on emphasizing the benefits of their products, which demonstrates a dedication to satisfying client demands and fostering enduring partnerships (Griffin, 2002). Additionally, it is acknowledged that acquiring new customers is much more expensive than keeping current ones. As brand ambassadors, loyal consumers often persuade prospective clients to choose the same service provider. As a result, building client loyalty is essential.

Client happiness often leads directly to client loyalty. Customers are more inclined to stick around when they are happy. Customer loyalty and satisfaction are often strongly positively correlated. Customer loyalty has a favorable impact on sales and profitability, as Chi (2005) pointed out.

2.4 Related Theories

One of the most popular ideas for figuring out consumer happiness is the Expectancy-Disconfirmation Theory (EDT). According to this hypothesis, which was first put forward by Oliver in 1980, the gap between what consumers anticipate and what they actually experience with a product or service determines how satisfied they are. This idea states that before a consumer buys or uses a product or service, they develop expectations about it. These expectations stem from commercial messages, word-of-mouth, and past experiences. Customers compare their real experience with their original expectations after using the product or service. The ExpectancyDisconfirmation model has three potential outcomes: confirmation, negative disconfirmation, and positive disconfirmation. When the product or service surpasses the customer's expectations and results in great satisfaction, this is known as positive disconfirmation. When a product or service fails to meet expectations and leaves a customer unhappy, this is known as negative disconfirmation. When the product or service fulfills expectations, a neutral or moderate degree of satisfaction results, which is confirmation. EDT assists companies in realizing how crucial it is to

control consumer expectations and fulfill commitments in order to guarantee client pleasure. Oliver (1980).

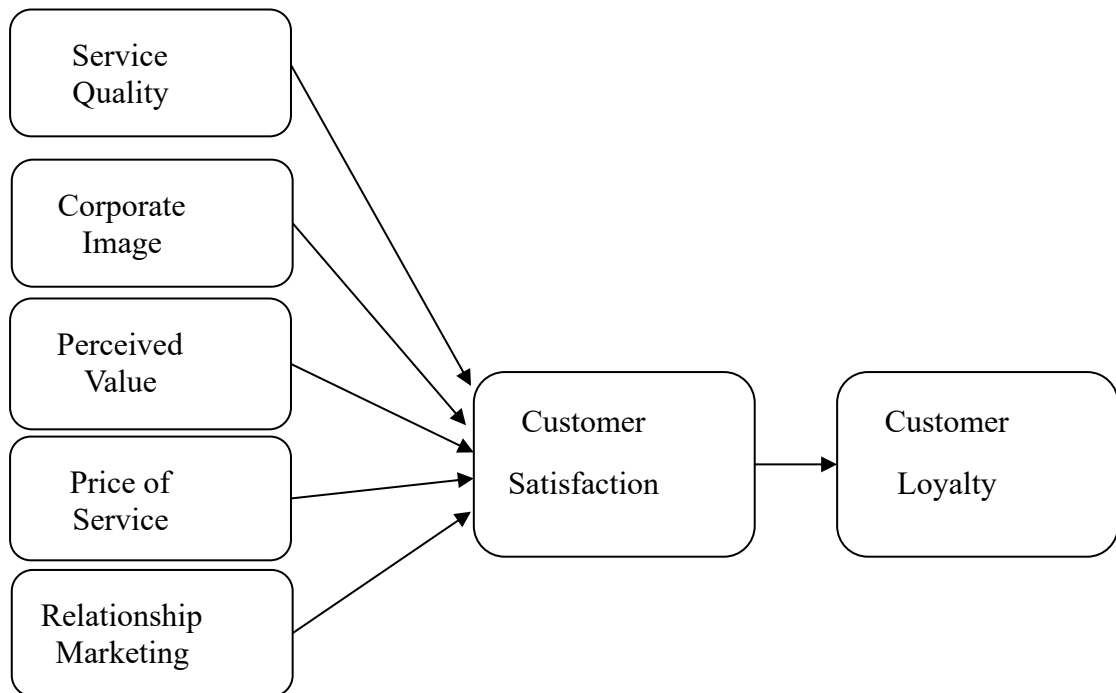
Building enduring ties between a company and its clients in order to promote client loyalty is the main goal of relationship marketing theory. According to this idea, which was created by Morgan and Hunt (1994), the strength of the connection between the company and its consumers is crucial to customer retention and long-term success. According to the notion, the two essential elements of a good partnership are commitment and trust. Customers' desire to sustain a long-term connection with a firm is referred to as commitment, whilst their faith in the company's dependability and integrity is referred to as trust. This idea states that companies may increase customer loyalty by continuously providing value, communicating honestly, and demonstrating a dedication to the demands of their clients. Positive word-of-mouth, repeat business, and lower customer attrition are all results of a company's excellent customer connection. Relationship Marketing Theory offers a strong foundation for comprehending and improving client loyalty in the banking industry, where dependability and trust are crucial. (Morgan & Hunt, 1994).

2.5 Previous Studies

This study focused on reviewing previous study papers and analyses to develop the conceptual model used in this investigation. It was essential to reference earlier studies that explored factors influencing customer satisfaction and loyalty. These references are integrated into each figure as follows.

In the research conducted by Loh Chih Wei (2013) as part of his MBA thesis at Universiti Tunku Abdul Rahman, the study focuses on identifying the key determinants that influence customer satisfaction within the domestic retail banking sector. The study emphasizes the importance of understanding customer needs and preferences to enhance service quality and build stronger customer relationships in the competitive banking environment. This investigation aims to shed light on how various factors contribute to overall customer satisfaction, ultimately helping banks to improve their service offerings. The framework used in that study is shown in Figure (2.1).

Figure (2.1) Determinants of Customer Satisfaction in Domestic Retail Banking Sector

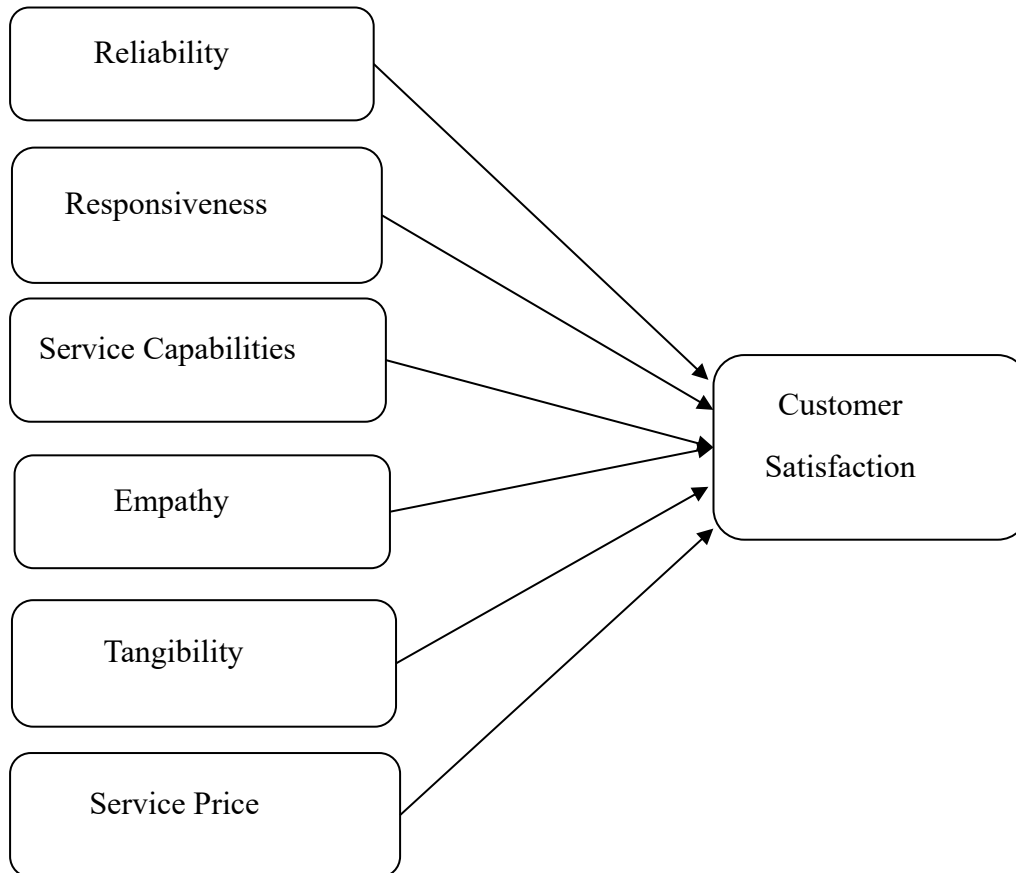


Source: Loh, 2013

With an emphasis on service quality, corporate image, perceived value, service pricing, and relationship marketing, the research sought to determine the factors that influence customer satisfaction in domestic retail banking, as shown in Figure (2.1). 250 bank customers in Kuala Lumpur and Selangor completed self-administered questionnaires as part of the study, which revealed that perceived value, relationship marketing, service quality, and corporate image all had a significant impact on customer satisfaction, with corporate image having the biggest impact. It's interesting that contentment was unaffected by service cost. Finally, the research verified that customer loyalty is favorably impacted by customer satisfaction.

The several elements that affect clients' satisfaction with banking services at Agribank in Vietnam are examined by Nguyen et al. (2022). With an emphasis on factors including service quality, cost, and customer service, this study seeks to identify the precise components that lead to consumer satisfaction. The research offers a thorough examination of the interactions between these variables and how they affect customer satisfaction generally in the banking sector. The study's framework is shown in Figure (2.2).

**Figure (2.2) Factors Affecting Customer Satisfaction About Banking Services:
Evidence from Agribank, Vietnam**

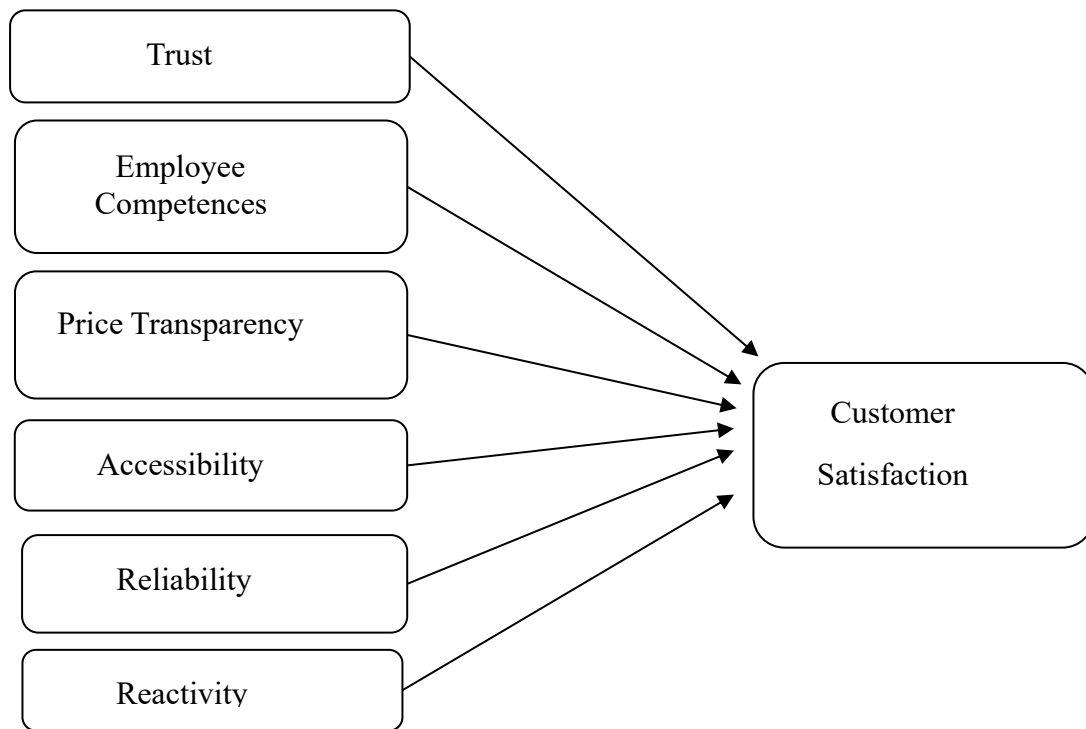


Source: Nguyen et al., 2022

As shown in Figure (2.2), the study utilizes a mixed-method approach, combining both qualitative and quantitative research techniques. Data was collected through structured interviews and surveys, targeting 300 customers of Agribank across various branches in Vietnam. The participants were chosen using purposive sampling to include a mix of both rural and urban customers, ensuring that the study captures the diverse perspectives of Agribank's clientele. The study identifies key factors such as service capabilities, responsiveness, and pricing as major determinants of customer satisfaction at Agribank. The analysis reveals that these variables have a significant effect on how customers perceive the quality of banking services. The findings showed the importance of improving these areas to enhance customer satisfaction and loyalty in the banking industry. This research contributes to the understanding of customer satisfaction in the Vietnam's banking sector and offers practical recommendations for improving service delivery.

Nils B., Alban F., and Rahul S. (2021) examine customer satisfaction in the cooperative banking industry, focusing on the unique features of cooperative banks that affect customer experiences. The study identifies factors that contribute to satisfaction and how these differ from those in commercial banking. The framework used in that study is shown in Figure (2.3) below.

Figure (2.3) Customer Satisfaction in the Cooperative Banking Industry



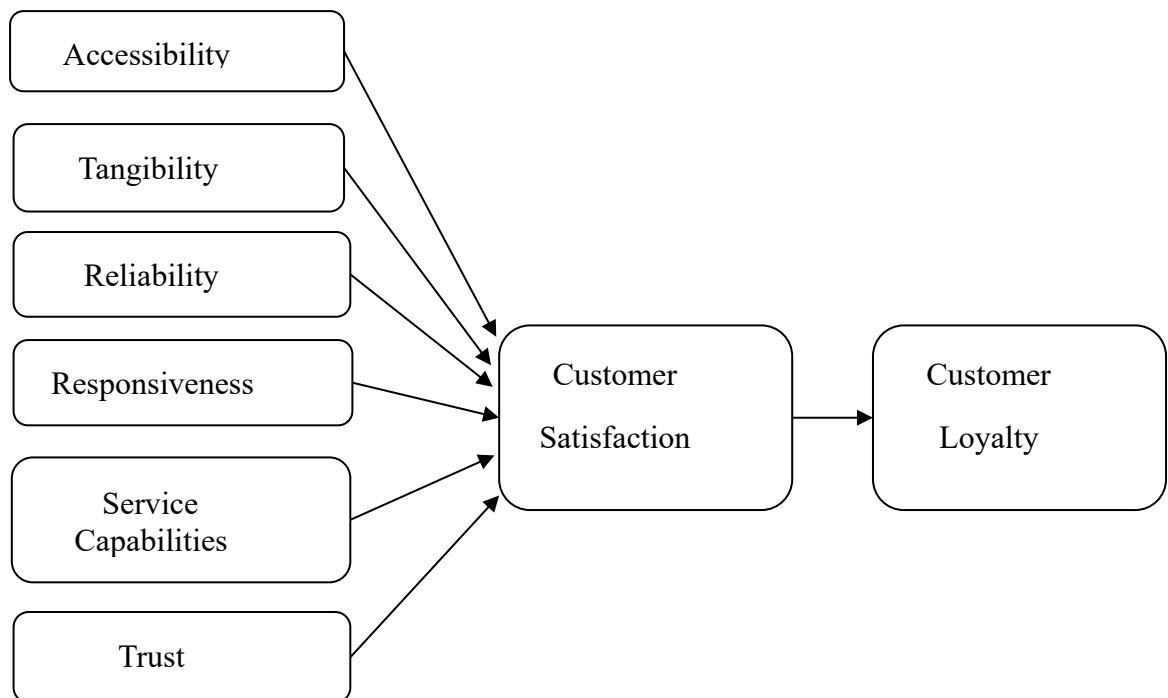
Source: Nils B., Alban F., and Rahul S., 2021

As shown in Figure (2.3), "The study employs a quantitative approach, analyzing data from 21,914 customers across 142 cooperative banking branches in France. Participants were selected to include a diverse range of clients. The research focuses on six variables which are accessibility, reliability, reactivity (perceived quality), trust, employee competences, and price transparency (perceived value). The findings reveal that these factors significantly impact customer satisfaction. Accessibility emerged as the most influential factor, followed by Employee Competence and Trust. The study underscores the importance of enhancing these areas to boost customer satisfaction in the cooperative banking sector. This research offers valuable insights and practical recommendations for improving service delivery.

2.6 Conceptual Framework of the Study

This study explores the relationship between customer satisfaction and customer loyalty within KBZ Bank, drawing on insights from existing literature. The primary aim is to assess various factors that influence customer satisfaction and how it subsequently effects customer loyalty. The conceptual framework guiding this investigation is based on a review of relevant studies, which have identified key variables suitable for inclusion in this research. The conceptual framework used in this study is illustrated in Figure (2.4).

Figure (2.4) Customer Satisfaction And Customer Loyalty Of KBZ Bank



Source: Own Compilation, 2024

The study focuses on identifying the main factors that significantly affect customer satisfaction. The independent variables considered are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. Customer satisfaction serves as the dependent variable, influencing the level of customer loyalty, which is the outcome variable of interest. This framework seeks to understand how improvements in these independent variables can enhance customer satisfaction and, in turn, strengthen customer loyalty at KBZ Bank.

Working Definitions of the study are adopted as follows:

Accessibility: Accessibility refers to how easily customers can reach and use the bank's services through various methods like mobile apps, online platforms, and ATMs. It also includes the ease of locating and visiting physical branches.

Tangibility: Tangibility focuses on the physical elements of the bank, such as the appearance of its branches, the professionalism of its staff, and the condition of facilities like ATMs. These visible aspects create an immediate impression of quality and professionalism, shaping customers' perceptions.

Reliability: Reliability means the bank consistently delivers accurate and dependable services. This includes maintaining proper records, correctly processing transactions, and handling customer issues without mistakes.

Responsiveness: Responsiveness relates to how quickly the bank reacts to customer inquiries or problems. It includes the speed of service in branches, response times to digital queries, and the promptness with which the bank addresses issues.

Service Capabilities: Service capabilities refer to the bank's ability to offer comprehensive services through its infrastructure, expertise, and product offerings. This covers investments in technology and a wide range of banking solutions that meet specific customer needs.

Trust: Trust is the belief customers have in the bank's integrity and reliability. It is earned through transparent operations, ethical behavior, and the security of customer funds and information.

Customer Satisfaction: Customer satisfaction measures how well the bank's services align with or exceed customer expectations. It is determined by a mix of factors such as service quality, convenience, and customer support.

Customer Loyalty: Customer loyalty refers to the commitment customers show by continuously using the bank's services and recommending them to others. It is the result of sustained customer satisfaction, where customers feel they can rely on the bank over the long term.

CHAPTER III

PROFILE OF KBZ BANK

KBZ Bank and the financial services it offers are discussed in this chapter, which is about the bank itself. Consequently, the profile of KBZ Bank encompasses the history of the bank, the organizational structure of the bank, and after that, the financial services that are offered by KBZ Bank.

3.1 Profile of KBZ Bank

In accordance with Myanmar's banking and financial legislation, KBZ Bank, which is now considered to be one of the major private banks in Myanmar, was created on July 1, 1994. The company has expanded to become the most extensive private bank in the nation, with more than 400 branches, 1,300 automated teller machines, and a staff of more than 18,000 workers. A broad variety of financial products and services are available from KBZ Bank. These include savings, current, and fixed deposit accounts, loans, overdrafts, house loans, hire purchase, and the mobile wallet service known as KBZPay. Both domestic and international remittances are handled by KBZPay, which has a substantial user base of 10 million users and is backed by 46,000 agents, 240,000 merchants, and 39 service centers.

Myanmar is currently at a critical point in its economic development, and the need for a robust, stable financial system is essential for ensuring balanced and sustainable growth. Historically, banking was only accessible to the affluent, but now there is a growing need for financial inclusion, as 90% of Myanmar's adult population remains unbanked. KBZ Bank has positioned itself to address this gap, starting as a single branch in Shan State and evolving into Myanmar's largest privately-owned bank. The bank's goal is to drive the transition toward full financial inclusion and improved living standards for the entire population. By extending banking services through longer branch hours, enhancing financial literacy, and providing innovative, digital, and mobile-friendly services, KBZ Bank has become a trusted partner in the lives of its customers.

Through a blend of innovation, a deep understanding of Myanmar's unique economic conditions, and a focus on digital transformation, KBZ Bank aims to lead the country's fast-developing financial services sector. The bank's overarching mission is

to be recognized as the best-managed bank globally and to achieve full financial inclusion in Myanmar. Guided by the principles of Metta (loving-kindness), Thet Ti (courage), and Virya (perseverance), KBZ Bank is committed to maintaining the highest standards of ethics, corporate responsibility, and legal compliance. This commitment has solidified its reputation as Myanmar's most forward-thinking and innovative bank.

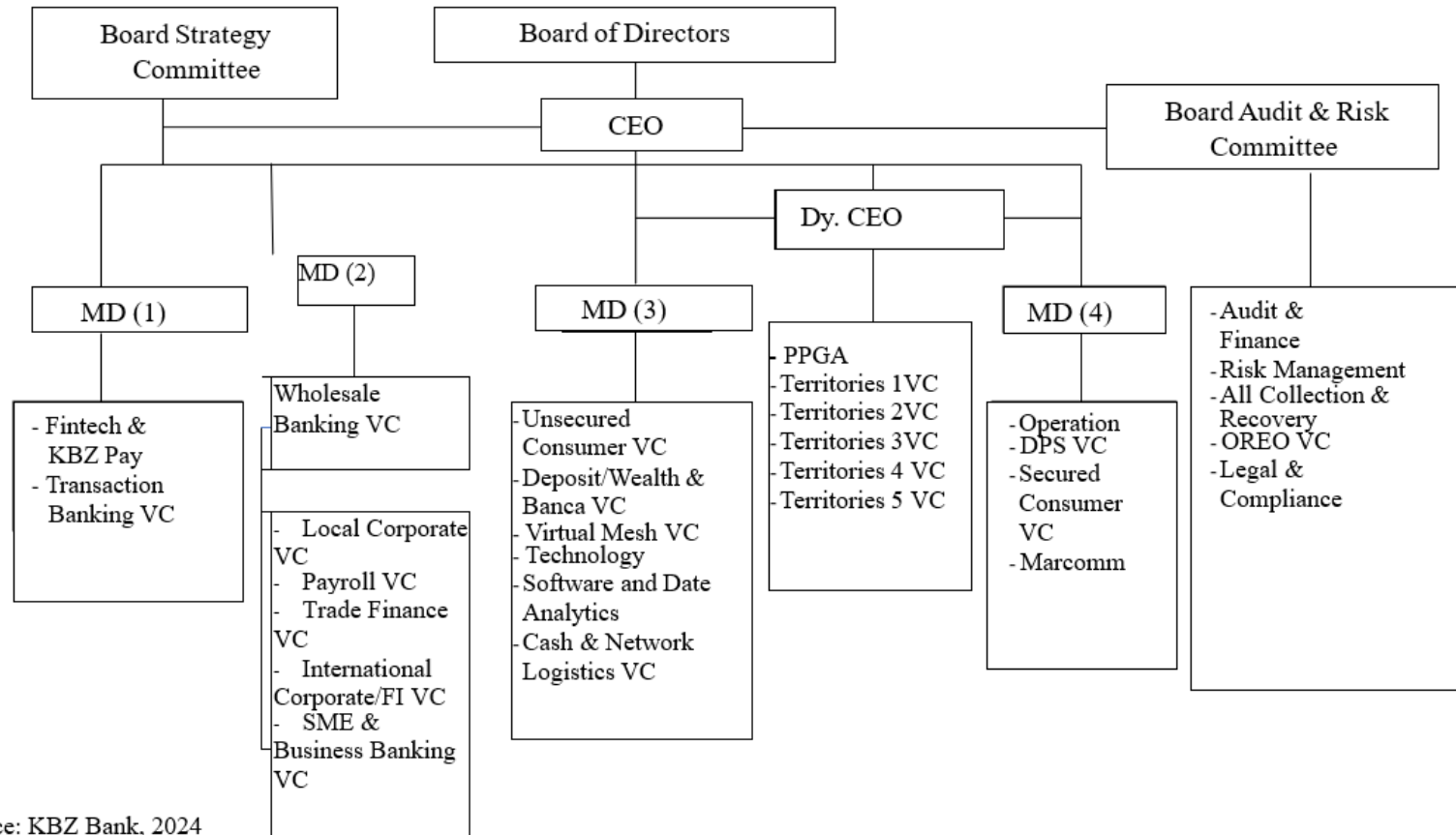
3.2 Organization Structure of KBZ Bank

Figure (3.1) illustrates the organization structure of KBZ Bank, highlighting the relationship between the value centers, functions, and reporting lines. KBZ Bank's organizational structure has evolved over the years to improve accessibility, responsiveness, and service capabilities, which are central to enhancing customer satisfaction. KBZ Bank, Myanmar's largest private bank, updated its organizational structure in 2022 to work more efficiently. The CEO is at the top, overseeing the entire bank and reporting to the Board of Management. Helping the CEO are four Managing Directors (MDs), each responsible for different areas, and a Deputy CEO managing additional functions.

MD (1) looks after Fintech and KBZ Pay, as well as the Transaction Banking Platform, which includes digital financial services like mobile wallets and payment systems. MD (2) handles Wholesale Banking, covering areas like Local Corporate Banking, Payroll Services, Trade Finance, International Corporate/Financial Institutions (FI) Banking, and Small and Medium Enterprises (SME) & Business Banking. MD (3) manages four Value Centers (VCs): Unsecured Consumer Banking, Deposit/Wealth & Banca Services, Virtual Mesh (for online services), and Cash & Network Logistics. MD (4) is responsible for Secured Consumer Banking and DPS VC, focusing on consumer loans and secured banking products. The Deputy CEO oversees public policy and government affairs, along with several venture capital firms like Treasury VC and various territorial VCs (five in total).

The bank's Board of Strategy Committee supervises all these areas to ensure growth and stability. Meanwhile, the Board Audit and Risk Committee oversees Risk Management, Audit & Finance, Legal & Compliance, and Collections and Recovery. This structure helps KBZ Bank stay organized, aiming for customer satisfaction and efficient internal operations.

Figure (3.1) Organization Structure of KBZ Bank



Source: KBZ Bank, 2024

3.3 Types of Products Provided by KBZ Bank

KBZ Bank, which is the biggest bank in Myanmar, provides a comprehensive selection of financial products and services that are tailored to fulfill the requirements of both individuals and businesses. The financial institution offers a variety of deposit accounts, including savings accounts, fixed accounts, current accounts, and call deposit accounts, among others. In addition, it provides accounts for children's savings as well as accounts for foreign currency in order to meet the varied needs of its customers.

Table (3.1) Types of Products Provided by KBZ Bank

No.	Type of Product	Categories
1	Demand Deposits	Saving Accounts, Current Accounts, Fixed Accounts, Special Accounts, Call Accounts, Minor Accounts
2	Loans and Advances	Overdrafts, Demand Loans, Hire Purchase, SME Loans
3	Remittances	Local Telegraphic Transfers, Payment Order
4	Cash Management	Receivables Management, Cash payables
5	Transactional Banking	KBZ iBanking, Smart Payroll, Agent Banking, KBZ pay (mobile money financial inclusion), E-Commerce
6	Cards Payment Services	Myanmar Payment Union Card (MPU Debit and Credit), World Travel Card (VISA Debit and Credit) Master Card, Union Pay International Travel mate Card (UPI Credit)
7	International Services	Remittance Services Inward (Trade and Non-Trade) and Outward (Trade and Non-Trade) Western Union, Merchant Trade, Ria, Thunes, Trunglo (Worker Remittance), Foreign Exchange Services, Letter of Credit (LC), Import Services, Financing Export services and Bank Guarantee
8	Other Services	Safe Deposit Lockers and Gift Cheques

Source: KBZ Bank, 2024

Table (3.1) provides a clear breakdown of the various products and services offered by KBZ Bank, organized into categories like demand deposits, loans and advances, cash management, transactional banking, card services, and international banking. Each category addresses specific financial needs, ensuring a comprehensive range of options for both individual and business clients.

KBZ Bank also provides various credit options, including overdrafts, demand loans, hire purchase loans, and loans tailored for SMEs (small and medium enterprises). For businesses, the bank extends trade finance, cash management solutions like payroll services, and procurement services, all aimed at facilitating smoother business operations.

In terms of convenience, KBZ Bank offers e-Banking services like KBZ iBanking, mBanking, and ATMs, allowing customers to manage their finances from anywhere. Agent banking via KBZ Pay, card payment services (such as MPU Debit Card, Visa Card, and MasterCard), and international banking services like remittances and foreign exchange are also provided. The bank's international offerings include both trade and non-trade remittance services and export/import financing solutions.

Moreover, KBZ Bank has introduced new services to enhance customer convenience, such as its Doorstep Banking service launched in 2022. This initiative aims to bring secure banking services directly to customers, reflecting the bank's commitment to adapting to customer needs and advancing financial accessibility.

As KBZ Bank continues to offer an extensive range of products and services, understanding the key factors that drive customer satisfaction becomes crucial. While the bank provides accessibility, tangibility, reliability, responsiveness, service capabilities, and trust are fundamental in shaping customer satisfaction. In the following section, the specific factors will be explored that influence customer satisfaction at KBZ Bank, focusing on areas such as accessibility, responsiveness, service capabilities, and trust.

3.4 Factors Influencing Customer Satisfaction of KBZ Bank

KBZ Bank, one of Myanmar's largest and most trusted private banks, strives to meet its customers' needs by delivering high-quality banking services. To remain competitive, KBZ Bank places great importance on six key factors which are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. These elements play a critical role in ensuring customer satisfaction, which in turn strengthens customer loyalty. In the highly competitive banking environment, where retaining customers is crucial, understanding how these factors are applied in practice helps explain why KBZ Bank is a market leader. The following sections explore how

KBZ Bank applies each of these factors in its day-to-day operations, demonstrating the bank's dedication to providing exceptional service.

KBZ Bank excels in providing services that meet customer expectations by focusing on accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. Each of these factors contributes to higher customer satisfaction, which in turn strengthens customer loyalty. The bank's practices, such as maintaining a strong digital presence, investing in staff training, providing reliable transaction services, and upholding ethical standards, demonstrate its commitment to enhancing the customer experience. In a highly competitive banking environment, these factors not only help KBZ retain its existing customers but also attract new ones, ensuring the bank's ongoing success in the market. By consistently delivering on these key service factors, KBZ Bank continues to build strong, long-term relationships with its customers, reinforcing its role as a leading financial institution in Myanmar.

3.4.1 Accessibility

Accessibility is crucial for modern banking, as customers expect easy access to services at any time. KBZ Bank ensures accessibility by offering various channels for customers to use, such as online banking, mobile banking apps, and a wide network of ATMs across Myanmar. Customers can perform transactions, check balances, and transfer money from the comfort of their homes using these platforms. KBZ Bank's mobile app, for example, is designed to be user-friendly, providing customers with a seamless digital banking experience. In rural areas, KBZ also makes efforts to ensure physical branches are within reach, giving those without reliable internet access the opportunity to use its services. The bank also offers customer support through hotlines and chat services, ensuring that help is available when needed. This level of accessibility fosters customer satisfaction by making banking convenient and available 24/7.

3.4.2 Tangibility

The tangible aspects of a bank, such as the appearance of branches, staff professionalism, and the quality of equipment, contribute significantly to how customers perceive service quality. KBZ Bank has modern and well-maintained branches that give customers a professional and welcoming environment. The bank's

staff are trained to maintain a professional demeanor, from the way they dress to how they handle customer queries. This professionalism boosts customer confidence in the bank's services. In addition, KBZ Bank invests heavily in maintaining its ATMs and other banking equipment to ensure they function properly, reducing customer frustration. The bank regularly updates and replaces old machines to ensure smooth operations. Clean, efficient, and modern branches and equipment reflect KBZ's commitment to delivering high-quality tangible service, leaving a positive impression on customers.

3.4.3 Reliability

Reliability is the backbone of customer trust in any bank. At KBZ Bank, reliability means consistently delivering on promises and ensuring that all transactions are handled accurately. KBZ's focus on operational efficiency allows the bank to minimize transaction errors, whether online or in-branch. The bank also keeps accurate records of customer transactions, providing detailed statements to ensure transparency. In cases where issues arise, KBZ Bank promptly addresses and resolves customer concerns, ensuring that customers feel their financial matters are in safe hands. For example, if a customer faces a problem with an ATM withdrawal, the bank acts quickly to rectify the situation, ensuring minimal inconvenience. This reliability fosters trust and satisfaction among customers, as they know they can depend on the bank to manage their finances without error.

3.4.4 Responsiveness

In banking, timely service is critical to maintaining customer satisfaction. KBZ Bank understands this and has built a reputation for being highly responsive to customer needs. The bank provides multiple channels, including phone lines, email, and in-app messaging, where customers can get quick support for any issue they face. KBZ also ensures that their branches are adequately staffed, allowing customers to receive immediate assistance without long waiting times. For example, if a customer experiences a problem with a loan application, bank officers are available to address concerns on the spot or within a very short time frame. This kind of responsiveness reassures customers that their needs are being prioritized, which enhances their overall banking experience.

3.4.5 Service Capabilities

Service capabilities reflect a bank's ability to meet diverse customer needs through its products, technology, and resources. KBZ Bank offers a wide range of financial products, including personal loans, savings accounts, business financing, and digital payment services. The bank continuously invests in technology to improve its service offerings. KBZ Bank's mobile and online banking platforms are regularly updated with new features that allow customers to handle complex transactions easily. Additionally, KBZ provides personalized financial advice through its relationship managers, who are trained to offer tailored solutions based on individual customer needs. The bank also extends its services to include financial education for clients, helping them make informed decisions about their money. By expanding its service capabilities, KBZ Bank ensures that it meets both the everyday and long-term financial needs of its customers.

3.4.6 Trust

Trust is a fundamental aspect of any banking relationship, and KBZ Bank takes this seriously. The bank has built trust by operating with transparency, security, and integrity. KBZ follows strict regulatory standards to ensure that customer data and funds are protected. For instance, the bank employs state-of-the-art security systems to safeguard online transactions, ensuring that customers' personal information remains confidential. KBZ also upholds ethical banking practices, providing clear and honest communication to customers about fees, interest rates, and other financial products. When customers trust a bank, they are more likely to remain loyal, knowing their financial wellbeing is being looked after. KBZ Bank's long-standing reputation for reliability and fairness has cemented its position as one of Myanmar's most trusted financial institutions.

CHAPTER IV

ANALYSIS ON INFLUENCING FACTORS OF CUSTOMER SATISFACTION AND CUSTOMER LOYALTY TOWARDS KBZ BANK

The findings from the analysis and interpretation of the gathered data are presented in this chapter. There are four major components to it. The research design is covered in the first part. The demographic information of the respondents is described in depth in the second section. Cronbach's alpha and descriptive statistics are used to describe the variables in the third segment, which assesses the dependability of the elements affecting customer happiness and loyalty. Using correlation and multiple regression analysis, the last part investigates the connection between these influencing elements and KBZ Bank customers' pleasure and loyalty.

4.1 Research Design

The research design for this study was crafted to investigate on the factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty of KBZ Bank among retail banking customers at KBZ Bank's head office (Kamaryut-1 Branch) in Yangon. The study employed both descriptive statistic and quantitative research methods to ensure a comprehensive analysis. The descriptive approach was used to provide a detailed account of the respondents' demographic data and the characteristics of the influencing factors, such as accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. Quantitative methods were applied to measure the relationships between these factors and customer satisfaction and loyalty.

To achieve the study's objectives, a combination of primary and secondary data was utilized. Using Taro Yamane's formula (Yamane, 1967) with a population size of 5,000 and a 5% margin of error, the sample size was calculated as follows:

$$n = N / (1 + Ne^2)$$

Where n = sample size

N = population size

e = error (0.05) with reliability level 95%

$$n = 5,000 / (1 + 5,000(0.05)^2)$$

$$n = 5,000 / 13.5$$

$$n \approx 370.$$

Primary data were collected through structured questionnaires distributed to a sample of 370 retail customers, selected using simple random sampling. This sample size was determined using Taro Yamane's formula, ensuring a 95% reliability level with a 5% margin of error. Secondary data were sourced from various credible materials, including textbooks, previously published research articles, bank records, annual reports, and reliable websites. This blend of primary and secondary data provided a robust foundation for the study.

Data collection methods were carefully chosen to ensure accuracy and reliability. Structured questionnaires were designed to capture detailed information from the respondents. These questionnaires included both closed-ended and open-ended questions to gather quantitative data and qualitative insights. The data collection process was conducted systematically to minimize biases and errors.

To summarize the demographic information and the traits of the contributing variables, data analysis was done using descriptive statistics. The correlations between the variables were investigated using multiple regression analysis, which provided information on the variables affecting customer satisfaction and how customer satisfaction affects customer loyalty. Cronbach's alpha was used to guarantee the validity of the study's measurement scales.

4.2 Demographic Characteristics of Respondents

The respondents' demographic profile offers important information on the traits of the people who took the survey. 370 people in all participated in the survey, providing a variety of viewpoints according to their gender, age, marital status, education, employment, income, and connection with KBZ Bank. Understanding these demographics is essential for interpreting the study's findings, as it reflects the experiences and expectations of a varied customer base. The survey results are shown in details in Table (4.1).

Table (4.1) Demographic Characteristic of Respondents

No.	Particular	Frequency	Percent
	Total Number of Respondents	370	100
1	Gender		
	Male	180	48.65
	Female	190	51.35
2	Marital Status		
	Single	76	20.54
	Married	210	56.76
	Divorce	44	11.89
	Widow	40	10.81
3	Age (Years)		
	Between 18 to 25	42	11.35
	Between 26 to 35	148	40.00
	Between 36 to 45	134	36.22
	Between 46 to 55	46	12.43
4	Education Level		
	High School and Below	26	7.03
	Undergraduate	24	6.49
	Bachelor degree	223	60.27
	Master Degree	62	16.76
	Others	35	9.45
5	Occupation		
	Student	48	12.97
	Government Staff	58	15.68
	Company Staff	154	41.62
	Self-employed	64	17.30
	Dependent	46	12.43
6	Monthly Income (Kyats)		
	300,000MMK and below	43	11.62
	300,001 - 500,000MMK	97	26.22
	500,001 - 700,000MMK	94	25.41
	700,001 – 900,000MMK	89	24.05
	900,000 MMK and above	47	12.70
7	No. of Years with KBZ Bank		
	Less than 1 year	39	10.54
	1year - less than 3 years	124	33.51
	3years - less than 5 years	112	30.27
	More than 5 years	95	25.68

Table (4.1) Demographic Characteristic of Respondents (Continued)

No.	Particular	Frequency	Percent
	Total Number of Respondents	370	100
8	Frequency of Visit Per Month to KBZ Bank or its ATM		
	1 - 5 Times	46	12.43
	6 - 10 Times	137	37.03
	11 - 15 Times	78	21.08
	16 - 20 Times	68	18.38
	More than 21 Times	41	11.08
9	Reasons for using KBZ Bank		
	Easy availability and accessibility	35	9.46
	Modern facilities and appearance	84	22.70
	Consistent and accurate service	50	13.51
	Quick support and assistance	52	14.05
	Wide range of useful services	62	16.76
	Safe and trustworthy bank	87	23.52

Source: Survey Results, 2024

The data reveals that the respondents consisted of 180 males, making up 48.65% of the total, and 190 females, comprising 51.35%.

The marital status of the respondents revealed that the majority were married, with 210 individuals representing 56.76%. Single respondents accounted for 76 (20.54%), while 44 (11.89%) were divorced, and 40 (10.81%) were widows. Most respondents fall within the 26 to 35 age range, accounting for 148 individuals (40%). This group is followed by those aged 36 to 45, totaling 134 (36.22%), while 46 (12.43%) are aged 46 to 55. The smallest age group is between 18 and 25, representing 42 respondents (11.35%).

Most respondents hold a bachelor's degree, accounting for 223 individuals (60.27%). This is followed by 62 respondents (16.76%) with a master's degree, and 35 (9.45%) who hold other qualifications. High school graduates and those with education below high school make up 26 (7.03%), and undergraduate respondents total 24 (6.49%).

The largest group of respondents are company staff, with 154 individuals (41.62%), followed by 64 self-employed people (17.30%), 58 government staff (15.68%), and 48 students (12.97%). Dependents account for 46 respondents (12.43%). The income data shows that 97 respondents (26.22%) earn between 300,001 to 500,000 MMK per month, followed closely by 94 (25.41%) earning between 500,001 to 700,000

MMK, and 89 (24.05%) earning between 700,001 to 900,000 MMK. Those with an income of 900,000 MMK and above make up 47 respondents (12.70%), while 43 (11.62%) earn 300,000 MMK or less.

Regarding the length of their banking relationship with KBZ Bank, 124 respondents (33.51%) have been customers for one to less than three years, while 112 (30.27%) have been with the bank for three to five years. Those banking with KBZ for more than five years account for 95 respondents (25.68%), while 39 (10.54%) have been with the bank for less than one year.

The majority of respondents visit KBZ Bank or its ATMs six to ten times a month, totaling 137 individuals (37.03%). Those visiting 11 to 15 times per month number 78 (21.08%), followed by 68 (18.38%) who visit 16 to 20 times. Respondents visiting one to five times make up 46 (12.43%), while 41 (11.08%) visit more than 21 times per month.

Respondents gave various reasons for choosing KBZ Bank. The most common reason was the bank's reputation for being safe and trustworthy, chosen by 87 respondents (23.52%). Modern facilities and appearance were cited by 84 respondents (22.70%), while 62 (16.76%) appreciated the wide range of useful services. Quick support and assistance were favored by 52 respondents (14.05%), consistent and accurate service by 50 respondents (13.51%), and 35 respondents (9.46%) valued the bank's easy availability and accessibility. This indicates that the bank's reliability and modern services are key factors attracting customers.

4.3 Reliability Test

This section provides an analysis of the reliability of the study's key variables. Cronbach's Alpha is employed to evaluate the internal consistency of the items within each variable, ensuring that the scales are reliable and valid for measuring the intended constructs. The reliability ratings, as determined by Cronbach's Alpha, are presented in Table (4.2).

Table (4.2) Cronbach's Alpha Rating

Cronbach's Alpha	Interpretation
0.9 - 1.0	Excellent
0.8 - 0.89	Good
0.7 - 0.79	Acceptable
0.6 - 0.69	Questionable
0.5 - 0.59	Poor
< 0.5	Unacceptable

Source: Field, 2018

The results of the Cronbach's alpha of this study are shown in Table (4.3).

Table (4.3) Reliability Test

No.	Variables	Items	Cronbach's Alpha
1	Accessibility	5	0.857
2	Tangibility	5	0.869
3	Reliability	5	0.843
4	Responsiveness	5	0.862
5	Service Capabilities	5	0.859
6	Trust	5	0.873
7	Customer Satisfaction	5	0.893
8	Customer Loyalty	5	0.876

Source: Survey Results, 2024

The findings show that the Cronbach's Alpha values are all between 0.80 to 0.89, indicating that the items used to measure these variables are good according to Field (2018). Therefore, the reliability test indicates that all variables were consistent and reliable for in this study.

4.4 Descriptive Statistics

The study explores how respondents perceive the various aspects of KBZ Bank's service quality. The analysis focuses on six key factors: accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. The responses are measured on a Likert scale, with the overall mean score indicating the level of agreement with each aspect. Moidunny (2009) Mean Score Interpretation was used to determine whether the respondents' levels as shown in Table (4.4). This provides insights into the strengths and areas for improvement for KBZ Bank.

Table (4.4) Mean Score Interpretation

Mean Score	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.40	Medium
3.41 – 4.20	High
4.21 – 5.00	Very High

Source: Moidunny, 2009

4.4.1 Accessibility

The study assessed the accessibility of KBZ Bank’s services through five items, including ease of access via different channels, branch availability, mobile app efficiency, online banking usability, and customer service availability. These findings are presented in Table (4.5).

Table (4.5) Accessibility

No.	Descriptions	Mean	Standard Deviation
1	Accessing KBZ Bank’s services through various channels (like online banking, ATMs, and mobile apps) is easy.	3.47	0.781
2	It is convenient to find and visit a KBZ Bank branch or ATM when needed.	3.33	0.726
3	KBZ Bank’s mobile app facilitates efficient banking transactions.	3.56	0.702
4	The online banking system of KBZ Bank is user-friendly and accessible for managing financial needs.	3.52	0.701
5	Customer service representatives at KBZ Bank are satisfactorily available when assistance is required.	3.31	0.762
Overall Mean		3.44	

Source: Survey Results, 2024

The overall mean score for accessibility was 3.44, classified as "high" agreement, showing that customers find the services moderately accessible. The highest mean score (3.56) was for the mobile app's efficiency, which indicates a "high" agreement level. However, customer service availability scored the lowest at 3.31, reflecting a "medium" agreement. This indicates that while accessibility is generally acceptable, there is room to improve customer service availability.

4.4.2 Tangibility

Tangibility covers physical aspects like branch cleanliness, staff professionalism, equipment reliability, and the quality of printed materials. These aspects were measured using five items as shown in Table (4.6).

Table (4.6) Tangibility

No.	Descriptions	Mean	Standard Deviation
1	KBZ Bank's branch offices are clean and well-maintained.	3.96	0.589
2	The professionalism and appearance of KBZ Bank's staff are commendable.	4.06	0.684
3	The equipment provided by KBZ Bank (such as ATMs and banking machines) is reliable and easy to use.	3.94	0.622
4	The physical facilities of KBZ Bank (e.g., layout, decor) meet expectations for a modern banking experience.	3.79	0.791
5	KBZ Bank provides printed materials (such as brochures and receipts) that are clear and visually appealing.	3.82	0.639
Overall Mean		3.91	

Source: Survey Results, 2024

The overall mean score for tangibility was 3.91, categorized as "high" agreement, indicating that customers have a favorable view of KBZ Bank's physical elements. The professionalism of staff scored the highest with a mean of 4.06, reflecting a "high" agreement level. In contrast, the physical facilities received the lowest score at

3.79, still within the "high" category, indicating that some improvement could be made in this area.

4.4.3 Reliability

Reliability measured how consistently KBZ Bank delivers on its promises, such as processing transactions accurately and resolving issues promptly. Table (4.7) presents the findings.

Table (4.7) Reliability

No.	Descriptions	Mean	Standard Deviation
1	KBZ Bank processes transactions accurately without errors.	3.36	0.737
2	KBZ Bank maintains accurate account records satisfactorily.	3.67	0.733
3	KBZ Bank promptly resolves any issues or problems related to transactions.	3.42	0.723
4	The bank consistently delivers services as promised.	3.83	0.768
5	KBZ Bank's customer service team handles inquiries or complaints reliably.	3.43	0.732
Overall Mean		3.54	

Source: Survey Results, 2024

The overall mean score for reliability was 3.54, indicating a "high" agreement level. The highest score was 3.83 for consistently delivering services as promised, classified as "high." However, the accuracy of transaction processing scored the lowest at 3.36, which is within the "medium" agreement level. This indicates that while KBZ Bank is generally reliable, there is room for improvement in transaction accuracy.

4.4.4 Responsiveness

The responsiveness of KBZ Bank's services was measured through five items, including response times, problem-solving, and willingness to assist. Table (4.8) shows the results.

Table (4.8) Responsiveness

No.	Descriptions	Mean	Standard Deviation
1	KBZ Bank responds quickly to customer inquiries and requests.	3.61	0.755
2	The time taken by KBZ Bank to resolve any problems or issues is satisfactory.	3.63	0.741
3	KBZ Bank provides immediate assistance when help is needed with accounts or services.	3.73	0.699
4	KBZ Bank's employees are always willing to assist when required.	3.58	0.781
5	Customer service representatives at KBZ Bank handle concerns efficiently and in a timely manner.	3.52	0.759
Overall Mean		3.61	

Source: Survey Results, 2024

The overall mean score for responsiveness was 3.61, classified as "high" agreement. The highest score was 3.73 for providing immediate assistance, showing a "high" level of satisfaction. On the other hand, customer service handling of concerns scored the lowest at 3.52, which is within the "high" category. This indicates that while KBZ Bank's responsiveness is strong, there is potential for faster resolution of concerns.

4.4.5 Service Capabilities

Service capabilities refer to the range of financial products, technological infrastructure, and specialized financial advice offered by KBZ Bank. Table (4.9) outlines the findings.

Table (4.9) Service Capabilities

No.	Descriptions	Mean	Standard Deviation
1	KBZ Bank provides a wide range of financial products to meet banking needs.	3.47	0.695
2	The technological infrastructure provided by KBZ Bank (e.g., mobile banking, internet banking) is satisfactory.	3.41	0.703
3	KBZ Bank's services are tailored to meet specific financial requirements.	3.53	0.686
4	The bank invests in technology and resources to improve customer experience.	3.38	0.752
5	KBZ Bank offers specialized financial advice and services that suit personal or business needs.	3.53	0.693
Overall Mean		3.46	

Source: Survey Results, 2024

The overall mean score for service capabilities was 3.46, reflecting a "high" agreement level. The highest score was 3.53 for services tailored to specific financial needs, classified as "high" agreement. The lowest score was 3.38 for the bank's investment in technology and resources, indicating a "medium" agreement level. This indicates that while KBZ Bank's service capabilities are generally good, more investment in technology would enhance customer experience.

4.4.6 Trust

Trust was evaluated based on customer confidence in KBZ Bank's confidentiality, integrity, transparency, and security practices. Table (4.10) presents the findings and Moidunny's (2009) Mean Score Interpretation will be used to categorize their values.

Table (4.10) Trust

No.	Descriptions	Mean	Standard Deviation
1	Confidence in KBZ Bank to safeguard the confidentiality of financial information is high.	3.98	0.595
2	Trust in KBZ Bank to handle banking transactions with integrity and honesty is strong.	4.09	0.697
3	KBZ Bank consistently follows transparent and ethical practices in dealings with customers.	3.97	0.638
4	KBZ Bank ensures the security of funds and accounts.	3.83	0.799
5	The bank's reputation for trustworthiness influences the decision to continue using its services.	3.85	0.649
Overall Mean		3.94	

Source: Survey Results, 2024

The overall mean score for trust was 3.94, reflecting a "high" agreement level. The highest score was 4.09 for trust in handling transactions with honesty and integrity, indicating a "high" level of agreement. The lowest score was 3.83 for ensuring the security of funds and accounts, which is within the "high" category, showing that trust in the bank is strong across most areas.

The study assessed six key variables influencing customer satisfaction at KBZ Bank which are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. Each variable reflects different aspects of the bank's services and how well they meet customer expectations. The overall mean scores for each variable were calculated to provide a comprehensive view of customer satisfaction and identify areas for improvement. The overall mean scores for each variable were in Table (4.11).

Table (4.11) Overall Mean Values

No.	Variables	Overall Means
1	Accessibility	3.44
2	Tangibility	3.91
3	Reliability	3.54
4	Responsiveness	3.61
5	Service Capabilities	3.46
6	Trust	3.94

Source: Survey Results, 2024

Among the six variables, "trust" received the highest overall mean score of 3.94, indicating that customers have a strong sense of confidence in the bank's security and integrity. "Tangibility" followed closely with a score of 3.91, reflecting positive customer perceptions of the bank's physical facilities and staff professionalism. "Accessibility" and "Service Capabilities" scored the lowest with a mean of "3.44" and "3.46". The overall mean scores indicate that while all variables are highly agreed, but accessibility and service capabilities need more attention to enhance customer satisfaction.

4.4.8 Customer Satisfaction

Customer satisfaction was measured based on service quality, consistency, and responsiveness to customer needs. The findings are shown in Table (4.12).

Table (4.12) Customer Satisfaction

No.	Descriptions	Mean	Standard Deviation
1	KBZ Bank's services meet or exceed customer expectations.	3.86	0.785
2	The overall quality of services provided by KBZ Bank is satisfactory.	3.83	0.799
3	The level of customer service received at KBZ Bank is satisfactory.	3.89	0.764
4	KBZ Bank's reliable and consistent services meet customer expectations.	3.92	0.781
5	The bank's responsiveness to customer inquiries and issues is satisfactory.	3.84	0.795
Overall Mean		3.87	

Source: Survey Results, 2024

The overall mean score for customer satisfaction was 3.87, indicating "high" agreement. The highest score was 3.92 for the satisfaction of reliability and consistency of services, categorized as "high." The lowest score, 3.83, was for the overall quality of services, also within the "high" level. This indicates that customers are generally satisfied with KBZ Bank's services, though there is room for further improvement in quality.

4.4.9 Customer Loyalty

Customer loyalty was assessed by examining future intentions to use KBZ Bank's services, recommend it to others, and show commitment to the bank. Table (4.13) provides the findings and Moidunny's (2009) Mean Score Interpretation will be used to categorize their values.

Table (4.13) Customer Loyalty

No.	Descriptions	Mean	Standard Deviation
1	There is a strong intention to continue using KBZ Bank for financial services in the future.	3.37	0.779
2	The likelihood of recommending KBZ Bank to friends, family, or colleagues is high.	3.39	0.728
3	KBZ Bank would be chosen again if there was an option to switch to another bank.	3.37	0.751
4	There is frequent use of KBZ Bank's services and products compared to other banks.	3.34	0.781
5	There is a strong sense of loyalty to KBZ Bank and a commitment to continue banking with them.	3.39	0.744
Overall Mean		3.37	

Source: Survey Results, 2024

The overall mean score for customer loyalty was 3.37, which is categorized as "medium" agreement. The highest score (3.39) was for both recommending KBZ Bank and the sense of loyalty, indicating "medium" agreement. The lowest score (3.34) was for frequent use of services compared to other banks, also within the "medium" category. This shows that while there is moderate loyalty, there is room to increase customer retention and engagement.

4.5 Correlation Analysis of Customer Satisfaction and Customer Loyalty

A correlation analysis was carried out in order to investigate the connection between the independent and dependent variables in this investigation. Accessibility, tangibility, dependability, responsiveness, service capabilities, and trust were among the independent factors that were investigated since they were thought to have an impact on the dependent variables of customer loyalty and customer satisfaction. The

purpose of the correlation study was to evaluate the impact of these variables on KBZ Bank's client loyalty and satisfaction.

According to Saunder and Lewis (2012), the correlation coefficient is a statistical metric that expresses how strongly two numerical variables are linearly related. This coefficient, denoted by the letter "r," goes from +1 to -1, for positive and negative correlations, respectively, with 0 denoting no connection. According to Saunder and Lewis (2012), the correlation coefficient is interpreted as follows:

0.00 – 0.20: No correlation

0.21 – 0.35: Weak correlation

0.36 – 0.60: Moderate correlation

0.61 – 0.80: Strong correlation

0.81 – 1.00: Very strong correlation

A significant positive correlation is shown by a coefficient of +1, which means that as one variable rises, so does the other. A significant negative correlation, on the other hand, is indicated by a coefficient of -1, meaning that a rise in one variable is correlated with a fall in the other.

Additionally, the research looked at the link between customer happiness and loyalty at KBZ Bank, as well as the association between a number of influencing variables and customer satisfaction. The degree of these associations was assessed using Pearson's correlation coefficient. The results are shown in detail in Tables 4.14 and 4.15.

Table (4.14) Correlation between Influencing Factors and Customer Satisfaction

No.	Variables	Pearson's Correlation Coefficient	P-Value
1	Accessibility	.711**	0.000
2	Tangibility	.901**	0.000
3	Reliability	.877**	0.000
4	Responsiveness	.818**	0.000
5	Service Capabilities	.859**	0.000
6	Trust	.913**	0.000

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

Source: Survey Results, 2024

Table (4.14), "trust" showed the highest correlation with customer satisfaction, with a Pearson's correlation coefficient of .913, indicating a very strong correlation. "Tangibility" followed closely with a coefficient of .901, also reflecting a very strong

correlation. "Accessibility" had the lowest correlation at .711, which indicates a strong correlation, and slightly weaker compared to the other variables. All p-values were less than 0.001, showing statistically significant relationships.

Table (4.15) Correlation between Customer Satisfaction and Customer Loyalty

No.	Variables	Pearson's Correlation Coefficient	P-Value
1	Customer Satisfaction	.954**	0.000

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

Source: Survey Results, 2024

With a Pearson's correlation value of .954, which indicates a very strong association, Table (4.15) shows an exceptionally high correlation between customer pleasure and customer loyalty. This indicates that at KBZ Bank, better customer happiness is a major predictor of increased customer loyalty, underscoring the need of sustaining high levels of customer satisfaction to guarantee sustained client loyalty.

4.6 Analysis of influencing factors of Customer Satisfaction and Customer Loyalty

The variables influencing customer satisfaction and customer loyalty were investigated in this research using regression analysis, and the results are shown in Tables (4.16) and (4.17).

Table (4.16) Multiple Regression Analysis of Influencing Factors on Customer Satisfaction

Independent Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	Beta	Std. Error	Beta			
(Constant)	0.142	0.081		1.740	0.083	
Accessibility	0.079**	0.040	0.063	1.831	0.026	3.128
Tangibility	0.354***	0.035	0.362	9.139	0.000	2.903
Reliability	0.182***	0.037	0.198	4.890	0.000	3.970
Responsiveness	0.163***	0.030	0.172	5.478	0.000	3.598
Service Capabilities	0.262***	0.040	0.232	6.482	0.000	3.665
Trust	0.364***	0.036	0.371	9.239	0.000	2.903
R	0.944					
R Square	0.892					
Adjusted R Square	0.891					
F	650.379*** (P = 0.000)					

a. ***Significant at 1 percent level, **Significant at 5 percent level

Source: Survey Results, 2024

The multiple regression model examined the effect of six influencing factors (Accessibility, Tangibility, Reliability, Responsiveness, Service Capabilities, and Trust) on customer satisfaction at KBZ Bank. The model had an Adjusted R² of 0.891, indicating that 89.1% of the variation in customer satisfaction is explained by these factors, demonstrating a highly reliable model fit. This means that only 10.9% of the variation in customer satisfaction is due to factors not included in the model. The Fvalue of 650.379 ($p < 0.01$) further confirms the model's overall statistical significance, indicating the strong predictive power of the independent variables in influencing customer satisfaction. Additionally, the Variance Inflation Factor (VIF) values, ranging from 2.903 to 3.970, indicate no serious multicollinearity issues among the predictors. Trust had the largest positive effect on customer satisfaction, with a beta of 0.364 ($p < 0.01$), followed by Tangibility, which also had a notable positive effect with a beta of 0.354 ($p < 0.01$). Service Capabilities had a significant positive effect as well, with a beta of 0.262 ($p < 0.01$), while Reliability and Responsiveness contributed positively with coefficients of 0.182 and 0.163 ($p < 0.01$), respectively. Accessibility, though statistically significant with a beta of 0.079 ($p < 0.05$), had the smallest effect on customer satisfaction compared to the other factors. These indicates that all factors are significant and important in enhancing customer satisfaction at KBZ Bank.

Table (4.17) Simple Linear Regression Analysis of Customer Satisfaction and Customer Loyalty

Independent Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.228	0.065		3.518	0.000	
Customer Satisfaction	0.928***	0.018	0.954	7.043	0.000	1.000
R	0.954					
R Square	0.891					
Adjusted R Square	0.890					
F	3253.956*** (P = 0.000)					

a. ***Significant at 1 percent level, **Significant at 5 percent level

Source: Survey Results, 2024

The simple linear regression model was used to examine the relationship between customer satisfaction and customer loyalty at KBZ Bank. The model demonstrated a good fit, with an R^2 value of 0.891, meaning 89.1% of the variation in customer loyalty can be explained by customer satisfaction. This indicates that customer satisfaction is a key factor in predicting customer loyalty, leaving only 11% of loyalty influenced by other factors. The F-value of 3253.956 ($p < 0.01$) further confirms the model's overall significance, highlighting the strong influence of customer satisfaction on customer loyalty.

The positive effect of customer satisfaction on loyalty is evident, with a coefficient (B) of 0.928, which is highly significant ($p < 0.01$). The standardized beta of 0.954 reinforces the strength of this relationship, indicating that customer satisfaction plays a major role in driving customer loyalty at KBZ Bank. The R value of 0.954 shows a very strong linear relationship between the two variables, confirming that as customer satisfaction increases, customer loyalty also rises significantly.

CHAPTER V

CONCLUSION

This chapter discuss the conclusion of this study. It is divided into three parts. The first part presents about the findings and discussion, the second part describes suggestions and recommendations and the third part shows the need for further study.

5.1 Findings and Discussion

This study's primary goal is to evaluate the variables affecting KBZ Bank customers' loyalty and level of satisfaction. The impact of important components on customer satisfaction and loyalty among KBZ Bank customers was assessed using both descriptive and quantitative research approaches.

The majority of respondents were female, according to the survey's findings, which show a wide demographic profile. The majority of responders are married, and a sizable portion are between the ages of 31 and 40. This demographic insight provides a valuable context for understanding customer satisfaction patterns at KBZ Bank.

The mean score analysis of the six influencing factors which are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust. This indicates moderate to high satisfaction across all factors. Among the key factors studied, trust emerges as the most significant in influencing customer satisfaction at KBZ Bank. This high level of trust indicates that customers have a strong sense of confidence in the bank's ability to safeguard their financial interests and deliver reliable services. Tangibility, which includes the physical appearance of branches and the professionalism of staff, also shows a positive effect, reflecting the importance of customer-facing elements. Although responsiveness and reliability contribute positively to customer satisfaction, they rank slightly lower in influence. Accessibility and service capabilities, while still relevant, appear to need more attention to further improve customer satisfaction levels.

Customer satisfaction and all six parameters have a positive and substantial association, according to correlation coefficient study. Customer satisfaction is likely to increase if any of these characteristics are improved. Additionally, the significant relationship between loyalty and customer happiness highlights the fact that greater

customer pleasure results in better client loyalty, which is a crucial consequence for KBZ Bank.

The multiple regression analysis further supports those all six factors, which are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust, have a statistically significant and positive effect on customer satisfaction. Trust had the largest positive effect, followed closely by tangibility and service capabilities. This highlights that trust plays a critical role in banking, as customers seek security and reliability in their financial transactions. Tangibility, referring to the physical facilities, staff professionalism, and the overall appearance of the bank, also had a strong influence. Service capabilities, representing the bank's ability to efficiently meet customer needs, further contribute to positive customer satisfaction. Reliability and responsiveness also significantly affect customer satisfaction, although their relative effect is slightly smaller compared to trust, tangibility, and service capabilities. Nonetheless, these factors remain important, as they ensure the bank delivers consistent and timely service. Accessibility, though statistically significant with a smaller effect size, confirms that convenient access to banking services is still a relevant factor in shaping customer satisfaction, even if it is not the most dominant.

The study also reveals that customer satisfaction significantly and positively influences customer loyalty. This highlights the importance of continually improving customer satisfaction to build long-term loyalty at KBZ Bank. By enhancing key drivers such as trust, tangibility, and service capabilities, KBZ Bank can foster stronger customer loyalty, which is vital for sustained competitiveness in Myanmar's banking sector.

In conclusion, the study provides essential insights into the factors driving customer satisfaction at KBZ Bank and their subsequent effect on customer loyalty. Strengthening these service factors will not only increase customer satisfaction but also contribute to greater customer loyalty, supporting KBZ Bank's long-term growth and stability in the competitive financial landscape.

This study offers valuable insights of factors influencing customer satisfaction and the effect of customer satisfaction on customer loyalty of KBZ Bank. Strengthening these service factors will not only increase customer satisfaction but also contribute to greater customer loyalty. Consequently, KBZ Bank can expect to attract a larger customer base by enhancing customer loyalty, and ultimately achieve greater profitability, thereby ensuring the long-term sustainability of the bank in the

competitive financial landscape profitability, thereby ensuring the long-term sustainability of the bank in the competitive financial landscape.

5.2 Suggestions and Recommendations

The recommendations for KBZ Bank focus on enhancing customer satisfaction and loyalty through specific improvements in six key areas which are accessibility, tangibility, reliability, responsiveness, service capabilities, and trust.

To improve accessibility, KBZ Bank should focus on expanding its branch network and digital presence, ensuring that customers can easily reach and interact with the bank, regardless of location. Simplifying its digital platforms for ease of use and improving access to ATMs and banking services in underserved areas can significantly enhance customer satisfaction.

KBZ Bank should focus on tangibility by maintaining the quality and professionalism of its physical facilities and staff. Ensuring that all branches are equipped with modern amenities and that staff are well-trained in customer service can enhance the overall customer experience. Regular renovations and upgrades to banking facilities, along with continuous staff development programs, can keep the bank's tangibility factor high, contributing to positive perceptions.

To improve reliability, KBZ Bank needs to focus on providing consistent and dependable services across all customer touchpoints. Streamlining its operational processes to reduce service errors will increase customer satisfaction. Additionally, the bank should ensure that it consistently delivers on its promises, whether related to product features, transaction processing times, or issue resolution, reinforcing the perception of reliability.

To enhance responsiveness, KBZ Bank should invest in faster and more efficient customer service channels, including expanding digital support options and reducing response times across its platforms. Staff training on proactive customer engagement and equipping customer service teams with the right tools to address queries quickly can further improve responsiveness, ensuring that customers feel heard and valued.

While service capabilities are significant, KBZ Bank should be further expanding its service offerings and ensuring that all services are easily accessible and well-organized. Simplifying processes for customers, such as account openings or loan applications, and introducing more flexible options for customer support that can enhance service capabilities.

To maintain and strengthen trust, KBZ Bank should continue to ensure the security and confidentiality of customer transactions and data. Enhancing communication regarding its security measures and regularly updating customers about steps taken to safeguard their interests can further boost confidence.

By addressing these recommendations, KBZ Bank can improve customer satisfaction and loyalty for the long-term success..

5.3 Needs for Further Study

The variables affecting customer happiness and how customer satisfaction affects customer loyalty to KBZ Bank were the main topics of this research. The study identified six key factors: trust, service skills, responsiveness, accessibility, tangibility, and dependability. Thus, it is advised that future research concentrate on other elements that might affect customer happiness, such the bank's standing, staff involvement, and customer experience.

Moreover, this study concentrated solely on customer satisfaction and loyalty towards KBZ banks. Future research could explore customer sentiments towards public banks to provide a broader perspective on the banking sector in Myanmar. Comparing customer satisfaction across different bank types can yield valuable insights for both private and public institutions.

Additionally, it is crucial to investigate the various elements that contribute to customer retention in the banking industry. Understanding how these factors operate within private banks can help organizations develop more effective strategies to retain their customer base. Future studies could also examine the long-term effect of enhanced customer satisfaction on loyalty and business performance.

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APPENDIX A

Survey Questionnaire

CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF KBZ BANK

I am a student of Master of Banking and Finance Programme at Yangon University of Economics. I am doing the research on “CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF KBZ BANK”. Please respond to the following questions by ticking the best fitting choice. All the information collected through the questionnaire will be confidentially kept and used for academic purpose only. Please kindly give a few minutes of your time to answer these questions. Thank you advance for your participation and valuable time.

Section (A): Demographic Characteristics of Respondents

Please place a tick (✓) in the box to represent your answers.

1. Gender

Male Female

2. Marital Status

Single Married Divorce Widow

3. Age (Years)

18-25 26 – 35 36 – 45 46 – 55 Above 56

4. Education Level

High School and Below Undergraduate
 Diploma Level Bachelor degree
 Master degree Others

5. Occupation Level

Student Government Staff Company Staff
 Self-employed Dependent

6. Monthly Income (Kyats)

300,000MMK and below 300,001 - 500,000MMK
 500,001 - 700,000MMK 700,001 – 900,000MMK
 900,000 MMK and above

7. How long have you been customer of this bank?

less than 1 year 1year - less than 3 years
 3years - less than 5 years more than 5years

8. Frequency of Visit Per Month to KBZ Bank or its ATM

- 1-5 times 6-10 times 11-15 times 16-20 times
 Above 21 times

9. What are your reasons for choosing KBZ Bank?

- Easy availability and accessibility Modern facilities and appearance
 Consistent and accurate service Quick support and assistance
 Wide range of useful services Safe and trustworthy bank
 Others (Specify).....

Section (B): Influencing Factors on Customer Satisfaction and Customer Loyalty

This section is seeking your opinion regarding Influencing Factors, Customer Satisfaction and Customer Loyalty of KBZ Bank. For each statement, please indicate to which extent you feel it is agreeable or disagreeable. Please make a Tick (√) one of the following questionnaires, indicating your answer.

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4= Agree, 5= Strongly Agree

Accessibility

1	Accessing KBZ Bank's services through various channels (like online banking, ATMs, and mobile apps) is easy.					
2	It is convenient to find and visit a KBZ Bank branch or ATM when needed.					
3	KBZ Bank's mobile app facilitates efficient banking transactions.					
4	The online banking system of KBZ Bank is user-friendly and accessible for managing financial needs.					
5	Customer service representatives at KBZ Bank are satisfactorily available when assistance is required.					

Tangibility

1	KBZ Bank's branch offices are clean and well-maintained.					
2	The professionalism and appearance of KBZ Bank's staff are commendable.					
3	The equipment provided by KBZ Bank (such as ATMs and banking machines) is reliable and easy to use.					
4	The physical facilities of KBZ Bank (e.g., layout, decor) meet expectations for a modern banking experience.					
5	KBZ Bank provides printed materials (such as brochures and receipts) that are clear and visually appealing.					

Reliability

1	KBZ Bank processes transactions accurately without errors.					
2	KBZ Bank maintains accurate account records satisfactorily.					
3	KBZ Bank promptly resolves any issues or problems related to transactions.					
4	The bank consistently delivers services as promised.					
5	KBZ Bank's customer service team handles inquiries or complaints reliably.					

Responsiveness

1	KBZ Bank responds quickly to customer inquiries and requests.					
2	The time taken by KBZ Bank to resolve any problems or issues is satisfactory.					
3	KBZ Bank provides immediate assistance when help is needed with accounts or services.					
4	KBZ Bank's employees are always willing to assist when required.					
5	Customer service representatives at KBZ Bank handle concerns efficiently and in a timely manner.					

Service Capabilities

1	KBZ Bank provides a wide range of financial products to meet banking needs.					
2	The technological infrastructure provided by KBZ Bank (e.g., mobile banking, internet banking) is satisfactory.					
3	KBZ Bank's services are tailored to meet specific financial requirements.					
4	The bank invests in technology and resources to improve customer experience.					
5	KBZ Bank offers specialized financial advice and services that suit personal or business needs.					

Trust

1	Confidence in KBZ Bank to safeguard the confidentiality of financial information is high.					
2	Trust in KBZ Bank to handle banking transactions with integrity and honesty is strong.					
3	KBZ Bank consistently follows transparent and ethical practices in dealings with customers.					
4	KBZ Bank ensures the security of funds and accounts.					
5	The bank's reputation for trustworthiness influences the decision to continue using its services.					

Customer Satisfaction

1	KBZ Bank's services meet or exceed customer expectations.					
2	The overall quality of services provided by KBZ Bank is satisfactory.					
3	The level of customer service received at KBZ Bank is satisfactory.					
4	KBZ Bank's reliable and consistent services meet customer expectations.					
5	The bank's responsiveness to customer inquiries and issues is satisfactory.					

Customer Loyalty

1	There is a strong intention to continue using KBZ Bank for financial services in the future.					
2	The likelihood of recommending KBZ Bank to friends, family, or colleagues is high.					
3	KBZ Bank would be chosen again if there was an option to switch to another bank.					
4	There is frequent use of KBZ Bank's services and products compared to other banks.					
5	There is a strong sense of loyalty to KBZ Bank and a commitment to continue banking with them.					

APPENDIX B

SPSS Output

Profile of Respondents

1	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
	Male	180	48.65	48.65	48.65
	Female	190	51.35	51.35	100.00
2	Marital Status	Frequency	Percent	Percent	Cumulative Percent
	Single	76	20.54	20.54	20.54
	Married	210	56.76	56.76	77.30
	Divorce	44	11.89	11.89	89.19
	Widow	40	10.81	10.81	100.00
3	Age (Years)	Frequency	Percent	Percent	Cumulative Percent
	Between 18 to 25	42	11.35	11.35	11.35
	Between 26 to 35	148	40.00	40.00	51.35
	Between 36 to 45	134	36.22	36.22	87.57
	Between 46 to 55	46	12.43	12.43	100.00
4	Education Level	Frequency	Percent	Percent	Cumulative Percent
	High School and Below	26	7.03	7.03	7.03
	Undergraduate	24	6.49	6.49	13.52
	Bachelor degree	223	60.27	60.27	73.79
	Master Degree	62	16.76	16.76	90.55
	Others	35	9.45	9.45	100.00
5	Occupation	Frequency	Percent	Percent	Cumulative Percent
	Student	48	12.97	12.97	12.97
	Government Staff	58	15.68	15.68	28.65
	Company Staff	154	41.62	41.62	70.27
	Self-employed	64	17.30	17.30	87.57
	Dependent	46	12.43	12.43	100.00
6	Monthly Income (Kyats)	Frequency	Percent	Percent	Cumulative Percent
	300,000MMK and below	43	11.62	11.62	11.62
	300,001 - 500,000MMK	97	26.22	26.22	37.84
	500,001 - 700,000MMK	94	25.41	25.41	63.24
	700,001 – 900,000MMK	89	24.05	24.05	87.30
	900,000 MMK and above	47	12.70	12.70	100.00

7	No. of Years with KBZ Bank	Frequency	Percent	Percent	Cumulative Percent
	Less than 1 year	39	10.54	10.54	10.54
	1year - less than 3 years	124	33.51	33.51	44.05
	3years - less than 5 years	112	30.27	30.27	74.32
	More than 5 years	95	25.68	25.68	100.00
8	Frequency of Visit Per Month to KBZ Bank or its ATM	Frequency	Percent	Percent	Cumulative Percent
	1 - 5 Times	46	12.43	12.43	12.43
	6 - 10 Times	137	37.03	37.03	49.46
	11 - 15 Times	78	21.08	21.08	70.54
	16 - 20 Times	68	18.38	18.38	88.92
	More than 21 Times	41	11.08	11.08	100.00
9	Reasons for using KBZ Bank	Frequency	Percent	Percent	Cumulative Percent
	Easy availability and accessibility	35	9.46	9.46	9.46
	Modern facilities and appearance	84	22.70	22.70	32.16
	Consistent and accurate service	50	13.51	13.51	45.67
	Quick support and assistance	52	14.05	14.05	59.72
	Wide range of useful services	62	16.76	16.76	76.48
	Safe and trustworthy bank	87	23.52	23.52	100.00

Reliability Test

No.	Variables	Items	Cronbach's Alpha
1	Accessibility	5	0.857
2	Tangibility	5	0.869
3	Reliability	5	0.843
4	Responsiveness	5	0.862
5	Service Capabilities	5	0.859
6	Trust	5	0.873
7	Customer Satisfaction	5	0.893
8	Customer Loyalty	5	0.876

Accessibility

No.	Descriptions	Mean	Standard Deviation
1	Accessibility – 1	3.47	0.781
2	Accessibility – 2	3.33	0.726
3	Accessibility – 3	3.56	0.702
4	Accessibility – 4	3.52	0.701
5	Accessibility – 5	3.31	0.762
Overall Mean		3.44	

Tangibility

No.	Descriptions	Mean	Standard Deviation
1	Tangibility – 1	3.96	0.589
2	Tangibility – 2	4.06	0.684
3	Tangibility – 3	3.94	0.622
4	Tangibility – 4	3.79	0.791
5	Tangibility – 5	3.82	0.639
Overall Mean		3.91	

Reliability

No.	Descriptions	Mean	Standard Deviation
1	Reliability – 1	3.36	0.737
2	Reliability – 2	3.67	0.733
3	Reliability – 3	3.42	0.723
4	Reliability – 4	3.83	0.768
5	Reliability – 5	3.43	0.732
Overall Mean		3.54	

Responsiveness

No.	Descriptions	Mean	Standard Deviation
1	Responsiveness – 1	3.61	0.755
2	Responsiveness – 2	3.63	0.741
3	Responsiveness – 3	3.73	0.699
4	Responsiveness – 4	3.58	0.781
5	Responsiveness – 5	3.52	0.759
Overall Mean		3.61	

Service Capabilities

No.	Descriptions	Mean	Standard Deviation
1	Service Capabilities – 1	3.47	0.695
2	Service Capabilities – 2	3.41	0.703
3	Service Capabilities – 3	3.53	0.686
4	Service Capabilities – 4	3.38	0.752
5	Service Capabilities – 5	3.53	0.693
Overall Mean		3.46	

Trust

No.	Descriptions	Mean	Standard Deviation
1	Trust – 1	3.98	0.595
2	Trust – 2	4.09	0.697
3	Trust – 3	3.97	0.638
4	Trust – 4	3.83	0.799
5	Trust – 5	3.85	0.649
Overall Mean		3.94	

Customer Satisfaction

No.	Descriptions	Mean	Standard Deviation
1	Customer Satisfaction – 1	3.86	0.785
2	Customer Satisfaction – 2	3.83	0.799
3	Customer Satisfaction – 3	3.89	0.764
4	Customer Satisfaction – 4	3.92	0.781
5	Customer Satisfaction – 5	3.84	0.795
Overall Mean		3.87	

Customer Loyalty

No.	Descriptions	Mean	Standard Deviation
1	Customer Loyalty – 1	3.37	0.779
2	Customer Loyalty – 2	3.39	0.728
3	Customer Loyalty – 3	3.37	0.751
4	Customer Loyalty – 4	3.34	0.781
5	Customer Loyalty – 5	3.39	0.744
Overall Mean		3.37	

Correlation between Influencing Factors and Customer Satisfaction

Variable		ACC	TAN	REL	RES	SC	TRU	CS
ACC	Pearson Correlation	1	0.573**	0.552**	0.611**	0.762**	0.711**	0.711**
	Sig (2 Tailed)		0.000	0.000	0.000	0.000	0.000	0.000
TAN	Pearson Correlation	0.573**	1	0.586**	0.598**	0.687**	0.901**	0.901**
	Sig (2 Tailed)	0.000		0.000	0.000	0.000	0.000	0.000
REL	Pearson Correlation	0.552**	0.586**	1	0.633**	0.663**	0.877**	0.877**
	Sig (2 Tailed)	0.000	0.000		0.000	0.000	0.000	0.000
RES	Pearson Correlation	0.611**	0.598**	0.633**	1	0.602**	0.818**	0.818**
	Sig (2 Tailed)	0.000	0.000	0.000		0.000	0.000	0.000
SC	Pearson Correlation	0.762**	0.687**	0.663**	0.602**	1	0.859**	0.859**
	Sig (2 Tailed)	0.000	0.000	0.000	0.000		0.000	0.000
TRU	Pearson Correlation	0.711**	0.901**	0.877**	0.818**	0.859**	1	0.913**
	Sig (2 Tailed)	0.000	0.000	0.000	0.000	0.000		0.000
CS	Pearson Correlation	0.711**	0.901**	0.877**	0.818**	0.859**	0.913**	1
	Sig (2 Tailed)	0.000	0.000	0.000	0.000	0.000	0.000	

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

Correlation between Customer Satisfaction and Customer Loyalty

Variable		CS	CL
CS	Pearson Correlation	1	0.954**
	Sig (2 Tailed)		0.000
CL	Pearson Correlation	0.954**	1
	Sig (2 Tailed)	0.000	

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

Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.944	0.892	0.891	0.215

a. Dependent Variable: CS

b. Predictors: (Constant), ACC, TAN, REL, RES, SC, TRU

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	150.548	6	25.091	650.379	0
Residual	18.24	363	0.05		
Total	168.789	369			

a. Dependent Variable: CS

b. Predictors: (Constant), ACC, TAN, REL, RES, SC, TRU

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients B	t	Sig.	VIF
	B	Std. Error				
(Constant)	0.142	0.081		1.740	0.083	
ACC	0.079	0.040	0.063	1.831	0.026	3.128
TAN	0.354	0.035	0.362	9.139	0.000	2.903
REL	0.182	0.037	0.198	4.890	0.000	3.970
RES	0.163	0.030	0.172	5.478	0.000	3.598
SC	0.262	0.040	0.232	6.482	0.000	3.665
TRU	0.364	0.036	0.371	9.239	0.000	2.903

a. Dependent Variable: CS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.954	0.891	0.890	0.236

a. Dependent Variable: CL

b. Predictors: (Constant), CS

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	181.853	1	181.853	3253.956	0
Residual	22.243	368	0.06		
Total	204.096	369			

a. Dependent Variable: CL

b. Predictors: (Constant), CS

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients B	t	Sig.	VIF
	B	Std. Error				
(Constant)	0.228	0.065		3.518	0.000	
CS	0.928	0.018	0.954	7.043	0.000	1.000

a. Dependent Variable: CL