



Factors determining the loyalty of customers using private banking services in the Czech Republic

Bachelor thesis

Study programme: B6208 – Economics and Management
Study branch: 6210R015 – Economics and Management of International Trade
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Zadání bakalářské práce

(projektu, uměleckého díla, uměleckého výkonu)

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Název práce: **Factors determining the loyalty of customers using private banking services in the Czech Republic**

Zásady pro vypracování:

1. Design of the main question, subquestions and goals of the dissertation.
2. Review of literature on factors determining customer loyalty.
3. Characteristic of the most suitable research method for this research.
4. Analysis of provided materials from Česká spořitelna, discussion.
5. Conclusions and recommendations for future research.

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Rozsah práce: 30 normostran
Forma zpracování: tištěná / elektronická
Datum zadání práce: 31. října 2017
Datum odevzdání práce: 31. srpna 2019



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Anotace

Tato bakalářská práce analyzuje faktory ovlivňující loajalitu klientů služby Erste Premier České spořitelny v České Republice, směr vzájemných vztahů a jejich sílu. Skrze Pearsonův a Spearmanův test bylo testováno osm proměnných: spokojenost s bankéřem, spokojenost se službou samotnou, spokojenost s vybavením banky, spokojenost s online bankovníctvím, frekvence kontaktu klienta bankéřem, image banky, spolehlivost banky a volba hlavní banky. Všechny hypotézy byly přijaty a výsledky jsou podpořeny daty, které poskytla banka. Práce zjistila, že loajalitu klienta k bance nejvýrazněji ovlivňuje spolehlivost banky, spokojenost se samotnou službou a spokojenost s online bankovníctvím.

Klíčová slova: loajalita klienta, klientská spokojenost, NPS

Annotation

Factors determining the loyalty of customers using private banking services in the Czech Republic

This bachelor thesis analyses factors determining customer loyalty within the Erste Premier service of Ceska sporitelna in the Czech Republic, the direction of these relationships and its strength. Eight main variables were examined through Pearson's and Spearman's correlation tests: satisfaction with the banker, satisfaction with the service, satisfaction with tangible facilities, satisfaction with online banking services, frequency of contact between customers and bankers, image of the bank, reliability of the bank and choice of the main bank. All the hypotheses were confirmed and the results are supported by survey-based secondary data provided by the bank. It was concluded that the loyalty to the bank can be most significantly affected by reliability and both satisfaction with the service itself and with the online banking services.

Keywords: customer loyalty, customer satisfaction, NPS

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1. Introduction

In this chapter, the reader can find information about the background for the study, the problem discussion, the purpose of this dissertation, the objectives and a short summary of all the following chapters.

1.1. Background

Many people use at least one type of banking service. These services are more and more available for the people and the banks in the Czech Republic, these days are experiencing tough fights for the customers. Traditional banks need to face competition from both other banks and non-banking institutions (Moniova, 2015), which, for example, does not provide the personal accounts but provide loans or investments. Since the banking market is highly competitive and the diversification of products and services of each bank is low, there is only one way how to differentiate.

The banks are trying to develop strategies, how to effectively deliver a positive customer experience with their services and products. These strategies are nowadays important especially due to changing customer needs. The customers are much more demanding and often have a very good orientation on the market (Chavan and Ahmad, 2013). Due to this, it is harder and more expensive for the banks to acquire new customers and to retain the current ones.

The need for a successful relationship between the bank and the customer is the creation of an emotional bond. Holmlund and Kock (1996) pointed out that providing excellent services is crucial for many customer-oriented sectors, not excluding the banking one. The first-rate delivered services are determinant for customer satisfaction (Parasuraman, Zeithaml, and Berry, 1994). Banks in the Czech Republic are nowadays mostly improving their online banking facilities to improve customer satisfaction (www.investujeme.cz, 2017) and some of the big traditional banks are considering the rise of interest in savings accounts (Mašek, 2018) to better serve its customers.

However, 'only' satisfied customer is not a sufficient goal for the bank. The satisfied customer can easily change the banking institution; therefore, the goal is to achieve customer

loyalty. The loyal customers are more likely to make additional purchases of products and services, to spread a positive word of mouth and recommend the service to their families and friends. Bove and Johnson (2006) pointed out that the relationship between customer and company staff significantly affects customer loyalty development due to direct face-to-face contact with the customer. In addition, Holmlund and Kock (1996) say that the relationship between the bank and the client should be maintained in the long-term. However, it is not easy to achieve a successful long-term relationship; its place in building the relationship has a relationship marketing based on satisfying customer needs and due to the service quality to do a profitable business.

Most of the banks provide private banking services. Private banking is a specific sector of banking services, where the bank provides financial advice, investments and other financial products with a better quality of service compared to retail customers. Target segment often called 'almost rich' population, have liquid assets of about 10,000 - € 1,000,000; however, this may vary by bank (Strandberg, Wahlberg and Öhman, 2012).

1.2. Problem discussion

In a business environment with such a high level of competition, it is highly necessary to know what drives the loyalty of the bank's customers. The banks have many ways how to maintain customer loyalty, such as loyalty programs or customer clubs. The purpose of these is to create an added value for customers.

All customers have expectations about the service itself, products or behaviour of members of staff. A goal of the bank is to meet these expectations or better to overcome them. Highly satisfied customers are expected to come back and repeatedly purchase other bank products; so as they positively influence their relatives or close friends by the word of mouth. Since people trust their friends, it is easier for the bank to acquire a new customer.

The reasons for customer loyalty are many, but the main ideas are customer satisfaction and customer perceptions of delivered services. The next chapter introduces the main ideas, which will be later reviewed.

1.3. Purpose of the study

The purpose of this study is to examine and better understand the determinants that affect the loyalty of customers using the Erste Premier service of Czech Sporitelna in the Czech Republic. This examination of the determinants will help the managers effectively maintain customer loyalty and satisfaction. Therefore, the knowledge of these determinants will affect many of the processes in the bank, since there will be the possibility to better address the managerial decisions in order to increase the level of customer loyalty.

1.4. Objectives

The main research question of this dissertation is:

What are the factors affecting loyalty of customers using the Erste Premier service in the Czech Republic?

The aim of this dissertation is **to identify possible factors that could affect customer loyalty to the bank**. Loyalty is a complex customer's emotional connection to the service and consists of several parts. This aim will be achieved mainly through the literature review.

From the problem discussion are there two more sub-questions connected with the main question and one aim:

How the customer satisfaction affects customer loyalty to the bank?

- From the literature, customer satisfaction is the main driver of customer loyalty. Satisfaction is a complex feeling and overall satisfaction has several determinants. This question will provide all the important pieces of information about customer satisfaction. The service itself needs to provide satisfying customer experience. The banker then delivers all the service; is a contact person in case of problems and in private banking, customers trust their bankers more than anyone else in the bank.

How other factors, such as reliability, image or frequency of meetings affect loyalty of the bank's customers?

- Besides customer satisfaction, there are more determinants affecting customer loyalty to the bank.

1.5. Structure of the dissertation

The Literature Review will introduce and describe the previous research and its main aspects in fields of customer loyalty, customer satisfaction and determinants of customer loyalty. Several hypotheses from the literature are at the end of this chapter.

The Methodology chapter characterizes the methods used for research, data sources and data analysis used in this dissertation. Limitations, reliability and validity of the selected methods are also included.

The Findings and discussion will present and analyse the findings of the research and the findings will be discussed, the questions will be answered and the hypotheses will be tested and subsequently confirmed or rejected.

The last chapter, **Conclusions**, will summarize the entire study; briefly report the results and how the findings can be implied in practice.

2. Literature Review

This part of the dissertation will attempt to provide a critical overview of existing literature, research and theories related to customer loyalty, customer satisfaction and other factors that affect loyalty to Ceska sporitelna.

2.1. Customer loyalty

Building customer loyalty is a key goal of the company's successful growth. According to Mandhachitara and Poolthong (2011), loyalty is predicated on the relationship towards the service, repeatable purchase behaviour and willingness to recommend the company, product or service to friends and family.

In general, a loyal customer is willing to repurchase products or services (Khan, 2013). Loyalty in financial services can be understood from several points of view. The length of the relationship between the provider and the customer may be one of the criteria. The number of services and products purchased or the frequency of use can be also considered as drivers of customer loyalty to the bank (Lewis and Soureli, 2006). Another view on customer loyalty is that the loyal customer is willing to spread the positive word of mouth (Belás and Gabcová, 2016).

Jacoby and Chestnut (1978) say that success of the company is not based on customers, who buy once and leave, but on returning ones. Khan, (2013) argues that over the past years, the competition has increased rapidly in many industries, including the banking one. Due to the competition, loyalty has become much more important than ever. Thus, companies are trying to develop a relationship between the company and customers, where loyalty is considered as *“an important basis for developing a sustainable competitive advantage.”* (Mandhachitara and Poolthong, 2011, p. 123).

2.2. Types of loyalty

Freed (2014) describes four different forms of loyalty. These are purchased loyalty; restricted loyalty; convenience loyalty and true loyalty.

The purchased loyalty may be represented by customer reward programs, memberships or coupons. In fact, the company is paying its customers to stay loyal because of the benefits they get. The second one, restricted loyalty, appears when there is no competition in the area and customers have no opportunity to use other services. These days, this type of loyalty is less common. The shops in the walking distance from the customers' home are easily reachable and it is comfortable to shop in there; this is the example of the convenience loyalty.

The last one, true loyalty, is the most valuable in the banking industry; true loyalty cannot be bought. It is a strong bond to the company, its services or products and that bond can only be developed, says Freed (2014). It is based on the high level of satisfaction, which requires a long time. Kim, Morris and Swait (2008) say that the goal of achieving and sustaining true loyalty needs to be included in the long-term strategic plan of the company, since there is an urge for a successful competitive advantage. This dissertation is mostly concerned with this type of loyalty.

2.3. Importance of customer loyalty

The customers who are loyal have an intense positive emotional connection to the bank; this connection is much stronger than 'just' satisfied customers have and leads to customers' willingness to do an additional purchases and then to inform their friends and family about their experience with the company. (Belás and Gabcová, 2016).

Bhatnagar, Syed and Mishra (2017) identify some of the advantages - loyal customers are reducing market share of competitors, because they are already being served; loyal customers are less sensitive to price changes; loyal customers are less sensitive to service failures and are often willing to give a second chance before leaving the service; loyal customers reduce the acquisition costs because of a lower need for getting new customers all over and over again.

Furthermore, loyalty does not mean only cutting acquisition costs, the profitability of loyal customer increases during the relationship between the company and the customers (Chiou,

Droge and Hanvanich, 2002). Baumann, Elliott and Burton (2012) say an emotional connection and economic benefits for the customers create a protection, which the bank uses against the competition. Furthermore, loyalty has a significant impact on company's financial performance (Keiningham, Aksoy, Cooil and Andreassen, 2008).

2.4. Factors affecting customer loyalty

According to Mandhachitara and Poolthong (2011), loyalty is predicated on the relationship towards to service and repeatable purchase behaviour. Further, Koraus (2011) says that loyalty is a state of mind and attitude of the client towards products and services; so as a rational evaluation of the experience with previous purchases. This relationship and attitude to the company can be affected largely by customer satisfaction.

Loyalty is closely related to customer satisfaction and Freed (2013) summarizes the relationship between loyalty and satisfaction as *“loyalty is an outcome of satisfaction with the customer experience. To increase loyalty, you need to increase satisfaction.”* (p. 61). Furthermore, there are several more factors affecting customer loyalty to the bank.

According to Keisidou et al. (2013), there are several more factors affecting loyalty; loyalty is positively affected by overall customer satisfaction, trustworthiness and image of the company. Fraering and Minor (2013) found out, that loyalty is primarily influenced by overall satisfaction and others factors are the market position of the bank, service reliability and efficiency of service. Emotional attitudes, overall satisfaction, service quality and the perception of the market (benefits, offers of other banks or switching costs) significantly influences loyalty says Baumann, Elliott and Burton, (2012). In the next subsections, these factors will be explained in more detail.

2.4.1. Customer satisfaction

Customer satisfaction strongly influences customer loyalty; to understand loyalty requires to understand satisfaction first, says Belas and Demjan (2014). According to the Cooil et al. (2007), customer satisfaction is an important strategic goal to achieve for all managers. Customer satisfaction is such an important factor so it will be examined widely than others.

Oliver (2014, p.8) says, “*Satisfaction is the consumer’s fulfillment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or overfulfillment.*”

Importance of customer satisfaction

Kaura (2013) says, that customer satisfaction is crucial and banks’ survival depends on satisfied customers. This confirms Chavan and Ahmad (2013) saying that the success in the banking industry increasingly depends on the quality of provided customer service and overall customer satisfaction. An effort to deliver better and better services has several reasons.

Satisfaction and relationship marketing is one of the most critical conditions for successful customer retention (Chavan and Ahmad, 2013). According to Colgate and Stewart (2000), costs to win a new customer are approximately five times higher than the costs of maintaining a relationship with the current customer. Reducing costs due to the relationship marketing has confirmed many authors such as Kaura, (2013); Mandhachitara and Poolthong (2011); Belas and Demjan (2014). The satisfaction has a significant impact on future purchase intentions (Taylor and Baker, 1994). Reichheld and Sasser (1990) say, that the company can boost its profits by 100% just by retaining 5% more of their customers.

In addition, satisfaction affects both the positive and the negative word of mouth. Satisfied customers are more likely to recommend the product than the dissatisfied ones (File and Prince, 1992). Furthermore, dissatisfied customers do much more engagement in word of mouth than satisfied customers. Keeping the customers satisfied will eliminate that negative word of mouth advertising, which is more powerful than positive advertising and can cause a huge harm to the company (Anderson, 1998).

Furthermore, satisfying the customer is one of the most important goals in achieving customer loyalty (Heskett et al., 1994).

Factors affecting overall customer satisfaction

Research of customer satisfaction is often connected with service quality measurement. A service quality is considered as one of the main aspects of customer satisfaction (Parasuraman et al., 1994). Satisfaction can be interpreted as a feeling or attitude towards the product or service, while service quality is a general impression of the organisation, people and services provided (Jamal and Naser, 2002). In the question of factors influencing customer satisfaction, there are many points of views.

Parasuraman et al. (1985) developed a tool for measuring service quality - SERVQUAL. This method includes five dimensions that affect customer satisfaction. The dimensions are tangibles, reliability, responsiveness, empathy and assurance. Chavan and Ahmad (2013) have identified eight different dimensions affecting satisfaction. These are to give customers individual care and attention; to enable customer use online banking facilities; to build trust in the relationship; a nice environment in the bank; easy access to core facilities; an empathy of the employees, so as their promptness and personal assistance are crucial factors that keep customers satisfied. Mandhachitara and Poolthong (2011) found out that staff expertise and service reliability are the most important factors. Service availability, convenience and staff responsiveness have been identified as important for the banking sector. Karapete (2011) reported that four dimensions of service quality have a positive impact on customer satisfaction. The interaction quality is the most important one; is followed by service environment, reliability and empathy. Mihelis et al. (2001) discovered, that global satisfaction with the bank has five segments. These are personal, products, image, service and access. For private customers, it is the most important access to online banking services and the location of the bank and ATM's. The second one is a friendliness of employees, responsiveness and skills. The service itself is the third; image and products were classified as not as much important.

From the evaluated literature can be overall satisfaction divided into several parts. These are satisfaction with the banker; satisfaction with the service; satisfaction with tangible facilities and satisfaction with technical facilities of the bank.

2.4.2. Human aspect

Wahlberg, Öhman and Strandberg (2016) say that a great personal banker has a positive impact on overall customer satisfaction with the company. Further, the authors say the banker has a significant role, whether or not will be the customer loyal. Parasuraman et al. (1985) say it is crucial for the banker to have the required skills and knowledge and due to this provide satisfying services. The basic abilities should include responsiveness, proper communication with the clients or friendliness (Mihelis et al., 2001). Wahlberg, et al. (2016) found out that should be invested in the bankers' skills to improve customers' perception of quality. This means both knowledge and communicative skills. Furthermore, the authors have also confirmed the strong relationship between customer satisfaction with the banker and satisfaction with the company. Lenka, Suar and Mohapatra (2009) suggest that the human aspect has a positive effect on both customer satisfaction and customer loyalty. A risk may arise when loyalty to the banker is stronger than loyalty to the company. In case when the employee leaves, it may be difficult to retain the customer. Thus, employee satisfaction should be managed as well as customer satisfaction.

Maddern et al. (2007) say that there is a specific relationship between customer satisfaction and employee satisfaction; often described as 'satisfaction mirror'. The idea is that business success, which is partly determined by satisfied customers, results from satisfied employees. Chi and Gursoy (2009) added that customer satisfaction has a direct positive impact on financial performance, while employee satisfaction has an indirect impact on financial performance through customers.

2.4.3. Core service

Core refers mainly to the satisfaction with the service itself, the overall performance of the products and aspects of the service delivered (Sureshchandar, Rajendran and Kamalanabhan, 2001). Further, Chavan and Ahmad (2013) say that the quality of service is one of the basic factors affecting overall customer satisfaction. The core service includes a variety of offered products, costs of the service itself or additional costs or special services provided by the bank (Mihelis et al., 2001). Parasuraman et al. (1988) pointed out that the service quality has

a five dimensions; these are look of the physical components of service, the reliability of the service and its performance, the responsiveness of the service provider, knowledge of members of staff. The fifth dimension is the degree of individual feelings involved in the evaluation of the particular service. The last dimension, individual factors, cannot be controlled by the bank.

2.4.4. Tangibles

Tangibles are the physical evidence of customer experience. Further, in the service-oriented industry, tangibles are limited to physical facilities, equipment and appearance of personal (Parasuraman et al., 1985). That includes modern equipment at the branch, well-dressed members of staff or appearance of promotion materials inside the bank. (Kaura, 2013). The overall impression of the environment in the bank should create a comfortable feeling. Due to this, the achievement of customer satisfaction with tangible facilities in the bank is relatively easy.

2.4.5. Technical facilities

Generally, it is positive to provide bank customers with different ways to stay in touch (Kaura, 2013). The ways are various. Nowadays, an e-mail contact, a connection to a mobile application, web or usage of online banking service is common. With a higher level of using the online banking services, the importance of satisfaction with this type of interaction rose greatly. Parasuraman et al. (1985) points out that access and availability of the ways should be for the customer easy. When the company decides to use any of these contact ways, it should be ensured that e.g., phone lines are served well and customers need not to wait.

However, access is not the only one problem that can occur in connection with online services. Levy (2014) examined the trend of reducing human interactions between customers and bank employees. The reason for this trend is growing popularity of online banking services, which is definitely positive from the customers' point of view. On the other hand, the bank can struggle due to the less contact with the customer. The relationship that involves a face-to-face interaction is still noticeably important. Sousa and Voss, (2006) found out that

in case of problem in the online environment, customers often have no reliable employee who can help them solve that problem. The online service is different than the traditional way of face-to-face contact. Since the level of loyalty is a result of satisfaction or dissatisfaction with customer experience, the lack of face-to-face contact and overwhelming of online services can lead into weakening customer loyalty to the company (Levy, 2014).

2.4.6. Market position

Perception of market position is considered as one of the drivers of customer loyalty. Bloemer, de Ruyter and Peeters (1998) found out that customers perceive bank's position on the market 'from the outside'. It means they are evaluating a relative market position. The bank should use advertising that will support the perception of the strong company. The customers should perceive the company as a modern one, with innovative products for successful establishment of customer loyalty in the banking industry.

2.4.7. Reliability

Khan (2013) says that customer loyalty exists when the customer regularly uses or purchases a product or service that he likes, can rely on and trust in. Bloemer, et al. (1998) say that reliability is the most important factor affecting customer loyalty in the banking industry. Monitoring the employees in order to deliver trustworthy experience should be encouraged and face-to-face interaction between customer and bank employee should handle all the customer complaints. In addition, Mandhachitara and Poolthong (2011) added that reliability of employees, such as knowledge of products, service without errors and overall reliability of the company, has a significant role in building customer loyalty. The authors pointed out the fact, that banks should ensure the delivery of trustworthy services to successfully maintain customer loyalty to the company.

Literature Review

From the literature review appears several hypotheses. The hypotheses were inspired by the results of research of Baumann, et al. (2012), Bloemer, et al. (1998), Fraering and Minor (2013), Chavan and Ahmad (2013), Keisidou et al. (2013), Lenka, et al. (2009), Lewis and Soureli (2006), Levy (2014), Mandhachitara and Poolthong (2011), Parasuraman et al. (1985) and Wahlberg, et al. (2016).

- **H1:** Between customer satisfaction with their banker and customer loyalty to the company, exist a positive relationship.
- **H2:** Between frequency of customer's last face-to-face interaction with the banker and customer loyalty to the company, exist a positive relationship.
- **H3:** Between customer satisfaction with the Erste Premier service and customer loyalty to the company, exist a positive relationship.
- **H4:** Between image (customer's perception) of Erste Premier service and customer loyalty to the company, exist a positive relationship.
- **H5:** Between choosing the Erste Premier as the main bank and customer loyalty to the company, exist a positive relationship.
- **H6:** Between reliability of the bank and customer loyalty to the company, exist a positive relationship.
- **H7:** Between the customer satisfaction with online banking facilities and customer loyalty to the company, exist a positive relationship.
- **H8:** Between customer satisfaction with tangible facilities and customer loyalty to the company, exist a positive relationship.

3. Methodology

The main goal of this chapter is to introduce the basics of research methods and to explain why the chosen one is most suitable. The research is a tool, which will answer the research questions and hypotheses arising from the literature review.

3.1. Research philosophy

Proctor (2005) says that philosophical perspective is a basis for all academic research. Different philosophical approaches represent different worldviews (Quinlan, Babin, Carr, Griffin and Zikmund, 2015).

The two main philosophical approaches specified by Saunders, Lewis and Thornhill (2012) and Proctor (2005) are positivism and interpretivism.

Positivism

Positivist philosophical approach states that there is only one objective reality, the researcher is external to the process of data collection and totally objective (Saunders, et al., 2012). The authors suggested that the use of the existing literature will develop hypotheses. The hypotheses will then answer the question of which data should be collected. The products of the positivism are generalizations of the situation or patterns; these patterns affect all people similarly (Proctor, 2005). The researcher adopts the philosophical stance of the natural scientist.

Interpretivism

The interpretivism, on the other hand, does not generalize. The interpretivists believe that people are not responding the same way and the same patterns. The role of the researcher is to understand people's interpretation (Proctor, 2005). Different interpretations of the reality are possible and the personal approach of the researcher is necessary (Saunders, et al., 2012).

From the examples above it is clear that the used philosophical approach is positivism; the data collected for this research will be scientifically processed using the statistical program and the results of this research should provide clear outcomes of which factors affect loyalty

in the bank and the strength of the relationship. This type of approach is sufficient, as the purpose of this dissertation is to identify the factors, which affect customer loyalty in the banking industry. Further, Saunders, et al., 2012 suggested two main ways of thinking about research philosophical approaches. These are ontology and epistemology.

Ontology is interested in the nature of reality (Proctor, 2005) and questions researcher's assumptions, how the world operates (Saunders, et al., 2012). The authors say that ontology has two different aspects - objectivism and subjectivism. Objectivism portrait social entities independent of social actors. This view highlights the structural aspects of reality and assumes that reality is similar in all cases. Some aspects may differ, but the essential ones will be very much the same. Subjectivism instead, views the social entities as individuals and structural aspects are less important. The reality is created by the actions of social entities and their perceptions (Saunders, et al., 2012). Proctor (2005) proposed, that the ontological view of the positivist methodology sees the world as an environment in which similar situations make people act in similar ways due to the patterns.

Epistemology is interested in acknowledging the researcher, how do we know the world and how things work (Proctor, 2005). Two approaches are available. The first one, 'resources' research, collects data that cannot be interpreted in another way and the researcher does not interact with anybody from the target group. The second one approach, 'feelings' research, is concerned with attitudes and feelings, which cannot be measured or seen and the researcher is in direct contact with the people (Saunders, et al., 2012). Proctor (2005) suggested that epistemological view of the positivist methodology is that the researcher is not socially involved in what is being researched and his role is to observe social situations.

3.2. Research methodology

Proctor (2005) defined the purpose of the methodology as follows: "*focuses on how we gain knowledge about the world.*" (p. 6) At the beginning of the research, the use of the most appropriate method should be specified.

Design of the research can be portrayed in two different ways - **deductive** and **inductive** (Saunders, et al., 2012). Quinlan et al. (2015) described deductive reasoning as “*The logical process of delivering a conclusion about a specific instance based on a known general premise or something known to be true.*” (p. 76) Therefore, deductive approach confirms or reject hypotheses related to the existing theory (Saunders, et al., 2012). The inductive reasoning, on the other hand, is used for the development of a new theory by investigating the phenomena (Proctor, 2005). The data collected are used to identify patterns.

This dissertation uses mostly the deductive research approach. This type of approach is the most suitable due to the nature of positivist philosophy (Proctor, 2005). From the literature review, there are several hypotheses, which will be tested through empirical inquiry. The results of the examination will confirm or reject the statements. Some of the hypotheses will be supported by qualitative research to enrich the theoretical perspective.

After the evaluation of the philosophies used in this dissertation, the most appropriate form of the research is a survey amongst the bank customers. The data-collection instrument will be a questionnaire, which seems to be the cheapest and the most efficient way under the circumstances.

3.3. Research strategy

Classification of research and data is crucial for a successful choice of research strategy (Saunders, et al., 2012). Thus, the goal of this chapter is to describe the types of research methods that are available and choose the most suitable one.

3.3.1. Types of research

From Saunders, et al. (2012) is obvious, that there are available qualitative and quantitative research methods. The quantitative research method is based on numerical and statistical measurements; therefore, it is a descriptive method (Malhotra and Birks, 2007). The authors say that the results are easy to quantify and provide an information about the phenomenon. On the other hand, the qualitative research is harder to quantify and include personal

interviews. Often is used for expansion and deeper understanding of the research (Malhotra and Birks, 2007). For the purpose of this study, the quantitative method will be used mostly.

Many authors offer numbers of possible types of research. Saunders, et al. (2012) suggested that the most suitable strategies for the primary quantitative research are as follows:

Experiment

Proctor (2005) identifies that the assumption for the success of this method is a relationship that exists between two or more events - a causality (Proctor, 2005). The experiment primarily uses hypotheses rather than research questions (Saunders, et al., 2012). This type of research is more suitable for a scientist.

Survey

Quinlan et al. (2015) say that the survey is the most appropriate for quantitative research with qualitative elements. Data collection is primarily through questionnaires due to low costs. These data may be both qualitative and quantitative. Quantitative data are lately analysed using statistics (Saunders, et al., 2012). The authors pointed out the fact that it might be difficult to choose a representative sample or ensure a good response rate. The interactive research meets the conditions of the positivist approach as the researcher is not in direct contact with the people; responses are automatically processed in the system and, therefore, this type of research is the cheapest one (Proctor, 2005). This type of research mostly answers questions starting with 'what' or 'how'.

Case study

The case study is an opposite to experiment; explores the phenomenon within its context (Saunders, et al., 2012). Both qualitative and quantitative data can be used; the phenomenon is studied in-depth and in a clearly defined place and situation (Quinlan et al., 2015). Mostly answers 'why' questions.

There are a few more methods, which are not suitable for the purpose of the dissertation.

3.3.2. Types of data

Various types of research are connected different types of data collection and its processing. Saunders, et al. (2012) identify **primary** and **secondary** data. The primary data are collected through observation or questionnaires conducted by the researcher himself. On the other hand, the secondary data are already collected data from previous research.

For the purpose of this dissertation, it will mainly be used the survey-based secondary data, which will be provided by the bank, in which was the research conducted. The survey-based data are already collected using the survey strategy (Saunders, et al., 2012). Malhotra and Birks (2007) pointed out, that the secondary data are more likely to be outdated and are less accurate than primary data. The research was undertaken in February 2018, therefore that concern is irrelevant and the data are actual as much as possible.

3.3.3. Research strategy

For the purpose of this dissertation was chosen the survey strategy. The reasons are its nature, which is suitable for both quantitative and qualitative type of research; the strategy is the most suitable due to research questions; time and financial aspect.

3.4. Sampling

In statistics, a set of elements having one or more common characteristics is called a population. Since it is not always possible to address all people from the population, the sample is part of the population that has the required characteristics (Proctor, 2005).

Malhotra and Birks (2007) classify the sampling methods as a probability and non-probability sampling.

3.4.1. Probability sampling

In probability sampling method, the units are selected randomly and independently on each of the possible factors. Each unit has the same chance to be selected (Malhotra and Birks, 2007).

There are five different techniques of probability sampling. Malhotra and Birks (2007) and Saunders, et al. (2012) describe them as:

- **Simple random** - all members of the population have an equal chance of being part of the sample; used mainly for small populations.
- **Systematic random** - random selection from the population in particular area; mostly used by market researchers.
- **Stratified random** - divides the population into several groups determined by particular factors (demographic or social) and then chooses random samples from each group; mainly used for large populations.
- **Cluster** - similar to stratified random selection; used mostly when the clusters naturally occur in the population.
- **Systematic** - systematically selects members of the population from the database.

3.4.2. Non-probability sampling

In the opposite, non-probability sampling selects the units for a particular purpose. This purpose can often mean a need for exact percentage of women and men in the sample, or other characteristics (Malhotra and Birks, 2007).

Malhotra and Birks (2007) and Saunders, et al. (2012) described three non-probability sampling methods.

- **Quota sampling** - does not select any sample; the research is undertaken among the whole population and the only factors are demographic or social; e.g. national survey.
- **Convenience sampling** - sampling is primarily on the interviewer; sample needs to accurately represent the population.
- **Judgement sampling** - the sample needs to be typical of the subject, which is being researched; mostly used in the bigger subjects; e.g. companies, schools.

3.4.3. Sampling strategy

From the sampling methods, which were introduced in the previous chapters, the judgement sampling method was considered as the most appropriate one.

The sample of respondents used for purpose of this dissertation was chosen from bank customers using the Erste Premier service more than one year as an “active” customer. It means that the customer uses his private account regularly and has at least one additional banking product. The limitation of the sample was the geographical location of the customers’ home branch. The research was undertaken in two branches of Ceska Sporitelna located in Prague, Czech Republic.

3.5. Questionnaire design

A questionnaire is relatively popular amongst researchers due to its simplicity and low costs. According to Quinlan et al. (2015), there are both online and offline ways of data collection. Malhotra and Birks (2007) say that it is the cheapest form of research method. Further, Proctor (2005) considers the questionnaire as an effective way of data collection due to the reliability and validity of the data.

On the other hand, both reliability and validity depend on a correct design of the questionnaire (Proctor, 2005).

3.5.1. Types of questions

Design of the questionnaire should include information on the types of questions. Proctor (2005) and Saunders, et al. (2012) describe two types of questions - closed-ended and open-ended.

Closed-ended questions are followed by a structured response. The researcher can ask all possible questions and the respondent does not have a chance to answer any other option than the given ones. This type of question is not time demanding since there is no requirement for writing anything up.

- **Dichotomous question** - suggest two answer; yes / no; male / female
- **Multiple-choice question** - offers multiple answers and the respondent selects the closest one (or more) to their view
- **Scale** - its purpose is a measurement of evaluation of the topic
 - **Likert** scale - measures attitude towards the topic
 - **Semantic** differential - also measure attitude; a scale with two extremes, the responder needs to choose an option between those extremes
 - **Staple** scale - the statement is located in the middle of the scale

These closed-ended questions are the most commonly used. All of them provide accurate answers, which can be very easy to analyse. In the opposite, the limitation of closed-ended question is that the choices provided by the researcher would not be sufficient. Then the respondent will be forced to choose the choice, which would not be accurate.

Open-ended questions answer the respondent in their own words. The most appropriate use of these questions is the first question or the last question. The first question can express general attitudes and opinions of the respondent. On the other hand, the last question can cover the area, which was not included in the questionnaire and the respondent sees this area important.

- **Unstructured questions** - allow the respondent to answer the question in their preferred format

- **Projective techniques** - this type of question is mostly used by the psychologists; investigates associations of words, pictures or stories

Open-ended questions provide very detailed answers. Due to this, the disadvantage of this type of question is an extreme time-consuming processing of data.

3.5.2. Questions

Both open-ended and closed-ended questions will be used in the questionnaire. Closed-ended questions will be mostly scales or multiple-choice questions, while open-ended questions are asked as an extension or deeper understanding of the evaluation of the scale rating.

3.6. Research limitations

After considering the research methodology and all its parts described above, there is a need to mention the limitations of this study.

The first limitation is related to the nature of secondary data. The data provided by the bank does not have to cover all the necessary information.

The second limitation of the research is the possible negative effect of a few unpopular changes in the terms and conditions for the use of the service. The bank applied these changes just a few weeks before the survey was conducted. Thus, some of the customers could possibly rate some of the questions worse, while being influenced by these changes.

With the limitations of research, they are also connected both reliability and validity.

3.6.1. Reliability

Reliability itself means in research, to what extent can research be repeated with the same or very similar results (Quinlan et al., 2015). The authors say that the questionnaire is reliable when it produces the same results in different circumstances and time after the first conducted research. There are several approaches for reliability measurement. The reliability is tested through coefficients and errors and the approaches include the test-retest, alternative-forms or internal consistency methods (Malhotra and Birks, 2007).

In the case of this dissertation, it is not possible to conduct additional, repeated research to measure reliability. Despite the impossibility of repeating the research, Malhotra and Birks (2007) say the research can be considered as reliable when the researcher asks similar questions as in research already conducted. In addition, the authors pointed out that if the questionnaire is properly designed, the research can be also recognized as reliable.

3.6.2. Validity

Validity in research means, how valid, how useful and how meaningful is the research itself (Quinlan et al., 2015). It measures, to what extent is research different from other researches focusing on the same problem (Malhotra and Birks, 2007). The authors say the validity can be measured by research errors and number of coefficients. The validity can be measured by the content, construct, predictive or criterion validity tests.

In connection with this dissertation, the research can be considered as valid, if the results will be similar to the results of researches already conducted.

3.7. Summary

The aim of this chapter was to introduce research philosophy, research methodology and research design. After considering the research questions and the aim of the dissertation, the methodology chosen above is the most suitable for this research.

The next chapter describes the results of this research.

4. Findings and Discussion

In this chapter, the results from the questionnaires will be analysed and also clearly presented in the charts. The results will show the analysis of customer behaviour and determinants, which affect loyalty of bank customers in Prague, Czech Republic. The main aspect described in this chapter will be customer loyalty to the bank and factors, which affect this loyalty. Based on the findings in this chapter, the managerial recommendations for the people in the Czech Republic will be proposed.

4.1. Survey sample

The bank asked its customers via email to complete the questionnaire online. The questions asking customer's information such as age or gender were not included. In the past, the bank experienced huge problems with the low response rate due to the length of the questionnaire. Due to this, the questions were closely related to customer satisfaction, customer loyalty and the factors that affect them.

Nevertheless, the bank has information about the typical respondent from the sample. The typical customer, who was asked to fill in the questionnaire, was approximately 48 years old. This customer most probably completed at least bachelor's university degree (or higher, e.g. MBA degree) and has some kind of uncommon skills, which allows him or her to work for a much better salary than others. Usually works at managerial or doctor positions, mostly in large corporations; or is a CEO in his own company. Quite often, the typical customer lives directly in the Prague, or very close to the Prague. In the end, all the people from the sample needed to meet at least one of the criteria bellow.

There are three criteria, out of which the customer needs to meet at least one, to be allowed to use the Erste Premier service without the fees. The first one is an income criterion; it means that at least CZK 70.000 (£2.400) is sent to customer's personal account each month. The second criterion is linked to savings and investments with Ceska Sporitelna financial group that exceed CZK 1.500.000 (£50.000). The third criterion needs to meet the balance sheet total - savings, investments, credit and loans exceeding CZK 4.000.000 (£138.000) (Ceska sporitelna a.s., 2018).

In Prague, people from the sample meet mostly the income criterion but often they meet two or all of them.

4.2. Survey results

The questionnaire was answered by 224 customers using the Erste Premier service. In this chapter, the results of the questionnaire are presented in a clear and understandable way. In this chapter, the hypotheses introduced in the Literature review will be tested. Then, the results of these tests will accept or reject the statements. The statistic tests will describe the results such as percentages, or tests with various coefficients. All the hypotheses will be tested via statistical program Statgraphics Centurion XVII.

4.2.1. Net Promoter Score

The Net Promoter Score (NPS) was used for the measurement of three of the variables. This measurement was introduced in 2003 by Fred Reichheld and is based on one simple question: *“On a scale of 0-10 how likely would it be for you to recommend (company name) to a friend or colleague?”* (Dessel, G.V., 2014).

The Satmetrix Systems, Inc. (2017) says that the Net Promoter Score categorizes the respondents into three groups as follows:

- **Detractors** - those respondents answered from 0 to 6; mostly unhappy customers, who are probably willing to spread a negative word of mouth. Thus, their behaviour lowers the profits, or can easily damage the company brand name.
- **Passives** - those respondents answered from 7 to 8; the passives are satisfied customers, but not enough to stay loyal. Thus, the competitors can easily drag them out of the company.
- **Promoters** - those respondents answered from 9 to 10; the loyal customers, who spread the positive word of mouth, never betray the company and repeatedly buy product and services.

The overall NPS can be calculated by a simple equation:

$$\% \text{ of Promoters} - \% \text{ of Detractors} = \text{NPS}$$

The NPS can range from -100 (if 100% of customers are detractors) to 100 (if 100% of customers are promoters). Net Promoter Score was used repeatedly in different questions for

different aspects. It was due to the easy differentiation between promoters + passives, who have a positive influence on a whole company; and detractors, who can possibly cause a huge harm to the company. Due to this division into three groups, the bank has an executive summary of what is wrong and what is good in the customer's point of view. As a good result is considered the NPS over 0; an excellent score is generally known as higher as 50.

The Net Promoter Score has many positive aspects, such as simplicity, predictability for company growth or versatility. Many corporations use the Net Promoter Score to measure its success; some of them also use the score for determining bonuses for their employees. On the other hand, there are a few limitations. The possible problem can occur when the customer does not recommend anything to anybody because of his own principles. Further, some of the customers may have a feeling, that the rating of 10 is the perfect customer experience, which cannot be achieved and rate lower. It is about customers' perception of the reality, which may not correspondent with the reality of the researcher.

4.2.2. Used statistic tests

Since the hypotheses below base on a mutual relationship and its strength, all the assumptions will be examined using two types of correlation.

Pearson correlation coefficient (also known as Pearson product-moment correlation coefficient - PPMCC; denoted by r) measures both the strength of linear relationship and its direction (Sedgwick, 2012). The Pearson's coefficient takes values from -1 to +1 and has no unit. The set from -1 to 0 indicates a negative relationship, while the second set from 0 to +1 indicates a positive relationship. When Pearson's coefficient takes 0, there is no association between the two variables. Thus, the more is the coefficient closer to -1 or +1, the stronger the relationship is. The Pearson correlation can be used when the two variables are measured on a ratio scale. Therefore, the Pearson correlation will be used to test the following hypotheses: H1; H3; H6; H7 and H8.

Spearman's correlation (also known as the Spearman rank-order correlation coefficient; denoted by r_s) measures both the strength and the direction of the relationship between the two variables as well as the Pearson's correlation. It can take the same values from -1 to +1. The difference is the Spearman's rank correlation can use ordinal variables, not only variables measured on the ratio scale. Thus, Spearman's rank-order correlation statistics will be used to test the following hypotheses: H2; H4 and H5.

Findings and Discussion

P-value less than 5% indicates a strong association between the variables at the 95% confidence level. Therefore, the null hypothesis will be rejected and an alternative hypothesis will be accepted. If the P-value will be higher than 5%, the null hypothesis cannot be rejected.

The strength of the relationship can be interpreted using the following table (Table 1).

Table 1: Interpretation of correlations

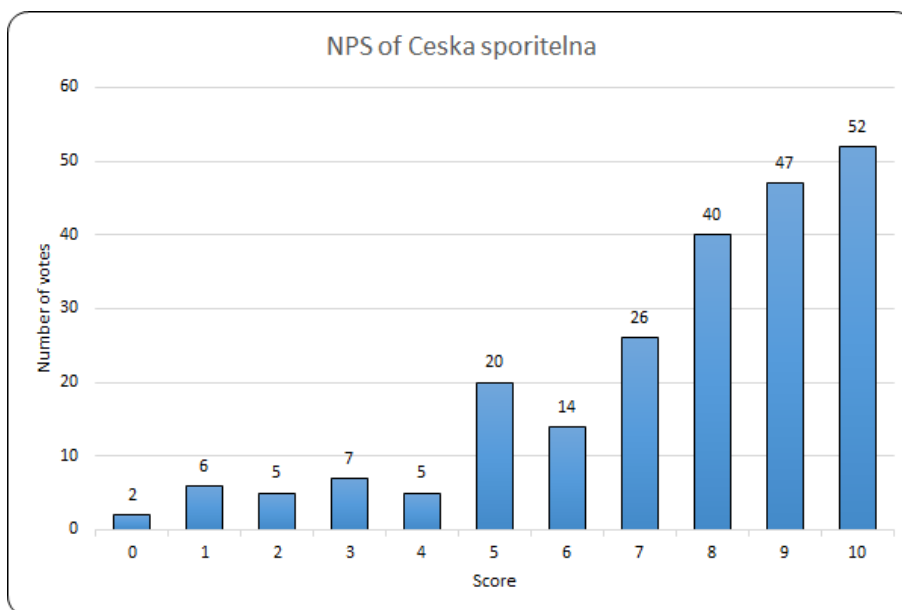
Strength of Association	Coefficient, r	
	Positive	Negative
Small	.1 to .3	-0.1 to -0.3
Medium	.3 to .5	-0.3 to -0.5
Large	.5 to 1.0	-0.5 to -1.0

Source: Laerd statistics (2013)

4.2.3. Customer loyalty to the bank

In the conducted research, the bank asked the following question: “How likely would you be to recommend Ceska sporitelna to your friends, colleagues or family? Please use a scale from 0 to 10 for your evaluation, where 0 means “definitely not” and 10 means “definitely yes”.”

Figure 1: NPS of Ceska Sporitelna

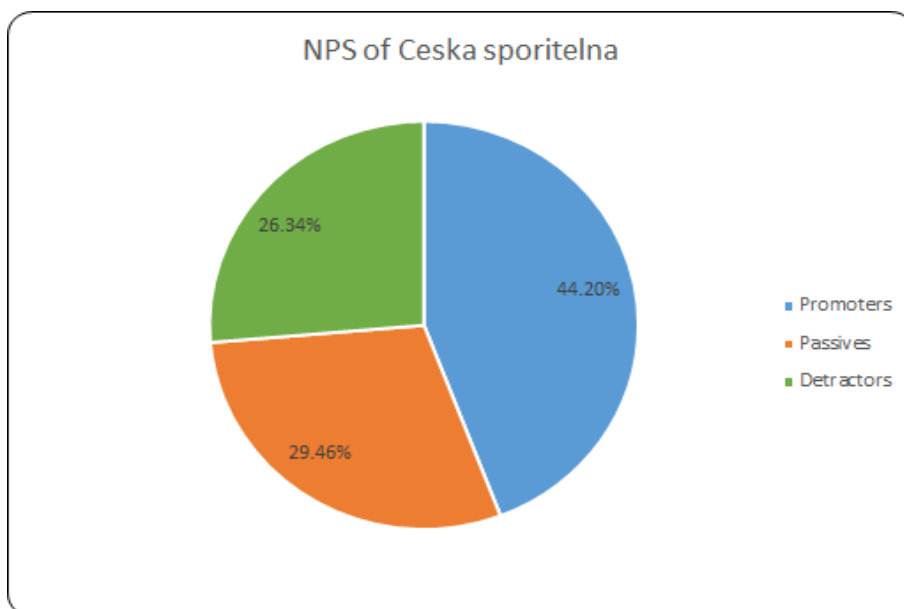


Source: Česká spořitelna, a.s.

Findings and Discussion

The total number of respondents to this question, divided by their choice, can be seen in Figure 1. The majority of the respondents voted the high scores, which indicates a relatively high level of loyalty to the service. The overall result of the NPS is calculated in Figure 2.

Figure 2: NPS of Ceska Sporitelna - percentages



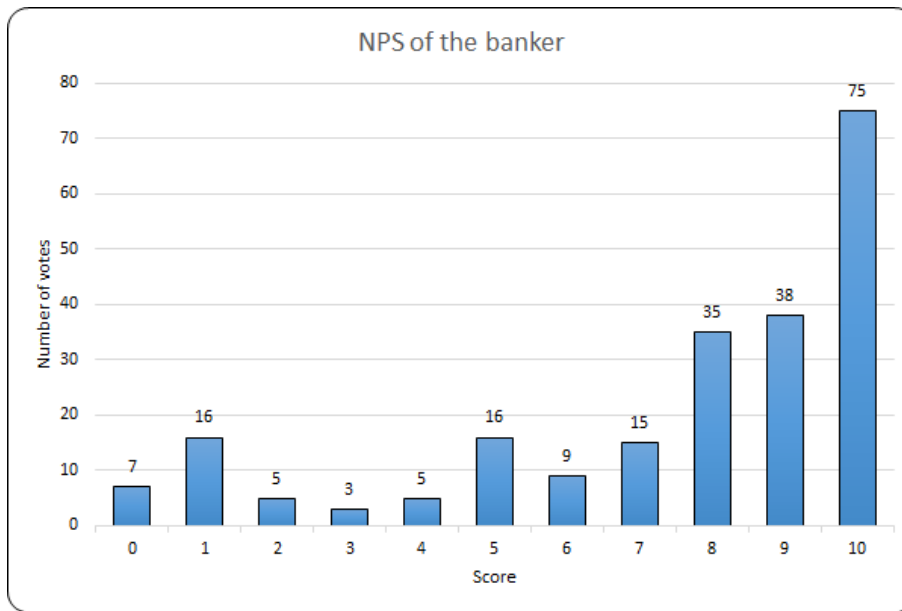
Source: Česká spořitelna, a.s.

The Figure 2 shows that 44.20% of customers are promoters, 29.46% of customers are passives and 26.34% are detractors. According to the number of detractors and number of promoters, **the overall NPS** (calculated as % of Promoters - % of Detractors = NPS) of Ceska sporitelna is equal to **18**. The score around 20 can be generally considered as a fair result and the bank achieving NPS of 18 is highly likely to be successful on the market.

4.2.4. Customer satisfaction with their banker

In order to observe the level of customer satisfaction with the banker’s services, the bank asked similar question as to when questioning the loyalty. The question was “*How likely would you be to recommend your Premier banker to your friends, colleagues or family? Please use a scale from 0 to 10 for your evaluation, where 0 means “definitely not” and 10 means “definitely yes”.*”

Figure 3: NPS of the banker

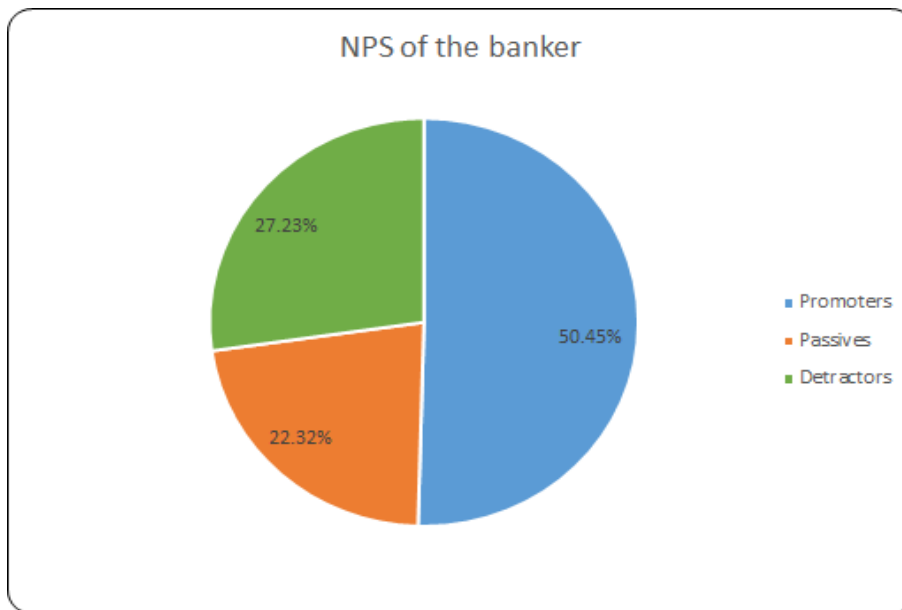


Source: Česká spořitelna, a.s.

Reason for this similar question was a simple way to distinguish between promoters, passives and detractors. The detractors are significantly important to be known because of the possible harm they can cause with their behaviour. Figure 3 shows the distribution of all respondents by their answers. Similarly, as in the case of NPS of the bank, most of the respondents voted the highest possible ratings. In comparison with the NPS of the bank, the bankers seem to be the ones with whom the customers are more satisfied.

Findings and Discussion

Figure 4: NPS of the banker - percentages



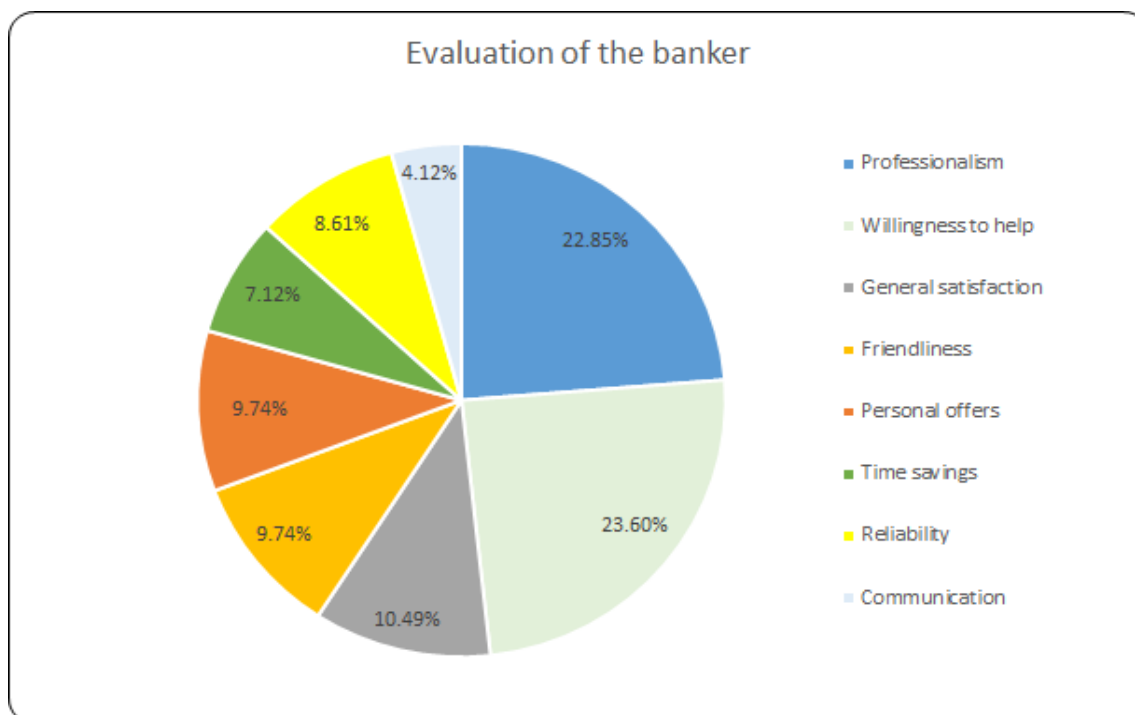
Source: Česká spořitelna, a.s.

Figure 4 shows that there are 50.45% of promoters, 22.32% of passives and 27.23% of detractors. From the formula ($\% \text{ of Promoters} - \% \text{ of Detractors} = \text{NPS}$) we can see the NPS of bankers is equal to 23. Satisfaction with the banker is a great outcome. The results show, that 72.77% of the customers are satisfied with the services provided by their banker. The lower number of passives causes the banker's rating increase, in comparison with the score of the bank.

Findings and Discussion

The bank also tried to find the drivers, which affected customers' votes. The next figure shows, what reasons drove the vote of promoters and passives (see Figure 5).

Figure 5: Evaluation of the banker

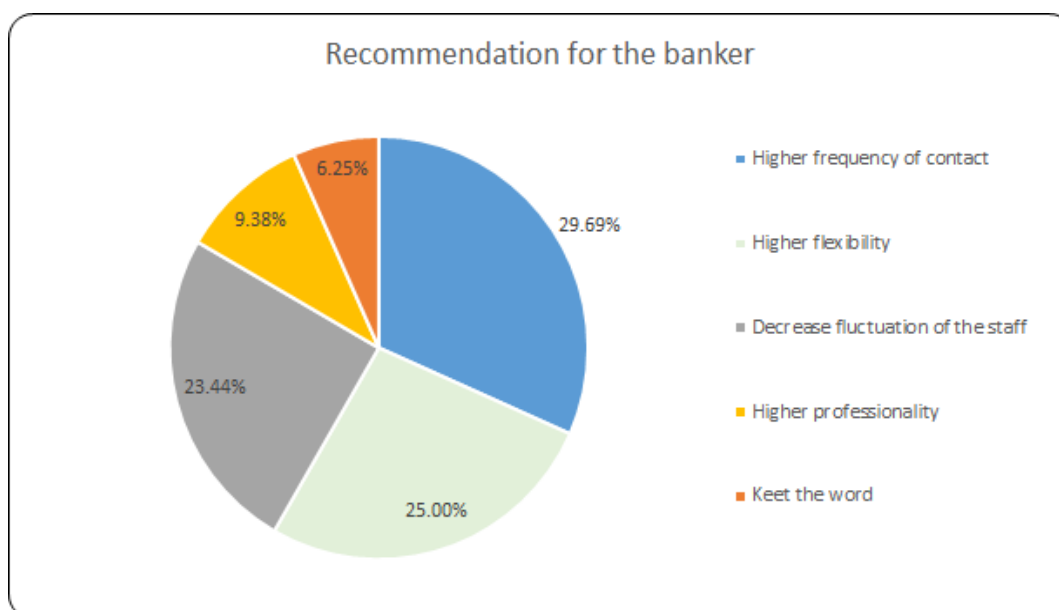


Source: Česká spořitelna, a.s.

The largest group of customers appreciated the banker's willingness to help in the fastest possible way. In this number are included votes such as valuable consultations with the banker, or seriousness. The professionalism of the staff is the second most important criterion for the clients of the bank; the result matches with the opinion of Parasuraman et al. (1985) who claimed the knowledge and professional approach of the staff is highly important to deliver satisfying level of service. The friendliness (or pleasant behaviour) of the banker together with the appreciation of the personal approach is essential for 9.74% of customers using personal banking services. Almost 9% of customers said it is important for them to have a banker, whom they can rely on. Other reasons for the positive evaluation of the service were time savings and fast communication with the bankers.

Findings and Discussion

Figure 6: Recommendation for the banker – dissatisfied customers



Source: Česká spořitelna, a.s.

Figure 6 shows the recommendations for the banker from the point of view of the detractors. Almost one-third of the dissatisfied customers has a feeling that the banker is not in touch with them enough. Further, 25% of clients do not think the banker is doing the best he can, or he is trying to avoid the contact with them. The third large group is customers, who are already annoyed with frequent changes of their banker. Therefore, they are craving for a solution of the problem with the fluctuation of staff. The last two groups are closely connected; the dissatisfied clients expect higher professionalism of the staff and fulfilling the promises.

H1: Between customer satisfaction with their banker and customer loyalty to the company, exist a positive relationship.

In previous research, the researchers Wahlberg, et al. (2016) and Lenka, et al. (2009) found out the customer satisfaction with the personal banker determines customer loyalty to the bank.

H1₀: *The positive relationship between customer satisfaction with their banker and customer loyalty to the company does not exist.*

H1_A: *The positive relationship between customer satisfaction with their banker and customer loyalty to the company does exist.*

Table 2: Pearson's correlation between satisfaction with the banker and customer loyalty to the bank

Correlations		
	NPS Bank	Banker
NPS Bank	Correlation	0.5799
	(Sample Size)	224
	P-Value	0.0000

Source: own

From Table 2 can be seen the P-value is equal to 0; thus, the null hypothesis can be rejected and the relationship between customer satisfaction with the banker and customer loyalty to the bank exists at 95% confidence level. The correlation between the two variables is 0.5799, therefore the relationship can be considered as a positive strong one. Thus, the results of this research are compatible with the results of Wahlberg, et al. (2016) and satisfaction with the banker is a significant driver of customer loyalty.

Findings and Discussion

Further, the bank wanted to observe the customer satisfaction with certain elements of the relationship between the banker and client. Table 3 shows Pearson's correlations between satisfaction with each element and customer satisfaction with the banker.

Table 3: Pearson's correlation between satisfaction with the banker and other variables

Correlations					
		Market knowledge	Personalized offers	Complex and useful consultancy	Frequency of contact
Banker	Correlation	0,8379	0,7445	0,7076	0,5839
	(Sample Size)	173	171	169	164
	P-Value	0	0	0	0

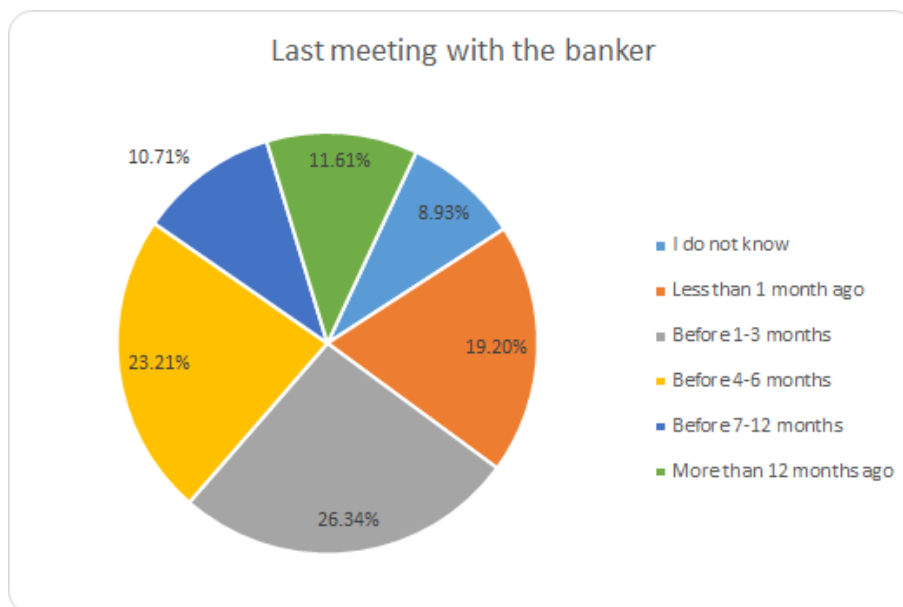
Source: own

From the table can be seen the banker's market and product knowledge can significantly influence whether or not will be the customer satisfied with his service. Further, there should be always personalized offers for each client. With previous two points is connected a feeling whether or not the banker provides a useful consultancy. This, connected with the higher frequency of contact, is what the customers are asking for (see Figure 6). Thus, the banker should always try to have the actual information in the area the customer expects. He should always think about the customer first; offer only the products in which the customer showed interest and to be in touch with the frequency, which fits the customer best.

4.2.5. Interaction between the customer and the banker

The next question asked in the questionnaire was “*When was the last time you had a meeting with your Premier banker?*”

Figure 7: Customers' last meeting with their banker



Source: Česká spořitelna, a.s.

The Figure 7 shows that 19.20% of customers had a meeting with their Premier banker in less than a month ago and more than a quarter of customers have met the banker before 1 to 3 months ago. Another 23.21% had a meeting before 4 to 6 months ago. The rest (about 20%) of the asked customers have met the banker more than 6 months ago. The bank has a policy that the banker should see each client at least once in 6 months. The reason why the bank applied this kind of policy explains the result of the second hypothesis (see Table 4).

Therefore, the last two groups (10.71% of respondents did not have a meeting from 7 to 12 months and 11.61% of clients did not see their banker more than 12 months) can be considered as they are not being served well. On the other hand, the banker cannot be always blamed; some of the clients are not willing to come to the branch and have a meeting until they do not need any kind of help.

However, there is a difference between the NPS of the bank, measured between the clients, who had a meeting in the last 6 months and those, who did not. The overall NPS between the clients, who had the meeting in the last 6 months, is equal to 40, while overall NPS between the clients, who had the meeting longer than 6 months ago, is lower and equals only

to 12. Thus, there is a significant decrease in the level of loyalty to the bank, when face-to-face contact is not sufficient. Some of the customers also crave for the higher frequency of contact (see Figure 6).

H2: Between frequency of customer’s last face-to-face interaction with the banker and customer loyalty to the company, exist a positive relationship.

Levy (2014) indicates that the face-to-face contact is important in order to affect the customer loyalty to the bank.

H2₀: *The positive relationship between the frequency of customer’s last face-to-face interaction with the banker and customer loyalty to the company does not exist.*

H2_A: *The positive relationship between the frequency of customer’s last face-to-face interaction with the banker and customer loyalty to the company does exist.*

Table 4: Spearman's rank correlation between the last meeting and loyalty to the bank

Spearman Rank Correlations		
	NPS Bank	Last meeting
NPS Bank	Correlation	0.2014
	(Sample Size)	204
	P-Value	0.0041

Source: own

Table 4 shows the results of Spearman’s rank correlation. Since the P-value is equal to 0.0041, we can reject the null hypothesis. This hypothesis complements the fact that the NPS of the bank has decreased by 28 points, when the customers did not see their banker longer than 6 months, the weak positive relationship exists on a statistically significant level. In other words, the frequent contact of the customer with the banker will lead to increase in loyalty.

Findings and Discussion

In addition, the bank asked clients to fill in all the possible ways they had used in the last 6 months to reach the bank. There is seven possible ways of contact. Following Table 5 shows the more ways the customer used, the higher was his rating in case of loyalty to the bank.

Table 5: Spearman's rank correlation between ways of communication and loyalty to the bank

Correlations		
	NPS Bank	Number of used communication ways
NPS Bank	Correlation	0.2591
	(Sample Size)	224
	P-Value	0.0001

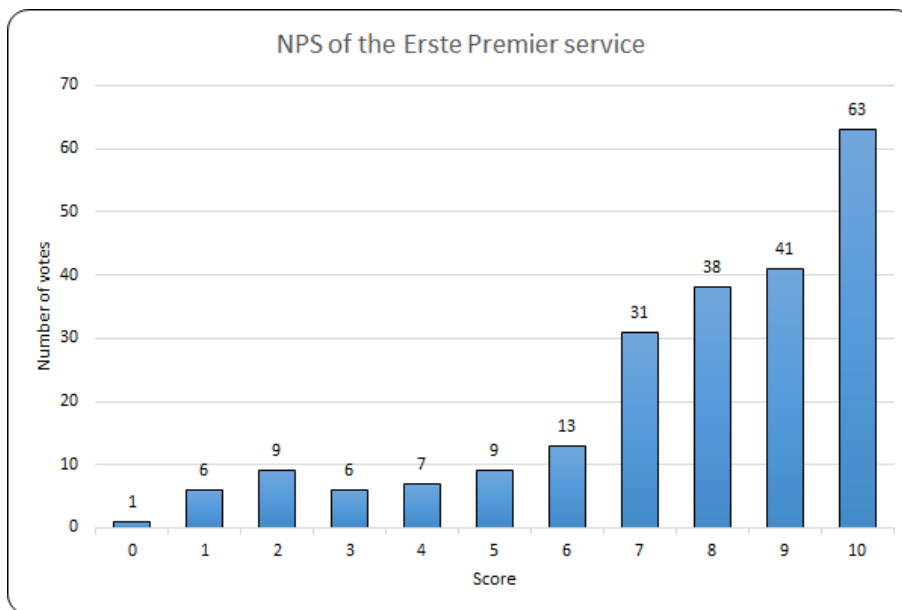
Source: own

The relationship is a medium strong one. Therefore, the bank should support and encourage customers for e.g. downloading an application for the mobile phones or any other way of communication. Thus, the higher participation rate will most probably increase customer loyalty as well. The result correspond with previous research of Lewis and Soureli (2006) who discovered that the number of services, which the customer use affect customer loyalty.

4.2.6. Customer satisfaction with the Erste Premier service

For the measurement, how much is the customer satisfied with the service, was again used the Net Promoter Score. The question was asked as follows: “*How likely would you be to recommend Erste Premier service to your friends, colleagues or family? Please use a scale from 0 to 10 for your evaluation, where 0 means “definitely not” and 10 means “definitely yes”.*”

Figure 8: NPS of the Erste Premier service

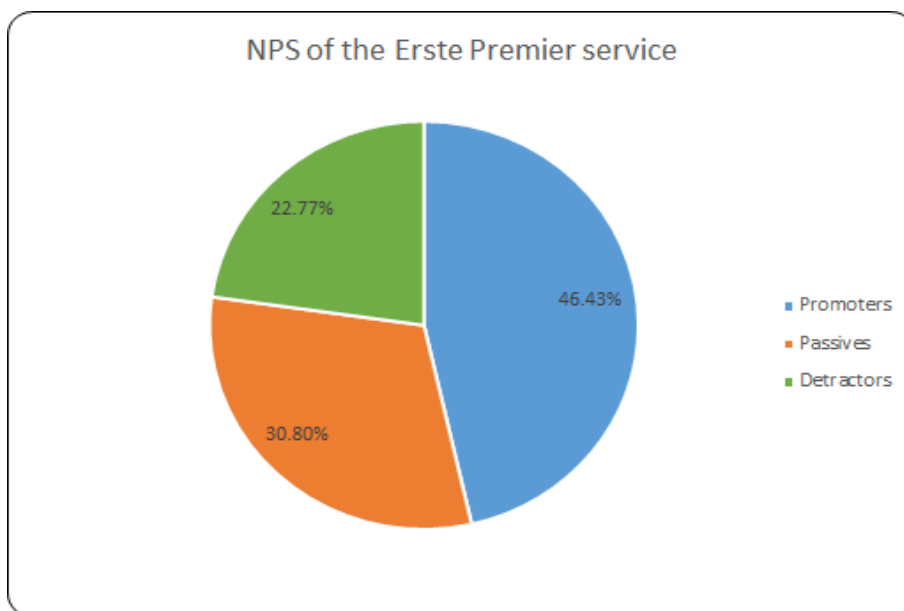


Source: Česká spořitelna, a.s.

Similarly, as in the figures above, Figure 8 shows the division of respondents in range from 0 to 10 by their answers. In the chart can be seen a slight difference in comparison with previous results of questions asking about the banker and the bank.

The service seems to be a little bit less popular since the highest score voted 63 of the respondents. In comparison with the results from Figure 1 and Figure 3, the client’s votes moved from highest ratings of 9 or 10 to lower scores, such as 7 and 8. It is not a significant change and is most likely caused by the change of terms and conditions of the service. Further, there is a slight increase in lower scores as well.

Figure 9: NPS of the Erste Premier service - percentages



Source: Česká spořitelna, a.s.

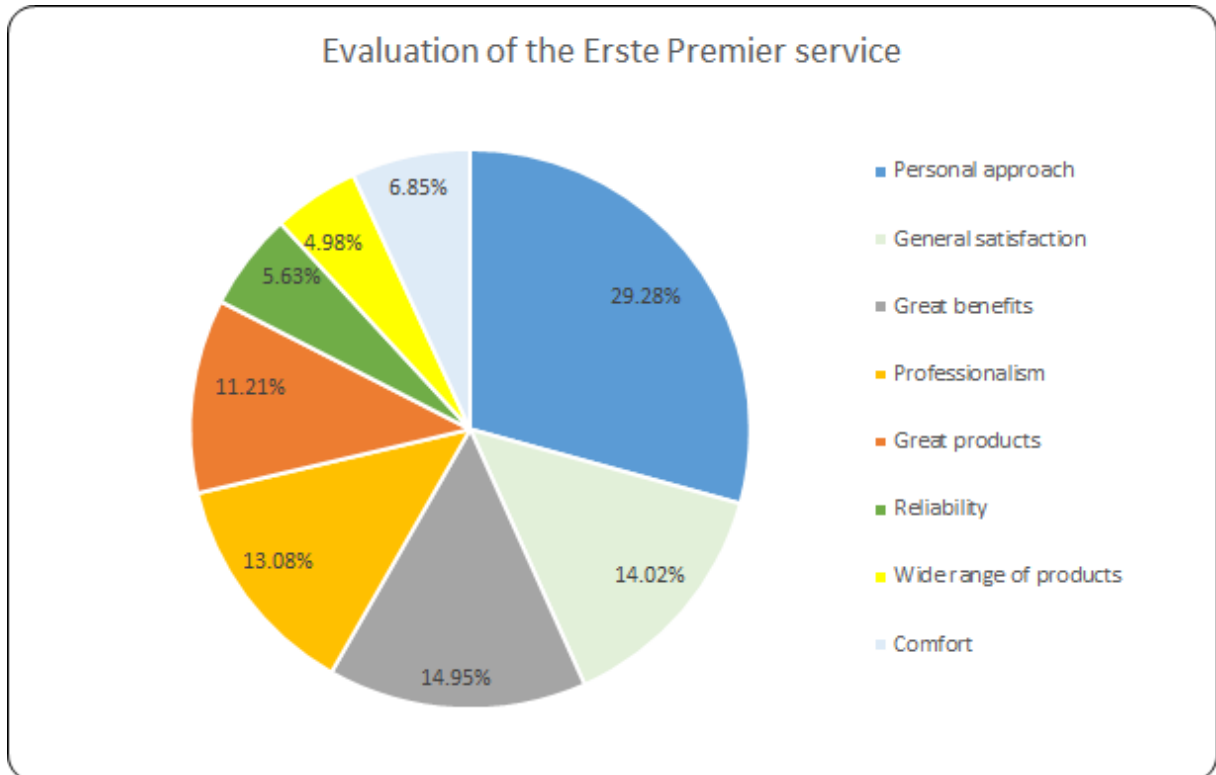
Further, Figure 9 shows that there is 46.43% of promoters of the Erste Premier service, 30.80% passive, but satisfied customers and 22.77% of detractors.

The Erste Premier service has a significantly higher number of passives than the evaluation of the banker (see Figure 4). On the other hand, the number of detractors is the lowest, in comparison with the bank (see Figure 2) or the banker (see Figure 4). Thus, since the number of promoters has been reduced due to the higher number of passives, the overall NPS of the Erste Premier service is equal to 23. The result is the same as the result of banker's NPS.

Findings and Discussion

Both the promoters and the passives were asked the same question: “*For what reasons would you recommend Erste Premier?*”

Figure 10: Evaluation of the Erste Premier service



Source: Česká spořitelna, a.s.

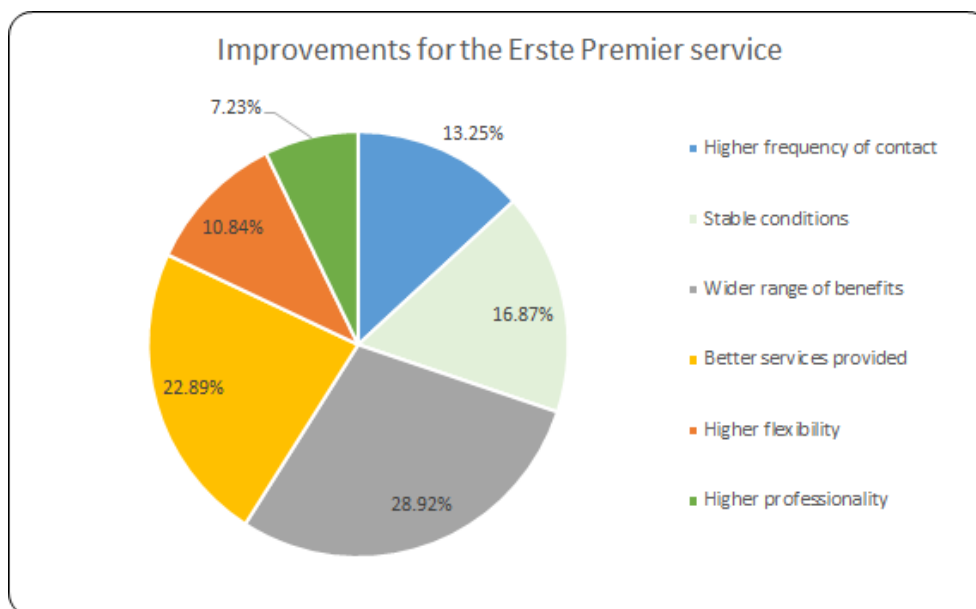
We can see that the clients are most often satisfied with the personal approach (29.28%) by the bank; or are generally satisfied with the service provided (14.02%), or they appreciate the products (11.21%) and the benefits (14.95%) the service can offer. Further, the answers concerned about the products and benefits highlighted mostly the travel insurance included with a debit card or bit better interest rates than the rest of the banking products normally available.

The other large group of satisfied customers was interested in the professional approach when it comes to consultancy (13.08%). The rest of the answers were concerned with the reliability of the service and comfort. The comfort included also the time, which the bank saves to the client. Referring to Parasuraman et al. (1988), it might be interesting to further examine the dimensions of the service. The research conducted was not sufficiently comprehensive.

Findings and Discussion

The detractors were asked to fill in some ideas that would increase their satisfaction with the service: “*In your opinion, what could Erste Premier do to receive a better evaluation, i.e. so that you would be willing to recommend them?*”

Figure 11: Improvements for the Erste Premier service



Source: Česká spořitelna, a.s.

In Figure 11 we can see how the changes in terms and conditions have influenced the score. 16.87% of the dissatisfied customers answered, that the bank should not apply any significant changes in the conditions for using the service. Another 13.25% of respondents were dissatisfied with how the bank communicated the oncoming changes and frequency of communication.

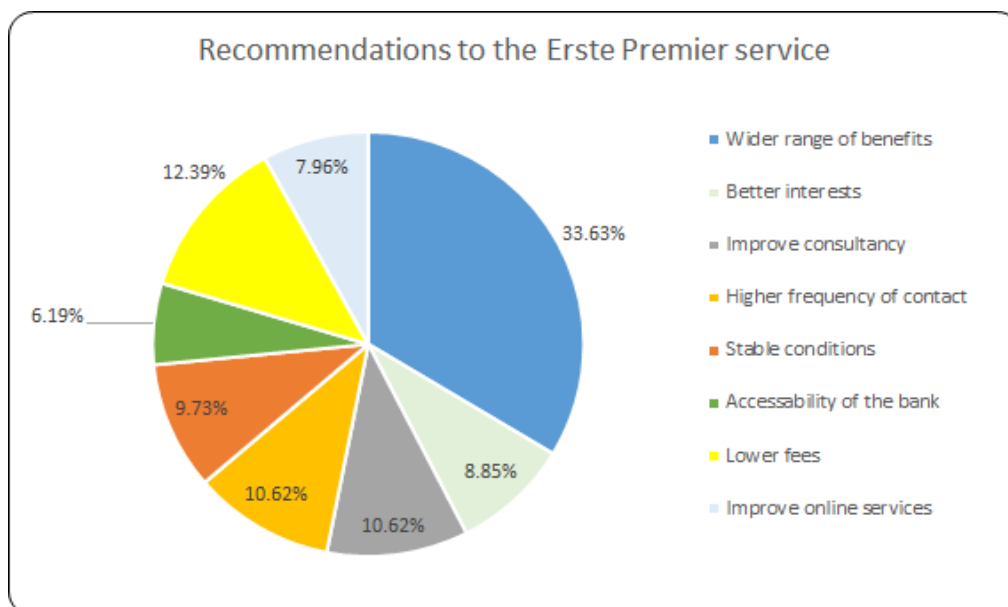
Another two large groups of client’s answers were concerned with the benefits or general improvements of the service (almost 50% of customers). The improvements included better banker’s attitude towards clients or communication with the bank.

The rest of the respondents claimed that they would appreciate greater flexibility of service and increase in the level of professionalism of staff, similarly as in chapter 4.2.4.

Findings and Discussion

Further, all respondents, no matter what group of the customers the person represented, were asked to fill in at least one enhancement, which will further increase their satisfaction with the Erste Premier service. This question should help to better understand customer wishes and needs.

Figure 12: Recommendations to the Erste Premier service



Source: Česká spořitelna, a.s.

The results in Figure 12 indicate that 33.63% of customers crave for better benefits while using the service.

Relatively surprising is, that 6.19% of respondents are looking for better accessibility of the bank and service. The answers were mostly concerned with the parking places. The access to core bank facilities also stated as important Chavan and Ahmad (2013) or Mihelis et al. (2001).

The rest of the recommendations included lower fees and costs, higher frequency of contact by the banker, not changing the conditions or increase in interest rates within the savings products.

H3: Between customer satisfaction with the Erste Premier service and customer loyalty to the company exist a positive relationship.

The research of Fraering and Minor (2013), or Baumann, et al. (2012) indicate the satisfaction with the service can largely affect loyalty to the company.

H3₀: *The positive relationship between customer satisfaction with the Erste Premier service and customer loyalty to the company does not exist.*

H3_A: *The positive relationship between customer satisfaction with the Erste Premier service and customer loyalty to the company does exist.*

Table 6: Pearson's correlation between satisfaction with the Erste Premier service and customer loyalty to the bank

Correlations		
	NPS Bank	EP
NPS Bank	Correlation	0.7141
	(Sample Size)	224
	P-Value	0.0000

Source: own

From Table 6, it is clear that the P-value equals to zero; the null hypothesis can be rejected and the alternative hypothesis can be accepted. The results correspond with the authors above and their findings. The positive relationship between satisfaction with the Erste Premier service and loyalty to the bank was proven and it can be said that satisfaction with the service can largely affect loyalty to the bank, since $r = 0.7141$.

Findings and Discussion

The bank also examined three factors to gain the knowledge of what and how much customers are satisfied with. Table 7 shows three Pearson's correlations of satisfaction with the Erste Premier service and other three variables.

Table 7: Pearson's correlations between the satisfaction with the Erste Premier service and other variables

Correlations			
	Values its customers	Professional consultancy	Quality of products
Erste Premier	0,7104	0,6356	0,6812
	224	222	221
	0	0	0

Source: own

From the table, it is clear the customers' perception, whether or not the bank values them as customers, is strongly linked to their satisfaction. The result is related to the poor evaluation of the detractors (see Figure 11). The following two factors have a potential to largely influence the loyalty to the bank since their correlation coefficients are 0.6356 for providing professional consultancy services and 0.6812 for connection with the product quality.

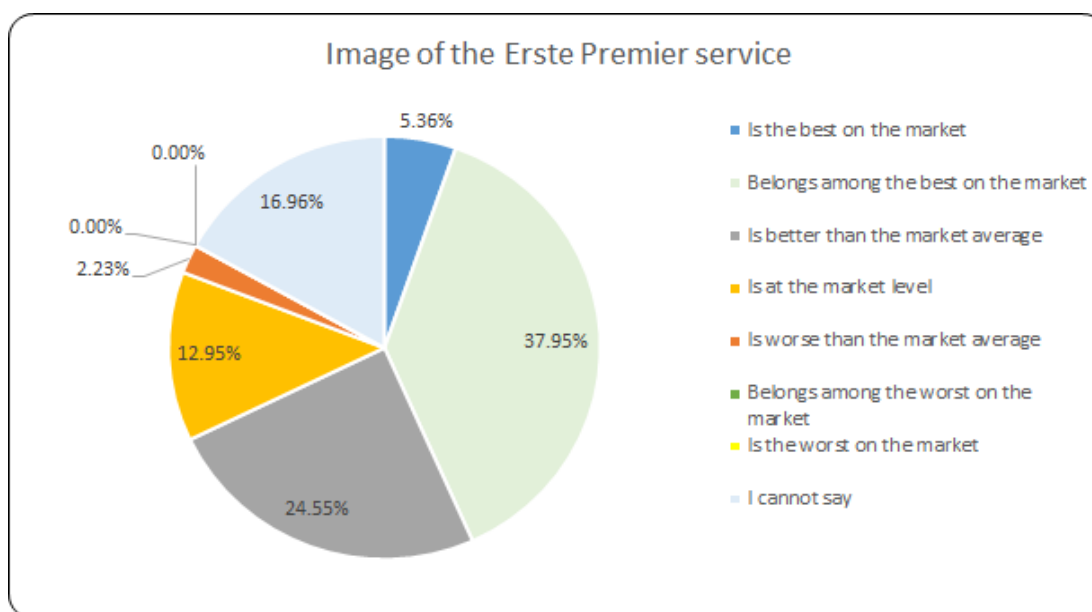
In other words, the bank should always treat its customers well, keep the communication clear and, at least, preserve the quality of products and services provided.

4.2.7. Image of the Erste Premier service

In connection with the Erste Premier service, the next question in the survey was: “*How do you evaluate the Erste Premier service compared to the services of other banks?*”. Keisidou et al. (2013) and Mihelis et al. (2001) stated the image of a company is one of the drivers of loyalty.

The perception of the image of the Erste Premier service is visualized in Figure 13.

Figure 13: Image of the Erste Premier service



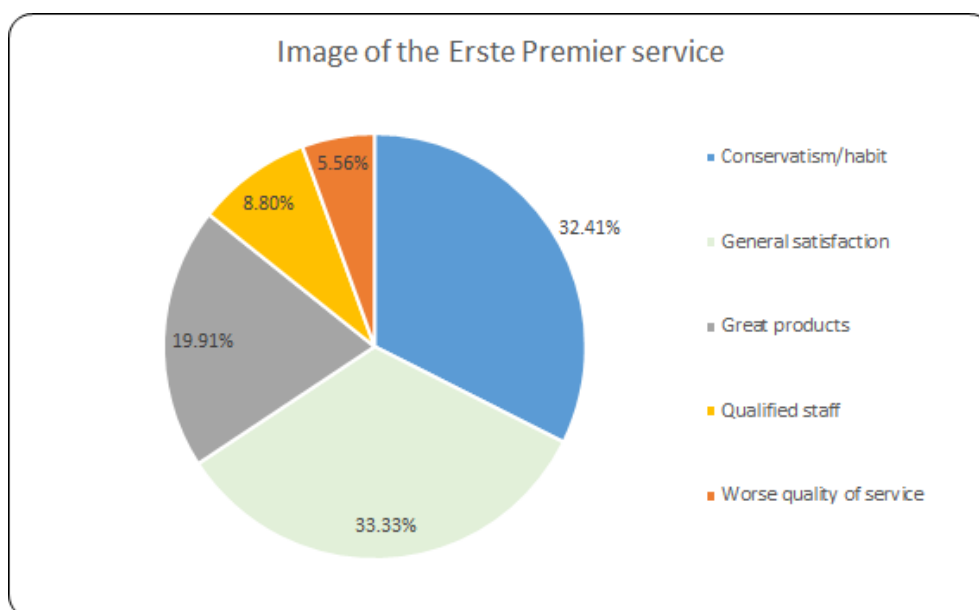
Source: Česká spořitelna, a.s.

The results are very positive for the bank. According to Figure 13, 5.36% of customers think that the Erste Premier service is the best on the market, another 37.95% of respondents concluded that the service belongs among the best ones on the market and 24.55% thinks the service is better than the market average. Then, 12.95% of clients claim the service is average and only 2.23% of customers say the service is worse than the market average.

On the other hand, we can see that 16.96% of respondents were not able to judge other services, because they had no other experience with personal banking services or had no need to find out anything about other alternative banking services.

The rest of customers, who had any other experience with different services of other banks, were asked one more question: “*What are the concrete reasons that led you to this evaluation?*” Their answers show following Figure 14.

Figure 14: Image of the Erste Premier service - customer evaluation



Source: Česká spořitelna, a.s.

From Figure 14 it is clear that exactly one-third of the customers is generally satisfied with the service and another third claimed they are used to the service and are satisfied. In private banking, that point is experienced quite often due to the comfort the service offers and the level of trust in the relationship between the banker and the client. If they change the service, the trust will be lost. Therefore, the service almost does not have clients, who leave the service due to competitive offers. The other three relatively big groups of customers appreciate mostly the products of the bank (almost 20%) and professionalism of the staff and bankers (8.80%). The results mostly correspond with the research of Mihelis et al. (2001) and their five segments of customer's evaluation of the bank.

On the other hand, there is a certain number of customers, who were not satisfied with the service. They were mostly dissatisfied with the fluctuation of the staff (this point is closely related to the trust, which was mentioned in the paragraph above) and with the changing conditions.

H4: Between image (customers' perception) of Erste Premier service and customer loyalty to the company exist a positive relationship.

Baumann, et al. (2012) indicated the relationship between image and loyalty exists. Results of this research can be seen in Table 4.5.

H4₀: The positive relationship between the image of Erste Premier service and customer loyalty to the company does not exist.

Findings and Discussion

H4_A: *The positive relationship between the image of Erste Premier service and customer loyalty to the company does exist.*

Table 8: Spearman's rank correlation between image of the service and customer loyalty to the bank

Spearman Rank Correlations		
	NPS Bank	Image
NPS Bank	Correlation	0.5315
	(Sample Size)	186
	P-Value	0.0000

Source: own

Table 8 shows another strong positive relationship between the image of the bank and the loyalty of the clients. The P-value is equal to 0, the null hypothesis is being rejected and the alternative hypothesis can be accepted. Thus, the assumption of both, Baumann, et al. (2012) and Fraering and Minor (2013), is correct and the image of the service can largely (correlation coefficient is equal to 0.5315) affect loyalty of clients.

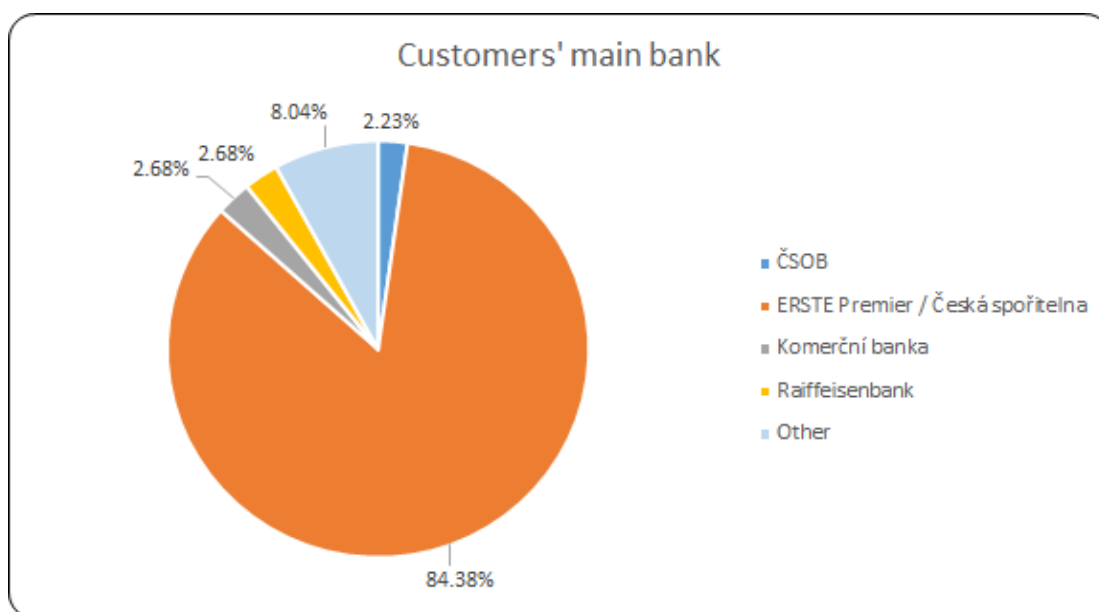
The sample size is reduced to 186 answers; those were respondents, who were not able to judge the service. Therefore, their answers could not be statistically tested.

4.2.8. The main bank

The clients of personal banking services often use more than one bank due to the different services provided or conditions. The bank, which the customer chooses as his main bank, can be considered as the bank, which he is loyal to.

The customers were asked to fill in their main bank as follows: “Please mark the bank you consider to be your main bank, where you conduct most bank transactions, etc.”

Figure 15: Main bank of the customers



Source: Česká spořitelna, a.s.

The results in Figure 15 show, that 84.38% of customers have considered as the main bank the Ceska sporitelna. The result is not surprising since the customers who consider Ceska sporitelna as the main bank are more willing to answer the questionnaire due to the higher interest about the bank. The other banks had only 15.62% share in total.

When compared the NPS of the bank voted by clients, who consider Ceska sporitelna as the main bank and the NPS of the bank voted by clients, who consider another bank as the main on, a significant difference can be seen. The NPS voted primarily by Erste Premier’s clients is equal to 27, while NPS voted by clients of other banks is only equal to -42. It is an expected result since the customers have most of the assets (eventually liabilities) deposited in another bank. On the other hand, it is an opportunity to try to move the client’s assets or liabilities from another bank to Ceska sporitelna.

H5: Between choosing the Erste Premier as the main bank and customer loyalty to the company exist a positive relationship.

H5₀: *The positive relationship between choosing the Erste Premier as the main bank and customer loyalty to the company does not exist.*

H5_A: *The positive relationship between choosing the Erste Premier as the main bank and customer loyalty to the company does exist.*

Table 9: Spearman's rank correlation between choosing the Erste Premier service as the main bank and customer loyalty to the bank

Spearman Rank Correlations		
	NPS Bank	Main bank
NPS Bank	Correlation	0.2571
	(Sample Size)	220
	P-Value	0.0001

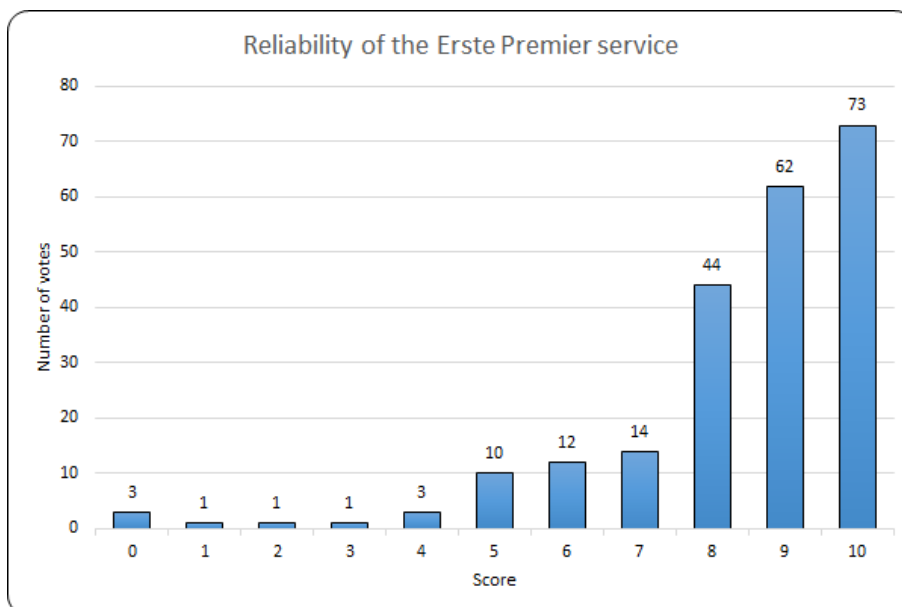
Source1: own

The result of Spearman's rank correlation can be seen in Table 9. Since the P-value = 0.0001 the null hypothesis can be rejected and the relationship between the two variables is statistically proven. The positive relationship between choosing the Erste Premier as the main bank and customer loyalty to the company exist at 95% confidence level. On the other hand, the relationship is relatively weak, since the correlation is equal to 0.2571.

4.2.9. Reliability

The customers were asked the question: “*To what extent do you agree with the following statement when it comes to Erste Premier? A bank I can rely on.*”

Figure 16: Reliability of the Erste Premier service



Source: Česká spořitelna, a.s.

In Figure 16 we can see that there is a high level of reliability to the bank. Most of the customers voted high scores such as 9 or 10. The graph shows that there is a significant decrease between scores 8 and 7. That signs that there are customers, who are not certain they can rely on the bank (voted 5 to 7).

Notwithstanding, the results are satisfying since most of the customers can rely on the bank and the service.

H6: Between reliability of the bank and customer loyalty to the company exist a positive relationship.

Bloemer, et al. (1998), and Mandhachitara and Poolthong (2011) highlighted the reliability as the most important factor determining the loyalty.

H6₀: *The positive relationship between reliability of the bank and customer loyalty to the company does not exist.*

H6_A: *The positive relationship between reliability of the bank and customer loyalty to the company does exist.*

Table 10: Pearson's rank correlation between reliability of the Erste Premier service and customer loyalty to the bank

Correlations		
	NPS Bank	Reliability
NPS Bank	Correlation	0.6828
	(Sample Size)	224
	P-Value	0.0000

Source: own

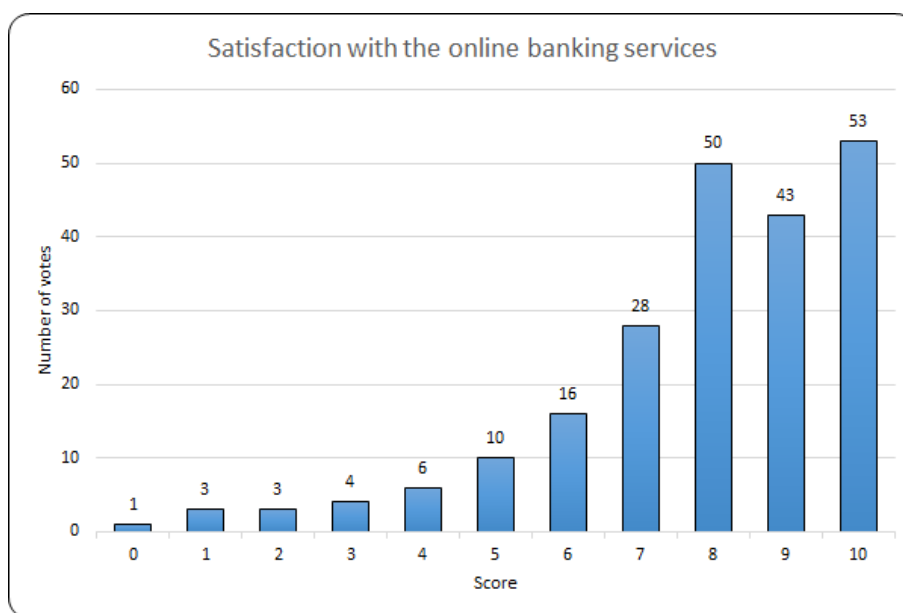
Table 10 shows that between the reliability perceived by customers and their loyalty to the bank exist very strong positive relationship. Since the P-value is equal to 0, we can accept the alternative hypothesis at 95% confidence level.

The Pearson's $r = 0.6828$, which indicates a very strong relationship between the two variables above. Due to the result, we can say the authors were not wrong with the statement, that reliability is one of the most important factors determining loyalty.

4.2.10. Internet banking facilities

In this chapter, satisfaction with the internet banking services is analysed. The respondents were asked to answer the following question: “*To what extent are you satisfied with the following attributes when it comes to Erste Premier Centre? Has a great internet banking*”.

Figure 17: Satisfaction with the online banking services



Source: Česká spořitelna, a.s.

A few weeks before conducting the survey, the bank has started a completely new internet banking service. From the results in Figure 17 it can be seen that the new version of the online banking service is relatively popular.

The results are satisfying in connection with the research of Mihelis et al. (2001) who discovered that access to online banking is very important for private banking customers. On the other hand, in the graph, we can see answers as low as 0 to 6, which can be caused by e.g. lower ability to adapt to changes in online banking services or lower technical skills.

H7: Between customer satisfaction with the online banking facilities and customer loyalty to the company exist a positive relationship.

Chavan and Ahmad (2013) and Mihelis et al. (2001) indicates that online banking services are important for private banking customers.

H7₀: *The positive relationship between customer satisfaction with the online banking facilities and customer loyalty to the company does not exist.*

H7_A: *The positive relationship between customer satisfaction with the online banking facilities and customer loyalty to the company does exist.*

Table 11: Pearson's rank correlation between satisfaction with the online banking services and customer loyalty to the bank

Correlations		
	NPS Bank	Online banking
NPS Bank	Correlation	0.6333
	(Sample Size)	217
	P-Value	0.0000

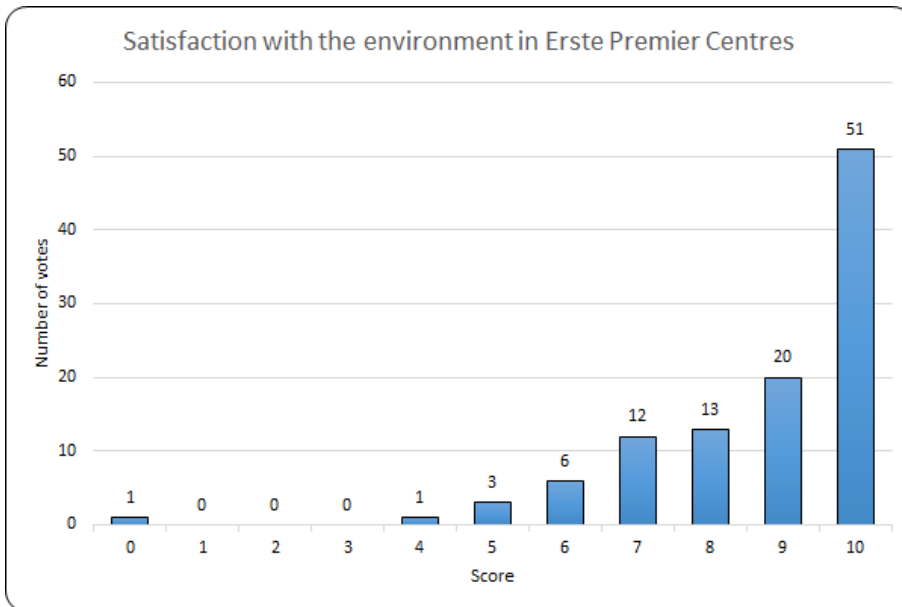
Source: own

The P-value is equal to 0 rejects the null hypothesis at 95% confidence level (see Table 11) and the alternative hypothesis is accepted. Due to the correlation equal to 0.6333, the relationship can be evaluated as a strong one. The result confirms the theory of Chavan and Ahmad (2013) that satisfaction with the online banking services is important and can determine customer loyalty.

4.2.11. Tangibles

The last one chapter of the survey results describe the question: “*To what extent are you satisfied with the following attributes when it comes to Erste Premier Centre? There is a pleasant environment in the Erste Premier Centre.*”

Figure 18: Satisfaction with the tangible facilities in Erste Premier Centres



Source: Česká spořitelna, a.s.

Only 107 customers answered this question. The results in Figure 18 show, that the environment in the Erste Premier Centres is mostly very pleasant and representative, since 51 customers voted the highest possible score (10) and 20 more voted 9. We can say that only 10% (customers who voted 4 to 7) are not as much satisfied with the Erste Premier centres, the environment or equipment inside.

H8: Between customer satisfaction with the tangible facilities and customer loyalty to the company exist a positive relationship

H8₀: *The positive relationship between customer satisfaction with the tangible facilities and customer loyalty to the company does not exist.*

H8_A: *The positive relationship between customer satisfaction with the tangible facilities and customer loyalty to the company does exist.*

Table 12: Pearson's correlation between satisfaction with the tangibles facilities and customer loyalty to the bank

Correlations		
		Tangibles
NPS Bank	Correlation	0.3647
	(Sample Size)	107
	P-Value	0.0001

Source: own

The Pearson’s correlation can be seen in Table 12. The P-value = 0.0001; thus, the null hypothesis is being rejected and the alternative hypothesis is being accepted at 95% confidence level. The correlation coefficient $r = 0.3647$ indicates a positive relationship of the medium strength.

4.2.12. Summary of hypotheses tests

The last table (Table 13) shows all the main hypotheses tests results.

Table 13: Summary of the main hypotheses

	P-value	Correlation	Status
Satisfaction with the Erste Premier	0.0000	0.7141	Confirmed
Satisfaction with the banker	0.0000	0.5799	Confirmed
Satisfaction with online banking	0.0000	0.6333	Confirmed
Satisfaction with tangibles	0.0001	0.3647	Confirmed
Image	0.0000	0.5315	Confirmed
Reliability	0.0000	0.6828	Confirmed
Last meeting	0.0041	0.2014	Confirmed
Main bank	0.0001	0.2571	Confirmed

Source: own

All the hypotheses could be confirmed since the P-value was at all times lower than 0.05. Furthermore, customer satisfaction with the service together and reliability are the strongest determinants of customer loyalty to the bank.

5. Conclusions and recommendations

The purpose of this last chapter is to summarize the whole work. The two sub-questions and the aim of this dissertation will be briefly recapped. Then, the managerial implications will be suggested. These suggestions will be based on the results of the hypotheses and results of the conducted survey.

5.1. Conclusions

The aim of the dissertation was successfully achieved mostly from the literature review. The fulfilment of the aim resulted in eight hypotheses, which were concerned with the possible positive relationship in connection with the loyalty of the bank's customers. All the eight hypotheses were statistically tested. All the hypotheses were accepted since the P-value was in all cases lower than 0.05. The next paragraphs provide a brief summary of the results.

First hypothesis

The lowest possible P-value (0) allowed rejection of the null hypothesis and acceptance of the statement that the relationship between customer satisfaction with their banker and their loyalty to the bank does exist. Further, Pearson's correlation coefficient says, that between these two variables exist a strong relationship. Thus, if the satisfaction with the banker rise, the customer loyalty to the bank will rose significantly as well.

Second hypothesis

Spearman's rank correlation confirmed the hypothesis. Thus, there is statistically significant evidence that the customer's frequency of face-to-face contact with the banker will positively affect their loyalty to the bank. On the other hand, the relationship is not very strong.

Third hypothesis

Pearson's r equal to 0.7141 means that there is a very strong positive relationship between customer satisfaction with the service and their loyalty to the bank positive relationship. Therefore, the more satisfying the service provided will be, the higher will be the loyalty to Ceska Sporitelna.

Fourth hypothesis

Conclusions and recommendations

Image of the Erste Premier service amongst the customers plays an important role as well. Spearman's rank correlation equal to 0.5315 indicates a strong positive relationship. In other words, if the bank will be able to have a positive impact on the customers' perception of the Erste Premier service, loyalty of the customers will increase as well.

Fifth hypothesis

The positive relationship between customers' perception of what their main bank is, has been proven as well. Since the P-value of Spearman's correlation between customer's choice of the main bank and their loyalty was lower than 0.05, the null hypothesis could be rejected. Similarly to the second hypothesis, the relationship is close to a weak one.

Sixth hypothesis

Between reliability and customer loyalty exist the second strongest relationship of all variables examined in this dissertation. The Pearson's correlation coefficient was calculated as equal to 0.6828. This means that loyalty of customers is significantly affected by reliability. Generally speaking, the relationship is good; on the other hand, if a situation happens and the customers will get a feeling, they cannot rely on the bank, their behaviour could possibly cause a huge harm to the company.

Seventh hypothesis

In comparison with other Pearson's correlations, the online banking facilities would provide significant positive changes in customer loyalty as well. The correlation was equal to 0.6333, thus the relationship is very strong.

Eighth hypothesis

The last one hypothesis was confirmed; therefore, there is a positive relationship between customer loyalty to the bank and equipment in the branches. Thus, the bank should always care about their interiors, visualisations and appearance of the members of staff.

First sub-question

Overall satisfaction was divided into four parts. Many of the customers were highly satisfied with the banker. Their satisfaction was mostly driven by willingness to help, professional behaviour and friendliness. Most of the dissatisfied customers, on the other hand, craved for more frequent contact by the bankers, higher flexibility, or for a decrease in personal changes

Conclusions and recommendations

in the bank. The satisfaction with the banker can significantly influence banker's knowledge of the market, personal approach to customers, or the proper frequency of contact with the client.

Satisfaction with the service itself was partly influenced by the negative change in terms and conditions for using the service. Therefore, many clients claimed, the bank should not apply similar changes, or, at least, the bank should communicate those changes in a better way. In opposite, many clients were highly satisfied. Most of the satisfied customers appreciate the personal approach; they are generally satisfied with professional services or with the wide range of high-quality products.

Tangible facilities were also examined, but not as much in-depth as the two parts above. The positive finding is that most of the customers are highly satisfied with the environment in the Erste Premier centres.

Online banking facilities were a bit less successful in customer's evaluation. On the other hand, the lower scores can be largely explained by the new version of the service, which the customers were not used to yet.

Second sub-question

Due to the examination, we have discovered that most of the clients have meetings with proper frequency. On the other hand, there were dissatisfied customers, who would appreciate more frequent communication with their banker. According to the second hypothesis, the proper frequency of contact can improve the level of loyalty to the bank.

The image appears to be another important factor when it comes to affecting loyalty. An excellent result is that most of the customers asked to fill in the survey, answered positively and think that the Erste Premier service is at least better than the market average. Customer opinion on the service was largely affected by overall satisfaction, excellent products provided or customer habits.

Most of the questioned customers also signed the Ceska sporitelna as their main bank. It means that they have most of the deposits in that bank and they do most of the transactions there. There is a huge gap in NPS scores between those, who consider Ceska sporitelna as their main bank and with those, who did not.

Reliability also reached excellent scores. Most of the customers can rely on the bank and their banker.

5.2. Recommendations

Several managerial recommendations have been developed from the analyses and the conclusions. These recommendations will help improve customer experience with the Erste Premier service and overall performance of the bank.

The first suggestion is related to the decision of the bank to reduce the number of detractors. The bankers should be in touch with the client according to his wishes. With some of the clients, it is enough to be in touch once in 6 months, others might prefer to be contacted each month with some kind of personalized offer. Further, the bank should after thoroughly investigation, whether or not the bankers do not behave professionally, consider more training or higher supervision for the bankers since many of customers complained about the lower level of professionalism.

The second recommendation is connected with the high satisfaction with the bankers. The banker's satisfaction should be maintained as much as customer's. If not, there is a risk of banker's resignation. Then, in connection with customers' dissatisfaction with the high level of employee turnover, the loss of the client may consequently occur as well.

The third suggestion concerns the desires of the customers. Many of them expressed a need for additional benefits. Some of the customers are also looking for even lower fees. The last suggestion raises a debate, to what extent the fees are necessary, or if the bank does follow some strategy using them.

In general, the bank should be interested in the wishes of the clients. Most preferably, with the complaints of dissatisfied customers in order to increase their satisfaction and consequently loyalty as well. This will also reduce the negative word of mouth that dissatisfied customers spread.

5.3. Recommendations for further study

Although the work was successful, there are some recommendations for further study to extend the view in this field of interest.

It might be interesting to examine more in-depth the drivers of all eight factors determining customer loyalty, which were discovered in this dissertation. Then, this knowledge might significantly improve managerial decisions in the future.

Further, it might be useful to investigate the groups of dissatisfied customers in order to be able to deliver a better experience for them.

The last recommendation is related to different needs and expectations of a male and female population. It might be interesting to examine, which factors are more important for each gender.

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7. List of Attachments

1. Ethical form

Student approval form (E1)

**THE UNIVERSITY OF HUDDERSFIELD
Business School**

STUDENT PROJECT / DISSERTATION ETHICAL REVIEW FORM

APPLICABLE TO ALL UNDERGRADUATE AND POSTGRADUATE PROGRAMMES

Please complete and return via email to your Project / Dissertation Supervisor along with the required documents (shown below)

SECTION A: TO BE COMPLETED BY THE STUDENT

Before completing this section please refer to the Business School Research Ethics web pages which can be found at xxxx. Students should consult the appropriate ethical guidelines. The student's supervisor is responsible for advising the student on appropriate professional judgement in this review.

Please ensure that the statements in Section C are completed by the student and supervisor prior to submission.

Project Title:	Factors determining the loyalty of customers using private banking services in the Czech Republic
Student:	Karel Huk
Student number:	U1770870
Course:	BE142 (BA (Hons) International Business (Top up) FT)
Supervisor:	Dr Nan Zheng
Project start date	16.1.2018

SECTION B: PROJECT OUTLINE (TO BE COMPLETED IN FULL BY THE STUDENT)

Issue	Please provide sufficient detail for your supervisor to assess strategies used to address ethical issues in the research proposal
Aim / objectives of the study These need to be clearly stated and in accord with the title of the study. (Sensitive subject areas which might involve distress to the participants will be referred to the Course Approval Panel).	The aims and objectives of the study are: To identify factors, which can possibly determine customer loyalty; to define the relationship, if any, between the variables and customer loyalty; to find out, how the customer satisfaction affects customer loyalty; how other factors, such as reliability, image of the bank or frequency of meetings with customers affect their loyalty to the bank.
Brief overview of research methodology The methodology only needs to be explained in sufficient detail to show the approach used (e.g. survey) and explain the research methods to be used during the study.	For purpose of this dissertation, the positivist deductive approach is used. Type of research is the survey. Data used in this study are survey-based secondary data provided by the bank. Both the open-ended and the closed-ended questions are included.
Does your study require any permissions for study? If so, please give details	No.
Participants Please outline who will participate in your research. If your research involves vulnerable groups (e.g. children, adults with learning disabilities), it must be referred to the Course Assessment Panel.	The clients of the Erste Premier service in the Czech Republic.
Access to participants Please give details about how participants will be identified and contacted.	-
Informed consent. Please explain how you will inform your participants about the	-

Student approval form (E1)

study and whether they will be in a position to give informed consent	
Right to withdraw Please identify whether you are offering your participants a right to withdraw from the study and/or to withdraw their data from the study and how this will take place. If you are not offering a right to withdraw, please explain why.	-
How will your data be recorded and stored?	-
Confidentiality Please outline the level of confidentiality you will offer respondents and how this will be respected. You should also outline about who will have access to the data and how it will be stored. (This should be included on information sheet.)	The data access was granted only to me and the managers of Ceska Sportelna.
Anonymity Do you intend to offer anonymity? If so, please indicate how this will be achieved.	Due to the nature of secondary data, I will not be able to identify any of the participants.
To what extent could the research induce psychological stress or anxiety, cause harm or negative consequences for the participants (beyond the risks encountered in normal life). If more than minimal risk, you should outline what support there will be for participants.	-
Does the project include any security sensitive information? Please explain how processing of all security sensitive information will be in full compliance with the "Oversight of security - sensitive research material in UK universities: guidance (October 2012)" (Universities UK, recommended by the Association of Chief Police Officers)	-

SECTION C – SUMMARY OF ETHICAL ISSUES (TO BE COMPLETED BY THE STUDENT)

Please give a summary of the ethical issues and any action that will be taken to address the issue(s).

<p>I think there are no ethical issues. I have included the communication with Petr Slama, the manager of Ceska Sportelna to declare that I was allowed to use the data.</p>
--

Student approval form (E1)

SECTION D – ADDITIONAL DOCUMENTS CHECKLIST (TO BE COMPLETED BY THE STUDENT)

You must supply to your supervisors final copies of all relevant supporting documentation electronically. If this is not available electronically, please provide explanation and supply hard copy

I have included the following documents

Information sheet	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
Consent form	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
Letters	Yes <input checked="" type="checkbox"/>	Not applicable <input type="checkbox"/>
Questionnaire	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>
Interview schedule	Yes <input type="checkbox"/>	Not applicable <input checked="" type="checkbox"/>

SECTION E – STATEMENT BY STUDENT

I confirm that the information I have given in this form on ethical issues is correct. (Electronic signature is acceptable if sent via University email account)

Signature: Karel Huk

Date: 24.4.2018

SECTION F: SUPERVISOR RECOMMENDATION ON THE PROJECT'S ETHICAL STATUS

Having satisfied myself of the accuracy of the project's ethical statement and the supporting documents, I believe that the appropriate action is:

Approve	X
Approve subject to recommendations [please specify]	
Approve subject to conditions [please specify]	
The project proposal needs further assessment by a representative of the Business School Research Ethics Committee	
The project needs to be returned to the student for modification prior to further action (details of required modifications must be provided)	
Reject	

Supervisor signature: Dr. Nan Zheng 24/04/2018

All documentation must be submitted according to the instructions in your Course / Module handbook.