

# IDENTIFYING THE FACTORS FOR CUSTOMER DISSATISFACTION THROUGH CUSTOMER COMPLAINTS

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*For my loving parents, beloved wife and my parents in law for their  
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completion of this research work.*

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## ABSTRACT

Banks in Sri Lanka play a key role in the economy by serving a vast array of needs of customers such as holding deposits, handling withdrawals, making loans and more. It is evident that banks are under intense pressure to remain profitable in today's volatile economic climate. The complexity of the banking business is driven with the introduction of new products/services and processes which are facilitated through ongoing technological advancements. The expectations of customers also shift to a higher platform and the comparisons are made with the experiences gained while dealing with competitors. Thus the challenges in retaining customer base are paramount to every bank since the business environment is more dynamic and competitive as the customers are the major stakeholders of the banking system. Therefore the customer service is one of the key factors in the banking industry. This study was done to identify the factors for customer dissatisfaction through customer complaints of a leading licensed specialized bank in Sri Lanka using customer complaint data of the bank's call centre.

In order to identify common factors, data were analysed using Factor Analysis (FA) and the factors were rotated using three different orthogonal rotations. The analysis found two-factor model is the most suitable model to explain the variability of selected six variables from the database of customer complaints. The adequacy for FA was tested using KMO statistic (KMO= 0.777) and the Bartlett's Test of Sphericity ( $p = 0.000$ ). The communalities of each variables were closed to one. The results were invariant irrespective of rotation method. The identified two factors can be named as 'Reliable Response' and 'Knowledgeable Attention'. The Reliable Response (first factor) is a combination of variables namely 'Errors in Transactions', 'Delays in Operations', 'Less Helpful' and 'Less Trusting'. The Knowledgeable Attention (second factor) is a combination of variables namely 'Less Personnel Attention' and 'Poor Product Knowledge'. The rank correlations between the total number of complaints and 'Reliable Responding', the total number of complaints and 'Knowledgeable Attention' are not very strong ( $r \neq 1.0$ ), even though they are significant. It implies that identified two factors separately are more informative and meaningful than considering total number of complaints.

Keywords: Factor analysis, Customer Satisfaction, Service Quality

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