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MASTER'S THESIS

CUSTOMER EXPERIENCE MANAGEMENT IN BANKING INDUSTRY IN KOSOVO

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AUTHORSHIP STATEMENT

We, the undersigned, Urata Huruglica and Erik Roka, students at the University of Ljubljana, School of Economics and Business, (hereafter: SEB LU), declare that we are the authors of the master's thesis entitled Customer Experience Management in Banking Industry in Kosovo written under supervision of PhD Matej Lahovnik and co-supervision of PhD Tomaž Kolar.

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INTRODUCTION

Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs while selling a product or service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representations of a company's products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews, and so forth (Schwager & Meyer, 2007).

For years, it was assumed that price was the best way to beat the competition. However, that is not a sustainable strategy for the vast majority of Companies, and the same applies for banks. In the fast-moving world fintechs and digital banks are fighting for market share along brick and mortar banks, and there are numerous channels through which a customer can research, consider or buy a product or a service such as: bank branch, online, mobile etc. Within each of those channels a multitude of touchpoints exist. The online space, for example: websites, social networks, emails, all have a role to play in influencing a customer to decide where to open an account. In today's complex, customer-led world, banks who truly understand the needs and expectations of their customers and are able to deliver a relevant and personalized experience, will ultimately gain the competitive advantage. The ability to connect with customers on an emotional level at each stage of the journey is key to profitable growth. A customer experience strategy is therefore not 'a nice to have', it's a necessity.

According to Gartner, one of leading research and advisory companies in the world, the definition of customer experience is "the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels, or products." The brand isn't just the product, logo, or even employees. The brand is the culmination of everything people think and feel about the company, product, and people. The common thread between these aspects of brand is customer experience (hereinafter: CX). CX is the glue that holds everything together. It's an all-encompassing, transformative aspect of any business, and at the end of the day, it has the most influence on how people feel about the company (Wilson, 2019).

Customer experience is one of the most important factors that can be decisive for the fate of many companies, and this applies regardless of type of the business or services they provide and geographical positioning that one company might have. Throughout many years and with experiences of many worldwide companies, it has become common knowledge that having happy customers leads to greater sales, better revenues and ultimately to more profits for the companies that invest on customer experience with human and financial means.

Cultivation of high-quality relationships with customers is especially important to the financial industry due to the complex, intangible and uncertain nature of financial services. Even more so, in the age of increased depersonalization, homogenization and automation. Achieving a strong loyalty that represents a psychological relationship in an industry of intangible assets cannot be easily matched by competitors. The quality of relationships is otherwise defined as the degree of appropriateness of a service that the customers' needs are fulfilled. Moreover, it has been noted that referrals and willingness for paying premium prices are results of high-quality relationships (Yasin et al., 2020).

The fact that consumption is related to experience has made customer experience a focal point of service and management research. It is often used interchangeably with consumption experience, and it is the basis of all business and the core of service industries. Major technological advances and deregulations have decreased entry barriers in the banking industry. Consequently, only by achieving positive customer experiences, real advantage can be achieved in an increasingly generic sector. Financial service providers are increasingly focusing on this aspect so as to create competitive advantage. This focus is seen as an excellent opportunity for research to bring to light a highly complex and intangible issue, which most service providers and their customers are unable to confidently evaluate (Fernandes & Pinto, 2019).

Kosovo is a developing country that has gone forward from basic services to providing advanced technology-based services in a rather short period of time. With one of the highest internet coverages in Europe, banks can use this in their favour to reach customers and increase customer satisfaction, resulting in an overall improved customer experience.

Cross-Country statistics available from the 2017 Global Findex database present that 52% of adults in Kosovo aged 15+ have a formal account. Kosovo stands at a better position with 69% of adults owning an account, compared to 63% of adults in other developing countries, but far worse compared to 94% of adults in high-income economies (Demirguc-Kunt et al., 2018).

One of the first things the study researches is the company culture in relation to customer experience management. Company culture is a part of the customer experience management and it is important to note that customer experience management is not a top-down strategy because ultimately the employees are the ones that are dealing with the customers in day to day basis, therefore, having a good company culture is of key importance to customer experience management (Pruit, 2018). Customer loyalty and customer advocacy are other factors researched in this paper. Companies that offer good customer experience and which have good customer experience management in return get customers that are more loyal, and which are more likely to advocate for that company (Valdez, 2018).

A study conducted in the United States of America showed that companies which had good customer experience management were 18.4% more likely to sell more than the companies with a worse customer experience management while at the same time the companies which had good customer experience management were also 19.5% more likely to be recommended to friends and family by their customers (Temkin, 2013).

Customer experience leads to customer satisfaction, while satisfied customers can be seen directly by an increase in sales, most dissatisfied customers more usually than not, do not complain directly; however, they are more likely to buy less and to spread the word around that the company or institution is not credible or good enough in one way or another (Deutsch, 2009). Taking into account how much important this factor is, the current study also attempts to understand the customers' satisfaction with bank services and their overall experience. In order to be successful, businesses need to have a competitive advantage. However, a competitive advantage is quite hard to achieve, especially when dealing with large and well-developed competitors that can invest enormous amounts of money and resources in building the competitive advantage. In this part of the research, the study will attempt to show how customer experience can be a competitive advantage for the businesses (focused on banks) that actually pay attention to customer experience through different methods such as the "tunnel vision" which follows customers from sale to support (Angelow, 2018).

One of the most important topics is the customer experience in the multichannel environment. Offering goods and services, i.e. online and at location, and making all these goods and services work simultaneously and cohesively is a challenge on itself and a costly alternative as well (Moffat, 2017). This part of the study will focus on the multichannel environment and the obstacles that banks face in relation to creating a good and satisfying experience for their customers. The current study aims at providing a comprehensive overview of the obstacles, as well as the benefits of switching from product and price centric banking to a bank that is customer centric. There are several reasons to put the customer at the centre of the attention. One of the main goals is to have satisfied and returning customers and studies show that banks that have implemented a mature and customer centric operational scheme have more satisfied customers who become loyal bank customers for a long period of time (Mcintyre, Rohde, Rainusso, & Bant, 2018).

In order to understand customers' satisfaction with bank channels and services, as well as their overall customer experience, surveys were used as an investigative tool. Furthermore, interviews were held with bank executives in order to comprehend both perspectives of the issue on hand. Studying customer experience is not a new topic. However, in the last two decades the subject has gained importance due to the shift to a globalized and digitalized world. Positive customer experience is a tool for long-term competitive advantage that brings satisfied and loyal customers that are prone to advocate for the brand and buy more from the brand. Therefore, these factors have pushed the banking sector towards an experience-based economy. As a result, customer experience is now a serious measure of organizational performance (Garg, Rahman, & Qureshi, 2014).

This research paper attempts to shed light on the customer side of the banking sector by providing a holistic overview of the banking sector in Kosovo. It points out the issues and the services already provided and attempts to describe the relationships of these factors that result in customer satisfaction. It is through research that the banking industry can identify the strategies that must be followed to identify and maintain customer satisfaction in a world that goes through major transformation. Banks in Kosovo have improved their services in the recent years, but there is room for improvement that would result in a new equilibrium at a higher stage of customer satisfaction. Based on all the factors mentioned above, and existing research, this master's thesis is an attempt to discover what lies beneath transactions, thus, making banking an experience that will be repeated, recommended, or at times even abandoned.

The key to survival and success in many service businesses are loyal customers, especially in hospitality, insurance, and financial industries. There is a wide belief that loyalty, retention, and profitability can only be achieved after satisfaction. This study accepts this assumption and explores it since there is evidence of the contrary. The contrary views are that loyalty, retention, and profitability hold a more complex relationship with satisfaction than previously proposed. Due to the importance of profits, retention, and loyalty, studies that explore it using different measures are welcome. For this purpose, this study explores the relationship between experience, loyalty, retention, and advocacy. Moreover, this study analyses factors influencing the overall customer experience, attributes affecting customers' tendency to switch the bank or continue purchasing current and new bank products, as well as satisfaction with bank services and communication channels. Taking into consideration the importance of customer service quality, their satisfaction with it and the loyalty resulting from it, this study also investigates perceived satisfaction and factors affecting the loyalty of the customers. The aforementioned topics were analysed through the use of two research tools, through questionnaires distributed online to bank customers, and interviews with bank executives.

Furthermore, this study consists of an extensive literature review on customer experience and what makes it so important, in order to understand the level of customer experience in the country of choice - Kosovo.

1 THE IMPORTANCE OF CUSTOMER EXPERIENCE

1.1 Customer experience in the organization

Organizations today have a new, overarching, and often overwhelming challenge to successfully manage customer experience. This challenge ranges from seeking how to create compelling customer experiences through all stages of the customer's engagement, to managing the customer's expectations and assessing it, before, during, and after the buying process (Berry, 2002). There is widespread agreement that customer experience is different from, and more complex than service quality (Schembri & Sharon, 2006) and customer satisfaction (Verhoef, 2009), and that it is context specific (Lemke, 2011). This makes it difficult for scholars, researchers, and consultants both in assisting managers in understanding customer experience and suggesting generic "best practice" to them. It is therefore up to the organizations and their managers to interpret this emerging concept and make sense of its implementation (Maklan & Klaus, 2011).

Customer experience is the process of communication between a company and a customer over the time the two have a relationship. This communication consists of interactions that depend on customers' attraction, awareness, discovery, cultivation, until it reaches the purchase of goods or the use of services. Customer experience management is about gaining as much information about your customer as possible. In some ways, this is seen as money-making knowledge since it helps create and provide customized experiences that create loyalty and advocacy. Advocacy is positive word of mouth that is considered as the most efficient marketing tool an organization can create (Wereda & Grzybowska, 2016).

It is impossible to survive in today's market just by offering high-quality products and services. Companies, apart from good products and services constantly compete on a more complex level by creating good relationships with the clients and offering superior customer experience through all channels and through all stages of buying products and services. In order to become successful, achieve best results and high customer ratings, companies need to manage the customer's expectations and assessments before, during, and after the sales process.

The importance of customer experience, as the driver of consumption, has been indicated in the early economic literature (Keynes, 1936), in which it is described as the measure on which customers decide what goods and resulting experiences to purchase (Parsons, 1934). Creating superior customer experiences is seen as one of the key objectives for the success of the organization (Verhoef et al., 2009).

Organizations are elevating the management of customer experiences to a top-priority item in their efforts to build customer loyalty in brands, channels, and services (Badgett et al., 2007). Managing customer experience quality has become a crucial strategic ingredient for all organizations. Customer experience is made up of every aspect in a company's offer, starting from customer care, advertising, packaging, features, trust, reliability, ease of use, etc. Experience is the internal and subjective viewpoint of customers in any interaction with a service or product provider. This interaction happens over a purchase, use, service, and mostly happens as a result of customer initiation.

Banking institutions have recognized the significance of customer satisfaction and the two parameters that have been seen to increase business profits are developing and maintaining relationships with customers. Simultaneously, a vast number of banking institutions are facing an increased level of dissatisfaction due to misunderstandings with customers mostly on the process of embracing technology. Therefore, it is clear that due to dissatisfaction customers switch banks or at least refer their banks to others (Mistry, 2013).

1.2 The role of the customers

In traditional marketing strategies, it is foreseen that customers are engaged with a product or a service usually at the end of their value chain, concluding that customers only purchase and use the product or service (Mascarenhas et al., 2004). Due to the fact that in the past companies focused only on their internal interest and neglected customer needs, there was always a conflict between the giver and the receiver of a service or product (Holt, 2002).

In recent times, the views of more informed and educated people have changed substantially (Ramaswamy & Gouillart, 2010). The focus, for a company creating value and innovation, is the task of achieving superior customer experience (Prahalad & Ramaswamy, 2004; Ramaswamy & Gouillart, 2010). According to Prahalad and Ramaswamy (2004), the new co-creation of value begins with the changing role of the customer. Gaining a clear view on customer's wants is very important to delivering a top customer experience. This is done through attentive interactions through all channels across the entire organization. Customer experience is seen as the crucial tool to creating distinctive products or services in a globalized highly competitive world. A good customer experience management is likely to:

- Reinforce brand inclination through positive experiences.
- Increase sales from existing and new customers (result of word of mouth).
- Increase customer loyalty.
- Create advocates through notable relationships.
- Lower costs by increasing customer retention.

Organizations need to create a system of consolidating data and having a single view of the customer. This focus on the customer, across all channels of communication, can facilitate coordinated customer communication. Customers are vulnerable to various affective factors, that is why a company must:

- Create and maintain complete customer profiles.
- Customize all interactions.
- Have the right information in right place and time continuously.

The new opinion in the marketing literature is that the customer should always be seen as a co-producer and should be actively involved in the process of value creation. This value will have a strong impact on relationships between companies, its employees and customers. In the past, the relationships between the companies and customers were only sales driven, however this has changed toward a more customer-driven relationship (Graf, 2007). Companies can no longer act alone, creating products and processes, distribution channels and marketing offers on their own without consulting customers (Prahalad & Ramaswamy, 2004, p. 5). Prahalad and Ramaswamy (2004, pp. 2–5) describe consumers' changing role within five dimensions: (1) information access, (2) global view, (3) networking, (4) experimentation, and (5) activism.

- **Information access -** The fast progress of information technology and vast amounts of information have formed new opportunities for companies to build relationships with their customers and take their feedback into account (Prahalad & Ramaswamy 2004; Skarzauskaite, 2013). Additionally, the development of technology has enabled customers to easier access information and communicate with each other regularly regardless of geographical location (Hoyer et al., 2011 p. 283). Customers are now able to influence companies in improving their current products and developing new ones (Skarzauskaite, 2013).

Consequently, customers of this era can make much more conscious and well-informed decisions (Prahalad & Ramaswamy, 2004). On the other hand, banks have managed to increase customer satisfaction through more reliable, secure, and affordable services by embracing technology. By embracing information and communication technology, banks are creating opportunities to branch out, reduce costs, and enhance customer services (Berger, 2003). Technological advancements have had a rather contradictory effect on banking, since the cost of transactions has decreased, but that of investment has increased and a wider range of services has to be offered in this industry (Lapavitsas, & Santos, 2008).

- **Global view -** Globalization is the term that connects different parts of the world resulting in the expansion of international cultural, economic, and political activities. It is the movement and integration of goods and people among different countries (Oyekanmi, 2009 p. 70). With easy access to information, customers are able to tune in and find relevant information about any company's performance, prices, customer experiences etc., still some limitations of the geographical nature exist, however they are being removed very fast (Prahalad & Ramaswamy, 2004 p. 3).

- **Networking** - According to Prahalad and Ramaswamy (2004 p. 3), people have a natural predisposition to connect around common interests, needs, and experiences. The fast development of information technologies and high-speed internet enables today's customers to connect in online communities such as chat rooms and social media regardless of geographical location and social status (Hunter & Soberman, 2010; Prahalad & Ramaswamy, 2004). Before the internet, people were only communicating through the telegraphs, fax or phone. However, today people are able to join online consumer communities, such as forums and blogs. This allows people to connect with each other, avoiding costs and spending a great amount of time (Hunter & Soberman, 2010). Creating engagement platforms instead of corporate websites is an open opportunity for companies in just about any industry (Ramaswamy & Gouillart, 2010 p. 43).

- **Experimentation -** Digital innovation developments are becoming a complex work environment, since there is a need for participation of a mixed audience (Svensson, 2012). Customers' online communities allow proxy experimentation – learning from experience of other customers. Well-informed and educated people now have a know-how and skills (Prahalad & Ramaswamy, 2004 p. 4). Technology based virtual customer environments enable companies to connect better with their customers in spheres of innovation and value creation. Those environments can be in a form of simple online discussion groups or more sophisticated product prototyping (Nambisan & Nambisan, 2008 p. 53). This enables creation of superior customer experience.

- **Activism -** Through social media platforms, well-informed and educated customers encourage each other to share their opinions and to give their feedback to companies and other customers (Prahalad & Ramaswamy, 2004 p. 4). Therefore, today's consumer-driven environment provides numerous opportunities for consumers to share their ideas, enthusiasm, and complaints, which is of key importance in building strong relationships with suppliers and create a better overall customer experience (PwC, 2013).

1.3 Company culture

The central concern of brand management has always been to deliver a consistent and distinctive customer brand experience. Attempts of creating a link between brand, culture, and customer experience is not new, but managing it has evolved quite much in the recent years. While there has been a large focus on designs of shaping employee’s perceptions of the brand, employer brand management attempts to go some extra steps by creating an organizational culture that shapes employee’s experience. The reason for doing this is that employee experience and customer experience are highly intertwined. Customer experience relies heavily on human contact. Authentic service depends on the brand's culture. Managing employee experience translates into customer experience since by doing so the organization strengthens its ability to provide consistent and distinct customer brand experience (Borodai, 2017).

Only when customer-centric strategies are supported by culture a company will be able to attain customer-centric vision. Customer experience is a direct result of the company culture. However, it is important to understand how company culture helps, shapes, and maintains a positive or negative customer experience. Shaping of customer experience takes an enormous effort from every member of the company. However, for this effort to succeed a positive and encouraging company culture should be set in place since the beginnings (or it should be redesigned if it is old and outdated). Customer experience is not a one-time effort, but it is an outcome of a joint effort which comes from every single employee of the company and it can be motivated or discouraged by the company culture (Blue Canyon Partners, 2018). As author Pruitt said, *“your employees' experience should reflect the one you're trying to provide to customers”* (Pruit, 2018).

Shaping the customer experience is a systemic undertaking in which various elements must work together to reach a healthy balance. In creating positive customer experiences, an organization’s main components are its employees coming from various functions and geographies who work together to meet the customers’ needs and achieve superior relationships with customers.

Keeping customer relationships healthy is an everyday effort that requires cooperation across the entire organization. Getting employees to achieve superior customer relationships and create positive customer experiences is the result of a healthy company culture and it should be an imperative for any company that strives to be successful and achieve its goals. The installation of this type of culture fuelled by satisfied customers creates an environment with shared values and commitment that can succeed. Putting customers in the centre of the organization requires top down commitment. In order to deliver positive experiences to external customers, a company needs to reengineer company processes starting with customers from outside.

1.4 Employee experience & customer experience

What most companies fail to realize is that employee experience and customer experience go hand in hand. Therefore, top level executives and management should create a culture and environment within the company which reflects how the employees should behave with the customers. Creating a company or organizational culture which is warm and welcoming to the employees and which makes them feel important to the company results in the same values being transmitted to the customer as well (Pruit, 2018).

Another important factor which companies that aim to “overachieve” often overlook is that they hire for a skill set and not for values. It is extremely important that during the hiring process, the HR department focuses on the values of the individuals they are about to hire since skills are something that a business needs, however, in contact centres where the employees will have to interact with customers, it is of utmost importance to hire employees that have strong values and a good, approachable behaviour in order to provide a superior customer experience (Morgan, 2015). In the age of efficiency, one might think that bank branches are useless, but in reality, it is quite the contrary. Bank branches are a powerful tool for connecting the customer to the bank, and through an appropriate employee culture, a bank can communicate its values to its customers. This in turn results in satisfaction and customer loyalty (Sengupta & Dice, 2019).

There are strong links between service quality, customer satisfaction, and loyalty, with employee competencies and profitability. But now, with digital banking channels, the human contact has decreased, often with lower direct costs, but with higher indirect decrease in satisfaction. Many customers, often the older generations, still need human contact and perceive it as very important to their banking. Therefore, some banks have lost touch with their customers due to focusing on digital services (Molnar, Violi, & Zhou, 2013).

1.5 Employees and customer experience in banks

According to an article published in McKinsey & Company, customer experience and the way employees interact with customers are of key importance to a bank. A study conducted by McKinsey shows that more than 85% of the customers increased the value of the bank (in assets or otherwise) when they experienced a good customer service and customer experience, however, more than 70% of the customers would decrease their value of the bank or their assets in cases of negative customer experience (Beaujean, Davidson, & Madge, 2006). Furthermore, according to the same study, this decrease in value is not necessarily felt immediately. However, it is a much delicate change which often is not noticed until it is too late since the customer might have shifted a part of the business or the entire account to another institution with better customer experience.

When talking about the company culture, it is important to know that the culture is part of the whole company, from the management who supports the employees to the employee-client interaction. As author Mike James defines *"organizational culture cuts through every aspect of business. Consistently great customer experience can only be sustained from great culture"* (James, 2018). On the other hand, a culture that inspires communication and approachability means that the feedback which employees get from the clients will be transmitted up the management chain and it can serve as vital information when making decisions which affect the customer experience (Puri, 2016).

2 CUSTOMER SATISFACTION AND CUSTOMER EXPERIENCE MANAGEMENT

A good customer experience will always bring loyal customers which will keep buying more goods and services from the company. However, it doesn't end there. A company which provides its customers with a good customer experience not only does gain loyal customers, but it also gains customers which advocate for that specific company or brand. Retaining customers is more efficient than trying to acquire new customers, it is a more effective and cost-efficient technique (assuming that the company can set up a proper customer experience) (Shaw & Hamilton, 2016).

While according to Ciotti (2017) "On average, loyal customers are worth up to 10 times as much as their first purchase", based on the above-mentioned statistic, customer experience is highly connected and there is a direct correlation between customer experience and customer loyalty and customer advocacy. Basically, satisfied and happy customers are loyal customers that will come back to purchase the goods or services provided by the brand or company they are loyal to.

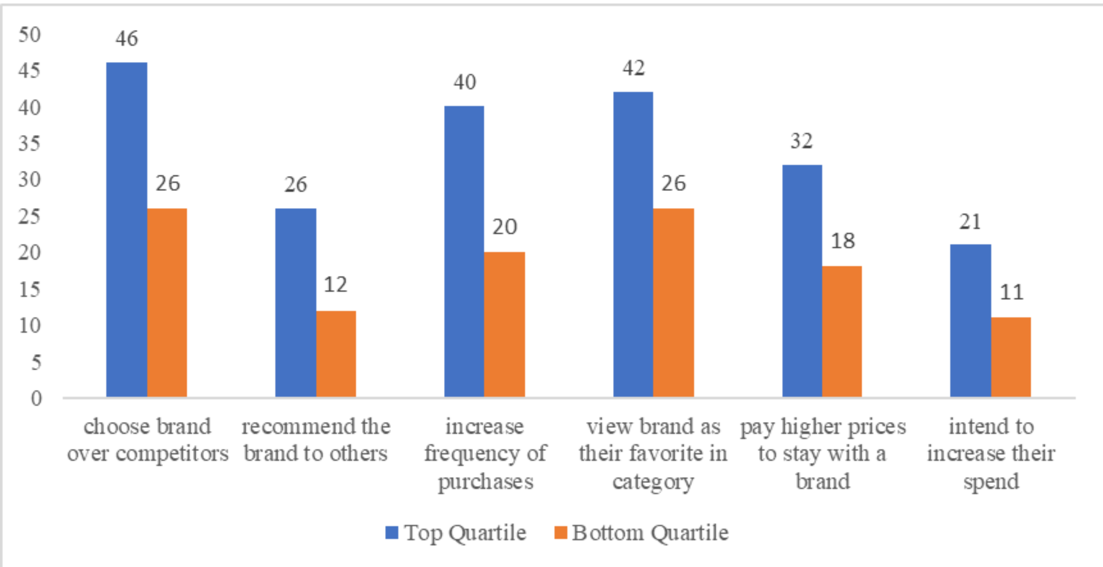
After customer experience and customer loyalty, there comes customer advocacy. As author Gangwani says, customer advocacy "is the promised land". According to Gangwani, customer advocacy is the pinnacle a company can reach which is a direct result of great customer experience, great customer loyalty, and many other variables which lead to a happy customer which basically advocates on the behalf of the company or the particular brand that the customer is satisfied with (Gangwani, 2018).

Banking institutions are spending their resources into transforming their services so as to provide unique customer experiences, and they often have mixed results. This is a result of the complex nature of this relationship since it consists of many factors varying from onboarding, transactions and maintenance, costs, problem solving etc. A proper customer service recognizes the complex nature of this relationship and focuses on factors that are most important. Studies now increasingly show that customers are expecting more from their banking institutions.

2.1 Customer loyalty

As it was mentioned above in this thesis, great customer experience also leads to customer loyalty. However, companies have found innovative ways to retain customer loyalty toward the company or brand through creating loyalty programs as well. A study published at MIT has found the following results and statistics. As it can be seen in figure 1 published by MIT, customer experience, in combination with loyalty programs, leads to a highly effective loyalty program which ensures that the customers are significantly more likely to choose the brand they are loyal to, recommend (advocate) the brand, increase the frequency of purchases, view the brand as their favourite in that particular category, pay higher prices to stay with the brand they prefer, and they also intend to increase their spending (Huang, Rothschild, & Wilkie, 2018). It is found that customers stay on average 13-15 years with their bank institution. Most customers in this industry that want to switch their bank do it due to poor service not poor products.

Figure 1: Likeliness of loyalty programs



Source: *Huang, Rothschild, & Wilkie (2018).*

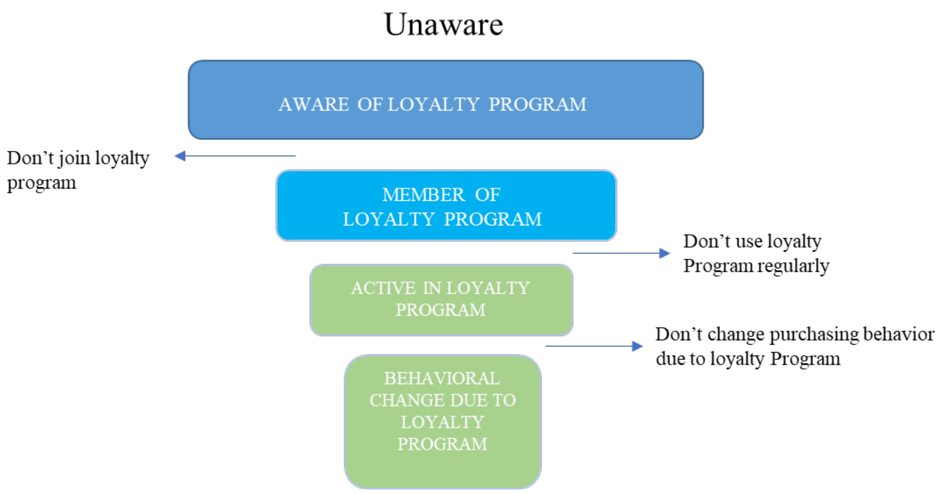
The most essential relationships for marketers is customer satisfaction and customer loyalty. The customer satisfaction level links behaviour with attitudes, for instance, how much the customers are satisfied with the actual repurchase behaviour. Research shows that even recognizable successful brands reach decline and require promotion and restructuring. In order to analyse and prepare for such stages, companies need to create customer loyalty. It is not believed that customer loyalty is not a choice anymore, it is the only way of building sustainable businesses in times of increased competition (Khokhar, Laghari, & Lakhani, 2019).

Therefore, it is important to have a good informational campaign and employees that will promote the loyalty program in order to improve the customer experience while the whole point and the end result of the loyalty program is the change in behaviour. According to the authors, a good loyalty program leads to a better customer experience which helps retain the customers, increase their loyalty, and ultimately change their behaviour towards making them spend more and purchase more goods and services sold from that particular company or brand (Huang, Rothschild, & Wilkie, 2018).

Figure 2 is also published in the MIT study. This figure shows the funnel of a loyalty program which relates to great customer experience. According to the study results, there are several points in the loyalty funnel which can and should relate to customer experience as well.

The beginning "point" is the area between A and B since people can be members of a loyalty program but do not actively use it or they are not informed about the benefits.

Figure 2: Loyalty funnel



Source: Huang, Rothschild, & Wilkie (2018).

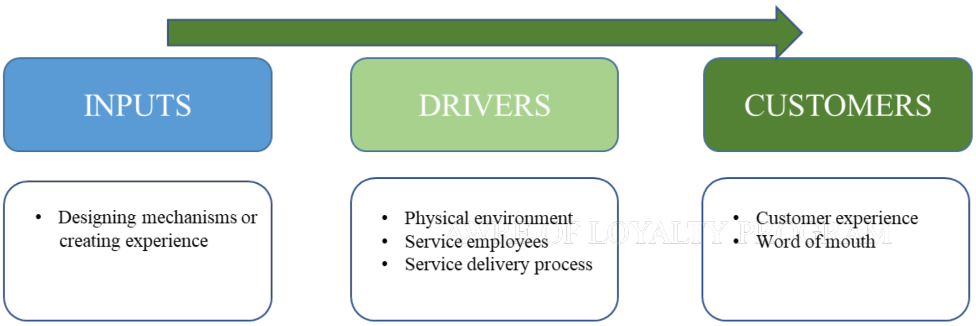
2.2 Customer advocacy

There are several definitions and views about what customer advocacy is. However, there are two main categories that these definitions fall into. The first one is the internal view, where the company and the management is advocating for the customer and working to create a better customer experience.

On the other hand, the external view/definition is that the company creates such a great customer experience that the customers advocate on behalf of the company therefore increasing the interest among the people and ultimately increasing sales, revenues, and profits (Cleveland, 2017). Cleveland basically defines customer advocacy as “Customer advocacy consists of the actions we take to focus the organization on doing what is best for customers, which, in turn, rewards us with loyal customers who advocate for our products and brand” (Cleveland, 2017).

Figure 3 portrays the process that leads to a customer's experience. From the left, the service providers create mechanisms to shape experiences. In the middle the drivers of experience and on the right, the output of all this, customer experiences and word of mouth communication among existing and potential customers.

Figure 3: Process leading to customer experience



Source: Rabino, Onufrey, & Moskowitz (2009).

According to a study published in the HBR (Harvard Business Review), depending on what type of business a company might be in and especially what industry, acquiring new customers according to the study can be 5% to 25% more expensive than maintaining existing ones and improving their experiences (Gallo, 2014). Other studies that directly relate to customer advocacy and how profitable it is, show that an increase of 5% on the retention rate and the satisfaction rate of a customer can increase profits from 25% to 95% (Reichheld, 2012).

Customer advocacy is basically the high point of customer experience. A company usually achieves customer satisfaction which in turn enables it to achieve customer advocacy. Companies can come up with marketing strategies that increase customer advocacy and the customer experience. However, to properly implement advocacy programs, the work should be spread among several departments in the company, from marketing to customer management and support departments, in order to ensure that the advocacy program will run as intended by the company (Kennedy, 2018).

2.3 Customer satisfaction and sales

Customer satisfaction is one of the most important factors that can make a business fail or succeed. Satisfied customer means more sales, more revenues, and ultimately more profits. As it was mentioned before "*satisfied and loyal customers are worth 10 times their initial purchase*" (Ciotti, 2017). Therefore, it is of utmost importance that companies work towards increasing the customer satisfaction in order to increase their profits. What makes this factor even more important is that nowadays everyone can have an influence considering how easy it is to share news, experiences and opinions in social media. Thus, every customer should be approached appropriately (Kierczak, 2018).

One of the most important things that every business should do is to pay attention to the customer feedback and stories. According to Smaby, every customer will tell a story if he or she is asked to and these stories should be listened to carefully because they often provide feedback on how to improve the product or the services that the company offers, therefore, paying attention to customer feedback means that the company can improve its services, increase customer satisfaction, and ultimately improve the customer experience (Smaby, 2011). Good customer service will always be beneficial to a company. However, as Rogacka said *"Although your customers won't love you if you give bad service, your competitors will"* (Rogacka, 2016).

The financial sector is proof of how important customer satisfaction really is. According to Linton, in the financial sector, the top 25% of the customers that are part of the financial sector, account for the majority of the profits of the financial institutions (Linton, 2016). This is one of the reasons why in most cases banks and financial institutions are usually willing to go the "extra mile" to satisfy their customers and to keep them for longer periods of time.

2.4 Banks and customer experience management

The world of financial institutions is quite interesting in the way it is organized and the way it works. Banks have been around for centuries, however, as the time has passed, they have shown that they are quite resilient to change. Financial institutions and banks in particular are more resistant to change, thus, they can fall behind in some areas such as technology, customer experience, products, and so on (Hills, 2018). According to Hills, banks are usually resilient to change and the example the author mentions is the quality of capital banks hold as their assets to protect themselves and their customers from financial disasters. It took a chaotic financial crisis like that of 2007/2008 for banks to realize that they have to be more cautious about the type of capital they hold and to increase the quality of their assets and capital in order to have higher coverage in case of financial crisis (Hills, 2018).

There are several steps banks can take in order to improve the customer experience and to provide a better banking experience for their customers, be it individual customers or business customers. The list below shows some of the main ways a bank can collect information and improve their customer experience:

- Collecting customer experience data;
- Identifying key business drivers;
- Monitoring end-to-end customer actions;
- Tracking individual customer complaints;
- Integrating customer experience management solutions;
- Employee feedback;
- Flexible to change.

Creating a system that collects customer experience data is of utmost importance for every bank. This can be done by taking feedback in the bank branch, customer support, website section, or other solutions dedicated to customer feedback. While identifying key business drivers, this would allow banks to create marketing platforms or even feedback platforms which could provide data about the bank's customers and could be used to analyse and identify growth opportunities and threats, thus, helping the bank retain its customers and increase the loyalty. Implementing solutions that monitor the end-to-end actions would give the bank the opportunity to identify the key points and features that customers are really interested in. While tracking individual customer complaints would mean that the bank has a positive social media presence which shows dedication towards customer satisfaction, the solutions could be implemented by applying an effective Customer relationship management (hereinafter: CRM) & Customer experience management (hereinafter: CXM) solution which would allow employees to track and provide feedback to customers while giving the bank flexibility in customer experience management (Kaemingk, 2018).

2.5 Technological influence in banks

Developments in technology are changing the way customers buy, interact, and inform themselves about the products and services they are interested in. However, studies reveal some interesting data. As it can be seen in figure 3 below, customers are starting to trust technology companies more and more, to the point that some of them claim that they would trust them with their money instead of financial institutions and banks.

For different industries, Customer experience means different things. Digital transformation includes a change of customer experience, operational processes and/or the business model. But still, for most companies it means the advance towards offering services through mobile applications and digital marketing (Fitzgerald, 2014), hence achieving a better Customer experience.

With the growth of digital technologies (social networks, mobile, big data, etc.), many organizations took the initiative to explore and exploit their benefits. This process often includes transformation of operations which affects products, processes, as well as the whole organizational structure as companies need to establish a workforce that can govern these transformations (Nadkarni & Prügl, 2020). These transformations have had a direct effect on customer experience as well, since companies, by transforming their business and operations, have built customer experience mechanisms that measure satisfaction and give real time feedback to companies, which then use it to further improve their products and services.

The digital revolution is reshaping the relationship between banks and customers. People from all backgrounds are connected to their accounts, and the younger generations, born in the internet era are necessitating a push towards greater technological use in providing satisfactory customer experience. The 24/7 access to banking services through e-banking and mobile banking has taken banking a step further, and banks now have to compete at offering the best apps (Galazova & Magomaeva, 2019).

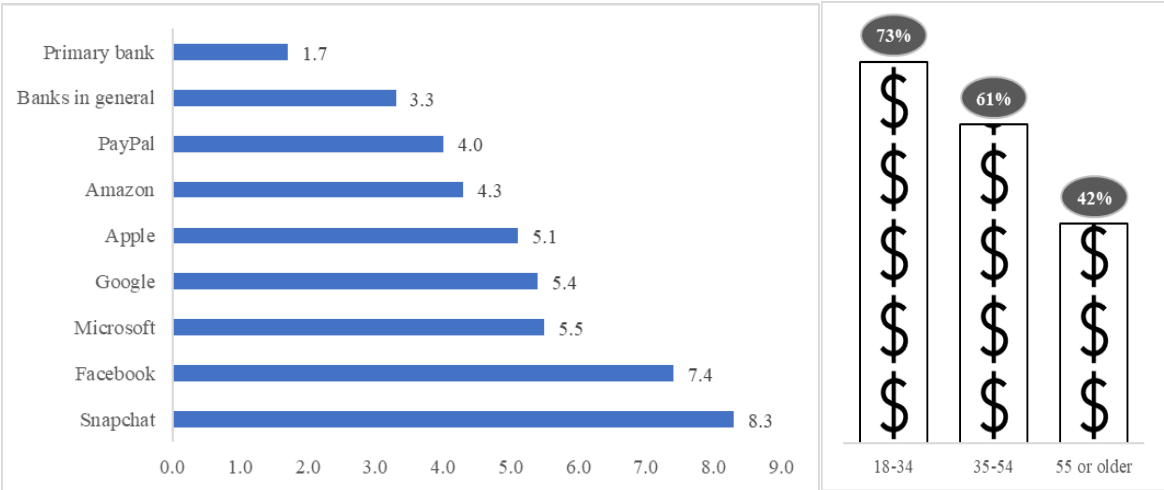
Figure 3 shows the data presented from a study published in Bain & Company. According to the study, the younger generations trust tech companies more than the older ones since 73% of them (group-age 18-34) responded that they are willing to buy financial products from tech companies, 61% (group-age 35-54) were willing to buy financial products from tech companies and even the group-age of 55 and older were 42% willing to buy products from tech companies.

This willingness to buy financial products from tech companies simply shows how much the tech companies have revolutionized the world and the customer experiences to the point that customer loyalty is so high that customers would be willing to place the capital in the trust of tech companies.

However, it is important to note that the study also asked people who would they trust the most with their money, as shown in Figure 3. According to the results (lower score, higher trust), primary bank and banks in general still have the highest trust among customers.

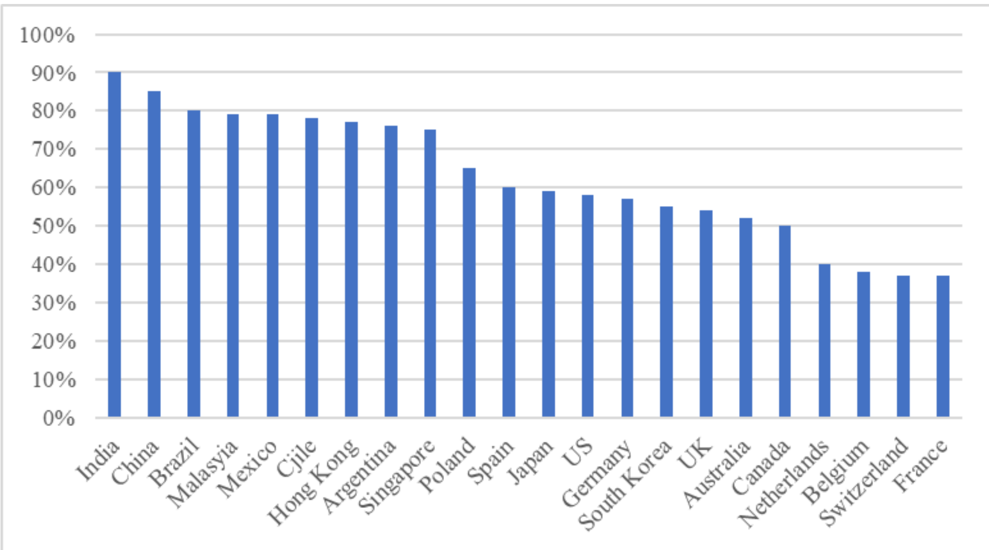
However, the study shows some interesting results when it comes to tech companies. Although primary banks scored 1.7 and banks in general scored 3.3, PayPal and Amazon came close to those results with 4.0 for PayPal and 4.3 for Amazon. Although PayPal is a company that has dealt with finances (financial transactions primarily), it is still a tech company. The most impressive result is the trust that people place on Amazon which is purely a tech company and which in the results of the study came very close to scoring almost the same points with "banks in general".

Figure 4: Trust in tech companies vs. banks



Source: Toit (2017)

Figure 5: Interest in financial products from tech companies



Source: Toit (2017).

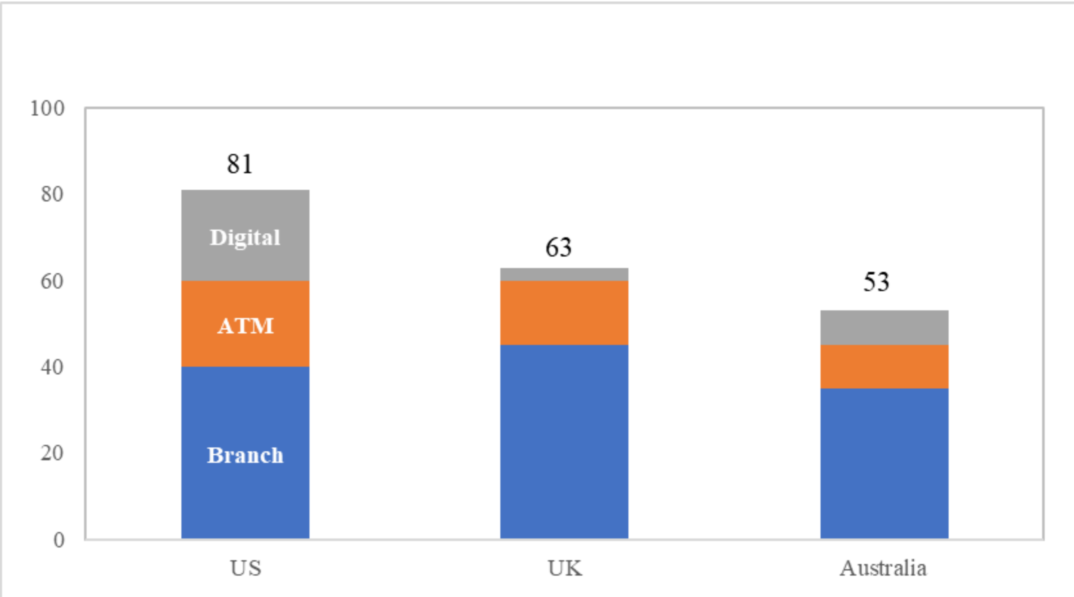
As it can be seen in Figure 5., India leads with the highest willingness to buy financial products from tech companies followed by China, Brazil, Malaysia and Mexico, all of which fall mainly in the category from 80%-100%. However, countries such as Japan, United States, Germany, and the UK have a lower willingness to buy financial products from tech companies, although the percentage is still high since it ranges around 60% for these countries as well.

This study shows simply how much technology has changed and revolutionized the financial sector, to the point where people are so loyal to the tech companies that they would be highly willing to purchase financial products from them.

In Figure 5, we see the statistics that study has produced in terms of the willingness of customers to buy financial products from tech companies.

Figure 6 shows the statistics a study found over how much people use tellers or the digital channels to make a bank deposit. As it can be seen in the graph, most of the people use tellers rather than digital deposit methods, around 40% in the United States, around 50% in the United Kingdom, and around 35% in Australia. According to Burns, there are several reasons customers still use the tellers rather than the digital means of deposits.

Figure 6: Bank teller deposits vs. digital deposits



Source: Burns (2017)

Most banks operate in a multichannel environment often providing a wide range of products and services which are scattered across the institution. This makes it hard and expensive for banks to centralize everything in a digital package which can be useful, comprehensive, intuitive, and attractive enough to use.

Thus, in order to sometimes avoid confusion, people still prefer to use the tellers in order to make deposits, or to request the information they need since the customer experience in the actual branch is much better than the digital solutions banks offer (Burns, 2017). Of course, there are banks and institutions which have managed to unify everything in the digital world and provide complete and intuitive solutions, however, these are more isolated cases and it applies only to some major banks that have poured an enormous amount of capital and investments to create digital solutions that meet the needs of their clients and which improve the customer experience.

According to a Deloitte article titled "Accelerating Digital Transformation in Banking" on findings from the global consumer survey on digital banking published on 9 October 2018, digital engagement will be the key to optimizing customer experiences because customers expect their banks to act and interact more like top technology brands. The same article states that banks are in the digital arm race, the same are insisting in improving digital capabilities because mobile channels have become far more important than branches and even ATMs. If investing on improving digital capabilities is translated to an increased customer satisfaction, creating stronger emotional connection with their brands could ultimately translate into sticky interactions and more profitable customers. The Deloitte Center for Financial Services surveyed 17,100 banking customers across 17 countries in May 2018 to measure current state of banks' digital engagement.

Based on this study, even though satisfaction with the banks across all countries was relatively high, the willingness to advocate varies from country to country. Measuring customer willingness to recommend/advocate is not dependent and does not represent satisfaction. It represents emotional engagement and its impact mostly by strategy of all the banks to differentiate and create positive experience that would influence customer sticking with that brand.

Mobile phones and the internet have had a huge impact in the banking industry, and the entire transformation is a result of these two factors. Only through the combination of these two now customers are linked to their accounts on a 24/7 basis. For various industries digitalization means different concepts. But, in its core, the technological effect on every industry is the transformation of customer experience, operational processes and of the business model (Fitzgerald, 2014).

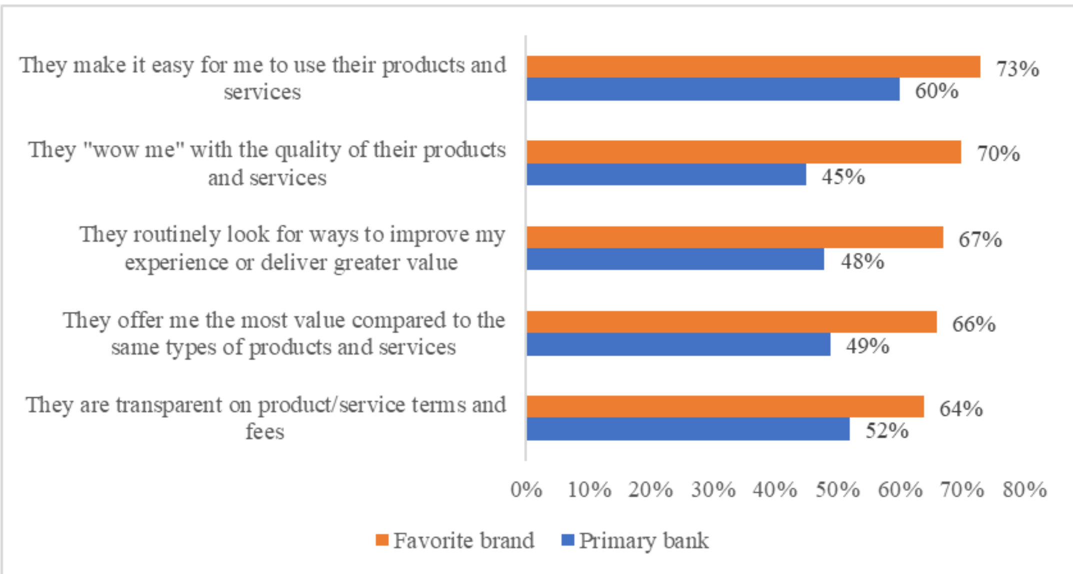
As a result of increased price competition, reduced regulations and a higher opportunity for customers to switch, customer retention management has become a primary focus in marketing. Customer satisfaction is the primary way for keeping customers. The belief is that after customer satisfaction, loyalty, retention, and profit are there as well. Existing evidence suggests that satisfaction influences repeat purchase both as in volume and frequency, and price-sensitivity. But, the biggest advantages coming from loyal customers is positive word of mouth. A small change in percentage of loyal customers can result in a big difference. So companies are using customer loyalty in their advantage as a tool for marketing (Rahman, 2006).

A four-dimensional brand experience scale was developed by using sensory, affective, intellectual and behavioural factors to depict the positive relationship among brand experience, brand personality, satisfaction and loyalty. Nonetheless, others suggested that online customer experience instruments such as web usage, arousal, challenge, control, exploratory behaviour, focused attention may be a better tool to measure satisfaction in this digital age (Mbama & Ezepue, 2018).

In this specific study, customers were asked to make a comparison between their primary bank and their top favourite digital service brands that are also known worldwide as the best in class of digital service providers like Apple, Google, Amazon, Samsung and Microsoft. The gap between the favourite brand and primary banks is at least 12%, showing that customers feel that their favourite brand is providing quality, convenience, and value to their digitally driven experiences.

The fact that customers value digital experiences while interacting with the top favourite brands means that they are ready for a higher level of digital engagement with their banks as well.

Figure 7: Customer views on their primary banks compared to favourite brands



Source: Deloitte center for financial services (2018)

While customers would choose digital channels to interact with the banks for daily banking transactions like payments, cash deposit withdrawals, and information on their account, they would still choose traditional channels for more complex interactions like advisory ones for mortgages, cards, lending and other related products. If we divide customers' financial needs into three main groups: their need for daily banking, investments, and the need for more money, the 2nd and the 3rd would most probably involve more human interactions. As daily banking services represent the majority of customers interacting with the banks, the need to invest in improving digital capabilities of these channels is apparent.

3 OVERVIEW OF CUSTOMER EXPERIENCE IN KOSOVO

3.1 Kosovo banking market

Kosovo is a parliamentary republic that declared its independence on the 17th of February 2008. Kosovo's economic growth has had a positive trend for several years now, however high rates of unemployment, government corruption and a grey economy are still major issues that Kosovars have been dealing with for more than 20 years. Kosovo's growth is mainly dependent on remittances from its population living abroad and these funds fuel domestic consumption that only lately shifted towards investment and export.

The banking sector is the healthiest and most developed part of the financial sector in Kosovo and the economy in general. There are currently 10 banks operating in Kosovo and all of them are profitable, stable with enough liquidity and very low non-performing loans of 2.7% in 2017. In recent years, almost all banks have increased their appetites for lending and were highly focused toward increasing their market share. On the other hand, loan demand has increased due to the improvement of the economic situation and increase in employment. Being stable and constantly profitable, the banking sector has continuously invested in numerous projects and initiatives to improve customer experience, to gain a competitive edge over the competitors and subsequently increase their profitability.

As the interest rates for loans decreased over the years, the pressure for better returns has increased and will continue to do so. However, the forecast is that interest rates for loans will continue to decrease as the demand increases Even though many indicators are signalling the reduction of risk, the continuous increase of investment in digitalization of banking services will automatically increase the probability of cyber-attacks and operational risk. This is viewed as a major risk of the near future and should not be overlooked by banks, demanding from them proactive approach (Hoti, Alshiqi – Bekteshi, & Livoreka, 2014).

Table 1: Number of banks, branches and sub-branches of banks in Kosovo

Number of branches in Kosovo					
	Q1_19	**Q2_19**	**Q3_19**	**Q4_19**	**Q1_20**
Raiffeisen Bank	46	45	46	45	45
Procredit Bank	8	8	8	8	8
Turkish Economic Bank	29	29	29	29	29
Banka Kombetare Tregtare	27	26	26	26	26
Banka Ekonomike	30	30	30	31	31
Nova Ljubljanska Banka	35	35	35	35	34
Banka per Biznes	26	26	26	26	26
Is Bankasi	2	2	2	2	2
Zirat Bankasi	3	3	4	4	4
Total Banking sector	**206**	**204**	**206**	**206**	**205**

Source: Kosovo Banking Association, Market Report (2020).

Commercial banks have entered the Kosovo market after the war which ended in 1999 and are regulated by the Kosovo Central Bank. Licensed commercial banks that operate in Kosovo are:

- Nova Ljubljanska Banka (NLB)
- Banka për Biznes (BPB)
- Turkiye Cumhuriyeti Ziraat bankasi (ZRB)
- Banka Ekonomike (BEK)
- Raiffeisen Bank Kosovo (RBKO)
- ProCredit Bank (PCB)
- Turkiye Ekonomi Bankasi SH.A (TEB)
- Banka Kombëtare Tregtare (BKT)
- Turkiye Is Bankasi (ISB)
- Komercijalna Banka ad Beograd.

Banks in Kosovo have a total of 205 branches within the territory of Kosovo, by the end of the first quarter of 2020.

For at least one year this figure has not changed, meaning that banks remained with the same number of branches throughout Kosovo. However, as banks are investing in their digital services, it is foreseen that in the near future the number of branches will decrease while the usage of alternative channels will increase. Despite the foreseen decrease in the number of branches, also the number of clients will increase as they will continue to be served mostly through digital channels. Technological developments have had a huge impact on the number of bank branches, due to services being delivered remotely through new delivery mechanisms, and the introduction of ATMs with updated technology (Lelissa & Metasebiya, 2017).

In the age of digital financial services, banks need to keep their branches since they are a crucial tool for building customer relationships and delivering best customer experience through human touch. With the digitalization taking banking to new levels, banks should keep and further invest in the remaining bank branches and their employees, to secure qualitative interactions with customers that would result in higher satisfaction and customer loyalty (Sengupta & Dice, 2019).

In terms of number of banks operating in Kosovo (10 banks for a population of 1.8 million), the market seems well packed compared to its number of inhabitants and the number of banks operating in neighbouring countries. In Serbia, there are 28 banks (population of 8.9 million), in North Macedonia 16 banks (population of 2.1 million), and in Albania 16 banks (population of 2.9 million). One of the most important aspects of banking services that Kosovo is still missing is the entrance of fintechs that would disrupt the market and open a new front in providing different digital services to customers in Kosovo. Kosovo’s banking sector is one of the most important factors that contributes to the stability and the expansion of financial activities in the country. The structure of this sector has pretty much remained the same in the past years. Institutions from the EU dominate this sector, making up to 61% of total assets, while banks from Turkey are at 16.5%. In 2018, this sector saw an increase of up to 4.8 billion euros in total assets, from 3.88 that it had a year earlier. This was an increase in loans and advances to customers, which comprised of 64% loans to non-financial corporations and 36% to individuals.

During the process of digitization, the need for bank branches has gone through transformation as well. Although now we have the novel options for undertaking bank transactions, bank branches remain the most dominant channel for account opening and customer satisfaction depends on it. It is obvious that loyalty and advocacy are a result of customer satisfaction, and evidence suggests that satisfaction from bank branches is higher compared to other channels.

The most significant difference between fintech firms and the traditional banks is the purpose. While fintechs are created by identifying a gap in the market whereas legacy institutions like banks try to accommodate a wider audience. Traditional banks majorly focus on the management of risk whereas fintechs focus on managing the overarching customers' experience. However, the continuous advancement of technological solutions has had a tremendous effect on changing the purpose of fintechs.

Fintechs have previously grown on its promise to expand access to the financial system by providing services to traditionally unserved or underserved populations. But increasingly, the faster/cheaper/better service models offered by fintech startups are disrupting the incumbent banking system. Financial products that traditionally have been the exclusive domain of traditionally licensed credit institutions - payment services and loans, among others - are now offered by fintech firms (EBA 2017). These companies are much smaller and more agile. They are also almost fully digitized, and their products and services are much simpler and more straightforward to purchase compared to traditional bank products, this allows them to access and nurture markets often closed to traditional banks, which is the case of the market in Kosovo.

Currently, since Kosovo is not a part of the European Union, the automatic entry or the expansion of the most prominent challenger banks or so called "Neobanks" such as N26 and Revolut is still impossible. Interested Kosovar residents and potential customers are still not able to open an account in any of these fintechs. However, taking in consideration the young population of Kosovo, which is still largely underserved, the entrance of these fintechs would be a game changer with a lot of benefits mostly for the end users/customers.

3.2 Customer experience in digital banking in Kosovo

Research showed that customer behaviour is one the three main dimensions that are key to the analysis of digitalization in any industry:

- Customer behaviour is seen as the major driver of digitalization and the existing literature suggests that customer loyalty is the biggest factor influencing this relationship in the digital age.

- Strategic perspective of enterprises that defines their goals and prospects in the digital implementation.

- IT department and their capabilities of embracing this big change (Schmidt et al., 2017).

Kosovo is recognized for having the youngest population in Europe with the median age of 29.1 years. Taking this into consideration, it is logical and natural that in recent years almost all banks in Kosovo have started investing more in developing and launching a number of new internet banking, mobile banking, personal finance management and other applications in order to retain existing and attract new clients.

Table 2: Digital and innovative solutions implemented by banks in Kosovo

Banks Innovations	**Implemented in Kosovo**
E-Signatures and Secure Document Uploading	No
Telematics / Biometrics / Wearable Technologies	No
Innovative Uses of Data / Data Profiling / Big Data	No
Use of DLT for digital identity	No
Digital wallet solutions for mobile payments	No
Online account opening (client on-boarding)	No
Credit scoring	No
Use of biometric authentication for customer identification purposes	No
Use of cloud computing for material activities	No
Virtual & Augmented Reality	No
Social Media Marketing	Yes
AI / Machine Learning	No
Digital Distribution / E-Commerce Sales	Yes
Mobile Payments	Yes
Reg Tech	No
Innovative Uses of Data / Data Profiling / Big Data	Yes
Social Media Complaints Handling	Yes
Secure Messaging	No
OCR Technology to Pre-Populate Data	No
Automation of Financial Advice / Robo-Advice	No
Distributed Ledger Technology / Blockchain	No

Source: Sadiku (2019), p.4, Table 6.

Digital literacy among the young population is high and several of the banks in Kosovo have achieved a certain digital maturity. The banks that stand out the most in this aspect are Raiffeisen Bank (RBKO), Procredit Bank (PCB), Turkish Economic Bank (TEB) and Banka Kombetare Tregtare (BKT). The banking industry in Kosovo went through several phases of digitalization in a relatively short period of time. In 20 years, after the last war in 1999, it went from basically no technologically supported products to being one of the leaders in the region in terms of digital banking. This development is strongly linked to higher customer requirements and strong competition in the market.

Even though the infrastructure exists, banks are still lacking in innovation and flexibility, especially when compared to Western European banks. Table 2 shows few innovative solutions that are implemented in Kosovo. Due to this fact, the majority of transactions are still being performed in branches and not through digital channels.

The law on digital signature has not been implemented in Kosovo; therefore, the physical contact between banks and customers is still a necessity (Zogjani, Mazelliu & Humolli, 2018).

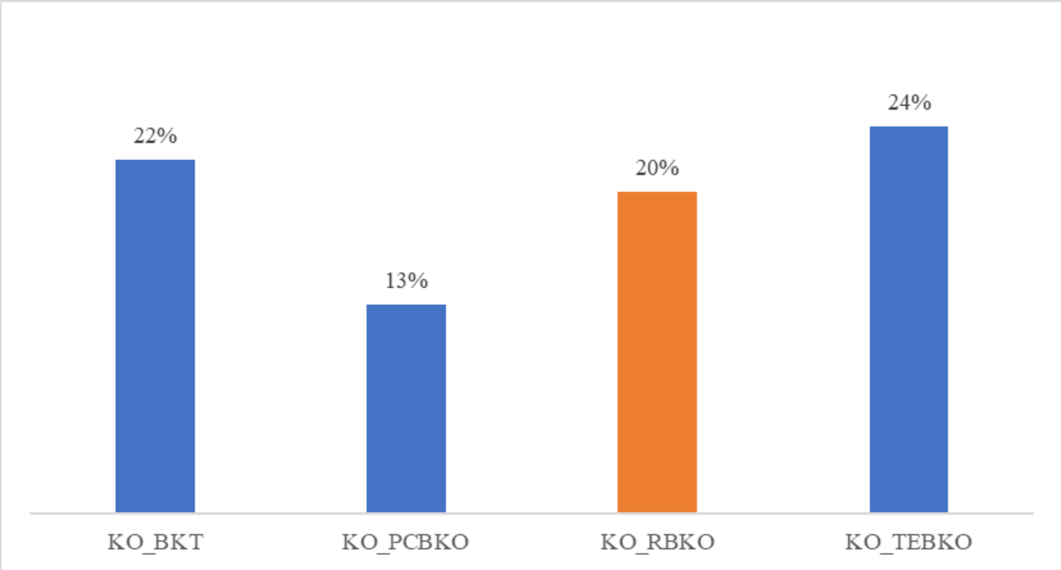
In January 2017, Raiffeisen Bank International and Deloitte CE conducted a study on Competitive Assessment of Digital Banking in Kosovo focusing on the above-mentioned banks. The study was conducted through a survey (mystery shopping method) of real customers of each bank, while the main goal was to find and compare results on two main pillars:

- Functionalities (Questionnaires) - A bank's capabilities regarding what services and functions it offers to customers is what we call functionalities. They are assessed in an extensive questionnaire covering more than 350 functionalities.
- Information Infrastructure (Usability tests) - User experience captures the overall experience a customer has while using a bank’s digital channels. It is assessed via a special usability testing platform and measured through durations and success rates.

This survey has completed the assessment with a strong focus on objective criteria: 1) Functionalities, 2) Objective user experience: Measurement of success rates, and 3) Subjective user experience: rating of simplicity and visual appeal. The perspectives that were looked at were customer perspective and bank perspective.

Figure 7 shows the digital maturity trend in the banking market in Kosovo. While there is visible digital service transformation in this sector, there is still lack of technologies in use compared to developed countries. Technologies such as e-wallets, Personal finance solutions, Artificial Intelligence (AI), NFC digital wallets, cloud-computing, driven credit scoring, are not implemented by any bank in Kosovo. Three banks in Kosovo are on a similar level with TEB Bank being the market leader, Raiffeisen Bank third on the market with score around market average while ProCredit with the lowest score due to lack of a mobile banking app. TEB bank is the market leader with 56% when it comes to the information gathering from its clients, while RBKO is second with 48%.

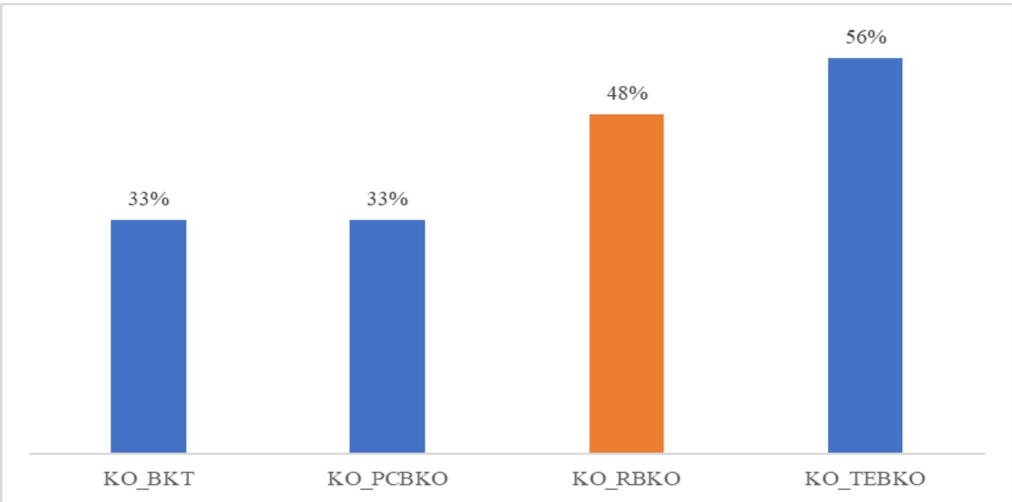
Figure 8: Digital maturity of the banks in Kosovo



Source: Raiffeisen Bank International & Deloitte (January 2017)

PCB and BKT share the same results on information gathering with 33% which is below the median of 43%. Figure 8 depicts the overall score of information gathering in Kosovo banks. Despite the fact that a large amount of information is required whenever a customer buys a bank product or service, it is very visible that banks do not save or properly use this data to create better tailored products and services in order to better fulfil the needs of their customers. RBKO and TEB are leaders when it comes to customer onboarding which is seen as a crucial aspect in delivering superior customer experience.

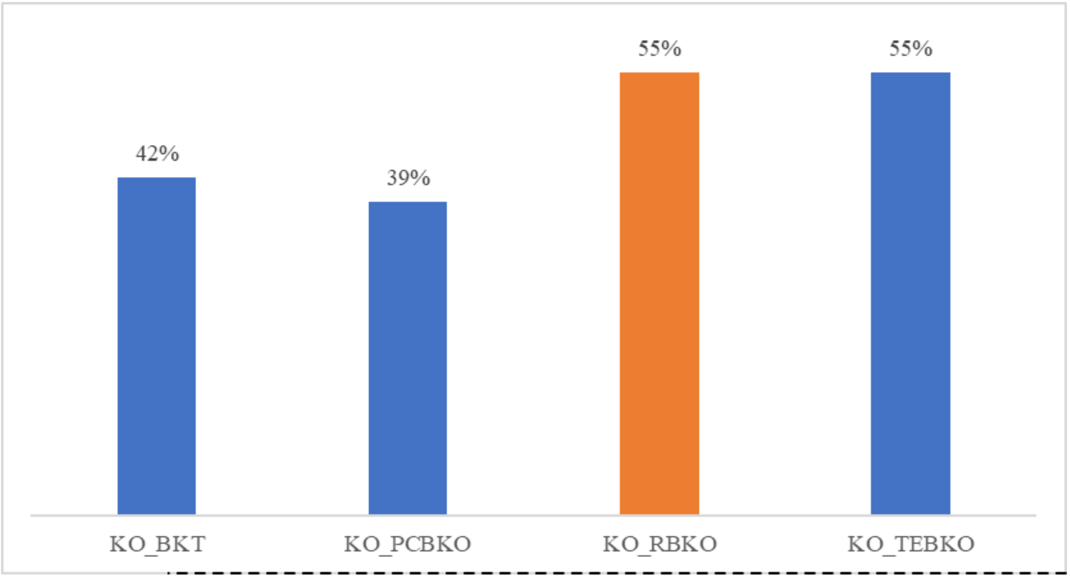
Figure 9: Overall score on the information gathering in Kosovo banks



Source: Raiffeisen Bank International & Deloitte (January 2017)

Onboarding is the first step in the customer journey and in building a relationship with the banks, therefore, it is logical that best banks try to lure clients at this phase and make them active customers that can cross sell other products and services. On the other end, PCB and BKT are way behind the leading banks in customer onboarding.

Figure 10: Customer onboarding in Kosovo banks

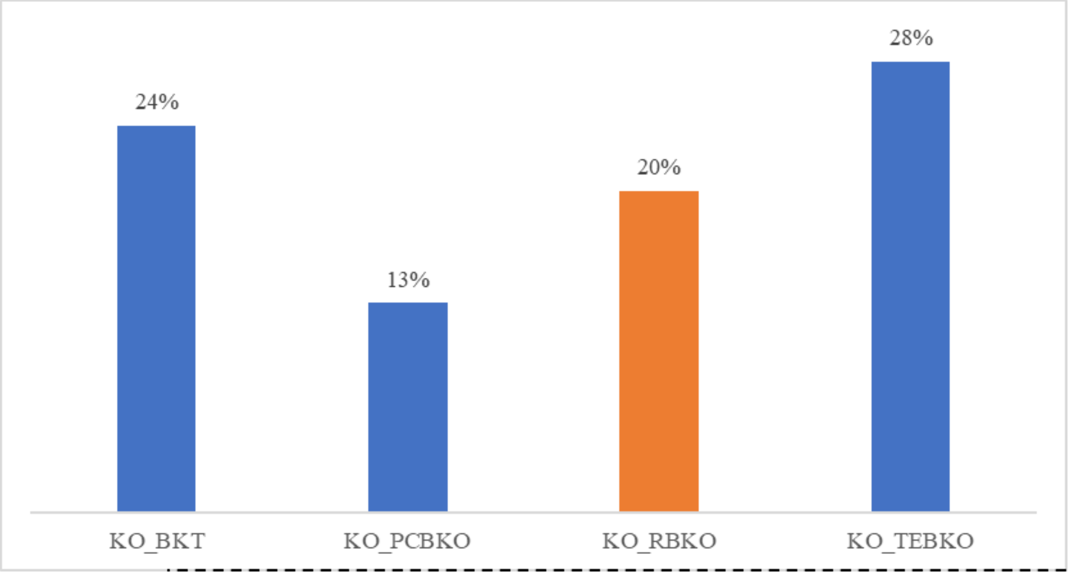


Source: Raiffeisen Bank International & Deloitte (January 2017); Competitive assessment of digital banking

Figure 10 again shows the scores of day-to-day banking in Kosovo banks. Day-to-day banking means the basic services that customers receive from their bank mainly through alternative channels not in physical branches. In this aspect, TEB is the market leader followed by BKT, while RBKO and PCB are behind the market in this very important metric.

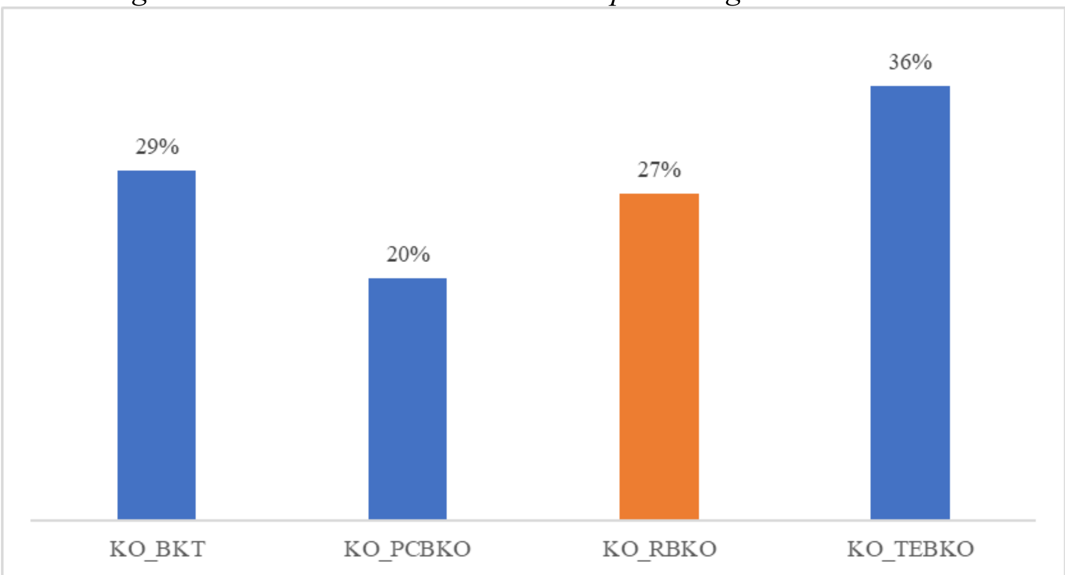
Figure 11 shows the relationship building metrics in Kosovo banks. From all the above figures shown regarding digital maturity, the relationship building is the most important score since it enables banks to create the competitive edge needed to flourish in the market, increase the number of satisfied clients and subsequently increase the market. TEB is the absolute leader and the most successful in terms of building relationships with customers through digital channels. BKT comes in the second while RBKO is the third in building relationships. PCB, like in all other measurements, remains the last bank.

Figure 11: Overall score on day-to-day banking in Kosovo



Source: Raiffeisen Bank International & Deloitte (January 2017); Competitive assessment of digital banking

Figure 12: Overall score on relationship building in Kosovo banks



Source: Raiffeisen Bank International & Deloitte (January 2017); Competitive assessment of digital banking

In general, this study has shown that TEB is the leader in digital banking and pioneer in innovation with the best results in all measurements that were conducted. It can also be concluded that TEB is also the best in class when it comes to customer experience in digital channels and the bank that others follow as the best example.

4 RESEARCH DESIGN

Banks need to have a competitive advantage, no matter how hard is to achieve that. One way to go for it is by paying attention to and making an effort with customer experience, continually analysing the customers' needs and modifying processes in that regard. This research aims at understanding if there are any efforts of financial institutions in Kosovo to be investing in customer experience management and whether these efforts are visible to the customers on a daily basis while using bank products. Research suggests that a number of factors affect a customer's experience while using various bank channels and engaging in bank services. Factors such as customer satisfaction and trust, the likeliness to recommend the bank to others, the possibility of switching the bank in the future and the tendency to continue using bank products or buy new ones were analysed in this paper in relation to basic demographic variations of age, gender, geographical location, or monthly income. The current study is a descriptive research design, within-participants, aiming at understanding more thoroughly the factors affecting bank customers' decisions, as well as the role of the customer in decision making process of banks when considering technological changes to bank services. Therefore, the aims of this study are:

- Analysing customer satisfaction and trust to various banking services;
- Comparing and analysing factors affecting one's tendency to continue using the same bank services;
- Comparing and analysing factors affecting one's tendency to purchase new bank products in the future;
- Comparing and analysing factors affecting one's tendency to change banks;
- Analysing customers' likeliness to recommend the bank to other acquaintances;
- Analysing factors affecting customers' preferences in digitalized transformation of banking services, such as age, gender, geographical location or monthly income.

Exploring the influence of customer experience is to discover the roles of multiple stakeholders (Roper & Davies, 2007). Such perspective sheds light to the fact that the customer and company relationship is one of the most important relationships in creating the customer experience (Verhoef et al., 2009). It advocates that understanding the customer experience involves understanding the important role of all stakeholders in creating the superior customer experience. The aim of this research is to add focus, and ultimately improve understanding of the customer experience.

Based on previous research, this study is carried out on the basis of these expectations:

- Likelihood to recommend a bank to others is significantly related to overall customer experience;
- Probability to switch to another bank is significantly correlated with likelihood to recommend a bank to others;
- Likelihood to recommend a bank to others is significantly related to intent to purchase new products;
- Mostly used products vary among age groups, genders, monthly incomes, and geographical regions;
- Attributes affecting one's intention to switch to another bank are significantly dependent on customers' satisfaction level;
- Sale of products is dependent on customer overall experience;
- Digitized banking tools have an effect on customers' experience and satisfaction;
- Customer loyalty is significantly related to customer satisfaction.

5 METHODOLOGY

5.1 Participants

Research process consists of a series of actions or steps that necessarily carries out research and the desired sequencing of the steps (Kothari, 2004). According to Douglas (2008), research methodology is the overall plan for relating conceptual research problems in an addressable manner to find effective information within the given constraints.

One-hundred and eighty-four participants completed the questionnaire, originally and currently living in Kosovo. The participants are customers of banks in Kosovo, that have an extensive experience with the banks in Kosovo digital technology-based banking. There were no age criteria for the individuals participating; however, the sample is gender balanced with fifty-two percent of participants being male and forty-eight percent female. Forty-four percent of the respondents are from the age group of 36-45 and thirty-four percent were from the age group of 26-35. On the other hand, it is important to mention that less than two percent are in the age group of 55+ years. From our sample population, sixty-four percent of respondents were from Pristina municipality and ten percent (10%) from Gjakova municipality.

5.2 Materials and procedure

Collis & Hussey (2003) classify the research methodology into different types according to its purpose, process, logic and outcome. The most common methods to retrieve the needed information for the research paper are case studies, interviews, questionnaires, etc. In this thesis, we have decided to use an online questionnaire method which will result with information based on which the research question will be answered, and research objectives will be met. In order to explore key factors needed to improve customers' experience, increase their loyalty and at the same time boost profitability, we have conducted an empirical research.

Our master's thesis tries to answer the following research questions:

- How does positive customer experience add value to customers?
- Do banks have defined customer experience management?
- Which are the main challenges in building and maintaining competitive advantage?
- Customer experience in a multichannel environment; where does it fit & how it works?
- Does the mapping and design process add value to customer experience?
- Does customer experience enable an increase in number of primary clients?
- Which are the main obstacles in transforming from product & price centric organization to customer centric organization?

We have used two methods to collect primary data. The First was a survey method, which we conducted through an online questionnaire in order to cover the empirical part of this master's thesis. According to Malhotra and Birks (1999), an online survey is a structured technique of data collection that consists of a series of written questions, answered by a group of respondents. This questionnaire was created via google surveys web-based host, which also provided us with a platform for further analysis and enabling export of data in various Microsoft® files.

Online questionnaire for data collection offers several advantages, which mainly refer to quicker responses, easier approachability to wider groups of people, erase data management of the data, lower costs, less data-entry errors (Ahern, 2005; Jones et al., 2008; Sue & Ritter, 2007). However there are some disadvantages as well in terms of low response rate, lower sample representativeness and an increased probability that some questions remain unanswered (Aitken, Power, & Dwyer, 2008; Brindle, Douglas & van Teijlingen, 2005; Velez, Buletti, & Volz, 2004). The online questionnaire consisted of 31 questions including demographics, income, brand loyalty, etc. The questionnaire was sent to around 800 potential respondents on 17 March 2019 and within 8 weeks we received a total of 184 completed surveys with a response rate of 23%.

Prior to conducting the final version of the survey, a test survey was launched with 10 respondents (our friends and colleagues) in order to receive the feedback and conduct quality assurance. The received feedback enabled us to design the final version of the survey, which was different from the test one and more understandable from customer's point of view. The final survey consisted of 31 questions including demographic data, customer's opinion on overall services banks offer, cost of products, willingness to buy and to recommend. In the same section, the respondents were also asked to give their opinion on "what could banks do to improve customers' experience". For each of the questions included in the final survey of the constructs included in the conceptual model, several aspects, relevant to the literature, have been tested via three different Likert-type scale questions with a 4, 5 and 6-point format. A 4-point format ranging from 1: "Very satisfied" to 4: "Not satisfied at all", a 5-point format ranging from 1: "Strongly agree" to 5: "Strongly disagree" and finally the 6-point form ranging from 1: "Definitely" to "Definitely not". Sleep (2012) asserts that the more the respondents enjoy the experience of an online survey question, the better feedback in terms of quantity and quality is achieved. To make sure of this, we have designed the survey in a way that respondents do not find it tiresome to respond and while at the same time giving them a feeling that their opinion matters and they are contributing to the potential project that is trying to change the way banks treat their clients. Web link to an online questionnaire was sent to respondents via Facebook® Messenger and email.

The second method was conducting interviews with five (5) banking executives. We designed one interview sheet with 8 questions and scheduled meetings in person with these executives in order to ask the questions directly and not send them by electronic channels. All five interviewees accepted our meeting requests and we conducted the interviews at their offices. Despite the fact that the questionnaire was prepared and sent in advance to these banking executives, when we met with them, we created an environment where they could share their thoughts on any subject related to customer experience. With their consent, we registered their views.

5.3 Ethical considerations

The sample consists of people of all age groups, who are customers of, or work in any bank in Kosovo. They were informed on the goals of the study and were given instructions in advance. Moreover, their consent was received prior to completing the questionnaires. Nevertheless, they had the right to withdraw from the study or ask for their data to be destroyed.

6 RESULTS

The current study aims to investigate factors that influence a customer’s intention to continue using the same bank or switch the bank. The study examined the relationship between factors influencing customers’ decisions, their satisfaction level with the current banking tools, sale of products, likelihood to recommend a bank to others, mostly used banking tools, and the customers’ perceptions of them. Moreover, the study analysed factors that banks could take advantage of to improve their banking services, based on customers’ needs.

6.1 Descriptive statistics

The research was designed to draw conclusions from two types of data, the online survey and interviews with banking executives. While this large data set supports an unbiased interpretation, there is still a limitation to the qualitative interpretation in this research. Although we used written records for our interpretation, we relied on the information given by selected executives (5 interviews). However, no conclusion can be made on how closely this sample reflects the opinions of the total executive teams.

The total number of respondents represents the banking population from all regions of Kosovo which are active customers of eight different banks. Almost 80% of the respondents belong between the age 26-45 which represent Kosovo's young population, its median age (34%) and the labour force (43%). Almost 53% of the respondents are female. Most respondents (49%) belong to a relatively high-level of income compared to the country average salary. We tried to make the sample geographically as diverse as possible, more than the half (63.6%) of respondents work or live in the capital Prishtina, where employment opportunities are higher. Brand is obviously a very important factor when choosing the bank since 79.9% of the total respondents stated its importance. Brand image is formed in the minds of customers mostly based on their experiences of their interactions with the specific brand. Building a positive brand image through customer experience components must be vital for the financial sector in Kosovo as well.

All respondents (100%) are bank customers; no participant in the survey represents the non-banking population. The most frequently used banks are Raiffeisen Bank, TEB, Procredit Bank and NLB. These four banks also represent 70% of the market share. How important is the quality of services that customers receive from their banks scores very high with 96% choosing this attribute at a very high and high importance, and the rest 4% were neutral. No respondent chooses to agree that service quality does not have any importance.

Table 3: Frequency and percentage of sample's gender, age, monthly income and geographical region.

Demographic factor	Frequency	Percentage
Gender		
Male	97	52.7
Female	87	47.3
Total	184	100.0
Age		
18 – 25	17	9.0
26 – 35	62	34.0
36 – 45	80	43.0
46 – 55	23	31.0
over 50	2	1.0
Total	184	100.0
Monthly Income		
Under 200	3	2.0
201-400	12	7 .0
401-600	18	10.0
601-800	30	16.0
801-100	31	17.0
Above 1000	90	49.0
Total	184	100.0
Region		
Prishtina	117	63.6
Other Regions	67	36.4
Total	184	100.0

Source: Own work

Considering service quality as a very important component of customer experience, it must be considered an important factor on which banks should continue to invest maintaining their service standards to keep their customers satisfied. When asked if service quality influences their experiences with the banks, 89% of respondents agree and strongly agree that service quality plays an important role in experiences they have with their service providers.

More than the half of the respondents (52%) strongly agree that banks in Kosovo do have customer experience management. Almost the same share of respondents is declared as satisfied with the overall customer experience with their banks. Although the share of neutrals in both cases is almost at 30% on average, meaning that this group of respondents can easily switch to either a satisfied or dissatisfied group.

- **Banking tools / customer satisfaction**

The overall impressions of the last interactions between main touch points like ATMs, branches and online channels are mostly memorable. Customers that had a last interaction with banks home page and contact centres show not very favourable results for memorable experiences. Considering the fact that these two channels are considered as main support centres for customers, especially when getting basic information from a bank web page and a service request handled in contact centres, this result shows that banks should focus on understanding what are customers' expectations and their real experiences when interacting with the bank through these channels as well. This also correlates with the question where should banks focus to improve, 58.7% of the respondents are seeking a higher service level when interacting with the bank through contact centre or online support.

Since the majority of banks in Kosovo are currently at the early stage of digital transformation, we wanted to understand that this change has impacted customer experiences potentially resulting in lower or higher satisfaction levels. The actions that banks are implementing are mainly linked to activities on switching the transactional business into a low-cost channel including self-servicing, we wanted to understand the overall customer perceptions whether the new implemented change has distracted or eased the overall experiences with their banks. For the question on the decision of some banks to remove bank tellers and replace them with digital means of deposit/withdrawal and other digital services, the highest number of respondents chose 8 in the question from 1 to 10 that measured satisfaction as well (1 not satisfied at all-10 very satisfied). The overall satisfaction with online products scored at 52% as very satisfied and 14% not satisfied at all.

- **Customer satisfaction / necessary improvements**

Based on research findings, online accessibility and services are considered to be the most important attributes that banks should attempt to improve, scoring at 64.7%. More than 50% of bank customers feel important to their banks. The share of promoters for service quality in overall respondents is above 50% and very similar scores for products as well. The distinguishing between product and service was made in order to better understand the impact of each on overall perception of the customers toward the banks and the likelihood to switch. Based on the number of products customers use with the specific bank, it was attempted to estimate the level of stickiness based on product usage. The most frequently used products are credit cards (83%), online banking (71.2%) and loans (54%). The overall satisfaction with the above products is 70.1%, meaning that banks have designed customer centric product offering that meets customer needs.

- **Bank tools used mostly / age**

With 9 (53%) out of 17 respondents from the age group of 18-25, the most used product is online banking.

Table 4: Bank tools used mostly - age group 18-25

		Frequency	Percent	Valid Percent
Valid	Credit card	2	11.8	11.8
	Online banking	9	52.9	52.9
	Cash transfers	3	17.6	17.6
	Other	3	17.6	17.6
	Total	17	100.0	100.0

Source: Own work

With 17 (28%) out of 60 respondents from the age group of 26-35, online banking is also the mostly used product, and with 16 (27%) respondents the second most used product is the credit card (Table No 5) .

Table 5: Bank tools used mostly - age group 26-35

		Frequency	Percent	Valid percent
Valid	Credit/Loan	1	1.7	1.7
	Debit card	10	16.7	16.7
	Credit card	16	26.7	26.7
	Online banking	17	28.3	28.3
	Cash transfers	11	18.3	18.3
	Other	5	8.3	8.3
	Total	60	100.0	100.0

Source: Own work

For eighty (80) individuals from the age group of 36-45, credit card is the mostly used product with twenty-five (25) respondents (31%), and the second most used is online banking with sixteen (16) respondents (20%) (Table No 6).

Table 6: Bank tools used mostly - age group 36-45

		Frequency	Percent	Valid Percent
Valid	Credit/Loan	2	2.5	2.5
	Debit Card	11	13.8	13.8
	Credit Card	25	31.3	31.3
	Online Banking	16	20.0	20.0
	Cash Transfers	14	17.5	17.5
	Other	12	15.0	15.0
	Total	80	100.0	100.0

Source: Own work

For twenty-three (23) individuals from the age group of 46-55, cash transfer is the mostly used product with seven (7) respondents (30%), and credit card with six 6 respondents (26%) and other products with 6 respondents (26%) being the second most used products.

Table 7: Bank tools used mostly - age group 46-55

		Frequency	Percent	Valid Percent
Valid	Debit Card	1	4.3	4.3
	Credit Card	6	26.1	26.1
	Online Banking	3	13.0	13.0
	Cash Transfers	7	30.4	30.4
	Other	6	26.1	26.1
	Total	23	100.0	100.0

Source: Own work

For two (2) individuals from the age group of 55+, credit card (50%) and cash transfer (50%) are the most used products.

Table 8: Bank tools used mostly - age group 55+

		Frequency	Percent	Valid Percent
Valid	Credit Card	1	50.0	50.0
	Cash Transfers	1	50.0	50.0
	Total	2	100.0	100.0

Source: Own work

Banks are also considered very reliable when customers may have a financial need. Above 74% of customers chose 7-10 (1-not at all reliable; 10-very reliable), when asked about how reliable their bank is.

How actively they recommend their banks and what will the banks need to improve to increase their customers' willingness to recommend. We used NPS methodology to understand recommendations scores and the main reasons why banks mostly generate promoters or detractors. Decreasing cost of loans is one of the main reasons why customers would increase their willingness to recommend the banks (48% of total respondents) followed by quality of product, transparency and speed banks deal with customers. The drivers of satisfaction can be also generated from the very same attributes. Considering the relatively high interest rates for lending products in the market as well as customer needs for banks to finance their projects, we wanted to understand customer perceptions for price of loans and if we can gather some high-level insights on price sensitivity.

- **Factors affecting customers' likelihood to switch the bank**

The features that customers praise the most in service and which are the main attributes or image items that would mostly contribute in decisions to switch are the factors affecting customers' likelihood to change the bank. More than the half of respondents (53%) stated that they would switch their primary bank for a modern bank and the second most important reason is a mobile application which would be easy to use. Online and mobile banking are currently being used at a larger extent by Kosovo banks, but satisfaction with them is only below average. Research shows that the last frequency of experiences customers had with the banks were mainly ATMs (77%), branches (63%) and mobile (56.5%) which are main customer touchpoints of customer interaction. These experiences were rated as relatively high while still there are a few negative experiences generated in traditional channels like branches. Even though service attributes when interacting with people have become a baseline expectation for customers, branch is still the main channel that customers choose when seeking professional advice. Offering products and services in high quality is one of the top drivers of brand desire.

Twenty-six percent (26%) of the total respondents, would describe their relationship with the bank as a social circle and another 26% as acquaintances shows that the banking population in Kosovo consider relationships with their banks as close ones. Focusing on customer relationships can impact overall perceptions and customer willingness to buy more and stay with the brand. It has also been measured for what reason/s customers would consider changing the bank and the probability to switch was mostly linked with the upgraded capabilities and easiness of online services as well as the ability to offer innovative products and services to its customers. Likelihood to switch the bank is influenced by the following attributes: being a modern bank (56%), easy to use online banking (39%), easy to use mobile banking (35%).

According to Nigel F. Piercy in his Market-Led Strategic Change (2016), the difference between satisfaction and loyalty has a very straightforward meaning; satisfaction as an attitude does not guarantee the loyalty which is a behaviour. We wanted to make sure that the group of satisfied or not satisfied customers would prefer to purchase products from the same bank in the future. With the last two questions, we aimed to understand the probability of re-purchasing banking products in the future as well as continuing to use the existing ones. The likelihood of continuing to use the new products scores a little bit higher (59.2%) in comparison to possibility of purchasing new products (55%). Based on findings, in order to increase product usage, beside acquisition strategies as well as improving product offering, banks should also focus on defining their retention strategies.

- **Likelihood to recommend / continue using existing products**

Based on the outcomes, it is noticeable that the intent to continue using the existing products of a bank varies among the three groups of likeliness to recommend a bank to family and friends (detractors/neutrals/promoters). In this study, the main emphasis is given to the group of detractors and promoters seeing the direct link between their perception and tendency to recommend and promote the bank to others, or switch the bank in the future; therefore, the results below will be demonstrated only in regard to these two groups.

As for detractors (rating 0-6), out of 42 in total, a number of 3 individuals will definitely continue using existing products of the bank in the future; 5 will very probably continue doing so; 21 individuals will probably do so; 7 will possibly do so, and 6 will probably not.

Table 9: Likelihood to continue using existing products - detractors

		Frequency	**Percent**	**Valid Percent**
Valid	Definitely	3	7.1	7.1
	Very probably	5	11.9	11.9
	Probably	21	50.0	50.0
	Possibly	7	16.7	16.7
	Probably not	6	14.3	14.3
	Total	42	100.0	100.0

Source: Own work

Table 10: Likelihood to continue using existing products - promoters

		Frequency	**Percent**	**Valid Percent**
Valid	Definitely	40	49.4	49.4
	Very probably	32	39.5	39.5
	Probably	8	9.9	9.9
	Possibly	1	1.2	1.2
	Total	81	100.0	100.0

Source: Own work

For promoters (rating 9-10), a number of 40 individuals, out of 81 in total, will definitely continue using the existing products of the bank in the future; 32 will very probably continue doing so; 8 will probably do so, 1 will possibly do so, and no one will not do so.

- **Likelihood to recommend / intent to purchase new products**

Based on the outcomes, it is noticeable that the intent to purchase new products of a bank varies among the three groups of likeliness to recommend a bank to family and friends (detractors/neutrals/promoters).

For detractors, 2 individuals, out of 42 in total, will definitely purchase new products of the bank in the future; 3 will very probably do so; 9 will probably do so, 15 will possibly do so; 10 will probably not do so; and 3 will definitely not do so.

Table 11: Intent to purchase new products - detractors

		Frequency	Percent	Valid Percent
Valid	Definitely	2	4.8	4.8
	Very probably	3	7.1	7.1
	Probably	9	21.4	21.4
	Possibly	15	35.7	35.7
	Probably not	10	23.8	23.8
	Definitely not	3	7.1	7.1
	Total	42	100.0	100.0

Source: Own work

Table 12: Intent to purchase new products - promoters

Valid	Definitely	29	35.8	35.8	35.8
	Very probably	31	38.3	38.3	74.1
	Probably	18	22.2	22.2	96.3
	Possibly	3	3.7	3.7	100.0
	Total	81	100.0	100.0	

Source: Own work

For promoters, 28 individuals, out of 81 in total, will definitely purchase new products of the bank in the future; 31 will very probably do so; 18 will probably do so; 3 will possibly do so; and no one will probably not do so.

- **Products used mostly during last 6 months / satisfaction with quality of the services**

The outcomes of this thesis show a number of more preferable banking tools in comparison to others, finding each of the examined variables explained below. The satisfaction of the respondents has been measured from a range of 1-10, 1 being not satisfactory and 10 highly satisfactory.

Most used banking tool for the last 6 months by our researched population is online banking, with 47 respondents. Seeing that online banking is also mainly highly rated as satisfactory, 8 people have rated it with 10, 18 with a 9 and 10 with an 8.

Table 13: Banking tools mostly used in last 6 months

		Rate impression after experienced										**Total**
		1	2	3	4	5	6	7	8	9	10	
Which Banking Tools have been used last 6 months	Branch	0	0	0	0	0	0	0	0	0	2	2
	ATM	0	0	0	0	1	1	2	1	2	3	10
	Homepage	0	0	0	0	0	0	2	7	4	2	15
	Mobile App	1	0	0	1	3	0	5	15	8	4	37
	Online Banking	0	1	0	1	3	1	5	10	18	8	47
	Call Centre	1	0	1	3	2	3	8	10	6	3	37
	Social Media	1	0	1	1	7	10	5	3	5	1	34
Total		3	1	2	6	16	15	27	46	44	23	184

Source: Own work

Second most used banking tools for the last period of 6 months have shown to be call centres (37 respondents) and mobile applications (37 respondents). After using the call centre, the respondents have mainly been satisfied, 3 people rating it with a 10, 6 people rating it with a 9, 10 people rating it with an 8, and 8 people with a 7. After using the mobile application tool, 4 people rated their satisfaction with a 10, 8 with a 9, 15 with an 8, and 5 people with a 7. Important to note, mobile application was rated by one person with a 1.

Social media was used by 34 people during the last 6 months and was rated as moderately satisfactory by the majority of respondents. Ten people rated it with a 6, 7 people with a 5, 5 people with a 7 and 5 with a 9. Social media was rated by a person with a 1.

Homepage of a bank was only visited by 15 people from our researched population, in a period of 6 months. Based on its satisfaction level, 7 people rated it with an 8, 4 with a 9, 2 with a 10, and 2 others with a 7.

Surprisingly enough, ATMs (10) and branches (2) were the least used products in a period of 6 months. ATMs and branches were mainly highly rated as satisfactory; however, not many people use them anymore.

- **Likelihood to recommend / attributes affecting switching to another bank**

Considering these factors are of crucial importance to this research, likelihood to recommend the bank and attributes affecting one to switch the bank have been further analysed with descriptive statistics in addition to analysing their correlation. Two of the three groups of likeliness to recommend banks to family and friends (detractors/promoters) have also been analysed separately in this regard.

Table 14: Attributes to switching to other bank - detractors

		Frequency	Percent	Valid Percent
Valid	Modern Bank	1	2.4	2.4
	Handles Complaints	2	4.8	4.8
	OB Easy to Use	1	2.4	2.4
	Short Waiting Times	4	9.5	9.5
	Mobile App Easy to Use	6	14.3	14.3
	Realizing Dreams	6	14.3	14.3
	Extensive Branch Network	1	2.4	2.4
	Reasonable Prices	6	14.3	14.3
	Expert Knowledge	6	14.3	14.3
	Service Quality	9	21.4	21.4
	Total	42	100.0	100.0

Source: Own work

Out of the total 41 individuals in the detractors group, 9 consider service quality to be a crucial reason to switch the bank in the future. Six (6) individuals have chosen expert knowledge to be a reason to switch the bank, 6 others have chosen reasonable prices, other 6 individuals have chosen mobile application is easy to use, other 6 ones have considered the factor of a bank to help realize their dreams, 4 people have chosen short waiting times to be of importance when considering to switch bank, 2 people have considered the handling of complaints quickly of importance to switch the bank, 1 person has chosen the factor of a modern bank, 1 has chosen the factor of online banking being easy to use, and 1 has considered extensive branch network of being an attribute affecting the tendency to switch to another bank.

Table 15: Attributes to switching to other bank - promoters

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Modern Bank	1	1.2	1.2	1.2
	Favourite Branch Hours	2	2.5	2.5	3.7
	Handles Complaints	1	1.2	1.2	4.9
	OB Easy to Use	1	1.2	1.2	6.2
	Short Waiting Times	1	1.2	1.2	7.4
	Mobile App Easy to Use	2	2.5	2.5	9.9
	Transparent Conditions	8	9.9	9.9	19.8
	Realizing Dreams	12	14.8	14.8	34.6
	Extensive Branch Network	12	14.8	14.8	49.4
	Reasonable Prices	14	17.3	17.3	66.7
	Expert Knowledge	11	13.6	13.6	80.2
	Service Quality	16	19.8	19.8	100.0
	Total	81	100.0	100.0	

Source: Own work

From the promoters group with a total of 81 individuals, 16 people have chosen service quality to be an important factor that would affect their tendency to switch to another bank, 14 have chosen reasonable prices to be of importance, 12 have chosen extensive branch network, 12 others have chosen help to realize their dreams, 11 have chosen expert knowledge, 8 consider transparent conditions as a crucial factor, 2 consider mobile app being easy to use, 2 others would switch bank based on favourite branch hours, 1 considers modern bank to be an important factor, 1 considers handling of complaints quickly of importance, 1 has chosen online banking is easy to use, and for 1 of our respondents short waiting times is a factor that would influence them to consider switching to another bank.

Table 16. demonstrates satisfaction level of the respondents to the transformation of the bank services by removal of bank tellers. Results show a rather mixed situation with 33 respondents being satisfied with these changes, 21 respondents are relatively satisfied and 19 of them are totally dissatisfied. Considering the responses, half of the respondents stand towards the positive end of the satisfaction scale, and half on the negative one.

Table 16: Satisfaction and digital transformation of banking tools by removal of bank tellers

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	1	19	10.3	10.3	10.3
	2	17	9.2	9.2	19.6
	3	15	8.2	8.2	27.7
	4	21	11.4	11.4	39.1
	5	21	11.4	11.4	50.5
	6	12	6.5	6.5	57.1
	7	18	9.8	9.8	66.8
	8	33	17.9	17.9	84.8
	9	11	6.0	6.0	90.8
	10	17	9.2	9.2	100.0
	Total	184	100.0	100.0	

Source: Own work

Satisfaction with the overall bank experience of the researched customers is depicted in Table 17. The majority of respondents (55.4%) are satisfied with the overall bank experience, 28.3% (52 respondents) feel neutral to it, and 9.2% (17 respondents) are very satisfied.

Table 17: Satisfaction with overall experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very satisfied	17	9.2	9.2	9.2
	Satisfied	102	55.4	55.4	64.7
	Neutral	52	28.3	28.3	92.9
	Not satisfied at all	13	7.1	7.1	100.0
	Total	184	100.0	100.0	

Source: Own work

From the total respondents, 97 feel satisfied with their banks' online services. Forty-eight (48) feel neutral to them, 26 are very satisfied with them, and 13 of the respondents are not satisfied at all, as depicted in Table 18.

Table 18: Satisfaction with online services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very satisfied	26	14.1	14.1	14.1
	Satisfied	97	52.7	52.7	66.8
	Neutral	48	26.1	26.1	92.9
	Not satisfied at all	13	7.1	7.1	100.0
	Total	184	100.0	100.0	

Source: Own work

When asked whether service quality impacts the overall bank experience, the majority of our researched customers (84 respondents - 45.7%) strongly agreed with the statement, 79 of them agreed, 18 felt neutral about it and 3 of them disagreed, as it can be seen in Table 19.

Table 19: Service quality impacts overall experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	84	45.7	45.7	45.7
	Agree	79	42.9	42.9	88.6
	Neutral	18	9.8	9.8	98.4
	Disagree	3	1.6	1.6	100.0
	Total	184	100.0	100.0	

Source: Own work

As seen in Table 20, the majority of participants (134 respondents - 72.8%) believe service quality is very important, 42 of them think it is important, and 8 of them feel neutral towards this issue.

Table 20: Service quality is important

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very important	134	72.8	72.8	72.8
	Important	42	22.8	22.8	95.7
	Neutral	8	4.3	4.3	100.0
	Total	184	100.0	100.0	

Source: Own work

In order to understand our customers' bank experience more thoroughly, this study also analysed the types of banks the participants belong to. Seventy-seven (77) of the total respondents are part of the Raiffeisen Bank, with the next biggest number being part of ProCredit Bank (32 respondents), then 26 are part of TEB, 19 are part of NLB and leaving the other banks such as BKT with 15 customers, Bank for Business with 8, and Economic Bank with 7 customers, as depicted in Table 21.

Table 21: Type of bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank for Business (Banka per Biznes)	8	4.3	4.3	4.3
	Economic Bank (Banka Ekonomike)	7	3.8	3.8	8.2
	NLB	19	10.3	10.3	18.5
	ProCredit Bank	32	17.4	17.4	35.9
	Raiffeisen	77	41.8	41.8	77.7
	TEB	26	14.1	14.1	91.8
	BKT	15	8.2	8.2	100.0
	Total	184	100.0	100.0	

Source: Own work

Table 22: Satisfied with overall customer experience and type of Bank

		Type of Bank							Total
		Bank for Business - Banka per Biznes	Economic Bank -Banka Ekonomike	NLB	ProCredit Bank	Raiffeisen	TEB	BKT	
Satisfied with overall experience	Very satisfied	0	1	2	4	6	2	2	17
	Satisfied	4	2	10	12	50	14	10	102
	Neutral	4	3	4	11	19	8	3	52
	Not satisfied at all	0	1	3	5	2	2	0	13
Total		8	7	19	32	77	26	15	184

Source: Own work

In order to comprehend whether banks use a variety of customer management systems or not and whether the customers' satisfaction level varies among the types of banks, this study has also analysed the satisfaction level of customers with the overall bank experience.

In total. only 17 of the respondents are very satisfied, 102 respondents are satisfied, 52 feel neutral about it, and 13 are not satisfied at all, as depicted in Table 22.

Table 23: Satisfied with online services and type of bank

		Type of bank							Total
		Bank for Business - Banka per Biznes	Economic Bank - Banka Ekonomike	NLB	ProCredit Bank	Raiffeisen	TEB	BKT	
Satisfied with Online Services	Very satisfied	2	0	0	6	12	4	2	26
	Satisfied	3	3	12	17	40	13	9	97
	Neutral	2	3	6	5	22	6	4	48
	Not satisfied at all	1	1	1	4	3	3	0	13
Total		8	7	19	32	77	26	15	184

Source: Own work

Taking into account that technological changes are accepted differently by different groups of people, this study researched also the customers' satisfaction level with their bank's online services. The majority of respondents (96) are satisfied with their bank's online services, 26 are very satisfied, whereas 48 are neutral about it and 13 respondents are not satisfied at all, as seen in Table 23.

The satisfaction level with the overall customer experience has been researched in relation to intent to continue using the same bank products. The results show that 69 people will very probably continue using the same bank products, 53 of them will definitely do so, 43 will probably do so, 12 will possibly do, and 7 of the respondents will probably not continue using the same bank products.

Table 24: Satisfied with overall customer experience and intent to continue using same bank products

		Satisfied with Overall Customer Experience				Total
		very satisfied	satisfied	neutral	not satisfied at all	
Continue Using Same Products	Definitely	4	30	15	4	53
	Very probably	5	36	23	5	69
	Probably	6	23	10	4	43
	Possibly	2	8	2	0	12
	Probably not	0	5	2	0	7
Total		17	102	52	13	184

Source: Own work

Table 25: Satisfaction with overall customer experience and intent to purchase new products

		Satisfied with Overall Customer Experience				**Total**
		very satisfied	satisfied	neutral	not satisfied at all	
Purchase New Products	Definitely	2	26	9	4	41
	Very probably	4	25	25	3	57
	Probably	6	24	11	3	44
	Possibly	4	16	3	3	26
	Probably not	1	8	4	0	13
	Definitely not	0	3	0	0	3
Total		17	102	52	13	184

Source: Own work

This study has also measured the satisfaction level with overall bank experience and its relation to intent to purchase new products in the future. The outcomes demonstrate a spread of opinions among the respondents. From the total population, 41 people believe they will definitely purchase new products in the future, 57 believe they very probably will, 44 of them believe they will probably do so, 26 will possibly do so, 13 will probably not and 3 of them definitely will not purchase new bank products..

Taking into consideration that age plays a role in the satisfaction level towards acceptance of technological changes to bank services, this study has also researched the satisfaction level of customers, after removal of bank tellers due to digitalization of services. From the age group of 36-45, twelve (12) people are not satisfied at all with this change, from the age group of 46-55 two (2) respondents have responses with a 2 in the satisfaction scale (1- not satisfied at all; 10 - very satisfied) and from the age group of 55+ one (1) person responded with a 2.

Table 26: Satisfaction and digital transformation of banking tools by removal of bank tellers and age

		Age					Total
		18-25	26-35	36-45	46-55	55+	
Satisfied with technological replacement of bank tools	1	3	4	12	0	0	19
	2	4	8	2	2	1	17
	3	0	5	8	2	0	15
	4	3	4	9	4	0	20
	5	1	5	10	5	0	21
	6	1	4	6	1	0	12
	7	1	6	7	4	0	18
	8	1	14	14	3	0	32
	9	1	5	3	1	1	11
	10	2	5	9	1	0	17
Total		17	60	80	23	2	182

Source: Own work

The highest satisfaction level is experienced by the age group of 36-45 with 9 people being very satisfied, then the age group of 26-35 with 5 people being very satisfied and 2 from the age group 18-25. These results, however, cannot be taken as representative of the general population due to uneven distribution of people among age-groups. The age group of 55+ consists of only two online people, 18-25 with only 17 people, and 46-55 with only 23 people, with the majority of participants being from the age group of 36-45 with 80 people, and age-group of 26-35 with 60 people.

Considering that age plays a role in intent to continue using the same bank products due to the overall experience with the bank, the results show that 23 people from the age group 36-45 will definitely continue doing so, 21 from the age group of 26-35 and 6 from 18-25 will be definitely doing so. Three (3) people from the age group of 26-35 and 2 from the age group 36-45 will probably not continue using the same bank products. Only one (1) person from the age group 46-55 will probably not continue using the same bank products.

Table 27: Intent to continue using same bank products and age

		Age					Total
		18-25	26-35	36-45	46-55	55+	
Continue Using Products	Definitely	6	21	23	3	0	53
	Very probably	6	20	31	10	1	68
	Probably	4	13	20	6	0	43
	Possibly	1	3	4	3	1	12
	Probably not	0	3	2	1	0	6
Total		17	60	80	23	2	182

Source: Own work

6.2 Correlation analysis

Likeliness to recommend the bank / overall customer experience

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated a significant negative relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for a modern bank (M = 1.44, SD = 0.49), r = -0.27, p = < 0.00).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant negative relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for favourite branch hours (M = 1.80, SD = 0.40), r = -0.019, p = < 0.39).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated a significant positive relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for handling complaints quickly (M = 1.84, SD = 0.37), r = 0.23, p = < 0.001).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant negative relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for online banking is easy to use (M = 1.62, SD = 0.48), r = -0.08, p = < 0.14).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant positive relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for short waiting times (M = 1.79, SD = 0.40), r = 0.09, p = < 0.09).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant negative relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for mobile app is easy to use (M = 1.71, SD = 0.45), r = -0.11, p = < 0.06).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated a significant positive relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for transparent conditions (M = 1.84, SD = 0.36), r = 0.21, p = < 0.01).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant positive relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for help on realizing dreams (M = 1.89, SD = 0.31), r = 0.04, p = < 0.27).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant positive relationship, (M = 7.67 SD = 2.27) with one's consideration to switch the bank for extensive branch network (M = 1.84, SD = 0.36), r = 0.04, p = < 0.25).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated a significant positive relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for reasonable prices ($M = 1.71$, $SD = 0.45$), $r = 0.27$, $p = < 0.00$).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant positive relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for expert knowledge ($M = 1.68$, $SD = 0.46$), $r = 0.01$, $p = < 0.42$).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant negative relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for service quality ($M = 1.59$, $SD = 0.49$), $r = -0.03$, $p = < 0.32$).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated a significant positive relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for favourable conditions ($M = 1.72$, $SD = 0.45$), $r = 0.30$, $p = < 0.00$).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant negative relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for extensive ATM network ($M = 1.65$, $SD = 0.47$), $r = -0.05$, $p = < 0.23$).

Likeliness to recommend the bank to a family or friend based on overall experience demonstrated an insignificant positive relationship, ($M = 7.67$ $SD = 2.27$) with one's consideration to switch the bank for European Bank Group ($M = 1.88$, $SD = 0.33$), $r = 0.05$, $p = < 0.23$).

6.3 Thematic analysis

This section includes thematic analysis of five interviews with executives of the banks. The interviews have been analysed and described below in detail, upon which some conclusions could be made, as well as recommendations for future improvements based on customers' needs. The aim of these in-depth interviews with selected executives in financial institutions in Kosovo was to get the perspective on the overall direction of customer efforts in the banking sector in Kosovo.

The measure of the current situation of customer experience and its impact on satisfaction, loyalty, retention, advocacy in the banking sector of Kosovo has proved to be an unexplored topic. The below section of qualitative research shows the customer experience with satisfaction, word of mouth, retention, sales etc. Although the study takes into account its limitations, it paves the way for future research in this topic. With studies that combine qualitative and quantitative methods, factors that affect customer experience from the managerial viewpoint can be identified. Furthermore, various supportive factors can be derived from qualitative research such as access, choice and information, previous experience etc. This study was an attempt to create a framework for further research that can result in the proper exploration of topics.

In the interview, banking executives mentioned several reasons for initiating their customer experience programs. Only two of the interviewees, however, were able to articulate more precisely the definition they use for their customer experience strategy or program. There is a very good alignment between data gathered from the interviews with executives in all areas. In general, very little vision or planned activities improve the customer experience area and there is a lack of consensus on priorities connected to customer experience.

Most of the interviewers stated that superior customer experience strengthens the brand by offering the best values consistently throughout different channels of customer experience. Also, most of them think that if a bank wants to increase the number of promoters and customers that are strongly attached to its brand, then a superior customer experience is an absolute must. This is a good example that customer experience is on top of the agenda for these banking executives, even though their understanding of the subject itself, the goals and the strategies, are not very clearly written or understood, however the objective of being the "best in service" remains their priority, for example:

"We will use our people in the branches and our alternative channels to deliver the best experience. With this we will attract even more customers through good service followed by good recommendations, thus enabling us to rise above our competitors" (Interviewee A).

It is obvious that for banks in Kosovo there is not a clear focus on all aspects of customer experience. Most of the interviewees struggled to articulate either a concise expression of customer experience, or a well-defined scope for their programs. Their definitions were general and expressed through storytelling instead of presenting a set of strategies, tactics, processes etc. Many of them do not measure the experience, their employees or even their channels of service. However, they are very much interested in investing in a good customer experience; they deliver regular trainings and know how to their employees. Banks have budgets that are allocated to different initiatives related to customer experience even though in most of the cases they are not characterized as such. Banks still need to understand the role that customers can have in their business and they would be able to understand that through Net Promoter Score (NPS) which is a regular exercise that measures your main competitors and yourself as well.

Very few banks regularly collect customer feedback in products nor service level and as such they lack in gaining qualitative input from customers in a structured format. One of the banks conducts surveys and focus groups as a core method of assessing customer experience and both setting and reinforcing the customer experience agenda. Only one of the interviewees stated that they constantly modify customer surveys to include latest trends and areas of interest for the organization.

“We redesign our questionnaires constantly and we try to focus much more on the experience rather than the operational part of the service”. (Interviewee C).

Despite the variation in scope and definition, the way customer experience programs are managed through all the senior executives we interviewed is mostly consistent and rather simple. Most of the interviewees mentioned few transactional surveys, mystery shopping and focus groups as ways of measuring quality of their services and customer experience, while one of the interviewees mentioned using NPS (Reichheld, 2006), though the same person expressed dissatisfaction with that metric stating that it does not provide any actionable insights.

Gaining competitive advantage in technology is considered as the core ingredient to improve customer experience and achieve a competitive edge and become the most recommended financial institution in the market. Very few banks have a separate unit in the organization structure that is well positioned to make an impact. Customer experience functions are mainly customer service officers that are responsible for complaint handling and customer care activities, positioned mainly in sales and distribution departments.

There is a lack of established function responsible for customer experience related activities in any team. Also, only two interviewees were also able to identify measurable targets for their customer experience management. Other interviewees described customer experience in very broad terms and seemed to mix customer experience with sales results rather than positive customer or positive NPS (Net Promoter Score). For example, two managers expressed the opinion that customers’ expectations of services and value were increasing all the time, and that this trend led them to feel that they had to keep up with their competitors.

They regard experience as being a new product or service used for gaining a market share toward the competition in their industry.

“Our goal is to offer the possibility and make sure that every customer receives the same positive and superior experience in our branches and other available channels” (Interviewee C).

The customer groups and segmentation are differentiated based on their value to the bank. At a certain level, customer feedback is considered in development of products. The central thread of customer experience management is the creation and enhancement of a common customer experience across all touchpoints through process and people development (Philipp Klaus, 2015).

Regarding process development, for banks the customer experience development process must begin with the mapping of the touchpoints describing moments of truth where customer experience is either improved or hindered. Almost all interviewees stated that main initiatives regarding customer experience within their organization were always supported by outside consultants who used their own tools and techniques to map the processes. However, during the mapping of these processes, the focus was mainly on developing better processes and customers' insights were not considered very much.

As for people development, it is widely accepted that there is a need to ensure that the behaviour of customer-facing employees met the expectations of the customer experience program. Service Profit Chain (SPC) (Heskett et al., 1997) suggests that the organization's profit, and growth are stimulated primarily by customer loyalty. Loyalty is seen as a direct outcome of (high) customer satisfaction. Satisfaction is fundamentally induced by the value of services provided to customers. Happy, dedicated, and productive employees create value. Keeping employees motivated and satisfied is considered as the most important factor that influences customer satisfaction since the employee satisfaction is reflected in service delivery to external customers and motivated employees are more likely to deliver positive experiences.

Employee satisfaction, in turn, results primarily from high-quality support services and policies that enable employees to deliver results to customers. Thus, according to the SPC, happy employees will ultimately drive the organization's growth.

"We try to hire based on core values that we share as an organization. Can we imbed these values to them? What's their mindset towards the clients? (Interviewee A).

Regarding the people development, only two banks stated that in recent years their practices of hiring customer facing positions has changed in its core, meaning that they require a lot more from the new members of the team. They filter people and applications based on their ability and experience to serve customers. Also, the time required to put these people in front offices to face customers has been extended, since now they receive a lot more hours of training and they are provided with necessary knowledge and tools to perform as required from day one. Extending customer experience management skills development to the organization's broader network is a "second-wave" management practice. Such practice is consistent with research from supply chain management and the co-creation of value literature (Vargo & Lusch, 2004).

"*We pay for performance and superior service. Our customer facing positions have sales targets and if achieved as such, the key to this additional payment is good score in customer service*". *(Interviewee B).*

Paying for performance is a common practice in Kosovo banks. However, out of all interviews, only one interviewee stated that this payment is linked to customer experience as well, while other senior executives did not mention that they link service and sales targets in any way.

Customer satisfaction, not any customer metric, is part of performance objectives for head office staff and support functions like IT, operations, and risk while the targets for front office employees are mainly sales driven. Because there is lack of research on customer experience and no regular satisfaction surveys, there is no regular communication of findings to all teams. No measurements are developed to be used on designing future experiences for customers. In general, rewards should be a part of customer experience objectives. Prioritization is made based on business needs and specific objectives. The allocation of resources and prioritization is not made based on customer experience improvement requirements. Sales targets overrule customer experience efforts. Well-developed reward programs built around customer-facing people using a combination of financial targets (e.g., sales, profit), service quality measures (e.g., on-time, right first time), and customer assessments of the experience would be an added value to any organization's strategic goals and objectives.

7 DISCUSSION

This study was conducted with the aim of understanding more of the customers' perspectives and experiences when engaging with their bank's services, to understand what the banks lack in their customer satisfaction management techniques and what should be improved. Given that customer satisfaction affects the tendency to continue using bank products, purchase of new products in the future, and the likelihood to recommend the bank to others, satisfaction level was measured through various connections to other examined factors such as age, gender, geographical location, type of bank and monthly income.

The outcomes present a rather mixed situation when it comes to customers' satisfaction with bank services. The majority of respondents have shown to be satisfied with the overall experience with their banks. However, only a small group of people have shown to be very satisfied, and also a number of people have demonstrated very low levels of overall satisfaction. In this regard, the majority of the examined bank customers believe that service quality is a very important factor affecting one's tendency to continue using the bank products or purchase new ones, or to switch banks.

Service quality and customer satisfaction are introspective, and the better the quality of service provided, the higher is customer satisfaction. In the banking sector, it is harder to measure the perceived quality since there are no recognized standard scales for it. Competitive advantage in this industry is reached through high quality services, which is a very significant tool for survival and success. Considering that satisfaction levels tend to affect the intent to continue using the same bank products or the tendency to change the bank, this study analysed the relation between these factors.

Satisfaction is the sum of customer's feelings and attitudes toward various factors around a product. There are several factors that influence customers towards banking products. Customers may choose and be satisfied with a bank depending on their personal demography, perception of technology, security, trust and privacy, etc. In today's world, banks are focused on offering high quality services over the internet products. Major factors that affect customer satisfaction are banking needs, problem solving, cost, convenience, continuation, etc. Banks need to educate their customers in new products so as to create a better experience that creates loyalty (Ankit, 2011).

Customer satisfaction is a focal point in marketing, and it is a driver of purchase, consumption, use of service. Customer satisfaction directly affects product repurchase or service reuse, which translates into brand loyalty, consequently affecting profitability of a company.

The outcomes show that customers' perceptions on overall bank experience vary among the examined population, with relatively similar groups of people definitely continuing to use same bank products due to their satisfaction with them, some probably going to do so, and seven individuals probably not continuing to use the same products, and intending to change the bank due to low customer service quality management. On the other hand, from the satisfied customers, the majority of people will definitely or very probably purchase new products in the future, as well as from the group of people that feel neutral towards the overall customer experience.

Research suggests that loyalty exists only as a result of satisfaction. Satisfaction is created through corporate brand image and is maintained with products and people. By creating high quality services and products that customers value, banks increase their loyalty. This goes in hand with the intention to switch banks which decreases as a result of higher satisfaction. Perceived price is seen to have a negative impact on satisfaction, while convenience increases customer satisfaction and frequency of use. Customer loyalty is the intention of the customer to continue using the same products as a result of satisfaction (Hafeez & Muhammad, 2012). Customer satisfaction is defined as the overall attitude after an experience with a product or service. It is a direct effect on customer loyalty, and it is safe to say that satisfied customers are more loyal.

Customer loyalty is the commitment to continue buying or using a product or service regardless of situational factors. As such, it is subject to various influencing factors that dictate it of which we can name a few, customer trust, commitment, and service quality. It is believed that there is a positive relationship between customer satisfaction and loyalty, and consequently, satisfied customers are prone to repurchasing.

Research attempting to discover the impact of customer satisfaction on loyalty and intentions to switch points out that customer satisfaction is significantly and positively associated with loyalty and customer satisfaction has a significant negative relationship with switching intentions. Loyalty is found to be a subject of convenience as well, since even satisfied customers can switch due to finding better quality or convenience elsewhere (Sleimi, Musleh & Qubbaj, 2020). Customer loyalty brings to terms the effect of service quality on service loyalty among banking customers. A factor that impacts loyalty is also availability, and it is seen that the availability of banking ATMs or branches has an effect on bank choice. Loyalty may also be a result of customer reluctance to switch due to comfort. If customers deem one service as of low importance, they may find that there is no point in searching for alternatives (Khokhar, Laghari & Lakhani, 2019).

Customer satisfaction in the banking sector is a topic of much discussion in recent years. This topic has been analysed in the context of management, ethical banking and CSR. It is obvious that corporate social responsibility would increase customer satisfaction but whether it would translate into more sales, loyalty, retention, it is highly disputable. Studies have found that the key drivers for implementing ethical business strategies were branding and profitability. On another note, quite some research has been done in the context of customer's satisfaction as a depending factor of service quality. Service quality as such has been explored under the terms that it creates satisfied, loyal, and productive employees, that in hand create satisfied customers (Raičević & Mitrović, 2018). Studies that have focused on customer satisfaction based on social groups in banking suggest that young and older generations can be easily grouped in two social different groups. Since older generations prefer traditional banking, whereas younger generations prefer digitized channels. On the contrary other studies have found that satisfaction is not determined by social constructs such as gender, age or education, but it can be stated that satisfied customers buy more products from their own bank with which they have a longer relationship (Belás, et al., 2015).

Compared to the tendency to definitely not continue using the same products, only three of the respondents will definitely not purchase new bank products. The tendency to continue using products demonstrated to be also relatively affected by age, with the majority of people from the age groups of 26-35 and 46-55 definitely or very probably continuing to do so. However, considering that the distribution of people among age groups in this study is uneven, with only seventeen people being from the age group of 18-25 and only two aged more than 55, the results could not be fully considered as representative of the actual population of bank customers.

There is a strong link between satisfaction and loyalty, and it is suggested that service experience is the key to customer loyalty. Consequently, a satisfied customer is much more likely to continue using or buying a product and share their experience with others. Whereas, an unsatisfied customer can give up on using all products from a company that dissatisfied them. High satisfaction is linked to repurchase intentions, positive word of mouth and profitability (Shanka, 2012).

Customer satisfaction and customer loyalty are two factors that are found to have a relationship in previous research. Customer satisfaction is dependable on meeting or surpassing customer expectations. One of the most important factors that can show the intention to continue using the product or service has been trust. Achieving business success is highly dependable on satisfied customers. Customer satisfaction is the prime indicator of sales and customer growth. In the banking industry, research finds that the level of customer satisfaction dictates cross-selling at branch levels. Satisfied customers have an increased willingness to buy more from a company even at higher prices. Customer satisfaction is manifested by purchase of additional products or services. It is also discovered that customer satisfaction is positively linked with future customer sales (Chochoľáková, Gabčová, Belás & Sipko, 2015). Another study by Terpstra, Kuijlen, and Sijtsma (2012) finds that customer satisfaction is positively linked to future customer revenues when current revenues are accounted for; thus, having a direct influence on financial performance.

Global developments have improved the quality of banking services. Through investment, banks have increased the range of electronic and telecommunication networks in order to provide products and services that add value. Nonetheless, integrating customers into electronic banking takes more than just investment. The flexibility of internet banking has a great influence on the customer and has been found to increase customer satisfaction to a great extent. But research suggests that internet banking in itself has relatively low impact on satisfaction. On the other hand, user friendly ATMs, and cards have a moderate effect on satisfaction.

The outcomes of our study show a majority of customers to be satisfied with their bank's online services; however, a much lower number of them are very satisfied. This result entails the lack of customer experience quality on the banks regard, or the upgrading of bank services and customer management. Forty-eight customers feel neutral towards online services, which consists of one third of the total examined population. This outcome gives us information that there is a lot of space for improvement when it comes to customer satisfaction with online bank services. Increasing the number of bank channels does affect customer satisfaction; however, banks should invest more on also communication services based on digital banking literacy and instructions, as well as customer help when it comes to online services. A discrepancy in customer's experience compared to what was expected is seen to affect sales. It is suggested that banks should offer new products that increase satisfaction but at the same time maintain the standards created over a period (Simon & Thomas, 2016).

When analysing the perception and satisfaction of customers towards the transformation of bank services from traditional ones with people carrying out services to technological replacement of those services, the results of this study show a spread of perceptions. While a number of people are satisfied and very satisfied, there is also a big number of people who stand towards the negative end of the satisfaction scale, with a number of nineteen people being very unsatisfied with these changes. There is a wide belief that younger generations are prone to trying new digital products and are highly adaptive to technology. Evidence on customer's perceptions suggests that some ages are more prone to something that other group ages are not. For instance, the older customers value the traditional banking that had human contact, whereas younger generations are more interested in novel technologies. The influence of age in banking behaviour is not a factor that influences purchasing behaviour, but the learned behaviours that may influence people to consider some things are (Harris, Cox, Musgrove & Ernstberger, 2016).

Taking into consideration that the technological advancements are usually harder to grasp for older generations, this factor was also examined in relation to the age of respondents to this study. A high number of people in the age group of 36-45 are very satisfied with the digital transformation of bank services; however, there is also a large number of people from the same age group not being at all satisfied with it. From the age group of 26-35-year-olds, a higher number of people are satisfied than dissatisfied with the technological replacement of bank tellers. Taking into consideration that the examined population is not evenly spread among age groups, the older generations could not be taken for analysis in this regard since their results are not indicative of the real situation. There is also an extensive number of people who feel neutral about this change in banking services. This outcome, as well, is indicative of a lack of customer support and experience management from the banks' regard.

The transformation of traditional to digitized banking tools and customers' experience/satisfaction has had a significant effect. Since some banks embraced digitalized services and went on a full transformation by closing most of the bank branches. Customers that were not ready for such transformation are left unsatisfied since they perceive human-contact very important to banking since for them technology is new and they lack the trust to perform transactions by themselves.

The strategy of closing bank branches to serve individual customers can work if the strategy of a bank is to focus on businesses, but if this was seen just as a result of digitalization, it is seen as a faulty strategy since many customers cannot follow the steps of fast digitalization. Regardless of the fact that we live in the digital age, banks should continue keeping bank branches as a powerful tool for creating experience. Only through human contact banks can deliver some qualitative interactions with customers that result in satisfied and loyal customers especially in developing countries where people have not yet adapted to a fully digital era. Most new generations view human contact as unnecessary, while older generations prefer the human contact rather than with machines (Stříteský & Quigley, 2015). This is influenced highly by trust in technology and especially in electronic banking.

Satisfaction is seen as a relevant predictor of not just loyalty, but also the tendency to advocate for their bank to other customers. When it comes to loyalty, this study examined the likelihood of bank customers to continue using existing products. Whereas in order to measure the customer's avocation tendencies, the respondents were divided into three groups based on their likelihood to recommend the bank to other acquaintances, them being detractors, neutrals and promoters. For this study, the detractors and promoters were analysed more thoroughly based on the direct link between satisfaction and loyalty, and the probability of the customer to be an advocate of the bank. As expected, from the respondents from the detractors group, only a few will continue using existing products, and the majority will probably continue doing so. On the other hand, from the promoters group, the majority of people will definitely or very probably continue using existing products.

Customer loyalty was also measured in terms of the likelihood to purchase new products in the future. This factor was analysed more thoroughly among the two groups chosen to be examined in this study, entailing the likelihood to recommend the bank to other people, them being detractors and promoters. As expected, the detractors group mainly believe they will possibly or probably not purchase new bank products. Only two of them will definitely buy new products, and three of them will very probably do so. On the other hand, when analysing the group of promoters, it is evident that the majority of the people will very probably or definitely purchase new bank products in the future, with only three people only possibly doing so. These outcomes prove that satisfaction with bank products and services and loyalty with the bank have a direct effect on the likelihood to promote or recommend the bank to other people. In the same way, dissatisfied customers have a high likelihood of not only terminating using the current bank products, but also not purchasing new ones and switching the bank.

A balance between customer experience management and customer loyalty was suggested by another study that points out that customer loyalty cannot be taken for granted. The arguments in this study are that experience management is not directly linked to loyalty, but instead it has an impact on other behavioural factors that create loyalty. The same follows for intention to switch, since, customers at times can be attracted to the services of competitors, however the actual switching behaviour is not directly linked to their intention, since customers may be reluctant and too comfortable to switch their bank. Therefore, these studies suggest that customer experience can influence actual purchasing behaviour only indirectly and can never be translated into one or the other (Makudza, 2020).

Research suggests that a customer's positive experience is achieved as a result of bank's ability to decrease perceived uncertainty. It is therefore, highly important, that the customer relationship management focuses on creating ongoing interactions so as to build interpersonal trust and further credibility and intentions. However, it is important to note that the banking industry has faced many problems which make it even more difficult when it comes to customer experience and especially towards improving it. Decades of mistrust, bad reputation, financial difficulties, and many other factors have contributed towards making customer experience a very challenging task for most of the banks (Maechler, Michael, Schiff & Smith, 2018).

The results of this study have several implications for managers of customer experience in banks. Today's fast-moving world, aggressive competition and ever-changing customer needs have pushed banks to come up with new strategies in order to keep customers happy and fulfil their needs. Many banks have difficulties in developing proper processes and journeys that are needed to have a consistent superior customer experience. One of the most significant segments where banks fail to deliver this experience is the fact that they do not include customers in co-creation activities; therefore, often these processes lack the "customer feel" that makes the journey joyful for customers. Taking this into consideration, customer experience managers need to improve the processes, they need to better design journeys and most importantly, they need to embed the culture or superior service across the organization. Having a good understanding of the continuous superior customer experience within the organization will have a significant positive effect in reaching the joint objectives set in the strategy of any bank. Managers need to constantly reiterate the importance of this fact and make sure that customer experience remains on top of the agenda of any employee of the organization. Nurturing high quality relationships in the banking sector is of high importance. However, there has been not enough effort to explore what makes a customer experience positive in the banking sector of Kosovo. Therefore, the current study aimed to analyse the role of customer experience on customer retention, word of mouth, and intention to switch with relational outcomes for customers of banks in Kosovo.

Customers' perception about the treatment received by an organization pins down to customer experience. It is a result of cognitive and affective outcomes of the customer's exposure to a company. Since there is an increased competition in the banking industry, what banks struggle with now is customer loyalty. It is suggested that customer experience shapes purchasing behaviour and is a result of enhanced care in every interaction. Only as a result of positive customer experience can banks achieve loyalty and increased sales. Customer experience is the main factor that all the other factors such as willingness to buy and willingness to recommend, loyalty, etc., depend on. Evidence on the topic suggests that positive experiences dictate customer's future purchase behaviour. Moreover, when customer expectations are surpassed, companies decrease their customer's willingness to switch (Koesharijadi, 2016).

The most significant factors that influence customers towards switching their bank, as evidence suggests, are pricing, service failures, and inconvenience. Regardless of whether these factors were single or combined, a study shows that it was found that in 90% of the cases, these factors are present. The most influential factor is pricing. Moreover, the study suggests that switching is a result of multiple negative occurrences rather than things that occurred once (Gerrard & Cunningham, 2004).

Digital transformation will continue affecting the banking sectors in the coming years, which leaves banks in a position to only embrace it and modify their services through creating opportunities to branch out, improve customer services, and reduce costs. Being a crucial part of the banking industry, information and communication technology is also going through a digital transformation process, which directly affects the customer experience, operational processes or the business model. To adapt to these technological changes, banks are also embracing the use of digital marketing as well as mobile applications (Lee et al., 2017). However hard it is for banks to grasp the new digital era, they are still undertaking various initiatives to understand, explore and exploit benefits that could be obtained from them.

According to Unyathanakorn and Rompho (2014), the structure of the economy has changed over time, especially when it comes to communication technology. While in the past companies had their market in control, by competing with one another in terms of manufacturing, i.e. large-scale production or services would result in higher profit margin without consideration of the customer's needs. With the transformation of the market, communication technology also transformed, allowing customers to have better access to information. Industries that previously gave attention mainly to manufacturing had to amend to meet the customers' needs. Such a shift in the industry has shed light to customer satisfaction and led banks to compete with one another based on numerous factors and not solely based on one.

While there is research on the "trait approach" of online stores, mainly in the areas of marketing and retail, stating that the personable effect is important for customers might also be the case with online banking. In terms of mostly used products during the last six (6) months by our examined customers, online banking topped the list, and was rated as highly satisfactory. When transactions are carried out in a virtual environment, customers may consider the bank to be more secure and reliable. Moreover, a fundamental factor influencing the customers' trust on online banking is satisfaction. Taking into account that confidence and honesty of banks in relation to their customers is a very important factor, specific attention should be given to improving the online banking services, especially when evidenced that this service is the mostly used one. Other factors that influence the satisfaction of customers with online banking are the security, privacy and ease of use (Skvarciany & Jurevičienė, 2018). Considering that the internet is an important part of people's daily lives, trust in online services is also gradually rising. While being able to solve daily issues ad hoc, factors that also influence the customers' satisfaction are the transaction speed and lack of waiting in line. These factors either satisfy the customers or ruin their relationship with the bank, depending on how much the bank is willing to put effort and invest in service quality.

The second most used bank services have shown to be call centre and mobile application. Call centre was mainly rated as very satisfactory by our respondents, which is a crucial factor when analysing service quality through interactions and conversations between employees and customers. Managing to offer an adequate communication channel in order to serve the customers' needs should not be undervalued. Even though call centres rely greatly on scripts that are designed to guide employees in their interactions with customers, this is not the case with all banks and all situations. Scripts are essentially used to overcome individual differences in skill, ability, and attitude of both employees and customers involved in particular service interactions (Lovelock, 2001). Although scripts are very helpful, employees should adapt and carry out a precise and exhaustive set of behaviours in order to ascertain high levels of service quality. According to Chebat and Kollias (2000), a certain degree of employee autonomy, when interacting with customers, could improve the service quality of the bank. Even though mobile applications are not the most preferable tool when it comes to the banking industry, our study shows differently. The majority of respondents that used their bank's mobile application rated it as mainly satisfactory, except from one person that rated it as least satisfactory. Considering that customers prefer easy, fast, and reliable transactions, banks in Kosovo need to invest more in user interface.

When it comes to mobile applications and the customers' satisfaction with them, this study has demonstrated that there is still a gap that needs to be considered by banks. When asked what would influence one's tendency to switch banks, the respondents responded that for a modern bank, they would be willing to do so. If banks were to invest more on improving the interface of mobile applications in order to be user friendly, the customers would even be willing to switch for the bank that offers this service. Likewise, this factor is crucial for bank executives to take into account when applying modern strategies, in order to gain more customers as well as retain the existing ones.

With the amplifying digitalization, banks should adapt by investing more in digital services; however, specific attention should also be given to the remaining bank branches and the employees, in order to ensure quality of interaction and communication with customers, which directly affects customer loyalty and satisfaction (Sengupta & Dice, 2019). Seeing that bank branches remain to be key channels when it comes to building and sustaining customer-bank relationships, cutting them all down is not a wise decision (Cortés, 2015). Bank branch demonstrated to be the least used product in a period of six (6) months by our survey participants; however, it was rated as a satisfactory experience. Taking the vibrant and dynamic lifestyle people lead nowadays, where work and family are one of the main aspects of life, such results are expected; people do not possess the time anymore to visit a bank branch or wait in line in order to carry out a transaction, if there is another faster and easier alternative. An important influence on this transformation of the banking industry have had the new generations who are born in a digitalized world and are very informed when it comes to online procedures, services, and literacy. On the other hand, older generations are finding it hard to comply with the changes in this industry due to lack of digital literacy, resistance to change, and lack of banks' attention to this group of individuals when it comes to offering thorough explanations and information on the use of a new digital tool; hence, leaving this population uninformed and financially excluded. While in the past people have seen their connection to their bank in a more traditional aspect as building a relationship, nowadays, 80% of customers view their interaction with the bank solely as transactional (Wang & Shan, 2013).

When it comes to the overall customers' impressions from using bank tools such as ATM, branches and online banking, this study demonstrates the relationship to be mainly memorable and favourable. On the other hand, customers' impressions with bank's home page and call centres, show to be not very memorable and favourable. Taking into account that the last two channels are considered as support centres where the customers get informed on basic information regarding the bank, bank executives should definitely focus more on understanding the customers' expectations and experiences with these channels, and try to improve areas which are important to the customers. One factor that might affect this result is the user interface as well as the personification of the experience which banks have not yet taken into consideration as being important factors. The bank's homepage was only visited by fifteen (15) people in the last 6 months from our researched population and their ratings of it were mainly satisfactory but not highly satisfactory.

Banks' social media was used by thirty-four (34) participants in the last 6 months; however, their impression after engaging with this service was not highly satisfactory. The majority of people responded with moderate satisfaction levels. Taking into account that nowadays people spend a very big percentage of time on social media, banks should undoubtedly improve this bank communication channel. By having the customers' attention on most parts of the day, all the necessary information could be disseminated through social media. A majority of companies, not only banks, have invested a lot in improving their social media channel, even more than their homepage, seeing how all news and information is mainly received through them.

Surprisingly enough, ATM was rated as one of the least used products by our respondents, in the last 6 months. Their experience with it was satisfactory; however, with the growing technological influence on all industries, especially the banking one, people have ceased to use it as much as they used to. Most transactions are either being carried out through the use of card, with no cash involved. Even in a country as Kosovo, which is a developing one, the majority of markets, cafes, and restaurants nowadays have POS, which directly influences the use of the ATM. This phenomenon is also dependent upon the security factor, which affects people on carrying cash with them instead of only paying by card. Therefore, with the increasing digitalization of most services nowadays, personification shows to be very important, together with trust and loyalty to the bank.

Research suggests that bank loyalty exists as a result of customer satisfaction. Satisfaction is created through corporate brand image and is maintained through products and services, and people. Eighty (80%) of our participants stated that brand is an important factor for them when choosing a bank to work with. Brand identity plays a role at the very early stages of bank-customer relation and is maintained through customer satisfaction with the bank's services and products. In a study by O'Loughlin and Szmigin (2005) it was found that in the challenging business environment nowadays, communicating the bank's corporate value, it being brand personality, could ultimately influence the increase in customer experience and long-term relationship. What banks could do in this regard is develop a more approachable brand identity, after identifying the customers' needs and preferences (Ivens & Valta, 2012). To exemplify, research shows that a more likeable brand identity can create a more personable experience and in turn a relationship (Klaus and Nguyen, 2013).

Customer experience is a direct result of the company culture. However, it is important to understand how company culture helps, shapes, and maintains a positive or negative customer experience. Shaping the customer experience, takes an enormous effort from every member of the company. However, for this effort to succeed, a positive and encouraging company culture should be set in place since the beginnings (or it should be redesigned if it is old and outdated). Customer experience is not a one-time effort, but it is an outcome of a joint effort which comes from every single employee of the company and it can be motivated or discouraged by the company culture (Blue Canyon Partners, 2018). As author Pruitt said, "Your employees' experience should reflect the one you are trying to provide to customers" (Pruit, 2018).

There is no visible and sustained senior level commitment to addressing service issues and delivering a consistent service to customers, and to being accessible and active. Customer experiences are often associated with customer satisfaction - especially on the middle management level. All banks have a defined and communicated customer service strategy, but only two of them have a CEX strategy that differentiates itself from competitors. No bank uses NPS or any other metric to correlate it with business KPIs or with net growth on the customer base. The evidence gathered suggests a very positive environment in which to develop the experience and embed the approach.

There are very few investments in culture and tools for people dealing with customers like training packages and rewarding systems. Eighty (80%) of companies say getting closer to customers and providing them with a differentiated experience is a top strategic objective.

Their average rating of the customer experience they provide however is just 3.6 on a scale of 1 to 5 (Bloomberg Business Week, 2010). A considerable number of the participants in the study are not satisfied with the bank services and customer management in Kosovo, where almost half of them are going to continue using the same products their banks offer and/or purchase new ones. On the other hand, the other half believes that they will stop using the products due to the unsatisfactory experiences they have with their banks.

Few banks measure a lot of things (on client and employee level), but data is not yet connected, hence investment in CEX is not yet materialized; Some banks still do not do regular research neither do they collect customer feedback in a structured way or use any framework to practice basis to invest in customer experience management. Impact of activities is not yet clear (because it is not measured); the back-office system does not yet utilize digital technology. As a result, many steps are done manually still and that blocks front office; There is a recognition that CEX needs to be defined from the client's perspective and that the aspired experience needs to be translated into action and measurement metric, however, this is a work in progress and more needs to be done. In addition, providing an enjoyable experience is important specifically in developing close bonds with the (potential) clients across all the relationship stages. These areas are the most suitable to focus on when striving to boost the flat image profile and align the expectation with real experience. CEX experience awareness needs to be raised to a higher level and go beyond management level (highest urgency: back office staff and IT department); Research/insight work is focused on conscious and transactional elements.

There is no evidence of in-depth insight into customer experience (emotion, motivation), however focus groups are conducted to understand the needs and expectations of customers. The belief in CEX is not supported by understanding links between customer attitude and behaviour. The basis for sustained focus is less robust than it is required in difficult times, perhaps when the competition is equally convenient, consistent and easy. Only the actionable difference between customers is of value to the bank. Lots of measurement happen and initiatives are built on feedback, but business impact is not yet clear.

There is executive openness to customer contact and regular presence around branches reinforces the focus and models behaviour. The regulatory requirements on implementing a complaint handling process where all banks are welcoming and resolving complaints - improving the process, identifying root causes - is a strong signal to the colleagues and customers, but it is only one dimension of CX improvement. Current activities are recognized as an enabler of a good customer experience, but it is not clear how sustained the effort or the impact is. CEX is on the agenda of everybody, but it is not consistently implemented on day to day tasks. Back office workforce and supporting functions need more push to understand their contribution to CEX. Brand image plays a crucial role at the very early stages when the customers create their experiences with the specific brand. It begins when the customers hear about that brand for the very first time until they experience a moment of truth. At its early stages, social media, traditional marketing, but also word of mouth have their impact on influencing customer's choice of the brand. Eighty (80%) of our respondents stated that brand is very important to them when choosing the company, they work with.

As long as marketing and social media can impact customer perception related to a brand without ever interacting with it, service quality plays a crucial role in the start of relationship as the first moment of truth that customers encounter with the brand. The importance of service quality was identified as one of the key attributes to show that customers consider quality to be an important factor. Most of the reasons why would customers choose to recommend the bank are typically service related. Beside service quality, the perception of pricing should be observed. Every employee impacts customer experience in some way, no matter how indirectly.

Many companies, including financial institutions have invested in improving customer service at the front line but the internal service chain was not considered as an important factor or an obstacle to deliver intended experiences. Research findings show that there is no specific program to stimulate neither customer centric behaviour experience – nor a role or function specifically responsible to identify interactions that create good and consistent experiences for customers. The role of each function in contributing to create the intended experience is not clearly specified. There is not a clear path which specifies requirements, demonstration, and commitment to CX and 'connecting the dots' in the ecosystem.

When talking about breaking down the organizational barriers, amid all this change, organizations need to undergo a transformation; they need to break down the corporate silos that served companies well in industrial times but causes a big problem today. Traditionally, business departments have operated as separate fiefdoms, with their own performance goals, processes, programs, and information and with little meaningful connection or communication among them. Rather than being accountable to one enterprise wide set of goals and values, each often marched to its own set of orders. Customer centricity cannot be achieved by one business department or even several departments acting independently. The company needs to act as an organization, presenting a single face to customers and employees (Soudagar et al., 2012).

There is a lack of training programs, communication and coaching aiming at transmitting the importance of CX for the company and the way it conducts business. The very basic customer service training is regularly organized with a focus on service standards, attitude and behaviour. The rewarding system is mainly sales related. No incentives scheme to reward customer centricity or customer centric behaviour is in place. The annual routines and celebrations are mainly organized for successful sales deals. Banks should reinforce a customer-centric culture through their compensation program as well. There should be more obvious commitment from top-down to create experiences that would become competitive advantages. Banks in Kosovo are mainly focused on distinguishing competition from product offers.

This study finds that online services have made a large base of customers happy and the level of satisfaction has increased. Nonetheless, there is still a customer base that is not satisfied at all with the changes brought upon by technological advances in banking services. This could be a result of the seemingly complex nature of online services in the perceptions of older generations, or loss of human contact that for some is still very necessary even for basic transactions such as payments.

Banks need to develop programs for employees of head office functions as well to interact with customers directly. In order to implement a customer centric culture, each employee needs to be aware of their individual role in customer experience because everybody in the company in one or another way is a contributor. Employees will be motivated to nurture a customer-centric culture if they know how it impacts results, so organizations should ensure the impact of culture on customers. At the end, banks should be able to show and prove the link between customer experience investments and its financial impact. The ability to show the link between customer experience as one of the important influencers of key performance indicators like number of new customers, lower attrition rate, number of products customers get, and ultimately the increased income would be the main drivers to make companies invest in CX management.

In the past, research on online banking, loyalty, and customer satisfaction were mainly based on more tangible brand attributes such as service quality or web home page design, rather than on emotional based brand attributes such as personality traits. Nowadays, attention is also given to emotional brand attributes that can influence a customer's purchasing behaviour, in turn affecting the long-term relationship with the bank. While tangible attributes explain the perception of a brand based on the customer's attitude, the emotional ones explain the retention of the customer. Research suggests four major sources of brand value, them being brand awareness, loyalty, perceived quality, and brand associations. In this regard, brand loyalty consists of the degree to which the customer has continually purchased a product of a brand during the years.

Studies have shown that there is a strong link between corporate brand image and satisfaction (Davies et al., 2003). The framework in the corporate reputation chain suggested that customer satisfaction has a direct relationship with corporate brand image but an indirect relationship with loyalty intention (Davies et al., 2003). In terms of managerial implications, we also think that this study could initiate a creation of a customer experience association, since there is no such organization in Kosovo compared to other neighbouring countries. This would be a very important step toward improving the customer experience for all banks in Kosovo, which should also be a common goal. For this association to be successful and consistent, all banks in Kosovo and their responsible managers need to understand that the task of reaching the highest levels of customer experience requires joining the forces and working for the interests of their customers. Associations like these are common in other industries and although the members are also competitors, their exclusive goal is achieving the superior experience by setting the ground rules, sharing good practices, and proactively helping its members to overcome difficult situations.

A study by Chocholľáková et al. (2015) found that satisfied customers are significantly more prone to recommend their bank to others, and to continue using the same bank in the future. Moreover, it suggests that satisfied customers are more resistant to offers from their bank's competitors. Loyal customers are likely to consider the services of their bank at times when they are investing in the financial market, deposit, or take out a mortgage. This study suggests that loyal customers are potential buyers of new banking products, with services such as deposit savings and mortgage loans leading the list.

When it comes to loyalty, likelihood to recommend the bank to other people is an important factor. As for the recommendation variable, this study divided the customers in three groups, that of detractors, neutrals, and promoters. Seeing as the neutral group does not play an important effect, only detractors and promoters were taken for analysis. A special importance plays also the attributes affecting customers to switching the bank; therefore, the two groups of the recommendation factor were analysed with attributes affecting the tendency to switch the bank. Individuals from the detractors group consider service quality to be a crucial reason to switch the bank, with expert knowledge and reasonable prices being the second most frequent responses. Easiness of mobile application is another factor for which the participants would consider switching to another bank, as well as the bank helping them realize their dreams. The rest of the responses, due to their frequency, are the quick handling of complaints, ease of use of online banking and extensive branch network.

As for the promoters group, service quality is also an important factor when it comes to switching the bank, with the second most frequent reasons being reasonable prices, extensive branch network and bank helping them realize their dreams. Moreover, promoters consider transparent conditions as a crucial factor, together with mobile application being easy to use and favourite branch hours.

Removal of bank tellers was not received positively by customers. Therefore, this study also analysed the satisfaction levels after removal of bank tellers. As expected, the results show that the majority of customers are relatively satisfied, and a wide spread of responses lies in the low satisfaction levels, with nineteen (19) people being totally dissatisfied with this change. An important factor affecting the satisfaction of customers regarding this transformation of their bank experience, is the bank's decision making without looking into customers' perceptions and opinion in this regard. Therefore, changes as such come as a surprise to the customers, who have to amend their routine and preferred service to another one.

There is evidence that suggests that only product characteristics impact customer satisfaction, trust and loyalty; therefore, resulting in an improved bank performance. These contrary results show that there is a need for more research in the field especially with digital banking in the picture. Thus, this issue is far from settling since current research has limited exploration of how digital banking improves experience and financial performance (Mbama, Ezepue, Alboul, & Beer, 2018). If banks are unified in reaching this very important goal, it will inevitably help prepare them to better fight off potential competition from fintechs and other financial and non-financial institutions interested to enter the market and grab a chunk of their already established business. Finally, we hope that this study will provide helpful guidance for managers of customer experience to find the best ways to increase the profitability of their organizations by improving customer experience in general.

LIMITATIONS

No matter what a breakthrough this study is for the banking industry in Kosovo, it also suffers from some limitations which could be taken as a starting point for future research. Initially, the study used a survey method to cover the empirical part of this master's thesis, which is not the most valid tool used when it comes to customer feedback, opinions, and perceptions. Customer experience is a very delicate topic since it consists mostly of customer feelings. To manage receiving these feelings and opinions truthfully through an online survey can be a delicate issue; therefore, a more valid and reliable tool to use in the future is face to face interviews. However, in-person interviews are very time-consuming taking into consideration that the researched population is very big. Furthermore, this aspect is also directly affected by geographical constraints.

Secondly, while collecting secondary data through interviews on internal organizational strategies with banking executives, a possible factor influencing the bank executive's tendency to be open and thorough might be the banking background of us as interviewers. The bank executives at times were noticed to be more reserved and reluctant to point out the negative aspects of their banks. On the other hand, they were forthcoming and possibly exaggerating the positive aspects of their banks.

Moreover, the distribution of our participants on the basis of age was not balanced. While there were a majority of individuals from the age groups of 18-25, 26-35, 36-45 and 46-55, the age group of 55+ consisted only of two individuals. Therefore, the outcomes derived from questions especially addressing age differences to perceptions, satisfaction levels or opinions of the individuals, could not be taken as representative of the population in real life. This factor needs to be taken into account when structuring the design and methodology of future research, in order to avoid this bias and put more effort into having a balanced distribution of the researched population in terms of not only age, but also gender, education level, monthly income or geographical location.

Nevertheless, taking these limitations into account, this study presents an adequate analysis of all responses from both data collection tools, and was able to carry out multiple logical conclusions on the banking system in Kosovo.

CONCLUSION

Seeing how crucial service quality is in determining customer experience, customer retention, and new customer reach, this study was carried out with the aim of analysing customer satisfaction, trust, and loyalty to a bank, and the factors affecting them, as well as examining the tendency to continue using the same bank products or buy new ones in the future and the tendency to switch the bank. In order to comprehend more on the issue and the customers' tendencies, demographic questions were also asked and analysed in relation to the aforementioned topics. These questions were researched through the use of questionnaires, distributed among bank customers in Kosovo. In order to have a clearer overview of the banking customer management strategies, several interviews were also conducted with executives of banks.

As expected, customers from the detractors group of tendency to recommend, show high probability on switching the bank in the future. However, the individuals from the promoters group will not only continue using the same bank products, but will also buy new ones in the future. While the majority of the examined customers are generally satisfied with their banks' customer management, results also show that there are some areas that need improvement and adjustment. For instance, online services are the most widely used ones; however, their interfaces need to be adjusted to be more personalized and user-friendly in order to satisfy the customers. One of the factors that would affect most of the customers is the tendency to switch the bank for a modern bank that offers an improved and adequate mobile banking channel as the fastest, most efficient, and easiest to use.

While in the past research has been focused more on tangible aspects of customer experience, nowadays it has been found out that intangible factors also do play a role in customer satisfaction and loyalty building as emotional factors. Companies today are reaching not just for high level customer satisfaction, but for "customer loyalty" and "customer advocacy". Various studies have demonstrated that passionate, emotionally bonded customers are also highly profitable. As expected, this study shows that the individuals from the detractor group are less likely to recommend the bank to their acquaintances, possibly due to their insufficient levels of satisfaction with the bank service quality or types of products. On the other hand, the promoters are a lot more likely to recommend the bank to other people and engage in customer advocacy. It is crucial for banks to consistently keep their customers engaged, in order to understand their needs and offer those services and communication channels in accordance to their inclination. This factor is especially important considering that even satisfied customers can be prone to switching the bank, due to finding better convenience elsewhere. The majority of our respondents are satisfied with their banks; however, a much smaller number of them are very satisfied, leaving space for the tendency to switch the bank in the future.

Shaping the customer experience is a systemic undertaking in which various elements must work together to reach a healthy balance. In creating positive customer experiences, an organization's main components are its employees coming from various functions and geographies who work together to meet the customers' needs to achieve superior relationships with customers. Keeping customer relationships healthy is an everyday effort that requires cooperation across the entire organization. Getting employees to achieve superior customer relationships and create positive customer experiences is the result of a healthy company culture and it should be an imperative for any company that strives to be successful and achieve its goals. The installation of this type of culture creates an environment with shared values and commitment that can succeed which is fuelled by satisfied customers. Achieving the customer experience edge also requires a new focus on employee empowerment in most cases; employees are motivated to satisfy customer needs and desires but often they do not have the technology tools, data access, incentives, or organization standing to do so (Soudagar et al., 2012).

Considering the fast transformation of various services from traditional to technological one, banks should also put more effort on customer communication and helplines. With the fast-technological changes that banks have gone through, the customers have failed to keep up with the pace due to numerous factors such as age and others. While the younger generations are not only used to, but highly adaptive to technology, the older generations find it harder to comprehend and transform their behaviour in compliance with bank changes. Therefore, in order to ensure financial inclusion and at the same time increase profit, banks should undoubtedly invest more in financial literacy and communication/helplines. Bank branches should not be removed as a whole from the banking system since only through human contact can banks deliver a number of qualitative engagements with customers that influence their satisfaction and loyalty.

While this study is also carried out with some limitations, future research should pay attention to methodological aspects that have affected some of our results, such as the equal distribution of individuals on the basis of age, choice of data collection tool or number of respondents and interviewees. This study has nevertheless managed to shed light on a topic not so much researched in Kosovo, analysing both sides, that of the customers' satisfaction point of view and that of the bank executives' opinion.

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APPENDICES

Appendix A: Short summary in Slovenian Language (povzetek)

Magistrsko delo osvetljuje koncept uporabniške izkušnje v bančni panogi na Kosovu. Na podlagi celovite raziskave bančne panoge predstavlja managerske vidike uporabniške izkušnje. Raziskava tudi proučuje tehnike, s katerimi banke vpeljujejo koncept uporabniške izkušnje v svoje poslovanje z namenom pridobivanja konkurenčne prednosti in tržnega deleža. Magistrsko delo je sestavljeno iz teoretičnega in empiričnega dela. Prvi teoretični del vsebuje pregled literature in obstoječih raziskav na tem področju. V tem delu tudi celovito predstavljamo poslovni koncept uporabniške izkušnje. Drugi del naloge pa vsebuje ugotovitve empirične raziskave izvedene na podlagi vprašalnika v bančni panogi na Kosovu.

Appendix B: Short Summary

This master thesis is an attempt to shed light on the customer experience in banking industry in Kosovo. After a comprehensive study of the aforementioned factors, the study will provide information about the banking industry and customer experience management. Good customer experience in banking industry is a crucial factor in having happy customers which can be retained for a long period of time. Further, the study shows that there is no visible or recurrent higher level commitment to addressing service issues and delivering a consistent service to customers, and to being accessible and active. However, the evidence gathered suggests that there is a positive environment to develop the experience and embed the approach where superior customer experience is the main goal. Therefore, the purpose of this master's thesis is to explore the factors that influence the customer experience in banking sector in Kosovo. In addition, this research also explores techniques according to which banks are implementing customer experience in the environment as a way to gain competitive advantage and increase market share. In this thesis, the term customer experience has been explored and defined as a main structure that links the efforts across all bank departments toward reaching the same goal of achieving customer satisfaction. The thesis then continues to analyse the banking sector of Kosovo and through the analysis of the market, the research and existing literature, it finds that the banks are going through a transformation period from basic services to somewhat advanced technology based services, in a relatively short period of time. Therefore, a new balance needs to be established between the banking sector and the customers.

This study was carried out in two parts. The first part was the literature review (secondary research) which provides the readers with a comprehensive explanation over what is customer experience management, what are the main factors, why it is important, how much importance and effort companies give to customer experience management, and how much do customers appreciate the effort companies make to provide them with a better experience. The second part of the study was primary research, which was conducted through surveys, where we received feedback from 184 respondents and 5 interviews with banking executives in Kosovo. As an outcome, few banks measure a lot of things (on client and employee level), but data are not yet connected, hence investment in customer experience is not yet materialized; Some banks still do not do regular research neither do they collect customer feedback in a structured way nor do they use any framework to practice the basis to invest in customer experience management. Impact of activities is not yet clear (because it is not measured); The back-office system does not yet utilize digital technology. As a result, many steps are done manually still and that blocks front office; There is a recognition that customer experience needs to be defined from the client's perspective and that the aspired experience needs to be translated into action and measurement metric – however, this is a work in progress and more needs to be done.