

Determinants of Service Quality, Satisfaction and Loyalty with Student Bank Accounts in Selected Higher Learning Institutions in Moshi Municipality, Tanzania

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Abstract

This study investigates the impact of service quality dimensions on student satisfaction and loyalty towards their bank accounts at selected higher learning institutions in Moshi municipality. A causal research design and cross-sectional survey were employed, with a sample size of 398. A combination of probability and non-probability sampling was used, including purposive sampling, stratified sampling technique. Participants were then randomly selected from each stratum to ensure proportional representation, followed by simple random sampling to ensure equal participation and unbiased data collection. Data were analysed through multiple linear regression (MLR) and the Hayes Process Macro. The findings indicate that various aspects of service quality, particularly responsiveness, tangible and empathy, significantly impact student satisfaction, which in turn strongly correlates with loyalty. The results demonstrate that students are more likely to remain loyal to their banks when they perceive high responsiveness and empathy, emphasizing the importance of these dimensions in shaping positive customer experiences. Moreover, the study reveals that satisfaction with the accuracy of transactions, the convenience of ATMs, and the quality of online banking services are critical determinants of loyalty. These findings suggest that banks should prioritize improving these specific areas to enhance student satisfaction and foster loyalty. Additionally, the Hayes Process Macro analysis underscores the mediating role of satisfaction in the relationship between service quality and loyalty. It shows that high levels of satisfaction amplify the positive effects of service quality on loyalty, meaning that even when service quality is not optimal, high satisfaction can sustain customer loyalty. This implies that banks must focus on strategies aimed at increasing satisfaction, such as offering personalized services, ensuring prompt resolution of issues, and modernizing physical and digital banking

facilities. For students with low satisfaction, the link between service quality and loyalty weakens, indicating that dissatisfaction can erode loyalty even if service quality is perceived as adequate. Furthermore, banks should implement staff training programs to ensure consistent, high-quality, responsive customer service and foster student satisfaction. Policymakers can encourage commercial banks to improve service quality by introducing regulatory incentives like tax breaks for banks that excel in responsiveness, empathy, and tangible aspects of service. They can establish performance benchmarks, require regular customer feedback integration, and support technological upgrades.

Keywords: Service, quality, loyalty, bank accounts, higher learning institutions