

World Financial Crisis vs. Customer Satisfaction on Financial Products and Services: An Empirical Study of the Mongolian Banking Industry

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ABSTRACT

By 2009, seventeen commercial banks operated in Mongolia. But the recent global financial crisis heavily impacted the activities of the commercial banks in Mongolia. Therefore, of the four of top banks affected by the economical recession, two merged, while the other two became government owned and controlled. This phenomenon showed that the Mongolian banking system was not strong enough and had not sufficiently stabilized their operations. Consequently, new loans declined in many segments, which caused interest rates to become higher for borrowers. Thus customers have become reluctant to deposit their money in banks, or to take out loans. In this case, banks have to target high customer satisfaction on their products and services, and strong customer relationship management to maintain successfully banking performance. Thus the paper examines customer satisfaction on financial products and services in Mongolia. The authors chose the Golomt Bank, the largest bank of Mongolia, to this empirical study. We conclude the paper with recommendations to management of the Bank based on findings of data analysis.

1. Introduction

The world financial crisis which emerged in late the 2000s severely impacted the world economy and financial markets. Specially, it had a worse influence on the developing economies. Actually, many experts argue that the global economic depression started from the 1970s when the United States began mortgage loan projects on a massive scale to the public (Chan, 2011). Although many sources claim that the recession period

ended in late 2008 or mid 2009, the impact of the huge financial crisis still exists within the developing economies of Asia and south America (Martin & Douglas, 2009).

Today's competitive banking environment demands increasing consumer responsiveness. Customer satisfaction in financial products and services, particularly in the banking sector, has been widely assessed by both academicians and practitioners. Marketing studies emphasize that customer satisfaction plays a positive role in the cross-buying of financial products and services, and the willingness to pay a premium-price (Arbore and Busacca,

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2009; Yoon, 2010). In terms of solid audits, investment policies and financial performance of a bank, non-financial performance through criteria of service quality, customer satisfaction and personnel capability become an emerging asset within the performance measurement of a bank.

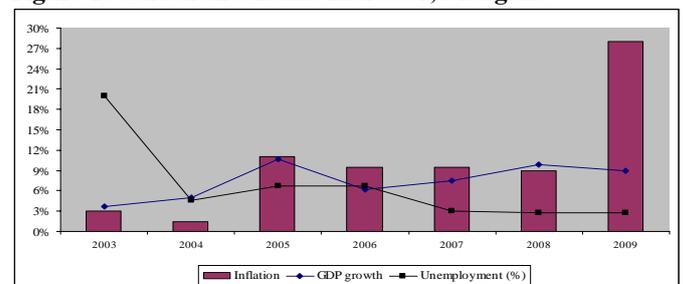
Recently, commercial banks have emphasized non-financial criteria, such as customer satisfaction that has direct impact on a bank's profit in long-run. Especially, in an increasingly globalized economy no business can exist without customer loyalty and satisfaction. Forward looking banks explore and track the factors those effect customer satisfaction to build up a strong strategy for sustaining their market share.

The main purpose of this research is to assess the customer satisfaction with respect to financial products and services in the Mongolia banking industry. The real estate and stock markets in Mongolia has yet not developed strongly. Rather, the banking industry has established potential entities for study. Thus, the authors selected Golomt Bank of Mongolia as a case bank for this research. As the largest bank of Mongolia who holding a market share of 23 per cent among fourteen commercial banks, the authors are sure that the bank has sufficient capability to represent the banking industry of Mongolia. Clients have different needs and requirements. Thus, banks have to be able to produce products and services that meet the diversified needs of customers. The authors are confident that the findings of this study will be empirically useful for enhancing banking performance by building up customer loyalty for enabling the bank to retain or increase market share. Below, we will discuss the banking industry of Mongolia and the case bank for this study.

Introduction of the banking industry of Mongolia

Mongolia is a north Asian country, located between Russian and China. Today, Mongolia has a population of about 2.7 million people, with a territory of 1.5 million square kilometers. It has been considered internationally as an important region to connect Europe to Asia in political and economic aspects. Besides, the country is rich with energy and mineral resources such as coal, uranium, oil, gas, gold, and copper, which have the potential of sustaining the country for at least eighty years. Thus, the world pays attention to Mongolia as one of the main energy and economic resources in the near future (National Statistical Office of Mongolia 2010, Monthly Bulletin of Statistics; World Bank 2007, Mongolia Country Economic Memorandum; World Bank, 2010). Mongolia has adopted a free market economy since the 1990s. From the beginning of the new millennium, significant indicators of economic grow in the Mongolia started to appear. Current economic indicators are shown on Figure 1.

Figure 1: Current Economic Indicator, Mongolia



Source: Mongol Bank. (2010). Retrieved from:
<http://www.mongolbank.mn>

Mongolian banking system is small, but still developing. In 1991, the government instituted a Banking Law that created a two-tiered banking system comprising the Central Bank of Mongolia and commercial banks (MBA, 2010). So far, the banking system of Mongolia has been rapidly growing in this dynamic economic environment, and overcome a number of difficulties and challenges through the past twenty years. However

the latest global financial crisis heavily influenced the whole banking system, even the national economy itself. For example, in 2009, bad credit in the mining sector reached 19.9 percent, construction sector 17.3 percent, and small and medium sized business is 10.9 percent (UB Post, 2009). The government of Mongolia has taken several actions against the financial crisis, although the GDP growth of the country has been 9 percent, inflation rate was 28 percent in 2009 (Ministry of Finance of Mongolia, 2009).

One main challengeable law for the banking industry is the Law on State Guarantee of Bank Savings (2008) designed to protect from high withdrawals from banks during crisis period. According to the law, every depositor allowed to have state guarantee on his or her deposit on commercial banks (Government of Mongolia, 2009). Nevertheless, Moody's (2009) downgraded Mongolian financial institutions due to the questionable government's ability to support banks and its debt capacity against crisis. However, Moody's analysis on investor service says that the Mongolian banking sector has developed towards a modern basis over the last 10 years. Another main factor that needs to be considered is non-bank financial institutions (NBFIs) within the banking sector that are rapidly growing and count almost 141 (Mongol Bank, 2010).

Introduction to Golomt Bank

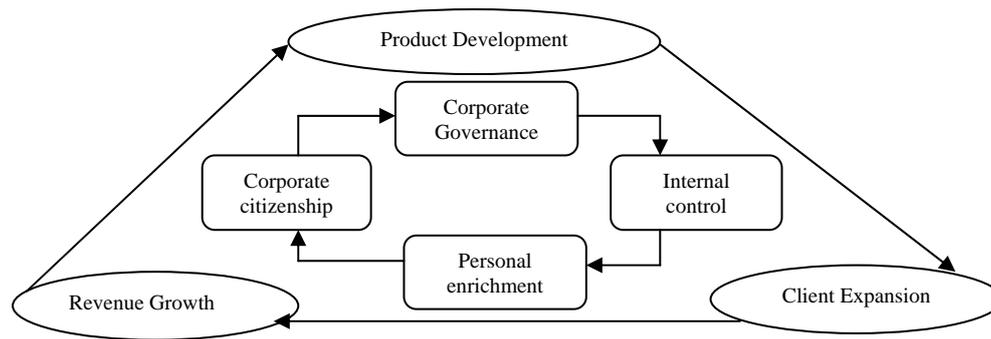
The Golomt Bank is the largest bank in Mongolia with a sole owner – Bodi International LLC of Mongolia, which has extensive trade and banking experience. Since its inception in 1995, the Golomt Bank has been a pioneer in introducing a number of financial products and services into the Mongolian banking industry. Today, the bank is the leading bank in Mongolia managing around 23 per cent of market share of the domestic banking system. The Bank continues to cooperate with the Government of Mongolia on main

infrastructural projects. It declared an after tax profit of USD 6.88 million for the first half of 2008. Total assets rose to 11% from the prior year, reaching USD 625 million, customer deposits increased by 11.7% to reach USD 494 million, and a commensurate increase by 10.5% in capital reach USD 52.1 million. Equity rose by 25.8% to USD 42.1 million. Total loans increased by 25.2% to reach USD 364.8 million. The Bank's core prudential ratios continued to be very robust with a liquidity ratio of 42.2%, supporting the capital adequacy ratio of 12.2%, both figures are substantially in excess of the respective minima of 18% and 10% imposed by Central Bank of Mongolia (Golomt Bank of Mongolia, 2010).

Infrastructural and information technology is fundamental to the provision of timely and cost effective delivery of products and services to customers; to the integrity of the payments transmission processes; to automatic operation; and to the continuing development and enhancement of a robust control environment such technology is thus an important factor to the future development of the banking industry (Agarwal, Rastogi & Mehrotra, 2009). Thus, the bank uses Thales e-Security and Tridium Company SafeSign solution (e-Token) to provide enhanced security for E-Banking operations launched through the Landline VoIP (Voice Over Internet Protocol) system. The Bank continues to be committed to an extensive program of IT-related capital expenditure in order to sustain its market leadership position and provide optimum service standards to customers at the lowest possible cost.

In 2007, the bank successfully implemented a new organizational structure as shown in the Figure 2. This was initiated in order to maintain a leading position in the financial sector enabling to better adapt to emerging trends and developments in Mongolia's macroeconomic environment as well as reflecting the increased impact of globalization upon the Bank's business and product mix.

Figure 2: Operational activities of Golomt Bank.

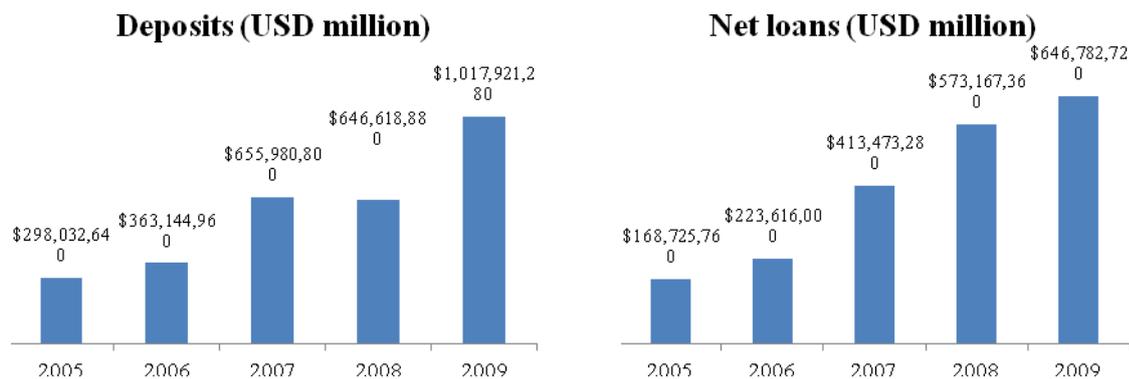


Financial results of Golomt Bank

During 2009, despite the challenging background of a deep economic crisis, the Bank made considerable progress in line with its strategic and financial plans; most notably for the first time total assets exceeded the critical levels. Consequently,

Golomt bank's customer deposits increased to USD 1,017,921,280 million, and net loans increased to USD 646,782,720 during the financial year (Figures 3.4).

Figures 3.4: Golomt Bank's Deposits and Net Loans



Source: Financial report of Golomt Bank (2010). Retrieved on April 05, 2010 from <http://www.golomtbank.com/>,

Net profit increased by USD 1,24 billion to USD 16,86 billion, compared with the net profit of USD 15,62 billion achieved in 2008 (Figure 5). The increase was driven by the beneficial combination of diversification of income sources, volume growth in the bank's main types of products and services, quality improvement and increased customers.



Source: Financial report of Golomt Bank (2010). Retrieved on April 05, 2010 from <http://www.golomtbank.com/>,

Products and services of Golomt Bank

Figure 5: Golomt Bank's Net Profit

Golomt Bank offers various financial services and products to the corporate, institutional, small and medium enterprises and consumer markets across Mongolia. The bank issued USD 865,000 securitized mortgage bonds listed on the Mongolian Stock Exchange secured against high quality domestic mortgages. Golomt Bank remains a dominant force on inter-bank market. The bank actively participates in Government bond and Central Bank bills auctions. Golomt Bank is one of the major banks that deal with Forex and foreign assets within the domestic financial system. Placements with foreign banks rated above 93 percent of foreign assets.

Golomt Bank utilizes the renowned international banking payment network, S.W.I.F.T with a number of international banks such as HSBC, Credit Suisse, Commerzbank, Wells Fargo, Construction Bank of China, Intesa SanPaola, the Agricultural Bank of Russia, and the Agricultural Bank of China to allow customers to make international money transfers. Continuing to hold the lead position within the banking industry; the bank appears as the only bank of Mongolia who established representative offices in both Beijing and London.

The Bank became a member of MasterCard Worldwide in 1999 and issued the first charge and credit cards in Mongolia shortly thereafter. In 2000, Golomt Bank became the first fully-fledged Mongolian member of Visa International and commenced issuance of Visa cards. As the pioneer in card settlement services in Mongolia, Golomt Bank continues to lead the card sector. Golomt bank's card transaction volume constitutes 60 percent of the total card settlements of the Mongolian system. They continue that pioneering role with the recent introduction of high security EMV chip cards, photo-cards and Pay Pass cards. Retail banking represents 18 percent of total assets while contributing 38 percent when measured in terms of gross revenue. So far, the bank has established

54 branches nationwide and representative offices in Beijing and London.

2. Literature

A bank is a financial institute for deposit taking and loan-making activities, and providing other financial services. Every action needs to communicate with customers to satisfy them and meet their need (Bossone, 2001; Rust, Lemon, & Zeithaml, 2004). Customer satisfaction largely depends upon the performance rate, product experience and trust between banks and customers (Harley, 1996; Lee & Chung, 2009). Previous studies have shown that the relationship between future and past purchase behaviors is highly influenced by customer relationship and its satisfaction (Richins, 1984; Haenlein, Kaplan & Beeser, 2007). Leeds (1992) stated that approximately 40 percent of customers switched their bank because of poor service, and nearly three-quarters choose a bank depending on teller courtesy. This shows that service quality and professional behaviors impact customer satisfaction. However, service quality and customer satisfaction have both been found to be instrumental but in themselves not sufficient to retain customers (Yang & Peterson, 2004; Farquhar & Panther, 2008).

Customer satisfaction

Many academics would certainly agree that customer satisfaction is a central construct in marketing research. Both practitioners and academics have accepted the premise that customer satisfaction results in customer behavior patterns that positively affect business income (Grewal, & Lehmann, 2004). In this context, the marketing literature consistently identifies customer satisfaction as a key antecedent to loyalty and repurchase (Drago, 2001). Overall, there is significant evidence in the marketing literature that customer satisfaction is an important driver of a bank's profitability. Studies demonstrate

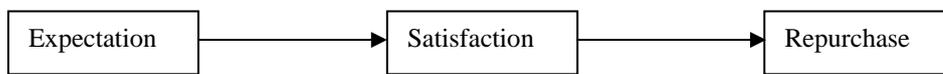
that customer satisfaction positively impacts on financial performance, such as return on investment and returns on assets (Luo, & Homburg, 2007).

Customer satisfaction is the difference between perceived performance and customer expectations (Johnson, Nader & Fornell, 1995; Mehta & Tambe, 1997). Lemon (2001) explained the mechanism of customer satisfaction with a number of distinct theories, such as expectancy-disconfirmation theory, contrast theory, assimilation or cognitive dissonance theory, equity theory, and value-percept

theory. Among them, the most widely accepted theory is the expectancy disconfirmation theory.

The most central finding in this context is that satisfaction increases customer loyalty and influences future repurchase intentions and behavior. Another mechanism through which satisfaction can enhance profitability is pricing. Studies conducted on customer behavior show that highly satisfied customers are willing to pay premium prices (Yang & Peterson, 2004). Figure 6 describes the behavioral chain of customer satisfaction.

Figure 6: Customer satisfaction trend



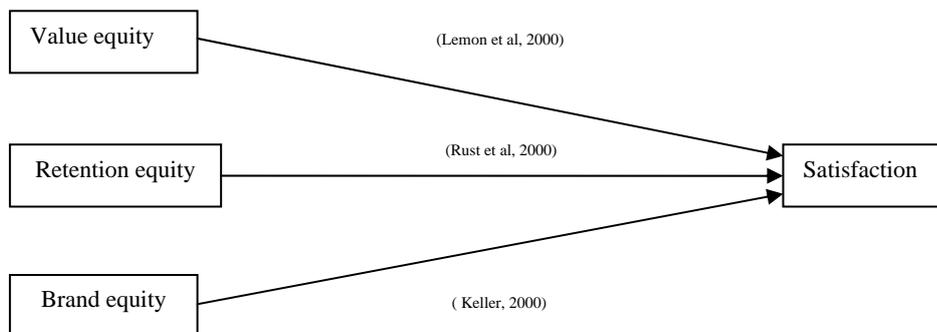
Rust, Zeithaml, and Lemon (2000) developed customer equity model. They argue that customer satisfaction is the key driver to customer equity. Otherwise, a consumer who is satisfied is ready to be a loyal customer to a firm, which researchers call customer “equity.” Customer satisfaction construct in this model is impacted by the following three drivers: value equity, retention equity, and brand equity (Figure 7).

Value equity

According to the researchers’ findings, value equity is the consumers’ objective assessment of the usage of a brand based on understanding of things given up for

what is received. Brand equity is more subjective and emotional. It has a tight connection with the intangible assessment of a brand, above and beyond its objectively perceived value (Luo et al, 2007). Value equity, the first driver of loyalty, can be understood as the perceived ratio between what is received and what has to be sacrificed. Value equity is consisted of the following three drivers: *quality, price, convenience*. Furthermore, researchers pointed out that value equity has an impact on a customer’s switching propensity, a measure similar to satisfaction and loyalty intentions (Lemon et al, 2000).

Figure 7: Customer satisfaction model



Brand equity

According to the literature (e.g., Keller, 2000), brand equity is the subjective estimation of a customer's choice. Brand equity is defined as a financial assessment of the extra value that a customer is willing to for a certain brand identity versus others. A strong brand can be an umbrella under which to launch new products, a resiliency to survive crisis situations, and protection from competitive attack periods of lack of corporate support or shifts in consumer tastes (Chang et al, 2006). Rust (2000) states that brand equity should ideally influence customer willingness staying, considering repurchases, or to recommend the brand. Brand equity consists of the following three drivers: *customer brand awareness, customer attitude toward the brand, and customer perception of brand ethics.*

Retention equity

According to Russel (2001), relationship equity is a customer's tendency to stick with the brand, above and beyond objective and subjective assessment of the brand. It resulted from the elements that link a customer to a brand or a company. If the perceived relationship equity is high, the consumers will be satisfied and it would lead to repurchase (Rust et al, 2004). If the perceived relationship equity is high, the consumers will feel well treated and handled with special care (Kristof et al, 2001). Relationship equity results from the following four drivers: *loyalty, special recognition and treatment programs, affinity/community programs, knowledge building programs.*

Cohen et al. (2006) argue that since the banking industry offers almost identical products and services at nearly same price, the most likely way to retain customers and improve profitability is adding value via a customer relationship and improving customer satisfaction. Yet the right banking products at the right prices were the most significant key drivers to overall customer satisfaction. This finding

suggests competition for market share is still highly charged and proving effective in giving consumers a variety of banking products at competitive prices. It also suggests customers are more educated about shopping around for products and pricing but will happily support a bank which gives them what they are looking for (Harley, 1996; Reinartz, and Kumar, 2003). The bank also needs to identify those customers who can value themselves and be able to maintain those relationships that generate the most profit (Reichheld & Aspinall, 1993-1994; Sharma, 2003; Farquhar & Panther, 2008).

3. Method and Data Analysis

Data collection

This paper aims to investigate customer satisfaction with the Golomt Bank by using survey techniques. Due to over 60 per cent of customers of Golomt Bank do transactions in the capital city - Ulaanbaatar, a total 500 questionnaires were distributed to ten randomly selected branches of the Golomt Bank in this city. 479 available questionnaires were collected from customers, who served at the various branches spread across the city. Data were collected from September of 2009 to April of 2010. The time interval of data collection was critical period for the Mongolian financial sector. Due to the world financial crisis some of commercial banks of Mongolia felt worse in liquidity management, one of them went even bankrupt. Thus, the time frame of data collection was important moment to assess the utility of financial products and services. The survey was conducted by the assistant employees of the bank.

As 49 percent of respondents were customers with deposit accounting, 68 percent chose the Golomt Bank as "reliable", 12 percent as "fast", 5 percent because of 24 hour service and the remaining 15 percent for other reasons. 46 percent of total respondents used the card services of Golomt Bank, of which 92

percent chose the Golomt Bank because their salary used a debit card issued by Golomt Bank and 8 percent said that the service is fast. Majority of respondents has been served by a bank from one to five years regular basis. However some

customers have been served by Golomt Bank more than five years that are loyal at bank in any case.

As described on Table 2, 45 percent of the total sample population was male and the 55 percent was female.

Table 1: Years served by Golomt Bank

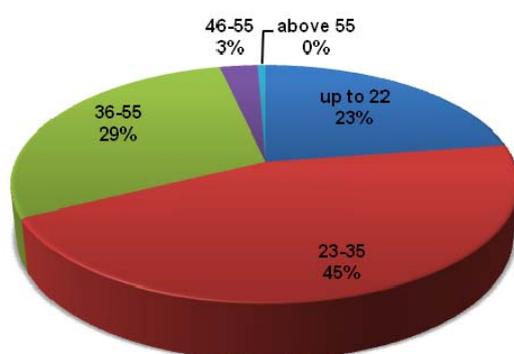
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1 years	140	29.2	29.4
	1-3 years	165	34.4	34.7
	3-5 years	109	22.8	22.9
	Above 5 years	62	12.9	13
	Total	476	99.4	100
Missing	System	3	0.6	
Total		479	100	

Table 2: Respondents' gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	214	44.7	44.8
	Female	264	55.1	55.2
	Total	478	99.8	100
Missing	System	1	0.2	
Total		479	100	

23 percent of respondents were up to 22 years old, the majority of 45 percent were 25-35 years old, 32 percent were 36-55 years old, and 0.6 percent were above 55 years old, which shown on Figure 8.

Figure 8: Age demography of respondents



Data analysis

The data were analyzed using Microsoft Excel and SPSS. The purpose of the study was to measure customer satisfaction index (CSI) of Golomt Bank by using the Key Performance Index (KPI) approach (Gronhold, Martensen and Kristensen, 2000; Kristensen, Juhl and Ostergaard, 2001). KPI is to indicate that customer satisfaction is exceeding, meeting, or failing to meet goals, which is used widely in banking system in Mongolia. If customer satisfaction exceeds a preset goal, calculated by counting the percentage of positive satisfaction ratings across the bank, the customer satisfaction KPI is displayed with a green traffic light icon. If customer satisfaction fails to meet minimum goals, the customer satisfaction KPI is displayed with a red traffic light icon. Otherwise, it is displayed with a yellow traffic light icon (Reh, 2010). The perception of KPI was measured by 8 main

factors of customer satisfaction (Table 3). The score at each factor (total eight factors) is shown in Tables 4 through 11. According to our study, the customer satisfaction index as KPI is 81.9 percent. The lowest score was taken on factor of

satisfaction from service conditions, fee and commission (74.2 percent). The highest score was given to satisfaction with employee greetings and communication as 85.1 percent.

Table 3: Golomt Bank’s customer satisfaction index: 81.9% (B)

No	Dimensions	General	Indicator	Number of questions	Receivable score	Average received score	%	KPI
1	Customer service quality	15%	100%	12	15.0	12.6	84.0%	12.6%
2	Assessment for customer service employees	15%	100%	7	15.0	12.8	85.1%	12.8%
3	Sufficiency and convenience of branch	10%	100%	4	15.0	12.7	84.8%	8.5%
4	Types of products and services	10%	Either bank has satisfactory service	2	15.0	12.8	85.4%	7.8%
			New product and service	2	15.0	12.2	81.5%	
			Promotions for customers	1	15.0	9.4	62.4%	
5	Satisfaction from service conditions and interest fee or commissions	10%	Satisfaction from interest of deposits	4	15.0	11.7	78.1%	6.8%
			Satisfaction from interest rate of loan	4	15.0	10.8	71.8%	
			Satisfaction from interest and other fees related to debit or credit card	4	15.0	12.0	79.9%	
			Satisfaction from fees of personal or organizational checking account	4	15.0	11.9	79.6%	
			Satisfaction from fee of domestic and international money transfer	4	15.0	11.2	74.8%	
			Satisfaction from mobile service	4	15.0	9.2	61.1%	
6	Challenges and difficulties, when served by a bank	10%	100%	11	15.0	12.5	83.3%	8.3%
7	Bank’s reputation and factors how chosen a bank	20%	100%	4	15.0	12.5	83.4%	16.7%
8	Technical service quality	10%	100%	5	15.0	12.6	84.2%	8.4%
Customer satisfaction index		100%		72				81.9%

Note: Growth of customer satisfaction index (10>7.5; 15>12.5; 20>17.5)

Decrease of customer satisfaction index (10<7.5; 15<12.5; 20<17.5)

The growth and decrease of customer satisfaction index compared based on previous researches of Golomt Bank.

Factor 1. Customer service quality

The KPI on customer service quality was 12.6 percent of 15 percent. From the total respondents, 55.5 percent responded that customer service employees always greet the customers, when they come in, 32.8 percent said that they sometimes have a greeting and 11.7 percent reported that employees never greet customers. Also 47.2 percent of total respondents evaluated customer service employees as very kind with positive attitude and 55.1 percent

stated that their service was fast. Regarding negative attitudes (chewing gum, loudly laughing, get angry and etc.) of employees, 66.8 percent of total employees said that they never have experienced such behavior before in any branch of the Golomt bank, but 30.7 percent said they encounter it and 2.5 percent claimed they always faced this experience. 74.7 percent never had complaint to the products and services offered by Golomt bank, 21.3 percent had

complaint and solved the issues on time; unfortunately 4 percent of respondents had complaint and have not yet solved the issue. The unsolved complaints first, mostly on operation of ATM that stuck when reading a card, sometimes broke; second, during weekends a bank does not transfer income to the card or an checking

account, usually transferred within weekdays; third security officers and employees had bad communication skills; and last, when a lot of money was withdrawn from an account, the security officer never guarded the customer. The scores are shown on Table 4.

Table 4: Factor 1. Customer service quality

No.	Items	Score	Percent
1	Greeting of customer service employee	12.2	81.3
2	Friendly and warm service by customer service employee	12.1	80.8
3	Fast and quick service	12.4	82.7
4	Service ethic (unethical conversation, gum, loudly laughing, get angry)	13.2	88.1
5	Uniforms and image of customer service employees	13.7	91.6
6	Inquiry and advice from customers and feedback to customers	12.2	81.3
7	Solution of customer complaints and claims	13.5	90.3
8	Operating load for last three months	13.2	88.0
9	Speed of loan disbursement	12.4	82.7
10	Time management of service employee and working mood during working hours	12.8	85.5
11	Difficulties to apply for loan or to receive other services	12.3	81.8
12	Confidentiality and reliability of software or IT	11.0	73.2
13	Damage, maintenance and reliability of ATM	12.6	84.2

Factor 2. Assessment for customer service employees

The assessment for customer service employees KPI was 12.8 percent from 15 percent. The customer service employees

having bad communication with customers as 80.8 percent, but the 91.6 percent of respondents emphasized that image and uniforms of employees are very good.

Table 5: Factor 2. Assessment for customer service employees

No.	Items	Score	Percent
1	Friendly welcoming of customers	12.2	81.3
2	Friendly warm service environment	12.1	80.8
3	Speed of service	12.4	82.7
4	Service ethic (unethical conversation, gum, loudly laughing, get angry)	13.2	88.1
5	Uniforms and image of customer service employees	13.7	91.6
6	Inquiry and advice from customers and feedback to a customer	12.2	81.3
7	Complaints and claims by customers, its solution	13.5	90.3

Factor 3. Sufficiency and convenience of branch

The KPI on sufficiency and convenience of the branch was 8.5 percent out of a maximum possible ten percent. 50.1 percent of total customers evaluated the branches is sufficient, 41.1 percent says that sometimes they were looking for branches to make a transaction, but 8.8 percent says that insufficient of branches.

54.3 percent of total respondents say that they never experienced any operation load at the branches within last three months, 36.7 percent experience occasionally and nine percent had working load all the time. Especially work load get higher during holidays, end of month, during graduation of students or in a period of paying salary (mid and end of the month). Another sub-factor is interior design of branches: 70.6

percent of respondents said that the branches have well designed and organized, 25.4 percent felt that design is average, and 4 percent complained of bad interior design. Most respondents felt convenient to be served by Golomt Bank, as were 63.2 percent, 33 percent responded sometime have convenient, but sometimes

felt inconvenience. The remaining 3.8 percent said the branches of Golomt Bank were inconvenient. The reason of inconvenience is shortage of waiting chairs; while waiting, it is unavailable to read newspapers or magazines and no bag shelves in front of cashier. The score described at Table 6.

Table 6: Factor 3. Sufficiency and convenience of branch

No.	Items	Score	Percent
1	Operating load for last three months	12.1	80.4
2	Interior design of branches	12.6	84.2
3	Clean and convenience of branches	13.3	88.5
4	Sufficiency of branches	12.9	85.9

Factor 4. Types of products and services

KPI on types of products and service is 7.8 percent from 10. If separate by each sub-factor, then 72 percent of respondents can easily served by required products and services, which is meets their needs. However left respondents emphasized that small and medium business owners were facing some difficulties on application for loan, because of collateral and loan history. Regarding launch of new products

and services, 27 percent of total respondents evaluated that bank is innovative to launch a new loan product, and 67.9 percent say that average comparing to other banks. Regarding promotional activities by Golomt Bank, 41.5 percent of respondents say that never had extra promotional products; thus, they specified that it would give an advantage if having promotions for regular customers. The score separated at Table 7.

Table 7: Factor 4. Types of products and services

No.	Items	Score	Percent
1	Speed of service	12.4	82.7
2	Products and service either meet customer needs or not	13.2	88.1
3	Launch of new products and service	13.4	89.1
4	Promotions for products and services	11.1	74.0
5	Launch of modern new technology into the operation and service	9.4	62.4

Factor 5. Satisfaction from service conditions and interest fee or commissions

KPI on this factor was 6.8 percent from 10 percent. 52.4 percent of total respondents have a saving account in Golomt bank as 55.2 percent of it like the interest rate, 33.6 percent does not have clear information, and left 11.2 percent does not like the interest of the saving account. The 15.8 percent of total customers like the rate, terms and conditions of a saving account, but 11.4 percent of total customers do not have any

information about rate and other conditions; unfortunately 72.8 percent of total customers do not like rate, terms and conditions of saving account.

36.9 percent of total respondents have loan from Golomt Bank, as 10.2 percent of them do not like the interest rate and loan conditions which is high interest; 60.8 percent said the rate is average and 29 percent likes the rate and conditions of loan.

According to the questionnaire, the types of credit or debit card had the highest score as 13.8, annual fee score as

12, and other fees scored 12.2. Moreover, respondents, who do not use any card issued by Golomt Bank, gave higher score on card services as 10.1 or 67.5 percent.

44.2 percent of total respondents have checking account at Golomt Bank as 59.9 percent of them like fees and other services related to checking account of a bank.

33.8 percent of respondents utilize international money transfer service of Golomt Bank as 69.1 percent of them satisfied with the services provided by Golomt Bank.

28.4 percent of total customers use mobile banking service; 66.9 percent of them evaluated that useful service and 50.8 percent did not experience any difficulties while using the mobile banking service. But 71.6 percent of total customers do not use mobile banking service, 16.9 percent use other bank's mobile banking service, unfortunately, 44.1 percent of total customers do not have any information about mobile banking service. Fortunately, 10.6 percent selected that will use mobile banking service in the future. Each factor score described at Table 8.

Table 8: Factor 5. Satisfaction from service conditions and interest fee or commissions

No.	Items	Score	Percent
1	Loan interest rate	10.9	72.9
2	Loan conditions	10.9	72.8
3	Speed of loan application processing	11.0	73.2
4	Customer satisfaction on interest rate and fees, who does not have loan	10.3	68.5
5	Deposit rate	12.2	81.3
6	Terms of saving account and selection of terms	12.6	84.3
7	Currency types at saving account	11.8	78.5
8	Customer satisfaction on interest rate and fees, who does not have saving account	10.2	68.1
9	Credit and debit card types	13.6	91.0
10	Entrance fee of a card	12.2	81.3
11	Annual fee for a card	12.0	79.8
12	Customer satisfaction on fees, who does not have debit or credit card	10.1	67.5
13	Checking account rate and conditions	12.7	84.9
14	Difficulties, when having withdrawal from checking account	12.5	83.2
15	Utilization of online service on checking account or money transfer	12.4	82.8
16	Customer satisfaction, who does not have checking account	10.1	67.7
17	Customer satisfaction on international money transfer	13.3	88.9
18	Fees on international money transfer	11.0	73.7
19	Difficulties to fill up forms for international transfer	12.6	84.0
20	Customer satisfaction, who does not use international money transfer	7.9	52.6
21	Mobile banking service	5.0	33.5
22	Fees on mobile banking service	11.6	77.3
23	Difficulties for utilization of mobile banking service	12.4	82.6
24	Customer satisfaction, who does not use mobile banking service	7.7	51.1

Factor 6. The challenges and difficulties, when served by a bank

KPI of this factor was 8.3 percent from 10. The difficulties in fronts when served by a bank are shown on Table 9. Most difficulties arisen when having withdrawal from the checking account as 90.7 percent.

Also, within the last three months customers had work load in branches of which the score was 13.2 or 88 percent. However, loan processing speed is quite higher and received a low score on difficulties when applying for loan or receiving other related services.

Table 9: Factor 6. The challenges and difficulties, when served by a bank

No.	Items	Score	Percent
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1	Work load within past three years	13.2	88.0
2	Speed for loan processing	12.4	82.7
3	Difficulties, when having withdrawal from checking account	13.6	90.7
4	Difficulties to fill up forms for international transfer	12.8	85.5
5	Difficulties for utilization of mobile banking service	12.3	81.8
6	Time management of employees and their mood at work place	12.1	80.4
7	Difficulties when applying for loan or receiving other services	11.0	73.2
8	Sufficiency of branches	12.5	83.2
9	Confidentiality and reliability of software and IT system	12.6	84.0
10	Damage, maintenance and reliability of ATMs	12.4	82.6
11	Utilization of ATM	12.6	84.2

Factor 7. Bank's reputation and factors why and how a customer choose a bank

KPI on bank's reputation and the reason selecting a Golomt Bank was 16.7 percent from 20 percent. 40.7 percent of respondents have sufficient information about reputation and share at the market, 43 percent answered having particular information and 16.4 percent complained of lack of information. However 88.6 percent believe Golomt Bank's operation, 10.5 percent hesitate sometimes and 0.8 percent does not believe. The main measurement of this factor was 4 questions as total score was 14.4 or 95.9 percent. Customers trust is higher than other

factors, which is very useful to maintain customer satisfaction in the future.

32.6 percent answered that the Golomt Bank has advantages compared to other banks, 64.4 percent similar to other banks with their products, services and rates and 3 percent found that is in a lower level comparing to other banks. Respondents choose KHAAN Bank, Khas bank and Trade and Development bank, except Golomt Bank. Only 0.4 percent of total respondents are solely served by Golomt Bank, which is very low level. Most respondents have account in KHAAN Bank. Each factor is shown on Table 10.

Table 10: Factor 7. The bank's reputation and factors why and how a customer choose a bank

No	Items	Score	Percent
1	Confidence to Golomt Bank	14.4	95.9
2	Reputation of Golomt Bank	12.9	86.2
3	Sufficiency of information about Golomt Bank	11.2	74.8
4	Comparative evaluation of Golomt Bank with other commercial banks	11.5	76.6

Factor 8. Technical service quality

KPI of technical service quality was 8.4 percent from 10 percent. Main complaint

was insufficiency of ATM, which was claimed by 19.6 percent of respondents. Sub factors described at Table 11.

Table 11: Factor 8. Technical service quality

No	Items	Score	Percent
1	Confidentiality and reliability of software	13.2	88.0
2	Damage, maintenance and reliability of ATMs	12.4	82.7
3	Launch of modern new technology at banking service and operation	13.4	89.1
4	Easy understandable and easy utilization of ATMs	13.6	90.7
5	Sufficiency of ATMs	10.5	70.3

4. Results and Conclusion

This study assessed customer satisfaction on financial products and

services of the Golomt Bank. The importance of this study is that it was conducted during the world financial crisis period. The participants had been clients of the bank for more than a year. The results of this study show that customer satisfaction of the bank is moderate, but customers seem to be quite satisfied from the provided services and products. The customers choose Golomt Bank because they trust the financial products and services as reliable. Results show that 99.6 percent of total customers of Golomt Bank are customers who switched into Golomt Bank from other banks; meanwhile they were still also served by other banks. 0.4 percent of customers have been loyal to the Golomt Bank. Why did those customers of other banks choose Golomt Bank? First, it has branches in every province even to remote areas of Mongolia, and owns a sufficient number of ATMs. Thus, the bank has been trying to establish customer value. Second, bank has high customer awareness on credit and debit card activities. Finally, the bank has strong customer relationship management on loan disbursement issue to small and medium businesses. The level of performance provided by the product or service was the primary determinant of customer satisfaction. Therefore, customers of other big banks switch easily to the Golomt Bank. Thus, the authors conclude that Golomt Bank works hard in developing value equity for customers. From another side, the global economic recession did not severely impact the financial industry of Mongolia.

There are negative points of the bank's performance: customer waiting time is longer compared to other banks and service employees display as negative attitude with low communication skills. Especially during lunch time, no tellers or customer service officers at the counter, causing a negative effect on customer satisfaction. The bank has to better understand client's needs and respond quickly and strategically to market its

products and services in customer centric ways. Another negative point was that the interest rate scored 74.2 percent, which shows customers do not have sufficient information about Golomt Bank's product and services and weak understanding on rates, terms and conditions. Products and services offered by the bank have been increased of late in which relation to the fifteenth anniversary of the bank. During the anniversary, the bank released several advertisements through the media to reach to customers, and completed a number of promotional activities. Unfortunately, other time, the bank stopped promotional activities, and decreased advertisement. We conclude that retention equity for the bank was not strong enough.

Another positive thing is that customers found Golomt Bank to be reputable and a leading bank within commercial banks of Mongolia. Therefore, brand equity is well established. According to the results, the bank appears to have the capability to attract customer to their products and services, and furthermore customer satisfaction is predicted to be higher. Beyond competition, we strongly suggest that the bank pay attention on the customer retention side, which appears crucial construct to customer satisfaction.

In this way, productivity may be improved and efficiently measured. The key drivers to increasing the market share of the bank are to familiarize the consumers with processes and to enhance customer retention by maintaining relevant policy. Focusing on the customer side is more effective than a rather product-centric approach. This study demonstrates that a customer is a critical factor to future strategic development in order to encourage competition, enhance customer relationship, strength business appreciation and driven to result orientation. It should be noted that customer satisfaction is a dynamic parameter of the business environment. Changes in the current market can affect customers' preferences

and expectations. Especially, prospective customers are price-sensitive, and have different expectations from existing customers. Thus, the Golomt Bank should concentrate on retaining both prospective and existing customers to develop loyalty by increasing customer satisfaction index.

Limitations

This study has several limitations. First, given the strong business implication of the case organization, the present study uses a simple practical approach (KPI) to data analysis. Thus, further research should use a comprehensive business model, and higher level statistical approaches.

Second, since the Golomt Bank is a private entity, the bank did not want to disclose previous research data results, which made research analysis complicated in comparing data internationally as well between banks. Therefore, further studies should avoid using limited data, and attempt to generate comparative results.

Third, the present study measured the sufficiency and convenience over all branches, but there is no more detail comparison of the branches. Actually, each branch can be a responsibility center for cost and revenue. Consequently, further studies are encouraged not only to examine the facility and satisfaction issues of the branches but also compare the productivity and other issues across branches.

Fourth, one of the most important things for modern firms is innovation. In this study the construct was not measured.

Managerial Implications

According to the study, Golomt Bank was scored by several negative points on customer satisfaction. Thus in the future they may have to do similar research on a regular basis to become even more competitive in the market. This paper recommends several factors to the management and related department of the bank:

1) The bank needs to recruit and train people, who are customer oriented and approached;

2) Each branch director shall put an attention on communication skills of the employees that follow banking standardization and regulation;

3) Management needs to constantly monitor the motivation and morale of the bank's employees;

4) Management use time management for an employee and re-schedule the employment working hours;

5) It needs to expand information network that every citizen to be aware of the products and services of Golomt Bank;

6) Not only during anniversary, but in holidays or some other special days, the bank should have promotional activities to attract customers;

7) To expand branch networks to remote of the city and to country side;

8) Locate an ATM is in an efficient location that a customer able to easily reach and maintain the sustainable operation of ATM.

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