

The Role of Perceived Service Value
In Customer Satisfaction and Loyalty Formation:
The Case of Banking Services in Small CEE County

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ABSTRACT

Purpose

This paper aims to test a model of perceived value antecedents and consequences in the retail banking industry in the transition economy in central Europe.

Design/methodology/approach

Data for empirical research is collected from 700 retail banking customers in Slovenia. The measurement instrument is developed in three phases to determine content validity and help avoid redundancy in the context of a transition economy. EFA, CFA and finally a structural model with five reflective constructs are used to test the hypothesized relationships.

Findings

Results indicate the importance of perceived value as a mediating variable. Further, our results show that reputation influences perceived value only indirectly, via perceived service quality. We found out that all researched concepts are interlinked, intangible, complex and relatively vague, but also strategically important concepts in the retail banking industry of a transition economy.

Research limitations/implications (if applicable)

Results can be applied to understand customers' overall assessments of the utility of bank services. One of the major limitations of our research is that the results are directly relevant only to customers of retail banking services (and not to B2B banking). In the future, the model of perceived value could be further expanded to account for more indicators of perceived value as its antecedents.

Originality/value

The majority of more complex perceived value models are implemented in the U.S., few in the EU, but none in the context of retail banking in transitional countries. The paper also extends subsistent research by incorporating reputation as an antecedent to perceived value.