

# THE INFLUENCE OF SERVICE QUALITY AND CUSTOMER SATISFACTION ON DIGITAL FINANCIAL DECISION OF KRUNG THAI BANK IN SAKON NAKHON PROVINCE, THAILAND

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## ABSTRACT

Excellent customer service providing is very important to the firm success, especially for financial institutions, which are service-based businesses. The above-average service quality to the bank's customer affects customer satisfaction and the choice of bank. Most financial institutions in Thailand have realized the rapid world changing of technology and develop digital system to support financial executions. Digital finance of Krung Thai Bank has launched to promote financial transactions online and through application. This research study was designed to investigate the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. This research study was a quantitative research method. The population of this research was Krung Thai Bank's customers with the samples of 400 respondents determined by using simple random sampling based on Taro Yamane formula. Data were collected through 5-point Likert scale questionnaire surveys. Cronbach's alpha coefficient of service quality, customer satisfaction and digital financial decision were 0.945, 0.950, and 0.949. Data were analyzed by descriptive statistics and inferential statistics including the Pearson Product-Moment Correlation and Multiple Regression Analysis.

The results of the research study indicated that customers' opinion on service quality, customer satisfaction, and digital financial decision were at the highest levels with mean scores of 4.30, 4.26, and 4.24, respectively. The research results from hypotheses testing found that service quality and customer satisfaction can predict digital financial decision up to 74.60% (Adjusted R-Square 0.746) at 0.05 significant levels. The service quality had statistically significant direct influenced on customer satisfaction with standardized coefficients ( $\beta$ ) of 0.849. The customer satisfaction had statistically significant direct influenced on digital financial decision with standardized coefficients ( $\beta$ ) of 0.843. The service quality had a statistically significant direct influenced on digital financial decision with standardized coefficients ( $\beta$ ) of 0.816. In conclusion, service quality and customer satisfaction had significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand suggesting financial institutions should concentrate on providing excellent service quality in order to increase customer satisfaction and enhance digital financial decision.

**Keywords** – Service Quality, Customer Satisfaction, Digital Financial Decision

## INTRODUCTION

### **Background**

Financial institutions concentrate on quality of banking service as this factor is one of the critical key successes in digitalized era. As bank customer become more technology literate, new banking service providing to targeted customers can deliver more choice and enhance customer satisfaction. The ability of the bank in responding to a customer's satisfaction is necessary to build customer decision in making transaction with the bank. Most financial institutions need to assure that their service providing is compatible with the demands of the 21<sup>st</sup> century customer. Consequently, Thai banks develop new technology to provide customers service with assurance, trustworthiness, and responsiveness. In order to increase customer satisfaction, financial institutions including Krung Thai Bank in Sakon Nakhon Province, Thailand are launched many campaign to promote satisfaction such as transaction convenience and quality of care, which can drive customer decision on using

digital finance. Although the influence of service quality and customer satisfaction on financial decision is well explored, a context of digital financial decision that explains new financial technology service remains unclear. The importance of the above reasons is the cause of the research.

The objectives of this research study are as follows. (1) To investigate the levels of service quality, customer satisfaction, and digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand (2) To explore the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. (3) To apply the results of the research study as guidelines in determining the strategies for providing excellent service quality for financial institutions in the Thailand. The paper begins with a review of the concepts related to service quality and customer satisfaction affecting on digital financial decision in order to conceptualize the framework and state the hypotheses. Next, the research methodology, analysis of data and findings are described. Finally, conclusion and discussion of the research results as well as managerial implications and suggestions for future research are presented.

## LITERATURE REVIEW

### *Service Quality*

Excellent service quality is critically important in providing a competitive advantage to the firm, especially for service-based firm like financial institution, as it is effect on key factor such as customer satisfaction stated by Amin, M. *et al.* [1] and customer value perceptions by Wu,H.C. [2]. Academician, Zeithaml, V.A. *et al.* [3], stated that the quality of service is the concept and practice in the assessment of customers by making comparisons between service expecting to service providing, which is a real perception from service providers. Truly stated that if the service provider give a consistent service to meet the needs of the customer; or the service delivery builds a higher level of pleasure, it will make customer great satisfaction with the service received. Parasuraman, A. *et al.*[4]defined service quality as the perception of the customer after the act of purchasing or the expectation achieving. While another researcher, Gronroos, C. [5] studying on service quality is focuses on a comparison between customer expectations of the current service and their experience of the service delivery they have received before. This model is named “total perceived service quality”. It can be seen that many researchers emphasize the service quality based on what customer is really looking for and what they actually receive. Thus, service quality is one of the most significant factors to promote customer satisfaction and decision making, especially for the new service providing with digital financial technology. Several instruments from various researches have been developed to measure and explain service quality dimensions. Service quality model (SERVQUAL) developed byZeithaml, V.A. *et al.*[3]is the most commonly used instrument which links the customer perception of service quality receiving to the customer expectations stated in many researches such as Ali, J.F. and Amin, M. [6] and Ali, J.F. *et al.*[7]. The conceptual framework of this research study was applied service quality model (SERVQUAL) based on Zeithaml, V.A. *et al.*[3] which including five dimensions; trustworthiness, responsiveness, assurance, empathy, and tangibility. In addition, various research studies such as Caruana, A. &Mosahab, R. *et al.* [8] have empirically explored the relationships among service quality, customer satisfaction and customer decision making; consequently, this research study aimed to investigate such relationships.

### *Customer Satisfaction*

Various research studies have defined the meanings of customer satisfaction and documented in the literature reviews based on the concepts of customer experience of service quality, customer expectations, and customer perceived value together with the measurement of service delivery developed by Ali, J.F. and Amin, M., [6]. Kotler, P. [9] stated that satisfaction is a person's sense of happiness as a result of a comparison of the product or service performance and the expectations. In addition, Hill, N. and Alexander, J. [10] defined customer satisfaction as a performance measurement of product or service providing to customers in correspondence with the needs and requirements of such customers. Customer satisfaction is also described as the capability of firm to accomplish the emotional, business and psychological needs of the targeted customers stated by Pairot, R. [11]. Furthermore, the level of customer satisfaction is the difference between the service receiving and the visible

expectations identified by recognition of customers on the service performance and the service demand. If the service receiving is lower than expecting, it will result in the person dissatisfaction. However, if the level of the service meets the expectations, the person will satisfy with such service and effect on the decision making leading to being a repeat customer as stated by Kotler, P. [9]. Customer satisfaction and expectation are dynamic measurement which changes over time. The conceptual framework of this research study was applied the dimensions of customer satisfaction developed by Aday, L.N. and Andersen, R. [12] as well as the researcher's own context on digital financial service in which specified the basic theory of four categories related to the satisfaction of the customers as follows; convenience, coordination, information, and service cost. Satisfied customers on service quality are more intended to be good relationship with the firm, in which producing several benefits for business specified by Chang, H.H. and Wang, H.W. [13]; Jamal, A. and Anastasiadou, J. [14]. High customer satisfaction brings about various advantages that support profitable businesses, including sustained revenues, increased long-term customer retention, improved corporate image and enhanced decision making stated by Ahearne, M. *et al.*, [15]. As many previous research studies revealed that there were the relationships among service quality, customer satisfaction, and decision making on banking service developed by Emre, S.D. [16] and Subrahmanyam, A. and Raja, S.B. [17]; consequently, this study aimed to investigate such relationships.

### ***Digital Financial Decision***

Customer decision making on buying new product or adopting new service is a significant concept in the study of customer behavior. Wu, W.W. [18] defined customer decision making as the process of goal setting, possible alternatives collecting, alternatives evaluating, and optimal alternatives selecting. Customer in digital banking service intended to consider cost saving and time saving as well as the satisfaction with the digital channel in order to make decision on digital financial service. There are three main conceptualizations of customer decision by Bowen, J. and Chen, S. [19]; a behavioral perspective, attitude perspective, and composite construct combining both a behavioral and attitudinal dimension. The conceptual model of this research was applied digital financial decision making, in which characterized by two components; attitude aspect and behavioral aspect. As many researchers investigated a model for the relationship of service quality, customer satisfaction and digital financial decision and found strong relationships among such variables such as Mosahab, R. *et al.* [20]; more investigation in financial institutions in Thailand should be further explored. To conclude, from the literature reviews cited above, it can be seen that there are some relationships among these three variables to further investigate and conceptualize in the conceptual model with hypotheses development.

### **CONCEPTUAL MODEL AND HYPOTHESES**

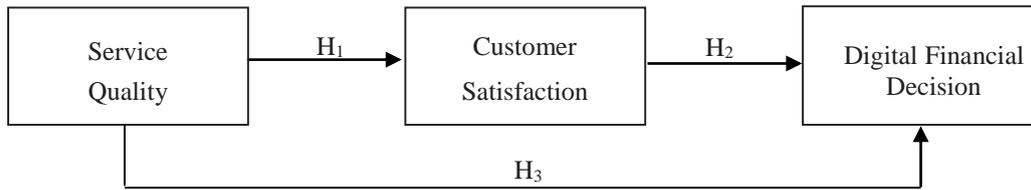
From the reviews of the literature, the conceptual model of this research study was presented in Figure 1. It describes the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. The conceptual model has been tested on the basis of the bodies of literature including service quality, customer satisfaction and digital financial decision, cited above, as well as the researcher's own context about the relationship among variables. Base on the reviews of the literature of the constructs with the conceptualization of the relationships among variables, the hypotheses suggested by the conceptual framework can be laid out as follows:

H1: Service quality had a significantly positive influenced on customer satisfaction of Krung Thai Bank in Sakon Nakhon Province, Thailand.

H2: Customer satisfaction had a significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand.

H3: Service quality had a significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand.

**Figure1**  
Research Conceptual Model



**Table 2**  
Description of the Respondents

n = 400

Demographic Information		Numbers of Respondents (NR)	Percentage of NR to Number of TR*
Gender	Male	139	34.80%
	Female	261	65.20 %
Age	Under 20 Years	20	5.00 %
	20-29 Years	179	44.80 %
	30-39 Years	128	32.00 %
	40-49 Years	44	11.00 %
	50 Years or Above	29	7.20 %
Marital Status	Single	233	58.30 %
	Married	161	40.20 %
	Divorce	6	1.50 %
Education	Primary School	7	1.70 %
	Secondary School	50	12.50 %
	Diploma	31	7.80 %
	Bachelor's Degree	268	67.00%
	Master Degree or Above	44	11.00 %
Career	Student	64	16.00 %
	Government / State Enterprise Officer	175	43.80 %
	Farmer	9	2.20 %
	Employee	116	29.00 %
	Owners / Traders	34	8.50 %
	Freelance	2	0.50 %
Monthly Income	5,000 Bath or Below	53	13.20%
	5,001–10,000 Bath	43	10.80%
	10,001–20,000 Bath	157	39.20%
	20,001–30,000 Bath	87	21.80%
	30,001–40,000 Bath	29	7.20%
	40,001 Bath or Above	31	7.80%

\*TR denotes total respondents.

For inferential statistics, the analysis of the correlation coefficient between the two independent variables was explored. Pearson's Product-Moment Correlation was used to determine the relationship of the independent variables. The objective was to find the magnitude of correlation among the variables and to test for Multicollinearity. Thus, correlation analysis between the independent variables was shown in

**Table 3**  
Correlation Analysis between Independent Variables

	SER	SAT	DEC
MEAN	4.30	4.26	4.24
S.D.	0.515	0.578	0.608
SER	1		
SAT	0.849**	1	
DEC	0.816**	0.843**	1

Correlation is significant at the 0.01 level

Table 3 showed the relationship between the independent variables that correlation coefficients (*r*) are exceed 0.800. As Hair *et al.* [22] described the relationship between the variables that must be less than 0.800 otherwise it may cause Multicollinearity. This research shown that the relationship between the independent variables with the highest value of 0.849, which was exceed0.800, accordingly the test for collinearity statistics of tolerance and VIF should be performed. The tolerance value was more than 0.200 and the VIF value was less than 10, thus multicollinearity problem was not found. Therefore, it can be tested by using Multiple Regression Analysis, a linear model, in order to investigate the influence of service quality and customer satisfaction on digital financial decision.

The research results from hypotheses testing on the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand were presented in Table4.

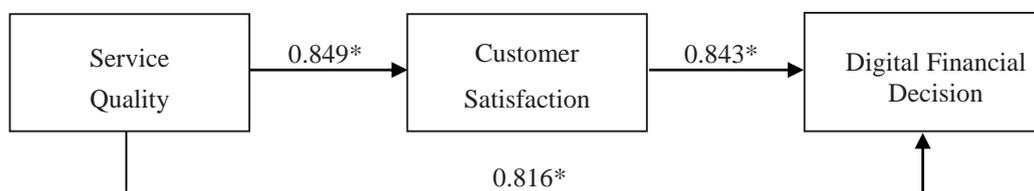
**Table 4**  
Research Results from Hypotheses Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Beta	Std. Error	Bet		
H <sub>1</sub> : SER→SAT	0.952	0.030	0.849	32.065	0.000***
H <sub>2</sub> : SAT→DEC	0.888	0.028	0.843	31.323	0.000***
H <sub>3</sub> : SER→DEC	0.963	0.034	0.816	28.180	0.000***
<b>Adjusted R2 = 74.60%</b>		<b>S.E.E = 0.306</b>		<b>F = 586.87</b>	

\*\*\*. Correlation is significant at the 0.000 level

In addition, the research results from hypotheses testing can be described in the following diagram as presented in Figure 2 and in the form of structural equations as presented below:

**Figure 2**  
Research Results



$$\text{SAT} = 0.849\text{SER} \dots\dots\dots (4)$$

(32.065)

$$\text{DEC} = 0.843\text{SAT} \dots\dots\dots (5)$$

(31.323)

$$\text{DEC} = 0.816\text{SER} \dots\dots\dots (6)$$

(28.180)

The hypotheses testing found that service quality and customer satisfaction can explain the variation of digital financial decision up to 74.60% (Adjusted R-Square 0.746) at 0.05 significant levels. The service quality had statistically significant direct influenced on customer satisfaction with standardized coefficients ( $\beta$ ) of 0.849. The customer satisfaction had statistically significant direct influenced on digital financial decision with standardized coefficients ( $\beta$ ) of 0.843. The service quality had a statistically significant direct influenced on digital financial decision with standardized coefficients ( $\beta$ ) of 0.816. The measurement factors of service quality and customer satisfaction should be further investigated to find the most impact. The symbols used to represent the predictors stated as follows:

SER1=Trustworthiness	SAT1=Convenience
SER2= Responsiveness	SAT2=Coordination
SER3= Assurance	SAT3 =Information
SER4= Empathy	SAT4 =Service Cost
SER5=Tangibility	SAT = Customer Satisfaction    DEC = Digital Financial Decision

The research results of measurement factors revealed the statistically sig positive influenced of assurance, empathy, and tangibility on customer satisfaction with standardized coefficients ( $\beta$ ) of 0.138, 0.336, and 0.382, respectively. Furthermore, convenience, coordination, information, and service cost had statistically significant positive influenced on digital financial decision with standardized coefficients ( $\beta$ ) of 0.192, 0.235, 0.163, and 0.347, respectively as presented in the forms of structural equations below:

$$SAT = 0.138SER3 + 0.336SER4 + 0.382SER5 \quad \dots\dots\dots (7)$$

(3.422)            (7.999)            (9.268)

$$DEC = 0.192SAT1 + 0.235SAT2 + 0.163SAT3 + 0.347SAT4 \quad \dots\dots\dots (8)$$

(4.438)            (4.882)            (3.459)            (7.115)

In conclusion, according to hypotheses testing, service quality and customer satisfaction had significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand suggesting financial institutions should concentrate on providing excellent service quality in order to increase customer satisfaction and enhance digital financial decision.

### CONCLUSIONS

This research study aimed to investigate the influence of service quality and customer satisfaction on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. The results revealed that service quality and customer satisfaction had significantly influenced on digital financial decision. Thus, the following suggestions from the research results can be applied as management guidelines for financial institutions in Thailand. Firstly, excellent service quality; especially for assurance, empathy, and tangibility, seems to be very critical success factor to raise customer satisfaction and keep targeted bank customer in the long run for financial institution in Thailand. To increase satisfaction for the bank customer, system security, customer care service, and system consistency should be strengthening. Secondly, all customer satisfaction dimensions; convenience, coordination, information, and service cost, can enhance digital financial decision of the bank customers in the long run. To conclude, service quality and customer satisfaction had significantly positive influenced on digital financial decision of Krung Thai Bank in Sakon Nakhon Province, Thailand. However, there are many other factors that can be expected to enhance digital financial decision such as new technology, corporate image, service environment, or customer motivation for further research.

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