

Determinants Of Customer Satisfaction And Customer Loyalty In E-Banking: A Case Study of Thailand's Selected Commercial Banks in Bangkok's Central Business Area

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Abstract

The primary purpose of this paper is to identify the determinants of the factors influencing customer satisfaction and customer loyalty in the e-banking of commercial banks of Thailand. A 33 item questionnaire was developed based on the literature review and tested for reliability and validity using Cronbach's alpha test. A total of 400 questionnaires were distributed to 204 e-banking banking preferring clients and 196 traditional banking preferring clients. The regression analysis suggested that core service quality, social benefits, confidence benefits and physical layout has statistical influence on customer satisfaction of commercial banks. Moreover, accessibility and special treatment benefits have statistical correlation with customer satisfaction. The findings also revealed that there was statistical difference in customer satisfaction and customer loyalty in e-banking and traditional banking preferring clients. In the intense competitive banking industry of Thailand, the identified results help the decision makers of the banks to improve the special parameters and get an edge against the competitive banks to satisfy and retain customers.

Key Words: Customer satisfaction, Customer loyalty, Traditional banking, E-banking Banking, Thai Commercial Bank

Introduction

At the present context, financial institutions are facing mature and intense competition and the financial service providers are focusing their effort on creating and retaining a pool of satisfied and loyal customers. Lovelock, Patterson and Richard (2004) stressed that in order to achieve long term customer satisfaction and retention, the company needs to design and deliver services that could satisfy customer and provide them a wonderful experience during encounter of the services. Every business in today's world has been significantly affected by customer satisfaction and customer retention. Banking industry is not an exception. Building a long term good relationship with customers and also retaining them is a critical strategy for any financial