

*Best Paper Award Winner*

## **Trust in customer satisfaction formation: A study of retail banking in two national markets**

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### **Abstract**

**Purpose** – The purpose of this paper is to examine how trust influence customer expectations, perceived quality, and satisfaction.

**Methodology/approach** – A conceptual model is developed by extending the well-known relationships between customer expectations, perceived quality, and satisfaction with two types of customer trust: broad-scope trust (i.e., trust in a broader business context) and narrow-scope trust (i.e., trust in individual companies). The conceptual model is analyzed by means of structural equation modeling (SEM), and the model is estimated and tested using a covariance-based SEM (CB-SEM) method. Surveys among retail bank customers in Sweden and Spain form the empirical basis for the study.

**Findings** – The study provides evidence that broad-scope trust has direct positive effect on customer expectations, perceived quality, and satisfaction, as well as moderating effects on the relationship between expectations and perceived quality and the relationship between perceived quality and customer satisfaction. The results indicate that narrow-scope trust serves as a control variable in the model. The study reveals interesting and explainable

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differences between impacts in the two national markets. The findings provide strong empirical evidence for the developed model and hypotheses.

**Research limitations** – The study is limited to retail bank customers in Sweden and Spain.

**Practical implications** – Based on the empirical evidence of the importance of broad-scope trust in retail bank customers' satisfaction formation, this study has clear implications both for overall financial authorities in the countries and for bank managers in terms of building financial functioning, stability, and trust in the banking market as well as in individual banks.

**Originality/value** – This paper provides new insights into how broad-scope trust and narrow-scope trust work in the relationships between customer expectations, perceived quality, and customer satisfaction.

**Key words:** Trust, Customer expectations, Perceived quality, Customer satisfaction, Bank marketing

**Paper type:** Research paper