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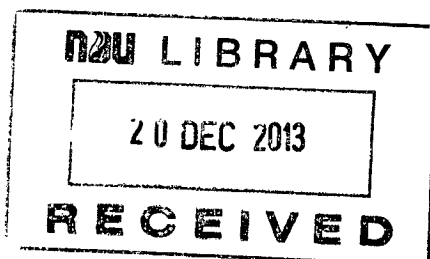
**Bordeaux Management School  
Institute of International Business**

Impact of using Direct Sales Agents in Retail Banking at BankMed

**A Thesis Submitted in Partial Fulfillment of the  
Requirements for the Joint Degree of the Master of Business  
Administration (M.B.A.) and the Master of Science in  
International Business (M.I.B.)**

**Cynthia Michael Zouein**

**NDU-Lebanon  
2012**



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## Impact of using Direct Sales Agents in Retail Banking at BankMed

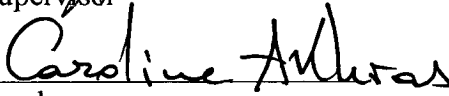
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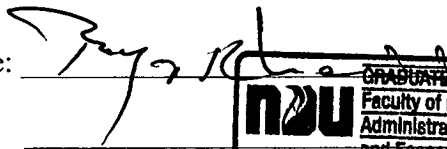
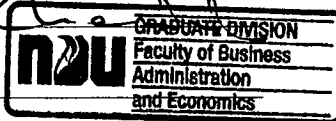
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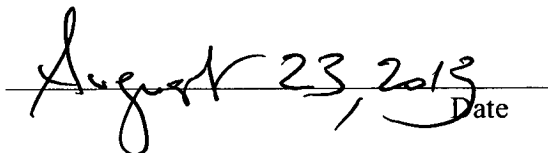
  
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## DECLARATION

I hereby declare that this Thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other University.

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Cynthia Michael Zoucin

## ABSTRACT

The topic of this thesis is in the area of Management, Banking and Finance, and it focuses on the impact of using Direct Sales Agents (DSA) in Retail Banking at BankMed. The usage of DSA is becoming of main importance in today's banking sector where customized and quick services are a must.

The purpose of this paper is to evaluate customer satisfaction and loyalty from using Direct Selling Agents (DSA) services in retail banking, based on customers' perception. This paper's contribution is that there are only few studies dealing with the assessment of DSA in banking environments. As a result, the following research questions are developed:

1. What are the reasons affecting DSA usage?
2. What is the impact of using DSA on Retail Banking Customers at BankMed?

This study is based mainly on primary data collected through a scientifically developed questionnaire. The questionnaire has been personally administered on a sample size of 100, chosen on a convenient basis from BankMed clients regardless whether they are served by DSA members or not.

Using SPSS, this study finds that customers who benefited from DSA services are more satisfied, advocating the importance of DSA in Retail Banking, especially with the increase in market competition, and the increase of customer demand for customized services. Furthermore, satisfied clients are found to be more loyal, and since loyalty leads to profitability, banks can improve their profitability by applying DSA.

**Keywords:** customer satisfaction, customer loyalty, DSA, and retail banking

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My thanks go also to the Department Head and all the DSA team at BankMed that combined their experience and knowledge with mine as well as to the Branch Network that allowed me to circulate the thesis questionnaire to the branches and the DSA clients.

Finally, I thank my parents for supporting me throughout all my studies from kindergarten until my Graduate university degree. Their presence is a blessing that made each step worth it.

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## Chapter I

### INTRODUCTION

#### 1.1 General Background about the Topic

The central idea of this paper is to stress the impact of Direct Sales Agents (DSA) in Retail Banking and its role in satisfying banks' customers and hence increasing the bank's profitability. End results required by financial institutions are now more difficult to reach, and as such, require the adoption of new strategies to attain predefined goals.

The increase in competition and the evolution of consumer preferences towards payment methods and financial products have introduced a big challenge in retail banking. This changing environment has pushed banks toward more innovation to distinguish their customer service and propose a valuable solution that responds to customers' needs, keeping in mind that the increased effort should also differentiate the bank in its consumers' eyes and help maintain customer loyalty.

All financial products offered by banks are the same. The differentiating factor is the customized service that only sales minded personnel can deliver to customers efficiently; "the service profit chain hypothesizes that customer satisfaction is related to customer loyalty, which in turns is related to profitability" (Heskett et al.,1997). Moreover, what it takes to be sales minded is of main importance in today's businesses and especially in retail banking: a person's background, experience, product knowledge, market knowledge, education, etc... When these factors come together, they form the DSA workforce, which in turn leads to innovative solutions for retail banking.

The banking mind has evolved to be more efficient by developing more services; even the branch manager's role has switched from just controlling the branch transactions to being more focused on attracting new portfolios to increase the bank's profitability.

Effectively, banking's first school was always one of two options; either to put money and get interest, or to lease money and generate interest. Nowadays the banking industry has developed to include several areas such as corporate banking, retail banking, and bank insurance.

## 1.2 Need for the Study

“The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions.” (Hull, 2002, p. 64) Most bank product developments are easy to duplicate and when banks provide nearly identical products, they can only distinguish themselves on the basis of personalized service. Therefore, DSA potentially is an effective tool that banks can use to gain a strategic advantage and survive in today’s competitive market. As an employee of BankMed Lebanon, it is important for the researcher as well as the institution that she works for, to establish whether the use of DSA is strongly linked with customer satisfaction, and as a result, to customer loyalty.

In the emerging markets, the credit crisis has had a limited impact on the reputation of banks, but still, trust in financial institutions has decreased, and customers are diversifying their portfolios, accessing more products, banking with more providers and willing to pay for independent financial advice.

Thus, the researcher believes that banks need to find a way to offer free customized financial guidance to customers and trust is a key identifier in this case, because customers must trust their source in order to abide by the advice they receive. Based on the researcher’s experience in the field of Banking and Finance, banks need to focus on whether they are offering customers products that meet their individual needs and by having Direct Sales Agents focusing on each customer. The job of a DSA is not easy especially that their target is new customers, referrals from existing customers, as well as a small percentage of existing customers.

The DSA’s main function is to deliver trust and customer satisfaction by linking between various stages of buying and investing behaviour, and DSA agents are transferred to the position of banking consultants, and this is acquired after the customer is satisfied with a particular offer usage and engages in repeat purchase. Satisfied customers are likely to tell others about their experiences and thus engage in positive word-of-mouth advertising.

The differentiation in retail financial services cannot be limited to the introduction of a new product or the decrease of a fee since all these can be imitated by other banks. However, banks should work on giving clients some incentives that enforce their loyalty.

Banks should investigate services and features having the biggest impact on customer satisfaction and try to dig more in these areas. The Sales Force department plays a major role in this section by reporting directly the customers' feedback on each service and stressing on those that the client considers most valuable. This feedback that most of the customers avoid for lack of time or other purposes is essential to consumers' fidelity. Moreover, the Sales Force job in this section helps the bank monitor the changes in the market and build solutions accordingly.

The main concern of a bank is profitability that is delivered through many channels especially by using good service to retain bank customers and attract new ones and the main point here is the support of the banks' employees especially the Sales Force to their institution's vision.

The maintenance of a customer service strategy will impact clients and result in supplementary sales for the bank; especially that DSAs make it easier for customers to provide feedback and thus banks can correct undesired behaviour and retain customers from going to their competition.

A bank known for its great customer service is on the right track to being a leader in the market and its sales force that helps differentiate this service will improve the bank. Moreover, Direct Sales contact will for sure make a difference in this industry.

### 1.3 Objective of the Study

This paper aims to understand the impact of DSA services adopted by retail banks worldwide and locally by BankMed through a study conducted on BankMed customers.

The objective is to explore and understand the changing business environment that led to the usage of DSA services and the overall impact on customer Satisfaction and loyalty.

BankMed is making more effort to reach current or potential clients. If clients cannot or are unwilling to come to the branches, new Direct Sales Agents (DSA) will certainly call on them and pay them a visit.

#### 1.4 Brief Overview of the Coming Chapters

This thesis will fire up by giving an idea about the retail banking industry and its subdivisions. The researcher's main concern in this thesis will be retail banking in global terms and the importance of direct sales personnel in implementing innovative ways needed in today's market in order to be a step ahead of the competition in this area in particular. For this reason and in order to be able to assess the effect of sales in its financial environment, the researcher will first expose the products used in retail banking and cover their targeted markets as well as the trends used to develop them.

The application of the mentioned products and the status of retail banking across Lebanon specifically, and different regions in the world generally, such as the United States of America, India and the Middle East region will then be exposed.

In chapter II, the researcher will go over retail banking and customer satisfaction theories and consumer classical theories while summing up Lebanese economic and banking case; when discussing the case of Lebanon, the researcher will be explaining the situation of one of this country's biggest banks adopting Direct Sales Agents, "BankMed". Results shown in this thesis will come from a trusted source of financial expertise coupled with a study done on the Lebanese market to reflect the state of affairs.

In chapter III the researcher will go over the methodology used to test the research questions identified in chapter II; the two research questions and the five hypotheses that have been defined, the dependant and independent variables, the sample, the primary and secondary data; the instrumentation used for the purposes of this study including a questionnaire for the bank clients, and an interview with the department head will be explored.

The researcher will expose in chapter IV the results of a survey done on 100 customers of different gender, education level, and professional background, all BankMed customers. The purpose of this survey is to measure the outcome of the introduction of Direct Sales

Agents (DSA) into Retail Banking services used by this bank. Accordingly, customers' feedback will help BankMed weigh the results of using DSA.

In chapter V the researcher will analyze the data retrieved from the findings chapter and will compare the findings with the literature review theories discussed in chapter II.

In chapter VI and based on chapter V, the researcher will conclude with a recommendation about DSA agents' performance, and its link to customer satisfaction which should then lead to customer loyalty.

## Chapter II

### LITERATURE REVIEW

#### 2.1 Banking Industry Introduction

“Globally Retail Banks are entering a new era; Customer Era; selling out a clear strategy is becoming more difficult as regulatory and political intervention changes the market structure” (Ernst and Young, 2011, p.2). Thus, banks are under enormous pressure to restore public confidence in the role they play.

Nevertheless, as consumer behavior becomes more homogenized and banks look to new markets, they must always consider innovative ways to maintain trust and improve service to meet customer expectations.

Ernst and Young (2011) found that, “banking industries in the mature markets like U.S and U.K witnessed a huge drop in confidence levels as a direct result of damages; regardless of the impact of customer trust levels across the globe, the importance of a bank’s reputation and image is evident in all markets; especially that global brand strength was cited as the main reason for choosing a bank” (p.15).

“Today’s consumers have more choices for their financial needs than before. Technology, globalization, increased competition and consumer mobility have dramatically changed the way people bank” (Harwood,2002). Banking, as a tool to build image, is critical in the banking industry; hence it is critical that banks have a comprehensive knowledge of customers’ values, attitudes, needs, and perceptions of various services the bank offers and the image which customers have about the bank itself. Accordingly, bankers must be able to build and manage their bank’s image in order to differentiate between their bank and the competitors. Brand reputation and brand strength is globally important and it is much easier to damage a brand than to repair one; it is increasingly essential for banks to continue enhancing the perceived brand image in today’s business especially that brand image is an alternative of product differentiation (Harwood, 2002).

Nowadays, customers are the core interest in the banking industry. Therefore, the bank's main focus will be on customers no matter which category of clientele they belong to in terms of being individual clientele, or corporate clientele.

The banking industry can be divided into two different segments: Corporate Banking and Retail Banking, but the focus will be on Retail Banking.

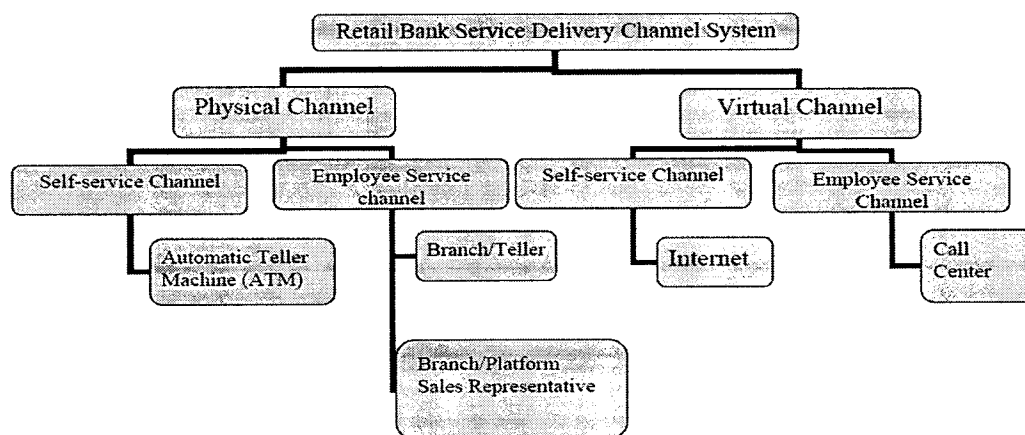
## 2.2 Retail Banking

It is a package of facilities offered directly to individual consumers, provided by commercial banks as well as smaller community banks. The financial products offered by branches in banks can be divided into two big categories:

1. Deposit and lending services: The presence of the customer in the branch for identification and verification is for sure crucial to complete this type of services. However, an additional value should be added to this type of service, which is normally offered by all commercial banks, in order to convince people to choose this bank and not another one. In addition to speeding up the client operation, banks should focus on internet based services where a client can transfer an amount of money from account to account, check his balance, and fill the application required for a loan during the account opening/fulfilment process. The Sales Force department (DSA) can maximize sales opportunities by cross-selling additional products and services. This will introduce the clients to the bank's products and build a good relationship with the client.
2. Credit cards, Mortgages and Home equity loans: these kinds of services are mainly offered by the Sales Force department directly at the client office/shop. They are customized services offered by banks whereby sales people try, through their direct contact with existing or potential customers, to spread the bank presence, increase client awareness of the available products and services and increment its clientele. The customized service makes the client satisfied with what she/he is offered and how it is done and at the same time, helps the bank reach its targets.



Retail Banking is concerned with more than savings and small loan administration; it offers personalized services such as checking accounts, bill payment services, debit and credit cards. ATMs and online banking are also electronic services that are counted within the retail banking umbrella. Below is the structure of the Retail Banking Delivery Channel System.



**Figure 1: Retail Bank Service Delivery Channel System**

(Source: Apte and Vepsäläinen, 1993)

The value for both the bank and its customers will increase with the right connectivity behind these channels. Retail banks must continually optimize their service ‘distribution networks’ in response to market changes and new business initiatives. “Banks should also acknowledge and implement advanced technological solutions that improve customer service through more effective cost and allow them to compete with the global market” (Apte, and Vepsäläinen, 1993)

### 2.3 Retail Banking Products

Today, retail banking types are the basics used by banks worldwide to coincide with their customer needs and to answer their requirements. Below is a brief of retail banking types.

- Current account: it is one of the most convenient accounts for making frequent withdrawals in most of its financial institutions. The Lebanese banking sector has

some requirements and service terms to comply with new regulations, market conditions, and other changes. For example, initial deposit is required for a current account and higher deposit is requested in case of checkbook; customers benefit from free secure money storage, accessibility at branch and ATM and free plastic cards (debit charge, credit charge) in addition to online banking and phone banking but the current account monthly charges differ according to each bank's policy.

- Loans: they are one of the most important banking types, which usually fall into many categories.
  - o Car loans: they give the clients the opportunity of acquiring a car while delaying paying the car price at time zero. Usually, they require a down payment or salary domiciliation might be the case for some banks. Benefits of a car loan are in the convenience of payment in terms of tenor length which might reach up to 72 months while the charges are in terms of file fees (taken upon opening a file for a client), fiscal stamps, and mortgage fees.
  - o Car leasing: it allows clients leasing a car to buy it at its market value at the end of the leasing period. The vehicle down payment might be refundable according to the case; the car will legally belong to the leasing agency for the entire duration of the lease contract and will be fully insured life, fire, and theft insurance.
  - o Personal loans: they are loans that finance the purchase of anything that does not fit under a specialized lending scheme; minimum years of experience, basic salary, client age, and personal guarantee (in some cases) are the requirements and charges are in terms of filing fees, fiscal stamps, and assigning of life insurance. However, banks will not grant personal loans if the monthly repayment is more than one-third of the applicant's salary. Interest is only one of the costs of borrowing. There are other fees some of which may have to be paid before the loan is granted, effectively decreasing the net borrowed amount and increasing the real cost of the loan. Late-payment penalties are available as percentage of the

monthly installment amount with some banks fixing a minimum. Early payments do not reduce the interest if only a few notes are paid off.

- Housing loan: They are more complex than other loans because they are longer-terms loan and therefore, they carry higher default risks. Over-liquid banks are also much more eager to finance property purchases, creating a new flow in real estate transactions. Unlike banks in some European countries, local banks do not finance the entire purchase price of a home. The percentage that they do finance varies from bank to bank. In all cases, the loan is based on a professional valuation of the property, which may differ from the asking price. All the requirements that are applied for personal and car loan are applied for housing loans; repayments may be spread over 30 years; certified expert fees, life insurance fees, and house insurance fees are added to the predefined charges.

Anytime a loan is taken out from a bank, it must be accompanied by an insurance policy to protect the bank's interest in case the borrower is unable to repay the debt. As consumer loans grew over time, banks developed their insurance products to include any type of insurance coverage. Most of them founded or acquired insurance companies. A life insurance policy usually covers a personal loan while a life and property insurance policy is taken out with a housing loan. As for motor insurance policy, it must be purchased along with a car loan. Bancassurance is used to protect loans sold to banks customers; once acquiring a loan from the bank, customers can benefit from a flexible payment option while premium can be installed.

- Saving plans, retirement plans and education plans: they are all new composite products that combine savings and some kind of an added service, usually with an insurance policy attached to them. All saving plans are blocked over a certain period of time. There are age limits in both kinds of plans. Banks should usually specify the entry age for children plans. As for retirement plans, the minimum and maximum age are specified. Most banks require life insurance for death and permanent disability that covers 100 to 120 percent of the targeted amount.

- Credit cards: they allow bank customers to spend money borrowed from the bank and repay it later with a minimum monthly amount. Most banks offer three types of cards: Regular, Gold and Platinum. Platinum and gold are more expensive but have higher limits and other privileges. Most cards are renewable annually.
- Debit cards: they allow a cardholder having a minimum amount in his account to make a purchase, swap a card and have the payment immediately debited from his bank account. A charge card is the same as debit cards where the main difference is that payments will be deducted from the account on a specified monthly date. Smart card technology has been introduced to Credit and debit cards. This makes the card embedded with a computer chip that can accept, store, and send up to 100 times more information than traditional magnetic striped cards.
- Internet cards: they were introduced to facilitate buying goods on the Internet while minimizing the risk of credit card fraud. They can be acquired as prepaid cards or account-linked cards.

Online banking services are continually evolving. All banks allow access to an account balance from a remote computer to which one connects with an approved and encrypted password. The account balance can be downloaded and printed (Charbaji, 2010). The common distribution channels in retail banking are branches, ATMs, the Internet, phone banking, and mobile banking, direct selling agents (DSAs), call centers, and distribution networks of alliance partners. There are some overlaps between the promotional avenues and distribution channels. For example, telemarketing and personal selling may be outsourced to DSAs.

Cross-selling is a major function in the DSA department that helps the banks to increase their sales by selling different products to existing clients. It helps improve customer retention, reduce the cost of customer acquisition, and enhance customer lifetime profitability. Cross-selling also helps the customers in terms of reduced prices, faster and easier processing, and customized products. In the coming paragraphs, the researcher will explain the work of the DSA and will highlight the importance of using DSA services in Retail Banking.

## 2.4 Direct Sales Agents

“Product is the Process” (Harker & Hunter, 2000), thus competitiveness in banking lies in processing the whole business cycle needed for a direct sales agent to deliver the consumer demand while taking into consideration the high level of market competition and the similarity of banking products. An institution is better than another when it differentiates itself from competition by developing factors that make the whole process smoother and clearer.

Direct selling is the marketing and selling of products directly to consumers away from a fixed retail location. Direct Sales include one-on-one demonstrations, personal arrangements, and company arrangements as for Group offers; in fact it is the direct personal presentation, demonstration, and sale of products and services to consumers, usually in their homes or at their jobs (Patrick, 2006).

Customers walking into a bank to open an account have become history. In the era of direct marketing, more and more direct selling agents (DSAs) are knocking doors to provide a customized service. Though the trend started with foreign banks such as Standard Chartered because of their small branch networks, today even Lebanese banks such as BankMed are following this trend. The DSA are young professionals, well aware of the institution's products and offers. They will establish and follow-up on new relationships. They will target potential customers in all the Lebanese regions without exception with a view to promoting retail and consumer products. In fact, the DSA department is made of front and back office functions that must work together in order to develop an efficient workflow to increase the department success rates by delivering consumer promises for a better overall service.

A DSA's main job is to bring customers to the bank, do a pre-assessment for eligibility, then fill the application and finally conduct a follow up. The steps are to have a task force that follows up on applicants (credit assessment and booking); hire DSA to work in the areas they live in and operate through branches; and make group offers per categories (medical sector, engineers, teachers, public sector). Furthermore, to become a targeted employer for good sales persons, it is crucial to empower the DSA agents with training programs (to encourage competition among DSA teams: incentives, rewards, recognition, employee of the month, and yearly reward based on performance). The DSA's training is

also coupled with a performance evaluation program for DSA to keep them motivated and interested in their job. The training followed by DSA agents starts by exposing them to the process followed by an agent in his/her daily tasks. This way, DSA agents are directly introduced to the initials of sales before getting into more advanced techniques.

In the coming paragraph, the researcher will explain the DSA job which is divided into steps, as follows, taking into consideration that a prospect is a potential customer:

- 1- Prospectmeeting: in the first prospect meeting, several points are being invoked. These points are the keys used by the DSA agent to catch the prospect and establish a permanent relationship between the bank and him.
- 2- Greeting: the DSA agent has only one chance to make a first impression. As a result, he/she must make sure he/she is well-presented (look). DSA agent should also smile, greet, take charge and thank and greet his prospect again by name. These keys are based on the three “Components of Communication” (Watzlawick, 2009) where a percentage is assigned to each one of them:

Component	Percentage
Verbal communication (words, vocabulary used)	10%
Para-Verbal communication (Intonation, rhythm, pace)	30%
Non-Verbal communication (gestures, attitudes)	60%

**Table 1: Components of Communication**  
(Source: Watzlawick, 2009)

It is when the prospect arrives that the meeting starts. At that time, the prospect must feel at ease and it is essential to: (1) Go and meet him at the entrance; (2) walk ahead of him to direct him to the office; (3) Wait for him to sit down before you take a seat.

At this stage, the DSA agent will (1) Identify the state of mind of the prospect by observing the clues (vocabulary used, attitude, gestures); (2) Announce the objectives of the meeting and how it will be conducted; (3) Indicate how long the meeting will last; (4) and Obtain the agreement of the prospect

- 1- Understanding the Prospect: The objective of meeting the prospect is to know how he works and his expectations about the business relationship he/she is seeking; the purpose is to gain a better understanding of his/her issues and to win his trust.

To summarize, the DSA who is trying to discover his prospect will be able to fill in the below figure after this meeting:

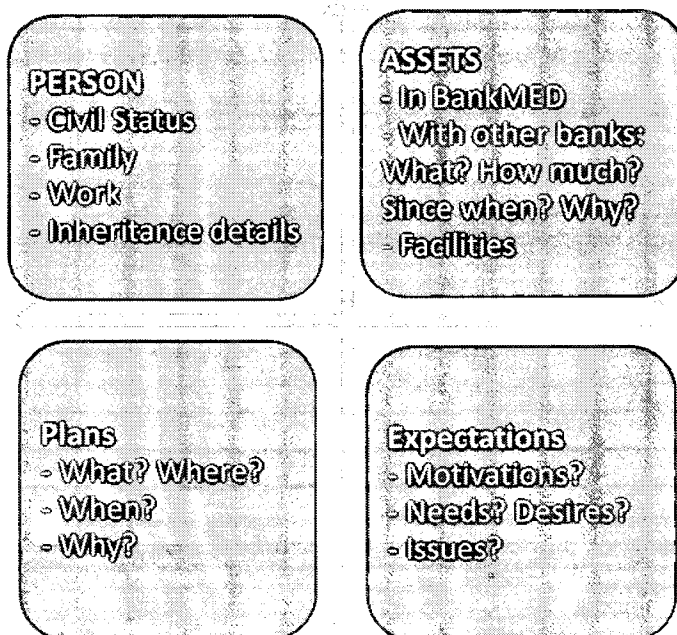


Figure 2: Getting to Know the Prospect  
(Source: Bennett and Higgins, 2001)

- 2- Agreement on the Needs: after making an exhaustive and hierarchical summary of the prospect's needs and plans, the DSA will transform the information into opportunity. Therefore, he/she will:

- a. Offer to provide a clear and practical response to the prospect's wishes and/or motivations. This way, the DSA agent will be transforming the prospect into potential buyer.
- b. Present the rest of the meeting (sales argument) and give preliminary conclusion to transform the potential buyer into buyer.

3- After agreeing on the needs, two options are available:

- a. Make an argued proposal if the first need expressed by the prospect requires it.
- b. Make a second appointment to formulate a proposal on all elements discovered.

Practically, a DSA agent will face different customer characteristics such as: Consumers who compare prices, consumers who are mobile, experienced, informed, and influenced by advertising. Some other consumers manage their own budget or look after their own time-management. Therefore, the DSA agent should:

1. Know the products he is selling very well, their strengths and weaknesses
2. Be able to compare these products with competitors' products and attract the prospect
3. Know which service and product to assign to the prospect according to his background, way of thinking....
4. Not let prospect take advantage of him
5. Not take things personally and wait for the prospect to finish his arguments even if it is was not positive.

The DSA selling process can be summarized in the below points:

- Making Appointments and Preparing Interviews
- Following the first meeting done with the prospect (already demonstrated in the previous paragraph)

In order to realize the needs of the customers, the DSA will therefore:

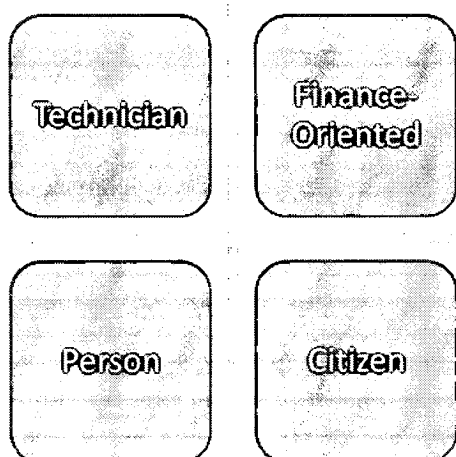
- Summarize the requirements of his prospect
- Review these requirements with his superior
- List the documents that the client should prepare to the bank



- Set an objective for a new interview with the client
- Identify the questions to ask
- Call the prospect<sup>1</sup> to set a meeting and inform him about the documents to prepare.
- Propose simple offers that are tailored to customers' desires since in some cases prospects urge to have at least a response on what they require.

Time management is a crucial factor in dealing with customers. DSA should choose the time suitable for their clients and try to push to respond in the shortest delays. Prompt feedback is a key to the success in this business.

In fact, the DSA can after the first meeting classify the prospect in one of the four sections below:



**Figure 3: Classifying the Prospect**  
(Source: Bennett and Higgins, 2001)

#### 2.4.1 DSA Performance Indicators

To be able to measure the performance of its DSA, each institution should create an evaluation system based on output and input factors.

The output factors can be divided into sales volume, number of bookings, number of customers (Individuals vs. Group Offers) and number of customer complaints received.

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<sup>1</sup>Prospect: Potential Client

The input factors include sales skills, product knowledge, sales presentation, calls per day (call rate), days worked, number of meetings held with customers before losing a deal, customer relation and follow up.

According to the United States Direct Selling Associations (DSA,2000), 55% of adult Americans had at some points benefit from DSA services as and 20% reported that they were currently or used to be a direct sales agent.DSA can help banks implement the strategy they want to follow to enhance revenues. The latter's growth can be attained either by attracting new customers or by selling more to existing customers; a successful cross-selling requires committed and loyal customers. However, if the latter are not committed then banks should focus instead on acquiring new customers.By truly caring about the consumer's best interests, the DSA will be able to succeed in direct sales, and build a group of loyal, lifetime clients.

## 2.5 Customer Satisfaction

In the coming trend, customer satisfaction plays a major role in all parts of the services; many of the banks are facing challenges to understand the mindset of their clients, their preferences and expectations.

Although this sector has traditionally enjoyed an enviable level of customer satisfaction, loyalty and a low turnover of customers, fierce competition is now present in the banking sector caused by new comers of banks and non-bank competitors. The new age of banking day-to-day reality seems to be redefining this relationship; thus banks should make sure that their business processes and outcomes or/and services are organized in a way that fulfill the customers' needs.

Customer satisfaction is a very complex concept that includes a lot of elements and dimensions and is in fact expressed through their interaction. Customer satisfaction measurement presumes that all these elements and their interactions are of a quantitative nature and can be combined in a model to be analyzed (Dutka, 1994).

Imperfections in the markets between positive and negative assets transfers created the need to establish banks, while retail banking is a regional business directly influenced by

local culture drivers; management should acknowledge the fact that customer satisfaction is a major factor for their success. Moreover the service marketplace is also becoming characterized by Technology-facilitated transactions as more customers interact with technologies to create service outcomes (Dabholkar & Baggozi, 2002).

Classical consumer theory assumes that consumer goes through five steps in the purchase cycle: need arousal, information search, evaluation, purchase, and post purchase analysis. Furthermore and based on the above mentioned theories, consumer cycle toward buying a specific product and in this case applying for a loan affects directly the firm performance and the Direct Sales Department must take into consideration those facts as it will be shown in the coming chapters.

There are many theories used by banks in Retail banking to measure the customer satisfaction and its relationship with firm performance. A satisfied customer is simply a customer who uses less time while accomplishing more transactions; eventually satisfied customers tend to be less price sensitive, more willing to buy additional products, and less influenced by competitors (Hansemark & Albinsson, 2004). Anderson and Mittal (2000) proposed the conceptual logic of relationships within the customer satisfaction chain. By improving product and service quality attributes, customer satisfaction should increase. The increase in customer satisfaction should lead to greater customer retention and loyalty. Then the improvement in customer retention and loyalty will lead to greater profitability.

As a result, banks should pay attention to the weak areas in order to answer their customers' needs. Currently, most of the banks offer same or similar products around the world and service quality is an essential way for distinction in the market place. Therefore, banks should provide services exceeding their customers' expectations in order to succeed in retail. This will increase not only their customers' satisfaction but also their customers' retention especially in a saturated market; for the fact that a bank and a customer sign a contract thus creating a particular service with regard to the needs of the customer and the abilities of the bank. Time is an important element of banking services, as a deal does not always end in a single sales procedure or with the creation of a single service, but it is a time-dependent relationship.

According to a satisfaction study conducted in U.S by J.D. Power and Associates (2010), a remarkable declination in customer loyalty and perceptions of brand image among retail banking customers is being noticed during the last five years. The overall satisfaction of retail banking customers has also decreased lately from 749 in 2009 to 748 in 2010. Higher level of satisfaction may be one among many factors that makes the switching to another bank or financial service provider less probable. In general, it is essential for a bank to work on all possible fields like relationship banking, new services, and new products in order to make its customers satisfied on a long run basis.

A recent global benchmarking study by Symonds et al (2007) reveals that bankers recognize they have a problem. In the study, bankers rated the building of strong customer relationship as one of their most important keys to success. Yet they acknowledged that they were not doing a very good job of rising to that challenge. A survey of 30 major retail banks serving 170 million customers in 15 countries suggest that, without a corresponding focus on the underlying sources of revenue growth, the aggressive cost cutting may be injuring banks' longer-term prospects. Stripped-down services that alienate longstanding customers are increasing defections among the very group that banking leaders now recognize they need to keep loyal to fire up growth. (Symonds et al, 2007).

The worldwide market providers have changed into a market of customers, meaning that buyers of banking services i.e. customers and satisfaction of their needs, have prevailed in banking markets with banking services becoming inextricably linked to customer loyalty. Only a satisfied customer means a successful bank measured by profits. Customer satisfaction is most commonly defined as customer's reaction on the post buying perception and only a satisfied customer is a long -term guarantee for making profits. (Ernst and Young, 2011)

## 2.6 Customer Loyalty

Customer loyalty is all about attracting the right customer and getting them to buy, buy often, buy in higher quantities, and to spread positive word of mouth. "Loyal customers

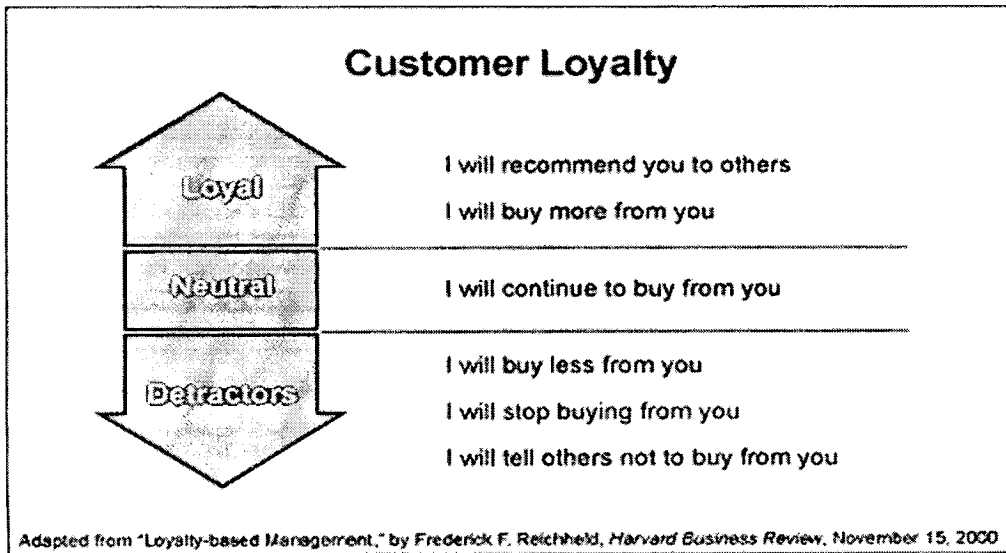
are usually portrayed as being less price-sensitive and more inclined to increase the number or the frequency of purchases” (Jones and Farquhar, 2003, p. 71).

Customer loyalty is in fact an interaction between two components: customer’s attitude towards company or brand and their repurchase intention. If both of them are not present in a favourable way, the switching case may appear. “The latter construct itself is often defined as repeat purchase, recommendation, effectively customer loyalty makes sound business sense” (Methlie and Nysveen, 1999 , p. 16), because it creates base revenue; the longer customers are retained, the more money they spend or invest, the less they cost to serve and the higher the incalculable benefits of referrals.

Based on the Global Consumer Banking Survey 2011 conducted by Ernst and Young: “The differentiation in retail financial services cannot be limited to the introduction of a new product or the decrease of a fee since all these can imitated by other banks however, banks should work on giving clients some incentives that enforce their loyalty” (Ernst and Young, 2011, p.26)

Retail bank executives across the world are awakening to a realization that is obvious to managers as in any other industry. Wisskirchen et al. (2006) argued that long term growth and profitability hinge on the retail bank’s ability to attract and retain loyal customers, and that recognition is being spurred by a potent combination of increasing competition based on scale, regulatory scrutiny and consumers’ great awareness of the range of new options at their disposal.

“Special role of banks and the specifics of their services make the connection between customer satisfaction and loyalty a very fragile but important link” (Fu and Hefferman, 2007). The fact is that customer loyalty extends beyond satisfaction, and directly impacts business results. “The customer who values the product or service will continue to buy and will promote it to others” (Reichheld, 2000).



**Figure 4: Customer Loyalty**

(Source: Reichheld , 2000)

The main concern of a bank is profitability which is delivered by many channels especially by using good service to retain bank customers and attract new ones.

The maintenance of a customer service strategy will impact clients and cause supplementary sales to the bank.

Below are the categories of customers that are present in each institution worldwide

- **Loyal Customers:** Existing customers who are buying more from the company.
- **Disloyal Customers:** Existing customers who are buying less or have stopped buying.
- **Wins:** New customers
- **Losses:** Prospects that the sales force did not win.

DSA can help in maintaining loyal customers, winning new prospects while decreasing the percentage of prospect losses and disloyal customers. Infact, every interaction with a customer should be done on the basis of continuous relationship not on one sale. As most valuable customers are probably not those who make the biggest purchases, they are the ones who come back again and again.

The key to these is the establishment of trust based on good service, reputation and image as mentioned earlier and as demonstrated in previous School's view that customer satisfaction is related to customer loyalty, which in turn is related to profitability (Heskett *et al.*, 1997 and discussed in Storbacka *et al.*, 1994 and Reichheld, 2000)

## 2.7 BankMed

### 2.7.1 Introduction to BankMed

BankMed was originally established in 1944 under Beirut CR 5261 - Banks List No: 22 as a credit institution. With its registered office located in Beirut- Lebanon, BankMed provides retail, corporate, investment and private banking services.

The company's services include the provision of Retail banking services including loans, accounts, credit cards, electronic services, safe deposit boxes, insurance services and other services; and corporate banking services consisting of documentary loans, bonded loans, gold loans, commercial loans, discounted bills, export finance, contractor finance, syndicated loans, project finance and industrial finance, and trade finance services, including documentary credits, local and foreign guarantees, and documentary collections.

The bank also offers treasury services, financial brokerage services, currency exchange services, bank note exchange services and investment services.

BankMed is nowadays one of the largest financial institutions in Lebanon with around 130,000 customers. It has a consolidated network of 51 commercial branches in Lebanon, one branch in Cyprus, in addition to the Bank's private banking subsidiary in Switzerland (BankMed Swiss) and a representative office in Brazil (BankMed Annual Report, 2009). Its mission is to meet the sophisticated needs of clients by rising efficiency.

Group Med SAL is the principal shareholder of BankMed and one of the largest banking and financial groups in Lebanon with a growing regional and international presence.

Below are some figures that show BankMed financial information along the last few years.

<b>Balance sheet highlights</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Total Assets	6,524	9,134	9,546	10,585	11,186
Total Loans	1,438	2,059	3,123	3,134	3,522
Total Deposits	4,727	6,991	7,435	8,183	8,806
Total Equity	569	734	722	1,142	1,104

**Figure 5: BankMed Total Assets, Deposits and Loans**

(Source: BankMed Annual Report, 2010, p. 17)

### 2.7.2 Retail Banking in BankMed Lebanon

BankMed's Retail Banking maintained its growth and strong financial performance across all product lines, while striking improvement in service indicators.

The Retail Division doubled its client-base in 2009 by attracting more than twice the number of loan tickets as compared to 2008 and this is due to the strong efforts of the Bank's team especially the sales department. This growth also included the depositor-base as well as the credit cards business.

BankMed aiming for further cement client loyalty has prioritized customer satisfaction across the various delivery channels. It has set four major strategic initiatives aimed to achieve business integration excellence in operations, to support future growth, to optimize human resources competencies and to build sound customer relationships.

Many initiatives were achieved lately. For example, BankMed expanded its products by developing and implementing seven new types of retail loan products and services, diversified to answer different customer segments in the Lebanese market. As for delivery channels, BankMed's direct retail channels opened four new branches during 2009, bringing the branch network to a total of 49 branches, in addition to the renovation of several of their existing branches - aimed at boosting the BankMed image and facilitating service.

On the other hand, several human resource skills development programs were implemented, targeting recently hired employee training at the newly established branches, middle manager development through the launching of a retail management development program, and branch manager leadership and performance development.



In the same context of upgrading its infrastructural base, BankMed launched the new ATM controller and debit cards system, which is now operational at 74 of its ATMs in addition to the implementation of a new higher capacity card authorization system.

Moreover, the initiation of a new platform for BankMed debit and credit cards, during the second quarter of 2009, has taken them to new heights of convenience and added security.

At the branch level, BankMed constantly seeks out new innovative ways to enhance customer service delivery. For instance, account opening procedures have been reduced significantly, by around 50%, thus saving BankMed customers valuable time.

On the other hand, the deployment of a new on-line account statement retrieval program has made it simpler for BankMed customers to view their account statements via an easy-to-use and readily available electronic format.

At the cards level, the introduction of a new software protection program with advanced security enables BankMed cardholders to perform transactions over the internet (including online shopping) with greater confidence and peace of mind.

In collaboration with one of Lebanon's top mobile phone service providers, BankMed now offers prepaid users the opportunity to recharging their calling card accounts at any of its conveniently located ATMs throughout the country.

BankMed also enhanced its e-banking service, Med Online, by adding the recurring transfer module which allows customers to perform transfers designated for any future date and/or to schedule repetitive transfers with any period of frequency. For added convenience, Med Online customers are notified every step of the way via notifications sent to their Med Online e-mail inbox updating them on the transfer status.

Med Online provides users with a simple and convenient option to receive SMS messages sent in case of any execution failure, allowing the customer to take action immediately and request a new transfer. The Med Cards E-Statement inquiry service is also available to all BankMed cardholders.

Med Online has made it even more convenient for customers to see the newer, upgraded version of the BankMed loyalty program, Med Points, gift catalogue via the BankMed

website, allowing customers to choose their gifts and to redeem them with greater flexibility.

### 2.7.3 Human Resources

BankMed became among the first banks in Lebanon to implement the new employee grading system as stipulated by the Collective Labor Agreement<sup>2</sup>, which was successfully combined with a newly adopted point-based system and job evaluation scheme in November 2007.

Consequently, wages, being among the most important attributes of a job, were revised as to match the market and provide BankMed's workforce with a strong sense of external and internal equity. Another highlight in 2009 was the implementation of an Electronic Performance and Reward system based on a select set of scientifically required Key Performance Indicators and Behavioural Competencies. These systems are significantly helpful in detecting both areas of strength and weakness in the staff members' competencies and capabilities, thus facilitating the career development. During 2009, BankMed's Human Resources Division focused on Training and Development initiatives, and undertook several projects in line with this priority. Thus, an aggressive training plan was put in place targeting an array of in-house and external - soft and technical - training programs addressing the needs of BankMed's staff, covering a total of 95 training activities offered to 1,166 participants over about 12,000 training hours. Workshops and courses covered credit and financial relationship management, investment and treasury simulations as well as financial and market analysis. With the aim of training the branch management workforce with best practices in the banking industry regarding efficient sales, leadership and talent management strategies, an all-encompassing Branch Managers Development Program was developed, in collaboration with pioneers in the related training fields. (BankMed Annual Report, 2009)

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<sup>2</sup> Collective Labor Agreement: including Job Terms, Conditions and rights of employees in terms of minimum wage, annual leaves, maternity leaves, salary increase...

#### 2.7.4 BankMed Direct Sales Agents

BankMed is making more efforts to reach current or potential clients. If clients cannot or are unwilling to come to the branches, new Direct Sales Agents (DSA) will certainly call on them and pay them a visit.

The DSA are young professionals, well aware of the Bank's products and offers, who can explain the benefits of banking with BankMed. They will establish and follow-up on new relationships. They will target potential customers in all Lebanese regions without exception with a view to promoting retail and consumer products.

BankMed is currently willing to be on top of the Lebanese banks offering Retail products and services. Besides having the needed structure and prerequisites to dominate this market, the bank should follow a given strategy and define his objectives in order to attain his goal.

DSA agents' success depends on fulfilling three major roles: targeting new customers and selling them banks' products, maintaining old Customers, and extending the reach to areas where branches do not exist.

Several action plans are taken by BankMed DSA department in order to attain the above objectives

1. Categorizing Lebanese regions base inhabitants in terms of age, education and purchasing power and accordingly create a customer profile for each region.
2. Assessing the need of the inhabitants of these regions in terms of loans and banking relations by relying on BankMed branches experience in these regions and market feedback that the DSA's will experience.
3. Coming out with penetration tactic to these specific markets based on each region needs and profiling.
4. Creating new channels of resources
5. Assessing the expected production of each region versus number of branches distributed in this specific region and the number of DSA to expand the BankMed clientele. Gathering and analysing information on customers; Competitors' general market development through Mystery Shopping, i.e., going to competitors branches and pretending that they are customers in order to understand their approach.

Subsequent to the listing of BankMed's objectives, the researcher notices that the empowerment of DSA agents is a main concern in this bank. BankMed who is now willing to compete in the Lebanese market especially in retail banking, has prepared a set of training sessions that help its DSA agents to acquire the best sales techniques and to find the best way to a lasting relationship with the customers.

To grow its market share from none traditional channels, Bank Med tries to identify new non-risky sectors (as per the recommendation of the Risk and credit departments) with special group offers especially the medical sector. Through doing so, it would be easier for DSA to approach the new potential prospects and the approval rate will be high.

BankMed DSA can increase their efficiency by:

- Trying to approach BankMed merchants
- Having long Channel for group offers, especially the pre-approved lists of customers for credit cards.
- Formulating agreements with real estate offices, contractors, engineering office and intermediaries or brokers (to deal with BankMed vs. a commission, when applicable scale and a quick approval).
- Strengthening the relation between ISKAN and BankMed for better services that will enhance the housing loan services and generate more business.
- Competing with other banks in this specific channel/activity while gathering info on how other banks' DSA work on the back office level and how they hit their customers.

## 2.8 Retail Banking and DSA Worldwide

### 2.8.1 Retail Banking and DSA: The case of Standard Chartered (internal DSA)

Standard Chartered Bank was formed in 1969 through the merger of two separate banks, the Standard Bank of British South Africa and the Chartered Bank of India, Australia and China.

These banks had capitalized on the expansion of trade between Europe, Asia and Africa. Headquartered in London, Standard Chartered has local presence through seventeen

countries in six continents and is categorized among the world premier banking organizations focused on serving emerging markets. In 2004, the transactional sales division of the bank decided to improve its ability to compete and win on a more consistent basis against increasing competition from larger international and local banks. As part of this strategy, the bank launched new competitive products, set aggressive growth goals, and targeted a new type of client transitioning from being primary a middle-market bank to working with large U.S. and European based multinational organizations. Standard Chartered realized that in order to win business at this level, there were some sales challenges that needed to be addressed. Standard Chartered is dedicated to be more client-focused and more consultative in their sales approach and it was then that DSA took place. According to Tom O' Donnell- Global Head of Sales at Standard Chartered bank (2007), the bank's main challenge is that there was not a true sales-driven culture centered on meeting the needs of the customer, and the bank needed to get one quick. Also, Standard Chartered managers were never trained on coaching and developing sales people, and the Global Head of Sales felt that was a critical part of improving the overall performance. New rules were developed; strategic workshops and coaching clinic were established to build consultative skills and enhance sales strategic planning. All sales people and managers participated in those workshops conducted in Singapore, Hong Kong, United States, Thailand, India, UK and Kenya; 90 days after, managers came together to report on progress, examine challenges, and develop further coaching plans. At Standard Chartered, the approach to selling and marketing is guided by the brand promise of Leading by Example to be The Right Partner (Standard Chartered Bank, Annual Report Review, 2007); this promise helps define the Bank's culture and creates the foundation to embed the UK Financial Services Authority's principle of Treating Customers Fairly in the interactions with clients.

The current financial crisis has highlighted the critical role of responsible selling and marketing in banking. Retail and corporate investors have suffered losses in certain products that had historically provided an enhanced yield in return for investors taking increased risk. Questions are now being asked about whether these products were suitable for the customers who bought them.

Standard Chartered is committed to treating his customers fairly in setting high standards for employee and DSA training, product development, marketing and sales as well as

after-sales service processes and managing customer complaints. This is underpinned by three of the bank core values of being trustworthy, courageous and responsive.

Standard Chartered applies these values to maintain customer loyalty, reinforce a culture which seeks fairness in customer relationships, and ensure that customers understand the risks involved in their dealings.

### 2.8.2 Retail Banking and DSA: The case of ICICI Bank (external DSA)

ICICI Bank is India's second largest financial services company headquartered in Mumbai, Maharashtra. It offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management. In other terms external DSA do not focus only on selling the banks retail products they might be selling insurance, and cars; to note that the lack of focus on one product will demotivate the sales force and will decrease their focus and productivity. The Bank has a network of 2,533 branches and 6,800 ATMs in India, and has a presence in 19 countries, including India. The bank has subsidiaries in the United Kingdom, Russia, and Canada; branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre; and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. (ICICI Bank, Annual Report Review, 2010)

ICICI Bank has seen 100 percent of its incremental growth in its home loan portfolio through its DSA network. Home loans disbursed by ICICI Bank for the year 2002-03 were Rs7,000. Even its famous, 'loan deals' are conducted by DSAs under the supervision of the bank employees.

The bank also grew its retail personal loan, auto loan and credit card portfolio utilizing its 1,000 odd DSAs. About 70 percent of the incremental growth in personal loans, 40 percent of its Rs 4,100 incremental growth in auto finance and 60 per cent of credit card issuances came from DSAs.

Mr Vaidyanathan Senior General Manager at ICICI Bank recruits only merits in the DSA model of growth with customers being serviced in their office/home at their convenience. "There is a need to train them constantly which is an investment in itself. ICICI needs to provide them with current and accurate information," he added (ICICI bank, Annual Report Review, 2010).

Private bankers insist that there are sufficient checks and balances to keep this direct sales force "which is not on the bank's pay roll" under check. These sales personnel are given variable pay depending on the volumes of business they bring in, making the situation very tricky if the bank is not careful in tracking the quality of the assets they bring in.

The branches would focus on deposits, while an army of third-party agents were responsible for selling loans. Over the past few years, the lender has sharply reduced its reliance on direct sales agents and cut spending on third-party selling to Rs 31 in the quarter ended December 2009 from a peak of Rs 385. The bank has said it will sell retail loans predominantly through its branch network, which will soon be 2,000 branches.

According to an ICICI Bank spokesperson, the changes are in line with the bank's strategy to integrate retail assets sales into the branch banking structure.

"We always had a regional management structure for our branches, which focused primarily on liability product sales and servicing. We have now integrated our asset product sales with this structure. This will enable a single-point ownership and management of customer relationship. In order to ensure appropriate level of leadership in this new structure, we have strengthened the regional leadership with senior leaders who will look at an integrated strategy for various geographical markets," ICICI spokesperson Mr. Vaidyanathan said (ICICI bank, Annual Report Review, 2010, p.67).

The changes in the bank's retail operations will bring its organizational structure closer to other banks in the country. According to an analyst with a Mumbai-based brokerage, there is a shift in ICICI Bank's approach to manage the expanding branch network.

The emphasis on reorganization around geographical lines was similar to the model followed by public sector banks, he said. (ICICI Bank, Annual Report Review, 2010)

### 2.8.3 Retail Banking and DSA The case of the UAE

Innovation, having captured the major market of the Manpower-business-outsourcing DSA market, is the leading manpower solution provider in the UAE and will remain so due to huge expansions happening in the UAE financial industry. Competition is growing, as more companies compete to provide such services. This crowded field is threatening the productivity rates, while the rising demand for talent is boosting the hiring costs of the banks/financial institutions by up to 15 percent annually (Innovations Mortgage Consultancies, 2008).

Clients are now getting more demanding: having captured the benefits of lower labor costs, easier availability of visa processing, they want better quality and higher productivity. The banks already accustomed to the cost and time savings, are looking for productivity benefits and service delivery innovations. Unfortunately, the DSA service providers continue to struggle to accommodate the evolving needs of their clients.

The mortgage team has had a huge success with the DSA (Direct Sales Agent) model implemented for Standard Chartered Bank – Credit card division, National Bank of Dubai – Mortgages apart from Abu Dhabi Commercial Bank – Mortgages team. Innovations currently sources close to 750 premium cards for SCB with an existing telesales force of 35 tele-callers and 8 field executives.

There has been a substantial amount of time and effort spent by the Senior and Middle Management in order to streamline and industrialize the processes. Also, since reducing attrition rates is the key to keeping costs low and quality high, the innovations/experimentations in the areas of recruitment, training, and people management have not only tended to deliver better value but have also been a lot of learning experience for both. The lessons learnt have also been implemented with the DSA model as the expansion demands of enhanced business have led to exponential growth in the team size.

The team success has not only led to its expansion but also to a few immeasurable gains. The bank has also been able to identify people from the team with good potential to grow in the other areas of the bank to get better returns by exploiting their experience and leveraging their potential.



## 2.9 Customer Satisfaction and Loyalty among Retail Banking Customers Worldwide

### 2.9.1 Customer Satisfaction and Loyalty among Retail Banking Customers in the USA

The purpose of this following section is to study previous evidence about the relationship between customer satisfaction, loyalty and perceptions of brand image among retail banking customers in the USA.

According to a satisfaction study conducted in US retail banking by J.D. Power and Associates in 2010, a remarkable declination in customer loyalty and perceptions of brand image among retail banking customers is being noticed during the last five years. The overall satisfaction of retail banking customers has also decreased lately from 749 in 2009 to 748 in 2010. In-person service and attention are among the most important factors leading to an increase of loyalty at smaller banks where acquisition rates are improving. Smaller banks has an average of 8 % of the new customer base, versus 6% for the whole industry average which highlight the fact that customized in-person service and attention are of main importance to customers.

Many reasons are found to explain the reason behind the drop in customer's satisfaction in the U.S retail banking.

First, 37 percent of customers changed their primary bank in 2010 because of poor customer service. Although performing simple service acts like greeting customers upon entering the branch, offering additional assistance, and thanking them for their business may increase overall satisfaction by nearly 50 index points, yet less than 60 percent of customers report experiencing them. These basic banking techniques help reduce some of what the distress customers are experiencing and may increase their overall satisfaction.

Second, high fees for products or services are the reason that pushed 29 percent of customers to switch their bank. Fees have a significant impact on customer loyalty and satisfaction. However, banks can try to reduce this effect by giving customers choices and options such as the ability to transfer funds from a savings account or receive a balance alert. Proactive communication might also cut the fees' negative impact since customers satisfaction is higher when they are aware of changes compared with when they are taken by surprise. Moreover, customers' satisfaction increases when they

perceive that they are receiving sufficient value in exchange of the fees they are paying. When satisfaction with fees is above average, customer's ratings for branch access and appearance, promptness of being served and range of services are also higher than average.

Third, remote Banking and customers' preference for online banking has increased from 48 percent in 2008 to 51 percent in 2010. Furthermore, 7 percent of customers report using a mobile device to execute such transactions as checking balances, transferring funds and paying bills. "These results require the attention of banks and their action to gain back their customer loyalty" (J.D. Power and Associates, 2010)

### 2.9.2 Customer Satisfaction and Loyalty among Retail Banking Customers in Kuwait

Kuwait's banking sector has emerged as one of the fastest growing in the gulf region where there are many major commercial and specialized banks with 107 branch offices servicing 1.8 million people who are Kuwaitis and non-Kuwaitis.

Kuwaiti banks have managed to diversify their income streams by focusing increasingly on investment banking; the state of Kuwait includes 17 banks segregated as follows: 6 commercial banks, three Islamic banks, one specialized bank and 6 foreign banks.

Research related to the degree of customer satisfaction with services provided by banks in Kuwait was conducted on a sample of 605 Kuwaiti and non-Kuwaiti citizens. The result of the research suggests that in general customers in Kuwait are satisfied with services provided by retail banks. Kuwaiti customers are mostly satisfied with the quality of service, safety funds, availability of ATMs in several locations, ease of opening a current account, bank image and reputation. The least factors that Kuwaiti customers are satisfied with are services prices, interest rates on saving accounts, interest rates on loans, and ease of obtaining loans.

The research findings suggest that the drive towards the ease of banking and convenience are favored by customer and therefore banks should find alternative strategic routes designed to improve service delivery either from Human or technology based. The researcher suggests that the Kuwaiti banking industry should invest in DSA services in order to increase the customer satisfaction (Al-Hashash and Bahzadi 2008)

Chapter III will go over the methodology used to test the research question and the hypotheses that have been formulated and will define the dependant and independent variables, the sample, the primary and secondary data, and the instrumentation used for the purpose of this study.

## Chapter III

### PROCEDURES AND METHODOLOGY

#### 3.1 Introduction

It is a fact that people are always attracted to new ways and methods to invest their money; this fact is becoming of main importance as the retail banking is flourishing and the demand on customized and fast services are increasing.

Moreover, according to U.S. Retail Banking Satisfaction Study conducted by J.D. Power and Associates in 2010, a remarkable declination in customer loyalty and perceptions of brand image among retail banking customers is being noticed during the last five years. The overall satisfaction of retail banking customers has also decreased lately from 749 in 2009 to 748 in 2010. Furthermore, the brand image of banks is changing with customers perceiving banks as being more profit-driven than customer-driven; the percentage of customers saying they “definitely will not” switch banks during the next 12 months fell down from 46 percent in 2007 to 34 percent in 2010. As a result, banks should pay attention to the weak areas in order to answer their customers’ needs. Currently, most of the banks offer the same or similar products around the world and service quality is an essential way for the distinction in the market place. All of these show the importance of DSA in retail banking.

Two research questions are formulated:

- 1- What are the reasons affecting DSA usage?
- 2- What is the Impact of using DSA on Retail Banking Customers at BankMed?

#### 3.2 Hypotheses and Variables

The two research questions are divided into five major hypotheses as follows:

Research question 1:

Hypothesis 1.1: The DSA ability to respond to customer needs increase DSA usage

Hypothesis 1.2: Reducing customers need to visit the branch increase DSA usage

Hypothesis 1.3: Easier banking transactions increase DSA usage

Research question 2:

Hypothesis 2.1: The greater the usage of DSA, the greater the customer satisfaction.

Hypothesis 2.2: The greater the customer satisfaction, the greater the customer loyalty.

### 3.2.1 The Independent Variables

The independent variables included in Hypothesis 1.1 to Hypothesis 1.3 will be measured quantitatively through the analysis of the responses to questions 15 “DSA was able to answer exactly the customer needs” ,questions 17 “DSA reduces the need to visit branch”, and questions 18 “DSA eases banking transactions”.

These questions highlight customer benefits from using DSA in terms of faster accomplishment of banking operations through reducing the needs to visit the branch, easing banking transactions, and responding to exact customer needs.

The independent variable included in Hypothesis 2.1 will be measured quantitatively through the analysis of the responses to question 11 “frequency of using DSA” (see Appendix 1a).

The independent variable included in Hypothesis 2.2 will be measured quantitatively through the analysis of the responses to question 8; how satisfied are you with the bank (see Appendix 1a).

### 3.2.2 The Dependent Variables

The dependent variable included in Hypothesis 1.1 to 1.3 will be measured quantitatively through the analysis of the responses to questions 11, “frequency of using DSA”

The dependent variable included in Hypothesis 2.1 regarding greater customer satisfaction will be measured through the analysis of the response to question 13 “how satisfied are you with the introduction of DSA”.

The dependent variable included in Hypothesis 2.2 about customer loyalty will be measured through the analysis of the response to questions 5 “do you consider BankMed to be your primary bank of the questionnaire” and 6 “how long have you been a customer of BankMed.”

In addition to the quantitative data that will be used to decide whether to accept or reject the five hypotheses, qualitative data will be used from the interview with the Head of the DSA department.

### 3.3 Methodology

#### 3.3.1 Type of Data

The type of data used throughout this research paper includes both Primary and Secondary data. The primary data is a result of a questionnaire developed for BankMed Clients as well as the interview conducted with the Head of the Department of Direct Sales Agents. The Head of Department agreed to conduct the interview on the condition that he/she remains anonymous. As for the secondary data, it will be collected from various online articles, Bank Med’s internal data and documents, library electronic resources as well as books from Notre Dame University library.

#### 3.3.2 Instrumentation

The instrumentation used includes a questionnaire distributed to the bank’s clients. The questionnaire includes eighteen different questions that explore different categories of BankMed clients in terms of education, specialization, type of products used, awareness of DSA, usage of DSA, satisfaction from using DSA services, and reasons of using DSA. The results will be analyzed through the SPSS (Statistical Package for the Social Sciences) program. In addition to the latter, an interview will be conducted with the Head of the Department of Direct Sales Agents.

In terms of validity and reliability, the survey for this research paper was reviewed and approved by both the university and the bank. The interview was also approved by both sources.

### 3.3.3 Population – Sampling

After gaining the approval of the top management at BankMed, the researcher selects randomly a sample of BankMed customer to test the validity and reliability of the survey questions. This is followed by a sample selected at random to serve the purpose of this research. This sample population consists of 100 individuals who benefit from BankMed services.

### 3.3.4 Conceptual Framework for Analyzing Data

The study intends to conduct analysis that will include descriptive statistics, followed by the frequencies of each of the variables. After establishing the significant correlations between the dependent and independent variables for each of the hypotheses, a regression will be automatically calculated through SPSS to determine how one variable influences the other.

## 3.4 Conclusion

This chapter has summed up the procedures and methodology that will be used throughout this study. Based on the research questions developed in chapter II as a result of the gathered theories relevant to Customer Satisfaction and Loyalty of Retail Banking customers, five hypotheses were developed for research questions 1 and 2. The independent and dependent variables were identified for all hypotheses as well.

## Chapter IV

### FINDINGS

#### 4.1 Introduction

In the previous chapter, “Procedures and Methodology”, five hypotheses were developed for the following 2 research questions:

- 1- What are the reasons affecting DSA usage?
- 2- What is the Impact of using DSA on Retail Banking Customers at BankMed?

To test the first research question, three hypotheses were developed as follows:

Hypothesis 1.1: The DSA ability to respond to customer needs increase DSA usage

Hypothesis 1.2: Reducing customers need to visit the branch increase DSA usage

Hypothesis 1.3: Easier banking transactions increase DSA usage

Furthermore, two hypotheses were developed to test the second research question

Hypothesis 2.1: The greater the usage of DSA, the greater the customer satisfaction.

Hypothesis 2.2: The greater the customer satisfaction, the greater the customer loyalty.

The quantitative results herewith obtained using SPSS start with the descriptive statistics and the frequencies. The survey was distributed to a sample of hundred persons of different gender, education level, and professional backgrounds. The common factor is that they are all BankMed customers. The purpose of this survey is to measure the impact of introducing Direct Sales Agents (DSA) into Retail Banking Services at Bank Med. Accordingly, customers’ feedback will help BankMed weigh the impact of using DSA in its retail services.

This analysis is followed by a series of correlation between the independent and dependent variables and regression analysis when applicable. To note that correlation was calculated on a two-tail test using both Pearson Correlation coefficient and the Spearman Rank correlation coefficient.



#### 4.2 Descriptive statistics and frequencies

The questionnaire was distributed to a sample of one hundred of BankMed customers. The scale used for the quantitative questions has a minimum score of 5 (strongly disagree), and a maximum score of 1 (strongly agree). To begin with, since the main objective is to test the importance of DSA to the bank customers, the first field to investigate is the customers' awareness on DSA existence (Question 9 of the survey (Refer to Appendix 1a)). Table 2 below shows the frequency and valid percentage and the results show that 88% of the sample seemed to be aware of the existence of DSA and know its meaning.

DSA Meaning		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"NO"	12	11.8	12.0	12.0
	"YES"	88	86.3	88.0	100.0
	Total	100	98.0	100.0	

**Table 2: Percentage of Customers aware of DSA**

(Source: SPSS)

Regarding the answer to question 10: "have you ever been served by DSA?", the results in Table 3 show that although 88% of the sample know what DSA is, only 62% proved to be using DSA.

Use of DSA		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"YES"	62	60.8	62.0	62.0
	"NO /WHY"	38	37.3	38.0	100.0
	Total	100	98.0	100.0	

**Table 3: Customers served by DSA**

(Source: SPSS 17)

This data indicates that 70.45% of the people who know DSA are really using it as reported in Table 4 (71%=62/88)

Use of DSA	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "YES"	62	70.45	70.45	70.45
"NO /WHY"	26	29.55	29.55	100.0
Total	88	100	100.0	

**Table 4: Customers aware and using DSA**

(Source: SPSS)

More to the point and to be more accurate and provide more credible results, the chosen sample will be only concerned with the individuals who are aware of the DSA for descriptive statistics and the t-test, and the sample of customers who are aware and served by the DSA agents for the regression analysis. Hence, this leads the researcher to a sample of 88 or 62 individuals out of the 100 individuals surveyed. After specifying the effective sample, the researcher will now test the hypotheses developed in the previous chapter. First, it is very important to categorize the respondents' demographic profile because it gives a broad picture and helps bankers analyze the demographic factors which might influence the usage of DSA, customers' satisfaction levels and loyalty. To get more insight, the demographic characteristics of customers are compared between those who are served by DSA and those who are not served by DSA although they aware of it. First, regarding the gender characteristics, Table 5 shows that 100% of the 32 Females are served by DSA and only 32% of the 56 males are using DSA services.

SERVEDBYDSA * Gender Cross tabulation			Gender		Total
			"Female"	"Male"	
SERVEDBYD SA	"YES"	Count	32	18	50
		% within Gender	100.0%	32.1%	56.8%
	"NO /WHY"	Count	0	38	38
		% within Gender	.0%	67.9%	43.2%
Total		Count	32	56	88
		% within Gender	100.0%	100.0%	100.0%

Table 5: Gender of Customers served by DSA

(Source: SPSS)

Age is an important influencing factor in operating bank transactions; the results reported in Table 6 show that 100% of customers who are under 40 years are using DSA and majority of customers who are above 40 years old are not using DSA.

SERVEDBYDSA * Age Cross tabulation			Age				Total
			>20-30< =YEARS	>30- 40<= YEARS	>40-<=50 YEARS	>50 YEARS	
SERVEDBYDSA	"YES"	Count	13	36	1	0	50
		% within Age	100.0%	100.0%	4.2%	.0%	56.8%
	"NO	Count	0	0	23	15	38
		% within Age	.0%	.0%	95.8%	100.0%	43.2%
Total		Count	13	36	24	15	88
		% within Age	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6: Age of Customers Using DSA

(Source: SPSS)

From these numbers, one can see that older people are reluctant to use DSA. On the other hand, the fact that the people who mostly use DSA are between 20 and 40 might suggest that they use DSA because it may save them some time, one hypothesis which will be tested later on.

Similarly, the factors of education and occupation might to some extent affect the usage of DSA services.

Concerning the education level, results reported in Table 7 show that 0% of PhD and master customers are using DSA, while 100% of high school and 73.7% of BA degree holders are using DSA. The result suggests that highly educated people tend not to use DSA.

SERVEDBYDSA * LEVELOFEDUCATION Cross tabulation		LEVELOFEDUCATION				Total
		High School	B.A Degree	Masters	PHD	
SERVEDBY DSA	"YES" Count	8	42	0	0	50
	% within LEVELOFEDUCATION	100.0%	73.7%	.0%	.0%	56.8%
	"NO" Count	0	15	18	5	38
	% within LEVELOFEDUCATION	.0%	26.3%	100.0%	100.0%	43.2%
Total	Count	8	57	18	5	88
	% within LEVELOFEDUCATION	100.0%	100.0%	100.0%	100.0%	100.0%

**Table 7: Survey Descriptive Statistics**

(Source: SPSS)

Occupation is a predominant factor that reveals the consumers' social class, life style and willingness and ability to buy because occupation provides the income which influences

the purchases of goods and services. Among the 100 respondents, 8% are unemployed, 77 % are salaried, and 15 % are self-employed. However, when only customers who are aware of DSA are analyzed, an interesting result arises. Table 8 below shows that 100% of self-employed do not use DSA; while the majority of salaried customers (68.5%) are using DSA. The result might suggest that salaried customers do not have flexible working time to go to the bank, and DSA provides a solution to this problem.

SERVEDBYDSA * OCCUPATION Cross tabulation			OCCUPATION		
			Salaried	Self- Employed	Total
SERVEDBYD SA	"YES"	Count	50	0	50
		% within OCCUPATION	68.5%	.0%	56.8%
	"NO /WHY"	Count	23	15	38
		% within OCCUPATION	31.5%	100.0%	43.2%
Total		Count	73	15	88
		% within OCCUPATION	100.0%	100.0%	100.0%

Table 8: Occupation of customers served by DSA

(Source: SPSS)

After exploring genders, age, education, and occupation in the first part of this chapter, other frequencies are reported below. All customers who are aware and use DSA tend to consider BankMed as their primary bank as reported in Table 9 below; when the full sample of 100 is considered, the result is different: 28 respondents do not consider BankMed as their primary bank; and all of them do not use DSA. The result might suggest that the use of DSA might improve customers' loyalty.

As for the years of being BankMed clients and as shown in Table 10 below, 61.3% of respondents who are served by DSA have been customers for less than 4 years, while 38.7% are considered as long term customers who were using the bank between 4-10 years. It is worth noting that none of customers who are served by DSA have been dealing with the bank for more than 10 years.

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### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BANKMEDPRIMARY BANK	62	1	1	1.00	.000
Valid N (listwise)	62				

**Table 9: Customers who use DSA and consider BankMed their primary Bank**

(Source: SPSS)

### PERIODOFRELATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "1-4 YEARS"	38	61.3	61.3	61.3
"4-10 YEARS"	24	38.7	38.7	100.0
Total	62	100.0	100.0	

**Table 10: Customers served by DSA Period of Relation at BankMed**

(Source: SPSS)

Regarding the type of products and services used by respondents, Table 11 shows that 21% are only accounts holder, 32.3% benefits from loans, 24.2% use plastic cards, 19.4% use Bancassurance, and only 3.2 % benefits from multi services

In terms of the level of satisfaction with the introduction of DSA, 40.3% are very satisfied and 59.7% are satisfied as reported in Table 12. None of the customers are dissatisfied with DSA, indicating that DSA is introduced in BankMed in the proper way Table 12 shows that customers who use DSA are either very satisfied or satisfied and none of them mention that they are dissatisfied. More specifically, 40% are very satisfied and 60% are satisfied.

**TYPEOFPRODANDSERVICES**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid " Only Account Holder"	13	21.0	21.0	21.0
"Loans"	20	32.3	32.3	53.2
"Plastic Cards"	15	24.2	24.2	77.4
"Bancassurance"	12	19.4	19.4	96.8
"Multiple Services"	2	3.2	3.2	100.0
Total	62	100.0	100.0	

**Table 11: Type of Products and Services**

(Source: SPSS)

<b>LEVEL OF SATISFACTION</b>	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "VERY SATISFIED"	25	40.3	40.3	40.3
"SATISFIED"	37	59.7	59.7	100.0
Total	62	100.0	100.0	

**Table 12: Level of Satisfaction from DSA usage**

(Source: SPSS)

Out of the 62 customers that have been served by DSA, 29% were using DSA only once, while 71% were using it twice as reported in Table 13 below



### FREQUENCYOFDSA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Once"	18	29.0	29.0	29.0
"Twice"	44	71.0	71.0	100.0
Total	62	100.0	100.0	

**Table 13: Frequency of DSA usage**

(Source: SPSS)

As for the reason behind the use of DSA, 29% are using it because of personal contact, 14.5% because of trust, and 56.5% because of working hours as shown in Table 14. More than half of the sample is using DSA because of the working hour's convenience for the fact that Direct Sales Agents are willing to visit their potential customers during their job, their lunch break, after the working hours or at weekends; and this will enable the customers to gain time while reducing their need to visit the branch to fulfill their enquiries and needs.

### REASONFORDSAUSAGE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Personal Contact"	18	29.0	29.0	29.0
"Trust"	9	14.5	14.5	43.5
"Working Hours"	35	56.5	56.5	100.0
Total	62	100.0	100.0	

**Table 14: Reasons behind the use of DSA**

(Source: SPSS)

In terms of customer satisfaction with BankMed, Table 15 shows some level of dissatisfaction on customer levels that BankMed should try to solve and DSA proved to have a positive impact on customer satisfaction. 25% of the customers are very satisfied, 43% are satisfied, 13% are neutral, 12% are dissatisfied and 7% are very dissatisfied. Since not all customers surveyed display a high level of satisfaction (32% are neutral, dissatisfied, or very dissatisfied), and all customers who use DSA display a satisfaction,

one can conclude that usage of DSA might positively impact customer satisfaction. This expectation will be further elaborated in the presentation of findings.

#### LEVEL OF SATISFACTION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "VERY SATISFIED"	25	25.0	25.0	25.0
"SATISFIED"	43	43.0	43.0	43.0
"NEUTRAL"	13	13.0	13.0	13.0
"DISSATISFIED"	12	12.0	12.0	12.0
"VERY DISSATISFIED"	7	7.0	7.0	7.0
Total	100	100.0	100.0	100.0

**Table 15: Level of satisfaction from BankMed**  
(Source: SPSS)

To know more whether DSA is introduced in a proper way, customers were asked several questions regarding the introduction of DSA.

First, customers were asked whether DSA was able to answer exactly their needs, the results in Table 15 shows that customers who use DSA either strongly agree or agree with the statement. More specifically, 41.9%% strongly agree and 58.1% agree. The results reinforce the previous statement that DSA is properly introduced in BankMed

#### DSA ABLE TO ANSWER EXACTLY THE NEEDS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Strongly Agree"	26	41.9	41.9	41.9
"Agree"	36	58.1	58.1	100.0
Total	62	100.0	100.0	

**Table 16: DSA ability to answer customers need**  
(Source: SPSS)

Second, 87.1% of customers strongly agree with the statement that DSA ease banking transactions, while 12.9% agree as reported in Table 17. This finding confirm the previous result that customers are using DSA because of working hours

#### DSAEASEBANKINGTRANSACTIONS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Strongly Agree"	54	87.1	87.1	87.1
"Agree"	8	12.9	12.9	100.0
Total	62	100.0	100.0	

**Table 17: DSA Ease Banking Transactions**

(Source: SPSS)

Third, concerning the ability of DSA to reduce the need to visit branch, 59.7% strongly agree, and 40.3% agree as reported in Table 18, supporting again the previous finding that customers use DSA because they do not have time.

#### DSAREDUCESTHENEEDTOVISITBRANCH

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Strongly Agree"	37	59.7	59.7	59.7
"Agree"	25	40.3	40.3	100.0
Total	62	100.0	100.0	

**Table 18: DSA Reduce the Need to Visit the Branch**

(Source: SPSS)

### 4.3 Presentation of the findings

#### Research question 1:

Hypothesis 1.1: The DSA ability to respond to customer needs increase DSA usage

Hypothesis 1.2: Reducing customers need to visit the branch increase DSA usage

Hypothesis 1.3: Easier banking transactions increase DSA usage

In terms of Research question 1 “What are the reasons affecting DSA usage?, the Pearson Correlation Coefficient was calculated and the following variable “DSA reduces the need to visit the branch” proved to be significantly correlated with the frequency of using DSA at a 0.00 significance level. However, a coefficient of Pearson Correlation of 0.492 was obtained between easing of banking operations and frequency of using DSA, and 0.452 between DSA being able to answer exactly the customer needs and the frequency of using DSA as demonstrated in Table 19 below which highlights the fact that the only variable that proved to be significant to test is DSA’s ability to reduce the need to visit the branch .

Since the questions in the survey are ordinal and respondents were asked to rank their awareness on a scale, the Spearman Rank Correlation Coefficient is better suited for the purposes of the study; thus results show 0.861 correlations with the ability of DSA to reduce the need to visit branch, 0.471 for DSA easing banking transactions; and 0.461 for DSA ability to answer exactly customer needs. Again, but based on Spearman Correlation, the only variable that proved to have high correlation coefficient is for “DSA reduces the need to visit the branch”.

	DSAeases banking operations	DSA reduces the need to visit the branch	DSA able to answer exactly customer needs
Frequency of using DSA Pearson	0.492	0.927	0.452
Frequency of using DSA Spearman	0.471	0.861	0.401

**Table 19: Correlation between Frequency of using DSA and the Hypotheses developed for R.Q 1**

(Source: SPSS)

Moreover, a regression will be run using "frequency of using DSA" as the dependent variable and "DSA reduces the need to visit branch" as the only independent variable since it was the only factor that proved to be significant for the research question 1. If reducing the need to visit bank is the reason consumers are using DSA, the coefficient of beta should be positive and significant.

Results reported in Table 20 shows that the regression is able to explain 85.3% of the variation in customer satisfaction. Furthermore, the coefficient of the independent variable is 0.927 with a t-statistic of 19.103, a positive and statistically significant at 0.00 level. Therefore, the results suggest that reducing the need to visit the branch will lead to a greater usage of DSA.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.920 <sup>a</sup>	.853	.861	.174

a. Predictors: (Constant), DSA REDUCE THE NEED TO VISIT THE BRANCH

#### ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.532	1	11.633	365.806	.000 <sup>a</sup>
	Residual	1.907	60	.032		
	Total	13.536	61			

a. Predictors: (Constant), DSA REDUCE THE NEED TO VISIT THE BRANCH

b. Dependent Variable:  
FREQUENCYOFDSA

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.043	.082		.525	.608
DSA REDUCE THE NEED TO VISIT THE BRANCH	.955	.050	.927	19.103	.000

a. Dependent Variable: FREQUENCY OF DSA

**Table 20: Regression of Frequency of using DSA and DSA reduce the need to visit the branch (Source: SPSS)**

Research question 2:

The sample used in testing the second research question “What is the Impact of using DSA on Retail Banking Customers at BankMed?” consists of customers who are aware and served by DSA.

The research question is divided into two hypotheses as mentioned before, which are:

H 2.1: The greater the usage of DSA, the greater the customer satisfaction.

H 2.2: The greater the customer satisfaction, the greater the customer loyalty.

In terms of the first hypothesis related to the second research question (H 2.1 specified above), Pearson Correlation Coefficient and the Spearman Rank Correlation Coefficient

between the frequency of DSA usage and customer satisfaction with DSA usage are presented.

Table 21 below shows that these two variables are highly correlated; the coefficient of correlation is 0.927 using both Pearson and Spearman, significant at the 0.01 level.

	FREQUENCY OF DSA	SATISFIED WITH DSA
FREQUENCY OF DSA	1	.927**
Spearman's rho		
Sig. (2-tailed)		.000
N	62	62
FREQUENCY OF DSA	1	.927**
Pearson		
Correlation		
Sig. (2-tailed)		.000
N	62	62

**Table 21: Correlation between Frequency of DSA & Satisfaction with DSA services**  
(Source: SPSS)

Moreover, a regression will be run using customer satisfaction as the dependent variable and frequency of using DSA as the independent variable.

If greater usage of DSA will increase customer satisfaction, the coefficient of beta should be positive and significant.

Results reported in Table 22 show that the regression is able to explain 85.7% of the variation in customer satisfaction. Furthermore, the coefficient of the independent variable is 0.927 with a t-statistic of 19.126, a positive and statistically significant at 0.01 level. Therefore, the results suggest that greater usage of DSA will lead to greater customer satisfaction.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.927 <sup>a</sup>	.859	.857	.178

a. Predictors: (Constant), FREQUENCYOFDSA

### ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.639	1	11.639	365.806	.000 <sup>a</sup>
	Residual	1.909	60	.032		
	Total	13.548	61			

a. Predictors: (Constant), FREQUENCYOFDSA

b. Dependent Variable:

SATISFIEDWITHDSA

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.045	.088		.515	.609
	FREQUENCYOFDSA	.955	.050	.927	19.126	.000

a. Dependent Variable: SATISFIEDWITHDSA

**Table 22: Regression of Frequency of Using DSA and Satisfied with DSA**  
(Source: SPSS)

Lastly, concerning the second hypothesis of the second research question (H2.2 specified above), Pearson Correlation Coefficient and the Spearman Rank Correlation Coefficient between the level of customer satisfaction and customer loyalty are calculated.



Customers are considered loyal if they consider BankMed as their primary bank. The results are reported in Table 23 below.

		Level of Customer Satisfaction	Level of Customer Loyalty
CUSTOMERSATI	Spearman's rho	1	.934**
SFACTIONOFDS	Sig. (2-tailed)		.000
A	N	62	62
CUSTOMERSATI	Pearson Correlation	1	.923**
SFACTIONOFDS	Sig. (2-tailed)		.000
A	N	62	62

**Table 23: Correlation between Satisfied with DSA & BankMed Primary Bank**

(Source: SPSS)

Since all surveyed customers who use DSA consider BankMed to be their primary bank, a regression between the customer loyalty and customer level of satisfaction cannot be run; instead, a regression was run with period of relationship with the bank as the dependent variable and the level of customer satisfaction as independent variable. Results reported in Table 24 below show a positive and statistically significant relationship between customer satisfaction and period of relationship with the bank; to note that the period of relationship with the bank highlights customer loyalty to the institution since disloyal customers will not have a long period of relation with the bank.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 <sup>a</sup>	.427	.417	.375

a. Predictors: (Constant), LEVELOFSATISFACTION

ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.277	1	6.277	44.665	.000 <sup>a</sup>
	Residual	8.432	60	.141		
	Total	14.710	61			

a. Predictors: (Constant), LEVELOFSATISFACTION

b. Dependent Variable: PERIODOFRELATION

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.351	.162		2.167	.034
	LEVELOF SATISFACTIO N	.649	.097	.653	6.683	.000

a. Dependent Variable: PERIODOFRELATION

**Table 24: Regression of Level of Satisfaction & Period of Relation**

(Source: SPSS)

#### 4.4. Interview with Department Head

In addition to the questionnaire distributed to BankMed customers, an interview was conducted with the Department Head at BankMed to understand more about DSA and its application within the bank (appendix 1b)

First, regarding the organizational structure and hierarchy, the Department Head reveals that sales is a very interactive activity that should be well structured and organized in order to know how to get the best out of its members potential.

The department is made of individuals who are yet junior with no sales experience but have the characteristics of a sales person and those who have sales experience of minimum 2 years.

The group of agents makes a team headed by a team leader. These agents report directly to their Team Leader. Different teams are spread in different Lebanese Regions running their daily sales activities from specific offices in specific BankMed branches.

All team leaders have to report to the Section Head who follows up closely on sales activities. The Section Head reports directly to the Department Head who is responsible for putting the vision and sales strategies of the Department. The on ground sales activities are assisted by a back office so that the sales cycle is processed quickly and adequately.

At the same time, agents have access to the department head. A good manager should be close to his/her base for moral support at least, without making this accessibility uncontrolled and without losing efficiency; the process of work has its flow through the hierarchy and should be respected.

Since agents need to be motivated, BankMed relies first on Moral Reward followed by Financial Reward such as commissions. The "adrenalin" is the main player in a sales person performance. Sending a "congratulation" email for successfully closing a sales deal or for exceeding the target will boost the morale of this agent and will make him/her enjoying more the challenging targets. The TOP performer of the month is what agents seek to reach on a monthly basis. Moral motivation can be translated in being granted new responsibility or getting a promotion. These are all factors that affect the sales person performance and push him/her always to work toward the target of being the "best or among the best" sales agents in the department.

As for the financial reward, there is a minimum target per product that the agent should achieve to be entitled for a financial incentive and this incentive increases as long as the agents' results are increasing, thus the concept of this incentive is scalable. Over and above, the best performer and the best team are rewarded monthly.

#### 4.5 Conclusions

This chapter has summed up all the results, both quantitative and qualitative data, obtained through the questionnaire distributed to BankMed clients and through the interview conducted with the head of department. The results are summarized as descriptive statistics, frequencies, correlations, and linear regression when applicable. In the following chapter, these results will be analyzed to decide whether to accept or reject each of the hypotheses formulated before, and then they will be compared with theories identified in the literature review. Based on the analysis, the paper will conclude with some recommendations.

## Chapter V

### DISCUSSION OF THE FINDINGS

#### 5.1 Introduction

In the chapter entailing the review of literature, studies of scholars and researchers such as Ernst and Young, Higgins, Patrick, Heskett, and Anderson & Mittal were reviewed. In order to analyze the findings generated in chapter IV, the qualitative and quantitative results that were gathered from the questionnaire, the interview with the department head, and the data collection in the literature review will be analyzed. The quantitative data includes descriptive statistics such as minimum, maximum, mean and standard deviation; frequencies of each variable for each hypothesis; correlation; and linear regression. The results will be compared with the information collected from the interview and the literature review in order to either accept or reject the hypotheses.

#### 5.2 Discussion of the Hypotheses; Analysis of the Main Findings and Comparison with Literature Review

The researcher's findings support the theory that customer satisfaction is related to customer loyalty, which in turn is related to profitability similar to Anderson & Mittal (2000) and Fornell (1999).

As mentioned previously, DSA agents help the bank in increasing its market share by targeting new clients and reaching an additional client segment or geography. The mission of the Direct Sales department of BankMed is to meet the financial service needs of the customers with a maximum quality and to make BankMed the leader of the Retail Banking industry in terms of customer satisfaction and service quality. In the research question 1-“What are the reasons affecting the usage of DSA services”- the researcher was trying to highlight today's customer needs and to link those needs with the reasons behind using DSA services. The dependent variable included in Hypothesis 1.1 to 1.3 was measured quantitatively through question 11 of the questionnaire “frequency of

using DSA". The independent variable included in Hypothesis 1.1 was measured quantitatively through the analysis of the responses to questions 15 "DSA was able to answer exactly customers' need"; for Hypothesis 1.2, it was measured with question 17 "DSA reduces the need to visit branch"; and for Hypotheses 1.3, it was measured with question 18 "DSA eases banking transactions". These questions highlight customer benefits from using DSA in terms of faster accomplishment of banking operations through reducing the needs to visit the branch, easing banking transactions, and responding to exact customer needs. However, the ability of DSA to reduce the need to visit the branch is the only variable that proved to be significant (Check appendix 2a, Table 19). When customers were asked whether DSA was able to answer exactly their needs (check appendix 2a, Table 15), the total sample of customers who use DSA services either strongly agree or agree with the statement which reinforces the previous finding that DSA is properly introduced in BankMed. However, when the researcher calculated the correlation based on Spearman and Pearson, none of both tests proved to be significant and the regression was not run. Although DSAs were able to understand and answer customers' needs, and although recent studies mentioned in the literature review stressed on the fact that satisfying customers' needs starts by understanding it, neither the correlation nor the regression show a significant relationship between this factor and DSA usage, resulting in the rejection of the first hypotheses.

In terms of H1.2, concerning the ability of DSA to reduce the need to visit branch, 59.7% strongly agree, and 40.3% agree as reported in Table 17 in appendix 2a. Furthermore, there is a high level of significance and correlation, highlighting the fact that banking transactions need dedication from customers, and customers have to pass several times to the branch in order to finish their banking transactions which might contradict with the customers' working hours or schedules. Therefore, DSA proved to decrease the need to visit the branch because Direct Selling Agents have all the knowledge needed to answer customers' questions and thus reducing their need to visit branch. As mentioned earlier, a Direct Sales representative will not only contact the client and prepare for the Pre-Sales, but their workflow requires paperwork, filling out banking forms. In fact, a DSA job will not even finish when the Pre-sales and sales phases are completed because the DSA-Customer relationship is built on continuous follow up and trust especially that the banking products that the DSA are selling are linked automatically to the customer i.e. the client might be applying for a Home loan, depositing his end of service indemnity and

benefiting from a cash collateral, having saving account, applying for him/her child for an education loan. In nowadays business environment where all are busy, customers need someone to help them with their banking enquiries, explain to them the whole process, advise them to prepare proper documentation; DSA can reduce on average a 3 times visit to 1 time which is a great solution for customers in all levels. Furthermore, BankMed is making more efforts to reach current or potential clients. If clients cannot or are unwilling to come to the branches, Direct Sales Agents (DSA) will certainly call them and pay them a visit and DSA was able to answer exactly customers need.

In terms of hypotheses 1.3, it was rejected based on non-significant correlation through the analysis of the responses to question 18 “DSA eases banking transactions”, which highlights customer benefits from using DSA in terms of its ability to ease banking transactions. Although all of the 62 customers who have been served by DSA either agree or strongly agree on the fact that DSA eased their banking transactions, the correlation was insignificant regarding the factors affecting the usage of DSA services (Check appendix 2a, Table 19). The DSA job is to ease banking transactions while banking relations is a cycle that starts with building good relationship with the clients, answering all their questions, satisfying their enquiries; all those factors are interdependent since first customers were asked whether DSA was able to answer exactly their needs. None of the correlation based on Spearman and Pearson proved to be significant and the coefficient was also insignificant when the regression was run. Therefore, H1.3 was not valid too though the customers either agree or strongly agree on the fact that DSA eased their banking transactions. However, recent studies have highlighted the importance of customer knowledge of the product that they request and that a high percentage of dissatisfied clients believe that they were given insufficient amount of information. In fact, customers need clarity especially that we are living in a demanding working environment.

In summary, the DSAs are well aware of the bank's products and offers; they will explain the benefits of banking with BankMed, will inform the client of the documents needed, will provide them with monthly payments, product fees, and will collect the original documents from the client once available which will result in decreasing the need to visit the branch to half specially that working hours is one of the factors that led to high level of satisfaction from DSA usage; thus and based on the above mentioned findings and

literature, the researcher will accept H1.1. The researcher believes that an institution is better than another when it differentiates itself from competition by developing factors that make the whole process smoother and clearer; Reducing the time to accomplish banking operations is a main advantage in today's fast moving business world. The researcher findings highlight a main point especially that all the sample that have been served by DSA are satisfied with the service and all of them agree or strongly agree on the first three hypotheses of Research Question 1 which is a very important factor to look for in further studies. However, what is confusing is that though all customers agree on the previously mentioned hypotheses, no significant correlation was present meaning that there are some different factors other those mentioned that encourage customers to use DSA services without denying the fact that the tested insignificant hypotheses are of main importance to the study (proved by the high level of agreement on each of the three hypotheses.)

Moreover, factors associated with frequency of using DSA can be linked to the demographic profile of the respondents because it gives a broad picture and helps bankers analyze the demographic factors which might influence the usage of DSA, customers' satisfaction levels and loyalty. The sample population of 100% of customers using DSA services are employed which emphasizes the fact that employed personnel benefit greatly from DSA services and this is a remarkable matter that future studies should focus on. In fact the researcher has drawn the following conclusions: DSA agents are able to attract new young professionals, old people are less likely to use DSA services, and employed people aged more than 30 to 40 are more likely to use DSA because of the convenience of working hours, and personal contact.

Customer Satisfaction is of main importance in today's business due to several factors such as an increase in market competition. In today's market, banks should pay attention to the weak areas in order to answer their customers' needs. Currently, most of the banks offer the same or similar products around the world and quality of service is an essential way for distinction in the market place. Banks should provide services exceeding their customers' expectations in order to succeed in retail. This will increase not only their customers' satisfaction but also their customers' retention especially in a saturated market.



In terms of the level of satisfaction, 40.3% are very satisfied and 59.7% are satisfied. The interesting factor is that none of the customers who use DSA are dissatisfied. Furthermore, the 38 individuals who do not benefit from DSA services tend to be neutral or dissatisfied; those results suggest that customers' satisfaction might be connected to the services rendered by DSA.

Specifically, the dependent variable included in Hypothesis 2.1 regarding greater customer satisfaction was measured through the analysis of the response to question 13 of the questionnaire "how satisfied are you with the introduction of DSA". The independent variable included in Hypothesis 2.1 was measured quantitatively through the analysis of the responses to questions 11 "Frequency of using DSA" (see Appendix 1a). Results show a positive relationship between usage of DSA and customer's satisfaction. Therefore, H2.1 is accepted.

A satisfied customer is simply a customer who uses less time while accomplishing more transactions. As per Hansermark & Albinson (2004), satisfied customers tend to be less price sensitive, more willing to buy additional products, and less influenced by competitors. (Anderson and Mittal,2000) proposed the conceptual logic of relationships within the customer satisfaction chain. By improving product and service quality attributes, customer satisfaction should increase. The increase in customer satisfaction should lead to greater customer retention and loyalty. Then the improvement in customer retention and loyalty will lead to greater profitability.

The independent variable included in Hypothesis 2.2 highlighting customer loyalty to BankMed services is measured quantitatively through the analysis of the responses to questions 9 "how satisfied are you with the bank"; the dependent variable included in Hypothesis 2.2 about customer loyalty is measured through the analysis of the response to question 5 of the questionnaire "Do you consider BankMed to be your primary bank." "Customer loyalty extends beyond satisfaction, and directly impacts business results. The customer who values the product or service will continue to buy and will promote it to others" (Harvard Business Review, 2000).

Since the main concern of a bank is its profitability which is delivered through many channels especially by using good service to retain bank customers and attract new ones, it is important to know the relationship between customer satisfaction and loyalty.

Results showed that satisfied customers are more loyal since 62 % of the total 100% who use DSA consider BankMed to be their primary bank. This finding highlights the fact that an increase in the customer's level of satisfaction will increase the level of loyalty, thus H2.2 is accepted.

### 5.3 Conclusion

In this part of the thesis, the researcher discussed the effect of introducing Direct Sales Agents on Retail Banking at BankMed through the analysis of both quantitative and qualitative results obtained through the questionnaire distributed to clients and the interview with the Head of Department of DSA. Increased customer base and market share and increased coverage with low-cost solution in areas with potentially less number and volume of transactions are part of the advantage of investing in DSA services which proved to lead to customer satisfaction that leads to loyalty resulting in an increase in the bank profitability. Three hypotheses were accepted based on the high positive correlations supporting previous literature review theories and case studies. The following chapter will involve a general conclusion to the research topic as well as recommendations to BankMed regarding its use of DSA.

## Chapter VI

### CONCLUSION AND RECOMMENDATIONS

#### 6.1 Introduction

In the previous chapter, both qualitative and quantitative results were reviewed and discussed, and based on them the researcher came up with the conclusion and recommendations.

The two research questions formulated with their hypotheses are:

1- What are the reasons affecting DSA usage?

H1.1: The DSA ability to respond to customer needs increase DSA usage

H1.2: Reducing customers need to visit the branch increase DSA usage.

H1.3: Easier banking transactions increase DSA usage

2- What is the Impact of using DSA on Retail Banking at BankMed

H2.1: The greater the usage of DSA, the greater customer satisfaction.

H2.2: The greater the customer satisfaction, the greater the customer loyalty

In terms of the first research question, the ability of DSA to reduce the need to visit branch was the only significant factor; as for the second research question both hypotheses were accepted, implying that DSA increases customer satisfaction, which in turn increases customer loyalty.

Therefore, there is a positive impact between the usage of DSA and Retail Banking at BankMed, as it is the case in many multinational banks mentioned in the literature review such as Standard Chartered and Industrial Credit and Investment Corporation of India Bank (ICICI). BankMed is among the top listed banks in Lebanon (the 5<sup>th</sup> as per Banque Du Liban in 2011), it is used to be a corporate Bank and only five years ago, it was involved in Retail Banking and established the DSA department. Today BankMed

managed to have 57 branches all over Lebanon, and a sales force ready to cover the Lebanese Market.

## 6.2 Summary of the Main Findings and Analysis

As it was mentioned before, in today's retail business with most of the banks offering more or less the same products and services, one needs to adopt an aggressive approach to expand one's customer base. This thesis found that having a DSA department proved to be significant for BankMed similar to its significance worldwide. In terms of the five hypotheses, three of them were accepted on the basis of high positive correlations between independent and dependent variables which were demonstrated in the findings and discussion chapters. BankMed customers who are served by DSA proved to have higher levels of satisfaction with the bank than customers who do not benefit from DSA services (those factors are due to benefits such as convenient working hours, trust, consultancy, decreasing the need to visit branch, easing banking transactions). Furthermore and as mentioned in the literature review, banks should provide services exceeding their customers' expectations in order to succeed in retail. DSA proved to increase not only BankMed customers' satisfaction but also their customers' retention especially in the Lebanese competitive retail banking industry..

## 6.3 Limitations of the Research

There are numbers of limitations associated with this study. First the author of the research is an inside researcher who works at BankMed which can result in bias opinions within the study.

The researcher was able due to management decision to distribute the survey to a predefined number of customers that must not exceed 100 in addition to not being able to distribute the survey to the 57 branches of BankMed, Lebanon.

Moreover, retail banking provides, as mentioned in chapter II, different approaches so even if all products might be the same, customer perception of the product differs.

Earlier studies related to DSA are all built on the same concept that Direct Selling Agents' job is to generate sales to any assigned company which is not the case at BankMed, where DSAs are considered and viewed as internal entities. The researcher took into consideration the level of training, promotion scale, fair compensation being part of the Branch Network.

#### 6.4 Conclusion and Recommendations

In conclusion, the main concern of a bank is its profitability which is delivered through many channels especially by using good service to retain bank customers and attract new ones. The main point here is the support of the banks' employees especially the Sales Force to their institution's concern. Generally, customers who hold more products with their main bank are likely to be the most loyal and unlikely to leave, and DSA is able to achieve this as demonstrated in chapter IV.

The researcher's recommendation is to maintain a customer oriented strategy that will impact clients and create supplementary sales for the bank; for the fact that a bank known for its great customer service is on the right track to be leader in the market and its sales force that helps differentiate this service will improve the bank. Moreover and subsequent to the listing of BankMed's objectives, the researcher notices that the empowerment of DSA agents is a main concern of BankMed and it should continue to be so by preparing a continuous set of training sessions that will help BankMed DSA agents acquire the best sales techniques and find the best way to a lasting relationship with the customers. Attracting new customers starts with the first meeting with the DSA, and practically, a DSA agent will face different customer characteristics such as consumers who compare prices, consumers who are mobile, experienced, informed, and influenced by advertising, consumers who manage their own budget or who look after their own time-management. Therefore, the DSA agent should:

- Know the products he is selling very well, its strengths and weaknesses
- Be able to compare these products with competitors' products and attract the prospect
- Know which service and product to assign to the prospect according to his background, way of thinking...

The DSA's training is also coupled with a performance evaluation program for DSA to keep them motivated and interested in their job.

As mentioned earlier, customer loyalty builds your most profitable and long lasting business relationships when you are able to devote more time to really understanding what your customers value; and this is why BankMed investigated DSA services and features that proved to have a big impact on customers' satisfaction and loyalty; especially that the Sales Force department plays a major role in this section by reporting directly the customers' feedback on each service and stressing on those that the client considers most valuable. This feedback that most of the customers avoid for lack of time or other purposes is essential to consumers' fidelity... Moreover, the sales force job in this section helps the bank to monitor the changes in the market and to build solutions accordingly.

In the final analysis, and based on the scientific method on the evidence found in chapters IV and V, the researcher can conclude by saying that direct selling can improve customer satisfaction and loyalty, which will increase bank's profitability. However, direct selling is an art that has to be mastered with a lot of dedication. If the agents want to be successful in this art and impact banks' performance, they must be humble, sincere, outgoing, persistent and honest, as these are the keys of a successful salesperson. A good sales person should not be afraid to talk to anyone to get him or her interested in the product. No one is born as a top selling agent or consultant especially in a demanding industry such as banking. In order to have success sales, Direct Sales Agents must learn not only the basic techniques, but also the way these should be applied, which will take consistent effort, vision as well as focus. As they say, when you love what you do, you will never lose interest; this applies to direct sales. DSA must believe in what they are selling and be passionate about it, so that BankMed customers or overall customers feel the excitement and are in turn enthusiastic. By truly caring about BankMed consumer's best interests, the bank will be able to succeed in direct sales, and build a group of loyal, lifetime clients, hence increasing its profitability. As previously mentioned, customer satisfaction is related to customer loyalty, which in turn is related to profitability (Anderson and Mittal, 2000 and Fornell 1999).

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## List of Appendices

### Appendix 1a

#### Questionnaire for BankMed Customers

*My Name is Cynthia Zouein I am writing my thesis for a Master's degree in International Business at NDU in collaboration with BEM. My area of concentration is Organizational Management and Banking. My thesis topic is the impact of using DSA in Retail Banking the case of BankMed*

*Please answer the following questions to the best of your ability. The information you provide me with is strictly confidential and will be used as a major source of data for my Masters thesis.*

1) Sex

Female                      Male   

2) Age

20>     [20- 30[                       [30-40[     [40- 50[                       >50

3) Level of Education

High School                       Bachelor Degree                       Masters                       PHD

4) Occupation

Unemployed                       Salaried                       Self Employed

5) Do you consider BankMed to be your Primary Bank?

Yes                                       No

6) How long have you been a customer of BankMed

1- 4 Years     4- 10 Years                       > 10 Years

7) What kind of services products do you get from BankMed?

Saving account                      Loans                      Plastic cards                      Assurance

8) How satisfied are you with the bank?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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9) Do you know What DSA is?

Yes  No

10) Have you ever been served by a DSA agent

Yes  No

If no, why

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If yes, please answer the following questions:

11) Frequency of using DSA?      Once    Twice      Thrice      Four or more

12) Why do you use DSA?

Personal contact       Trust       Working Hours      Consultancy

13) How satisfied are you with the introduction of DSA?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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14) How satisfied are you with the effectiveness of DSA?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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For each of the following statements, state whether you:

Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	2	3	4	5

15) The employee/DSA was able to respond to your exact need

16) There is a positive impact of adopting DSA in the banking industry

17) DSA reduces the need to visit the branch

18) DSA eases banking transactions

Additional Comments:

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Thank you for your precious time!

## **Appendix 1b**

### **Interview Questions for Department Head**

#### Hierarchy and Communication

**What is the department structure?**

**Who do agents report to directly?**

**Do agents have access to the department head or is the hierarchy an impediment for communication?**

#### Agents Motivation

**Do you think your agents are motivated? If so, what is in your opinion, are the agents motivating factors?**

**What evidence do you have that agents are motivated, or how do you measure their motivation level? (feedback)**

#### Evaluation of Management and DSA

**How would you describe yourself as a manager?**

**Who evaluates you as a manager? Who evaluates heads and directors? Who evaluates agents?**

**Is the data collected being used? Are you tying the evaluations to motivation and learning? Please explain.**

#### Empowerment of DSA

**Were the agents involved in setting the department plan? If so how?**

**Who are the members of your department or sales team? How do you decide whom to include on the team?**

### Appendix 2 a

DSA Meaning		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"NO"	12	11.8	12.0	12.0
	"YES"	88	86.3	88.0	100.0
	Total	100	98.0	100.0	

**Table 1 : Percentage of Customers aware of DSA**  
Source: SPSS

Use of DSA		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"YES"	62	60.8	62.0	62.0
	"NO /WHY"	38	37.3	38.0	100.0
	Total	100	98.0	100.0	

**Table 2: Customers served by DSA**  
(Source: SPSS 17)

Use of DSA		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"YES"	62	70.45	70.45	70.45
	"NO /WHY"	26	29.55	29.55	100.0
	Total	88	100	100.0	

**Table 3: Customers aware and using DSA**  
(Source: SPSS)

SERVEDBYDSA * Gender Cross tabulation			Gender		Total
			"Female"	"Male"	
SERVEDBYDSA "YES"	Count		32	18	50
	% within Gender		100.0%	32.1%	56.8%
"NO /WHY"	Count		0	38	38
	% within Gender		.0%	67.9%	43.2%
Total	Count		32	56	88
	% within SERVEDBYDSA		36.4%	63.6%	100.0%
	% within Gender		100.0%	100.0%	100.0%

**Table4 : Gender of Customers served by DSA**  
(Source: SPSS)

SERVEDBYDSA * Age Crosstabulation		Age				Total
		">20-30<=YEARS"	">30-40<=YEARS"	">40-<=50YEARS"	">50YEARS"	
SERVEDBYDSA "YES"	Count	13	36	1	0	50
	% within Age	100.0%	100.0%	4.2%	.0%	56.8%
"NO"	Count	0	0	23	15	38
	% within Age	.0%	.0%	95.8%	100.0%	43.2%
Total	Count	13	36	24	15	88
	% within SERVEDBYDSA	14.8%	40.9%	27.3%	17.0%	100.0%
	% within Age	100.0%	100.0%	100.0%	100.0%	100.0%

**Table 5: Age of Customers Using DSA**  
(Source: SPSS)

SERVEDBYDSA * LEVELOFEDUCATION Crosstabulation		LEVELOFEDUCATION				Total
		"High School"	"B.A Degree"	"Masters"	"PHD"	
SERVEDBYDSA "YES" Count		8	42	0	0	50
	% within LEVELOFEDUCATION	100.0%	73.7%	.0%	.0%	56.8%
"NO" Count		0	15	18	5	38
	% within LEVELOFEDUCATION	.0%	26.3%	100.0%	100.0%	43.2%
Total	Count	8	57	18	5	88
	% within SERVEDBYDSA	9.1%	64.8%	20.5%	5.7%	100.0%
	% within LEVELOFEDUCATION	100.0%	100.0%	100.0%	100.0%	100.0%

**Table 6: Survey Descriptive Statistics**  
(Source: SPSS)

SERVEDBYDSA * OCCUPATION Crosstabulation		OCCUPATION		Total
		"Salaried"	"Self-Employed"	
SERVEDBYDSA "YES" Count		50	0	50
	% within OCCUPATION	68.5%	.0%	56.8%
"NO /WHY" Count		23	15	38
	% within OCCUPATION	31.5%	100.0%	43.2%
Total	Count	73	15	88
	% within SERVEDBYDSA	83.0%	17.0%	100.0%
	% within OCCUPATION	100.0%	100.0%	100.0%

**Table 7: Occupation of customers served by DSA**  
(Source: SPSS)

## Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
BANKMEDPRIMARYBANK	62	1	1	1.00	.000
Valid N (listwise)	62				

**Table 8: Customers who use DSA and consider BankMed their primary Bank**  
(Source: SPSS)

## PERIODOFRELATION

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "1-4 YEARS"	38	61.3	61.3	61.3
"4-10 YEARS"	24	38.7	38.7	100.0
Total	62	100.0	100.0	

**Table9 : Customers served by DSA Period of Relation at BankMed**  
(Source: SPSS)

## TYPEOFPRODANDSERVICES

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid " Only Account Holder"	13	21.0	21.0	21.0
"Loans"	20	32.3	32.3	53.2
"Plastic Cards"	15	24.2	24.2	77.4
"Bancassurance"	12	19.4	19.4	96.8
"Multiple Services"	2	3.2	3.2	100.0
Total	62	100.0	100.0	

**Table 10: Type of Products and Services**  
(Source: SPSS)

LEVELOFSATISFACTION		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"VERY SATISFIED"	25	40.3	40.3	40.3
	"SATISFIED"	37	59.7	59.7	100.0
	Total	62	100.0	100.0	

**Table 11: Level of Satisfaction from DSA usage**  
(Source: SPSS)



FREQUENCYOFDSA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Once"	18	29.0	29.0	29.0
"Twice"	44	71.0	71.0	100.0
Total	62	100.0	100.0	

**Table 12: Frequency of DSA usage**  
(Source: SPSS)

REASONFORDSAUSAGE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Personal Contact"	18	29.0	29.0	29.0
"Trust"	9	14.5	14.5	43.5
"Working Hours"	35	56.5	56.5	100.0
Total	62	100.0	100.0	

**Table 13: Reasons behind the use of DSA**  
(Source: SPSS)

Level of Satisfaction

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "VERY SATISFIED"	25	25.0	25.0	25.0
"SATISFIED"	43	43.0	43.0	43.0
"NEUTRAL"	13	13.0	13.0	13.0
"DISSATISFIED"	12	12.0	12.0	12.0
"VERY DISSATISFIED"	7	7.0	7.0	7.0
Total	100	100.0	100.0	100.0

**Table 14: Level of satisfaction from DSA usage**  
(Source: SPSS)

**DSAABLETOANSWEREXACTLYTHENEEDS**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Strongly Agree"	26	41.9	41.9	41.9
"Agree"	36	58.1	58.1	100.0
Total	62	100.0	100.0	

**Table 15: DSA ability to answer customers need**  
(Source: SPSS)

**DSAEASEBANKINGTRANSACTIONS**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid "Strongly Agree"	54	87.1	87.1	87.1
"Agree"	8	12.9	12.9	100.0
Total	62	100.0	100.0	

**Table 16: DSA Ease Banking Transactions**  
(Source: SPSS)