

**DETERMINANTS OF CUSTOMER SATISFACTION IN DOMESTIC
CONSUMER LOAN MARKET: A CASE STUDY OF PEOPLE'S BANK
KALUTARA REGION IN SRI LANKA**

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The concept of customer satisfaction receives a prime consideration in various industries across the world. The importance of identifying the factors effecting on customers' decision in getting a loan from a particular bank is becoming an integral consideration. Thus, this study attempts to identify the effect of key variables namely; service quality, corporate image, perceived value, price of services and relationship marketing on customer satisfaction in consumer loan market with special reference to People's Bank in Kalutara region, Sri Lanka. Proportionate random sampling technique was exercised to draw a sample of 400 borrowers, whilst interviewer administered questionnaire was used to collect primary data through a telephone survey. Descriptive analytical techniques, factor analysis, Spearman's rank-order correlation analysis and binary logistic regression were employed as instruments for data analysis. Among the considered independent variables, service quality reported the strongest correlation ($r_s = 0.779$), while price of service showed the lowest correlation with customer satisfaction ($r_s = 0.645$). Moreover, customer satisfaction was highly correlated with customer loyalty ($r_s = 0.982$). The binary logistic regression disclosed that among the other covariates, the most important covariate that affects customer satisfaction is service quality. The price of service, relationship marketing, perceived value, and corporate image improved the goodness of fit of the fitted model significantly during the stepwise forward regression model fitting exercise. Service quality, relationship marketing and perceived value showed a significant positive impact on customer satisfaction whilst price of service showed a significant negative impact ($p < 0.05$). However, corporate image was not significantly associated ($p > 0.05$) with the customer satisfaction. Thus, the study concludes that service quality, perceived value and relationship marketing significantly improve the customer satisfaction with respect to domestic consumer loan market in the particular bank.

Keywords: Consumer loans, Customer loyalty, Customer satisfaction