

**THE IMPACT OF FINANCIAL ACTIVITIES ON CUSTOMER  
SATISFACTION IN COMMERCIAL BANKS IN UGANDA. A CASE OF  
CENTENARY BANK, RUBAGA BRANCH**

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## DECLARATION

I MUHUMUZA JOHN BOSCO do declare that the work provided in this book is of my original work and has never submitted to any higher institution of learning for the award of any academic qualification

Signature .....

Date ...../...../.....

**APPROVAL**

This is to certify that the research report was under my supervision and is now ready for submission for examination.

**SUPERVISOR'S NAME: MADAM NAKAJUGO STELLA**

**Signature**

.....

**Date**

.....

## **DEDICATION**

I dedicate my report work to my family members which includes my mother, Sisters and Brothers, and many more relatives not mentioned for their financial and other forms of support they have rendered to me.

My parents, thank you for giving me a chance to prove and improve myself through all my walks of life please do not ever change, A special feeling of gratitude to my loving Mother, your words of encouragement and push for tenacity ring in my ears.

## **ACKNOWLEDGEMENT**

I thank the Almighty God the most gracious for the gift of life, wisdom, energy and knowledge he has given me throughout the entire exercise of compiling this research. May all attributes belong to him.

I wish to acknowledge the following for their assistance and support in ensuring that this project is complete. My supervisor for her timely professional guidance and support throughout this dissertation.

My parents, thank you for giving me a chance to prove and improve myself through all my walks of life please do not ever change, A special feeling of gratitude to my loving Mother, your words of encouragement and push for tenacity ring in my ears.

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## **ABSTRACT**

The study was conducted on the impact of financial activities on the customer satisfaction in commercial banks with a help of centenary bank, Rubaga branch. The study was guided by the following objectives; to determine the effect of financial literacy on customer satisfaction of Centenary Bank Rubaga branch, to determine the effect of loan provision on customer satisfaction of Centenary Bank Rubaga branch, and to establish the relationship between financial activities and customer satisfaction in commercial banks. The study used descriptive research design when collecting data and information from the respondents because it helped to describe the characteristics of population, the study also adopted a correlation research design which is defined as the type of non-experimental research where the researcher employed the data derived from pre-existing variables, this was used since the study involved to investigate the relationship between financial activities and customer satisfaction. The study used a total sample of 52 respondents from different departments of Centenary Bank Rubaga Branch that were selected from different departments such as accounts and finance department, procurement and logistics department, physical planning departments and others. Customers were also be included in the sample size

Findings concerning financial literacy of customers revealed that most of the customers are not aware and cannot use loans accordingly as planned for, it was revealed that most customers are aware of the procedure of loan repayment after acquiring loans, it was also noted that most customers are aware of bank statement (what is taking place on their accounts) concerning their accounts. From researcher's point of view based on the findings that were collected it can be concluded that financial activities are paramount importance to the improvement of customer satisfaction in commercial banks or any other organisation, this is due to the fact that customers are more likely to be retained if there is a customer oriented climate in which contact staff can deliver service quality efficiently and effectively. In the light with the findings and conclusions of the study, the researchers made the following recommended that the management of the banking industry would update and improve product qualities and product innovation of the banks to attract customer satisfaction.

## CHAPTER ONE

### GENERAL INTRODUCTION

#### 1.0 Introduction

Commercial banks originated and evolved since time ago, whereby started beginning of banking operations in the reign of Babylon in Iraq, known as Mesopotamia in fourth millennium BC knew beginning of operations of existing banks, exchange of currencies, save deposits and grant loans. The idea in the exchange of money, which in the Middle Ages uprooted the idea of the teller who gained income from currency exchange, whether foreign or local currencies. The commercial banks in its present form emerged in the last period of the middle Ages, specifically in the thirteenth century and fourteenth century. This was due to the crusades within that period, with their wars which required huge amounts of money intended to equip the armies, As a result of these wars, especially at the end of the increase and accumulation of wealth, growth of increasing Events banking and the spread of the idea of accepting deposits and certificates of deposit emerged out of check and paper money of its modern version. Money Changers showed that it was not enough to accept deposits, but also worked on the investment deposits and profiteering from behind. As the money-changers allow their customers to withdraw amounts in excess of balances and deposits deposited with, which is currently known in the commercial bank overdraft, this in turn caused a type of operation known as 'bankruptcy' (Snell, 2007).

As a number of houses banking Result could not fulfill the debt, leading thinkers in the late sixteenth century to call for establishment of houses of purely governmental saving deposits, and thus evolved the practice of financial ATM-to-house purely to the Commercial Bank, Financial institution, which focused its major operations to collect money in excess of the needs of the people or institutions of the state or the state itself for the purpose of lending to others according to certain grounds or selected investments in securities are primarily under commercial banks (Morris & Snell, (2007). Globally Amos (2002) claimed that globalization of the world economy has increased pressure on business competitiveness and sustainability. Organizations have to keep reinvent their business processes, procedures, policies, and their market niche, as a way of staying relevant and sustainable (Anand & Selvaraj, 2013). To remain sustainable, organizations have to be profitable, and equally, have to gain sizeable control of their market in terms of the products and services they are offering on the market. As such, the threat of new entrants particularly with multinationals have organizations are continuously forcing organizations into strategic reinventions as a way of dealing with the global

pressure to offer products and services at the global market standards (Arbore & Busacca, 2009). In the developed countries, customer's satisfaction has improved over the years due to the country's ability to utilize extensive atomization, service customization, and online real time banking experiences (Uddin & Akhter, 2015). As such, Capgemini (2015) notes customer satisfaction in countries like Spain and Russia grew by 4.8 points between 2012 and 2014. Equally, Turkey customer satisfaction rate in the banking sector increased by 3.9 points, while Czech Republic increase of 3.5 points, while central Europe increased customer satisfaction by 2.8 points compared to 2013.

In the African banking sector, Terpstra, Kuijlen & Sijtsma (2014) argues that customer satisfaction refers to the valence state of mind evoked by the customer's experiences by virtue of engaging and utilizing banking services. According to Munari et al., (2013) the banking industry in Africa regards customer satisfaction as the one of most critical criteria for assessing the relationship the bank has with the market. As such, customer satisfaction is regarded as an important driver in banks performance strategies. Hoq & Amin (2010) defines customer satisfaction as the general evaluation based on business actions carried out by organization in relation to customer expectations that has been accumulated over a period of times as a result of the client using the organizations products or services. Narteh & Kuada, (2014) on the other hand define customer satisfaction as the utility derived from using a services based on initial expectation of the service. It is the evaluation of the extent to which value promised has been delivered, at expected standards, quality, and quantity.

Service quality, customer value, and satisfaction are some of the most important factors of business competition for manufacturers and service providers alike (Zeithaml, 1996; Parasuraman et al., 1988; McDougall & Levesque, 2000). With the increasingly intense competition for customers in today's service industry, these factors are high management priorities (Parasuraman, 1997; Wang et al., 2004; Olorunniwo & Hsu, 2006). Researchers generally agree that service quality leads to higher levels of customer perceived value and customer satisfaction. Financial executives and banking strategies are becoming more focused on service quality to increase customer satisfaction and business success in the financial services industry. Financial activities can be any transaction or initiative undertaken by a business to further the fulfillment of economic goals. Carr (2007) argued that managers cannot simply create services, provide them at high-quality levels, and hope for the best; instead, he argued that service evaluations result from a comparison of services against the norms of fairness and the treatment of similar customers, a fairness of service consideration.

Customer satisfaction has long been recognized as a central concept and a critical goal of all business activities (Yi, 1990; Morgan, et al., 2005). A preponderance of evidence supports the significant relationship between a company's financial performance and the satisfaction of its customers (Morgan et al., 2005). Customer satisfaction increases favorable behavioral intention regarding the service providing units. For example, research shows that satisfied customers stick with some specific firms (Zeithaml et al., 1996), and are more willing to provide feedback (Olorunniwo & Hsu, 2006) and make recommendations (word of mouth) (Gray, 2006). Customer satisfaction is often defined as a judgment based on one or a series of consumer service interactions (Yi, 1990). Oliver (1981) argued that satisfaction is based on comparison with pre-consumption standards. Recent research into the parameters that influence levels of consumer satisfaction and retention in financial services often focuses on service quality (Arasli et al., 2005; Al-Hawari et al., 2009). The service quality literature also suggests that perceived service quality performance is the most powerful predictor of customer satisfaction (Dabholkar et al., 2000; Santouridis et al., 2009). Conversely, Oliver & Swan (1989) suggested that perceived justice should be considered in capturing consumer satisfaction. Equity or fairness has been suggested as a standard for measuring employee satisfaction (Carr, 2007). Therefore, this research seeks to establish the relationship between financial activities and customer satisfaction in commercial banks in Uganda.

### **1.1 Background of the Study**

Centenary Bank is a commercial bank in Uganda. It is one of the commercial banks licensed by the Bank of Uganda, the central bank and national banking regulator. The bank was founded in 1983 as a credit trust, Centenary Rural Development Trust (CRDT), by Simeon Lutaakome, Hugh Francis Pulle, Paul Kateregga, Vincent Kirabo kya Maria, Emmanuel Mpande, and John Ogutu. In 1985, Centenary rural development bank began to provide financial services to the public. The bank became a fully licensed commercial bank in 1993, after receiving a license from the Bank of Uganda. As of May 2016, Centenary Bank was the largest majority indigenous Ugandan commercial bank. The bank is a large financial services provider in Uganda. It is primarily involved in the promotion of development through loans to rural farmers, processors of agricultural produce, small traders, small manufacturers, importers, and exporters. While engaged in all areas of commercial banking, the bank has a significant portion of its portfolio in the microfinance arena in an attempt to meet the needs of the many individuals and business entities with limited means. As of December 2017, the bank's assets were UGX:2.706 trillion (US\$722 million), with shareholders' equity of UGX:557.8 billion (US\$150 million).

## **1.2 Statement of the Problem**

In the last ten years, there has been an enormous growth in the Banking sector (Amos, 2004). Financial activities such as introduction of Cente agents, token numbers, organizing and maintaining of accounts, has made depositing of money more easier, relieved customers from long standing in the line. As a result, the competition for gaining customers and enhancing market share has been very stiff among Commercial banks in Uganda, since clients have a wide variety banks to pick from, when looking for banking products and services (Geoffrey, 2010). The introduction of Cente agents that bring services closer to clients, introduction of token numbers, introduction of mobile banking among others, Despite the above efforts, the banks still find a challenge in satisfying their customers this is evidenced by system break down, customers are still seen standing among others. Therefore the research wished to establish the relationship between financial activities and customer satisfaction in commercial banks.

## **1.3 Purpose of the Study**

The main purpose of the study was to assess the impact of financial activities on the customer satisfaction in commercial banks in Uganda.

## **1.4 Objectives of the Study**

### **1.4.1 General Objective**

To examine the impact of financial activities on the customer satisfaction in commercial banks in Uganda.

### **1.4.2 Specific Objectives**

- i. To determine the effect of financial literacy on customer satisfaction of Centenary Bank Rubaga branch.
- ii. To determine the effect of loan provision on customer satisfaction of Centenary Bank Rubaga branch.
- iii. To establish the relationship between financial activities and customer satisfaction in commercial banks

## **1.5 Research Questions**

- i. What is effect of financial literacy on customer satisfaction of Centenary Bank Rubaga branch?

- ii. What are effects of loan provision on customer satisfaction of Centenary Bank Rubaga branch?
- iii. What are the relationship between financial activities and customer satisfaction in commercial banks?

## **1.6 Scope of the Study**

### **1.6.1 Geographical Scope**

The study was conducted at centenary bank Rubaga branch which is located within Kampala district, Rubaga division, on Rubaga hill near Rubaga cathedral catholic church. Centenary bank Rubaga branch was chosen because it is near to the researcher which can ease collection of findings when making a report.

### **1.6.2 Time Scope**

The study was conducted within a period of 6 months that commenced from March 2016 and ends in September 2016. This period was chosen hopefully because this was the period when centenary bank faced a challenge of poor customer satisfaction.

### **1.6.3 Content Scope**

The study sought to determine the relationship between financial activities and customer satisfaction in Commercial banks in Uganda; this was considered because for any organisation to prosper, the organisation must maintain its customer and increase its sales.

## **1.7 Significance of the Study**

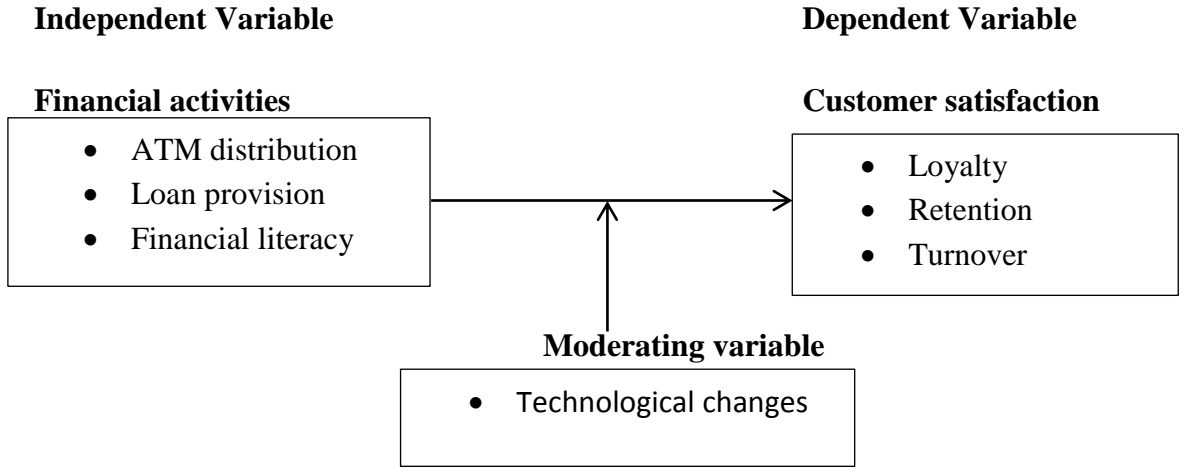
- i. The findings of this study can also be used by the banking industry as a whole, as findings and recommendations can be adopted by other banks who wish to enhance their customer satisfaction and experiences at their respective banks. Equally, the banking regulators can use the findings of this study to inform policy development on ways to protect and enhance customer experiences with banking
- ii. Centenary bank Rubaga branch will utilize the findings of this study on factors that influence customer satisfaction as a basis for formulating customer engagement and satisfaction strategies, outreach, and customer engagement.



- iii. Centenary bank Rubaga branch can adopt recommendations that will be made by the study so as to enhance customer satisfaction in their product and services at the bank.
- iv. This study will be significant to researchers and academicians in that it will add value to the body of literature on factors that influence customer satisfaction in the banking sector.
- v. Academicians also can use this study findings to test their hypothesis, and also to utilize the study findings for empirical literature review for further studies.

**1.8 Conceptual Framework**

Conceptual framework was referred to as a network, or “plane” of interlinked concepts that together provide a comprehensive understanding of a phenomenon (Yosef Jabareen, 2009). The research aimed at establishing relationship between independent variable and dependent variable which was financial activities and customer satisfaction.



Source: Qureshi et al. (2008), Mohamed & Pearson (2007), Ndubisi & Sinti (2006) & Raman et al. (2008) modified by the researcher.

*Figure 1; Conceptual framework*

**1.9 Operational Definition of Terms**

Financial activities were defined as activities that companies undertake to help achieve their economic goals and objectives (Basu, 2015).

Loan provision/lending was defined as amount of money provided by a lender and taken by a borrower, payable at some future date on specific terms and conditions and governed by legal contract (Biney, 2006).

Financial Literacy was defined as the ability to make informed judgments and to take effective actions regarding the current and future use and management of money (Basu, 2015).

ATM Distribution was defined as an automatic teller machine is an electronic funds dispenser or transfer device, which is similar to a bank teller's terminal (Simsek, 2017).

Customer Satisfaction was defined as the difference between expectations and actual performance (McKinney, Yoon & Zahedi, 2002).

Customer Loyalty was defined as the result of consistently positive emotional experience; physical attribute based satisfaction and perceived value of an experience which includes the product or services (Bell, 2014).

Customer Retention was defined as the activities and actions companies take to reduce the number customer defections. (Molly Galetto, 2015).

Customer turnover was defined as the company's customer base that leaves in a given period of times (Adebiyi, 2016).

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents a review of related literature that is owned by other Researchers and Authors in line with customer satisfaction and financial activities.

#### **2.1 Financial Activities**

Financial activities are activities that companies undertake to help achieve their economic goals and objectives (Basu, 2015). Financial stability refers to a condition in which commercial banks are capable of absorbing shocks and the unravelling of financial imbalances (ECB, 2007). It stems from the theories of financial intermediation in which commercial banks are regarded as the main channels of allocating funds from savers to investors (Ongore &Kusa 2013). This is in addition to managing financial risks and exposures. Hence, and to continue with their financial intermediation functions without much interruptions, commercial banks need to be sound, stable and profitable (Onuonga 2014). Further, and according to Sufian (2011), the profitability, soundness and stability of commercial banks is critical to the well-being of a country's general economy at large due to their significant roles in capital accumulation, firms' growth and economic advancement.

##### **2.1.1 ATM Distribution**

An automatic teller machine is an electronic funds dispenser or transfer device, which is similar to a bank teller's terminal, only that it is operated by the customers themselves. It provides extended services in both time and space to customers. (The Ugandan banker, journal of the Uganda institute of bankers, June 2003). A number of banks are investing heavily in providing automatic teller machine services to remote locations. This means that the customer can gain access to the banking services with greater ease than if they have to travel to their nearest branches to use an ATM. These places or locations include out of town stores, university campuses, and airports.

Automated Teller Machines (ATMs) were introduced by Stanbic Bank as an aim to achieve its goal of efficiency, effectiveness and convenience (Stanbic Bank Annual Report, 2011). ATMs are computer terminals activated by a magnetically encoded bank card to allow customers to make deposits, withdrawing cash, transfer money between accounts and any other transactions that would be done at the bank teller window. Automated Teller Machine (ATM), also known as an automated

banking machine (ABM) or Cash Machine and by several other names, is a computerized telecommunications device that provides the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller (Micheal, 2011). On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip that contains a unique card number and some security information such as an expiration date. Authentication is provided by the customer entering a Personal Identification Number (PIN). Using an ATM, customers can access their bank accounts in order to make cash withdrawals, credit card cash advances, and check their account balances as well as purchase prepaid cellphone credit. Today ATMs do much more than dispensing cash but also offer the following services, checking account balances, printing bank statements, ticket purchases, donations and transfers to other bank accounts.

### **2.1.2 Loan Provision/Lending and Repayment**

Lending has been defined by Biney (2006) as an amount of money provided by a lender and taken by a borrower, payable at some future date on specific terms and conditions and governed by legal contract. Ribeiro (2006) also defines lending as the offer of money to a person or entity with the expectation that repayment would be made with interest either by installments or in one amount by a specified date, where necessary a lender will protect himself, by asking the borrower to provide some collateral. Due to intense competition amongst financial institutions, some financial institutions do not take collateral in order to win clients to their banks.

According to Rouse (1989), lending is an art rather than science because it involves experience and common sense. This assertion to some extent is true. These two factors alone can perfect some aspect of lending, but not to its entirety. It is through science that lenders come out with accounting procedures, credits and risk's analysis to assess customer's ability to pay, regulatory framework among other factors. He explained that a lender lends money and does not give it away. There is therefore a judgment that on a particular future date repayment will take place. The lender needs to look into the future and ask whether the customer will repay by the agreed date. He indicated that there will always be some risk that the customer will be unable to repay, and it is in assessing this risk that the lender needs to demonstrate both skill and judgment.

Loan repayment determines the bank's ability to grant further loans, the profitability and suitability of depositors. Banks must therefore be cautious in its loan administration. Though customers' records are used to determine the ability to service the loan; some customers have the tendency of

hiding real position at hand. This makes it different for the banks to determine the true position as well as possible repayment. Some corporate bodies, small and medium scale enterprises repayment depends largely on collection period from debtors which determines the repayment pattern. The bank should be guided by the trend and the business lines of clients when granting credits. Bruck (1997) contends that the administration of loan extend beyond the approval of loans. It requires control and supervision of outstanding loans to ensure their repayments. Personal loans granted to salaried workers, records a higher percentage of repayments. Nyarko (2005) perceives to employees guarantee given to the lender by the employers and due to the fact that deduction is effected at source, provided the necessary pre-lending procedures are adhered to Agricultural credit delivery to farmers should be clearly monitored to avoid decision of loan for social and acquisition of other assets at the expense of servicing the loan on maturity. Repayment on group lending is made possible because the joint and several liability clauses which serves as a respite for a lender and mandates the lender to severally take an action against the group and to the extent of their personal estates to recover the loaned funds.

### **2.1.3 Financial Literacy**

Financial Literacy is the ability to make informed judgments and to take effective actions regarding the current and future use and management of money (Basu, 2015). Financial literacy includes the ability to understand financial choices. Heimer & Simsek (2017) find that higher leverage is associated with losses for retail investors in the foreign exchange market. There is a large literature documenting a positive correlation between the level of financial literacy and the level of financial risk-taking. Gaudecker (2015) finds that lower financial literacy is associated with under-diversification of household portfolios. However, knowledge of specific financial concepts (such as stocks and mutual funds) exhibits no statistical relation with under-diversification. Clark, Lusardi, & Mitchell (2015) find that greater financial literacy on the part of the investor is associated with: 1) higher allocation of the investor's portfolio to stocks, 2) higher portfolio expected return and volatility, and 3) lower portfolio idiosyncratic volatility within a specific employer's defined benefit retirement plan. Hilgert, Hogarth, & Beverly (2003) show that consumers with higher investment knowledge are more likely to engage in beneficial behaviors such as diversification and owning stocks, mutual funds, or investment accounts. Bateman, et al. (2014) show that experimental subjects with lower financial literacy are less likely to change investment choices in response to changes in risk disclosed in various formats.

## **2.2 Customer Satisfaction**

Philip Kotler (2001) defines customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. According to McKinney, Yoon & Zahedi, (2002) defines customer satisfaction as the difference between expectations and actual performance on system quality and information quality is likely to determine Web customer satisfaction. Customers who are satisfied with a purchased product will buy the same product again, more often. Customer satisfaction has been traditionally studied in marketing area as one of the critical attitudinal variables that may influence customer behavior. Most of the studies of satisfaction in marketing literature are based on the disconfirmation theory. It postulates that, the feeling of satisfaction is a result of the comparison between perceptions of a product's performance and expectations (Oliver, & Swan, 1989). This concept, representing psychological assessment procedures, provides an understanding of expectations, desires, experiences, and performances that may affect customer attitudes, and will also recommend it to others (Oliver & Swan, 1989). Customer satisfaction is commonly related to two fundamental properties, including the customer's judgment of the quality of the product and his evaluation of the interaction experience he or she has made with the product provider. This approach typically treats customers as information systems users, and focuses primarily on user satisfaction with websites (Ongoto, 2010).

### **2.2.1 Customer Retention**

Mascareigne (2004) defines customer retention as the propensity for consumers to stay with their service providers. However Khadka (2017) defines customer retention as activities and actions companies and organisations take to reduce the number of customer defections. Levitt (1983) examines value and customer retention via the buyer-seller relationship. Levitt (1983, p. 2) said that, "the relationship between a seller and a buyer seldom ends when a sale is made." Increasingly, the relationship intensifies after the sale and helps determine the buyer's choice the next time around. According to Levitt (1983), it is expectations and not things. How this relationship is managed is critical to its continuation. He warns that in the absence of sound management, the relationship will deteriorate. The failure of the service provider to address what may be causing the dissension will no doubt alter the relationship. Hellier (1995) tested a customer retention model in the insurance services sector and found relationships among perceived value (largely expressed through quality), customer satisfaction, loyalty and switching costs. Product and brand preference were intervening factors.

According to Johnson et al. (1999, p. 12), relationship enablers are key components that strengthen the bonds that lead to long-term customer-supplier relationships. The relationship enablers consist of trust, commitment, dependence, cooperation and information exchange. McNaughton et al. (2001, p. 991), state, “marketing orientation theory, no matter the sector in which it is applied, focuses on the process whereby market orientation creates customer value.” So value created through market orientation and employing relationship enablers can facilitate an atmosphere that causes customers to stay. The link between market orientation and performance is widely accepted. Clearly understanding one’s market and its elements can lead to a competitive advantage. Retention can also be measured based on customer profitability. Pfeifer et al. (2005, p. 11) state that, “some customers are more equal than others, and firms can prosper by learning to identify and capitalize on customer differences.” They quote a research study by Reichheld & Sasser (1990) which reported that a 5 percent increase in retention would increase profits by 75 percent. Reichheld & Sasser (1990, p. 12) call this “the net present value of the profit streams for the average customer life.”

### **2.2.2 Customer Loyalty**

Dick and Basu (1994) defined loyalty as a customer commitment to the brand or approach to the brand (service, product category, etc.). According to Beerli et al.(2004) loyalty described based on inertia, when the user purchase brand again because he/she used to do it, Loyalty is also interpreted as an expectation to continue a relationship with a particular brand (Wilson, 1995). Customers who feel they have obtained value from a product or service may develop loyalty. Loyalty, in turn, breeds retention which translates into higher corporate profits. Reichheld & Sasser (1990) concluded that customer defections had a stronger impact on the financial performance of an organization than other factors, as it pertained to gaining competitive advantage. Since there is a learning curve that both the company and customer must travel, research suggests the longer a company keeps a customer, the more profitable that customer becomes. In order to retain customers, it is important to know why customers leave. Not only does a company lose their future profit potential, but negative experiences are shared with colleagues, and that may spur additional defections.

Keaveney (1995) looked at multiple causal factors such as pricing, inconvenience, core service failures, service encounter failures, employee responses to failures, attraction by competitors and ethical problems. Reichheld (1997, p. 19) discussed how after years of studying companies his own view of business economics was changed. He argues that the delivery of superior value affects the service organization and creates internal loyalty among employees via pride and satisfaction in their work. Although loyal customers are generally satisfied, satisfaction scores do not necessarily

translate well into loyalty behaviors (Oliver, 1999). According to Oliver's analysis, satisfaction is a necessary first step in loyalty formation but other factors can impact the customer's relationship with the organization such as personal determinism and social bonding.

Dalton (2003) cites three factors that drive customer loyalty – value, trust and going the extra mile. He states that customers are loyal to people who help us solve problems and expand beyond what is expected. With respect to trust, Dalton (2003, p. 4) adds, “we are loyal to people whom we trust, whom we know will come through for us and will put our interests first.” Jones & Farquhar (2003, p. 72), said that “customers are more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively.” As competition increases, the need for customer loyalty and retention will become increasingly important.

### **2.3 Relationship between Financial Activities and Customer Satisfaction in Commercial Banks**

Loyal behavior may also result from inertia. Inertia means customer does not move to another vendor due to comfort or relatively low importance. If the choice has low importance, there is no point to spend time and effort on searching for alternatives. Thus, based on his faith in the suitability of the current product, the customer continues to use it without checking alternatives. It is in accordance to Oliver's approach of cognitive loyalty: the loyalty that is based on brand belief only. “Cognition can be based on prior or vicarious knowledge or on recent experience-based information. If the transaction is routine, so that satisfaction is not processed (e.g. trash pickup, utility provision), the depth of loyalty is no deeper than mere performance.

Hofmeyr & Rice (2000) say that one of the reasons that customers do not switch brands is that when they are dissatisfied. They feel that alternatives are just as bad as the brand they are using or even worse. Several studies like Heskett et al., (1994) revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor. Again Anderson et al., (2000) narrated the primary objective of creating American Customer Satisfaction Index (ACSI) in 1984 was to explain the development of customer loyalty. In ACSI model customer satisfaction has three antecedents: perceived quality, perceived value and customer expectations. Gronholdt et al., (2000) examined the European Customer Satisfaction Index (ECSI) model perceived quality is divided into two elements: “hard ware”, which consists of the quality of the product or service attributes, and “human ware”, which represents the associated customer behavior towards the product/service. Reichheld et al., (2000) found in both models increased level of satisfaction leads to increased customer loyalty. When the satisfaction is low



customers have the option to exit (e.g. going to a competitor) or express their complaints. Researchers have shown that 60 to 80% of customers who defect to a competitor said they were satisfied or very satisfied on the survey just prior to their defection. Customer satisfaction measurement must be undertaken with an understanding of the gap between customer expectations and attribute performance perceptions.

## **2.4 Ethical Considerations**

Ethics in this study was adhered to by the following processes;

The researcher attained an introductory letter from the university to be used for accessing different targeted respondents. The researcher observed and respected the privacy, confidentiality and anonymity of all the participants and respondents in this study. The researcher also avoided plagiarism; this is where he acknowledged the works of other scholars and other researchers.

## **2.5 Summary of Literature Review**

From the literature reviewed it has been noticed that there are variety of authors and researchers who have taken consideration of customer satisfaction as the major concern of business prosperity, however they have not shown anything that financial activities effect on the level of customer satisfaction as they have noticed other factors such as service quality, branding among others. This has created a gap for the researcher to conduct a study on the relationship between financial activities and customer satisfaction.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter explains details of how the study was conducted. It presents the research design, study population, sampling procedures and sample size, data collection methods and instruments, data analysis and processing, and the limitations of the study.

#### **3.1 Research Design**

A research design is the scheme, outline or plan that is used to generate answers to research problems (Creswell, 2003). The study therefore used descriptive research design when collecting data and information from the respondents because it helped to describe the characteristics of population, the study also adopted a correlation research design which is defined as the type of non-experimental research where the researcher employed the data derived from pre-existing variables, this was used since the study involved to investigate the relationship between financial activities and customer satisfaction (Simon & Jim Goes, 2011). The study will also be both qualitative and quantitative during data collection.

#### **3.2 Study Population**

A population is a complete set of individuals, cases or objects sharing some common characteristics from which a study sample is taken for the purpose of data collection (Mugenda, 1999). In this research, the total population of the study constituted to 60 respondents and these were from different departments of Centenary Bank Rubaga Branch such as Human resource department, administration department, accounts and finance department, procurement and logistics department. Customers were also be included in the study population.

#### **3.3 Sample Size**

According to Krejcie & Morgan (1970), the study used a total sample of 52 respondents from different departments of Centenary Bank Rubaga Branch that were selected from different departments such as accounts and finance department, procurement and logistics department, physical planning departments and others. Customers were also be included in the sample size.

**Table 3.1 Showing the sample size and total population of the study**

<b>Respondents</b>	<b>Total population</b>	<b>Sample size</b>
Human resource and administration	4	3
Accounts and finance	8	7
Procurement And Logistics	7	6
Tellers	7	6
Loan department	10	8
Customers	24	22
<b>Total</b>	<b>60</b>	<b>52</b>

Source; Krejcie & Morgan (1970)

### **3.4 Sampling Technique**

According to Matthew (2012), sampling is the process of selecting a number of people or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group. Stratified random sampling method is defined as a method of sampling that involves the division of the population into smaller sub groups known as strata, it was used to obtain appropriate data for the research, respondents were grouped into strata that was later randomly selected to get sample size; The method ruled out bias, simple to use, cheap and flexible to the researcher and does not have bias. The study also used simple random sampling.

### **3.5 Data sources**

Data was got from both primary and secondary sources.

#### **Primary Data**

According to drew (1980) Primary data is defined as information collected by researcher specifically for research assignment. Primary data involved direct extraction of information from the respondents using self-administered questionnaires and interview guide.

#### **Secondary Data**

According to Oschman (2009) Secondary data is defined as data collected by a party not related to the research study that collected these data for some other purpose and at different time in the past, Secondary data was collected from journals, text books, management reports, previous dissertations and internet. These sources helped derive meaningful interpretation of findings.

### **3.6 Data Collection Instruments**

#### **3.6.1 Questionnaires**

A questionnaire is a research instrument consisting of a series of questions and other prompts for gathering information from respondents Abuja (2001). This technique helped to collect primary data through setting a number of questions, which give to a cross section of respondents. The questions were open ended and closed ended questions with the questionnaire mainly based on predetermined and standardized questions. Self-administered were used by the researcher because they are cheap to distribute and process. They were more flexible and helped to save time.

#### **3.6.2. Interview Guide**

According to Boyce (2006) this is the type of method where the researcher asks questions face to face the respondents. This method was employed to find information necessary information from the group more quickly just to allow individual self-expression.

### **3.7 Data Processing**

Data processing includes coding and editing all the responses collected from the fields which was edited with the view of checking for completeness and accuracy to ensure that data is accurate and consistent. It also helped to remove unwanted responses which would be considered insignificant. Coding was done after editing which was done manually and by the use of computer through word processing and Excel.

### **3.8 Data Presentation and Analysis**

The data was presented in tabular form, with frequencies and percentages for classifications of responses, easier analysis and visual impression. Data was manually entered in Excel. Analysis was carried out by use of frequencies and percentages.

### **3.9 Validity and Reliability**

**Validity:** Validity can be defined as the degree to which a test measures what it is supposed to measure. There are three basic approaches to the validity of tests and measures as shown by Mason and Bramble (2014). If a questionnaire model is valid, then the decisions made with the questionnaire model should be similar to those that would be made by physically experimenting with the system.

Validity of the questionnaire was obtained by presenting it to at least 3 research professionals, including the researcher's supervisor because according to Amin (2015), content and construct validity is determined by expert judgment and also pre testing it to the respondents before the actual research.

**Reliability:** Reliability is defined as the quality or state of being reliable. Specifically, the extent to which an experiment, test, or measuring procedure yields the same result on repeated trials. Reliability, this was based on the extent to which the items in an instrument generate consistent responses over several trials with different audiences in the same setting or circumstances.

### **3.10 Limitations of the Study.**

The research faced inadequate funds but he managed to request the guardians and friends to help him with sum amount of money in order to complete his research.

Bias from the respondents, some respondents were very busy with busy schedules however; the researcher assured them about the relevance of this research towards their lives and development and he will manage to convince them.

## CHAPTER FOUR

### DATA PRESENTATION AND INTERPRETATION OF FINDINGS

#### 4.0 INTRODUCTION

This chapter covers the presentation and interpretation of findings as revealed from the field study.

#### 4.1 Response Rate

**Table 4.1 Showing Response Rate**

<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
Returned	52	96.3
Not returned	2	3.7
<b>Total</b>	<b>54</b>	<b>100</b>

From the table 4.1 all questionnaires distributed were filled and collected. Out of the 54 questionnaires distributed 52(96.3%) were returned and only 2(3.7%) were not returned. This implies that data obtained was adequate and sufficient to find to the research problem and it was in line with Amin (2005).

#### 4.2 Background Information

##### 4.2.1 Gender of Respondents

**Table 4.2: Showing Gender of Respondent**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage%</b>
Male	31	59.7
Female	21	40.3
<b>Total</b>	<b>52</b>	<b>100</b>

Source; Primary Data, 2019

From table 4.2, findings show that 31(59.7%) of the total respondents were males and 21(40.3%) of the total respondents were females. The study was largely dominated by males because are more energetic than females.

#### 4.2.2 Age of the Respondents

**Table 4.3 Showing Age of the Respondents**

<b>AGE in years</b>	<b>Frequency</b>	<b>Percentage%</b>
Up to 25yrs	7	13.5
26-30yrs	13	25
31-40yrs	23	44.2
41 and above yrs	9	17.3
<b>Total</b>	<b>52</b>	<b>100</b>

Source; Primary Data, 2019

Findings from table 4.3 shows that 7(13.5%) of the total respondents were below 25 years, 13(25%) of the total respondents were between 26 and 30 years, 23(44.2%) of the total respondents were between the age of 31 to 40 years, 9(17.3%) of the total respondents were above 41 years. This implies that most of the respondents were youths because they still have high reasoning capacity.

#### 4.2.3 Education Background of the Respondents

**Table 4.4 showing Education Background of the Respondents**

<b>Education level</b>	<b>Frequency</b>	<b>Percentage%</b>
Degree	30	57.7
Masters	2	3.8
Diploma	8	15.4
Secondary	8	15.4
Primary	1	1.7
Certificate	3	5.2
<b>Total</b>	<b>52</b>	<b>100</b>

Source; Primary Data

Findings from table 4.4 indicate that 30(57.7%) of the total respondents were holding a bachelor's degree, 2(3.8%) of the respondents were holding a master's degree, 8(15.4%) of the respondents were having a diploma, 8(15.4%) of the respondents were had stopped in secondary level, 1(1.7%) of the respondents had stopped in primary level and lastly 3(5.2%) of the respondents were holding certificates. Most of the respondents were educated which implies that the study finding can be relied on.

### 4.3.1 Financial Activities

The researcher aimed at establishing relationship between financial activities and customer satisfaction in Centenary Bank Rubaga Branch.

#### 4.3.1 ATM Distribution

**Table 4.5 Showing ATM Distribution**

Options	A		NS		SD		TOTAL
	Fre	%	Fre	%	Fre	%	
<b>ATM DISTRIBUTION</b>							
It is cheap to make cash withdraws via ATM	50	96.2	2	3.8	-	-	<b>52</b>
It is secure to make financial transaction via ATM	7	13.5	6	11.5	39	75	<b>52</b>
ATMs are located near to customers which induce satisfaction.	45	86.5	7	13.5	-	-	<b>52</b>
ATM facilitates ease transfer of cash transactions	47	90.3	4	7.7	1	1.9	<b>52</b>
ATM services are available 24/7 days	51	97.1	1	1.9	-	-	<b>52</b>

Source; Primary Data, 2019

Findings from table 4.5 indicate that most of the total respondents 50(96.2%) agreed that It is cheap to make cash withdraws via ATM, however, the small number of respondents 2(3.8%) disagreed. This implied that it is cheap to make cash withdraws via ATM machines which increases customer satisfaction.

Findings from table 4.5 indicate that most of the total respondents 39(75%) disagreed that it is secure to make financial transaction via ATM, 7(13.5%) of the total respondents agreed and 6(11.5%) of the total respondents were neutral/not sure. This implies that making financial transactions via ATM machines is not secure hence reducing customer satisfaction.

From the study findings in table 4.5 it was revealed that majority of the respondents 45(86.5%) agreed that ATMs are located near to customers which induce satisfaction, However, 7(13.5%) of the total respondents disagreed that ATMs are located near to customers which induce satisfaction. This



implies that ATMs are located near to customers which induce satisfaction hence this increases customer satisfaction.

From the study findings in table 4.5 it was revealed that majority of the respondents 47(90.3%) agreed that ATM facilitates ease transfer of cash transactions, However, 4(7.7%) of the total respondents were not sure, and 1(1.9%) disagreed that ATM facilitates ease transfer of cash transactions. This implies that ATM facilitates ease transfer of cash transactions which in turn increases customer satisfaction.

From the study findings in table 4.5 it was revealed that majority of the respondents 51(97.1%) agreed that ATM services are available 24/7 days, 1(1.9%) of the total respondents were not sure whether ATM services are available 24/7 days. This implies that ATM services are available 24/7 days which increases customer satisfaction.

From the above, findings showed that the majority of the respondents averages to 40 agreed that the level of ATM distribution in Centenary Bank is high.

### 4.3.2 Loan Provision and Repayment

**Table 4.6 Showing Loan Provision and Repayment**

LOAN PROVISION AND REPAYMENT	SA		NS		SD		TOTAL
	Freq	%	Freq	%	Freq	%	
The bank officials monitor loans provided to customers	42	80.8	4	7.6	6	11.6	<b>52</b>
Customers taking loans are trustworthy during the process of releasing information required for loan acquisition	2	3.9	4	7.6	46	88.5	<b>52</b>
Repayment of loan is convenient to customers	41	79	6	11.5	5	9.6	<b>52</b>
Centenary bank provides loans a cheaper interest rates	35	67.3	11	21.2	6	11.5	<b>52</b>

Source; Primary Data, 2019

From the study findings in table 4.6 it was revealed that majority of the respondents 42(80.8%) agreed that the bank officials monitor loans provided to customers, 4(7.6%) of the total respondents were neutral, 6(11.6%) of the total respondents disagreed. This implies that the bank officials monitor loans provided to customers which in turn reduce risk of losses to the bank.

From the study findings in table 4.6 it was revealed that majority of the respondents 46(88.5%) disagreed that customers taking loans are trusty worthy during the process of releasing information required for loan acquisition, 2(3.9%) of the total respondents agreed, 4(7.6%) of the total respondents were not sure. This therefore implied that customers taking loans are not trusty worthy during the process of releasing information; therefore bank officials should be keen during the process of customers releasing information concerning their background.

From the study findings in table 4.6 it was revealed that majority of the respondents 41(79%) agreed that repayment of loans is convenient to customers, 6(11.5%) of the total respondents were not sure whether repayment of loans is convenient to customers, 5(9.6%) of the total respondents disagreed that repayment of loans is convenient to customers. This implies that repayment of loan is convenient to customers; this therefore increases satisfaction among the customers of centenary bank.

From the study findings in table 4.6 it was revealed that majority of the respondents 35(67.3%) agreed that Centenary bank provides loans a cheaper interest rates, 11(21.2%) of the total respondents were not sure whether Centenary bank provides loans a cheaper interest rates, 6(11.5%) of the total respondents disagreed. This implies that Centenary bank provides loans cheaper interest rates which in turn increases customer satisfaction.

From the above, findings showed that the majority of the respondents averages to 30 agreed that the level of Loan Provision and Repayment in Centenary Bank Rubaga branch is high.

### 4.3.3 FINANCIAL LITERACY

**Table 4.7 Showing Financial Literacy**

	SA		NS		SD		TOTAL
	Freq	%	Freq	%	Freq	%	
<b>FINANCIAL LITERACY</b>							
Customers are aware and can use loans accordingly	12	23.1	8	15.3	32	61.5	<b>52</b>
Customers are aware of the procedures of loan repayment.	47	90.1	4	7.6	1	1.9	<b>52</b>
Customers are aware of bank statement concerning their accounts.	46	88.5	8	15.3	1	1.9	<b>52</b>

Source; Primary Data, 2019

From the study findings in table 4.7 it was revealed that majority of the respondents 32(61.5%) disagreed that Customers are aware and can use loans accordingly, 12(23.1%) of the total respondents agreed, 8(15.3%) of the total respondents were not sure whether Customers are use loans aware and can accordingly.

From the study findings in table 4.7 it was revealed that majority of the respondents 47(90.1%) agreed that Customers are aware of the procedures of loan repayment, 4(7.6%) of the total respondents were not sure whether customers are aware of the procedures of loan repayment, 1(1.9%) of the total respondents disagreed that Customers are aware of the procedures of loan repayment. This implies that customers are aware of procedures of loan repayment which increases the rate of payments of loans and eases the mode of payments by customers hence customers being satisfied.

From the study findings in table 4.7 it was revealed that majority of the respondents 46(88.5%) agreed that Customers are aware of bank statement concerning their accounts, 8(15.3%) of the total respondents were not sure of whether Customers are aware of bank statement concerning their accounts, 1(1.9%) of the total respondents disagreed. This implies that Customers are aware of bank statement concerning their accounts, which shows that customers are satisfied.

From the above, findings showed that the majority of the respondents averages to 35 agreed that the level of financial literacy is high.

## 4.4 Customer Satisfaction

### 4.4.1 Customer Loyalty

**Table 4.8 Showing Customer Loyalty**

	SA		NS		SD		TOTAL
CUSTOMER LOYALTY	Freq	%	Freq	%	Freq	%	
Customers feeling they have obtained value from a product or service develops loyalty	45	86.5	4	7.69	3	5.8	<b>52</b>
Customer defections had a stronger impact on the financial performance of an organization than other factors.	51	98	1	1.9	-	-	<b>52</b>
Customers are more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively.	47	90.4	4	7.6	1	1.9	<b>52</b>

Source; Primary Data, 2019

From the study findings in table 4.8 it was revealed that majority of the respondents 45(86.5%) agreed that Customers' feeling they have obtained value from a product or service develops loyalty, 4(7.69%) of the total respondents were not sure, 3(5.8%) of the total respondents disagreed that customers' feeling they have obtained value from a product or service develops loyalty. This implies that Customers' feeling they have obtained value from a product or service develops loyalty hence customer satisfaction.

From the study findings in table 4.8 it was revealed that majority of the respondents 51(98%) agreed that Customer defections had a stronger impact on the financial performance of an organization than other factors, 1(1.9%) of the total respondents were neutral to whether Customer defections had a stronger impact on the financial performance of an organization than other factors.

From the findings in table 4.8 it was revealed that majority of the respondents 47(90.4%) agreed that Customers are more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively, 4(7.6%) of the total respondents were not sure, 1(1.9%) of the total respondents disagreed. This implies that Customers are more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively.

From the above, findings showed that the majority of the respondents averages to 47 agreed that the level of Customer Loyalty in Centenary Bank Rubaga branch is high.

#### 4.4.2 Customer Retention

**Table 4.9 Showing Customer Retention**

	SA		NS		SD		TOTAL
	Freq	%	Freq	%	Freq	%	
Introduction of Cente Agents has retained more customers	48	92.3	4	7.6	-	-	<b>52</b>
Token number usage motivates and increases love for customers to use centenary bank Rubaga branch.	52	100	-	-	-	-	<b>52</b>
Introduction of mobile banking increased satisfaction among customers of Centenary Bank Rubaga branch	49	94.3	3	5.7	-	-	<b>52</b>

Source; Primary Data, 2019

According to 4.9 above, the findings indicate that majority of the respondents 48(92.3%) agreed that Introduction of Cente Agents has retained more customers, However, some respondents 4(7.6%) were not sure, this implies that Introduction of Cente Agents has retained more customers, this has been due to increased customer satisfaction

From the table 4.9 above, it was found out that all the respondents 52(100%) agreed that Token number usage motivates and increases love for customers to use centenary bank Rubaga branch, this implies that Token number usage motivates and increases love for customers to use centenary bank Rubaga branch which increases customer satisfaction.

From the table 4.9 above, it was found out that majority of the respondents 49(94.3%) agreed that Introduction of mobile banking increased satisfaction among customers of Centenary Bank Rubaga branch. However, 3(5.7%) of the total respondents were not sure. This implied that Introduction of mobile banking increased satisfaction among customers of Centenary Bank Rubaga branch.

From the above, findings showed that the majority of the respondents averages to 49 agreed that the level of Customer retention in Centenary Bank Rubaga branch is high.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.0 Introduction

This chapter presents a summary of the major findings, conclusions reached and the researcher's recommendations derived from the study of the relationship between financial activities and customer satisfaction in Commercial banks. The research objective were; to determine the effect of financial literacy on customer satisfaction of Centenary Bank Rubaga branch, to determine the effect of loan provision on customer satisfaction of Centenary Bank Rubaga branch, and to establish the relationship between financial activities and customer satisfaction in commercial banks.

#### 5.1 Summary of the Findings

Findings showed that 59.7% of the total respondents were males and 40.3% of the total respondents were females, the study was largely dominated by the youths between 18 to 40 years with a percentage of over 83%. Most of the respondents were educated constituting to almost 93% of the total respondents that were involved in the study.

96% of the respondents that were interviewed accepted that it is cheap to make cash withdraws via ATM, most of the respondents (almost 84%) that were involved in the study revealed that it is insecure to make financial transaction via ATM, Almost 86% of the respondents involved in the study accepted that ATMs are located near to customers which induce satisfaction, It was also revealed that most of the respondents (90%) agreed that ATM facilitates ease transfer of cash transactions.

Most of the respondent (80%) agreed that the bank officials monitor loans provided to customers, 95% of the total respondents disagreed that customers taking loans are trusty worthy during the process of releasing information required for loan acquisition, 80% of the respondents agreed that repayment of loan is convenient to customers, almost 70% of the respondents agreed that centenary bank provides loans at a cheaper interest rates.

Findings concerning financial literacy of customers revealed that most of the customers are not aware and cannot use loans accordingly as planned for, it was revealed that most customers are aware of the procedure of loan repayment after acquiring loans, it was also noted that most

customers are aware of bank statement (what is taking place on their accounts) concerning their accounts.

Further from the findings collected it was revealed that most of the customers feeling that they have obtained value from a product or a service develop a customer loyalty, 97% of the respondents agreed that customer defection had a stronger impact on the financial performance of an organisation than other factors. It was also noted that most customers are more likely to be retained if there is a customer oriented climate in which contact staff can deliver service quality efficiently and effectively.

## **5.2 Conclusion**

From researcher's point of view based on the findings that were collected it can be concluded that financial activities are paramount importance to the improvement of customer satisfaction in commercial banks or any other organisation, this is due to the fact that customers are more likely to be retained if there is a customer oriented climate in which contact staff can deliver service quality efficiently and effectively.

## **5.3 Recommendation**

In the light with the findings and conclusions of the study, the researchers made the following recommendations: First, the management of the banking industry would update and improve product qualities and product innovation of the banks to attract customer satisfaction.

Second, the researcher recommend to the management of commercial banks to emphasize and develop service quality measurement tools, in order to satisfy their customers.

## **5.4 FURTHER STUDIES**

The researchers suggested further studies in the following area that need special emphasize. Areas of further research that were identified include:

Crucially further research should be done to determine how customer satisfaction can contribute to organizational performance and financial performance, Factors influencing banks innovation, factors influencing the relationship management, factors influencing turnaround time as well as external factors influencing customers' satisfaction in Commercial banks.

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# APPENDIX 1

## QUESTIONNAIRE

### MUTEESA I ROYAL UNIVERSITY

Dear Sir/Madam,

The researcher is a student of Muteesa I Royal University and he is pursuing a bachelors in Business Management, as per university rules, every student to graduate, must have completed a research project. Therefore, I am carrying out research on the impact of financial activities on customer satisfaction in Commercial Banks using Centenary Bank Rubaga branch

I humbly request you to fill in this questionnaire, it's entirely for academic purposes and the information therein will be treated with utmost confidentiality.

#### PART A: DEMOGRAPHIC CHARACTERISTICS

**Please tick in the box with the correct answer of your choice**

1. Gender

(a) Male  (b) Female

2. Age

(a) Up to 25 years  (b) 26-30 years  (c) 31-40 years

(d) 41years and above

3. Education background

(a) Degree  (b) Masters  (c) Diploma  (d) Others

4. How long have you worked with the organization?

(a) Less than 3 years  (b) 3-6 years  (c) 7-9 years

(d) More than 10 years

## PART B FINANCIAL ACTIVITIES IN COMMERCIAL BANKS

Please follow scale in order to give your response; Agree=A, Neutral=N, Disagree=DS.

	<b>ATM DISTRIBUTION</b>	<b>A</b>	<b>N</b>	<b>DS</b>
A1	It is cheap to make cash withdraws via ATM			
A2	It is secure to make financial transaction via ATM			
A3	ATMs are located near to customers which induce satisfaction.			
A4	ATM facilitates ease transfer of cash transactions			
A5	ATM services are available 24/7 days			
	<b>LOAN PROVISION AND REPAYMENT</b>	<b>A</b>	<b>N</b>	<b>DS</b>
L1	The bank officers monitors loans provided to customers			
L2	Customers taking loans are trusty worthy during the process of releasing information required for loan acquisition			
L3	Repayment of loan is convenient to customers			
L4	Centenary bank provides loans at a cheaper interest rates			
	<b>FINANCIAL LITERACY</b>	<b>A</b>	<b>N</b>	<b>DS</b>
F1	Customers are aware and can use loans accordingly			
F2	Customers are aware of the procedures of loan repayment.			
F3	Customers are aware of bank statement concerning their accounts.			
<b>PART C CUSTOMER SATISFACTION</b>				
	<b>CUSTOMER LOYALTY</b>	<b>A</b>	<b>N</b>	<b>DS</b>
CL1	Customers feeling they have obtained value from a product or service develops loyalty			
CL2	Customer defections had a stronger impact on the financial performance of an organization than other factors			
CL3	Customers are more likely to be retained if there is a customer-oriented climate in which contact staff can deliver service quality efficiently and effectively			
	<b>CUSTOMER RETENTION</b>	<b>A</b>	<b>N</b>	<b>DS</b>

CR1	Introduction of Cente Agents has retained more customers			
CR2	Token number usage motivates and increases love for customers to use centenary bank Rubaga branch.			
CR3	Introduction of mobile banking increased satisfaction among customers of Centenary Bank Rubaga branch			
	<b>CUSTOMER TURNOVER</b>	<b>A</b>	<b>N</b>	<b>DS</b>
CT1	Customers have increased due to introduction of Cente Agents			
CT2	Customers increased in relation to introduction of token numbers			
CT3	Customers increase during easy accessibility of their money via so many ways like mobile banking			

***THE END***

***THANK YOU FOR YOUR PARTICIPATION***

**APPENDIX II**

**TABLE 1**

**TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

*Source; Morgan and Krejcie (1970)*

Note

*N* is population size.

*S* is sample size.

## **APPENDIX III**

### **INTERVIEW GUIDE**

I am a student of Muteesa I Royal University and am pursuing a bachelors in Business Management, as per university rules, every student to graduate, must have completed a research project. Therefore, I am carrying out research on the impact of financial activities on customer satisfaction in Commercial Banks using Centenary Bank Rubaga branch

I humbly request you to fill in this questionnaire, it's entirely for academic purposes and the information therein will be treated with utmost confidentiality.

#### **QUESTIONS**

1. Are the customers financially literate?
2. What are the effects of financial literacy on customer satisfaction?
3. Do centenary bank provide loans to customers?
4. What is the effect of loan provision on customer satisfaction?
5. What is the relationship between financial activities and customer satisfaction?