

The Research of the Customer's Loyalty in Commercial Bank — Based on the Customer's Results

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Abstract: As the operating mechanism of the China's commercial Banks established, in order to acquire the preemptive customer resources, each bank provide the diversity of the service for customers, so as to increase the customers' loyalty and banks' profit. This paper puts forward the commercial bank customer loyalty, bank value theory and measurement index system. Three index systems about the questionnaire recovery data is optimized by SPSS, and then the ultimate index system has been established, using regression analyze. The research shows the customers' loyalty has a positive linear relationship about the value. Finally, put some relevant suggestions.

Key words: Commercial bank customer's loyalty, Value of the bank, Positive linear relation

1. Introduction

In order to acquire the preemptive customer resources, each bank provide the diversity of the service for customers, so as to increase the customers' loyalty and banks' profit. This paper puts forward the commercial bank customer loyalty, bank value theory and measurement index system. The research shows the customers' loyalty has a positive linear relationship about the value. Finally, put some relevant conclusions and suggestions.

2. The Empirical Studies about the Relevance Between Commercial Bank Customer Loyalty and Bank Value

2.1. Sample Data Analysis

2.1.1. The Source of Sample Data

In order to make the questionnaire structure and content more objective, try ours best to visit the small sample in Chengdu range before visit a large sample, the small sample research scope mainly lies in Chengdu' s four major state-owned commercial bank site. 100 questionnaires have been released, and recycle 83 valid questionnaires. According to the recovery of the questionnaires added expert proposal, form eventually questionnaires. Considering the needs of the objective of this study, the research scope mainly concentrated in Beijing, Shanghai, Guangzhou, Chengdu and Xi'an(each 200), and the research cycle from Jun.2010 to Jan.2011, lasted seven months,1000 questionnaires have been released, and recycle 690 valid questionnaires. The valid rate is 76.7%.

2.1.2. Descriptive Statistics

After enter data, individual variables use descriptive statistical analysis. Statistical indicators include index name, corresponding number and frequency, etc.

Sex: Sex in structure, the male respondents reach 56%, while female account for 44% , male respondents is slightly higher than female.

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Age: Age in structure, 21 ~ 30 years old of young people reaches as high as 40.8%, is the highest in the respondents, also shows that commercial Banks' customers become younger now. 41-50 years old account for 23.2%, 51-60 years old of respondents is the least, about 7.2%. We can see a basic structure of commercial bank guest group, through the age structure analysis.

Education background: Including the proportion of people with a high school diploma account for 40.6%, the second is the proportion of people with a college diploma account for 31.2%, It is partly bachelor degree or above in the crowd accounting for more than about 21%.

Career: career in structure, business account for 26.1%, the following is the individual household accounting for 18.1%, and transportation accounts for 3.6%.

Income: Among the respondents, the respondents who have level of income about 1000 ~ 2000 Yuan accounting for about 37.7% is maximum. The level of income about 2000-3000 Yuan account for 15.9%; Except for the refusal, the level of income about 4000-5000 Yuan per month account for the least number in the proportion. It also indicates that low-income customers in commercial banking services account for a large proportion.

Lasted years: The people who visit the bank lasted 1~2 years accounting for 34.8% is maximum. 2~3 years account for 18.1%. Except the not clear, under 8 years account for 18.1% in the proportion.

Deal with the business: The customers who accept deposit services and credit card services is maximum, respectively account for 31.5% and 22.8%. The least customers is loan business, account for 0.27% in the proportion.

The reason of choosing the bank: Choosing by neighboring residence is maximum accounting for 39.6%. Next, choosing by the habit of the family accounting for 36.8%. Choosing by friends introduced is least accounting for 4.2%.

Deal with service's frequency: 57.2% of the respondents visit the bank one time once a week. 18.1% of the respondents visit the bank above one time once a week. The least is that visit the bank one time once a month accounting 8.7%.

Waiting time: More than 30 minutes of waiting time as high as 26.9%, 20-30 minutes of waiting time account for 25.8%, within about five minutes of waiting time is the least accounting for 10.2%. This means that the overall the commercial Banks in line especially seriously now.

2.2. Analyze the Variables in the Model

2.2.1. Analyze the Commercial Bank Customers' Loyalty (L)

In the commercial bank customers' question- naires, related loyalty-item questions are:

How likely do you choose this bank , if you choose a new bank for business?

How likely do you replace this bank in the short term ?

How likely do you introduce this bank to your friends, if your friends consult you?

According to the cronbach's alpha and KMO's studies, only the third question's eigenvalue is greater than one, so we can delete (1) (2) problems. This means that the measure indicator of eliminate commercial bank customer loyalty only consist of the indicator of a colleague or friend recommend this bank.

2.2.2. Analyze the Value of the Bank (R)

In the questionnaires, the questions are:

How many percentage of the bank's deposit account for your annual income?

How often do you use this bank?

Use the Entropy Method instead of the Factor Analysis Method because the number of the index is few. no longer with the factor analysis method. The method of entropy is a kind of objective weighting method. We can judge the discrete degree of index, through calculate the entropy value, in order to make the greater influence. Therefore, adopt the Entropy Method. In addition, in the related experts' interview, considering the previous experiences, we can introduce the control variables, which name customer income (IC).

2.3. Build the Model

Reference the related research model by Paola Gritt (2007) to analyze the relation between bank customers' satisfaction and loyalty in Italian. The paper constructs three model, one is to analyze the relation between bank customers' satisfaction and loyalty, the other is to analyze the relation between bank customers' loyalty and the value of bank. Finally, demonstrate the direct relation- -ship between bank customers' satisfaction and the value of bank. In the model, there are some indexes related:

The value of the bank from the customers (R)

Customers' satisfaction (CS)

Loyalty (L)

The customers' income (IC)

The error term (e)

The model of the relation between customers' loyalty and the value of bank:

$$R = \alpha + IC + \beta L + e$$

This model used for inspection the relation between customers' loyalty and the value of bank. Meanwhile, introduce the customer income as control variables. The following is the result of regression analysis:

Table1: The result of regression analysis

independent variable	dependent variable: the value of bank		
	regression coefficient	P-value(T -Test)	significance
constant term	1.25	0.009	
income	0.272	0.004	
customers' loyalty	0.467	0	***
Coefficient of determination			0.16
Coefficient of determination after adjust			0.142
F-value			13.865
F-value	P -Test		0.00
Degree of freedom			2
Sample size			690

remark: ***indicate P-value<0.01, **indicate P-value<0.05, *indicate P-value<0.1

According to the result of regression analysis, F-value=13.865, P=0.000 (<0.01), there is a linear relation existing among the value of bank, customers' satisfaction, and customers' income. There is a linear relation existing between bank customers' satisfaction and loyalty, according to the P-value by T-Test. The regression coefficient of customers' loyalty is 0.467, then indicates that the customers' loyalty promote the development of the value of the bank, the higher the loyalty of the customers', the bigger the value of the bank.

Similarly, the P-value of the income of the customer by T -Test is 0.004, also shows that customers' income is an important variable of the value of the bank, the higher the income of the customers', the bigger the value of the bank. Therefore, the assumption is established. This means that there is a positive linear relation existing between the value of the bank and the customers' satisfaction.

3. Conclusions

This paper learns from the theoretical achievements of customers' loyalty about the marketing of domestic or international and the commercial bank management. Reference the related research model by Paola Gritt (2007) to analyze the relation between bank customers' satisfaction and loyalty, demonstrate the relationship between the value of the bank and the loyalty of China's commercial bank customers, showing that there is a positive linear relation existing between the value of the bank and the customers' loyalty. Meanwhile, this paper also draw that the customers' loyalty and the income of customers effect the value of the bank significantly. So, the competition in commercial banks ought to pay emphasis on increasing the loyalty of the customers' and attract more the high-end customers.

3.1. Improve the Service Quality and Reduce the Cost of Customers, Create the Value of the Bank and the Customers' Loyalty in Order to Enhance the Value of the Bank

The quality of the service is the basis about guaranteeing the customers' loyalty. With today's business bank competition intensifies, make customers' transfer cost is low. So, banks should improve the quality management of the service, in order to retain existing customers, attract potential customers. Firstly, commercial Banks should understanding the connotation of the quality of the service as a service organization, so that we can comprehend the customers' needs. Try our best to exceed customer expectations. So, commercial Banks should pay close attention to the market and the change of the consumers, excavate deep the needs of customers through the customer survey. Meanwhile, with the development of the people living standard, commercial bank's customers, especially high-end customers, request for the personalized product or more urgent. On the other hand, commercial Banks must try to stand at the side of the customers to think, reduce customers' transaction costs through the innovate products and services, such as optimize the process, reduce time cost.

3.2. The Good Positioning of the Bank , Establish Brand Advantages

In the background of social division of labor, commercial Banks must have its own position, should pay emphasis on unique feature about their products or services. Don't try to provide customers with all the financial products and services, commercial Banks should have the obvious competition superiority about products and services than other banks in some areas, so that realize customers' loyalty for the bank.

3.3. Build the Customers' Database, in Order to Meet Different Levels of the Customers' Demand

Research shows that the high-end customers accounting for 20% in the customers of the bank create 80% of profits of the commercial bank. We also can know that the level of the customers' income is an important variable through this research. The higher income of customers, the higher profit of bank. So, commercial Banks must realize effective classification management, by their contribution to the customer degree of division, in order to offer a difference of products or service. Commercial Banks should strengthen the emotional communication for the high-end customers, and then look for good chance on marketing, or cooperate with the circle of high-end customers. On the other hand, the bank can increase the price of the product or service for the people who lead the low profits to the bank.

3.4. Use the Conversion Barriers Appropriately, Prevent the Loss of Customers

Conversion barriers can prevent the loss of customers, to a certain extent, Commercial bank give play the role of the transforming barriers through the preferential price, gift preferential, consumption integral, and individual exclusive services, etc. On the other hand, the customer conversion cost is extremely low now with the commercial bank provide homogeneity products especially seriously. So banks should strengthen communication with the customers.

3.5. Establish the Good Mechanism of Communication, Remedy the Loss of Customers

Set up perfect customer manager system, maintain communication at any time, and pay close attention to the customers' requirements. Commercial Banks should increase customers' satisfactions, according to the customer's change. Whatever the message which gets from the customers of the bank, is positive or negative, it is beneficial to the commercial bank. Especially, the information of complaints can improve the commercial Banks do better than before, so that increases the customers' loyalty.

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