



A Study of the Customer Satisfaction in State Owned Banks and understanding why customers
choose New Kabul Bank even after its bankruptcy

By

Sheela Samimy

A Thesis Submitted to the Business Department

American University of Afghanistan

May 2018

AUAF Declaration of Authorship

Master's in Business Administration Thesis

I hereby declare that:

- This thesis for the Master in Business Administration at the American University of Afghanistan is my original work. I wrote this myself under the supervision of the MBA faculty assigned to me by the Program Director.
- To the best of my knowledge, I have cited accurately all sources that have been used for this thesis.
- I have acknowledged the parts of this thesis that are based on the collaborative work with third parties other than my supervisor.
- I have not submitted this thesis, or substantial parts of it for a degree or any other qualification at another institution.

Student's Name: **Sheela Samimy**
Student's ID: 000015465
Name of Thesis Supervisor: Dr. Sujatha C.
Date: May 05, 2018

Acknowledgement

I am very excited to express my appreciation and gratefulness to those who have helped me a lot during my thesis writing. I specially would like to my family and my supervisor Dr. Sujatha C. for her greatest support, guidance and close supervision.

I would also like to thank Mr. Rod Monger, the MBA director for all his greatest support.

Abstract

The purpose of this paper was to study the customer satisfaction of the New Kabul Bank. The paper aimed at understanding the reason behind loyalty of the customer after the bankruptcy. The paper also tried to explain customer's satisfaction with the offered services.

The study was inclusive two parts the first part studying and finding the common themes of the three state owned banks and the second part studying the customer satisfaction of the New Kabul Bank. The primary data for the paper were collected from the relevant journals and articles while the secondary data were collected by distributing questionnaires to a sample of 150 customers. Descriptive statistics were used to analyze the data. Results exhibits that customers are not satisfied with New Kabul Bank services and are willing to switch to other banks. Probit regression analysis were also used to test the hypothesis of the paper.

Lack of resources, primary data and time boundaries are the major limitations of the study. Considering the analysis and findings of the study the author recommends closely studying the wishes of the customers and tailoring the services accordingly.

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Abbreviations

GoIRA - Government of Islamic Republic of Afghanistan

SBs – State Owned Banks

DAB – Da Afghanistan Bank

NKB – New Kabul Bank

PB – Pashtani Bank

BMA - Bank Milli Afghanistan

Chapter 1

Introduction

Revolution of the businesses from production oriented to customer oriented, fundamentally changes the focus and concentrations of the businesses. Businesses and organizations, which were aimed at innovating and designing of different product's features and traits, shifted their attentions towards the needs and wants of the targeted customers.

In the modern society of businesses the customers are equipped with high market knowledge; they understand the features of the substitutes and competing products, which are available in the market. The customers are also sophisticated, and they well understand their needs and wishes. The challenging part is the level of importance and recognitions customers expect to receive. It is not only that they want a fully functioned and featured product or service as per their wishes, but also they consider the level of efficiency, responsiveness, knowledge and behavior of the employees. In such an environment, it is the customer who is the ultimate decision maker. Hence, to further promote and expand the business, it is the key to pay close attention to the detail of customer's contentment and level of comfort. Offering the products in accordance to the targeted customer's choice and letting the customer have the flexibility of choosing between different product lines increases customer's satisfaction. This results in maintaining and capturing a remarkable share of the market.

Customer's satisfaction in all types of businesses and in each sector plays a vital role in acquiring new customers, and maintaining the existing ones. Studies explain that customer's satisfaction is not limited only to private sector, but it is also more in practice in publicly funded organizations. This practice becomes more vital and significant when state/ government owned organizations are in competition with private institutions.

Banking Sector presents a lively yet considerable example of the competition between public and private sector. In such a situation both the sectors directly deal with different levels of customers. They both offer number of similar and identified services. Both sectors design strategies to expand the businesses, and further capture the market share. Gaining the maximum of possible customer's satisfaction is the aim and purpose of both the sectors. The competition between the sectors reaches to an interesting level, where state owned banks are backboned with the power of government and customers believe they are less open to be bankrupt. Where, private banks are more open to change and innovation, and offers more product lines and services at level of customer's comfort.

Considering the economic and the business environment of the country, which is slowly and gradually moves towards modernization, and acceptance of new changes and innovations, this paper aimed to survey and study the level of customer satisfaction of the state owned banks of the Afghanistan. The paper also aimed to find out whether banking system in Afghanistan are consistent with other countries in region. The literature review chapter studied the banking system trends and practices in regional countries in respect to gaining customer's satisfaction and services they offer. In addition, the paper also studied the aspects of services provided by the institutions.

Study and survey of customer satisfaction is important and critical in all businesses. However, a great level of the customer satisfaction plays a remarkable role in expansion of the banking business, which critically justifies the role. Banking sector beside all other sectors plays a vital role in the economic growth of the country. Growth and expansion of the Banking sector stimulates many opportunities for the country. Strengthening, the financial services and acquiring the required level of customer satisfaction, motivates investors of different levels to

keep their money in country. In other terms growth of financial and banking sectors and acquiring satisfaction of the customers prevents break out of financials and capitals. Growth and expansion of the Banking Sector is the lifeblood of the economic stability of a country, by providing all the financial services; for compiling deposits and recycle them by providing different types of loans to publicly founded or private businesses. In other terms, banking sector try to balance between the surplus and shortage of funds. This means that banks collect deposits of the individual or businesses with a surplus of cash and provide credits to those in need of cash, which result in strengthening of the private sector and businesses. The banking sector also plays a critical role in stability and increase in value of the local currency by implementing certain specified and exclusive policies developed by the central banks.

Customer services are the key to acquire or lose customer's satisfaction in Banking Sector. These include pre-purchase, on purchase and post purchase services. In the modern era of the business the customers not only expect the financial institutions to play their main role of financial transactions but to act way further, on their personal level. A customer now a days requires the financial institution to advise them on their transactions and to inform them on consequences of their transaction in advance. Customers pay close attention to the skills of the customer and their effects on them. They closely observe how their times are dealt with, and if the employees are effective time managers. A customer would never announce his/her satisfaction unless s/he is not ensured that the employee is attentive and listens to them. Experienced customer's differentiates between the employees who have knowledge of the product, patience, attentiveness and clear communication skills, and those have not. The services provided as such are playing a vital role in increasing customer satisfactions.

Taking all the mentioned critical points in mind and understanding the role of customer satisfaction in expansion of the businesses, it worth noting that, acquiring customer's satisfaction in banking sector is not as simple as it sounds. It is about gaining the maximum satisfaction in an environment where each bank provides almost identified services, and it is very easy to copy and imitate from each other. Such an environment gaining customer's satisfaction is vital, as a customer could easily switch to rival institutions.

The banking sector history in Afghanistan goes back to almost 85 years ago, with the Bank Milli the oldest. The Bank Milli was founded in 1934; with the institution of which the banking industry in Afghanistan was started. The Bank Milli used to manage banking and financial transactions of the state. However, later on all the governmental and state responsibilities were shifted to Da Afghanistan Bank. As of date afghan government owns four banks;

1. Da Afghanistan Bank (Central Bank) (DAB)
2. Bank Milli (BMA) (The Oldest)
3. Pashtany Bank, (PB) and
4. New Kabul Bank (NKB)

Having the fore mentioned level of competition between the public and private sector interestingly in mind, this paper particularly presents a case study of the New Kabul Bank.

New Kabul Bank has started its operation as the first private bank of Afghanistan in 2004 as Kabul Bank, and then because of the wrongdoings and corruption it went bankrupt. It again started to operate as a state owned bank in 2011, and was announced as New Kabul Bank (NKB). NKB currently offers its services across the country by the more than 112 branches. To better fulfill the needs of the customers NKB offers following service lines;

1. Account Opening

2. Balance Confirmation
3. Issue of Balance Confirmation
4. Deposits Withdrawal and Payment (Banking Transactions)
5. Money Transfer from one Account to another Account
6. Issue of Cheque-book
7. Internet Banking
8. ATM Services
9. 3131 Services
10. Master Card
11. Salary Disbursement Services
12. Electricity Bill Payment
13. Islamic Banking Services along with Islamic terms and conditions.
14. Western Union Services

The New Kabul Bank is also linked to all over the globe, with SWIFT facilities. This connections give the New Kabul Bank the facility to send a receive money in short time and in fast paced manner to customers who are connected to following International Banks.

1. Aktif Bank Turkey
2. Bank of China
3. Alraji Bank United Emirate
4. Crown Agent Bank London
5. National Commercial Bank Jeddah
6. KBC Bank Brussels
7. HDFC Bank India

As stated that New Kabul Bank has started its operations after a bankruptcy, it is critical and much significant to study and survey the customer's satisfaction to understand the loyalty and purchase intentions of the customers in the future. The study also explains how customers differentiate the New Kabul Bank (NKB) than other state owned banks, and what their preferences between private and public banks are. This survey is also a critical step towards initiating similar studies on other state owned banks and organization. Presenting the results to the relevant authorities will help the institutions in better designing their policies for retaining and acquiring customers, decrease negative word of mouth and increase the lifetime value of relevant customers.

This study is critical and significant not only in finding out how satisfied customers of the New Kabul Bank are, but also in explaining what are the needs of the customers, and how they can articulate those needs into practice. The participants of the survey were also asked about their suggestions for betterment of the services offered by the NKB. Then the collected suggestions are formalized and summarized as recommendations to the management of the NKB which will play a critical in the growth of the business.

Purpose of the Study

The purposes of this study were to survey the relation between customers satisfaction in New Kabul Bank and their loyalty.

This study also presents the loyalty of the customers and their willingness to switch to other State Owned or Private Banks.

Research Question

To collect the data, analyze and come up with a result for the purpose of this research. This paper conducted and surveyed the satisfaction level of the NKB customers on the services offered by the State Owned Banks. Specifically this research studied and surveyed the level of customer's satisfaction of the New Kabul Bank. The research also found the loyalty of the customers to New Kabul Bank and their willingness to switch to any other State Owned or Private Bank by answering the following questions;

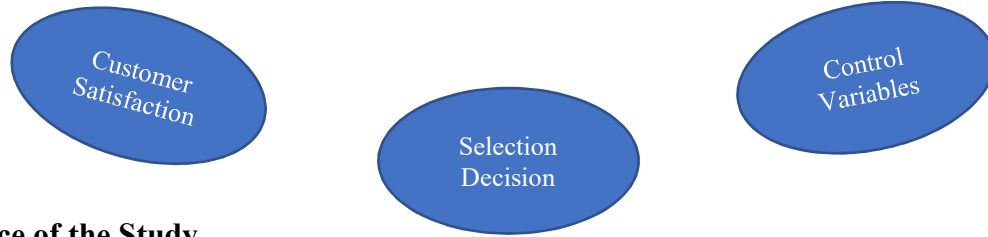
Research Questions

1. Why are customers still loyal to New Kabul Bank despite bankruptcy proceedings?
2. Despite having lower satisfaction why are customers still chosen New Kabul Bank for their Financial Transactions?
3. Are customers of the New Kabul Bank incline to switch to any other bank?

Theoretical Framework

This paper studied the relationships of customer loyalty, Product Quality and Service Quality with Customer satisfaction. The study considered the Customer loyalty to purchase new offerings of the NKB as independent variable and factors such as customer's satisfaction, Product Quality as independent variables. The model represents age and gender as control variables.





Significance of the Study

The outcome and findings of this study is of a great contribution to publicly funded businesses especially state owned banks. The study reveals the preference of customers and their wishes, which enable top management of the relevant organizations to improve their services and design their marketing policies accordingly. The study will explains and find out areas, where customers are happier and could be used and presented as strengths of the organizations.

The study will be used as a stepping stone for further researches in the field.

Scope of the Study

The New Kabul Bank has more than 112 branches across the country; this study is conducted only in Kabul province mainly the main branch customers is considered. The participants of this study are chosen randomly. The survey sheets are distributed to 150 customers who represent all customers of the New Kabul Bank.

The specific outcome of this study were expected to understand the;

1. The satisfaction level of the customers in New Kabul Bank
2. The loyalty level to the future purchases or the willingness of the customers to switch to other state owned or private banks.
3. Suggestions of the customers as per their wishes and needs on provision of the services

Limitations

As Kabul Bank is offering services to almost all provinces in Afghanistan, due to limitation of time and financial resources the research will only be conducted in Kabul and its main branch in Share Naw. Other Factors and elements such as having few or no private banks in other provinces may affect the results of the study that cannot be covered at the moment. The other important factor that limits the results of the study is lack or lack similar data and researches in Afghanistan and other fragile countries.

Ethical Considerations

There are a number of ethical points in regards to participants that are considered and respected during this study;

1. Survey forms are requested to be filled on volunteer basis
2. Aim of the survey are explained and clarified to participants
3. If any confidential data is shared by the relevant authorities of the New Kabul Bank for the purpose of cooperation, it is made sure to secure the confidentiality of the respective document.

Moreover, the author of the paper also made sure to exhibit integrity and reported the results genuinely based on the data collected from the surveyors. The author also made sure to analyze the data in a pertinent and unbiased base. The raw data of the research is shared with the respected supervisor of the paper.

Chapter 2

Literature Review

Given the spotlight of this paper, this chapter studied the customer satisfaction to provide better understanding of concept. The paper also explained some relevant concepts like customer services. The paper also presented an overview of the theoretical studies, which are done on perspective of the customer's on different sectors and the factors that influence level of their satisfaction.

Customer satisfaction is not only phenomena but a broader concept and tool to expand the business or an issue to flop a business. Hansemark, O. C., & Albinsson, M. (2004) explained that “a satisfied customer was experienced as someone with whom you have a good relationship characterized by mutual confidence, with whom you have good contact and open dialogue, or as someone who is either retained or not retained. Informants claimed to be able to know whether a customer was satisfied by just feeling it, by having the right chemistry, by the nature of the relationship or by dialogue. The latter two were also regarded as enhancing satisfaction, along with good handling of complaints and service. (p.57)

Hill. N, Roche. G and Allen. R (2007) explained that “businesses are driven towards accomplishment of their aims and acquiring their objectives only when they believe that things that are important to customers are also important to businesses.” (P.1). The authors also describes that “naturally human being are attracted to the things that make them feel better and shuns that are unable to achieve their happiness and these statements and arguments are simply called customer satisfaction. (p.1).

Another concept which lies very close to customer satisfaction is the quality of the required services. J. Selvakumar (2015) explains that “The term service quality has two core elements, customer expectation and customer perception. Customers will consider the service quality as low when the desired performance of services provided by their banks fails to meet up their expectation and alternatively will consider the service quality as high when the bank’s desired performance matches or exceeds the expectation. (P.10)

Some authors believe that customer satisfaction plays a vital role in bringing loyal customers for the business. Hill. N, Roche. G and Allen. R (2007) that “satisfaction is the main driver of loyalty, but ‘mere satisfaction’ is not enough. Customers have to be highly satisfied.” (P.5). Hence measuring satisfaction should be tool of understanding the thoughts of the customer towards the business. It is good to be used as a tool of understanding their feedback and wishes. Compromising the need and want of the customers is nothing but losing customers. In today’s world of business where each customer has a variety of demands and variety of alternatives available achieving customer satisfaction would only let customers to an in difference zone. Again Hill. N, Roche. G and Allen. R (2007) insists on customers to be highly satisfied. (p.5)

Studying of the factors that affect customer’s satisfaction in regional and similar context countries, Sabir R, Ghafoor. O and Rehman. A (2014) studied the factors that affect customer’s satisfaction in banking industry of Pakistan and reports that “service quality features and customer satisfaction are positively correlated and according to them 54% of change in customer satisfaction is due to Service quality and customer’s satisfaction.” (P.1022)

Some authors consider customer satisfaction a broader concept that covers many other factors such as service quality, product features, price, market context and personal factors. Jenet Manyi Agbor to complete her master’s thesis studied the relationship between Customer

Satisfaction and Service Quality in three service sectors in Umeå. She found that “reliability, responsiveness and assurance, had significant relationships with service quality and customer satisfaction” (p.60), which confirms that customer satisfaction is broader concept influenced by other factors such as service quality.

Many authors have considered studying customer satisfaction in banking system and have confirmed its importance. Many have also studied factors affect the customer satisfaction in banking sector. Studies also found that customer satisfaction in related to service quality and the factors such as reliability, trust, responsiveness, and other that affect the customer satisfaction should be measured from time to time to undertake any necessary reform or improve the existing system to achieve and maintain customer satisfaction.

Ramachandran, A., & Chidambaram, V. (2012) conclude that “Impact of service encounters, role of intermediaries, quality of service, waiting time and customer complaints are considered essential for an organization to find out the gaps in the perceptions and expectations of the customers.” (p.77). To do so it is necessary and recommended to managements to record and monitor data of the above factors and periodically analyze them. This will help and lead them to understand their customers’ expectations and the gaps in their offered services.

A study of the customer satisfaction and bank selection in Turkey (2013) concluded that “Customer satisfactions in public banks are apparently lower, due to their lack of availability everywhere and having lesser branches in the availability of the wide range of services in accordance to their customer’s choice of private banks. (P.161).

A number of studies conclude that there is some key employee’s quality that affects the level of customer satisfaction. The National Business Research Institute publishes that “achieving customer satisfaction does not start with customer in business but it starts back in

home with employees. The website reports that there are 10 factors that either adds to customer's satisfaction or decreases. The website highlights that Quality, identification of product, accessibility, face value, nice atmosphere, time management, responsibility, holding on customers, customer care, and offering new technology are key to customer satisfaction." However, there are many more.

Kattara. H, Weheba Dina, and Ahmed. O (2015) in a research "investigated the relationship between employees positive and negative behaviors, customers' perception that of service quality and overall customers satisfaction. Results of which revealed that all employees' behaviors either negative or positive, are highly correlated to the customers' overall satisfaction." (P.1).

In a today's world where customers are highly educated about the products and banks are competing on the basis of similar products offering a quality services isn't enough for once. As J. Selvakumar (2015) concludes that" while banks are competing with same kind of products service quality is the key differentiator among the bank providing better services. He insists that the competition in the industry is intense hence consistency in providing the required service quality is the key to differentiate one from another". (P.10)

Mistry, S.H (2013) studied the measurement of customer satisfaction in banking sector. She specially referred to banks of Surat city. She reports that "that at any bank private or public customer's first satisfaction factor is the reliability of the bank. She wrote that the customers look forward on how they are treated. They examine and analyze how the promises made by banks are fulfilled. Her analysis presents that the second factor that adds to customer satisfaction is the responsiveness of the bank employees. While, the responsiveness includes criteria like

promptness, willingness to help customers. The report also indicates that third important factor is safety of the transactions and consistency in services”. (P.139)

Studying the factors that affect the customer’s satisfaction in banking sectors, it is found that factors affecting the customer’s satisfaction in online banking are slightly different. While, the National Business Research Institute website reports that Quality, identification of product, accessibility, face value, nice atmosphere, time management, responsibility, holding on customers, customer care, and offering new technology are keys to customer satisfaction, Saeed, S, Azim, M. Choudhary, I.A and Humayon. A.A (2015) have found that Reliability, Empathy, Reputation, Privacy and website design are another set of factors that influences customer service quality in Internet Banking and customer satisfaction.

Hamzah, N., Ishak, N. M., and Nor. N. I. (2015) studied factors that affect customer satisfaction in Islamic Banking and concluded that “the service quality of the banks, comprises of personnel of the bankers, image of the banks, services offered by the banks and accessibility of the banks are significant to customer satisfaction of the Islamic Banks”.(P.143).

Kishada, Z. M. and Wahab N. A. (2013) also studied factors Islamic Banking and factors that influence customer loyalty. They investigated the relationship between satisfaction, trust, perceived value and service quality with customer loyalty. Finally they concluded that” trust is directly associated with customer loyalty and has significant positive influence on customer loyalty”. (P.271)

Malik, S. U. (2012) studies customer satisfaction in Pakistan and reveals that “perceived value acts as a partial mediating variable in the overall relationship between perceived service quality and customer satisfaction. He also indicates that in addition of the service quality

customers need to be convinced that they are getting high value from the firm while they are watchful of the costs of obtaining the services and costs material in relation to satisfaction.

Chapter 3

Methodology

This paper presents results of qualitative and quantitative studies. Appropriate surveys in accordance to the needs of the paper are developed in two parts. The first part surveyed state owned banks and second survey studied the New Kabul Bank customer's satisfaction. The survey papers are distributed to the three of the State Owned Banks to find out their common theme. Another survey sheet to understand the customer's satisfaction of the New Kabul Bank customers were randomly distributed to customers by author herself. Collected results are coded, tabulated and analyzed using the analytical software the Statistical Package for Social Science (SPSS). Output of which are presented via frequency tables, graphs or pie charts. The study also used the spearman coefficient correlation analysis to analyze the data.

Population

The New Kabul Bank customers are in all provinces of the Afghanistan. Where reaching them due to security situation is difficult. The population of the study included the New Kabul Bank customers from different sectors both the public and private. The survey was distributed to 150 customers of the New Kabul Bank. The author tried to have participants who use different services of the New Kabul Bank, however, that the participants of the survey are selected randomly, and on volunteer basis. The surveyor also tried to have respondents from different levels of customers based on their deposits.

Sampling Technique

Random sampling method is used in this study for the survey. Because we are surveying customer satisfaction having respondents on random basis will result in more accurate findings.

The author personally visited main branch of the New Kabul Bank in Share Naw where all NKB services are offered and selected respondents based on convenient sampling method

Data Collection Method

The data for this study are collected through survey sheets. The survey is inclusive of question that can gain possible maximum information about customer preferences and wishes. The author personally visited the main branch of the New Kabul Bank in Share Naw, and selected the respondents randomly and distributes the survey sheet. Then the data were coded in SPSS and analyzed.

Data Collection Instruments

As mentioned earlier the data collection instrument for this study was designed exclusively for this survey. The Survey sheets which were used for this survey are attached to this paper as Annex1.

Data Analysis

The study presents results of descriptive statistics and Spearman Coefficient Correlation analysis. The data was collected personally by the author. Statistical Package for Social Science (SPSS) and Stata analytical software were used to code, tabulate and analyze the data.

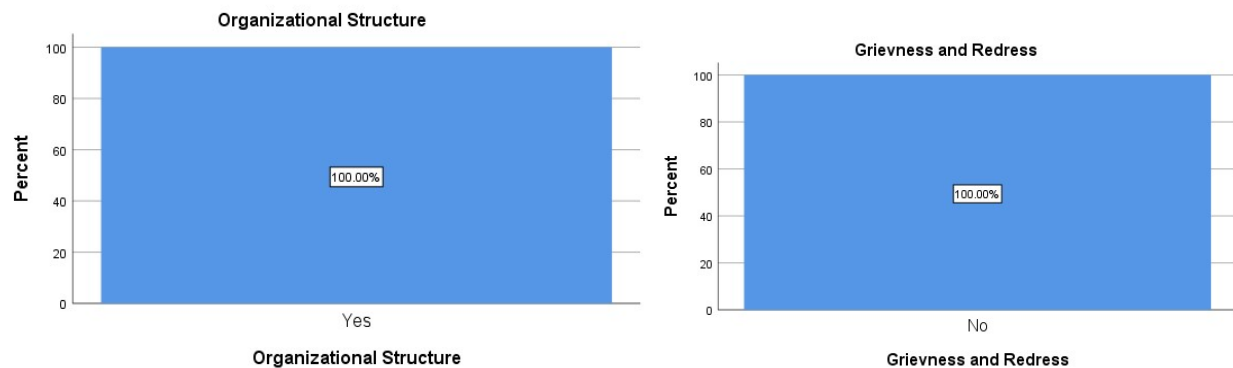
In order to have a one variable for all the thirteen products of the NKB that shows customer satisfaction the author applied Principle Component Analysis (PCA). To make sure the result is statically acceptable the Alpha is checked which is 0.86.

Descriptive statistic and Spearman Coefficient Correlation were used to analyze the data. Output of the analyzes are exhibited via tables, charts and graphs. For further explanation of graphs explanatory paragraphs are added.

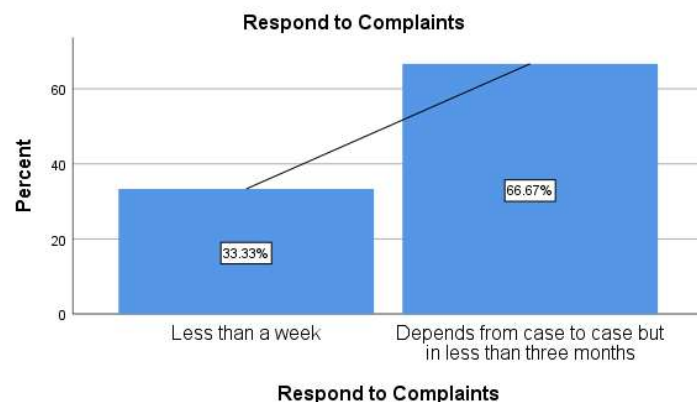
Chapter 4

Findings

The study was designed in two parts. Since, there are three state owned banks, the first part of the survey was designed to find a common them between the three banks. Where, questionnaires were distributed to Bank e Milli, Pashtany Bank and New Kabul Bank. The second part of the study was designed to study the customer satisfaction. In the first part of the survey it was found that three of the banks have similar organization structure that three of them do have any specific unit for grievances and redress.



Bank e Milli evaluates and respond to complain in less than week while New Kabul Bank and Pashtany Bank are case oriented but they response to any complain in less than three months.

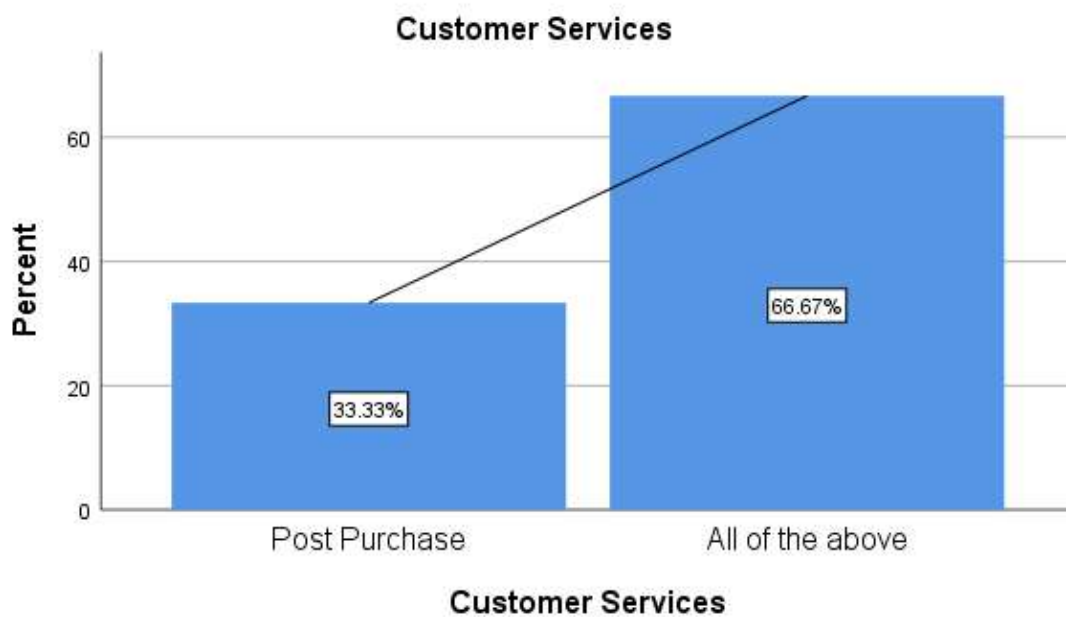


New Kabul Bank and Bank e Milli have customer relationship management units for the management of their relations with customers while Pashtany Bank only collects feedback.

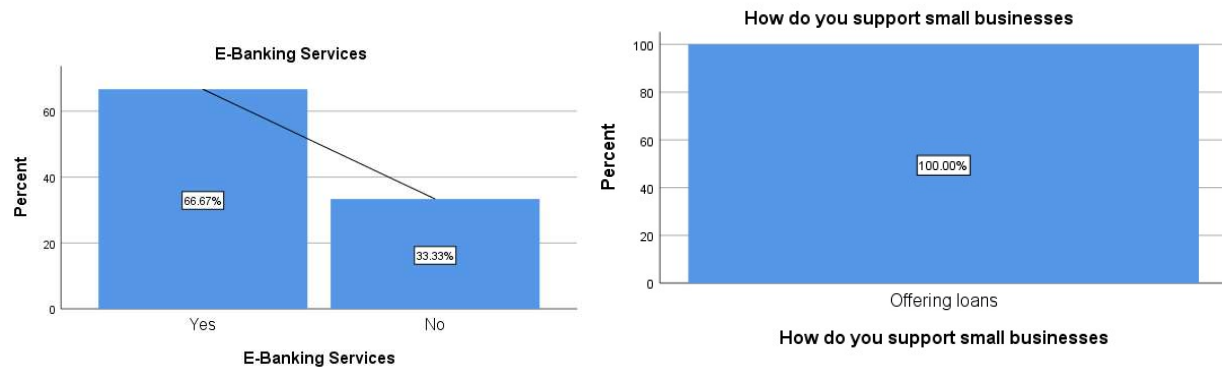


Customer Relationship Management

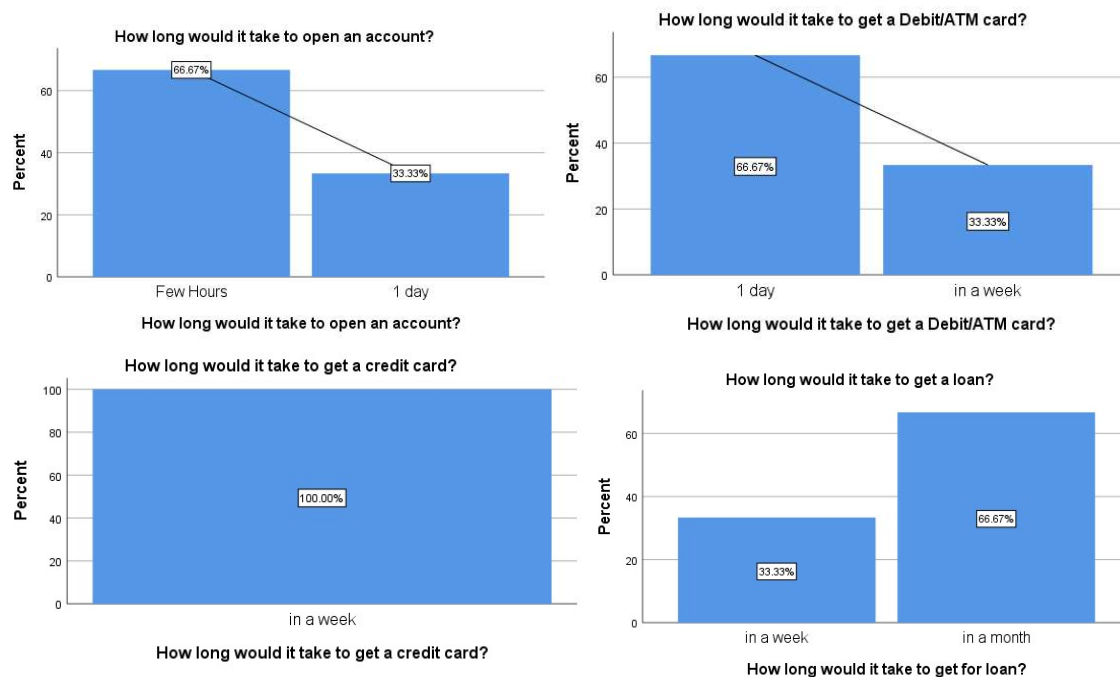
The New Kabul Bank and the Bank e Milli provide pre –post and on purchase services while Pashtany Bank only provides post purchase services.



Both the New Kabul Bank and the Pashtany Bank offer e-banking services and three of the banks offer loans to support the small businesses.



It would take few hours to open an account in Pashtany Bank and Bank e Milli and less than one day in New Kabul Bank. Pashtany Bank provides ATM card to customers in 1 day while Bank e Milli and New Kabul Bank needs only few hours to do so. Bank Milli and Pashtany do not offer credit cards but it needs less than a week to have one from the New Kabul Bank. The New Kabul Bank will give customers loan in less than a week while two other SBs may provide the same loan in upto a month.



Three of the SBs ranks their employees staff as from 1-6 as following;

	Bank e Milli	Pashtany Bank	NKB
a. Patience	5	1	3
b. Attentiveness	5	1	3
c. Communication Skill	6	4	4
d. Knowledge of the product	6	2	5
e. Time Management skills	5	5	3
f. Goal oriented	4	3	1

The analysis of above data exhibits that New Kabul Bank shares its features and services with two other state owned banks. While there have been few features that the New Kabul Bank has and the two other banks do not. Hence, taking the analysis in consideration it is found that the New Kabul has common theme with two other state banks. Considering the analysis the paper studied the customer satisfaction of the New Kabul Bank as representative of two other public banks customers.

The data analysis in second part of the study exhibits the level of customer satisfaction of the New Kabul Bank Customers. The study also found how loyal the customers are for future purchases, and what the percentages are they are willing to switch to other public or private banks.

Furthermore, the study also presents the areas where customers are feeling satisfied about, as the strength of the organization. The study also collected the wishes and needs of

customers in shape of suggestions. The valuable suggestions are presented part of the recommendations of this study.

Qualitative and Descriptive Statistics Analysis.

The questionnaires were submitted to 150 customers of the New Kabul Bank who were selected randomly. Out of which a major percentage (39%) of them are between 26-33 years old. While, 61% of the respondents were male and 39% of them were females. Following tables presents the detailed of the same information by frequency and percentage.

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	35	23.3	23.3	23.3
	26-33	59	39.3	39.3	62.7
	34-41	33	22.0	22.0	84.7
	Above 41	23	15.3	15.3	100.0
	Total	150	100.0	100.0	

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	91	60.7	60.7	60.7
	Female	59	39.3	39.3	100.0
	Total	150	100.0	100.0	

While respondents were asked about their occupation the research found that most of the New Kabul Bank customers are government employees. As the occupation of the customers was discussed, Mr. Arsalan, the main branch manager said that “almost 95% of the New Kabul Bank customers are either, Police, Army, Teacher or civil servants.” Following table presents the percentage of the respondents who work in public sector.

OCCUPATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Private Sector	24	16.0	16.0	16.0
	Public Sector	126	84.0	84.0	100.0
	Total	150	100.0	100.0	

Descriptive Statistics

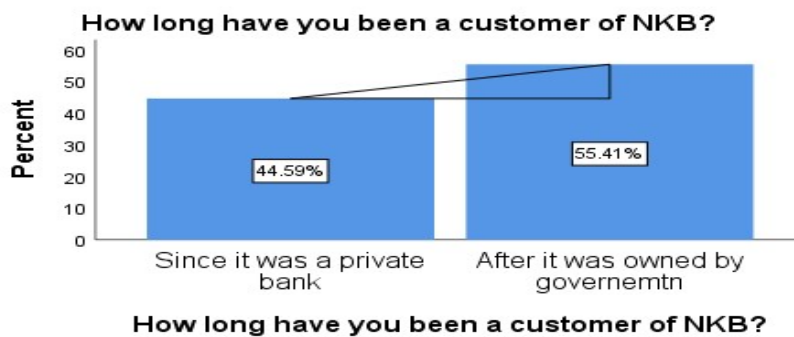
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
AGE	150	1.00	4.00	2.2933	.99358	.987
GENDER	150	1.00	2.00	1.3933	.49013	.240
OCCUPATION	150	1.00	2.00	1.8400	.36783	.135
Valid N (listwise)	150					

As reported the New Kabul Bank started its operations as Kabul Bank in 2004 as Kabul Bank, and then because of the wrongdoings and corruption it went bankrupt. It again started to operate as a state owned bank in 2011, and was announced as New Kabul Bank (NKB). The study aimed to understand the percentage of the customers who are still with New Kabul Bank after the bankruptcy. Interestingly, almost half of the customers (44%) of them are responded that they used to be New Kabul Bank's customer since it was a private bank and 54% of them are started dealing with New Kabul Bank after was owned by government. While 81% of respondents indicated that they are customers of the New Kabul Bank per their organization policy which is a remarkable percentage. 18% has chosen NKB by their choice while only one respondent has chosen New Kabul Bank as per friends recommendation, which exhibits that New Kabul Bank has no or less word of mouth publicity, which is also an indicator of less satisfaction.

Following Tables exhibits detail of the above information.

How did you select NKB?

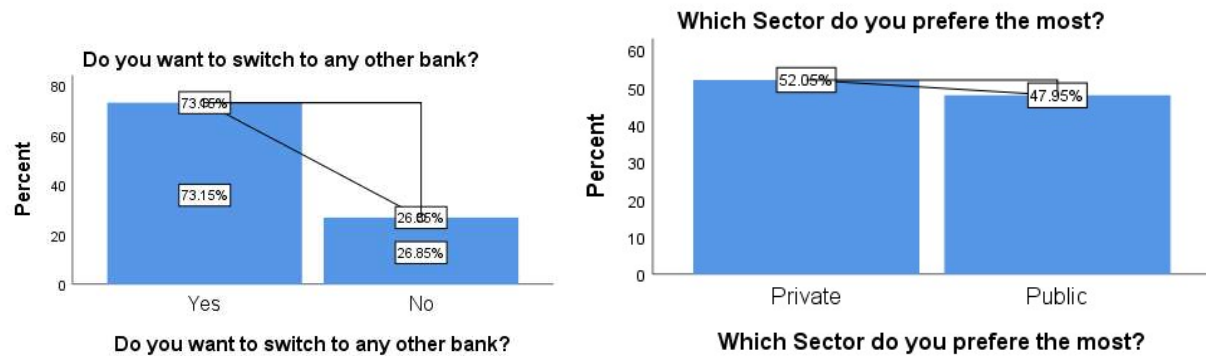
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personal Choice	28	18.7	18.7	18.7
	Per Organization Policy	121	80.7	80.7	99.3
	Friends recommendation	1	.7	.7	100.0
	Total	150	100.0	100.0	



Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
How long have you been a customer of NKB?	148	1.00	2.00	1.5541	.49876	.249
How did you select NKB?	150	1.00	3.00	1.8200	.40251	.162
Valid N (listwise)	148					

As reported that 81% of the respondents are customer of New Kabul Bank as per their organization's policy, 72 % of the respondents exhibited interest and willingness to switch to any other financial institutions in case they have an option to choose. While it was very interesting to understand the customers prefer public and private sector almost in same percentage. 52% of the respondents preferred Private sector and 48% showed their interest to Public sector.



Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Do you want to switch to any other bank?	149	1.00	2.00	1.2685	.44465	.198
Which Sector do you prefer the most?	146	1.00	2.00	1.4795	.50130	.251
Valid N (listwise)	146					

The survey also focused on customer satisfaction in regards to each product. Respondents were asked to indicate their level of satisfaction in regards to each product. The survey found that less than 10% of the customers are strongly satisfied with the services they are offered in New Kabul Bank. Following tables exhibit detailed information of customer's satisfaction in regards to each service.

The respondents were requested to rate their satisfaction with services offered for them while account opening. 24% rated their satisfaction poorly, 12% rated their satisfaction below average, 29% rated their satisfaction average, 21% rated above average and 8% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for account opening?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	36	24.0	25.0	25.0
	Below Average	18	12.0	12.5	37.5

	Average	44	29.3	30.6	68.1
	Above Average	31	20.7	21.5	89.6
	Strongly	12	8.0	8.3	97.9
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

The respondents were requested to rate their satisfaction with services offered for them while they ask for confirmation of their balance. 19% rated their satisfaction poorly, 21% rated their satisfaction below average, 24% rated their satisfaction average, 21% rated above average and 10% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Balance Confirmation?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	29	19.3	20.1	20.1
	Below Average	31	20.7	21.5	41.7
	Average	36	24.0	25.0	66.7
	Above Average	32	21.3	22.2	88.9
	Strongly	16	10.7	11.1	100.0
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

The respondents were requested to rate their satisfaction with services offered while banking transactions. 25% rated their satisfaction poorly, 14% rated their satisfaction below average, 35% rated their satisfaction average, 18% rated above average and 5% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Banking Transactions?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	37	24.7	25.5	25.5
	Below Average	21	14.0	14.5	40.0
	Average	53	35.3	36.6	76.6
	Above Average	27	18.0	18.6	95.2
	Strongly	7	4.7	4.8	100.0
	Total	145	96.7	100.0	
Missing	System	5	3.3		
Total		150	100.0		

The respondents were requested to rate their satisfaction with services offered while transferring money. 23% rated their satisfaction poorly, 11% rated their satisfaction below average, 33% rated their satisfaction average, 25% rated above average and 4% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Money Transfer?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	34	22.7	23.6	23.6
	Below Average	17	11.3	11.8	35.4
	Average	50	33.3	34.7	70.1
	Above Average	37	24.7	25.7	95.8
	Strongly	6	4.0	4.2	100.0
	Total	144	96.0	100.0	
Missing	System	6	4.0		
Total		150	100.0		

The respondents were requested to rate their satisfaction with services offered while issuance of cheque. 24% rated their satisfaction poorly, 7% rated their satisfaction below average, 34% rated their satisfaction average, 18% rated above average and 3% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Cheque?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	36	24.0	27.5	27.5
	Below Average	11	7.3	8.4	35.9
	Average	52	34.7	39.7	75.6
	Above Average	27	18.0	20.6	96.2
	Strongly	5	3.3	3.8	100.0
	Total	131	87.3	100.0	
Missing	System	19	12.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction with Internet Banking. 30% rated their satisfaction poorly, 13% rated their satisfaction below average, 18% rated their satisfaction average, 19% rated above average and 4% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Internet Banking?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	45	30.0	35.2	35.2
	Below Average	20	13.3	15.6	50.8
	Average	28	18.7	21.9	72.7
	Above Average	29	19.3	22.7	95.3
	Strongly	6	4.0	4.7	100.0
	Total	128	85.3	100.0	
Missing	System	22	14.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction in accordance to ATM Services. 37% rated their satisfaction poorly, 13% rated their satisfaction below average, 20% rated their satisfaction average, 13% rated above average and 10% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for ATM Services?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	56	37.3	39.2	39.2
	Below Average	20	13.3	14.0	53.1
	Average	31	20.7	21.7	74.8
	Above Average	20	13.3	14.0	88.8
	Strongly	16	10.7	11.2	100.0
	Total	143	95.3	100.0	
Missing	System	7	4.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards to 3131 services. 33% rated their satisfaction poorly, 21% rated their satisfaction below average, 19% rated their satisfaction average, 18% rated above average and 3% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for 3131 Services?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	49	32.7	34.5	34.5
	Below Average	32	21.3	22.5	57.0
	Average	29	19.3	20.4	77.5
	Above Average	28	18.7	19.7	97.2
	Strongly	4	2.7	2.8	100.0
	Total	142	94.7	100.0	
Missing	System	8	5.3		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards to Master Card services. 21% rated their satisfaction poorly, 11% rated their satisfaction below average, 36% rated their satisfaction average, 10% rated above average and 5% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Master Card Services?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	31	20.7	24.8	24.8
	Below Average	16	10.7	12.8	37.6
	Average	54	36.0	43.2	80.8
	Above Average	15	10.0	12.0	92.8
	Strongly	8	5.3	6.4	99.2
	Total	125	83.3	100.0	
Missing	System	25	16.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards to salary account. 21% rated their satisfaction poorly, 16% rated their satisfaction below average, 39% rated their satisfaction average, 24% rated above average and 11% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Salary Account?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	32	21.3	23.2	23.2
	Below Average	24	16.0	17.4	40.6
	Average	29	19.3	21.0	61.6
	Above Average	37	24.7	26.8	88.4
	Strongly	16	10.7	11.6	100.0
	Total	138	92.0	100.0	
Missing	System	12	8.0		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards to electricity bill payments. 23% rated their satisfaction poorly, 13% rated their satisfaction below average, 28% rated their satisfaction average, 14% rated above average and 5% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Electricity Bill Payment?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	35	23.3	28.0	28.0
	Below Average	19	12.7	15.2	43.2
	Average	42	28.0	33.6	76.8
	Above Average	21	14.0	16.8	93.6
	Strongly	8	5.3	6.4	100.0
	Total	125	83.3	100.0	
Missing	System	25	16.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards Islamic Banking. 23% rated their satisfaction poorly, 15% rated their satisfaction below average, 28% rated their satisfaction average, 5% rated above average and 1% were strongly satisfied.

Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Islamic Banking?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	35	23.3	30.2	30.2
	Below Average	22	14.7	19.0	49.1
	Average	42	28.0	36.2	85.3
	Above Average	8	5.3	6.9	92.2
	Strongly	7	4.7	6.0	98.3
	11.00	2	1.3	1.7	100.0
	Total	116	77.3	100.0	
Missing	System	34	22.7		
Total		150	100.0		

The respondents were requested to rate their satisfaction in regards Western Union. 19% rated their satisfaction poorly, 7% rated their satisfaction below average, 35% rated their satisfaction average, 12% rated above average and 11% were strongly satisfied.

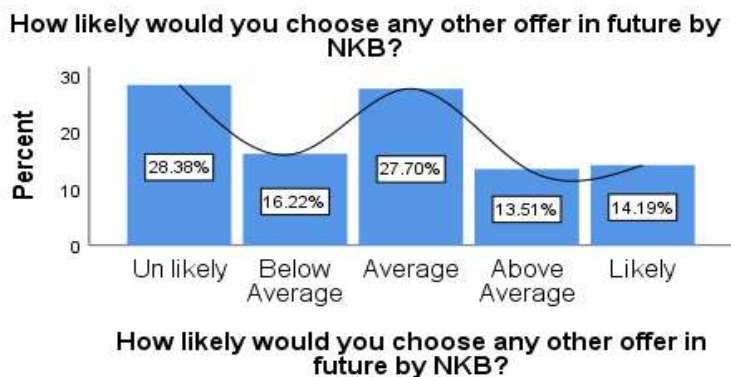
Following table exhibits the same information in detail.

How satisfied are you with the services offered by NKB for Western Union?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poorly	29	19.3	22.8	22.8
	Below Average	11	7.3	8.7	31.5
	Average	52	34.7	40.9	72.4
	Above Average	18	12.0	14.2	86.6
	Strongly	17	11.3	13.4	100.0
	Total	127	84.7	100.0	
Missing	System	23	15.3		
Total		150	100.0		

While their satisfaction level lies in such a low level, the author interestedly posed the question if the respondents are willing to buy any new offer by New Kabul Bank. That, 27% of respondents are averagely likely to buy new products 28% of respondents are no willing to buy products. The survey also found that only 14% of the respondents willing to buy new offers.

How likely would you choose any other offer in future by NKB?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Un likely	42	28.0	28.4	28.4
	Below Average	24	16.0	16.2	44.6
	Average	41	27.3	27.7	72.3
	Above Average	20	13.3	13.5	85.8
	Likely	21	14.0	14.2	100.0
	Total	148	98.7	100.0	
Missing	System	2	1.3		
Total		150	100.0		

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
How likely would you choose any other offer in future by NKB?	148	1.00	5.00	2.6892	1.38432	1.916
Valid N (listwise)	148					



The study found that customers are not very much satisfied with the services offered by the New Kabul Bank. The survey also posed some questions to understand and find the level of customer's satisfaction with quality of New Kabul Bank's employee's skills. The survey asked respondents to rate employees based on their behavior, institutional and product knowledge, responsiveness, efficiency and trouble shooting.

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Please rate NKB employees in regards to their behavior.	148	1.00	5.00	2.8649	1.39313	1.941
Please rate NKB employees in regards to their Institutional and Product Knowledge.	148	1.00	5.00	2.8514	1.20297	1.447
Please rate NKB employees in regards to their Responsiveness.	148	1.00	5.00	2.8176	1.33012	1.769
Please rate NKB employees in regards to their Efficiency.	147	1.00	5.00	2.7687	1.28781	1.658

Please rate NKB employees in regards to their Trouble Shooting.	149	1.00	5.00	2.7248	1.28326	1.647
Valid N (list wise)	144					

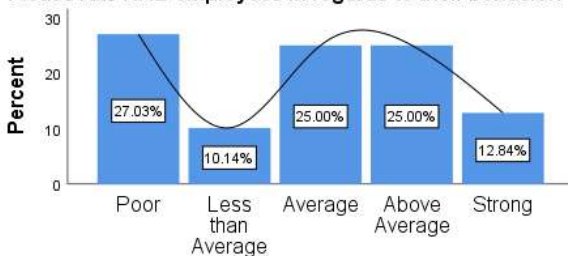
Where the study found that respondents rated 27% poor, 10% less than average, 25% average, 25% above average and 13% strong in regards to their behavior. Following table shows the detailed information of the same.

Please rate NKB employees in regards to their behavior.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	40	26.7	27.0	27.0
	Less than Average	15	10.0	10.1	37.2
	Average	37	24.7	25.0	62.2
	Above Average	37	24.7	25.0	87.2
	Strong	19	12.7	12.8	100.0
	Total	148	98.7	100.0	
Missing	System	2	1.3		
Total		150	100.0		

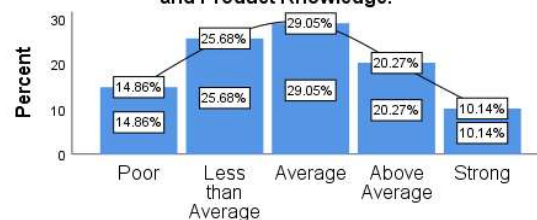
Where the study found that respondents rated 14% poor, 25% less than average, 29% average, 20% above average and 10% strong in regards to their behavior. Following table shows the detailed information of the same.

Please rate NKB employees in regards to their behavior.



Please rate NKB employees in regards to their ...

Please rate NKB employees in regards to their Institutional and Product Knowledge.



Please rate NKB employees in regards to their ...

Please rate NKB employees in regards to their Institutional and Product Knowledge.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	22	14.7	14.9	14.9
	Less than Average	38	25.3	25.7	40.5
	Average	43	28.7	29.1	69.6
	Above Average	30	20.0	20.3	89.9
	Strong	15	10.0	10.1	100.0
	Total	148	98.7	100.0	
Missing	System	2	1.3		
Total		150	100.0		

Where the study found that respondents rated 21% poor, 18% less than average, 32% average, 12% above average and 15% strong in regards to their behavior. Following table shows the detailed information of the same.

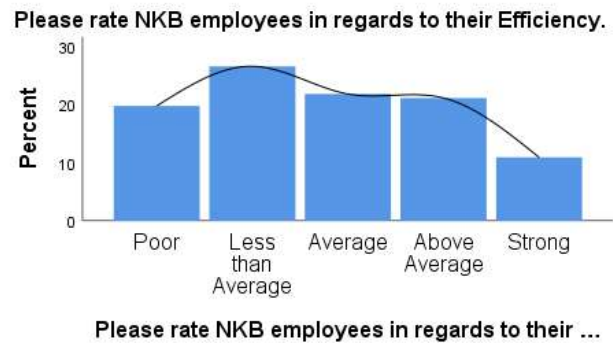
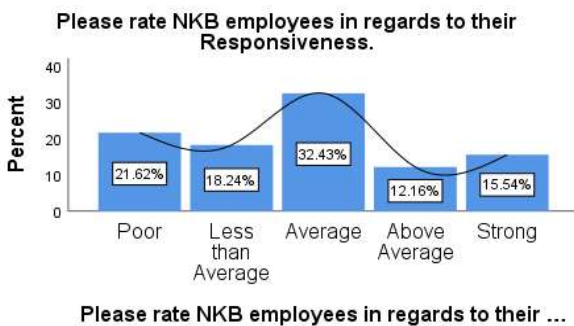
Please rate NKB employees in regards to their Responsiveness.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	32	21.3	21.6	21.6
	Less than Average	27	18.0	18.2	39.9
	Average	48	32.0	32.4	72.3
	Above Average	18	12.0	12.2	84.5
	Strong	23	15.3	15.5	100.0
	Total	148	98.7	100.0	
Missing	System	2	1.3		
Total		150	100.0		

Where the study found that respondents rated 19% poor, 26% less than average, 21% average, 20% above average and 10% strong in regards to their behavior. Following table shows the detailed information of the same.

Please rate NKB employees in regards to their Efficiency.

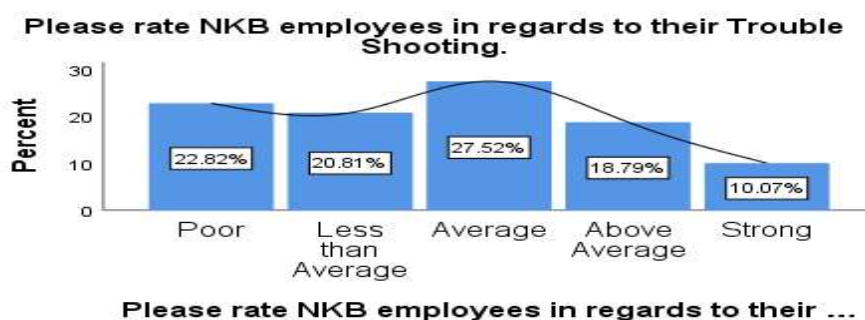
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	29	19.3	19.7	19.7
	Less than Average	39	26.0	26.5	46.3
	Average	32	21.3	21.8	68.0
	Above Average	31	20.7	21.1	89.1
	Strong	16	10.7	10.9	100.0
	Total	147	98.0	100.0	
Missing	System	3	2.0		
Total		150	100.0		



Where the study found that respondents rated 23% poor, 20% less than average, 27% average, 18% above average and 10% strong in regards to their behavior. Following table shows the detailed information of the same.

Please rate NKB employees in regards to their Trouble Shooting.

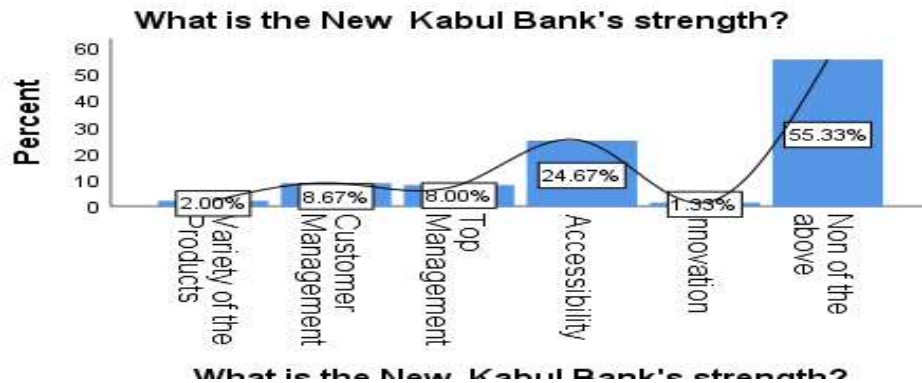
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	34	22.7	22.8	22.8
	Less than Average	31	20.7	20.8	43.6
	Average	41	27.3	27.5	71.1
	Above Average	28	18.7	18.8	89.9
	Strong	15	10.0	10.1	100.0
	Total	149	99.3	100.0	
Missing	System	1	.7		
Total		150	100.0		



The respondents were also asked to if they are considering anything about the New Kabul Bank as its strength and a differentiation measure. The fact about the New Kabul Bank that differentiates is from other financial institutions of banks. Where, 2% of the respondents believe that the variety of the products that New Kabul Bank offers is its strength. 9% of the respondents believe that customer management of the New Kabul Bank is the strength of NKB and this is how it is differentiated from other Banks and financial institutions. 8% of them believe that top management of the New Kabul Bank is the strong point. 25% believe it is accessible that is why it is differentiated from others. 1% believes New Kabul Bank has innovation. While 55% of respondents believe that none of the mentioned attributes are New Kabul Bank's strength and differentiation measure. Following table exhibits detail information of the same.

What is the New Kabul Bank's strength?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Variety of the Products	3	2.0	2.0	2.0
	Customer Management	13	8.7	8.7	10.7
	Top Management	12	8.0	8.0	18.7
	Accessibility	37	24.7	24.7	43.3
	Innovation	2	1.3	1.3	44.7
	None of the above	83	55.3	55.3	100.0
Total		150	100.0	100.0	



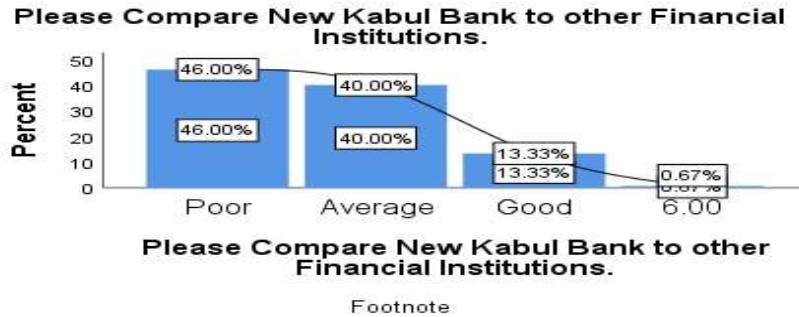
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
What is the New Kabul Bank's strength?	150	1.00	6.00	4.8067	1.48232	2.197
Valid N (listwise)	150					

When the respondents were asked to compare New Kabul Bank with other banks and financial institutions 46% of the respondents indicated that New Kabul Bank is poorer than other banks and financial institutions. 40% of the respondents believe that it is equal to others and only 13% believe that New Kabul Bank is better than other banks and financial institutions. Following table exhibits detail of the same information.

Please Compare New Kabul Bank to other Financial Institutions.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	69	46.0	46.0	46.0
	Average	60	40.0	40.0	86.0
	Good	20	13.3	13.3	99.3
	6.00	1	.7	.7	100.0
	Total	150	100.0	100.0	



Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Please Compare New Kabul Bank to other Financial Institutions.	150	1.00	6.00	1.7000	.78364	.614
Valid N (listwise)	150					

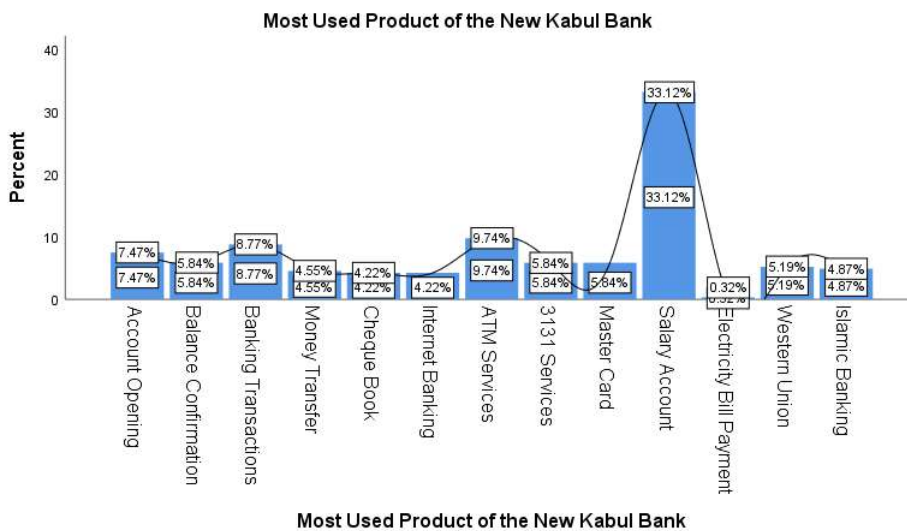
The thirteen services of the New Kabul Bank namely;

- Account Opening
- Balance Confirmation
- Deposits Withdrawal and Payment (Banking Transactions)
- Money Transfer from one Account to another Account
- Issue of Cheque-book
- Internet Banking
- ATM Services
- 3131 Services
- Master Card
- Salary Disbursement Services
- Electricity Bill Payment
- Islamic Banking Services along with Islamic terms and conditions.
- Western Union Services

Were listed and respondents were asked to rank them from 1-13 with the 1 indicating the highest usage and 13 indicating the least usage. 53% of the respondents ranked salary account as their most used product in New Kabul Bank. The relation that 81% of the respondents have chosen New Kabul Bank as per their organization policy and that the salary account is the most used service of the New Kabul Bank shows that the salary account is the main business driver of the New Kabul Bank.

Descriptive Statistics

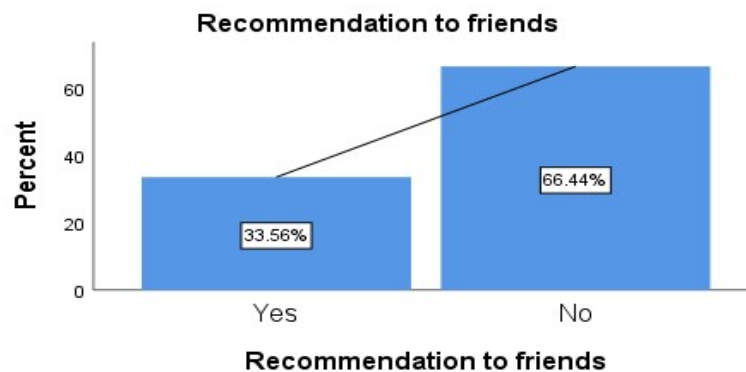
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Account Opening	148	1.00	13.00	9.3243	4.62059	21.350
Balance Confirmation	149	1.00	13.00	9.2819	4.63693	21.501
Banking Transaction	149	1.00	13.00	8.4295	4.96781	24.679
Money Transfer	146	1.00	1313.00	18.3356	107.98380	11660.500
Cheque Book	147	1.00	13.00	9.8844	4.40193	19.377
Internet Banking	148	1.00	13.00	9.8041	4.30734	18.553
ATM	150	1.00	13.00	7.1067	5.13985	26.418
3131	142	1.00	19.00	9.1197	4.85460	23.567
Master Card	145	1.00	13.00	9.9172	4.41824	19.521
Salary Account	145	1.00	13.00	4.5034	4.71717	22.252
Electricity Bill Payment	145	1.00	13.00	8.8966	4.81999	23.232
Western Union	147	1.00	13.00	10.1565	4.33637	18.804
Islamic Banking	146	1.00	31.00	11.1849	4.60285	21.186
Valid N (listwise)	137					



Noting all the above findings in regards to customer's age, gender, occupation, customer's satisfaction according to different products the study also found that only 33% of the respondents recommend the New Kabul Bank to their friends while 66% of them do not.

Following table and graph exhibits detail of the same information.

Recommendation to friends					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	33.3	33.6	33.6
	No	99	66.0	66.4	100.0
	Total	149	99.3	100.0	
Missing	System	1	.7		
Total		150	100.0		



Descriptive Statistics						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Recommendation to friends	149	1.00	2.00	1.6644	.47378	.224
Valid N (listwise)	149					

Analysis relation between Customer loyalty, Customer Satisfaction and how customers selected New Kabul Bank

To find if there were any relationship between our dependent and independent variables a Spearman Correlation Coefficient analysis were applied. The study assumed the likelihood of the customer s to purchase future offerings by New Kabul Bank as customer's loyalty and dependent variable. Using Principle Component Analysis (PCA) method the satisfaction level of customers in regards to each product of the NKB were found and were used as independent variable in addition of the Selection method. The model used age and gender as control variables.

	Customer Satisfaction	How customers selected NKB
Loyalty rho	.67	.17

A series of Spearman rank-order correlations were conducted in order to determine if there were any relationships between customer loyalty and customer satisfaction and if there were any relationship between customer loyalty and the selection decision of the customers. To Further elaborate it was tested that if there is any relation between customers loyalty satisfaction and the selection method. A two-tailed test of significance indicated the there was a significant positive relationship between customers loyalty and customers satisfaction. $r_s = .67, p < .05$.

The higher the customer's satisfaction the loyal they are. A similar two tailed test of significance indicated that there is a positive relationship between customer loyalty and the way they choose New Kabul Bank for their financial transactions. $r_s = .17, p < .05$.

The analysis exhibits that the better the customer loyalty and satisfaction the more customers will choose the New Kabul Bank for their financial transactions by their personal choice.

As the results of the descriptive analysis indicated that 81% of the respondents have chosen New Kabul Per their organizational policy and only 14% of them are likely to purchase future offerings by NKB, while 72% of the customers want to switch to other banks shows that customers of NKB are less satisfied but they are still with NKB because of their organization policy.

That the result of the Spearman correlation analysis also confirms the same. It was found that there is a positive relationship between customer loyalty and customer satisfaction and customer loyalty and their selection method. It explains that if customer's loyalty and customers satisfaction have a positive relationship then why customers are of NKB who are less satisfied still with NKB; the results shows that it has a positive relationship with their selection method.

Chapter 5

Conclusion

Customer satisfaction is the key to broader business. As generally it is believed that customer satisfaction is joy or the disappointment that a customer feels about the offered products and services. In the modern era of the business where each customer has many alternatives and has high knowledge of the products and services achieving customer satisfaction is challenging part of the business.

This paper aimed to study the customer satisfaction of New Kabul Bank and the relationship between the customer satisfaction and customer loyalty, product quality and service quality. The paper also aimed at answering below questions.

1. Why are customers still loyal to New Kabul Bank despite bankruptcy proceedings?
2. Despite having lower satisfaction why are customers still chosen New Kabul Bank for their Financial Transactions?
3. Are customers of the New Kabul Bank incline to switch to any other bank?

As the objective of the study was to study the state owned banks, understand their customer satisfaction, and know which sectors customers prefer, the study was divided into two parts. One, as there are three state owned banks that due to limited time frame and resources the author was unable to survey customer satisfaction of the three banks the first part of the survey focused on surveying three banks understanding there common them. The survey found that three banks have a number of similar themes. They all share same structure, offer same services, similar deals with complains and takes almost similar time to provide services. The findings

exhibited that New Kabul Bank shares all its features with Pashtany Bank and Bank Milli, which lead to surveying customer satisfaction of the New Kabul Bank as representative of the three state owned banks.

The second part of the survey aimed at studying customer satisfaction of the New Kabul Bank where 150 questionnaires were randomly distributed to NKB customers. The findings show that 81% of the respondents are civil servants where in between the discussions regarding the occupation of the NKB customers Mr. Salar Alamyar, the main branch manager confirmed that 95% of total customers are civil servants. The interesting finding is that almost half of the customers were customers of the NKB even when it was a private bank. As 81% of the customers have chosen New Kabul Bank per their organization's policy, salary disbursement account is the main business driver of the New Kabul with the highest usage among customers. Customers were requested to exhibit there satisfaction level in regards to each product that findings exhibits the low satisfaction of the customers. While 72% of the customers want to switch to other bank and 50% of them prefers private sector.

Only 24 percent of the respondents have indicated accessibility as the strength of the New Kabul Bank where 55% of the respondents have indicated that none of the available options such as variety of the products, customer management, top management accessibility and innovation could be the strength of the New Kabul Bank.

All of the above options are encountered as problems and recommended to be improved.

The study had some limitations;

1. The Kabul Bank has 112 branches across the country while security situation and lack of resources limited reaching all branches.
2. Lack of the primary data and similar researched on Afghanistan

3. Collection of secondary data as very less people answers to questions and fills the questionnaires.

Considering the findings of the study, it is recommended to conduct similar researches on different business sectors in Afghanistan. To further develop the business the New Kabul Bank should closely study the wishes of their customers, improve their services quality and market its product in private sector too.

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Annex 1 Questionnaire

State Owned Banks Survey

This survey was conducted to find a common theme between three of the public banks.

Date: _____

Institution Name: _____

Name (Optional): _____

Position: _____

1. Is your organizational structure similar to other state owned banks?
 - a. Yes
 - b. No
2. Do you have any unit responsible for grievances and redress?
 - a. Yes
 - b. No
3. How long does it take to evaluate and respond to a complaint?
 - a. Less than a week
 - b. Less than a month
 - c. Depends from case to case but in less than three months
4. How do you manage your relationship with your customers?
 - a. We have a customer relationship management unit
 - b. We collect their feedback
5. Which of the following customer services are offered by your organization?
 - a. Pre purchase

- b. On purchase
 - c. Post purchase
 - d. All of the above
6. Which of the following products do you offer?
- a. Account Opening _____
 - b. Balance Confirmation _____
 - c. Deposits Withdrawal and Payment (Banking Transactions) _____
 - d. Money Transfer from one Account to another Account _____
 - e. Issue of Cheque-book _____
 - f. Internet Banking _____
 - g. ATM Services _____
 - h. Master Card _____
 - i. Salary Disbursement Services _____
 - j. Electricity Bill Payment _____
 - k. Islamic Banking Services along with Islamic terms and conditions _____
 - l. _____
7. Do you provide e- banking services?
- a. Yes
 - b. No
8. How do you support small businesses?
- a. Offering loans
 - b. Investing in their business
9. How long would it take to apply for following product in your bank?

	Few hours	1 day	in a week	in a month
a. Opening account	-----	-----	-----	-----
b. Credit card	-----	-----	-----	-----
c. Applying for loan	-----	-----	-----	-----
d. Debit/ATM card	-----	-----	-----	-----

10. Rank the following in order 1-6 customer services could act as your bank's and staff's strength?

- g. Patience -----
- h. Attentiveness -----
- i. Communication Skill -----
- j. Knowledge of the product -----
- k. Time Management skills -----
- l. Goal oriented -----

Customer Satisfaction Questionnaire

Dear respected customer,

This questionnaire is prepared to study the customer's satisfaction of the New Kabul Bank. The survey is conducted as part of the study for completion of my thesis as partial requirement of MBA degree in the American University of Afghanistan. The information collected through this survey will be only used for academic purpose and will be kept confidential.

Personal Information معلومات شخصی			
Please circle the number that describes you the best. لطفا شماره که شمارا بهتر معرفی میکند حلقه نمائید.			
Name (Optional): _____.			
اسم:			
Age:	1 = 18-25	2 = 26-33	3 = 34-41
			4 = above 41
سن:			
Gender:	1= Male	2= Female	
جنس:	مذکر	مونث	
Occupation:	1= Private Sector	2= Public Sector	
وظیفه:	سکتور خصوصی	سکتور عامه	

Questions سوالات
Please answer following questions with choosing a number closest to your answer.
لطفا شماره جواب خویش را حلقه نمائید
How long have you been a customer of the New Kabul Bank? چقدر وقت میشود مشتری کابل بانک هستید؟
1 ____ I am customer of the New Kabul Bank since it was a private bank
من مشتری کابل بانک از وقتی که بانک شخصی بود هستم

<p>2___ I am a customer of New Kabul Bank after it was re established</p> <p>من مشتری کابل بانک بعد از اینکه بانک دولتی گردید هستم</p>		
<p>How did you select New Kabul Bank for your financial transaction? چگونه بانک را انتخاب نمودید؟</p>		
1___ I personally choose to open an account in NKB	خودم انتخاب کردم در کابل بانک حساب داشته باشم	
2___ Per my employer organization policy, I had to choose NKB	مطابق پالیسی دفتر برای اخذ معاش باید در کابل بانک حساب بانکی داشته باشیم	
3___ Per my friends recommendation	به سفارش دوستم	
<p>Please rank following products from 1 with highest frequency of the usage to 13 with the lowest frequency of the usage? لطفا خدمات ذیل را از 1 با 13 ترتیب نمائید. چنانکه 1 بلند تری استعمال تولید را نشان دهد.</p>		
a) Account Opening	باز کردن حساب بانکی	_____
b) Balance Confirmation	اخذ بیلانس	_____
c) Deposits Withdrawal and Payment (Banking Transactions)	معامله	_____
d) Money Transfer from one Account to another Account	انتقال پول	_____
e) Issue of Cheque-book	گرفتن کتابچه چک	_____
f) Internet Banking	انترنت بانکینگ	_____
g) ATM Services	خدمات ATM	_____
h) 3131 Services	خدمات 3131	_____
i) Master Card	ماستر کارد	_____
j) Salary Disbursement Services	حساب معاشات	_____
k) Electricity Bill Payment	پرداخت بل برق	_____
l) Western union	ویسטרن یونین	_____

<p>m) Islamic Banking Services along with Islamic terms and conditions _____</p> <p>خدمات بانک اسلامی</p>

<p>از ارائه خدمات ذیل چقدر راضی هستید؟</p> <p>How satisfied are you with the services offered by New Kabul Bank?</p>		
1.	<p>Account Opening</p> <p>باز نمودن حساب بانکی</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p> <p>1.....2.....3.....4.....5</p>
2.	<p>Balance Confirmation</p> <p>تائید بیلانس</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p> <p>1.....2.....3.....4.....5</p>
3.	<p>Banking Transactions</p> <p>معاملات بانکی</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p> <p>1.....2.....3.....4.....5</p>
4.	<p>Money Transfer</p> <p>انتقال پول</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p> <p>1.....2.....3.....4.....5</p>
5.	<p>Issue of Cheque</p> <p>اخذ چک</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p> <p>1.....2.....3.....4.....5</p>
6.	<p>Internet Banking</p> <p>انترنت بانک</p>	<p>بسیار قوی.....ضعیف</p> <p>Poor..... Strongly</p>

		1.....2.....3.....4.....5
7.	ATM Services خدمات ATM	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
8.	3131 Services خدمات 3131	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
9.	Master Card Services خدمات ماستر کارد	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
10.	Salary Disbursement Account حساب معاشات	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
11.	Electricity Bill payment پرداخت بل برق	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
12.	Islamic Banking خدمات بانک اسلامی	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
13.	Western Union ویسٹرن یونین	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
14.	How likely would you choose	بسیار قوی.....ضعیف

	any other offer in future by ممکن چقدر از خدما ن جدید کابل بانک شما استفاده نمایند.	Unlikely..... Likely 1.....2.....3.....4.....5
Please rate NKB employee's in regards to following aspects? لطفاً کارمندان کابل بانک را نظر به کیفیت های ذیل ارزیابی نمایند.		
1.	Behaviour روش	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
2.	Institution and product knowledge دانش خدمات و ارگان	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
3.	Responsiveness جوابگو	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
4.	Efficiency ماهر	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5
5.	Trouble Shooting توانمندی حل کردن مشکلات	بسیار قوی.....ضعیف Poor..... Strongly 1.....2.....3.....4.....5

Which of the followings strengthens NKB and differentiates it from other financial institutions? کدام از موارد ذیل سبب قوت کابل بانک شده و از دیگر ارگان ها متفاوت می نماید؟		
a) Variety of the product lines تنوع خدمات	c) Top management مدیریت عالی	e) Innovation نوآوری
b) Customer management مدیریت مشتری	d) Accessibility قابلیت دسترسی	f) None of the above هیچ کدام

How would you compare NKB services to other Banks or Financial institutions? خدمات کابل بانک را با دیگر بانک ها چگونه مقایسه می نمایند؟		
1. Poor ضعیف	2. Average متوسط	3. Good خوب

Are you willing to switch to any other bank? آیا میخواهید به کدام بانک دیگر بروید؟	
a. Yes بلی	b. No نخیر
If yes which sector do you prefer? کدام سکتور بانکی را ترجیح میدهید؟	
1. Private Sector	2. Public Sector
Do you recommend NKB to your friends or business partners? آیا شما کابل بانک را به دوستان تان سفارش میکنید؟	

a. Yes, I would recommend بلی	b. No, I wouldn't recommend نخی
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Let us know your recommendations for betterment of the services in NKB?

اجازہ دهید پیشنهادات را بدانیم؟

Annex 2

Principal Component Analysis (PCA)

```
. pca Satisfaction Satisfaction1 Satisfaction2 Satisfaction3 Satisfaction4 Satisfac
> tion10 Satisfaction11 Satisfaction12
```

```
Principal components/correlation      Number of obs      =      110
                                      Number of comp.      =      11
                                      Trace                  =      11
Rotation: (unrotated = principal)    Rho                  =      1.0000
```

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	5.49222	4.33476	0.4993	0.4993
Comp2	1.15746	.144388	0.1052	0.6045
Comp3	1.01307	.214621	0.0921	0.6966
Comp4	.798448	.186642	0.0726	0.7692
Comp5	.611807	.0889171	0.0556	0.8248
Comp6	.52289	.0915929	0.0475	0.8724
Comp7	.431297	.0275217	0.0392	0.9116
Comp8	.403775	.138362	0.0367	0.9483
Comp9	.265413	.0791417	0.0241	0.9724
Comp10	.186271	.0689179	0.0169	0.9893
Comp11	.117353	.	0.0107	1.0000

```
. spearman loyalty Satisfaction_pca
```

```
Number of obs =      110  
Spearman's rho =      0.6691
```

```
Test of Ho: loyalty and Satisfaction_pca are independent  
Prob > |t| =      0.0000
```

```
. spearman loyalty Selection
```

```
Number of obs =      147  
Spearman's rho =      0.1744
```

```
Test of Ho: loyalty and Selection are independent  
Prob > |t| =      0.0346
```

1. Banking Sector History

According to CM (Council of ministers) approval number 152 dated 3/2/1318, Wolesi Jirga (House of Representatives) approval number 11 dated 19/6/1318, Meshrano Jirga (House of Elders) historical approval dated 12/6/1318 and then-king's approval number 1317/5280 dated 17/11/1318, Da Afghanistan Bank was established in capital Kabul with initial asset of 120 million Afghanis, which, with its defined authorities and responsibilities, was able to set up its branches and subsidiaries inside and outside the country.

Afghanistan's banking system was first founded with the institution of Bank Millie Afghan in 1312 HS, which was managing Afghanistan's state banking affairs before the establishment of Da Afghanistan Bank. After DAB's establishment, state banking responsibilities were transferred from Bank Millie Afghan to Da Afghanistan Bank.

As of establishment date until 1380 HS, Da Afghanistan Bank was carrying out commercial activities as other commercial banks alongside managing of state banking affairs. But after 1381 HS and as per article 12 of Afghanistan Constitution, Da Afghanistan Bank as an independent institution with its specific duties, goals and responsibilities promoted to as Central Bank of the country.

Based on DAB law, stability of price is the primary objective of this bank and therefore devising, implementing and adopting of monetary policies, foreign currency policy and provision, printing of banknotes and minting of coins are considered among Central Bank duties. Furthermore, as the banker and the financial institution of the state, DAB, according to the law, issues licenses to and supervises banks, FX dealers, financial services providers and securities and provides safe and sound payment system as well.

NKB Profile

A brief profile

Our mission is to provide our customers personalized services!

New Kabul Bank started its banking activities by having received its license as a commercial bank as a result of high authorities' decisions adhering to all prevailing banking rules and regulations under banking system of the country.

Ministry of Finance is the only shareholder of New Kabul Bank and it (NKB) has four kinds of activity license:

Banking license

AISA License

3131 Network License

2266 Services License

New Kabul Bank is operating and providing services for valued citizens by covering a wide network in more than 112 branches including a technical and supporting office in Dubai with professional and experienced cadre.

New Kabul Bank is offering the following legal banking services equipped with electronic system.

New Kabul Bank Services:

Account Opening

Balance Confirmation

Issue of Balance Confirmation

Deposits Withdrawal and Payment(Banking Transactions)

Money Transfer from one Account to another Account

Issue of Cheque-book (10-25 page)

Internet Banking (to check statements, money transfer from one account to another account, exchange rate, information about balance) and so on.

Mobile Phone Banking(coming soon)

Mobile Phone Banking(coming soon)

ATM Services - 24 hour

3131 Services -24 hour

Master Card(master and debit card)

Salary Disbursement Services

Electricity Bill Payment

Islamic Banking Services along with Islamic terms and conditions

New Kabul Bank is equipped with professionally trained security forces and armored vehicles deliver your money safely and securely anywhere inside Afghanistan.

New Kabul bank is connected all over the Global SWIFT facility which enables fast funds transfer for customers of bank having correspondent relationship with 7 international banks such as:

Aktif Bank Turkey

Bank of China

Alraji Bank United Emirate

Crown Agent Bank London

National Commercial Bank Jeddah

KBC Bank Brussels

HDFC Bank India

New Kabul Bank is principal agent for western union Money transfer in Afghanistan therefore it is authorized to transfer and receive money through western union company in all over the world and vice versa.

New Kabul bank is providing following 3131 services (24 hour)

Information about your Account Statement

Money Transfer from one Account to another Account in New Kabul Bank

Mobile Prepaid Recharge (AWCC_ROSHAN soon it will be available with other communication company

To receive a short message by your telephone about your recent banking transaction; on request.

New Kabul Bank provides anywhere banking facility for its customers enabling them to their transactions from any of the branches.

We also extend internet banking facility with secured password to our valued clients.

New Kabul Bank has established a new division “Customer Relationship” in order to facilitate and provide the best services for our valued customers and help them with their banking transactions and issues.

New Kabul Bank will soon introduce POS machine and WEB surfer service to our valued customers.

Shareholders	% of holding
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Ministry of finance	100 %
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Board of Shareholders

Name :	Position :
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Mr. Mohammad Qahir Haidari	Deputy Minister for Administration, Ministry of Finance
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Mr. Fraidoon Shirzai	Senior Advisor, Ministry of Finance
Mr. Mohammad Aqa Kohistani	DG Treasury, Ministry of Finance

Board of Supervisor

Name :	Designation & Position :
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Board of Management

Name :	Designation :
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Mr. Khayber Omarkhail	Chief Executive Officer
Mr. Ahmad Zia Zia	Deputy Chief Executive Officer
Mr. Shoaib Sheikh	Chief Finance Officer
Mr. Bahir Ahmad Stanakzai	Chief Operation Office