Perception Of Trust And Value In Banking Sector

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ABSTRACT

The Objective Of This Paper Is To Find Out Whether Trust And Value Enhances Customer Satisfaction In Banking Sector. Data Is Collected From 200 Customers Of Banking Sector In Delhi. Structural Equation Modeling Is Used For Data Analysis. Results Show That Trust And Value Help In Enhancing Customer Satisfaction.

Key Words: Trust, Perceived Value, Customer Satisfaction

PERCEPTION OF TRUST AND VALUE

1. INTRODUCTION

Customer Satisfaction Is An Elusive Area In Service Sector Because Of Its Unique Characteristics. The Survival Of Business Has Direct Correlation With The Satisfaction Of The Customer. Therefore, It Becomes Essential For Service Providers To Identify The Antecedents Of Customer Satisfaction. Service Organizations Strive To Maintain The Satisfaction Level Of Customer.

Liberalization, Changing Lifestyles, Rapid Improvements In Information Technology, Increasing Levels Of Income, Have Contributed To The Growth Of Retail Banking In India. Because Of Stiff Competition, Banks Are Trying Their Level Best To Satisfy And Retain Customers. Service Quality Is Paid More Focus In Achieving Customer Satisfaction Than Other Factors In Banking Sector. Hardly Any Research Is Conducted On Banking Sector, Which Has Studied, The Impact Of Trust And Value On Customer Satisfaction For The Studied Population. This Article Aims To Fill This Void.

The Remainder Of This Article Is Organized As Follows. In The Next Section, Literature Review And Research Hypotheses Are Presented. After That Methodology Of Research Is Presented. In The Next Part, Hypotheses Are Tested Using Data Collected In The Context Of Banking Sector. Finally, Conclusion Of Study Is Presented.

2. LITERATURE REVIEW
2.1 Customer Satisfaction

According To Kotler (2000) "Satisfaction Is A Person's Feelings Of Pleasure Or Disappointment Resulting From Comparing A Product's Perceived Performance (Or Outcome) In Relation To His Or Her Expectations". Customer Satisfaction Is A Major Outcome Of Marketing Activity Whereby It Serves As A Link Between The Various Stages Of Consumer Buying Behavior. For Instance, If Customers Are Satisfied With A Particular Service Offering After Its Use, Then They Are Likely To Engage In Repeat Purchase And Try Line Extensions (East, 1997). A Study Conducted By Levesque And Mcdougall (1996) Confirmed And Reinforced The Idea That Unsatisfactory Customer Service Leads To A Drop In Customer Satisfaction And Unwillingness To

Recommend The Service To A Friend. This Would In Turn Lead To An Increase In The Rate Of Switching By Customers.

2.2 Trust And Customer Satisfaction

According To Morgan & Hunt (1994) Trust Is Defined As The Integrity, Honesty And Confidence That One Party Perceives In The Other. Trust Has Been Conceptualized As "Trustor's Cognitive Beliefs That Results From Observing The Trustee's Action, And Attributing The Cause Of The Behaviour To The Trustee's Internal Trust-Related Characteristics" (Mcknight Et Al., 1998). It Has Been Proposed That While All Elements Of Trust Are Valuable In Establishing Trust, Different Elements Are Likely To Facilitate Different Forms Of Relationships (Mayer Et Al., 1995).

Fram And Mccarthy (2011) Provided An Insight Into The Action Required By Trust Officers To Improve Customer Satisfaction During A Time Of Difficult Economic And Regulatory Conditions In The USA. . Kesharwani And Bisht (2012) Examined The Impact Of Web Site Design And Trust On Internet Banking Adoption And Found It Significant In India.

This Study, Therefore, Suggests That Trust Has A Positive Influence On Customer Satisfaction.

H1-1: Trust Has A Positive Impact On Customer Satisfaction.

2.3 Perceived Value And Customer Satisfaction

According To Mcdougall And Levesque (2000) Perceived Value Is A Trade-Off Between The Benefits Customers Receive In Relation To Total Cost Which Include The Price Paid Plus Other Costs Associated With The Purchase.

Buyers' Perceptions Of Value Represent A Trade-Off Between The Quality/Benefits They Perceive In The Product Relative To The Sacrifice They Perceive By Paying The Price (Monroe, 2003).

According To Ravald & Gronroos (1996), By Adding More Value To The Core Product, Such As Supporting Services, Companies Attempt To Enhance Customer Satisfaction. Evans And Berman (2001) Also Claim That Customer Satisfaction Is Achieved When Some Services Or Products Above Basic Are Offered To Customers.

Researchers Have Studied The Relation Between Value And Satisfaction And Found That Perceived Value Significantly Predict Customer Satisfaction (Cronin Et Al., 2000; Oh, 2000; Modi, 2013).

This Study, Therefore, Suggests That Perceived Value Has A Positive Influence On Customer Satisfaction.

H1-2: Perceived Value Has A Positive Impact On Customer Satisfaction.

1. RESEARCH METHODOLOGY

Researcher Uses Primary And Secondary Data For This Research. Primary Data Is Collected From 200 Customers Of Bank Customers In Delhi Through Convenience Sampling. Trust Was Measured By Three Items Developed For This Research. Items Were: I Am Emotionally Attached With This Bank; This Bank Has Full Transparency In Its Operations; This Bank Has A Good Brand Name In Market. Customer Satisfaction Was Measured Using A Three Item Scale Developed By Cronin Et Al. (2000). Items Were: My Choice To Avail This Service Is A Wise One; I Did The Right Thing When I Chose This Mobile Service Provider For Its Services;

And Services Of This Mobile Service Provider Are Exactly Same What I Need. Perceived Value Was Measured By Three Items Adapted From Modi (2013). Items Were: I Gain More From This Bank Than I Give; This Bank Offers Attractive And Reasonable Services As Compared With Other Providers; This Bank Gives More Benefit As Compared With Other Providers.

To Measure The Content Validity Of The Questionnaire, The Researcher Collected Feedback From Two Groups Of Experts. They Commented Whether The Items Appeared To Measure The Actual Constructs. The First Group Of Experts Included Academicians And Second Group Comprised The Customers. Each Group Consisted Of Three Members. Each Member Was Requested To Offer Comments On The Questionnaire Based On Its Wording, Clarity, Ease Of Filling Out, Etc. They Were Also Asked To Comment Whether Questions In The Questionnaire Were Sufficient To Achieve The Objective Of Study. On The Basis Of Their Comments, Some Items Were Reframed And Added As Well.

1. RESULTS
1.1 Confirmatory Factor Analysis
According To Hair Et Al. (1998), At Least Ten Times Of The Total Items Should Be Considered For Factor Analysis As A General Rule And A Higher Ratio May Even Be Preferable.

Present Study Has 9 Variables. In This Way Minimum 90 Sample Size Is Required As Per The Above Mentioned Criterion To Use Factor Analysis. This Study Considers Sample Size Of 200 Which Is Sufficient To Use Factor Analysis.
Confirmatory Factor Analysis Was Performed Using AMOS 16.0. Table1 Indicates Fit Measure Of Scale. Obtained Chi-Square Value Is Found To Be Significant (P < .001). The Relative Chi-Square (CMIN/Df) Should Be Below Than 3 (Kline, 1998). In Our Study, This Value Is 1.9 And Fulfills The Criterion. Because Of The Sensitivity Of Chi-Square To Large Sample Size, The Other Fit Measures Of The Model Are Also Considered. The Measures (GFI, CFI, NFI) Were Close To 0.90, Which Suggests, The Good Fit Of The Model. Root Mean Square Error Of Approximation (RMSEA) Is .06 And Ideally It Should Be Lower Than .10.

Table1: Fit Measure Of Scale

X^2	Df		CMIN/Df	GFI		CFI		NFI	RMSEA
70.1	40		1.9	.91		.92		.95	.08

4.2 Construct Validity And Reliability

Convergent Validity And Discriminant Validity Help In Establishing Construct Validity. Composite Reliability Of Each Construct Is More Than Required Value Of .60 All The Indicators Have Significant Loadings For Respective Latent Constructs (P<0.001). In Addition, The Average Variance Extracted (AVE) For Each Construct Is Greater Than Or Equal To 0.50, Which Further Supports The Convergent Validity Of The Constructs. The Square Root Of The AVE Values Of Trust, Perceived Value And Customer Satisfaction Are More Than The Inter-Construct Correlations Which Supports The Discriminant Validity Of The Constructs. Thus, The Measurement Model Reflects Good Construct Validity.

Table 2: Validity And Reliability

Constructs	Measurement Items	Standardized Estimates	P-Value	Reliability
Customer Trust	CT 1	0.86	*	.77
	CT 2	0.91	*	
	CT 3	0.90	*	
Perceived Value	PV1	0.88	*	.79
	PV2	0.95	*	
	PV3	0.89	*	
Customer Satisfaction	CS1	0.85	*	.73
	CS2	0.79	*	
	CS3	0.81	*	

Note: *Implies That The Factor Loadings Are Significant At P < 0.001

4.3 Empirical Testing Of Hypothesized Paths

Structural Equation Modeling Is Used To Test The Hypotheses. The Fit Measures Of Model Are Presented In Table 3. Obtained Chi-Square Value Is Found To Be Significant (P < .001). The Relative Chi-Square Value, GFI, CFI, NFI And RMSEA Fulfill The Desired Requirement.

Table 3: Fit Measures Of Model

X^2	Df	CMIN/Df	GFI	CFI	NFI	RMSEA
70.1	40	1.9	.91	.92	.95	.08

Results In Table 4 Indicated That Customer Trust And Perceived Value Have Positive Impact On Customer Satisfaction. These Results Have Confirmed Both Hypotheses.

Table 4: Results Of Hypotheses Testing

Hypothesized Paths	Standardized Path Coefficients	P-Value		Results
CT? CS	0.72	.000*		Accepted
PV? CS	0.62	.000*		Accepted

Notes: *Implies Significant At P<0.01

1. CONCLUSION

Financial Service Sector Has Become Very Competitive After Liberalization. To Remain Competitive In The Financial Services Landscape, Banks Are Required To Develop New Marketing Strategies, Create Trust, Deliver Value And Enhance Service Quality Levels For The Satisfaction Of The Banking Customers.

Findings Revealed That Improved Customer Trust And Value Increase Customer Satisfaction. This Research Helps Banking Service Providers To Understand Importance Of Trust And Value Along With Quality.

This Study Is Conducted In The Delhi. Therefore, Results Can Not Be Generalized. This Study Has Not Considered Other Factors Of Customers' Satisfaction And Future Studies Should Focus On Other Factors As Well.

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Appendix1 - **Questionnaire**

Instructions: Please Respond Each Item On 5 Point Likert Scale Where 1 Indicates Strongly Disagree And 5 Indicates Strongly Agree.

S. No.	Item	Response
Trust		
1	I Am Emotionally Attached With This Bank.	
2	This Bank Has Full Transparency In Its Operations.	
3	This Bank Has A Good Brand Name In Market.	
Customer Satisfaction		
4	My Choice To Avail This Service Is A Wise One.	
5	I Did The Right Thing When I Chose This Mobile Service Provider For Its Services.	
6	Services Of This Mobile Service Provider Are Exactly Same What I Need.	
Perceived Value		
7	I Gain More From This Bank Than I Give.	
8	This Bank Offers Attractive And Reasonable Services As Compared With Other Providers.	
9	This Bank Gives More Benefit As Compared With Other Providers.	