THE ROLE OF CLIENT SATISFACTION IN BANKING SECTOR

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According to existing definitions and approaches, customer satisfaction can be analyzed as a general/overall judgment that a customer makes after consuming a product or a service. Customer satisfaction is perceived as "psychological state (feeling) appearing after buying and consuming a product or service (Merouane, 2009). Thus, customer satisfaction reflects "a pleasure resulting to product's consumption, including under or over fulfillment level" (Hayes, 2012). Customer satisfaction is closely connected with a company's success possibility now and in the future. It is acknowledged that with higher customer satisfaction level, a company could retain its customers maximally and sustain competitive advantages as well as build up customer retention and loyalty gradually in the long run (Kotler, 2006).
According to Chen and Yang, (2011), customer satisfaction has increasingly gained attention from different business fields. An increasing number of companies regard customer satisfaction as a standard to measure the performance of products or services and an approach to retaining their customers. In brief, customer satisfaction is the customers' feelings of pleasure or disappointment derived from the performance of a certain product or service related to individual expectations Kotler, (2006). Consumers have respective judgments on their purchase or consumption experience from a product or service.

Besides Chen and Yang, (2011), pointed out that customer satisfaction can also be affected by a customer's consumption experience. Customer satisfaction usually occurs when customers' experience confirm their expectations. For companies, customers are their priorities and valuable asset, reviewing customer satisfaction helpsthem to have an insight into both customers' current and future needs and then improve their performance of products and services.Satisfying customers maximally is extremely important in today's fiercely competitive and rapidly changing business environment(Hayes, 2012). Successful companies usually think highly of customer satisfaction and they try hard to fulfill customers' needs and expectations with good performance of their products or service. The characteristics of customer satisfaction are presented clearly under the Kano model, which separates dissatisfaction, satisfaction and delight intelligibly in different situations. They are 'Must be', 'More is better' and 'Delighters' respectively (Jobber, 2010).Customer satisfaction is measured by commitment, loyalty, retention and recommendation of the service.

- **Commitment**

Commitment is as an essential ingredient for successful long-term relationships. Developing a customer's commitment in business relationships does pay off in increased profits, customer retention, and willingness to refer and recommend (Hayes, 2012). According to Jobber 2010, customer satisfaction and commitment might seem to be similar concepts, so it's important to clarify the conceptual difference between them: satisfaction refers backwards whereas commitment has a stronger implication towards the future. In other words, satisfaction evaluates a brands performance in the past, whereas commitment represents the strength of the relationship and the devotion to continue forward (Chen and Yang 2011).

- **Loyalty**

Hayes,(2012) suggested that loyalty is a deeply held commitment to re-buy or repatronise a preferred product or service consistently in the future despite situational influences. A loyal customer is very important to a company, not only, because they are great advertisements for the company through good word-of-mouth but also because they need less marketing for a repurchase. This improves the company's profitability and usually loyal customers bring in other regular customers (Merouane, 2009). If the customer rates the company's performance between two and four meaning that the customer is fairly satisfied, but not loyal to the company when a better offer comes along. When the company is rated as level five the customer has an emotional bond built to the company and is very likely to repurchase the company's products while spreading good word-of-mouth (Kotler, 2006).

- **Retention**

According to Reicheld2006, customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship (Hayes, 2012). When the customer becomes a regular customer through positive experiences of the company's services the amount of visits usually rises due to the ease of the usage of the services. The company has the personal data of the customer and knowledge how to please the customer more efficiently; this also lowers the barriers towards the usage of the services (Chen and Yang2011).

- **Recommendation of service**

Satisfied customers have an indirect impact on profitability when they share their opinions with other consumers. Social networking sites play an important part in shaping attitudes towards a company and its products. Only really satisfied customers make repurchases nd spread good information about the company. The company needs to serve their customers in a way that the customers feel that they can trust the company in any way and in all situations. Only the companies that develop their service quality and range will gain competitive and profitability advantages (Chen and Yang, 2011).

There is a relationship between Credit risk management and Customer satisfaction of commercial banks because better credit risk management results in better bank performance (Achou and Tenguh, 2008). Thus, it is of crucial importance that banks practice prudent credit risk management and safeguarding the assets of the banks and protect the investors' interests. Commercial banks are engaged in a wide range of activities like investment, loaning, trading and banking which exposes them to risk. Therefore the instability in financial performance especially in financial sector emanates from the poor credit risk management (Mbugua, 2013).

According to Ogilo, (2012), the firm's credit policies are the chief influences on the level of debtors, measuring the manager's position to invest optimally in its debtors and be able to trade profitably with increased revenue. Viru, (2008) pointed out that credit policy defines a firms' performance, meaning that once a firm adopts an optimal credit policy, it will be able to maximize its investment revenue in debtors and this improves and promotes its financial standing and performance therefore a good credit policy decision is positively related to high financial performance

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