

Determinants of Service Quality on Customer Loyalty of Financial Agency -Focused on Suhyup Bank-

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금융기관 서비스품질의 고객충성도 결정요인 -수협은행을 중심으로-

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Abstract The purpose of this research is to explore ways to raise the quality of the financial services of Suhyup Bank, to secure its customers' loyalty, and to help it achieve sustainable growth. The results of this research showed that the ways to improve the service quality of Suhyup Bank are as follows: establish a relationship between its customers' satisfaction with the usefulness, creativity, reliability, and safety of its services and its customer management based on its customers' decision-making factors; establish service improvement schemes that consider new customer needs and desires; and improve its service quality and raise its internal quality factors, which are the keys to its expansion to customized services.

Key Words : Financial Institutions, Service Quality, Customer Satisfaction, Customer Loyalty, Suhyup Bank

요약 본 연구의 목적은 금융기관 서비스품질의 만족도를 높이고 충성도 있는 고객을 확보하여 지속성장 가능한 수협은행 관련 연구가 현실적으로 부족하였다는 문제의식에서 출발하였다. 본 연구결과에서 수협은행의 서비스 품질을 위한 제고방안은 결정요인 결과를 토대로 유용성, 흥미성, 신뢰성, 안전성의 고객만족과 고객관계관리 관계성을 정립하여 고객의 니즈에 맞는 새로운 욕구를 고려하는 제고방안이 수립되어야 하며 유의수준이 높은 내적품질 요인을 높일 수 있는 서비스 품질의 제고방안을 맞춤형 서비스로 확대 시킬 필요가 있다. 급변하는 금융환경의 변화에 맞게 전 문경영인 체제와 능력위주의 인사정책 도입으로 수협은행에 사회적, 경제적, 가족적, 문화적 변화 특성을 정확히 이해하고, 그러한 변화에 대응할 수 있는 프로그램 개발 운영이 필요하다.

주제어 : 금융기관, 서비스품질, 고객만족, 고객충성도, 수협은행

* This article was supported by Hanseo University Research Fund, 2013. It was mainly summarized from Ph. D. dissertation of Sang-Jun Lee under Sang-Yup Lee guidance

Received 20 February 2014, Revised 21 March 2014

Accepted 20 April 2014

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ISSN: 1738-1916

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1. Introduction

Great strides in information technology are rapidly breaking down the financial barriers among countries in the global financial market environment. Increases in financial and monetary movements has brought about the proper function of growth in the financial market while causing problems such as increases in financial costs (e.g., costs of establishing collateral security and creating appraisals), decreases in profit margins due to increases in default rates and allowances, and unlawful acts such as money laundering. Under these circumstances, this research attempts to contribute to the development of Suhyup Bank by providing basic data for the development of its Nextro Program. The program analyzes and standardizes the new perception of Suhyup Bank and its process for providing both its existing and new customers enhanced service quality with new approaches by identifying the needs of customers who request new services.

This purpose of this study is presenting the measures to enhance the research on the customer satisfaction by customer loyalty to Suhyup Bank's current sustainable service quality, and to narrow the gap between the theories and reality as practical research thereon are scarce. This study result would be used in developing and realizing the service quality to enhance sustainable customer loyalty. and is expected to support the implementation of researches on expansion of government's policy support to fishermen as cooperative members as well as national policies and strategies.

2. Scope and method of study

The empirical research as the study method herein was implemented during October 1, 2011 to September 30, 2012, on four customers groups of cooperative members as particular customers, semi cooperative

members as general customers, once-only user customers (peripheral customers) and other customers for marketing (other customers). The questionnaires were provided to the respondents who agreed to participate in this study, concurrently with the consent on study ethics, to respond by filling in autonomously, and then were collected. Out of 310 questionnaires distributed, 282 respondents (92.5%) excluding 23 questionnaires that were responded unseriously, were selected to be analyzed finally. After measuring the confidence and feasibility of questionnaire items by preliminary research weight in advance, full-fledged empirical analysis began, classifying independent variables as external quality factors (usefulness, interests) internal quality factors (confidence, stability). Secondly, 150 items were selected as sample to be empirically analyzed through structural equating model. to find out the relationship between number and time of use, and the dependent variables of overall satisfaction level and usefulness assessment by Suhyup Bank customers, regression analysis was performed on customer satisfaction as parameter and customer satisfaction as dependent variable. Through variance analysis, the difference between service quality assessment by identity type and Suhyup Bank user satisfaction and usefulness assessment on the bank was derived and analyzed through frequency analysis, cross analysis, correlation, T-test, One-way method ANOVA, confidence, multiple regression, AMOS structural equation model. Suitability is assessed using the χ^2 , NFI, CFI, TLI, RMSEA in maximum-likelihood estimation recommended by BAE Byung Ryul (2011: 657-668) Suitability of composition concept at WOO Jong Pil (2012: 567) is classified as concentration feasibility, determination feasibility, rule feasibility etc., representing the level of assessment of composition concept by observatory variables. Concentration feasibility is also known as convergence feasibility, and may be verified by load by factor, average variance

derived, Constant Reliability. SONG Tae Min and KIM Kye Soo (2012: 621) researched focusing on average, standard deviation, skewness and kurtosis, to enhance the feasibility and confidence of research materials and to verify the regularity of materials.

2.1 Research Question

The study questionnaires of this study is as follows:

First, What effect does Suhyup Bank service quality external factor exert on customer satisfaction level?

Second, What effect does Suhyup Bank service quality internal factor exert on customer satisfaction level?

Third, What effect does Suhyup Bank service quality external factor exert on customer loyalty?

Fourth, What effect does Suhyup Bank service quality internal factor exert on customer loyalty?

Fifth, What effect des number and time of Suhyup Bank service quality exert on customer satisfaction and customer loyalty?

3. Methods (Analysis Method)

3.1 Design and hypotheses (Study Model)

This study is the cross-section research to find out the alternatives and recommendation to enhance

customer loyalty to Suhyup Bank’s service quality, and study model is shown at [figure 3-1] below. Using the statistical analysis on collected materials, the data collected were codified on the coding card, and then study model was figured over multiple times, and the optimal study model was derived therefrom.

3.2 Analytical methods

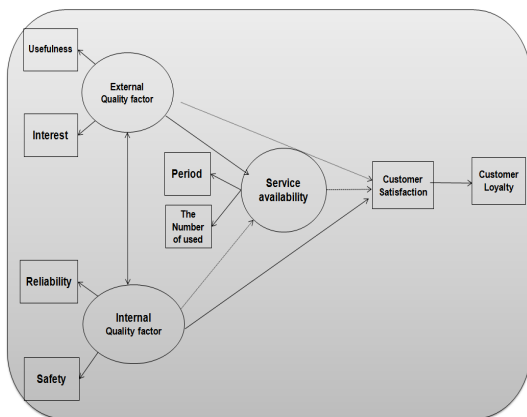
The data collected in this study are the frequency analysis, cross-analysis, reliability analysis, T-test, One way ANOVA, correlation analysis, multiple regression analysis was used once the Fisheries banking services deal only with experience customer Fisheries Research targets were carried out, a random sampling method was conducted by using the sampling method. Statistical analysis of the data collected in the recruitment data encoded on the card, and then coding SPSS Win 18.0 and AMOS 19.0 was used. The research model presented in this study, the mutual influence between constructs black because it focuses on the relationships between constructs are useful in assessing black and AMOS (analysis of monent structure) was used.

4. Results

The findings of modeling using AMOS 19.0 The major results of this research are as follows.

The major results of this research are as follows.

First, based on the results of the measurement and analysis on a five-point scale by Suhyup Banks’s customers of its service quality, female customers were more aware of the Bank’s service quality than the male customers. However, there was no significant difference between their awareness levels ($p > 0.05$). On the awareness levels according to age, the respondents in their 60s and above were rated higher than any other age group ($p = 0.011$). As for the service quality awareness according to the residential area, the



[Figure 3-1] Path Model

residents in farming and fishing villages scored highest ($p = 0.047$). On the customer satisfaction according to the demographic characteristics, the female customers topped the male customers ($p < 0.05$). As for customer satisfaction, those living in farming and fishing villages and those with an average monthly income of more than 5 million won scored highest ($p = 0.049$). There was no statistical difference in customer satisfaction according to age, highest education level, membership in a cooperative, and average monthly income ($p > 0.05$).

Second, pertaining to the descriptive static quantity decision factors for customer satisfaction with Suhyup Bank's service quality on a five-point scale, the safety factor was rated highest with 3.56 points, and the 'usefulness' factor scored lowest with 3.44 points. Customer satisfaction and customer loyalty were given 3.40 points and 3.59 points, respectively. Cronbach's α , which represents the internal reliability of the research tools, was 0.776; customer satisfaction, 0.776; and customer satisfaction and customer loyalty, 0.831.

Third, the direct effect, indirect effect, and total effects of the interest, which is the external quality factor of the service that Suhyup Bank provides its customers, on customer satisfaction and loyalty, and the external quality and availability of its service, which represent the usefulness of and interest in its service, on overall satisfaction showed negative (-) effects, though they were insignificant.

Fourth, multiple regression analysis of the reliability and safety test results that revealed the effects of the factors related to Suhyup Bank's service quality showed that safety ($\beta = 0.291$, $p = 0.001$), reliability ($\beta = 0.232$, $p = 0.010$), and usefulness ($\beta = 0.205$, $p = 0.016$) were related to the Bank's perceived service quality. In other words, the higher the safety, reliability, and usefulness of the Bank's service was, the higher its customers' satisfaction with its service was. The explanation power and the revised explanation power of this model were found to be 30.2% and 28.3%,

respectively. As for the effects on the customer loyalty, safety ($\beta = 0.362$, $p < 0.001$) was found to be a related factor. In other words, the higher the safety of the Bank's service was, the more loyal its customers were. The explanation power and the revised explanation power of the final model were 22.3% and 20.1%, respectively, with positive (+) results. It was also found that the Bank's internal service quality ($\beta = 0.864$), which represents the reliability and safety of its service, had direct effects and total effects on its customers' satisfaction.

Fifth, the direct effect, indirect effect, and total effects of the interest, which is the external quality factor of the service that Suhyup Bank provides its customers, on customer satisfaction and loyalty, and the external quality and availability of its service, which represent the usefulness of and interest in its service, on overall satisfaction showed negative (-) effects, though they were insignificant.

<Table 4-1> Analysis results table the path of Hypothetical model

Endogenous variables	Exogenous variables	B	SE	β	CR	P
Satisfaction	← External Quality (Availability, Interest)	.228	.221	.219	1.032	1.302
	← Internal Quality (Reliability, stability)	.672	.161	.864	4.161	< 0.001
	← Service availability (Period, the number of used)	-.036	.037	-.148	-.987	1.324
Service Availability	← External Quality (Availability, Interest)	2.724	.857	.642	3.173	0.081
	← Internal Quality (Reliability, stability)	-1.014	.559	-.320	-1.812	1.070
Customer Loyalty	← Customer Satisfaction	.391	.050	.454	7.793	< 0.000

*** $p < 0.001$, ** $p < 0.05$

Sixth, on the customer satisfaction, which is the internal quality factor provided to Suhyup Bank's customers, the usefulness of the Bank's service and interest in it showed low significance levels. On the external quality factor, safety was ranked highly, while on the service quality related to the use of the Bank's services, the external quality ($\beta = 0.642$) had statistically positive (+) effects on the customer service and the customer loyalty with respect to the overall direct effects and the total effects.

<Table 4-2> Fit of Path Model

Model Name	χ^2	df	RMR	GFI	NFI	TLI	CFI	RMSEA
The Research Model	17.61	15	.014	.971	.946	.984	.991	.034

RMR and RMSEA
 $r < 0.05$ (Be calibrated), df/ RMR/ GFI/ NFI/ TLI/ CFI $\rightarrow r > 0.9$

4.1 Path Analysis Result of Research Model

The analysis result on the research model shows two paths out of the 5 paths as meaningful [figure 4-1]. In overall satisfaction level of Suhyup Bank's financial service quality, the path with internal quality factor ($\gamma = .864$) was statistically meaningful. However, in overall satisfaction level of Suhyup Bank's financial service quality, path with external quality factor ($\gamma = .219$) was not meaningful. In Suhyup Bank service usefulness, the path with external quality factor ($\gamma = .642$) was statistically meaningful. The path with internal quality factor ($\gamma = -.320$) was not meaningful, but path with both customer satisfaction level and customer loyalty factor ($\gamma = .454$) were meaningful.

4.2 Effect of Research Model

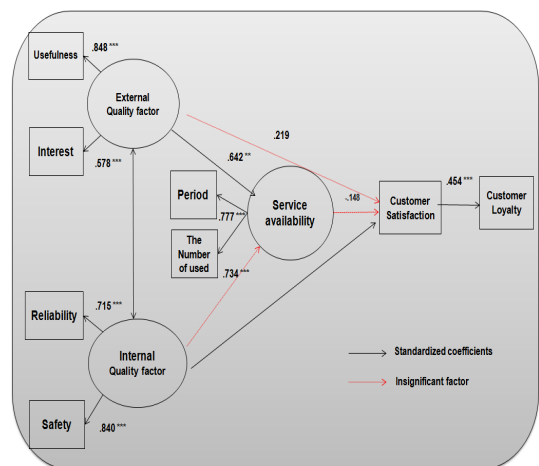
The analysis results of direct effect, indirect effect and total effect focused on intrinsic variable of hypothetical model are shown at <table 4-3>. The research result shows that internal quality ($\beta = .864$)

representing confidence and stability has direct effect and total effect on overall satisfaction level of Suhyup Bank users. External quality and service utilization level representing usefulness and interest shows not meaningful direct effect, indirect effect and total effect on the overall satisfaction level. The research model result shows that on service utilization level, external quality ($\beta = .642$) representing usefulness and interest was statistically meaningful in direct effect and total effect. The relationship between customer satisfaction level and customer loyalty was meaningful.

<Table 4-3> Effect of Research Model

Endogenous variables	Exogenous variables	Direct effect	Indirect Effects	The total effects
Satisfaction	← External Quality (Availability, Interest)	.219	-.095	.124
	← Internal Quality (Reliability, stability)	.864***	.047	.912***
	← Service availability (Period, the number of used)	-.148	.000	-.148
Service Availability	← External Quality (Availability, Interest)	.642**	.000	.642**
	← Internal Quality (Reliability, stability)	-.320	.000	-.320
Customer Loyalty	← Customer Satisfaction	.454***	.000	.454***

Note: *** $p < 0.001$, ** $p < 0.01$



[Figure 4-1] Summary Results Path Model

5. Conclusions

On the customer satisfaction, which is the internal quality factor provided to Suhyup Bank's customers, the usefulness of the Bank's service and interest in it showed low significance levels. On the external quality factor, safety was ranked highly, while on the service quality related to the use of the Bank's services, the external quality ($\beta = 0.642$) had statistically positive (+) effects on the customer service and the customer loyalty with respect to the overall direct effects and the total effects. The relationship between the service quality and the customer satisfaction was found to be strongest. In this research, it was investigated if customer satisfaction with the service quality of financial institutions and the characteristics of the subjects affect their intention to revisit the institution and reuse its services. It was seen that satisfaction with the services of financial institutions leads to customer loyalty and intention to reuse such services as well as to recommend and promote them to others. The effect of the service quality of Suhyup Bank, as perceived by its customers, on its customers' satisfaction and intention to revisit and reuse its services, was verified. It was found that customer satisfaction with service quality has mediating effects on the intention to reuse such service. Starting with the research questions on whether or not customer satisfaction affects customer attitudes, which, in turn, affect their intention to reuse services, it was found that the usefulness of and interest in the services, which are external quality factors, had no significant effects. However, the reliability and safety of the services, which are internal quality factors, affected not only the attitudes to revisit and reuse such services but also the customer loyalty. The results of this research showed that the ways to improve the service quality of Suhyup Bank are as follows: establish a relationship between its customers' satisfaction with the usefulness, creativity, reliability, and safety of its services and its

customer management based on its customers' decision-making factors; establish service improvement schemes that consider new customer needs and desires; and improve its service quality and raise its internal quality factors, which are the keys to its expansion to customized services. This paper pointed out the need for Suhyup Bank to develop and operate a program that will enable it to accurately understand the characteristics of social, economic, familial, and cultural changes. Such program should also enable the Bank to cope with these characteristics by adopting a professional executive system and performance-based personnel policies in line with the rapidly changing financial environment.

ACKNOWLEDGMENTS

This article was supported by Hanseo University Research Fund, 2013

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