Is Customer Satisfaction with Services a Solid Ground for Loyalty in Banking Business?

Sabina Beloglavec *

Aleksandra Pisnik Korda *

Abstract: Customers and satisfaction of their needs have prevailed in banking services markets, with banking services becoming inextricably linked to the customer loyalty. Only a satisfied customer means a successful bank. Special role of banks and the specifics of their services do make the connection between customer satisfaction and loyalty a very fragile but important link. This paper investigates the basis for a long-term co-operation with customers and the essence of loyalty concept and customer satisfaction in banking sector.

Introduction

In the past few decades the world has seen tremendous political and economic changes. The financial sector and banking in particular is among those developing at an incredible pace. We can speak above all about dramatic shifts in banking philosophy, when buyers of banking services i.e. customers and satisfaction of their needs have prevailed in banking services markets.

The main purpose of this article is to discuss the importance concepts of customer satisfaction and loyalty in banking business that has over a long period of time had a reputation of treating the customers by inertia. Fierce competition in this traditionally conservative sector has been caused by newcomers and non-bank competitors and thought banks different. The very essence of marketing concept in every company is the acknowledgement and understanding of customer's needs and finding the way to satisfy those needs. Banks are in no way an exception. Although this sector has

* Sabina Beloglavec and Aleksandra Pisnik Korda are at the Faculty of Economics and Business, Maribor, Slovenia.

traditionally enjoyed an enviable level of customer loyalty and a low turnover of customers, the new age of banking day-to-day reality seems to be redefining that relationship. Only a satisfied customer is a long-term guarantee for making profits and survival on a global, deregulated and very intense bank market place. Banks should therefore make sure that its business processes and outcomes or/and services are organised in a way that they fulfil the needs of their customers. Customer satisfaction and its sustainable monitoring should be the main management goal; it is obvious that it is far more difficult to keep the customer or to give the customer the grounds for loyalty than to get new customers.

In the article we want to show that the two above mentioned concepts are not only related, but have in the case of banks some specific features, especially regarding the special role that banks have in the economy and specifics of bank services.

Firstly, we set out the role of banks, their characteristics as companies, in the course of the article we then emphasise the specifics of services and furthermore the most important specifics of bank services that are relevant for our research. We continue with explaining the main topics of the concepts that are later on researched in the empirical part of the article, those are customer satisfaction and loyalty in banking. Finally, we conclude the article with the empirical test of three hypotheses that have been confirmed for the case of Slovenian bank system.

Customer Satisfaction and Loyalty in Banking

Special Features of Banks and their Services

Because banks are mainly active in the flow of money (Süchting 1992, 4), their main 'product' is a bank service, which can be active (credit), passive (deposits) or neutral (investment banking, payment service, safe, depo). The most important feature of a service is its intangibility and that is exactly the feature that divides service from product (e.g. Kotler 1996, 4). Other features are: abstractness, durability, variability, complexity and the use of service is not separated from its realisation. In spite of the fact that there is no absolute definition of service, there are at least two important point of views that offer a close enough definition of service. We talk about static point of view discussing the end product as part of a service and dynamic point of view that emphasises the meaning of process in which both sides, buyer and supplier, take part in. This view is particularly important for business process reengineering processes, lately being implemented with the goal of increasing productivity, profits and satisfying customer needs (see Hammer and Champy 1993, 42 - 45, Vozel 1999, 65; adopted after McKenzie and Jonathan 1998, 247 and Schmenner 1995, 406, Kittlaus and Goebel, 1999, 10-17, Glogovšek and Beloglavec 2000).

However, banks and their services have some special features (see Süchting, van Hooven and Eckart 1991, 28-31). The object of a banking service is not a physical product, but money in various forms (cash, book money) and various 'qualities', e.g. assets are available in various time periods, and individual banking services are related to different amounts. Abstract banking services that can be created through provisions in contracts, and apart from general operating conditions precise contractual conditions apply to them. A bank and a customer sign a contract thus creating a particular service with regard to the needs of the customer and the abilities of the bank (see Cramer, Süchting, van Hooven 1991, 123-126). Time is an important element of banking services, as a deal does not always ends in a single sales procedure or with the creation of a single service, but it is a time-dependent relationship.

The features discussed have an important role in defining the factors that have an impact on customer satisfaction and loyalty in banking. Consumer behaviour in retail banking or/and financial services in general has as mentioned before often been characterised by inertia. Customers have been remarkably reluctant to switch providers in spite of receiving poor service. Because bankers haven't put a lot of intention to customer behaviour regarding measuring and taking customer loyalty and satisfaction into account on daily business basis they were often left with those customers from whom it is more difficult to generate acceptable profitability. Knowing what profits mean for development of a firm and regarding the fact that only 10% of profits are to be subscribed to 90% of customers of a bank. That clearly means that the major profits lays within the best 10% customers whose keeping and loyalty is therefore of great importance.

Presuming that customer satisfaction and loyalty are linked and that they are the core competence of customer focused firm leads us to the conclusion that this is simply inevitable in the modern business philosophy, not even for such highly conservative and traditional economic sector to whom banks belong. It is furthermore an absolute must to gather knowledge about present and potential customers (Hamel, Prahalad in Harvey, 1996, p. 228), their needs, measure rate of their satisfaction with services and the likeliness for them to change over to another financial intermediary, if a bank is to maintaining its profits at least on the same level.

Customer Satisfaction

The very beginnings of the customer satisfaction research reach back into the 30s, when the organisational level satisfaction was researched and the employee satisfaction was looked into. The concept of research and its contents is a reflection of

the era it was conducted in, there are however three main periods that can be seen in the development of marketing in banking (see Reidenbach in Pitts 1986, 7-12):

1. Supply oriented market – by the end of the 50s the financial services sector was mainly focused on credit supply;
2. Demand oriented market – the liberalisation in the financial service market at the beginning of the 60s brought tremendous changes in the market playfield that let in new entrants, that is when foreign banks entered domestic markets;
3. Marketing philosophy – marketing departments were formed, more and more time and care was dedicated to marketing associates. At this stage marketing philosophy besieged all hierarchy levels and functions of the organisational structure.

This development shows that banks were forced into looking at their customers in a whole new perspective and it proves that customer satisfaction is very important for long-term profits planning. It is clear that the core of the customer satisfaction research shifted to customer behavioural reactions at the end of 70s as many customer satisfaction influential factors that guide customers at their post-buying and influence decisions to buy again were taken into account (cf. Oliver 1997, 2).

Customer satisfaction is a very complex concept that includes a lot of elements and dimensions and is in fact expressed through their interaction. Customer satisfaction measurement although presumes that all these elements and their interactions are of a quantitative nature and can be combined in a model to be analysed (for further information see Dutka 1998). However, there are according to Giese and Cote (2000) at least these main difficulties at researching and measuring customer satisfaction:

- Basic definitional inconsistency is evident by the debate of whether satisfaction is a process or an outcome;
- Literature has not yet, explicitly or implicitly, established a generally excepted definition of satisfaction;
- Vocabulary is not standardised and the terms used as a designation for this concept differs by different authors (for example customer satisfaction, consumer satisfaction, satisfaction);
- Lack of consensus definition creates a lot of problems for researching and measuring this phenomena;

In this paper we use the terminus customer satisfaction; we looked into more definitions and measured it by calculating Pearson Correlation with the SPSS programme.

Customer satisfaction is most commonly defined as customer's reaction on the post buying perception of perceived difference between actual service and service expectations. Some most frequently used definitions of this construct are given as follows (adopted after Nader 1995, 17):

- 'Consumer satisfaction is an attitude in the sense that it is an evaluative orientation which can be measured';
- 'Satisfaction is defined as the consumer's mental state of being adequately or inadequately rewarded for the sacrifice he or she has undergone';
- 'Satisfaction we understand as post consumption evaluation of a product/service in terms of positive/neutral/negative attitudes toward the product/service'.

Figure 1.: Nature and Determinants of Customer Service Expectations
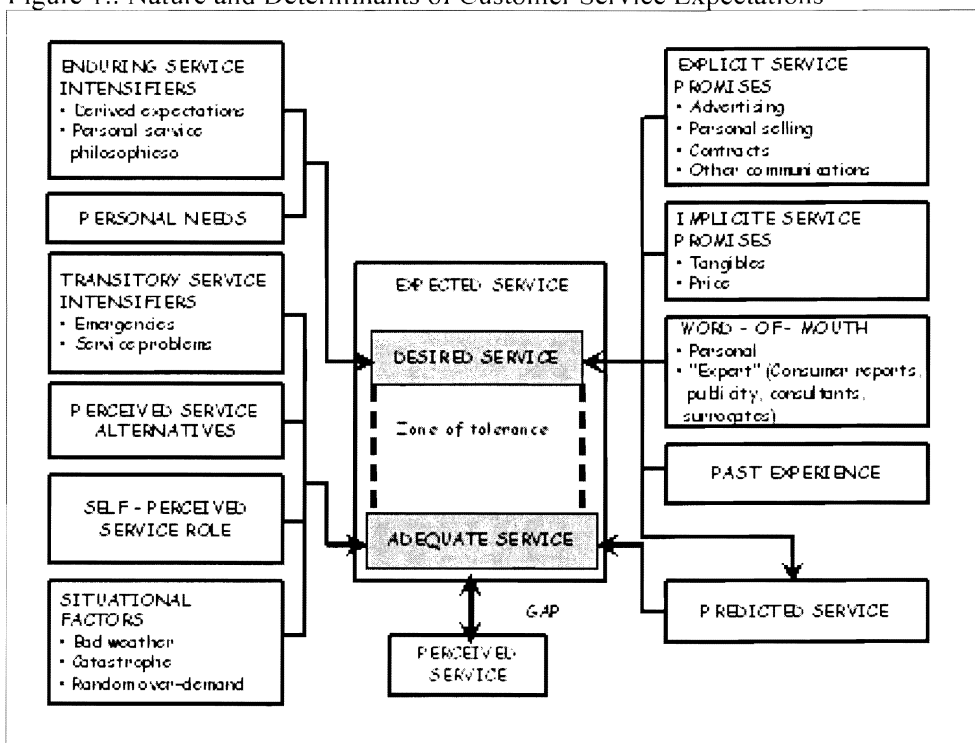
Source: Zeithaml, Berry and Parasuraman (1993, 5)

The concept of customer satisfaction needs to be distinguished from 'similar' constructs. The concept of quality and satisfaction are especially in practice often thought as one and the same thing. A high quality service does not necessary mean a

satisfied customer, because it simply does not include elements that would trigger the feeling of satisfaction (see for example Oliver 1993; Zeithaml, Berry and Parasuraman 1990). Authors go further on this theme and although the two are often used interchangeably or even as synonyms, a substantial amount of research has sought to establish the nature of the relationship between them (Cronin and Taylor 1992). Stauss in Hentschel, for example (1992, 115), say that perceived quality and satisfaction are only two different points of view of the same concept. Caurana for example (2002, 821-823) based on the empirical research suggested that service quality acts on service loyalty via customer satisfaction. Oliver (1997, 15) tried to work on this problem by differentiating the concepts horizontally and vertically. Some of the later findings are discussed in the following sections of the article.

Zeithaml, Berry and Parasuraman (1993, 3) have researched the nature and influence factors on customer expectations connected with the service. They have concluded that service expectations are usually defined as expected activities that take place during transaction or exchange. Their findings are shown in Figure 1.

Customer Loyalty

Service loyalty/customer loyalty is defined as the willingness of customer to consistently re-patronise the same service provider/service company, that maybe the first choice among alternatives. The first choice thereby complies with actual behavioural outcomes and is attached with favourable attitude and cognition, regardless of any situational influences and marketing efforts made to induce switching behaviour (adopted after Lu Ting Pong and Tang Pui Yee 2001, 4).

Customer loyalty is in fact an interaction between two components: customer's attitude towards company or brand and their repurchase intention. If both of them are not present in a favourable way the switching case may appear. The latter construct itself is often defined as repeat purchase intention, attitudes or, alternatively, measures of actual behaviour, including repeat purchase, recommendation, etc. Customer loyalty makes sound business sense (Methlie and Nysveen 2000, 16), because it creates base revenue - the longer customers are retained, the more money they spend or invest; they cost less to serve and there are the incalculable benefits of referrals. However, customer relations and the knowledge about present and future customers are going to be of great importance (Hamel and Prahalad 1996, 228).

Moreover, the present environment that can be above all defined through increased competition, new entrants into banking industry - bank and non-bank competition   –   'isation'   –   globalisation,   securitisation,   deregulation, institutionalisation – capital accordance (Sinkey 1992, p. 13, Gardner, Mills 2000,

pp. 20-22, White 1998, pp. 4-12) and new service concepts challenged banks to trigger all possible factors that would increase customer loyalty.

Banking sector however belongs to those economic sectors that luckily deal with a high level of customer loyalty (see Moutinho and Smith 2000). Truly loyal customers are usually portrayed as being less price-sensitive and more inclined to increase the number and/or frequency of purchases (Jones and Farquhar 2003). These authors also indicated that only one component of loyalty is achieved and that inertia, or an unwillingness to change provider, is still prevalent. Dick and Basu (1994, 18) describe this category of loyalty as spurious and warn that customers in this category are prone to switching. In a highly competitive marketplace, where there is little differentiation between providers or products, this category of loyalty is insufficient, service loyalty being more dependent on the development of interpersonal relationships as opposed to loyalty with tangible products. Aforementioned service specifics are the reasons why the findings in the field of product loyalty cannot be generalised to the filed of service research and into specific service sector as banking definitely is.

The Connection between Customer Satisfaction and Loyalty

There is still considerable debate in recent years, whether there is the causal relationship between customer satisfaction and loyalty. Fornell (1992 in Lu Ting Pong and Tang Pui Yee 2001, 5), for instance, suggested that customer satisfaction has a stronger influence on predicting loyalty in the service industries like banking, insurance and mail than service quality. McDougall and Levesque (2000, 397) added four more sectors to this group (dentist, hairdresser, auto service, restaurant).

Chakrapani (1998, 6–8) for example discusses negative consequences of poor service quality on profits and introduces a downward spiral introducing the chain reaction of quality – number of customers - profits. That concept divides cost of poor quality of services into those that are 'recognisable' (dissatisfied customers, loss of customers, acquiring new customers, negative publicity) and in the group of 'tacit' cost (marketing activities). Heskett, Sasser and Schlesinger (1997, 19) furthermore researched the service profit chain, which combines satisfaction (customer, employee), quality and profits. The authors emphasise that customer satisfaction is different from customer loyalty but essential to it.

The fact is that loyal customers may not be satisfied, but satisfied customers tend to stay loyal (Methlie and Nysveen 2000). Caurana (2002, 821-823) researched the effect of service quality and the mediating role of customer satisfaction. Based on the empirical research done regarding this theme it is suggested that service quality acts on service loyalty via customer satisfaction.

Figure 2.: Research model - the effect of service quality and the mediating role of customer satisfaction
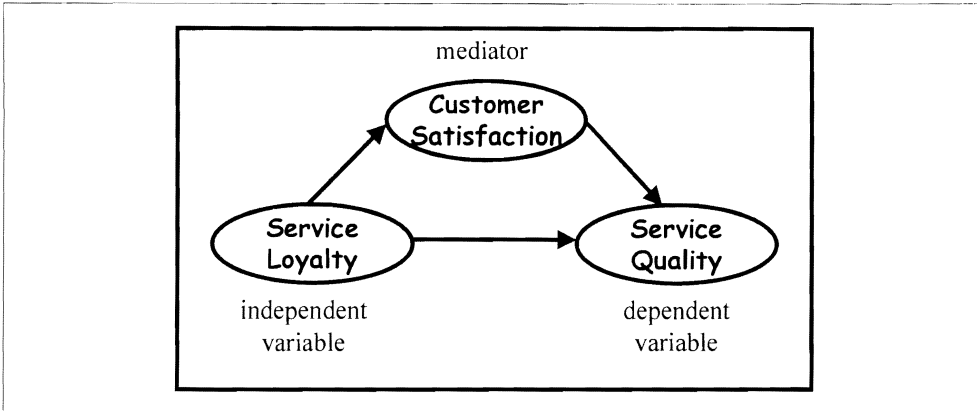
Source: Caruana (2002, 818)

Caruana (et.al 2002) also suggests that the main focus of bank management attention should be on customer satisfaction, of which service quality is an important antecedent. His model is shown in figure 3. Hoisington and Naumann (2002) on the other hand go further on this and presented a customer loyalty model (figure 3) that, similar to service profit chain, includes company performance. They presented major relationships between four phases – customer's perception of the firms performance, that leads to the formation of global perception of the firm, leading to loyalty behaviour that significantly influences financial outcomes of the firm.

Figure 3.: Customer Loyalty Model
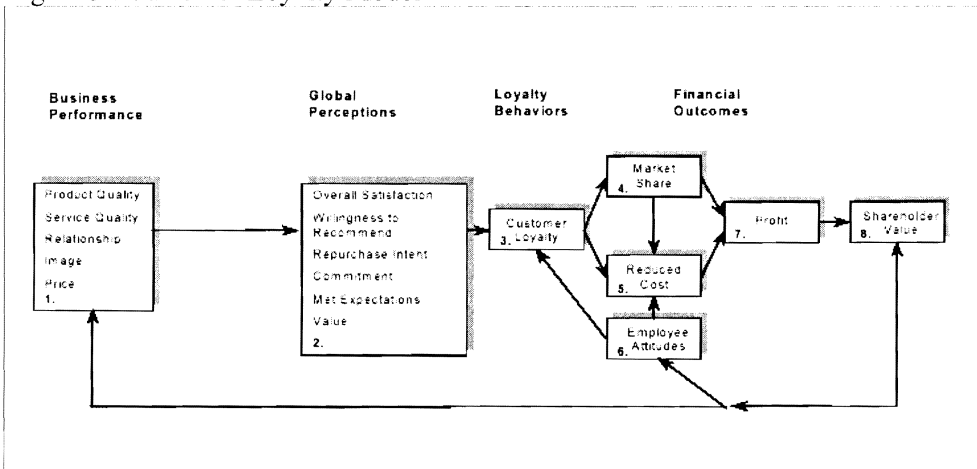
Source: Hoisington and Naumann (2002)

As mentioned above, service quality and satisfaction have both been advanced as previous circumstances of service loyalty. Dick and Basu (1994, 100) indicate a high positive correlation between customer satisfaction, quality and loyalty in banking as well in service sector in general.

Eschenbach (1997, 594) goes even further and combines loyalty with price tolerance and emphasises five factors that determine the relationship between bank and its customer:

- acquisition of the new customers related costs,
- the learning process how to communicate in the course of bank service process,
- gradual building of business relationships,
- permanent customers define the bank as 'their bank' and are therefore completely satisfied with its performance,
- permanent customers are more likely to except higher price of services).

We can, however, state that implementing one or another concept into the system of bank's business goals has the same consequence, namely, higher profits (Bühler 1993, 511), which shows a clear connection between both concepts. As there is little perceived difference between the products and services offered in retail banking, perceptions of service quality and levels of customer satisfaction might influence consumer loyalty (Jones and Farquhar 2003).

Higher level of satisfaction may therefore be one among many factors that makes the switching to another bank or financial service provider less probable. In general, it is essential for a bank to work on all possible fields (quality, relationship banking, and new services...) to make its customers satisfied on a long run. This might as well be the only way to keep them loyal.

Empirical results for the case of Slovenia

Hypotheses

Regarding the purpose and the aim of this article and based on the theoretical grounds previously discussed, we want to empirically test the following hypotheses on the case of banks and/or bank services and their customers in Slovenia:

H1: there is a relationship between customer satisfaction and customer loyalty and it is positive;
H2: the more satisfied customers are the more loyal they are;

H3: less satisfied customers show tendencies to switch to another bank service provider.

The Sample

The research was carried out in 2003 and is repeated every two years. It is conducted by a RM plus company and includes all Slovenian banks 'The research of image, quality of services and market performance of Slovenian banks in general public'. The research is based on random, systematic, representative sample that included 3000 citizens of The Republic of Slovenia that are older than 15 years. The basis for the sample was a list of 50000 addresses (random, systematic sample) taken out of the Registry of Slovene citizens that is issued by Statistical office of The Republic of Slovenia. The representative sample of 3000 addresses was taken out of it.

Items and Measurement

Respondents were asked to respond to the questionnaire on quality, image and market performance of Slovenian banks as well as answer a question about how satisfied bank customers are with services of their main bank and whether or not they tend to stay loyal to the chosen bank according to the level of service it offers. They also had an option to choose the answer that they are going to switch to another Slovenian or foreign bank. With regard to loyalty, the respondents were also asked to indicate – on a list of routine encounters with their main financial service provider – those encounters that had engendered features that indicate reasons for choosing the same main bank, that is, the main financial service provider. They were requested to select one statement from five satisfaction measures (ranging from dissatisfied to completely satisfied) that most closely described their feelings with the services of the main bank.

The 'main bank' is characterised as a bank that does business with a customer/respondent through the most bank services (ties down a customer by a few services).

Findings

Table 1.: Results on Statements about Customer Satisfaction

	How are you in general satisfied with the services of your main bank? Would you say that you are...	
	Number	%
1. Dissatisfied	46	1.58
2. Less satisfied	100	3.43
3. Satisfied	1048	35.98
4. Very satisfied	945	32.44
5. Completely satisfied	763	26.19
6. Don't know, am not determined, have no main bank	11	0.38
Total	2913	100

68 out of 3000 respondents stated they had no main bank, thus they were not included into this research (2.3%). Based on data from Table 4-1 we can see that 35.98% of respondents that answered the question about satisfaction stated that they were satisfied with banking services at their main bank. About 26% stated that they were completely satisfied with them.

Table 2.: Results on Statements about Customer Loyalty

	Do you think that you will to stay loyal to your main bank or is it likely that you are going to become a customer of another bank?	
	Number	%
1. Yes, even though its service is not at the highest level	708	24.30
2. Yes, but only if its service stays at the same level	2046	70.24
3. I am probably going to switch to another Slovenian bank	124	4.26
4. Probably I am going to switch to another foreign bank	35	1.2
Total	2913	100

Table 2 shows that 70.24% of respondents stated that they were going to stay loyal to their main bank and that it was therefore unlikely that they would switch to another, Slovene or foreign, bank; provided that the level of services remains the same. These findings confirm the theoretical findings mentioned in previous section that the banking sector belongs to those economic sectors that deal with a high level of customer loyalty.

The respondents were asked to indicate features that indicate reasons for choosing the same main bank again or staying loyal to the same bank, or to put it differently, their main financial services provider. Roughly, 63% of respondents stated that trust

was what kept them professionally involved with their bank. This statement is followed by the fact that the location of bank affiliation (60%) is rather convenient (nearness). Other reasons for staying with the same bank are courtesy and kindness of bank staff, office time and 'brick and mortar affiliation net'. Less important factors for staying with the same bank are for instance the possibility to carry out bank services from car (2.5%), triggering customers by marketing actions and the bank being a part of a big international bank. Both features were mentioned by approximately 3.4% of respondents.

Based on the empirical data we can say that trust, nearness, courtesy and kindness of bank staff are very important elements that have a relevant impact on the customer satisfaction with bank services in Slovenia. It may be also discussed, that trust is a consequence of customer satisfaction, which can certainly not be stated for other mentioned factors.

Table 3.: Relationship between Customer Loyalty and Customer Satisfaction

| | | Do you think that you will stay loyal to your main bank or is it likely that you are going to become a customer of another bank? | | | |
		1. Yes, even though its service is not at the highest level	2. Yes, but only if its service stays at the same level	3. I am probably going to switch to another Slovenian bank	4. I am probably going to switch to another foreign bank
How are you in general satisfied with the services of your main bank? Would you say that you are…	1. Not satisfied		7 (0.34%)	27 (21.77%)	12 (34.29%)
	2. Less satisfied	12 (1.69%)	36 (1.76%)	43 (34.68%)	9 (25.71%)
	3. Satisfied	172 (24.29%)	826 (40.38%)	41 (33.06%)	9 (25.71%)
	4. Very satisfied	213 (30.08%)	719 (35.14%)	8 (6.45%)	5 (14.29%)
	5. Completely satisfied	309 (43.65%)	450 (21.99%)	4 (3.23%)	
	6. Don't know, am not determined, have no main bank	2 (0.29%)	8 (0.39%)	1 (0.81%)	
	Total	708	2046	124	35

If we observe the relationship between customer satisfaction and loyalty, we can say that 36.24% of respondents would stay loyal to their main bank regardless of level

of service when satisfied and 33.84% of them that are very satisfied with the services of their main bank would do the same.

Based on the numbers from Table 3 we can confirm the following hypotheses:

H1: there is a relationship between customer satisfaction and customer loyalty and it is positive;
- completely and very satisfied customers would in the most cases be also loyal (75.52%), the percentage increases by adding satisfied customers;

H2: the more satisfied customers are the more loyal they are;
- completely, very satisfied and satisfied customers would stay loyal to his or hers bank regardless the quality of service is preserved at the same level (98.02%) or even if it slightly falls. In the connection with previous paragraph this means that satisfied customer have a higher tolerance zone that buffers changes in quality level and would therefore because of slight difference in service quality not switch between providers, they would stay loyal;

H3: less satisfied customers show tendencies to switch to another bank service provider.
- less satisfied customers suggest the possibility of transferring to another Slovenian bank (34.68%) or foreign bank (25.71%);
- similar can be derived also for dissatisfied customers. 21.77% of customers form the sample that stated that they are dissatisfied with their bank would switch to another Slovenian bank and 34.29% of them would take their business to a foreign bank.

Table 4.: Pearson Correlation

		How are you in general satisfied with the services of your main bank? Would you say that you are…	Do you think that you will stay loyal to your main bank or is it likely that you are going to become a customer of another bank?
How are you in general satisfied with the services of your main bank? Would you say that you are…	Pearson Correlation	1000	-.326**
	Sig. (2-tailed)	.	.000
	N	2982	2969
Do you think that you will stay loyal to your main bank or is it likely that you are going to become a customer of another bank?	Pearson Correlation	-.386**	1000
	Sig.(2-tailed)	.000	.
	N	2969	2980

** Correlation is significant at the .01 level (2-tailed)

Pearson correlation coefficients show that the relationship between customer satisfaction and loyalty exists, and is positive, although it is not very strong. The argument for such a result lies in the fact that company performance is a multidimensional concept with a large number of influential variables, of which only a small number was researched.

Respondents that answered that they had no main bank or they did not answer these questions at all were not a part of the research of the relationship between bank satisfaction and loyalty. That leads us to the conclusion that more dissatisfied one was (graded 1), the bigger was the probability that they became a customer of another bank (graded 3 or 4). To put it differently, if a customer is satisfied (graded 4 or 5), it is more likely that they remain at their main bank (graded 1 or 2).

Thus, the first hypothesis (H1) is hereby once more confirmed.

Conclusions

In Slovenia, like in other countries with a developed banking system, the market of providers has changed into a market of customers, meaning that buyers of banking services i.e. customers and satisfaction of their needs, have prevailed in banking services markets with banking services becoming inextricably linked to the customer loyalty. Only a satisfied customer means a successful bank measured also by profits. The core of the customer satisfaction research shifted to customer behavioural reactions at the end of 1970s and banks were in no way an exception. Although this sector has traditionally enjoyed an enviable level of customer loyalty and a low turnover of customers the new age of banking day-to-day reality seems to be redefining that relationship. Customer satisfaction and loyalty and the connection between these two concepts were discussed in this article. Customer satisfaction is most commonly defined as customer's reaction on the post buying perception of perceived difference between actual service and service expectations, while customer loyalty is in fact an interaction between two components, namely customer's attitude towards company or brand and their repurchase intention. Higher level of satisfaction can be treated as of many influential factors that make the switch to another bank or financial service provider less probable. Speaking generally, it is strategically important that bank is active on all possible fields (quality, relationship banking, and new services) to make its customers satisfied on a long run. This might as well be the only way to keep them loyal.

All three hypotheses were empirically tested and confirmed. There is a relationship between customer satisfaction and customer loyalty and it is positive. The magnitude of relationship between customer satisfaction and loyalty is not a very strong one. Such a result can be in every way described as logical and expected,

because a lot of different elements and factor have to be considered when talking about satisfaction, while here only a limited number of them were dealt with in this article.

When we take the connection between being completely satisfied and staying loyal even if the service of main bank is not at the highest level into consideration, we can see that in 43.65% of cases a customer would stay loyal to his or hers bank. The authors think of this group as a 'truly loyal customers' that would stick with their bank no matter what. On the other hand we must see that models implying that service quality is an important antecedent of customer satisfaction is not true for this customer segment. They are valid if we observe the connection between being completely satisfied and staying with the bank only if its service stays at the same level, although the percentage of loyal customers in this segment is considerably lower and makes 21.99%. With other words, nearly 22% of completely satisfied customers would stay with the same bank provided its service stays at least on the same level. This suggests that a downward shift in the filed of service quality would lead to bank service provider shift. Bank customer being more and more educated and therefore more demanding can clarify this fact. This confirms the hypotheses that the more satisfied customers are the more loyal they are. If we turn this statement around, we confirm the third hypothesis those less satisfied customers show tendencies of switching to another domestic or foreign bank service provider (60.39%).

The fact that only a few respondents stated that a very important feature, which would be a reason enough for keeping business with the same bank was the bank being a part of a big international bank showed that the segment of retail banking stays traditionally loyal to Slovenian banks. Moreover, only 4.6% of respondents would consider switching to another Slovenian bank and only 1.2% to a foreign bank. This can also be confirmed by the fact that foreign banks that entered Slovenian financial market after independence mostly work in the segment of wholesale banking. In the last 13 years these banks achieved a relatively low market share.

Therefore bank management should, if they want to preserve the competition competence of a certain bank, be focused on their customers and work in a way to build their satisfaction as a solid ground for customer loyalty. A possible consequence of undertaking such active role could also be new customers, but that is not a subject of this paper. Some banks, of course, tend to stay passive counting on conservatism and loyalty of their customers. This, however, is a bad attitude, because new foreign banks and non-bank competition are entering the Slovenian banking system due to the full membership in the EU and aggressive market actions that those banks might undertake.

REFERENCES

Bühler, W. (1993), 'Kundenzufriedenkeit in Privatgeschäft' , *Die Bank*, 9: 511- 519.

Caruana, Albert, (2002), 'Service loyalty, The effect of service quality and the mediating role of customer satisfaction', European Journal of Marketing, Vol. 36, No. 7/8, '', 811 - 828.

Chakrapani, Chuck, (1998), How to Measure Service Quality and Customer Satisfaction, The Informal Field Guide for Tools and Techniques, Chicago: American Marketing Association.

Cramer, Jörg E. v Süchting, Joachim in Eckart van Hooven, (1991), Handbuch des Bankmarketing. 2. völlig überarbeitete und erweiterte Auflage, Wiesbaden, Gabler.

Cronin, J. J. in Steven A. Taylor, (1992), 'Measuring Service Quality: A Reexamination and Extension', *Journal of Marketing* 56: 55-68.

Dick, A. and Basu. K. (1994), 'Customer loyalty: toward an integrated framework', *Journal of the Academy of Marketing Science*, Vol. 22 No. 2, pp. 99-113.

Dutka, Alan, (1995), AMA Handbook for Customer Satisfaction, A Complete Guide to Research, Planning & Implementation, Lincolnwood: NTC Business Books/NTC Publishing Group.

Eschenbach, Sebastian, (1997), 'Zufriedenkeit versus Vertraun - zwei Gründe für Kundentreue', Bank Archiv, Zeitschrift für das gesamte Bank- und Börsenwesen: 8: 594

Gardner Mona J. , Dixie L. Mills in Elisabeth S. Cooperman, (2000), Managing financial institutions, An asset/liability approach, 4th edition, Orlando: The Dryden Press, Harcourt College Publishers.

Giese, Joan L. and Joseph A. Cote, (2000), 'Defining consumer satisfaction', Academy of Marketing Science Review, [on line], Available: http://www.amsreview.orglarticleslgiese01-2000.pdf [17.4.2004].

Glogovšek, Jože in Sabina Beloglavec, (2000), 'Z racionalizacijo k večji konkurenčnosti', Dnevi slovenskih bančnikov, Terme Čatež, Čatež ob Savi, 26-27.

Hammer, Michael and James Champy, (1993), Reengineering the Corporation – a manifesto for business revolution, New York: Harper Business.

Harvey, Tom, (1996), The banking revolution, Positioning your bank in the new financial services marketplace, Chicago, A bankline publication, Irwin - Professional Publishing.

Heskett James L., W. Earl Sasser in Leonard A. Schlesinger, (1997), The Service Profit Chain, How Leading Companies link Profit and Growth to Loyalty, Satisfaction and Value, New York: The Free Press

Hoissington, Steve and Earl Naumann, (2002), 'The loyalty elephant: Understanding the linkage between customer satisfaction, customer value and loyalty', [on line], Available: http://www.naumann.com/theloyaltyelephant.pdf [17.4.2004].

Jones H. and Jillian Dawes Farquhar, (2003), 'Contact management and customer loyalty', *Journal of Financial Services Marketing*, Vol. 8, Iss. 1.

Kittlaus, Hans B. in Ralf Goebel, Hrsg, (1999), Business process reengineering und Produktivitätssteigerungsprogram, Stuttgart: Dt. Sparkassen- Verlag.

Kotler, Philip, (1996), Marketing management - trženjsko upravljanje : analiza, načrtovanje, izvajanje in nadzor, Slovenska izdaja, Ljubljana : Slovenska knjiga.

Lu Ting Pong Johnny and Esther Tang Pui Yee, (2001), 'An integrated model of service loyalty', Academy of Business and administrative Sciences International Conferences, Belgium, 23-25 July, 2001.

McDougall, Gordon H.G. and Terrence Levesque, (2000), 'Customer satisfaction with services: Putting perceived value into equation', *Journal of Services Marketing*, Vol. 14, No. 5, pp. 392 – 410.

Methlie Leif B. and Herbjorn Nysveen, (2000), 'Keeping the customer satisfied', Strategic direction, Vol. 16, Iss. 6, 15-18

Moutinho, L. And Anne Smith, (2000), 'Modelling bank customer satisfaction through mediation of attitudes towards human and automated banking', *The International Journal of Bank Marketing*, Vol. 18, Iss. 3, 124

Nader, Georg, (1995), Zufriedenkeit mit Finanzdinstleistungen, Springer Verlag, Wien.

Oliver, R.L. (1993), 'A conceptual model of service quality and service satisfaction: compatible goals, different concepts', *Advances in Services Marketing and Management*, Vol. 2.

Oliver, R. L.(1997), Satisfaction, McGraw-Hill Book Co., USA.

Reidenbach, Eric R., Pitts, Robert E., (1986), Bank Marketing - A guide to strategic planning, Engelwood Cliffs, New York.

Schmenner, Robert W., (1995), Service operations management, Prentice Hall, New Yersey.

Sinkey, Joseph, F., (1992), Commercial bank financial management, in the financial-services industry, 4th ed. New York [etc.] : Macmillam : Maxwell

Stauss, B., Neuhaus, P.(1997), 'The qualitative satisfaction model', *International Journal of Service Industry Mangement*, Vol. 8, No. 3, p. 236 - 249.

Süchting, Joachim, (1992), Bankmanagement – 3. Auflage, Schäffer-Poeschel, Stuttgart.

Süchting, Joachim, van Hooven, Eckart, (1991), Handbuch des Bankmarketing - 2., völlig überarbeitete und erweiterte Auflage, Gabler, Wiesbaden.

Vozel, Aleksander, (1999), 'Kako povečati produktivnost v storitvenih organizacijah', *Gospodarski vestnik*, 14: 65-72.

White, R. William, (1998), The coming transformation of continental European banking? Working paper No. 54, Basle: BIS – Bank for International Settlements, Monetary and Ecomomic Department.

Zeithaml, Valarie, Parasuraman, A. in Leonard L. Berry, (1990), Delivering quality service: balancing customer perceptions and expectations, New York, The Free Press, London, Collier Macmillan.