Bank Service Quality in Ethiopia: the Case of North and South Gondar Zones

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Abstract

The main objective of this study was to test the impact of service quality dimensions on customer satisfaction. The conceptual model proposed in the study postulated that service quality impacts on customer satisfaction directly. The model also postulated that service quality has a positive relationship with customer satisfaction, and tested them through Multiple Regression to find their significance. Questionnaires were distributed to gather data. The SERVQUAL instrument has a useful diagnostic role to play in assessing and monitoring service quality in banks. The results of the study confirmed the five factors of service quality with customer satisfaction were significant in all factors of service quality. Reliability, Responsiveness, Empathy, Assurance, and Tangibles are significant determinants of customer satisfaction. Thus, service quality can be used to predict customer satisfaction. The research has shown a positive relationship between service quality and customer satisfaction. This research concluded that service quality is the basic and also most important factor that impacts customer satisfaction. This finding reinforces the need for banks managers to place an emphasis on the underlying dimensions of service quality, especially on Assurance, and should start with improving service quality in order to raise customer satisfaction.

Keywords*: Quality, Reliability, Customer*

1. Introduction

C*"When I was a banker at a community bank in Indiana, I read that the largest banks were all trying to cut back on their waiting times. So I decided that we had to work on cutting down our waiting time. As I started campaigning for shorter waiting times in the branches, I discovered that we had no waiting time." J. Douglas Adamson*

Quality has no concept or meaning except what the customer really wants. In other words, a product is qualified when it agrees with customers' wants/needs. Quality is defined as the agreement of product with customers needs (Crosby, Philip and Hil, Mc Graw, 1994). (Grifvi) 2001 says and his/her expectations. Boomse, 1983 say services quality is the amount of agreement of various levels of services with customers' expectations.

Zeithaml (1987) says services quality is the all- dimensional judgment about the superior principle of services in relation with similar services with its good advantages (Ne'matiyan., 2003). The definition of quality has evolved from "quality is excellence", to "quality is value", to quality is conformance to specfication"," quality is meeting and/or exceeding customer expectations"(Reevs and Bendar, 1994). According to Prasuraman et al. (1988) the latter definition that is quality as meeting and or exceeding customer expectations is appealing for measuring service quality. Morever, Christu and Sigala(2002), Cronin and Tayler (1992), Elomci(2004), Johnson and Lyth (1991), and Sigala (2004a,b) seconded that

the higher the service quality the more satisfied the customers are. Thus, satisfaction is based on customer expectations and perception of service quality.

Gronroos, (2007), suggests that the quality of service as perceived by customers is the result of an evaluation process in which they compare their perspective of service outcome against what they expected. This is referred to as the customer gap and what is going to be applied in measuring the quality of bank service within the context of the present study. On the other hand, quality means zero detection. It has been described as keeping every customer the bank can profitably serve. When customers have a long –term relationship with the bank, their use of the service can be tracked on an individual account basis. It should be noted that both customer and employee retention can be built if loyalty is recognized by top management in the banks as a systematic challenge, not just a tactical courses of action. It should be seen as standing at the core of sustained competitive success (Lovelock, 1994).

Cohen (2005) pointed out that service quality, has three distinct components: customer quality criteria service, company the commercial banks employees' perception of sales culture and its effects on the customer's perceive facets, and the relationship among these components.(Al-Haddad (2008) defined the quality as the difference between the actual performance of service with the customer's expectations about it. This difference indicates the level of quality of service. In a previous study conducted by Mualla (1998), the findings indicated that the customer's evaluation of the quality of services provided by the Jordanian commercial banks was negative (-2), and the service quality expected by those customers' was higher than that they have delivered. The study recommended that the management in those banks should adopt effective programs to improve the quality of services provided, and the necessity for more research on the customers' satisfaction.

Salah (2004) attempted to measure quality of services provided by Islamic banks in Jordan, the findings of the study indicated that the customers' evaluation of the quality of service was positive on three dimensions of the quality: the tangibles, responsiveness, and empathy, where their evaluation was negative regarding both the reliability and assurance dimensions. In a recent study conducted by Al-Atari (2009) on the quality of services provided by the commercial banks in Jordan, the findings indicated that the customer's evaluations about the quality of services were low.

The fundamental point is that the role and performance of the customer should be correctly defined in the culture of any country paying attention to servicing the customer as a value so that organizations can be placed in their correct circuit. The researches done by Zeithaml *et al*. (1987) confirm their declaration about the positive effect of services quality improvement on behavioral trends (Karin, 2001). Cronin and Taylor (1992) support the theory that service quality is an antecedent of customer satisfaction and customer satisfaction exerts a stronger influence on future purchase intentions than does service quality. Customers do not necessarily purchase the highest quality service; they may also weigh convenience, price, and availability factors (Cronin and Taylor 1992). The customer's personal experience with the service provider (that is, courtesy, waiting time, empathy, responsiveness, and so on) also impacts customer satisfaction (Nowak 1997). Today paying attention to the subject of presenting services quality to customers for the continuation of organizations' durability, especially the banks is considered as a registered principle.

In this respect considering the effective factors on expectations and perception identifying their relationship with customers' investigation of services quality is especially important since the services quay obtained is defined as the difference between customers' expectations and understandings and therefore correct knowledge of these factors and the progress of the organizations' activity based on this issue can help organizations in reaching their goals, big programs and customer-oriented culture.

Prasuraman's definition is presented whose model is used as the quality measurement criterion: Understood quality is customer's judgment about total superiority or advantage of an object. It is a form of viewpoint related to satisfaction, but is not the same as that. It is obtained performance from the comparison of expectations with understandings (Parassuraman. Zeithaml and Berry, 1985).

Parasuraman et al., (1988) identified five criteria used by customers in evaluating service quality. These are:

1. Reliability, which refers to the ability of the firm to perform the promised service dependably and accurately.

2. Responsiveness, which refers to the willingness to help customers and to provide prompt service.

3. Assurance, it refers to the employees' knowledge and courtesy and their ability to inspire trust and confidence.

4. Emapthy, it means caring, individualized attention given to customers.

5. Tangibles, it implies the appearance of physical environment elements, equipments, personnel, and communication material (reports, billing statements).

SERVQUAL is a questionnaire designed to measure service quality that has been developed, refined and tested in the business area since 1985 – 1994(Prasuraman et al. 1994, 1993, 1991, 1990, 1988, 1986, 1985). Prasuraman et al.(1988) developed SERVIQUAL and validated it in tests of four different service settings(banking, credit card processing, repair and maintenance and long distance telephone service). Their results show that both the determinants of service quality and the rank order of their importance are invariant across service industries. The consumers of and service want to have the provider meet their expectations in the areas of reliability, responsiveness, assurance, empathy and tangibles. These five dimensions represent the determinants of the perceptions of service quality on the part of the consumer.

SERVQUAL instrument uses five dimensions of service quality that have been found to transcend industry boundaries. It has proved to be a useful tool for understanding the notion of service quality, as defined by the customer. it allows researchers to measure the gap between customer's expectations of services and their perceived service experiences. The SERVQUAL instrument is founded on the notion that service quality resides in favorable judgments, in which perceived service experiences meet or exceed expected service levels. The five suggested service quality dimensions are:

1. Tangibles(physical facilities, equipment, appearance of personnel),

2. Reliability(ability to perform the promised services dependably and accurately)

3. Responsiveness(willingness to help and provide prompt service)

4. Assurance(Knowledge and courtesy of employees and their ability to inspire confidence) and

5. Empathy (caring, individualized attention the firm provides its customers).

The service quality and service satisfaction can be conceptualized as follows based on the related literature:

(1) Service Quality = f (tangibles, Reliability, Responsiveness, Assurance, Empathy)

(2) Service Sarisfaction = f (perception(P) – Expectation (E))

Where,   P > E = Satisfaction;

P < E = Dissatisfaction; and

P = E = Neither Satisfaction nor dissatisfaction

For the purpose of this study, the operational definition of service quality (SERVQUAL) presented by Zeithaml and her colleagues (1988) will be adopted.

Statement of the problem

This study is initiated by one of the limitations of my previous study. The limitation that was stated in the study titled "Determinants of the Performance banks in Ethiopia" was 'Qualitative factors like corporate governance and quality of banking services could have an effect on the performance of banks. The effect of them on bank performance is not dealt with in this study.' Thus, in the present study the assessment quality of banking services will be dealt with.

Banks play a dominant role in the history of financial institutions in Ethiopia. The nineties was significant decade in the country. The major event of the decade was the introduction of economic reform in 1991. The reform led to major policy changes and among the significant changes, liberalization of the financial sector in 1994, is cited. The financial liberalization results the emergence of domestic private sector banks. The financial liberalization has the objective of improving the financial system and enhancing efficiency through increased competition so that the financial system becomes able in aid to the economic growth of the country.

In today's dynamic environment many organizations ought to perform and utilize competitive advantages, efficiency and profitability methods in order to separate themselves in encountering with increasing growth of competition. In some organizations such as tour industry, travel agencies, food stuff and banking whose activities are based on services, offering services with high quality is often considered as a key factor effective on the performance of the organization. (Atilgan Eda et al. 2003). Measuring service quality is a precondition for effective accomplishment of the objective of a service organization. Thus, this study is initiated as there are no comprehensive studies which uncover the issue in the study area.

Today's marketing environment is characterized by increased competition, uncertain economic conditions, and shifts in global trading relationships. The pressure to understand market conditions and customer requirements is growing to the point where organizations will be compelled to exceed, rather than simply meet, customer expectations. In adapting to this pressure, organizations are looking to service initiatives as a way to create or sustain competitive advantages (Najjar and Bishu, 2006). Thus,

measuring customer satisfaction is, therefore, critical to the process of serving the customer and responding faster and better than the competition. Therefore, the study will address the customer satisfaction level as there is no previous study in the target area of research.

The fundamental point is that the role and performance of the customer should be correctly defined in the culture of any country paying attention to servicing the customer as a value so that organizations can be placed in their correct circuit. The customer's personal experience with the service provider (that is, courtesy, waiting time, empathy, responsiveness, and so on) also impacts customer satisfaction (Nowak 1997). Today paying attention to the subject of presenting services quality to customers for the continuation of organizations' durability, especially the banks is considered as a registered principle.

In this respect considering the effective factors on expectations and perception identifying their relationship with customers' investigation of services quality is especially important since the services quality obtained is defined as the difference between customers' expectations and understandings and therefore correct knowledge of these factors and the progress of the organizations' activity based on this issue can help organizations in reaching their goals, big programs and customer-oriented culture. In the study area, factors that determine expectations and perception of customers are not identified.

 Thus the purpose of this paper is to examine the impact of the constructs of service quality and customer satisfaction in commercial banks operating in commercial banks in North and South Gondar Zones, Ethiopia.

METHODOLOGY OF THE STUDY:

 Type of Research Design

A quantitative research (for the survey questionnaire) and qualitative research (for the semi structured interview) designs is employed. The questionnaire instrument is based on the five service quality dimensions (functional quality) (Prasuraman et al. 1988, 1991) that were initially designed to assess organizations and businesses in the service sector (Gronroos, 1993). Semi-structured interviews will be conducted with the service customers and providers in order to examine how cooperative service customers are in the service deliver process.

Operational definition of quality of service

For the purpose of this study, the operational definition of service quality (SERVQUAL) presented by Zeithaml and her colleagues (1988) will be adopted. Therefore, service quality (SERVQUAL) is operationally defined through five broad consolidated dimensions, these are:

(1) Tangibles, which reflects the appearance of physical elements.

(2) Reliability, which reflects the dependability and accurate performance of the service.

(3) Responsiveness, which reflects promptness and helpfulness.

(4) Assurance, which is represented in competence, courtesy, credibility and security, and finally,

(5) Empathy, which means the easiness of access, good communications, and customer understanding.

Based on the above operational definition, service quality (SERVQUAL) will be measured by using the SERVQUAL scales consist of (22) characteristics of the service provided by the banks. The (22) characteristics represent the major (5) dimensions of the service quality as proposed by Parasuraman et.al.,(1988)who applied the gap model in their measurement of service quality. According to this model, the service quality was defined as the difference between the service actual performance (**p**) and the

customers' expected service quality (**E**). When perceived performance (P) scores are lower than the expectations (E) scores, this indicates a poor (low) quality; the contrary is a sign of good quality.

Adopting this rational, the researchers will assure the concept of service quality from the customer's perspective, because it is always believed that the evaluations of the quality are inherited in the minds of customers.

The (22) statements through which the quality of service will be measured would be reached after some modifications are made in the original SERVQUAL so as to capture better the expectations and perceptions of the Ethiopian customers of the commercial banks. Modifying the SERVQUAL scale could be required to improve the validity and reliability of the scale as an instrument of measurement of the quality of bank services in Ethiopia.

The modification of the original scale of SERVQUAL would be made after presenting to the experts consisting from senior managers who are to be selected randomly from the banks through in-depth individual interviews. In addition to a pilot study will be conducted on a small representative sample selected from the original sample for this study.

The modified scale containing statements will be distributed throughout the five service quality dimensions as follows:

1) Reliability the statements

2) Responsiveness, statements

3) Assurance statements

4) Empathy statements

5) Tangibles statements

The scale also contained expectation statements (the same statements but in future tense). The statements will have a seven-point scale ranging from "Strongly disagree" (1) to "strongly agree" (7). The scale will be presented as a part of a questionnaire designed for the purpose of this study. It should be indicated that the SERVQUAL will be presented to the respondents in two forms, one measure the service quality on the Statements, as it is perceived by customers, subsequently, they will be asked to record their expectations regarding the same statements. The gap between the two measurements represents the measure of the service quality

11.2 Population, and Sampling Technique and Size

The present study has been conducted within the commercial banks working in North and South Gondar Zones. The banks (both private and public) operating in North and South Gondar Zones are targeted. Six banks have been used to collect data. Convenience sampling is employed where a sample of customers from each bank when they visit bank branches up to the saturation point (the required sample size). Subjects were asked to assess their perceptions of various items of different construct including factors viewed as their satisfaction level .Assessments were based on A Five-point Likert scale ranging from "strongly disagree (1) to "strongly agree (5) was used to measure the 31 items.

The data required for this study will be collected from a sample of randomly selected from the customers of all banks surveyed. Determining the sample size is complex and involves several qualitative and quantitative considerations. Important qualitative factors that are should be considered in determining the sample size includes: the important of the decision, the nature of the research, the number of variables, the nature of analysis, sample size used in similar studies, incidence rates, completion rates and resource constraints (Malhotra, 2007). Sample size is influenced by average size of sample in similar studies. Malhotra(2007) suggested that typical range of number of respondents for problem solving research types from 300 to 500. And, we took the median size from the range considering previous study sample size range and other factors while determining the sample size of the present study. That is, our sample size is 450 for survey instruments.

Instruments

The aim of this research was to examine commercial bank's customers' service quality perceptions and satisfaction. A survey was conducted to measure service quality in Ethiopian commercial banks. The survey instrument was modified version of SERVQUAL as proposed by Parasuraman et al. (1988). The instrument was translated into Amharic. We used consumer satisfaction as the dependent variable in our study. Customer satisfaction was measured using a ten items developed by the authors. Customers were asked to indicate their level of satisfaction on these items. The Likert 5-point scale was employed.

As a result the questionnaire contained 31 items including four items of tangibles, four items of reliability, four items of responsiveness, four items of assurance, and five items of empathy, and, ten items of customer satisfaction. The questionnaire used in this study is comprised of three parts: part A contains questions about personal profiles of the respondents including gender, educational level, age, and occupation. Part B includes perceptions of respondents according to five dimensions(Reliability, Responsiveness, Empathy, Assurance, and Tangibles). Part C includes Customer satisfaction. All items were rated by respondents on A Five-point Likert scale. Each item was scaled from number 1 with the verbal statement "Strongly Disagree" to number 5 with the verbal statement "Strongly Agree".

Data Collection

The target population includes the customers of the commercial banks. We contacted branch managers of these banks, and requested their permission to allow us distribute the questionnaires to their clients. We have continued collecting data until we collected 450 responses for commercial banks. In total, 450 respondents were asked to answer the questionnaire when they visited the chosen bank.

Data Analysis Procedure

The study uses quantitative approach, a survey was conducted to examine the impact of the constructs of service quality and customer satisfaction in commercial banks with their customers acting as respondents to survey, both descriptive statistics (mean, standard deviation) and inferential statistics have been used.

Sample Characteristics

The sample includes 450 customers of Jordanian commercial bank. Females make (40 percent) of the customers on the other hand Males respondents represented (60 percent) of the survey population. The largest group of respondents (35 percent) was aged 25- less than 35. The next largest group (27.9 percent) was aged 35- less than 45. Smaller groups of respondents were aged Less than 18 (5percent). With regard

to educational level, people who are not literate make (14 percent) the customers. High school complete make (21 percent) of the customers of. While holders of Bachelor degrees were the largest group of respondents makes (52.1 percent). Finally, others make (12.9 percent) of the customers.

Dimensions of the SERVQUAL Scale and Customer Satisfaction

Goodness of Measure

Factor analysis and reliability analysis were used in order to determine the data reliability for the service quality, and customer satisfaction measures. On the basis of Cattel (1966) and Hair et al. (1998) criterion, factors with eigen values greater than 1.0 and factor loadings that are equal to or greater than 0.50 were retained. 21 items, loading under five dimensions of **SERVQUAL** were extracted from the analysis and these items explained respectively (70, 64, 65, 68, and 69 percent) of the overall variance. 10 items, loading under dimension of customer satisfaction were extracted from the analysis and these items explained (85 percent) of the overall variance. The reliability values were all above 0.8. Thus it can be concluded that the measures used in this study are valid and reliable. The results of the factor analysis and reliability tests are presented in Tables 1.

Table 1: Factor analysis of the study variables

o.	Construct and Items	Loading factor	Eigen value	Percentage of variance	Reliability
	Tangibility		2.9	70	.85
	Employees have a neat, professional appearance	.89			
	The bank has modern equipment	.88			
	The bank has visually appealing material associated with the service	.98			

	The facilities of bank are visually appealing	.7 8			
	Reliability				
	Bank employees provide services as promised	.7 9	2 .56	64	.81
	Bank employees are dependable in handling customer's service problems	.8 6			
	Bank employees perform services right at the first time	.8 1			
	Bank employees provide services at the promised time	.7 5			
	Empathy				
	Bank employees giving customers individual attention	.7 5	3 .25	65	.82
0	Bank employees deal with customers in a caring fashion	.8 5			
	Bank	.8			

1	employees have the customer's best interest at heart	6			
2	Bank has hours convenient to all customers	.82			
3	Bank employees understand the individual needs of their customers	.75			
	Assurance				
4	Bank employees instill confidence in customers	.81	3.26	68	.84
5	Bank employees make customers feel safe in their transaction	.85			
6	Bank employees are consistently courteous	.80			
7	Bank employees have the knowledge to answer customer questions	.75			
	Responsiveness				
	Bank	.8	2	69	.86

8	employees provide prompt service to customers	0	.7		
9	Bank employees are always willing to help customers	.8 6			
0	Bank employees are ready to respond to customers request	.8 4			
1	Bank employees are never too busy to respond to customer questions	.7 5			
	Customer Satisfaction				
2	I have an inner stimulant to deal with the bank.	.8 7	7 .2	85	.94
3	I have full satisfaction with the way service is provided.	.8 9			
4	I have full satisfaction with the responsiveness speed to the complaints submitted.	.8 6			
	I have	.8			

5	full satisfaction with the workers' skill in providing services.	5			
6	I am fully satisfied with the way the workers treat me.	.88			
7	I am fully satisfied with the speed of providing services.	.89			
8	I am fully satisfied with the means of communication with the bank.	.91			
9	I am fully satisfied with the facilities the bank is provided with.	.92			
0	I persuade my friends to deal with the bank.	.89			
1	I am fully satisfied with the amount of time I spend waiting for	.88			

a service.							

Table 2: Summary of Means, standard deviations, and correlations of Service Quality and Customer Satisfaction

Variables			atisfaction			npathy	esponsiven
Tangibility			62				
Reliability			61				
Empathy			49				
Assurance			77			63	
Responsiveness			60			35	

Correlation matrix is used in this project to show the strength of relationship among the variables considered in the questionnaire. The correlation matrix in Table (2) further indicates that service quality was positively and moderately correlated with customer satisfaction. The correlation coefficients between the independent variables (service quality) and the dependent variable (customer satisfaction) were less than 0.9, indicating that the data was not affected by a collinearity problem (Hair et al., 1998). These correlations are also further evidence of validity and reliability of measurement scales used in this research (Barclay et al., 1995; Hair et al., 1998). There was a significant positive relationship between five dimensions of service quality and customer satisfaction, the highest correlation was between Assurance and customer satisfaction (r = 0.77, n = 450, p < 0.01), followed between Tangible and customer satisfaction (r = 0.62, n = 450, p< 0.01) and between Reliability and customer satisfaction (r =

0.61, n = 450, p< 0.01), Responsiveness and customer satisfaction (r = 0.60, n = 450, p < 0.01). The weakest correlation was between Empathy and customer satisfaction (r = 0.49, n = 450, p < 0.01). In other words, the results indicate that the most important service quality practice on customer satisfaction was Assurance (i.e.with the highest scores of correlation), which goes to prove that Assurance was perceived as a dominant service quality; improvements in employees' customer satisfaction levels were significant. The findings displayed that the respondents who perceived a greater awareness of service quality practices exhibiting the more positive reactions in favour of customer satisfaction.

Descriptive Statistics Analysis

Table (2) above has shown the statistical description of service quality, customer satisfaction of 450 respondents, banks customers perceived Assurance (with the highest mean scores, i.e. M = 3.99, SD = 0.95) to be the most dominant service quality and evident to a considerable extent, followed by Reliability (M = 3.78, SD = 1.07), Tangible (M = 3.70, SD = 1.02), and Empathy (M = 3.53, SD = 1.20), which was rated as moderate practices of their bank. Responsiveness (M = 3.45, SD = 1.06), with the lowest mean score was perceived on the overall as least dimension of service quality. The standard deviations were quite high, indicating the dispersion in a widely-spread distribution. This means that the effects of service quality on customer satisfaction are an approximation to a normal distribution. This also indicates that respondents were in favor of customer satisfaction.

Multiple Regression Analysis

Multiple regression analysis was employed to examine the association between service quality dimensions and customer satisfaction. It is a constructive statistical technique that can be used to analyze the association between a single dependent and several independent variables (Hair et al., 1998). One of the vital considerations in multiple regression analysis (Hair et al., 1998) is the sample size of the data. According to Hair et al. (1998), a sample size to estimate parameter ratio of 15:1 or preferable with 20:1 is adequate to achieve meaningful estimates. The sample size of this study has an estimated parameter ratio of 90.6:1 for the customers. Accordingly, we conclude the sample sizes to be adequate. Based on this method, the five main independent variables (service quality dimensions) and dependent variable (customer satisfaction) were entered together. The detail of the regression output was shown in Table (3). Each of the variables had a tolerance value of more than 0.10 and a variance inflation factor (VIF) of less than ten. The finding indicated that the model had no serious problem (Hair et al., 1998). From these analyses, it can be concluded that multiple regression model of this study met the assumptions required to ensure validity of its significance test (Ooi et al., 2006, 2007a). This indicates that there was a statistically significant link between service quality dimensions and customer satisfaction.

Table 3: Regression Summary of Service Quality to Customer Satisfaction (N=450)

Model	Standardized Coefficients(B)	t-value	Sig.
Constant		-1.5	0.128
Tangibility	.142	3.15	0.002
Reliability	.181	3.981	0.000
Empathy	.104	-	0.

		2.66	000
Assurance	.535	13.258	0.000
Responsiveness	.159	4.43	0.000

Notes: R 2 = 0.756; Adj. R 2 = 0.752; Sig. F = 0.000; F-value = 180.362; dependent variable, customer satisfaction, P< 0.01.

The correlation of service quality and customer satisfaction was 0.87, p< .01. It was significant enough to show the correlation of the two variables. Because the correlation was positive, service quality and customer satisfaction is positively related, which means the better service quality was the higher customer satisfaction. In order to judge the magnitude of effects in this study, Cohen's rules for effects sizes can be used (Cohen, 1998 as cited by Jitpaiboon and Rao, 2007). According to Cohen (1998, p. 1309) as cited by Keng-Boon, Alain ,2008), R 2 between 1.0 and 5.9 percent is consider as small, between 5.9 and 13.8 percent is medium, and above 13.8 percent is large.

Table 3 shows the regression analysis from service quality five factors to customer satisfaction. it can be observed that the coefficient of determination (R^2) was 0.756, representing that 75.6% of customer satisfaction can be explained by the five dimensions of service quality. The proposed model was adequate as the F statistic = 180.362 were significant at the 1% level (p < 0.01). This indicates that the overall model was reasonable fit and there was a statistically significant association between service quality dimensions and customer satisfaction. The individual model variables revealed that tangibles, (ß = 0.142, t =3.150, p < 0.01), reliability (ß = 0.181, t =3.981, p < 0.01), assurance (ß = 0.535, t =13.258, p < 0.01), responsiveness (ß = 0.159, t =4.437, p > 0.01) were found to have a significant and positive relationship with customer satisfaction. Meanwhile empathy (ß = -0.104, t =-2.66, p > 0.01) was found to have a significant and negative effect on customer satisfaction.

Conclusion

The main objective of this study was to test the impact of service quality dimensions on customer satisfaction. The conceptual model proposed in the study postulated that service quality impacts on customer satisfaction directly. The model also postulated that service quality has a positive relationship with customer satisfaction, and tested them through Multiple Regression to find their significance in the hypotheses. Questionnaires were distributed to customers for a period of two to three weeks. The SERVQUAL instrument has a useful diagnostic role to play in assessing and monitoring service quality in banks, enabling the banks to identify where improvements are needed from the customers' viewpoint. From the statistical results, it was confirmed that the service quality and customer satisfaction scale were reliable and valid instruments for measuring the relationships in this study. The analysis of regression of the five factors of service quality with customer satisfaction were significant in all factors of service quality. More specifically, customers indicated high satisfaction with the five dimensions of service quality examined in the study (Reliability, Responsiveness, Empathy, Assurance, and Tangibles). In this regard it was interesting to note that the dimension of Responsiveness had the lowest mean rating (different from the other dimensions); however, the correlation between Assurance and customer satisfaction was the highest, which implies that improvement in employees Assurance is an important issue that requires attention. The research also concluded that service quality can be used to predict customer satisfaction. The research above has shown a positive relationship between service quality and customer satisfaction. This research concluded that service quality is the basic and also most important factor that impacts customer satisfaction. This finding reinforces the need for banks managers to place an emphasis on the underlying dimensions of service quality, especially on Assurance, and should start with improving service quality in order to raise customer satisfaction. Finally the study is consistent with those of prior research in concluding that: service quality is a significant determinant of customer satisfaction,

and service quality was the basic factor that affects customer satisfaction. Therefore, high quality service is an increasingly important weapon to survive, the higher service quality was, the higher customer satisfaction was. If customers like the service quality, their satisfaction level will improve and banks will be able to maintain stable customer base.

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