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SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY TOWARDS 'A' BANK

CIN DE YAR WIN

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SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY TOWARDS 'A' BANK

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Supervised by:	Submitted by:
Dr. Aye Thu Htun	Cin De Yar Win
Professor	Roll No. 9
Department of Commerce	EMBF (8^{th} Batch)
Yangon University of Economics	2019-2023

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ACCEPTANCE

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

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Dr. Phu Pwint Nyo Win Aung
Associate Professor
Department of Commerce
Yangon University of Economics

August, 2023

ABSTRACT

The aims of this study are to investigate the impact of service quality on customers' levels of satisfaction with 'A' bank, as well as the impact of levels of customer satisfaction on customers' levels of loyalty to 'A' bank. The Yamane sampling formula asked for the collection of primary data from 359 corporate clients by simple random sampling. A standardized questionnaire with a 5-point Likert scale was used for primary data collection. A standard linear regression analysis was used to assess the data. According to the regression study results, assurance and empathy, cost effectiveness, dependability, and confidence all have a highly positive impact on levels of customer satisfaction. The most crucial component of great customer happiness, according to the conclusions of this study, is a mix of assurance and empathy. It has also been shown that the level of satisfaction a customer receives has a positive and significant effect on that customer's loyalty. To improve the quality of its services, 'A' bank should avoid utilizing technical jargon in its brochures and booklets for the sake of clarity and readability. In order to arrive at a competitive price, 'A' bank's management should always investigate the service fees paid by other banks. Furthermore, 'A' bank should keep a client database file or use customer relationship management software to ensure that workers can give the same quality of service by referring to previous banking activities of customers.

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CHAPTER 1
INTRODUCTION

The financial and banking industry is one of the most important contributors to the expansion and growth of any nation's economy. Because it attends to the requirements of the payment system, it plays an essential role in the economy of a nation. The world's economies rely heavily on the financial services provided by the banking industry. Banks have historically been considered to be one of the most important players in the financial system because of their ability to convert savings into long-term capital and hence finance private sector investment.

The continued patronage of an establishment is essential to its success. Because it involves the benefits that come from retaining existing clients, the development of customer loyalty has emerged as the primary concern for marketing strategy. According to Oliver (1999), a customer is believed to be an organization's lifeblood regardless of the magnitude or breadth of the firm. As a result, it is essential to keep a customer who exhibits the highest level of loyalty in order to maximize profits.

In the banking industry, which is extremely competitive, the success or failure of a business organization is solely dependent on how well it serves the demands and wishes of its clients. Instead of making a one-time offer to the customer, banks are focusing their efforts on cultivating long-term common interests with the customer. They are not working for the purpose of obtaining a service charge; rather, they are working out of compassion. In the past, banks were required to inform customers of the potential dangers associated with their line of business and take measures to protect them. If the consumers are happy with the service that the bank provides, it is likely that they will use it again in the future. Therefore, the quality of the bank's service is absolutely necessary if one wishes to attain customer satisfaction. According to Andaleeb and Conway (2006), the financial services industry as a whole recognizes that ensuring a high level of excellent service quality is essential to attaining goals related to customer satisfaction, value generation, and growth. According to Naik et al. 2010, the level of customer satisfaction and long-term loyalty a bank has is directly proportional to the quality of the services it provides.

Effectiveness, dependability, assurance/empathy, and confidence are the essential components of the BANQUAL model that Tsoukatos and Mastrojianni (2010) suggested for banking service quality. This study offers financial institutions a powerful instrument, which has been given the name BANQUAL-R to reflect its roots in retail banking, for the purpose of evaluating and monitoring the performance of their service delivery. At the end of the year 2020, Myanmar had a total of 46 foreign bank representative offices, 13 foreign banks, four state-owned banks, 27 private banks, and 27 private banks.

On December 22nd, 2014, a public business limited named Ayeyarwaddy Farmers Development Bank was established. This bank is more commonly referred to as 'A' bank. Under licenses granted by the Central Bank of Myanmar, one bank is now operating commercial banking services in the entirety of Myanmar. A group of enterprises that are experts in agricultural businesses across the supply chain came together to form what is now known as "A" bank.

A bank is a young bank, yet it is ranked No. 1 to 3 among local banks in terms of deposit and trade volume. Furthermore, export/import enterprises in Myanmar trust this bank. The excellence of the bank's customer service was the ace in the hole that allowed it to earn its reputation as a 'A' institution. "A bank" Management team always monitors the service quality by listening to customers' voices, reviewing the circumstances regarding deposits and withdrawals, and compelling 'A' bank's daily position by checking the interbank market trading volume announced by the Central Bank of Myanmar.

The majority of 'A' bank's 45 branches are located in large metropolitan areas, while others are in border regions. When looking at the several forms of deposits that 'A' bank accepts, corporate customers make up the majority of the total. In most cases, corporate customers are searching for business income rather than interest income, and they have the option to relocate their deposits to another rival if they are not satisfied with the current provider. As a result, because 'A' bank is dependent on corporate clients, it is essential to maintain high levels of customer satisfaction and loyalty.

1.1 Rationale of the Study

In today's highly competitive climate, providing excellent service and ensuring the complete satisfaction of customers are absolutely essential for banks. It is incredibly expensive to acquire new consumers, and at the same time it gets progressively more difficult to keep existing customers satisfied and earn their loyalty. It is crucial for the banking business to provide exceptional customer service because it helps consumers feel appreciated, it meets their demands more effectively, and it promotes overall customer retention.

Companies are well aware of the fact that customer unhappiness results in customer loss and long-term financial losses. There are occasions when companies have a limited understanding of what exactly takes place in the thinking of a customer. In order to find a solution to the problems, many companies investigate and evaluate the level of customer satisfaction and the quality of the services provided. The most important financial institutions in the country are banks, and they perform an extremely important function for the economy.

Face-to-face banking is, nevertheless, and will continue to be, a bank's primary differentiating factor in the eyes of its customers, both retail and corporate alike. This is especially true during times of financial crisis, when the customers' trust in banking institutions is put in jeopardy due to the instability of the financial system. Customers require reassurance because they believe that the safety they receive is no longer guaranteed by governmental oversight. Because every bank provides essentially the same products and services, there isn't much opportunity for price competition between them. As a result, maintaining a high level of customer satisfaction has become an essential instrument for banks to use in order to thrive in this cutthroat sector. Myanmar's banks are finding themselves in an increasingly competitive environment as they work to develop cutting-edge services like mobile banking, online payment systems, and other applications of a similar nature.

Banks are among of the most essential participants in the operations of financial markets, and they also play a crucial part in ensuring that an economy is running smoothly. To increase both customer satisfaction and loyalty in today's highly competitive business market, providing high-quality services is one of the most important factors that may be considered. Better profitability and a larger market share are essential factors in deciding whether or not a bank is successful, and both of these factors are vital in increasing a bank's performance.

In addition, the government authorized overseas financial institutions to provide loans, as well as to accept deposits from overseas firms and domestic banks in both international currency and Myanmar Kyat. On the other hand, people are reluctant to store their money in banks since there is a cash shortage in Myanmar, which threatens to cause a banking crisis. As a result, banks are concentrating on service quality aspects and the satisfaction of their customers in order to gain a competitive edge.

It is possible for banks' service costs and commission fees to be lowered when corporate customers successfully persuade one bank to compete with another. Customers are now also receiving a greater share of the interest income. The government offered financial incentives to migrant workers for each dollar of foreign currency that they transferred, and banks, in turn, offer financial incentives to consumers in an effort to encourage customers to use official financial institutions. In addition to this, international bank branches that have opened in Myanmar have been provided with foreign currency credit facilities by their Mother Banks. As a result, these foreign bank branches are able to provide export/import credit facilities to local entrepreneurs at a reduced interest rate.

According to the World Bank, 2022, Myanmar is home to a total of 31 domestic banks in addition to 13 branches of international banks. Because of the economic sanctions that are currently in place against Myanmar from other countries, the export and import trade has become significantly less active than it was previously. "A" bank is working to improve the quality of their customer service in the hopes that clients would stick with them and not go to other financial institutions. The services offered by bank 'A' are studied by other banks, which then offers services that are comparable to those studied. As a result, 'A' bank is continuously researching the requirements and preferences of its clients and continuously working to fulfill the requirements.

The 'A' bank only has 45 branches spread out around the country at the moment. Due to the high cost of raw materials, export customers must be redirected to other cities. Because of this reason, customers who transfer money to the account of another bank are typically required to pay a nominal fee in the form of Kyat for the money transfer. Because of this matter, the service price charged by 'A' bank to its clients for transferring foreign money to other customers will be lowered. A bank is now dealing with some customer concerns and is losing some of its clients as a result. It is necessary for 'A' bank to conduct an investigation into the quality of its service in order to boost customer satisfaction and maintain customer loyalty. As a result, the focus of this research is on how the service quality offered by 'A' bank affects the level of satisfaction and loyalty felt by customers.

1.2 Objectives of the Study

The main purposes of this study are as follows:

1) To examine the effect of service quality on customer satisfaction towards 'A' bank
2) To analyze the effect of customer satisfaction on customer loyalty towards 'A' bank

1.3 Scope and Method of the Study

Only the service quality of bank 'A' was the subject of this study's attention. This study made use of both qualitative and quantitative approaches to research in its methodology. We looked at both primary and secondary sources of information. There are currently 3,532 corporate customers using A-bank's border trade service. The sample size was determined with the use of the Yamane Formula (1967). A straightforward random selection procedure was employed to pick 359 clients for the purpose of obtaining the primary data, and a structured questionnaire featuring a 5-point likert scale was utilized. The data were analyzed using a method known as regression analysis. The 'A' bank records, past study articles, pertinent text books, and internet website research on foreign studies are examples of secondary data.

1.4 Organization of the Study

This study comprises five chapters for easier reading. The first chapter discusses the study's justification, goals, scope, technique, and paper structure. The second chapter delves into the idea of bank service quality, customer happiness, and customer loyalty, as well as historical research and the study's conceptual framework. The third chapter discusses 'A' Bank and its services. The fourth chapter looks at 'A' Bank customer happiness and loyalty, with a focus on service quality. "Finally, Chapter Five Describes the Findings and Discussions, Suggestions and Recommendations, as well as the Need for Future Study," finishes Chapter 5.

CHAPTER 2
THEORICAL BACKGROUND

This chapter discusses a variety of theories and ideas pertaining to the quality of banking services, customer satisfaction, and their relationship to customer loyalty. Additionally, it discusses the factors that have an impact as well as past research. This chapter concludes with the presentation of the conceptual framework.

2.1 Theories of BANKQUAL Model

In the research that Tsoukatos and Mastrojianni (2010) did on the Greek retail banking business, they came up with the idea for the BANKQUAL scale. The BANKQUAL scale is a mixture of the SERVICE QUALITY (SERVQUAL) dimensions and the BANK SERVICE QUALITY (BSQ) dimensions (Napompech, 2014). Its major aspects are effectiveness, reliability, assurance/empathy, and confidence.According to Seth, Deshmukh, and Vrat (2004), business organizations and researchers have long recognized that improving the quality of service is a vital means of boosting levels of customer satisfaction and customer loyalty, as well as lowering costs, increasing profitability, and improving overall business performance.

According to Saghier and Nathan (2013), providing high-quality service to consumers is one of the most important factors that determines whether a business is successful in maintaining its most valuable clients. According to Raddon and Raddon's research from 1987, a large majority of consumers who switch financial service providers do so because of issues connected to the quality of the service. According to Yavas et al. (2004), service quality is the foundation of customer satisfaction, and as such, it is substantially associated to switching behavior, in addition to other behavioral outcomes such as customer complaints and customer recommendations.

According to Nadiri and Hussain (2005), providing high-quality service results in customer satisfaction, which in turn encourages repeat business and spreads favorable word of mouth. The widely utilized Servqual Model that was created by

Parasuraman et al. (1988) is what is used to analyze service quality. This model looks at the gaps that exist between the expectations of customers and their perceptions of the actual performance of the business. Scores on gaps provide substantial inputs on areas of improvement that are required to strengthen the overall quality evaluation. The greater the disparity, the greater the amount of work that needs to go into improving the overall quality of the service. There is no doubt that financial institutions such as banks are essential players in the corporate world of an economy. It is absolutely essential for the commercial banks in Malaysia to greatly increase the quality of their banking services in order to keep up with globalization, liberalization, and the extremely fierce competition that exists between both domestic and international (foreign) banks. Due to the fact that the economy of Malaysia is becoming increasingly knowledge-based, the country's customers are also getting increasingly educated, better informed, and more internalized (Mohd & Abu, 2007). This presents a significant issue.

Several studies have utilized the Servqual model to complete their research. Avkiran (1994) implemented SERVQUAL and produced the "BANKQUAL model" to assess service quality in private banking sectors through the use of four dimensions: "staff conduct," "credibility," "communication," and "access to teller service." An implementation of the SERVQUAL model was developed by Bahia and Nantel (2000) under the name "Banking service quality (BSQ)." This model had a total of 31 elements and six dimensions, which were as follows: "effectiveness and assurance, access, price, tangibles, services portfolio, and reliability." Aldlaigan and Buttle (2002) presented a new 21-item scale model that they called SYSTRASQ. The model included the following factors: "service system quality, behavioral service quality, service transactional accuracy, and machine service quality."

In recent times, Vanparia and Tsouskato (2013) have investigated "SERVQUAL, SERVPERF, BSQ and BANKQUAL" for the purpose of measuring the service quality in Indian banks in both the public and the private regions. They did a comparison of the reliability of various scales and concluded that the "BANKQUAL scale" has the highest level of dependability. Sulieman (2013) conducted a study to investigate the level of customer satisfaction at Jordanian banks. In the same year, Lau et al. (2013) conducted research in Hong Kong to investigate the relationship between the quality of banking services and customer satisfaction.

2.2 Service Quality Dimensions

The level of a customer's satisfaction may be measured, but it is also dynamic; it can change over the course of time, and it is impacted by a wide range of factors. (Zeithaml et al., 2006) reports that various researchers focus on a variety of factors. According to the findings of this investigation, customer satisfaction can be affected by a variety of factors, including cost-effectiveness, reliability, and confidence in addition to service quality characteristics like assurance and empathy.

(a) Assurance and Empathy

According to Zeithaml et al., 2006, "the employees' knowledge and courtesy and the service provider's ability to inspire trust and confidence" is the definition of assurance. According to Andaleeb and Conway (2006), the importance of assurance may not be as great in some businesses as it is in others because the risks are larger in those other industries and the results of employing the service are less definite. When evaluating a hospital or a surgeon for an operation, therefore, clients place a significant emphasis on assurance as an essential component to consider. This is true for the medical and healthcare industries. According to Zeithaml et al. (2006), trust and confidence in an organization can be embodied in the staff who serve as a link between the customer and the business.

According to Blery et al. (2009), the level of knowledge and kindness demonstrated by personnel in the course of providing services, in addition to their capacity to inspire trust and confidence in customers, contribute to the development of assurance. The ability of personnel to be courteous toward customers and to instill trust and confidence in those customers is one definition of assurance. It is dependent on having an understanding of the technical aspects, having strong communication skills, being courteous, being trustworthy, having the ability, and being professional (Kobiruzzaman, 2020). This is of the utmost importance when it comes to services that customers may regard as being beyond their capacity to comprehend and properly evaluate, indicating that the client must trust the servicing company's ability to provide. This is due to the fact that certain persons or departments, such as the marketing department, may operate as the connection between the customer and the firm. In this capacity, they may signify trust and confidence. Therefore, in order to acquire the trust and confidence of customers and maintain their loyalty, they need to grasp the desire that customers have.

According to Zeithaml et al. (2006), empathy can be described as the "caring, individualized attention the firm provides to its customer." The customer is made to feel as though he or she is one of a kind and exceptional. It is possible to demonstrate empathy in a number of different ways, for as by being familiar with the customer's name, preferences, and requirements. According to Zeithaml et al. (2006), a significant number of smaller enterprises view their ability to deliver individualized services as a competitive advantage over those of larger companies. In contrast to "transaction marketing," which is less effective in ensuring a company's continued existence, this dimension is better suited for businesses that focus on cultivating long-term relationships with their customer base. Therefore, in the setting of a restaurant that provides quick service, empathy may not be as applicable because clients in these establishments seek quick service and there are large lines at the counters. On the other hand, in a restaurant with a more refined menu, where the waiter is more likely to be familiar with the diner's dietary preferences, empathy may be more vital for maintaining customer loyalty. On the other side, there are clients who would prefer to be left alone to enjoy their meal and do not wish to have an excessive amount of attention paid to them by a server or other patron. In the context of upscale dining, demonstrating empathy can take the form of expressing concern at times of service failure and giving service recovery, as well as going out of one's way to meet a customer's specific preferences, such as delivering vegetarian food.

According to Blery et al. (2009), empathy involves showing concern for one's consumers by paying specific attention to each of them. It requires actively listening to their issues and finding workable solutions to fulfill their worries and requirements. According to Klokkenga and 2020, empathy is defined as the caring and individualized attention given to customers by a business. It displays how a company provides services in a manner that enables the corporation to look sensitive to the needs and wishes of its customers. It also demonstrates how a firm is able to attract and retain customers. In addition, having empathy is an essential quality for a person to possess if they are going to work in customer service because they will be interacting with a wide variety of customers and attempting to solve their issues while simultaneously representing the firm in the kindest way possible (Dorrington, 2020). As a result, empathy is an additional benefit that increases customer loyalty while also boosting trust and confidence among consumers.

(b) Cost Effectiveness

When it comes to encouraging customers to use e-banking services, one of the most important factors is how cost effective those services are. Previous studies have revealed that the cost-effectiveness of fees have a positive association with quality customer service and as a vital component to the usage of internet banking. According to Cheah et al. (2011), being cost-effective should be a goal for all organizations, but it should be especially important for new and small enterprises, which need to ensure that every dollar counts.

Drucker (1985) asserts that the use of electronic banking is the solution to the problems of lowering costs and fees, achieving sustainability, and accessing the world's most impoverished people. The recurring costs associated with internet access fees and connection payment make up the first category of transaction fees; the second category, which is comprised of bank fees and charges, is the second category. There are also deals and discounts available on services and products including loans and credit cards (Hawkins, 2012). The significance of costs and fees has been evaluated thanks to reductions in transaction fees and banking prices that are more acceptable. According to Ming (2003), the level of customer satisfaction is also impacted by the price level, the e-purchasing process, and the quality of the e-services that are provided.

(c) Reliability

The ability to perform a service in a dependable and accurate manner as promised, as well as the ability to fulfill its commitments, are both components of the definition of reliability. This aspect is essential due to the fact that all customers want to conduct business with companies that maintain their promises, and in most cases, this information is conveyed implicitly to the firm's customers. The provision of appropriate services at the appropriate times is an essential component of reliability, along with dependability and consistency in performance. According to Wang et al. (2004), reliability is defined as the ability of personnel working within a firm organization to deliver services in accordance with what is promised in a manner that is both accurate and reliable (Zeithaml et al., 2006).

According to Blery et al. (2009), the definition of reliability is the capacity of a service provider to deliver the promised services in an honest and consistent manner. Customers expect reliable services that they can rely on to meet their needs. The term "reliability" refers to the capacity and regularity with which a company carries out its services in order to satisfy the requirements of its customers. In other words, reliability refers to the capacity of a corporation to carry out the commitments it makes, such as the delivery or implementation of the goods and services, the provision of service, the timely and precise resolution of problems, and competitive pricing. Every company must have an understanding of the reliability standards that customers anticipate.

Additionally, according to Sam, Hamidu, and Daniels (2018), service reliability is an essential component of service quality. As a consequence of this, the workers are obligated to fulfill their commitment to give customers with service that is both correct and delivered in a timely manner (Kobiruzzaman, 2020). According to Shamsudin et al.'s research from 2020, businesses have a better chance of winning customer loyalty and satisfaction if they improve the quality of their services and maintain a high level of service reliability.

(d) Confidence

According to studies and opinions on marketing, trust ought to be an essential part of marketing tactics that may increase the generation of devoted customers. It is imperative that customers get the impression that they can depend on the business. Building trust takes a lot of time and usually occurs after a deal has been struck between the parties involved (producers and customers). Kotler (2013) explained the concept of trust, which contains a number of components that must be present between specific individuals or organizations. These components include honesty, understanding and respect of the company, and integrity as well as competency. According to Chi et al. (2009), a trusted product is one that originates from a certain brand, has a positive image, is reliable, guaranteed, and offers high-value benefits that are bundled in a high quality service. In addition, trust refers to a specific belief in the honesty of the party that is trusted, in addition to the capacity to fulfill promises that have been made (integrity), the party that trusts the ability of the party that is trusted (competence), motivation and attention that is believed to do work according to interests (benevolence), and behavioral consistency trusted parties (predictability / reliability).

The benefits of confidence include the reduction of fear as well as the development of trust with the service provider. According to Morgan and Hunt (1994), trust is the fundamental characteristic that determines a customer's loyalty to a certain brand. According to Dagger et al. (2011), confidence benefits have a favorable influence on consumer satisfaction, emotional commitment, and relationship quality.

This is because confidence benefits imply the firm's competence to give exceptional service in each encounter. Because of the significant degree of variability in the service, it is essential to provide confidence benefits.

An increase in customer confidence can give numerous benefits to a firm, including an increase in customer trust, an extension of the customer's life cycle, an expansion of the merchandise's life cycle, and an increase in good word-of-mouth communication from customers. When a customer trusts a firm's product or service, it increases the likelihood that the customer will make more purchases from the company and will promote the product or service to other people who may become customers. Customers frequently search for a value in the overall service, which necessitates internal collaboration among the departments that are responsible for the many components of the offering, such as the core product, goods or services, and the delivery of the product. (Hou, 2015).

2.3 Customer Satisfaction

According to Schiffman and Kanuk (2007), customer satisfaction may be defined as the perception of a person regarding the performance of a product or service in comparison to the expectation of him or her. The expectations of the customer have a role in this. Customers who had a negative encounter are considered dissatisfied customers. It should be the goal of all marketing activities to provide the highest possible level of satisfaction to the customer. According to Oliver (1997), customer loyalty and patronage are the results of customer satisfaction from the standpoint of traditional assumptions, which have been challenged by the information suggesting that consumers whose level of satisfaction is high may defect or switch to the brands of rival. This information indicates that traditional assumptions have been challenged by the information indicating that customers whose level of satisfaction is high may defect or switch to the brands of competitor.

In a subsequent section, the author (Oliver, 1999) proposes that customer loyalty may become relatively independent of present levels of customer satisfaction. In addition, according to the conventional viewpoint, pleased consumers are believed to be less price sensitive, less influenced by competitors, more likely to acquire additional products and/or services, and to maintain their loyalty for a longer period of time (Zineldin, 2000). Jones and Sasser (1995) came to the conclusion that it is not sufficient to make customers who are only content to remain loyal due to the fact that customers have the power to choose. Those clients who are truly loyal are those who report being completely happy with their purchases.According to Dimitriades (2006), there is a difference between customer satisfaction as it relates to actual items and service experiences. This separation is possible because of the intrinsic intangibility and perishability of services, as well as the impossibility to separate production from consumption.According to Geyskens, Steenkamp, and Kumar (1999), customer satisfaction is most commonly characterized as a positive affect state that results from the evaluation of all aspects of a working relationship between one company and another company.

According to Giese and Cote (2000), the customer is the last and most important person to utilize a product. To begin, the term "customer satisfaction" refers to an aggregate affective reaction that can take on a variety of intensities. Second, this is a product option in which the response corresponds to a specific emphasis, purchase, and consumption of the product. In conclusion, the action takes place at a particular time, which may change depending on the circumstances, but it only lasts for a finite amount of time. They were able to build the basis for a context-specific operational definition by utilizing these three points of view. According to this interpretation, customer satisfaction can be defined as "A summary affective response of varying intensity, with a time-specific point of determination and limited duration, directed toward the focal aspect of product acquisition and/or consumption."

According to Zeithaml, Bitner, and Gremler (2006), customer satisfaction is the evaluation of a product or service by the customer to determine whether or not a product or service has met the customer's demand and expectation for the product or service. Price, perceptions of product and service quality, and specific product or service characteristics all play a role in determining a customer's level of satisfaction with a product or service. However, there are personal factors involved that can affect the outcomes of the satisfaction survey, such as the customer's mood or emotional state, as well as situational factors, such as views from family members. These factors have the potential to influence the results of the satisfaction survey. Hence, several elements have the potential to impact customer happiness, including but not limited to product and service attributes, customer emotions, attribution for service success or failure, perceptions of equality or fairness, and the perspectives of other consumers, family members, and colleagues.

According to Mowen and Minor (2001), customer satisfaction is the general attitude that is derived from a customer's evaluation following the purchase of consumer goods or services. This is an analytical conclusion reached following the selection of special purchases and the practical application of the products or services in question. On the basis of the definition, one can draw the conclusion that customer satisfaction is an attitude, an evaluation, and an emotional response displayed by the buyer following the completion of the purchasing process. Consumption is the result of comparing the expected performance of a product versus the actual performance of that product, as well as evaluating the experience of consuming a good or service against those expectations.

According to Kotler (2003), satisfaction is the emotion that someone describes as the outcome of comparing the perceived performance of a product with the expected performance of that product. This comparison might result in either happiness or disappointment.

2.4 Customer Loyalty

According to Oliver (1999), customer loyalty can be defined as an overarching attachment or a profound commitment on the part of a buyer to a particular product, service, brand, or organization. These actions all contribute to the growth of the firm. According to Al-hawari (2014), customer loyalty can be defined as the extent to which a customer exhibits repurchase behavior for a certain product or service.

According to Struebing (1996), devoted consumers are individuals that spend a significant amount of their available funds on the goods and services provided by the company. Loyal consumers will bring you increased revenues, repeat business, a larger portion of the market, and referrals. According to Jones and Sasser (1995), clients who are entirely satisfied are more likely to remain loyal to a company than customers who are not satisfied. The decrease in overall satisfaction is the cause of the drop in customer loyalty.

According to Bruhn and Grund (2000), in order for businesses to achieve and maintain a competitive advantage in today's extremely competitive business environment, they need to improve their performance by ensuring that their customers are happy. The rationale for this is that customer satisfaction leads to increased levels of customer loyalty. Companies who have a bigger number of loyal customers see an increase in their rate of repurchase, more possibility for cross-buying, increased price-willingness, positive recommendation behavior, and a lesser tendency to transfer providers, all of which contribute to an increase in their profits. According to Heskett, Sasser, and Schlesinger (1997), customer loyalty has a significant impact on the success of a firm and is considered by many businesses to be a source of competitive advantage. Therefore, customer loyalty is a function of satisfaction (Fecikova, 2004). Loyal customers contribute to the profitability of the firm by spending more money on the company's products and services, by making repeat purchases, and by promoting the organization to other consumers (Bowen and Chen, 2001).According to Schultz and Bailey (2000), loyal customers make repeat purchases over a period of time, in most cases paying the standard price, and essentially disregarding the pleading and platitudes of competitors. The satisfaction of the customer is one thing, and behavior is something else entirely. According to the findings of this study, customers who are happy with a product or brand are more likely to remain loyal to that product or brand than customers who are unhappy with either option.

According to Bitner and Hubbert (1994), customers are more likely to remain loyal to a firm if they believe that they are receiving a larger value from that company than they would from its competitors. Although it is equally significant in the context of business to business, many studies have concentrated their attention on customer loyalty in the context of business to customer relationships. When it comes to the relationship between an organization's buyer and seller, it appears that a loyal buyer is more likely to focus on benefits in the long term and operate constructively for the benefit of both sides than a disloyal buyer is. According to Doney and Cannon (1997), a transaction can help both parties become more competitive while simultaneously lowering transaction costs.

According to Odin et al. (2001), there are two fundamental ways of looking at customer loyalty, stochastic and deterministic loyalty, despite the fact that there are so many distinct definitions of customer loyalty. According to Ehrenberg (1988), the stochastic approach presupposes that customer loyalty is a behavior. Within the context of this strategy, it is assumed that the preference structure of the customer is represented in the behavior of the customer. This strategy includes a number of operational measures, some of which include shares of purchase, purchasing frequency, and so on. According to Baloglu (2002), making multiple purchases does not necessarily demonstrate actual loyalty to a brand. Customers may demonstrate behavioral loyalty, in the form of repeated purchases of a product or service, for reasons that are unrelated to their attitude toward the brand or company to which they are loyal.

According to Cunningham (1961), customer loyalty is defined as a customer's actual behavior of making repeat purchases. This behavioral approach is based on the notion that a consumer's preference structure is mirrored in the consumer's behavior. The ability to relatively offer an object evaluation of customer loyalty is one of this approach's strongest selling points. On the other hand, one fails to provide an adequate explanation of the existence of loyalty. One of the explanations for this is that loyalty can be measured. The application of the definition of customer loyalty found in service management literature serves as the foundation for this strategy regarding customer loyalty.On the other hand, Fournier and Yao (1997) used the deterministic method or the attitude-based approach, which assumes that customer loyalty is an attitude that customer loyalty is an intention to repurchase. This method maintains that a consumer's actual behavior is insufficient, and instead calls for an accurate study and description of the consumer's underlying attitudes or preference structure.

Jacoby and Kyner (1973) mentioned customer loyalty by a set of six characteristics that are individually sufficient and together necessary, incorporating two different approaches: These conditions demonstrate that brand loyalty is a biased (i.e., random), behavioral response (i.e., purchase), expressed over time, by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (decision making, evaluative) process. In other words, brand loyalty is a biased (i.e., random), behavioral response (i.e., purchase). The authors also provided their own definitions of what constitutes devoted customers. The first approach takes the idea of devotedness to the customer as an attitude. According to Fornier (1994), an individual's total connection to a product, service, or organization is developed through various sensations that suggest varying degrees of loyalty on the part of the individual. The second way of looking at customer loyalty is as a pattern of behavior that may involve repeat purchases of services from the same provider, an expansion of the scale and scope of the relationship, or the act of making a recommendation (Yi, 1990).

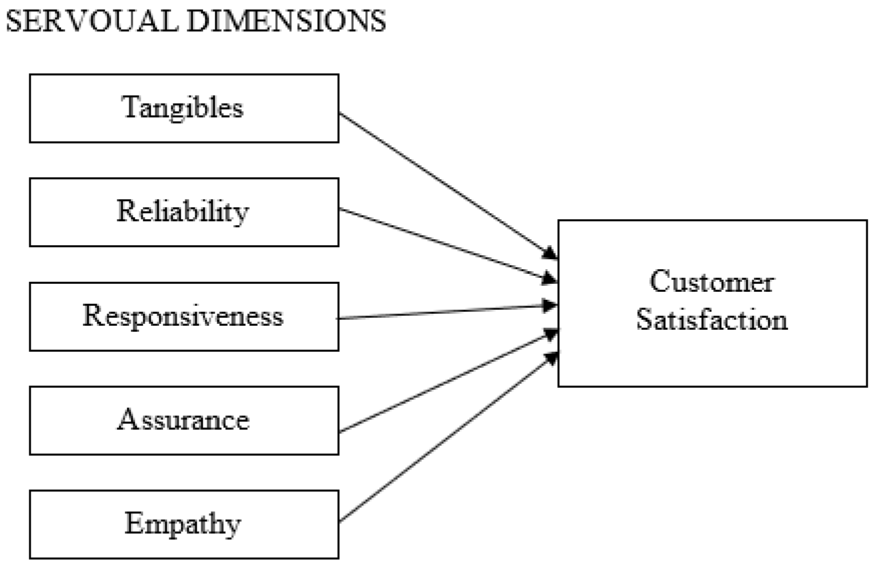
According to the findings of Li and Green (2011), loyalty is a vital driver for the financial success of a company, particularly in the present uncertain economy. Oliver (1997) established a thorough model of customer loyalty, which consists of four sequence levels. Cognitive loyalty, emotional loyalty, conative loyalty, and action loyalty are the four types of loyalty. Dick and Basu (1994) held the belief that there are behavioral as well as psychological components to the concept of customer loyalty. According to Uncles et al. (2003), companies with devoted consumers have the best brand ambassadors since these customers help to disseminate favorable word of mouth about the company. Al-hawari (2014) claimed that switching barriers also play a role in influencing customer loyalty, despite the fact that numerous empirical studies link customer loyalty with satisfaction. According to Ranaweera and Prabhu's (2003) research, a key switching barrier for customers is their devotion to the brand.

2.5 Previous Studies

This study primarily refers to three earlier studies and adapts the conceptual framework of those studies in order to conduct its investigation. Bekele (2007), Tsoukatos and Mastrojianni (2010), and Naruemit (2009) are the authors of those papers.

Bekele (2007) developed a scale at Oromia International Bank S.C. to measure both the service quality and the level of customer satisfaction. Because it leads to increased levels of customer satisfaction, profitability, decreased costs, customer loyalty, and retention, service quality is considered to be of utmost importance. He intended to evaluate the Oromia International Bank (OIB) in terms of the service quality as well as the level of customer satisfaction. A self-administered questionnaire that was constructed based on a SERVQUAL model that identified the influence of five dimensions (i.e. tangibility, responsibility, reliability, assurance, and empathy) was created in addition to the open-ended questions. Bekele (2007) presents their conceptual framework in the form of Figure (2.1).

Figure (2.1) Conceptual Framework of Bank Service Quality, Customer Satisfaction

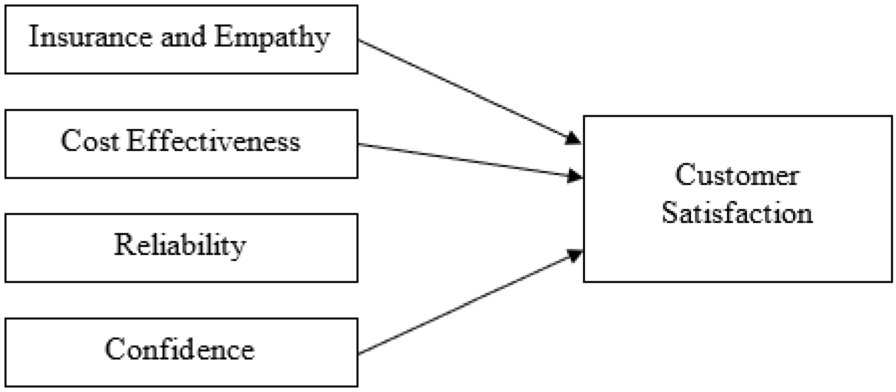


Source: Bekele (2007)

The purpose of Bekele's study was to evaluate the level of customer satisfaction as well as the quality of service provided by Oromia International Bank (OIB) SC. In order to carry out the study, the researcher utilized a descriptive type of research design, which assists in describing the characteristics and dimensions of service quality. Additionally, samples of 144 customers were selected from twelve branches of the bank that are located in Addis Ababa by using a simple random sampling method. According to what he discovered, the reliability dimension is a highly significant one to the bank's customers; as a result, the bank should place more emphasis on it.

Tsoukatos and Mastrojianni (2010) developed a retail-banking particular quality scale and, via its investigation and comparison with the SERVQUAL and Bank Service Quality (BSQ) metrics that are currently used in banking, deepened understanding of quality determinants in the industry. This was accomplished by building a retail-banking specific quality scale. The information was gathered in the early spring of 2008 from a convenience sample of 91 retail banking clients in three branches of the two largest Greek banks located in the downtown area of Athens. Respondents were adults who resided in Greece but were not required to be Greek nationals. They were customers of both traditional and automated retail banking services and had conducted at least one face-to-face banking transaction within the previous month. While conducting the survey, we used a sampling method known as convenience sampling. Figure (2.2) illustrates the conceptual framework that Tsoukatos and Mastrojianni (2010) developed.

Figure (2.2) Conceptual Framework of Key Determinants of Service Quality in Retail Banking

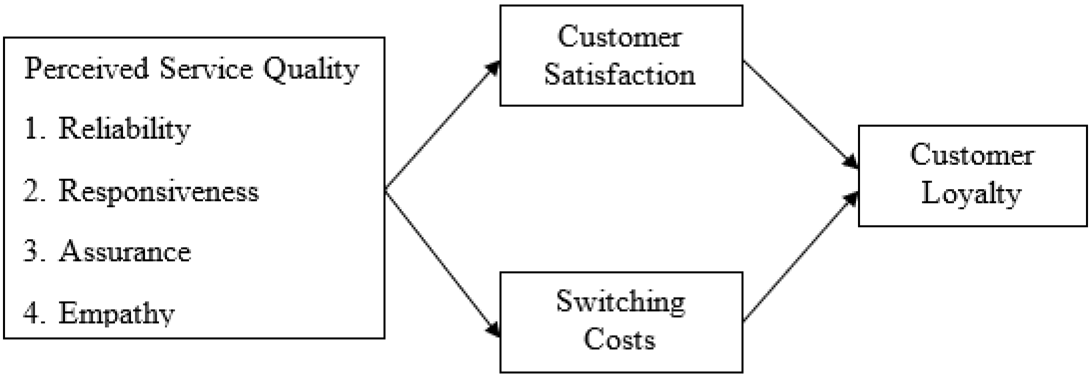


Source: Tsoukatos and Mastrojianni (2010)

It was decided to combine the SERVQUAL and BSQ dimensions to create the BANQUAL-R metric, which consisted of essential factors such as assurance/empathy, effectiveness, reliability, and confidence. Evidence gathered from Greek retail banking is evaluated using a research instrument that was built specifically for this purpose. This study includes reliability analysis, factorial analysis, and regression analysis in order to determine the item and factorial structure of the scale, as well as its reliability and validity. According to the findings of the research, the level of service quality in the banking industry is not all that dissimilar to the level of service quality in general.

According to the research of Naruemit (2009), it is essential for businesses to maintain customer loyalty because doing so involves marketing strategy as an essential component that helps in keeping customers. His goal was to study the connection between the perceived quality of service, customer satisfaction, switching costs, and customer loyalty. Figure (2.3) illustrates the overarching conceptual structure of Naruemit (2009).

Figure (2.3) Conceptual Framework of Bank Service Quality, Customer Satisfaction and Customer Loyalty



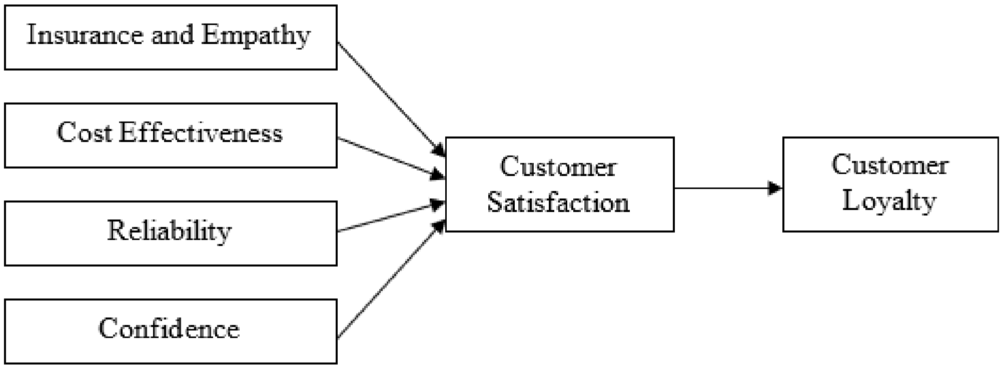
Source: Naruemit (2009)

The sample consisted of 400 of Terakit Group's already-existing clients. The sample approach utilized each of the three types of sampling: convenience sampling, quota sampling, and judgment sampling. The data collecting took place at each of the four stores owned by the Terakit Group. The mean and percentage of demographic traits and other variables in the study were provided using descriptive statistics. These statistics were utilized to conduct the study. In addition to that, an inferential statistic was utilized in order to examine the link that existed between the variables. The correlation coefficient was considered an option for assessing the degree of relationship. The findings indicated that there is a positive connection between the perceived service quality, customer satisfaction, switching costs, and customer loyalty.

2.6 Conceptual Framework of the Study

According to the theoretical background, literature review, and previous models, the conceptual framework of the study is developed. Figure (2.4) presents the conceptual framework of the study.

Figure (2.4) Conceptual Framework of the Study



Source: Own Compilation (2023)

According to the research of Bekele (2007), the factor of reliability has the greatest impact on the level of customer satisfaction. In addition, Tsoukatos and Mastrojianni (2010) discovered that factors related to service quality, such as assurance and empathy, cost effectiveness, reliability, and confidence, had a substantial impact on the level of customer satisfaction. According to the findings of Naruemit (2009), the quality of the service has an effect on the satisfaction of the customer, which in turn has an effect on the loyalty of the customer.

The conceptual structure of the study, which is depicted in Figure (2.4), was modified so that it takes into account the findings of prior investigations. Four factors, including assurance and empathy, cost effectiveness, reliability, and confidence, contribute to the overall quality of the service. Because consumers want to complete their banking activities on time, whether for business or personal reasons, it is essential for service providers to demonstrate assurance and empathy toward their clientele when providing banking services. Customers were accustomed to looking for services that offered the best value. Another factor on which customers traditionally focused attention was reliability since they valued receiving consistent service in accordance with commitments made. If a customer has confidence in a product or service, they are more likely to purchase it and be happy with their purchase. As a result, the purpose of this study is to determine which factors of influence have a substantial link with regards to customer satisfaction. In addition, it investigates whether or not the satisfaction of customers has a substantial impact on the loyalty of customers.

Working Definitions

Assurance and Empathy: Assurance and empathy in this study refer providing the banking service based on the customer needs courtesy and skilfully.

Cost Effectiveness: Cost Effectiveness in this study refers offering reasonable banking service charges to customers.

Reliability: Reliability in this study refers providing the right service since the first time according to the bank's promise.

Confidence: **Confidence** in this study refers that customers trust or rely on bank service of 'A' bank.

CHAPTER 3

PROFILE AND SERVICES OF ‘A’ BANK

There are three distinct parts to this chapter. First and foremost, it provides background information on the 'A' bank. In addition to that, it provides an explanation of the goals and objectives of A bank. In addition to that, it has the same organizational structure and service offerings as bank 'A'.

3.1 Profiles of ‘A’ bank

In compliance with the Myanmar Companies Law, the Ayeyarwaddy Farmers Development Bank ('A' bank) was created on December 3, 2014, and the Company was registered on December 22, 2014. The day that "A" bank started offering commercial banking services was November 17, 2015, and the same day that "A" bank established its first branch in Pathein was November 17, 2015. A bank with a 'A' rating has firmly established solid corporate governance within the organization, while also establishing a culture that promotes moral righteousness, transparency, and justice. As part of its commitment to meeting the needs of stakeholders, communities, and society as a whole, the bank abides by the most stringent standards of ethical behavior and exceeds all regulatory prerequisites in its efforts to expand its business to new heights.

The primary objective of a bank is to foster growth in agro-based industries through value chain financing. This involves expanding the availability of financial resources along the entire value chain, beginning with production and continuing all the way through consumption. A bank with the letter 'A' in its name plans to contribute to the growth of small and medium-sized enterprises (SMEs) as well as the "Financial Inclusion of Unbanked Population" by delivering technology-enabled, diverse banking products and services using a multi-channels strategy. The Ayeyarwaddy Regional Government and other agriculture-related businesses are also stockholders in a bank, but the Ayeyarhinthar firm is the bank's primary shareholder. At the moment, 'A' bank has paid up capital of 26.6 billion Kyats, and it plans to expand annually at a rate that is proportional to its current size.

3.1.1 Vision and Mission of ‘A’ Bank

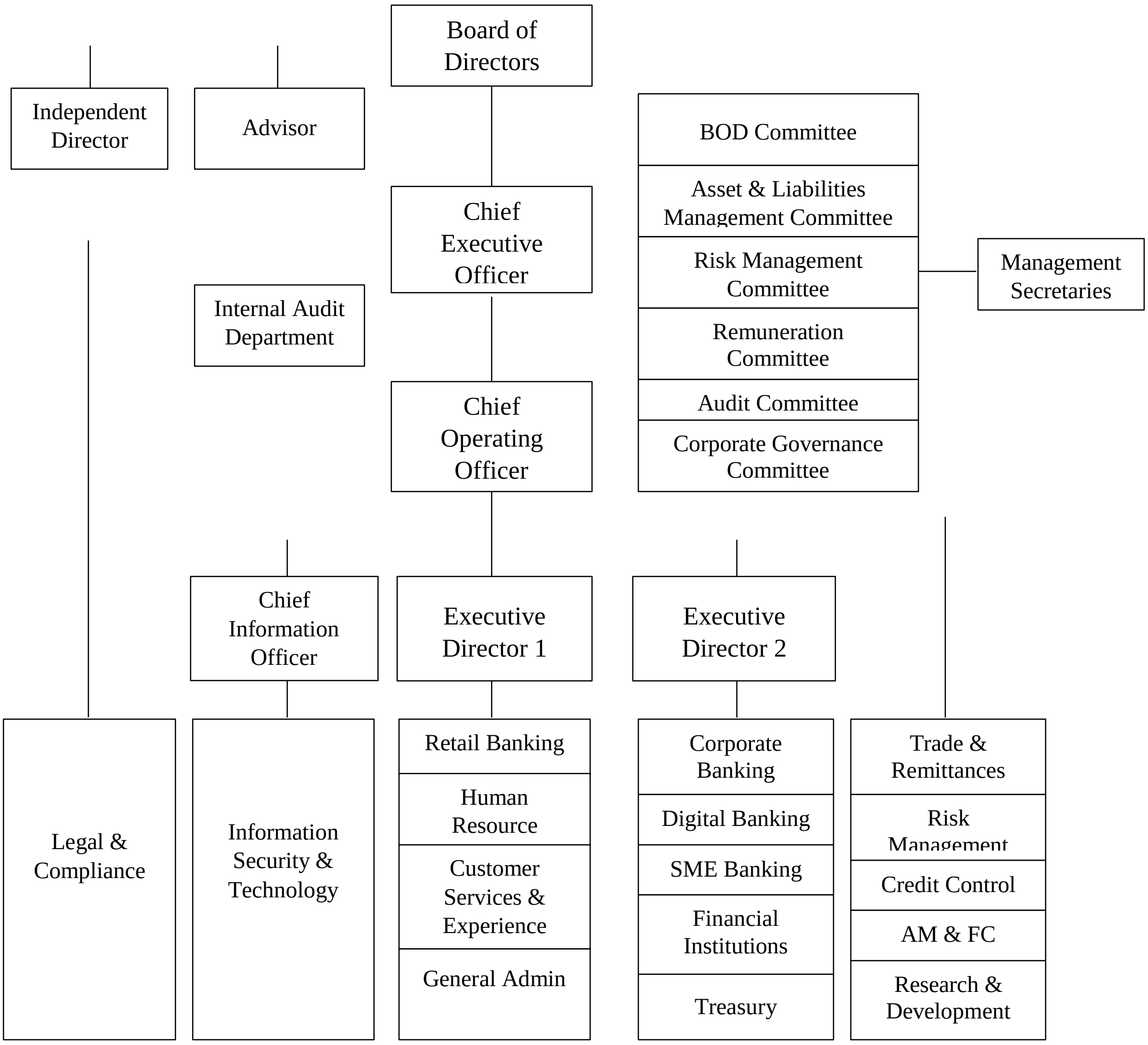
The A bank has established an objective of transforming into a forward-thinking and inventive financial institution in Myanmar, while demonstrating a firm dedication to fostering favorable and enduring results for all parties involved. The aforementioned objective serves as the guiding principle for the bank's operational activities.

The primary objectives of a Bank encompass the provision of genuine, easily attainable, flexible, cutting-edge, and accommodating financial products and services. This is achieved through the adoption of a resource-efficient, cost-effective, and technology-oriented strategy. Additionally, the Bank aims to capitalize on its extensive network of local and international partners to generate favorable outcomes. Moreover, the Bank endeavors to enhance national endeavors towards financial inclusion by ensuring that underserved populations have equal and accessible financial opportunities, facilitated by innovative channels. These aims are all integral to A Bank's dedication to providing genuine, easily accessible, customizable, innovative, and inclusive products and services. The bank once engaged in the practice of periodically revising its vision and mission statement on a quarterly basis.

3.1.2 Organizational Structure of 'A' Bank

A Bank has developed its organizational structure to offer quality service for all clients. A strong organizational structure can help a bank thrive while offering a variety of financial services. Figure (3.1) presents the organizational structure of 'A' bank.

Figure (3.1) Organizational Structure of 'A' bank



Source: 'A'Bank, (2023)

As depicted in Figure (3.1), the board of directors is responsible for appointing the chief operating officer. The position of chief operational officer is filled through appointments made by the chief operation officer. A bank has sixteen different departments, each of which performs a certain job. These departments are legal and compliance, information security and technology, retail banking, human resources, customer service and experience, general administration, corporate banking, digital banking, small and medium-sized enterprise banking, financial institutions, Treasury, Trade and Remittances, Risk Management, Credit Control, AM & FC, and Research & Development.

3.2 Corporate Banking Services of 'A' bank

Business banking is a specialized *bank* or financial institution division that deals only with businesses and corporate clients and offers products. The following Table (3.1) presents the corporate banking services currently being offered by Ayeyarwaddy Farmers Development Bank.

Table (3.1) Corporate Banking Services of 'A' bank

No.	Corporate Banking Services	Categories
1	**Deposits**	Saving Accounts
		Call Accounts
		Current Accounts
		Fixed Accounts
		Foreign Currency Account
2	**Loans**	Business
		MSME
3	**Trade**	Import/Export Services
		International Remittance
		Border Trade Services
4	**Transaction Banking**	Payroll Service
		Payment Order
		Bank Guarantee
		Merchant Services
		Doorstep Banking
5	**Treasury**	Money Market
		Capital Market
		Foreign Exchange
		Currency Swap
6	**Other Services**	Safe Deposit Locker
		Gift Cheque

Source: 'A' Bank (2023)

When it comes to business banking, 'A' bank offers a total of six different corporate banking services. These services include things like deposits, loans, trade, transaction banking, the treasury, and other services. The various kinds of bank accounts that fall under the category of "deposit service" are savings accounts, call accounts, current accounts, fixed accounts, and foreign currency accounts. Loan services include import/export services, international remittance services, and border trade services. Business and micro, small, and medium-sized enterprise (MSME) loans fall under loan services. Transaction banking includes things like payroll service, payment order, bank guarantee, merchant services, and doorstep banking. A bank offers treasury services such as money market trading, capital market trading, foreign exchange trading, and currency swap trading. In addition to that, it provides additional services such as safe deposit lockers and gift cheques for businesses.

3.3 Service Quality Dimensions of ‘A’ Bank

This section presents the service quality dimensions of A bank. Dimensions include assurance and empathy, cost effectiveness, reliability and confidence. By focusing those dimensions, ‘A’ bank offers quality service to its customers.

3.3.1 Assurance and Empathy

"A" bank used to provide continual updating training for their workers on a regular basis, with supervisors coming from a variety of departments. In addition, the bank used to be able to organize seminars and workshops by bringing business professionals and business owners to offer their services in order to fulfill the requirements and wishes of the consumers. "A" bank used to develop its human resources for the qualified service by giving internal trainings and external trainings according to the work duties of the personnel. "A" bank used to provide trainings in customer service, product trainings, and empathy trainings for its employees, with the goal of enabling them to provide exceptional service by concentrating on the needs of individuals. The employees at bank 'A' are informed and provide support to customers by making product or service recommendations that are appropriate for customers. "A" bank is always sharing information with its personnel about the most recent changes to government legislation, trade policy, and subtle changes in other nations so that customers can give useful advice or recommendations for the benefit of consumers.

3.3.2 Cost Effectiveness

"A" bank used to offer inexpensive prices for customers by making use of an online machine system. This allowed the bank to avoid the need to hire a large number of employees and avoid the need to open a large number of branches. In addition, the employees of bank 'A' would recommend relevant products to consumers in order to help them choose the product that was the most suitable for them. Any bank's pricing tactics could be influenced in some way by the prices offered by its competitors. The client's impression of the pricing is more important than the total amount of money spent on development or the amount of money that will be made from the sale of the product. "A" bank is currently employing competitive pricing techniques. This technique can be used in both online and offline markets, and it is frequently used to attract more consumers and grow market share. It is also known as competitor-based pricing, and it is sometimes used to increase market share. "A" Bank returns to the clients the 1 USD/10MMK that the bank received since it needs to raise its foreign revenue. If local businesses export their products overseas and bring in revenue, the government has decided to set 1 USD equal to 2918 MMK. The bank then goes back and buys from the importers again. The bank is then responsible for selling 1 USD for 2920 MMK, but the bank does not keep the 2 kyats of profit and instead gives back the full amount of 2920 MMK to the customer.

At the moment, the majority of Myanmar's commercial activity takes place over the border with China. "A" bank provides a competitive remittance rate for China-related business transactions. Table (3.2) outlines the China trade service fees that have been established by 'A' bank for the various items.

Table (3.2) China Trade Service Fees of ‘A’ Bank

No.	Service	Charges
1.	Inward/Outward	YUAN 60
2.	Book Transfer	YUAN 30
3.	Swift Charges	YUAN 60
4.	LC Advising/ Amendment	YUAN 120
5.	Payment Amendment/ Cancellation Fee	YUAN 120
6.	Opening Account	YUAN 100

Source: ‘A’ Bank (2023)

A bank that deals with companies that do business with other countries, particularly China, charges those businesses reasonable fees. A bank will typically take the service costs in the form of Yuan for China Trade services, as demonstrated in Table (3.2). For the international remittance service, 'A' bank can conduct the transaction T+0 if the corporations have sufficient bank money in their bank account and can submit the relevant paperwork before the cut-off time of three o'clock in the afternoon. In the event that this does not occur, bank 'A' will begin providing service on T+1. In the past, banks placed a significant focus on maintaining long-term relationships with their customers.

The exchange rate used to be determined by a bank in accordance with the rate that was specified by the Central Bank of Myanmar (CBM). In addition, the bank will typically not charge you for the service fees associated with E-Banking service costs. It is not necessary to pay a charge to transfer money between A+ accounts. In addition, clients now have the ability to transfer money from their A+ Wallet accounts to other local banks at the fee of 1,500 kyats each transfer. A bank was given the responsibility of being the first designated bank to carry out Thai-Myanmar border commerce in accordance with the plans laid forth by the government. Ever since the commencement of Thai border trade, this particular bank has been at the forefront of the Thai border trade industry in the interbank market. A bank has determined the Thai trade service costs for the products listed in Table (3.3).

Table (3.3) Thai Trade Service Fees of 'A' Bank

No.	Service	Amount	Charges
1.	Outward	Up to THB 500,000	THB 100 + Swift Fees 3,000 MMK
		THB 500,000- THB 1,000,000	THB 300 + Swift Fees 3,000 MMK
		Above THB 1,000,000	THB 500 + Swift Fees 3,000 MMK
2.	Inward	Any Amount	THB 100
3.	Book Transfer	-	THB 100
4.	LC Amendment	-	THB 100 + Swift Fees 3,000 MMK
5.	LC Advising	-	THB 200 + Swift Fees 3,000 MMK
6.	LC Cancellation	-	THB 100 + Swift Fees 3,000 MMK

Source: 'A' Bank (2023)

The fees that 'A' bank charges for its border trade service between Thailand and Myanmar are fair. At the THB-MMK border commerce, 'A' bank does not place a restriction on the amount of money that can be brought in, but the bank does levy a fee of THB 100 for each and every inbound transaction. When it comes to transfers outward, 'A' bank decides the rate based on the total amount involved. When consumers come in before the cut-off time, 'A' bank will typically transfer the money within the same day. In addition, in order to offer competitive service charges, bank 'A' is constantly keeping an eye on the service costs offered by other banks in the industry. In addition, customers of bank 'A' are eligible for discounts based on the total value of their transactions. If customers receive the maximum quantity of remittances in a single month, the bank will forgo the various service fees. Customers can use the priority pass provided by the bank on both domestic and international travel.

3.3.3 Reliability

"A" bank creates a separate Viber group for each firm in order to provide error-free service and to suit the specific requirements of each organization. In addition, whether on a weekend or a weekday, customers of bank 'A' can expect a response to any information requests they make. "A" bank will designate relationship managers to assist customers based on the requirements of their companies. After a customer has inquired about something, the bank will typically respond within five minutes. Even after the cut-off time has passed, 'A' bank will sometimes continue to provide service till 10 PM for the dealers. A bank's many departments coordinate their efforts to deliver reliable service to the bank's customers in order to fulfill the bank's obligation to provide service.

3.3.4 Confidence

Email and Viber are the primary methods of communication that 'A' bank employs when speaking with its business customers. A bank that wanted to build good public relations and a positive image utilized to provide service that was timely and effective. In addition, the 'A' bank has complaint management protocols in place, which allow employees to deal with customer grievances in a methodical and unflinching manner. It organizes additional channels, makes responses quicker and more tailored, and eliminates the need for lengthy wait times. In the event that the consumers have any inquiries regarding the service, the staff at bank 'A' is able to provide comments within five minutes. The employees of bank 'A' have been given the instruction to avoid using jargon and technical phrases when speaking to consumers. Even on holidays, the 'A' bank responds to customer inquiries about their accounts. In addition, once the customer-requested transaction had been completed, 'A' bank would inform consumers about the status of the transaction they had requested.

There are still many people who feel more secure conducting their financial dealings in person, despite the fact that many people choose to manage their banking transactions through automated teller machines, direct deposit, and smartphone apps. If a bank has regular clients who visit the branch on a regular basis, the employees there will welcome these folks with a pleasant attitude, a smile, a greeting, and customized service. This is especially true when the bank has regular customers.

When it comes to clients that do business in the trading industry, 'A' bank will prepare foreign currency so that they can sell it in the needed quantity to importers if the customer requires foreign currency for their companies. As a result, a customer does not have to wait as long in order to be able to purchase the necessary amount of foreign currency. In order for consumers to be able to do their business in a manner that is more productive, "A" bank will adjust the fee for the next day for customers who arrive after the cut-off time. In addition, during a time when things were difficult for the country as a whole, 'A' bank was able to manage its liabilities and continue to allow customers to withdraw money from the institution.

By connecting the core banking system with the customer's contact number, "A" bank was able to construct a message sending system that would inform exporters about the amount of inbound credit. The customer can prepare the necessary documentation without having to contact the bank. After that, the customer will have the ability to quickly convert their foreign currency into MMK and make payments to their respective suppliers. In this manner, 'A' bank was able to win the confidence of its customers by providing high-quality service.

CHAPTER 4

ANALYSIS ON SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY TOWARDS ‘A’ BANK

This chapter discusses the perspectives of 'A' bank customers with regard to the institution's level of service quality. In addition to this, it analyzes survey responses from 359 different consumers to determine the elements that influence customer satisfaction. Lastly, it discusses the impact that customer satisfaction has on continued business with an organization.

4.1 Research Design

The primary purposes of the study are to investigate the relationship between the quality of the service provided and the level of satisfaction experienced by customers, as well as the connection between customer satisfaction and continued patronage of bank 'A'. In order to accomplish these goals, this research makes use of both qualitative and descriptive types of research methods. In addition, this study makes use of both primary and secondary sources of information in its data collection.

Participants in the study are corporate customers of 'A' Bank who make use of the bank's financial products and services. In order to obtain the primary data, we defend our selection of 359 corporate customers. The secondary data come from a variety of sources, including prior research publications, journals, theses, and text books in the field.

The purpose of the structural questionnaire is to elicit responses from corporate clients regarding their perceptions of 'A' Bank's service quality, as well as their levels of customer satisfaction and loyalty. The structured questionnaire has two different sections. Part A is concerned with the respondent's profile, and Part B is concerned with service quality, customer satisfaction, and customer loyalty in relation to 'A' Bank.

The level of satisfaction felt by customers is evaluated using questions based on a five-point Likert scale. These questions are assigned numerical values ranging from strongly disagree to strongly agree, with strongly disagree receiving a value of one, disagree receiving a value of two, neutral receiving a value of three, agree receiving a value of four, and strongly agree receiving a value of five. To evaluate the level of service quality, customer satisfaction, and customer loyalty, the descriptive statistics method was utilized, and SPSS Version 26 was used to carry out the analysis. And in terms of the statistical methods, we make use of the multiple regression analysis.

4.2 Profile of the Respondents

The first step in data analysis involves figuring out the characteristics of the people who took part in the study and providing their responses. In terms of the background information of the personal attributes linked to customer royalty, a demographic characteristic of the respondents is generated.

To begin, the profiles of the 359 individuals who participated in the survey are compiled. This includes identifying information such as gender, age, level of education, occupation, and relationship to 'A' Bank. Each attribute has been broken down into its absolute value as well as its percentage, and the summary table of demographic characteristics is being used to display these numbers in a manner that is more understandable. Table (4.1) indicates the summary table of demographic characteristics of respondents

.

Table (4.1) Demographic Data of the Respondents

Sr. No.	Item	Category	No. of Respondents	Percent
	Total		359	100
1	Gender	Male	194	54.0
		Female	165	46.0
2	Age (Years)	21 ~ 30 years	73	20.3
		31 ~ 40 years	151	42.1
		41 ~ 50 years	116	32.3
		Over 50 years	19	5.3
3	Education Level	High School	73	20.3
		Bachelor	151	42.1
		Master	116	32.3
		Others	19	5.3
4	Occupation	Company Employee	233	64.9
		Government Employee	13	3.6
		Business Owner	103	28.7
		Other	10	2.8
5	Relationship with A Bank:	Under 1 year	60	16.7
		1 ~ 2 years	103	28.7
		3 ~ 4 years	99	27.6
		Over 4 years	97	27.0

Source: Survey Data (2023)

For gender, out of the 359 respondents, 54 % are male and 46% are female. In the age group, most of the respondents were aged between 31 and 40 years. In addition, 73 (20.3%) respondents have high school level, 151 (42.1%) respondents have

Bachelor's degree, respondents have Master's degree, 116 (32.3%), while only 19 (5.3%) out of 359 respondents are others. For occupation, (233) 64.9% are company employee and (10) 2.8% are other. The relationship with 'A' Bank are 1-2 years are (103) 28.7% and under 1 year are (60) 16.7%.

4.3 Reliability Test

Testing a measure's consistency as well as its stability helps demonstrate the measure's reliability. Cronbach's alpha is a reliability coefficient that reflects how well the items in a set are positively associated to one another (Sekaran & Bougie, 2009). Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's alpha is also known as the coefficient of internal consistency. Table (4.2) displays the range of values for the coefficient of Cronbach's alpha as well as the dependability level it possesses.

Table (4.2) Rule about Cronbach's Coefficient Alpha

Sr. No.	Coefficient of Cronbach's Alpha	Reliability Level
1	More than 0.9	Excellent
2	0.80 – 0.89	Good
3	0.70 – 0.79	Acceptable
4	0.60 – 0.69	Questionable
5	0.50 – 0.59	Poor
6	Less than 0.59	Unacceptable

Source: Sekaran and Bougie (2009)

Table (4.3) shows that the validity test of assurance and empathy, cost effectiveness, reliability, confidence, customer satisfaction and loyalty is reliable. The questions in the questionnaire that are associated with service quality, customer satisfaction and loyalty have the reliability at the level of α = .60 above. The alpha coefficient for all variables is between .872 and .943, suggesting that the items have relatively high internal consistency and that the questionnaire is good. In each of the following factors, assurance and empathy are 8 questions, cost effectiveness is 4 questions, reliability and confidence is 5 questions respectively. Moreover, customer satisfaction and loyalty are covered by the above 5 questions in the survey questionnaire.

Table (4.3) Reliability Test

Sr. No.	Variable	No. of Items	Cronbach's Alpha
1	Assurance and Empathy	8	.943
2	Cost Effectiveness	4	.872
3	Reliability	5	.899
4	Confidence	5	.909
5	Customer Satisfaction	6	.937
6	Customer Loyalty	5	.878

Source: Survey Data (2023)

Cronbach's alpha is a measure of internal consistency reliability that can be calculated and reported for any scales or subscales used in this study that employ the Likert-type scale. The internal consistency of the items on the scale seems to be high, since all of the Cronbach's alpha values are more than 0.8, as shown in Table (4.3).

4.4 Descriptive Analysis of Customer Perception of Key Variables

A customer's perspective of a brand consists of their thoughts, emotions, and beliefs around that brand. The service quality of 'A' bank as viewed by its customers is presented in this section. Affirmation and empathy, cost-effectiveness, reliability, confidence, customer satisfaction, and customer loyalty are among the key variables. The interpretation of the mean value scales is done with the help of the score level that was described by Best (1977) in the following Table (4.4).

Table (4.4) Scoring Range of Likert Scale

No.	Mean Score	Interpretation
1	Very Low	1.00 – 1.80
2	Low	1.81 – 2.60
3	Moderate	2.61 – 3.40
4	High	3.41 – 4.20
5	Very High	4.21 – 5.00

Source: Best (1977)

As shown in Table (4.4), there are five score range such as very low, low, moderate, high, and very high. In this study the score rating of Best (1977) is applied in order to interpret the mean value.

4.4.1 Customer Perception of Assurance and Empathy

Assurance and empathy are important in the service firms like bank. Customers want professional service and courtesy from service providers. Table (4.5) presents the customer's perception towards assurance and empathy service of A bank.

Table (4.5) Assurance and Empathy

No.	Assurance and Empathy	Mean Score	Std. Dev
1.	Understanding customers' specific needs	4.14	0.80
2.	Having courteous bank staffs	4.16	0.80
3.	Having good skills and knowledge to give service to customers	4.12	0.82
4.	Being able to recommend products and service based on customer's needs	4.06	0.87
5.	Avoiding technical jargon when talking to customers	3.81	0.87
6.	Paying attention to customer's best interest at heart	4.23	0.87
7.	Providing convenient operating hours	4.09	0.92
8.	Making customer feel comfortable and confident in while dealing with them	4.19	0.87
	Overall Mean	**4.10**	

Source: Survey Data (2023)

The highest mean value, 4.19, as given in Table (4.5), indicates that the majority of respondents strongly agree that 'A' bank makes customers feel comfortable and confident while dealing with them. In addition, they are in complete agreement that the personnel at a 'A' bank is polite and understands the unique requirements of each customer. According to the overall mean value of 4.10, the vast majority of respondents strongly agree that 'A' Bank has a high degree of assurance and empathy because the employees of 'A' Bank are friendly to customers, ready to provide the finest service possible, and courteous.

4.4.2 Customer Perception of Cost Effectiveness

Cost effectiveness can be defined as achieving desirable outcomes without spending significant costs. Customer perception of Cost effectiveness of A bank is presented in Table (4.6).

Table (4.6) Cost Effectiveness

No.	Cost Effectiveness	Mean Score	Std. Dev
1.	Having reasonable service charges of A bank	3.74	0.81
2.	Offering reasonable money transfer fee through E-Banking account	3.86	0.83
3.	Arranging reasonable payment fee through bank account/card	3.80	0.82
4.	Providing regular waive/reduce E-Banking service charge	3.69	0.84
	Overall Mean	**3.77**	

Source: Survey Data (2023)

According to Table (4.6), the highest mean score of 3.86 demonstrates that the majority of respondents strongly agree that 'A' bank offers affordable money transfer fees through E-Banking accounts. In addition, they are almost unanimous in their opinion that 'A' bank provides fair payment fees through bank accounts and bank cards. According to the overall mean value of 3.77, the vast majority of respondents strongly agree that 'A' Bank provides a high level of cost effectiveness for clients. This is due to the fact that 'A' Bank establishes appropriate fee for service, and it does not take any costs for transferring money between A+ plus accounts.

4.4.3 Customer Perception of Reliability

The reliability is very important as errors or delays in payment processing can result in significant financial losses and damage the bank's reputation. Customer's perception towards the reliability of 'A' bank is presented in Table (4.7).

Table (4.7) Reliability

No.	Reliability	Mean Score	Std. Dev
1.	Performing the service right at the first time.	4.09	0.86
2.	Providing service at the time it promises to do so.	4.08	0.70
3.	Sincere interest in solving customers' problems.	4.07	0.81
4.	Settling claims easily and without unnecessary delays.	3.87	0.88
5.	Keeping its records accurately.	3.97	0.79
	Overall Mean	**4.02**	

Source: Survey Data (2023)

The highest mean score for this question was 4.07, which indicates that the majority of respondents have a high level of agreement with the statement that 'A' bank demonstrates a true interest in finding solutions to the challenges faced by its clients. In addition to this, it has been discovered that bank 'A' offers service at the time that it has promised to do so and that it does the service correctly on the first attempt. According to the total mean value of 4.02, the respondents strongly agree that 'A' Bank has a high degree of reliability since the bank delivers its services as promised, the bank personnel are eager to assist clients, the service is simple and quick, and the bank ensures that its customers' information is accurate.

4.4.4 Customer Perception of Confidence

It is widely acknowledged that having faith in commercial banks is an essential component that not only ensures successful commercial banking operations and development but also ensures consistent, high-quality collaboration between commercial banks and their customer base. Table (4.8) displays the results of the survey on respondents' levels of confidence.

Table (4.8) Confidence

No.	Confidence	Mean Score	Std. Dev
1.	Being able to rely on A bank	4.12	0.74
2.	Having a positive image	4.34	0.71
3.	Having confident in documents and statements issued by A bank	4.13	0.71
4.	Feeling Safe in transactions	4.31	0.71
5.	Being confident in overall services provided by A bank	4.21	0.79
	Overall Mean	**4.22**	

Source: Survey Data (2023)

According to Table (4.8), based on the highest mean score of 4.31, the majority of respondents very highly perceive a positive image of 'A' bank and feel safe when conducting transactions. They also experience a very high level of safety when conducting business with bank "A." The respondents had a high level of confidence in 'A' bank's service because they trust the bank for its reputation, because it is safe, because it is easy to withdraw money, and because they have confidence in the entire service given by A bank, according to the overall mean score of 4.22.

Table (4.9) provides a summary of the data obtained from the survey in the form of a mean table. The overall mean score of each variable that is being analyzed in this study is used to derive the mean values that are then extracted.

Table (4.9) Overall Value of Service Quality Dimensions

No.	Service Quality Factors	Mean Score
1.	Assurance and Empathy	4.10
2.	Cost Effectiveness	3.77
3.	Reliability	4.02
4.	Confidence	4.22

Source: Survey Data (2023)

In this study, service quality encompasses four aspects: assurance and empathy, cost effectiveness, reliability and confidence which are used to examine customer satisfaction and royalty towards ‘A’ Bank. All of the means value are high level of perception toward a specific variable (range 3.77– 4.22)

4.4.5 Customer Satisfaction

Customer satisfaction is a measurement that determines how well a company's products or services meet customer expectations. The results of customer satisfaction are presented in Table (4.10).

Table (4.10) Customer Satisfaction

No.	Customer Satisfaction	Mean Score	Std. Dev
1.	Being satisfied with the courteous of the bank staff	4.08	0.85
2.	Being satisfied with the skills and knowledge of the bank staff	3.96	0.87
3.	Being satisfied with the quick service of the bank	4.08	0.91
4.	Being satisfied with the reasonable service charges of A bank	3.86	0.76
5.	Being satisfied with the services provided by A bank	4.03	0.77
6.	Absolutely delighted with the banks’ services	4.01	0.76
	Overall Mean	**4.00**	

Source: Survey Data (2023)

According to Table (4.10), based on the highest mean value of 4.08, it shows that the majority of the respondents are extremely satisfied with the courteous of the bank employees and the swift service of the bank. In addition, the respondents are highly satisfied with the fair service costs of A bank, which as a new bank in the competitive industry, 'A' bank is pursuing competitive pricing strategy.

According to the overall mean score of 4.00, the respondents are satisfied with the overall services given by A bank because they are delighted with the staff' kind service, skill and performances, a speedy service of the bank, affordable service prices, and a variety of other services supplied by the bank.

4.4.6 Customer Loyalty

Customer loyalty is a continuous emotional relationship between a bank and its customer, which manifests itself by how willing a customer is to engage with and continually use from the bank. Table 4.11 presents the findings of the survey about the loyalty of customers.

Table (4.11) Customer Loyalty

No.	Customer Loyalty	Mean Score	Std. Dev
1.	Considering as the first choice	3.99	0.76
2.	Seldom thinking of changing A bank to another one	3.63	0.92
3.	Saying positive things about A bank	4.06	0.77
4.	Always recommending A bank to others	4.13	0.76
5.	Always using this bank's service	4.08	0.82
	Overall Mean	**3.98**	

Source: Survey Data (2023)

The highest mean value of 4.13 in Table (4.11) indicates that the majority of respondents always suggest 'A' bank to others because they are confidence in the service that 'A' bank provides for business. The findings also show that the respondents have favorable opinions on bank 'A'. According to the overall mean score of 3.98, the majority of the respondents have a high level of loyalty to A bank. This is because the majority of the respondents used to regard A bank to be their first choice among banks, and they recommend the bank to others.

4.5 Analysis on the Effect of Service Quality on Customer Satisfaction

A mathematical link between an independent variable and a dependent variable can be found through the use of regression analysis. In this particular study, credit risk management strategies were considered to be the independent variable, while loan performance was considered to be the dependent variable. The beta coefficients illustrate what percentage of the variability in the dependent variable may be attributed to each of the predictor factors. Given the findings of this study, predictor variables were assurance and empathy, cost effectiveness, reliability, and confidence.

A standardized questionnaire was given to 359 customers in order to determine the relationship between high service quality and high levels of customer satisfaction. In order to conduct an analysis of the data, multiple regression was utilized, and the findings are detailed in Table (4.12).

Table (4.12) Effect of Service Quality on Customer Satisfaction

Variable	Unstandardized Coefficients		Standardized Coefficients (Beta)	t	Sig
	B	Std Error			
(Constant)	.135	.098		1.372	.171
Assurance and Empathy	.385***	.046	.386	8.441	.000
Cost Effectiveness	.164***	.031	.161	5.314	.000
Reliability	.386***	.048	.369	7.966	.000
Confidence	.092*	.048	.081	1.934	.054
R Square	.859				
Adjusted R Square	.857				
F Value	538.899***				

Source: Survey Data (2023)

*** Significant at 1% level, * Significant at 10% level

According to Table (4.12), given that the value of adjusted R square is 0.857, one can get the conclusion that the model in question is capable of explaining 85.7% of the variation in customer satisfaction that is predicted by Service Quality. This conclusion can be reached since the value of adjusted R square. In terms of the model's overall importance, the F value is very significant at the 1 percent level; hence, it is possible to say that this model is valid. There is a good correlation between the quality of all aspects of the service and customer satisfaction.

When it comes to customer satisfaction at the one percent level, reassurance and empathy are both positively significant factors. The vast majority of respondents are content because they experience a sense of ease and confidence, as well as because the personnel is kind and comprehends the particular requirements of the clients. The provision of services that are characterized by both certainty and empathy results in an increase in the level of customer satisfaction.

When customer satisfaction is at a level of one percent, cost effectiveness has a positive and significant impact. Since 'A' bank's E-Banking service has fees for transferring money that are within an acceptable range, the vast majority of respondents are content with the institution. A bank's ability to provide consumers with value for their money leads to greater levels of customer satisfaction.

When customer satisfaction is at the one percent level, reliability has a positive and significant impact. Because they perceive a genuine interest on the part of 'A' bank in resolving the issues that its clients face, the vast majority of respondents are content with the institution. A bank's ability to provide dependable service directly correlates to the level of customer satisfaction it enjoys.

At the one percent level, there is a positive and strong correlation between confidence and customer satisfaction. The vast majority of respondents agree that 'A' bank has a good reputation and that they are confident when conducting business with the institution. When consumers have greater faith in 'A' bank, they report higher levels of satisfaction.

When compared to the other four significant explanatory factors, the standardized coefficient (Beta) score reveals that the value of assurance and empathy has the highest value. This indicates that providing reassurance along with empathy is the most important aspect in determining a customer's level of satisfaction. It is essential, when dealing with corporate clients, to provide service that precisely matches the customer's expectations by placing a strong emphasis on personalized attention.

4.6 Analysis on the Effect of Customer Satisfaction on Customer Loyalty

This section discusses how satisfied customers are more likely to remain loyal to 'A' Bank as a result of that satisfaction. If the consumers of bank 'A' are pleased with the services that the bank offers, then they will continue to utilize the services offered by bank 'A' in the future. Regression analysis is used in this section to determine the effect that customer satisfaction has on customer loyalty. The data from the survey are used to inform this study. Table (4.13) displays the results of the regression analysis.

Table (4.13) Effect of Customer Satisfaction on Customer Loyalty

Variable	Unstandardized Coefficients	β	t	Sig

	B	Std Error			
(Constant)	.968	.117		8.299	.000
Customer Satisfaction	.752***	.029	.811	26.201	.000
R Square	.658				
Adjusted R Square	.657				
F Value	686.504***				

Source: Survey Data (2023)

*** Significant at 1% level

According to Table (4.13), given that the value of adjusted R square is 0.657, one may draw the conclusion that the model in question is capable of explaining 65.7% of the variance in customer loyalty that is predicted by customer satisfaction. This conclusion can be reached because the value of adjusted R square is 0.657. In terms of the model's overall importance, the F value is very significant at the 1 percent level; hence, it is possible to say that this model is valid.

Table 4.13 demonstrates that the customer satisfaction variable has the predicted positive sign, and statistical analysis demonstrates that the variable's coefficient is highly significant at the 1% level. If they are pleased with the banking service, customers will be more likely to continue using it and to suggest it to others. The higher their level of contentment, the greater their commitment will be to bank 'A'.

CHAPTER 5

CONCLUSION

There are three distinct sections that make up this chapter. The first section of this paper delves into the findings. In the second portion, we go over several suggestions and recommendations. The necessity of additional research is discussed in the final section.

5.1 Findings and Discussions

This study aims to examine the effect of service quality on customer satisfaction towards 'A' bank and analyze the effect of customer satisfaction on customer loyalty towards 'A' bank. 359 customers are selected by using Simple Random Sampling is used. Structured questionnaire (5-point likert scale) is developed in to Google form to collect primary data.

Regarding assurance and empathy, the study observed that 'A' bank staff pay attention to customer's best interest at heart and make customers comfortable and feel safe. Many respondents mentioned that bank staff avoid technical jargon when talking to customers for simple explanation. It is also found that 'A' bank's staff are courteous and understand the needs of customers. Therefore, majority of the respondents are satisfied with the assurance and empathy factor.

Regarding cost effectiveness, it is found that service charges of 'A' bank are reasonable while comparing to those of other banks. The study observed that the bank regularly waive/reduce E-Banking service charges since 'A' bank does not charge if customers transfer money between A plus accounts. Therefore, majority of the respondents are satisfied with the service charges of 'A' bank.

In terms of dependability, it has been discovered that 'A' bank is able to complete the service correctly on the very first attempt. This is achieved by the bank's arrangement of relationship managers to aid consumers. Additionally, it was discovered that bank 'A' provides the service in accordance with the time it promises. According to the findings of the study, 'A' bank is able to settle claims quickly and without causing any needless delays since 'A' bank has well-defined protocols for handling complaints. As a result, the vast majority of the respondents are content since they believe that 'A' bank is trustworthy for financial services.

Regarding trust, it has been seen that 'A' bank has a positive image. This is because 'A' bank was successful in withdrawing money from the bank despite the challenging times that are currently being experienced in the country. It has been discovered that many of the respondents have a sense of security due to the fact that exporters can obtain the best rate when transferring money from overseas and importers can purchase foreign currency at any moment. Therefore, the respondents have faith in the services provided by 'A' bank because they believe 'A' bank to have a good reputation, to conduct secure transactions, and to make it simple to withdraw money.

The results of the regression showed that factors such as assurance and empathy, cost effectiveness, reliability, and confidence all had a significantly favorable impact on customer satisfaction. Among them, certainty and empathy are the two factors that contribute the most effectively to customer satisfaction.

The regression results demonstrated, therefore, that customer satisfaction has a favorable and significantly beneficial influence on customer loyalty. The more satisfied a customer is with their experience at a 'A' bank, the more likely they are to continue doing business there.

5.2 Suggestions and Recommendations

The management of 'A' bank could enhance the quality of its services to win the satisfaction and continued business of more customers. To begin, the management of a 'A' bank should place primary emphasis on ways to enhance assurance and empathy. For the sake of clarity and readability, 'A' bank should steer clear of using technical jargon in its brochures and booklets. In addition, 'A' bank should train all of its workers to avoid using technical terminology and provide a simple phrase or definitions guidebook for technical jargons that are most commonly used in the banking industry. A bank must to continually develop and maintain its online banking system in order to make it available around the clock. The end result is increased customer satisfaction due to an increased ability on their part to comprehend information pertaining to the offered goods or services.

The management of 'A' bank should always keep a close eye on the service fees charged by other banks in order to determine the appropriate amount to charge customers in order to maximize efficiency. In addition, based on a certain number of transactions that take place between accounts held at 'A' bank, the service fees charged by 'A' bank should be reduced or eliminated entirely. In addition, in order to lower the transaction fees that are associated with the various bank accounts, financial institution 'A' should increase the number of its branches in the areas where the majority of its customers have their businesses located. In order to accomplish this goal, more clients are satisfied and attracted to use bank 'A' since bank 'A' offers prices that are more competitive.

To maintain its reputation for dependability, 'A' bank must ensure that its clients are completely satisfied at all times and always welcome their input. In order for 'A' bank to provide better service to its customers, it should implement a system that is able to evaluate the inputs and provide the potential solutions. The personnel of the bank will next respond to customer concerns in accordance with the predetermined policies. In addition, the 'A' bank needs to adjust the division that handles complaints in order to better settle the claims. Additionally, a bank ought to create and keep up a centralized computer system in order to keep track of the records and transactions of their customers. Then, consumers will receive a prompt answer for their claims, and they will be more content since 'A' bank provides reliable service.

With regard to confidence, 'A' bank should continue to supply the same services throughout time. It is important for a bank to maintain a customer database file or use customer relationship management software. This will allow the bank's employees to provide the same level of service to customers by referring to their past banking activities. This will ensure that consumers receive the same level of service as in the past, and customers will be happy with their experience, leading them to become loyal to bank 'A'.

5.3 Need for Further Research

This study focuses exclusively on the service quality of bank 'A'. It does not cover the services provided by other banks in Myanmar. As a result, further research ought to be conducted by investigating the service quality offered by other banks in Myanmar in order to cover the service quality offered by the banking industry as a whole. In addition, the focus of this study is limited to only four factors, and there are likely many other aspects that can have an effect on the degree to which customers are satisfied and loyal. As a result, it has been advised that further research should investigate the aspects that have an effect on the level of satisfaction and loyalty that customers feel toward banks.

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APPENDIX - A

Structured Questionnaire

SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY TOWARDS 'A' BANK

This questionnaire will be used to study factors influencing on purchase intention towards service quality, customer satisfaction and loyalty towards "A" bank. This would be confidential and data will be only used for the academic research of EMBF thesis for Yangon university of Economics.

Part (A) Demographic Data

1. Gender:

☐ Male
☐ Female

2. Age:

☐ ≤ 20 years
☐ 21 ~ 30 years
☐ 31 ~ 40 years
☐ 41 ~ 50 years
☐ Over 50 years

3. Education Level:

☐ High School
☐ Bachelor
☐ Master
☐ Other …………..

4. Occupation:

☐ Company Employee
☐ Government Employee
☐ Business Owner
☐ Other …………..

5. Relationship with A Bank:

- ☐ Under 1 year
- ☐ 1 ~ 2 years
- ☐ 3 ~ 4 years
- ☐ Over 4 years

Part (B) SERVICE QUALITY

Instruction: Please choose one of the following numbers on each line according to the index.

Index: 1 = Strongly disagreed

2 = Disagreed

3 = Neutral

4 = Agreed

5 = Strongly agreed

Please rate your influencing rate over the following financial service items.

No.	Assurance and Empathy	1	2	3	4	5
1	A bank staff understand customers' specific needs.					
2	A bank staff are always courteous.					
3	A bank staff have good skills and knowledge to give service to customers.					
4	A bank staff can recommend products and service based on customer's needs.					
5	A bank staff avoid technical jargon when talking to customers.					
6	A bank staff pay attention to customer's best interest at heart.					
7	A bank has convenient operating hours.	`				
8.	A bank staff make customer feel comfortable and confident in while dealing with them.					
	Cost Effectiveness					
1	Service charges of A bank is reasonable.					
2	Money transfer fee through E-Banking account is reasonable.					
3	Payment fee through bank account/card is reasonable.					
4	The bank regularly waive/reduce E-Banking service charges.					
	Reliability					
1	A bank performs the service right at the first time.					
2	A bank provides service at the time it promises to do so.					
3	A bank staffs have sincere interest in solving customers' problems.					
4	A bank settles claims easily and without unnecessary delays.					
5	A bank keeps its records accurately.					

	Confidence					
1	I can rely on A bank.					
2	A bank has a positive image.					
3	I have confidence in documents and statements issued by A bank.					
4	I feel safe in my transactions.					
5	I have confidence in overall services provided by A bank.					
	Customer Satisfaction					
1	I am satisfied with the courteous of the bank staff.					
2	I am satisfied with the skills and knowledge of the bank staff.					
3	I am satisfied with the quick service of the bank.					
4	I am satisfied with the reasonable service charges of A bank.					
5	I am satisfied with the services provided by A bank.					
6	I feel absolutely delighted with the banks' services.					
	Customer Loyalty					
1	A bank is my first choice whenever I need to make transactions.					
2	I seldom think of changing A bank to another one.					
3	I say positive things about A bank.					
4	I would always recommend A bank to others.					
5	I would always use this bank's service.					

APPENDIX B

Effect of Service Quality on Customer Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.927[a]	.859	.857	.27047

a. Predictors: (Constant), Confidence Mean, Cost Effectiveness Mean, Assurance and Empathy Mean, Reliability Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	157.693	4	39.423	538.899	.000[b]
	Residual	25.897	354	.073		
	Total	183.589	358			

a. Dependent Variable: Customer Satisfaction Mean

b. Predictors: (Constant), Confidence Mean, Cost Effectiveness Mean, Assurance and Empathy Mean, Reliability Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.135	.098		1.372	.171
	Assurance and Empathy Mean	.385	.046	.386	8.441	.000
	Cost Effectiveness Mean	.164	.031	.161	5.314	.000
	Reliability Mean	.386	.048	.369	7.966	.000
	Confidence Mean	.092	.048	.081	1.934	.054

a. Dependent Variable: Customer Satisfaction Mean

Effect of Customer Satisfaction on Customer Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811[a]	.658	.657	.38894

a. Predictors: (Constant), Customer Satisfaction Mean

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103.849	1	103.849	686.504	.000[b]
	Residual	54.004	357	.151		
	Total	157.853	358			

a. Dependent Variable: Customer Loyalty Mean

b. Predictors: (Constant), Customer Satisfaction Mean

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.968	.117		8.299	.000
	Customer Satisfaction Mean	.752	.029	.811	26.201	.000

a. Dependent Variable: Customer Loyalty Mean