CUSTOMER LOYALTY IN COMMERCIAL BANKS OPERATING IN ALBANIA

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ABSTRACT

The financial institutions with high performance are always looking for the needs and requirements of their customers, in order to survive and compete successfully in today's environment of corporate dynamic. For this reason, researchers have stressed repeatedly the importance of customer satisfaction, customer loyalty and retention. The purpose of this study is to develop a better understanding of the theoretical and practical impact of the quality of service in customer loyalty. This study examines the perception of service quality by clients of commercial banks operating in Albania and the effect it has on customer loyalty. Measuring the perception of service quality based on SERVQUAL model proposed by Parasuraman, Zeithaml & Berry (1988), while the measurement of consumer loyalty is done according to the model proposed by Benjamin Osayawe Ehigie (2006). Results of this analysis show that the quality of service is an important prerequisite of customer besikerise. From this study it is clear that managers and decision-makers in commercial banks in Albania seeking to improve the quality of service elements, which constitute the most significant contribution to customer loyalty.

Keywords: Quality of service, loyalty of the clinet, commercial bank, Shqipëria.

BACKGROUND

Since the early 90s' when Albania was transformed from a centralized economy to a market economy country, the importance of these services is increasing steadily. A very important element in the area of structural reforms for all countries that joined in the way of a market economy was the reform in the financial and banking system. Reform in this area took a great importance in achieving macroeconomic stabilization. Specifically, as part of such a reform are the social, economic and political that was our country after 92 years. The years 1991-1992 marked the creation of the new banking system in terms of organization on the model of Western countries. The legal framework in this period enabled the one-livel over the banking system in the two-level banking system.

Later developments were characterized by carrying out reforms in these banks and the creation and expansion of the banking activity from new private banks. Reforms in the banking system, which was aimed at increasing efficiency in the banking market, along with the realization, restructuring initially, relied on their privatization. Nowadays, banking institutions are more and more competitive with each other in various ways, such as offering products, type products, services etc. The main part of the competition among banks is also new entrant's pressure providers to lower costs and intensifying competition. This sector has developed as a result of foreign investment, mergers, mergers, stock transactions, etc. Traditionally, a good quality service has meant that conform Output specifications that are defined in the service design process. But people are becoming more educated and

demanding (Kotler et al, 2005, p. 462-63), and it affects their growth expectations of the company's performance and the quality of its products and services. Today the Albanian banking industry is facing a significant aggressive competition. The market environment is undergoing a significant change in its structure specifically established bank already become broader in their scope, while some new banks entering the financial services market. In addition, the advancement in technology offers different ways for customers to conduct banking transactions.

Recent trends in Albania have been towards a multiple bank, ie customers extend their financial affairs in some banks, rather than treated for everything with the same bank. The range of services offered as well as the comfort provided by vetpërdorim technologies is growing through market competition.

REIVEW OF RELATED LITERATURE
The quality of service

Karim (1996) defines quality as something that agrees with the characteristics of the product that meets the needs of external clients. Kotler (2003) defines service as "any conduct or action based on the contact between the two parties: the provider and the recipient, and the essence of this process of mutual untouchable. Huseyin, et. Al (2005) believes that banks should have good knowledge of the characteristics and advantages of quality of service. This contributes to their success and perseverance to compete successfully in the international banking environment. From these definitions come to the conclusion that the quality of banking services is an integrative assessment of the service provided to external customers. Clients are considered to be independent individuals with different requirements according to which services are provided based on certain specifications. All this requires that the bank must be careful in the hiring process by selecting creative employees with high skills and qualifications.

Measuring the quality of service differs from the measurement of product quality. Services are largely intangible, heterogeneous and inseparable (Parasuraman et al, 1985, p. 42). Tangible measures can be identified only in the materials used to support and service provider's physical facilities. The service itself is untouchable and it often happens that we manufacture and his simultaneous consumption.

Researchers are working to develop a comprehensive system for measuring the quality of service in the 1980s Parasuraman et al (1985, 1988, 1991, and 1994) further developed and reviewed the model SERVQUAL, who initially identified ten dimensions of service quality : reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and vulnerability. These dimensions were reduced later in 5 of their vulnerability, reliability, responsiveness, assurance and empathy (Parasuraman, 1991, p. 422). Quality of service is measured on the basis of these five dimensions with a large 22-membered (Parasuraman, 1994, p. 207).

The loyalty of the client

Customer loyalty is defined as ". . .A deeply held commitment to repurchase or continuously in the future ripasur a product / service favorite, thereby causing repeated purchases of the same brand, regardless of the situation and the impact of marketing efforts that have the potential to cause behavior change " (Leverin, Liljander 2006, p. 234). So, a loyal customer

for the bank is a customer who will continue to stay with the same service provider, which is likely to get new products to the bank and which is likely to recommend the bank to others (Fisher 2001).

Loyalty is the result of a profitability that creates organizations for consumers, so that they maintain and increase operations that the organization (Anderson, & Jacobsen, 2000). For more real customer loyalty is created when the customer becomes patron of an organization without any stimulus (Oliver, 1997). Studies on customer loyalty are very important for the management of the bank. Research shows that (eg Kish, 2000; Duncan and Elliot, 2002) link between loyalty and profitability of the organization, meaning that every organization has loyal customers significant competitive advantage. Customers are more likely to be loyal when there is a climate-oriented client (Clark, 1997). This climate is established when organizations try to identify the real needs of consumers and to design products that meet these needs (Bridgewater, 2001). Important clients require personalized services, so the bank needs to know what will and what will not, and then the client to ensure that he has received what he wanted. Customers can and do change their expectations if the bank does not comply with the acquired service (Szymigin and Carring, 2000). They reported more appropriate factors to ensure customer loyalty, but customer satisfaction is known for its key role (Jamal and Nasser, 2002).

Satisfied clients are keen to work with a bank, to recommend the bank and reduce the costs of providing service bank because the bank has less appeal for review for these clients. The correlation between customer satisfaction and loyalty is high (Leverin, Liljander 2006, p. 235) and, what is more important for this search, is the claim that customer satisfaction with a bank is a good basis for loyalty, although Satisfied clients of changing banks (Leverin, Liljander 2006, p. 235).

To ensure customer loyalty and reduce behavior moving from one company to another, the financial institutions of the XXI century must be able to anticipate the needs of their customers because the interest of the client to maintain a relationship loyal depends on the ability of firm to forecast future needs and requirements of the client and offer them before others (Kandampully & Duffy, 1999). Banks create loyalty programs in order to influence the satisfaction of client and keep them longer. These programs can be prepared for the best prices offered by the competitors and can function as financial incentives.

The research question, the hypothesis and the methodology of the work

The main issues discussed in this research are quality of service and customer satisfaction using SERVQUAL model in the banking context. In this study we will answer the questions of:
• How do customers perceive the quality of service in the banking sector?
• Are customers loyal to the main bank of the Albanian banking sector?

The purpose of this study is to develop a better understanding of the theoretical and practical impact of the quality of service in customer loyalty. This study tests the banking sector through SERVQUAL model by measuring the quality of service and customer satisfaction. Based on the findings made during the review of the literature, we believe that service quality is an antecedent of loyalty. Consequently basic hypothesis is:

H1. Quality of service directly and positively influences customer loyalty

The study was conducted in Shkodra, a city which has 13 different branches of commercial banks. The study was conducted in continuation of the previous study which linked with quality of service in the Albanian banking sector and customer satisfaction. The survey was based on the web and link the email was sent to 200 customers of different banks, the assignee of various banking services (pagamarrës, deposit, credit, etc.). Only 160 people completed the survey thus having a return reply order of 80%. The questionnaire had three parts. The first part of the questionnaire serves to measure quality of service valued by customers. The second measure consumer loyalty third and demographic variables.

Measured variables
Independent variable - *Quality of service*

The measure is based on a modified version of the proposed SERVQUAL by Parasuraman et al. (1988), which consists of 22 elements, grouped into five dimensions of service quality, pëerkatësisht Vulnerability (how modern the equipment bank, how attractive are the physical objects of the bank, as skillful employees of the bank, how attractive are materials related to the service), reliability (when the bank promises to do something at a certain time, she does it, when the customer has a problem bank shows genuine interest for its solution, the bank is engaged in the right way at the Previously, the bank offers its services in a timely manner, the bank insists on the data without errors), Accountability (bank employees indicate exactly when the service is performed, the bank's employees provide rapid service, bank employees have always desire to help, bank employees are never so busy to respond to your requests), security (the behavior of bank employees instill confidence in customers, the bank you feel confident to perform transactions, bank employees are always kind to you, bank employees have the necessary knowledge to answer your questions), Empathy (bank offers individual attention, the bank working hours convenient for all customers, bank employees who give you personal attention, fond bank has your best interest, bank employees understand the specific needs of clients). These elements are assessed with 7-point Likert scale, where 1 = absolutely disagree and 7 = strongly agree

The dependable variable- *the loyalty of the client*

Customer loyalty is measured according to the model proposed by Benjamin Osayawe Ehigie (2006). Here used 13 claims in the form of gauges and assessments made by Likert scale, where 1 = absolutely disagree and 7 = strongly agree. Meter used to analyze loyalty, based on the model proposed by Benjamin Osayawe Ehigie (2006) are: Un ndjehem shumë i veçantë në bankën që përdor.

1. Although I'm used to that anyway un bank cannot use it anymore
2. I uses more than one bank
3. If I uses another bank, it would please me more like banks that un currently uses.
4. This is the best bank in Albania
5. The bank services are high quality
6. Un get maximum satisfaction from this bank
   I will affect others to use this bank
7. I will discourage users present protection that make this bank
8. I will introduce the bank gave to others
9. I will always uses this bank

10. I am thinking of closing the account with the bankUn do të këshilloj përdoruesit e kësaj banke të kryejnë përsëri transaksione biznesi me të.

ANALYSIS AND DATA INTERPRETATION
Demographic data of the respondents

Table 2 presents the demographic data of respondents. As seen 40% of respondents were male, while 60% were female. The majority of respondents were highly educated. This category accounts for 53.4% of respondents, followed by respondents with university master, who make up 25.9% of respondents and 13.8% of the doctoral education of the respondents. The income level of 42.1% of the respondents is 40000-59999 Lek, followed by 17.5% of respondents to levels 60000-79999 and 80000-99999 ALL

Table 2: Demographic data

Level of income (Lekë)	Percentage
Less tha 10.000	3.5
10-000 – 19.999	1.8
20.000 – 39.999	15.8
40.000 – 59.999	**42.1**
60.000 – 79.999	17.5
80.000 – 99.999	17.5
More than 100.000	1.8
Total	100
Education	
High school	6.9
University	**53.4**
Master	25.9
PhD	13.8
Total	100
Gender	
Male	40
Female	60
Total	*100*

The evaluation of the quality of service

To collect data about the perception of the quality of service that clients used a questionnaire, which contained 22 allegations suitable for measuring customer perceptions about the quality of service performance. Of these 22 claims, the first four belong dimension of vulnerability five belonging dimension of reliability, four belonging dimension of accountability, four belong to the security dimension and the last five belong dimension of empathy.

Table 3: Summary of descriptive statistics dimensions of service quality

Dimensionet	N	Minimum	Maxsimum	Average	Standard deviation
General quality	160	1.43	7.00	5.1016	1.13213
Vulnerability	160	2.00	7.00	5.0333	1.15299
Reliability	160	1.40	7.00	5.0017	1.34297
Accountability	160	1.00	7.00	5.1597	1.46437
Security	160	1.00	7.00	5.2972	1.28261
Empathy	160	1.00	7.00	5.0158	1.19977
Valid N (listëise)	160				

From the statistics summarized in Table 3 noted that the highest rating for the quality of service takes the fourth dimension, security. This dimension takes an average 5.29 rating, which shows that customers generally evaluate their safety and services they receive from banks. They feel safe and bank employees manage to instill confidence to these consumers. Instead, the second dimension of the low scores the average 5.0017. This means that customers do not appreciate sufficiently the possibility that employees of banks to solve their problems. To improve the assessment of this dimension employee must have special training for the recognition more and better banking products in general, for their behavior and willingness to convey their knowledge.

As seen in Table 4, the dimension of vulnerability more respondents judge the ability of employees, with average 5.1, followed by a 5.08 average estimate of physical objects attractive bank. In the dimension of reliability, respondents estimate mostly error-free performance of the bank considering a 27.5 average, followed by the provision of services in a timely manner with an average 5:05. In the dimension of accountability gets highest rating 5.4 Employee desire to help clients. Security dimension receives the highest rating 5.6 good employee behavior, but care must be taken with confidence that I transmitted to customers, since this statement gets the lowest score of the relevant dimension 5:08.

In the dimension of sensitivity receives highest rating 23.5 individual attention provides customer banks, and less with 4.75 estimated as the bank heartfelt best interest of the client.

	Minimum	Maksimum	Average	Standard deviation
The dimension of Vulnerability				
The bank XYZ has modern equipments	1	7	5.07	1.425
Bank XYZ physical facilities have attractive appearance	1	7	5.08	1.488
The XYZ bank's employees look quite capable	1	7	5.1	1.515
XYZ bank materials related to service (flyers, brochures, etc.) are significantly more attractive	1	7	4.88	1.627
The dimension of reliability				
When the bank XYZ promises to do something at a certain time, it makes it	1	7	4.8	1.571
When you have a problem, Bank XYZ shows sincere concern for his resolution	1	7	4.88	1.658
XYZ bank performs adequately service for the first time	1	7	5.03	1.551

The XYZ bank offers its services on a timely basis	1	7	5.05	1.419
The XYZ bank insists on the data without errors	1	7	5.27	1.706
The dimension of accountability				
XYZ bank's employees tell you exactly when the service will be performed	1	7	5.17	1.743
XYZ bank's employees provide you fast service	1	7	5.27	1.518
XYZ bank's employees have always desire to help	1	7	5.4	1.509
XYZ bank's employees are never so busy to respond to your requests	1	7	4.88	1.609
The dimension of the security				
The behavior of the employees of XYZ Bank instills confidence in customers	1	7	5.08	1.629
Bank XYZ you feel secure for transactions that you do	1	7	5.39	1.509
Punonjesit e Bankes XYZ jane vazhdimisht te sjellshem me ju	1	7	5.6	1.543
XYZ Bank employees have the required knowledge to answer your questions	1	7	5.12	1.508
The empathy dimension				
XYZ Bank offers individual attention	1	7	5.23	1.466
XYZ Bank has adequate working hours for all customers	1	7	5.15	1.818
XYZ Bank has employees who give you personal attention	1	7	5	1.629
XYZ Bank has cordial your best interest	1	7	4.75	1.503
XYZ Bank employees understand your specific needs	1	7	4.95	1.489

The evaluation of customer loyalty

Customer loyalty analysis was based on the model proposed by Benjamin Osayaëe Ehigie (2006). In the table below are the results of the questionnaire related to customer loyalty. Faithfulness here assessed through thirteen claims, which must receive the assessment of customers surveyed. Even here I use a Likert scale of 7-point scale, where respondents evaluate with 1 claims which were not suitable for them and appreciated by 7 claims which were extremely agree.

	The minimal value	The maximal vaue	Average	Standard deviation
1. I feel very special bank uses	1	7	4.78	1.43
2. Even though I'm used to that anyway un bank can not use it anymore	1	7	4.43	2.98
3. I use more than one bank	1	7	4.38	2.06
4. If I use another bank, it would satisfy me more like banks that un currently uses	1	7	4.04	1.72
5. This is the best bank in Albania	1	7	4.56	1.63
6. The bank services are high quality	1	7	4.75	1.47
7. I get maximum satisfaction from this bank	1	7	6.1	2.17
8. I will affect others to use this bank	1	7	4.54	1.46
9. I will discourage users present protection that make this bank	1	7	3.76	1.7
10. I will introduce the bank gave to others	1	6	4.49	1.3
11. I will use constantly this bank	1	7	4.86	1.41
12. I'm thinking of closing the account with the bank	1	7	3.35	1.96
13. I will advise users to perform again this bank business transactions with	1	7	4.7	1.45

As seen from the table, the minimum values obtained from respondents are 1 for each claim and maximum values are 6 and 7, showing that we surveyed are not absolutely agree with the statements given just as we have clients who are extremely agree assertions given.

The dependence between service quality and customer loyalty

At this point it is necessary to deliver the results of the connection parameters of service quality and customer loyalty. Linear regression analysis where the independent variable is the quality of service and the dependent variable is loyalty shows that R2 is 0.234, which shows that 23.4% of the changes in the perception of truth explained by quality of service. So the R2 value is not the result of chance; independent variables are able to explain variation in the dependent variable. The relationship between the independent variable and one dependent given by the following equation:

Loyalty = 5.065 + 0.188(quality of service)

The regression coefficient is positive and shows a positive relationship between the independent variable and the dependent. It means that with increasing levels of service quality perception will have increased loyalty.

CONCLUSIONS/RECOMMENDATIONS

By its nature, banking service enables customers demand the highest quality possible and to achieve this it is very important for the bank to be very close to the client, to know the needs of its present and predict futures, understand expectations and his perceptions. Measuring the quality of banking services it must be based on the perceived quality because quality of service is intangible and heterogeneous.

Results of the study show that the quality of service is a very important factor that positively affects customer satisfaction in Albania. At the same result reached other scholars who have studied the link between QUALITY OF service (Andaleeb and Conëay, 2006; Gotlieb et al., 1994; Buttle, 1996; Zeithaml and Bitner, 1996; Lee et al., 2000 ; Zeithaml and Bitner, 2003). The five dimensions of service quality, vulnerability, reliability, responsiveness, assurance and empathy impact on customer satisfaction. This increases the need for managers of banks to increase quality through these five dimensions by analyzing occasionally, studying the existing market and especially by anticipating their needs and desires, and perceptions of future prishmëritë of existing and potential customers.

In further research should be extended study and analysis of consumer expectations cilsësisë analyzing gaps and recommended solutions for reducing them.

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