Customer satisfaction in the Swedish financial sector

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Abstract
Customer satisfaction has become an increasingly important factor over the years and companies are starting to realize how important it is to satisfy their customers. This study aims to investigate which the most influential factors behind customer satisfaction are. This led to the creation of the following research question:

*Which are the most influential factors that affect customer satisfaction in Swedish banks?*

The research question was answered by the statistical testing of nine hypotheses. The statistical analysis was done using multiple regression analysis as well as an independent t-test. The data for the analysis was collected through the distribution of 175 surveys, which were handed out to students at Umeå University in Sweden.

The result of the data analysis showed that 59.7% of the variance in customer satisfaction was explained by four variables. These variables were: appearance, competence, trust and word of mouth. These four variables were found to significantly affect customer satisfaction. The study also showed that there were no differences between genders regarding customer satisfaction.

This study contributes to the area of research by identifying the variables that are the most influential on customer satisfaction in Swedish banking. The methodology and the results of this study could also be of help to other researchers who wants replicate the study in order to identify the factors behind customer satisfaction in their own respective countries.
Acknowledgement

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1. Introduction

This chapter will present a brief background regarding the chosen topic as well as a detailed description of the research gap this thesis aims to fill. It will also provide the reader with the purpose and research question. Finally this section will present a short outline that will function as an overview of the thesis structure.

1.1 Background

Since the economic crisis in the early 90s the customer satisfaction rating of Swedish banks has improved, but as a result of the latest turbulence on the financial market, customer satisfaction has begun to decline once again. The Swedish quality index of 2012 shows, that the largest banks in Sweden are having problems keeping their customers satisfied. At the same time, the customers’ satisfaction is becoming more dependent by how the banks are portrayed by the media and the society in general. (SKI, 2012) Both Swedbank and SEB which are two of the largest banks in Sweden have been identified to have some of the most dissatisfied customers in Sweden (GP, 2009; DN, 2012). A contributing factor to the low levels of customer satisfaction within the banking sector could be because of the banks depiction in the media. The banks have also made some rather inappropriate statements in the media that has vexed the public. One example of such a statement was that of Björn Wahlroos, the Chairman of Nordea. When he was asked to justify why the bank spent 22,5 million Swedish Kronor on a condo for the CEO, Björn simply said that everyone needs a place to live and such an important man needs a large condo (SVD, 2013).

One reason why customer satisfaction has been shown to be so important is because of how it affects organizations’ revenues. A high level of customer satisfaction has a tendency to lead to increased sales. The reason for this is because satisfied customers tend to purchase the service or product again if they are satisfied with it which in turn leads to increased profits (Chavan & Ahmad, 2013, p. 56; Anderson et al., 2013, p. 365; Choy et al., 2012, p. 12). Because of these financial implications of customer satisfaction it is essential for organizations to keep their customers satisfied.

Over the years a number of studies have been conducted to identify the drivers of customer satisfaction (Chavan & Ahmad, 2013; Singh & Kaur, 2011; Anderson et al., 2008; Johnson & Fornell, 1991). All of these studies have in different ways reached the same conclusion, which is that customer satisfaction is very important. However, the findings of these studies have not reached the same conclusion regarding which variables that are the most influential on customer satisfaction. Singh & Kaur found that word of mouth and reliability were the two most influential variables on customer satisfaction (2011, p. 340). In their study they collected data using questionnaires and conducted a convenience sample made up of 456 respondents that are customers at Indian banks. They had a fairly even gender distribution but only 1.8 percent of their sample was younger then 25 years old (Singh & Kaur, 2011, p. 331). From the data collected they computed a number of variables that were tested using multiple regressions (Singh & Kaur, 2011, p. 339). That led to the results mentioned above.

Chavan and Ahmad made another study trying to identify the drivers behind customer satisfaction in the banking industry. They tried to do this by distributing 600 surveys with items regarding customer satisfaction to customers of several Indian banks (2013,
p. 56). They had a broader sample than Singh and Kaur but they still focused on middle age customers, it is also worth mentioning that their sample was predominantly male (2013, p. 57). From the items on the survey Chavan and Ahmad created eight variables that were analyzed (2013, p. 58). The result of the analysis was that tangibility, empathy and responsiveness were the most important variables for predicting customer satisfaction (Chavan & Ahmad, 2013, p. 61).

Anderson et al. took a different approach and studied if members of different customer groups evaluated the service encounter differently. They accomplished this by handing out surveys to more then 20 000 passengers of the largest carriers in the United States (Anderson et al., 2008, p. 370). The average respondent was middle age but the sample was otherwise fairly varied (Anderson et al., 2008, p. 372). The results of their study showed that age and gender had an impact on customer satisfaction. They also discovered that experience did not necessarily lead to increased customer satisfaction. (Anderson et al., 2008, p. 377).

Johnson and Fornell conducted a different study which aim was to investigate how customer satisfaction is measured and if it could be compared between people and products (1991, p. 267). The results that Johnson and Fornell found indicated that two of the key factors that affect customer satisfaction are expectations and experience (1991, p. 278). They discuss the implications that experience has on the satisfaction levels of the consumer. In their research they conclude that experience is a double-edged sword since dissatisfied customers tend to become even more dissatisfied. Satisfied customers on the other hand will become more satisfied as they gain experience.

The reason why the different studies have reached different conclusions is hard to determine but one could assume that it has to do with the preferences of the bank customers in the different countries. However, it is not the aim of this study to compare differences between countries. This study only focuses on the Swedish banks and the Swedish customers. Another reason for the differences could be in the respondents. The age of the respondents could drastically affect the outcome of the study. As previously mentioned customer satisfaction has begun to decline since the latest turbulence on the financial market and this could be because of the increasingly higher mortgage rates. This means that the banks’ customers’ satisfaction levels are closely linked to the mortgages rates. However, this only affects the satisfaction level of the customers who has a mortgage.

1.2 Research gap
As depicted in section 1.1, previous studies have shown several different results regarding the most influential factors on customer satisfaction. The fact that customer satisfaction is important and increases revenues was apparent in most of the previous studies made on the subject (Chavan & Ahmad, 2013, p. 56; Anderson et al., 2013, p. 365; Choy et al., 2012, p. 12). However, from the previous research done on the area one can see that there is a customer group that has been fairly neglected. This group is the youths. This is apparent from the respondent profiles in the previous studies (Singh & Kaur, 2011, p. 331; Anderson et al., 2008, p. 372; Chavan & Ahmad, 2013, p. 57). The reason why they have been neglected could be because of their limited dealings with the banks. Since most youths do not have mortgages, it means that they are not contributing as much as other customer to the banks’ revenues. However, we believe that they are an important customer group that can give further insight into the drivers
of customer satisfaction. The reason for this is because this customer group is usually not affected by the mortgages rates. That means that they will evaluate the service encounter differently from those who have a mortgage. One could also argue that it could be especially important to satisfy and create relationships with the youths since they will purchase homes of their own and thus have mortgages in the near future.

In addition, the Swedish Quality Index is showing that the Swedish banks are having problems keeping customers satisfied and that customer satisfaction is declining in Sweden. This indicates that a structured framework of the most influential factors on customer satisfaction in Swedish banks is needed. Which together with the neglected topic of youths highlights a research gap regarding what factors influence youths’ customer satisfaction in Swedish banks the most.

1.3 Purpose and research question

The purpose of this study is to create a model that outlines the most important factors that affect customer satisfaction in Swedish banks. A subsidiary aim of the study is to help Swedish banks to increase their customer satisfaction and thus improve the customers’ banking experience. In order to fulfill the purpose the following research question has been created:

Which are the most influential factors that affect customer satisfaction in Swedish banks?

1.4 Outline

The thesis begins with a short introductory chapter that includes a background of the chosen topic, research gap, research question and a purpose statement. This chapter is followed by a review of the literature used in the thesis as well as a summary of previous research done within the topic. The variables that are investigated in this thesis are also introduced in this chapter along with the hypotheses that will be tested in order to answer the research question. The third chapter includes the methodology used when conducting the study. This chapter also includes a presentation of the authors and their view of knowledge. In the fourth chapter the results of the data analysis will be presented followed by a discussion of the findings in chapter five. Chapter six is the last chapter and includes conclusions, practical implications as well as suggestions for future research.
2. Literature Review

This chapter presents the literature that serves as the foundation to this thesis. It will be organized by the variables that are examined in this paper and for each variable the authors present a definition, motivation and previous research done regarding the variable. Due to the findings in previous research described in section 1.1 the following variables has been selected to be investigated in this study: appearance, trust, employee responsiveness, competence, experience, word of mouth, expectations and purpose of usage.

2.1 Customer Satisfaction

Definition of the variable
Customer satisfaction refers to the customers’ overall judgment of the service encounter. This includes services provided as well as how the customers were treated during the encounter. A high score means that the customer was satisfied and vice versa.

Motivation for choice of variable
Previous research has shown that customer satisfaction is correlated with increased profits. This makes customer satisfaction an important measurement that can be applied in combination with other financial performance measurements to show how successful a company is. Because of this customer satisfaction has been selected as the dependent variable that will be measured using the other independent variables.

Previous research
Customer satisfaction is a widely researched field and has been the topic of numerous studies and articles. One reason for this is that it has been shown that companies who have satisfied customers also have higher profits. If the customers are satisfied after the encounter they tend to use the service again (Chavan & Ahmad, 2013, p. 56; Anderson et al., 2013, p. 365; Choy et al., 2012, p. 12). This means that if a company decides to attempt to increase their customer satisfaction it should lead to increased customer loyalty and thus increased profits (Chavan & Ahmad, 2013, p. 56). Customer satisfaction is also said to be when a company manage to satisfy a customer’s needs (Chavan & Ahmad, 2013, p. 56). These needs do not only include the customers’ business needs, the reason why they consumed the product or service in the first place, but also their psychological needs. This means that a customer can be dissatisfied with an encounter even if the service or product itself was unscrupulous (Chavan & Ahmad, 2013, p. 56). Because of this service companies compete with service delivery and customer satisfaction rather than product quality. The increasing number of service companies on the market means that customer satisfaction is becoming increasingly important since service companies as mention above tend to compete differently from pure product providers. Because of this there have been a number of studies done that tries to identify how customer satisfaction can be achieved (Choy et al., 2012, p. 12).

Another definition of customer satisfaction is that it is how the customer feels after the service or product has been consumed (Singh & Kaur, 2011, p. 329). As shown above there are numerous definitions of customer satisfaction, but what they all have in common is that it is the customer that decides if it has been achieved. However, to ensure that the customers are satisfied are no easy task due to the customers dynamic
preferences. The banks need to anticipate the consumers’ moves and needs, in order to provide them with the product or service that they require. They have to do this because the customers’ preferences are continuously changing. In addition the bank’s employees need to communicate in a language that the consumers understand, because not all consumers are familiar with financial terms. (Tahseen & Al Lawati, 2013, p. 12)

However, there has also been a lot of debate regarding the subject of customer satisfaction in the past. One of the main questions has been if it is possible to measure satisfaction in such a way that it can be compared between individuals (Johnson & Fornell, 1991, p. 268). This is important since if it is impossible to compare satisfaction levels between people it means that the measurement becomes rather irrelevant. One of the earlier ways of measuring satisfaction and thus enabling it to be compared between individuals was to simply make it equivalent to utility (Von Neumann & Morgenstern, 1953, p. 8). If satisfaction is the same as utility it means that utility functions can be created and it is thus possible to compare it between different customers. This was done by assuming that all customers acted rationally and sought to maximize their utility (Von Neumann & Morgenstern, 1953, p. 9).

However, the approach used by Von Neumann and Morgenstern is not perfect due to the number of assumptions that needs to be made, including the assumption regarding consumers’ ability to act rationally. Another way of measuring satisfaction was suggested by Julian L Simon. He argued that it would be possible to measure and compare satisfaction by operationalizing it (1974, p. 63). Satisfaction should therefore be treated like a latent variable that can be measured using other observable variables (Simon, 1974, p. 66). This is a way of measuring satisfaction that is still widely used today due to the fact that it is a lot easier and less time consuming to use than the method suggested by Von Neumann and Morgenstern.

The method suggested by Simon has been adopted by a lot of researchers who tries to identify the drivers behind customer satisfaction (Singh & Kaur, 2011; Anderson et al., 2008; Chavan & Ahmad, 2013). In their research they try to measure customer satisfaction by using proxy variables that together tries to estimate customer satisfaction.

However, except for the issue of being able to compare customer satisfaction between people there is the issue of being able to compare it between industries (Johnson & Fornell, 1991, p. 268). Due to the fact that satisfaction is said to be the customers evaluation of the service or product after it has been consumed it is certainly possible to compare satisfaction between industries (Johnson & Fornell, 1991, p. 271). However, it might not be suitable to do this when the products/services that are being compared are vastly different (Johnson & Fornell, 1991, p. 271). Furthermore, it has shown that the problem regarding comparing satisfaction between different industries have been mitigated due to the fact that consumers tend not to compare their experiences between industries in terms of satisfaction (Johnson & Fornell, 1991, p. 272). An example of this would be that a person does not tend to compare how satisfied he was with his haircut to how satisfied he was with the plumming that was done in his house.
2.2 Appearance

Definition of the variable
In this study appearance refers to the physical appearance of the bank, the layout, cleanliness and how the employees appear to be. The appearance is thus how the customers perceive the bank and the surroundings while visiting the bank. A high score in appearance indicates that the customer finds the appearance to be pleasing. A low score indicates that the customer does not find the appearance to be pleasing.

Motivation for choice of variable
The main reason why appearance was selected as a variable in this study is because there is a distinct link between the appearance of a business and customer satisfaction. Appearance has also been shown to be especially important for banks and this was a contributing factor to why the variable was chosen. Another reason why appearance was chosen was because it includes a wide array of factors and can thus be analyzed in a number of different ways.

Previous research
Research has shown that it is particularly important for organizations such as banks to have the right appearance in order to convey the correct image to their customers (Bitner, 1992, p. 57; Miles et al., 2011, p. 778). There is a lot of research done in the area of appearance and how it affects customer satisfaction. The term servicescape is one that is commonly used in order to describe the appearance and ambiance of a service provider (Bitner, 1992, p. 58). According to Bitner there are a number of different elements that make up the servicescape, e.g. ambient conditions, space, how the employees appear as well as the interaction between customers and the employees (1992, p. 60).

The impact that the servicescape has on the customers cannot be overlooked because it can lead to negative outcomes for the company. One example of this is if the waiting room is too small or unsatisfactory, this increases the risk for the customers to become abusive towards the employees (Daunt & Harris, 2012, p. 133). Because of this it is extra important to make sure that the customers are comfortable, when they are waiting for their turn.

Miles et al. illustrated that the servicescape is much larger than just the appearance of the area where the service takes place. Servicescape is the setting where the interaction between the employees and customers take place, it also includes sounds and smells (2011, p. 778-779). It has also been shown that the customers’ expectations of the servicescape changes depending on the service and industry (Miles et al., 2011, p. 778). An example of this is that the customer might expect that the bank’s branch headquarter has a more upscale appearance then a bank office in the countryside. However, due to the increase of online interaction between customer and organizations it is also important to understand that the customers evaluate the online appearance of the company as well as the offline appearance. The online equivalent to servicescape is called e-servicescape (Harris & Goode, 2008, p. 231). Harris and Goode built on the concept of servicescape developed by Bitner and adopted it for an online environment. The dimensions that they included in their e-servicescape included aesthetic appeal, layout and functionality and financial security (2008, p. 231). The first two dimensions are a pure adaption from Bitner’s article while the last one is a completely new
dimension. The aesthetic appeal refers to the actual design and appearance of the company’s online services and it has shown to be directly linked to the customer’s online experience (Harris & Goode, 2008, p. 232). The functionality on the other hand is linked to the usability and organization of the website. The functionality includes both the information that the company gives to the customer as well as the customer’s ability to interact with the company (Harris & Goode, 2008, p. 233). However, the functionality of the company’s online presence is difficult to assess due to the diversity of the customers’ preferences (Harris & Goode, 2008, p. 232-233).

In addition to the appearance of the servicescape, previous research shows that the employees’ clothing and the formality of their clothing is a way for the bank to convey their image to their customers (Yan et al., 2011, p. 355). Yan et al. concluded that customers perception of a company image are both indirectly and directly affected by the formality of the employees clothing (2011, p. 355). They discovered this by handing out 105 surveys investigating people’s opinions regarding the appearance of employees at department stores (Yan et al., 2011, p. 351). Furthermore, the clothing of the employees gives the customers a hint of the level of quality that they can expect from the service provider (Yan et al., 2011, p. 355). The attire of the salespeople is something that will affect the customers’ perception consciously and unconsciously (Yan et al., 2011, p. 355). In other words the salespeople that wear a certain type of attire is expected to have a certain knowledge, reliability and competence. In other words, the more formal the employees are dressed, the more competence and knowledge the customers expect from them (Yan et al., 2011, p. 355).

In general it is important for every company to develop a servicescape that is suited for their company and their customers. This means that they need to tailor the environment in a way that presents and represent the quality and the skills of the company in the best way possible for the customers in order to reach customer satisfaction. (Reimer & Kuehn, 2005, p. 800)

**Hypothesis:**
The extensive research done regarding appearance and how it affects customers’ view of a company and how they evaluate the service encounter is fairly consistent regarding its importance. There is also previous research that indicates that the appearance and image that the organization conveys needs to fit the service that they provide. Therefore the following hypothesis has been derived regarding appearance:

**H1:** There is a significant and positive relationship between Appearance and Customer Satisfaction.

### 2.3 Trust

**Definition of the variable**
In this paper the variable trust is defined as to which extent the customers can rely on the information that is given to them from the bank. It also includes the bank’s ability to keep their promises to the customer and that they will deliver the requested service at the appointed time. Another factor of trust is that the customers should feel safe when they are conducting business with the bank. A high score in trust means that the customer trusts the bank and vice versa.
**Motivation for choice of variable**
The reason why this variable was chosen was because previous studies have found it to be an influential factor on customer satisfaction. Previous studies have also shown that trust is especially important in banking in order to achieve a higher customer satisfaction.

**Previous research**
In order for economic institutions to work the citizens need to trust them (Wälti, 2012, p. 593). Trust refers to a bank’s clients’ belief in power, justice and honesty in regards to their relationship with the bank. The customer also needs to believe in the bank’s relationship manager’s ability to help them in order for trust to be achieved. Trust can be seen as a relation that you have confidence in and a will to rely on. In order for a relationship with the bank to be successful trust and confidence are important parts that need to be considered. (Gill et al., 2006, p. 388) Because if there is no trust towards a bank the consumers will not buy their products or services, simply because they have no confidence in the bank which in turn makes them trust their offerings less (Robison, 2008, p. 3)

In addition banks need to show the same loyalty to their customers as their customers show them. Because if banks put their long term loyal customers in a tough spot when the bank is having a financially hard time they will not be trusted as much in the future. In order to create trust and loyalty towards a bank the bank needs to treat the long term customers in a way that make them trust the bank. (Robison, 2008, p. 4)

Banks could also raise their customers’ confidence in them by understanding the customers’ economic situations. This could be achieved by for example contacting a customer and offer them counseling regarding their financial situation in order to help them when they are in trouble. But it could also be done by contacting the customers in order to help them making better investments than they are doing at the moment or save them from bad investments. (Robison, 2008, p. 5) However, by offering their customers financial advice they also face the risk of giving the customer bad advice and thus worsening their relationship. Customers might not understand that most investments come with a risk and thus could end up making their financial situation even worse.

The trust towards banks has decreased since the great financial crisis. This is because of many things, for example that the customers have lost money or not been able to withdraw their money due to the bank’s liquidity problems. Unaware customers with limited knowledge regarding banking have also been tricked and markets have illegally been exploited for monetary gains. So it is not for nothing that financial institutions and banks are the least trusted businesses in the world. This in turn puts the banks in a delicate position. (Armstrong, 2012, p. 4)

The public lack of trust in the banking system could go so far that it starts a financial crisis. This has happened many times before and the most notorious one was the Wall Street crash in 1929. During a financial crisis or recession banks tend to focus on investments that are less risky and thus reducing their lending. This limits the markets’ access to capital and thus driving the interest rates up which negatively affects the banks customers (Thornton, 2009). This means that if the customers do not trust the banks, it could affect their satisfaction level even more in the long run. Experts have also said
that an increased trust in financial services is needed in order to be able to speed up the restoration of the industry of financial services (Shim et al., 2013, p. 26).

Previous research shows that the customers need to have confidence in the relationship manager, in order for a bank’s customer relationship to be successful. This means that the manager acts in a professional way and has the customer’s interests in mind. However, the bank’s employees also need to act in a way where they do not put their clients trust in them at risk. (Gill et al., 2006, p. 384) Therefore it is important that the economic institutions show that they are trustworthy and do not put the customer’s assets at risk (Wälti, 2012, p. 594). Trust is because of this a crucial factor in order to maintain and develop good customer relationships, especially if they want to establish a long-term relationship with the customer (Sanjit Kumar et al., 2011, p.98).

Half of the bank customers in America prefer a bank that they can trust rather than a bank that promises them better outcomes of their investments. This works as an indicator for how important trust really is to the customers (Sanjit Kumar et al., 2011, p. 97). It has also been shown that when a customer trusts their bank they do not crave many other service attributes in order to be satisfied (Sanjit Kumar et al., 2011, p. 99).

Hypothesis
Because of the positive impact of trust on customer satisfaction found in previous research the following hypothesis was created:

H2: There is a significant and positive relationship between trust and customer satisfaction.

2.4 Employee Responsiveness

Definition of the variable
Employee responsiveness is as a variable that focus on the communication between the employees and the customers. But it also refers to how promptly the employees can serve the customers. (Grandey et al., 2011, p. 399) A high score in employee responsiveness refers to a positive view of how responsive the employees are.

Motivation for choice of variable
The results of previous studies have shown that employee responsiveness is a key for customer satisfaction. It has also been shown that customers get more dissatisfied the longer they have to wait for response on their inquiries. This means that the employees need to be responsive and accommodating towards the customers’ needs in order for the customers to be satisfied. These are the main reasons why employee responsiveness was chosen as a variable in this study.

Previous research
The topic of employee responsiveness is becoming more important for companies to work with; this is because of there is a direct link between the employees responsiveness and customer satisfaction. (Tahseen & Al Lawati, 2013, p. 10). Employee responsiveness has been called a lot of different things in previous studies, but what they all have in common is that they focus on the need for employees to be able to empathize with the customers and thus understand their needs. Customers in the banking industry tend to have a limited knowledge; this requires the employees to be
able to communicate with the customers in a way that makes the customers understand the situation (Tahseen & Al Lawati, 2013, p. 12). This because the customers might not be well versed in the language used within banking, the pressure on the employees to be able to communicate with the customers increase. The employees need to be able to communicate and explain issues to the customers in a way that makes them understand the facts correctly (Tahseen & Al Lawati, 2013, p. 12).

Previous research also shows that greater customer satisfaction can be achieved when the employees have a positive attitude towards their work. This is basically because the employees are walking symbols of the company to the customers. (Grandey et al., 2011a, p. 397) The attitude of the employees is thus something that the customers believe reflects the organization that the employees work for. This is sometimes referred to as the service profit chain and means that if a company has satisfied employees they will increase the satisfaction levels of the customers. This is achieved because satisfied employees tend to deliver higher quality services then those who are dissatisfied (Grandey et al., 2011b, p. 2). Furthermore, it has been shown that satisfied employees have a faster response time and are thus more able to quickly help customers and answer their questions (Grandey et al., 2011b, p. 2). The explanation for this is that satisfied employees enjoy their work and therefore want to do it well while dissatisfied employees probably want to do as little as possible and are thus blowing off customers inquiries. To summarize the findings of Grandey et al., employee satisfaction is the driving force behind employee responsiveness and both employee responsiveness and employee satisfaction affect customer satisfaction (2011b, p. 6).

Another important aspect of employee responsiveness is how fast customers receive response when they make inquiries. It has been shown by previous studies that customers tend to overestimate the time that they have to wait when contacting an organization (Garcia et al., 2012, p. 213). This means that even if a customer only have to wait for ten minutes he or she could perceive the waiting time as being one hour. Previous studies have also shown that there is a significant negative relationship between customer satisfaction and waiting times (Garcia et al., 2012, p. 213). This means that the longer the customer has to wait the more dissatisfied he or she will be with the service encounter. As stated previously customers tend to overestimate waiting times and on top of that, it has also been shown that the perceived waiting time has a greater impact on the evaluation of the service then the actual time that the customer had to wait (Garcia et al., 2012, p. 213). This means that a customer will be dissatisfied with the service if he or she had to wait for what felt like an hour even though in reality it was only five minutes. The perception of waiting time can also be altered in order for the customer to perceive the time as going faster than it actually is. This could usually be done by some kind of distraction; an example of this could be the use of mirrors to make the customer focus on something else. But it could also be done by providing some other service while they wait; this is for example often done in restaurants where the customer is told that they can wait in the bar while their table is being prepared (Davis & Vollmann, 1990, p. 63). However, this could be hard to do when the customer is not present at the facility and they are contacting the company by phone, therefore it is common that there is some kind of music playing while they are waiting in the phone.

**Hypothesis**
Because of the extensive research done regarding employee responsiveness and waiting times the following hypothesis was constructed to measure if the previous studies are applicable on Swedish banking:

**H3:** There is a significant and positive relationship between employee responsiveness and customer satisfaction.

### 2.5 Competence

**Definition of the variable**

Competence is a broad term and can mean a lot of different things. However, in this study competence refers to the knowledge and behavior of the bank’s employees. The variable competence does not refer to the employees’ absolute knowledge but rather the knowledge that the customers perceive the employees to have. The employees’ knowledge also includes their emotional intelligence. The last component of what competence involves is the technology that the bank uses in their interactions with their customers, e.g. Internet bank and ATMs.

**Motivation for choice of variable**

This variable has been chosen because the competence of the employees can affect how the customer perceive the company, in other words how satisfied they feel. Competence has also been shown to be a deciding factor when evaluating the service encounter and this was another contributing factor to the choice of competence as a variable in this study.

**Previous research**

One way of seeing competence is that it is skills and knowledge possessed by the employees. But it is also the ability of the employees to do analyses and solve problems as well as having the right attitude (Hager & Gonczi, 1996, p. 1). This means that competence, according to Hager and Gonzi, is more then just the employees’ knowledge regarding their work but also how they perform it. It takes competence in order to know how to act with different people and to be able to be polite under pressure. It is very important that the employees are competent, especially in financial services such as banking, because not all customers are very knowledgeable regarding banking. Because of the limited knowledge that exists among many of the bank’s customers, it is necessary that the banks employees not only explain what services that they offer, but also help to identify the service that would best suit the customer (Tahseen & Al Lawati, 2013, p. 12). Employees can improve the customers’ perception of the service by recommending them services that suits their needs. This can be achieved by communicating with the customers in order to better understand their financial situation (Delcourt et al., 2011, p. 9). Because of this, companies’ tries to find employees who possess emotional competence, since these kinds of people tend to be better at interacting with customers and identifying their needs (Delcourt et al., 2011, p. 7). However, emotional competence is a quality that can be affected by external factors such as the person’s mood or his or her’s motivation level (Delcourt et al., 2011, p. 8). This means that a person with a high level of emotional competence could have a bad encounter with a customer. Because of this, it is important to make sure that the employees are motivated, but also that they have good working conditions in order to not waste their competence.
However, there are other benefits of having competent personal. One of them is the fact that if a company has employees with high levels of competence it reduces the workload of the managers. The managers do not have to oversee every move his employees make if he knows that they are competent enough to make the right decisions (Cohen, 2013, p. 36). This means that the managers can simply help the employees to understand what the core values of the company is and what their mission is. Then he can simply trust them to make the correct decisions (Cohen, 2013, p. 36). However, this does not mean that the manager can simply leave all decisions to his employees but rather the simpler day-to-day decisions and still take part in the larger decisions that have larger significance to the company’s future.

Another area that illustrates the companies’ competence is the selection of technology used when dealing with customers. Companies frequently use self-service technology (SST) in order to minimize labor costs and improve the customer’s service experience (Collier & Kimes, 2012, p. 39). SST means that the company lets the customer perform parts of the service themself using appropriate technology (Collier & Kimes, 2012, p. 39; Meuter et al., 2000, p. 50). An example of this is ATMs that customers use in order to withdraw money. However, the customers might be reluctant to use SST unless they get something in return. Collier and Kimes have identified one of these “rewards” as being convenience. In the example of the bank, it would mean that the reward the customer receives for withdrawing money by themselves is that they can do this whenever they want and it is not dependent by the hours that the bank is open. This means that one of the most important criteria for judging if a SST is suitable is how accessible it is to the customer and if it is easy to use (2012, p. 40).

Hypothesis
Due to the importance of competence during the service encounter and its impact on the customer satisfaction, the following hypothesis was created:

**H4:** There is a significant and positive relationship between competence and customer satisfaction.

2.6 Experience

**Definition of the variable**
In this study experience refers to the customers’ previous dealings with the bank and how their relationship with the bank looks like. A high experience indicates a positive prior relationship with the bank and a low score indicates a negative prior relationship with the bank.

**Motivation for choice of variable**
Experience has been used as a variable in many studies and it has been shown that experience is directly linked to customer satisfaction. However, the previous studies are to some extent contradicting each other regarding how experience influence customer satisfaction. Therefore, experience was chosen as a variable in order to investigate which school of thought best correlates with the Swedish banking system.

**Previous research**
Regarding experience and its impact on customer satisfaction one can see a clear division in the results of previous studies. There are mainly two contradicting views regarding how it affects customer satisfaction. The first standpoint is that the more experience a customer has with a company/service, the more satisfied they will be with services from that organization in the future (Johnson & Fornell, 1991, p. 278). However, this does not mean that a customer with a lot of negative previous experience will be more satisfied as he or she gains experience. A customer will not seek out future services with a company that he or she has had dissatisfactory dealings with in the past (Johnson & Fornell, 1991, p. 278). However, there are scenarios where customer satisfaction does not increase with the increase of experience. These scenarios tend to be when there are a limited amount of choices for the consumer (Johnson & Fornell, 1991, p. 279). An example of this could be the local grocery store in a small town that the customer might not like and have negative prior experiences with. However, there is no other store so he or she must continue to go there. Another important part of experience according to Johnson and Fornell is the way it affects the customer’s expectations. If a new service is launched and it is significantly different to all other services provided on the market it would mean that there is no prior experience available to the customers (Johnson & Fornell, 1991, p. 276). This would in turn mean that the customers can not base their expectations on, their own or others, past experiences and they would thus be forced to create their expectations from other sources. This would make the expectations obscure and unreliable. Thus the satisfaction from using the product would be based on the actual service delivery and evaluation (Johnson & Fornell, 1991, p. 276). This shows that without some experience of the service the expectations of the service becomes less impactful. However, due to the loyalty that some customers have towards their favorite companies today it would probably need to be a completely new company that provides the completely new service in order for people not to have their expectations based on the company’s previous services or products. Imagine if Apple would launch a completely new service/product. Even if the customers never seen anything like it in the past, some customers would still have very high expectations due to the fact that they have enjoyed the companies previous offerings.

The other school of thought indicates that experienced customers demand more from the company that they are doing business with and are thus harder to satisfy (Anderson et al., 2008, p. 369). Reinartz & Kumar found that loyal customers were in general less profitable then other customer due to the cost of retaining and satisfying them (2002, p. 5). This idea is fairly controversial as loyal customers are considered to be the cash cows in most cases, since they are willing to pay more than other customers and are very reluctant to switch brands ones they have chosen one (Reinartz & Kumar, 2002, p. 4). The loyal customers tend to be very profitable in the beginning but the profitability quickly drops over time (Reinartz & Kumar, 2002, p. 9). That customers are experienced does not necessarily mean that they are more satisfied with the service encounter. This statement is verified by the findings made by Reinartz & Kumar who claims that there is not a strong relationship between customers’ level of experience and their satisfaction with the service (2002, p. 7). A reason for this is that they could be using the service because of convenience, habits and loyalty rather than the fact that they are overly satisfied with the service.

The two ways of looking at experience shows that experience is a complex variable which outcomes are not certain. There are also contradicting theories regarding if the experienced customers are more satisfied then the customer with less experience.
However, both ways of looking at experience indicates that customers could use the service due to a lack of alternatives or convenience rather than the fact that they are satisfied with the service experience.

**Hypothesis**
There are some interesting previous studies done regarding the effects of experience on customer satisfaction. The previous studies do not agree on however experience increases customer satisfaction or if it decreases it. Therefore the following hypothesis has been constructed:

**H5:** There is a significant and positive relationship between Experience and customer satisfaction.

### 2.7 Word of Mouth

**Definition of the variable**
The authors define of word of mouth as information about a product/service that is received from sources outside of the organization. This means that word of mouth to some extent lies outside of the organization’s control. Organizations try to influence word of mouth through the use of blogs and commercials. However, in this study word of mouth disregards these factors and focuses on word of mouth from relatives, friends, experts and the media. A high score in word of mouth indicates a positive word of mouth and a low score indicates a negative word of mouth.

**Motivation for choice of variable**
The authors have chosen word of mouth as a variable because it has a great impact on the consumers’ behavior. But also because word of mouth has been shown to be a factor that affects consumer behavior regarding banking. In addition, word of mouth has become more important with the development of social media. Because social media has given regular people a voice and the ability to express their opinion regarding their service encounter. Word of mouth has also been shown to be more trustworthy then other advertisement activities and it was therefore selected as a variable in this study.

**Previous Research**
There are billions of conversations among consumers everyday regarding brands, products and services. These discussions are often referred to as “word of mouth” (Angelis et al., 2012, p. 551; Berger & Schwartz, 2011, p. 869). Consumers tend to turn to others consumers for information and help when there is a big financial risk involved in a purchase, this makes word of mouth essential for the more important purchase decisions (Cheema & Kaikati, 2010, p. 553). But they do also turn to others consumers for opinions regarding general purchase decisions (Chen et al., 2011, p. 238).

The spread of word of mouth got a significant boost over the last few years due to the increased use of social media. Companies quickly took the opportunity to integrate social media in their operations and saw an increase in their profits (Corstjens & Umblijs, 2012, p. 433). Corstjens and Umblijs also stated that social media has in a unique way made it possible for companies to receive direct response regarding their marketing activities (2012, p. 433). This was almost impossible before the introduction of social media. However, in order for companies to be able to take advantage of the vast amount of feedback that is created by social media, they need to open up dialogues...
with the customers and do more than just note what the customers think about their products/services (Corstjens & Umblijs, 2012, p. 433). Corstjens and Umblijs also discovered that social media could have an impact on products that are otherwise considered to be low-envolvement products/services (2012, p. 448). They discovered this by investigating a broadband providers and how negative social media affects customers’ opinions of the company (2012, p. 448). This means that all companies needs to be aware of what is written about them in the social media. Even if they feel that their products or services are very low-envolvement. Furthermore, there are a number of other problems that exists for companies regarding the management of social media messages. The biggest problem is that there are not any reliable programs that filters messages and separates the negative messages from the positive messages. This means that companies needs to employ a lot of people in order to manually filter the messages (Corstjens & Umblijs, 2012, p. 448). However, this problem might be solved in the future witch means that smaller companies, that does not have the capital to hier people to filter social media messages, could be able to do this using reliable computer programs.

Previous studies have also shown that the word of mouth communication affects consumer behavior to a great extent and is said to affect about 70 % of consumers buying decisions. It has also been proven that word of mouth specifically influence purchase behavior in banking. (Angelis et al., 2012, p. 551) In addition it is now seen as one of the top effective and important ways of communicating, this is because it is persuasive, trustworthy as well as engaging (Vázquez-Casielles et al., 2013, p. 43). Another important characteristic regarding word of mouth was something that Dubois et al. found in their research, that rumors can be spread and eventually become very persuasive. Furthermore, when the rumor is heard enough times by the consumers it could eventually be perceived and treated as the truth (2011, p. 1020).

Studies have also shown that consumers rely more on word of mouth then more conventional media channels (Cheema & Kaikati, 2010, p. 553). In addition, over time consumer have become better at sharing information to each other through blogs, chats and Internet forums (Chen et al., 2011, p. 238). It also important to know that word of mouth does not only affect the sales, it does also affect the consumer’s attitude towards a product (Schellekens et al., 2010, p. 207). If the customers have a positive attitude towards a product it increases the chance that they will be satisfied with their purchase and thus increases customer satisfaction.

**Hypothesis**

Positive word of mouth has been shown in previous studies to influence customer satisfaction in a positive way and therefore the authors wish to investigate if this relationship is true in the Swedish banking system as well. This leads to the construction of the following hypothesis:

**H6:** There is a significant and positive relationship between word of mouth and customer satisfaction.
2.8 Expectations

Definition of the variable
In this study expectations refer to what the customer expect the bank to offer them in terms of services. This means that a customer with high expectations demand that the bank offer a broader variety of services, while a customer with low expectations will be satisfied with fewer options. The expectations on what services are provided gives an overall view of what the customer expect of the bank and can therefore be applied to the rest of the customers experience with the bank.

Motivation for choice of variable
The customer’s expectations were chosen as a variable because they are directly linked to customer satisfaction and because the customers’ different expectations help shape their satisfaction level. Expectations can be built up in different ways and it is therefore important to understand them in order to meet or exceed them and thus reach a higher level of customer satisfaction.

Previous research
The customers’ expectation of a product or service refers to how good they believe it should be. In addition, the expectation can also affect the choice of product as well as the customers’ satisfaction, because a customer would most likely prefer a product that he or she expects to be good. (Monga & Houston, 2006, p. 654)

Previous studies have shown that the customers’ expectations are very closely related to how satisfied the customers are. If the service is as good as or better than expected then the customer tends to be satisfied with the encounter (Choy et al., 2012, p. 11; Kopalle, 2010, p. 251; Monga & Houston, 2006, p. 654). This is especially true for customers that are known to react on fluctuations on the difference between performance and expectations (Kopalle, 2010, p. 251). The customers’ expectations can be influenced by a number of different factors, for example advertising and the image of the company (Kopalle, 2010, p. 251).

Grönroos agrees with this way of evaluating expectations and argues that the difference between what the customers perceives and what they expect, measures up to how the customers views the quality of the service (1984, p. 37). He stated that total quality is equal to perceived quality plus expected quality (1984, p. 37). This means that the customer’s expectations has a large impact on how he or she evaluates the service encounter and it also emphasizes how important it is that the company convey the right messages to the customer through their external communication (Grönroos, 1984, p. 37). This is because they need to make sure that the customer’s expectations are consistent with the service that the company provides. Previous research has also shown that it is hard for the bank’s employees to match the customers’ expectations. Because of this, more focus have been put on developing the service in banking, because it can function as comparative advantage for the company. Particularly because the customers find that the expectations they have on the bank directly affect the service delivery they receive (Swar, 2012, p. 25).

Many times what customers hear from others is what they start to expect from the company. Even though this information could be rumors it could eventually start to be treated as a fact. Which in turn will become something they think is true and then expect from the company (Dubois et al., 2011, p. 1020). One example of this could be the
death of Steve Jobs, a lot of rumors started when he died and some of these went so far that the customers started accepting the rumors as being true.

The customers’ expectations of a product/service can also be manipulated by the company. A Company can exaggerate the benefits of a product or service using advertisement and this is said to positively affect the consumers’ opinion and attitude towards the product (Olshavsky & Miller, 1972, p. 19). However, if the product is of much lower quality then the consumer could expect from watching the advertisement, it could have the completely opposite effect on the customer and thus reduce their overall opinion of the product (Olshavsky & Miller, 1972, p. 19). Another factor that could affect consumers’ satisfaction level regarding expectations is the assortment of offerings that a company have (Dielh & Poynor, 2010, p. 312). If a company has a smaller assortment the consumer might expect that the company would not be able to fulfill the customer’s needs, while if the company have a larger assortment they will expect the company to be more able to fulfill their needs. (Dielh & Poynor, 2010, p. 312)

**Hypothesis**

The previous research regarding expectations is fairly consistent regarding its impact on customer satisfaction. However, there have not been done many studies investigating how this relationship works within the banking sector. Therefore the following hypothesis was created:

**H7:** There is a significant and positive relationship between expectations and customer satisfaction.

**2.9 Purpose of Usage**

**Definition of the variable**

In this study purpose of usage refers to how a bank’s customers uses their bank, in other words which of the offered services that they use. In this study the services that have been covered within purpose of usage are basic transactions, trading, loans and financial advice. A high score in purpose of usage indicates that the customer is involved with a lot of different services and a low score indicates that he or she is only using a few of the services provided by the bank.

**Motivation for choice of variable**

The reason why purpose of usage was chosen as a variable is because it can give an understanding for what services the consumer uses, which later on can be analyzed to see if users of certain services are more satisfied then others. For example if customers that have more basic usage are more satisfied than consumers that uses more advanced services.

**Previous research**

By studying the service offerings of the major banks in Sweden there is a clear picture of what some of the common services that are available for the customers. One is a personal account for basic transactions and another one is loans, but there is also financial consultation and trading. (Nordea, 2013; Handelsbanken, 2013; SEB, 2013; Swedbank, 2013) There are several other services that the banks provide, but these are considered to be some of the most widely used.
Previous studies have investigated how the customer can affect the service encounter. The main area of research is that of customer participation, which means that the customer is part of the creation and consumption of the service (Yi, et al., 2011, p. 87). However, as the customer participation increases it requires more from the customer. This extra effort can come in various forms, for example that the customer needs to fill in a billhead before going to the tellers window in the bank or that they need to print their own boarding cards when flying from the airport (Skaggs & Youndt, 2004, p. 87). When increasing the customer participation it standardizes the service and reduces the work of the employees. This generally also has a positive impact on how the customer view the service encounter since it standardize the encounters and removes some of the unknown elements from the encounter (Skaggs & Youndt, 2004, p. 87). Yi et al. came to the same conclusion as they noted that a high level of customer participation affects the customer satisfaction (2011, p. 87). This means that satisfaction increases as the customer’s participation increases. One reason for this could be because the customer is in more control and get to make sure that the encounter is what they want it to be.

In banking there are different amount of customer participation depending on what service one use. When withdrawing money there tends to be a very high level of customer participation since most Swedish bank offices has discontinued the use of withdrawing money inside the bank (Nordea, 2013). This means that the customer need to use an ATM in order to withdraw money, this completely removes the interaction with the employees and the customer compleates the whole proceduer using SST.

Another aspect of purpose of usage and how it affects the customer satisfaction is that it is closely linked to experience and expectations. As described by Dielh and Poynor a limited service offering can lead to decreased expectations and thus decreased satisfaction (2010, p. 312). However a customer who is only interested in the most basic offerings available might not be affected by this phenomenon and might even appreciate a smaller assortment since he is not interested in the more advanced services.

**Hypothesis**
The customer participation tend to increase when a customer use several different banking services. Therefore one could assume that the amount of services that the customer use influence the customer’s evaluation of the service encounter and thus the customer satisfaction. Because of this the authors want to investigate if there is a connection between the level of involvement of the customer and his satisfaction level. In order to do this the following hypothesis has been constructed:

**H8:** There is a significant and positive relationship between purpose of usage and customer satisfaction

### 2.10 Age and Gender

**Definition of the variable**
There are several different ways gender can be perceived in today’s society. However, in this paper the variable is defined as the sex a person is born with, either man or woman. Age refers to how old they are.
Motivation for choice of variable
The reason why this variable was chosen is because studies suggest that there is a connection between customer satisfaction and gender. Evidence also argues that perceived customer satisfaction differs between men and women.

Previous research
In recent years it has been shown that certain demographics can affect how the customer evaluates a service encounter. Two of these are age and gender (Sharma et al., 2012, p.102). Previous research suggests that there are differences in how people of different gender and age perceive a service and in how they evaluate it. Woman usually think less of the sacrifice to investment ratio, this means that women focus less on how much a product/service costs in relation to the time it took them to decide on the purchase then men (Sharma et al., 2012, p. 104). Men on the other hand generally have higher demands and expectations in order to be satisfied. In these situations men tend to want to be in control, thus they calculate and try to understand the outcome more thoroughly. In addition, women’s customer satisfaction is more closely linked to how they feel about the service quality in comparison to men (Sharma et al., 2012, p. 108). It has also been shown that men are better then women when it comes to estimating time and they also tend to be more objective orientated, which means that men tend to get annoyed when shopping and thus reducing their overall satisfaction level (Sharma et al., 2012, p. 104). The reasons why men are more aware of time and objectives are because of their traditional roles in the workplace were these attributes are appreciated (Sharma et al., 2012, p. 104). This argument might be true in some countries but in the 21st century it feels a bit outdated, women have the same jobs as men and are also used to keeping times and focusing on compleating objectives. This is especially true in Sweden and most of the west. There might be some generations of men and women were this is true but one could argue that this will disappear over the coming years, at least in cultures where equality is valued.

Furthermore, women tend to value social interactions with the bank more than men in order to be satisfied (Karatep, 2011, p. 294). Women also tend to focus on the details of a service encounter more in order to be satisfied. On the other hand, men are more task-oriented and the outcome of the encounter is often the most important factor for their satisfaction (Karatep, 2011, p. 293). However, there is another dimension regarding gender and customer satisfaction, which is that women are more experienced when it comes to making purchase decisions (Anderson et al., 2008, p. 368). This means that women are better than men at finding products and services that suits them. This means that the women’s experience and ability to research the product/service lead them to being more satisfied with the final decision they make (Anderson et al., 2008, p. 368). Men on the other hand tend to be more impulsive and do not spend a lot of time looking for the best product/service, which tend to lead to them being less satisfied (Anderson et al., 2008, p. 368).

Studies have shown that the age of the consumer plays an important part in how they will evaluate the service and if they will be satisfied or not (Sharma et al., 2012, p. 105; Anderson et al., 2008, p. 369). Older people tend to be slower at processing information and they are generally inferior when it comes to finding information and comparing services (Anderson et al., 2008, p. 369). This means that older people in general are more satisfied with the service/product that they purchase. The reason why older people
tend to avoid comparing products/services and do not do as much research as younger people, is because they trust that they can use the experience they gathered over the years to make the right decision. Due to the amount of experience they have gathered over the years they tend to avoid time consuming activities such as comparing and research and instead they rely on heuristics (Sharma et al., 2012, p. 105). By using these mental filters they shorten the decision process but they also risk making poor decisions due to lack of information.

**Hypothesis**
Due to the limited spread of the respondents’ age, which is a product of the sampling method used, there is no hypothesis that includes the age of the respondents. However, age will be used to describe the sample of the study. Gender on the other hand is fairly evenly distributed and can thus be tested. However it is not part of the main research question, but it could be interesting if Swedish bank customers follow the trends depicted in previous studies. The following hypothesis has therefore been created:

**H9:** Women have a significant higher mean of satisfaction than men.

**2.11 Hypothesis Overview**
In order to answer the research question in the study eight hypotheses have been constructed. However, there was also a ninth hypothesis constructed in order to investigate if the gender differences described in previous studies exists in the context of this study, Swedish banking. These are summarized in the model below. The model also outlines the variables connected to customer satisfaction, the dependent variable.
3. Methodology

In this chapter the authors’ view of knowledge will be discussed as well as how they have conducted the thesis. The chapter will also give the reader a brief overview of the authors’ backgrounds and how these have contributed to the shaping of this thesis.

3.1 Choice of subject

The main reason why the authors chose the subject regarding customer satisfaction in the financial sector was that they wanted a subject that was appealing to both of them. The two authors have a bit different backgrounds with the common denominator being marketing. They therefore wanted a subject that considered marketing as well as financial aspects of a problem. In addition, they also wanted the subject to be about something that was in line with current events. Because of this, inspiration and ideas was collected from reading articles that was published in the Journal of Marketing of Financial Services over the last couple of years. After have read several articles a research gap was identified and the research question of this thesis was created in order to fill this gap.

3.2 Prior Understanding

A researcher’s background and culture are factors that can affect the choices made in the process of a study (Johansson-Lindfors, 1993, p. 76; Lundahl & Skäravad, 1982, p. 60). Therefore, in order for the readers to get a better understanding of the thesis and the authors, two short background summaries will be presented. These will function as clarification of the authors’ educational background and how it could have affected their way of working with this paper.

Fredrik Nordin has studied the program on social matters in high school. Thereafter he took his Swedish four-year ”Civil ekonom” economics degree with a major in Retail and Supply Chain management at Umeå University. Currently he is studying to take his master in economics with a major in marketing. This means that Fredrik is educated within economics and retail supply chain management on an advanced level.

Klas Sundin went to high school in Dubai and took an International Baccalaureate with a focus on economics. Thereafter, he studied at Umeå University in the form of Service management. Currently he is completing his masters in finance. He has also studied marketing on D-level together with Fredrik Nordin.

Since both authors have advanced knowledge within economics the reader needs to understand that this may be reflected in the authors’ way of working. Also the fact that both authors have their own areas of expertise, and not the same exact educational background, means that they complement each other well. This also means that the authors will be able to look at problems from different perspectives and find different solutions to problems that occur. In addition, none of the authors are currently working for any of the major banks in Sweden and thus there is no hidden motive with the thesis.

3.3 Research Philosophy

Except for the authors’ prior knowledge and education there are other factors that will influence the outline and outcome of the thesis. When it comes to the methods used
conducting the report the authors’ view of the world and how they view knowledge will play an important part and will influence the process. In this thesis the concept of worldview has been borrowed from Creswell. He purposed the concept of worldview and equates it to what others have called epistemology (2009, p. 6). The worldview that is the most in line with the authors is the post positivistic one. Post positivism underlines the important of cause and effect, meaning that one can study a phenomenal by looking at its underlying factors (Creswell, 2009, p. 7). This is in line with this thesis since customer satisfaction is measured through the variables that affect it. Another core element of post positivism is the need to break things down into its simplest form and thus simplify relations and occurrences to its core elements (Creswell, 2009, p. 7). This is also in line with the method used in this thesis because there are countless variables that effect customer satisfaction, but the authors have tried to narrow it down, and select a finite number of variables. Another element of the post positivistic philosophy is that attitudes and behavior is observed and measured using a numerical approach (Creswell, 2009, p. 7). This is also something that is implemented in this thesis since the respondents’ attitudes and viewpoints will be transformed into numerical data in order to perform the analysis.

Another factor that needs to be considered is the ontological position of the authors. Ontology refers to how different entities should be viewed, if they are independent from social actors or if they are something that is constructed by them (Bryman & Bell, 2003, p. 19). The branch of ontology that is most in line with the authors’ worldview is objectivism. Objectivism argues that entities such as companies can be viewed as separate entities with rules and guidelines; these entities are believed to be independent (Bryman & Bell, 2003, p. 19).

3.4 Perspective

When writing this thesis the authors wanted to help banks to better evaluate customers’ satisfaction levels and to better understand the factors that influence satisfaction the most. This will also help the banks to better tailor their activities in order to maximize customer satisfaction in order increase their own revenues. This study takes a customer perspective on customer satisfaction since it investigates the customer view of the bank. The customers get to express how they view different parts of the bank and its operations. This makes the thesis useful for the banks since they might not know exactly what their customers think about the service that they provide.

3.5 Research approach

This thesis is conducted with a deductive approach. A deductive approach refers to using theory to support the construction of a study (Bryman & Bell, 2005, p. 23). In the deductive approach it is common practice that the theories are used to create hypothesis that later on will be empirically tested (Bryman & Bell, 2005, p. 23). The reason why the authors have conducted the thesis with a deductive approach is because theories were used to obtain results. This approach was natural since the authors wanted to test several up-to-date theories/variables in a way that they could bring something new to the table in the academic world.
3.6 Research design
The design that is used for this thesis is cross-sectional. Cross-sectional design is usually associated with the use of surveys or structured interviews in order to gather data. The reason for this is that it is a process of data collection on several cases during a specific period of time. The data will then be analyzed in order to find patterns of association. (Bryman & Bell, 2003, p. 48) One could say that a cross-sectional design gives the reader a snapshot of how a certain sample views a certain problem or occurrence at a specific time.

3.7 Type of research
Due to the authors’ post positivistic worldview and the decision of using a deductive approach and the design of the research it is apparent that a quantitative study would be best suited (Creswel, 2009, p. 17). However, the main factor that led to the decision of making a quantitative study is the research problem itself. The research problem suggests that there are variables that affect customer satisfaction and this study aims to identify and evaluate these variables. This type of research problem usually characterizes a quantitative study (Creswell 2009, p. 4). It would have been possible to do a qualitative study where one tries to identify factors affecting customer satisfaction through interviews, but due to the vast prior research in this area this did not appeal to the authors. Another downside in doing a qualitative study is the lack of generalizability. A qualitative study is great for identifying abnormalities and when there are not much prior research done in the subject (Creswell, 2009, p. 18).

This study will follow the quantitative research process outlined below:

![Quantitative research process diagram](image-url)

Figure 3. The quantitative research process logical structure (modified picture) (Bryman, 1997, p. 31)
3.8 Data collection

3.8.1 Primary and Secondary Data
Primary data refers to data that the researcher collects straight from the source with the help of questionnaires, interviews or observations. Secondary data is knowledge and information that are collected from studies others already have performed (Jacobsen, 2002, p. 152-153).

The primary data for this thesis have been collected by the survey that the authors created for this thesis while the secondary data comes from scientific articles, books and journals. When collecting secondary data for the thesis the authors have to a great extent used peer reviewed articles as well as literature that is up to date. The authors made this choice in order to have reliable sources, which in turn enhances the credibility and the quality of the thesis.

When searching for secondary data Umeå University’s library has been used as well as its internet search engine EBSCO, Academic search Elite.

Keywords used: Customer satisfaction, Appearance, Servicescape, SST, Trust, Gender, Reliability, Responsiveness, Expectations, Experience, Competence, Word of mouth, Financial Crisis and Service management

3.8.2 Evaluation of Sources
It is important to have good and reliable sources. In order to accomplish this, the authors have used Thurén’s four criteria for evaluating sources. The first criteria is **Authenticity**, this criteria means that one must be careful when looking at sources and to make sure that the author of the sources is who he says he is (Thurén & Strachal, 2012, p. 13). When making sure that the source is authentic one must not only look at the author but also the content to make sure that information is accurate and reliable (Thurén & Strachal, 2012, p. 13). In order to fulfill this criterion the authors have exclusively used peer-reviewed articles and the books that have been used have been carefully examined in order to make sure that they fulfill the authenticity criteria.

The second criteria is **Time**, this criterion refers to when the information was recorded (Thurén & Strachal, 2012, p. 14). It is important to note when the data is recorded in order to make sure that it is up to date and not outdated. The time criterion is extra important with online sources since they can by changed at any time and the information may be removed (Thurén & Strachal, 2012, p. 14). When the authors have examined their sources they have tried to make sure to always use recent sources and avoid old ones, unless they are very well recognized and thus not affected by the time criterion.

The third criterion is **Dependence**, this criterion means that the reliability of a source increases if there are other independent sources that have reach the same conclusion (Thurén & Strachal, 2012, p. 14). In order to increase the reliability of the sources and fulfill the dependence criterion the authors have whenever possible tried to use more than one source. However, in some cases the authors have not been able to do this due to the lack of research in the area. Nevertheless, there is a lot of research done concerning customer satisfaction and the authors have therefore been able to avoid this...
problem in most cases. When the authors did not have at least two sources backing up the information they put extra effort into verifying the sources and examining how they reached their conclusion.

The final criterion is **Tendency** and implies that there could be bias in the information if the author has a special interest when conducting the study (Thurén & Strachal, 2012, p. 18). An example of this could be that if a bank would conduct a study measuring people’s attitudes towards interest rates there could be a bias in their finding due to the fact that the bank could have a predetermined goal with the study. Because of this criterion the authors of this thesis have carefully looked at the authors’ connection to what he or she is studying as well as the purpose of the study in order to minimize the bias of the sources used.

### 3.8.3 Sample

The sampling method used in this study is a convenience sampling. This means that the author has used a sample that was accessible and not completely random (Bryman & Bell, 2003, p. 105). An example of a convenience sample could be if a student were writing a thesis, the student would most likely use students in the study, as they are easily accessible. By using a convenience sample one can ensure that the survey gets answered and that the data collection is easy to perform (Bryman & Bell, 2003, p. 105). However, the main drawback when using convenience sample is that the respondents might not be representative of the whole population.

The sample in this study consists of students at Umeå University. The authors had aimed to get 200 respondents but reached 175. Deciding the sample size is a complex process and there are a number of different ways to do it. Bryman and Bell states that it is up to the authors to decide a sample that is appropriate for the study (2003, p. 101). Green on the other hand suggests a simple formula to calculate the minimum number of respondents: \( N > 50 + 8m \) (1991, p. 504). This equation shows that the minimum sample size (N) should be higher than 50 plus 8 times the number of independent variables (m). This formula was used as a rule of thumb when deciding the sample size in this study. The authors had aimed for a sample of 200 but only received 175. However, since \( 50+8\times8 = 114 \) and \( 114 < 175 \), there are no problems with the sample size, even though 200 respondents were not obtained.

### 3.8.4 Survey

The authors have used a self-completion questionnaire to gather the data for the thesis. This kind of questionnaire is characterized by that the respondents fill it in themselves (Bryman & Bell, 2003, p. 141). Normally it is delivered by mail to the respondent who then answers it (Bryman & Bell, 2003, p. 141). However, the authors handed it out manually throughout the halls of Umeå University as well as during university lectures. The benefits with this type of survey are that they are quick to hand out as well as it is easy to administer for the researchers (Bryman & Bell, 2003, p. 141). But also that the respondents do not feel a pressure from the interviewer to answer their questions and since the respondents fill out the survey without help from the researchers, it means that the researchers’ influence is limited (Bryman & Bell, 2003, p. 141).
The authors have used a lot of advice from methodology literature when constructing the survey in order to make the questionnaire as good as possible. For example, the questionnaire begins with a cover letter that explains the purpose of the study and gives the respondent information regarding the thesis (Bryman & Bell, 2003, p. 144). This cover letter also informs the respondents that they will be anonymous and can withdraw from the study whenever they want; this is in line with the ethical consideration when conducting a survey (Bryman & Bell, 2003, p. 144). In addition the questionnaire has been created in a neat and organized way with clear information of how it should be answered in accordance to the methodology literature (Bryman & Bell, 2003, p. 144).

The authors used closed questions in the thesis-survey. Closed questions are questions that limit the respondents to a certain amount of answers possible by offering them a choice of multiple predefined answers. The benefits with this type of questions are that they can avoid confusion and a wrong answer from the respondents because of the predefined answers. (Bryman & Bell, 2003, p. 117) Another benefit is that these kinds of questions are easy to answer for the respondents, but also that they allow researchers to easily compare the results as well as respondents to each other (Bryman & Bell, 2003, p. 158). In addition, closed questions are good because they are mechanically easy to work with and analyze, since they are only ticked boxes (Bryman & Bell, 2003, p. 158).

On the other hand there are some disadvantages with closed questions. These disadvantages could for example be that the respondents find it hard to answer questions with only a limited amount of possible answers. But also that they are not allowed to express themselves more thoroughly than ticking a box, which in turn lead to that the researchers miss out on important information. (Bryman & Bell, 2003, p. 158) A scale that is commonly used when measuring degrees of attitudes is the Likert scale. The likert scale usually consists of five or seven alternatives and works by giving the respondent a statement that they need to consider by ranking how much they agree with the statement. This scale can for example be used in surveys or personality tests. (Bryman & Bell, 2003, p. 74) The authors used this scale in their survey, were they had several different statements that could be answered on a seven point likert scale, where “1” was “strongly disagree” and “7” was “strongly agree”. This scale also makes it possible for the respondents to be neutral since they can choose the point in the middle of the scale (Bryman & Bell, 2003, p. 74).

Survey Outline
The survey starts with three demographic variables, age, gender and what bank the customers use. These demographic variables were chosen because they help to describe the respondents of the sample.

The demographic variables are followed by the different variables that were identified from previous research as some of the most common drivers behind customer satisfaction (Singh & Kaur, 2011, p. 340; Chavan & Ahmad, 2013, p. 61; Anderson et al., 2008, p. 377; Johnson & Fornell, 1991, p. 278). Furthermore, each variable was measured using statements that are commonly used to measure these variables (Jones, 2004, p. 46; Chavan & Ahmad, 2013, p. 58; Singh & Kaur, 2011, pp. 336-338). However, some of the items were modified to better suit the context of this study. These latent variables were measured using statements, four items per variable. Also due to the
fact that the target segment were youths the variables regarding interest rates were discarded.

The first of the latent variables is Appearance and is measured by four items AP1, AP2, AP3 and AP4. The first item, AP1, refers to how service minded the employees appear to be by the consumer. This item was selected due to the importance of the interaction between customers and employees in the servicescape (Bitner, 1992, p. 60). The second item, AP2, measures if the waiting room is large enough. This item was chosen because it has been shown in previous studies that it is important that the customers are comfortable while they are waiting for their turn, in order for them to be satisfied with the service (Daunt & Harris, 2012, p. 133). This shows what an important part of the servicescape the waiting room is. AP3 measures how aesthetically pleasing the appearance of the bank are. This item was chosen due to the fact that the overall appearance of a bank could be interpreted as the customer overall view of the servicescape (Miles et al., 2011, p. 778). The last item measuring appearance is AP4, which measure the cleanliness of the bank. This item is important because it is part of Bitner’s ambient conditions and is therefore a key factor to how the customer perceives the servicescape of the bank (1992, p. 60). Another reason why the authors decided to include questions regarding the bank’s appearance is because it is an important part of the first impression that the bank makes on the customer. Today the customer’s physical contact with the bank is usually limited due to the fact that the internetbank can be used to perform most of the customers needs. However, all customers must have visited their bank in order to have an account and access to the internetbank. Because the number of instances when the customer, belonging to the customer group in this thesis, visits the bank is usually few it means that the customer will remember them and thus be more affected by them when forming their opinion regarding the bank. The contact with the employees of the bank is also important since most of this contact occurs online and it can thus be difficult for the employees to form a relation with the customers. The appearance of the bank is not only visible to the customer when they visit the bank but also when they visit the bank’s website. The website works as an extended appearance of the bank’s office.

After appearance trust is measured. Trust consists of four items called TR1, TR2, TR3 and TR4. Three of the items, TR1, TR3 and TR4, measure the consumers trust related to the interaction with the bank’s employees. These were chosen due to the fact that consumers’ trust is strongly connected to how they perceive the employees and the information that they receive from them (Gill et al., 2006, p. 384). They also need to feel that the info is accurate and that they are not being misled in order to trust the bank (Gill et al., 2006, p. 384). The last item measuring trust is TR2, which refers to the level of security that the consumer feel towards the bank when making transactions. This item is essential due to the fact that banks are considered to be the least trusted institutions, since people have lost money because of banks’ liquidity problems and financial crisis (Armstrong, 2012, p. 4). Therefore it is important to receive a measurement of the public’s trust towards the banks’ ability to keep their money safe and not losing it due to overly risky ventures. The trust between the customer and the bank is also essential since the customer needs to be able to feel safe and secure when they conduct business online as well as offline. Trust is also an interesting variable when dealing with youths since they do not had the chance to form a longer relationship with their bank.
The next variable in the questionnaire is employee responsiveness and is also measured by four items: ER1, ER2, ER3 and ER4. ER1 refers to how fast the customer receives response from the bank when they make inquiries. This item was chosen because it has been a common measurement of employee responsiveness in previous studies (Singh & Kaur, 2011, p. 336). The second item, ER2, measures the employees’ willingness to help the consumer. This is another measurement that has been used in the past to measure how responsive the employees are (Chavan & Ahmad, 2013, p.58). The third item, ER3, is the employees’ willingness to clarify information that the customers do not understand. The authors choose this item because it affects how the customers perceive the responsiveness of the employees (Singh & Kaur, 2011, p. 336). The final item measuring employee responsiveness is ER4 and tries to identify if the customer receive information regarding service that might suit them. This item was chosen because it has been previously used in order to measure employee responsiveness (Singh & Kaur, 2011, p. 336). The responsiveness of the employees does not only apply to when the customer physically visits the bank but also to when they have contact with the bank using the internet.

Employee responsiveness follows by the variable competence. This variable is measured by four items: COM1, COM2, COM3 and COM4. The first item refers to the perceived knowledge of the employees. This is included because the knowledge of the employees reflects the competence of the company and because it has been used in previous studies to measure competence (Chavan & Ahmad, 2013, p.58). The second item, COM2, measures competence by evaluating the technology that the company implement when dealing with the consumers. This item was chosen because the implemented technology reflects the company’s competence when dealing with customers (Collier & Kimes, 2012, p. 39). COM3 measures the politeness of the banks employees. This item was chosen due to the fact that polite employees tend to have a high level of emotional competence (Delcourt et al., 2011, p. 7). The last item measuring competence is COM4, which reflect the respondents’ view of how well the bank manages to understand their customers’ needs. This item was chosen to measure competence because the employees’ ability to empathize with the customers is an important part of emotional intelligence (Delcourt et al., 2011, p. 9). The ability to empathize with the customer is part of the definition of competence that is used in this thesis.

The fifth variable is experience and is also measured by four items: EXP1, EXP2, EXP3 and EXP4. Both EXP1 and EXP4 try to measure experience by looking at the customer’s previous dealings with the bank. These items were chosen because the customer’s interaction with the business in the past has a direct impact on how the customer experience the future service encounters (Johnson & Fornell, 1991, p. 278). The item EXP2 tries to identify how much interaction the customer has with the bank. The amount of contact that the customer has with the bank could be a strong indicator of how much experience they have with dealing with the bank. EXP3 refer to how the customers perceive the opening hours of the bank, which is also an indication of the customers’ experience with the bank.

Word of mouth is another variable that has been measured using four items: WOM1, WOM2, WOM3 and WOM4. All of these items except for WOM1 measures word of mouth by looking at what the customer have heard about their bank from different sources. These sources include friends, family and financial experts. These were chosen
due to the fact that consumers normally turn to other consumers for opinions and advice before a purchase (Chen et al., 2011, p. 238). WOM1 measure how the banks are portrayed in media, this is an important item because even though the information from media might not always be true, it still affects the consumers’ opinion because of the power of rumors (Dubois, 2011, p. 1020).

Word of mouth is followed by the variable expectation with its four items: E1, E2, E3 and E4. All of these items measures expectations by estimating what services the customer expect the bank to deliver. These items were chosen because a company needs to supply the consumers with services that reflect their expectations (Swar, 2012, p. 25).

Purpose of Usage is a variable that is measured using four items: POU1, POU2, POU3 and POUR4. These items give an indication on how involved the customers are in the service delivery. They were chosen because the services that they use from the bank reflect the main purpose that the banks serve to them.

The last variable, which is the dependent variable, is customer satisfaction. This variable was also estimated using four items: CS1, CS2, CS3 and CS4. The purpose of this study is to be able to identify the variables that are the most significant when measuring customer satisfaction. However, in order to do this a measurement of the dependent variable, customer satisfaction, is needed. Therefore four items were used to get an approximate value of the respondents’ satisfaction level. The first two items, CS1 and CS2, estimates if the bank satisfies the customer’s needs, these needs are emotional as well as business oriented needs. The items were chosen because the company’s ability to satisfy the customers’ needs reflect the customers’ satisfaction (Chavan & Ahmad, 2013, p. 56). CS3 works as a control question for the first item because it measures if the respondent would consider switching to another bank in order to receive better service. If the respondent answered high on CS1 it would be confirmed by their answer on CS3. CS4 was included in order to measure the respondents’ willingness to recommend the bank to others. This item was included due to the fact that previous research has shown that customers who are satisfied with a service tend to recommend the service to others (Wangenheim & Bayón, 2007, p. 235).

All of the variables that are included in the survey aim to measure the customer’s interaction with the bank, no matter if that interaction takes place online, on the phone or at the bank office. There are some items on the survey that focuses especially on the physical part of the banking services but otherwise most of them could be applied to all of the parts of the banking experience.

The finalized survey can be found in Appendix 1.

**Survey Distribution**
Before the actual survey distribution was done, the authors conducted a pre study in one class at Umeå University in order to see how well the survey would work. The pre study showed some minor error that the authors could correct and adjust to ensure that the real survey was optimal. There were no larger issues with the survey that were spotted during the pre-study. A contributing factor to this could be that a lot of work was put into research prior to the construction of the survey; also invaluable input was received from the authors’ thesis-supervisor. Even though no major problems were found, it still gave the authors peace of mind knowing that their survey passed the test of a pre study.
In order to effectively collect valid primary data for the thesis the authors asked lecturers at Umeå University if there was a possibility to hand out the survey during their classes in order to efficiently get a big amount of respondents. Several lecturers agreed and therefore the primary data was predominantly collected with this method. The rest of the surveys were distributed to students throughout the halls of Umeå University. However, even though there was two different ways of handing out surveys they were still conducted in a similar fashion. The surveys was handed out after it had been explained to the potential respondent that filling out the survey was optional, that they could stop whenever they wanted and that they would be completely anonymous. This information was given to the respondents before handing out the surveys in both collection methods.

The only real difference between the survey delivery methods was that the respondents got a more personal impression when they received the survey in the hallway rather than in the classroom. The reason for this was that they were addressed personally in the hallway, but addressed as a group in the lecture halls. However, the minor difference in the delivery of the survey is not believed to have influenced the respondents when answering the survey. The reason why the respondents most likely did not get influenced is because it was a fairly minor difference in delivery, but also because of the structure of the survey. As mentioned before, the questions on the first part of the survey are fairly simple and the respondent has most probably forgotten about how the authors delivered the information to them when they reach the more complicated questions.

Another factor that was taken into consideration was that the authors tried during both delivery methods to hand out survey during the same time of day. This was done so that the time of they would not affect how the respondents answered the survey. One could assume that most people tend to be reluctant to fill out surveys during lunch and that they might be stressed to get home during the latter part of the afternoon. Therefore these times of the day was avoided when handing out surveys.

3.8.5 Qualitative Measurements

Generalization
To be able to create a study that results are generalizable is hard since the sample is often small in comparison to the actual population. The problem of generalization is even larger when using a convenience sample since the sample is probably not representable of the whole population (Bryman et al., 2003, p. 105). However, the sample should be representable of the students at Umeå University and could therefore serve as an indication of the larger population. Therefore, the study might not be completely generalizable, but the findings could identify a trend among students in Sweden and people of the same demographic group as the respondents in this study.

Reliability
This criterion refers to if the findings from a study would provide the same results if it was done multiple times. A high reliability indicates that the author minimized his influence on the study since other researches reached the same results using the same
method. It is especially dangerous to work with a poor reliability with quantities studies, because it would not give an accurate picture of the reality. (Bryman et al., 2003, p. 33)

The reliability in this study is considered to be fairly high due to the fact that the method used when conducting the study is straightforward and explained in detail. This means that it would be easy for another researcher to replicate the study and hopefully obtain the same results. The only real factor that could be a problem is the respondents. There is a chance that some of the respondents did not answer the survey accurately. However, this problem should have been minimized due to the size of the sample.

**Validity**

Validity is a criterion that refers to measuring what is supposed to be measured according to the concept (Bryman et al., 2003, p. 33). One example of a validity problem could be when using personality tests for determining if a person is suitable for a specific position within a company. However, the test could like many personality tests have been created in order to identifying personality disorders and is thus not suitable for determining if a person is qualified for a job. Therefore one needs not only to make sure that the instrument measures what it intends to measure but also if it was developed with a different purpose.

Validity does also have a strong connection to reliability. Because if the reliability is poor, meaning that you do not get the same results with repeated measurements, one can assume that the thing being measured is not representational for the whole population, thus the validity of the study is poor as well (Bryman et al., 2003, p. 34)

The survey is the part that could affect this study’s validity the most because it is the instrument that has been used in order to collect data. If the survey is not perfect it could create validity problems with the study. However, due to the time spent on the careful planning of the creation of the survey it should not be any major problems with validity in this study.

**3.8.6 Ethical Considerations**

When conducting a research study it is essential to be aware of the ethical implications. In order to make sure that the design and execution of the study is done in an ethical way it is a good idea to have some rules and guidelines to follow. When conducting this study the authors have had the guidelines put forth by UNESCO as a point of reference. These guidelines include consent, integrity, harmless, compliance and free from coercion (Guchteneire, 2012, p. 1). In order to fulfill the criterion regarding consent, the authors have made sure that the respondents are given information regarding the study and that they understand that it is completely voluntarily. Steps have also been taken in order to protect the respondents’ integrity. This has been done by making sure that the survey is completely anonymous. Even the age of the respondent cannot be identified due to the fact that brackets has been used to determining the age. The harmless criterion refers to the avoidance of both physical and psychological discomfort. This study does not include any physical contact with the respondent and thus there is no physical discomfort. In order to make sure that there is no psychological discomfort the authors were careful when creating the survey and not including any questions that
could be considered offensive. The study also needs to comply with the laws and regulations of the country that the study is being conducted in (Guchteneire, 2012, p. 2). The criterion regarding limiting coercion includes the respondents’ ability to withdraw from the study at any time. The respondents were, as previously mentioned, informed of this before they participated in the study.

By following the guidelines mentioned above, the authors have made sure that the study is conducted in an ethical fashion. The fact that the study follows universally approved ethical guidelines also increases the credibility of the study. It also shows that the results were obtained in a way were the respondents felt comfortable and were not pressured by the authors.
4. Results and Data Analysis

*In this chapter the authors will present the findings from the collected data as well as a statistical analysis of it.*

4.1 Respondent Overview

Some background information was gathered about the respondents who answered the survey, this was done in order to illustrate whom the respondents were and how the sample looked like. The information is not particularly in depth because of the fact that the respondents were anonymous. Information was gathered concerning the respondents’ age, gender and what bank they use. Due to the fact that students at Umeå University were used, the spread of the age between the respondents was fairly limited. This was very much the case and 131 of the 175 respondents were between 18 and 24 years old, only two were between 34 and 44 and none was above 44. The second largest age group was 25 to 34 years old and consisted of 42 respondents.

The gender of the respondents was more evenly distributed and the sample consisted of 83 males and 92 females. The authors did not purposely try to get an even distribution across gender but it is a positive surprise since it allows to test if there is a difference in satisfaction levels between genders.

The results of the survey do also give an overview of which banks that were the most common in the sample. This could indicate a trend among students of which bank is the most popular in their demographic group or it could just be a coincidence. Nevertheless, the most common bank among the respondents was Swedbank, which had 86 customers in the sample. The least common bank was SEB with only 23 customers among the respondents. However, this could be a coincident and if the study would be repeated the distribution among the banks could be completely different. Nevertheless, due to the fact that Swedbank had such a large majority of the customers, as can be seen in the chart below, it could indicate that it is the most common bank among students.

![Bank Distribution Chart](image)

*Figure 4. Bank Distribution*
4.2 Independent T-test

Since information was gathered regarding gender it was possible to test wherever gender affected the customer satisfaction. Therefore an independent t-test was made in order to investigate hypothesis nine. The reason why a t-test was used in order to test if there exists any differences between men and women is because an independent t-test is used in order to compare means of two groups and one variable. This means that the two groups, in this case men and women, are compared to each other by statistically comparing their means. The result of the t-test is summarized in the table below.

<table>
<thead>
<tr>
<th>Female mean satisfaction</th>
<th>Male mean satisfaction</th>
<th>t-value</th>
<th>Df</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.73</td>
<td>5.51</td>
<td>-1.177</td>
<td>173</td>
<td>0.241</td>
</tr>
</tbody>
</table>

Table 1. Independent T-test

As seen by the information in Table 1 there is no significant difference between males and females when it comes to customer satisfaction. This is because the p-value, 0.241, is larger than any alpha value that the authors would find acceptable. The only difference between men and women with regards to customer satisfaction is a slightly higher mean value for women but as previously stated this difference in the mean is not large enough to be significant.

4.3 Cronbach’s Alpha

Cronbach’s alpha is used to measure the internal consistency of a scale (Connelly, 2011, p. 45). This means that Cronbach’s alpha is used to make sure that all the subset items are measuring the same latent variable. As a rule of thumb, Cronbach’s alpha values above 0.7 are satisfactory (Connelly, 2011, p. 45). However, there could be exceptions as long as the researchers are aware of what implications the low alpha values could have on the study. Table 2 shows the Cronbach’s alpha values for the different variables that are used in the study. As seen by the table most variables have an alpha value above 0.7, however, some of them are below. Experience’s alpha value is 0.661 but can be improved to 0.706 by the removal of item EXP2; therefore this item was removed from the analysis. Purpose of usage also had a low alpha value that could be improved by the removal of an item and this was done and thus brought the alpha value from 0.577 to 0.682. This leaves two items with an alpha value below 0.7, word of mouth and expectations. Expectations with an alpha of 0.611 were fairly close to the acceptable value of 0.7 and because of this it remains is the study. Word of mouth on the other hand was a bit further from an acceptable value with an alpha of only 0.538. However, the authors are aware of the implications and have chosen to keep the variable in the study due to its interesting nature and importance to the study. Nevertheless, the low alpha value is noted and will be taken into consideration when analyzing the variable further.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>If Removed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance</td>
<td>0.724</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>0.774</td>
<td></td>
</tr>
<tr>
<td>Employee Responsiveness</td>
<td>0.804</td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>0.865</td>
<td></td>
</tr>
<tr>
<td>Experience</td>
<td>0.661</td>
<td>EXP2 0.706</td>
</tr>
</tbody>
</table>
Before computing the variables that are going to be used in the multiple regression analysis it is important to make sure that the items are suitable for the computation. The first step of this was the control of the internal consistency using Cronbach’s alpha. The internal consistency leads to the removal of two items, EXP2 and POU1. However, in order to find out if the items are compatible when computing the new variables, it is also necessary to look at a correlation matrix outlining the relationship between them, see Appendix 2

In the matrix Pearson’s correlation coefficient is displayed for all the items. The measurement can take any value between -1 and 1. If the value is positive it means that a positive relationship exists and that an increase in one of the items leads to an increase in the other. The astrix next to the value shows if the correlation is significant or not, one astrix indicates that the correlation is significant at a five percent significance level. Two astrixes on the other hand means that the correlation is significant on a one percent significance level.

The only item that raised cause for concern was WOM 4. The reason why this item was concerning was because, as shown in the correlation matrix, it only correlated to one of the items that was meant to estimate word of mouth. Of all the items that meant to estimate word of mouth WOM4 had only a significant correlation to WOM3, which was 0.521. However, even though WOM4 is not correlated to the rest of the word of mouth items it is still deemed to be acceptable. The main reason why WOM4 is not removed is because a removal of WOM4 would severely lower the internal consistency of the subset.

4.5 Computation of New Variables

After have controlled both the internal consistency and the correlation of the items eight new variables were computed. These are the variables that will be examined in the multiple regressions. Eight of the new variables are considered to be the independent variables; these are Appearance, Trust, Employee Responsiveness, Experience, Word of Mouth, Expectations and Purpose of Usage. The last of the newly computed variables is the dependent variable, Customer Satisfaction.

These new variables were computed by calculating the mean of their respective items. This lead to a new set of variables with 175 cases each. An overview of the new variables and the items that were used to compute them are displayed in Table 3.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance (AP)</td>
<td>AP1, AP2, AP3 &amp; AP4</td>
</tr>
<tr>
<td>Trust (TR)</td>
<td>TR1, TR2, TR3 &amp; TR4</td>
</tr>
<tr>
<td>Employee Responsiveness (ER)</td>
<td>ER1, ER2, ER3 &amp; ER4</td>
</tr>
</tbody>
</table>
4.6 Multiple Regression

In order to find out which variables that are the most influential on customer satisfaction, thus answering the research question, it is necessary to test the previously outlined hypotheses. A common way of doing this is by using multiple regression analysis, which measures the independent variables influence on the dependent variable. In this study the independent variables are: Appearance, Trust, Employee Responsiveness, Competence, Experience, Word of Mouth, Expectations and Purpose of Usage. The dependent variable is Customer Satisfaction. The first step of the multiple regression analysis is to make sure that there is no multicollinearity. This means that the independent variables should not be strongly correlated to each other. This can be tested by studying a correlation matrix and making sure that none of the independent variables has a correlation larger than 0.9. As shown in the matrix below, there is no apparent multicollinearity existing among the variables.

<table>
<thead>
<tr>
<th>Correlation</th>
<th>CS</th>
<th>AP</th>
<th>TR</th>
<th>ER</th>
<th>COM</th>
<th>EXP</th>
<th>E</th>
<th>WOM</th>
<th>POU</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AP</td>
<td>0,555**</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td>0,634**</td>
<td>0,450**</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ER</td>
<td>0,562**</td>
<td>0,636**</td>
<td>0,534**</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COM</td>
<td>0,694**</td>
<td>0,575**</td>
<td>0,645**</td>
<td>0,687**</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXP</td>
<td>0,552**</td>
<td>0,545**</td>
<td>0,483**</td>
<td>0,596**</td>
<td>0,545**</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>0,242**</td>
<td>0,222**</td>
<td>0,244**</td>
<td>0,235**</td>
<td>0,225**</td>
<td>0,288**</td>
<td>1,000</td>
<td></td>
<td></td>
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<tr>
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<td>0,241**</td>
<td>0,339**</td>
<td>0,255**</td>
<td>0,240**</td>
<td>0,339**</td>
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<tr>
<td>POU</td>
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<td>0,102</td>
<td>0,101</td>
<td>0,097</td>
<td>0,117</td>
<td>0,152**</td>
<td>0,071</td>
<td>0,298**</td>
<td>1,000</td>
</tr>
</tbody>
</table>

The correlation matrix also shows that the variable POU is the variable that has the weakest correlation to the other variables, including the dependent variable. In Table 5 some descriptive statistics regarding the new variables can be seen. The descriptive statistic shows nothing out of the ordinary, but it is worth mentioning that the variable with the lowest mean is Purpose of Usage. The variable that has the highest mean is Expectations. Another thing that stands out is the fairly low standard deviation of Expectations, which indicate that most of the respondents had fairly high expectations.
Furthermore, there are some cases of multicollinearity that might be missed in the correlation matrix, therefore it is important to verify that the multicollinearity does not exist by studying the coefficients table that SPSS creates when performing the multiple regression. The tolerance and variance inflation factor (VIF) are indicators of multicollinearity. The tolerance needs to be above 0.1 and the VIF should be below 10. As seen in Table 6 all the variables are within the acceptable values for both VIF and Tolerance.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>-1.549</td>
<td>123</td>
<td>Zero-order</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>-0.900</td>
<td>581</td>
<td>-1.549</td>
<td>123</td>
<td>0.555</td>
</tr>
<tr>
<td></td>
<td>AP</td>
<td>0.195</td>
<td>0.088</td>
<td>2.213</td>
<td>0.028</td>
<td>0.555</td>
</tr>
<tr>
<td></td>
<td>TR</td>
<td>0.301</td>
<td>0.089</td>
<td>3.380</td>
<td>0.001</td>
<td>0.634</td>
</tr>
<tr>
<td></td>
<td>ER</td>
<td>-0.026</td>
<td>0.091</td>
<td>-0.22</td>
<td>0.800</td>
<td>0.562</td>
</tr>
<tr>
<td></td>
<td>COM</td>
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<td>0.089</td>
<td>4.088</td>
<td>0.000</td>
<td>0.694</td>
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<tr>
<td></td>
<td>EXP</td>
<td>0.125</td>
<td>0.069</td>
<td>1.808</td>
<td>0.072</td>
<td>0.552</td>
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<td>0.122</td>
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<td>0.552</td>
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<tr>
<td></td>
<td>WOM</td>
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<td>0.067</td>
<td>2.532</td>
<td>0.012</td>
<td>0.373</td>
</tr>
<tr>
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<td>0.043</td>
<td>-0.38</td>
<td>0.468</td>
<td>0.104</td>
</tr>
</tbody>
</table>

Table 6. Coefficients

Tolerance.

However, the more interesting parts of the coefficient table are the standardized beta value with respective significance levels. The beta values show the different independent variables contribution to the dependent variable. As seen in Table 6 the variable that contributed the most to the explanation of customer satisfaction was competence, with a beta value of 0.376. The coefficient table also shows which of the different independent variables that contributed significantly to the explanation of the dependent variable. As seen in the table there are four variables that contribute at a significant level, these are appearance, trust, competence and word of mouth. However, this does not necessarily mean that the result of the other variables are useless, it only means that they do not contribute to the explanation of customer satisfaction and that is a discovery in its own. It is also worth noting that experience was fairly close to being significant at a five percent significance level.
The next part of the multiple regression analysis that is important is the Model summary table and the ANOVA table. The Model summary table includes the R Square value, which serves as a degree of explanation for the variance of the dependent variable. In other words, this means that the R Square depicts how good the regression model is at explaining the variance in Customer Satisfaction. The R Square is in this case 0.597 or 59.7 percent. This is a satisfactory finding, but in order to find out if it is significant, one must study the ANOVA table. The ANOVA table shows the results from the analysis of the variance and determines if the R Square value is significant or not. In this case, the ANOVA table shows that the finding is significant because the p-value is lower than any commonly used significance level. With other words, p<α.

### Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
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<td>1</td>
<td>.772a</td>
<td>.597</td>
<td>.577</td>
<td>.79967</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Usage, Expectations, Appearance, Word Of Mouth, Trust, Experience, EmployeeResponsiveness, Competence

b. Dependent Variable: Customer Satisfaction

### ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>157,082</td>
<td>8</td>
<td>19,635</td>
<td>30,706</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>106,151</td>
<td>166</td>
<td>.639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>263,234</td>
<td>174</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Usage, Expectations, Appearance, Word Of Mouth, Trust, Experience, EmployeeResponsiveness, Competence

Table 7. Model Summary

Table 8. ANOVA
5. Discussion

In this chapter the finding of the data analysis will be discussed. The chapter is divided by the variables that were studied.

5.1 Appearance

The result of the multiple regression analysis found that the variable appearance had a beta value of 0.15 and that it was significant at a five percent significance level, as shown in Table 6. This means that appearance contributes significantly to the explanation of customer satisfaction. The positive relationship between appearance and customer satisfaction was strengthened by the strong correlation between the two variables, a Pearson coefficient of 0.555 was obtained and it was significant at a one percent significance level, as shown in Table 4. This means that there is no support for the rejection of H1. Thus a significant and positive relationship exists between appearance and customer satisfaction.

A lot of research has showed that the appearance of a company is related to customer satisfaction (Bitner, 1992, p. 58). This is something that strengthens the results from the survey which shows that appearance influence the customer satisfaction to a great extent. It do also show that appearance specifically influence the customer satisfaction within the banking industry. Previous research also shows that it is important to have the right appearance in order to portrait a good image of the company (Bitner, 1992, p. 57; Miles et al., 2011, p. 778). This confirms that appearance affect customer satisfaction. The appearance could be important because of the fact that customers perhaps feel more comfortable with a bank that portraits a professional image to the consumers. By doing this, the customers feel safer and attracted to the company because they think that what they see is what they get. This was also suggested by Harris & Goode who investigated the notion of e-servicescape and concluded that one of the most important features was financial security (2008, p. 231). This means that the customer evaluates the bank based on how they feel when they use the bank’s website, if they feel secure when they make transaction using the internet bank is one example of this. Therefore the relation between appearance and satisfaction is strong. Another aspect that affects the bank’s image is the cleanliness of the bank and the employees’ appearance. If the employees were dressed unprofessionally the image of the bank would be perceived differently. This most likely would lower the customer satisfaction of the customers.

Yurchisin & Watchravesringkan have stated that the clothing of the employees can help convey the image of the company to the consumers (2011, p. 355). In other words that the employees is expected to have certain knowledge, competence and reliability by judging from their attire. This in turn was shown by the result of the survey, where the overall appearance of the bank was proved to influence the customer satisfaction.

Daunt and Harris found in their research that the size and ambience of the waiting room has a direct effect on the customer’s relation towards the employees (2012, p. 133). This relationship was found in this study as well since the correlation between the size of the waiting room (AP2) and the politeness of the employees (COM3) was found to be 0.289, see Appendix 2. This is not a very strong correlation, but it is significant at a one percent significance level.
5.2 Trust

The finding in the data analysis presented in Table 6, shows that the variable trust had a beta value of 0.23 and that the level of significance was around one percent. This means that the variable trust was the second largest contributor to customer satisfaction. The data analysis also found that trust was strongly correlated to customer satisfaction with a significant Pearson coefficient of 0.634. Because of these findings there is no evidence suggesting that H2 should be rejected. Thus it can be concluded that there is a significant and positive relationship between trust and customer satisfaction.

Previous research has shown that a good customer company relationship is built upon trust in order to work (Wälti, 2012, p. 593). This means that trust and confidence is important in order to achieve customer satisfaction (Gill et al., 2006, p. 388). This is reflected in the results of the multiple regression analysis where the variable trust shows a significant positive influence on customer satisfaction. This confirms that trust is a cornerstone in order for a customer to have good relationship to their bank and to be satisfied with the services provided. Sanjit Kumar et al found that many customers prefer to be able to trust their bank rather than to get better returns on their investment (2011, p. 97). This is an interesting found on their part but it is nothing that this thesis can consider due to the fact that trust has not been compared to financial returns.

The financial crisis had a big impact on the customers trust towards banks, especially since some customers with limited knowledge felt that they were exploited (Armstrong, 2012, p. 4). This shows how important trust is which is also shown by the results of the data analysis. The customers’ trust towards the bank is strongly related to how satisfied they feel when they are with the bank. This could be because the banks handle an important part of every customer’s life, their financials. If these would disappear or would be mistreated it could have a strong negative impact on the customer’s life. Therefore the trust towards the bank that takes care of the customer’s financials is especially important in order for them to feel satisfied and safe. The customers trust in their bank could be reinforced by offering them advice and help to manage their investments (Robison, 2008, p. 5). This is something that might be extra important when dealing with younger customers because they do not have the experience of the older ones. Another reason why this is extra important when dealing with youths is because they are in a stage in life when they need to start making more decisions regarding their financial situation. Two examples of this is when they buy their first home, thus getting a mortgage, and secondly when they start making decisions regarding their pension.

5.3 Employee Responsiveness

The findings regarding employee responsiveness show that it does not significantly contribute to customer satisfaction. However, even though employee responsiveness did not contribute significantly it is still an important finding. The fact that employee responsiveness is not important is a discovery in itself and indicates that the customers do not find it to be important when they are evaluating their satisfaction level regarding the bank.

The literature regarding employee responsiveness indicates the importance of communication between the employees and the customers and that the employees must be able to explain things in a way that makes the customer understand (Tahseen & Al Lawati, 2013, p. 12). In addition the employees should also help the customers find the
services that best suit them. This was measured in the survey by items ER3 and ER4. However, since there is no significant relationship between employee responsiveness and customer satisfaction found in this study, it would seem that the findings of Tahseen and Al Lawati are not applicable on customer satisfaction in Swedish banking. Due to the structure of this study it is not possible to give a definite explanation of why employee responsiveness is not important to the satisfaction of the bank’s customers. However, one reason for this could be the fact that the majority of the respondents only used the bank’s most basic services, which can be concluded by looking at another variable. Purpose of usage depicts which of the bank’s provided services the customers tend to utilize, as seen in Table 5 the mean value of purpose of usage is only 2.72. This means that the respondents only use a small amount of the services that the bank provides. This could be one explanation for the nonexistence of the relationship between employee responsiveness and customer satisfaction, since the customers do not need the same amount of responsiveness from the employees, as they would have needed if they had used a larger portion of the bank’s service offerings. It is also worth mentioning that if the customer only use the most basic services there are less complications that can occur and thus minimizing the urgency of interacting with the employees.

Another reason could be the reduced contact between customers and the employees. The introduction of more SST, where the customer performs parts of the service themself has led to a decreased interaction between the employees and the customers. This could be another reason why the employee responsiveness is not very influential on the customer satisfaction. However, if the study would have been conducted when most of the bank’s SST were introduced it could have found employee responsiveness to be more important. The reason for this is that during the introduction phase of SST it is paramount that the employees are present and able to explain how the technology works to the customer. However, the SST used by the bank has been around for years and the majority of the customers know how to use it.

5.4 Competence

The regression analysis showed that competence had a beta value of 0.376, which was the highest of all the variables. The beta value was also found to be significant as shown in Table 6. This means that competence is significantly contributing to the explanation of customer satisfaction. From Table 4 it is also apparent that competence is strongly correlated to customer satisfaction with a Pearson coefficient of 0.694. This means that there is strong support for not rejecting H4 and that there is a significant positive relationship between competence and customer satisfaction.

The strong positive relationship between customer satisfaction and competence indicates that the bank’s customers find the employee’s competence to be essential in their evaluation of the service. The result that was gained from the analysis showed that in order for the bank to appear to be competent, they need to make sure that their employees possess a high level of emotional intelligence as well as knowledge about financial services. This is in line with the finding made by Delcourt et al., which is that the employees’ part in the service encounter is influenced by their level of emotional intelligence (2011, p. 9). Since the variable competence is measured from the customer’s perspective, the emotional intelligence of the employee becomes even more important. The reason for this is that all of the items that measure competence are related to how the customer perceives the employee.
Tahseen and Al Lawati explain that employees within banking should be able to identify the needs of the customers since all customers are not experienced within banking (2013, p. 12). The employees’ ability to do this is measured in item COM4. Since COM4 is part of the variable competence it is shown in the regression analysis that the findings of Tahseen and Al Lawati are applicable on the Swedish banking system.

The high significance of competence could also exist because of the importance of empowerment. As suggested by Cohen, a company that has competent employees requires less middle management and the employees are enable to make their own decisions (2013, p.36). This would mean that the employees are better suited to help the customer because their manager trusts in their competence. That means that the customer gets better service and thus a higher satisfaction level.

5.5 Experience

In the multiple regression analysis it was found that the variable experience did not significantly affect the explanation of customer satisfaction, which leads to the rejection of H5. However, experience is an interesting variable due to the fact that the research done within the area had not reached a mutual agreement regarding experience’s effect on customer satisfaction. Because of this it is fairly interesting to find that the customer’s previous experience with the bank does not necessarily affect their level of satisfaction.

Johnson and Fornell found that experience is positively related to customer satisfaction, meaning that customer satisfaction increases with the increasing experience of the customer (1991, p. 278). This theory is not supported by the results of this study, which has not found a significant relation between the two. Furthermore, Johnson and Fornell also argued that experience and expectations are closely linked (1991, p. 276). This relationship was apparent in this study as well, which can be seen from the correlation matrix in table 4. A correlation of 0.288 is not very strong, but the test showed that it was strong enough to be significant at a one percent significance level. However, Anderson et al., argue that experienced customers have higher demands in order to be satisfied. This indicates that a higher level of experience leads to a reduced customer satisfaction, given that the company does not adapt in order to meet the increasing demands. Nevertheless, there were no conclusive evidences found in the data analysis that supported Anderson et al.’s claims.

There are several potential reasons why experience did not affect customer satisfaction as depicted in previous research. However, it is worth noting that the beta value, even though it was not deemed to be significant, was positive and not negative, as seen in Table 6. Because of this one could argue that the variable experience in this study shared more similarities with Johnson and Farnell’s finding then those of Anderson et al. The reason why this assumption could be made is that a positive beta value indicates that the increase of experience influence customer satisfaction. Because of the similarities with Johnson and Fornell’s finding it is worth reflecting on the reason why no significant connection between experience and customer satisfaction was found in this study.

One reason why experience was not a significant influence on the customer satisfaction could be that the majority of the respondents in this study are of young age. This mean
that they have not had the time to gain a lot of experience regarding banking in their life, therefore it is possible that this could have reflected the results of experience not being influential of the customers’ satisfaction. If the respondents would have been older they might have had more experience with the bank due to mortgages or advanced pension management. This might have altered our findings to be more in line with the results presented in previous studies.

5.6 Word of Mouth
As shown in Table 6 in the data analysis, word of mouth had a significant beta value of 0.142. The variable word of mouth was also positively correlated to customer satisfaction as depicted in Table 4. This means that there is a positive and significant relationship between word of mouth and customer satisfaction and H6 can thus not be rejected.

Schellekens et al. have argued that word of mouth influence customer attitudes towards companies (2010, p. 207). This is verified by the finding in this study since an increase in positive word of mouth leads to a higher customer satisfaction. One reason why word of mouth was a significant contribution to the explanation of customer satisfaction could be the increase of social media depicted in Corstjens and Umblijs research (2012, p. 433). Before the internet and social media it was very rare for a customer to come in contact with financial experts and hear their opinions regarding what bank they believe offers the best service. However, nowadays a customer who is interested in what financial expert has to say can easily access the information using social media and the Internet. This also means that financial experts reach more people. The spread of word of mouth through friends has also increased due to social media since people can easily express and share their attitudes towards companies and their services.

However, the variable measured in this study was positive word of mouth and thus it could be argued that negative word of mouth would have the direct opposite effect. This means that the banks need to manage their word of mouth to the best of their ability and make sure to rectify any negative feedback that is circulating. Negative feedback can have a devastating affect regardless if the customer only uses the most basic and uninvolved services that the bank provides (Corstjens & Umblijs, 2012, p. 448).

Another reason why word of mouth is found to be influential on customer satisfaction in this study could be that it affects more than traditional marketing activities. Customers tend to trust information that comes from their peer or people who appear to be without and agenda rather than information that comes directly from the company. This theory is support by Cheema and Kaikati’s finding which indicated that word of mouth had a higher level of trust then conventional media channels (2010, p. 553).

5.7 Expectation
Expectations were found to not significantly contribute to customer satisfaction in the data analysis. This was shown in Table x where the p-value was well above what was deemed to be acceptable. The correlation between expectations and customer satisfaction is also fairly low which is shown in Table 4. This is another indication of the fact that no relationship between the two variables exists. H7 is rejected because of
the evidence presented above and it is therefore concluded that no positive significant relationship exists between expectations and customer satisfaction.

The expectations of a consumer can affect the consumer product of choice; this could be because if the consumer’s expectations are high the consumer most likely thinks it is a good product (Monga & Houston, 2006, p. 654). However, this argument is not reflected in the results of this study. The reason for this could be because of the way the expectations have been measured in the survey. The survey measure what services the customer expects from the bank, rather than the quality that they think that the service should have.

The fact that the expectations measures what service one should expect the bank to provide makes it possible to compare them to the services that the customers actually use. Table 5 shows that the mean value of expectations is 6.31 and that the standard deviation is 0.80. The standard deviation is the lowest of all the variables and this indicates that the majority of the values are centered on the mean. This means that most of the respondents had fairly high expectations, which indicates that the respondents demanded that the bank should provide a wide variety of services. This is interesting since the purpose of usage is the variable with the lowest mean value and its standard deviation is fairly low as well. This means that the customers demand a lot of services but they only use a few. The assortment of services that the bank provides are as mentioned in section 2.8 related to the expectations of the company (Dielh & Poynor, 2010, p. 312). That means that it might not be enough for the bank to only provide the services that the customers actually need, they might want to offer more services in order to relay to the customer that they are able to do everything that the customer want and more.

Previous studies have shown that the expectations of the customer effect the customer’s satisfaction because of how they correspond to how the customer perceives the service (Grönroos, 1984, p. 37). The reason why this relationship was not found in this study could be because the respondents do not use the services that they have expectations about. This means that the difference between expected quality and perceived quality cannot occur.

5.8 Purpose of Usage

The variable purpose of usage was found to not be a contributing factor to customer satisfaction due to the result of the multiple regression analysis, see Table 6. As seen in Table 4 purpose of usage is not correlated to customer satisfaction. The combination of purpose of usage not being correlated to customer satisfaction and that the multiple regression analysis did not show any significant result leads to the rejection of H8. This means that there is no positive and significant relationship between purpose of usage and customer satisfaction.

Previous research has showed that the more a customer is involved in a company’s services the more it influences the person’s customer satisfaction (Yi et al., 2011, p. 87). However this is not reflected by the survey results that indicate that the customers’ usage is not related to their satisfaction of the bank. This could be because most of the respondents only used a few of the services that their bank provides. This is indicated
by purpose of usage low mean value of 2.72, see Table 5. Because of the limited number of services that the customers use, it limits their contact with the bank and this could reduce the impact that the variable had on customer satisfaction. Another factor that could have influenced the result was that one item from purpose of usage was removed from the study when computing the variable. The item that was removed examined if the customer uses their bank for everyday transactions. The reason why this item was removed was in order to improve the internal consistency of the scale. However, another potential reason why the variable did not affect customer satisfaction could be because it should not and that the results of the previous studies were not applicable on the Swedish banking. This is possible since the research done on the area is very limited.

Another result from the data analysis that is interesting is the fact that the beta value is negative; this can be seen in Table 6. Even though the result was not found to be significant it indicates that the customer satisfaction would decrease as the customer uses more services. One explanation for this finding could be because a customer that uses a lot of different services is also exposed to more parts of the service encounter that can go wrong.

5.9 Gender
The findings of the independent t-test indicate that there is no significant difference between men and women when it comes to customer satisfaction. This leads to the rejection of H9.

Previous research has showed that there is a difference between how men and women perceive and evaluate the quality of a service. It is said that women have lower demands and expectations than men in order to be satisfied. (Sharma et al., 2012, p. 108) However the results in the data analysis show no significant proof for this. This in turn can be because Sweden is a country with a high quality of gender equality. The reason why the gender equality polices of Sweden could reduce the differences between men and women, with regards to customer satisfaction, could be because there are not the same differences between male and female in the workplace. Sharma et al. based their results on the fact that men had work tasks that required them to be goal oriented and time conscious (2012, p. 104). These differences might not exist in Sweden to the same degree and thus does not affect how men and women evaluate service encounters. Studies have also presented information that says that women’s customer satisfaction is more connected to how they feel about the service than men (Sharma et al., 2012, p. 108) but also the social interaction (Karatep, 2011, p. 294). This was also found to have no impact on the Swedish banking system. The reason for this could also be the gender equality in Sweden, but it could also be because the same pre purchase behavior is not apparent in banking. Karatep found that women tend to focus more on the details of the service encounter when evaluating their level of satisfaction. Men on the other hand tend to focus more on task-oriented factors (2011, p. 293). However, the result of the independent t-test shows no significant differences and there is thus no difference between men and women on this point. The reason why Karatep’s findings were not present in this study could be
because the customer lacks the knowledge to evaluate the details in the interaction with the bank.
6. Conclusion and Future Research

In this chapter the research question will be answered and the most interesting findings of the study will be pointed out. Suggestions for future research will also be provided as well as a discussion regarding the practical applications of this study.

6.1 Conclusion

The purpose of the study was to create a model that shows the most important factors that affect customer satisfaction in Swedish banking. In order to achieve the purpose a research question was constructed:

Which are the most influential factors that affect customer satisfaction in Swedish banks?

The research question was answered through statistical testing of nine hypotheses. The multiple regression analysis showed that there were four variables that significantly affected customer satisfaction. These were competence, trust, appearance and word of mouth. The variable that had the biggest impact was competence followed by trust. The other two variables were fairly equal regarding their impact on customer satisfaction. The fact that Appearance was shown to affect customer satisfaction could be regarded as especially interesting. This is interesting because most banking errands are conducted online where the physical appearance of the bank does not come into play. However, one could assume that the customers find it important that the bank looks professional even if they do not visit it often.

Figure 5. Customer Satisfaction Model

Because of the differences between the results in this study and the results other studies have reached regarding customer satisfaction (Chavan & Ahmad, 2013; Singh & Kaur, 2011; Anderson et al., 2008; Johnson & Fornell, 1991), it is fairly apparent that the factors affecting customer satisfaction varies between industries and countries. Due to the young age of the respondents in this study one could further assume that these factors are the most important when the customer has not got any mortgage and is thus not affected by the fluctuations of mortgages rates.

However, the variables that did affect customer satisfaction are not the only findings of this study. One could argue that the variables that were found to not influence customer satisfaction is an equally interesting finding since it shows that some of the previous
research is not applicable on the Swedish banking system. Therefore one could summarize this study's contribution to the research field as being the variables that affect customer satisfaction as well as the variables that have been shown to have no impact. The study's more practical contributions will be outlined in the section Practical Applications.

The study could also contribute to the field of research by working as a template for other researchers who wishes to investigate customer satisfaction. By using the same method as used in this study researches could find and identify the variables that are the most important for customer satisfaction in their country.

6.2 Practical Applications
The findings in this study have several different practical implications, but the most important one is for the banks themselves. The reason why the findings in this study could be of use for the banks is because it could help them to conduct a study of their own on the people in their customer register. This would give them an indication of how satisfied their customers are and also show if they need to take actions in order to improve. The variables identified as being the most influential on customer satisfaction could also be useful to the banks since they help the bank decide which parts of their organization that they should focus their resources on in order to improve customer satisfaction. This means that the findings in this study could be useful for marketers who are planning marketing activities.

6.3 Suggestions for Future Research
There are several interesting future research possibilities within this paper’s area. For example it would be interesting to see if consumers in different countries react differently on the thesis-variables. Another suggestion would be to see what variables that are influencing satisfaction the most in other countries. A bigger study could also be made to outline the variables that influence the customers’ satisfaction the most within for example Europe or Asia. In addition, a more in depth study of what the most influencing factors for customer satisfaction is regarding only banks that are based online could be interesting to measure.

Another interesting topic for future studies within this field would be the financial application of this thesis’s customer satisfaction model. It would be interesting to do an extensive study where the satisfaction model of this thesis is used in combination with financial measurements. The reason why this would be interesting is because it could help identify if a marketing campaign actually increases customer satisfaction and through that increases revenues. This could be done if a company plans to launch a marketing campaign that affects some of the variables that are part of this study, for example spend money to increase positive word of mouth through the use of social media. When such a company is identified one could measure the companies’ average customer satisfaction as well as some financial performance measurements such as on return on investments (ROI) or profit margins. After that one could do the marketing campaign and then do the customer satisfaction again as well as updating the measurements. After a comparison could be made in order to see if the marketing activity had any effect, if that was the case it would be interesting to see if the
satisfaction level of the customers could be attributed to any change in the company’s performance. It would be interesting to see if this would help marketers to be accountable for their actions as well as help them get credit for the work they do. The authors are aware that such a study would be hard to conduct since there are a lot of different variables that one need to control, since the potential increase of profit could be claimed to come from other changes that the company makes, but it would still be an interesting study to conduct.
7. Bibliography


GP (2009), Missnöjda bankkunder. GP Website <http://www.gp.se/ekonomi/1.217754-missnojda-bankkunder> [retrieved 2013-05-01]


Appendix 1

Customer Satisfaction and banking

Hello!

We are two students at Umeå University named Fredrik Nordin and Klas Sundin, at the moment we are writing our master thesis on the subject of customer satisfaction regarding banking. The survey consists of twelve questions. When answering it you will be completely anonymous and your answers will only be used for the purpose of this thesis.

Thank you for your time and help!

Section 1: Background Information

The purpose of these questions is to give us a brief background of the respondent. On the questions below you need to pick the most appropriate answers by checking the box next to the alternatives. Only choose one alternative.

1.1 Gender:

☐ Male  ☐ Female

1.2 Age:

☐ 18-24  ☐ 25-34  ☐ 35-44  ☐ >44

1.3 What bank do you use? If more than one, mark the one you use the most

☐ Nordea  ☐ Swedbank  ☐ SEB  ☐ Handelsbanken  ☐ Other

Section 2: Appearance

The statements below concern the physical appearance of your bank and the image that it conveys to its customers. Check the alternatives that best correlate with the statements below.

<table>
<thead>
<tr>
<th>2.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees appear to be service minded</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The waiting room is large enough</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The appearance of the bank is nice</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>The bank’s waiting room is clean</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
### Section 3: Trust

This section concerns trust and how reliable you find your bank to be. Check the boxes below that best correspond to your opinion towards your bank.

<table>
<thead>
<tr>
<th>3.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information I get from my bank is accurate.</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>I feel safe when making transactions using the bank’s services</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>I trust the bank to deliver the services in time</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>I trust advice from my bank</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
</tbody>
</table>

### Section 4: Employee Responsiveness

This section concerns your bank’s employees’ responsiveness and how they deal with questions from their customers. Check the box that best correlates with your opinion.

<table>
<thead>
<tr>
<th>4.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I get fast responses when I make inquiries</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>The bank’s employees are always ready to help me</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>Employees are willing to explain things that I do not understand</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>I receive information about new services that might suit me</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
</tbody>
</table>

### Section 5: Competence

This section concerns the bank and its employees’ knowledge and ability to meet your demands. Check the box that best correlates with your opinion. With technology we mean internet banking, webpage and ATMs etc.

<table>
<thead>
<tr>
<th>5.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank’s employees have the knowledge needed to answer my questions</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>The technology used by my bank suits my needs</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>The bank’s employees are polite</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
<tr>
<td>The bank’s employees understand my needs</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td></td>
</tr>
</tbody>
</table>
### Section 6: Experience

The statements in this section relate to your previous experience with your bank. Check the box that best correlates with your opinion.

<table>
<thead>
<tr>
<th>6.1</th>
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<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>My previous dealings with my bank have been positive</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>I have a lot of contact with my bank</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>I am satisfied with the hours that the bank is open</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>I feel that my bank have been able to help me in the past</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### Section 7: Word of Mouth

This section concerns the image that you have been given of your bank through others. Check the box that best correlates with your opinion.

<table>
<thead>
<tr>
<th>7.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The image of my bank in media (TV and newspapers etc.) is usually negative</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>My family has recommended my bank</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>My friends has recommended my bank</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Financial experts has recommended my bank</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

### Section 8: Expectations

The following statements concern what you believe one should expect from a bank in order to be satisfied. Check the box that best correlates with your opinion.

<table>
<thead>
<tr>
<th>8.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A bank must offer a phone bank</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>A bank must offer an internet bank</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>A bank must offer transaction accounts</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>A bank must offer financial advice</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
**Section 9: Usage**

The purpose of the statements below is to identify how you usually interact with your bank. Check the box that best correlates with your opinion. With basic transactions we mean withdrawals, storage of money and the payment of bills/invoices.

<table>
<thead>
<tr>
<th>9.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I use my bank for everyday basic transactions</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I use my bank for trading (stocks, options etc.)</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I usually contact my bank to apply for loans</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I usually contact my bank to receive financial advice</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
</tbody>
</table>

**Section 10: Customer Satisfaction**

This section aims to evaluate how satisfied you are with your bank. Check the box that best correlates with your opinion.

<table>
<thead>
<tr>
<th>10.1</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am satisfied with the service my bank provides</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I am satisfied with how I am treated by the bank’s employees</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I do not consider switching to another bank to get better service</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
<tr>
<td>I would recommend my bank to others</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
<td>☐ ☐ ☐ ☐ ☐ ☐ ☐</td>
</tr>
</tbody>
</table>

Thank you for your participation and have a nice day!

Best regards

Fredrik Nordin and Klas Sundin
Appendix 2: Correlation of Survey Items

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<th>AP3</th>
<th>AP4</th>
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<th>ER2</th>
<th>ER3</th>
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| EXP3 | EXP4 | WOM1 | WOM2 | WOM3 | WOM4 | E1 | E2 | E3 | E4 | POU2 | POU3 | POU4 | CS1 | CS2 | CS3 | CS4 |
|------|------|------|------|------|------|----|----|----|----|-----|-----|-----|-----|----|----|----|----|
| 1    | 1    |      |      |      |      |    |    |    |    |     |     |     |     |    |    |    |    |
| .489 | 1    |      |      |      |      |    |    |    |    |     |     |     |     |    |    |    |    |
| .146 | .279 | 1    |      |      |      |    |    |    |    |     |     |     |     |    |    |    |    |
| .099 | .204 | .154 | 1    |      |      |    |    |    |    |     |     |     |     |    |    |    |    |
| .106 | .200 | .217 | .293 | 1    |      |    |    |    |    |     |     |     |     |    |    |    |    |
| .169 | .180 | .098 | .037 | .521 | 1    |    |    |    |    |     |     |     |     |    |    |    |    |
| .141 | .212 | .117 | .053 | .219 | .063 | 1  |    |    |    |     |     |     |     |    |    |    |    |
| .086 | .329 | .035 | .056 | .072 | .060 | .166 | 1  |    |    |     |     |     |     |    |    |    |    |
| .024 | .156 | .042 | .069 | .091 | .098 | .237 | .460 | 1  |    |     |     |     |     |    |    |    |    |
| .076 | .312 | .256 | .030 | .158 | .057 | .539 | .258 | .365 | 1  |    |     |     |     |    |    |    |    |
| .027 | .131 | .075 | -.130 | .220 | .121 | -.088 | -.058 | -.064 | .014 | 1  |    |     |     |    |    |    |    |
| .046 | .142 | .102 | -.006 | .251 | .283 | .056 | .009 | .009 | .153 | .364 | 1  |    |     |    |    |    |    |
| .099 | .209 | .159 | .118 | .308 | .396 | .161 | -.015 | -.011 | .233 | .291 | .660 | 1  |    |     |    |    |    |    |
| .256 | .483 | .279 | .276 | .165 | .046 | .102 | .239 | .134 | .176 | .030 | .053 | .117 | 1  |    |    |    |    |
| .326 | .624 | .337 | .182 | .165 | .104 | .159 | .253 | .160 | .266 | .054 | .061 | .146 | .695 | 1  |    |    |    |
| .182 | .323 | .202 | .327 | .139 | -.062 | .103 | .015 | .062 | .172 | -.067 | .040 | .111 | .570 | .447 | 1  |    |    |
| .254 | .478 | .417 | .341 | .275 | .116 | .204 | .093 | .091 | .266 | .090 | .130 | .172 | .688 | .601 | .717 | 1  |    |