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Customer Expectations in the German Banking Sector

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Abstract. *The last financial market crisis, which affected the whole world in 2008, brought about major changes. As a result of this crisis, customers have become more suspicious and since then the banks have been constantly being prescribed new regulations and controls for supervision. History shows that crises repeat themselves, so that companies always had to adapt to the times and changing requirements. Due to the rapid change in the financial services offered, national borders are being overcome. The boundaries of conventional market segments are eliminated and new products are created. The challenge for the money industry is growing with new providers, like Fintechs, and products, and throughout all those changes customers adapt their expectations and their satisfaction might be affected.*

Keywords: customer expectation, customer satisfaction, German banking sector, Fintechs, NPS, Kano model, C/D Pardigm

JEL Codes: A1, D84, E29, G20, M21, M31

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Introduction

Since cutthroat competition plays an increasingly important role in the financial sector, because this sector no longer represents an expanding market, the various participants in the competition try to acquire customers of other competitors for themselves to win. To gain customer trust, the performance and quality of the provider must be high. (Beier, Jacob (1987))

But it is not only the high competitive pressure that makes market growth and the profitability of each individual credit institution more difficult, but also customer attitudes and customer behavior. The constant crises in the banking industry and the current interest rate situation are only two possible indicators for dissatisfied customers. It is irrelevant whether it is internal company considerations or current or anticipated problems, the constant characteristic is that the company's efforts should focus more on the customer. (Müller (2015)) In addition, competitors need to know what customers expect from them. The satisfaction of customers offers above-average suppliers, in addition to better loyalty to existing customers, the opportunity to acquire further customers. (Grellert, Fürderer (2014)) The topic of modernity - carrying out banking transactions through different channels - increases the self-confidence of customers and makes it easier for customers to obtain information. It is difficult for companies to assess what expectations the customer has of his bank, as many customers do not openly communicate their expectations and their satisfaction to the company. The consumer has a free choice in the market. Companies are increasingly orienting themselves towards concepts of customer orientation to secure their economic success. Customer orientation is based on controlling customer satisfaction and quality perception. (Bruhn (2000)) Every company pursues certain goals, from which marketing goals are derived. There are the economic marketing goals, which include sales, turnover, return, and profit, and the psychological marketing goals. (Bruhn (2014)) These goals include, for example, the level of awareness, image, and attitudes towards the respective brand, company, and/or products. The psychological marketing goals also include customer satisfaction and customer expectations. (Bruhn (2014)) In connection with this work, mainly psychological marketing goals are examined to achieve the goal from an economic point of view.

This study answers the impact of customer expectation on customer satisfaction, whether there are special features concerning customer expectations and customer satisfaction in the banking sector and whether there is a connection between the topic of modernity and customer expectations.

Methodology

The needed data has been gathered by a library research method, which is based on different sources like studies, websites, research journals, and books. This literature is relevant to the German financial sector, customer expectations, and satisfaction. The use of this methodology aims to set a theoretical foundation and to grant an overview of the existing research on this particular topic.

Literature Review

Next to the basic explanation of customer expectation (Al-Msallam (2014)) divides expectation into (1) predictive expectation, which generally defines the level of service expectations that are used against satisfaction judgment is made and (2) normative expectation, which can be referred to as desires. They also suggest after their literature review that consumers might use multiple types of expectations in their satisfaction evaluation process.

(Malshe, Agarwal (2015)) analyzed and summarized more than a dozen different studies about customer expectations, perceived value, and customer satisfaction on behalf of advertising and stated that advertising affects customer satisfaction positively.

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Financial institutions gain important implications from the advent of customer-oriented electronic markets in the banking industry. (Alt, Puschmann (2012)) carved out four factors determining this transformation; (1) the behavior of banking customers, (2) the emergence of non-banks as financial service providers, (3) the financial crises, and (4) the pace of diffusing innovative downstream IT solutions.

(Johnson, Nader, Fornell (1996)) see customer expectations as the anchor of the customer satisfaction evaluation process because it contains information on how a service has performed in the past and probably will in the future and can be adjusted with new information about the current process and performance information. On the other hand states their study that customer expectations have a heterogeneous effect on customer satisfaction, depending on the product or service.

Customer expectation controlling factors

With reference to the preceding problems within the banking industry, three different factors that control customer expectations are presented. These serve to illustrate the current situation in the banking industry. These three factors are the only possible influencing factors on expectations customers have of their (potential) bank. They were selected as examples to illustrate the complexity of these possible tendencies.

(1)Anonymization of the Customer-Bank Relationship

The customer-bank relationship is a principal-agent problem. (Grossman, Hart (1983)) stated already almost forty years ago the fact of the principal-agent problem involving its imbalance between agent and principal (e.g. customer and particular company).

The customer relationship is referred to in marketing as “relationship marketing”. The market is becoming more and more customer-oriented, which is why the central goal of marketing activities is now customer loyalty. (Bruhn (2016)) Many theories and approaches have been developed over the past 20 years on the topics of relationship marketing and customer loyalty. The common features of these approaches are the development of the business relationship, the interaction between supplier and customer, and the long-term existence of the relationship. (Georgi, Hadwich (2010)) Many different components flow into customer relationship management. The internal components include investments in the company's own technologies, a customer-oriented company structure, and customer-relationship-specific knowledge of employees. External components include investments in operational and strategic customer relationship measures. (Georgi, Hadwich (2010)) These components and the changing market ensure that customers are no longer loyal to their house bank, in contrast to 30 years ago.

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The barriers to switching to another house bank have been reduced. The poaching bank creates incentives for the customer to switch. Examples are cash rewards or freebies. The banks are trying to outdo each other. The most cheaper offers from direct banks and foreign banks also cause price-sensitive customers to lose loyalty to the previous bank. The customer does not have to get in touch with his advisor to take care of his own banking affairs. The different communication channels such as self-service at the ATMs, the processing of banking transactions via applications, the telephone, and/or online banking lead to increased anonymization. This leads to a depersonalization of the customer-bank relationship and the loss of the human link. (Süchting, von Hooven (1987))

(2)Intensity of Competition

Competition has long been seen as a principle of order in the economy and it arises under economic indicators when markets exist, there are at least two suppliers or buyers and the market participants have to behave in opposite ways. (Suchanek (2016))

With the intensity of competition, the competitive pressure is very strong. This intensity is also reflected in the banking industry. Since the mid-1990s, the industry has been in a state of upheaval and is confronted with massive concentration and reorganization processes. (Roth, Zanker, Martinetz, Schnalzer (2015)) The number of domestic market participants has fallen dramatically in recent years. In 1957 there were 13,359 credit institutions, whereas in 2014 there were only 1,679 credit institutions. (Statista (2021)) The intensity of competition, bank loyalty, and choice are indicators of the interest-oriented behavior of bank customers. The higher the performance-related factors are decisive for the choice of the house bank, the more the providers have to strive for the customer through price and performance competition. (Beier, Jacob (1987))

The introduction of the euro opened a new market for European banks. The euro bridged the currency borders and every national bank, therefore, has fewer barriers to establishing itself abroad. Due to the cost structures, the European banks see themselves in a competitive situation from which Germany is also affected. (Roth, Zanker, Martinetz, Schnalzer (2015)) Foreign banks can act as online banks in Germany. Established banks are confronted with foreign competitors and new business models. The major banks in particular react sensitively to developments in the financial markets because the ongoing deregulation and globalization of the markets are increasing the competitive situation. (Roth, Zanker, Martinetz, Schnalzer (2015)) Here, the large banks are inferior to the smaller and more flexible financial institutions due to the expanded branch network and IT systems. To stabilize the competitive situation, banks are increasingly seeing their opportunities in social media, mobile payment, and mobile banking. (Roth, Zanker, Martinetz, Schnalzer (2015))

(3)Cost Pressure

Within the banking industry, all competitors offer similar products with a similar cost structure. The biggest difference in terms of cost is between branch banks and online banks. An extensive branch network

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ensures high fixed costs and thus increases the cost pressure on the bank. On the other hand, the earnings opportunities, especially in the deposit area, are being reduced by the interest rate cuts by the ECB. (Bundesbank (2016))

The increasing regulations, laws, and supervision represent an additional, relatively new cost factor for the banking industry. The banks and financial services institutions are supervised by the BaFin, the European supervisory mechanism, and the Deutsche Bundesbank. (Bafin (2016)) To comply with these rules, laws, and regulations, many financial institutions i.e. have to change their IT systems and carry out checks on the work performed by employees. The cost-cutting policy of the banks can be understood not only based on the reduction in banks and branches and the increasing regulations but also based on the number of employees in the banking industry. Within 17 years (2003-2020), the number of employees in financial institutions in Germany fell by approx. 24%, by almost 170,000 employees. (Bankenverband (2021)) The processing business in retail banking is being streamlined, automated, and standardized in order to achieve cost advantages. (Roth, Zanker, Martinetz, Schnalzer (2015))

The presented trends make clear that banks need to rethink their approach. The information asymmetry shrinks to nonexistence, competition is diverse and the customer has many opportunities and constant incentives on the market to part with his current house bank. It is therefore becoming more and more important to bind customers to the company and defending the established business model will probably not work because of the growing pressure on banks.

Types of customer expectations

There are not only different definitions of customer expectations in the literature but also various possible interpretations. When using a service, the customer is usually in close contact with the employee of the service provider, which means that interpersonal emotions are important. (Bruhn, Georgi (2000)) The relative proportion of affective and cognitive customer expectations is of great importance for the design of expectation management. If, for example, the affective expectations are more relevant, then it is the task of expectation management to communicate the emotional states of feeling to the customer. (Bruhn, Georgi (2000)) A distinction can thus be made between normative, predictive or cognitive, affective, affective-predictive, and affective-normative customer expectations. Further types represent (1) active expectations – explicitly required expectations, consciously formed by and controlling the fulfillment by the customer. Therefore, this type of expectation is very relevant for the expectation management of a company. The active expectations are subdivided into (1.1) precise expectations are expectations of the friendliness of the staff or the opening times of a service provider and they can be articulated by customers and (1.2) imprecise expectations are difficult to articulate and/or predict for customers. The (2) passive expectations - are only formed implicitly by the customer, they relate to service components that are self-evident and come only into play and raise the customers' awareness when they are actually not met. (Richter (2005))

In the literature is a large number of approaches to define customer expectations. Customer expectations of service, price, and quality have risen, as expects that companies will adjust more to customers' purchasing decisions and life situations. (Müller (2015)) The emergence of expectations arises from (1) personal desires, (2) the extent of previous experiences, (3) the direct communication of the observed company performance, and (4) the indirect communication of the observed company performance. (Scharnbacher, Kiefer (2003)) How expectation arises influences the level or degree of severity of expectations. Different types of expectation can be (1) the realistic expectation – the most-likely actual performance, (2) the ideal expectation – the drive for results/ideal conception, (3) the tolerable expectation – what the consumer barely accepts, (4) the fair expectation – what the consumer thinks just and (5) the experience-based expectation – performance based on all experiences made. (Scharnbacher, Kiefer (2003))

It is becoming more and more important for companies to bind existing customers to the company due to the already listed points of competitive intensity and cost pressure. Customer loyalty can be achieved through a high perceived product, service quality, or through the control of customer expectations (Bruhn, Georgi (2000).

Expectation management and where it belongs in the sector of services

In addition to considering the different types of expectation, it is essential to examine the determinants of the formation and changes of expectation. The determinants show which information influences customer expectations. In the following, three determinants have presented that influence both normative and predictive expectations. (Richter (2005))

(1)The provider-related or company-related determinants are of great importance for the design of expectation management. The customer's experience with the respective provider is particularly important if there has been a long-term customer relationship between the customer and the provider. The longer the customer relationship exists, the more the customer relies on his own experience and is only slightly influenced by external information. (Richter (2005)) The provider-related determinants are shaped by the information sources and service information. Customers who have previously had little experience with a provider often rely on independent experts or word-of-mouth communication to form their expectations. The second group of company-related determinants is divided into explicit and implicit service information. Explicit service information represents concrete statements by the provider about the service level to be expected. Implicit service information represents the key information that gives indirect indications of the level of performance. This includes the image of the service provider, the price to be paid for a service, and the service provider's environment. (Richter (2005))

(2)In contrast to the company-related determinants, the customer-related determinants are not in the direct sphere of influence of the service provider. They contain the personality-related determinants and

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the situation-related determinants. Personality-related determinants represent all the needs and wishes of a customer with regard to the purchase of a service. The customer's own performance and the service philosophy of the customer are also among these determinants. The personality-related expectations are shaped by the social, psychological, and financial framework conditions of the customer. (Richter (2005)) The other group of customer-related determinants, the situation-related, can be subdivided into environmental-related situational and personal-situational determinants. The environmental situational determinants change the expectations of a customer, for example, due to storms, catastrophes, or the overcrowding of a restaurant. Personal-situational determinants, on the other hand, are transferred expectations and influence the customer's level of expectation in order to meet the demands of other groups of people. (Richter (2005)) The customer-related determinants are formed through past experiences between the customer and the services of the provider or the experiences of other people, company-independent expert statements, or word-of-mouth communication. Customer-related expectations can hardly be controlled by the service provider. Communication policy measures allow the provider to influence the wishes and needs of the customer, but these possibilities of influencing are limited by the customer-related determinants. Because factors such as the basic attitude of the customer, his living conditions and the financial individualize each customer's expectation. (Richter (2005))

(3)Competitive companies can offer similar services and influence customer expectations through service information. In addition, own customer experiences, other sources of information, the performance of the competition, and exaggerated promises of the competition ensure that the level of performance demanded by the customers of the financial institution increases. (Richter (2005)) Increasing competition within an industry and thus a large selection of service alternatives ensures an increase in the expected level of service. In contrast to the supplier-related determinants, the competition-related determinants are not controlled by the company. This means that a positive experience with competitive services does not affect the foreseen level of performance, but only the level of performance that the customer demands or wants.

In conclusion, it can be stated that the determinants of customer expectations influence the predictive and normative expectations to different degrees. Customer expectations are shaped by all three forms of determinants. The basis for targeted expectation management is formed by the knowledge of the influencing effect of the determinants on predictive and normative expectations. (Richter (2005))

Customer expectations play an important role in marketing. During and after the service interaction, the performance estimation is reliant on customer expectations. Even before the purchase, the decision is influenced by expectations. So the customer selects the company from whom he or she expects (over)fulfillment of the expectations. (Bruhn, Richter, Georgi (2006)) Customers have nowadays various sources of information (e.g. word of mouth, publicity, expert opinion, prior exposure to the service, communication of the company, and prior exposure to competitive services) that form an expectation about an upcoming service encounter with a certain company. (Al-Msallam (2014)) In the three different stages of purchase expectation has different roles; during (1) pre-purchase expectation influences consumer decisions on which type of product/service or brand to buy, throughout (2) consumption expectation can be affected by the attitude of other customers, service personnel or equipment and amid (3) post-purchase expectation forms the basis of an evaluation of satisfaction. (Al-Msallam (2014))

Customer expectation and its prediction varies if either the purchase is a product or a service. Because of the heterogeneity or inherent variability of services relative to products, product expectations should be more predictive of performance than service expectations. (Johnson, Nader, Fornell (1996)) In the service sector, there is a multitude of different services. The services are divided into consumption and investment services. The service area is characterized by three different characteristics: (1)contact-related characteristics reflect, among other things, the information asymmetry in favor of the customer. In the case of services, there is therefore a high degree of interaction and integration, (2)performance-related characteristics show the complexity of services, and (3)customer-related characteristics of the services show a high proportion of trust and experience characteristics. Thus, the barriers to change in the service sector are usually higher than in the consumer goods sector. (Bruhn (2016))

Before using the service, customer expectations influence the purchase decision. At this point, the respective company has the task of providing the customer with information so that a positive purchase decision can be made. After the service process has ended, the customer makes an overall assessment of the service provided based on his expectations and decides on the (non-)continuation of the business relationship. After the service has been used, the customer's expectations and willingness to use additional services offered by the provider and to express themselves positively about the experience in a private environment are influenced. As a result, increasing customer loyalty is the main goal of expectation management in the post-purchase phase. (Bruhn Georgi (2000))

When using services, based on the general state of the literature, it can be assumed that the following points are relevant for customers: (1) persistence – long-lasting relationship through consistency of service delivery, (2) preferences – e.g. personal, factual, temporal, (3) standardization – conformity of processes, (4) simplicity – guidance and assistance and (5) presence – the existence of proposal. (Müller (2015))

Customer expectations are not a static phenomenon, as expectations change over time in the different phases of the service process. It can therefore be stated that expectations have various success-relevant effects on the target values of service marketing. Before the time of purchase, expectations influence the purchase decision. The customer selects the provider from whom he expects the fulfillment of his requirements and wishes. The performance evaluation depends, during and after the use of a service, on customer expectations. It is the same for the intention to re-elect, from which customer loyalty arises. This shows that analyzing and managing expectations is an important task for companies. (Bruhn, Georgi (2000))

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The measurement of customer expectations is essential for the success of sales-oriented companies. The evaluations of this measurement open up new opportunities for the respective companies to optimize their sales and thus meet the needs and expectations of customers to increase satisfaction. The approaches to measuring expectations can be divided into different dimensions and times.

The dimensions of the expectation measurement are divided into (1) one-dimensional measurements relate to the overall performance and are called global measurements and (2) multi-dimensional measurement method considers individual features of a service and is referred to as feature measurement. The feature measurement has the advantage that the results of this measurement represent starting points for improving and designing performance. (Bruhn (2000))

The time of the expected measurement can be before (ex-ante) as well as after (ex-post) the use of the service. The ex-post measurement method has the problem that customers adjust their expectations after the service has been used. The ex-ante measurement is more extensive and can be used for both expectation and assessment measurement. (Bruhn (2000))

The directness of the expected measurement differs between direct and indirect measurements. With direct measurement, customers are asked directly about their expectations, whereas with indirect measurement, customer expectations are determined by measuring performance reviews. The indirect measurement is only possible ex-post, as the customer can only assess if he has already experienced the service. (Bruhn (2000))

The indirect expectation measurement can be differentiated based on the last factor, the explicitness of the expected measurement. A distinction is made between an explicit and an implicit measurement. The formulation of the explicit expectation measurement relates specifically to the expectations and is referred to as the fulfillment measurement. In contrast, the implicit measurement of expectations focuses on the analytical determination of performance assessments. This measurement method is called judgment measurement. (Bruhn (2000))

An ex-post measurement is more difficult due to the forward-looking nature of the predictive expectations. In addition, the simultaneous measurement of expectation types is fraught with problems because of the poor judgment of the respondents. The expectation measurement should be repeated at regular intervals. The results of the measurement can be used to make statements about the effects and level of customer expectations. This information must flow into systematic expectation management to be able to be used meaningfully. (Bruhn (2000))

Particularities in the banking sector

Since the banking industry offers services and customers are dependent on banks for their entire life for payment transactions, investments, or borrowing, the use of different services is subject to strong

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fluctuations depending on the age of the customer. Because the needs and interests of a person change in the course of their life. In the financial services sector, completely different services within the corresponding service category are relevant depending on the age of the customer. (Bruhn (2016))

It is essential for marketers to know about customers' expectations in advance. Defection and dissatisfaction would be the result of failing to exceed or meet these expectations. (Al-Msallam (2014)) Services in the financial sector are investment-making because they represent an investment and not direct consumption. Investing services are seen by customers as less clear and understandable. There is great competitive pressure in the banking industry. The many choices available to customers mean that the respective financial institution has to actively fight for each endangered customer. That is why it is extremely important for the financial industry to learn as much as possible about the feelings, expectations, and satisfaction of customers. The banks are already trying to attract and retain (potential) customers in various ways. They can only achieve the goal of long-term customer relationships if they avoid opportunistic behavior and are more interested in building a positive reputation. (Bruhn (2016))

Banks also need to understand customer expectations. It should be of utmost importance for them to take action to narrow the gap between recovery performance and customer expectation. (Al-Msallam (2014))

Bank customers can now receive qualified information through the Internet or the respective online banking of the house bank. On the other hand, the demographic development and the decision of the legislature to carry out privatization of old-age provisions underscores the trend that banks should devote themselves to "simple" private and business customers. However, this also means that the variety and complexity of the financial products on offer have increased significantly compared to the past 20 to 30 years. (Grellert, Fürderer (2014)) Particularly because of the possibility of a high degree of heterogeneity in terms of the intensity and profitability of customer relationships, customer segmentation in the service sector is of great importance. (Bruhn (2016)) The previously mentioned possibility of customer segmentation is used extensively in the banking industry so that the different expectations of customers can be met in the best possible way. There is no strong connection between customer segmentation and the products offered, but between customer segmentation and the consulting service offered.

Customer expectation and customer satisfaction

Expectations might have a direct positive effect on satisfaction due to their connection as an anchor in the satisfaction evaluation process. (Johnson, Nader, Fornell (1996))

In the service sector, high perceived service quality is increasingly the focus of marketing thinking. The focus on service quality is justified by the fact that this is the basis for creating customer loyalty and customer satisfaction. In this way, the central pre-economic success variables, such as purchase intention, quality perception, customer satisfaction, and customer loyalty, of a company are influenced. (Richter (2005)) Customers perceive a high quality of service when their expectations of the service received have

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been met or exceeded. This gives rise to two starting points for increasing the service quality perceived by the customer: controlling customer expectations and improving performance. (Richter (2005))

From the point of view of economics, customer satisfaction results from the difference between the actual service experience and the service level expected by the customer. (Grellert, Fürderer (2014)) Both in corporate practice and scientific discussion, customer satisfaction plays an important role, so the assumption is made that satisfied customers are loyal to a company. Customer satisfaction is viewed as a construct that is closely related to the quality of service. Customer satisfaction relates to customer expectations and it is the result of a comparison between the actual service, the experience in using a service, and the target service which occurs in the form of ideal ideas or wishes. (Bruhn (2016)) Customer satisfaction is achieved through strict customer orientation. Customer orientation means responding to the customer individually and learning through experience with the customer. This is intended to ensure customer satisfaction in a forward-looking and sustainable manner(Scharnbacher, Kiefer (2003))

In addition, there is a distinction between the different types of satisfaction. The following reasons speak in favor of achieving a high level of customer satisfaction: (Scharnbacher, Kiefer (2003))

Recommendation	Satisfied customers recommend the services they have purchased and minimize the acquisition costs for new customers.
Finance	A high level of satisfaction leads to higher sales and resales, as well as better insights into effective investments.
Image	A high level of satisfaction is a reflection of successful investments and an effective marketing measure.
Customer Understanding	Customer Satisfaction can be a reflection of customer understanding. The higher the measureable customer satisfaction, the more the current offer is based on customer requirements.
Loyalty	A high and permanent satisfaction is reflected in a long-term and stable business relationship. This is achieved through close customer loyalty based on a high level of customer understanding.
Employees	The satisfaction of customers can have a positive effect on the working atmosphere and can reduce personnel costs through low fluctuation.
Quality standard	A high level of satisfaction indicates that the products and services meet or even exceed the expectations of the market.

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Competition	Today, if there are no barriers to change, customers can look for a new provider without great risk. However, a high level of satisfaction can prevent this process or even be a unique selling point in a market with otherwise identical service features.

In the style of (Müller (2015)) Tab. 1: Reasons for customer satisfaction

These factors show that achieving a high level of customer satisfaction is essential for a company. The eight different factors are possible reasons for achieving high customer satisfaction. A customer cannot be satisfied or dissatisfied without specific expectations. The evaluation of satisfaction is directly linked to the area of expectations and flows in a positive expectation effect. (Johnson, Nader, Fornell (1996))

Achieving customer satisfaction is the goal because satisfied customers are loyal to the company. Customer satisfaction leads to customer loyalty. Customer loyalty results in market entry barriers for competitors, recommendations, re-purchases, and cross-buying. Thus, customer loyalty and satisfaction have an immediate impact on results. (Trommsdorff (1998)) They are not only effective in terms of results but on the other hand, can also be extremely damaging to success. The satisfaction or dissatisfaction of a customer has direct and indirect effects on the service provider. Above all, if the customer is constantly dissatisfied, the direct consequence is that the customer will either inquire less or look for alternative offers and providers. (Grellert, Fürderer (2014))

Customer satisfaction can be determined using measurement methods. Customer satisfaction measurements can be extremely labor-intensive and time-consuming. (Müller (2015)) There are seven different phases in the measurement process. (1)The problem has to be recognized and named, (2)a hypothesis is made, (3)the selected customers who are to be interviewed have been determined, (4)a preliminary test is carried out to determine whether the test can be carried out or whether changes should still be made. (5)The survey is then carried out, (6)the results are interpreted and analyzed and (7)the process is concluded with a summary. (Müller (2015))

Many factors influence the introduction of the right measures to increase customer satisfaction. These conditional factors include the factors relating to the course of customer satisfaction. In addition, continuous controls, knowledge of buying behavior and the contact points with the company and the subsequent fine adjustment represent these conditional factors. (Müller (2015)) This includes addressing the customer directly through his long-term contact person, unbureaucratic behavior, assuming responsibility in the interests of the customer, thinking behavior on the part of the contact person and innovation-driven behavior. Conversely, customer dissatisfaction arises when employees are exposed to constant cost pressure and staff shortages and should hide this in front of the customers. (Müller (2015))

Customer expectations have an impact on customer satisfaction. The goal for companies is satisfied customers. Satisfied customers are more closely bound to the company. Due to the high level of satisfaction, customers speak positively about the company and recommend it to others. It also increases trust. As a result, customers buy more products or use more services. As a result, the company grows and the income increases. Achieving long and close customer loyalty is therefore the company's ultimate goal.

Possible measurements

If the measures described so far by the employees are not sufficient to reflect the customers' satisfaction, the costly measurement methods take effect. The measurability of customer satisfaction is divided into two points: company-oriented and customer-oriented customer satisfaction. Company-oriented customer satisfaction is divided into management and employee-oriented customer satisfaction measurements. (Müller (2015)) This work is concerned below with measurement methods for customer-oriented customer satisfaction measurement. This is also split into two sub-items. On the one hand, the objective measurements and, on the other hand, the subjective measurements, which in turn are subdivided into event, feature and problem-oriented. (Müller (2015)) An objective and a subjective, feature-oriented measurement method is presented as an example. The objective measurement is quality control. For this measurement method, test purchases, also known as "silent shopping", are carried out. (Müller (2015))

Concludingly can be stated that in the literature, there are many different measurement methods compared to customer expectations for customer satisfaction. The following two measurement methods (NPS, C/D-Paradigm) for the representation of customer satisfaction are presented. Finally, a combined measurement method (KANO-Model) for measuring customer expectations and customer satisfaction is presented.

The Net Promoter Score (short: NPS) is a subjective, feature-oriented measurement method. Cognitive and affective customer ratings for performance components are measured using a scale. They are added up using a formula and thus represent the measured overall customer satisfaction. (Müller (2015)) For such a measurement, the problem to be examined, which is to be investigated, is recorded in advance. (Müller (2015)) The NPS directly measures the probability with which a customer will recommend a product, service, company, or service provider. The NPS indirectly measures the loyalty and customer satisfaction of the customers surveyed. (Paulus (2016)) The customer orientation that companies strive for is transformed into a key figure by the NPS. It is easy to identify, easy to understand, and easy to communicate. (Paulus (2016)) In order not to falsify the accuracy or informative value of the results of the NPS over time, changes in the survey method should be avoided. (Paulus (2016)) The NPS can consist of several questions. Two questions are sufficient and they can be formulated as followed: the first question specifically asks the respondent's willingness to recommend. Whereas the second question is asked openly and is "What is the main reason for the rating just given?". With this question, it is possible to find out the expectations, needs and actual experiences of the customer. For the calculation of the NPS, the respondents are divided into

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three groups. The “Promoter” who answered the first question with a 10 or 9, the “Passives” who give an 8 or 7 and the “Detractors” who gave their answer with a 6 to 0. (Paulus (2016))

$$\frac{\text{number of promoters}}{\text{number of respondents}} * 100 = \text{Promoters } \%$$

$$\frac{\text{number of detractors}}{\text{number of respondents}} * 100 = \text{Detractors } \%$$

The calculation is made by calculating the percentage of Promoters and Detractors. The difference in the relative proportions indicates the percentage NPS value. In terms of value, it can be between -100 and +100. In the worst case, when a company has more Detractors than Promoters, the score is negative. Since there is no linear relationship between customer value and scale value, the five, in this case, is not the middle of target achievement, but rather reflects the Detractors. It is an exponential relationship. (Paulus (2016))

The aim of the NPS is a representative and continuous survey that is objectively collected and correctly evaluated. The results should be passed on and communicated promptly. It is a very simply structured measurement method. (Paulus (2016)) The advantages of this procedure are the direct results and the low effort for both the questioner and the respondent. A disadvantage of this measurement method, which can be found in the literature, is the similar use of scales. This can lead the respondents to give similar answers. (Müller (2015))

The confirmation/disconfirmation paradigm (short: C/D paradigm) can be used to illustrate the fundamentals of the development of customer satisfaction. According to this model, customer satisfaction is the result of an emotional reaction from the customer. This reaction relates to the comparison of the expectation and the experienced reality. (Müller (2015)) This measurement method aims to achieve customer expectations based on the service provided and thus achieve customer satisfaction. (Bruhn (2016))

The quality judgment of this paradigm is the result of a subjective comparison by the customer between the expectations of the performance, the so-called target standard, and the actually perceived performance, the actual standard. If the actual performance corresponds to the target standard, this leads to a confirmation - confirmation - or an overcrowding of expectations - positive disconfirmation - and thus a positive quality judgment is created. Negative disconfirmation arises from a failure to meet customer expectations and leads to a negative quality assessment. (Bruhn, Georgi (2006)) According to this model, a service is judged more positively, and the more the customer expectations are met. An increase in customer satisfaction and the perceived quality can thus be achieved through expectation control through

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expectation management and performance improvements through quality management. (Bruhn (2000)) The inadequate empirical and theoretical foundation of the expectation dynamics is due, among other things, to the fact that the satisfaction and quality assessment was only viewed as a post-purchase phenomenon for a long time. (Richter (2005))

The increasing importance of service marketing led to the need to dynamize the C/D paradigm. Since the use of service is structured differently than the purchase of a product, the dynamization of the paradigm is referred to as a phase-related assessment. This means that the customer assesses each phase of the service and these then cumulatively lead to an overall assessment of the service. (Richter (2005)) The dynamic C/D paradigm forms a framework for dynamic customer expectations. When developing this measurement method, the focus was primarily on the development of performance assessments over time and the in-depth analysis of dynamic expectations was dispensed with. (Richter (2005)) A disadvantage of this measurement method is that the conceptualization of customer satisfaction using this C/D paradigm only illustrates a static approach. Customer satisfaction cannot do justice to the complexity of simply distinguishing between dissatisfaction and satisfaction with a single service. (Bruhn (2016))

The Kano model of satisfaction differentiates between a customer (dissatisfaction) and service fulfillment. Mr. Kano developed this model in 1984 for quality management. (Reinecke, Janz (2007)) The fulfillment of certain performance claims, such as the punctuality of trains, is hardly noticed, whereas the non-fulfillment of these claims causes a disproportionately high level of dissatisfaction.(Reinecke, Janz (2007)) The following factors are distinguished in the Kano model: (1)The basic factors are minimum requirements and include those product attributes that lead to dissatisfaction if they are not perceived as expected. They are expressed by the customer and are specific and measurable. If they are fulfilled, this does not lead to satisfaction, but only to no dissatisfaction. They thus represent the core performance of a service or a product. The minimum requirements are necessary for customer satisfaction to arise, but are not sufficient to generate satisfaction. (Hinterhuber, Matzler (2002)) (2) The performance factors represent the properties of a product that lead to satisfaction when fulfilled and dissatisfaction when expectations are not fulfilled. The factors are implicit, self-evident for the customer, obvious, and are not articulated. This creates a continuum without threshold values. (Hinterhuber, Matzler (2002)) (3) The enthusiasm factors are the last factor that Kano takes into account. They are not expected or addressed by the customer, but they have an inspiring effect. When offered, they create satisfaction. However, if they are not there, they do not necessarily create dissatisfaction. The customer does not expressly expect these enthusiastic attributes and thus the perceived benefit of the core service for the customer is increased. The attributes represent an approach to differentiation from the competition and cannot compensate for any missing basic factors. (Hinterhuber, Matzler (2002))

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The y-axis of the Kano model represents customer satisfaction and the x-axis the degree of fulfillment of customer expectations. The indifference zone marks the area in which the various requirements are met. The satisfaction values in this area are moderate. However, the satisfaction values fall or rise disproportionately outside this range. (Hensche, Schleyer, Wildraut (2006))

Kano did not pre-set the attributes. He recommends a customer survey to determine the individual attributes. A special questionnaire is used for this. Two questions should be formulated for each individual performance feature. These questions each have five possible answers, with the answer scale ranging from "that would bother me a lot" to "that would make me very happy". (Reinecke, Janz (2007)) The combined consideration of the answers and the development of a “satisfaction coefficient”, which is formed based on the frequency of the mentions, serve to categorize the performance criteria. (Reinecke, Janz (2007)) The advantage of this approach is that it is practical and, due to its simple structure, is easy to understand. However, it is disadvantageous that the questionnaire can be very time-consuming and it is to be feared that it will not be answered in full by the respondents. (Reinecke, et al. (2007), p. 104.)

In conclusion, it can be stated that only the fulfillment of customer expectations and the achievement of customer satisfaction leads to satisfied customers and a long-term customer-company relationship.

Modernity

This topic concerns both private individuals and companies in every industry. As private households become more and more modern and digital, companies have to adapt their services and product marketing to the lifestyle of their consumers. With regard to the banking sector, it is becoming more and more important for customers to be able to conduct their financial transactions flexibly at any time, regardless of whether they are transfers or financial investments. The online banking and applications of the financial institution need to be able to carry out financial transactions from any mobile device at any time.(Commerzbank AG (2016))

New competitors appear and create challenges for old-fashioned credit institutions. The new entrants are working far faster than the traditional banks because they are not banks. They work with most modern technologies. (Bajorat (2016)) As a new player in the market, Fintechs established itself and offer various financial products. The sector of deposit services and lending are the basis for commercial banking at the wholesale and retail levels and have felt the impacts of fintech innovation. Fintech lending has created a substantial challenge to bankers and has opened up new possibilities for charitable giving in the form of loans to people who are “unbankable” but might offer interesting ideas for e.g. their own craftworks or others might need funds because of damage caused by natural events. (Gomber, Kauffman, Parker, Weber (2018))

Nowadays Fintechs, like N26, is often described as "app-only banks" because everything, including applying for loans, opening accounts or sending transactions is done through one central app. (Haupert, Maier, Müller (2017))

Conclusion and further research

Those new market participants created new customer expectations concerning their bank and the products they use and especially how they use them. For companies, it clearly makes sense to consider customer expectations to be successful. Customer expectations go hand in hand with their satisfaction and the resulting customer loyalty. Constant control, improvement and adaptation of the measurement methods and concepts that are used are essential. Finding out about customer expectations is cumbersome, time-consuming and costly for companies. If you do not value this experience, you are no longer competitive. The banks must work more closely with their customers, actively ask them about their needs and thus ensure satisfaction with attentive, competent and all-encompassing advice.

The used method, the focus on a single country and the characteristics of the banking industry limit this study and the possibility of directly generalizing it to other economies. Further research should focus on the (empirical) investigations e.g. (1) how a traditional bank can best achieve long-term customer loyalty and (2) what customer expectations are most common or important for a specific banking service.

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