

**YANGON UNIVERSITY OF ECONOMICS  
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**CUSTOMER SATISFACTION AND CUSTOMER RETENTION  
TOWARDS THE SERVICES OF SATHAPANA MICROFINANCE**

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# **CUSTOMER SATISFACTION AND CUSTOMER RETENTION TOWARDS THE SERVICES OF SATHAPANA MICROFINANCE**

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## **ABSTRACT**

The main objectives of this study are to analyze the factors influencing customer satisfaction and to examine the effect of customer satisfaction on customer retention towards the services of SATHAPANA Microfinance. The study analyzes key service attributes accessibility, price, reliability, responsiveness, and empathy to determine their influencing on customer satisfaction. Using a quantitative research approach and employing a simple random sampling method, this study collected data from 130 active customers of SATHAPANA Microfinance located in Shwepyithar Township, Yangon. The results reveal that all five independent variables have positive and statistically significant effects on customer satisfaction, with empathy being the strongest influence. In turn, customer satisfaction also has a statistically significant effect on customer retention. The study recommended that SATHAPANA Microfinance continue prioritizing the development of a customer centric mindset across all staff levels. This includes enhancing training programs focused on emotional intelligence, respectful communication, and active listening. Additionally, maintaining transparency in pricing, improving service reliability, and expanding accessible service channels, particularly for underserved communities, are essential to sustaining customer satisfaction and customer retention.

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# CHAPTER 1

## INTRODUCTION

Microfinances improve financial access and economic growth, especially in marginalized populations (Yunus, 2011). In Myanmar, microfinance is increasingly used to reduce poverty and strengthen the economy (Smith & Tanaka, 2020). These institutions help excluded people invest in livelihood activities, boost household welfare, and manage risks by providing small-scale financial services.

Client satisfaction drives corporate success by influencing client loyalty and long-term profitability (Smith, 2020). Sustaining growth and effectiveness is driven by efforts to ensure high levels of satisfaction within the microfinance sector. Loyalty is maintained, referrals are made, and additional financial services are explored more frequently by customers who report greater satisfaction. When customers have positive experiences with financial products, they tend to return for future transactions, reducing attrition rates (Abdulai & Tewari, 2017).

Convenient interaction with microfinance institutions is made possible for customers through accessibility to financial services, which helps reduce barriers to inclusion. Microfinance institutions enhance service delivery and foster equitable financial participation by actively minimizing physical, informational, and procedural obstacles for underserved populations (Rathi, 2023). Interest rates and pricing significantly influence financial decisions, shaping customers' willingness to commit to long-term financial products (Makonnen, 2016). Reliable service delivery ensures that customers consistently receive support when needed, reinforcing trust. Consistency and dependability in service interactions are key drivers of customer confidence and long-term loyalty (Parasuraman, Zeithaml, & Berry, 1988). Responsiveness is how quickly and effectively financial providers address customer concerns plays a crucial role in strengthening customer relationships. Timely and attentive service enhances customer satisfaction, builds trust, and encourages long-term engagement (Parasuraman, Zeithaml, & Berry, 1988). Empathy in customer interactions fosters a personalized experience, enhancing satisfaction and building long term trust. When service providers demonstrate genuine understanding and care, customers are more likely to feel valued, which strengthens emotional connections and encourages loyalty (Parasuraman, Zeithaml, & Berry, 1988).

Customer retention is a company's ability to keep consumers from switching to competitors (Lee et al., 2018). Customers are typically cheaper to keep than to acquire. Prioritizing this boosts profitability and generates a devoted client base that supports growth, brand strength, and innovation.

Recognized as one of Myanmar's leading microfinance providers, SATHAPANA Microfinance delivers a broad spectrum of financial services across various regions, including Yangon Division's Shwepyithar Township. Established in August 2015 by MARUHAN Investment Asia Pte. Ltd., SATHAPANA Limited has since become one of the nation's largest microfinance institutions. Its portfolio includes agricultural, small business, and personal consumption loans, as well as savings products tailored to diverse financial needs. Guided by its mission to empower entrepreneurs, uplift rural economies, and enhance living standards, the organization has expanded its presence to 60 branches nationwide. (SATHAPANA Limited, n.d.).

In recent years, the quality of financial services has become increasingly vital in determining customer satisfaction, particularly within the microfinance sector. For SATHAPANA Microfinance, factors such as accessibility, price affordability, reliability, responsiveness, and empathy are not only indicators of service excellence but also strategic tools to foster customer trust and engagement. This study seeks to examine how these service dimensions influence customer satisfaction among institution customers, and how that satisfaction, in turn, contributes to customer retention. Understanding these connections is crucial for institutions seeking long-term client loyalty and social impact in Myanmar's competitive microfinance sector. This study analyzes these aspects to provide practical insights for creating better customer-focused service models.

## **1.1 Rationale of the Study**

The success of micro-finance institutions is significantly influenced by customer satisfaction. Future services, including loan renewals and financial product uptake, are more likely to be pursued by customers when they have positive experiences, thereby contributing to institutional growth (Kar et al., 2016). In close-knit communities, the attraction of new customers and the strengthening of institutional reputation are often achieved through shared experiences from satisfied customers (Hassan et al., 2016). Institutions gain trust when they understand and address the needs of their customers, and this trust encourages loyalty while reducing customer attrition

(Mansaray, 2015). The development of strong relationships is prioritized by microfinance providers, given the ongoing support and engagement these services require over time (Osei-Tutu & Amponsah, 2015). Timely loan repayment is generally practiced by satisfied customers, enhancing financial stability and contributing to the long-term sustainability of the institution. The loan repayment rate, which critically affects overall institutional health, can be directly influenced by customer satisfaction (Sharma & Singh, 2014).

SATHAPANA Microfinance, one of Myanmar's leading microfinance institutions, was established in January 2015 by MARUHAN Investment Asia Pte. Ltd. The institution seeks to empower entrepreneurs and create employment opportunities by providing sustainable access to financial services. Since its inception, it has grown significantly, serving approximately 300,000 customers and operating across 11 regions in Myanmar. Its mission is to enhance the living standards of underserved populations through inclusive financial solutions (SATHAPANA Limited, n.d.). To maintain its competitive advantage and fulfill this mission, SATHAPANA prioritizes customer satisfaction. The institution underscores the importance of an effective complaint resolution mechanism to address client concerns, thereby fostering satisfaction and trust. By adhering to standardized procedures for handling complaints, institution ensures that customer feedback is systematically addressed, ultimately improving service quality and enhancing customer retention (SATHAPANA Limited, n.d.).

According to Mulat Feleke, 2017, customer satisfaction increases when financial services are easily accessible, such as loan applications, withdrawals, and repayments. When customers encounter fewer barriers, they are more likely to remain loyal to the institution. To remain a leading microfinance provider in Myanmar, convenient service access must be ensured by SATHAPANA Microfinance through both its branch network and digital banking channels. Customer retention is enhanced when accessibility is improved, as this reduces the likelihood that clients will turn to alternative financial providers.

Pricing plays a crucial role in customer satisfaction and retention within microfinance institutions, as affordability directly impacts accessibility for underserved populations (Rosenberg et al., 2013). According to Ledgerwood, 2013, understanding how pricing structures shape customer perceptions is essential for advancing financial inclusion while ensuring the sustainability of microfinance models. Fair and transparent

interest rates, service charges, and loan-related fees should be ensured by SATHAPANA Microfinance to maintain its competitive position. Reasonable pricing that supports institutional financial stability can contribute to customer retention by discouraging clients from turning to alternative financial providers.

Customers expect financial institutions to uphold their commitments by providing timely loans, accurate account management, and dependable service (Karim & Chowdhury, 2014). Customer confidence is strengthened by a trustworthy institution, which leads to greater satisfaction and long-term retention. Efficient loan disbursement, responsive service, and consistent financial support are prioritized by SATHAPANA as part of its role as a leading microfinance provider. When reliability is reinforced, continued reliance on its services is demonstrated by customers, who are less likely to seek alternative options due to service lapses or inconsistencies.

According to Karim & Chowdhury, 2014, Customer satisfaction is heavily influenced by the delivery of prompt and efficient service. Feelings of being valued and a greater tendency toward loyalty are fostered in customers when timely responses are provided by financial institutions to inquiries, complaints, and loan requests. To enhance responsiveness, efficient handling of customer needs should be ensured by SATHAPANA Microfinance through targeted staff training and the integration of digital platforms such as mobile banking and online support. Retention rates are improved when customer concerns are addressed without delay.

As noted by Karim and Chowdhury (2014), appreciation is shown by customers toward financial institutions that demonstrate an understanding of their needs and deliver personalized solutions, as this has a direct impact on satisfaction and retention. Customer loyalty is fostered when genuine concern is demonstrated by empathetic institutions for the financial well-being of their clients. Strong emotional connections with customers can be formed by SATHAPANA Microfinance through the provision of flexible repayment plans, recognition of financial challenges, and delivery of tailored financial advice. Long-term engagement and commitment are encouraged when trust is cultivated through such personalized interactions.

According to Mansaray, 2015, continued relationships with microfinance institutions and timely loan repayments are more often maintained by satisfied customers, which in turn enhances institutional financial stability and extends customer retention. Service usage tends to continue when customers express satisfaction with their experience (Mansaray, 2015). According to Kar et al., 2016, retention is directly

influenced by trust, which is built through customer satisfaction. The use of multiple services, such as additional loans or savings programs, is commonly observed among happy customers, who are likely to maintain long-term engagement (Mansaray, 2015). Compared to acquiring new clients, institutions find it more cost-effective to retain satisfied ones. Reduced operational and marketing expenses, along with minimized turnover risk, are often achieved by microfinance institutions that maintain high levels of customer satisfaction (Kar et al., 2016).

Improving customer satisfaction and retention requires SATHAPANA to actively emphasize key service dimensions, including accessibility, fair pricing, reliability, responsiveness, and empathy. By deepening customer relationships and lowering attrition rates, a loyal clientele can be maintained within Myanmar's competitive microfinance landscape through the reinforcement of these elements. This research, by concentrating on Shwepyithar Township, seeks to support the development of locally adapted strategies by company that reflect the township's distinct economic and cultural context. Valuable contributions are made by this study to the broader microfinance field, especially in understanding how satisfaction influences retention. Insights generated from this research may guide other microfinance institutions in refining their service delivery, strengthening operational practices, and fostering lasting client relationships.

## **1.2 Objective of the Study**

The study is constructed by the following objectives:

- (1) To analyze the factors influencing customer satisfaction towards the services in SATHAPANA Microfinance.
- (2) To examine the effect of customer satisfaction on customer retention towards the services in SATHAPANA Microfinance.

## **1.3 Scope and Method of the Study**

This study investigates the key factors shaping customer satisfaction and examines how satisfaction affects customer retention at SATHAPANA Microfinance in Shwepyithar Township, Yangon Division, Myanmar. A quantitative research approach was employed to explore these factors in depth. Customers of SATHAPANA Microfinance within Shwepyithar Township were identified as the study's target population. To determine an appropriate sample size, the researcher applied Yamane's

(1967) simplified formula. A 93% confidence level was adopted to strike a balance between statistical robustness and resource limitations. From a total population of 520 customers, 146 participants were selected through simple random sampling. Both primary and secondary data informed the analysis. Structured questionnaires were administered to customers through in-person interviews to gather primary data regarding their satisfaction levels. Secondary data sources included academic publications, journals, textbooks, research reports, and credible online articles. A 5-point Likert scale was utilized to gauge customer perceptions. The fieldwork for data collection took place in April 2025.

#### **1.4 Organization of the Study**

Five chapters comprise the study. Chapter one introduces the study's premise, purpose, scope, technique, and organization. Chapter two covers theoretical basis, customer satisfaction, factors affecting customer satisfaction, customer retention, background theory, prior study, and conceptual framework. Chapter three provides an overview of SATHAPANA Microfinance, including its profile, organizational structure, goods and services, and customer satisfaction criteria. Chapter four examines SATHAPANA Microfinance customer satisfaction aspects. Chapter five concludes with results and debates, comments and recommendations, and further research.

## **CHAPTER 2**

### **THEORETICAL BACKGROUND**

The researcher discusses the theoretical foundation of this study in this chapter, including customer satisfaction, its influencing factors, and the concept of customer retention. The study's background theory, previous research, and the proposed conceptual framework are also reviewed and presented.

#### **2.1 Concept of Customer Satisfaction**

According to Kotler and Keller (2016), customers respond emotionally, either with satisfaction or disappointment, when they compare their expectations to the product's actual performance. If expectations are matched or exceeded, satisfaction is experienced; if not, dissatisfaction is felt. Businesses are reminded of the importance of actively managing customer expectations in order to build loyalty and ensure retention (Zeithaml, Bitner, & Gremler, 2018).

Strong levels of customer satisfaction are emphasized by Lace and Titko (2010) as vital for maintaining the long-term sustainability and relevance of banks in environments where trust plays a central role. Fecikova (2004) defined service quality based on how well consumer expectations and needs are met, while the concept of value was linked by her to both the quality of service delivered and the financial cost involved.

In the context of today's intensely competitive market environment, the strategic influence of customer satisfaction on organizational success has been emphasized by Anderson, Fornell, and Lehmann (1994). According to Reichheld & Sasser, 1990, a higher likelihood of brand loyalty, repeat patronage, and customer referrals is observed when satisfaction is experienced. As a result, improvements in profitability, reductions in marketing expenses, and enhanced brand reputation can be achieved through this loyalty. On the contrary, when dissatisfaction occurs, customers may be lost to competitors, negative feedback may be circulated, and the brand's public image can be negatively impacted (Kotler & Armstrong, 2018). In response to this challenge, customer satisfaction efforts are being prioritized by organizations to enhance business performance and maintain a long-term competitive advantage (Grönroos, 2007).

Parasuraman, Zeithaml, and Berry (1985) emphasized that multiple key elements influence customer satisfaction, such as product quality, service quality, fair

pricing, and the overall experience. Customers evaluate product quality based on how effectively their needs are met and whether the product functions as intended. Essential components like reliability, responsiveness, assurance, empathy, and tangible aspects are used to define service quality (Parasuraman et al., 1988). Monroe (1990) argued that the cost is assessed by customers in relation to the value received, making pricing an important element of satisfaction. Lemon and Verhoef (2016) noted that customer satisfaction is also shaped by the complete experience, including pre-purchase interactions, the buying process, and post-sale service.

## **2.2 Factors Influencing Customer Satisfaction**

Several core elements contribute to customer satisfaction by shaping how individuals perceive service quality and overall value. The factors outlined below are recognized as important drivers of customer satisfaction.

### **(a) Accessibility**

Accessibility describes how easily financial services, such as loans, savings options, and other support, can be reached by customers (Feleke, 2017). Feleke (2017) noted that satisfaction is enhanced when institutions offer services through conveniently located branches, longer operating hours, simplified procedures, and efficient delivery methods. Financial inclusion and broader economic participation are supported when underserved communities are given greater access to financial tools. Customer trust and engagement are fostered when institutions actively reduce procedural barriers and introduce user-friendly processes (Feleke, 2017).

### **(b) Price**

According to Makonnen, 2016, Customer satisfaction and perception in microfinance institutions are significantly shaped by pricing, particularly service fees and interest rates. According to Makonnen, 2016, Positive customer experiences, especially among financially constrained borrowers, are promoted when fair, transparent, and affordable pricing structures are implemented by institutions. Confidence in financial decision-making is developed by customers when clear disclosures about interest rates and fees are provided. In contrast, dissatisfaction may increase and trust can be weakened if customers are exposed to unpredictable or elevated interest rates, discouraging their continued engagement with financial services (Makonnen, 2016).

### **(c) Reliability**

Parasuraman et al. (1988) emphasize that reliability remains a core dimension of service quality, shaped by a provider's ability to deliver consistent, accurate, and trustworthy financial services. Customer trust tends to strengthen when institutions ensure timely loan disbursements, maintain transparent communication, and follow through on their commitments. Karim and Chowdhury (2014) highlight that a reliable provider not only delivers financial assistance promptly but also reduces uncertainty, enabling customers to make more informed financial choices. They further note that consistent service delivery fosters long-term relationships, resulting in higher levels of satisfaction and loyalty.

### **(d) Responsiveness**

Parasuraman et al. (1988) emphasize that responsiveness reflects the extent to which an institution is committed to promptly addressing customer inquiries, concerns, and service needs to ensure effective delivery. When approachability, attentiveness, and proactive behavior are exhibited by staff, customers tend to feel respected and appreciated, which strengthens their relationship with the institution. Customer experience is enhanced through reduced delays, effective issue resolution, and adaptability to evolving expectations when responsiveness is prioritized. Timely attention to service requests and concerns regarding financial products has been shown to significantly improve long-term engagement and customer trust (Parasuraman et al., 1988).

### **(e) Empathy**

Karim and Chowdhury (2014) highlight that empathy reflects how well an institution understands and responds to the specific needs of its customers, thereby fostering trust and engagement. Customers tend to feel respected and acknowledged when personalized care and courteous communication are demonstrated by financial service providers. Institutions that embed active listening and offer tailored support contribute not only to increased satisfaction but also to sustained financial stability. Loyalty and trust, particularly among underserved groups, are strengthened when empathy is woven into the provider's organizational culture (Karim & Chowdhury, 2014).

### **2.3 Concept of Customer Retention**

Reichheld and Sasser (1990) highlight that customer retention refers to a business's ability to sustain long-term relationships with its customers by encouraging continued engagement and preventing defection to competitors. This concept holds particular relevance in service-based sectors such as microfinance, where satisfaction is shaped by trust and continuity. A stable source of revenue is often represented by retained customers, forming the basis for ongoing institutional growth. Institutional performance in the microfinance sector can be significantly improved when customer relationships are maintained over time, especially due to the value placed on consistency and personal connection (Reichheld & Sasser, 1990).

Kotler and Keller (2012) highlight that retaining current customers is typically more cost-effective than acquiring new ones, making it a key focus for most organizations. Frequent engagement, higher lifetime value, and word-of-mouth referrals, such as those to friends or family, are often demonstrated by loyal customers, which reduces the need for broad marketing efforts. Occasional service lapses are more likely to be forgiven when trust in an institution's reliability has already been established. By fostering this type of loyalty, organizations can build a steady customer base that promotes operational efficiency and sustained growth.

Oliver (1999) highlights that a strong customer satisfaction level, reliable service performance, and a favorable institutional image are typically reflected in high customer retention rates. In the context of microfinance, loan repayment rates improve, default risks decline, and overall portfolio strength increases when retention is prioritized. Zeithaml, Bitner, and Gremler (2006) emphasize that long-term customers often engage with multiple financial products, which not only deepens their relationship with the institution but also expands its outreach. Retention therefore serves not just as a satisfaction indicator but as a catalyst for financial sustainability and customer achievement. They also observe that emotional and psychological connections are vital, loyalty tends to emerge when customers feel supported, understood, and respected by institutional staff.

### **2.4 Background Theory of the Study**

This study has three related theories. There are Marketing Mix Theory (7Ps), Service Quality Theory, and Expectation-Confirmation Theory (ECT).

### **(a) Marketing Mix Theory (7Ps)**

McCarthy (1960) originally introduced the Marketing Mix Theory, which Booms and Bitner (1981) later expanded into the 7Ps framework to provide a systematic method for evaluating customer satisfaction in service-oriented industries. The model outlines seven essential components, Product, Price, Place, Promotion, People, Process, and Physical Evidence, that shape how customers perceive service quality and overall experience (McCarthy, 1960; Booms & Bitner, 1981). Booms and Bitner (1981) highlight that trust and long-term retention can be fostered when institutions implement fair pricing strategies, ensure accessible service delivery channels, and engage in empathetic customer interactions. McCarthy (1960) further emphasizes that customer confidence is enhanced when clear physical indicators of service quality, such as official documents and a visible presence, are integrated into thoughtfully designed service processes.

### **(b) Service Quality Theory**

Parasuraman et al. (1985) highlight that the Service Quality Theory (SERVQUAL) offers a foundational approach for assessing customer satisfaction within service-based industries. They identify five essential dimensions, tangibles, reliability, responsiveness, assurance, and empathy, that influence how customers perceive service quality. In microfinance, trust and institutional credibility are strengthened when customers observe professionally presented staff and well-maintained physical environments. The delivery of financial services with reliability and responsiveness has also been found to play a vital role in building customer satisfaction, promoting sustained loyalty, and reinforcing institutional confidence (Parasuraman et al., 1985).

### **(c) Expectation-Confirmation Theory (ECT)**

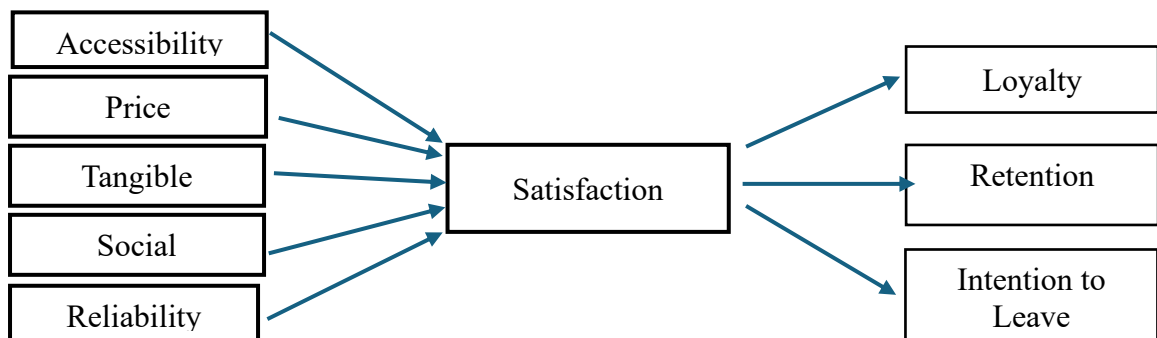
Oliver (1980) highlights that the Expectation-Confirmation Theory (ECT) offers a foundational lens for understanding customer satisfaction and post-purchase behavior. Customers typically begin with expectations before engaging with a product or service, and they later evaluate actual performance against these preconceived standards. When the experience aligns with or surpasses expectations, confirmation is experienced, often resulting in elevated satisfaction and favorable behavioral responses. On the other hand, dissatisfaction and diminished loyalty may arise if the outcome fails

to meet expectations, a process known as disconfirmation. Due to its predictive strength, ECT has been extensively employed by scholars and practitioners in marketing, consumer behavior, and service management to analyze customer experiences and inform strategic improvements (Oliver, 1980).

## 2.5 Previous Study

Kanyurhi, E.B. (2017) explored customer satisfaction within microfinance institutions operating in the Kivu region of the Democratic Republic of Congo, a post-conflict setting. Interviews were carried out with 155 customers representing 26 MFIs to gather primary data. A multi-attribute model was applied by the researcher to evaluate satisfaction levels across different service dimensions. To ensure the scale's robustness, the study conducted exploratory and confirmatory factor analyses. These statistical techniques helped validate and refine the instrument's psychometric properties. Using the LISREL software, Kanyurhi performed the confirmatory factor analysis, and the results yielded strong model fit indices, confirming both reliability and validity.

**Figure (2.1) Customer Satisfaction with the Services of Microfinance Institutions**

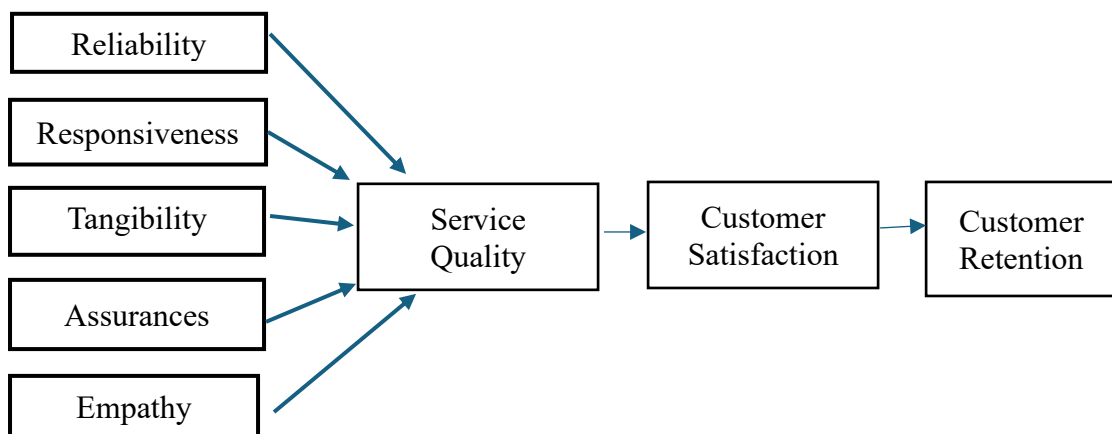


Source: Kanyurhi, E. B. (2017)

The study highlights that loyalty and retention are positively impacted by customer satisfaction, while the likelihood of customers exiting the institution is significantly reduced. Specific service designs that meet local customer needs, particularly in post-conflict regions, are emphasized as crucial. To fulfill both economic and social objectives, microfinance institutions are encouraged to deliver affordable and flexible services without compromising their mission to alleviate poverty and support vulnerable groups. By adopting such an approach, improved satisfaction, stronger long-term relationships, and greater institutional sustainability can be achieved, all while advancing broader socio-economic development.

Service quality and customer retention among microfinance consumers in Kaduna North Local Government Area, Nigeria, were studied by Mamman, Olaoye, and AbdulRahaman (2020). Interviews with 378 microfinance consumers were conducted. The researchers used SERVQUAL, which measures tangibility, dependability, responsiveness, empathy, and assurance. Multiple regression analysis and descriptive and inferential statistical approaches were employed to analyze answers.

**Figure (2.2) Service Quality and Customer Retention: A Study of Microfinance Customers in Kaduna North Local Government Area, Nigeria**

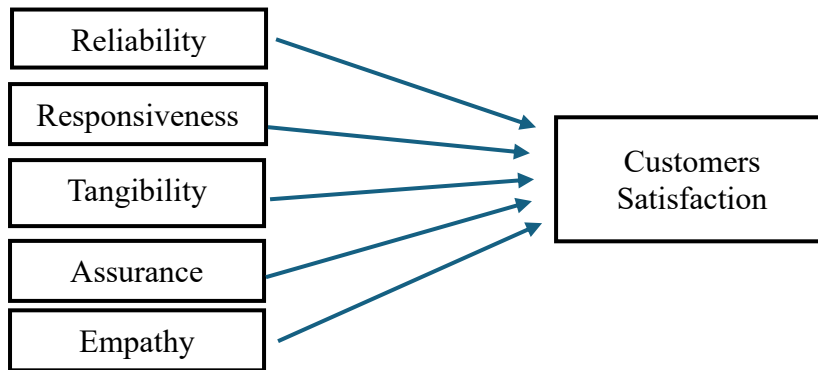


Source: Mamman, A., Olaoye, I. K., & AbdulRahaman, A. M. (2020)

The study emphasizes that, among the analyzed dimensions of service quality, empathy exerted the strongest influence on customer retention within microfinance institutions. Less significant effects on retention were associated with tangibility, reliability, responsiveness, and assurance. To improve retention, the authors suggest that management in microfinance institutions should place greater emphasis on delivering personalized care, respectful communication, and friendly interactions tailored to individual customer needs.

Ali, S., Khalid, U., & Bilal, H. (2020) examined how service quality factors affect customer satisfaction in Mansehra, Pakistan, MFIs. Their study used the SERVQUAL framework, which comprises tangibility, dependability, responsiveness, empathy, and assurance. A 70.4% response rate was achieved from 623 questionnaires and 439 complete replies. Data was analyzed using descriptive and inferential statistics. They examined service quality component correlations and predicted associations with customer satisfaction using Structural Equation Modeling.

**Figure (2.3) Service Quality of Micro-Finance Institutions in District MANSEHRA**



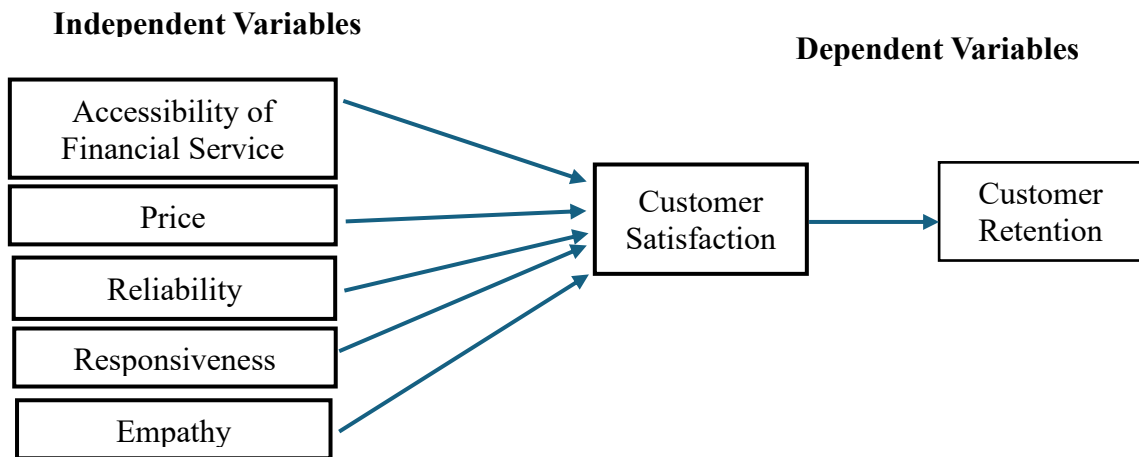
Source: Ali, S., Khalid, U., & Bilal, H. (2020)

The study demonstrated that customer satisfaction was significantly influenced by all five service quality dimensions. Empathy and tangibility were identified as the most impactful, suggesting that customers place high importance on personalized care and the physical setting of microfinance institutions. By enhancing service quality, institutions can strengthen satisfaction levels, which ultimately fosters increased loyalty and client retention. The authors advised MFIs to prioritize customer-focused initiatives that improve empathy, such as better care practices, and to invest in upgrading physical environments and staff presentation. To deliver dependable and responsive services consistently, they also recommended that staff receive ongoing training focused on assurance and responsiveness.

## **2.6 Conceptual Framework**

Previous works inform the study's conceptual framework. To construct the study's conceptual framework, three earlier articles are closely connected to its aims. Figure 2.4 shows the study's conceptual framework, based on Kanyurhi, E. B. (2017)' customer satisfaction in microfinance institutions, Mamman, A., Olaoye, I. K., & AbdulRahaman, A. M. (2020)' Service Quality and Customer Retention of Microfinance Customers in Kaduna North LGA, Nigeria, and Ali, S., Khalid, U., & Bilal, H.

**Figure (2.4) Conceptual Framework of the Study**



Source: Own Compilation (2025)

### **Working Definition**

#### **(i) Accessibility**

Accessibility of financial services refers to the degree to which customers can conveniently and efficiently reach, understand, and utilize the services provided by SATHAPANA Microfinance, encompassing physical proximity, service availability, operational flexibility, and user-friendly application procedures.

#### **(ii) Price**

Price refers to the transparency, fairness, and competitiveness of interest rates and service fees at SATHAPANA Microfinance, encompassing clear communication of costs, absence of hidden charges, and the perceived affordability and value of the overall pricing structure.

#### **(iii) Reliability**

Reliability refers to the degree to which SATHAPANA Microfinance consistently and accurately delivers its financial services, including timely loan disbursement, precise transaction processing, and uninterrupted fulfillment of service commitments.

#### **(iv) Responsiveness**

Responsiveness refers to the prompt and effective handling of customer inquiries, concerns, and complaints by SATHAPANA Microfinance, encompassing timely communication, swift problem resolution, and the availability of staff in both routine and urgent situations.

**(v) Empathy**

Empathy refers to the capacity of SATHAPANA Microfinance staff to recognize, understand, and appropriately respond to the unique needs and circumstances of each customer, demonstrated through respectful communication, personalized assistance, and attentive care.

**(vi) Customer Satisfaction**

Customer satisfaction refers to the extent to which customers perceive that SATHAPANA Microfinance has effectively met their financial needs and expectations, as reflected in their evaluations of service quality, value for money, transaction security, and the overall customer experience.

**(vii) Customer Retention**

Customer retention refers to the probability that customers will continue engaging with the services of SATHAPANA Microfinance over time, reflected in their intention to reuse the services, their preference over competing institutions, and their sustained commitment shaped by positive service experiences.

## **CHAPTER 3**

### **OVERVIEW OF SATHAPANA MICROFINANCE**

This chapter presents the overview of SATHAPANA Microfinance regarding the profile of SATHAPANA Microfinance, organization structure, products and services, and factors influencing customer satisfaction of the services provided by SATHAPANA Microfinance. This chapter aims to offer readers a detailed understanding of how the institution functions, along with the core factors driving its growth and credibility within the financial sector. By examining the institution's organizational structure and range of services, the strategies it uses to fulfill customer needs and expectations are revealed. The chapter also highlights that customer satisfaction plays a vital role in sustaining the institution's long-term success and operational stability.

#### **3.1 Profile of SATHAPANA Microfinance**

In January 2015, MARUHAN Investment Asia Pte. Ltd. founded Myanmar microfinance institution SATHAPANA Limited. The organization received a provisional license to start microfinance operations with USD 15 million in June 2015. SATHAPANA began operations in August 2015 and received a permanent license in July 2016. A USD 5 million infusion in January 2020 and another in October 2021 extended the capital base. These contributions increased the institution's permitted capital to USD 25 million (SATHAPANA Limited, n.d.).

SATHAPANA Limited (n.d.) states that the title “SATHAPANA” comes from SATHAPANA Bank Plc, a significant Cambodian bank formed by Maruhan Japan Bank Plc and a large microfinance institution. In Khmer, “SATHAPANA” means “to build” or “to construct”

SATHAPANA Limited (n.d.) reports that since initiating its operations, the institution has broadened access to credit for underserved populations, especially those in rural regions without banking services, thereby contributing meaningfully to Myanmar's economic development through financial inclusion. Individuals aiming to launch or expand their businesses, particularly those excluded from formal financial systems, are offered affordable financial services by the institution. SATHAPANA continues to demonstrate its commitment to poverty alleviation and rural advancement by maintaining inclusive financial support as a core objective.

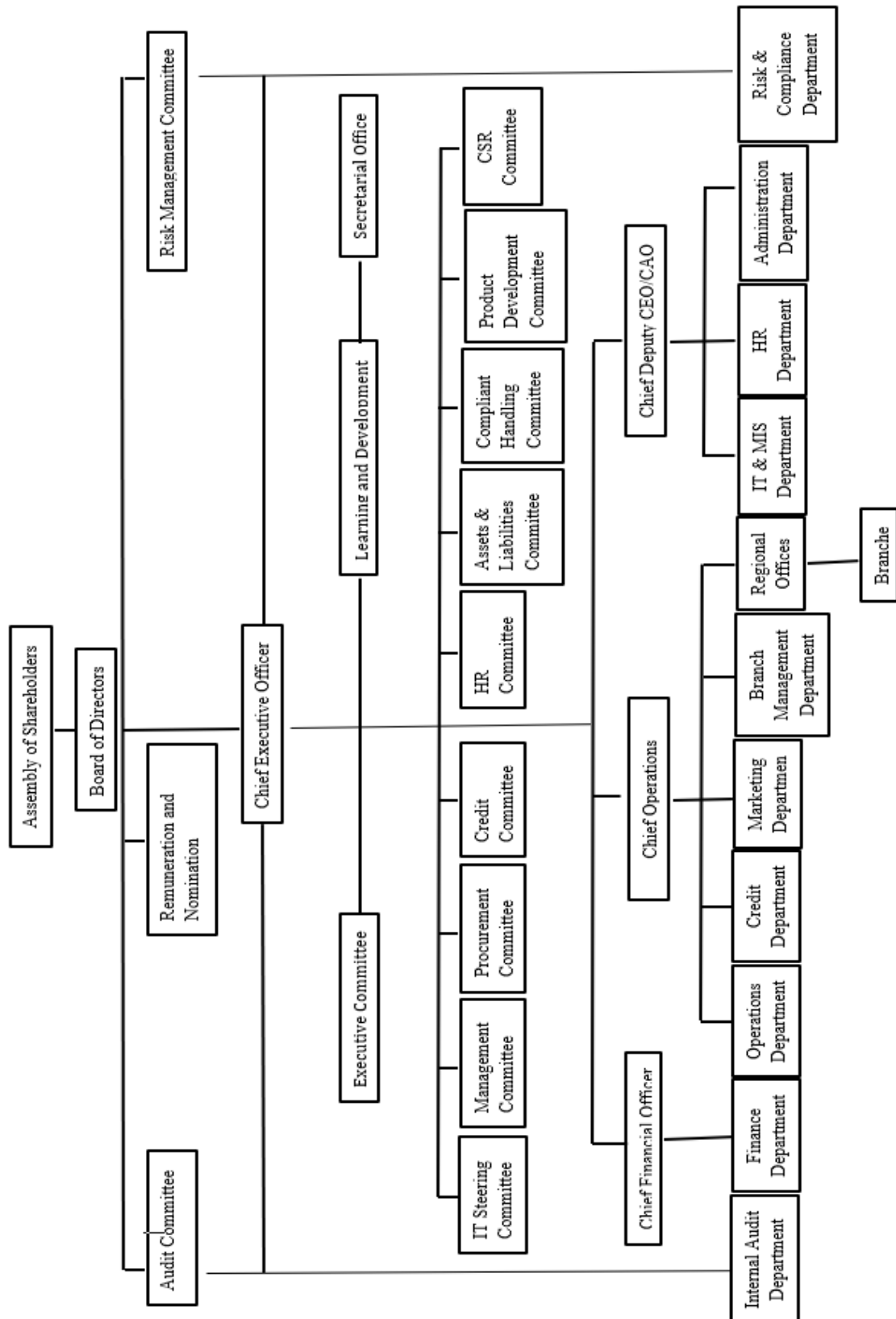
SATHAPANA Limited has achieved remarkable milestones over the years, earning recognition today as one of Myanmar's foremost microfinance institutions. The institution has expanded its operations to a nationwide network of 60 branches. By borrower count, it ranks as the largest microfinance organization in the country, while it holds the second-largest position in terms of loan portfolio size (SATHAPANA Limited, n.d.).

SATHAPANA Limited (n.d.) states that its vision focuses on becoming Myanmar's foremost financial institution in advancing entrepreneurship. The mission has been outlined as the empowerment of entrepreneurs and the creation of employment opportunities, aiming to enhance living standards through sustainable access to financial services.

### **3.2 Organizational Structure**

SATHAPANA Microfinance adopts a vertical organizational structure. The overall business activities, such as planning, strategy development, and performance monitoring, are overseen by the board of directors. Three major committees, audit, remuneration and nomination, and risk management, are also supervised by the board. These committees take responsibility for shaping strategies, directing departmental operations, and reporting progress to the board. Day-to-day functions are managed by the CEO, who serves as the first line of defense and reports directly to the board. The executive committee, which includes the CEO, Deputy CEO, COO, and CFO, handles core management decisions. Additionally, direct supervision of the learning and secretary offices is carried out by the CEO. The organizational chart of SATHAPANA Microfinance is illustrated in Figure 3.1.

**Figure (3.1) Organizational Structure of SATHAPANA Microfinance (Myanmar)**



Source: SATHAPANA Limited (n.d.)

SATHAPANA Microfinance maintains ten core departments: Internal Audit, Finance, Operations, Credit, Marketing, Branch Management, IT & MIS, Human Resources, Administration, and Risk & Compliance, along with the Regional Office. Each department and regional branch is staffed with professionals who perform their roles in alignment with the institution's strategic goals. The organization appoints employees based on their professionalism, skill, and sense of accountability, ensuring that departmental responsibilities are carried out effectively to support the institution's overarching mission.

The Internal Audit Department performs regular audits to ensure compliance with internal policies and financial regulations. It identifies operational risks and proposes corrective measures aimed at enhancing efficiency. To ensure transparency and mitigate fraud or mismanagement, the department reviews loan procedures and financial transactions. Senior management receives audit reports that offer insights to support informed decision-making. Across all branches and departments, financial integrity and accountability are upheld by this team.

The Finance Department is tasked with overseeing financial planning, reporting, and budgeting to ensure institutional stability. It supervises cash flow, loan disbursements, and repayments to support uninterrupted financial operations. Adhering to tax laws and financial reporting standards forms a key part of its mandate. Financial analysts within the department conduct evaluations that guide resource allocation and long-term sustainability. Accurate recordkeeping and regulatory compliance are maintained through collaboration with auditors and financial authorities.

Day-to-day service delivery for customers is managed by the Operations Department. This department works closely with branch teams to ensure timely implementation of savings products, disbursements, and repayment processes. It creates and standardizes operational procedures to improve efficiency and service quality. Customer service protocols and institutional guidelines are enforced to maintain consistency. A core responsibility of this department is to drive continuous improvement while enhancing the overall customer experience.

The Credit Department holds primary responsibility for assessing loan applications and determining applicant eligibility based on financial histories and associated risk profiles. To reinforce responsible lending practices and reduce exposure to defaults, the team performs thorough risk evaluations. Timely collections and active follow-up on overdue repayments are ensured through its repayment monitoring

function. Customers also receive financial advice from the department, which offers guidance on loan usage and repayment planning to support financial literacy. Strict adherence to lending policies and risk mitigation procedures is maintained throughout all credit operations.

The Marketing Department takes the lead in designing and executing strategies that promote microfinance offerings and broaden customer reach. It conducts market research to gain insights into client preferences and service expectations, thereby enabling the delivery of tailored financial solutions. Campaigns in branding, advertising, and digital outreach are overseen to elevate public engagement and institutional visibility. Relationship-building with prospective clients and partners is emphasized as part of efforts to expand services and support financial inclusion in communities. The team also organizes outreach programs, including promotional events and financial literacy workshops, to encourage responsible financial behavior.

Branch Management oversees daily operations and ensures that each microfinance branch aligns with organizational service standards and performance targets. It monitors compliance with operational procedures and customer service protocols at the branch level. Staffing, training, and issue resolution are supported directly by this department to maintain service quality. The team also prepares regular reports and monitors productivity metrics and outreach effectiveness across all locations.

SATHAPANA Limited entrusts the IT & MIS Department with managing its core banking system and broader technology infrastructure. The team is tasked with maintaining secure and dependable digital platforms and data environments. Staff across the institution receive ongoing training and technical assistance from this department. Decision-makers rely on the analytical dashboards and performance reports developed by the team. Regular system upgrades and cybersecurity enhancements are carried out to safeguard operational integrity.

Recruitment, professional development, and employee training programs fall under the HR Department's management, all designed to build a capable and resilient workforce. The department enforces compliance with labor regulations and internal policies to preserve workplace ethics and protect employee rights. It systematically oversees payroll, benefits administration, and performance evaluations to support staff satisfaction. A healthy work culture is promoted through career development initiatives

and engagement strategies. Staff well-being and conflict resolution measures are also prioritized to maintain a supportive organizational climate.

The Administration Department oversees logistics, facilities, general services, and office supply management within the institution. To ensure operational continuity, office environments, equipment, and vehicles are regularly maintained by the team. Internal meetings, travel arrangements, and event coordination are supported through their services. Document control, procurement activities, and asset tracking are also handled efficiently. Thanks to their support functions, other departments are able to perform smoothly and without disruption.

The Risk & Compliance Department is tasked with identifying and addressing financial and operational risks across the institution. Local laws, internal policies, and regulatory standards are carefully monitored for compliance. Whenever legal requirements shift, the department updates internal procedures accordingly. Staff receive training and awareness sessions conducted by the team to strengthen compliance. This department plays a central role in preserving institutional credibility while mitigating reputational and legal risks.

The Regional Office serves as the connecting link between the Head Office and its branch network in specific geographic zones. It offers direct managerial oversight and ensures that branch operations align with institutional policy. Performance monitoring and compliance checks are regularly carried out by the regional team. Operational issues arising in the field are addressed promptly, and unresolved matters are escalated to the Head Office. The Regional Office also contributes to broader strategic planning and supports the achievement of regional development goals.

### **3.3 Products and Services**

SATHAPANA Limited Myanmar delivers a broad range of financial products and services that target micro-entrepreneurs, small business owners, and low-income individuals across the country. These offerings both individual and group-based loan programs are designed with the primary objective of improving clients' livelihoods, strengthening their businesses, and enhancing household well-being.

#### **3.3.1 Loan Products**

SATHAPANA Microfinance offers three primary loan products: agriculture loans, small business loans, and consumption loans. These financial offerings are tailored to help individuals, including micro-entrepreneurs and small business owners,

reach their economic goals. The institution delivers both group and individual loan options that accommodate the diverse needs of its clients. Individual borrowers may access loan amounts of up to 10 million kyats with repayment periods extending to 24 months. Meanwhile, group loans are limited to 2 million kyats and have a maximum loan term of 12 months. For all loan types, an annual interest rate of 28% is applied to the remaining balance. To be eligible, applicants must meet certain criteria: they must be at least 18 years old at the time of signing the loan agreement, hold a permanent residential address, exhibit sufficient repayment capacity, and maintain a trustworthy personal background. They are also expected to demonstrate a willingness to repay the loan and reside at the same address for the duration of the loan term. Applicants are required to submit supporting documents, including a copy of their national registration card, household registration certificate, proof of address, an acknowledgment letter from the property owner, and an active phone number.

Agricultural loans are extended by institutions to support a variety of investment activities within the farming sector, including forestry, fishery, and animal husbandry. Farmers typically rely on these loans to purchase inputs such as seeds and fertilizers, invest in equipment, and cover labor-related expenses. This financial assistance has enabled significant changes in agricultural practices. By doing so, poverty reduction among farming communities has been promoted. (SATHAPANA Limited, n.d.).

Micro, small, and medium enterprises play a vital role in driving the country's economic development. To support investments in sectors such as trade, services, production, and real estate, the institution offers its Small Business Loan product. Through this initiative, entrepreneurship is promoted and existing enterprises are enabled to expand further with targeted financial assistance.(SATHAPANA Limited, n.d.).

The company enhances customers' income levels and overall quality of life by offering consumption loans. These loans are commonly used to fund home upgrades, purchase essential household items—such as motorbikes and furniture—and cover other domestic needs. During times of financial hardship, customers also rely on this form of credit to manage education and healthcare-related expenses.(SATHAPANA Limited, n.d.).

### **3.3.2 Savings Products**

To support individuals in managing their finances more effectively, the company provides a diverse selection of savings products. Customers are encouraged to cultivate financial discipline through compulsory savings, which link a portion of the loan amount to a mandatory savings requirement. These deposits yield an annual interest rate of 14%, and their maturity period aligns with the duration of the loan. In addition to this, the institution offers voluntary savings options, such as term deposits and savings passbooks, to ensure greater financial flexibility. (SATHAPANA Limited, n.d.).

SATHAPANA Limited provides a term deposit savings plan that enables customers to accumulate funds over a fixed period while earning competitive interest—making it suitable for those pursuing long-term financial growth. Depending on the chosen tenure, interest rates of up to 14% can be earned. The institution also offers a savings passbook account, which accepts discretionary deposits from customers and applies interest based on account balance, with annual rates ranging between 10% and 11%. Each account type varies in interest structure and allows flexible withdrawals. (SATHAPANA Limited, n.d.). These savings solutions are structured to promote financial inclusion and foster economic stability by offering customers secure and accessible ways to manage their finances.

### **3.4 Factors Influencing Customer Satisfaction of the Services Provided by SATHAPANA Microfinance**

Customer satisfaction remains a central pillar in the operations of SATHAPANA Limited Myanmar. Efforts to improve the quality and relevance of its financial services are consistently made by the institution to better align with client expectations. Observations and feedback from clients suggest that several core elements shape how customers assess and interpret the quality of service delivery.

#### **(a) Accessibility of Financial Service**

To promote customer satisfaction, SATHAPANA Microfinance prioritizes accessible and inclusive financial services. While operating 60 branches strategically positioned across Myanmar, mainly in central townships for greater visibility and convenience, the institution ensures outreach through proactive field visits conducted by its staff. Customers are able to communicate with the institution by visiting the nearest branch or making direct phone calls. Service hours, running from 8:00 AM to

5:00 PM, are structured to accommodate both employed and non-employed individuals. Additionally, digital platforms such as Viber, Messenger, and Telegram are offered to facilitate inquiries, providing flexible and customer-friendly channels that expand access to support.

**(b) Price**

To reinforce transparent pricing and strengthen customer trust, SATHAPANA Microfinance adopts a variety of internal measures that standardize the delivery of financial products. Policy awareness and compliance training sessions are conducted to help staff grasp the institution's pricing framework, particularly the interest calculation method, which is based on the actual outstanding balance rather than the disbursed amount. This approach helps to prevent overcharging and ensures fairness. Employees follow loan assessment protocols that require a thorough review of each customer's cash flow and investment intentions, ensuring repayment terms and loan amounts are well-aligned with individual financial capacities. Branch managers and compliance officers perform regular monitoring of loan pricing and documentation processes to ensure compliance with internal policies and regulatory standards. Meanwhile, the institution places emphasis on clear communication by training staff to explain repayment schedules, interest rates, and loan terms in an accessible way. Financial education initiatives are also offered, empowering customers to make sound decisions related to borrowing and saving. By maintaining affordable pricing structures, the institution ensures that low-income individuals can access critical financial services.

**(c) Reliability**

To maintain consistent and dependable service delivery, SATHAPANA Microfinance has established a robust framework of internal policies, directives, and procedures. The institution's management team conducts active supervision of staff and branches to enforce compliance with these standards, thereby reinforcing operational discipline and fostering customer trust. A variety of structured training programs are introduced by the organization to enhance reliability throughout all operational tiers. Foundational knowledge of internal systems is developed through onboarding and hands-on training provided to new employees. Staff are regularly kept informed of policy updates and compliance obligations through refresher sessions. Effective Branch Management Training is attended by supervisory personnel to cultivate ethical practices and strong leadership. Beyond offering financial services, the institution delivers peace of mind and assurance through its unwavering commitment to dependability.

#### **(d) Responsiveness**

SATHAPANA Microfinance fosters high responsiveness by combining structured training with well-defined operational strategies that prioritize timely and attentive service. The institution enhances staff capabilities through onboarding, refresher courses, and skills development programs, all aimed at improving communication, customer service, and problem-solving abilities. Supervisory personnel are prepared through Effective Branch Management Training to reinforce prompt, customer-centered decision-making. Practices such as follow-up calls, loan status updates, and proactive outreach are promoted to strengthen trust and maintain close customer relationships. Service quality is regularly assessed by the management team, who utilize performance reviews and feedback tools to drive ongoing improvement. In 2020, the Oracle core-banking system was adopted by the institution, which boosted operational efficiency and accelerated transaction processing across branches. Furthermore, a multichannel complaint-handling platform is provided by SATHAPANA, enabling customers to report issues via phone or digital tools—including Viber, Messenger, and Telegram—underscoring the institution’s dedication to responsive and accessible service.

#### **(e) Empathy**

SATHAPANA Microfinance actively nurtures empathy among its personnel by embedding value-based development into structured training initiatives. During the onboarding process, the institution introduces recruits to its ethical principles and customer-focused values, laying the groundwork for empathetic conduct. Not only are technical competencies strengthened through Skill Development Training, but soft skills—such as emotional intelligence, respectful interaction, and active listening—are also emphasized as critical to compassionate service. Ethical leadership and customer-focused decision-making are instilled in supervisory staff through participation in Effective Branch Management Training, which is specifically designed to model empathetic behavior throughout the organization. The institution also implements Talent Management and Management Trainee Programs to shape future leaders around a shared sense of social responsibility and core human values. Learning culture is sustained by SATHAPANA through virtual platforms, storytelling from real-world cases, and peer-to-peer learning, all of which support emotionally aware service and deepen staff sensitivity to customer contexts.

## CHAPTER 4

# ANALYZE OF THE FACTORS INFLUENCING CUSTOMER SATISFACTION ON THE SERVICE OF SATHAPANA MICROFINANCE

This chapter presents an analyze of the factors influencing customer satisfaction on the service of SATHAPANA Microfinance. It include the research design, respondent profile, reliability analysis, perception of customer, correlation and analysis on customer satisfaction and customer retention towards the services of SATHAPANA Microfinance.

### 4.1 Research Design

This study uses a quantitative research methodology to analyze customer satisfaction and retention in Shwepyithar Township, Yangon Division, for SATHAPANA Microfinance services. Both descriptive and causal research methodologies are used to study consumer perceptions and the relationship between service quality aspects, customer satisfaction, and retention. This study considers financial service accessibility, pricing, dependability, responsiveness, and empathy independent factors.

The target population comprises all customers of SATHAPANA Microfinance in Shwepyithar Township. According to Yamane (1967) formula, the sample size calculated as follows:

$$n = N / [1+N(e^2)]$$

Where n = Sample size, N= Population size, e = margin of error (93% confidence level)

$$n = 520 / [1+520 (0.07^2)]$$

$$n = 146$$

Therefore, the required sample size was 146 customers, and the sample was selected using the simple random sampling method to ensure fairness and representativeness. Out of this sample, researchers obtained 130 valid responses. The questionnaire consisted of two primary sections. The first section gathered demographic information from respondents, asking about gender, age, education level, occupation, and their frequency of loan usage with SATHAPANA Microfinance. The second section was structured to assess influencing factors, customer satisfaction, and retention in relation to SATHAPANA's services. It encompassed five key dimensions, accessibility,

price, reliability, responsiveness, and empathy, and also measured overall satisfaction and retention outcomes. The researcher collected secondary data from credible sources, including peer-reviewed journals, textbooks, survey reports, research articles, and trustworthy websites, both locally and internationally.

Data from the April 2025 field survey will be examined using descriptive statistics, correlation analysis, and multiple regression analysis. These methods allow hypothesis testing and evaluation of how service quality parameters affect customer satisfaction and retention.

#### 4.2 Demographic Characteristics of Respondents

The first section of this study focuses on analyzing the demographic profiles of respondents, covering aspects such as gender, age, occupation, educational attainment, and the number of loan cycles with SATHAPANA Microfinance. Structured questions with fixed response options are answered by each participant to reflect their personal circumstances. Accurately interpreting these profiles is considered essential for contextualizing the results and understanding the factors that shape customer satisfaction and retention. Table (4.1) presents a summary of the demographic data gathered from the respondents.

**Table (4.1): Demographic Characteristics of Respondents**

| Particular                  | Frequency | Percent |
|-----------------------------|-----------|---------|
| Total Number of Respondents | 130       | 100     |
| Gender                      |           |         |
| Male                        | 33        | 25.4    |
| Female                      | 97        | 74.6    |
| Age                         |           |         |
| Under 25 years              | 4         | 3.1     |
| 25–34 years                 | 30        | 23.1    |
| 35–44 years                 | 57        | 43.8    |
| 45-54 years                 | 33        | 25.4    |
| 55 years and above          | 6         | 4.6     |
| Education                   |           |         |
| Primary School              | 9         | 6.9     |
| Middle School               | 40        | 30.8    |
| High School                 | 30        | 23.1    |
| University Student          | 23        | 17.7    |
| Graduated                   | 28        | 21.5    |

**Table (4.1): Demographic Characteristics of Respondents (Continued)**

| <b>Particular</b>           | <b>Frequency</b> | <b>Percent</b> |
|-----------------------------|------------------|----------------|
| Total Number of Respondents | 130              | 100            |
| Occupation                  |                  |                |
| Business Person             | 75               | 57.7           |
| Employee                    | 41               | 31.5           |
| Civil Servant               | 14               | 10.8           |
| Loan Cycle                  |                  |                |
| 1 time                      | 11               | 8.5            |
| 2 times                     | 65               | 50.0           |
| 3 times                     | 34               | 26.1           |
| More than 3 times           | 20               | 15.4           |

Source: Survey data, 2025

According to Table (4.1), the majority of respondents (74.6%) are female, while 25.4% are male. The largest age group among respondents is 35–44 years (43.8%), followed by 45–54 years (25.4%), and 25–34 years (23.1%). The low representation of respondents are under 25 years (3.1%) and 55 years & above (4.6%). A significant portion of respondents have middle school education (30.8%), followed by graduates (21.5%), high school (23.1%), and university students (17.7%). Only 6.9% of respondents have completed only primary school. Most respondents are business owners (57.7%), followed by employees (31.5%), and civil servants (10.8%). The majority of respondents (50.0%) have taken microfinance loans twice, while 26.1% have borrowed three times, and 15.4% have taken loans more than three times. Only 8.5% of respondents have borrowed once.

### **4.3 Reliability Test**

Reliability assesses whether a test consistently produces stable results. Researchers employ many reliability factors, including Cronbach's Alpha. Cronbach's Alpha is a reliability coefficient that measures how strongly connected items in a collection are, according to Sekaran (2003). Table 4.2 shows the Cronbach's Alpha coefficient and associated interpretive criteria.

**Table (4.2) Rule of Thumb on Cronbach's Alpha**

| <b>Alpha Coefficient Range</b> | <b>Strength of Association</b> |
|--------------------------------|--------------------------------|
| < 0.6                          | Poor                           |
| 0.6 to < 0.7                   | Moderate                       |
| 0.7 to < 0.8                   | Good                           |
| 0.8 to < 0.9                   | Very Good                      |
| 0.9                            | Excellent                      |

Source: Sekaran, (2003)

The researcher used Cronbach's alpha to evaluate the variables' internal consistency and reliability based on survey data. Table 4.3 shows the research findings and Cronbach's alpha coefficients.

**Table (4.3): Reliability Test**

| <b>Items</b>                       | <b>Cronbach's Alpha</b> |
|------------------------------------|-------------------------|
| Accessibility of Financial Service | .893                    |
| Price                              | .908                    |
| Reliability                        | .892                    |
| Responsiveness                     | .907                    |
| Empathy                            | .900                    |
| Customer Satisfaction              | .889                    |
| Customer Retention                 | .893                    |

Source: Survey data, (2025)

Table (4.3) reveals that the measured items have achieved Cronbach's Alpha values exceeding the widely accepted threshold of 0.7, indicating very good reliability. The results confirm strong internal consistency across all variables, suggesting that these factors are well-suited for assessing customer satisfaction and retention in the context of SATHAPANA Microfinance's services.

#### **4.4 Customers Perception of Influencing Factors, Customer Satisfaction and Customer Retention Towards the Services of SATHAPANA Microfinance**

This section provides a descriptive analysis covering both independent and dependent variables. It focuses on key dimensions such as accessibility of financial service, price, reliability, responsiveness, empathy, customer satisfaction, and customer retention. Respondents evaluated these variables using a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). For interpretation purposes, the

identification thresholds developed by Best (1977) are applied, as summarized in Table 4.4

**Table (4.4): Mean Rating Scale**

| No. | Score Range Mean | Rating            |
|-----|------------------|-------------------|
| 1   | 1.00 – 1.80      | Strongly Disagree |
| 2   | 1.81 – 2.60      | Disagree          |
| 3   | 2.61 – 3.40      | Neutral           |
| 4   | 3.41 – 4.20      | Agree             |
| 5   | 4.21 – 5.00      | Strongly Agree    |

Source: Best, (1977)

#### 4.4.1 Accessibility of Financial Service

Table (4.5) presents the descriptive statistics, specifically the mean and standard deviation, related to accessibility of financial services. To provide a nuanced understanding of customer responses, this dimension is measured through seven distinct statements. Each mean score reflects a specific satisfaction level aligned with the Likert scale, ranging from strong disagreement to strong agreement.

**Table (4.5): Accessibility of Financial Service**

| Sr                  | Items  | Mean | Std Dev |
|---------------------|--|------|---------|
| 1                   | The services provided by SATHAPANA Microfinance are easily accessible.                   | 4.00 | 0.37    |
| 2                   | Branch locations of SATHAPANA Microfinance are convenient.                               | 4.08 | 0.39    |
| 3                   | Operating hours align well with typical schedules.                                       | 4.09 | 0.38    |
| 4                   | There are sufficient service channels, including physical branches and online platforms. | 4.05 | 0.44    |
| 5                   | The loan approval process is efficient and quick.  | 4.07 | 0.47    |
| 6                   | Branch environments are accessible and welcoming.  | 4.09 | 0.42    |
| 7                   | Accessing financial services is simple and straightforward.                              | 3.86 | 0.64    |
| <b>Overall Mean</b> |  | 4.04 |         |

Source: Survey data, (2025)

According to Table (4.5), the overall mean score for the accessibility of financial service is 4.04 and it indicated respondents agree that the services provided by

SATHAPANA Microfinance are accessible. Among the individual items, the highest mean scores 4.09, which falls within the agree level, was associated with the items related to the alignment of operating hours with typical schedules and the accessibility and welcoming nature of branch environments, underscoring customers' appreciation for both temporal convenience and physical accessibility. The lowest mean score of 3.86 was observed for the perception that accessing financial services is simple and straightforward, which also falls within the agree range based on the interpretation scale of Best (1977).

#### 4.4.2 Price

Table (4.6) presents the descriptive statistics for the price dimension, detailing both the mean and standard deviation. This variable is examined through seven specific statements designed to capture customers' perceptions more effectively. Each resulting mean score is interpreted according to the Likert scale framework, which ranges from strong disagreement to strong agreement and reflects varying levels of satisfaction.

**Table (4.6): Price**

| Sr.                 | Items   | Mean | Std Dev |
|---------------------|---|------|---------|
| 1                   | Fees associated with financial services are clearly explained.                                  | 4.10 | 0.45    |
| 2                   | Pricing and charges are presented transparently.  | 4.11 | 0.40    |
| 3                   | Interest charges are clearly communicated prior to loan approval.                               | 4.09 | 0.42    |
| 4                   | Loan terms and conditions are presented clearly, with no hidden fees included in loan agreement | 4.12 | 0.37    |
| 5                   | Loan fees and service charges are reasonable.   | 4.11 | 0.40    |
| 6                   | Interest rates offered are competitive in comparison to other institutions.                     | 4.12 | 0.43    |
| 7                   | Pricing structures are considered affordable for typical customers.                             | 4.07 | 0.45    |
| <b>Overall Mean</b> |   | 4.10 |         |

Source: Survey data, (2025)

According to Table (4.6), the overall mean score for price is 4.10, and it indicated respondents agree pricing of SATHAPANA Microfinance. The highest mean scores of 4.12, which falls within the agree level, was associated with the transparency in fee structures in loan agreements and the competitiveness of interest rates compared to other institutions, highlighting the transparency and market alignment of

SATHAPANA’s pricing strategies. The lowest recorded mean score was 4.07 for the perception that the pricing structures are affordable for typical customers, which also falls within the agree range according to Best (1977).

#### 4.4.3 Reliability

Table (4.7) displays the descriptive statistics, specifically the mean and standard deviation, associated with the reliability dimension. This variable is measured through seven distinct statements, allowing for a more detailed examination of customer response patterns. Each computed mean value is interpreted according to the Likert scale, which categorizes satisfaction levels from strong disagreement to strong agreement.

**Table (4.7): Reliability**

| Sr.                 | Items  | Mean | Std Dev |
|---------------------|--|------|---------|
| 1                   | SATHAPANA Microfinance is perceived as a dependable financial institution. | 4.04 | 0.38    |
| 2                   | Financial services are delivered as promised.                              | 4.05 | 0.48    |
| 3                   | Loan disbursements occur within the expected time.                         | 3.98 | 0.46    |
| 4                   | Transactions are processed accurately and without errors.                  | 4.11 | 0.40    |
| 5                   | Delivery of financial services meets expectations.                         | 4.05 | 0.46    |
| 6                   | Financial needs are handled effectively.                                   | 4.01 | 0.51    |
| 7                   | SATHAPANA rarely encounters service disruptions.                           | 4.07 | 0.43    |
| <b>Overall Mean</b> |  | 4.04 |         |

Source: Survey data, (2025)

According to Table (4.7), the overall mean score for reliability is 4.04, and it indicated respondents agree reliability of SATHAPANA Microfinance. The highest mean scores 4.11, which falls within the agree level, was associated with the perception that transactions are processed accurately and without errors, reflecting customers’ trust in the institution’s operational precision. The lowest mean score of 3.98 was noted for the perception that loan disbursements occur within the expected timeframe, which also falls within the agree range according to Best (1977).

#### 4.4.4 Responsiveness

Table (4.8) displays the mean and standard deviation values derived from the descriptive statistics for the responsiveness dimension. Researchers measured this variable using seven individual statements, allowing for a more detailed evaluation of customer feedback. The Likert scale interpretation, ranging from strong disagreement to strong agreement, is applied to understand the degree of customer satisfaction represented by each mean score.

**Table (4.8): Responsiveness**

| Sr.                 | Items  | Mean | Std Dev |
|---------------------|--|------|---------|
| 1                   | Inquiries are responded to promptly.                                   | 3.98 | 0.42    |
| 2                   | Issues and complaints are resolved efficiently.                        | 3.97 | 0.60    |
| 3                   | The institution is proactive in handling complaints.                   | 3.90 | 0.69    |
| 4                   | Updates on loan and service statuses are provided in a timely manner.  | 3.98 | 0.41    |
| 5                   | Customer support is easily reachable without delays.                   | 4.02 | 0.53    |
| 6                   | The institution is responsive during emergencies or urgent situations. | 3.99 | 0.62    |
| 7                   | Staff are available and willing to assist customers.                   | 4.09 | 0.46    |
| <b>Overall Mean</b> |  | 3.99 |         |

Source: Survey data, (2025)

According to Table 4.8, the overall mean score for responsiveness is 3.99, indicating that respondents agree on the responsiveness of SATHAPANA Microfinance. The highest mean score of 4.09, which falls within the agree level, was associated with the perception that staff are available and willing to assist customers, reflecting customers' confidence in the institution's customer support. The lowest mean score of 3.90 was noted for the perception that the institution is proactive in handling complaints, which also falls within the agree range according to Best (1977).

#### 4.4.5 Empathy

Table (4.9) presents the descriptive statistics, specifically the mean and standard deviation, for the empathy dimension. Researchers assessed this variable using seven specific statements to gain more precise insights into customer feedback. Each mean score is evaluated through the Likert scale framework, which ranges from strong disagreement to strong agreement and reflects varying levels of customer satisfaction.

**Table (4.9): Empathy**

| Sr.                 | Items  | Mean | Std Dev |
|---------------------|--|------|---------|
| 1                   | Staff listen carefully to customer needs.                              | 4.08 | 0.42    |
| 2                   | Staff demonstrate an understanding of customers' financial situations. | 4.08 | 0.39    |
| 3                   | Customers are treated with respect and value.                          | 4.12 | 0.37    |
| 4                   | Personalized solutions are provided to meet customer needs.            | 4.05 | 0.49    |
| 5                   | The institution shows genuine care for its customers.                  | 4.10 | 0.41    |
| 6                   | SATHAPANA staff are patient and understanding.                         | 4.08 | 0.47    |
| 7                   | Staff members are polite and friendly during interactions.             | 4.08 | 0.51    |
| <b>Overall Mean</b> |  | 4.08 |         |

Source: Survey data, (2025)

According to Table (4.9), the overall mean score for empathy is 4.08, and indicates that customers agree that SATHAPANA demonstrates empathy in its customer interactions. The highest mean scores 4.12, which falls within the agree level, was associated with the perception that customers are treated with respect and value, reflecting strong appreciation for the dignified treatment provided by staff. The lowest mean score of 4.05 was noted for the perception that personalized solutions are offered to meet customer needs, which also falls within the agree range according to Best (1977).

#### **4.4.6 Overall mean score for all influencing factors of customer satisfaction**

This study investigates five major service quality dimensions that shape customer satisfaction with SATHAPANA Microfinance: accessibility of financial service, price, reliability, responsiveness, and empathy. Each of these variables captures a specific facet of service performance and indicates how well the institution fulfills customer expectations. Researchers have computed overall mean scores for these dimensions to facilitate a deeper understanding of satisfaction levels and pinpoint areas in need of improvement. Table (4.10) summarizes the resulting findings.

**Table (4.10): Overall Mean Scores**

| <b>Sr. No</b> | <b>Variables</b>                   | <b>Overall Means</b> |
|---------------|------------------------------------|----------------------|
| 1             | Accessibility of Financial Service | 4.04                 |
| 2             | Price                              | 4.10                 |
| 3             | Reliability                        | 4.04                 |
| 4             | Responsiveness                     | 3.99                 |
| 5             | Empathy                            | 4.08                 |

Source: Survey data, (2025)

According to table (4.10), among the five variables, Price received the highest overall mean score of 4.10, indicating that customers agree with the affordability and value of the financial services offered by SATHAPANA. Empathy followed closely with a mean score of 4.08, reflecting customers' appreciation for the institution's personalized care and understanding of their needs. Both accessibility of financial service and reliability shared a mean score of 4.04. Responsiveness received the lowest mean score of 3.99 and that is also within the agree range.

#### **4.4.7 Customer Satisfaction**

Table (4.11) presents the mean and standard deviation values derived from the descriptive statistics for the customer satisfaction variable. Researchers divided this dimension into ten specific statements to enable a more detailed analysis of customer feedback. Each resulting mean score has been interpreted using the Likert scale, which reflects satisfaction levels ranging from strong disagreement to strong agreement.

**Table (4.11): Customer Satisfaction**

| <b>Sr</b>           | <b>Items</b>  | <b>Mean</b> | <b>Std Dev</b> |
|---------------------|---|-------------|----------------|
| 1                   | Consistent service delivery fosters a sense of satisfaction with the institution. | 4.04        | 0.44           |
| 2                   | Services meet customer financial needs and expectations.                          | 4.00        | 0.43           |
| 3                   | The quality of financial services provided is satisfactory.                       | 4.09        | 0.42           |
| 4                   | There is a good sense of complaint handling among staff.                          | 4.02        | 0.49           |
| 5                   | The institution offers good value for the money spent.                            | 4.03        | 0.46           |
| 6                   | Financial transactions are secure and safe.                                       | 4.12        | 0.41           |
| 7                   | The customer service experience is pleasant.                                      | 4.12        | 0.44           |
| 8                   | Service delivery is prompt and efficient.   | 4.12        | 0.48           |
| 9                   | Customers receive good value for interest and fees paid.                          | 4.08        | 0.41           |
| 10                  | Customers are likely to recommend the institution to others.                      | 4.07        | 0.40           |
| <b>Overall Mean</b> |   | 4.07        |                |

Source: Survey data, (2025)

According to Table (4.11), the overall mean score for customer satisfaction is 4.07, and indicates that customers agree that SATHAPANA provides satisfactory financial services. The highest mean scores of 4.12, which falls within the agree level, was associated with the security of financial transactions, the pleasantness of the customer service experience, and the prompt and efficient service delivery, highlighting the institution's strength in ensuring safe, friendly, and timely interactions. The lowest mean score was 4.00 for the perception that services meet customer financial needs and expectations, which also falls within the agree range according to Best (1977).

#### **4.4.8 Customer Retention**

Table (4.12) presents the mean and standard deviation values drawn from the descriptive statistics for customer retention. To analyze customer feedback more effectively, researchers measured this variable using ten individual statements. Each calculated mean score has been interpreted using the Likert scale, which reflects varying satisfaction levels, ranging from strong disagreement to strong agreement.

**Table (4.12): Customer Retention**

| Sr.                 | Items  | Mean | Std Dev |
|---------------------|--|------|---------|
| 1                   | Continued use of services is likely.                                   | 4.02 | 0.45    |
| 2                   | Future loan applications from the institution are likely.              | 4.09 | 0.50    |
| 3                   | Services would still be used even after relocating to another area.    | 3.78 | 0.80    |
| 4                   | The institution is preferred over other financial service providers.   | 3.98 | 0.57    |
| 5                   | Customers do not consider switching to another microfinance provider.  | 3.92 | 0.59    |
| 6                   | Services contribute to increased customer loyalty.                     | 3.98 | 0.44    |
| 7                   | Customers are likely to use multiple services (e.g., loans, savings).  | 4.01 | 0.49    |
| 8                   | A long-term relationship with the institution is likely.               | 4.04 | 0.40    |
| 9                   | Overall experience encourages customer retention.                      | 4.05 | 0.45    |
| 10                  | Customers would return even if competitors offer slightly lower rates. | 3.82 | 0.78    |
| <b>Overall Mean</b> |  | 3.97 |         |

Source: Survey data, (2025)

According to Table (4.12), the overall mean score for customer retention is 3.97, and indicates that customers agree that they are inclined to continue using SATHAPANA's services. The highest mean score of 4.09, which falls within the agree level, was associated with the likelihood of future loan applications from the institution, highlighting customers' willingness to maintain long-term relationships. The lowest mean score was 3.78 for the perception that services would still be used even after relocating to another area, which also falls within the agree range according to Best (1977).

#### **4.5 Correlation Analysis of Influencing Factors, Customer Satisfaction and Customer Retention**

In this study, researchers used correlation analysis to examine variable connections. Customer satisfaction and retention were investigated in connection to five predicted independent variables: financial service accessibility, pricing, dependability, responsiveness, and empathy. These service quality factors were correlated with SATHAPANA Microfinance customer satisfaction using Pearson correlation coefficients.

Pearson's correlation coefficient measures the linear connection between two continuous variables, according to Saunders and Lewis (2012). The coefficient, "r," varies from +1 to -1, with values closer to +1 indicating a strong positive association and those closer to -1 a strong negative relationship. A 0 coefficient means no linear relationship between variables. The correlation strength scale is: 0.00-0.20 = No association, 0.21-0.35 = Weak, 0.36-0.60 = Moderate, 0.61-0.80 = Strong, 0.81-1.00 = Very strong. Perfect positive correlation (+1) means increases in one measure continuously cause increases in the other, whereas perfect negative correlation (-1) suggests an inverse connection. The researcher used SPSS to find and evaluate trends in the data. Table 4.13 shows the Pearson correlation coefficients between customer satisfaction and service quality parameters such accessibility, pricing, dependability, responsiveness, and empathy.

**Table (4.13) Correlation between Influencing Factors and Customer Satisfaction**

| Sr. No. | Variables                          | Pearson's Correlation Coefficient | P-Value |
|---------|------------------------------------|-----------------------------------|---------|
| 1       | Accessibility of Financial Service | .666***                           | .000    |
| 2       | Price                              | .595**                            | .000    |
| 3       | Reliability                        | .660***                           | .000    |
| 4       | Responsiveness                     | .577***                           | .000    |
| 5       | Empathy                            | .693***                           | .000    |

Source: Survey data, (2025)

Note: \*\*\* Correlation is statistically significant at the 0.01 level (2-tailed)

Table 4.13 shows that Pearson correlation coefficients and P-Values show the strong association between numerous parameters and SATHAPANA Microfinance customer satisfaction. With a Pearson Correlation Coefficient of 0.693, empathy correlates most with customer happiness. Customer satisfaction also correlates with financial service accessibility (0.666) and dependability (0.660). Customer satisfaction somewhat correlates with price (0.595) and responsiveness (0.577)

**Table (4.14) Correlation between Customer Satisfaction and Customer Retention**

| <b>Sr. No</b> | <b>Variables</b>      | <b>Pearson's Correlation Coefficient</b> | <b>P-Value</b> |
|---------------|-----------------------|--|----------------|
| 1             | Customer Satisfaction | .751***                                  | .000           |

Source: Survey data, (2025)

Note: \*\*\* Correlation is statistically significant at the 0.01 level (2-tailed)

Table (4.14), Pearson correlation coefficients, and P-Values show the strong association between SATHAPANA Microfinance customer satisfaction and retention. Customer satisfaction and retention are strongly correlated (0.751).

#### **4.6 Analysis of the Factors Influencing Customer Satisfaction Towards the Services in SATHAPANA Microfinance**

This study explores five core factors, accessibility of financial services, price, reliability, responsiveness, and empathy, that influence customer satisfaction and retention. Each factor represents a distinct aspect of the service experience and contributes significantly to shaping customer perceptions. By evaluating these influences, the researcher identifies which variables have the strongest positive or negative impact on how customers perceive the services. Insights from this analysis help organizations develop focused strategies aimed at enhancing satisfaction, resolving service gaps, and reinforcing customer loyalty.

The researcher surveyed 130 SATHAPANA Microfinance clients to determine what factors affect customer satisfaction. Table 4.15 shows the results of multiple regression analysis.

**Table (4.15): Factors Influencing Customer Satisfaction Towards the Services in SATHAPANA Microfinance**

| Variables                          | Unstandardized Coefficient |            | Standardized Coefficient | t     | Sig. | VIF   |
|------------------------------------|----------------------------|------------|--------------------------|-------|------|-------|
|                                    | B                          | Std. Error | Beta                     |       |      |       |
| (Constant)                         | .183                       | .274       |                          | .666  | .507 |       |
| Accessibility of Financial Service | .122**                     | .103       | .109                     | 1.185 | .024 | 2.843 |
| Price                              | .211***                    | .077       | .206                     | 2.725 | .007 | 1.917 |
| Reliability                        | .181**                     | .085       | .179                     | 2.126 | .036 | 2.395 |
| Responsiveness                     | .101**                     | .060       | .128                     | 1.697 | .029 | 1.921 |
| Empathy                            | .341***                    | .072       | .352                     | 4.711 | .000 | 1.874 |
| R Square                           | .631                       |            |                          |       |      |       |
| Adjusted R Square                  | .616                       |            |                          |       |      |       |
| Durbin-Watson                      | 2.156                      |            |                          |       |      |       |
| F value                            | 42.455***, (P=0.000)       |            |                          |       |      |       |

Source: Survey data, 2025

Note: \*\*\* significance level at 1%, \*\* significance level at 5%, \* significance level at 10%

Table 4.15 shows that all VIF values are below the frequently recognized threshold of 5 (Menard, 2001), indicating that multicollinearity is not a concern in this regression model. Due to Field (2009)'s acceptable range, the residuals' Durbin–Watson value of 2.156 indicates no severe autocorrelation. This reinforces error term independence and regression reliability.

The model exhibits statistical significance at the 1% level ( $F=42.455$ ,  $p < 0.001$ ), showing its validity and importance. Customer satisfaction is 61.6% explained by financial service accessibility, pricing, dependability, responsiveness, and empathy, according to the modified R-square value of 0.616.

The coefficient of 0.122 and standardized coefficient (Beta) of 0.109 for financial service accessibility positively affect customer satisfaction and is statistically significant at the 5% level ( $p=0.024$ ). Price affects customer satisfaction statistically positively with a coefficient of 0.211 and a normalized coefficient (Beta) of 0.206. The

connection is 1% significant ( $p=0.007$ ). Reliability positively affects customer satisfaction with a coefficient of 0.181 and a standardized coefficient (Beta) of 0.179. The impact is 5% significant ( $p=0.036$ ). Customer satisfaction is positively influenced by responsiveness, which has a coefficient of 0.101 and a standardized coefficient (Beta) of 0.128. The connection is 5% significant ( $p=0.029$ ). Empathy has the largest positive effect on customer satisfaction, with a coefficient of 0.341 and a standardized coefficient (Beta) of 0.352. The connection is 1% significant ( $p=0.000$ ).

#### 4.7 Analyze the Effect of Customer Satisfaction on Customer Retention Towards the Services in SATHAPANA Microfinance

The researcher sent participants a structured questionnaire to see how customer satisfaction affects SATHAPANA Microfinance services. Data was analyzed using multiple regression. Table 4.16 details the findings.

**Table (4.16): Effect of Customer Satisfaction on Customer Retention Towards the Services in SATHAPANA Microfinance**

| Variables             | Unstandardized Coefficient |            | Standardized Coefficient | t      | Sig. | VIF   |
|-----------------------|----------------------------|------------|--------------------------|--------|------|-------|
|                       | B                          | Std. Error | Beta                     |        |      |       |
| (Constant)            | .238                       | .291       |                          | .818   | .415 |       |
| Customer Satisfaction | .917**                     | .071       | .751                     | 12.872 | .000 | 1.000 |
| R Square              | .564                       |            |                          |        |      |       |
| Durbin-Watson         | 1.844                      |            |                          |        |      |       |
| F value               | 165.689***, (P=0.000)      |            |                          |        |      |       |

Source: Survey data, (2025)

Note: \*\*\* significance level at 1%, \*\* significance level at 5%, \* significance level at 10%

Table 4.16 shows that the regression analysis findings show no major residual autocorrelation because the Durbin-Watson value is 1.844, which is within Field (2009)'s acceptable range. The F-value is significant at 1% ( $F = 165.689$ ,  $p < 0.001$ ). Positively, customer satisfaction explains 56.4% of customer retention variation, according to the R-square value of 0.564.

Customer satisfaction has a coefficient of 0.917 and a standardized coefficient (Beta) of 0.751, indicating a considerable positive influence on customer retention. The 1% correlation between customer happiness and retention is substantial ( $p = 0.000$ ).

## **CHAPTER 5**

### **CONCLUSION**

This chapter consists of three main sections. The researcher begins by presenting the findings and discussion derived from the survey results. Next, the study outlines recommendations and suggestions that are informed by these findings. Lastly, the chapter highlights areas where further research is considered necessary.

#### **5.1 Finding and Discussion**

The study aimed to examine the key factors influencing customer satisfaction and customer retention towards the services of SATHAPANA Microfinance in Shwepyithar Township. According to the findings, the institution's customers are predominantly female, highlighting SATHAPANA's strong contribution to women financial empowerment and broader financial inclusion. Most customers were middle aged adults actively involved in income generating activities, such as small businesses or employment. This suggests that microfinance services are particularly relevant to individuals in their peak working years. The educational background of respondents showed that most had achieved at least a middle or high school level of education, indicating a reasonable level of financial literacy among the customer base. A majority of customers were self employed or engaged in informal economic activities, demonstrating the institution's role in supporting entrepreneurship and small-scale enterprises. In terms of loan usage, most customers have borrowed more than once. This pattern of repeated borrowing reflects both ongoing financial needs and a strong sense of trust in the institution's services.

According to the findings, the descriptive statistical analysis of service quality dimensions revealed that customers generally held favorable perceptions toward the services of SATHAPANA Microfinance. Respondents expressed agreement with statements related to transparent pricing, professional staff behavior, and convenient service accessibility. Empathy and price received particularly strong ratings among the five dimensions of accessibility of financial service, price, reliability, responsiveness, and empathy, indicating that customers value respectful treatment and clear, fair pricing. However, the analysis also identified certain areas in need of improvement. Customers indicated that accessing services could be made more straightforward, and

some dissatisfaction was noted regarding the timeliness of loan disbursements and the institution's responsiveness to complaints. These findings indicated that while SATHAPANA has successfully met customer expectations in many areas, enhancing operational efficiency and complaint handling processes could further improve overall satisfaction.

Regarding the findings, the correlation analysis demonstrated that all five service quality dimensions have a statistically significant and positive relationship with customer satisfaction. Among them, empathy showed the strongest correlation, highlighting that when customers feel understood, respected, and personally attended to their satisfaction with the institution increases substantially. Accessibility of financial service and reliability also exhibited strong correlations, indicated that ease of access and dependable service contribute notably to positive customer experiences. Although price and responsiveness showed moderate correlations, they remain important contributors to satisfaction, reinforcing the need for microfinance institutions to maintain affordable services and responsive customer support.

The study reveals that all five examined factors, accessibility, price, reliability, responsiveness, and empathy, positively contribute to customer satisfaction. Among these, empathy emerges as the strongest influential, highlighting the importance of understanding customer needs, offering personal attention, and creating trust based relationships in service delivery. This finding reinforces the idea that customer oriented communication and emotional support are critical in microfinance settings. Price is also shown to be a significant factor. Transparent pricing and fair service charges appear to strengthen satisfaction, especially within communities that are highly sensitive to cost structures. This emphasizes the need for clear communication around fees and affordability. Reliability plays a substantial role as well, indicated that customers value consistent and dependable service from SATHAANA microfinance. Reliable operations help foster confidence in the institution, reinforcing long term relationships. Responsiveness also plays in shaping customer satisfaction. It reflects how promptly and effectively staff address customer needs, inquiries, or concerns. Customers tend to feel more valued and supported when their issues are handled quickly and with attention, contributing positively to their overall service experience. Accessibility of financial services is also positively influence to customer satisfaction. When customers are able to easily access the services they need, whether in terms of location, operating hours, or procedural simplicity, their overall satisfaction improves. Regarding the

finding, customer satisfaction has a positive influence on customer retention. Satisfied customers are more likely to remain loyal to the institution and continue using its services. This finding emphasizes that maintaining high service quality standards is not only essential for customer satisfaction but also critical for retaining customer in the loan term.

## **5.2 Suggestions and Recommendations**

The findings from this study highlight the importance of various service dimensions in shaping customer satisfaction and retention at SATHAPANA Microfinance. As empathy emerged as the most influential factor in customer satisfaction, it is recommended that SATHAPANA Microfinance continue to invest in cultivating a customer centric mindset across all levels of the organization. This includes strengthening onboarding and skill development programs that emphasize emotional intelligence, respect, and active listening. Encouraging supervisors and team leaders to model empathetic behavior will not only improve frontline interactions but also foster a service culture grounded in mutual respect and human dignity.

To maintain the trust of customers, especially among vulnerable and low income communities, SATHAPANA should uphold its focus on transparency and fairness in pricing. Regular training on pricing frameworks and compliance guidelines can reinforce consistent loan practices. More importantly, ensuring that all staff are equipped to clearly explain repayment terms and interest calculation methods will support informed decision-making among customers. The continuation of financial education programs is also highly encouraged to empower borrowers in managing their resources responsibly.

Given the role of reliability in shaping customer trust, it is important that the institution maintains rigorous oversight of service delivery standards. The management team is advised to continue monitoring operational adherence through internal audits, branch assessments, and real time supervision. Ongoing refresher training and peer evaluations can help mitigate service inconsistencies, ensuring that customers experience dependable and predictable support during every engagement.

Responsiveness can be further enhanced by streamlining how the institution handles inquiries, complaints, and follow-up requests. It is recommended that SATHAPANA continue improving its digital platforms and support channels to provide customers with multiple, convenient ways to access assistance. Integrating

feedback mechanisms, such as post-service surveys or suggestion forms, can help identify areas needing immediate attention and promote a culture of accountability and quick resolution.

Accessibility remains a foundation of customer satisfaction. SATHAPANA should continue to expand its community outreach programs and strengthen its branch network in underserved regions. Simplifying administrative procedures and offering flexible service options can make financial services more inclusive. Additionally, providing assistance to customers who face digital barriers will help ensure that technology is a bridge, not a barrier, to financial inclusion.

### **5.3 Needs for Further Studies**

Although this study offers valuable insights into customer satisfaction and retention in the context of SATHAPANA Microfinance's services in Shwepyithar Township, its geographical and demographic scope remains limited. Researchers could expand future studies to include additional townships or regions in order to compare customer experiences across different branches and cultural settings. Other influential variables, such as digital adoption, financial literacy, or the nature of staff–customer interactions, should also be examined for their potential impact on long-term retention. Richer, more nuanced understanding may be gained by incorporating qualitative methods such as focus groups or in-depth interviews to capture customer behavior and expectations more deeply.

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**APPENDIX – A**  
**SURVEY QUESTIONNAIRES**

**CUSTOMER SATISFACTION AND CUSTOMER RETENTION  
TOWARDS THE SERVICES OF SATHAPANA MICROFINANCE**

Dear Respondent,

This questionnaire is designed to study "*Customer Satisfaction and Customer Retention Towards the Services of SATHAPANA Microfinance*". This research is conducted as part of the partial fulfillment of the requirements for the completion of a master's degree in the Banking and Finance Programme at Yangon University of Economics. The entire process will be treated with the utmost confidentiality, strictly adhering to all academic instructions. Kindly respond to each item as truthfully and accurately as possible.

**Section: 1 - Demographic Questions**

(1) What is your gender?

Male

Female

(2) What is your age group?

Under 25

25 – 34

35 – 44

45 – 54

55 and above

(3) What is your highest level of education?

No formal education

Primary school

Middle school

High school

University student

Graduated

(4) What is your occupation?

- Business Person
- Employee (private/public sector)
- Farmer
- Civil Servant
- Unemployed

(5) How many times have you taken a loan from SATHAPANA Microfinance?

- 1 Time
- 2 Time
- 3 Time
- More than 3 Time

**Section: 2 - Customer Satisfaction and Customer Retention Towards the Services of SATHAPANA Microfinance**

Please respond to the provided in questions this section 2. Please indicate your agreement with the proposed statements by using following Likert Scale Keys.  
1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

**(A) Accessibility of Financial Service**

| Sr. No | Statements   | 1 | 2 | 3 | 4 | 5 |
|--------|--|---|---|---|---|---|
| 1      | The services provided by SATHAPANA Microfinance are easily accessible.                   |   |   |   |   |   |
| 2      | Branch locations of SATHAPANA Microfinance are convenient.                               |   |   |   |   |   |
| 3      | Operating hours align well with typical schedules.                                       |   |   |   |   |   |
| 4      | There are sufficient service channels, including physical branches and online platforms. |   |   |   |   |   |
| 5      | The loan approval process is efficient and quick.  |   |   |   |   |   |
| 6      | Branch environments are accessible and welcoming.  |   |   |   |   |   |
| 7      | Accessing financial services is simple and straightforward.                              |   |   |   |   |   |

**(B) Price**

| <b>Sr.<br/>No</b> | <b>Statements</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-------------------|---|----------|----------|----------|----------|----------|
| 1                 | Fees associated with financial services are clearly explained.                                  |          |          |          |          |          |
| 2                 | Pricing and charges are presented transparently.  |          |          |          |          |          |
| 3                 | Interest charges are clearly communicated prior to loan approval.                               |          |          |          |          |          |
| 4                 | Loan terms and conditions are presented clearly, with no hidden fees included in loan agreement |          |          |          |          |          |
| 5                 | Loan fees and service charges are reasonable.   |          |          |          |          |          |
| 6                 | Interest rates offered are competitive in comparison to other institutions.                     |          |          |          |          |          |
| 7                 | Pricing structures are considered affordable for typical customers.                             |          |          |          |          |          |

**(C) Reliability**

| <b>Sr.<br/>No</b> | <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-------------------|--|----------|----------|----------|----------|----------|
| 1                 | SATHAPANA Microfinance is perceived as a dependable financial institution. |          |          |          |          |          |
| 2                 | Financial services are delivered as promised.                              |          |          |          |          |          |
| 3                 | Loan disbursements occur within the expected time.                         |          |          |          |          |          |
| 4                 | Transactions are processed accurately and without errors.                  |          |          |          |          |          |
| 5                 | Delivery of financial services meets expectations.                         |          |          |          |          |          |
| 6                 | Financial needs are handled effectively.                                   |          |          |          |          |          |
| 7                 | SATHAPANA rarely encounters service disruptions.                           |          |          |          |          |          |

**(D) Responsiveness**

| <b>Sr.<br/>No</b> | <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-------------------|--|----------|----------|----------|----------|----------|
| 1                 | Inquiries are responded to promptly.                                   |          |          |          |          |          |
| 2                 | Issues and complaints are resolved efficiently.                        |          |          |          |          |          |
| 3                 | The institution is proactive in handling complaints.                   |          |          |          |          |          |
| 4                 | Updates on loan and service statuses are provided in a timely manner.  |          |          |          |          |          |
| 5                 | Customer support is easily reachable without delays.                   |          |          |          |          |          |
| 6                 | The institution is responsive during emergencies or urgent situations. |          |          |          |          |          |
| 7                 | Staff are available and willing to assist customers.                   |          |          |          |          |          |

**(E) Empathy**

| <b>Sr.<br/>No</b> | <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-------------------|--|----------|----------|----------|----------|----------|
| 1                 | Staff listen carefully to customer needs.                              |          |          |          |          |          |
| 2                 | Staff demonstrate an understanding of customers' financial situations. |          |          |          |          |          |
| 3                 | Customers are treated with respect and value.                          |          |          |          |          |          |
| 4                 | Personalized solutions are provided to meet customer needs.            |          |          |          |          |          |
| 5                 | The institution shows genuine care for its customers.                  |          |          |          |          |          |
| 6                 | SATHAPANA staff are patient and understanding.                         |          |          |          |          |          |
| 7                 | Staff members are polite and friendly during interactions.             |          |          |          |          |          |

**(F) Customer Satisfaction**

| <b>Sr. No</b> | <b>Statements</b>   | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---------------|---|----------|----------|----------|----------|----------|
| 1             | Consistent service delivery fosters a sense of satisfaction with the institution. |          |          |          |          |          |
| 2             | Services meet customer financial needs and expectations.                          |          |          |          |          |          |
| 3             | The quality of financial services provided is satisfactory.                       |          |          |          |          |          |
| 4             | There is a good sense of complaint handling among staff.                          |          |          |          |          |          |
| 5             | The institution offers good value for the money spent.                            |          |          |          |          |          |
| 6             | Financial transactions are secure and safe.                                       |          |          |          |          |          |
| 7             | The customer service experience is pleasant.                                      |          |          |          |          |          |
| 8             | Service delivery is prompt and efficient.   |          |          |          |          |          |
| 9             | Customers receive good value for interest and fees paid.                          |          |          |          |          |          |
| 10            | Customers are likely to recommend the institution to others.                      |          |          |          |          |          |

**(G) Customer Retention**

| <b>Sr. No</b> | <b>Statements</b>  | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|---------------|--|----------|----------|----------|----------|----------|
| 1             | Continued use of services is likely.                                   |          |          |          |          |          |
| 2             | Future loan applications from the institution are likely.              |          |          |          |          |          |
| 3             | Services would still be used even after relocating to another area.    |          |          |          |          |          |
| 4             | The institution is preferred over other financial service providers.   |          |          |          |          |          |
| 5             | Customers do not consider switching to another microfinance provider.  |          |          |          |          |          |
| 6             | Services contribute to increased customer loyalty.                     |          |          |          |          |          |
| 7             | Customers are likely to use multiple services (e.g., loans, savings).  |          |          |          |          |          |
| 8             | A long-term relationship with the institution is likely.               |          |          |          |          |          |
| 9             | Overall experience encourages customer retention.                      |          |          |          |          |          |
| 10            | Customers would return even if competitors offer slightly lower rates. |          |          |          |          |          |

## APPENDIX – B

### SPSS Output

#### Respondents Profile

##### Gender

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 1     | 33        | 25.4    | 25.4          | 25.4               |
|       | 2     | 97        | 74.6    | 74.6          | 100.0              |
|       | Total | 130       | 100.0   | 100.0         |                    |

##### Age

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 1     | 4         | 3.1     | 3.1           | 3.1                |
|       | 2     | 30        | 23.1    | 23.1          | 26.2               |
|       | 3     | 57        | 43.8    | 43.8          | 70.0               |
|       | 4     | 33        | 25.4    | 25.4          | 95.4               |
|       | 5     | 6         | 4.6     | 4.6           | 100.0              |
|       | Total | 130       | 100.0   | 100.0         |                    |

##### Education

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 1     | 9         | 6.9     | 6.9           | 6.9                |
|       | 2     | 40        | 30.8    | 30.8          | 37.7               |
|       | 3     | 30        | 23.1    | 23.1          | 60.8               |
|       | 4     | 23        | 17.7    | 17.7          | 78.5               |
|       | 5     | 28        | 21.5    | 21.5          | 100.0              |
|       | Total | 130       | 100.0   | 100.0         |                    |

##### Occupation

|       |       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 1     | 75        | 57.7    | 57.7          | 57.7               |
|       | 2     | 41        | 31.5    | 31.5          | 89.2               |
|       | 3     | 14        | 10.8    | 10.8          | 100.0              |
|       | Total | 130       | 100.0   | 100.0         |                    |

### Loan Cycle

|         | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid 1 | 11        | 8.5     | 8.5           | 8.5                |
| 2       | 65        | 50.0    | 50.0          | 58.5               |
| 3       | 34        | 26.1    | 26.1          | 84.6               |
| 4       | 20        | 15.4    | 15.4          | 100.0              |
| Total   | 130       | 100.0   | 100.0         |                    |

### Reliability Test

|     | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| AFS | 24.256373626373620         | 2.640                          | .796                             | .893                             |
| PR  | 24.189340659340650         | 2.719                          | .623                             | .908                             |
| REL | 24.249780219780213         | 2.563                          | .789                             | .892                             |
| RES | 24.301428571428566         | 2.451                          | .673                             | .907                             |
| EMP | 24.206923076923070         | 2.601                          | .707                             | .900                             |
| CS  | 24.222307692307687         | 2.534                          | .813                             | .889                             |
| CR  | 24.323076923076920         | 2.387                          | .772                             | .893                             |

### Perception of Influencing Factors, Customer Satisfaction and Customer Retention

#### Accessibility of Financial Service

| Sr.                 | Items | Mean | Std Dev |
|---------------------|-------|------|---------|
| 1                   | AFS-1 | 4.00 | 0.37    |
| 2                   | AFS-2 | 4.08 | 0.39    |
| 3                   | AFS-3 | 4.09 | 0.38    |
| 4                   | AFS-4 | 4.05 | 0.44    |
| 5                   | AFS-5 | 4.07 | 0.47    |
| 6                   | AFS-6 | 4.09 | 0.42    |
| 7                   | AFS-7 | 3.86 | 0.64    |
| <b>Overall Mean</b> |       | 4.04 |         |

#### Price

| Sr.                 | Items  | Mean | Std Dev |
|---------------------|--------|------|---------|
| 1                   | PR – 1 | 4.10 | 0.45    |
| 2                   | PR – 2 | 4.11 | 0.40    |
| 3                   | PR – 3 | 4.09 | 0.42    |
| 4                   | PR – 4 | 4.12 | 0.37    |
| 5                   | PR – 5 | 4.11 | 0.40    |
| 6                   | PR – 6 | 4.12 | 0.43    |
| 7                   | PR – 7 | 4.07 | 0.45    |
| <b>Overall Mean</b> |        | 4.10 |         |

### Reliability

| Sr.                 | Items   | Mean | Std Dev |
|---------------------|---------|------|---------|
| 1                   | REL – 1 | 4.04 | 0.38    |
| 2                   | REL – 2 | 4.05 | 0.48    |
| 3                   | REL – 3 | 3.98 | 0.46    |
| 4                   | REL – 4 | 4.11 | 0.40    |
| 5                   | REL – 5 | 4.05 | 0.46    |
| 6                   | REL – 6 | 4.01 | 0.51    |
| 7                   | REL – 7 | 4.07 | 0.43    |
| <b>Overall Mean</b> |         | 4.04 |         |

### Responsiveness

| Sr.                 | Items   | Mean | Std Dev |
|---------------------|---------|------|---------|
| 1                   | RES – 1 | 3.98 | 0.42    |
| 2                   | RES – 2 | 3.97 | 0.60    |
| 3                   | RES – 3 | 3.90 | 0.69    |
| 4                   | RES – 4 | 3.98 | 0.41    |
| 5                   | RES – 5 | 4.02 | 0.53    |
| 6                   | RES – 6 | 3.99 | 0.62    |
| 7                   | RES – 7 | 4.09 | 0.46    |
| <b>Overall Mean</b> |         | 3.99 |         |

### Empathy

| Sr.                 | Items   | Mean | Std Dev |
|---------------------|---------|------|---------|
| 1                   | EMP – 1 | 4.08 | 0.42    |
| 2                   | EMP – 2 | 4.08 | 0.39    |
| 3                   | EMP – 3 | 4.12 | 0.37    |
| 4                   | EMP – 4 | 4.05 | 0.49    |
| 5                   | EMP – 5 | 4.10 | 0.41    |
| 6                   | EMP – 6 | 4.08 | 0.47    |
| 7                   | EMP – 7 | 4.08 | 0.51    |
| <b>Overall Mean</b> |         | 4.08 |         |

### Customer Satisfaction

| Sr.                 | Items   | Mean | Std Dev |
|---------------------|---------|------|---------|
| 1                   | CS – 1  | 4.04 | 0.44    |
| 2                   | CS – 2  | 4.00 | 0.43    |
| 3                   | CS – 3  | 4.09 | 0.42    |
| 4                   | CS – 4  | 4.02 | 0.49    |
| 5                   | CS – 5  | 4.03 | 0.46    |
| 6                   | CS – 6  | 4.12 | 0.41    |
| 7                   | CS – 7  | 4.12 | 0.44    |
| 8                   | CS – 8  | 4.12 | 0.48    |
| 9                   | CS – 9  | 4.08 | 0.41    |
| 10                  | CS – 10 | 4.07 | 0.40    |
| <b>Overall Mean</b> |         | 4.07 |         |

### Customer Retention

| <b>Sr.</b>          | <b>Items</b> | <b>Mean</b> | <b>Std Dev</b> |
|---------------------|--------------|-------------|----------------|
| 1                   | CR – 1       | 4.02        | 0.45           |
| 2                   | CR – 2       | 4.09        | 0.50           |
| 3                   | CR – 3       | 3.78        | 0.80           |
| 4                   | CR – 4       | 3.98        | 0.57           |
| 5                   | CR – 5       | 3.92        | 0.59           |
| 6                   | CR – 6       | 3.98        | 0.44           |
| 7                   | CR – 7       | 4.01        | 0.49           |
| 8                   | CR – 8       | 4.04        | 0.40           |
| 9                   | CR – 9       | 4.05        | 0.45           |
| 10                  | CR – 10      | 3.82        | 0.78           |
| <b>Overall Mean</b> |              | 3.97        |                |

## Pearson's Correlation Analysis

### Correlations

|                         | AFS     | PR      | REL     | RES     | EMP     | CS      | CR      |
|-------------------------|---------|---------|---------|---------|---------|---------|---------|
| AFS Pearson Correlation | 1       | .670*** | .673*** | .599*** | .631*** | .666*** | .649*** |
| Sig. (2-tailed)         |         | .000    | .000    | .000    | .000    | .000    | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| PR Pearson Correlation  | .670*** | 1       | .562*** | .390*** | .472*** | .595*** | .491*** |
| Sig. (2-tailed)         | .000    |         | .000    | .000    | .000    | .000    | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| REL Pearson Correlation | .673*** | .562*** | 1       | .638*** | .597*** | .660*** | .703*** |
| Sig. (2-tailed)         | .000    | .000    |         | .000    | .000    | .000    | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| RES Pearson Correlation | .599*** | .390*** | .638*** | 1       | .536*** | .577*** | .604*** |
| Sig. (2-tailed)         | .000    | .000    | .000    |         | .000    | .000    | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| EMP Pearson Correlation | .631*** | .472*** | .597*** | .536*** | 1       | .693*** | .577*** |
| Sig. (2-tailed)         | .000    | .000    | .000    | .000    |         | .000    | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| CS Pearson Correlation  | .666*** | .595*** | .660*** | .577*** | .693*** | 1       | .751*** |
| Sig. (2-tailed)         | .000    | .000    | .000    | .000    | .000    |         | .000    |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |
| CR Pearson Correlation  | .649*** | .491*** | .703*** | .604*** | .577*** | .751*** | 1       |
| Sig. (2-tailed)         | .000    | .000    | .000    | .000    | .000    | .000    |         |
| N                       | 130     | 130     | 130     | 130     | 130     | 130     | 130     |

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

**Analysis of the factors influencing customer satisfaction towards the services in  
SATHAPANA Microfinance**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .795 <sup>a</sup> | .631     | .616              | .191227753335554           | 2.156         |

a. Predictors: (Constant), EMP, PR, RES, REL, AFS

b. Dependent Variable: CS

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 7.762          | 5   | 1.552       | 42.455 | .000 <sup>b</sup> |
|       | Residual   | 4.534          | 124 | .037        |        |                   |
|       | Total      | 12.297         | 129 |             |        |                   |

a. Dependent Variable: CS

b. Predictors: (Constant), EMP, PR, RES, REL, AFS

**Coefficients<sup>a</sup>**

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|--------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|              | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1 (Constant) | .183                        | .274       |                           | .666  | .507 |                         |       |
| AFS          | .122                        | .103       | .109                      | 1.185 | .024 | .352                    | 2.843 |
| PR           | .211                        | .077       | .206                      | 2.725 | .007 | .522                    | 1.917 |
| REL          | .181                        | .085       | .179                      | 2.126 | .036 | .417                    | 2.395 |
| RES          | .101                        | .060       | .128                      | 1.697 | .029 | .521                    | 1.921 |
| EMP          | .341                        | .072       | .352                      | 4.711 | .000 | .534                    | 1.874 |

a. Dependent Variable: CS

**Analyze the effect of customer satisfaction and customer retention towards the services in SATHAPANA Microfinance**

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1     | .751 <sup>a</sup> | .564     | .561              | .249762470435405           | 1.844         |

a. Predictors: (Constant), CS

b. Dependent Variable: CR

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1     | Regression | 10.336         | 1   | 10.336      | 165.689 | .000 <sup>b</sup> |
|       | Residual   | 7.985          | 128 | .062        |         |                   |
|       | Total      | 18.321         | 129 |             |         |                   |

a. Dependent Variable: CR

b. Predictors: (Constant), CS

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients |        | Collinearity Statistics |           |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|-------------------------|-----------|-------|
|       |            | B                           | Std. Error | Beta                      | t      | Sig.                    | Tolerance | VIF   |
| 1     | (Constant) | .238                        | .291       |                           | .818   | .415                    |           |       |
|       | CS         | .917                        | .071       | .751                      | 12.872 | .000                    | 1.000     | 1.000 |

a. Dependent Variable: CR

- AFS - Accessibility of Financial Service
- PR - Price
- REL - Reliability
- RES - Responsiveness
- EMP - Empathy
- CS - Customer Satisfaction
- CR - Customer Retention