



ASSESSMENT OF SERVICE QUALITY AND CUSTOMER SATISFACTION

(The case of Awash International Bank Gerji Branch, Addis Ababa)

By Dereje Gedilu

June, 2014.
Addis Ababa, Ethiopia

ASSESSMENT OF SERVICE QUALITY AND CUSTOMER SATISFACTION

(The case of Awash International Bank Gerji Branch, Addis Ababa)



**A Thesis Submitted to the Graduate Studies of Addis Ababa University
School of Commerce in Partial Fulfillment of the Requirements for the
Degree of Master of Art in Marketing Management**

**Submitted by: Dereje Gedilu
(ID.NO:GSR/2121/05)**

**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE GRADUATE STUDIES
MA PROGRAM**

June, 2014.

Addis Ababa, Ethiopia

ADDIS ABEBA UNIVERSITY
SCHOOL OF COMMERCE GRADUATE STUDIES
MA PROGRAM

**ASSESSMENT OF SERVICE QUALITY AND CUSTOMER
SATISFACTION**

(The Case of Awash International Bank Gerji Branch, Addis Ababa)

BY: - Dereje Gedilu

Approved by Board of Examiners

Adviser

Signature

Internal Examiner

Signature

External Examiner

Signature

DECLARATION

I, Dereje Gedlu, hereby declare that this Master Thesis titled “**Assessment of Service Quality and Customer Satisfaction: The Case of: Awash International Bank Gerji Branch, Addis Ababa.**” is an original work. I have carried out the present study independently with the guidance and support of the research advisor, Mehret Berhanu (Asst. Prof). Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any program or any other institution.

Dereje Gedlu

Signature

Date

Confirmation by Advisor

Mehret Berhanu (Asst. Prof)

Signature

Date

Acknowledgments

First and for most, I am highly indebted for my adviser Mehret Berhanu (Assistant Professor) for her constructive comment; she was dedicated to support me whenever I need her advice.

Second, I want to express my heart-felt appreciation for my friends Ato Desalegn Geremew, Ato Yishak Dinku, Ato Melaku Melese, W/ro Belaynesh Mekonnen, W/rt Lidiya G/Egziabere. Without their positive attitudes and encouragement, it would be unthinkable to make this research. Moreover, I am very much thankful to Gerje Branch Bank Manager W/rt Eyerusalem Tesfaye and her Staff; they were very cooperative.

Last but not the least; it would be unfair to keep silent without expressing my heart-felt appreciation for my soul wife W/ro Senaiet Kifle for her perseverance to treat my son when I was not around.

Acronyms

- AIB : Awash International Bank
- PSQ: Perceived Service Quality
- CS: Customer Satisfaction
- CR: Customer Requirement

Abstract

This study was conducted on the title – ***Assessment of Service Quality and Customer Satisfaction*** of **Awash International Bank, Gerji Branch**. The major service quality dimensions which were incorporated in this study place are the following; namely, ***Reliability, Responsiveness, Assurance, Empathy and Tangibles***. In gathering the data, both primary and secondary data, particularly educated customers of the above mentioned case study place was employed as primary sources of information together with the management of the bank so as to get balanced sources of information. Survey questionnaire was used to collect the primary data from the educated customers and structured personal interview was used to collect the required data from the management and employees of the bank. Non-probabilistic persuasive sampling technique was used wherever and whenever appropriate. The data analyses were done based on Suradi's Perceived Service Quality Ratio. Thus, the finding has shown that that educated customers were not satisfied because they did not take quality services. At last, the study discloses that the Bank has encountered service failure. Henceforth, the target bank should make important researches that enable to promote its service's quality.

Keywords: Service Quality, Bank Service, Customer Satisfaction, Awash International Bank

Table of Content

Acknowledgments.....	i
Acronyms.....	ii
Abstract.....	iii
Table of Content	iv
List of Table	vii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the study	1
1.2. Background of the target organization	4
1.3. Statement of the Problem	7
1.4. Objectives of the study	8
1.4.1 General Objective	8
1.4.2 Specific Objectives.....	8
1.5. Significance of the study	9
1.6. Scope of the study	9
1.7. Limitations of the study	9
1.8. Operational Definitions	9
1.9. Organization of the paper	10
CHAPTER TWO	11
LITIRATURE REVIEW	11
2.1. Brief history of financial institution in Ethiopia	11
2.2. The Structure and Performance of the Financial System in the Pre and Post Reform Period.....	12
2.2.1. The Pre-Reform Financial Sector	13
2.2.1.1. The Commercial Bank of Ethiopia (CBE).....	13
2.2.1.2. The Development Bank of Ethiopia (DBE).....	16

2.2.1.3. The Policy Regime in the Pre-Reform Period: Financial Sector and Ideology.....	17
2.3. The Structure of the Financial System in the Post-reform Period.....	18
2.4. Performance of the New Private Banks	19
2.5. Definition of Service Quality.....	20
2.6. Importance and Benefits of Service Quality	21
2.7. Formal Models of Service Quality	21
2.8. Seeing service quality model distinctively	23
2.9. Customer expectation.....	24
2.10. Customer perception	24
2.11. Customer satisfaction	25
CHAPTER THREE	27
RESEARCH METHODOLOGY.....	27
3.1. Research Design.....	27
3.2. Data type and Sources	27
3.3. Target Population	28
3.4 Sampling Technique and Sample Size	28
3.5. Methods of Data Collection.....	29
3.6. Tools for Data Gathering	29
3.7. Methods of data analysis	30
CHAPTER FOUR	31
RESULT AND DISCUSSION	31
4.1 Response rate	31
4.2 Demographic characteristics of the respondents	31
Chart 4.1 Usage rate	33
4.3 Service Quality Dimensions	34
4.3.1. Perceived Service Quality of customers towards Tangibles	34
4.3.2. Perceived Service Quality Ratio towards Reliability	35
4.3.3. Perceived Service Quality Ratio towards Responsiveness.....	36

4.3.4. Perceived Service Quality ratio towards Assurance	37
4.3.5. Perceived Service Quality Ratio towards Empathy.....	38
4.3.6. Levels of Requirement, Satisfaction and Perceived Service Quality ratio scores for all major dimensions such as Tangibles, Reliability, Responsiveness, Assurance and Empathy.....	39
4.4. Content Analyses for the Interview	40
4.4.1. Management’s Interview Content Analysis.....	40
4.4.2. Employees` Interview Content Analysis	41
CHAPTER FIVE	43
SUMMARY, CONCLUSION AND RECOMMENDATION	43
5.1. Summary	43
5.2. Conclusion.....	44
5.3. Recommendations.....	46
REFERENCES	47
ANNEX I	49

List of Table

Table 4.1: Respondent`s Profile	32
Table 4.2: Tangibles	34
Table 4.3: Reliability.....	35
Table 4.4: Responsiveness.....	36
Table 4.5: Assurance	37
Table 4.6: Empathy.....	38
Table 4.7: Overall Levels of Requirement, Satisfaction and Perceived Service Quality	39

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The service sector is an important component of any country's economy. It makes a direct and significant contribution to GDP, job creation, and provides crucial inputs for the rest of the economy that have a significant effect on the overall investment environment, which is an essential determinant of growth and development. The service sector comprises of different types of service rendering organizations such as the financial institutions, health, education, water and sanitation sectors are also directly relevant to achieving social development objectives (VII Global Forum, 2008). The service sector accounts for a significant proportion of GDP in most countries, including low income countries, where it frequently generates above 50% of GDP. For instance the World Bank document indicate that the value added of service industry as percent of world domestic product is about 68% (world Bank, 2008). Thus, services constitute an increasing percentage of GDP in nearly all developing countries. For example, services contributed 47% of growth in Sub-Saharan Africa during the period 2000-2005, while industry contributed 37% and agriculture only 16%. Recent growth in Africa is due to services as much as natural resources or textiles (even in countries benefiting from trade preferences in these products (VII Global Forum, 2008).

The question is not to move into service, but how and at what speed to move into services. Many services are key inputs to all or most other business e.g. infrastructure of services such as energy, telecommunications and transportation; financial services which facilitate transactions and provide access to finance for investment; health and education services which contribute to a healthy, well-trained workforce; and legal and accountancy services which are part of the institutional framework required to underpin a healthy market economy. These service sectors are thus a key part of the investment

environment, and can have a much wider impact on overall business performance and the level of investment, and hence growth and productivity in the economy.

Above all, the economic liberalization of the financial sector started in 1991 laid a foundation for the formation and expansion of private banks in Ethiopia (Hansson, 1995). This coupled with rapid technological advancement and improved communication systems, have contributed to the increasing integration and amongst banks in the financial sector. As a result, banks are now faced with very high and intense competition (Harvey, 2010).

As a means of competition, various strategies are formulated to retain the customer by enhancing the service quality level. Service quality is particularly essential in the banking services context because it is sensitive financial related services that also needs high level of customer satisfaction, and hence it becomes a key to competitive advantage (Ahmossawi, 2001). In addition, service quality has a significant impact on a bank's success and performance (Mouawad and Kleiner 1996). Nowadays, service quality has received much attention because of it is related to with costs, financial performance, customer satisfaction, building relationship, and customer retention.

Moreover, the meanings of service quality differ from researchers to researchers since it holds varieties of concepts. Also, different meaning could be attached to the word quality under different circumstances. Some of the prominent definitions include "Quality is predictability" (Deming, 1982), "conformance to specification or requirements"(Crosby, 1984), "fitness for use" (Juran, 1988) . These initial efforts in defining quality originated largely from the manufacturing sector. A solid foundation in defining and measuring service quality was emanated in the mid eighties by Gronroos and Parasuraman et al (1984).

According to Wirtz (1994) service givers have considerable occasions to control the connections that mutually form the experience. In banking system, satisfaction is elucidated as if it is multidimensional conception (Anderson, 1998).Faraz (2005) stated

that customer satisfaction is the situation when customer expectations have been fulfilled to the fullest capacity when using the product or service.

The capacity to fulfill customer expectation consequently brings about strong loyalty to the product or services of accompany. On the other hand, Murthy (2010) stipulated that banks have to be efficient in dealing with individual customers, traders and companies. It is also necessary for banks to strive hard to retain the existing customers in the face attracting new customers.

On the one hand, some researchers have viewed in terms of the discrepancy of perception and expectation. For example, Zeithamal, Parasuraman and Berry (1990) define service quality as the extent of discrepancy between customers` expectation or desires and their perception. In providing the services, questions such as does the service achieve the target of provider and consumer itself in terms of quality of services shall be raised. Services are performances done by one party for another which are intangible, inseparable, perishable and variable (Kotler, 2002; Zeithaml & Bitner, 2003). These characteristics make services difficult to judge its quality than tangible goods (Lee et al., 2000; Mitra et al., 1996; Wirtz et al., 2003; Kennedy et al., 1999). Customer expectations are standards or reference points against which performance or service quality to be judged. It is something that the customer wishes to deserve from the service provider. It can be developed through word of mouth communication, promises made by an organization, direct experience, appearance of physical facilities and so on (Zeithaml & Bitner, 2003) .

The well know model used for evaluation of service quality is SERVQUAL, a well-known scale developed by Parasuraman et al. (1985, 1988) which is structured to be administered by the respondents themselves. The attributes of (Parasuraman et al. 1985), were: tangibles, reliability, responsiveness, competency, curtesy, assurance, credibility, security, access, and understanding. Parasuraman et al. (1988) later reduced these ten dimensions into five by using a factor analysis.

Although there has been criticism from some other researchers to SERVQUAL instrument (Johnston 1995), yet SERVQUAL is the instrument most utilized for its confirmatory factor analysis in most cases.

Thus, up to date, SERVQUAL has proven to be a prudent model that has been used in various service organizations and industries to measure service quality including banks (Mc Alexander et al. 1994; Cowling & Newman 1996; Levesque & Mc Dougall 1996; Caruana et al. 2000; Caruana 2002; Sureshchandar et al. 2002; Paswan et al. 2004; Seth et al. 2005; Lympelopoulos et al. 2006).

Finally, this study deals on the assessment of service quality and customer satisfaction by focusing on Awash International Bank as a case study Gerji Branch, Addis Ababa that functions with major problem such unreasonably slow service, inadequate floor space, inadequate sitting places, inhospitable customer treatment, congested environment. Hence, studying these problems will bring about significant results to achieve the intended objective in general and uses as an input to the target Banks in particular.

1.2. Background of the target organization

One can trace the history of using modern money in Ethiopia to more than 2000 years (Pankhrust in Belay, 1990). This had flourished in what is called the Axumite era which can stretch from 1000BC to around 975 AD. Leaving that long history aside, modern banking in Ethiopia started in 1905 with the establishment of *Abysinian Bank* based on a 50 years agreement with the Anglo-Egyptian National Bank. In 1908 a new development bank (named *Societe Nationale d'Ethiope Pour le Development de l' Agriculture et du Commerce*) and two other foreign banks (*Banque de l'Indochine and the Compagnie de l' Afrique Oreintale*) were also established (Pankhrust (1968) cited in Befekadu, 1995).

These banks were criticized for being wholly foreign owned. In 1931 the Ethiopian government purchased the *Abysinian Bank*, which was the dominant bank, and renamed it the 'Bank of Ethiopia' – the first nationally owned bank on African continent (Belay, 1990: 83; Befekadu, 1995: 234).

During the five-years of Italian occupation there was an expansion of banking activity. In particular the Italian banks were active. The Banks that were in operation during this period. After independence from Italy's brief occupation (of 1933-1941) where the role of British was paramount owing to its strategic consideration in World War II, Barclay's bank had established and was in business in Ethiopia from 1941 to 1943 (See Belay 1990; Befekadu, 1995). Following this, in 1943, the Ethiopian government established the 'State Bank of Ethiopia'. The establishment of this Bank by Ethiopia was a painful process since Britain was against it (See Befekadu (1995) for an interesting neo-colonial story). This bank was operating both as *The Structure and Performance of Ethiopia's Financial Sector* 3 commercial and central bank until 1963 when it was dissolved into today's National Bank of Ethiopia (the central bank, re established in 1976) and 'The Commercial Bank of Ethiopia', CBE henceforth. After this period many other banks were established; and just before the 1974 revolution the following banks were in operation.

All privately owned financial institutions including three commercial banks, thirteen insurance companies and two non-bank financial intermediaries were nationalized on 1 January 1975³. The nationalized banks were reorganized and one commercial bank (the Commercial Bank of Ethiopia), a National Bank (recreated in 1976), two specialized banks (the Agricultural and Industrial Bank – renamed recently as the Development Bank of Ethiopia; and a Housing and Saving Bank – renamed recently as the Construction and Business Bank) as well as one insurance company – Ethiopian Insurance Company were formed. Following the regime change in 1991 and the liberalization policy in 1992, these financial institutions were reorganized to work on market-oriented policy framework.

Besides, new privately owned financial institutions were also allowed to work along the publicly owned ones.

Proclamation No. 84/1994 that allows the private sector (owners have to be Ethiopian nationals, however) to engage in the banking and insurance businesses marks the beginning of a new era in Ethiopia's financial sector. Following this proclamation the country witnessed a proliferation of private banking and insurance companies. Currently, there are around 16 private owned commercial banks.

The general trend is that private banks are catching up quickly with the public ones. A detailed account of each bank reveals that, using the data for the year 2002/03, the most important private banks in terms of deposit mobilization, loan disbursement, and loan outstanding are found to be Dashen Bank, followed by Awash International Bank in the second place and Abyssinia Bank in the third place (the only exception here being that Wegagan bank is in the second place, hence Abyssinia third, in terms of loan collection and loan disbursement). Clearly the trend of the existing data shows that the share of the private banks both in deposit mobilization and lending could increase significantly in the years ahead. It is also worth noting that the share of credit extended to the private sector has jumped from in the recent past the public sector's share declining (the share of cooperatives remaining fairly stable) (see Alemayehu 1999b). This is a clear demonstration of the impact of the liberalization scheme pursued by the government.

In Ethiopia, currently there are 3 state owned and around 16 private commercial banks.

The major services delivered by the banks are the following:

- ✓ Mobilizing all types of deposits (savings) and pay interest on interest-bearing accounts
- ✓ Providing loans and advances to its customers, including long term investment/project fiancé
- ✓ Providing International services for Importers and Exporters
- ✓ Buying and Selling travelers` cheque and foreign currency notes
- ✓ Providing non-resident Birr and foreign currency current accounts services

- ✓ Providing deposit services in foreign currency for Ethiopian Nationals and foreign nationals of Ethiopian origin
- ✓ Handling Money transfers sent through Money Gram International Money Transfer Service, Express Money Transfer Service and International Business Group
- ✓ Providing advice on banking, finance and investment to its customers attempt

Awash International Bank S.C (AIB) was established as the first private Commercial Bank (post 1991) on November 10, 1994 by 486 founder shareholders with a paid up capital of Birr 24.2 million and started banking operations on February 13,1995. Over the past twelve years, the number of shareholders and the amount of capital and reserves has increased to 2397 and Birr 342 million, respectively.

As a result, this study will assess the levels of customer satisfaction based on the standardized Service Quality Dimensions thereby come up with possible solutions after articulating the following statement of the problem.

1.3. Statement of the Problem

In recent years, due to increase in global competition, many banks try to provide quality services to satisfy their customers. High service quality results customers' satisfaction, loyalty, greater willingness to disseminate positive word of mouth to someone, reduction in customer complaints, and improved customer retention rates (Levesque & Mc Dougall 1996).

In any organization, satisfying a customer is one of the main objectives. This is perhaps due to the fact that organizations sometimes do not really understand of what actually goes on in a customer's mind. As such, this predicament has provided as a challenging task to most business firms that place strong emphasis on customer expectations. Financial institutions also are not far from this challenge.

In this regard, most of the customers were complaining as the pilot survey conducted on the target AIB Gerji branch. Empirically collected data shows that the major issues for

the customers' complaint were: time consuming services, inadequate floor space, inadequate sitting places, inhospitable customer treatment, congested environment, improper way of dressing styles, inadequate cooperatives from the frontline employees and so on and so forth. As a result, this study was conducted in order to forward possible remedial measures to enable the management of the bank look into the root causes of complaints of customers and provide evidence based possible solutions.

Hence, the following four basic research questions are raised to address the above stated problems:

1. What are customers' priority service quality requirements?
2. Which service quality dimension is most important for customer to satisfy their needs?
3. Are customers get satisfaction with the range of services provided by the bank?
4. What is the overall perceived quality of the target bank services?

1.4. Objectives of the study

1.4.1 General Objective

The general objective of the study is to assess the service quality and customer satisfaction levels primarily from the perspective of customers of Awash International Bank Gerji Branch.

1.4.2 Specific Objectives

In order to achieve general objective of the study, the following specific objectives were four specific objectives are set:

1. To assess the customers' priority service quality requirements.
2. To identify the most important service quality dimension for customer to satisfy their needs.
3. To examine customers satisfaction with the range of services provided by the bank.

4. To understand the current overall perceived service quality of the target bank service.

1.5. Significance of the study

The significance of this study was believed to be constructive inputs for the management of the Bank so as to take appropriate courses of actions. In addition, it would be used as spring-board to any potential researcher(s). It would also become significant in terms of enabling the student researcher have the opportunity how to conduct research by acquiring basic knowledge and skills. Most importantly, it would be credited for the partial fulfillment of graduating with MA in Marketing Management.

1.6. Scope of the study

The study was planned to be conducted solely at the Gerji Branch of AIB, Addis Ababa out of the existing 136 branches of this bank. Besides, this study has contemplated other mechanism of measuring perceived quality against the conventional SERVQUAL standardized questionnaire developed by Parasuraman. In addition, only educated customers of the target bank were invited to be the respondents.

1.7. Limitations of the study

One of major challenges of this study was perspective that put the instrument validity in question because this research has considered the modified attributes of the major service quality dimensions to contextualize within the bank industry. Moreover, the generalizability of this study for the reason that considering only Gerji branch of Awash International Bank out of the 136 branches was the other limitation which is a likely challenge.

1.8. Operational Definitions

- **Perceived Service Quality** is the ratio of Customers` Requirements of Service over Satisfaction.

- **Customer Requirement** is Bank customer expectation that is used as standard against which service performance is judged.
- **Customer Satisfaction** is the bank customer's fulfillment response.
- **The Services Marketing Triangle** is the interlinked groups (Company, Employees and Customer) that work together to develop, promote and deliver services
- **Tangibles** is appearance of physical facilities, equipment and contact personnel
- **Reliability** is ability to perform the expected service dependably and accurately
- **Responsiveness**: is willingness to help customers and provide prompt service
- **Assurance** is employees' knowledge and courtesy and their ability to inspire trust and confidence
- **Empathy** is Caring, individualized attention provided to customer
- **Educated Customers** means *diploma, first degree and postgraduate degree holders* of Awash International Bank-Gerji Branch

1.9. Organization of the paper

This Research Paper is organized in five chapters. Chapter one is composed of introduction in the forms of background of the study place and background of the study, problem statement, objectives, significance of the study, scope of the study, limitations of the study and operational definitions. Chapter two deals with literature review, chapter three deals with methodology of the study by clearly incorporating the research design, sources of data, methods of data collection, sampling methods, measurement of Instruments and Methods of data analysis. Lastly, chapter four deals with data presentation, analysis, and interpretations. Chapter five is dealt with summary, conclusions and recommendations of the overall finding.

CHAPTER TWO

LITIRATURE REVIEW

2.1. Brief history of financial institution in Ethiopia

One of the main objectives of financial institutions is mobilizing resources (in particular domestic saving) and channeling them to the would-be investors. This intermediation role of financial institutions takes different forms in different economic systems. Ethiopia's history of the last three decades clearly shows the validity of this statement.

Under 'State Socialism' (1974 to 1991), popularly referred in Ethiopia as the '*Derge*² Regime', financial institutions were basically executing the economic plans outlined by the central planning organ. In that period regulation and supervision were not critical since the national plan was believed to regulate and direct the activities of the financial institutions. Moreover, financial institutions were directed to finance some public projects that may not pass proper financial appraisal simply based on either ideological ground or 'merit wants' argument.

Following the demise of the *Derg* regime in 1991, post-1991 economic policy witnessed a marked departure from the previous "Socialist' System",. Its main difference lies on openly adopting a market-oriented economic policy. In fact much of the policies adopted by the new government in Addis in 1991 had been already proposed by the defunct *Derge* regime virtually at the end of its reign.

This new change in policy brought about a significant change in the functioning of the financial sector. Not only is the financial sector is going to serve the private sector, which hitherto had been demonized, but also new private financial institutions were emerging. Equally the role of the Ethiopia's central bank (named National Bank of Ethiopia, NBE henceforth) was also reformulated. Thus, financial sector reconstruction was the top item in the government's agenda.

In undertaking this task the Ethiopian government adopted a strategy of (a) gradualism: gradual opening up of private banks and insurance companies alongside the public ones, gradual liberalization of the foreign exchange market etc and (b) strengthening domestic competitive capacity before full liberalization (ie., restrict the sector to domestic investors, strengthening the regulatory and supervision capacity of the NBE, providing autonomy to banks as well as opening up inter-bank money market etc). In line with this strategy various proclamations and regulations were passed since 1992 (See Alemayehu and Seife 2001).

2.2. The Structure and Performance of the Financial System in the Pre and Post Reform Period

Following the Mckinnon (1973) and Shaw's (1973) paradigm, financial liberalization has been high on the agenda of developing countries. The financial repression school - as it is sometimes referred to - argues that government intervention in the sector (in particular through subsidized interest rate and (favored) credit allocation) not only distorts the financial market but also depresses saving and leads to inefficient investment. The policy prescription that follows is liberalization. This has been endorsed by international financial and development institutions (such as the World Bank and IMF) and had been high on the agenda of reform packages that came with name 'Structural Adjustment Programs'/SAPs.

Many developing countries, except a few in Asia, that went through this agonizing reform process are unable to enjoy what is promised in this package in general and the financial sector prosperity in particular. Vos (1993) noted that the major factors that could explain the failure of financial liberalization in Latin America and its success in Asian developing countries (such as Korea and Taiwan) lies in the control and intervention by state to address structural problems without disregarding market-oriented performance criteria. Thus, for Vos gradualism and addressing some of the setbacks in the financial sector reform, such as lack of sensible prudential and supervisory capacity in place before the onset of the financial sector reform, are crucial.

2.2.1. The Pre-Reform Financial Sector

The pre-reform period here refers to the period 1974 to 1991, which I noted as the *Derge* regime before. During this period all private banks were nationalized. The National Bank of Ethiopia (NBE) was at the apex of the banking structure and was engaged in all the functions of a central bank. As noted earlier, CBE, AIDB (DBE), HSB (CBB) were in operation. In addition to these banks, there were also two other financial institutions: Ethiopian Insurance Corporation (EIC) and the Pension and Social Security Authority (PSSA).

The CBE, followed by the DBE, was/is the most important banks in the country both before and after reform. On the average the CBE alone comprises more than 90% of total deposit (while DBE's share is 1.3%), and 71% of the total loans advanced (DBE's share being 16%). Owing to the dominant position of these two banks, the major activities and performance of these two banks is outlined below. This will provide us with a good picture of banking activity in the country both before and after the 1992 reform.

2.2.1.1. The Commercial Bank of Ethiopia (CBE)

The Commercial Bank is established in its present form by a merger of one of the nationalized private bank (Addis Bank) with that of the publicly owned commercial bank by proclamation No. 184, 1980. It is directed by a board and managed by three managers (one General and two Deputies) appointed by the government. The management is supported by detailed monthly and quarterly reports of the various branch banks.

a. Mobilization of Deposit

The mobilization of deposit by CBE in the pre and post reform period. The Table shows that the CBE is the dominant bank that accounts more than 90% of the total deposit mobilized in the country in the pre-reform period.

This share is the highest for demand deposit (100%) followed by saving (96%) and time (45%) deposits. Thus, to study the CBE is basically to study the banking sector in Ethiopia.

CBE share in total deposit has dropped to an average of to 87% in the post-reform period, the actual figure for 2002/03 being 75.5%. The sharp decline in CBE's share in total deposit (as percent of national total) observed in 2002/03 is primarily due to the performance of the new private banks, in particular Awash and Dashen Banks. The share of the CBB and DBE has also increased (see Table 3a and below). *The Structure and Performance of Ethiopia's Financial Sector* 5.

Clearly there is evolving structural shift when deposit is observed by institutions. In general the trend is to move away from a dominant public sector towards a financial structure where the role of the private sector is becoming increasingly important. In general, during the two periods (before and after the reform), demand deposit by the private sector and individuals increased ; the share of cooperatives declined; and the share of the public enterprises and agencies declined Financial agencies share has also declined while the central government's share has increased. In terms of saving and time deposits the private sector has the lion share in both periods. This is attributed to the government's rule that restricts public enterprise and agencies from holding such deposit (see Alemayehu 1999b).

b. Loans and Advances

The outstanding loans of the CBE by 'institutional' and sectoral disaggregation. In the immediate years before the reform (1985-91) the average outstanding loans of the CBE was the highest in the international trade sector (15% in 1989) followed by housing & construction and domestic trade (about 6%) and industry (5.5). In the post-reform period the outstanding loans with domestic trade sector grew enormously (reaching on the average. 1992-2003, 19.3%).

This is followed by domestic trade (12.6%), industry (7.2 %) and transport and construction (5.4%) sectors. Loan to the central government which was about 62 % in pre-reform period has declined nearly by half (to 32%) in the post-reform period. This perhaps shows the discipline the government is exercising in its fiscal and monetary policies.

When the outstanding loans by institutional break down is examined outstanding loan to the public enterprises which was about 27% in last five years of the pre-reform period has declined to an average of 15% in the post-reform period, the figure for 2002/03 being 5%. The share of the private sector, however, has increased from 14 % to 47% in the two periods. This is attributed to the liberalization program which resulted in the increasing exposure of the CBE to the private sector. As to the government, as noted above, CBE's outstanding loan with government has dropped nearly by half.

c. Loan Collection

In the pre-reform period the highest loan collection is made from are domestic trade, followed by import and exports, and the industry (in the order of importance). In terms of institutional Alemayehu Geda 6 disaggregation, loan collection from the private sector was significant which constitutes nearly 47 % in the pre-reform period and jumped to an average figure of nearly 75% in the post-reform period. Loan collection from the public sector had been falling steadily in the pre-reform period. This trend has also continued in the post-reform period (dropped from 44% to 115 in the two periods. This shows the bad financial shape in which the public sector found itself.

In general total collection has shown a marked improvement in the post-reform period. The growth figure, which was generally negative in the pre-reform period, changed to a positive one in the post-reform period. Thus, the performance of the CBE in this regard is quite commendable.

This pinpoints to the important point that existing public banks, with proper regulation and policy environment, can enormously improve their performance. Hence,

privatization, as argued by IMF, is not a panacea to bring about efficiency in the banking sector

2.2.1.2. The Development Bank of Ethiopia (DBE)

The mobilization of deposit by DBE was fairly stagnant in the five years before the reform. However, it dropped sharply just before the reform period and the first two years of the post-reform period. Currently its level is picking up and reaching the level registered in the pre-reform period (see Alemayehu 1999b).

DBE's loan disbursement by sector. Both in post and pre-reform period the highest share of loan disbursed has gone to the agricultural sector. This is followed by the loans disbursed to the industrial sector. In terms of the magnitude of the loan advanced, the recent years has show a marked decline (the total loans advanced by DBE declining from 155 million in 1992/93 to about 57 million in 2002/03. In terms of loan by social sectors, the bias against the private sector that was witnessed in the pre-reform period is reversed in the post-reform period. This reversal shows the success of redirecting the emphasis from public to private sector (see Alemayehu 1999b).

Outstanding loan was a serious problem in the pre-reform period. This problem has eased in the post-reform period although currently its value is to 4.4 billion Birr in 2001/02 in terms of sector the agricultural sector was the most indebted on in the pre-reform period. The industrial sector took over the agricultural sector in the post-reform period, however. In terms of institutional Disaggregation outstanding loan was mainly with the public sector in the pre-reform period. Again the private sector took over the public sector in this Alemayehu Geda 8 respect in the post-reform period.

The rather recent phenomenon of high level of outstanding loan with private sector needs closer attention. Although I couldn't find complete data on arrears, the level of arrears in the pre-reform period (in particular in the agricultural sectors – where the role of state farms was crucial) had reached an alarming level. The arrears which were on the average above 75% of total principal outstanding in the pre-reform period has

declined sharply to nearly 40% in the first two years of the post-reform period owing to the rescue effort by the government (see Alemayehu 1999b).

In terms of loan collection, the performance of DBE is not impressive. However, in the post-reform period the DBE has made a good effort to collect its outstanding loans, in particular, from the cooperative and private sectors.

Other performance indicators of the DBE were not impressive. For a good part of the period under analysis the DBE is operating at loss and had a bad financial shape, as can be read from the change in working capital. Its total asset was by and large stagnant in the pre-reform period and declined thereafter. In general since the DBE was operating under the auspices of central planning and relatively exposed to loss making sectors (such as state farms) its performance epitomized the inefficiency in the public sector (see Alemayehu 1999b). This should be contrasted with CBE, which is a public sector, yet relatively performed good even on financial ground. Thus, it makes sense to make the interesting conclusion that probably what matters most is not ownership but exposure/or not to loss making clients or not.

2.2.1.3. The Policy Regime in the Pre-Reform Period: Financial Sector and Ideology

The Derg can be characterized as a controlled regime where all economic activities were to be based on the directives that came from the central (national) planning organ. To facilitate this, the NBE is reorganized by the 1976 reorganization proclamation where the role of NBE as a developmental organ is clearly emphasized by the infamous article 6 in the proclamation, which expressed the objective of NBE to be 'to foster balanced and accelerated development'.

In this period, the NBE was actively involved in direct controlling of all financial institutions by (a) fixing both deposit and lending interest rates, (b) directly controlling the foreign exchange and credit allocation which was done in a discriminatory manner, by favoring the public sector, and (c) by directly financing government deficit (NBE,

1998). Bank supervision/regulation has been largely limited to on and off inspection on a few branches.

The Derg regime is also characterized by an economic policy largely informed by the ideology of 'socialism'. The *sin qua non* of such set-up is the prominent role accorded to the socialized (public *The Structure and Performance of Ethiopia's Financial Sector* 9 sector included) sectors by discriminating against the private sector. During this time indirect ways of regulating the financial sector was not important since it can be controlled directly. The most important financial instruments used to directly control the sector were (1) interest rate and (2) discriminatory allocation of foreign exchange and (3) credit.

The interest rate is deliberately set at a very low level (repressed). Depending on the degree of socialization, different sectors did face different interest rates. The socialized sectors were also accorded priority in credit as well as foreign exchange allocation. All foreign exchange earning were surrendered to the NBE. The latter will ration this limited supply of foreign exchange to sectors that were accorded priority in the national plan. In general the priority is for the socialized sectors - the private sector being the least preferred.

2.3. The Structure of the Financial System in the Post-reform Period

Proclamation No. 84/1994 that allows the private sector (owners have to be Ethiopian nationals, however) to engage in the banking and insurance businesses marks the beginning of a new era in Ethiopia's financial sector. Following this proclamation the country witnessed a proliferation of private banking and insurance companies.

At that time, there was 6 new private banks (with 115 branches) and 8 insurance companies (with 79 branches) in operation. These banks in particular account for about a quarter of the total banking capital in the country.

2.4. Performance of the New Private Banks

Despite the proliferation of such privately owned companies, their relative share is still extremely small. The public sectors share has, however, declined from 95% in 1996/97 to 67% in 2002/03 – thus, the share of the private banks rising from 4.2% to 19.6% in the two periods. This private sector share is the highest for time deposit followed by saving and demand deposit.

Similar pattern is observed in terms of disbursement of loans, loan outstanding and loan collection. In general, in terms of loan disbursement the share of the public sector (the CBE being the dominant bank, accounting from more than 95% of the public banking sector in the figures analyzed in this section, followed by DBE) has declined from 93% in 1996/97 to 44% in 2002/03 – resulting in the share of the private banking sector successful rise from 7% to 56 %. In terms of loan collection the public banks share declined from 94% to 60% in the two periods; again resulting in the share of the private sector to increase from 6 to 40%. Outstanding loan is the highest in the public sector, being 96% in 1996/97 and declining a little to 82% in 2002/03 (the corresponding figure for the private bank increased from 4 to 18%). In sum, the private banks are catching up relatively faster with the public banks in almost all activities of banking. The disaggregation of the disbursed credit by institutional category also shows the increasing role of the private sector that can chiefly be attributed to the ongoing liberalization.

The general trend is that private banks are catching up quickly with the public ones. A detailed account of each bank reveals that, using the data for the year 2002/03, the most important private banks in terms of deposit mobilization, loan disbursement, and loan outstanding are found to be Dashen Bank, followed by Awash International Bank in the second place and Abyssinia Bank in the third place (the only exception here being that Wegagan bank is in the second place, hence Abyssinia third, in terms of loan collection and loan disbursement). Clearly the trend of the existing data shows that the share of the private banks both in deposit mobilization and lending could increase

significantly in the years ahead. It is also worth noting that the share of credit extended to the private sector has jumped from in the recent past the public sector's share declining (the share of cooperatives remaining fairly stable) (see Alemayehu 1999b). This is a clear demonstration of the impact of the liberalization scheme pursued by the government.

Awash International Bank S.C (AIB) was established as the first private Commercial Bank (post 1991) on November 10, 1994 by 486 founder shareholders with a paid up capital of Birr 24.2 million and started banking operations on February 13,1995. Over the past twelve years, the number of shareholders and the amount of capital and reserves has increased to 2397 and Birr 342 million, respectively.

2.5. Definition of Service Quality

In service literature, service quality is usually defined based on consumers' assessment. Parasuraman et al. (1985, p. 42) defined service quality as "a measure of how well the service level delivered matches customer expectations; delivering quality service means confirming to customer expectations on a consistent basis". Parasuraman et al. (1988, p. 16) defined perceived service quality as "a global judgment, or attitude, relating to the superiority of the service". Zeithaml (1988, p. 3) defined service quality as "the consumer's judgment about a product's overall excellence or superiority". It is clear that defining service quality is an important step toward the development of a solid foundation for this study.

Kotler and Armstrong (1996, p.9) defined service quality as "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs".

Therefore, being in line with the service literature, this study looks into service quality as the standard of excellence toward fulfilling customers' requirements, which contributes toward achieving customers' ultimate satisfaction. This, in turn, entails organizations and firms to investigate, explore, and identify customers' requirements and to try to meet them in order to provide a high standard of service quality.

2.6. Importance and Benefits of Service Quality

Lewis et al. (1994) have explored and identified a number of possible benefits service organizations can look forward to when they pursue service quality. Service organizations are competing to achieve sustainable competitive advantage through providing a high-quality service to their existing customers in a severely competitive environment. This has led to a continued focus on service quality. Organizations have recognized a number of potential benefits derived from implementing service quality programs, including increasing customer satisfaction, customer retention, customer loyalty and positive word-of-mouth, increasing opportunities for cross-selling, employee benefits, improved corporate image, profit gains, and financial performance.

2.7. Formal Models of Service Quality

There are a number of conceptual models that have been developed by various researchers and scholars world-wide to investigate the service quality concept. At the same time, these models have been aimed to be adopted by service organizations as a tool to assist in quality improvement programs. In a literature review study, Seth et al. (2005) presented a list of key service quality models including, for example, Technical-Functional Quality Model (Gronroos, 1984), Gap Model and SERVQUAL Model (Parasuraman et al., 1985, 1988), Service-Profit Chain Model (Heskett et al., 1994), and Satisfaction-Service Quality Model (Spreng and Mackoy, 1996).

These conceptual models along with other models have contributed to the development of various schools of thought of service quality. Generally, in the current service marketing literature there are three key schools of service quality modeling, namely the Nordic School, the Holistic School, and the North American School (Gap Analysis School).

Nowadays, in a severe competitive environment, the most central factor to sustainable competitive advantage is to provide the best possible service quality which will result in

improved customer satisfaction, customer retention, and profitability (Sureshchandar et al., 2002; Buttle 1996). The significance of the service quality concept derives researchers and scholars to address this issue and to investigate it further across different service sectors. Thus, throughout the past two decades, service quality has become an established area in the marketing literature. There have been many research studies that have studied, examined, and investigated its nature in the traditional face-to-face service environment (see, for example, Rust and Oliver, 1994; Hallowell, 1996; Sureshchanar et al., 2002, etc.). Moreover, numerous traditional service quality models have been developed to assess and evaluate service quality performance in the traditional service environment such as the SERVQUAL model (Parasuraman et al., 1985).

In current service literature, there are a number of key instruments available for measuring service quality performance. Though, the SERVQUAL model has been the major generic model used to measure and manage service quality across different service settings and various cultural backgrounds (Buttle, 1996). However, apart from its wide use, a number of theoretical and empirical criticisms of the measurement model have been pointed out (Ladhari, 2008). First of all, the validity of the SERVQUAL model as a generic instrument for measuring service quality across different service sectors has been raised. Also, there has been an argument that a simple revision of the SERVQUAL items is not enough for measuring service quality across different service settings.

As a result, Ladhari (2008, p. 68) stated that “It has been suggested that industry-specific measures of service quality might be more appropriate than a single generic scale”. This argument was supported by Dabholkar et al. (1996, p. 14) who stated that “It appears that a measure of service quality across industries is not feasible; therefore, future research on service quality should involve the development of industry-specific measures of service quality”. Ladhari (2008) reported that in recent years, more attention was paid by researchers and scholars toward the development of an alternative industry-specific research instruments for measuring service quality.

Consequently, a number of industry-specific research instruments have been developed in the past several years in different service settings and various countries and cultural backgrounds.

Cronin and Taylor (1992) in their empirical work controverted the framework of Parasuraman, Zeithaml and Berry (1985, 1988) with respect to conceptualization and measurement of service quality, and propounded a performance-based measure of service quality called 'SERVPERF' illustrating that service quality is a form of consumer attitude. They argued that SERVPERF was an enhanced means of measuring the service quality construct.

In the SERVPERF scale, service quality is operationalised through performance only score based on the same 22 items and five dimensional structure of SERVQUAL. Thus, SERVPERF uses only the performance items of the SERVQUAL scale.

2.8. Seeing service quality model distinctively

There are many service quality models but scientists are not of one mind about these models and measurements. Service quality has different dimensions regarding the various service sectors (Pollack, 2009) Nevertheless, service quality measurement enables managers to recognize quality problems and enhance the efficiency and quality of services to exceed expectations and reach customer satisfaction. Service quality perception widely has been studied in last three decades. Zeithaml (1988) define service quality as an assessment of customer from the overall excellence of service. It is because of service quality nature, which is intangible, heterogeneous and inseparable. In recent decades, many models have been developed for measuring service quality and the first attempt was by Gronroos in 1984. He believes in distinguish between technical quality as an outcome for performance of service and functional quality as a subjective perception of service delivered. Rust and Oliver have expanded Gronroos model in 1994 by adding service environment as a new dimension. In 1985 Parasuraman, Zeithaml, and Berry suggested the most used and famous model named

SERVQUAL. At first, they suggested ten dimensions for service quality but after some initial study in 1988, they reduced to five dimensions for service quality model. The SERVQUAL model was based on difference between perception and expectation of quality of service through five dimensions. Some researchers believe measuring the gap between expectation and perception, psychometrically cannot obtain superior assessment of service quality. Hence, in 1992 Cronin and Taylor recommended the SERVPERF model that was based on performance in service quality measurement. SERVPERF was inclusive more of variance in overall service quality measurement than SERVQUAL. In addition, Dobholkar, Thorpe, and Rentz in 1996 tested SERVQUAL and reported that this measurement has not been adapted in some areas like retail store environment. They proposed a new model so called Retail Service Quality Scale (RSQS). Brady and Cronin proposed Hierarchical and Multidimensional model for service quality in 2001. They combined Rust and Oliver (1994) three components model and Dabholkar et al. (1996) the multilevel model.

2.9. Customer expectation

According to [online] available on the internet at: What potential buyer thinks or feels about product the needs, wants, and preconceived ideas of a customer about a product or service. Customer expectation will be influenced by his or her perception of the product or service and can be created by previous experience, advertising, hearsay, awareness of competitors, and brand image. The level of customer service is also a factor, and a customer might expect to encounter efficiency, helpfulness, reliability, confidence in the staff, and a personal interest in his or her patronage. If customer expectations are met, then customer satisfaction results.

2.10. Customer perception

Business Dictionary.com [online] available on the internet at: [http: A marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels.](http://www.businessdictionary.com/definition/customer-perception.html)

2.11. Customer satisfaction

Satisfaction can be defined as “a collective outcome of perception, evaluation and psychological reactions to consumption experience with a product/service”(Yi,1999,as cited in sahal and Zoha,2005).

Joan L. Giese Washington State University **Joseph A. Cote** Washington State University (2000) regarding consumer (Customer) satisfaction say as follows:

Three general components:

- 1) Consumer satisfaction is a response (emotional or cognitive)
- 2) The response pertains to a particular focus (expectations, product, consumption experience, etc.)
- 3) The response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc). Consumer responses followed a general pattern similar to the literature. Satisfaction was comprised of three basic components, a response pertaining to a particular focus determined at a particular time.

According to Wirtz (1994) service givers have considerable occasions to control the connections that mutually form the experience. In banking system, satisfaction is elucidated as if it is multidimensional conception (Anderson, 1998).Faraz (2005) stated that customer satisfaction is the situation when customer expectations have been fulfilled to the fullest capacity when using the product or service.

The capacity to fulfill customer expectation consequently brings about strong loyalty to the product or services of a company. On the other hand, Murthy (2010) stipulated that banks have to be efficient in dealing with individual customers, traders and companies. It is also necessary for banks to strive hard to retain the existing customers in the face attracting new customers.

The number of customers served determines the bank's success. Customers' confidence and trust on the services delivered by the bank determines the bank's fate. A full- fledged service delivery to the customer by the bank secures the bank's survival.

Banks as the major financial institution in the country provide various services to customers. The major services rendered by banks include the accepting of all types of deposits, extending credit services and the provision of international banking services and others.

Thus, the researcher applies the reviewed literature as a guideline to comprehend terms, methods, techniques, and critical approaches as well.

CHAPTER THREE

RESEARCH METHODOLOGY

The overall objective of the study was primarily measuring dimensions of Service Quality and Customer Satisfaction of Awash International Bank-Gerji Branch. To this end, this chapter consists of descriptive research design, data sources and type, sampling technique and sample size, data collection method, and data analysis presented below.

3.1. Research Design

A research design is a plan or framework that provides the basic direction for carrying out the research. Basically, in business research, there are three categories of research design: exploratory, description, and explanatory. The explanatory category is also known as causal research (Zikmund, 2000). Hence, the research design that was applied for this study was a descriptive research design since the objective of this paper is to describe the service quality requirement and satisfaction of the customers regarding the selected bank performance about of service delivery quality.

3.2. Data type and Sources

The data type is qualitative and quantitative. In order to solicit data and address the formulated specific objective, the educated customers of Awash International Bank-Gerji Branch were taken into account as primary and secondary data. Primary data was collected through self administered and close ended questionnaires to the identified respondents. Secondary data relevant to this study was collected from publications including journals, books, researches and various materials.

This study contemplated both the management and the employees of the Bank on the top of the data collected from the target customers as sources additional information so as to triangulate and come up with balanced information. The relevant

secondary data sources such as Reports of the Bank, fliers, journals, books and so forth were also contemplated.

3.3. Target Population

Population is defined the totality of cases that confirm to some designated specifications. It can also be called a 'study population' which refers to the aggregation of elements from which a sample is actually selected (Churchill, 2001). For the purpose of this study the target population was the educated customers- ***Diploma, First degree and Postgraduate Degree Holders*** of Awash International Bank-Gerji Branch. The total population of the study place was undefined and I found it to be appropriate taking into consideration of the weekly-based population

3.4 Sampling Technique and Sample Size

Sampling techniques are divided into two broad categories, probability and non-probability. These allow researchers to answer research questions and to achieve research purposes. Since the present study used a cross sectional survey research, purposive (non-probability) sampling. The total population of the study place was undefined; they did not have an aggregate database system to their customers, because of these, the researcher took into consideration of the weekly-based population to determine the sample size. The average daily customers were 350 so that the total population was calculated to be 2,100 (350×6=2100). Six working days were considered because this bank has already providing services throughout the week except Sunday.

By using the following **Yamane's formula**, the researcher considered 95 customers to be the respondents of the survey questionnaires from the total population as a sample.

$$n = \frac{N}{1 + N(e)^2}$$

Whereas: n= sample size (95)

N=population size (2100) e =sampling error 10%

3.5. Methods of Data Collection

This study used survey method of data collection which was composed of self-administered questionnaires in the form only closed ended questions. The questionnaire has two sections. The first section was designed to solicit data on socio-demographic characteristics of the respondents. The second section, to address data regarding perception of customers towards the bank service in terms of service quality dimensions using five-points of Likert scales. In addition, this study duly considered the reflections of the management and the employees of the bank using structured type of Personal Interview for the purpose of triangulating the sources of information.

Finally, pre-tests session with twenty customers was conducted to find out whether the questions are clear and detecting any faults prior to the actual data collection process.

3.6. Tools for Data Gathering

Among general instruments, the most popular model used for evaluation of service quality is SERVQUAL, a well-known scale developed by Parasuraman et al. (1985, 1988) which is naturally structured to be administered by the respondents themselves. The attributes of (Parasuraman et al. 1988): tangibles, reliability, responsiveness, assurance and credibility, security, access, and understanding. Based on Parasuraman et al. (1988) conceptualization of service quality, the original SERVQUAL instrument included 22 items. This research duly considered around 22 sub-mentions of modified SERVQUAL attributes in the case of Banking Industry.

First, respondents were given the above mentioned factors that were used only for the purpose of prioritization of the major service quality dimensions and their levels of satisfactions so as to measure the perceived service quality of the customers. Therefore, respondents were asked to rate the above factors as to whether they feel as important by anchoring the Likert 5 -point scale ranging from 1 (Less Required) to 5 (Highly Required) for each of the above factors in five major areas.

The same was true for measuring satisfaction level, Likert 5-point Scale ranging from 1 (Strongly Dissatisfied) to 5 (Strongly satisfied). Eventually, 95 Questionnaires were distributed to the sample respondents. Respondents were given very brief orientations about how to fill the questionnaires.

3.7. Methods of data analysis

With regard to the data processing and analysis, first, the questionnaires were coded, classified, and tabulated to avoid incomplete questionnaires and make suitable for further analysis. Secondly, this study considered descriptive statistic techniques to analysis the data using mean values were computed to understand the dimensions and satisfactions with services quality among the customers in the Bank. All the questions under each category were summed up and averages were taken to interpret the information for particular category. Finally, the researcher employed mean values to measure the perceived service quality ratio (Q) by dividing the customer satisfaction with the customer requirement (Importance). If $Q > 1$: quality is considered as good, if $Q = 1$: Quality is satisfactory, and if $Q < 1$: quality is low (Suradi et al, 2008).

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter comprises the data presentation following the relevant data processing, analysis and interpretations. The analysis and interpretations of data were carried out based on the data collected through self-administered questionnaires from the external educated customers of the bank and through Structured Interview from the management and employees of the bank. This study utilized quantitative analyses of data for the data collected through questionnaires and qualitative analysis of data for the data collected through interview.

4.1 Response rate

To solicit the data, Ninety Five (95) questionnaires were distributed to the educated external customers of the bank. Out of this, eleven (11) of them were not returned and three (3) of them had missing of data. This shows that almost **85% response rate** was secured so that having significant response rate to conduct the analyses smoothly.

4.2 Demographic characteristics of the respondents

In order to record the customers' profile for the readers of this research, the researcher has collected the demographic characteristics of the respondents. The first section of the questionnaire consists of the demographic characteristics of respondents that requested information related to personal profile of the respondents. Accordingly, the following variables about the respondents were summarized in the following table. These variables includes; gender, age, educational level.

Table 4.1: Respondent`s Profile

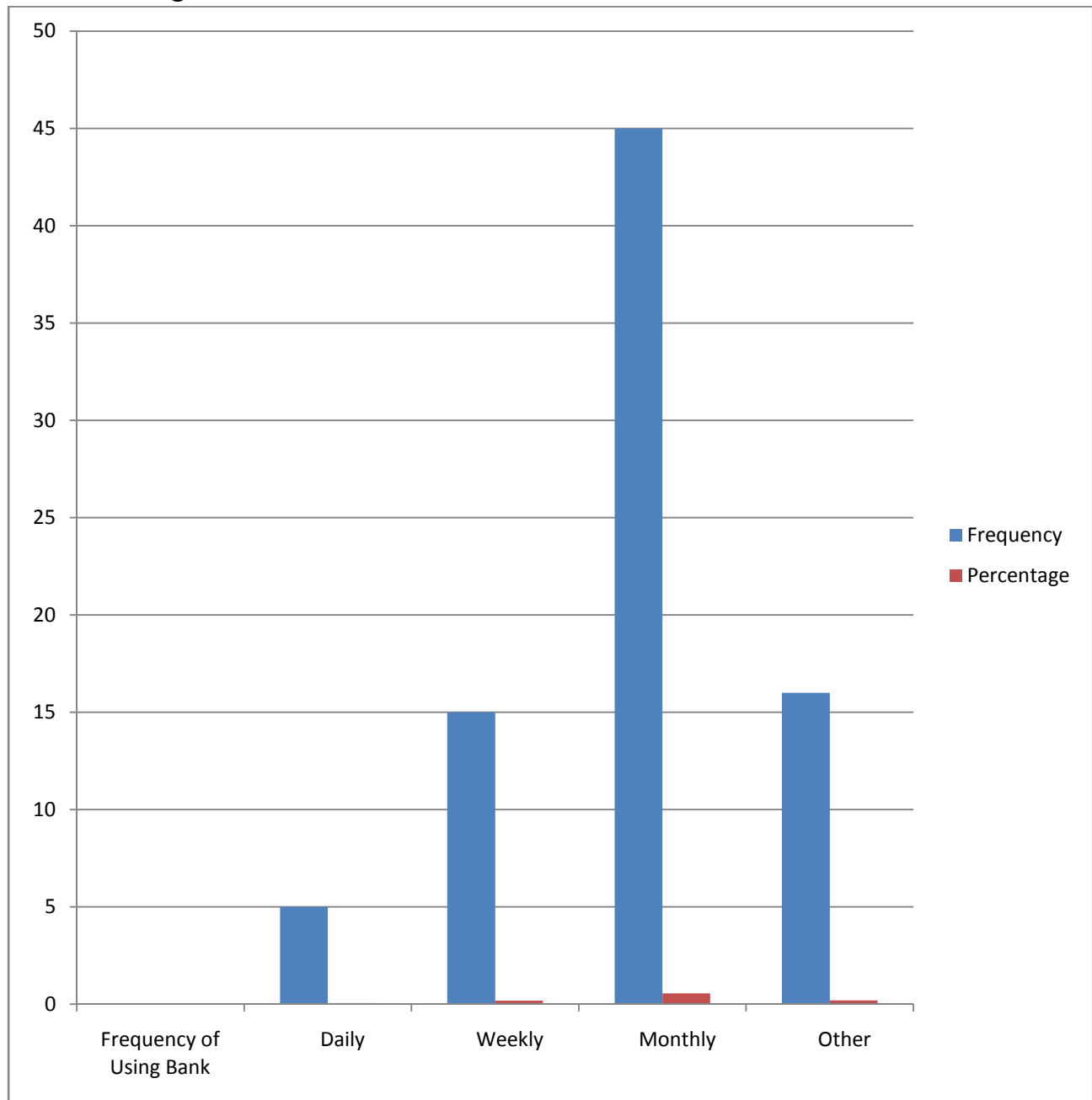
Characteristic of Respondents	Frequency	Percentage
Gender		
Male	59	72.84%
Female	22	27.16%
Age		
18-30	45	55.55%
31-50	32	39.51%
51 and above	04	4.94%
Level of Education		
Diploma	18	22.22%
Undergraduate	55	67.90%
Postgraduate	08	09.88%

Source: survey questionnaire (2014)

As shown on table 4.1, Out of all of the respondents, 72.84% was male and the remaining was female. Although the age distribution was fallen in all age categories, more than average respondents was fallen in the age category of 18-30, particularly; around 95% of them were fallen between the ages of 18 to 50.

With respect to the academic qualifications of the respondents, 22.22% of them were diploma holders, 67.90% of the respondents were degree holders and the remaining 9.88% were post graduate degree holders respectively. From this, we can understand that most of the respondents were first degree holders.

Chart 4.1 Usage rate



Source: survey questionnaire (2014)

The customers were asked to indicate their frequency of use for the Bank service. Accordingly, more than average of the respondents were visiting the Bank service once in a month. This may infer that these customers may be monthly salaried.

4.3 Service Quality Dimensions

The main information that determined the inference of the quality of service were related to the dimensions. These were treated to be evaluated individually.

Table 4.2 Tangibles

Service Quality Attribute	Requirement Mean(CR)	Satisfaction Mean(CS)	Perceived Service Quality Ratio(PSQ)= CS/CR
1.The bank modern looking equipment	3.5000	3.0000	0.8571
2.The bank's physical features are visually appealing	3.5000	3.0000	0.8571
3. The bank's reception desk employees are neat appearing.	3.0000	3.0000	1.0000
4.Location of the office is visually attractive	4.5000	4.0000	0.8889
Mean of Means	3.6250	3.2500	0.9008

Source: survey questionnaire (2014)

4.3.1. Perceived Service Quality of customers towards Tangibles

As clearly depicted on table 4. 2, except one attribute of tangibles –*the bank`s reception desk employees are neat appearing*, the perceived service quality ratio of the rest attributes were found to be below one. According to (**Suradi, 2008**) if the score of the perceived service quality becomes below 1, it shows that the quality of that particular service is low, if it is equal to 1, it means that the perceived service quality of that particular service is satisfactory, and if it is more than one , it refers to the perceived service quality of that particular service is good. Based on this, if we simply look at the mean of means of the perceived service quality score of all attributes of tangibles shows only 0.9008 this is really below one.

This may also infer that the bank is required to do a lot in order to improve the tangibles part of the service quality issue of this bank for the reasons that tangibles are important for banking business as tangibles make the incredible first impression during face to face contact between the customers and the bank. Moreover, Impressive tangibles fill the customers with confidence that they are dealing with the bank where their financial interests are safe and secure.

Table 4.3. Reliability

Service Quality Attributes	Requirement Mean(CR)	Satisfaction Mean(CS)	Perceived Service Quality Ratio(PSQ) = CS/CR
1. The bank performs the service right the first time.	3.6667	3.0000	0.8182
2. The bank provides its service at the time it promises to do so.	3.0000	3.0000	1.0000
3. The bank insists on error free records	3.0000	3.0000	1.0000
4.The bank has operating hours convenient to all its customers	3.5000	3.2500	0.9285
Mean of Means	3.2917	3.0625	0.9367

Source: survey questionnaire (2014)

4.3.2. Perceived Service Quality Ratio towards Reliability

As clearly portrayed on the above table 4.3, the bank was rated well in terms of provision of its services at the time it promises to do so and insisting on error free records because their perceived service quality ratio scores are exactly 1 so that alarming the bank to further strengthen these of its reliability attributes. However, with regard to the performance of service right the first time with perceived service quality ratio score of 0.8182 and the convenience of the operating hours of the bank to the customers with the perceived service quality ratio score of 0.9285 are less than 1. This may show that the frontline employees of the bank are not committed to the desired

level so as to perform the services right the first time for one or other reasons and the operating hours are also not convenient to the customers. Overall, the mean of means of the perceived service quality ratio of the reliability attributes is still below 1. This may imply that the services given by this bank are not reliable which may be resulted from the inability of the bank to perform the expected (promised) service dependably and accurately.

Table 4.4 Responsiveness

Service Quality Attributes	Requirement Mean(CR)	Satisfaction Mean(CS)	Perceived Service Quality Ratio(PSQ) = CS/CR
1. When the bank promises to do something by a certain time, it does so.	3.5000	3.0000	0.8571
2. Employees in the bank tell you exactly when the services will be performed	3.3333	3.3333	1.0000
3. Employees in the bank give you prompt service	3.0000	3.5000	1.1667
4. Employees in the bank are never too busy to respond to your request	3.0000	3.5000	1.1667
Mean of Means	3.2083	3.3333	1.0476

Source: survey questionnaire (2014)

4.3.3. Perceived Service Quality Ratio towards Responsiveness

As clearly depicted on the above table 4.4 the perceived service quality ratio scores of all attributes of Responsiveness are greater than or equal to 1 except one item which scores 0.8571 that is really below the standard 1-***When the bank promises to do something by a certain time, it does so.*** Most importantly, the mean of means of the perceived service quality ratio score of all attributes of Responsiveness dimension is greater than 1.

This may imply that the willingness of the bank to help customers and provide prompt service in the form of paying due attention and promptness in dealing customers' requisitions, complaints, and problems seems sound.

Table 4.5 Assurance

Service Quality Attribute	Requirement Mean(CR)	Satisfaction Mean (CS)	Perceived Service Quality Ratio(PSQ) = CS/CR
1.The behaviour of employees in the bank installs confidence in you	3.0000	3.0000	1.0000
2. You feel safe in your transactions with the bank.	2.7500	2.7500	1.0000
3. Employees in the bank have the Knowledge to answer your questions.	3.0000	3.0000	1.0000
4. The employees of the bank understand your specific needs.	3.5000	3.0000	0.8571
Mean of Means	3.0625	2.9375	0.9643

Source: survey questionnaire (2014)

4.3.4. Perceived Service Quality ratio towards Assurance

As shown on table 4.5, except one item- *The employees of the bank understand your specific needs* its perceived service quality ratio score is below 1, the perceived service quality ratios of the remaining items are exactly 1 which means these attributes of Assurance are rated good in accordance with the standard.

However, the mean of means of the perceived service quality ratio score is 0.9643 which is less than 1. This may imply that customers are not assured to the required level so that an overall feeling of confidence in customers that the bank employees have

professional knowledge and experience and committed to give answers to customers' queries which should be genuine and trustworthy seems questionable.

Table 4.6 Empathy

Service Quality Attribute	Requirement Mean(CR)	Satisfaction Mean(CS)	Perceived Service Quality ratio(PSQ)=CS /CR
1. When you have a problem, the bank shows a sincere interest in solving it.	3.0000	3.0000	1.0000
2. Employees in the bank are always willing to help you	3.0000	4.0000	1.3333
3. Employees in the bank are consistently courteous with you	3.5000	3.5000	1.0000
4. The bank gives you individual attention	3.0000	3.0000	1.0000
5. The bank has employees who give you personal attention	3.2500	3.0000	0.9231
6. The bank has your best interests at heart.	3.5000	3.0000	0.8571
Mean of Means	3.2083	3.2500	1.0189

Source: survey questionnaire (2014)

4.3.5. Perceived Service Quality Ratio towards Empathy.

As clearly displayed on table 4.6, except the perceived service quality ratio scores of two attributes of Empathy such as *the bank has employees who give you personal attention and the bank has your best interests at heart* are 0.9231 and 0.8571 which are less than 1 so that getting rated low perceived quality compared to the standard, the rest attributes are rated good and above.

The mean of means perceived service quality ratio score is 1.0189 which is greater than 1 so as to get labelled above good compared to the standard. This may infer that the

bank is in the position to feel what customers really feel in the form of delivering the desired level of care and individualized attention.

Table 4.7 Overall Levels of Requirement, Satisfaction and Perceived Service Quality

S.No	Major Service Quality Attribute	Levels of Requirements	Rank	Levels of Satisfaction	Rank	Overall average means Perceived Service Quality	Rank
1	Tangibles	3.6250	1	3.2500	2	0.9008	5
2	Reliability	3.2917	2	3.0625	4	0.9367	4
3	Responsiveness	3.2083	3	3.3333	1	1.0476	1
4	Assurance	3.0625	5	2.9375	5	0.9643	3
5	Empathy	3.2083	3	3.2500	2	1.0189	2

Source: survey questionnaire (2014)

4.3.6. Levels of Requirement, Satisfaction and Perceived Service Quality ratio scores for all major dimensions such as Tangibles, Reliability, Responsiveness, Assurance and Empathy.

According to table 4. 7, the major service quality dimensions such as Tangibles, Reliability, Responsiveness and Empathy, and Assurance are prioritized in order of their levels of requirement. This may infer that the bank should prioritize its services rendering accordingly so as to be compatible with the demands of the customers.

However, Responsiveness, Tangibles and Empathy, Reliability and Assurance are prioritized on the basis of their levels of satisfaction showing that the existing loopholes relative to the levels of importance given by the customers. Moreover, Responsiveness,

Empathy, Assurance, Reliability and Tangibles are prioritized based of their magnitude of perceived service quality ratio scores.

4.4. Content Analyses for the Interview

4.4.1. Management's Interview Content Analysis

According to the bank's manager who has been serving the bank since the last two years, it was found that development and introduction of new bank service(s) is/are more likely to be challenging because of the recently emerging intense competitions in the Ethiopian banking industry .This may be taken as alerting instrument to develop the bank so as to cope up with the dynamic market demands of the existing and potential customers. Customers are often encouraged to express their views, comments and complaints using different platforms such as moment of truth personal dialogue, suggestion box, telephone and e-mail. This is also well advocated by **(Robert Johnston and Sandy Mehra, 2002)** stating that the management of the bank will be capacitated to have sound indicators while something wrong happens from customer services point of view so as to take timely measures.

Having said these, the bank uses to encounter service failures for which the management together with the relevant employees were being taking corrective measures in order to solve the prevalence of the service failures in time.

Handling of customers' complaints does have strong positive impact not only for the satisfactions of customers but also they do get committed in terms of long-term relationship even by disseminating positive word of mouth. Such action is supported by **(Robert Johnston and Sandy Mehra, 2002)** in accordance with them the employees of the bank will become fascinated with the positive reactions of the management to the extent of getting retained in the bank.

The assistant manager of the bank also substantiated the position of the manager. On top of this, he also underscored that service quality and customer satisfaction is

properly embedded within the policy of the bank taking into account the pivotal roles of these critical services marketing attributes in order to be successful in sustainable fashion.

However, both of the manager and the assistant manager informed the researcher that no market research has been conducted as far as their knowledge concerned. This may imply that it is demanding to undertake survey services marketing particularly using the parasuraman SERVQUAL standardized questionnaire so as to identify the existing gaps and address accordingly. In relation to this specific research undertaking, they confirmed that the potential outcomes might contribute to the successfulness of the bank based on the quality of the outcomes and acceptance of the same by the management.

4.4.2. Employees` Interview Content Analysis

According to the five employees who have different service years and who are holding different positions in the bank; namely, Personal Banker, Customer Service tellers, customer Officer and Loan Clerk viewed service marketing differently. For example, the personal banker viewed service marketing to be based on the customer interest. The customer officer viewed service marketing like tangible products. The others said that knowledge of the customers is important towards services marketing. This may show that the employees of the bank do have inadequate range of vision towards services marketing and its underpinning roles.

With regard to service failures experience of the employees, all respondents except one teller confirmed that they were being encountering services failures in accordance with the customers' reaction. The response given by one teller stating that no service failure was being experienced seems anomaly to the reality on the ground.

Regarding customer complaints and its significance, the employees said the following:

- *Without complain, there is no sound competition*

- *Based on customer complain, service ought to be supervised*
- *It is the customers that tell the bank`s weaknesses*
- *Managers should be informed of every complain*
- *The complains were positive and negative criticisms and the positive one should be considered as stepping stone to construct the overall success of the bank,*

Hence, it seems that they do have healthy attitude towards the instrumental roles of customer complains.

With regard to handling of customers` complaints, all of the respondents asserted that it was found crucial to handle complaints of customers so as to be efficient and effective in the banking industry. Moreover, the respondents said that service quality and customer satisfaction have positive relationships. This may infer that the employees are bothered to render quality services so as to satisfy their existing customers.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Having completed the data presentation, analyses and interpretations, the following summary, conclusion and recommendations are contemplated:-

5.1. Summary

Except one attribute of tangibles -The bank's reception desk employees are neat appearing with the Perceived Service Quality ratio score of 1, the perceived service quality ratio scores all of the remaining attributes such as Location of the office is visually attractive (0.8889), the bank's physically features are visually appealing (0.8571) and the bank modern looking equipment (0.8571) are accounted below 1. Most importantly, these discrepancies can be well substantiated by the mean of means Perceived Service Quality ratio score of 0.9008 which is really below 1 against the given standard so as to be rated at least well.

With regard to reliability attributes, except two items such as the bank provides its service at the time it promises to do so and the bank insists on error free records with equal perceived service quality score of 1, the rest items such as the bank has operating hours convenient to all customers with the score of 0.9285 and the bank performs the service right the first time with the score of 0.8182 are below 1 so as to get labeled low quality from the eyes of customers. At this juncture, it is quite visible to discern the discrepancy of the reliability major dimension with the mean of means perceived service quality ratio score of 0.9367 which is really below 1 based on the given standard so as to get still rated low.

The perceived service quality ratio scores of the items given as part of the responsiveness major dimension such as Employees in the bank give you prompt service and Employees in the bank are never too busy to respond to your request with the same score of 1.1667, and Employees in the bank tell you exactly when the services will be performed with score of 1 so that reflecting at least good perception of service quality except one item- When the bank promises to do something by a certain

time, it does so with the score of 0.8571 which is really below 1. This is also can be amplified by using the mean of means perceived service quality ratio score of 1.0476 which is greater than 1 so as to labeled at least good service from the eyes of customers.

Except the perceived service quality ratio scores of one attribute of Assurance- The employees of the bank understand your specific needs with the score of 0.8571 which is really below 1 given the standard, the rest items such as the behavior of employees in the bank installs confidence in you, you feel safe in your transactions with the bank and employees in the bank have the knowledge to answer your questions with equal perceived service quality ratios scores of 1 so that mirroring what do really these attributes look like compared to the standard. For the purpose of simplification, we can see the mean of means perceived service quality ratios of all attributes with the score of 0.9643 reflecting where exactly the bank in terms of inculcating assurance into the customers is.

While considering the perceived service quality ratios of attributes of empathy dimension, except two attributes such as the bank has employees who give you personal attention and the bank has your best interests at heart with the scores of 0.9231 and 0.8571 which are less than 1 so as to be rated low services given the standard, the rest items ;namely, Employees in the bank are always willing to help you with the score of 1.3333, when you have a problem, the bank shows a sincere interest in solving it, employees in the bank are consistently courteous with you and the bank gives you individual attention with equal scores of 1 so that getting labelled at least good services compared to the standard. Given the mean of means perceived service quality ratio with the score of 1.0189, we can take a look at the distance walked by the bank to show it's slightly better than good empathetic customer service.

5.2. Conclusion

Overall Major Service Quality Dimensions based on customers' Service Requirements showed that customers of the target bank have given priority for the following major services in terms of their service requirements namely,

Tangibles (3.6250), Reliability (3.2917), Responsiveness and Empathy (3.2083) and Assurance (3.0625) in order of their precedence. Besides, the finding regarding Overall Major Service Quality Dimensions based on customers` levels of Satisfaction demonstrated that customers of the bank have expressed their levels of satisfactions in the following orders such as Responsiveness (3.3333), Tangibles and Empathy (3.2500), Reliability (3.0625) and Assurance (2.9375). Moreover, Mean of Means Perceived Service Quality Ratio Scores of all major dimensions verified that the perceived service quality ratio scores of the major dimensions respectively are: Responsiveness (1.0476), Empathy (1.0189), Assurance (0.9643), Reliability (0.9367) and Tangibles (0.9008) in order of their precedence.

The result in the mean time has proven that the target bank was found to be encountering service failures recurrently. Yet, the recently emerging intensive and extensive competitions were found to be formidably challenging unless and otherwise the target bank management is determined to address the interests of customers with the provisions of quality services to the desired international standards.

On the other hand, although the target bank seemed to be sound in terms of encouraging customers to complain by using different platforms for example taking into consideration the instrumental roles of complaints particularly the constructive ones, the research has shown that there is no encouraging achievement so far.

Further more, the employees of the bank were proven to having inadequate range of visions towards services marketing. Such predicament occurred due to lack of in service short term capacity building trainings.

What is more, the target bank was found to be serving its customers without making any market research so far. Such shortage in research making created a gap and kept widening the gap which through time resulted customers being suspicious of the banks' service.

5.3. Recommendations

First and foremost, the management of the target bank should take due measures in order to bridge the awareness gap created regarding the critical roles of services and relationship marketing.

Meanwhile, the management of the target bank should appreciate the prominent roles of Services Triangle Model in such a way that whatsoever promises are made for the external customers, the bank ought to fulfill it. Because they are on the frontlines also do have moment of truth i.e. interactions with the external customers. In other words, if the management does not handle its employees internally by putting conducive working environment into place and by allocating appropriate benefit packages, it is natural that the displeasures of the internal customers will provoke them to mistreating the external customers and spoiling the image of the bank through ill mannered service delivery. Hence, it is very wise to handle the employees of the bank positively if the bank really wants to enjoy the desired levels of success.

Additionally, capacity building trainings about Service Quality Dimensions and their instrumental implications in the forms of short-term, medium term and/or long-term should be critically arranged for all employees of the bank particularly for the frontline employees so as to fill the demanding gaps thereby to cope up with the emerging intensive and extensive banking competitions.

Also, researches should be conducted at least once in every budget year so that to bridge the observed service gap that has to do with the internal and external customers. Moreover, the management of the bank at this juncture should appreciate retaining the existing customers instead of exerting efforts to attract new prospects; this is because doing the later one by overlooking the former one does mean almost committing gradual suicide. Such problems can be tackled by undertaking appropriate and timely researches.

As a final point, further researches should be planned and get conducted to identify and tackle all sorts of shortcomings that may occur in the course of service delivery.

REFERENCES

- Alemayehu Geda (1999a) 'A Consistent Macro Database of Ethiopia' (Background Paper Prepared for Ethiopian Economic Association, Addis Ababa).
- Alemayehu Geda and Tony Addison (2003) 'The New Financial Sector and Its Regulation: the Case of Ethiopia' in Tony Addison (ed.) *From Conflict to Reconstruction in Africa*. Oxford: Oxford University Press.
- Alemayehu Geda (1999c) 'Institutional Aspect of Reforming the Financial Sector: The Case of Regulating Banking in Post-Reform Ethiopia', *DPMN Bulletin*, 6(1): 15-24.
- Alemayehu Geda (1999b) The Structure and Performance of Ethiopia's Financial Sector In The Pre And Post Reform Period: With Special Focus On Banking' in Alemayehu Geda and Berhanu Nega. *The Ethiopian Economy: Problem and Prospects' (Addis Ababa University and Ethiopian Economic Associations, Addis Ababa*
- Kenova, V. & Jonasson P. 2006. *Quality Online Banking Service*. Jonkoping University.
- Pallent, Julie. 2007. *SPSS Survival Manual: A Step by Step Guide to Data Analysis using SPSS for Windows*. England: McGraw.
- Suradi et al, (2008) "Measuring **Broadband Service Quality: Engineering Students perspective**". Seminar Pendidikan Kejurutera an adan Alam Bina.
- Saha, P. & Zhoa, Y. 2005. *Relationship between Online Service Quality and Customer Satisfaction: A Study in Internet Banking*. Lulea University.
- Sidat, S. 2008. *Measuring Service Quality using SEWRVQUAL Model: A Case Study of E-Retailing in Iran*. University Technology Malaysia.
- Yang, Z. 2001. *Measuring E-Service Quality and its linkage to Customer Loyalty*. New Mexico University.
- Zeithaml, Valrie A, Parasuraman, A. and Berry, Leonard L. 1990. **Delivering Quality Services: Balancing Customer perceptions and Expectation**. New York: The Free Press
- Zhu, J. (2002) "**Perceived characteristics, perceived needs, and perceived popularity: Adoption and use of the internet in China**". *Communication Research*, (29)4: 466-495.

Q Finance [online]available on the internet at:

<http://www.qfinance.com/dictionary/customer-expectation>

Business Dictionary.com [online] available on the internet at:

<http://www.businessdictionary.com/definition/customer-perception.html>

ANNEX I
Addis Ababa University School of Commerce
Department of Marketing Management
Postgraduate Program
SELF-ADMINISTERED QUESTIONNAIRE

Dear Respondent,

My name is Dereje Gedlu. I am carrying out a Research Project entitled with **Assessment of Service Quality and Customer Satisfaction at Awash International Bank, Gerji Branch** for the graduation fulfillment of **MA in Marketing Management** at Addis **Ababa University school of Commerce**. For this purpose, I am kindly looking for your cooperation to share your moment of truth experience about the overall service rendering facets of this branch that are going to be used only for this study.

Thank you in advance!

1. **Sex:** Male Female
2. **Age:** 18 to 30 31 – 50 51 and above
3. **Educational level:** Diploma Undergraduate Postgraduate
4. **Frequency of using the bank:** Daily Weekly Monthly other: ____

The following statements relate to your feelings about the particular bank you have chosen. Please show the extent to which you believe this bank has the feature described in the statement. Here, we are interested in a number from 1 to 5 that shows your perceptions about the bank. You should rank each statement as follows:

- I) **Less Required (1), Moderately Required (2), Neutral (0), Required (4), and Highly Required (5)**
- II) **Strongly Dissatisfied (1), Dissatisfied (2), Neutral (0), Satisfied (3) and Strongly Satisfied (5)**

Areas	Service Quality Attributes	Requirement (your own rate)					Satisfaction (Your own rate)					
		1	2	3	4	5	1	2	3	4	5	
Tangibles (Physical facilities, equipment and appearance of contact personnel)	1. The bank has modern looking equipment											
	2. The bank's physical features are visually appealing											
	3. The bank's reception desk employees are neat appearing.											
	4. Location of the office is visually attractive											
Reliability (Ability to perform the expected service dependably and accurately)	5. The bank performs the service right the first time.											
	6. The bank provides its service at the time it promises to do so.											
	7. The bank insists on error free records											

	8.The bank has operating hours convenient to all its customers																		
Responsiveness Willingness to provide prompt service	9. When the bank promises to do something by a certain time, it does so.																		
	10. Employees in the bank tell you exactly when the services will be performed																		
	11. Employees in the bank give you prompt service																		
	12. Employees in the bank are never too busy to respond to your request																		
Assurance Employees' knowledge and courtesy and their ability to inspire trust and confidence	13. The behavior of employees in the bank instills confidence in you																		
	14. You feel safe in your transactions with the bank.																		
	15. Employees in the bank have the Knowledge to answer your questions.																		

	16. The employees of the bank understand your specific needs.										
Empathy Caring, individualized attention	17. When you have a problem, the bank shows a sincere interest in solving it.										
	18. Employees in the bank are always willing to help you										
	19. Employees in the bank are consistently courteous with you										
	20. The bank gives you individual attention										
	21. The bank has employees who give you personal attention										
	22. The bank has your best interests at heart.										

Structured Personal Interview

I. Management

1. In what capacity are you serving this Bank?
2. How many years have you been serving in this capacity?
3. How do you view services marketing from bank operation point of view?
4. Have you ever experienced service failure demonstrated by customers?
5. Do you really encourage customers to complain?
 - 5.1. What is the mechanics provided with the customers to let them feedback?
 - 5.2. Do you believe that complains do have positive contribution towards the success of the bank operation?
 - 5.3. What compensations type the bank use for its customers?
6. How do you link service quality and customer satisfaction?
7. Is there any relationship between employees satisfaction and overall service quality?
8. How do you measure the satisfaction of customers towards the services given by your bank?
9. Have you ever conducted research to acquire the status of customers about your service rendering?
10. What is your overall stand towards the contribution of this research as input for your bank`s operation?

II. Employees:

1. In what capacity are you serving this Bank?
2. How many years have you been serving in this capacity?
3. How do you view services marketing from bank operation point of view?
4. Have you ever experienced service failure demonstrated by customers?
5. Do you really encourage customers to complain? What is the mechanics provided with the customers to let them feedback? Do you believe that complains do have positive contribution towards the success of the bank operation?
6. How do you manage the complaints of customers?
7. How do you link service quality and customer satisfaction?
8. How do you evaluate the commitment of customers to reflect their feedback?
9. Do you think that you do have positive roles towards the satisfaction of customers?
10. How do you evaluate the commitment of the bank to customers` satisfaction?