SERVICE QUALITY AND CUSTOMER SATISFACTION IN WESTERN UNION MONEY TRANSFER" (A COMPARATIVE STUDY BETWEEN PEOPLE'S BANK AND PRIVATE AGENTS IN JAFFNA TOWN)

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ABSTRACT

Customer satisfaction is the means to success of any organization. Service quality has a massive impact on customer satisfaction. This study analyzed "Service quality and Customer satisfaction in Western Union Money Transfer" (A Comparative study between People's Bank and Private agents in Jaffna town). The rationale of this study was to carry out empirical testing, to study the level of service quality and customer satisfaction in both the People's Bank and private agents and identifying the factors which influence the level of customer satisfaction. The sample comprised 80 customers, based on random sampling method. In this study, the relationship was tested through hypothesis testing using t-test and correlation and regression analysis. The decisive finding of this research was that there was a significant positive relationship between service quality and customer satisfaction in delivering Western Union money transfer services at both People's Banks and Private agencies.

Key words: Customer Satisfaction, Service quality, Western Union money transfer

INTRODUCTION

Western Union is a money transfer service, which is an industry leader with an eye toward providing fast and reliable money and messaging services, with a history of pioneering service of more than 150 years. Western Union continues today to help consumers and businesses transfer money or make payments. Consumers can quickly and easily transfer money to more than 260,000 Western Union Agent locations in over 200 countries and territories worldwide - the largest network of its kind. In the Jaffna District, People's Bank and private agents have entered into an agreement with MMBL money transfer. They offer Western Union Money Transfer services to add great value to their customers across the country, helping them receive money from abroad quickly, reliably and conveniently. According to the information obtained from Western Union money transfer, People's Bank as a state bank, is the best credible agent of Western Union money transfer in Jaffna district. Therefore this study mainly compares peoples' bank and other private agents, in relation to service quality and customer satisfaction in Western Union money transfer.

This study conceptualizes customer satisfaction based on the definition that customer satisfaction is the key to success. It is identified that these financial services which are meant for meeting the financial needs of customers, the services should be up the fullest satisfaction of the customers. "Satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance in relation to the person's expectations"(Philip kotler,1995). This study conceptualizes Quality based on the definition, "It is generally accepted that customer satisfaction often depends on the quality of product or service offering". Quality is about those characteristics and features of a product or service that affects the ability of the product to satisfy the needs and desires of customers. Service quality can be explained as customers' perception of how well a service meets or exceeds their expectations. Note that service quality is judged by customers, not by the quality from the customer's point of view. Financial institutions may view service quality as, having friendly and knowledgeable employees, speedy service and the amount of services provided to customers. Customer satisfaction can be considered as the essence of success in today's highly competitive world of business. Customer satisfaction is considered crucial for the financial

success of service companies as customer dissatisfaction leads to customers switching to competitors (reduced customer loyalty) and the risk of adverse comments being communicated to potential clients. The competitiveness among financial institutions is increasing intensively today. Therefore, the financial institutions have to deliver high quality services to achieve customer satisfaction which leads to better financial performance. Gatewood and Riordan (1997) equated satisfaction with meeting the customers' needs and expectations by delivering goods and services to the satisfaction of the customer.). Parasuraman et al. (1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy. Parasuraman et al. (1991a) argued that reliability was mainly concerned with the outcome of service whereas tangibles, responsiveness, assurance and empathy were concerned with the service delivery process.

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is an ambiguous concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. Customer satisfaction as a key performance indicator within business and is part of the four perspectives of a Balanced Scorecard and in a competitive marketplace where businesses compete for customers; customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

Therefore, based on the literature, there is much empirical evidence which explains the relationship between service quality and customers satisfaction especially in financial and banking sector. This study was conducted to compare the customer satisfaction in Western Union money transfer at People's Bank with private agents. The service quality dimensions identified from the literature were taken to the study.

Research question of this study was, **'Does the Service quality influence on Customer Satisfaction in Western Union money transfer of both People's bank and Private Agents?**

OBJECTIVES

The main purpose of this study was identifying the impact of service quality on customers' satisfaction in both People's Bank and Private agents. Sub objectives are,

- To identify, why the service quality and customer satisfaction differ from People's Bank to private agents
- To study the level of service quality and customer satisfaction at each organization.
- To identifying the factors influences the level of satisfaction.
- To recommend solutions to overcome the problems and to improve customer satisfaction in those organization.

CONCEPTUAL FRAMEWORK

Based on the literature, the following conceptual framework was developed. There is a variety of factors that potentially influence customer satisfaction level that can be found in the literature. In this study the selection of independent variables is based on the functions and services of Money transfer service point by either People's Bank or

Private Agents. Reliability, Customer & Employee Relationship and Speedy process were the independent variables which impact on the dependent variable Customer Satisfaction.
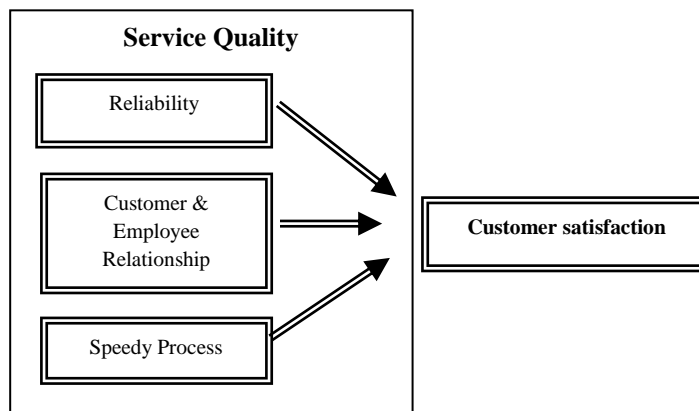

Figure 1: Conceptual Framework (Author developed)

From the literature review the following hypotheses are formulated for the study purpose.
H_1: There is a positive relationship between service quality and customer satisfaction.
H_2: There is a relationship between reliability and customer satisfaction.
H_3: There is a relationship between customers - employee's relationship and customer's satisfaction.
H_4: Speedy process also has relationship with customer satisfaction.

METHODOLOGY

This research will be an explanatory study. This emphasis here is on studying a situation or a problem in order to explain the relationship between variables. The sample of this study was composed of both customers of People's Bank and Private Agents. Sample size includes 80 respondents who were selected based on the random sampling. Data collected through questionnaire method.

The sample adequacy tested with KMO and Bartlett's test of sphericity, with the value of 0.69 and the normality tests produced the results which confirm the suitability to parametric statistical analysis.

Correlation analysis is used to find out the relationship among the variables and their strength. The scatter diagram is a diagram used to predict the relationship between independent variables and dependent variable by plotting the data on the graph area. Regression analysis describes to predict or estimate the impact of independent variable on dependent variable. Simple regression is used to find out the relationship between customer satisfaction and Service Quality which begins with a set of data values and determines a "best fit" equation of the firm. T-test was used to identify the significant difference. Significance difference for the customer satisfaction in both sector were tested by this statistical tool. Both correlation analysis and T-test analysis were used to test the hypothesis in different ways. It provides for a more rigorous analysis. Statistical package for social sciences (SPSS.16.0) was used.

RESULTS AND DISCUSSION

Hypothesis Testing

H_1: There is a positive relationship between Service quality and customer satisfaction.

Table 1: Correlation relationship between Service Quality and Customer satisfaction in People's Bank

Correlations

		TSQ	TCS
TSQ	Pearson Correlation	1	.520**
	Sig. (2-tailed)		.000
	N	45	45
TCS	Pearson Correlation	.520**	1
	Sig. (2-tailed)	.000	
	N	45	45

**. Correlation is significant at the 0.01 level

The above table shows the r value of 0.520 which is significant. It indicates that there is a Moderate Positive relationship between Service Quality of People's Bank and Customer satisfaction in getting the Western Union money transfer services.

Table 2: Correlation analysis between Service Quality and Customer satisfaction in Private agents

Correlations

		TSQ	TCS
TSQ	Pearson Correlation	1	.611**
	Sig. (2-tailed)		.000
	N	35	35
TCS	Pearson Correlation	.611**	1
	Sig. (2-tailed)	.000	
	N	35	35

**. Correlation is significant at the 0.01 level

Above table show the r value of 0.611 which is significant. It indicates that there is Positive relationship between Service Quality in private agents and Customer satisfaction in obtaining the Western Union money transfer services.

Table 3: Correlation analysis between Service Quality and Customer satisfaction

Correlations

		TSQ	TCS
TSQ	Pearson Correlation	1	.556**
	Sig. (2-tailed)		.000
	N	80	80
TCS	Pearson Correlation	.556**	1
	Sig. (2-tailed)	.000	
	N	80	80

**. Correlation is significant at the 0.01 level

Above table show the r value of 0.556 which is significant. It indicates that there is a Moderate Positive relationship between Service Quality and Customer satisfaction in People's Bank and private agents.

Table 4: Regression analysis between Service Quality and Customer satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.556[a]	.309	.300	1.26427

a. Predictors: (Constant), TSQ

According to the regression analysis, 30% of customer satisfaction is influenced by service quality.

Scatter diagram for analysis between Service Quality and Customer Satisfaction.
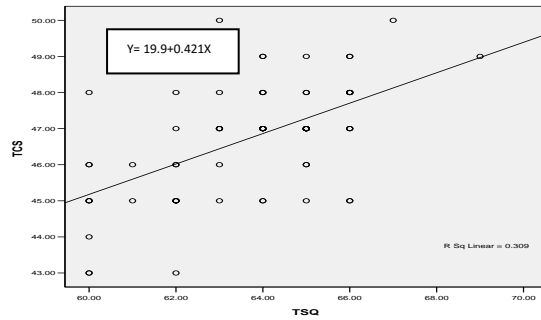
Figure 2: scatter diagram

Above scatter plot can be explained with the help of the equation y=- 19.9 + 0.421X. It explained even though customer satisfaction is zero, Service quality will always be 19.9. It explained that the other factors influence on customer satisfaction. When the service quality increases by one, customer satisfaction will be increased by 0.421.

Comparison between service quality and customer satisfaction in both sectors

Table 5: Comparison between Service Quality and Customer satisfaction in both sectors.

	Correlation (r)	Regression (r^2)
People's Bank	.520	.271
Private Agents	.611	.373

People's Bank have positive relationship between service quality and customer satisfaction(r=0.520).when comparing private agents have high positive relationship between service quality and customer satisfaction (r=0.611) than People's Bank services.

According to the regression analysis, private agents' service quality influences on customer satisfaction greater than People's Bank. In people's bank 27% of customer satisfaction is explained by service quality. In Private agencies 37% of customer satisfaction is influenced by service quality.

H_2: There is a relationship between reliability and customer satisfaction.

Table 6: T-test for Reliability and Customer satisfaction in People's Bank

	N	Mean	S.D	t-value	Sig.
Reliability	45	16.37	1.33	82.21	.000
Customer satisfaction	45	46.53	1.39	224.32	.000

The above table shows, Reliability t- value 82.21, customer satisfaction t-value 224.32. Sig. value is less than 0.05. So, it can be said that there is significant differences between total Reliability and Customer satisfaction in People's Bank services.

Table 7: T-test for Reliability and Customer satisfaction in private agents

	N	Mean	S.D	t-value	Sig.
Reliability	45	17.66	1.62	64.246	.000
Customer satisfaction	45	47.06	1.62	171.22	.000

The above table shows that Reliability t- value 64.246, Customer satisfaction t-value 171.22, sig. value is less than 0.05. Hence, it can be said that there is significant differences between

Reliability and Customer satisfaction in Private agencies. Thus, the hypothesis can be accepted.

H₃: There is a relationship between customers - employee's relationship and customer's satisfaction

Table 8: T-test for Customer employee Relationship and Customer satisfaction in People's Bank services

	N	Mean	S.D	t-value	Sig.
Customer employee Relationship	45	21.11	1.33	111.92	.000
Customer satisfaction	45	46.53	1.39	224.32	.000

According to the above table, Customer employee Relationship at t- value 111.92 customer satisfaction t-values 224.32, sig. value is less than 0.05. So, it can be said that there is significant differences between Customer employee Relationship and Customer satisfaction in People's Bank services

Table 9: T-test for Customer employee Relationship and Customer satisfaction in private agents

	N	Mean	S.D	t-value	Sig.
Customer employee Relationship	35	22.28	1.87	70.43	.000
Customer satisfaction	35	47.06	1.62	171.22	.000

The above table illustrates, Customer employee Relationship at t- value 70.43, customer satisfaction t-value 171.22, sig. value is less than 0.05. So, it can be said that there is significant differences between Customer employee Relationship and Customer satisfaction in Private agencies.

H₄: Speedy process also has relationship with customer satisfaction

Table: 10 T-test for speedy process and Customer satisfaction in People's Bank

	N	Mean	S.D	t-value	Sig.
Speedy process	45	21.20	1.33	102.199	.000
Customer satisfaction	45	46.53	1.39	224.32	.000

The above table shows that speedy process at t- value 102.199, customer satisfaction t-value 224.32, sig. value is less than 0.05. So, it can be said that there is significant differences between speedy process and Customer satisfaction in People's Bank services.

Table : 11 T-test for speedy process and Customer satisfaction in private agents

	N	Mean	S.D	t value	Sig.
Speedy process	35	21.91	1.70	76.07	.000
Customer satisfaction	35	47.05	1.62	171.22	.000

The above study shows that speedy process at t- value 76.07, customer satisfaction t-value 171.22, sig. value is less than 0.05. Therefore, it can be said that there is significant differences between speedy process and Customer satisfaction in Private agencies.

On the basis of analysis, researcher tested the hypotheses as follows.

Table : 12 Hypotheses testing

Serial No	Hypothesis	Tools	Results
H₁	There is a positive relationship between Service quality and customer satisfaction	Correlation& Regression	Accepted
H₂	There is a relationship between reliability and customer satisfaction.	T-test	Accepted
H₃	There is a relationship between customers - employee's relationship and customer's satisfaction.	T-test	Accepted
H₄	Speedy process also has relationship with customer satisfaction	T-test	Accepted

CONCLUSIONS AND RECOMMENDATIONS

According to the data analysis, relationship between customer satisfaction positively related with service quality (r=0.556 in People's Bank, r=0.611in Private agencies).When comparing People's Bank and private agents, the relationship between customer satisfaction and service quality is higher in private agents (r=0.611). According to the regression value (r^2=0.309) between customer satisfaction and service quality, 31% of the impact on the service quality is attributed by the customer satisfaction. The regression linear model predicts the function with the constant value. Finally, the results supported the H_1, it explained there is a positive relationship between Service quality and customer satisfaction.

The t-value with the reliability and customer satisfaction predicted significant relationship between the independent and dependent variables. Employees' relations and speedy process also have a significant impact on customer satisfaction. According to the t- test, the values produced the conclusion on relationship between independent and dependent variables. Thus, the following, H_2, H_3, H_4 were accepted. It means, there is a relationship between reliability and customer satisfaction. There is a relationship between customers - employee's relationship and customer's satisfaction. Speedy process also significantly related with customer satisfaction.

This research study concluded that there is a positive relationship between customer satisfaction and service quality in Western Union money transfer. It was found Reliability, customer employee relationship and speedy processes have impact on the customer satisfaction in both services at people's banks and private agencies. The money transfer services obtained in people's bank branches have become important, because of credibility established with the People's bank as a state bank.

To improve the level of customers' satisfaction, the following recommendations are suggested below for both public and private agencies.

- The waiting time of customers should be reduced.
- The People's Bank and Private agents have to act quickly to respond customer's requests and reform its services to fulfill the needs of the customers.
- They can improve the online services and create awareness about online access among regular customers.
- The services can be extended over the many service points particularly in People's Bank branches.
- The state banks can focus the element Credibility of services among their customers to increase the customers' accessibility towards banks.

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