THE EFFECT OF MOBILE BANKING ON CUSTOMER SATISFACTION: THE CASE OF NMB DAR ES SALAAM ZONE
THE EFFECT OF MOBILE BANKING ON CUSTOMER SATISFACTION: THE CASE OF NMB DAR ES SALAAM ZONE

By
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A Dissertation Submitted to the School of Business Studies in Partial Fulfillment of the Requirements for the Degree of Masters of Science in Accounting and Finance of Mzumbe University

2014
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a Thesis entitled *The Effect of Mobile Banking on Customer Satisfaction, The Case of NMB Dar es Salaam Zone* in partial/fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University

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DEDICATION

This study is dedicated to all women who had been struggling to break gender inequality and to my sweet wife and children. You have been an inspiration to me through your hard work, your commitments, your love for me and community, and wisdom.

Thank you.
The study sought to find out the effects of mobile banking on customer satisfaction, the study adopted a descriptive research design on a sample size of 120 respondents who were selected through random sampling from a target population, bank customers and agents. Data was collected by use of questionnaires and interview schedules and the data analyzed by the aid of Statistical Package of Social Scientists Program (SPSS). The findings were summarized and data was presented using tables, charts and figures. Based on the study findings it was concluded that close to all those using mobile banking services at the moment were satisfied that indeed it was efficient and reliable. However a bigger part of those not using it doubted it citing security measures and reliability. This shows that as people adopt mobile banking it becomes more useful. Thus, it is fundamental to develop mobile banking services that have great functionality as well as usable to consumers such as font sizes, colors and understandable languages. The study recommended that banks in its provision of mobile banking services should make huge efforts towards building trust with customers. They ought to convince its customers of their ability to disseminate value adding services that are guaranteed of security, their ability to provide services with ultimate honesty especially with regard to customer’s expectations, and prove without reasonable doubt that they really have good intentions towards empowering its customers. Considering that consumer trust does impacts on their loyalty to a banking facility, NMB bank should make sure that they meet all the promises delivered to customers during marketing advertisements.
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CHAPTER ONE

INTRODUCTION

1.1 Background information to Banking Industry in Tanzania

Financial system in Tanzania has passed a long way from the colonial era to now. At the time of independence branches of foreign commercial banks were denominated the banking system. Historically these banks were established locally to finance external trade rather than developing local activities. However, the effect of their establishment was able to stimulate at least certain sectors of local enterprise as traders and settlers deposited the proceeds of exports in local accounts all imported foreign capital (Livingstone and ord, 1980). Non-bank financial institutions were post-offices savings bank, foreign insurance companies and three specialized agricultural credit institutions initiated by the colonial government namely the land bank, the local development loan fund and African productivity loan fund.

In 1967, after the Arusha declaration, all financial Institutions were nationalized and put under control of the government. For instance the commercial banks were all merged to one bank, "The National bank of Commerce(NBC)" Under the NBC act 1967. It was hoped that a nationalized banking system, by applying social rather than private profitability criteria, would transcend the limitation of the foreign banks and attain, inter alia: (a) rapid extension of banking facilities throughout the country, (b) a fairer remuneration of deposits, and hence, with a above, an accelerated rate of savings mobilization, (c) efficient distribution of the savings mobilized through the banking system according to national priorities, and (d) modest profit for the government.

Unexpectedly the banking sector performed poorly, partly because of undue government interference and partly due to the ineffective banking registration that was in operation at that time. Up to 1993, however, the banking system consisted entirely of insolvent and in efficient government–owned banks the largest being the
National Bank of Commerce which for instant accounted for 90% of commercial bank deposits and corporative and rural development bank which accounted for 5% of the sector. The balance in the banking sector consisted of The Peoples Bank of Zanzibar (PBZ) and the defunct Tanzania Housing Bank. The sector later on permitted the entry of private bank the early entrance included Meridian Biao and Standard charted Bank. Today the banking system in Tanzania consists of Twenty banks and nine non-bank financial Institutions.

1.2 Brief History of National Microfinance Bank (NMB)
Following Liberalization of trade and banking industry in Tanzania in the mid 1990’s the main and only bank, National Bank of Commerce (NBC) was split up into three operating entities – The National Bank of Commerce; NBC Holdings Company and the National Microfinance Bank (NMB).

In the eyes of Tanzanian Politicians, NMB was reported as a non-starter and not performing to expectations at least in the early years of its foundation, with high focused vision of the appointed CEO (an expert in Microfinance Banking), the bank was able to stand to its feet during the early years of 2000 awards. Faced by challenges of 21st century the bank slowly transformed itself from traditional way of doing operations to modern banking way of serving its clients. Towards the end of its first decade; the bank introduced ATM (automated teller machines) as an improved way of serving its clients better as and when they needed to withdraw their money on their account. An improvement on this contemporary way of serving the clients saw different marketing products being introduced including “Mobile banking”. Its s still believed there is more to be seen under this revolution of mobile banking.

1.3 Statement of Research Problem
The introduction of mobile banking process in Tanzania was received by its customers with great enthusiasm that will iron out all the existing customers banking problems and in so doing raise customer satisfaction levels. The question such as is
likely to rise, Does the introduced mobile banking process have any effect on customer satisfaction?

In the past, customers’ demands for banking services was driven basically by safety of their monies as well as interest accruing from such savings. However, the present day customers’ demands have shifted from just safety of money to how banks deliver their services. The reason is that the present day customer requires efficient, fast and convenient services.

National Microfinance bank is the biggest and most profitable bank in Tanzania as reported by Dar es Salaam Stock Exchange (DSE) earning about TZS 132.5 billion last year 2013, in terms of number of customers, it has about 133 branches all over the country as of 2010 and even banking services. Since its establishment, the bank has remained a bank of choice for urban and rural dwellers, rich and poor, ordinary and privileged, and active workers. It is of little wonder that the bank has a presence in virtually every district of the country. These numerous branches coupled with its predisposition and the needs of the poor in particular have increased exponentially its customer base throughout the country. So big is the customer base of the bank that daily visits to the banks’ banking halls reveal long winding queues of people waiting to transact business of all kinds.

Occasionally, many of the customers out of frustration and unnecessary delays do complain of the banks operations. Some customers who are in need of quick and fast service delivery leave NMB for other banks which they usually described as providing fast-track banking services.
It appears operational challenges in the form of delay in service delivery made the bank unattractive to the public. In response to this concern, the bank began automation in many of its services like ATMs, money transfer from bank to bank or from mobile networks to banks and vice versa. Despite the introduction of such services long queues in banks are still witnessed.

Thus the study seeks to investigate whether mobile banking has effect on customer satisfaction, whether long queues are caused by customers not being satisfied by unreliable services offered by the bank and associate mobile networks.

1.4 General Objective
The general overall objective of the study was to find out whether mobile banking has effect on customer satisfaction.

1.5 Specific Objectives
- Finding out the leading factors affecting customer satisfaction.
- Identifying important element of mobile banking in determining the overall customer satisfaction.
- Assessing the customer satisfaction by employees and customers.
- Assessing the mobile banking by employees and customers.

1.6 Research Questions
- What are the leading factors affecting customer satisfaction?
- What are the important elements of mobile banking in determining the overall customer satisfaction?
- Is the assessment of customer satisfaction by employees statistically significantly different from that of customers?
- Is the assessment of mobile banking by employees different from that of customers?
1.7 Significant of the Study

This study highlighted areas that need to be improved and focused upon in order to make profound effect on how to make better the way NMB operations in so doing improve customer case activities and hence satisfy them.

The knowledge gained in this study can also be applied and/or improved upon elsewhere in the other group family branches to improve customer satisfaction.

NMB Management is enabled through this study to have an in-depth understanding and knowledge of the effect of Mobile banking has on customer satisfaction. The processes which will help them improve in their strategic planning.

The study is significant because it broadens the scope of knowledge of the researcher with regard to customer satisfaction in mobile banking.

The study also is the demand for partial fulfillment of my Masters of Finance and Accounting of Mzumbe University. The study adds literature review on those doing similar studies on performance appraisal system.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on Literature review the researcher undergoes for facilitating the writing of research proposal. It attempts to define the various concepts of the subject matter and reviews both theoretical and empirical studies conducted by other researchers within the similar context and conceptual modeling of the study.

Banking industry is driven by the technological innovation, market uncertainty and competition. There has been a rapid shift from traditional banking to electronic banking. Competitive banks make significant investments in adopting new technology to align business strategies, enable innovative functional operations and provide extended customer services. The term mobile “refers to applications, which are designed for users on the move” as defined by Anckar, B. and D’Incau, D (2002). Mobile device is commonly known as cell phone and users commonly use it for communication and as a wireless delivery channel. Mobile banking is also known as M-Banking or m-banking. According to H. Amin, R. Baba, and M. Muhammad, (2007) m-banking is defined as “a form of banking transaction carried out via a mobile phone”. Moreover, it is defined as a “type of execution of financial services in the course of which - within an electronic procedure- the customer uses mobile communication techniques in conjunction with mobile devices” Anckar, B. and D’Incau, D (2002). The technologies generally used for mobile banking are Interactive Voice Response (IVR), Standalone Mobile Application Clients, Short Messaging Service (SMS) and Wireless Application Protocol (WAP) R. Tiwari and S. Buse, (2006).

As perceived service quality portrays a general, overall appraisal of service that is, a global value judgment on the superiority of the overall service, it is viewed as similar to attitude. Prescriptions of service quality could occur at multiple levels in an
organization, for example with the core service, physical environment and interaction with service providers (Bitner and Hubert, 1994) on the other hand customer’s overall satisfaction with the service organization is based on a function of all the encounters or experiences of the customers with that of the organization. Similar to service quality, customer satisfaction can occur at multiple levels of an organization for example with the contact person, satisfaction with the core service and satisfaction with the organization as a whole.

Customer satisfaction is positively influenced by perceived value. The extent of satisfaction depends on extent of perceived value and higher level of perceived value lead to higher level of customer satisfaction (Kuo et al., 2009; Turel and Serenko, 2006). Customer satisfaction tends to positive post purchase behavior, thus, satisfaction plays a mediating role in the relationship of perceived value and behavioral intentions (Lin and Wang, 2006). Among the determinants of satisfaction perceived value is the important one (Chen and Chen, 2010) and perceived value plays mediating role between service or product quality and customer satisfaction (Chen and Tsai, 2008). Service quality and fair service charge both have significant, direct effects on perceived value. Then, perceived value influences on customer satisfaction that lead to positive behavioral intentions, i.e. customer loyalty (Lai et al., 2009)

2.2 Definition of Key Terms and Concepts

2.2.1 Traditional Banking process

Is the original type of commercial bank that handled customer deposits and made investment loans to businesses? Traditional banks, chartered at the national, state, or local levels, were the only entities legally able to issue checking accounts prior to the 1980s. While still dominant in the banking industry, traditional banks are joined by savings and loan associations, credit unions, and mutual savings banks.
2.2.2 Mobile banking
Mobile Banking is a popular term. Mobile Banking means a financial transaction conducted by logging on to a bank's website using a cell phone such as viewing account balances, making transfers between accounts, or paying bills. It is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. In recent time Mobile banking is most often performed via SMS or the Mobile Internet but can also use special programs called clients downloaded to the mobile device.

2.2.3 Customer
A customer sometimes known as a client, buyer, or purchaser is the recipient of a good, service, product, or idea, obtained from seller vendor or supplier for a monetary or other valuable consideration.

2.2.4. Customer satisfaction
Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet all surpass customer expectation. Customer satisfaction can be defined as the number of customers or percentage of total customers, whose reported experience with a firm, its products or services exceeds specified satisfaction goals.

2.2.5 Customer service
It is the provision of service to customers before, during, and after purchase. According to Turban et al. (2002), “Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer satisfaction.”

The importance of customer service may vary by product or service, industry and customer. The percentage of success of such interaction will be dependent on employees “who can adjust themselves to the personality of the guest”.
2.3  **Theoretical Literature Review**

To understand the effect of mobile banking on customer satisfaction in the banking industry one needs to different theories which should be as a base on what customer satisfaction should comprise of.

2.3.1  **Expectations and Perception**

Two dominant concepts in the customer satisfaction and service quality literature are expectations and perceptions, which are key inputs in the development of customer satisfaction model. Many researchers and practitioners agree that expectation serve as comparison standards to judge the performance of the service delivery as perceived by the customer (Pierre – Yves and Philippe, 2002’ Limaye, 2000). The following is brief review of the concepts;

**Expectations:** Customer expectations are pretrial beliefs about a product or service (Olson and Dover, 1976). Expectations are formed with aid of different sources of information, which include prior exposure to service, word of mouth, expert opinion, publicity, and communications controlled by the firm or Institutions (for example, advertising, personal selling and price) as well as prior exposure to competitive services (Zethaml et al 1990) though there’s consensus among researchers on expectation as a comparison standard for customer satisfaction, differences with regards to the conceptual definitions of the expectations construct are presented. A comparison standard refers to the referent used by customers to evaluate product or service performance and from disconfirmation and satisfaction judgments. Oliver (1980) was the first to conceptualize the nation of predictive expectations (predictions about a product’s overall performance or attribute levels) as a pre-purchase standards.

The consumer judgments of satisfaction or dissatisfaction result from the process of confirming or disconfirming prior expectations, some scholars (Bearden and Teel 1983 and Newman 1987) view expectations as the primary perception of the likelihood of some events while some others contend and expectations are both an
estimate of the likelihood of an event and an evaluation of the goodness and badness of the event. Miller (1977), identified four types of expectations the ideal (what performance can be) and the expected (what performance will be) the minimum tolerable (what performance must be) and the desired (what the performance should be). The satisfaction process “sorts out”, different types of expectations in purchase and consumption situations, the end results being different. His suggestion for “latitudes” of satisfaction and dissatisfaction is based on this premise.

Recent studies on customer satisfaction have agreed that there are other comparison standards that are appropriate to measure satisfaction. Droge and Halstead (1997) have found that satisfaction research in the past two decades has focused on identified additional antecedent variables to improve explanatory power beyond expectation and disconfirmations. They argue that this is a positive development for satisfaction research.

**Perception:** Perceptions are defined as the process by which an individual receives, selects and interprets stimuli to form a meaningful and coherent picture of the world (Schiffman et al 2001, pg 148). In customer satisfaction and services quality literature, perceptions are defined as the consumer’s judgment of service organization’s performance. The perceived quality construct developed by (Parasuraraman et al in 1988) with its SERVQUAL INSTRUMENT is defined as the difference between perceptions and expectations. Boulding and Kalra (1993) in their process model of service quality conceptualize customer’s perfection of each of the dimensions of service quality as a cumulative construct. This means that the perception is updated each time a customer is exposed to the service. They argue therefore that the customer perceptions are not only influenced by expectation of the service but also by the regency of the service encounter. Sue (2001) in her analysis of student perceptions of the study outcomes asserts that the length of experience with an educational service can influence student perceptions. If two customers enter the encounter with different cumulative perceptions of the service, even if both customers experience an identical service. The main argument is that a person’s
expectations can change the way he or she perceives reality. Boulding and Kalra (1993) concluded that it is important to understand the type of expectation of the customer in order to manage the perception of service quality and satisfaction. The customer perceptions of consumption performance are appraisals and feelings about a chosen alternative and consumers react to it on an objective level as well as on a subjective level (Neelamegaham and Jain, 1999), because of this research acknowledge the diversity of perceptions as one of the most fundamental concepts in intercultural communication. According to Jandt (1995), perception is unique to each person, it being a three step process of selection, organization and interpretation. It has also been found that perceptions differ due to differences in gender, physical environment of the service settings and cultural background. These findings indicate that a clear understanding of how perceptions are formed is critical to any service business as it facilitates formulation of strategies to manage customer perceptions of service performance.

2.3.2 Theories and Models Guiding Service Quality and Customer Satisfaction

Many theories have been used to understand the process through which customers form satisfaction judgments. The theories can be broadly classified under three groups: Expectancy disconfirmation, Equity, and Attribution. The expectancy disconfirmation theory suggests that consumers form satisfaction judgments by evaluating actual product/service. Four psychological theories were identified by Anderson that can be used to explain the impact of expectancy or satisfaction: Assimilation, Contrast, Generalized Negativity, and Assimilation-Contrast. Some of the theories are discussed in this chapter.

2.3.2.1 Various Theories of Customer Satisfaction

Consistency theories suggest that when the expectations and the actual product performance do not match the consumer will feel some degree of tension. In order to relieve this tension the consumer will make adjustments either in expectations or in
the perceptions of the product’s actual performance. Four theoretical approaches have been advanced under the umbrella of consistency theory: (1) Assimilation theory; (2) Contrast theory; (3) Assimilation-Contrast theory; and (4) Negativity theory.

i. Assimilation Theory
Assimilation theory is based on Festinger’s (1957) dissonance theory. Dissonance theory posits that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance. This view of the consumer post-usage evaluation was introduced into the satisfaction literature in the form of assimilation theory. According to Anderson (1973), consumers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations. Consumers can also reduce the tension resulting from a discrepancy between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced.

ii. Contrast Theory
Contrast theory was first introduced by Hovland, Harvey and Sherif (1987). Dawes et al (1972) define contrast theory as the tendency to magnify the discrepancy between one’s own attitudes and the attitudes represented by opinion statements. Contrast theory presents an alternative view of the consumer post-usage evaluation process than was presented in assimilation theory in that post-usage evaluations lead to results in opposite predictions for the effects of expectations on satisfaction. While assimilation theory posits that consumers will seek to minimize the discrepancy between expectation and performance, contrast theory holds that a surprise effect occurs leading to the discrepancy being magnified or exaggerated.

According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If the firm raises expectations in his advertising, and then a customer’s experience is only slightly less than that
promised, the product/service would be rejected as totally un-satisfactory. Conversely, under-promising in advertising and over-delivering will cause positive disconfirmation also to be exaggerated.

### iii. Assimilation-Contrast Theory

Assimilation-contrast theory was introduced by Anderson (1973) in the context of post-exposure product performance based on Sherif and Hovland’s (1961) discussion of assimilation and contrast effect.

Assimilation-contrast theory suggests that if performance is within a customer’s latitude (range) of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection, contrast will prevail and the difference will be exaggerated, the produce/service deemed unacceptable.

The assimilation-contrast theory has been proposed as yet another way to explain the relationships among the variables in the disconfirmation model. This theory is a combination of both the assimilation and the contrast theories. “This paradigm posits that satisfaction is a function of the magnitude of the discrepancy between expected and perceived performance. As with assimilation theory, the consumers will tend to assimilate or adjust differences in perceptions about product performance to bring it in line with prior expectations but only if the discrepancy is relatively small.

Assimilation-contrast theory attempts illustrate that both the assimilation and the contrast theory paradigms have applicability in the study of customer satisfaction. “…hypothesize variables other than the magnitude of the discrepancy that might also influence whether the assimilation effect or the contrast effect would be observed…. when product performance is difficult to judge, expectations may dominate and assimilation effects will be observed… contrast effect would result in high involvement circumstances. The strength of the expectations may also affect whether assimilation or contrast effects are observed”.
Assimilation-Contrast theory suggests that if performance is within a customer’s latitude (range) of acceptance, even though it may fall short of expectation the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection (no matter how close to expectation), contrast will prevail and the difference will be exaggerated, the product deemed unacceptable

iv. Negativity Theory
This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing ‘negative energy’. Negative theory has its foundations in the disconfirmation process. Negative theory states that when expectations are strongly held, consumers will respond negatively to any disconfirmation. “Accordingly dissatisfaction will occur if perceived performance is less than expectations or if perceived performance exceeds expectations. This theory developed by Carlsmith and Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing “negative energy.” Affective feelings toward a product or service will be inversely related to the magnitude of the discrepancy.

v. Disconfirmation Theory
Disconfirmation theory argues that ‘satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations’. Szymanski and Henard found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction. Ekinci et al (2004) cites Oliver’s updated definition on the disconfirmation theory, which states “Satisfaction is the guest’s fulfilment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment”.

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vi. **Cognitive Dissonance Theory**

Cognitive dissonance is an uncomfortable feeling caused by holding two contradictory ideas simultaneously. The theory of cognitive dissonance proposes that people have a motivational drive to reduce dissonance by changing their attitudes, beliefs, and behaviours, or by justifying or rationalizing them.

The phenomenon of cognitive dissonance, originally stated by Festinger in 1957, has been quickly adopted by consumer behaviour research. “Described as a psychologically uncomfortable state that arises from the existence of contradictory (dissonant, non-fitting) relations among cognitive elements (Festinger 1957) cognitive dissonance revealed high exploratory power in explaining the state of discomfort buyers are often in after they made a purchase.

vii. **Adaptation-level Theory**

Adaptation-level theory is another theory, which is consistent with expectation and disconfirmation effects on satisfaction. This theory was originated by Helsen in 1964 and applied to customer satisfaction by Oliver. Helson (1964) simply put his theory as follows:

“It posits that one perceives stimuli only in relation to an adapted standard. The standard is a function of perceptions of the stimulus itself, the context, and psychological and physiological characteristics of the organism. Once created, the ‘adaptation level’ serves to sustain subsequent evaluations in that positive and negative deviations will remain in the general vicinity of one’s original position. Only large impacts on the adaptation level will change the final tone of the subject’s evaluation”.

viii. **Opponent-process Theory**

This was originally a theory of motivation reformulated by Solomon and Corbit, which has been adapted from the basic physiological phenomena known as homeostasis. Homeostasis assumes that many hedonic, affective or emotional states, being away from neutrality and exceeding a threshold level of hedonic feelings, are automatically opposed by central nervous system mechanisms, which reduce the
intensity of the feelings, both pleasant and aversive, to some constant level. (Solomon and Corbin 1974)

The onset of the opponent process totally dependent on the effect of the primary process, in which an emotional state is initiated by a known stimulus. (Oliver 1981). If the initial stimulus is eliminated to reduce completely or partially the primary process effect, the opponent process will continue to operate at a decaying rate determined by inertia factors.

ix. Equity Theory

This theory is built upon the argument that a “man’s rewards in exchange with others should be proportional to his investments”. An early recognition of this theory first came out of research by Stouffer and his colleagues in military administration. They referred to ‘relative deprivation’ (equity) as the reaction to an imbalance or disparity between what an individual perceives to be the actuality and what he believes should be the case, especially where his own situation is concerned.

In other words, the equity concept suggests that the ratio of outcomes to inputs should be constant across participants in an exchange. As applied to customer satisfaction research, satisfaction is thought to exist when the customer believes that his outcomes to input ratio is equal to that of the exchange person.

x. Dissonance Theory

A decidedly different outcome is offered by applying Festinger’s Theory of Cognitive dissonance. Applying Festinger’s ideas to affirmation and disconfirmation of expectation in satisfaction work, one concludes that customers might try to eliminate any dissonant experiences (situations in which they have committed to an apparently inferior product or service). Dissonance theory would predict that a customer experiencing lower performance than expected, if psychologically invested in the product or service, would mentally work to minimize the discrepancy. This may be done either by lowering expectations (after the fact) or, in the case of subjective disconfirmation, positively increasing the perception of performance.
xi. **Hypothesis Testing Theory**

A two-step model for satisfaction generation was suggested by Deighton (1983). “First, Deighton hypothesizes, pre-purchase information (largely advertising) plays a substantial role in creating expectations about the products customers will acquire and use. Customers use their experience with product/service to test their expectations. Second, Deighton believes, customers will tend to attempt to confirm (rather than disconfirm) their expectations. Vavra, T.G. (1997) argues that this theory suggests customers are biased to positively confirm their product/service experiences, which is an admittedly optimistic view of customers, but it makes the management of evidence an extremely important marketing tool.

xii. **Cue Utilization Theory**

“Cue utilization theory argues that products or services consist of several arrays of cues that serves as surrogate indicators of product or service quality. There are both intrinsic and extrinsic cues to help guests determine quality, where the intrinsic cues provide information on the physical attributes of the product or service, whereas extrinsic cues are product related to provide information such as brand and price”.

xiii. **Stimulus-organism-response Theory**

The concept behind this theory is that “one of the basic frameworks that help to understand how behaviour is impacted by the physical environment is the stimulus-organism-response theory, which in a hospitality environment states that the physical environment acts as a stimulus, guests are organisms that respond to stimulus, and the behaviour directed towards the environment by guests is a direct response to the stimulus”.

xiv. **Hypothesis Testing Theory**

Deighton (1983) suggested a two-step model for satisfaction generation. “First, Deighton hypothesizes, pre-purchase information (largely advertising) plays a substantial role in creating expectations about the products customers will acquire and use. Customers use their experience with products / services to test their expectations. Second, customers will tend to attempt to confirm (rather than
disconfirm) their expectations. This theory suggests customers are biased to positiveness confirm their product/service experience.

2.3.2.2 Models of Customer Satisfaction Measurement

Organizations analyse customer satisfaction with various customer satisfaction models. Different models clarify different theories of customer satisfaction.

i. SERVQUAL

The SERVQUAL instrument has been widely applied in a variety of service industries, including tourism and hospitality. The instrument was used to measure hotel employee quality as well. Parasuraman, Zeithamal and Berry (1988) built a 22-item instrument called SERVQUAL for measuring consumer perceptions of service quality. SERVQUAL addresses many elements of service quality divided into the dimensions of tangibles, reliability, responsiveness, assurance, and empathy.

A number of researchers have applied the SERVQUAL model to measure service quality in the hospitality industry, with modified constructs to suit specific hospitality situations.

The most widely accepted conceptualisation of the customer satisfaction concept is the expectancy disconfirmation theory. “The theory was developed by Oliver (1980), who proposed that satisfaction level is a result of the difference between expected and perceived performance. Satisfaction (positive disconfirmation) occurs when product or service is better than expected. On the other hand, a performance worse than expected results with dissatisfaction (negative disconfirmation)”.

Providing services those customers prefer is a starting point for providing customer satisfaction – A relatively easy way to determine what services customer prefers is simply to ask them. Gilbert and Horsnell (1988) advocates that guest comment cards (GCCs) are most commonly used for determining hotel guest satisfaction. GCCs are usually distributed in hotel rooms, at the reception desk or in some other visible place. However studies reveal that numerous hotel chains use guest satisfaction evaluating methods based on inadequate practices to make important and complex managerial decisions. In order to improve the validity of hotel guest satisfaction
measurement practice Barsky and Huxley (1992) proposed a new sampling procedure that is “Quality Sample”. It reduces non-responsive bias by offering incentives for completing the questionnaires. The components of their questionnaire are based on disconfirmation paradigm and expectancy-value theory. In this manner guests can indicate whether service was above or below their expectations and whether they considered a particular service important or not. Schall (2003) discusses the issues of question clarity, scaling, validity, survey timing, question order, and sample size. “According to the SERVQUAL model, service quality can be measured by identifying the gaps between customers’ expectations of the service to be rendered and their perceptions of the actual performance of service. SERVQUAL is based on five dimensions of service:

*Tangibility:* Tangibility refers to the physical characteristics associated with the service encounter. The physical surroundings represented by objects (for example, interior design) and subjects (for example, the appearance of employees).

*Reliability:* The service provider’s ability to provide accurate and dependable services; consistently performing the service right.

*Responsiveness:* A firm’s willingness to assist its customers by providing fast and efficient service performances; the willingness that employees exhibit to promptly and efficiently solve customer requests and problems.

*Assurance:* Diverse features that provide confidence to customers (such as the firm’s specific service knowledge polite and trustworthy behaviour from employees).

*Empathy:* The service firm’s readiness to provide each customer with personal service”.

**ii. Kano Model**

The Kano model is a theory developed in the 80’s by Professor Noriaki Kano and his colleagues of Tokyo Rika University. The Kano et al (1996) model of customer satisfaction classifies attributes based on how they are perceived by customers and their effect on customer satisfaction. The model is based on three types of attributes
viz. basic or expected attributes, (2) performance or spoken attributes, and (3) surprise and delight attributes.

Kano model measures satisfaction against customer perceptions of attribute performance; grades the customer requirements and determines the levels of satisfaction. The underlying assumption behind Kano’s method is that the customer satisfaction is not always proportional to how fully functional the product or service is or in other words, higher quality does not necessarily lead to higher satisfaction for all product attributes or services requirements. In his model, Kano (Kano, 1984) distinguishes between three types of basic requirements, which influence customer satisfaction. They are: (1) Must be requirements – If these requirements are not fulfilled, the customer will be extremely dissatisfied. On the other hand, as the customer takes these requirements for granted, their fulfilment will not increase his satisfaction; One-dimensional Requirement – One dimensional requirements are usually explicitly demanded by the customer – the higher the level of fulfilment, the higher the customer’s satisfaction and vice versa. (3) Attractive Requirement – These requirements are the product/service criteria which have the greatest influence on how satisfied a customer will be with a given product”. The additional attributes, which Kano mentions, are: Indifferent attributes, Questionable attributes, and Reverse attributes.

iii. ACSI Methodology
The American Customer Satisfaction Index (ACSI) was launched in 1994. The American Customer Satisfaction Index uses customer interviews as input to a multi-equation econometric model developed at the University of Michigan’s Ross School of Business. The ACSI model is a cause-and-effect model with indices for drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction (ACSI) in the centre, and outcomes of satisfaction on the right side (customer complaints and customer loyalty, including customer retention and price tolerance).
The ACSI was based on a model originally implemented in 1989 in Sweden called the ‘Swedish Customer Satisfaction Barometer (SCSB). The ACSI uses two interrelated and complementary methods to measure and analyze customer satisfaction: customer interviewing and econometric modeling.

iv. **HOTELZOT** (A modified version of SERVQUAL)
The conceptual model HOTELZOT measures the zone of tolerance in hotel service by incorporating two levels of expectations – desired and adequate. Desired expectations represent the level of hotel service that a customer hopes to receive – a blend of what a customer believes ‘can be’ and ‘should be’ offered. This differs from Parasuraman et al.’s (1988) conceptualization, which referred only to what the service ‘should be’. Adequate expectations represent a lower level of expectations. They relate to what a hotel customer deems as ‘acceptable’ level of performance. Desired expectations are deemed to remain relatively stable over time, whereas adequate performance expectations might vary with time. The zone of tolerance can be defined as “the extent to which customers recognize and are willing to accept heterogeneity”.

v. **SERVPERF**
The performance based service quality (SERVPERF) was identified by Cronin and Taylor (1992). Cronin and Taylor proposed the SERVPERF instrument, which is a more concise performance-based scale; an alternative to the SERVQUAL model. The perceived quality model postulates that an individual’s perception of the quality is only a function of its performance. Cronin et al. (1994) continue to debate between the effectiveness of SERVQUAL and SERVPERF for assessing service quality. The authors remained unconvinced of both, that including customer expectations in measures of service quality is a position to be supported, and that SERVPERF scale provides a useful tool for measuring overall service quality. Moreover, Lee et al (2000) empirically compare SERVQUAL (performance minus expectations) with performance-only model (SERVPERF). The authors also conclude that the results from the latter appeared to be superior to the former. It has been acknowledged that such approach limits the explanatory power of service-quality measurement.
2.4 Leading Factors Affecting Customer Satisfaction

Those who buy the goods or services provided by companies are customers. In other words, a customer is a stakeholder of an organization who provides payment in exchange for the offer provided to him by the organization with the aim of fulfilling a need and to maximize satisfaction. Sometimes the term customer and consumer are confusing. A customer can be a consumer, but a consumer may not necessarily be a customer. Another author explained this difference. i.e. a customer is the person who does the buying of the products and the consumer is the person who ultimately consumes the product (Solomon, 2009, p. 34.)

When a consumer/customer is contented with either the product or services it is termed satisfaction. Satisfaction can also be a person’s feelings of pleasure or disappointment that results from comparing a product’s perceived performance or outcome with their expectations (Kotler & Keller, 2009, p. 789). As a matter of fact, satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation. Satisfaction varies from one person to another because it is utility. “One man’s meal is another man’s poison,” an old adage stated describing utility; thus highlighting the fact that it is sometimes very difficult to satisfy everybody or to determine satisfaction among group of individuals.

Client happiness, which is a sign of customer satisfaction, is and has always been the most essential thing for any organization. Customer satisfaction is defined by one author as “the consumer’s response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceived after its consumption” (Tse & Wilton, 1988, p. 204) hence considering satisfaction as an overall post-purchase evaluation by the consumer” (Fornell, 1992, p.11). Some authors stated that there is no specific definition of customer satisfaction, and after their studies of several definitions they defined customer satisfaction as “customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the
associated product) and occurs at a certain time (i.e. post-purchase, post-consumption)”. (Giese & Cote, 2000, p. 15) This definition is supported by some other authors, who think that consumer’s level of satisfaction is determined by his or her cumulative experience at the point of contact with the supplier (Sureshchander et al., 2002, p. 364). It is factual that, there is no specific definition of customer satisfaction since as the years passes, different authors come up with different definitions. Customer satisfaction has also been defined by another author as the extent to which a product’s perceived performance matches a buyer’s expectations (Kotler et al., 2002, p. 8).

According to Schiffman & Karun (2004) Customer satisfaction is defined as “the individual’s perception of the performance of the products or services in relation to his or her expectations” (Schiffman & Karun 2004, p. 14). In a nutshell, customer satisfaction could be the pleasure obtained from consuming an offer.

Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. It was for this reason that some existing researcher presented that “the simplest way to know how customers feel, and what they want is to ask them” this applied to the informal measures (Levy, 2009, p. 6; NBRI, 2009). Levy (2009, p. 6) in his studies, suggested three ways of measuring customer satisfaction:

i. A survey where customer feedback can be transformed into measurable quantitative data:

ii. Focus group or informal where discussions orchestrated by a trained moderator reveal what customers think.

iii. Informal measures like reading blocs, talking directly to customers.

Asking each and every customer is advantageous in as much as the company will know everyone’s feelings, and disadvantageous because the company will have to collect this information from each customer (NBRI, 2009). The National Business Research Institute (NBRI) suggested possible dimensions that one can use in measuring customer satisfaction, e.g. quality of service, innocently, speed of service,
pricing, complaints or problems trust in your employees, the closeness of the relationship with contacts in your firm, other types of services needed, you’re positioning in clients’ minds.

There exist two conceptualizations of customer satisfaction; transaction-specific and cumulative (Boulding, et al., 1993; Andreassen, 2000). Following the transaction specific, customer satisfaction is viewed as a post-choice evaluation judgment of a specific purchase occasion (Oliver, 1980) until present date, researchers have developed a rich body of literature focusing on this antecedents and consequences of this type of customer satisfaction at the individual level (Yi, 1990). Cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption experiences with a product or service over time. (Fornell, 1992, Johnson & Fornell 1991) This is more fundamental and useful than transaction specificity customer satisfaction in predicting customer subsequent behaviour and firm’s past, present and future performances. It is the cumulative customer satisfaction that motivates a firm’s investment in customer satisfaction.

2.5 Mobile Banking and Customer Satisfaction

According to Nathan (1999), electronic banking services have provided numerous benefits for both banks and customers. The first benefit for the banks offering electronic banking service is better branding and better response to the market. Those banks that would offer such service would be perceived as leaders in technology implementation. As a result, they would enjoy a better brand image. The other benefits are possible to measure in monetary terms. The main goal of every company is to maximise profits for its owner and other stakeholders. According to Allen and Hamilton (2002), an estimated cost of providing the routine business of a full service branch in USA is $1.07 per transaction, as compared to 54 cents for telephone banking, 27 cents for ATM banking and 1.5 cent for internet banking. On the other hand, the advantages for the customers are significant time saving and reduced costs in accessing and using the various banking products and service, increased comfort and convenience (Pyun, Scruggs and Nam, 2002).
Internet Banking provides clear advantages to both the financial institutions and the customers. From the banks’ perspective, Internet Banking has very low cost transactions, compared to human teller banking. According to The Fourth International Conference on Electronic Business (ICEB2004) / Beijing, e-banking reduces the following expenses (Wright & Ralson, 2002): (1) Banks can reduce customer service staff as customers use more self-service functions; (2) There is less cheque processing costs due to an increase in electronic payments.; (3) Costs of paper and mail distribution are reduced as bank statements and disclosures are presented online; (4) There is less data entry as applications are completed and processed online by customers. On the other hand, according to KPMG (1998), bank’s revenue increases from Internet Banking due to: (1) Increased account sales; (2) Wider market reach; (3) New fee-based income; (4) New market opportunities; (5) Improved customer satisfaction. For consumers, Internet banking provides convenience, lower service charges, more accessible information about bank accounts, and an attractive option for busy people since it saves time to go to the bank branches and gives 24 hours access (Lee & Lee, 2000). All the benefits of B2C e-commerce such as 24*7 bank service, convenience, access from anywhere, one stop shop and easy access to information also apply to internet banking Singh (2004).

The benefits of E-banking are manifold and are to be seen from the point of view of the banks themselves, customers and even the regulators Sergeant (2000). Sergeant is of the view that for banks, E-banking brings different and arguably lower barriers to entry; opportunities for significant cost reduction; the capacity to rapidly reengineer business processes; and greater opportunities to sell cross border. For customers, the potential benefits are: more choice; greater competition and better value for money; more information; better tools to manage and compare information; and faster service.

Electronic banking (E-banking) enables customers to do their banking 24 hours a day, 7 days a week. E-banking customers are able to check their account balances, pay bills, apply for a loan, trade securities, and conduct other financial transactions. E-banking can be divided into five major categories: (1) Internet banking, (2)
Telephone banking, (3) TV-based banking, (4) Mobile phone banking, and (5) PC banking. Technological innovations in recent decades have made the move towards E-banking possible. The increasing competition for customers in banking and need to decrease cost of providing banking services has led banks to integrate these changes.

The benefit which is driving most of the banks towards E-banking is the reduction of overall costs in two ways: cost of processing transactions is minimised and the numbers of branches that are required to serve an equivalent number of customers are reduced (Saatcioglu et al, 2001).

E-banking creates unprecedented opportunities for the banks in the ways they organise financial product development, delivery, and marketing via the Internet. While it offers new opportunities to banks, it also poses many challenges such as the innovation of IT applications, the blurring of market boundaries, the breaching of industrial barriers, the entrance of new competitors, and the emergence of new business models (Saatcioglu et al. 2001, Liao and Cheung 2003). Now, the speed and scale of the challenge are rapidly increasing with the pervasiveness of the Internet and the extension of information economy (Holland and Westwood 2001).

2.6 Empirical Literature Review

Bello and Dogarawa (2005) also examined and assessed the impact of e-banking services on customer satisfaction in the Nigerian banking industry. Their study found out that many banks’ customers in Nigeria are fully aware of the positive developments in information technology and telecommunications which led to the introduction of new delivery channels for Nigerian commercial banks’ products and services. The aim was to satisfy and get customer delighted. Most customers however, still patronise the bank branches and find interaction with human tellers as very important.

Secondly the study found that customers enjoying electronic banking services are still not satisfied with the quality and efficiency of the services. This is expressed in the number of times customers physically visit banks and length of time spent before
such services are received. Customers’ perception of and reaction to these developments are issues of concern to both Government and banking industry.

Mahotra and Singh (2007) examined the impact of Internet banking on banks’ performance and risk in India. The study examined a comprehensive set of 10 measures of financial performance that made it possible for the authors to critically look into bank performance. By developing a deeper understanding of these phenomena, the researchers drew more insightful inferences about the impact of the Internet on banking on business strategies, production processes and financial performance. The results of the study revealed that on average, Internet banks are more profitable than non-Internet banks and are operating with lower cost as compared to non-Internet banks, thus, representing the efficiency of the Internet banks.

Khrawish and Al-sa’di (2011) made an attempt to assess the impact of e-banking on banks profitability for the banking sector in Jordan during the period (2000-2009). Their study found that for banks that do not apply the e-banking services through the internet, have no significant effect on the Return on Equity (ROE) and the margin of the sample, but significant in terms of Return on Assets(ROA). For banks that apply the electronic banking services for less than 2 years, there is no significant effect of these services on the return on assets and the return on equity but was founded to be significant on margin. For banks that apply the electronic banking services, there is no significant effect of these services on banks profitability after 2 years of applying it for the tested sample during the period 2000-2009.

2.7 Conceptual Framework

The dramatic growth of consumerism with its massive expressions of dissatisfaction with goods and services has underscored the need for more and better research on the consumer's post-purchase evaluation process. Effective and efficient research designs require the thorough and careful conceptualization of the process under study.

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consumer's post-purchase evaluation process. Effective and efficient research designs require the thorough and careful conceptualization of the process under study.

A manifestation of the growth of consumerism in recent years has been the rapid increase in the volume of complaints made by consumers to business firms, consumer organizations, the Better Business Bureaus, and various private and governmental agencies. The complaints registered by individual consumers appear to have had an important impact on the operations of business firms and have played a major role in shaping the activities of local. In view of this, it is surprising that so little is known about the process through which consumers evaluate the products and services they purchase and use and arrive at feelings of satisfaction, indifference, or dissatisfaction; or about the subsequent process which determines the effects, if any, of these reactions on subsequent behavior. The amount of published research on consumer satisfactions and dissatisfactions is growing but is still small in quantity and limited in scope. Studies have tended to use narrow conceptualizations or satisfaction and dissatisfaction. [Most of the experimental studies in the consumer behavior literature (e.g., Cardozo, 1965, Olshavsky and Miller, 1972; and Anderson, 1973) have viewed satisfaction as a continuum related to the confirmation or disconfirmation of expectations of product performance. More recently, Swan and Combs (1976) have utilized a somewhat different conceptualization, treating satisfaction and dissatisfaction as two different factors, following the work of Herzberg and others in measuring worker satisfaction and dissatisfaction.]

It is clear that more and better research on consumer satisfaction/dissatisfaction and on post-dissatisfaction behavior is needed. Future research can be more fruitful if it is based on a broader and richer conceptualization of the process through which consumers react to the various aspects of the purchase, use, and post purchase evaluation of a product or service.

Consumption/Evaluation Process
The Structure of Expectations, in considering the task of measuring satisfaction under real world conditions in the confirmation/disconfirmation of expectations...
framework, many factors other than specific product attributes seem to be involved in the formation of expectations. To accommodate a broader perspective, expectations can be broken down into three categories: (1) expectations about the performance of the product or service (the anticipated benefits to be derived directly from the product or service itself); (2) expectations about the costs and efforts which will be expended in obtaining the direct benefits of the product or service (the anticipated total costs); and (3) expectations of social approval or other derived benefits or costs resulting from the purchase.

Attributes of the product, In general, expectations about the nature and performance of the product will be based on previous experiences with a particular item or similar items. A part of this learning experience will usually be the recognition of the salient attributes of the item, some assessment of the importance of the attributes, and the development of expectations about them. The highly experienced user of the product or service will typically be aware of a number of alternative types or brands and will have specific expectations about the attributes and overall performance of those brands, depending on the extent and regency of his experience.

The new or inexperienced user will have relatively weak expectations of the attributes and performance of a product or service. He will tend to rely on advertising, sales presentations, and the advice of others more than the experienced consumer and his expectations are likely to be more incomplete and less stable than those of the experienced user. The inexperienced consumer may have more unsatisfactory experiences when his unfamiliarity with types or brands of a product leads to inappropriate choices.

In addition to the experience factor, various personality and situational factors may affect both the consumer's expectations of product performance and how he reacts to their confirmation or disconfirmation in the consumption experience. The consumer's expectations with respect to product features and performance are usually, but not always, a key factor in determining whether or not a consumption experience is judged to be satisfactory or unsatisfactory.
Expected costs, the expected monetary costs can have an important effect on the post purchase evaluation as well as on choice behavior. The relationship between the expected price and the actual price paid for an item can have a rather complex effect on the consumer's evaluative reaction. Price is sometimes interpreted as an index of quality so that a high price tends to create high expectations for performance and a low price tends to lead to low expectations of performance. When finding a price that differs sharply from expectations, the highly experienced consumer might interpret a higher than expected price as an overcharge and a lower price as a bargain. On the other hand, the less experienced consumer may take price as a measure of quality and adjust expectations of the performance of the product or service in response to the actual price. Price may also serve as an index of the importance of a purchase to a consumer so that evaluative reactions to relatively expensive items can be expected to be more critical than when the item is inexpensive and thus does not constitute a substantial part of the consumer's budget. The expected cost of an item may also influence pre-purchase information Seeking and shopping behavior and thus effect the nature and extent of expectations.

Consumers may incur costs other than the expenditure for the item itself when they purchase and consume products and services. The most obvious of these is the time and expense involved in making a shopping trip and the time and effort spent in shopping. Some consumers may spend a considerable amount of time and effort in gathering and evaluating information before making a purchase. Such activities tend to increase the perceived importance of the purchase and would seem likely to amplify the consumer's feelings about either a positive or negative experience after a purchase has been made. [Cardozo, 1965]. Another kind of cost which may affect the consumer's expectations for a product is the "opportunity cost" of giving up the purchase of other things which could have been purchased instead.

Indirect Benefit and Cost
For many products there may be benefits or costs of purchase and consumption that are quite independent of the attributes of the product or service itself. These are the psychological benefits or costs to the actual purchaser which are derived from the
effect of the purchase on other people. These derived benefits or subjective costs are especially important for status products such as high fashion clothing or gourmet foods and wines. The extent to which one's expectations about the reactions of others to a purchase are actually confirmed or disconfirmed may have a more important bearing on his satisfaction or dissatisfaction than his own evaluation of the product's performance. The desire for the approval of others is not limited to purchasers of status products. A wide range of products that are jointly consumed with others or which are publicly consumed may have sufficient social significance that the purchaser will form expectations about the reactions of others whose approval is important to him.

The division of the aspects of purchase and use into the product itself, the costs involved in acquiring the product, and the social effects of the product may seem somewhat arbitrary. One could argue that costs and indirect benefits can all be considered attributes of the product in a broad sense but there are some good reasons for treating these aspects separately. For example, the degree of control the marketer may exercise over them varies. The physical or functional attributes of the product are established by the manufacturer and consumer expectations about them can be manipulated to some extent by him. The costs to the consumer are less directly under the manufacturer's control and may depend to a considerable extent upon local market conditions and the individual's shopping behavior. The social factors are even more individual and personal and less controllable by the manufacturer or middleman. Treating these aspects separately leads to a richer conceptualization of the consumer's evaluation process and reduces the danger of misinterpreting research results.

Purchase and Use
In the simplest possible purchase and use situation, the product is purchased and consumed independently of other items, consumption begins immediately and is completed in a short time, and there are no circumstantial or environmental factors which have an important influence on the consumer's evaluation of the product. In such a case the evaluation focuses on the functional attributes of the product;
comparison of perceived performance with the consumer's expectations can proceed in a straightforward way; and the process of evaluation can be completed rather quickly. This is basically the scenario which has been reflected in most of the experimental studies of consumer satisfaction in the consumer behavior literature but is hardly typical of all consumption experiences.

The simple product, in even the simplest of actual circumstances, the consumer's evaluation of his consumption experiences is a poorly understood process. The "confirmation/disconfirmation of expectations" paradigm suggests some sort of direct comparison process in which the consumer evaluates the extent to which his a priori expectations of performance are met or exceeded by the actual performance of the item in the consumption experience. This evaluation process is generally multidimensional in nature because even the simplest of products and services usually has more than one attribute or feature which can influence the level of satisfaction of the user. This suggests that the evaluative process involves some method either of choosing one particular aspect on which to base the evaluation or combining the attribute by attribute evaluations into an overall evaluation of the product or service. Just how this process takes place is undoubtedly a function of many factors which may vary over individuals and according to the nature of the attribute structure and complexity of the product or service. Some of the possible ways in which the evaluation process might take place are as follows:

i. A single attribute is used as the basis of evaluation. Confirmation or disconfirmation of expectations on this attribute leads to satisfaction or dissatisfaction with the product or service. If the consumer's evaluation of the major attribute is inconclusive, the next most important attribute might be considered in turn until some basis of evaluation is reached.

ii. Several attributes of the product or service are evaluated against expectations. Satisfaction occurs if expectations are confirmed for all salient attributes, and dissatisfaction results if expectations are disconfirmed on any attribute.
iii. Several salient attributes of the product or service are evaluated against expectations. Overall satisfaction occurs even when expectations are disconfirmed on some of the attributes, provided that expectations are met or exceeded on a sufficient number of attributes to compensate for the unsatisfactory attributes.

These particular ways of evaluating the consumption experience reflect the structure of lexicographic, disjunctive, and compensatory choice models, respectively. The compensatory model seems to be the intuitive choice among those doing research on consumer satisfaction but much remains to be learned about the consumer's evaluation process.

The consideration of alternative ways in which consumers evaluate and react to consumption experiences are not meant to suggest that the consumer is a constantly vigilant and precise evaluator of every product and service he uses or that consumers consciously go about evaluating consumption experiences with respect to prior expectations. It seems more plausible to assume that the consumer usually enters the consumption experience without consciously evaluating anything at all and completes most consumption experiences without even thinking about being satisfied or dissatisfied. In general, something out of the ordinary must occur either prior to the purchase, during the purchase process, or during consumption to alert the consumer or call attention to some aspect of the purchase situation. Research procedures which assume that an evaluation always takes place may produce one as an artifact of the research.

This suggests that a very important aspect of the study of consumer satisfaction may be the identification of triggering cues which initiate an awareness or sensitivity to the purchase/consumption process and lead to conscious feelings about being satisfied and dissatisfied. Some circumstances which might trigger the evaluative process are:
i. The item and/or the purchase occasion have some special significance for the individual.

ii. The social context in which the purchase is made and/or the item is consumed calls attention to the product and/or the purchaser.

iii. The consumer has had previous experiences with the product or service which suggest caution.

iv. The consumer has been advised to be careful in making the purchase by friends, consumer organizations, or consumer protection agencies.

v. The consumer is inexperienced and poorly informed about the purchase and use of the product and is more conscious of all aspects of the situation than would normally be the case.

In addition to the above items which may cause the consumer to be alert from the beginning of the purchase process, the following circumstances may arise during the purchase or consumption process:

i. The consumer encounters some unexpected circumstances which suggests caution, receives information or advice from a salesperson which is in conflict with prior beliefs, or otherwise encounters a "surprise" in the purchase situation.

ii. The consumer discovers after purchase that the product does not have all of the expected features, fails to perform as expected, or is defective or flawed in some way.

iii. The consumer discovers after purchase that the product has desirable qualities or features which were not expected or otherwise performs at a higher level than expected.
The above circumstances or any other aspect of the purchase or use of a simple product or service which breaks the routine and calls attention to the situation can trigger an evaluative response from a consumer and lead to conscious feelings of satisfaction or dissatisfaction. Researchers should take care to avoid unintentionally introducing or suppressing triggering cues.

More complex products, with relatively simple products which are purchased routinely and consumed soon after purchase, it seems reasonable to consider the process of evaluation as the unilateral action of an individual who compares his personal expectations with respect to a small number of attributes to perceived performance. A great variety of consumer products fall into this category. However, there are many purchase and use situations which are more complex in various ways, making the consumer's evaluative task more difficult. Following are some of the aspects which can contribute complexity to the consumer's evaluation of products and services:

i. The product is used over a considerable period of time, so that the evaluation process is more or less continuous and the consumer's feelings about the product may vary over time.

ii. The product is very complex and may involve many different features, some of which may be highly satisfactory while others are unsatisfactory.

iii. The product is a "non-product" consisting of professional judgments or advice.

iv. Repair and maintenance services which usually involve at least three sources of satisfactions or dissatisfactions; the skills of the maintenance personnel, the quality of the parts and materials used; and, the quality of the original item which is being serviced.

v. Complimentary products which are purchased separately and used together in such a way that independent evaluation is difficult.

vi. Products such as cars or boats which are used in common with others in such a way that an individual's evaluation is colored by his interaction with other users.
Although the above categories are neither mutually exclusive nor exhaustive, they illustrate some of the more complex problems of evaluation posed for the consumer. They tend to pose even more severe problems for the researcher who wishes to measure consumer satisfactions and dissatisfaction with products and services. Unlike relatively simple products which are purchased and used in routine ways, a purchase occasion for one of these complex products may of itself trigger the consumer's evaluative process without any additional "triggering cue."

Situational Factors, although efforts to study consumer satisfactions and dissatisfactions have logically focused on the performance of products and services, publicly expressed concerns of consumers frequently relate to circumstances of purchase and use rather than to attributes and features of the products and services per se [Diamond, Scott, and Faber, 1976]. Some of the circumstantial factors which consumers evaluate and react to are as follows:

i. Pre-purchase circumstances such as advertising, displays in stores, and sales presentations.

ii. Circumstances surrounding the actual purchase such as out-of-stock situations for a desired item or procedural matters such as refusal to extend credit or cash a check.

iii. Problems with delivery such as failure to deliver, late delivery, delivering the wrong item, delivering a damaged item, or unexpected charges for delivery.

iv. Problems with warranties such as deceptive or incomplete warranties or refusal to honor a warranty.

v. Problems of credit and collection such as excessive interest charges or harassment by bill collectors.

Although the primary focus of the consumer evaluation process should remain on the performance of products and services, it is clear that marketing practices have an important effect on the way consumers evaluate products and services and the performance of the marketing system. Research designs should include, or control for, the effects of-situational factors in the consumer's evaluation process.
Individual Factors

The way in which consumers respond to the various aspects of the pre-purchase/purchase/use process and have feelings of satisfaction, indifference, or dissatisfaction can be expected to vary considerably from individual to individual. Different motivations for purchase, different experiences in the past, and variations in the circumstances of use can affect both the consumers' evaluations and post-purchase behavior. An almost endless array of demographic, economic, attitude, and personality variables could be proposed as explanatory variables for studying the consumer's evaluative reactions to consumption experiences. Any effort to single out an appropriate set of variables for dealing with the individual differences of consumers would not be appropriate here. However, experience has suggested that it would be helpful to classify consumers on three more or less independent factors or summary dimensions as outlined below [Day and Landon, 1976a].

Three proposed, but as yet untested, summary variables for explaining individual differences in evaluative reactions to consumption experiences are: (1) the depth of experience as a consumer; (2) the degree of personal involvement in consumption experiences; and (3) the propensity to be critical. The consumer with considerable experience in purchasing and using any product or service will have had an opportunity to learn the key dimensions of performance of an item and develop a basis for forming specific prior expectations of performance and for evaluating actual performance. The inexperienced consumer, on the other hand, will be in a less structured and more confusing situation and presumably will perform more poorly both as a buyer and as an evaluator. Regardless of their level of experience, many consumers are more aware of their consumption experiences and attach more importance to them. At one extreme is the "unconscious consumer" who tends to respond mechanically to the need for products and puts little thought or effort into buying and using the things he needs. At the other extreme are the "hyper-consumers" who are very involved in the consumption/evaluation process and tend to be highly aware of the features and attributes of most of the products and services they consume. Regardless of their experiences as a consumer or their degree of
involvement in the consumption process, people tend to vary widely in their inclination to evaluate their experiences and make critical judgments about them. These three dimensions provide the basis for a typology of consumers ranging from the inexperienced/uninvolved/uncritical consumer to the highly experienced/highly involved/highly critical consumer. This typology can be useful in evaluating individual differences in reported satisfactions and dissatisfactions.

**A Process View**

An effort has been made to expand at a general level on the notion that the consumer's feeling of being satisfied or dissatisfied after a consumption experience reflects the degree to which prior expectations are confirmed or disconfirmed by the perceived performance of the product. Three distinct types of expectations were considered: (1) expectations of the actual performance of the product or service; (2) expectations of monetary and other costs involved in the acquisition and use of the product; and (3) expectations about the social effects of the purchase and use of the product. Three separate aspects of the evaluation process were also considered: (1) the factors which determine if any conscious evaluation will actually take place; (2) the way in which the perceived attributes performance (attributes) of the product are compared with prior expectations; and, (3) factors in addition to the attributes of the product itself which complicate the evaluative process. Then some patterns in the individual characteristics of the consumer which affect the evaluative process were considered: (1) expertise as a consumer; (2) sensitivity to consumer experiences; and (3) willingness to express concerns. All of these notions about the pre-purchase/purchase/consumption/evaluation process are organized in a flow diagram in Figure 1, beginning with the formation of repurchase expectations and ending with a possible behavioral response. The consumer's behavior after the assessment of a consumption experience will be considered briefly below. While all of the complexities of the process are not captured in the diagram, it provides an overview which can be helpful in designing research on the consumer's evaluative process.
Post Evaluation Behavior

In conceptualizing the process through which the consumer arrives at feelings of satisfaction, indifference, or dissatisfaction it seems appropriate to consider also the possible behavioral outcomes. The options available to the consumer will be discussed briefly, utilizing the following structure of behavioral responses (Day and Landon, 1976b): (1) do nothing at all, i.e., make no behavioral response; (2) take some "private action" by modifying one's own behavior or seeking to influence the behavior of family and friends; and (3) take some "public action" such as contacting business firms, consumer organizations, or governmental agencies.

When Satisfaction Occurs

When the consumer has completed the evaluation of a consumption experience and feels satisfied, she may choose to do nothing at all and simply forget the experience. If the product is a frequently purchased nondurable product of low value and/or the degree of satisfaction was not especially high, the null response seems the most likely one. On the other hand, if the experience was at all dramatic or there is some aspect of the consumption situation which makes the experience an important one, some behavioral response is likely. The response may s/reply be an increase in the consumer's brand loyalty or a resolution to buy the product more often. Depending on the impact of the experience and other factors such as the gregariousness of the individual, the consumer may discuss the experience with family and friends and perhaps urge others to try the item. Under unusual circumstances, the consumer might be so impressed with the experience that she takes some "public action" such as congratulating the seller or writing to the Better Business Bureau, Chamber of Commerce, or other institutions or agencies to report the favorable experience. While the incidence of such actions is much lower than for complaints, many companies which operate "consumer hot lines" find that they get a substantial number of calls from people who wish to complement them on their products or services. The consumer's options after a satisfactory experience are shown in Figure 2.
When Dissatisfaction Occurs

When the outcome of the evaluation process is dissatisfaction, the consumer's options parallel those described for the case of satisfaction. While the proportion of dissatisfied consumers who make no change in their behavior is undoubtedly less than for satisfied consumers, it appears to be quite substantial. In a national telephone survey of "the principle grocery shopper" in 1,000 households, 540 respondents reported finding one or more defective items among products normally purchased at grocery stores. They reported that in 45% of the cases where defects were encountered the experience had no effect on their behavior (A. C. Nielsen Company, 1975). The same study found that a substantial number of the consumers who did take action took private action by modifying their shopping behavior. The grocery purchasers reported that they stopped buying that kind of product in 19% of the cases and switched to another brand in 25% of the cases, (A. C. Nielsen Company, 1975). A different study in which consumers were asked to identify the nondurable product which they had found most unsatisfactory, 547. Of the respondents said they would never purchase the item again and 45% said they had warned their friends and urged them to boycott the item (Day and Landon, 1976b). There are various kinds of public actions dissatisfied consumers may take, ranging from asking for a refund to taking the matter to court. Empirical data on the behavior of dissatisfied consumers is still fragmentary but it suggests that a relatively small percentage of dissatisfied consumers ever take any form of public action. 

When the Consumer is Indifferent

While the previous literature has tended to dichotomize consumers into those who are satisfied and those who are dissatisfied, it seems more satisfactory from a conceptual point of view to recognize that many consumers have no conscious feelings of either being satisfied or dissatisfied when they complete a consumption experience. As suggested earlier, there are "unconscious consumers" who remain uninvolved in the consumption process unless some "triggering cue" calls their attention to it. These consumers simply do not evaluate many of their experiences and can hardly have their consumption behavior modified by the experience. Among
those who do evaluate their consumption experiences it seems likely that there are many who complete the evaluation in a state of indifference, feeling neither satisfied nor dissatisfied by the experience. If either type of indifferent consumer is common for a particular class of product, a research method which forces a satisfied/dissatisfied dichotomy would not be desirable.

The task of developing a useful conceptual framework for the study of consumer satisfaction and dissatisfaction is obviously challenging. This paper has suggested that it will be helpful at this stage to model the pre-purchase/purchase/use/evaluation sequence as a process which may extend over a period of time and involve actors other than the individual consumer. A process model provides a framework for relating pre-purchase expectations, situational variables, and social variables to the consumption and evaluation process over time and under changing environmental and situational conditions. This perspective suggests the need to reorganize that the process differs for different kinds of products, different circumstances of use for given products, and for consumers with different backgrounds and needs. Because of the lack of past research on consumer satisfaction, it appears that the greatest need at present is for more and better data which will provide the basis for describing the pre-purchase/consumption/evaluation process in detail. This provides the basis for developing testable hypotheses for future research. Once better conceptual structures and measurement methods are developed, studies that are more comprehensive and more sophisticated can provide better information for consumers, business firms, and consumer protection agencies.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction
This chapter presents the description of methods on how the research was carried out and the way in which it was organized e.g. sections, research paradigms, research design, instruments, information sources, date collection methods and approaches, samples studies, sapling techniques and procedures, management and analysis of data.

3.1 Research Paradigm
Paradigm is a way of examining social phenomenon from which particular understanding of this phenomenon can be gained and explanations attempted. Burred and Morgan (1979) offered a categorization of social science paradigms which can be used in management and business research problems. Burrel and Morgon (1979) note the purpose of three paradigms are:-

• Help researchers clarify their assumptions about their view of the nature of science and society.
• Offer a useful way of understanding the way in which other researchers approach their work.
• Hel researchers plot their own route through their research and

Mark et al, (2007) says paradigms help to understand where it is possible to go and where they are going.

• Functionalist paradigms
• Interpretive paradigm
• Radical humanist paradigm
• Radical structuralism paradigm
Functionalist paradigm is located on the objectivist and regulatory dimensions. It is a regulatory in that you will probably be more concerned with a rational explanation be more concerned with a rational explanation of why a particular organization problem is occurring and developing a set of recommendations set within current structure of the organizations current management. This is the paradigm within which most business and management operate.

Interpretive paradigm is the way as humans attempt to make sense of the world around us. The would be to understand the fundamental meanings attached to organizational life for from emphasizing nationality it may be that the principal concern you have here is discovering irrationalities. Concern with studying organizations communication strategy may soon turn the understanding the ways in which the intentions of management become detailed for completely unseen reasons, may be reasons, which are not apparent even to those involved with the strategy. This is likely to take the realism of organization politics and the way in which power is used.

Radical humanist paradigm is located within the subjectivist and radical change dimensions. It dollops a critical perspective on organizational life as such working within this paradigm you would be concerned with changing the status quo or articulate ways in which humans can transcend the spiritual bonds and fetters which tie them into existing social patterns and realize their full potential.

Radical structuralism paradigm; here your concern would be to approach your research with a view to achieving fundamental change based upon an analysis of such organizational phenomenon as power relationships and pattern conflicts. It adopts and objectivist perspective because it is concern with objective entities, unlike the radical humanist paradigm which attempts to understand the meanings of social phenomena from the subjective of participating social actors. The concern is interpretive paradigm in the sense that it explains the researcher to study deeply and understand problem facing organization and to come up with solutions to management.
3.2  Research design

According to Kothari (2000) research design is the conceptual constitutes the blueprint for the collection, measurement and analysis of data. It is a framework for providing answers to the research questions in best possible way such as collection organizing, analyzing and interpreting data. It is the arrangement of conditional for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. This study is about finding out the “Effect of mobile banking focus on customer satisfaction in which the design will deal with gathering data from various sources such as documentary review physical observation questionnaire and interview; thus useful in studying a particular unit. This study will be a case study as a research designs which involve collecting and observing data about a particular unit in its natural setting (Kothari 2000) it has been observed that there seems to be some laxity in the way of rendering customer service. Since the introduction of mobile banking, these seems to be a change in the way of rendering services with an increased speed and concerns; the fact which prompted the researcher to find out what effect is; and whether it has travel impacted on customer satisfaction.

The study is exploratory and longitudinal in nature and purely depends on access being granted by management (Dale et al 1988) the research used a case study for the following reasons:-

- Financial constraints
- Limited time (Constraint)
- Availability of respondents in the areas of research.
- Large customer portfolio possessed by NMB

3.2.1  Study Area

The study was conducted in Dar es Salaam zone which is selected purposively because of having many NMB Plc. branches. This situation provided the researcher with an adequate number data.
3.2.2 Types of measurement

The researcher made various measurements on collection of data which included the existence of the policy guiding banking industry. Measurement is the process of assigning measurement being a function of the rules under the number are assigned (Kothari 2004)

Measurement of variables will take different scales as follows

Nominal scale is simply a system of assigning number symbols to events in order to label them. Nominal scales provide convenient ways of keeping track of people, objects and events. It is the least powerful level of measurement and indicates no order or distance relationship and has no arithmetic origin. A moninal scale simply describes difference between things by assigning them to categories (Kothari, 2004).

Ordinal scale the ordinal scale places events in order, but there is no attempt to make the intervals of the scale equal in terms of some rule. Park orders represent ordinal scale and are frequently used in research relisting to qualitative phenomenon. The use of ordinal scale implies a statement of greater than or less than (an equality statement is also acceptable without our being able to stated how much greater or less, Kothari (2004).

Interval scale

In this case, the intervals are adjusted in terms of some rule that has established as a basis for making the units equal. The units are equal only in so far one accept the assumptions on which the rule is bases. Interval scales have an absolute zero or the unique origin. The primary limitation of the interval scale in lack of a true zero; it does not have the capacity to measure the complete absence of a trout or characterizes (Kothari 2004)

Ratio scale

Ratio scales have an absolute or true zero of measurement. The term absolute zero is not as precise as it was once believed to be. Ratio scale represents the actual amount of variable. Measures of physical dimensions such as weight, height distance etc.
Generally all statistical techniques are usable with ratio scales multiplication and division can be used with this scale but not with other scale (Kothari 2004).

3.3 Population
Population is the total of items about which information is desired (Kothari, 2004) on the other hand population is a group of individuals, object or items form which examples are taken for measurement. It refers to an entire group of persons or elements that have in common. For purpose of this study, a population size of about 500 customers will be randomly selected to form population of the study (tromp 2003)

3.4 Sample Size
Sample size refers to the number of items to be selected from universe to constitute a sample, (Kothari, 2004) researchers consider drawing respondents from the population who meet the test of representation to minimize sampling and bias. To accomplish this task efficiently and effectively the researcher will select 120 respondents out of 500 customers who use mobile banking services weekly. This size is affordable and adequate for the study considering time and fund constraints.

3.5 Sampling Plan and Procedure
This is a process of obtaining information about the entire population by examining only a part of it. In most of the research work and surveys, the usually approach happens to be to make generalizations or to draw inferences based on samples that are taken (Kothari 2004).

It involves the decision to the type of sample and techniques to be used in selecting the items for samples (Kothari 2004). Since it is difficult for the researcher to collect data from population from every NMB unit of operation, the researcher will take a sample, from few units of operation which will act as representative samples of the entire populations.

Probability sampling method will be used where every individual has an equal chance of being selected. Under this technique random sampling will be applied to pick up respondents from individual NMB.
3.6 Types and Sources of Data
Data are facts, figures and other elemental materials post and present serving as basis for study and analysis (Krinshnaswan 1993). The researcher will use various types of data depending on their availability and accessibility. Both primary and secondary data will be used.

3.6.1 Primary Data
Primary data are those data which are collected afresh and for the first time; thus happen to be original. It is information gathered directly from respondents. It involves creating new data. Primary data may be gathered through questionnaire, interviews observation and experimental studies (Kothari, 2004). Such data were provided by the subjects in the sample through the scheduled interactions by using the well prepared tools. The tools were employed to obtain the primary data in this study were interview method, and self-administered questionnaire.

The first advantage of primary data is that, it can be collected from a number of ways like interviews, telephone surveys, focus groups etc. secondly, it can also be collected across the national border through e-mails and posts. Thirdly it can include a large population and wide geographical coverage. Fourthly it is relatively cheap and no prior arrangements are required. Moreover primary data is current and it can better give a realistic view to the researcher about the topic under consideration. On the other that hand, the major disadvantage of primary data is that it has design problem like how to design the surveys. The questions must be simple to design general responses. Sometimes respondents may give fake, socially acceptable and sweet answers and try to cover up the realities. In some primary data collection methods there is no control over the data collection. Incomplete questionnaire always give a negative impact on research (blurtit.com/3rd Feb, 2011).

3.6.2 Secondary Data
Secondary data are information or records which have already been collected and analyzed by someone else. When the researcher utilizes secondary data and then has
to look into various sources from where he obtained them secondary data may either be published or unpublished data (Kothari 2004).

The following are documents which can be used in secondary data; books journals, internet. Books are written documents found in library written by authors, concerning different topics; this helps researcher to understand the problem which is being studied. It gives direction of the problem and helps the researcher to compare with solutions. Journal is a document presented by different institutions or procuring entities concerning problems which exist in the organizations and they come up with solutions whilst internet is the site in a website which the researcher pass through to search for information which is written by different presenters, also it give direction of where to start.

The secondary data in this study was obtained through reports from the NMB management, different publications by the bank and the banks’ website, internet search method and documentary analysis method.

### 3.7 Data collection Methods and Approaches

The choice of data collection instruments depend much on how best they can serve the purpose of the study the researcher used three types of data collection methods namely, questionnaires, observation and interview.

#### 3.7.1 Questionnaire

This is a popular method of data collection; particularly in the case of big enquiries. It is adopted by private, public organizations and even government. In this method a questionnaire is sent through (usually by post) to the persons concerned with a request to answer the questions and return the questionnaire. A questionnaire consists of a number of questions printed and typed in a definite order on a form or set of forms, as shown in appendix I. The respondents have to answer the question on their own (Kothari 2004).
3.8 **Validity**

This is the most important criteria and indicates the degree to which an instrument measures what is supposed to measure. In order to achieve validity the researcher ensures the measuring instrument provide adequate coverage of the topic containing adequate representative sample of the universe (Kothari, 2004). Validity is tested in the method as follows

3.8.1 **Content validity**

It is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content valid is good. Its determination is primarily judgmental and intuitive. it can also be determined by well the measuring instrument meets the standards. But there is no numerical way to express it.

3.8.2 **Contract Validity**

Is the most complex and obstruc. A measure is said to proses contract validity to the degree that it confirms to predict correlations with other theoretical propositions. For deterring construct validity we associate a set of other propositions with the results received from using our measurement.

3.8.3 **Face validity**

This is a sample form of validity in which researchers determine if the test seems to measure what is intended to measure essentially, researchers are simply taking the validity of the test at face value by looking at whether a test appears to measure the target variable. On a measure of happiness, for example, the test would be said to have face validity if it appeared to actually measure level of happiness.

Content validity will be used during the study because data are collected from few respondents to represent other. This will help researcher to be in a position to get the picture concerning the effect of mobile banking on customer satisfaction.

3.9 **Data Management and Analysis of Data**
3.9.1 Data Management.
Data management was systematically organizing mass of raw data collected in a manner that facilitates analysis of data. It also includes identifying and correcting errors in the data including corting and storing it in appropriate form (Kothari, 2004).

For open ended questions the researcher will categorize all responses by giving and assigning numbers directly. To enable this process more accurately and simply the researcher will prepare a code book that describes specific details extracted from the questionnaires.

3.9.2 Editing of data
Is the process of examining the collected raw data (specifically in surveys) to detect errors and commissions and to correct these when possible. As a matter of fact editing involves a carefully security of the completed questionnaire or schedules. Editing will be done to ensure that the data are accurate, consistent with other factors fathered, uniformly entered, as completed as possible and will be arranged to facilitate cording and tabulation.

3.9.3 Data clearing
This process will be used by researcher to pass though data analysis by making correction in errors occurring or adding missing word to have data cleared for the analyzing process.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.0 Introduction
This study examined the effect of mobile banking on customer satisfaction in Tanzania Commercial Banks, using the NMB Dar es Salaam Zone as a point of
reference. In the first place, the study aimed at identifying the leading factors affecting customer satisfaction. Secondly: identifying important element of mobile banking in determining the overall customer satisfaction. The other objective was to compare the assessment of customer satisfaction by employees and customers. The last objective was to compare the assessment mobile banking industry by employees and customers.

In this chapter, the data collected for the study were analyzed and interpreted. The data is presented in tables and figures beginning with demographic variables and then research questions that are formulated to guide the research. The first part of the chapter considered the demographic background of the respondents, focusing on sex, level of education and numbers of years with the bank. The second part presented the findings from the study in relation to the research question. Regarding the nature of the data collected, majority of items were closed ended.

4.1 Response Rate
A total of 120 people selected out of 500 people who use mobile banking in a week as the sample. Out of this sample 108 people were able to respond to the questionnaires provided, making the response rate 90 percent of the population.

4.2 Characteristics of Respondents
The study collected information on different characters of respondents. Detailed results on each of the characters are presented.

4.2.1 Age of Respondents
The results showed that, respondents within the age of 18 – 24 years were 35 representing 32.41 percent. This was followed by 25 – 31 year group representing who were 39 representing 36.11 per cent of the respondents, 23 respondents representing 21.30 per cent were between the ages of 32 to 38 years. While those
with the age 39 years and above were 11 representing 10.19 per cent of the respondents. This is shown in Table 4.2.1 and Figure 4.2.1 below.

**Table 4.2.1 Age of Respondents**

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>35</td>
<td>32.41</td>
</tr>
<tr>
<td>25-31</td>
<td>39</td>
<td>36.11</td>
</tr>
<tr>
<td>32-38</td>
<td>23</td>
<td>21.30</td>
</tr>
<tr>
<td>39- Above</td>
<td>11</td>
<td>10.19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 4.2.1 Age of Respondents**

4.2.2 Gender

The analysis revealed that 87 of the respondents representing 52.4% were men while a total of 79 representing 47.6% were female. **Table 4.2.2 and Figure 4.2.2** below presents the result.
Table 4.2.2 Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>66</td>
<td>61.11</td>
</tr>
<tr>
<td>Female</td>
<td>42</td>
<td>38.89</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2.2 Gender of Respondents

4.2.3 Education Level

The next sample characteristic examined was the educational level of the respondents. Analysis showed that, Respondents had different levels of education including Primary Education, Ordinary Level Education, Advanced Secondary Education, Certificate Holders, Diploma Holders, First Degree Holders and Second Degree and above. The results of the analysis are presented below in Table 4.2.3 and Figure 4.2.3.

Table 4.2.3 Education level

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Education,</td>
<td>7</td>
<td>6.48</td>
</tr>
<tr>
<td>Education Level</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>Ordinary Level Education,</td>
<td>35</td>
<td>32.41</td>
</tr>
<tr>
<td>Advanced Secondary Education</td>
<td>11</td>
<td>10.19</td>
</tr>
<tr>
<td>Certificate Holders</td>
<td>4</td>
<td>3.70</td>
</tr>
<tr>
<td>Diploma Holders</td>
<td>12</td>
<td>11.11</td>
</tr>
<tr>
<td>First Degree Holders</td>
<td>22</td>
<td>20.37</td>
</tr>
<tr>
<td>Second Degree and above</td>
<td>17</td>
<td>15.74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 4.2.3 Education Level**

4.2.4 Period with the Bank

The study also analyzed the period respondents had receiving the service of the bank, the period is divided into four groups which are, less than 3 years, 3 – 5 years, 6 – 8 years and above 9 years. The results of the analysis are presented in table 4.2.4 and Figure 4.2.4.
Table 4.2.4 Period of Service with the Bank

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td>24</td>
<td>22.22</td>
</tr>
<tr>
<td>3 – 5 years</td>
<td>35</td>
<td>32.41</td>
</tr>
<tr>
<td>6 – 8 years</td>
<td>43</td>
<td>39.81</td>
</tr>
<tr>
<td>9 and Above years</td>
<td>6</td>
<td>5.56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.2.4 Period of Service with the Bank

4.3 Leading Factors Affecting Customer Satisfaction

The analyzed some factors which are affecting the customers’ satisfaction, the following are factors which were mostly responded by respondents. These factors include Customer Care, Service Cost, Service Quality, Technology Applied, Reliability, and Accessibility. Table 4.3 and Figure 4.3 illustrate more.
### Table 4.3 Factors affecting customer satisfaction

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Care</td>
<td>44</td>
<td>40.74</td>
</tr>
<tr>
<td>Service Cost</td>
<td>21</td>
<td>19.44</td>
</tr>
<tr>
<td>Service Quality</td>
<td>19</td>
<td>17.59</td>
</tr>
<tr>
<td>Technology Applied</td>
<td>13</td>
<td>12.04</td>
</tr>
<tr>
<td>Reliability</td>
<td>4</td>
<td>3.71</td>
</tr>
<tr>
<td>Accessibility</td>
<td>7</td>
<td>6.48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### Figure 4.3 factors affecting customer satisfaction

![Chart showing factors affecting customer satisfaction](chart.png)

### 4.4 Factors for Mobile Banking

There are a number of factors influencing the use of mobile banking in different parts of the country; the study highlighted some of the factors which may influence some
of to use mobile banking, such factors include Security, Convenience, Low Cost, Time Saving and Privacy. Table 4.4 and Figure 4.4 illustrate more.

Table 4.4 Factors for Mobile Banking

<table>
<thead>
<tr>
<th>Mobile Banking Factors</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security</td>
<td>9</td>
<td>8.33</td>
</tr>
<tr>
<td>Convenience</td>
<td>20</td>
<td>18.52</td>
</tr>
<tr>
<td>Low Cost</td>
<td>31</td>
<td>28.70</td>
</tr>
<tr>
<td>Time Saving</td>
<td>33</td>
<td>30.56</td>
</tr>
<tr>
<td>Privacy</td>
<td>15</td>
<td>13.89</td>
</tr>
<tr>
<td>Total</td>
<td>108</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.4 Factors for Mobile Banking

4.5 Customer Satisfaction Views by Management and Customers

The study wanted to see the views from two different perceptions i.e. management and customers whether customers are satisfied with the service given by the bank through mobile banking and to see what the management perceive of the customers satisfaction on the services they provide to customers.
4.5.1 Management Views

Below is the response from the management on the perception of how their customers are satisfied with mobile banking service. Table 4.5.1 and figure 4.5.1 illustrates more.

Table 4.5.1 Management Views on Customer Satisfaction

<table>
<thead>
<tr>
<th>Management Views</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Satisfied a Little</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>Normal Satisfaction</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Less Satisfied</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Not Satisfied at All</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.5.1 Management Views on Customer Satisfaction

4.5.2 Customers Views

Below is the response from the management on the perception of how their customers are satisfied with mobile banking service. Table 4.5.2 and figure 4.5.2 illustrates more.

Table 4.5.2 Customers Views on Customer Satisfaction
<table>
<thead>
<tr>
<th>Customers Views</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Satisfied</td>
<td>6</td>
<td>10.34</td>
</tr>
<tr>
<td>Satisfied a Little</td>
<td>13</td>
<td>22.41</td>
</tr>
<tr>
<td>Normal Satisfaction</td>
<td>19</td>
<td>32.76</td>
</tr>
<tr>
<td>Less Satisfied</td>
<td>18</td>
<td>31.03</td>
</tr>
<tr>
<td>Not Satisfied at All</td>
<td>2</td>
<td>3.46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 4.5.2 Customers Views on Customer Satisfaction**

4.6  Mobile Banking Views by Management and Customers

The study also wanted to see the views from two different perceptions i.e. management and customers on how far has the mobile banking improved in different aspects like cost, convenience, reliability etc.

4.6.1  Management Views

Below is the response from the management on improvement of different aspects of the mobile banking industry. Table 4.6.1 and figure 4.6.1 illustrates more.
Table 4.6.1 Management Views on Mobile Banking

<table>
<thead>
<tr>
<th>Mobile Banking Improvement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved a Lot</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>Improved a Little</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Normal Improvement</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Diminished a little</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Diminished a Lot</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.6.2 Customers Views on Mobile Banking

4.6.2 Customers Views

Below is the response from customers on improvement of different aspects of the mobile banking industry. Table 4.6.2 and figure 4.6.2 illustrates more.

Table 4.6.2 Customer Views on Mobile Industry

<table>
<thead>
<tr>
<th>Mobile Banking Improvement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
</table>

60
Improved a Lot | 19 | 32.76  
Improved a Little | 29 | 50.00  
Normal Improvement | 10 | 17.24  
Diminished a little | 0 | 0  
Diminished a Lot | 0 | 0  
Total | 58 | 100  

Figure 4.6.2 Customer Views on Mobile Industry

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This chapter presents the discussion of findings which have been presented in chapter four. The discussion focuses on answering the objectives of the study which
were to identify the leading factors affecting customer satisfaction. Secondly: identifying important element of mobile banking in determining the overall customer satisfaction. The other objective was to compare the assessment of customer satisfaction by employees and customers. The last objective was to compare the assessment mobile banking industry by employees and customers.

5.1 Characteristics of Respondents

The discussion of the characteristics of the respondents which have been presented in above chapter is done below.

5.1.1 Age of Respondents

Respondents were distributed within different age groups most of whom were between the age of 25 to 31 who were respondents by 36.11 percent, the second group were those within the age of 18 to 24 represented by 32.41 percent followed by those within the age of 32 to 38 representing 21.30 percent while the last group were those who were 39 and above. Conclusively we can say that most of the users of the banking services are young individuals whose ages range from 18 years to around 30s.

5.1.2 Gender of Respondents

When it comes to gender in respect of users of banking services are mostly men who are represented by 61.11 percent while women are represented by 38.89 percent. Women still lack behind in banking industry.

5.1.3 Education Level

Most users of the banking services have just completed ordinary level educations who were about 32.41 percent of the respondents. The second groups are first degree holders represented by 20.37 percent, other groups are second degree holders, diploma holders, advanced secondary education, primary education and certificate
holders represented by 15.74 percent, 11.11 percent, 10.19 percent, 6.48 percent and 3.70 percent respectively.

5.1.4 Period of Service with the Bank
The study wanted to know the period of service with the bank. Most of the respondents had 6 to 8 years of service with the bank who were represented by 39.81 percent. The second group was those who had 3 to 5 years of service with the bank represented by 32.41 percent followed by those who have less than 3 years of service with the bank while the last group is those who have 9 years and above of service with the bank represented by 22.22 percent and 5.56 percent respectively.

5.2 Leading Factors Affecting Customer Satisfaction
There are a number of factors which affects customer satisfaction including customer care, cost, service quality, technology, reliability and accessibility. These services had difference responses from respondents as of which factor mostly affects customer satisfaction. 44 respondents about 40.74 percent said customer care is the major factors affecting satisfaction. 21 respondents about 19.44 percent said cost of obtaining services has major effect on customer satisfaction this was followed by the quality of service represented by 17.59 percent. Technology and accessibility had 12.04 and 6.48 percent of all respondents respectively. The last factor was reliability which had 3.71 percent of the responses.

5.3 Factors for Mobile Banking
The study wanted to know factors which forces people to use mobile banking. Such factors include security, convenience, low cost, time saving and privacy. Respondents had the following responses, among the mentioned factors 30.56 argued that it saves a lot of time rather than physically going to the bank, 28.70 percent argued that the costs associated with mobile banking is less than the cost of physically going to the bank i.e. movement cost (on way cost). 18.52 argued that they use mobile banking due to convenience i.e. they can access banking service whenever and wherever they are. 15 respondents represented by 13.89 argued that they use mobile banking due to privacy while the last group argued that they use mobile banking due to security reasons associated with the service.
5.4 Customer Satisfaction Views by Management and Customers

Management and customers had different views on how customers are satisfied with mobile banking service. Below is the discussion of views from both sides.

5.4.1 Management Views

Respondents from management point of view had different arguments, 38 percent argued that customers are very satisfied with the mobile banking service, 30 percent argued that customers are satisfied a little, 24 percent argued that the satisfaction is moderate while 8 percent argued that customers are less satisfied, conclusively most of the management people argued that customers are satisfied with mobile banking service making about 92 percent of all respondents.

5.4.2 Customer Views

Customers also had different views which were, 32.76 percent of the customers argued that the satisfaction is moderate, 31.03 percent argued that they are less satisfied with the mobile banking service, 22.41 argued that they are satisfied a little followed by those who were very satisfied represented by 10.34 percent. The last were those who were not satisfied at all represented by 3.46 percent. Conclusively we can say most of the customers are satisfied moderately.

5.5 Mobile Banking Views by Management and Customers

Customers and management had also different views on the development of the mobile banking industry in the country.

5.5.1 Management Views

Most of the respondents from the management point of view argued that the mobile banking has improved a lot over the past few years in terms of services and quality of those services. 42 percent argued that the industry has improved a lot. 36 percent said the industry has improved a little while 22 percent argued that there is moderate improvement.
5.5.2 Customers Views

The customers also argued that the mobile industry has improved to some extent compared to where we come from, 50 percent argued that the industry has improved a little, 32.76 percent argued that there is a lot of improvement while 17.24 percent argued there is a moderate improvement in the industry.

CHAPTER SIX

CONCLUSION, RECOMMENDATIONS AND POLICY IMPLEMENTATION

6.0 Introduction

The study investigated the effect of mobile banking on customer satisfaction the case of NMB Dar es Salaam Zone. In accordance with the general overall objective of the study was to find out whether mobile banking has an effect on customer satisfaction, finding out the leading factors affecting customer satisfaction, identifying important element of mobile banking in determining the overall customer satisfaction, assessing the customer satisfaction by employees and customers and assessing the mobile banking by employees and customers.
This chapter comprises of the conclusion of all that have been discovered and presented from the study in above chapters. Recommendations that would further the cause of quality service offered in mobile banking sector. Lastly policy implications regarding mobile banking sector in the banking industry.

6.1 Conclusion
The chapter outlined the objectives and the research questions that were proposed and answered by the evidence gathered through the data collected and analyzed. The findings significantly, indicate that factors like customer care, service cost, the quality of mobile banking service should be given exceptional priority in order to make customers satisfied with the mobile banking service.

Mobile banking service providers should make sure the service they provide use appropriate technology so they can provide reliable, timely and less cost service. As we have seen the push factors for mobile banking includes saving time, less cost and convenience.

There is a difference in perception regarding customer satisfaction between the customers and management of the banks. Management should make sure they know what customers want so as to bridge the gap and offer what customers expect. When it comes to mobile banking sector both customer and management agreed that there is improvement in the sector which is contributed by both sides.

6.2 Recommendations
Following the presented findings and discussion of those findings, below are recommendations which will help improve the mobile banking sector.

Mobile banking service providers should make sure they have the ability to provide services with ultimate honesty especially with regard to customer’s expectations, and prove without reasonable doubt that they really have good intentions towards empowering its customers. Considering the fact that consumers trust does impact on their loyalty, banks should make sure that they meet all the expectations to customers during marketing advertisements.
There is the need to educate customers extensively on the use of electronic services such as the use of mobile phone, internet and other materials which can be used to access banking services. There are a number of challenges which are faced by user including security issues, technological challenges, network etc. so it will be better if customers are made aware of such challenges and how to overcome them so that both side can benefit.

Information Technology (IT) has greater influence in the financial sector. It is not a question for responsible authority to make sure there is appropriate and influential investment in IT sector. This investment will enable financial bodies to work effectively and efficiently. The quality of services will also be improved as result profits will be increased and losses decreased.

6.3 Policy Implications
According to the research findings, management and responsible bodies like the government and bank of Tanzania should make sure that they adopting policies which link effectively new technology and the banking system. These identified areas must be thoroughly considered by the banks, especially in financial environment to increase their customer base.

Reduction of risk related to day-to-day transactions performed through mobile device enables customers to build up trust in the banking services being offered. The degree of service expansion done by the bank periodically motivates customers to adopt the technology, as it offers versatility in its offerings.

The study also recommends the following to policy makers, the banks, and the government for consideration:

There should be twenty four seven hours monitoring of all transactions done through mobile devices so that any failure is addressed as soon as possible to guarantee customer satisfaction and retention.

Banks should advertise different ways to use and access their products whenever they are released so that customers can have full information of the product. In
addition, they should also make their customers aware of the benefits they get from accessing such services. And also steps to be taken when they get problems accessing the products.

Banks should formulate strong policies in respect of security when it comes to mobile banking. They should make customers use the service confidently by providing adequate security of transaction back up of critical data files and alternative means of processing information. They should also ensure good connectivity and power base that will enable them serve customers faster and more conveniently. The banks should ensure that at no time should service cease as a result of network problem.

Government should provide adequate regulatory framework that will ensure customer protection, and security of transaction. That way, customers’ confidence in electronic banking would be secured. Finally, to remain competitive in the industry the banks should conduct periodic marketing research studies on their own customers.

REFERENCES

Advance in consume Research volume 4, 1977 pages 149 - 154
Appendix I

Questionnaire

Dear respondents:

This questionnaire is meant for collecting data for research study in connection effect of mobile banking on customer satisfaction the case study of NMB Dar es Salaam Zone. Your views will be treated very confidentially and anonymously. Kindly support my study work by filling few questions given in this questionnaire. It is hoped that, the findings obtained from this study will be useful to NMB Bank.

Part A – Demographic Information

1. Age ..........................
2. Gender ..............................................
3. Educational Level ..............................
4. Period of Service with the Bank.............

Part B – Study Questions
1. Which of the following do you think is the major factor affecting customer satisfaction
   a) Customer Care
   b) Service Cost
   c) Service Quality
   d) Technology Applied
   e) Reliability
   f) Accessibility

2. Which is the reason which pushes you to use mobile banking service............................................

3. How do you rate the customer satisfaction in respect of the quality of mobile banking service given in the country
   a) Very Satisfied
   b) Satisfied a Little
   c) Normal Satisfaction
   d) Less Satisfied
   e) Not Satisfied at All

4. How would you rate your overall mobile banking sector in the country?
   a) Very satisfied (  )
   b) Satisfied a little(  )
   c) Neutral (moderate satisfaction) (  )
d) Somewhat dissatisfied (  )

e) Very dissatisfied (  )

Thank you in advance.

.......................... 

Athuman Shaban