



**IMPACT OF FACTORS AFFECTING CUSTOMER SATISFACTION TOWARDS
CORPORATE LOAN IN THE BANKING SECTOR OF BANGLADESH**

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DOI: <https://www.doi.org/10.59125/JST.20207>

ABSTRACT

The purpose of this paper is to determine customer satisfaction with corporate loans. Corporate lending in Bangladesh is making a large attitude. The assessment's primary goal is to conduct a thorough inquiry into the fulfillment of borrowers from Rupali Bank Limited. According to the review, Rupali Bank Limited has excellent employees in terms of behavior, and customer happiness is an important factor in evaluating the bank's performance. Using a self-administered survey, a confirmatory factor analysis, and a set of quality measures adopted from the existing literature. We reaffirm that factors of perceived satisfaction with regard to corporate loans in the context of Bangladesh include interest rate, information availability, policies and charges as well loan repayment procedure. For data analysis, factor loading through PCA and regression were applied. Results revealed that interest rate, information availability, policies and charges as well loan repayment procedure are positively related with customer satisfaction towards corporate loan. However, this study is a genuine contribution towards the corporate loan sector of Bangladesh. Our findings have relevance for academics and practitioners interested in understanding customers' ultimate needs.

Keywords: Customer satisfaction, corporate loan, collateral, interest rate, loan procedure

INTRODUCTION

Corporate loans are offered to business entities and availed for daily business needs, purchase of assets, starting a new venture, etc. Corporate lending is essentially the same thing as a personal loan, except instead of being made from a bank to an individual, it is made from a bank to a company. Customer satisfaction is defined as a measurement that determines how happy customers are with a company's products, services, and capabilities. Retail loans comprise consumer credit for specific purposes and credit for general use. The banking industry is highly competitive, with banks not only competing with each other; but also, with non-banks and other financial institutions. To retain customers, banks should try to make customers satisfied with their services and offerings (Ariff et al. 2013). Customer satisfaction is dictated by the perceived performance of a product relative to the buyers' expectations (Hawamdeh 2022). While there is broad agreement that high capital requirements make the banking system more resilient to adverse shocks, it is still debated whether high requirements also lead to reductions in credit availability

and increases in the cost of credit (Sengupta 2020). According to Dawit (2018), customer satisfaction is defined as the evaluation given by customers to certain bank products or services whether they have met their needs and prohibitions. Through interest-free savings and lending services, the banking industry has demonstrated its ability to address the financial needs of the community (Harun et al. 2020). Companies with a more satisfied customer base also have high economic returns. Such patterns have not been thoroughly investigated in earlier studies (Islam et al. 2021). A company's reputation is influenced by the quality of its products/services that satisfy consumer expectations and its great concern for social affairs. Bogati and Vongurai (2018) state that customer satisfaction is formed by buying and consuming a product so that customers can make an assessment of the benefits and price aspects of the product consumed customer satisfaction is the feeling of satisfaction possessed by the customer for the assessment that has been made of the fulfillment of expectations carried out by the Bank. Banks view lending not just as a crucial strategy for securing a long-term economic position, but also as an endeavor to cultivate positive relationships with people at all levels of society (Lombart and Louis 2014). In the banking sector, service quality has a favorable effect on customer satisfaction and these criteria are significantly associated with customer loyalty. Although there has been many research on satisfaction measurement in many fields, this study will provide a unique addition to Bangladesh's banking sector. This study will close this gap by concentrating exclusively on the various factor affecting customer satisfaction with regard to corporate loans in the context of Rupali Bank Limited. Also, this study aims to examine the impact of interest rate, the application process, information, policy and charges, loan repayment, fund and collateral, and other facilities (independent variable) on overall consumer satisfaction of Rupali Bank Ltd.

MATERIAL AND METHODS

Data and sample: The study is mainly based on primary data. For general concept development about the survey, questionnaires were used for collecting data about customer satisfaction towards corporate loans. Data were collected from 151 customers granted a corporate loan from Rupali bank limited, Bangladesh. Primary data have been collected using a well-designed questionnaire about the factors that affect customer satisfaction towards corporate loans. Information about respondents' perceptions about the factors was collected using a seven-point Likert scale where 7=Strongly agree, 6=Merely agree, 5=Agree, 4=Neutral, 3= disagree, 2=Merely disagree, 1= Strongly disagree.

Model specification: In this study the following regression model has been used:

$$OVS = \beta_1 INT + \beta_2 APN + \beta_3 INF + \beta_4 PLC + \beta_5 LRP + \beta_6 FNC + \beta_7 OTH + \varepsilon$$

Here,

BSC= Overall Satisfaction, β =co efficient, ε =error term, INT = Interest Rate, APN = Application Process, INF = Information, PLC = Policy and Charges, LRP = Loan Repayment, FNC = Fund and Collateral, OTH = others

Table 1. Variables list

Determinates	Variable	Notation
Dependent Variable	Overall Satisfaction	OVS
	Interest Rate	INT
Independent Variable	Application Process	APN
	Information	INF
	Policy and Charges	PLC
	Loan Repayment	LRP
	Fund and Collateral	FNC
	others	OTH

Proposed Hypotheses

For the convergence of such information and proper decision-making by the users the following hypothesis has been taken into consideration:

- H1:** There is a positive relationship between interest rate and overall satisfaction.
- H2:** There is a positive relationship between the application process and overall satisfaction.
- H3:** There is a positive relationship between information and overall satisfaction.
- H4:** There is a positive relationship between Policy and charges and overall satisfaction.
- H5:** There is a positive relationship between Loan Repayment and overall satisfaction.
- H6:** There is a positive relationship between Fund and Collateral and overall satisfaction.
- H7:** There is a positive relationship between other facilities and overall satisfaction.

RESULTS AND DISCUSSION

Table 2. Percentage of Male and Female

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	127	84.7	84.7	84.7
	Female	23	15.3	15.3	100.0
	Total	150	100.0	100.0	

Table 2 shows the percentage of male and female participants is 84.7% and 15.3% respectively.

Table 3. Loan Amount level

		Loan Amount level			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10-20	62	41.3	41.3	41.3
	20-30	77	51.3	51.3	92.7
	30-40	10	6.7	6.7	99.3
	40-50	1	0.7	0.7	100.0
	Total	150	100.0	100.0	

Table 3 represents the amount level of borrowers from Rupali Bank Ltd. 41.3% of borrowers were granted 10 to 20 lakhs, 51.3% of borrowers were granted 20 to 30 lakhs, 6.7% of borrowers were granted 30 to 40 lakhs and 0.7% of borrowers were granted 40 to 50 lakhs.

Descriptive Statistics

Table 4 shows that OVS has the highest mean value is 5.8117. Information and Interest also have a higher mean value which is 5.8578 and 4.8711 respectively. On the other hand, APN, PLC, and LRP have a positive mean value which means the better performance of the bank. On the other hand, APN has the highest standard deviation which is 1.13876. OVS, INT, INF, PLC, LRP, FNC, and OTH has positive standard deviation which determines the good performance of Rupali Bank Ltd. INF is the main power of Rupali Bank Ltd because it has the highest number of Min and Max values.

Table 4. Summary of statistics

Descriptive Statistics										
	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
OVS	150	2.75	6.75	5.8117	.70350	.495	-2.338	.198	5.606	.394
INT	150	2.67	6.33	4.8711	.55936	.313	-.018	.198	2.084	.394
APN	150	2.33	6.00	3.8578	1.13867	1.297	.153	.198	-1.347	.394
INF	150	3.33	6.67	5.5689	.84658	.717	-.734	.198	-.567	.394
PLC	150	2.33	7.00	4.4467	.91048	.829	1.247	.198	2.079	.394
LRP	150	1.67	7.00	4.5356	.95139	.905	-.981	.198	1.480	.394
FNC	150	2.33	6.67	4.2289	.83200	.692	1.064	.198	1.030	.394
OTH	150	1.33	7.00	4.4711	.81484	.664	.192	.198	1.173	.394

KMO Test Value and Factor Loading

Table 5. KMO Test Value

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.709
Bartlett's Test of Sphericity	Approx. Chi-Square	2197.972
	df	300
	Sig.	0.000

Table 5 represents the KMO test value is 0.709 which is satisfactory.

Factor Loadings Using Varimax Rotation (PCA) Method

Table 6 represents the factor loading value using the varimax rotation (PCA) method.

Table 6. Factor Loadings Using Varimax Rotation (PCA) Method

Factor Loadings Using Varimax Rotation (PCA) Method		
Item	Factor Loadings	Factor Name
FACTOR 1		
Getting a corporate loan is not difficult	0.689	Overall
Corporate loan interest is suitable	0.753	Satisfaction
Employers of Rupali Bank are very hospitable	0.674	
Satisfied with the co-operation given	0.684	
FACTOR 2		
The interest rate is low	0.772	Interest
Some institutes offer a bigger amount	0.655	Rate
Adjust the interest rate policy changed by the government	0.745	
FACTOR 3		
Extensive application process	0.729	Application
The application process is not difficult	0.695	Process
Time-consuming process	0.734	
FACTOR 4		
Collect information from direct brunch	0.840	Information
Collect information from websites and mail	0.772	
Collect information from advertising and article	0.770	
FACTOR 5		
Process is transparent	0.690	Policy
Policy is strict	0.633	and
The application fee is common	0.668	Charges
FACTOR 6		
The repayment process is smooth	0.874	Loan
The repayment process is flexible for all	0.796	Repayment
Provide facility for early termination	0.685	
FACTOR 7		
Access more funds than a personal loan	0.600	Fund
Restriction on fund usage	0.769	and
Collateral is needed	0.809	Collateral
FACTOR 8		
Tax benefit	0.785	
Long wait for credit decision	0.792	Other facilities
Encourage people to get into business	0.634	

Pairwise Correlation

Table 7. Pairwise Correlation

	OVS	INT	APN	INF	PLC	LRP	FNC	OTH
OVS	1							
INT	.097	1						
APN	-.048	.398**	1					
INF	.355**	.077	-.073	1				
PLC	.048	.351**	.541**	-.182*	1			
LRP	.209*	-.011	-.154	-.231**	.031	1		
FNC	-.099	.226**	.529**	-.186*	.700**	-.179*	1	
OTH	-.154	.453**	.535**	.137	.237**	-.399**	.315**	1

Table 7 indicates the Pearson Correlation. Basically, correlation shows the relationship between overall satisfaction (Dependent Variable) and another variable which are INT, APN, INF, PLC, LRP, FNC, and OTH (Independent variable). The most significant relationship is found between the information (0.355**) and overall satisfaction. Loan Repayment also has a significant value which means this is a positive relationship between them. Whereas fund and collateral have a negative relationship with overall satisfaction.

Table 8. Regression results

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.504	.254	.217	.62104	1.647	

a. Predictors: (Constant), OTH, INF, PLC, LRP, INT, APN, FNC

b. Dependent Variable: OVS

Here, adjusted R² is .217 which represents that the independent variable combinedly can explain 21.7% of the dependent variable.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.780	7	2.683	6.956	.000 ^b
	Residual	55.153	143	.386		
	Total	73.933	150			

a. Dependent Variable: OVS

b. Predictors: (Constant), OTH, INF, PLC, LRP, INT, APN, FNC

Here, *the p* is less than of 0.05 lead to indicate that the independent variable have a significant impact on the overall customer satisfaction.

Coefficients						
Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2.937	.724		4.056	.000
	INT	.150	.109	.120	1.382	.169
	APN	.036	.062	.058	.580	.563
	INF	.356	.063	.435	5.618	.000
	PLC	.121	.086	.157	1.403	.163
	LRP	.153	.062	.207	2.456	.015
	FNC	-.069	.092	-.082	-.751	.454
	OTH	-.204	.085	-.238	-2.403	.018

a. Dependent Variable: OVS

Here coefficients of all the independent variables are presented. From the value of the coefficients, it's been observed that information, loan repayment, and other variable have a significant impact on overall satisfaction.

Table 9. Hypothesis testing result

Hypothesis	Tool	Explanation	Result
H1: Interest rate has a positive impact on overall satisfaction.	Correlation	Table 7 shows that $r = 0.097$ which represents a weak but positive correlation between interest rate and overall satisfaction.	Accepted
H2: Application process rate has a positive impact on overall satisfaction.	Correlation	Table 7 shows that $r = - 0.048$ which represents a negative correlation between the application process and overall satisfaction.	Rejected
H3: Information has a positive impact on overall satisfaction.	Correlation	Table 7 shows that $r = 0.355$ which represents a strong positive correlation between information and overall satisfaction.	Accepted
H4: Policy and charges have a positive impact on overall satisfaction.	Correlation	Table 7 shows that $r = 0.048$ which represents a weak but positive correlation between policy & changes and overall satisfaction.	Accepted
H5: Loan Repayment has a positive impact on overall satisfaction.	Correlation	Table 7 shows that $r = 0.209$ which represents a positive correlation between loan repayment and overall satisfaction.	Accepted
H6: Fund and Collateral have a positive impact on Overall Satisfaction.	Correlation	Table 7 shows that $r = - 0.099$ which represents a negative correlation between the fund & collateral and overall satisfaction.	Rejected
H7: Other facilities have a positive impact on Overall Satisfaction.	Correlation	Table 7 shows that $r = - 0.154$ which represents a negative correlation between the other facilities and overall satisfaction.	Rejected

CONCLUSION

Banks should focus on the prosperity of the country to accommodate the growing demand for a diverse variety of banking services. Though banks can do that by assuring adequate personnel and material resources to deliver the best service to their customers for offering great services. Nonetheless, they should focus more on customer-tailored services and make advances in banking. The research findings clearly show that the client prefers the drive toward simplicity and convenience in banking, and hence banks should seek alternative strategic approaches geared to improve loan service delivery. These findings will be useful both practically and conceptually. This analysis, which provides new insight, will have a huge impact on the banking market in Bangladesh. The findings of this study will also assist policymakers in taking action to improve performance and obtain a durable competitive edge over competitors. This research can be used by banks to improve their services, maintain good and strong relationships with their customers, and increase client retention. However, this study used data from 150 respondents for this research. In the near future, new factors can be added to enrich the time period. Further research can be conducted by including other banks and comparing them.

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