

**YANGON UNIVERSITY OF ECONOMICS  
DEPARTMENT OF COMMERCE  
MASTER OF BANKING AND FINANCE PROGRAMME**

**FACTORS AFFECTING FARMER SATISFACTION  
TOWARDS AGRICULTURE LOAN AT “A” BANK**

**KHIN YADANAR SAN**

**MBF - 26**

**MBF 4<sup>th</sup> BATCH**

**JULY, 2024**

**FACTORS AFFECTING FARMER SATISFACTION  
TOWARDS AGRICULTURE LOAN AT “A” BANK**

A thesis submitted as a partial fulfilment towards the requirements for the degree of  
Master of Banking and Finance (MBF)

**(2022-2024) ACADEMIC YEAR**

**Supervised By:**

Dr. Aye Thanda Soe  
Professor  
Department of Commerce  
Yangon University of Economics

**Submitted By:**

Khin Yadanar San  
MBF - 48  
MBF 4<sup>th</sup> Batch  
2022 – 2024

**JULY, 2024**

## 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, Master of Banking and Finance.

## BOARD OF EXAMINERS

-----  
(Chairperson)

Prof. Dr. Tin Tin Htwe

Rector

Yangon University of Economics

-----  
(Supervisor)

Prof. Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

-----  
(Examiner)

Prof. Dr. Thynn Thynn Myint

Professor and Head

Department of Commerce

Yangon University of Economics

-----  
(Examiner)

Prof. Dr. May Su Myat Htway Aung

Professor

Department of Commerce

Yangon University of Economics

-----  
(Examiner)

Dr. Phu Pwint Nyo Win Aung

Associate Professor

Department of Commerce

Yangon University of Economics

**JULY, 2024**

## ABSTRACT

The primary objectives of this study are to examine factors affecting farmer satisfaction towards agriculture loan at “A” Bank and to analyze the effect of farmer satisfaction on loyalty towards agriculture loan at “A” Bank. A sample size of 120 farmers from Southern Shan State, who have received loans from "A" Bank, was selected using simple random sampling method. The data collection period was June 2024, and both descriptive statics and quantitative research methods were collected. The study focuses on five main factors: service quality, process, price, communication, and bank image which were examined to understand their impact on farmer satisfaction and loyalty. Based on the findings of the regression analysis, it can be assumed that service quality, efficient loan processes, competitive pricing, effective communication, and a positive bank image significantly influence farmer satisfaction. One of the most influential factors on farmer satisfaction is the service quality. Improved satisfaction, in turn, fosters loyalty among farmers towards "A" Bank. This study provides insights into the factors that can increase farmer satisfaction and farmer loyalty towards agricultural loans at "A" Bank. By addressing these factors, “A” bank can improve agriculture loan products and better meet the needs of farmers, thereby supporting the agricultural sector's growth and stability.

## ACKNOWLEDGEMENTS

First of all, I am deeply thanks to Prof. Dr. Tin Tin Htwe, Rector of the Yangon University of Economics for her permissions to give me the opportunity to become a student of MBF Programme and allowing to implement this study.

I would like to present my great appreciation to my beloved Prof. Dr. Tin Tin Htwe, (Retd) Professor from Department of Commerce, for their excellence lectures, kind permission to accomplish and constructive guidance for this thesis. In addition, I would like to thanks to the Prof. Dr. Thynn Thynn Myint Professor/Head of Department, Department of Commerce, Yangon University of Economics for her valuable idea, support and suggestions during my thesis.

I am truly grateful to my supervisor, Prof. Dr. Aye Thanda Soe, Professor, Department of Commerce at Yangon University of Economics, for her guidance, useful suggestions, kindness and supervision, and helpful counsel in preparing this research paper. Without her instruction and assistance, I will be unable to do this work. I'd also like to thank my respected teachers and lecturers for their time and important knowledge during my studies at the Yangon University of Economics.

My heartfelt gratitude goes to the Head of Department (SME), management, and staff of “A” Bank for their generous assistance in sharing knowledge and all of the information required for this study. I'd like to thank all of the students from the MBF 4th Batch for coming together and sharing a spirit of friendship over the learning session. I extend a particular thanks to all teachers for sharing their significant knowledge and experience during their lectures.

Finally, I would like to express my heartfelt thanks to my family, colleagues, and friends for their unwavering support and invaluable contributions.

# TABLE OF CONTENTS

	<b>Page</b>
<b>ABSTRACT</b>	<b>i</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>TABLE OF CONTENTS</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>v</b>
<b>CHAPTER 1 INTRODUCTION</b>	<b>1</b>
1.1 Rationale of the Study	3
1.2 Objectives of the Study	5
1.3 Scope and Method of the Study	6
1.4 Organization of the Study	6
<b>CHAPTER 2 THEORETICAL BACKGROUND</b>	<b>7</b>
2.1 Concept of Customer Satisfaction	7
2.2 Factors Affecting Customer Satisfaction	8
2.3 Concept of Customer Loyalty	12
2.4 Related Theories	14
2.5 Previous Studies	16
2.6 Conceptual Framework of the Study	18
<b>CHAPTER 3 PROFILE AND ANALYSIS OF INFLUENCING FACTORS ON AGRICULTURE LOAN SERVICES OF “A” BANK</b>	<b>21</b>
3.1 Profile of “A” Bank	21
3.2 Organizational Structure of “A” Bank	22
3.3 Products and Services of “A” Bank	23

3.4	Loan Products of “A” Bank	23
3.5	Agriculture Loan of “A” Bank	25
3.6	Influencing Factors of Agriculture Loan of “A” Bank	28
<b>CHAPTER 4 ANALYSIS ON FACTORS AFFECTING FARMER SATISFACTION ON AGRICULTURE LOAN AT “A” BANK</b>		<b>33</b>
4.1	Research Design	33
4.2	Reliability Test	34
4.3	Demographic Profile of the Respondents	35
4.4	Respondent Perception on Service Quality, Process, Price, Communication and Bank Image	36
4.5	Analysis of Influencing Factors on Farmer Satisfaction	46
4.6	Analysis of Farmer Satisfaction on Farmer Loyalty	47
<b>CHAPTER 5 CONCLUSION</b>		<b>49</b>
5.1	Findings and Discussions	49
5.2	Suggestions and Recommendations	51
5.3	Need for Further Research	52
<b>REFERENCES</b>		
<b>APPENDIX A</b>		
<b>APPENDIX B</b>		
<b>APPENDIX C</b>		

## LIST OF TABLES

<b>Table No.</b>	<b>Particulars</b>	<b>Page</b>
4.1	Reliability Test of Overall Constructed Factors	34
4.2	Demographic Profile of Respondents	35
4.3	Mean Rating Scale	37
4.4	Mean Scores of Perception on Service Quality	38
4.5	Mean Scores of Perception on Process	39
4.6	Mean Scores of Perception on Price	40
4.7	Mean Scores of Perception on Communication	41
4.8	Mean Scores of Perception on Bank Image	42
4.9	Overall Mean Scores	43
4.10	Mean Scores of Perception on Farmer Satisfaction	44
4.11	Mean Scores of Perception on Farmer Loyalty	45
4.12	Effect of Influencing Factors on Farmer Satisfaction	46
4.13	Effect of Farmer Satisfaction on Farmer Loyalty	48



# CHAPTER I

## INTRODUCTION

The current competitive landscape recognizes ensuring customer satisfaction as a fundamental aspect of banking operations. Customer satisfaction is defined as the post-purchase and consumption behavior displayed by customers (Bitner and Hubbert, 1994). The ability of a consumer to build loyalty is dependent upon their contentment, which could be expressed through frequent visits and the act of promoting the business to others. Myanmar is as an agrarian country; agriculture is the main economic pillar of the country. Myanmar's Southern Shan State is renowned for its diverse and fertile agricultural landscapes. The agrarian economy of Southern Shan State, therefore, has substantial potential to contribute to both local and national economic growth. Moreover, the region's agricultural practices are often more sustainable and diversified compared to other parts of Myanmar.

Agricultural development is critical for several reasons. It increases food security by increasing the production and availability of food, thereby meeting the nutritional needs of a growing population. It contributes significantly to the economy, particularly in developing countries, where agriculture often accounts for a substantial portion of GDP and employment. Moreover, agricultural development fosters rural development by improving infrastructure, creating jobs, and reducing poverty. Technological advancements in agriculture can lead to more sustainable farming practices, which are essential for environmental conservation and combating climate change. Consequently, the development of agriculture is a cornerstone for achieving economic stability, social equity, and environmental sustainability.

Farmers should increase productivity, profitability, and contribute to the overall development of the agriculture sector. One of the key factors is financing therefore farmers need agriculture loan to cover the high costs of farming. These loans help them buy seeds, fertilizers, equipment, and other essential supplies. Without financial support, many farmers couldn't afford to plant crops or raise livestock, especially when facing challenges like bad weather or pest outbreaks. Many farmers, especially in rural areas, they have limited to access to formal banking services. Farmers generally prefer obtaining loans from banks rather than from informal money lenders for several reasons.

Banks usually offer loans at lower interest rates compared to informal money lenders, making repayment more affordable. Additionally, banks provide organized repayment schedules and adhere to regulations that protect borrowers. In contrast, informal money lenders often impose high interest rates and aggressive methods to collect payments. Loans from banks are 2more secure and dependable, ensuring that farmers can access essential funds without the risk of unfair practices or exploitation.

Agricultural loans are instrumental in empowering farmers by providing them with the necessary financial resources to invest in their farms. These loans enable farmers to purchase high-quality seeds, fertilizers, and equipment, which can significantly enhance crop yields and productivity. Additionally, agricultural loans support the adoption of modern farming techniques and technologies, leading to more efficient and sustainable agricultural practices. By reducing financial constraints, these loans help farmers manage risks better, stabilize their incomes, and improve their overall livelihoods. Consequently, agricultural loans play a crucial role in fostering agricultural development and ensuring food security.

Banks like to lend money to agriculture because it's stable and essential. Governments often support farming with subsidies and guarantees, making it less risky for banks. Farms have assets like land or equipment that can be used as collateral, lowering the bank's risk. These loans also help build long-term relationships with farmers and rural communities. By investing in agriculture, banks diversify their investments and support economic growth. Among the public banks, "A" Bank plays a crucial role in promoting financial inclusion among farmers in Myanmar. 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. Banks in Myanmar typically give agriculture loans for rice in the Irrawaddy region. In Southern Shan State, "A" bank provided the first agriculture loans in Myanmar to the farmer group of potato and maize growers.

To effectively expand agricultural loans, banks must prioritize farmer satisfaction. This can be achieved by focusing on several influencing factors, including service quality, process, price, communication, and bank image. When farmers are

satisfied with loan terms, interest rates, and overall service, they are more likely to repay loans promptly and seek additional financial products from the same bank. This satisfaction builds trust and loyalty, reducing the risk of default and increasing the bank's profitability. Moreover, loyal farmers may recommend the bank to others, enhancing its reputation and attracting new customers are key goals for bank looking to grow and succeed. By focusing on farmer satisfaction and loyalty, banks not only strengthen their agricultural portfolio but also contribute positively to rural economic development by supporting farmers in improving their productivity and livelihoods.

The study is of particular interest in agriculture loan provided by "A" bank and farmers who received agriculture loan from Southern Shan state, now growing and becoming more competitive. Many studies have been conducted at international level and substantial literatures have focused on SERQUAL and marketing mix, therefore to fill the above gap this study examined the factors influencing farmer satisfaction in “A” bank and towards to farmer loyalty.

## **1.1 Rationale of the Study**

In Myanmar, banks play an important role in supporting farmers by providing agricultural loans. Many farmers rely on loans from banks to buy seeds, fertilizers, and equipment needed for farming. Understanding how satisfied farmers are with these loans is essential for improving their financial well-being and ensuring the success of the agricultural sector. Financial institutions aim to build durable relationships with consumers by creating value-added connections that persist over an extended length of time. Banks want to make their customers satisfied. When customers are satisfied, they are more likely to stay loyal with the bank, recommend it to others, and have a positive view of the bank. This is true for all types of customers, including farmers. Customer satisfaction is especially important in the agricultural sector because farmers have unique and critical financial needs that must be met promptly to ensure their crops and livestock thrive. Banks need to understand and meet farmers' expectations to build long-term relationships.

Agricultural loans are crucial for farmers. "A" Bank is a major provider of agricultural loans in Myanmar. "A" Bank wants to see a successful farming community where farmers can easily get the money, they need to grow their businesses. “A” bank aims to be the best partner for farmers, helping them use better farming methods and

supporting the growth of rural areas through customized financial solutions. “A” bank provides the necessary funds to buy seeds, fertilizers, equipment, and other essential items for farming. The terms and conditions of these loans, such as interest rates, repayment schedules, and the application process, greatly impact farmers' financial stability and productivity. By studying how satisfied farmers are with the loans from "A" Bank, can identify that how the bank is doing well and where it can improve. This will help "A" Bank enhance its services, making them more suitable for farmers' needs and increasing farmer satisfaction and loyalty. Therefore, it is important to understand how these factors affect farmer satisfaction.

Service quality is a critical factor that affects customer satisfaction in the banking sector. It includes various aspects such as the responsiveness, reliability, and helpfulness of the bank staff. High-quality service can lead to higher satisfaction among customers, while poor service can lead to dissatisfaction. In the context of agricultural loans, service quality is especially important because farmers often need timely and reliable support to ensure their farming activities run smoothly.

The loan application and approval process are another important factor that affects satisfaction. If the process is easy and efficient, it can lead to higher satisfaction among farmers. However, if the process is too complicated or takes too long, it can lead to frustration and dissatisfaction. Therefore, it is important for banks to streamline their loan processes to make them as easy and efficient as possible for farmers.

The price of the loan, including interest rates and any additional fees, is a significant factor that affects satisfaction. High price can lead to dissatisfaction, while fair and transparent pricing can lead to higher satisfaction. It is important for banks to offer competitive and transparent pricing to ensure that farmers feel they are getting good value for their money.

Clear and transparent communication between the bank and the farmers is crucial for building trust and satisfaction. Good communication can help prevent misunderstandings and ensure that farmers are well-informed about the terms and conditions of their loans. Poor communication, on the other hand, can lead to misunderstandings and dissatisfaction. Therefore, it is important for banks to ensure that they communicate clearly and transparently with their customers.

The bank image is another important factor that affects satisfaction and loyalty. The positive image can enhance satisfaction and loyalty, while a negative image can

have the opposite effect. Therefore, it is important for banks to maintain a positive image by providing high-quality services, process, fair price, and clear communication.

Positive experiences with loan services foster satisfaction among farmers towards "A" Bank. This can lead to long-term, mutually beneficial relationships, with farmers more likely to return for future loans and recommend the bank to others. Strengthening these relationships is essential for the bank's sustained success and growth in the agricultural sector. By identifying and addressing these factors, "A" bank can get farmer satisfaction, and farmer loyalty. Enhanced farmers loyalty provides the fundamental stimulus for the continued financial performance of a bank. Farmer loyalty is a critical aspect in establishing prolonged economic success, since satisfied farmers have a propensity to engage in repeat purchases and actively advocate for the brand among their social networks. The building of farmers loyalty is of fundamental importance for both bank and farmers alike.

This, in turn, lead to improved agricultural productivity and economic stability in rural communities. Satisfied farmers are more likely to use loan funds effectively for purchasing high-quality inputs and adopting modern farming techniques, leading to higher yields and increased productivity. Understanding the factors that contribute to satisfaction can help "A" Bank design loan products that better meet the needs of farmers, thereby boosting the overall productivity of the agricultural sector. In response to this requirement, "A" Bank has implemented agricultural loan programs with the objective of supplying the essential financial means to farmers.

The rationale for this study is based on knowing the diverse elements that effect farmer satisfaction with agriculture loans offered by "A" Bank. The satisfaction levels substantially effect both the adoption of these loans and the overall financial well-being and efficiency of the agriculture industry. The study attempts to uncover these elements in order to provide significant insights that can assist "A" Bank in enhancing its loan products and effectively catering to the requirements of its farmer clientele.

## **1.2 Objectives of the Study**

The objectives of the study are as follows:

1. To examine factors affecting farmer satisfaction towards agriculture loan at "A" Bank.

2. To analyze the effect of farmer satisfaction on loyalty towards agriculture loan at “A” Bank.

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

The study focuses on the factors affecting farmer satisfaction towards on agriculture loan at by “A” Bank. The study specifically the factors affecting farmer satisfaction in Southern Shan State. The primary objective of this study is to examine and analyze the factors affecting farmer satisfaction towards agriculture loan at “A” bank.

The analysis included the use of both primary and secondary data sources. Both descriptive statics and quantitative research method are used in this study. The target population for the study was 120 farmers out of 170 farmers. The study used the Yamane formula (1967) to determine an appropriate sample size. A simple random sampling method was applied to select participants from the population of farmers who have received loans from "A" Bank. A structured questionnaire based on the Five-Point Likert Scale was created for data collection. The data collection period spanned June 2024, during which an online survey questionnaire form was created for efficient data collection. Additionally, secondary data was collected from reference textbooks, international research papers, journal articles, Internet websites, and the world bank report. Both descriptive and quantitative research approaches were employed in this study.

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

This study includes five chapters. Chapter one presents the introduction of the study, rationale of the study, scope and method of the study, objective of the study. Chapter two consists of theoretical background of the study. Chapter three provides the profile of “A” Bank which describes background history of the bank, its objectives, main functions, agriculture loan service and marketing activities on agriculture loan. Chapter four provides the examine of the factors affecting farmer satisfaction towards agriculture loan at “A” Bank and analyze the effect of farmer satisfaction on loyalty towards agriculture loan at “A” Bank. The last chapter, chapter five is a conclusion section which presents the findings and discussions, suggestions and recommendations and needs for further research.

## **CHAPTER II**

### **THEORETICAL BACKGROUND OF THE STUDY**

This chapter focuses on the concept of customer satisfaction, factors affecting customer satisfaction, concept of customer loyalty and factors affecting on between customer satisfaction and loyalty. Furthermore, previous empirical findings relating to each construct are explored. In the last part of this chapter, conceptual framework of this study is presented.

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

The understanding and analysis of a specific subject. Satisfaction is the measure of an individual's emotional state after comparing their actual performance or perceived achievements with their initial expectations (Susanto, 2010). The term "definition" pertains to the act of offering a concise and straightforward elucidation or depiction. Satisfaction can be defined as a personal evaluation of one's emotional condition, which can vary from experiencing joy to feeling disappointed. One's judgment is frequently influenced by a cognitive process that entails comparing the apparent characteristics or qualities of a thing to one's previous expectations or desired results. Measuring customer satisfaction involves a combination of surveys, feedback, behavioral metrics, and direct customer interactions. By using these methods, companies can gain a comprehensive understanding of how satisfied their customers are and identify areas for improvement to enhance the overall customer experience.

Krivobokova (2009) emphasized the significance of customer satisfaction as a crucial element in the effective operation of a firm. Moreover, it has emerged as the major center of emphasis for multinational corporations on a global level. consumer satisfaction significantly influences consumer behavior, leading to increased repeat purchases, loyalty, and positive word-of-mouth communication. Alternatively, consumers may opt to transition to a different brand or express their dissatisfaction and discontent to both the corporate and their social networks. Nair (2013) defined that the company's image could undergo significant transformation over time.

Improving consumer-oriented products and services necessitates prioritizing customer satisfaction. Customer input can be a valuable source of information for

management in determining which areas should be prioritized during the mapping process. Furthermore, the degree of pleasure was determined by the extent to which the needs were met. According to a study conducted by Suchánek et al. (2014), quality is defined as the perceived quality of customers, making customer satisfaction the most important determinant of product quality. To achieve a high level of customer satisfaction, the business must design products that meet the specific needs and expectations of its customers.

Customer satisfaction is an outcome achieved by customers when the service they receive exceeds their expectations. In the words of Lim et al. (2006), marketing entails a comprehensive evaluation of service experiences on a global scale, taking into account the passage of time. Customer satisfaction is typically measured as a function of the quality of service provided. Customer satisfaction is used to assess how positively customers evaluate the quality of items or services. Customer satisfaction increases as service quality improves (Yeo et al., 2015). Simply put, when clients have a better sense of service quality, they are more likely to be satisfied with the service provider. Customer satisfaction is widely recognized as an important part of customer loyalty in the area of marketing, as Kim et al. (2016) noted in their research study.

According to Schultz and Bailey (2000), committed customers make repeated purchases over time, typically paying the normal price and ignoring competitors' pleadings and platitudes. Customer satisfaction is one thing, but behavior is something completely different. According to the study's findings, customers who are satisfied with a product or brand are more likely to stay with it than customers who are dissatisfied with either option.

## **2.2 Factors Affecting on Customer Satisfaction**

Anderson et al. (1993) found that providing superior service quality, defined as meeting or exceeding farmer expectations, is associated with higher levels of farmer satisfaction. Farmers' contentment is heavily influenced by the degree to which the gap between their expectations and actual performance is minimized. According to Kabir et al. (2009), there was a strong relationship between SERQUAL and both customer satisfaction and loyalty. Oliver (2006) defined consumer loyalty as a buyer's encompassing attachment or profound devotion to a specific product, service, brand, or organization. All of these acts help the firm flourish.



As per the study by Sopasoap et al. (2020), the method significantly impacts consumer satisfaction. Other research has corroborated this discovery. Mohammad (2015) examined the relationship between the 7ps Marketing Mix and customer satisfaction in the setting of retail banks in Northeast Nigeria. The researcher discovered a substantial relationship between consumer satisfaction and the aspects of product, technique, and physical evidence, as demonstrated by the data obtained. Ateba et al. (2015) investigated the effect of the marketing mix on increasing customer satisfaction in the setting of retail banking in South Africa. The respondent agreed that the marketing mix plays an important role in delighting and retaining customers in the banking industry. Eisa and Alhemoud (2009) did an investigation to identify the primary determinants that have a substantial impact on customer satisfaction in Kuwait's retail banking sector. In addition, the researchers attempted to assess the overall level of satisfaction among these institutions' clients. The study rated swift service delivery and accessibility to self-banking services as critical characteristics.

According to Clow and Baack (2007), corporate image plays an important role in providing clients with assurance, speeding up the purchasing decision-making process, and promoting social acceptance of their choices. Numerous scholars have already advocated for the concept of corporate image and highlighted its importance in terms of establishment and sustainability. The use of particular criteria tailored to the needs of each firm helps to build brand recognition, loyalty, and reputation. Furthermore, Doyle and Stern (2006) had identified corporate image as a distinguishing feature in establishing client confidence in the product. Factors affecting customer satisfaction on this study are service quality, process, price, communication and corporate image.

### **2.2.1 Service Quality**

In today's dynamic and competitive business world, maintaining a competitive advantage is driven by providing high-quality service that results in client satisfaction. In other words, customer satisfaction is necessary for customer retention and loyalty, and it can help increase profitability, market share, and return on investment. In a comparable study, Suresh Chandar, Rajendran, and Anantharman (2002) investigated the relationship between service quality and customer satisfaction. They ended by identifying five service quality elements that clients perceive to be significant. The following factors contribute to service delivery:

- a) Core service or product content
- b) Human components such as reliability, responsiveness, reassurance, empathy, and service recovery.
- c) Systemization of service delivery (processes, procedures, systems, and technology)
- d) Service tangibles (equipment, signage, employee appearance, and physical environment)
- e) Social responsibility (ethical behavior and activities of service providers).

The preceding study demonstrated the close relationship between service quality and customer satisfaction, such that a rise in one element leads to an increase in the latter. Service quality was identified as the third most important factor influencing overall customer satisfaction. Furthermore, Rod, Ashill, Carruthers, and Shao (2009) found that total Internet banking service quality is strongly connected to overall customer satisfaction in New Zealand banks. They went on to say that providing high-quality online services is necessary for maintaining or improving customer satisfaction at banks.

### **2.2.2 Process**

The process explains how services are delivered. Harrington and Weaven (2009) investigated the elements influencing customer satisfaction with e-retail banking in Australia. Factor analysis and regression analysis were used to determine the factor structure for customer satisfaction. The study discovered that four solution components, represented by the customer's particular needs, website organization, website user-friendliness, and efficiency, were scored highly. Similarly, Al-Eisa and Alhemoud (2009) identified the most prominent variables that influence customer satisfaction with retail banks in Kuwait and determined the level of overall satisfaction among bank customers. They identified rapid service and the availability of self-banking options as critical qualities. According to Casaló, Flavián, and Guinalú (2008), website usability is the most significant element influencing consumer satisfaction in Spanish e-banking services. Jamal and Naser (2002) discovered that the quality of process offered by banks was a key driver of customer satisfaction. Banks should develop a good process to keep pleased clients and attract new ones. Thus, the link between process and customer satisfaction has been demonstrated.

### **2.2.3 Price**

Price is one method that marketers communicate with customers. Price is viewed as revenue-oriented since it is the sole part of the marketing mix that generates income. Winkler (1995:439) defined price as "the amount of money that is sacrificed to obtain something." Varki and Colgate (2001) investigated customer perceptions of value (price) in the banking industry in the United States and New Zealand. The authors' findings revealed that value (price) perceptions had a direct bearing on consumer satisfaction. According to Leversques and McDougall (1996), bank charges and interest rates impact total consumer satisfaction. However, Nasser, Jamal, and Al-Khatib (1999) and Chen and Chang (2005) noted that value (price) is seen to have a minor impact on bank customer satisfaction, but it should not be overlooked because value plays a role in increasing customer satisfaction in retail banking. As a result, the link between price and consumer satisfaction has been identified.

### **2.2.4 Communication**

Effective communication is a pivotal component in enhancing customer satisfaction. In the banking sector, communication strategies significantly influence customers' perceptions and their overall satisfaction. According to Morgan and Hunt (1994), the quality of communication between a service provider and its customers can foster trust and commitment, which are essential for long-term relationships. Moreover, clear and timely communication helps in managing customer expectations and resolving issues promptly, thus enhancing the customer experience (Grönroos, 2007). Research by Mohr and Nevin (1990) mentioned the importance of bidirectional communication, suggesting that both sending and receiving messages effectively can reduce misunderstandings and improve service outcomes. Implementing strong communication channels such as personalized banking consultations, responsive customer service hotlines, and user-friendly digital platforms can play a critical role in achieving high levels of customer satisfaction. Furthermore, Ladhari (2009) found that effective communication can mitigate the negative effects of service failures by providing timely and empathetic responses to customer complaints, thus preserving customer loyalty.

### **2.2.5 Corporate Image**

The image of bank plays a key role in shaping customer views and satisfaction. According to Nguyen and Leblanc (2001), a positive business image is a critical component of consumer satisfaction and loyalty. The bank's image comprises several characteristics, including its reputation, service quality, physical appearance, and the perceived value it gives. In the competitive banking business, where products and services frequently appear homogenous, a strong and favorable bank image can differentiate a bank from its competitors and generate a unique market position (Bennett & Kottasz, 2012). For instance, Bank's commitment to community development and customer-centric services can strengthen company image, leading to increased customer satisfaction. Zeithaml, Berry, and Parasuraman (1996) described that a bank's image can offset the negative impacts of service failures by preserving a reservoir of goodwill that assists in keeping client trust. Additionally, corporate social responsibility (CSR) activities and ethical banking practices contribute greatly to a positive bank image, as they resonate with customers' beliefs and expectations (McDonald & Rundle-Thiele, 2008). Consequently, a well-crafted and regularly managed bank image not only attracts new clients but also encourages loyalty among existing ones, thereby driving overall customer satisfaction.

### **2.3 Concept of Customer Loyalty**

Customer loyalty is the ongoing relationship between a customer and a company, characterized by the customer's consistent preference for the company's products or services over those of competitors. This preference is often based on positive experiences, satisfaction with the company's offerings, and trust in the brand. Loyal customers are more likely to make repeat purchases, recommend the company to others, and provide valuable feedback, contributing to the long-term success and profitability of the business. In essence, customer loyalty reflects the customer's commitment to a brand and their willingness to continue engaging with it despite other available options. In the context of banking, customer loyalty means that customers continue to use the bank's services, recommend it to others, and have a positive view of the bank. This loyalty is essential for the bank's long-term success and stability.

Measuring customer loyalty is essential for businesses, including banks, to understand how well they are retaining customers and ensuring their satisfaction.

Various methods and metrics can help gauge customer loyalty. Measuring customer loyalty involves a combination of metrics and methods that assess customer retention, satisfaction, engagement, and behavior. By using these tools, banks can gain insights into how loyal their customers are and identify areas for improvement to enhance customer loyalty further.

Loyal customers tend to use more of the bank's products and services, such as loans, savings accounts, and investment products. This increases the bank's revenue. According to Griffin (1995), loyal customers are more profitable because they make more frequent and higher-value transactions. Satisfied customers often recommend the bank to friends and family. This word-of-mouth marketing is very effective because people trust recommendations from those they know. Kumar and Shah (2004) highlight that loyal customers act as brand ambassadors, attracting new customers to the bank.

Bruhn and Grund (2000) defined that organizations must prioritize customer satisfaction to have a competitive advantage in today's market. The reasoning behind this is that customer satisfaction leads to higher levels of customer loyalty. Companies with a higher number of loyal customers have a higher rate of repurchase, greater opportunities for cross-buying, increased pricing willingness, positive recommendation behavior, and a lower tendency to switch suppliers, all of which lead to an increase in profitability.

According to Heskett, Sasser, and Schlesinger (1997), customer loyalty has a substantial impact on a company's success and is regarded by many organizations as a source of competitive advantage. Therefore, consumer loyalty is a function of satisfaction (Fecikova, 2004). Loyal customers contribute to the firm's profitability by spending more money on the company's products and services, making repeat purchases, and recommending the organization to others (Bowen & Chen, 2001).

According to Omachonu et al. (2008), psychological state refers to a condition in which there exists a congruence between the emerging feeling and the accompanying expectation. Gerpott et al. (2001) discovered that customers who are satisfied with their purchases are more likely to continue making comparable purchases in the future. According to Chang (2015), satisfaction is a crucial variable driving consumer loyalty. Blodgett et al. (1997) emphasized the phenomena that delighted consumers aggressively promote the organization and demonstrate higher degrees of loyalty. Hence, it is crucial to incorporate customer satisfaction as a determinant of client loyalty in the present research.

- **Factors Affecting on Between Customer Satisfaction and Customer Loyalty**

Customer satisfaction and customer loyalty are crucial for the success and growth of any business. Service quality significantly affects both customer satisfaction and loyalty. When customers receive excellent service, they are more likely to be satisfied and remain loyal to the company. Service quality includes aspects like responsiveness, reliability, and empathy. According to Parasuraman, Zeithaml, and Berry (1988), service quality is a major determinant of customer satisfaction. Their research developed the SERVQUAL model, which identifies five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. High service quality leads to higher customer satisfaction, which in turn fosters customer loyalty.

The quality of the process offered by a company is another crucial factor. Effective process that meets or exceed customer expectations enhance satisfaction. When customers are satisfied with the process, they are more likely to become loyal. Kotler and Keller (2006) emphasize that acceptable speed of process is directly linked to customer satisfaction and is a fundamental aspect of customer loyalty. Price fairness plays a significant role in determining customer satisfaction. Customers want to feel that they are getting good value for their money. If they perceive prices as fair and reasonable, they are more likely to be satisfied and loyal. According to Xia, Monroe, and Cox (2004), perceived price fairness influences customer satisfaction, which subsequently affects loyalty.

Excellent customer communication enhances customer satisfaction by addressing issues promptly and effectively. When customers feel valued and well-treated, they are more likely to stay loyal. According to Homburg, Koschate, and Hoyer (2005), there is a positive relationship between customer communication and customer satisfaction, which in turn boosts customer loyalty. A positive corporate image and reputation influence customer satisfaction and loyalty. Customers tend to prefer companies that are perceived positively in terms of ethical behavior, social responsibility, and overall reputation. According to Fombrun and Shanley (1990), a strong corporate reputation can enhance customer loyalty by increasing customer satisfaction. Grönholdt et al. (2000), the relationship between customer loyalty and customer satisfaction is vital, as loyal consumers have a direct impact on a company's financial performance.

## **2.4 Related Theories**

The study integrates theoretical frameworks from service quality and marketing mix to enhance the understanding and presentation of its findings.

### **2.4.1 SERVQUAL Model**

The SERVQUAL model's components are widely acknowledged as an important indicator of service quality. The SERVQUAL Model is widely recognized as a leading framework for quality research in the service industry. It is widely used in marketing research, as well as in other areas like as hospitality and economics. The SERVQUAL concept is believed to have developed from Parasuraman, Zeitham, and Berry's 1985 research on the expectation-perception gap concept.

Perceived service quality, as defined in the model proposed by Parasuraman, Zeitham, and Berry (1985), is the difference between consumer expectations and actual perceptions. Brown and Bond's (1995) expectation-perception gap model is a well-known and essential framework in service quality research. According to Parasuraman, Berry, and Zeithaml (1985), perceived service quality is based on a consumer's appraisal of the service compared to their initial expectations. The idea of service quality includes five unique characteristics: (a) dependability, (b) responsiveness, (c) assurance, (d) empathy, and (e) tangibility.

### **2.4.2 Marketing Mix**

A marketing strategy is a strategic plan developed by a company to navigate the competitive terrain of the market. However, the document's primary goal is to outline the company's strategy approach to the market, which is broad. To implement a marketing strategy, a firm develops a marketing mix, which is a set of marketing tools used to influence product demand (Kotler & Armstrong, 2008). The marketing mix originally consisted of four main components, known as the 4Ps. These factors included Product, Price, Place, and Promotion. The marketing mix concept has evolved over time to include seven factors known as the "7Ps." Schneider and Bowen added these additional components in 1998: Processes, Physical Evidence, and People. The marketing mix in modern marketing systems consists of seven major components known as the 7Ps framework. These are product, pricing, location, promotion, people, physical proof, and procedure (Lovelock & Wirtz, 2011). This study will examine the impact of procedures

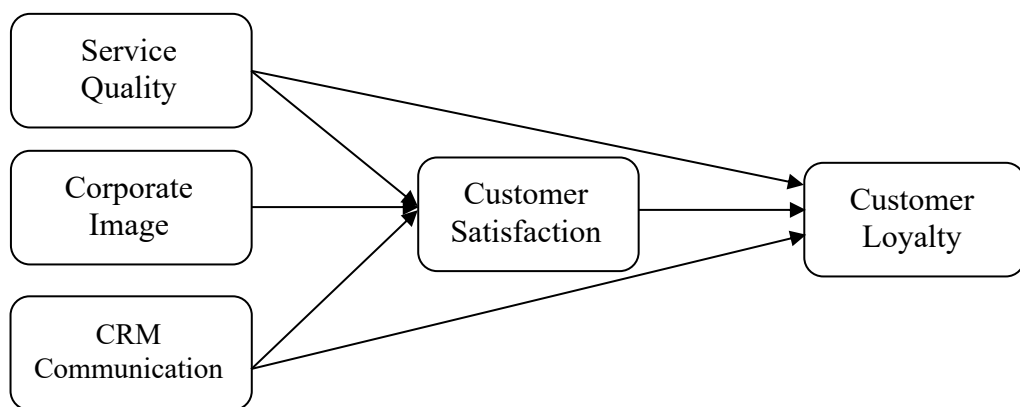
and promotions (communications) on customer satisfaction, identifying these elements as key variables.

## 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. Karyose et al., 2017, Ardani, 2021 and Fida, et al, 2020, are the authors of those papers.

According to Karyose et al., 2017 research, it is critical for firms to sustain loyalty to customers because doing so requires marketing strategy as an essential component that aids in customer retention. Their purpose was to investigate the impact of service quality, corporate image, and customer relationship marketing on customer satisfaction and retention. Figure 2.1 depicts the underlying conceptual structure of Karyose et al., 2017.

**Figure(2.1) The Effect of Service Quality, Corporate Image, Customer Relationship Marketing and Customer Satisfaction as Intervening Variable an Empirical Analysis Bank**



Source: Karyose et al., 2017

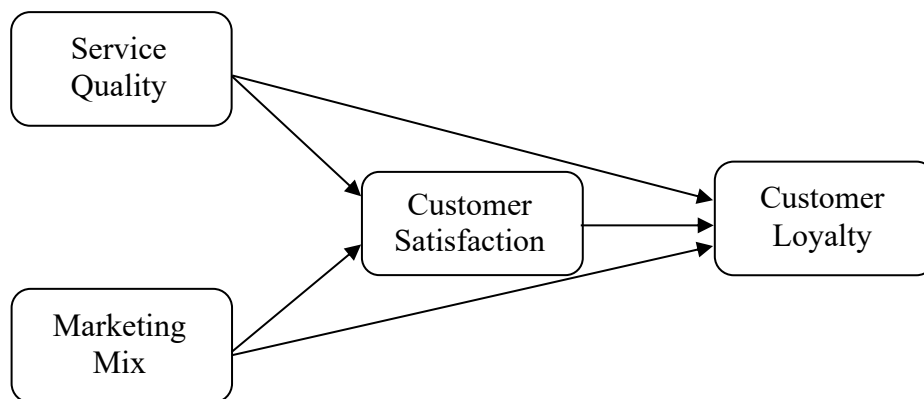
The study's participants are Malang-based bank clients. When the number of populations is infinite, the sample size is determined using the analytical techniques that will be utilized in the investigation. Karyose et al., 2017, reported a sample size of up to 180 respondents. Purposive sampling is used to select respondents who have opened a bank account in Malang City and have been saving for at least three years. The research revealed that Service Quality is judged by five indicators: tangibles, dependability, responsiveness, assurance, and empathy. Corporate image is comprised of four



indicators: personality, reputation, value, and corporate identity. Customer Relationship Marketing consists of three indicators: trust, commitment, and communication. Customer satisfaction is measured by three indicators: services that exceed expectations, positive feedback, and repurchase; customer loyalty is measured by three indicators: belief, recurrent use, and recommendation to others.

Ardani (2021) did a study to investigate the impact of marketing mix and service quality on customer satisfaction and loyalty using the idea of PT. Mutiara Cemerlang Utama Bali, a limited liability firm situated in Bali, Indonesia. The purpose of this study was to look into the impact of marketing mix and service quality on customer satisfaction and loyalty. The current study collected samples from the consumer base of PT. Mutiara Cemerlang Utama Bali. Ardani (2021) used a purposive sample technique to collect data, conducting interviews and distributing questionnaires. The data was then processed with the Partial Least Squares (PLS) analytical tool. The sample consisted of 120 people. Figure (2.2) depicts Ardani's planned framework for 2021.

**Figure (2.2) The Effect of Marketing Mix and Service Quality on Customer Satisfaction and Loyalty**

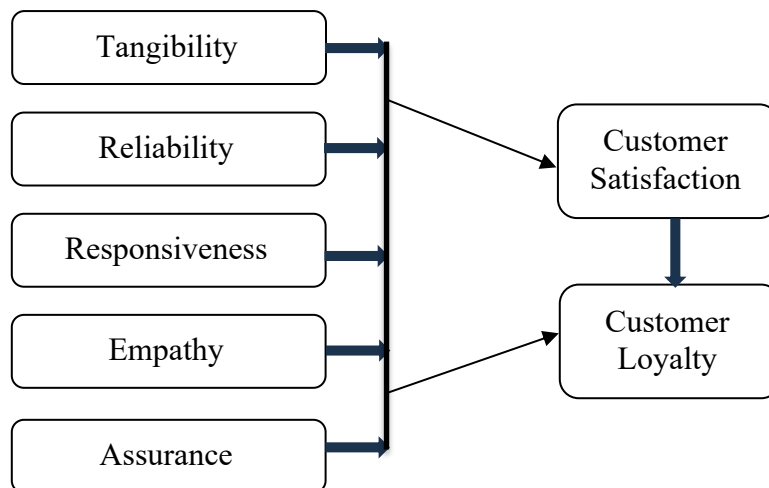


Source: Ardani, 2021

According to the data in Figure (2.2), Ardani, 2021, discovered a significant positive association between the marketing mix and customer satisfaction. The study reveals that customer satisfaction acts as an important mediator, connecting the marketing mix and service quality to customer loyalty. Satisfied clients are more likely to stay loyal to the bank, showing that boosting customer satisfactions through strategic marketing and high-quality service is critical for promoting long-term customer loyalty in the banking industry.

Fida et al. (2020) investigated the impact of service quality on customer loyalty and satisfaction using the SERVQUAL model for four major Islamic banks in the Sultanate of Oman. Data were collected from 120 Oman Islamic bank clients using a standardized, self-administered questionnaire based on the convenience sample method. The correlation analysis looked for significant correlations among the research variables. According to the study, a "Agree" response in the five areas of tangibles, responsiveness, reliability, assurance, and empathy has the greatest impact on customer loyalty and satisfaction. Figure (2.3) depicts the conceptual framework proposed by Fida et al. (2020).

**Figure (2.3) Relationship of Service Quality and Customer Satisfaction of Islamic banks in Oman**



Source: Fida, et al, (2020)

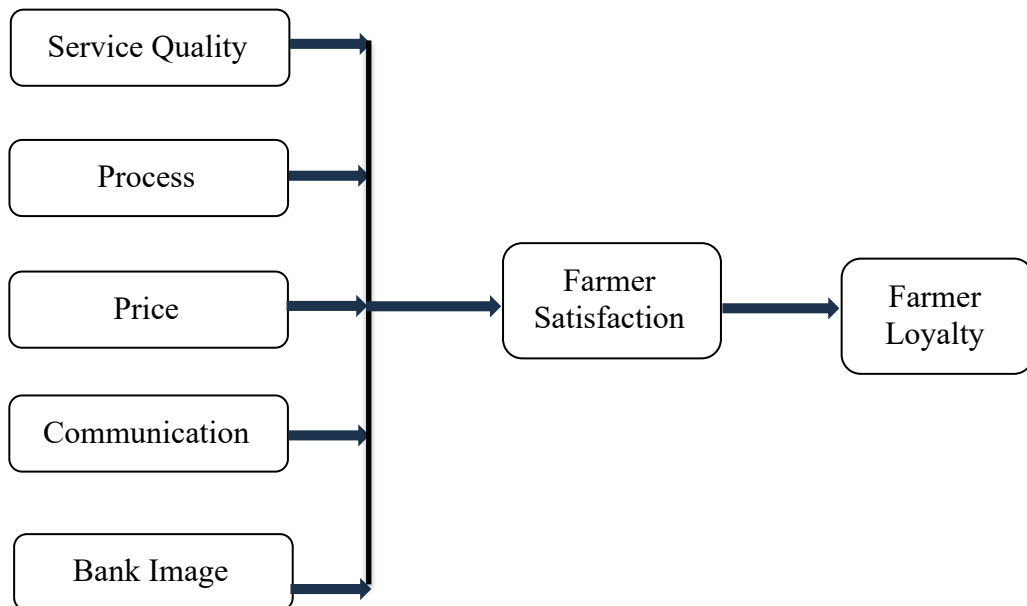
According to Figure (2.3), the study found a substantial association between three variables: service quality, customer satisfaction, and customer loyalty. The regression results showed that the empathy and responsiveness dimensions had a significant beneficial impact on customer satisfaction.

## 2.6 Conceptual Framework of the Study

The theoretical backdrop, literature review, and previous models are used to build the study's conceptual framework. In this study, service quality, loan process, price, communication, and company image are the primary independent variables, whereas farmer satisfaction and loyalty are the dependent variables. Figure (2.4) depicts the

study's conceptual framework, which builds on the three preceding conceptual frameworks discussed above.

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



Source: Own Compilation, 2024

The study of the data shown in Figure (2.4) demonstrates the presence of five key aspects that have a substantial impact: service quality, process, price, communication, and bank image. When considering acquiring a loan, farmers frequently analyze the level of service quality provided by "A" Bank. Furthermore, farmers have challenges when confronted with a lengthy loan application process or a complex set of terms and conditions.

Ardani (2021) cites aspects such as service quality, process, price, farmer satisfaction, and farmer loyalty. Karyose et al. (2017) examined the concept of a moderating variable, specifically communication and bank image. As a result, the goal of this study is to determine the extent to which key factors are related to farmer satisfaction. Additionally, this study looks into the potential impact of customer satisfaction on customer loyalty. The purpose of this study is to investigate and assess how "A" bank's service quality, marketing mix, and image affect the relationship between farmer satisfaction and loyalty. This study primarily looks at how farmers' perceptions of "A" Bank's reputation in agriculture loan provision affect their satisfaction and loyalty.

## **Working Definitions**

**Service Quality:** Service quality is how well a service matches what customers expect. It's about the overall experience customers have when they deal with a service provider including factors like reliability, responsiveness, empathy, assurance, and tangibles. It's essentially how well a service is delivered and how satisfied customers feel with that delivery.

**Process:** The process refers to the series of steps or actions taken to complete a task or achieve a specific outcome. It involves the structured and organized flow of activities that are necessary to accomplish a goal, such as applying for and obtaining an agricultural loan from "A" bank.

**Price:** In this study, price refers service charges (processing fee, interest rate and late fee) for agriculture loan provided by "A" bank.

**Communication:** Communication refers to the exchange of information between "A" bank and the customer regarding the loan status, updates, and details related to the agricultural loan. It encompasses how effectively information is shared through various channels such as phone, email, or in-person interactions.

**Bank Image:** Bank image refers to the collective perception and reputation that "A" bank holds within the agricultural sector and among its farmers. It reflects how the bank is viewed in terms of trustworthiness, reliability, commitment to farmer needs.

**Farmer Satisfaction:** This term relates to the satisfaction of loan conditions, the quickness of loan approval, bank communication, and the superior performance of "A" bank.

**Farmer Loyalty:** In this study, farmer loyalty is defined as advising others to use "A" Bank's services, being loyal to "A" Bank, and intending to continue using "A" Bank.

## **CHAPTER III**

### **PROFILE AND ANALYSIS OF INFLUENCING FACTORS ON AGRICULTURE LOAN SERVICES OF “A” BANK**

This chapter provides an overview of “A” Bank. It includes the profile of “A” Bank, organization structure of “A” Bank, products and services of “A” Bank, loan products of “A” bank and agriculture loan product of “A” bank. Finally, it provides the respondents' profiles based on survey results.

#### **3.1 Profile of “A” Bank**

Ayeyarwaddy Farmers Development Bank (A bank) is established on December 3, 2014, under Notification No. 3, 2014 by the Central Bank of Myanmar and the Company was registered on December 22, 2014 in accordance with the Myanmar Companies Law. Commercial Banking License No. MAB/P-34/ (11) 2015 on November 17, 2015 and the first branch of Patheingyi was opened on 17 November, 2015, “A” bank operates a network of 48 branches nationwide. “A” bank have entrenched good corporate governance in our business, while setting the tone that supports moral righteousness, transparency, and fairness. “A” bank adheres to the highest principles of ethical conduct surpass all statutory prerequisites in taking our business to the next level as we are committed to responding to expectations of stakeholders, communities, and society. “A” bank has undertaken its business in strict compliance with the Financial Institutions Law, 2016 and notifications and regulations of the Central Bank of Myanmar, as well as other related regulatory requirements. “A” Bank conducts the fundamental commercial banking business, including Remittance Services, Loans, Corporate and International Trade Financing.

Vision of “A” Bank is to become an innovative and dynamic bank in Myanmar with strong commitments to cultivate positive and sustainable outcomes for all stakeholders. The mission of the “A” bank are as follows:

Mission of “A” Bank is

- To deliver authentic, accessible, adjustable, advanced and accommodating products and services
- To employ asset-light, cost-efficient and digital-driven approach

- To leverage our network of local and international partners to deliver positive impacts
- To strengthen national financial inclusion efforts with providing accessible and equal financial opportunity for all underserved populations through innovative channels

### **3.2 Organization Structure of “A” bank**

“A” bank has created an organizational structure to provide great service to all customers. A strong organizational structure can help a bank grow while providing a wide range of financial services. The organizational structure of “A” bank shows in Appendix C.

The organizational structure of "A" Bank, as depicted in the provided image, illustrates a comprehensive and hierarchical system designed to ensure efficient management and operational effectiveness. “A” bank is structured into 41 divisions and departments overseen by five management C levels, six committees. At the apex are the Shareholders and the Board of Directors, chaired by the CEO and supported by Advisors and Vice Chairmen. This top-tier management is complemented by various committees, including the Steering, Asset & Liability Management, Nomination & Remuneration, Credit, Risk Management, and Audit Committees, ensuring governance and oversight across all critical aspects of the bank's operations.

The C-Level executives, encompassing roles such as the Chief Compliance Officer, A+ Chief Technology Officer (CTO), Deputy CEOs, Chief Financial Officer (CFO), and Chief Risk Officer, lead specialized departments that focus on key functional areas. These include Legal & Compliance, ICT, Human Resources, Corporate Banking, SME Business, Trade Finance, Accounting, Risk Management, and more. Each executive oversees multiple subdivisions, ensuring a dedicated focus on areas like Retail Product Development, Marketing, Customer Services, and Digital Retail Transactions, among others.

This organizational structured approach facilitates a clear delineation of responsibilities and promotes a cohesive strategy aligned with the bank's objectives. Additionally, divisions such as Internal Audit, Strategy, and Transformation play pivotal roles in maintaining the integrity, strategic direction, and adaptability of the bank. Overall, "A" Bank's organizational framework is meticulously crafted to support its

complex operations and strategic goals, embodying a model of structured efficiency and governance.

### **3.3 Products and Services of “A” bank**

"A" Bank offers range of products and services designed to meet the diverse financial needs of its customers. The bank's offerings include a variety of deposit accounts, loan options, and specialized financial services tailored for both individuals and businesses. Customers can choose from savings accounts, call accounts, fixed accounts, current accounts, and trust accounts, as well as foreign currency accounts and the exclusive ICONIC account for personalized banking experiences. In addition to traditional banking services, "A" Bank provides robust support for trade and transaction banking, including import and export financing, border trade payment services, and other trade-related services. The bank's treasury services encompass money market operations, currency swaps, and foreign exchange services, ensuring comprehensive financial management. Embracing digital transformation, "A" Bank offers digital channels such as A+ Wallet, mobile banking, and internet banking to provide convenient and accessible banking solutions. Further enhancing its service portfolio, the bank offers additional services like safe deposit boxes, gift cheques, and SMS alert services. "A" Bank is committed to standing with its customers, providing a holistic banking experience that addresses a wide array of financial needs. The products and services of “A” bank shows in Appendix C.

### **3.4 Loan Products of “A” bank**

In the contemporary banking landscape, "A" Bank stands out with a diversified portfolio of loan products designed to cater to a wide range of financial requirements for both individuals and businesses. The strategic categorization and extensive variety of these loan types underscore the bank’s commitment to fostering economic growth and supporting customer financial health. Each loan type is crafted to address specific needs, offering tailored financial solutions that ensure accessibility, flexibility, and support for various economic activities.

- **Working Capital Loan:** Working capital loans are essential financial instruments aimed at supporting the short-term operational needs of businesses.

"A" Bank’s working capital loans provide enterprises with the necessary liquidity

to manage day-to-day expenses, bridge cash flow gaps, and maintain smooth operational continuity. These loans are particularly critical for businesses experiencing seasonal fluctuations or those that require immediate funds to manage inventory and accounts receivable.

- **Investment Loan:** Investment loans offered by "A" Bank are designed to empower businesses and individuals to undertake significant capital investments. These loans facilitate the acquisition of long-term assets, such as real estate, machinery, or technology, which are pivotal for expansion and growth. By providing access to substantial capital, investment loans enable borrowers to leverage opportunities that enhance their operational capabilities and market competitiveness.
- **Supply Chain Financing:** Supply chain financing is a specialized loan product that addresses the financial needs arising from the supply chain operations of businesses. "A" Bank's supply chain financing solutions ensure that suppliers and manufacturers can access timely funds to manage production and delivery schedules. This type of financing helps mitigate the risk of supply chain disruptions, ensuring stability and reliability in the production and distribution processes.
- **Project Loan:** Project loans are integral for financing large-scale projects that require substantial capital investment over an extended period. "A" Bank's project loans cater to infrastructure developments, construction projects, and other extensive initiatives. These loans are structured to cover the entire project lifecycle, from initial planning and development to execution and completion, thereby ensuring comprehensive financial support throughout the project duration.
- **Partner Loan:** Partner loans are collaborative financial products designed to support joint ventures and business partnerships. "A" Bank's partner loans facilitate the pooling of resources between business partners, enabling them to undertake ventures that require combined expertise and capital. These loans are structured to promote synergy and shared risk, fostering cooperative business endeavors that drive mutual growth and success.
- **Hire Purchase:** Hire purchase agreements provided by "A" Bank allow customers to acquire assets through installment payments. This loan type is



particularly beneficial for individuals and businesses seeking to purchase equipment, vehicles, or other high-value assets without making an immediate lump sum payment. The hire purchase model enhances affordability and cash flow management, making it easier for borrowers to manage their financial commitments.

- **Personal Loan:** Personal loans from "A" Bank offer flexible financial solutions for individual needs, ranging from debt consolidation to funding personal projects or covering unexpected expenses. These unsecured loans are characterized by their quick approval process, competitive interest rates, and flexible repayment terms, providing borrowers with the financial flexibility to address a variety of personal financial goals.
- **Home Loan:** Home loans are a cornerstone of "A" Bank's loan offerings, designed to facilitate home ownership and real estate investment. These loans provide long-term financing options for purchasing, building, or renovating residential properties. With competitive interest rates and flexible repayment plans, "A" Bank's home loans make it accessible for individuals to achieve their home ownership aspirations.
- **SME Loan:** Small and Medium Enterprise (SME) loans are tailored to support the growth and development of small businesses. "A" Bank's SME loans provide vital funding for working capital, expansion projects, and operational improvements. These loans are structured to accommodate the unique needs and challenges faced by SMEs, offering flexible terms and conditions that promote sustainable business growth.
- **Agriculture Loan:** Agriculture loans are specifically designed to support the agricultural sector, providing farmers and agribusinesses with the financial resources needed for crop production, livestock management, and agricultural infrastructure development. "A" Bank's agriculture loans offer favorable terms and specialized support, recognizing the critical role of agriculture in economic development and food security.

### 3.5 Agriculture Loan of "A" Bank

Agricultural loans are essential financial instruments designed to support farmers, agribusinesses, and other stakeholders in the agricultural sector. In countries like

Myanmar, where agriculture is a fundamental part of the economy, these loans play a crucial role in fostering growth and development. They provide the necessary capital for purchasing inputs such as seeds, fertilizers, and machinery, investing in infrastructure like irrigation systems and storage facilities, and supporting livestock and crop production. By offering customized financial solutions, agricultural loans help enhance productivity, increase incomes, and promote sustainable agricultural practices. "A" Bank is committed to facilitating access to these vital resources, thereby contributing to the overall economic stability and advancement of the agricultural sector.

### **3.5.1 Requirement of Agriculture Loan**

To obtain an agricultural loan from "A" Bank, applicants must meet particular requirements and deliver the required documentation. Individuals, cooperatives, and agribusinesses that actively engage in agricultural activities are eligible, and they must provide documentation of land ownership or lease. A completed loan application form, proof of identity (National Registration Card), property ownership or leasing agreement, a detailed business plan, and financial records from previous agricultural activities are all required. Collateral, such as land, machinery, or cattle, may be required depending on the loan amount and kind, with the value covering the loan amount. The bank provides attractive interest rates as well as flexible payback terms that correspond to agricultural cycles. Creditworthiness is evaluated using the applicant's financial history and business viability. The application procedure consists of initial consultation, document submission, evaluation, approval, fund disbursement, and continuing monitoring and support to ensure compliance and successful loan utilization.

### **3.5.2 Operation Process of Agriculture Loan**

The process of obtaining an agriculture loan involves several steps designed to ensure thorough evaluation and responsible lending. The bank ensures that loan documentation is promptly and accurately processed within two-week to four-week time frame, from application submission to loan disbursement. This process begins with the initial interaction between the customer and the financial institution. The steps are as follows:

**Dealing with Customer:** The process starts with engaging the customer, where preliminary discussions are held to understand their requirements and to establish a relationship.

**Discuss with Customer:** In this step, more detailed discussions take place. The customer's financial needs, business plans, and potential loan purposes are explored in depth. This stage is crucial for gathering necessary information and clarifying any doubts the customer may have.

**Document:** After the discussions, the customer is required to submit relevant documents. These may include business plans, financial statements, identification documents, and any other paperwork necessary for loan assessment.

**Site Visit Business and Collateral:** To verify the information provided and assess the viability of the business or collateral, a site visit is conducted. This step helps in evaluating the physical aspects of the business and ensures that the collateral offered meets the required standards.

**Prepare Credit Proposal:** Based on the collected data and site visit observations, a comprehensive credit proposal is prepared. This proposal outlines the loan amount, terms, and conditions, as well as the business's capacity to repay the loan.

**Credit Risk and Analysis:** The credit proposal undergoes a thorough risk assessment and analysis. Financial experts evaluate the creditworthiness of the customer, potential risks involved, and the overall feasibility of extending the loan.

**Approve for Credit Committee (CC):** Once the analysis is complete, the proposal is forwarded to the Credit Committee for approval. The committee reviews the proposal, taking into account the risk analysis and other relevant factors.

**Disbursement:** Upon approval from the Credit Committee, the loan is sanctioned and the disbursement process begins. Funds are released to the customer according to the agreed terms, and the customer can utilize the loan for their agricultural business needs.

Each of these steps is vital to ensure that the loan process is transparent, thorough, and aligns with both the lender's and the borrower's best interests. This systematic approach helps in mitigating risks and promoting sustainable agricultural development.

### **3.6 Influencing Factors of Agriculture Loan at “A” Bank**

This study focuses on analyzing the factors that influence the agriculture loan performance of "A" Bank in Southern Shan State, encompass a blend of economic, environmental, and sociocultural dimensions, which are critical for a region predominantly reliant on agriculture. The economic viability of farmers is a primary determinant, influenced by factors such as the profitability of crops, market access, and prevailing prices for agricultural produce. Land tenure security and the availability of collateral, often in the form of land or equipment, significantly impact farmers' eligibility for loans. Additionally, the efficiency and accessibility of financial services provided by "A" Bank, including the simplicity of application processes and the presence of local branches, play a crucial role in facilitating loan acquisition. Government agricultural policies, subsidies, and support programs, aimed at enhancing agricultural productivity and rural incomes, also affect the lending landscape. Environmental factors, such as soil fertility, water availability, and susceptibility to climatic variations, are critical, as they directly influence crop yields and farmers' ability to repay loans. The sociocultural context, including the level of financial literacy, trust in formal banking institutions, and community support structures, further shapes the dynamics of agricultural lending. In Southern Shan State, where ethnic diversity and varying levels of infrastructure development present unique challenges, these factors interplay within a complex rural development framework, underscoring the need for tailored financial products and services that address the specific needs of local agricultural communities.

#### **3.6.1 Service Quality of Agriculture Loan at “A” Bank**

"A" Bank has provided exceptional service quality regarding agricultural loans, demonstrating professionalism, expertise, and efficiency. “A” bank staff handling the loan process exhibited a high level of professionalism, ensuring that every aspect of the loan application and approval process was conducted with utmost care and attention to detail. The knowledge of "A" Bank staff regarding agricultural loans was particularly impressive. They were well-versed in the various types of loans available, the eligibility criteria, and the documentation required. This extensive knowledge enabled them to offer precise and helpful advice, guiding customers through the complexities of agricultural financing. In terms of efficiency, "A" Bank staff excelled in addressing customer inquiries. Whenever a question or concern arose, the staff responded promptly and

accurately, minimizing any potential delays or misunderstandings. Empathy and understanding were also key elements of the service provided by "A" Bank. "A" bank staff took the time to listen carefully to customers' difficulties and needs, demonstrating genuine empathy.

The service quality provided by "A" Bank in relation to agricultural loans was outstanding. The combination of professionalism, extensive knowledge, efficiency, empathy, and convenience created a comprehensive and customer-focused service. This approach ensured that customers received the support and guidance they needed to secure the appropriate financing for their agricultural endeavors. The positive experiences of customers highlighted the bank's commitment to excellence and its understanding of the unique requirements of the agricultural sector.

### **3.6.2 Process of Agriculture Loan at "A" Bank**

"A" Bank has developed a straightforward and user-friendly process for agricultural loans, ensuring that customers can easily handle each step from application to disbursement. The required documentation for agricultural loans is also designed to be easy to understand. "A" Bank ensures that all necessary forms and requirements are clearly explained, minimizing confusion and reducing the likelihood of errors. This clarity helps customers gather and submit the correct documents quickly, speeding up the overall process. Transparency is a key feature of "A" Bank's agricultural loan approval process. Customers are kept informed at every stage, from the initial application to the final approval. This transparency helps build trust, as customers are aware of what to expect and can see that their applications are being handled fairly and efficiently.

Following up on the status of an agricultural loan application is made easy by "A" Bank. Customers can check the progress of their applications through various channels, including online platforms, phone calls, or visits to the bank. Efficiency and expediency are hallmarks of "A" Bank's loan approval process for agricultural loans. The bank recognizes the time-sensitive nature of agricultural activities and strives to approve loans as quickly as possible. By expediting the approval process, "A" Bank ensures that customers receive the necessary funds without undue delay. "A" Bank ensures that the funds provided are sufficient and offer adequate support to meet the needs of the customers. "A" bank carefully assesses each application to determine the appropriate

loan amount, ensuring that customers receive enough financial support to achieve their agricultural goals.

"A" Bank has established an agricultural loan process that is simple, transparent, efficient, and supportive. The ease of the application and documentation requirements, coupled with transparent communication and efficient approval, create a seamless experience for customers. The sufficient disbursement of loan amounts further underscores the bank's commitment to supporting the agricultural community.

### **3.6.3 Price of Agriculture Loan at "A" Bank**

"A" Bank has positioned itself as a leader in the agricultural loan market by offering competitive and transparent pricing, making their loans an attractive option for farmers and agricultural businesses. The interest rate on agricultural loans provided by "A" Bank is affordable, which is a crucial factor for customers who often operate on tight margins. In addition to the affordable interest rates, the fees associated with "A" Bank's agricultural loans, such as processing fees, are reasonable. The bank is committed to maintaining fair and justifiable charges for its services, which helps to keep the overall cost of borrowing low. Penalty charges, such as those for late payments, are also kept at a reasonable level by "A" Bank. Transparency is a cornerstone of "A" Bank's policies regarding agricultural loan pricing and fees.

The overall value of the agricultural loan offered by "A" Bank is seen as excellent for the expense. Compared to other banks, "A" Bank's pricing for agricultural loans is highly competitive. "A" bank continuously monitors the market to ensure that its rates and fees remain attractive and in line with industry standards. "A" Bank has established a robust and customer-friendly pricing structure for its agricultural loans. The affordable interest rates, reasonable fees, and transparent policies ensure that borrowers can access the financial support they need without excessive costs. This approach, coupled with the perceived value of the loan and the competitive pricing compared to other banks, makes "A" Bank a preferred choice for those seeking agricultural financing. Through its thoughtful and fair pricing strategies, "A" Bank continues to support the growth and success of the agricultural community.

#### **3.6.4 Communication of Agriculture Loan at “A” Bank**

"A" Bank has established an effective communication system regarding the status of agricultural loans, ensuring that customers are well-informed and supported throughout the process. From the initial application to the final approval and disbursement, "A" Bank keeps customers updated on the status of their loans. This ongoing communication helps borrowers feel confident that their applications are being handled efficiently and transparently. The promptness and accuracy of the communication from "A" Bank are particularly noteworthy. Whenever there is an update or a need for additional information, the bank reaches out to customers without delay.

"A" Bank ensures that any charges or updates related to agricultural loans are communicated in a timely manner. Customers are promptly informed of any changes to interest rates, fees, or repayment schedules, allowing them to plan and manage their finances accordingly. This timely communication demonstrates the bank's commitment to transparency and customer service, helping to build trust and reliability. Customers have expressed high satisfaction with the communication channels provided by "A" Bank. Whether through phone calls, emails, or in-person visits, the bank offers multiple avenues for customers to receive information and support.

The communication provided by "A" Bank regarding agricultural loans is exemplary. The effectiveness, clarity, promptness, and accuracy of the information provided ensure that customers are always well-informed and supported. "A" bank's commitment to timely updates and transparent communication builds a strong relationship of trust with its customers. "A" Bank excels in its communication efforts related to agricultural loans. The combination of clear and understandable information, prompt and accurate updates, and multiple effective communication channels ensures that customers feel supported and informed at every step. This high level of communication quality contributes significantly to the overall satisfaction of customers and underscores "A" Bank's dedication to providing excellent service in the agricultural sector.

#### **3.6.5 Bank Image on Agriculture Loan**

"A" Bank has an excellent reputation within the agricultural community, positioning itself as a trustworthy and reliable financial institution dedicated to the success of farmers. "A" bank's commitment to offering customized financial solutions

has been a cornerstone of its success. "A" Bank understands that the needs of farmers are unique and diverse, requiring specialized loan products and services. Trustworthiness is another key attribute that has cemented "A" Bank's reputation within the agricultural community. "A" bank's consistent delivery of reliable and transparent services has built a strong foundation of trust.

Active participation in community activities has also significantly enhanced "A" Bank's image. "A" bank's involvement in agricultural events, sponsorships, and local initiatives demonstrates a genuine commitment to the community it serves. This engagement goes beyond mere financial transactions, showing that "A" Bank is invested in the overall well-being and development of the agricultural sector. Farmers appreciate the bank's presence and support in their community, which exceeds expectations and strengthens the bond between the bank and its customers.

Ethical standards are at the heart of "A" Bank's operations. "A" bank ensures that all actions and decisions are guided by high ethical principles, fostering a culture of integrity and responsibility. "A" Bank has successfully built a solid and commendable reputation within the agricultural community. Its dedication to providing tailored financial solutions, coupled with a trustworthy and ethical approach, has earned the respect and loyalty of farmers.

"A" Bank's excellent reputation in the agricultural community is a testament to its unwavering dedication to customer service, ethical practices, and community involvement. Through its tailored financial solutions, transparent communication, and active engagement, "A" Bank has established itself as a trusted and respected institution, making a meaningful impact on the lives and businesses of farmers. This strong reputation ensures that "A" Bank remains a preferred choice for agricultural loans and financial services, fostering long-term relationships and continued success within the community.



**CHAPTER IV**  
**ANALYSIS OF FACTORS AFFECTING FARMER**  
**SATISFACTION TOWARDS AGRICULTURE LOAN AT “A” BANK**

This chapter is divided into three sections, with the first one focusing on research design. The second section provides an overview of the respondents' profiles. The third section comprises an analysis of the agricultural loan services provided at "A" bank.

**4.1 Research Design**

The primary purpose of this study is to analyze the levels of farmer satisfaction and loyalty, specifically in relation to the agriculture loan services provided at "A" Bank. Academic research frequently makes use of both primary and secondary data. To collect primary data, a standardized questionnaire was used, which included a 5-point Likert scale. According to the Yamane Formula (1967), a sample of 170 farmers who had borrowed agricultural loans from "A" bank were analyzed, leading to the identification of 120 farmers. The sample size is determined by using the simple random sampling procedure to select persons. The Yamane sample size formula is presented as follows:

- Yamane's formula for sample size calculation;

$$n = \frac{N}{1 + N(e)^2}$$

$$N = 170$$

$$e = 0.05$$

$$n = 120$$

The variables in this formula are:

n = the sample size

N = the population of the study

e = the margin error in the calculation

The questionnaire adopted in this study is structured into two distinct sections. In Section A, the respondents are prompted to submit demographic information. In Section B, the study examines customer views of service quality supplied by "A" bank through

the application of a 5-point Likert scale. The survey was performed from June 10th, 2024 to June 24th, 2024 using a Google form. This study employs both descriptive and quantitative research methodologies. Secondary data sources widely exploited in academic research comprise numerous forms of information. These sources may consist of "A" Bank records, previously published articles, earlier research papers, related textbooks, and international studies collected from reliable internet domains. Regression analysis is performed to examine the survey data to analyze the association between independent factors and the dependent variable.

#### 4.2 Reliability Test

Reliability analysis is an essential procedure for evaluating the properties of measuring scales and investigating the links between survey responses. This study used a 5-point Likert scale to assess the many aspects that influence farmer satisfaction with agricultural loans from "A" bank. Table 4.1 summarizes the reliability analysis results.

**Table: (4.1) Reliability Test of Overall Constructed Factors**

No.	Items	Number of Items	Cronbach's Alpha
1	Service Quality	5	0.916
2	Process	6	0.91
3	Prices	6	0.911
4	Communication	5	0.946
5	Bank Image	6	0.911
6	Farmer Satisfaction	6	0.913
7	Farmer Loyalty	6	0.914

Source: Survey Data (2024)

According to the Table (4.1), it could be observed that of per Cronbach's Alpha all values are good reliability because of higher than 0.8 and then the alpha value of Farmer Satisfaction and Farmer Loyalty are 0.913 and 0.914 indicating that reliability is located. Therefore, this factor is internally consistency and reliability to analyze the effect of factors affecting farmer satisfaction towards agriculture loan at "A" bank.

### 4.3 Demographic Profile of the Respondents

The demographic characteristics of the respondents such as gender, age, Marital status, education background, farm size and period of farming are described in this study. They are shown in the following Table (4.2).

**Table (4.2) Demographic Profile of Respondents**

<b>Particular</b>	<b>Number</b>	<b>Percentage</b>
<b>Total Number of Respondents</b>	<b>120</b>	<b>100</b>
Gender		
• Male	50	41.7
• Female	70	58.3
Age		
• Under or Equal 29 years	23	19.2
• 30 - 40 years	45	37.5
• 41 - 50 years	30	25.0
• Equal or Over 51 years	22	18.3
Marital Status		
• Single	50	41.7
• Married	69	57.5
• Other	1	0.8
Educational Background		
• High School	42	35.0
• Under Graduate	29	24.2
• Graduate	44	36.7
• Other	5	4.1
What is the size of your farm?		
• 1-5 acres	34	28.3
• 6-10 acres	52	43.3
• 11-20 acres	26	21.7
• More than 20 acres	8	6.7

Particular	Number	Percentage
How long have you been involved in farming?		
• Less than or Equal 1 year	12	10.0
• 2-5 years	31	25.8
• 6-10 years	37	30.8
• 11-20 years	24	20.0
• More than 20 years	16	13.3

Source: Survey Data (2024)

According to the data shown in table (4.2), the sample's gender distribution is 41.7% male (50 respondents) and 58.3% female (70 respondents). The age distribution shows that 19.2% (23 respondents) are under or equal to 29 years old, 37.5% (45 respondents) are between the ages of 30 and 40, 25% (30 respondents) are between the ages of 41 and 50, and 18.3% (22 respondents) are 51 years or older. In terms of marital status, 41.7% (50 respondents) are single, 57.5% (69 respondents) are married, and just 0.8% (1 respondent) fall into the 'other' group. The respondents' educational backgrounds show that 35% (42%) have completed high school, 24.2% (29%) have an undergraduate degree, 36.7% (44%) are graduates, and 4.1% (5%) have other forms of education.

For the farm size, 28.3% (34 respondents) manage 1-5 acres, 43.3% (52 respondents) manage 6-10 acres, 21.7% (26 respondents) oversee 11-20 acres, and 6.7% (8 respondents) work on farms greater than 20 acres. According to the duration of involvement in farming, 13.3% (16 respondents) have been farming for less than or equal to one year, 10% (12 respondents) for 2-5 years, 25.8% (31 respondents) for 6-10 years, 30.8% (37 respondents) for 11-20 years, and 20% (24 respondents) for more than 20 years.

#### **4.4 Respondents Perception on Service Quality, Process, Communication, Price and Bank Image**

This section describes how customers perceive five significant variables: service quality, process, price, communication, and bank image, all of which have an impact on farmer satisfaction and loyalty. A structured questionnaire was distributed to a sample of 120 farmers who received agricultural loans from "A" bank, with Google Forms serving

as the data collection tool. The primary data was collected using structured questions on a five-point Likert scale (1=strongly dissatisfied, 2=dissatisfied, 3=Neutral, 4=content, and 5=strongly satisfied). This approach was used to identify the factors that influence farmers' opinions. Table 4.3 depicts the mean rating scale, which is consistent with Best's (1977) findings.

**Table (4.3) Mean Rating Scale**

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

Source: Best, 1977

Best (1977) identified the mean rating scale including score range and mean rating to interpret the primary data collected by using structured questionnaire with 5-point Likert scale. This study uses mean rating score of Best (1977).

#### **4.4.1 Respondents Perception on Service Quality**

Service quality of "A" bank is measured in terms of professionalism, knowledge, efficiency, empathy, and convenience of services provided to customers. Professionalism ensures transactions are handled with expected standards, while competence reflects the bank's ability to provide knowledgeable advice and support. Efficiency indicates timely service, empathetic interactions enhance customer satisfaction, and convenience measures how easily clients can access and utilize banking services. Table (4.4) describes the perceptions of the respondents towards the services quality on agriculture loan of "A" bank.

**Table (4.4) Mean Scores of Perception on Service Quality**

No.	Service Quality	Mean	Std. Deviation
1	“A” bank staff handling agriculture loan is professional.	4.15	0.73
2	The knowledge of “A” bank staff regarding agricultural loans is satisfying.	4.55	0.50
3	The efficiency of “A” bank staff in addressing inquiries is outstanding.	4.13	0.73
4	“A” bank staff listening to customers' difficulties and needs with empathy is appreciated.	4.56	0.50
5	“A” bank providing services, such as branch locations and working hours, is convenient.	4.13	0.72
Overall Mean		4.30	

Source: Survey Data (2024)

Based on the Table, to examine the service quality at “A” Bank, five statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.4). According to the results of Table (4.4), respondent perceptions of service quality on farmer satisfaction of agriculture loans at “A” bank, the overall mean score of 4.30 indicates a very high level of satisfaction among the farmers. It was also found that “A” bank staff listening to customers' difficulties and needs with empathy is appreciated, with the highest mean score of 4.56.

#### **4.4.2 Respondents Perception on Process**

Process of "A" bank is measured that loan process is straightforward, with clear and understandable documentation, transparent approval procedures, easy follow-up on application status, efficient processing, and sufficient disbursement amounts, ensuring adequate support for customer. Table (4.5) describes the perceptions of the respondents towards the process on agriculture loan of “A” bank.

**Table (4.5) Mean Scores of Perception on Process**

<b>No.</b>	<b>Process</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Applying for "A" bank's agriculture loan is simple and easy.	4.03	0.84
2	Understanding the required agriculture loan documents from "A" bank is easy.	4.07	0.81
3	Approving "A" bank's agriculture loan is transparent.	4.13	0.72
4	Following up on the agriculture loan process status is easy for customers.	4.14	0.71
5	Expediting "A" bank's loan approval process for agriculture is efficient.	4.04	0.83
6	Disbursing the amount of the agricultural loan by "A" bank was sufficient and provided adequate support.	4.04	0.80
Overall Mean		4.07	

Source: Survey Data (2024)

Based on the Table, to examine the process at “A” Bank, six statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.5). According to the results of Table (4.5), respondents’ perceptions of process on farmer satisfaction on agriculture loans of 'A' bank with an overall mean satisfaction score of 4.07 out of 5, the survey results indicate a high level of "A" bank's agriculture loan processes on farmer satisfaction. It was also found that “Following up on the agriculture loan process status is easy for customers”, with the highest mean score of 4.14.

#### **4.4.3 Respondents Perception on Price**

Price of "A" bank is measured based on its affordability in terms of interest rates, reasonableness of fees such as processing charges, and fairness of penalty fees for late payments. Transparency in policies regarding agricultural loan pricing and fees also

plays a crucial role in determining how farmers perceive the overall value offered by "A" bank's agricultural loans compared to other financial institutions. These factors collectively gauge whether the price of "A" bank's agricultural loans aligns with farmer expectations and contributes to their satisfaction. Table (4.6) describes the perceptions of the respondents towards the price on agriculture loan of "A" bank.

**Table (4.6) Mean Scores of Perception on Price**

<b>No.</b>	<b>Price</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Providing an affordable interest rate for the agricultural loan by "A" bank.	3.95	0.85
2	Finding the fees associated with the agricultural loan, such as processing fees are reasonable.	4.01	0.81
3	Considering penalty charges, such as late payments on your agricultural loan from "A" bank are reasonable.	3.98	0.85
4	Ensuring "A" bank's policies regarding agriculture loan pricing and fees are transparent.	4.09	0.79
5	Feeling that the agricultural loan offered by "A" bank offers value for the expense.	4.11	0.81
6	Comparing "A" Bank's agriculture loan pricing to other banks, finding it competitive.	4.18	0.83
Overall Mean		4.05	

Source: Survey Data (2024)

Based on the Table, to examine the price at "A" Bank, six statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.6). According to the results of Table (4.6), respondents' perceptions of process on farmer satisfaction on agriculture loans of 'A' bank with an overall mean satisfaction score of 4.05 out of 5, the survey results indicate a high level of "A" bank's agriculture loan processes on farmer satisfaction. It was also found that compared to other banks, "Comparing "A" Bank's agriculture loan pricing to other banks, finding it competitive", with the highest mean score of 4.18.



#### 4.4.4 Respondents Perception on Communication

Communication of “A” bank regarding agriculture loan statuses is measured by its impact on farmer satisfaction. The clarity and understandability of the communication received from the bank are pivotal in ensuring that farmers are well-informed about their loan processes. Prompt and accurate updates from the bank foster trust and reliability, crucial for farmers who depend on timely financial support for their agricultural activities. Table (4.7) describes the perceptions of the respondents towards the communication on agriculture loan of “A” bank.

**Table (4.7) Mean Scores of Perception on Communication**

<b>No.</b>	<b>Communication</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Communicating of "A" bank's agriculture loan status is effectively.	4.58	0.50
2	Receiving communication from "A" Bank is clear and understandable.	4.65	0.48
3	Receiving communication from "A" Bank being prompt and accurate.	4.71	0.46
4	"A" bank informing about any charges or updates related to the agriculture loan timely updated.	4.60	0.49
5	Rating satisfaction with the communication channels provided by "A" bank (e.g., phone, email, in-person).	4.68	0.47
Overall Mean		4.64	

Source: Survey Data (2024)

Based on the Table, to examine the communication at “A” Bank, five statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.7). According to the results of Table (4.7), the overall mean satisfaction score of 4.64 indicates a very

high level of "A" bank's communication on farmer satisfaction regarding agriculture loans. It was also found that receiving communication from "A" Bank being prompt and accurate, with the highest mean score of 4.71.

#### 4.4.5 Respondents Perception on Bank Image

Bank image of "A" bank is measured its overall reputation within the agricultural community, focusing on several key aspects that contribute to farmer satisfaction. “A” bank sought to evaluate its trustworthiness as a financial institution and its dedication to providing tailored financial solutions that help farmers thrive. Additionally, “A” bank wanted to assess the accuracy of its agricultural loan advertisements in depicting the range of financing options available to farmers. Another critical area of measurement was the impact of the bank's active participation in agricultural community activities on stakeholder perceptions. in serving the agricultural community. Table (4.8) describes the perceptions of the respondents towards the bank image on agriculture loan of “A” bank.

**Table (4.8) Mean Scores of Perception on Bank Image**

No.	Bank Image	Mean	Std. Deviation
1	Establishing "A" bank's overall reputation within the agricultural community as excellent.	4.08	0.76
2	Building a solid reputation as one of the most trustworthy financial institutions by "A" Bank.	4.12	0.80
3	Dedication by "A" bank to providing tailored financial solutions to help farmers thrive.	4.10	0.79
4	"A" bank's agricultural loan advertisements accurately depicting the range of financing options available to farmers.	4.13	0.80
5	"A" bank's active participation in agriculture community activities exceeding expectations and impressing stakeholders.	4.08	0.82
6	Ensuring that all actions by "A" bank are guided by high ethical standards.	4.09	0.85
Overall Mean		4.10	

Source: Survey Data (2024)

Based on the Table, to examine the bank image at “A” Bank, six statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.8). According to the results of Table (4.8), the overall mean score of 4.10 indicates high level of farmer satisfaction on the bank's image, specifically regarding agricultural loans. It was also found that "A" bank's agricultural loan advertisements accurately depict the range of financing options available to farmers, with the highest mean score of 4.13.

The overall mean values of factors affecting farmer satisfaction towards agriculture loan at “A” bank in Table (4.9).

**Table (4.9) Overall Mean Scores**

No.	Influencing Factors	Mean
1	Service Quality	4.30
2	Process	4.07
3	Price	4.05
4	Communication	4.64
5	Bank Image	4.10

Source: Survey Data (2024)

According to the Table (4.9), all factors According to the survey results, all the overall mean scores of influencing factors are above 4.00, high level. Based on the findings, it can be concluded that farmers have a positive perception towards the agriculture loan services of “A” bank especially in service quality, process, price, communication and bank image.

#### **4.4.6 Respondents Perception on Farmer Satisfaction**

Farmer satisfaction of "A" bank in this study is likely focused on measuring how well their agricultural loan products and services meet the specific needs of farmers, as well as the quality of customer service and support provided during and after the loan

process. Table (4.10) describes the perceptions of the respondents towards farmer satisfaction on agriculture loan of “A” bank.

**Table (4.10) Mean Scores of Perception on Farmer Satisfaction**

<b>No.</b>	<b>Farmer Satisfaction</b>	<b>Mean</b>	<b>Std. Deviation</b>
1	Farmers being pleased with the agricultural loan from "A" bank, as it addresses their specific financial challenges adequately.	4.09	0.77
2	The loan offered by "A" bank perfectly aligning with agricultural requirements.	4.14	0.75
3	Receiving customer service from “A” bank provided for agriculture loan both helpful and satisfactory.	4.50	0.58
4	Experiencing the overall process of obtaining the loan as efficient and hassle-free.	4.52	0.56
5	"A" bank's agriculture loan terms being exactly anticipated for the season.	4.12	0.74
6	Being thoroughly satisfied with the support received from “A” bank during the duration of the loan.	4.14	0.71
<b>Overall Mean</b>		<b>4.25</b>	

Source: Survey Data (2024)

Based on the Table, to analyze the farmer satisfaction at “A” Bank, six statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.10). According to the results of Table (4.10), the impact of "A" bank's agricultural loan services on farmer satisfaction, achieving an overall mean rating of 4.25 signifies a very high level of satisfaction among farmers. It was also found that experiencing the overall process of obtaining the loan as efficient and hassle-free, with the highest mean score of 4.52.

#### 4.4.7 Respondents Perception on Farmer Loyalty

Farmer loyalty in this study is measure that farmers' intent to borrow again from "A" bank in the future provides a crucial indicator of satisfaction and trust in the bank's services. Secondly, measuring the likelihood that farmers would recommend "A" bank to their peers serves as a proxy for customer advocacy and perceived service quality.

**Table (4.11) Mean Scores of Perception on Farmer Loyalty**

No.	Farmer Loyalty	Mean	Std. Deviation
1	Foreseeing myself borrowing from “A” bank again in the future.	4.13	0.78
2	Probably suggesting “A” bank to other farmers.	4.14	0.78
3	Committing to "A" bank much greater than any other bank I've dealt with.	4.13	0.77
4	Using "A" bank for additional services, including savings accounts and remittance options.	4.13	0.80
5	Ready to share positive experiences with "A" bank to help others discover excellent services.	4.20	0.71
6	Overall, quite content with the relationship with “A” bank.	4.12	0.78
Overall Mean		4.14	

Source: Survey Data (2024)

Based on the Table, to analyze the farmer loyalty at “A” Bank, six statements were prepared as part of the questions, and the results indicate the overall mean score and standard deviation, as displayed in Table (4.11). According to the results of Table (4.11), farmer loyalty on agricultural loans with an overall mean score of 4.14 reveals several significant implications. It was also found that farmers are ready to share their positive experiences with "A" bank to help others discover excellent services, with the highest mean score of 4.20.

#### 4.5 Analysis of Influencing Factors on Farmer Satisfaction

To complete a standardized questionnaire by asking 120 respondents to determine the relationship between leadership style and customer satisfaction. Multiple regression is used to examine the data, and the outcome is shown in Table (4.12).

**Table (4.12) Effect of Influencing Factors on Farmer Satisfaction**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.282	.305		.924	.357		
Service Quality	.325***	.091	.302	3.553	.001	.286	3.493
Process	.145**	.064	.196	2.266	.025	.275	3.636
Prices	.138**	.058	.198	2.359	.020	.293	3.409
Communication	.187**	.075	.134	2.502	.014	.722	1.385
Bank Image	.136**	.060	.194	2.254	.026	.279	3.583
R Square	0.765						
Adjusted R Square	0.754						
F value	74.042***						

Source: Survey Data (2024)

Notes: \*\*\* Significant at 1% and \*\* Significant at 5%,

According to the Table (4.12), the analysis of influencing factors on farmer satisfaction highlights the significant contributions of service quality, process efficiency, pricing, communication, and bank image. The regression model explains a substantial portion of the variance in farmer satisfaction, with an  $R^2$  value of 0.765 and an adjusted  $R^2$  value of 0.754, indicating that approximately 76.5% of the variability in satisfaction can be attributed to these factors. The model's F value of 74.042 further supports its overall significance.

Service quality has the most pronounced effect on farmer satisfaction, as indicated by its highest standardized coefficient Beta of 0.302 ( $p = 0.001$ ). This suggests

that farmers place significant value on the quality of service they receive, including aspects such as responsiveness, reliability, and overall performance of the service provider. High service quality leads to positive experiences, thereby increasing satisfaction levels.

The process factor, with a Beta of 0.196 ( $p = 0.025$ ), shows that efficient and streamlined processes are crucial for farmer satisfaction. This includes the ease of access to services, the simplicity of procedures, and the speed of service delivery. When processes are efficient, farmers can achieve their goals more effectively and with less hassle, enhancing their overall satisfaction.

Pricing, represented by a Beta of 0.198 ( $p = 0.020$ ), is also a significant determinant of satisfaction. Fair and competitive pricing ensures that farmers feel they are receiving value for their money. Reasonable prices for services or products reduce financial burdens and contribute to a positive perception of the service provider, thereby increasing satisfaction.

Communication is another vital factor, with a Beta of 0.134 ( $p = 0.014$ ). Effective communication encompasses clear, timely, and transparent interactions between the service provider and the farmers. Good communication helps in setting accurate expectations, resolving issues promptly, and building trust, all of which are essential for high satisfaction levels.

Finally, the image of the bank with a Beta of 0.194 ( $p = 0.026$ ) significantly impacts on farmer satisfaction. A positive bank image, built through a reputation for reliability, trustworthiness, and good service, can enhance satisfaction. Farmers are more likely to feel secure and valued when they perceive the bank as reputable and supportive of their needs.

Overall, these findings illustrate those multiple factors, including service quality, process efficiency, pricing, communication, and bank image, collectively influence farmer satisfaction. Addressing these areas comprehensively can lead to improved satisfaction and stronger engagement with the farming community.

#### **4.6 Analysis of Farmer Satisfaction on Farmer Loyalty**

Structured surveys were distributed to 120 consumers in order to examine the relationship between farmer satisfaction and loyalty. To examine the data, regression is employed, and the findings are presented in Table 4.13.

**Table (4.13) Effect of Farmer Satisfaction on Farmer Loyalty**

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	.027	.370		.073	.942
Farmer Satisfaction	.968***	.087	.717	11.185	.000
R Square	.515				
Adjusted R Square	.511				
F value	125.106***				

Source: Survey Data (2024)

Notes: \*\*\* Significant at 1% Level

According to the table (4.13), the analysis reveals a significant positive relationship between farmer satisfaction and farmer loyalty. The unstandardized coefficient (B) for farmer satisfaction is 0.968, with a standard error of 0.087, indicating a substantial and precise effect. The standardized coefficient (Beta) of 0.717 underscores the average influence of farmer satisfaction on farmer loyalty, with a t-value of 11.185 and a significance level (Sig.) of 0.000, which is significant at the 0.001 level.

The model explains a considerable portion of the variance in farmer loyalty, as evidenced by the R Square value of 0.515. This suggests that 51.5% of the variability in farmer loyalty can be accounted for by farmer satisfaction. The Adjusted R Square value of 0.511 confirms the model's robustness, adjusting for the number of predictors in the model. The F value of 125.106, which is significant at the 0.001 level, further corroborates the overall significance of the regression model.

These findings highlight that farmer satisfaction is a critical determinant of farmer loyalty. The strong positive association indicates that as farmer satisfaction increases, so does farmer loyalty. This insight emphasizes the importance for agricultural businesses and policymakers to prioritize enhancing farmer satisfaction to loyalty, which could lead to more stable and productive agricultural practices and relationships.



## **CHAPTER V**

### **CONCLUSION**

This chapter presents the conclusion derived from the analysis of the thesis results. It is organized into three primary sections: findings and discussion, recommendations, and future research needs.

#### **5.1 Findings and Discussions**

This study investigates the factors affecting farmer satisfaction towards agriculture loan at “A” bank, focusing on five factors: service quality, process, price, communication and bank image, all are relevant to farmer satisfaction and loyalty. Data were collected from a sample of 120 individuals farmer in Southern Shan State who received the agriculture loan from “A” bank. From the overall population, 170 farmers (constituting 71% of the target group) were chosen through simple random sampling. The respondents in the study are mainly women, most of whom are between 30 and 40 years old. Most respondents are high school and graduate, most of them have six to ten acres and the majority have six to ten years of farming experience.

The findings for the first objective, to examine factors affecting farmer satisfaction towards agriculture loan at “A” Bank, revealed that all variables had mean values that were higher, which effectively indicated farmer satisfaction. The findings of the survey indicate that service quality is a significant factor in influencing farmer satisfaction. This high score indicates that farmers highly value the reliability, responsiveness, empathy, and overall performance provided by the bank's staff.

This high score highlights the critical role of effective communication in farmer satisfaction. Clear, supportive, and regular updates about the loan process are highly valued. “A” bank’s success in this area should be sustained by leveraging technology to improve information dissemination and customer support.

The loan process also a crucial factor for farmer satisfaction. This score reflects the importance of a streamlined, efficient, and transparent loan application, approval, and disbursement process. Agriculture loans from "A" Bank are crucial for farmers and agricultural businesses, providing financial support for various needs like purchasing equipment, seeds, or expanding operations. Regular reviews by the bank help monitor progress and manage risks, ensuring loans remain beneficial and sustainable for

borrowers. "A" Bank's agriculture loans facilitate growth and stability in the agricultural sector, supporting livelihoods and economic development.

Price factors, including interest rates and fees indicates that affordability and transparency in pricing are vital to farmer satisfaction. "A" Bank offers competitive pricing on its agricultural loans. The interest rates are affordable, ensuring accessibility for farmers and agricultural businesses. "A" bank's transparent policies regarding loan pricing and fees instill confidence among borrowers, ensuring clarity and fairness throughout the loan process. "A" Bank's agricultural loan provides good value for money spent, making it a favorable choice compared to other banks in the market.

The bank image showing its importance in influencing farmer satisfaction. "A" Bank enjoys an excellent reputation within the agricultural community, known for its trustworthiness and dedication to farmers' financial well-being. "A" bank has built this reputation by offering tailored financial solutions that meet the specific needs of agricultural businesses, fostering growth and sustainability. Their advertisements accurately portray a diverse range of financing options available to farmers, enhancing transparency and trust. Moreover, "A" Bank actively engages in community activities, exceeding expectations with its commitment to agricultural development.

The second objective of the study is to analyze the effect of farmer satisfaction on loyalty towards agriculture loan at "A" Bank. The analysis indicates that higher satisfaction levels directly contribute to increased loyalty among farmers. The factors influencing satisfaction and their corresponding mean scores provide insights into how they affect loyalty. Farmers who are satisfied with their loan experience are more likely to seek subsequent loans from "A" Bank. Satisfied farmers are more inclined to recommend "A" Bank to their peers. High satisfaction leads to stronger, long-term relationships with the bank.

Based on the result from the multiple regression analysis, highlight the significance of service quality, process efficiency, price transparency, communication, and bank image in impacting farmer satisfaction and loyalty towards agricultural loan at "A" Bank. By achieving excellence in these specific areas, "A" bank has the potential to improve farmer satisfaction, resulting in enhanced loyalty that is demonstrated through repeated borrowing, positive word-of-mouth recommendations, and the establishment of long-term connections. These findings offer a strategic orientation for the bank to

concentrate on crucial areas that have a substantial influence on farmer satisfaction and loyalty.

## **5.2 Suggestions and Recommendations**

Based on the research findings, “A” bank should implement continuous training programs for its staff to enhance their customer service skills, ensuring they provide reliable, responsive, and empathetic service. “A” bank should establish regular feedback mechanisms to gather farmer opinions on service quality, using this feedback to identify areas for improvement and recognize staff who excel in customer service. “A” bank should develop personalized banking services that serve to the unique needs of farmers, fostering a stronger connection and higher satisfaction levels.

“A” bank should utilize various communication channels (SMS, email, mobile apps) to provide clear and timely information to farmers about loan terms, conditions, and updates. “A” bank will strengthen customer support services by providing easy access to bank representatives who can assist with queries and concerns. It will consider implementing a dedicated helpline for farmers. “A” bank should engage with farmers proactively, providing them with regular updates on market trends, loan products, and financial management tips.

“A” bank should simplify the loan application process to make it more user friendly, including reducing paperwork and utilizing digital platforms for applications. “A” bank should improve the efficiency of the loan approval and disbursement process by implementing automated systems to reduce approval times and ensure timely fund disbursement. “A” bank should maintain transparency throughout the loan processing stages, keeping farmers informed about their application status and expected timelines.

“A” bank should regularly review and adjust interest rates to remain competitive in the market while ensuring they are fair and affordable for farmers. “A” bank should ensure that all fees and charges associated with loans are clearly communicated to farmers upfront to avoid misunderstandings and build trust. “A” bank should offer flexible repayment options tailored to the cash flow cycles of farmers, helping to reduce financial stress and increase satisfaction.

“A” bank should increase its involvement in local agricultural events and initiatives, supporting community development projects that benefit the farming community. “A” bank should invest in brand-building activities that promote its

reliability, ethical practices, and commitment to supporting farmers. “A” bank should use data analytics to gain insights into farmer needs and preferences, allowing for more tailored services and proactive issue resolution. “A” bank should implement loyalty programs that reward repeat borrowers with benefits such as lower interest rates, quicker processing times, or additional services.

By emphasizing improving service quality, simplifying loan procedures, ensuring competitive and transparent pricing, expanding communication, and bolstering its reputation, "A" Bank will greatly increase farmer satisfaction and loyalty. By efficiently implementing these guidelines, "A" Bank may establish better and enduring relationships with farmers, presenting itself as a trusted and preferred provider of agricultural loans.

### **5.3 Needs for Further Study**

This study focuses on the factors affecting farmer satisfaction towards agriculture loan at “A” bank. Future researchers should expand comparative analyses across multiple banks and financial institutions to identify best practices in service delivery, pricing transparency, and communication strategies that consistently enhance farmer satisfaction. Future researcher should investigate optimal ways to integrate digital platforms into agricultural banking to maximize farmer satisfaction. This includes exploring mobile applications, online portals, and digital payment systems that are user-friendly, secure, and accessible across different regions and demographics. This study specifically examines five key elements that have an impact, including service quality, process, price, communication and bank image. It is advisable to do additional research to explore additional influential aspects, such as financial literacy and promotions, in order to comprehensively examine the various factors that can impact farmer satisfaction.

## REFERENCES

- Al-Eisa, A. S., & Alhemoud, A. M. (2009). *Service quality and its impact on customer satisfaction in the banking sector of Kuwait*. *International Journal of Marketing Studies*, 1(1), 79-91.
- Anderson, E. W., Fornell, C., & Lehmann, D. R. (1993). *Customer satisfaction, market share, and profitability: Findings from Sweden*. *Journal of Marketing*, 58(3), 53-66.
- Ardani, A. (2021). *The role of customer experience in banking services*. *International Journal of Financial Studies*, 9(1), 12-23.
- Ateba, B. B., Prinsloo, J. J., & Gawlik, R. (2015). *Enhancing customer satisfaction in the South African banking sector*. *South African Journal of Economic and Management Sciences*, 18(3), 437-456.
- Bennett, R., & Kottasz, R. (2012). *Relationship marketing: The importance of customer satisfaction and retention in the banking sector*. *International Journal of Bank Marketing*, 30(4), 310-320.
- Best, R. J. (1977). *Market-based management: Strategies for growing customer value*. Prentice Hall.
- Bitner, M. J., & Hubbert, A. R. (1994). Encounter satisfaction versus overall satisfaction versus quality. In R. T. Rust & R. L. Oliver (Eds.), *Service Quality: New Directions in Theory and Practice* (pp. 72-94). Sage Publications.
- Blodgett, J. G., Wakefield, K. L., & Barnes, J. H. (1997). *The effects of customer service on customer satisfaction and loyalty*. *Journal of Retailing*, 73(1), 65-82.
- Bowen, J. T., & Chen, S. L. (2001). *The relationship between customer satisfaction and loyalty: A contingency approach*. *Journal of Service Marketing*, 15(2), 80-88.
- Brown, T. J., & Bond, K. (1995). *The internal/external service quality gap*. *Journal of Service Research*, 1(1), 6-21.
- Bruhn, M., & Grund, S. (2000). *Relationship marketing: Management of customer relationships*. Pearson.

- Casaló, L. V., Flavián, C., & Guinalíu, M. (2008). *The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth in the e-banking services*. *International Journal of Bank Marketing*, 26(6), 399-417.
- Chang, H. H. (2015). *Understanding the impact of customer experience on customer satisfaction and loyalty in the mobile banking context*. *Journal of Retailing and Consumer Services*, 22, 220-230.
- Chen, C.-F., & Chang, Y.-Y. (2005). *Examining airline service quality from a process perspective*. *Journal of Air Transport Management*, 11(2), 79-87.
- Clow, K. E., & Baack, D. (2007). *Integrated Advertising, Promotion, and Marketing Communications* (3rd ed.). Pearson Education.
- Cronbach, L. J. (1951). *Coefficient alpha and the internal structure of tests*. *Psychometrika*, 16(3), 297-334.
- Doyle, P., & Stern, P. (2006). *Marketing Management and Strategy* (4th ed.). Prentice Hall.
- Eisa, A. H., & Alhemoud, A. M. (2009). *Measuring customer satisfaction of the banking sector in Kuwait*. *Journal of International Business and Economics*, 9(2), 115-121.
- Fecikova, I. (2004). *An index method for measuring customer satisfaction*. *Journal of Business Economics and Management*, 5(1), 61-70.
- Fida, B., Muneeb, A., & Usman, A. (2020). *Impact of customer satisfaction on customer loyalty in banking sector: A study from Pakistan*. *Journal of Business and Social Review in Emerging Economies*, 6(1), 131-140.
- Fombrun, C. J., & Shanley, M. (1990). *What's in a name? Reputation building and corporate strategy*. *Academy of Management Journal*, 33(2), 233-258.
- Gerpott, T. J., Rams, W., & Schindler, A. (2001). *Customer retention, loyalty, and satisfaction in the German mobile telecommunications market*. *Telecommunications Policy*, 25(4), 249-269.
- Griffin, J. (1995). *Customer loyalty: How to earn it, how to keep it*. Jossey-Bass.
- Grönholdt, L., Martensen, A., & Kristensen, K. (2000). *The relationship between customer satisfaction and loyalty: A study of the Danish retail banking sector*. *International Journal of Bank Marketing*, 18(4), 144-159.

- Grönroos, C. (2007). *Service management and marketing: Customer management in service competition* (3rd ed.). John Wiley & Sons.
- Harrington, R. J., & Weaven, S. (2009). *Franchising, trust, and relationship quality*. *Journal of Business and Industrial Marketing*, 24(2), 95-107.
- Heskett, J. L., Sasser, W. E., & Schlesinger, L. A. (1997). *The service profit chain: How leading companies link profit and growth to loyalty, satisfaction, and value*. Free Press.
- Homburg, C., Koschate, N., & Hoyer, W. D. (2005). *The link between customer satisfaction and recommendation*. *Journal of Marketing*, 69(2), 84-96.
- Jamal, A., & Naser, K. (2002). *Customer satisfaction and retail banking: An assessment of some of the key antecedents of customer satisfaction in retail banking*. *International Journal of Bank Marketing*, 20(4), 146-160.
- Kabir, M. M., Saidin, S. Z., & Ahmi, A. (2009). *Factors influencing customer satisfaction in Islamic banks in Bangladesh*. *Journal of Islamic Banking and Finance*, 26(4), 23-36.
- Karyose, J. C., Chetan, H., & Tiwari, R. (2017). *Customer satisfaction in banking: A comprehensive review*. *International Journal of Banking, Accounting, and Finance*, 8(2), 130-144.
- Kim, H. J., Park, J., & Jeong, S. W. (2016). *The effect of customer satisfaction on repurchase intention in Korean online shopping malls*. *Journal of Business Research*, 69(10), 4568-4574.
- Kotler, P., & Armstrong, G. (2008). *Principles of marketing* (13th ed.). Prentice Hall.
- Kotler, P., & Keller, K. L. (2006). *Marketing management* (12th ed.). Prentice Hall.
- Krivobokova, T. (2009). *Determination of smoothing parameters in penalized spline regression*. *Journal of the American Statistical Association*, 104(487), 964-974.
- Kumar, V., & Shah, D. (2004). *Building and sustaining profitable customer loyalty for the 21st century*. *Journal of Retailing*, 80(4), 317-330.
- Ladhari, R. (2009). *A review of twenty years of service quality research in the hospitality industry: Key attributes and issues*. *Managing Service Quality: An International Journal*, 19(3), 266-280.

- Lim, P. S., Tang, N. K. H., & Jackson, P. M. (2006). *An innovative framework for health services performance measurement*. *Benchmarking: An International Journal*, 13(4), 469-492.
- Lovelock, C. H., & Wirtz, J. (2011). *Services marketing: People, technology, strategy* (7th ed.). Pearson.
- McDonald, M., & Rundle-Thiele, S. (2008). *Market segmentation* (3rd ed.). Wiley.
- McDougall, G. H. G., & Levesque, T. (1996). *Determinants of customer satisfaction in retail banking*. *International Journal of Bank Marketing*, 14(7), 12-20.
- Mohammad, A. A. (2015). *Customer satisfaction and loyalty in the digital age*. *International Journal of Research in Marketing*, 34(3), 273-285.
- Mohr, J., & Nevin, J. R. (1990). *Communication strategies in marketing channels: A theoretical perspective*. *Journal of Marketing*, 54(4), 36-51.
- Morgan, R. M., & Hunt, S. D. (1994). *The commitment-trust theory of relationship marketing*. *Journal of Marketing*, 58(3), 20-38.
- Nair, M. (2013). *Customer satisfaction: A study of bank services*. *International Journal of Business and Management Invention*, 2(4), 32-38.
- Nasser, A., Jamal, K., & Al-Khatib, J. (1999). *Service quality and customer satisfaction: The moderating role of culture*. *Journal of International Marketing*, 7(3), 39-57.
- Nguyen, N., & Leblanc, G. (2001). *Corporate image and corporate reputation in customers' retention decisions in services*. *Journal of Retailing and Consumer Services*, 8(4), 227-236.
- Oliver, R. L. (2006). *Customer Satisfaction Research*. In M. E. Williams (Ed.), *The American Customer Satisfaction Index at Ten Years* (pp. 1-18). Marketing Science Institute.
- Omachonu, V. K., & Einspruch, N. G. (2008). *Service engineering: An overview*. *Journal of Service Science*, 1(1), 19-28.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). *A conceptual model of service quality and its implications for future research*. *Journal of Marketing*, 49(4), 41-50.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). *SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality*. *Journal of Retailing*, 64(1), 12-40.



- Rod, M., Ashill, N. J., Carruthers, J., & Shao, J. (2009). *An examination of the relationship between service quality dimensions, overall internet banking service quality and customer satisfaction*. *Marketing Intelligence & Planning*, 27(1), 103-126.
- Schultz, R. J., & Bailey, J. P. (2000). *Customer satisfaction and loyalty in e-markets*. *Electronic Markets*, 10(1), 62-69.
- Sopasoap, W., Anurugsa, P., & Wannoo, F. (2020). *An empirical study on customer satisfaction in Thai banking industry*. *Journal of Business and Retail Management Research*, 14(4), 97-110.
- Suchánek, P., Richter, J., & Králová, M. (2014). *Customer satisfaction and loyalty in Czech banks*. *European Financial and Accounting Journal*, 9(1), 6-23.
- Suresh Chandar, G. S., Rajendran, C., & Anantharaman, R. N. (2002). *The relationship between service quality and customer satisfaction: A factor specific approach*. *Journal of Services Marketing*, 16(4), 363-379.
- Susanto, H. (2010). *Analysis of factors influencing customer satisfaction in banking*. *Journal of Management and Marketing Research*, 5, 1-14.
- Varki, S., & Colgate, M. (2001). *The role of price perceptions in an integrated model of behavioral intentions*. *Journal of Service Research*, 3(3), 232-240.
- Winkler, R. L. (1995). *Introduction to Bayesian Inference and Decision* (2nd ed., p. 439). Probabilistic Publishing.
- Xia, L., Monroe, K. B., & Cox, J. L. (2004). *The effects of price and brand on customer satisfaction: A longitudinal study*. *Journal of Retailing*, 80(4), 309-319.
- Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd ed.). Harper and Row.
- Yeo, R. K., Carter, S., & Callender, G. (2015). *Service quality and customer satisfaction in public sector organizations: A pathway to efficiency and effectiveness*. *Journal of Service Theory and Practice*, 25(5), 579-592.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). *The behavioral consequences of service quality*. *Journal of Marketing*, 60(2), 31-46.

## APPENDIX-A

### STRUCTURED QUESTIONNAIRE

Dear Respondents,

Your response to my inquires is greatly appreciated. This study is a requirement for the partial fulfillment of the degree of Master of Banking and Finance (MBF). The purpose of this questions is " Factors Affecting Farmer Satisfaction Towards Agriculture Loan Provided at "A" Bank". The information you submit will be maintained in strict confidence and utilized exclusively for academic purposes. Kindly respond to all inquires in the survey questionnaire spreadsheet provide below.It is crucial that you provide a response.I want to express my gratitude in advance for the time you have dedicated to completing this questionnaire.

#### Section I: Demography of Respondents (Tick one)

Fill in the following questions in the space provided by putting a tick [✓].

1. What is your gender?  
Male   
Female
2. What is your age?  
Under or Equal 29 years   
30 – 40 years   
41 – 50 years   
Equal or Over 51 years
3. What is your marital status?  
Single   
Married   
Other
4. What is your education background?  
High School   
Under Graduate   
Graduate   
Other

5. What is the size of your farm?
- 1 – 5 acres
- 6 – 10 acres
- 11 – 20 acres
- More than 20 acres
6. How long have you been involved in farming?
- Less than or Equal 1 yr
- 2 – 5 years
- 6 – 10 years
- 11 – 20 years
- More than 20 years

**Section II: Please state the level of your agreement on each statement by providing the most relevant number.**

**Please tick appropriately on scale of 1 to 5.**

1=Very dissatisfied    2=Dissatisfied    3=Neutral.    4=Satisfied    5=Very satisfied

<b>(A) Service Quality</b>						
No.	Particular	1	2	3	4	5
1	"A" bank staff who handles your loan is professional.					
2	The knowledge of "A" bank staff regarding agriculture loans was satisfied.					
3	The efficiency of 'A' bank staff in addressing your inquiries was outstanding.					
4	"A" bank staff carefully listens to customers' difficulties and needs with empathy.					
5	"A" bank services, such as branch locations and working hours, were convenient.					

<b>(B) Process</b>						
No.	Particular	1	2	3	4	5
1	“A” bank agriculture loan application process is simple and easy.					
2	“A” bank required agriculture loan document is easy to understand.					
3	"A" bank agriculture loan approval process was transparent.					
4	Customer can easily follow up on the agriculture loan process status.					
5	"A" bank's loan approval process for agriculture is efficient and expedited.					
6	“A” bank’s disbursed amount of the agricultural loan was sufficient and provided adequate support.					

<b>(C) Price</b>						
No.	Particular	1	2	3	4	5
1	The interest rate of the agricultural loan provided by "A" bank is affordable.					
2	The fees associated with the agricultural loan, such as processing fees are reasonable.					
3	The penalty charges such as late payments on your agricultural loan from “A” bank are reasonable.					
4	"A" bank’s policies regarding agriculture loan pricing and fees are transparent.					
5	You feel that the agriculture loan has been offered by “A” bank value for the expense.					
6	Compared to other banks, "A" Bank's agriculture loan pricing is competitive.					

<b>(D) Communication</b>						
No.	Particular	1	2	3	4	5
1	"A" bank's communication regarding your agriculture loan status is effective.					
2	The communication you receive from "A" Bank is clear and understandable.					
3	The communication you receive from "A" Bank is prompt and accurate.					
4	"A" bank informed you that any charges or updates related to your agriculture loan were timely updated.					
5	Rate your satisfaction with the communication channels provided by "A" bank (e.g., phone, email, in-person).					

<b>(E) Bank Image</b>						
No.	Particular	1	2	3	4	5
1	The overall reputation of "A" bank within the agricultural community is excellent.					
2	"A" Bank has built a solid reputation as one of the most trustworthy financial institutions.					
3	"A" bank is dedicated to providing tailored financial solutions to help farmers thrive.					
4	"A" bank's agricultural loan advertisements accurately depict the range of financing options available to farmers.					
5	"A" bank's active participation in agriculture community activities has truly exceeded my expectations and impressed me.					
6	"A" bank ensures that all actions are guided by high ethical standards.					

<b>(F) Farmer Satisfaction</b>						
No.	Particular	1	2	3	4	5
1	Farmers are pleased with the agricultural loan from "A" bank, as it addresses their specific financial challenges adequately.					
2	The loan offered by "A" bank is perfectly aligned with your agricultural requirements.					
3	You are pleased with the customer service from "A" bank provided for your agriculture loan, finding it to be both helpful and satisfactory.					
4	I am pleased with the overall experience of obtaining the loan, as it was efficient and hassle-free.					
5	"A" bank agriculture loan terms were exactly what you anticipated for the season.					
6	I am thoroughly satisfied with the support I received from "A" bank during the duration of my loan.					

<b>(G) Farmer Loyalty</b>						
No.	Particular	1	2	3	4	5
1	I foresee myself borrowing from "A" bank again in the future.					
2	I would probably suggest "A" bank to other farmers.					
3	My commitment to "A" bank is much greater than any other bank I've dealt with.					
4	I will use "A" bank for additional services, including savings accounts and remittance options.					
5	I'm ready to share my positive experiences with "A" bank to help others discover excellent services.					
6	Overall, I am quite content with my relationship with "A" bank.					

**Thank you for your participations!**

## APPENDIX-B OUTPUTS

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 <sup>a</sup>	.765	.754	.249140201573756
a. Predictors: (Constant), Bank Image, Communication, Process, Prices, Service Quality				

<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.979	5	4.596	74.042	.000 <sup>b</sup>
	Residual	7.076	114	.062		
	Total	30.055	119			
a. Dependent Variable: Farmer Satisfaction						
b. Predictors: (Constant), Bank Image, Communication, Process, Prices, Service Quality						

<b>Coefficients<sup>a</sup></b>								
Model		Unstandardized		Standardized	t	Sig.	Collinearity	
		Coefficients		Coefficients			Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.282	.305		.924	.357		
	Service Quality	.325	.091	.302	3.553	.001	.286	3.493
	Process	.145	.064	.196	2.266	.025	.275	3.636
	Prices	.138	.058	.198	2.359	.020	.293	3.409
	Communication	.187	.075	.134	2.502	.014	.722	1.385
	Bank Image	.136	.060	.194	2.254	.026	.279	3.583
a. Dependent Variable: Farmer Satisfaction								

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.717 <sup>a</sup>	.515	.511	.474358947830363
a. Predictors: (Constant), Farmer Satisfaction				

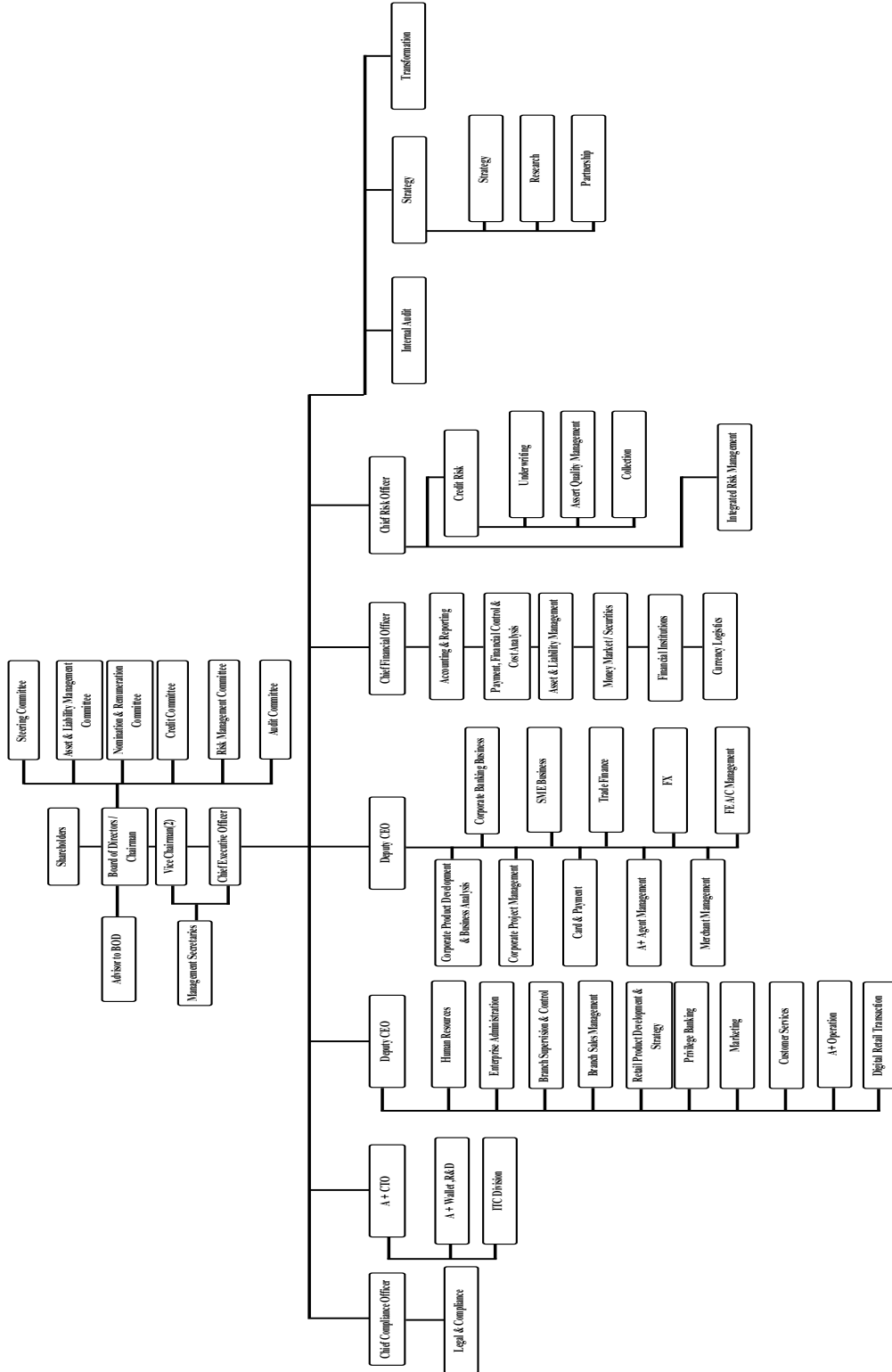
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.151	1	28.151	125.106	.000 <sup>b</sup>
	Residual	26.552	118	.225		
	Total	54.703	119			
a. Dependent Variable: Farmer Loyalty						
b. Predictors: (Constant), Farmer Satisfaction						

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.027	.370		.073	.942		
	Farmer Satisfaction	.968	.087	.717	11.185	.000	1.000	1.000
a. Dependent Variable: Farmer Loyalty								



# APPENDIX-C

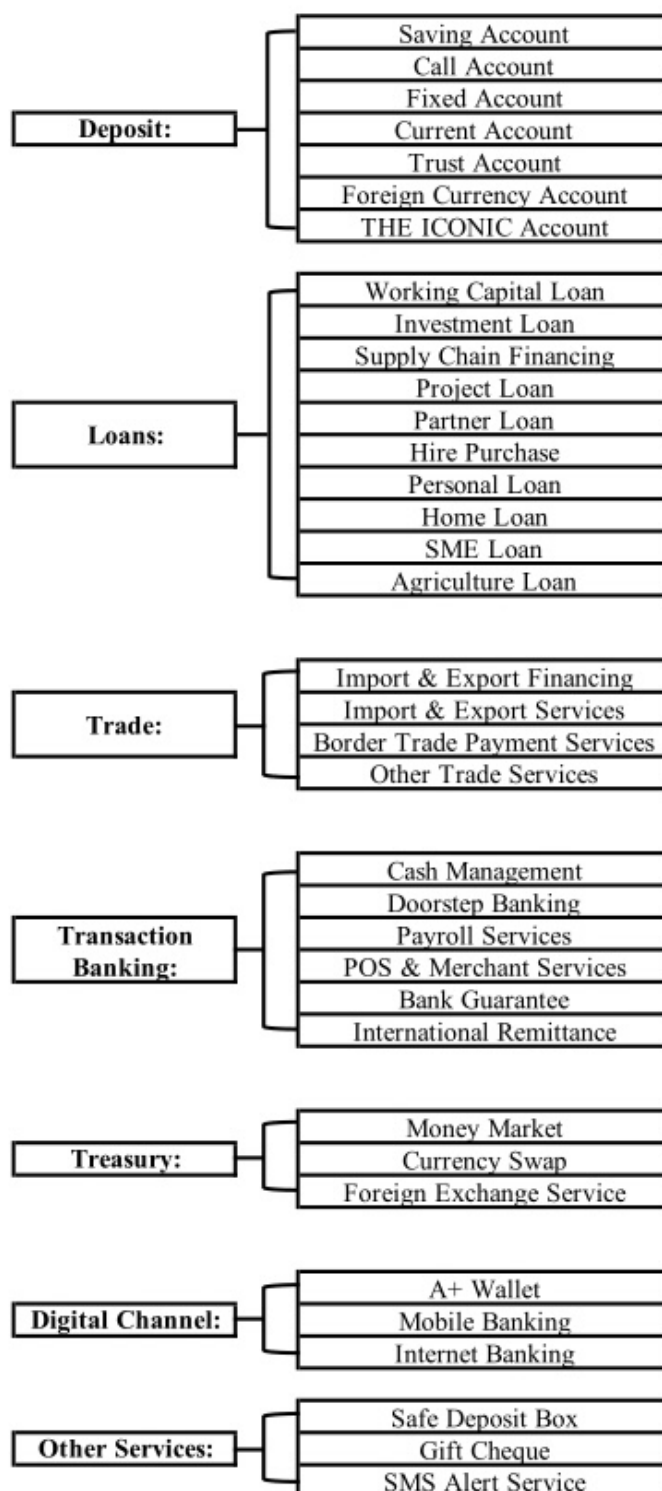
## Organizational Structure of “A” Bank



Source: “A” bank website

## APPENDIX-C

### Products and Services of “A” Bank



Source: “A” bank website