ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MARKETING MANAGEMENT POSTGRADUATE PROGRAM

GAP ANALYSIS OF SERVICE QUALITY IN THE CASE OF ZEMEN BANK S.C.

A Thesis submitted for Partial Fulfillment of the Requirement for the Award of the Degree of Masters of Arts in Marketing Management

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JUNE, 2023

ADDIS ABABA

DECLARATION

I, Kelemework Shimelis declare that this thesis entitled "GAP ANALYSIS OF SERVICE QUALITY IN THE CASE OF ZEMEN BANK S.C." is my original work prepared under the guidance of Dr. Tewodros Mesfin .All materials used in this thesis have been properly credited. I further confirm that this thesis has not been submitted either in part or full to any other higher learning institution to earn any degree.

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STATEMENT OF DECLARATION

This is to certify that kelemework shimelis has carried out his research work on the topic entitled "**GAP ANALYSIS OF SERVICE QUALITY IN THE CASE OF ZEMEN BANK S.C."**, is his unique work and appropriate for submission for the award of a Master's degree in Marketing Management.

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ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MARKETING MANAGEMENT POSTGRADUATE PROGRAM

(APPROVAL SHEET)

This is to certify that Kelemework Shimelis thesis, "**GAP ANALYSIS OF SERVICE QUALITY IN THE CASE OF ZEMEN BANK S.C**.", Submitted to the Master of Arts in Marketing Management, meets the required quality and originality standards.

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Acknowledgement

I would like express my profound thanks to the almighty God for his grace that has enabled me to complete the project. My special thanks also goes to my family.

I would like to forward my deepest appreciation and gratitude to my advisor Dr.Tewodros Mesfin for his patience and useful comments.

Finally, I would like to thank the employees and customers of Zemen bank for their valuable help and cooperation in this research process.

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List of acronyms

SERVQUAL: Service Quality

SERVPERF: Performance component of service quality

WTO: World Trade Organization

NBE: National bank of Ethiopia

Abstract

A general assessment or attitude about how to provide better services is known as service quality. Any service sector needs to provide quality service in the current environment of rising competition. The service quality gap at Zemen Bank is the subject of this investigation. The five service quality dimensions—tangibility, reliability, responsiveness, assurance, and empathy are utilized for analysis. In accordance with the gap model put forward by Parasuraman, Zeithmal, and Berry, the 22-item SERVQUAL scale is used. Convenience sampling was used to collect the sample of 399 respondents from a few chosen branches. In Zemen Bank S.C., gap analysis was used to determine the difference between the expected and actual levels of service. SPSS version 20 was utilized for the study's data analysis. The results of the study demonstrate that Zemen Bank's service delivery does not live up to customer expectations. Delivery of low service quality leads to low customer satisfaction based on this, Zemen bank must take immediate action and regular survey to determine service delivery gap at the same time the bank must improve performance of all dimensions of service quality, specifically: action to extend operating hours of the bank, improvement on ability of employees in problem solving and using modern and attractive equipment and technology in order to increase bank service quality and customer satisfaction that leads to maintain and sustain satisfying relationship with customers.

Key Words: Service Quality, Service Quality gap, Expectation, Perception and customer satisfaction.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Today’s marketing landscape is highly competitive and constantly evolving, with advancement in technology, globalization of markets and changing customer preference, currently businesses are facing intense competition from both traditional players as well as new entrants .In this land scape companies must adopt and innovative to stay ahead of their competition. One significant challenge that businesses face in today’s landscape is the need to keep up with changing customer behaviors and demands .currently customers have an access to more information than ever before and are becoming more sophisticated in their decision making processes this means that companies must be able to anticipate their customer needs and tailor their product and services accordingly. They must also be to provide an exceptional customer experience to make unique themselves from their competitors

Due to intense computation and the mounting demand of globalization, business dynamics are rapidly changing in terms of competition and service quality, and organizations are reviewing their production processes to make them more competitive and quality-driven. (2015) Kenyon and Sen. Knowing how service quality affects an organization's financial performance and profit is the key problem of the day. It’s still unclear how well-run businesses and profits are related. It might be difficult to satisfy customers and keep them loyal. Customer happiness and service quality are two distinct but related concepts, according to a study by Oliver (1999). It is a fundamental truth for service businesses that variations in client satisfaction levels can maximize or minimize revenues. Because of this, service professionals consistently cite customer happiness as the primary measure of corporate effectiveness (Hassnian ,Raza and Maham, 2018).

Service quality plays a critical role to the success and prosperity of every business given that it contributes to differentiating goods or service from other competitors. Qualitative service is a major determinant of business competitiveness for maintain and continue satisfying relationship with customers. Thus, it is equally important that providers of service ensure the changing wants of clients through the use of technology, customer service, innovation and human interaction.

However, businesses are indeed establish to deliver customers services and produce which should be of quality or otherwise, such businesses are considered to be unsuccessful taken in to recognizance the intense and high computation (Dauda, 2020).

Customer satisfaction is measurement of haw the needs and responses are collaborated and delivered to exceed customer expectations. In other words it is shows how well products and service are efficiently and effectively delivered by a service organization .Therefore ,satisfaction of customers the critical element of business and marketing strategy .Previous researches have indicated that customer satisfaction drives successful and sustainable business viability given that high performing banking institutions should emphasize on customer feedback as critical a factor because it would help them to develop business and marketing policies, guidelines and strategies to satisfy customers. However, it is therefore significant for business organization to focuses attention in serving and catering for their customer (Fourie, 2015). What is the critical thing is that customer must be considered an important resource in any organization (Dauda, 2020).

In today’s highly dynamic and ruthless environment, consumers satisfaction is the foundation of success for service providers (Ujakpa, undisi and Mutasa, 2017).Given this scenario, globalization, liberalization and technology have played a significant role in improving customer service delivery in the banking sector (Slvaraje & Ramadevi,2011).

In order to retain customers, which are crucial to their existence and profitability banks have a duty to satisfy them. Customer expectations, customer satisfaction, and superior customer service are all linked. Banks should be able to minimize the gap between client expectations and actual delivery. Customer expectation is the term used to describe the perceived value that a customer expects from a service. Any industry that outperforms consumer expectations wins over consumers' hearts and minds, leading to first contentment and then joy. Therefore, failure to meet client demands will affect the business's overall development and market viability. To endure market dynamism and competitiveness on a global scale it is critical for a company to examine all of the aspects that lead to customer satisfaction and allowing the company to identify areas of weakness (Muthukumar, 2022).

The earliest prototype bank of merchants in antiquity, which operated in Babylonia and Assyria about the year 2000 BC, provided grain loans to farmers and moved goods between towns. Today, a vast range of operations, varying in complexity, are involved in banking. The banking service connects parties that need funding with those who have extra money, acting as a transmission mechanism to make payments easier, regardless of the specific commercial activity carried out by a given bank. The bank primarily provides that service, and while it is not a difficult function, it is nonetheless significant. Global societal and economic progress depends on effective banking service delivery (Moorad Choudhary, 2018).

The banking history starts 1905 in Ethiopia by establishment of Bank of Abyssinia that owned by partnership of National bank of Egypt and the government of Ethiopia. At the present time 21 banks actively operate in Ethiopia with 8043 branches (NBE Quarterly bulletin, October, 2022).

Zemen Bank S.C is one of the most innovative banks that provide higher quality service for individuals who have medium and higher net worth individual and corporate customers from starting date of October 2008. In this competitive world of internet Zemen bank follow varies ways to gain large corporate and individual customers. Zemen bank abides strictly by lows and regulations issued by regulatory authorities of Ethiopia.

The study focuses on identifying bank service quality gap in Ethiopia, because this industry contributes a lot in the growth of countries economy. The study has taken Zemen bank specifically. The Bank was chosen because it is a pioneer to promote advanced financial technologies with focus on service of excellence. As their major motivation to their unique business idea was their understanding to the gap in the market that was created as the number of banks were increasing but their service level is the same and customers are heard complaining of poor service thus they recognized the need for a bank with superior service quality.

The main aim of the research to find out gap of customer expectation and perceived service regarding to service quality of Zemen Bank. The finding of this study will have vital contribution across the industry as many people agree that the bank has stimulate the banking industry in the sense of service delivery, and this study will further try to assess if the bank is actually giving the service it set out to give and determine customers are satisfied by bank service delivery.

Definition of Terms:

Service quality:- According to Parasuraman (1985), this is the difference between what a company thinks its customers want and what those same customers actually receive. If perceived service falls short of expectations, customers will evaluate perceived quality to be low; yet, if perceived service meets or exceeds expectations, customers will view service quality to be very good. Customer expectations, which are considered as what consumers believe service providers should offer and are impacted by past experiences, specific needs, word of mouth, and communication, are the key determinants of service quality (Parasuraman,1985).

Customer expectations:- are seen as the desires or needs of the consumer or what they believe the service provider is delivering rather than what the provider would actually give (Parasuraman,1988).

Customer perception:- is defined by Zithaml & Bitner (1996), as the subjective evaluations of the real services obtained or experienced and if customers are satisfied with the quality of the services. Customers always take into account their service perception in relation to expectations when assessing whether the grade of service satisfies those expectations.

The service quality gap: - as defined by Parasuraman (1985), is the discrepancy between customers' perceptions and expectations with regard to various areas of services.

Customer satisfaction:- is the state of being pleased with a product or service, according to Jonson and Fornell (1991).It can also be described as a customer's overall assessment of the services, whether favorable or unfavorable (Woodruff,R.B,1997).

Customer loyalty: customer loyalty mean maintaining on going positive relationship among customers and businesses .it is what drives repeat purchase and inspire existing customers to prefer your company than other competitors that offer similar benefits. Customers are loyal to a brand the reason is that positive experience includes best customer service, consistency of delivering higher product quality and associate with brand value and ideas.

Service Quality Dimensions:

Tangibles: Deals with the outward look of personnel, buildings, tools, and communication items. The consumer believes that the service is user-friendly and that all of its tangible components are up to the task.

Reliability: is the capacity to deliver the promised service precisely and dependably.

Responsiveness: Concerned about the staff's in providing prompt service to customers. The customer's opinion of how promptly and precisely the service provider addresses his or her individual requirements.

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Assurance:- is concerned with an employee's knowledge, politeness, and capacity to inspire confidence and trust that should give the client the impression that they are in capable, polite, and knowledgeable hands.

Empathy:-is the ability to care for clients in a way that makes them feel as though they are receiving individualized attention and caring services.

1.2 Statement of the Problem

There is no doubt that satisfaction of customers take a significant role in achieving business excellence in a competitive service environment. An excellent Service Quality delivery that brings about satisfied customers seems to generate considerable attention and debate over time. Attention has been focused on service failures and recovery by various scholars. Consistent with service delivery management, customer centric marketing strategies are considered fundamental the growth and business performance of service organizations. Hence, the increasing needs to have outstanding complainant resolving management system in place. However, putting in place the right mechanisms and measures are critical for understanding the needs of the customer. Such business strategies have received a great deal of attention over time (Nimako & Mensah, 2014). With the multitude of Service Quality challenges customers are grappling with, it is believed that much in terms of delivering high service quality is required from banks that are desirous to gain competitive advantage and maintain a sustainable profit .However, it is an appreciable fact that sustainable profit also satisfaction of customers are considered fundamental in any business environment for survival and existence of a service organization (Ali & Ratwani, 2017).

The banking industry is still facing lots of challenges and complexity in the current competitive environment due to inefficient delivery of quality service and Customer dissatisfaction. It is presumed that the consumers are the king. The ultimate means of earning for any bank is from the money circulation among lenders and borrowers. However, this this circulation is yet not at its peak. A huge population of citizens avoids using banking services when it comes to revealing their financial data. This problem generates a hindrance to the growth of the national economic market. It blocks the boost of banking sector and ultimately creates major flows in the money and capital market. With the analysis, the original purpose and role of banks have been revealed to generate a better understanding and insight into customer's perspective and awareness of quality service and satisfaction of customers (Dauda, 2020).

Current world of computation, quality of service is considered as a crucial aspect within the finance sector. Indeed better service quality that result satisfied customer that increase customers retention and loyalty. Assessment of performance of a product depend up on varies factors especially the type of loyalty relationship with the brand (Kolter & Kevin lane, 2012)

A variety of models have been established to evaluate the factors that affect service quality; Parasuraman (1988) introduced the service quality model (SERVQUAL model), which compares customers' expectations and perceptions of a given service. In order to retain a high-quality reputation, banks must strive to meet or surpass their customers' expectations. This illustrates the importance of bank management having a thorough understanding of client views. This study focuses on the specific gap between bank customers' expectations and their perceptions of the service provided by Zemen Bank using the SERVQUAL model. The service quality gap is the difference between expectations and actual perceptions of service.

Globalization, information and technology revolution, changing consumer's preference have greater impact on service industry like banking. If banks desire to become globally competitive banks need to deliver greater value and have to innovate continuously. In this process providing favorable customer experience will be a key to wave of opportunities and challenges. A strong customer experience improves financial performance and provides competitive advantage. With the eagerness to change the customer experience by taking through the journey digitalization banks are carried away by prejudice for technological solutions and are setting benchmarks for customer experience by investing their resource in digital technology. This has led to rising customer expectation, though customers are able to experience any were, anytime banking still there exists a gap in service quality .in this process technologically sophisticated products and innovations can sometimes create confusion resulting in decreased perception levels.in this context the study of gap in service excellence in banking industry gains importance to improve their perception leading to increased customer satisfaction (Sailaja, 2021).

Finally the research problem deals with variation of customer expectation and customer experience of Zemen bank. Constantly growing customer expectations are making it difficult to deliver a positive experience also extensive use of technology has increased customers' expectations especially with regard to speed and delivery of service. The researcher concerned on the study of service quality gap of Zemen Bank by considering the following points:

Firstly, as stated above, due to extensive use of technology & other related factors, customers' expectations are consistently growing. Consequently, in order to deliver positive experience to customers, the bank must know ***current status*** of client expectation and service experience. So there is a need to conduct gap analysis of service standard in order to identify current statues of customers' expectations & actual perception of service delivery by Zemen Bank S.C.

Secondly, based on researcher knowledge and preeminent understanding of the subject, most researches in Ethiopia conduct gap analysis by focusing on Commercial bank of Ethiopia but to the best of the researchers knowledge few studies have been conducted on service performance of Zemen bank, also Zemen bank provide innovative & unique products for *middle level* customers like accepting deposit from customer point, providing loan for niche middle level consistent depositors. Based on the above facts the study intended to identify service quality gap on niche middle level individuals by using service quality framework. The researcher believes that the study add value for future study by provides critical information to understand needs of customers and identifying the areas that needs improvement on service delivery process.

1.3 Research Question

The following research questions for examination will serve as the study's direction.

1.3.1 .General research question

» What is the variation between customer's perceptions and expectations of the level of service provided by Zemen bank?

1.3.2. Specific Research questions

- Is there a gap between perceived service and customer expectation of the Tangibility dimension?
- What is the extent of the gap between perceived service and customer expectation of the Reliability dimension?
- What is the gap between perceived service and customer expectation of the Responsiveness dimension?
- Is there a gap between perceived service and customer expectation of the Assurance dimension?
- What is the degree of the gap between perceived service and customer expectation of the Empathy dimension?
- What is the effect of each service quality dimensions on customer's satisfaction?

1.4. Research objective

1.4.1. General Objective

- The general objective of the study is to determine the discrepancy between customers perceptions and expectations of the level of service provided by zemen bank.

1.4.2. Specific Objective

- To identify the gap between perceived service and customer expectation of Tangibility dimension.
- To measure the gap between perceived service and customer expectation of Reliability dimension.
- To examine the gap between perceived service and customer expectation of Responsiveness dimension.
- To investigate the gap between perceived service and customer expectation of Assurance dimension.
- To determine the extent of gap between perceived service and customer expectation of the Empathy dimension.
- To identify the effect of each service quality dimensions on customer satisfaction.

1.5. Research Hypothesis

H.1: There is significant gap between perceived service and customer expectation in terms of Tangibility dimension of service quality.

H.2: There is significant gap between perceived service and customer expectation in terms of Reliability dimension of service quality.

H.3: There is significant gap between perceived service and expectation of customers in terms of Responsiveness dimension of service quality.

H.4: There is significant gap between perceived service and customer expectation in terms of Assurance dimension of service quality.

H.5: There is significant gap between perceived service and customer expectation in terms of Empathy dimension of service quality.

1.6. Significance of the study

The majority of banks deliver identical services they can only differentiate on the basis of service quality provide for customers, this study identifies the theoretical perspective and identify the service delivery gap to establish ways to improve service quality and increase Customer Satisfaction in Zemen bank.

This Study has its own importance to provide information about Service Quality gap from service offered to customer by Zemen bank .This study will be helpful to identify those areas which should be focused more to provide better banking service. Furthermore the study benefit different stakeholders, to the management the study finding provide service quality gap which are seen to affect Customer Satisfaction. The results of this study will offer important insight in how to improve service quality so that it can complete with those of other banks by reducing the service quality gap. It also helps in upgrading and reviewing of service standard polices of Zemen bank finally, additionally, it aids anyone with an interest in the subject to gain knowledge of theories and issues under discussion.

1.7. Scope and limitation of the study

This investigating was limited to identify service quality gap of the bank by applying standardized SERVQUAL model questioners. This Study would become more valuable if it covers all branches of the bank. Because of time, financial and accessible information restraints the study not undertakes inclusive study that spans all branches of Zemen Bank. This study would construct on covered in Addis Ababa branches only, therefore the result of this study might not provide a comprehensive picture of zeme bank.

CHAPTER TWO: REVIEW OF RELATED LITRATURE

This chapter will give a summary of the literatures and models associate with research issue discussed in chapter one. Variables of study, definition and concepts of variables, relationship among quality of service, service quality gap , customer satisfaction and conceptual frame work are briefly highlighted.

2.1. Theoretical Review

2.1.1. Service

Any action or performance that is provided to another party that is fundamentally intangible in nature and does not result in ownership of anything is referred to as a service. Its creation might not be connected to a tangible good. Kloter & Keller, (2012).

2.1.2. Characteristics of Service

There are four key ways that service and products differ from one another namely:-Perishability, inspiarblity, intangibility and variability (Kolter & Keller,2012) .

Intangibility of Service: refers to a service that cannot be tested, heard, or seen. Customers therefore attempt to assess the service quality by focusing on observable elements like Place, People, Price, Equipment, and Composition.

Inseparability: deals with goods produced, distributed and later consumed but Service is produced and consumed at a time.

Variability of service: refers to that quality of service delivery depends upon who provide service, when, where and how services are provided.

Perishability of service: refers to service cannot store for later use, also cannot be refunded once they are delivered.

2.1.3. Quality

Quality defined by varies authors in different ways includes: Crosby,(1984) define as conformance to the requirement, Juran(1988),product fitness for consumption to satisfy consumers., Japan philosophers defined as zero defects in the offering . Drucker (1985), explain as, "Quality is not what the supplier puts in but rather what the customers gets out and willing to pay for." . A quality organization is one that consistently meets the majority of the needs of its clients, but we must distinguish between compliance quality and performance quality, or grade (Kolter & Keller, 2012).

2.1.4. Service Quality

Service quality is taken as a critical source of competitive advantage, that helps the company to retain and attract customers, according to shin and Kim, (2008),Tsoukatos and rand (2006),Cronin and Taylor (1992) and Kim et.al,(2015a) service quality is associated with satisfaction and loyalty of customers. This association has been confirmed, and research has proven the positive contribution to qualitative service and satisfaction. Which eventually leads to customer loyalty (Santouridis & Trivellas, 2010; Deng et al., 2009; Turel & Derenko,2006; Kim et al.,2004; Rashed & Abadi,2014).As such ,service quality is included as in independent variable to customer loyalty.

When comparing the quality of the service obtained and expected, there is a big difference. The best chance for businesses to remain in business is to be able to deliver good service to their clients or clients (Liu & Wu 2007).Because consumer behavior to positively recommend company products to others is influenced by the quality of service delivery, this is a significant instrument (Gounaris et al., 2003).The service quality will then be seen as having a favorable effect on client loyalty (Lyon & Powers, 2004). Parasuraman (1998) there are 5 indicators of service quality Tangibles, empathy, assurance, reliability and responsiveness (Razafimanjary, 2019).

Consumer behavior and the confirmation or disconfirmation paradigm is the root of the concept of service quality (Gronroos, 1992). According to the paradigm, customers should express their happiness or dissatisfaction with the goods or services they have acquired by comparing the standard of the product to what they expected it to be before using it (Swan and Comb, 1976). According to literature, customers gauge the effectiveness of a service provider's performance by comparing their "perception" of that performance to their "expectations" for that performance based on past service interactions (Gronroos,1982).

Service quality has become one of the important determinants in measuring the success of any sector. Marketers agree that service performance create great influence on customers in order to differentiate from competitors and to satisfy customers (Parasuraman, 1985). The concept of service quality focuses on the comparing result of expectation of service and perception of the way service performed. (Lewis & Booms, 1982).

According to Sunayna (2013), from the standpoint of the marketer, service quality is seen as the extent of service attribute needed to make the service acceptable and profitable in the market place, thus, satisfying the marketers' needs for profitability and economic success. On the other hand customers view, level of service performance equivalent to quality of service to satisfy their needs. In respect to this marketer define standard of service while customers make during consumption and after consumption. Nowadays, banks are working in a dynamic business environment as they experience cut throat competition and changes in customer demand, and a decrease in profit margins. Understanding of varied needs of customers is important precondition for finance industry (Joseph. 2005). Thus, it is significant for banking practitioners to focus on a service quality improvement (Razak et al., 2007), to satisfy their customer as satisfaction plays a mediator position between quality of service and bank performance. (Alhawari and Ward ,2006). Many researchers found meaningful association of standard of perceived service and satisfaction of customers (Sunaya, 2013).

2.1.5. Measuring service quality

The SERVQUAL approach was proposed by Parasuraman, Zeithaml, and Berry (1988) to assess service quality. Consequently, the SERVQU L approach and its use have been the subject of several follow-up articles and research. The expectation and disconfirmation paradigm has been used as a framework for service quality research. The main concept of the model quality service is primarily the result of score or gap perception and consumer expectation (Jamali ,2007).The service quality research widely conducted by using SERVQUAL measuring instruments, which is usually a cluster in five groups quality determinants: Tangibles, assurance, reliability, responsiveness and empathy(Parasuraman,Zeithaml & berry, 1985; Ghobadian, Speller & Jones, 1994; Curry & Herbert,1998; Wisniewski,2001; Razafimanjary, 2019)

2.1.6 Service Quality Gap

The GAP model, sometimes referred to as the SERVQUAL model, was created by Parasuraman (1985) and defines service quality as the discrepancy or gap between consumers' perceptions and expectations with regard to various aspects of services. Five holes are addressed by this model:

First Gap: The Listing Gap: This gap compares how customers perceive their expectations to how management perceives their expectations.

Second Gap: The service and standard design Gap: This discrepancy between management's understanding of customer expectations and service quality requirements is indicated by this gap

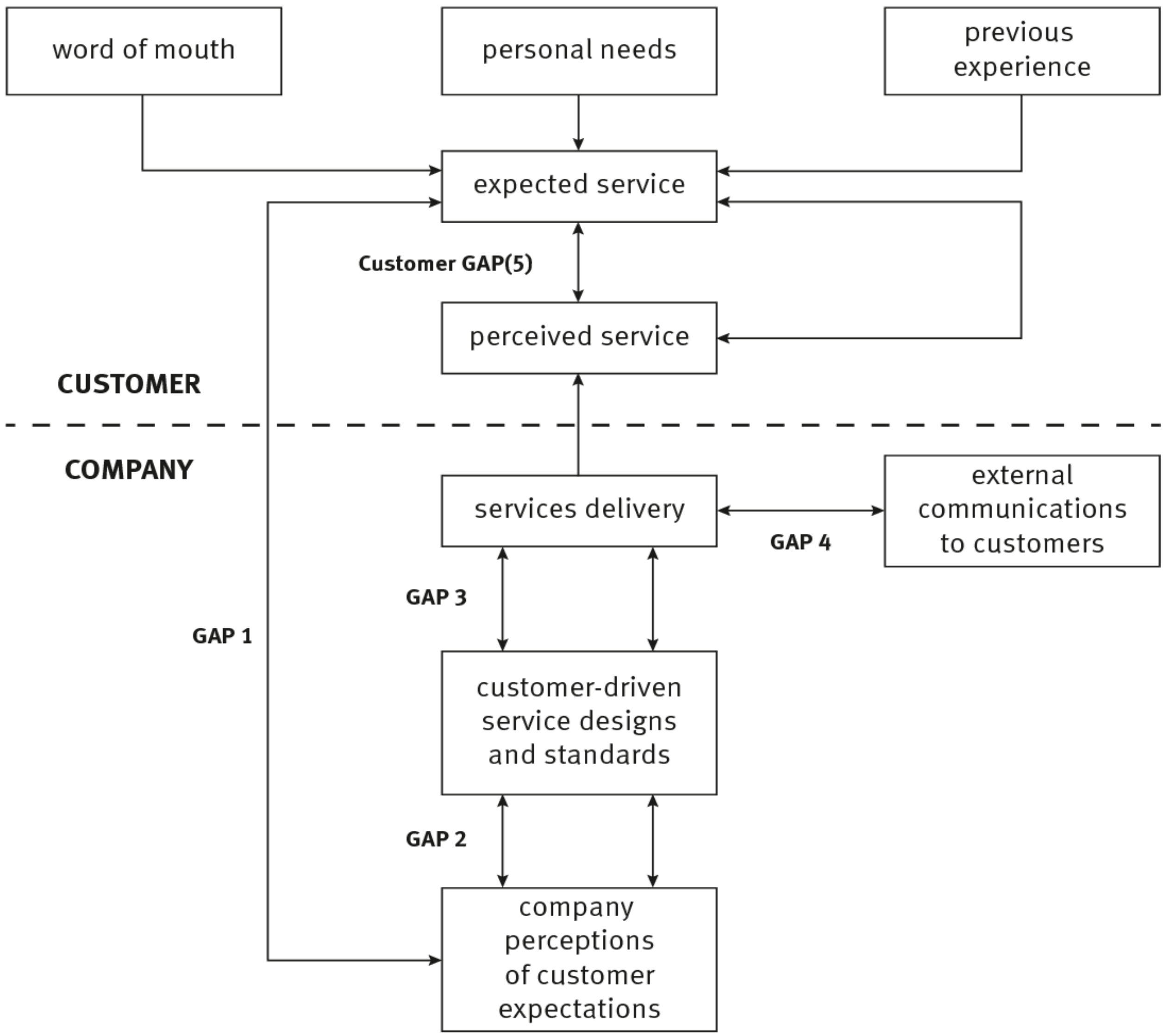
Gap three: The quality of the services. Gap: This discrepancy between expected service levels and standard specifications is evident.

Gap Four: The Communication Gap: This gap examines the relationship between client communications and service delivery.

Gap five: Expectation vs. Perception Gap: The discrepancy between perceived and expected services is measured by this gap. Gap five depends on direction and size of the above gaps in relation to service quality delivery marketers side .(Kumar and charles,2009) .Gap 1,2,3 and 4 are the 4 gaps of providers and these in sum total forms the customer gap ,gap five is the function of the 4 providers gap.

In their subsequent research, conducted in 1988, they revised the measurement of service standard and suggested five dimensions: tangibility, reliability, competence, credibility, courtesy, and access to information. These ten dimensions were identified in the study conducted by Parasuraman, Zeithaml, and Berry i(1985) and are used in forming customers' perceptions and perceived service. Some of the seven service quality characteristics (competence, credibility, courtesy, security, access, communication, and understanding the customers) that they advocated in 1985 have been combined to establish the assurance and empathy dimensions. Following such reworking, Parasuraman (1988) finalized construction of the five dimensions and popularly known as SERVQUAL instrument.

Figure 1: GAP MODEL



Source: Parasuraman, A., Zeithaml, V.A., and Berry L.L. 1985.

2.1.7 Customer satisfaction

Satisfaction of customer is a dominant area recipient of substantial from researchers. There are various contexts in which customer satisfaction has been defined. According to WTO, (1985), Satisfaction of customers is psychological idea that a feeling of well-being and satisfaction that create from acquiring expected product or service. Satisfaction, according to Besterfield (1994), explain satisfaction the result of things not going wrong or addressing desires of customers. Bruhan (2003), concluded satisfaction of consumers is an experience based evaluation by functionality perceived service (Sadaf Firdous,2018).

Kolter and Keller (2013), define customer satisfaction is a personal filling that create from comparing of consumers expectation and actual performance of purchased product. Oliver (2010) defines customer satisfaction as is post purchase evaluation where perceived performance of product exceeds expectation. Customer loyalty, earnings, and market share are all directly correlated with customer happiness. Customers are more likely to be clients for a long time if they are pleased with the value offered by goods and services (Razafimanjary, 2019).

Parasuraman ,(1996) define customer satisfaction as ,To achieve continues successes in long run that require the need to concern on customer satisfaction, in this context ,varies authors and researchers emphasize significance customers dissatisfaction pertaining to the companies accomplishments, failures and success in the aspect of both customers and providers expectation .(Chidambaram & Ramachandran ,2012). Lau and Cheung (2013), mention that fulfilling of customer expectation will not lonely create satisfaction farther create loyal customer .Service delivery standard is considered as critical factor to establish positive relationship with customers (Amin and Isa,2008; Bashr & Umar A.,2020) .

2.1.8. Measuring Customer Satisfaction

The primary objective of introducing new ,fast ,convenient and innovative service and products in the banking business is to ultimately satisfaction and loyalty of customers .However ,in practical sense, these Services and products offered need to be evaluated and measured by the customer. That measurement can serve as yard stick for better service performance and improvement in areas deemed to be having shortfalls as they case may be. This current study will follow the insightful research conducted by Parasuraman, (1988) which set the strong and solid basis for the evaluation and measurement of satisfaction within the context of a service or product by utilized the gap between the customers expectation and perceived performance. The study will also utilized the great research work by Cronin and tayler(1992),which propounded the gap complaining confirmation theory narrating the studies of parasuraman, Zithamal Berry ,differing constructs performance perception and its expectation in to individual scale of efficiency in line with expectation. However, to determine client satisfaction, a Likert scale was used. Regardless of the type of and nature of scale to be utilized, the key objective is to measure customer's perceived satisfaction with their experience of a firms offerings and it is necessary for service organizations to effectively evaluate and manage customer satisfaction because high customer satisfaction can lead to favorable customer feedback which in turn will enhance customer loyalty .However ,to be able to achieve this, the researchers needs accurate measurement of satisfaction which this study intends to utilize .Most importantly ,good quality measures would require strong reliability, low error variations and higher satisfaction (Dauda, 2020).

2.1.9. Service Quality and customer Satisfaction

Numerous researches showed a connection between the two. Customer satisfaction and service quality aspects were thought to have a good relationship. Because of this, perceived service quality is frequently regarded as the origin of customer satisfaction (Bashir A. & Umar A., 2020)

In order to gain higher level satisfaction of clients researchers suggests that a higher standard of service delivery by suppliers as standard of service considered as an antecedent of satisfaction.(Cronin, Brady & Hult, 2000; Andersen et al, 1994; Cronin & Tayler, 1992). However, the exact relationship of quality of service & satisfaction explained as a complex issue, characterized by the distinction among the two contracts and direction of relationship (Bradly, Cronin and Brand, 2002). Parasuraman, Zeithamal and Berry (1988) confined satisfaction confined satisfaction that relate to individual transactions as explained as an attitude (Baker (2013).

Ralph L.day (1977), analyzed satisfaction measured by studying the individual part of the services to learn customer's real feelings and then add them together to get overall evaluation. According to Oliver (1980) explains that when the customer perception of actual service performance with the expectation, then the feelings of satisfaction have arisen. Any difference between the expectations and the performance create the disconfirmation. The three types of disconfirmation are:

Positive Disconfirmation = Performance of the Good or Service > Expectation, i.e., Very Satisfied Customers.

Negative confirmation= Customers are extremely unsatisfied, with the product or service's performance relative to expectations.

Zero Disconfirmation = Performance of the Goods or Services = Expectations.

The financial service providers are obliged to continuously improve the overall quality of service through intelligent usage, absorption, and adoption of flexible and appropriate information technology in order to thrive in this competitive climate and ensure consistent client satisfaction **(**C.Chitra, 2018, page 35-36).

2.2. Empirical Literature Review

Fantaye (2021): Studied Customers' expectations & perception of service quality of Commercial Bank of Ethiopia, a total of 100 customers were surveyed by using a convenience sampling approach; the SERVQUAL instrument maintained seven dimensions. The study found that, the most important component of service quality was discovered to be empathy, which was followed by responsiveness, dependability, certainty, accessibility, and pricing. Finally the study recommend that CBE has to do on attributes with service quality dimensions bring the grater client satisfaction levels.

Dr. Rupa (2014): the Study deals with Service Quality gap in banking industry of India. For comparative purpose the five service quality dimensions or SERVQUAL model are used, a sample size of 100 by using quota sampling. The study concludes that the dimensions of the gap with the highest value were reliability & empathy finally study recommends that the bank must be give individual consideration and understanding of customer’s specific needs.

Muhammad.S (2017): study identify gap in Service Quality of higher education by using SERVQUAL model ,a sample of 144 students used from university of Gujarat to collect information through questioner regarding the five Service Quality dimensions .Finally the result shows that there was substantial variation in expectation & perception of all dimensions of service quality and study recommend that the university must take immediate action and regular survey to determine the gap in order to improve Service Quality.

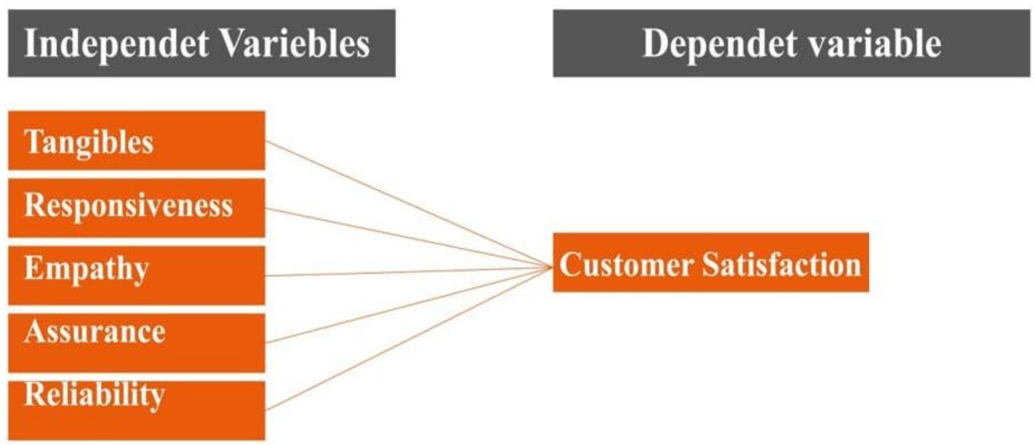
Dr. G. Muthukumar (2022): investigated customer perception and actual service delivery of Indian banking sector in the case of Tamilnadus.200 questioners was used to collect data from customers .The result suggest that Tangibility, Empathy and Responsiveness have a larger gap also assurance, reliability and responsiveness has a beneficial impact on Service Quality according to the finding the bank must understand their client shifting needs, goals & expectations to produce value.

In this area few researches have been conducted to identify service quality gap in varies sectors ,from the above review of literatures, it is found a gap between expectation and perception of all dimensions of service quality; this shows delivery of service by organizations does not meet needs or expectations of customers. To raise the standard of service provision the different recommendations was forwarded by researchers : organizations must understands shifting needs of customers, taking immediate action and conducting regular survey in order to determine the gap to understand expectations of customers. Based on the knowledge of researcher there no sufficient empirical study that focuses on gap analysis banking industry specifically on Zemen Bank S.C. finally this study will provide further empirical information to existing literatures on gap analysis of service quality.

2.3. Conceptual Framework

Conceptual frame work is the researcher understanding of based on how different variables relate with each other to improve service performance and improvement in the context of the banking sector. Based on review of existing literature the researcher developed a conceptual frame work that is designed to help understand and that show direction of the research the model as illustrated below. This study focuses on investigating the gap of bank service delivery based on the five dimensions and satisfaction of customers in banking service.

Figure 2: CONCEPTUAL FRAMEWORK



Source: adopted from (American marketing association), by pareasuraman, (1985) .

2.3.1. Framework of Analysis

The proposed framework for this study is shown in the framework up top. It is an adaptation of the gap model theory of Parasuraman (1985). The primary goal of this study was to use the SERVQUAL model to identify the discrepancy between expectations and experiences about the service quality of Zemen Bank.

2.3.2. Models of Service Quality

Researchers have developed a variety of service quality models during the last few decades. The purpose of the service quality models is to clarify the elements that affect service quality, to draw attention to the problem with service quality, to offer a solution to these problems, and to enhance service quality.

2.3.2.1. Gronroos's model

To comprehend customer philosophy for service quality, or what the customer needs in the name of service quality and how to improve it, Gronroos (1984) proposed the service quality model. This model makes the assumption that consumer comparisons of real perception and expectations lead to standards of perceived service. Additionally, the Gronroos model showed how the three dimensions of technical quality, functional quality, and image are used to evaluate the quality of a service. Two ideas are defined by the image dimension: the services a company offers its clients and the manner in which it does so.

2.3.2.2. SERVQUAL model

The SERVQUAL scale, based on the gap model, was first introduced by Parasuraman, Zithaml, and Berry in 1985. The ten service quality aspects on this scale—loyalty, responsiveness, competence, access, curtsy, communications, credibility, security, understanding of the customer, and tangibles—were provided to measure how customers perceived the quality of the services they received. The consumer assesses the quality of the service using these factors. Ten SERVQUAL factors were divided into two categories based on two different schools of thought: the first assessed customer expectations of the company, while the second assessed customer perceptions of the service. He highlighted a number of differences between how customers view and how well services are perceived. Later, several academics claimed that the 10 SERVQUAL dimensions overlap and convey the same meaning. In order to better reflect the five dimensions of service quality, parasuraman, Berry, and Zithaml (1993) modified the SERVQUAL scale and minimalize in to five dimensions of Service Quality: Reliability, responsiveness, tangibles, assurance and empathy.

2.3.2.3. SERVPERF scale

The SERVQUAL scale criticism was first raised by Cronin & Taylor (1992).They claimed that the SERVQUAL scale was conceptually challenging and confusing for gauging customer satisfaction. Because of this; they only employed the performance components of SERVQUAL and left out the expectation components, even though the dimensions of service quality are the same for both scales. To test the validity of their performance-only scale against SERVQUAL scale, Cronin & Taylor (1992) established empirical evidence across four businesses, namely: banks, pest control, dry cleaning, and fast food. They only received the perceived performance component, which was summarized on 22 items, as opposed to the SERVQUAL scale. The service quality will increase as perceived performance does (Hussnian, 2018)

2.3.3. Service Quality Model

The American marketing experts Valarie Zeithaml, A. Paraasuraman, and Leonard Berry created and implemented the SERVQUAL Model in 1988. This model, often known as the RATER model, measures five factors, including:

R= Reliability
A=Assurance
T=Tangibles
E=Empathy
R=Responsiveness

It is the most commonly used a technique to record and gauge the level of customer service quality or that are used to identify and solve problems related to quality of service.

2.3.4. Dimensions of service quality

The area where the bank is located, the role of bank employees in providing the service, the safety and reliability of the reviews that focus its attention towards the importance of various service quality dimensions, tangibility, reliability, responsiveness, assurance, and empathy are just a few examples of the various aspects, attributes, and dimensions of service that are used to evaluate the quality of service. (Ahmed ,2015).

The Customer Evaluation is evaluated using the Service Quality Model's five criteria. According to the customer's perception, those dimensions make up an item scale for rating the quality of service.

Independent Variables:- Consists of several attributes that, from the viewpoint of the consumer, affect customer satisfaction. The following dimensions of the model depict the improved service quality model: tangibles, responsiveness, empathy, reliability, and assurance.

Dependent Variable:-Customer satisfaction is a dependent variable, and bank management must be willing to comprehend the discrepancy between customers' views and expectations in order to build service standards and procedures. The service assistance offered after the service is delivered has an impact on the decisions made by customers. Long-term relationships with bank customers can be established and maintained by providing high-quality service.

2.3.5. Design of Service quality

Initially, service companies and retailers were intended to employ the SERVQUAL paradigm. In actuality, even though most businesses offer some kind of client service, only the service sectors are genuinely concerned in comprehending and evaluating service excellence. As a result, SERVQUAL views service from a much wider viewpoint than just providing excellent customer service. The distinctive qualities of service in comparison to physical objects served as one of the inspirations for the development of the SERVQUAL model.

2.3.6. SERVQUAL 22 Questions

Service quality model (SERVQUAL) originally consists of 22 questions consists of the five dimensions of RATER, under this model questionnaires divided in to two categories.

1. In this section asked expectations of customers for the ideal service firm such as banking, education or hotel industry.. By using this attribute, identify that significant variance in

expectations in varies sectors, for instance in banking sector assurance customers would be important, empathy is significant value in medical and in hospitality industry tangibles would be critical value.

2. This approach contributes for the writers that measures qualitative service delivery among varies rival companies, divergence along perceived service and expected service quality of companies and being able to exercise twenty two questions to identify the firm performs below or exceeds expectations or competitors quality levels. (www.marketingstudyguide.com).

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

Chapter three involves presenting the choice of research Paradigm, research approach, research design, data collection procedures, ethical considerations, data collection techniques, data source and type, analysis of data, questioner design, Sample size and Sampling method used to collect data.

3.1. Research Paradigm, Approach and Method

3.1.1. Research Paradigm

Based on Quantitative nature of the study Positivism Paradigm, plan or frame work were applied that offers a pattern of beliefs and understanding from which the theories and practices of this Study.

3.1.2. Research Approach

This study employs a deductive research methodology, Started by examining existing theories and creating problem of statement, based on the existing theory formulate hypostasis then collect data and test hypostasis then after analyze and test data the study decide to accept or to reject proposed hypothesis.

3.1.3. Research Methods

Based on the nature of investigation, a quantitative research approach was used in the study to collect representative data from respondents of Zemen bank customers. The study used a SERVQUAL gap analysis to better understand the service delivery gap; one benefit of conducting quantitative research is that results typically apply to a sizable population .In this study data from Zemen bank clients are gathered by using well-structured survey questionnaires.

3.2. Research Design

Overall design of the study apply explanatory and descriptive approaches was utilized it seeks to identify service quality gap of Zemen bank explanatory approach used to determine the extent of relationship between variables of the study, descriptive approach to describe the current status of research variables and other demographic factors by using descriptive statistics to find out gap of service delivery by using SERVQUAL dimensions, on the other hand explanatory approach will be used to determine extent of relationship between dependent and independent variables of the study.

3.3. Population and Sampling

Customers of the 86 branches of Zemen Bank S.C. make up the study's target demographic. By November 2022, there were 139,000 customers at the bank. This study's sample size was obtained by applying the Taroyaman (1967) formula.This study employ convenience sampling technic that 399 questionnaires distributed equally to customers of the four branches of Zemen bank in Addis Ababa. The study will employ a non-probability convenience sample merhod due to the accessibility of the respondents and the researcher's close proximity to the bank.

.

$n=N/1+N(e)^2$ Where n=Sample size

E=Sample error=(0.05)

N=Population size

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

$$n = \frac{139{,}000}{1 + 139{,}000\,(0.05)} \qquad n = \underline{399}$$

3.4. Data Collection

The majority of the primary data used in this study come from a sample of 399 respondents of Zemen bank through structured questioner based on the SERVQUAL model .Various books, journals, magazine, websites, and other related documents in relation to service quality consulted for secondary data collection. The sample was identified from customers of Zemen bank.

3.5. Data Analysis

Analysis of the sample's data will be done or, to test hypothesis and to investigate research objective we will use both descriptive and inferential tools in analyzing of data. The respondents profile encompass ,customers age, gender, level of education, account type and frequency bank visit current offering Zemen bank were interoperate by applying mainly descriptive statistics and frequency distribution. The five service quality dimensions' gaps will be determined using regression analysis (P-E). have an effect on satisfaction of customers. Finally, Reliability analysis will conduct to determine the consistency of a questionnaire. Data collected using SERVQUAL will be analyzed by using SPSS software version 20.

3.6. Ethical Considerations

- Authors cited in this work will be listed in the text as references and thanked**.**
- Safe keeping of the privacy of participants of the study will be ensured.
- Adequate confidentiality on the study information will be ensured.
- The Research will be done accordingly to the guideline, rules and regulation the A.A University.
- Respondent will be participating on the bases of informal consent by providing sufficient Information and assurance of the study.
- Any deception or exaggeration about the aim and objective the research will be avoided.
- Findings the study will be present in generalized manner

3.7. Validity and Reliability Test

3.7.1 Validity Test

In this study, survey instruments is adopted from Parasuraman (1988); the instrument has been widely used and acceptable throughout the world including Ethiopia ,Therefore verifying validity of instrument is not in question.

3.7.2 Reliability Test

The degree of consistency and stability of measurement is its reliability, Cranach's alpha used for this investigation. Cronbach alpha value above 0.70 recognized as a reliable dependably tests. A pilot study was conducted by distributing 25 questioners in order to determine the reliability of the questionnaire before it is used for the whole research. The overall reliability test result as shown 0.851 or 85% so it is reliable instrument.

Table 1: RELIABILITY ANALYSIS

Dimensions	Cronbach's Alpha	No of Items
Tangibility	0.739	8
Reliability	0.843	10
Responsiveness	0.870	8
Assurance	0.886	8
Empathy	0.847	10
Customer Satisfaction	0.923	5
Overall Reliability	0.851	49

Source: own analysis (2023)

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPREATION

In this chapter, the data collected during the course of study are presented, together with the analysis performed using the results produced by SPSS software version 20.Introduction, respondents demographics, data analysis, gap analysis of service performance, customer response, service quality gap score and analysis of customer satisfaction.

4.1 The Questionnaire

In order to conduct analysis 399 question sheets were created based on the SERVQUAL model and distributed on selected branches of Zemen bank s.c ,373 of these questions were correctly filled out Age, gender, account type, level of education and number of bank visits was the basic demographic characteristics included in the first section. The survey statement has two parts that includes 22 questions each that measures perception and expectation of customers, finally five questions of overall customer satisfaction.

4.2 Demographic Characteristics of Respondents

4.2.1 Respondents Profile

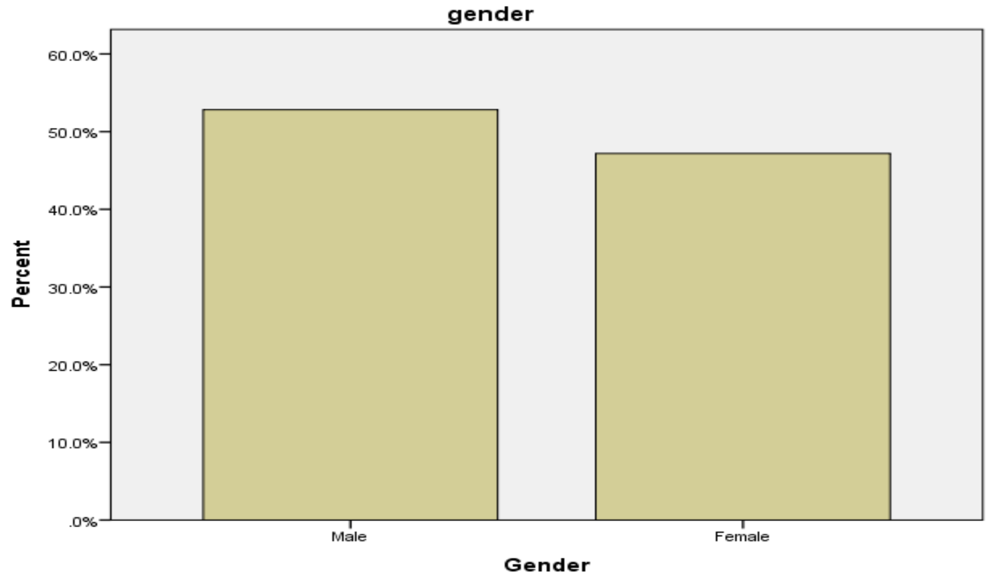
1. Gender:-From the respondents who filled out the survey questioners, the graph reveals that 52.8% or 197 men, and 47.2% or 176 women ,indicating that men made up the majority of respondents.

Table 2: GENDER

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	197	52.8	52.8	52.8
	Female	176	47.2	47.2	100.0
	Total	373	100.0	100.0	

Source: own analysis (2023)

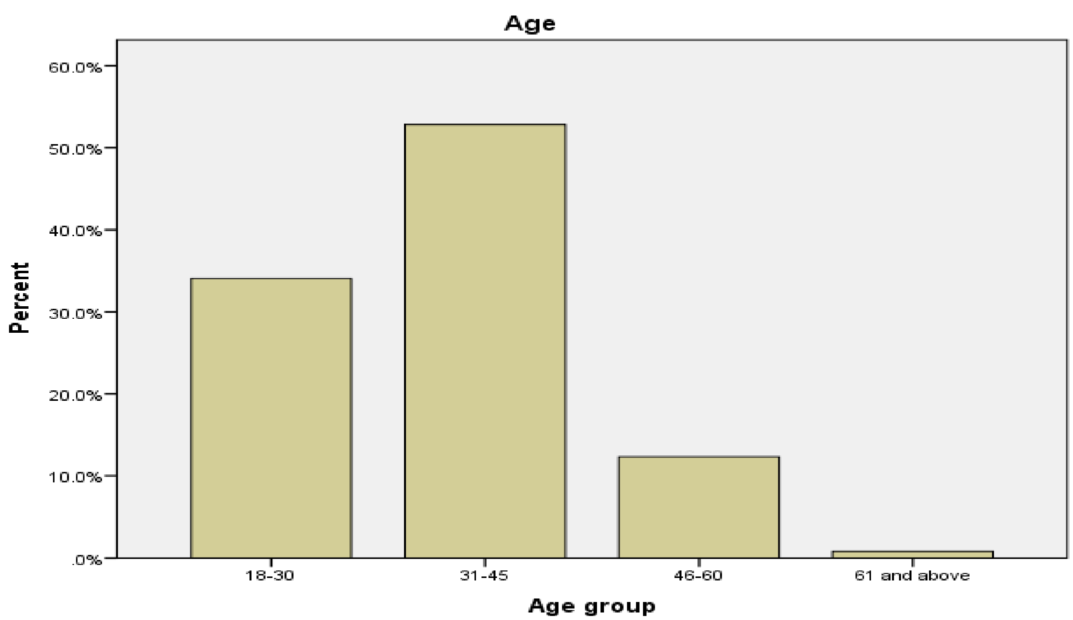
Figure 3: GENDER



Source: own analysis (2023)

2. Age:-34 % of customers exists from age 18-30, 52.8% bank customers 31-45, 12.3% of respondents were 46-60 and 0.8% of bank customers 61 and above. This implies the greater numbers of respondents the study is aged from 18-30.

Figure 4: AGE



Source: own analysis (2023)

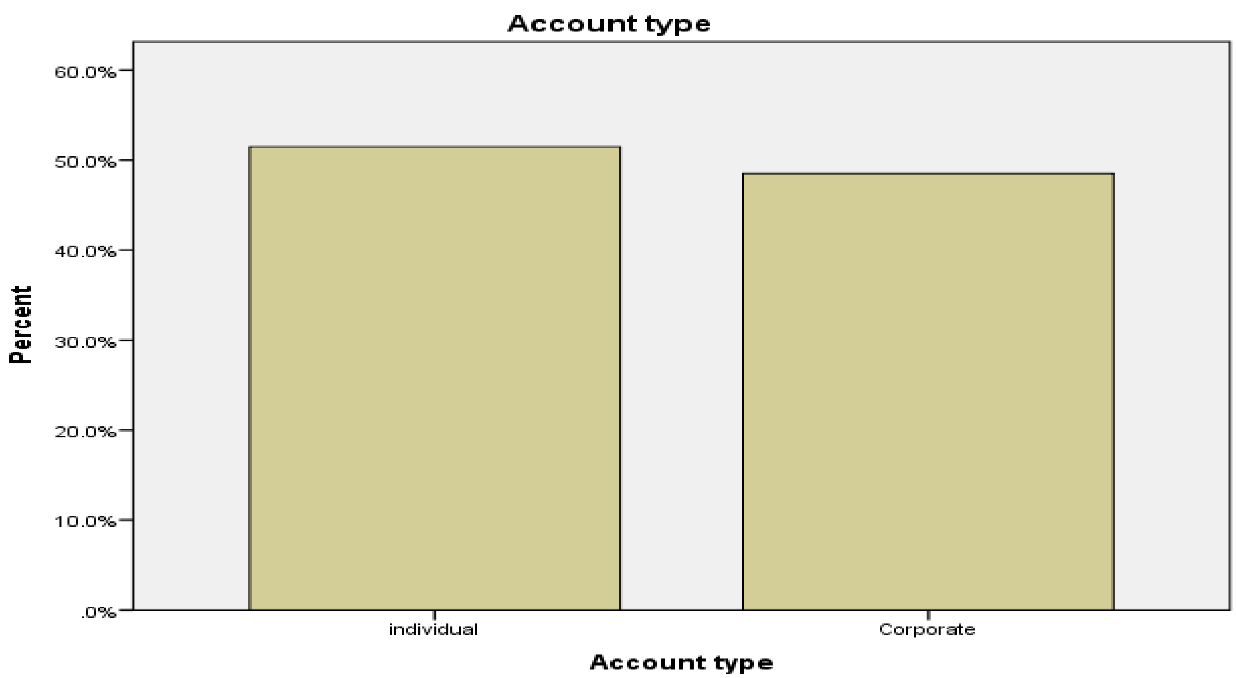
Table 3: AGE

Age group					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30	127	34.0	34.0	34.0
	31-45	197	52.8	52.8	86.9
	46-60	46	12.3	12.3	99.2
	61 and above	3	.8	.8	100.0
	Total	373	100.0	100.0	

Source: own analysis (2023)

3. **Account type: -** From the respondents of the bank 51.5% were individual account holders were as 48.5% were corporate account holders .This shows majority of respondents were individual account holders of the bank.

Figure 5: ACCOUNT TYPE



Source: own analysis (2023)

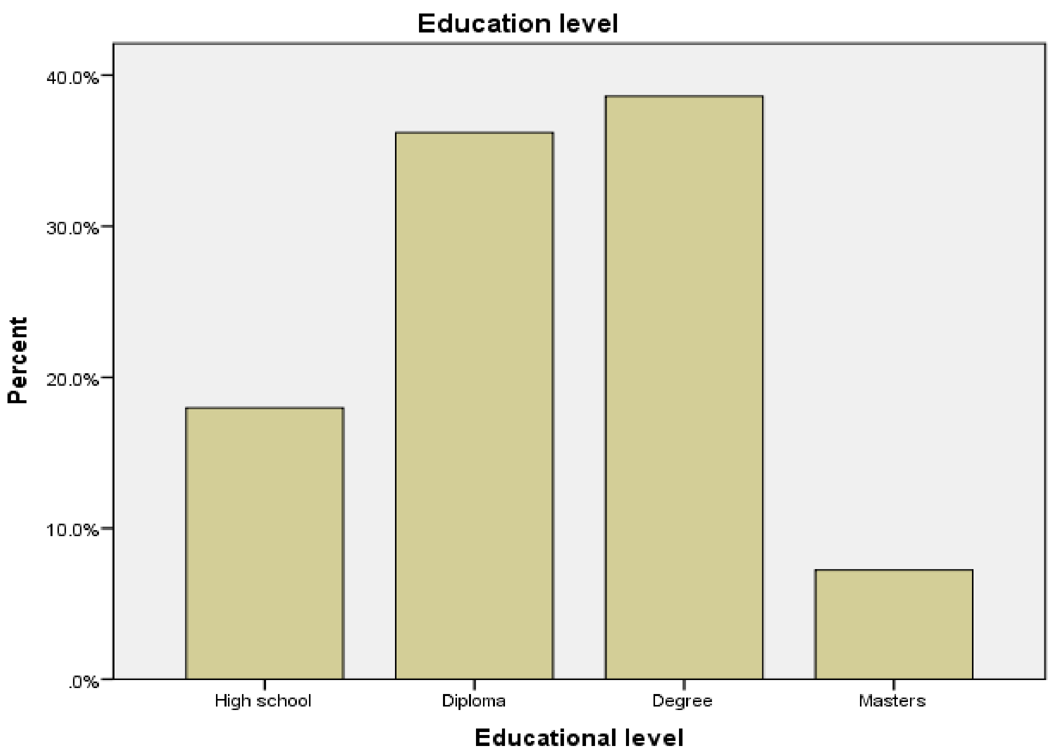
Table 4: ACCOUNT TYPE

Account type					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Individual	192	51.5	51.5	51.5
	Corporate	181	48.5	48.5	100.0
	Total	373	100.0	100.0	

Source: own analysis (2023)

4. **Education level:**-from respondents 18 % were high school, 36.2% Diploma holders, 38.6% Degree holders the rest 7.2 % second degree, as a result higher no customers of the bank was Degree holders.

Figure 6: EDUCATION LEVEL



Source: own analysis (2023)

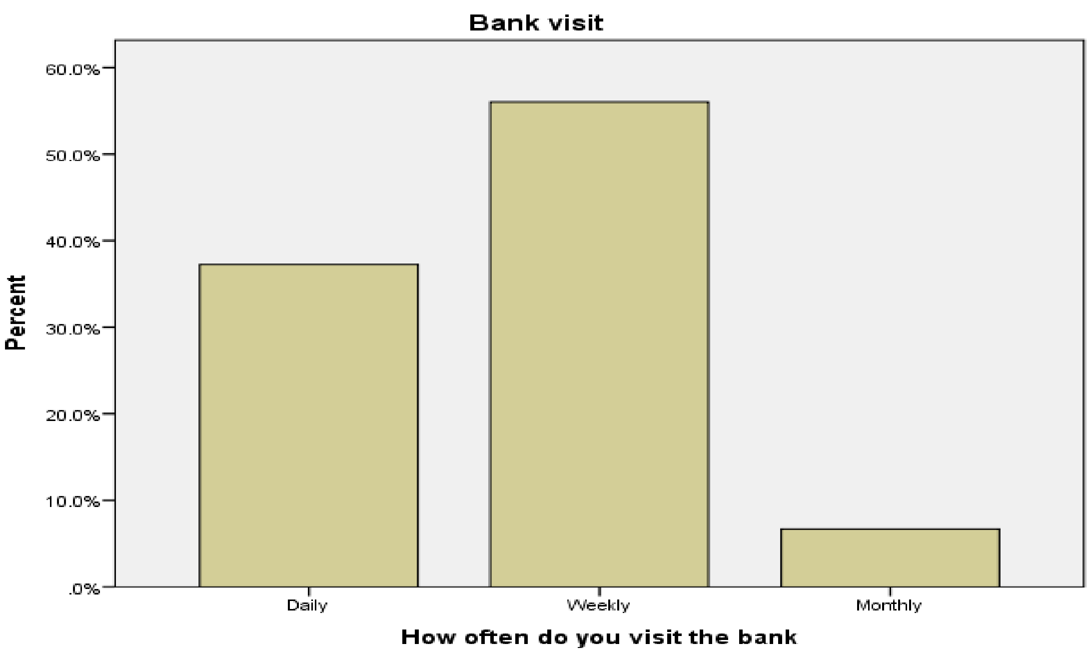
Table 5: EDUCATION LEVEL

Educational level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High school	67	18.0	18.0	18.0
	Diploma	135	36.2	36.2	54.2
	Degree	144	38.6	38.6	92.8
	Masters	27	7.2	7.2	100.0
	Total	373	100.0	100.0	

Source: own analysis (2023)

5. Bank visit:-37.3% respondents come to transact on daily base, 56.0% visited weekly , 6.7% of respondents visit the bank monthly .This implies that majority of respondents visit the bank weekly.

Figure 7: BANK VISIT



Source: own analysis (2023)

Table 6: BANK VISIT

How often do you visit the bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Daily	139	37.3	37.3	37.3
	Weekly	209	56.0	56.0	93.3
	Monthly	25	6.7	6.7	100.0
	Total	373	100.0	100.0	

Source: own analysis (2023)

4.3 Gap Score Analysis

Gap score analysis is compute to investigate the gap between expectation and their perceived performance of Zemen bank. Gap score computed by subtracting customer expectation from perception of customers. According to (Parasuraman ,1985) The assumption of SERQUAL scale is the performance below expectation or create a negative result obtain low perceived service quality, on the other hand customer perception exceeding expectation or obtaining positive score leads to high perceived service quality.

A study found that total perceived service lower than expectations; negative gap score indicate Zemen bank did not meet expectation of its customers.

Table 7: GAP SCORE

Attributes	Abbreviation	Perception result	Expectation result	Gap score
Tangibility	**TA1**	3.89	4.35	-0.46
	TA2	3.78	4.25	-0.47
	TA3	4.27	4.51	-0.24
	TA4	3.86	4.20	-0.34
				-0.3775
Reliability	**R1**	3.83	4.23	-0.4
	R2	3.92	4.37	-0.45
	R3	3.53	3.86	-0.33
	R4	4.11	4.48	-0.37

	R5	4.12	4.55	-0.43
				-0.396
Responsiveness	**RP1**	3.74	4.12	-0.38
	RP2	4.18	4.51	-0.33
	RP3	4.18	4.54	-0.36
	RP4	3.75	4.12	-0.37
				-0.36
Assurance	**A1**	3.97	4.28	-0.31
	A2	4.08	4.38	-0.3
	A3	4.33	4.58	-0.25
	A4	3.98	4.36	-0.38
				-0.31
Empathy	**E1**	4.04	4.35	-0.31
	E2	3.67	4.21	-0.54
	E3	4.13	4.43	-0.3
	E4	4.07	4.41	-0.34
	E5	4.09	4.48	-0.39
				-0.376
Total		87.52	95.57	-8.05
			Average	-0.365909091

Source: own analysis (2023)

The results in Table7 indicated that Reliability shows the highest negative gap score (-0.396) from the five dimensions, followed by Tangibles (-0.3775), Empathy (-0.376), Responsiveness (-0.36) and the last attribute are Assurance (-0.31).

Quality attributes with higher expectation result is (A3) "Employees of best bank consistently polite with customers " which is 4.58, "Excellent bank try to deliver error free service" (R5) scores 4.55 have the next highest expectation score followed by (RP3) "Employees willingness to help customers" (4.54).

The Service quality dimensions that scores the highest perception rate (4.33) which Zemen bank was relatively performing well are (A3)"Employees of in Zemen bank are consistently polite" and followed by (TA),"Zemen bank front line employees will dressed & appearing neat"(4.27),(RP2,RP3),"Quickness of Zemen bank personals" and "Employees in zemen willingness to help customers" respectively(4.18). Finally dimension score higher gap that of expectations of clients is (E2),"Zemen has convenience working hours"(-0.54),followed by

(TA2,TA1),”Zemen bank physical facilities are visually attractive” (-0.47)and “Zemen bank has modern looking equipment”(-0.46) & technology respectively.

Generally from the above result the actual perception of customers of Zemen bank are less attractive compared to customer’s expectation of the bank thus Zemen bank needs improvement in all dimensions specially the dimensions that score the highest negative gap score such as, (E2) operating hours , attractiveness of physical facilities (TA2) and use modern looking equipment & technology (TA2).

4.4 Description of dimensions

Table 8: DESCRIPTIVE STATISTICS OF DIMENSIONS

	Average gap of tangibility	Average gap of Reliability	Average gap of Responsiveness	Average gap of Assurance	Average gap of Empathy
Mean	-.3747	-.3957	-.3572	-.3130	-.3753
Median	-.2500	-.4000	-.2500	-.2500	-.4000
Std. Deviation	0.32307	0.35009	0.35388	0.36715	0.32764
Skewness	-.341	-.021	.195	-.075	.959
Std. Error of Skewness	.126	.126	.126	.126	.126
Kurtosis	-.367	1.169	1.626	1.436	7.709
Std. Error of Kurtosis	.252	.252	.252	.252	.252

Source: own analysis (2023)

1. Tangibility

The average score for tangibles is -0.3747, this indicates that the tangible service component perceived is less than what bank customers expect. The median gap is -0.2500, and the standard deviation is 0.32307, which shows how widely the gap is dispersed. With a skewness of -0.341, the distribution is negatively skewed, indicating that the figures are more off to the right than the left .as indicated by the 0.252 kurtosis value, there is clustering away from the mean.

2. Reliability

Customers were not satisfied with the banks service performance when compared to their expectations, obtaining a mean of -0.3957 in the reliability aspects. Since the standard deviation is 0.35009, the gaps are dispersed from the mean. With a kurtosis value of 1.169 and a value of -0.21, the distribution is negatively skewed, showing that the gaps are clustered away from the mean and deviate to the left of the mean.

3. Responsiveness

The average gap score for this dimension is -0.3572 .This demonstrates the bank customers median level of dissatisfaction is lower than the mean, which a -0.25 difference .The deviation is to the left with a positive skewness of 0.195 and the standard deviation of 0.35388 shows that the gap from the mean is not particularly great. Because the kurtosis value is 1.626, the gap also congregated at a location other than the distributions mean.

4. Assurance

Zemen bank client's dissatisfaction was shown by the average gap in their assurance scores, which was -0.3572 .The median difference is -0.25 .The gap clusters at some point distant from the mean, with a kurtosis value of 1.436, and the standard deviation is 0.36715, demonstrating a little divergence from it is skewed with a value of -0.75.

5. Empathy

The average gap for this dimension score is -0.3753.This distributions median gap is -0.40, Next to tangibility, empathy has a standard deviation of 0.32764, which is slightly lower that the other dimensions .This indicates that the gap is slightly but not significantly out of the mean. The distribution is favorably skewed with a value of 0.959 and cluster at a value that is away from the mean with a kurtosis value of 7.709.

4.5 Customer Satisfaction

According to Parasuraman (1996), maintaining customer happiness is essential to a company's long-term success. Concerns about client happiness are crucial. Only when businesses give services that go above and beyond what customers expect do customers report being satisfied. The authors stress that a company's success is strongly tied to achieving customers' expectations.

Questions that ask customers to identify level of satisfaction with the statement of five questions that evaluate customers satisfaction level about service delivery of zemen bank" with the alternative answers of highly dissatisfied, dissatisfied, neutral ,satisfies and highly satisfied .customer response of the above questions is summarized in the following tables.

Table 9: CUSTOMER SATISFACTION LEVEL

	I am satisfied with the service quality of Zemen bank		**I am satisfied with the personnel of Zemen bank**		**I will use Zemen bank's services again in the future**		**I will recommend Zemen bank to other people**		**Overall I am satisfied with the services of Zemen bank**	
	Frequency	**%**	**Frequency**	**%**	**Frequency**	**%**	**Frequency**	**%**	**Frequency**	**%**
Dissatisfied	64	17.2	31	8.3	17	4.6	28	7.5	10	2.7
Neutral	173	46.4	189	50.7	177	47.5	161	43.2	115	30.8
Satisfied	100	26.8	114	30.6	139	37.3	124	33.2	143	38.3
Highly satisfied	36	9.7	39	10.5	40	10.7	60	16.1	105	28.2
Total	373	100.0	373	100.0	373	100.0	373	100.0	373	100.0

Source: own survey (2023)

Table 10: DESCRIPTION OF CUSTOMER SATISFACTION

CSMEAN				
		Frequency	**Percent**	
Valid	2.00	6	1.6	
	2.80	6	1.6	
	3.00	165	44.2	
	3.20	16	4.3	
	3.80	14	3.8	

Statistics		
CSMEAN		
N	Valid	373
	Missing	0
Mean		3.5523
Median		3.2
Std. Deviation		0.66767

	4.00	130	34.9		Minimum		2
	4.20	4	1.1		Maximum		5
	5.00	32	8.6				
	Total	373	100.0				

Source: own survey (2023)

Table 10 shows that the mean value of customer satisfaction is 3.55 and standard deviation of 0.667. From 373 total numbers of respondents 187 or 50.1% are Neutral and 148 or 39.7% respondents are satisfied, 32 or 8.6 % of respondents are highly satisfied and 6 or 1.6% respondents are dissatisfied by service delivery of Zemen bank. This implies Zemen bank should focuses on improving their performance in order to win today’s competitive market

4.6. Correlation Analysis

Correlation is the most widely used statistical measure that describe how two variables are related and this means that changes in one variable can affect other variable in specific direction. In order to determine relationship or strength and direction between independent variables:- Assurance, responsiveness, tangibles, reliability and empathy and dependent variable customer satisfaction by applying Pearson correlation (r) that helps to determine association between variables. Among the three commonly used significant levels:- Coefficient of correlation of zero implies absence of alliance between varables,-1 is perfect negative relationship and +1 is a perfect positive strong relationship between variables. According to Tayler (1999),The correlation coefficient –r classified 0.1-0.30 =weak 0.30-0.50= moderate ,greater than 0.50=strong.

Table 11 illustrate the person correlation value of variables with: Tangibles (0.354), Reliability (0.491), Responsiveness (0.457), Assurance (0.406), and Empathy (0.398).Therefore the study result confirm that the 5 independent variables has **moderate correlation** with satisfaction of customers.so that an improvement in service quality attributes positively contribute to enhancing customer satisfaction .

Table 11: CORRELATION ANALYSIS

Correlations							
		CSMEAN	GTA	GR	GRP	GA	GEE
CSMEAN	Pearson Correlation	1	.354**	.491**	.457**	.406**	.398**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	373	373	373	373	373	373
GTA	Pearson Correlation	.354**	1	.132*	.136**	.094	.107*
	Sig. (2-tailed)	.000		.011	.009	.071	.040
	N	373	373	373	373	373	373
GR	Pearson Correlation	.491**	.132*	1	.189**	.110*	.153**
	Sig. (2-tailed)	.000	.011		.000	.034	.003
	N	373	373	373	373	373	373
GRP	Pearson Correlation	.457**	.136**	.189**	1	.221**	.192**
	Sig. (2-tailed)	.000	.009	.000		.000	.000
	N	373	373	373	373	373	373
GA	Pearson Correlation	.406**	.094	.110*	.221**	1	.238**
	Sig. (2-tailed)	.000	.071	.034	.000		.000
	N	373	373	373	373	373	373
GEE	Pearson Correlation	.398**	.107*	.153**	.192**	.238**	1
	Sig. (2-tailed)	.000	.040	.003	.000	.000	
	N	373	373	373	373	373	373
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source: own survey (2023)

4.7 Regression Analysis

In this study, a multiple regression model is utilized to determine how the service quality gap in Zemen Bank S.C. affects customer satisfaction. The outcome of the regression analysis reveals a statistically significant positive association between the dependent variable, Customer Satisfaction, and the independent variable, the five service quality aspects (Tangibles, reliability, responsiveness, assurance, and empathy). The amount of variance in the dependent variables that is explained by the independent variables is what the coefficient of determination R-square is all about.

The model summery (Table 12) indicates that the coefficient of determination R-square is 0.555 or 55.5 % of variance in customer satisfaction in Zemen bank explained by the above five variables and the rest 44.5 % to be described with additional variables not mentioned this model such as: functional quality, commination, Availability, understanding of customers, technical quality and other related factors that affect customer satisfaction.

Table 12: MODEL SUMMARY

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745[a]	.555	.549	.44838
a. Predictors: (Constant), GEE, GTA, GR, GA, GRP				

Source: own survey (2023)

Table 13: ANOVA

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.048	5	18.410	91.571	.000[b]
	Residual	73.782	367	.201		
	Total	165.831	372			
a. Dependent Variable: CSMEAN						
b. Predictors: (Constant), GEE, GTA, GR, GA, GRP						

Source: own survey (2023)

Table 13 shows analysis of variance (ANOVA): F -ratio is the test of hypothesis that the regression coefficient is all equal to zero. The result shows that F=91.571 is significance 0.000 which is less than five percent or p value less 0.05 implies statistically significant, this indicates that all independent variables have strong and significant predictors of customer satisfaction in Zemen Bank S.C.

4.8 Testing the Proposed Hypothesis

Table 14: REGRESSION COEFFICIENT

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	4.470	.050		89.847	.000
	GTA	.468	.073	.226	6.379	.000
	GR	.671	.069	.352	9.797	.000
	GRP	.503	.069	.266	7.261	.000
	GA	.430	.066	.236	6.466	.000
	GEE	.434	.074	.213	5.829	.000
a. Dependent Variable: CSMEAN						

In this research apply multiple regression analysis in order to determine the extent in which the gap of the five independent variables or service quality measurements and its influence on satisfaction of customers .Based on the above table the equation becomes:

Y= **α+0.226GTA+0.352GR+0.266GRP+0.236GA+0.213GEE**

Where Dependent variable=Customer satisfaction (CSMEAN)

Independent variables=Tangibility gap(GTA),CReliability gap(GR), Responsiveness gap(GRP), Assurance gap(GA), Empathy gap (GEE)

H1: There is significant gap between perceived service and customer expectation in terms of Tangibility dimension of service quality.

The regression outcome in service delivery of zemen bank in tangibility dimension with coefficient value of 0.226 at five percent level of significance there for the hypotheses of the research is supported.

H2: There is significant gap between perceived service and customer expectation in terms of Reliability dimensions of service quality

In reliability dimension gap between perception and expectations of customer with coefficient value of 0.352 at five percent significant level as a result the research hypotheses is supported.

H3: There is significant gap between perceived service and customer expectation related to responsiveness dimensions of service quality.

The research hypotheses is supported in responsiveness dimension of service quality by scoring coefficient value of 0.266 at five percent significant level, that indicates existence of significant gap in service delivery process of zemen bank s.c

H4: There is significant gap among perceived performance and expectation in terms of Assurance dimension of service quality.

The regression result support hypotheses in assurance dimension by coefficient value of 0.236 at five percent significance level.

H5: There is significant gap between perceived service and customer expectation in terms of empathy.

The result shows that there is a gap in service delivery of the bank with coefficient value of 0.213 as a result the research hypotheses is supported.

Table 15: SUMMARY OF HYPOTHESIS TESTING

Hypothesis	Findings		Decision Rule
H1: There is significant gap between perceived service and customer expectation in terms of **Tangibility** dimension of service quality.	**β =.226** **p<.05**	**Significant gap**	**Accepted**
H2: There is significant gap between perceived service and customer expectation in terms of **Reliability** dimensions of service quality	**β =.352** **p<.05**	**Significant gap**	**Accepted**
H3: There is significant gap between perceived service and customer expectation in terms of **Responsiveness** dimensions of service quality.	**β =.266** **p<.05**	**Significant gap**	**Accepted**
H4: There is significant gap between perceived service and customer expectation in terms of **Assurances** dimension of service quality.	**β=.236** **p<.05**	**Significant gap**	**Accepted**
H5: There is significant gap between perceived service and customer expectation in terms of **Empathy** dimension of service quality.	**β=.213** **p<.05**	**Significant gap**	**Accepted**

Source: own survey (2023)

CHAPTER FIVE: SUMMERY OF FINDINGS, CONCLUTION AND RECOMMENDATIONS

Chapter five deals with findings of the study, conclusions drawn based on the finding of the study and the recommendations on service delivery gap among perceived service and customers expectation at Zemen bank.

5.1. Summary of Findings

The main purpose of the study is to identify current level of customer's expectation and perception of Zemen Bank S.C. The survey is conducted with 399 questioners to customers of Zemen bank, from respondents 373 questioners are properly filled by respondents.

- A comparison of customer's actual perceived service with expectations shows negative gap score in all dimensions indicated that perceived performance below their expectation at Zemen Bank S.C.
- The correlation result indicates moderate relationship of the five independent variables and satisfaction of customers with correlation result of: Tangibles (.354), reliability (.491), responsiveness (.457), empathy (.398), assurance (.406), so that improvement in service quality attributes positively and significantly contribute to enhancing satisfaction of consumers.
- The research investigates actual perception and customer expectation of customers. The five dimensions result expectation value of 4.3448 that shows clients of Zemen bank expects to a great extent. From service attributes, higher expectation score in assurance with 4.40 strongly suggest a careful consideration on the area of delivering consistent service and ability of employees that provide personalize and safe service to customers
- Empathy and tangibles have 4.376 and 4.33 after assurance, these shows that customers of the bank have higher expectation in relation to receiving caring and individual attention also appearance of physical facilities & employees of the bank.
- Elements that scores the higher expectation is (A3) "Employees of outstanding bank consistently polite with customers " which is 4.58, "Excellent bank will try to provide

service without error" (R5) scores 4.55 have the next highest expectation score followed by (RP3) "Employees of the bank consistently wailing customers" (4.54).

- The Service quality dimensions that scores the highest perception rate (4.33) which Zemen bank was relatively performing well are (A3)"Employees of in Zemen bank are consistently polite" and followed by (TA),"Zemen bank front line employees will dressed & appearing neat"(4.27),(RP2,RP3)," Quickness of service delivery" and "Employees in Zemen willingness to serve customers" respectively(4.18).
- From the five dimensions Reliability shows higher negative gap result (-.396), next Tangibles (-.3775), Empathy (-.376), Responsiveness (-.36), finally Assurance (-0.31).
- The highest score gap item compared to the expectations of consumers (E2),"Zemen working hours convenience"(-0.54),followed by ,"Zemen bank physical facilities are visually attractive" (-0.47) and "Zemen bank has modern looking equipment& technology respectively(-0.46).
- The value of R2 in the model summery shows that only 55.5 % of the change in the independent variables could be explained by the change in the five independent variables considered in the research. The remaining 44.4% might be the result of the independent variables that were not considered and included in the study and perhaps some due the error term.
- The regression result showed that all the variables have a significant effect on the independent variable.
- The result also showed that reliability had the significant effect on customer satisfaction, followed by responsibility, assurance and tangibility had the third and fourth strongest effect on customer satisfaction respectively, while empathy dimension has the list effect.

5.2. Conclusions

The primary goal of the study is to identify Zemen bank service quality gap in selected branches by adopting SERVQUAL model.

- Evaluation of perceived performance and customer expectation shows all five dimensions negative gap scores, indicating that Zemen bank provided lower overall service quality compared to the customers' expectations.

- All the hypotheses formulated were supported by the result of the study, findings reviled existence of gap in comparison of customers wish and actual service delivery that result customers of the bank are not satisfied.
- Research result also indicated that customers of the bank were dissatisfied mostly on reliability and tangibility dimension. This shows that the customers had higher expectation on the two dimensions, however, they perceived lower.
- Finding of the study also reviled that the assurance elements get better gap result compared to expectation of bank customers.

5.3. Recommendation

Conclusion of the study presented as follows:

- To serve expectation of customers Zemen bank should work hard across all attributes that score the high ranking gap result respectively: reliability, tangibles, empathy, responsiveness and assurance.
- Reliability and Tangibility were the dimensions that scored the highest gap score or the list perceived score. Therefore it is recommended that Zemen bank management strongly involve on this individual factors ,such as work on employees to show real interest in problem solving of customers, the bank should work on keeping error free records of customers transaction and provide quick service.
- Management of this bank should focus on the particular need of clients and its expectation. Expectation result indicates that assurance get the higher rank with (4.69).because of this Zemen bank highly focuses on consistency of service delivery, knowledge and ability of employees that create confidence for customers.
- From attributes of service quality items (E2).”Zemen bank working hours convenient to you” score high ranking gap of (-0.54) compared to other measurements, based on this management of the bank take immediate action to extend operating hours of the bank to meet need of customers.
- The study result also indicate that perception and expectation score shows negative gap scores ,this study recommend that Zemen bank must take immediate action and regular survey to determine service delivery gap at the same time the bank must improve

performance of all service quality attributes to increase bank service performance and satisfaction of customers.

- Finally ,the result in the model summary showed that the R2 value is only 55.5 (55%),which showed that there are other independent variables not considered and included in the study ,therefore ,future studies should consider and include other independent variables that could have effects on the dependent variable (customer satisfaction).

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APPENDIX

A. Questionnaires

Addis Ababa University College of commerce
School of Graduate Studies
MBA Program
<u>Questionnaire to be filled by customers</u>

Research Topic:- GAP Analysis of Service quality in the case of Zemen Bank S.C

This questionnaire is designed to collect data about GAP Analysis of Service quality in the case of Zemen Bank S.C. The information that you provide in this questionnaire will be used as a primary data that conducting for partial fulfilment of the requirements for the degree of Master of Marketing Management. I would like to assure you this research is only for academic purpose authorized by the Addis Ababa University College of Commerce no other person will have access to it .I would like to express my appreciation for you generous time, honesty and prompt response.

Part 1 .Personal Information

1. Gender

☐ Male ☐ Female

2. Age Group

☐ 18 to 30 ☐ 46 to 60

☐ 31 to 45 ☐ 61 and above

3. Account type

☐ Individual ☐ Corporate

4. Educational level ☐ High School ☐ Degree ☐ Above

☐ Diploma ☐ Masters

5. How often do you Visit the bank

☐ Daily ☐ Weekly ☐ Monthly

Part ii .Survey on service Quality Item

	Expectation Please mark (√) to the option that best shows your expectation level about an excellent Bank.							Perception Please mark (√) to the option that best shows the extent to which you believe Zemen Bank has the features described.					
		Strongly	Agree	Neutral	Disagree	Strongly Disagree			Strongly	Agree	Neutral	Disagree	Strongly Disagree
	Tangibles												
1	**Excellent Banks should have modern looking office equipment.**							**Zemen bank has modern looking equipment & technology.**					
2	**Excellent Banks should have visually attractive physical facilities**							**Zemen bank's physical facilities are visually attractive.**					
3	**Employees at an Excellent Banks will be well groomed and neatly dressed**							**Zemen bank's front line employees are well dressed and appearing neat.**					
4	**Materials associated with services like ATM cards , check book, statements and online banking service will be visually attractive at an excellent bank**							**Materials associated with the service such as:- transaction slips, ATM cards , check book, statements & other materials are visually attractive at bank.**					
	Reliability												
5	**When excellent banks promise to do something by a certain time, they do.**							**Zemen bank employees provide service at the time they promises to do so.**					
6	**When a customer has a problem, excellent banks will show a real interest in solving it.**							**When you have a problem, Zemen bank shows a real interest in solving it.**					
7	**Excellent banks will perform perfect service right the first time.**							**Zemen bank provides perfect service every time.**					
8	**Excellent banks will keep customers record accurately.**							**Zemen keep your records accurately.**					
9	**Excellent banks will insist on error free service.**							**Zemen bank insists on error free records.**					
	Responsiveness												
10	**Employees of excellent banks will tell customers exactly when services will be performed.**							**Employees in the bank tell you exactly when the services will be performed.**					
11	**Employees of excellent banks will give quick service to customers.**							**Employees in Zemen bank give you quick service.**					
12	**Employees of excellent banks will always be willing to help customers.**							**Employees in Zemen bank are always willing to help you.**					
13	**Employees of excellent banks will never be too busy to respond to customers' requests.**							**Employees in Zemen bank are never too busy to respond to your request.**					
	Assurance												
14	**The behavior of employees in excellent banks will create confidence in customers.**							**The behavior of employees in Zemen bank creates confidence in you.**					
15	**Customers of excellent banks will feel safe and satisfied in transactions.**							**You feel safe in your transactions with Zemen bank.**					
16	**Employees of excellent banks will be consistently polite with Customers.**							**Employees in zemen bank are consistently polite.**					
17	**Employees of excellent banks will have the knowledge to answer customers' questions.**							**Employees in Zemen bank have the knowledge to answer your questions.**					

	Empathy												
18	Excellent banks will give individual attention to customers.							Zemen bank employees gives you individual attention.					
19	Excellent banks will have operating hours convenient to all their customers.							Zemen bank has operating hours convenient to you.					
20	Excellent banks will have employees who give customers personal attention.							Zemen bank has employees who give personal banking service.					
21	excellent banks will have their customer's best interest at heart							Zemen bank has your best interests at heart.					
22	The employees of excellent banks will understand the specific needs of their customers.							The employees of Zemen bank understand your specific needs.					

PART .3 CUSTOMER SATISFACTION

23	I am satisfied with the service quality of Zemen bank						
24	I am satisfied with the personnel of Zemen bank						
25	I will use Zemen bank's services again in the future						
26	I will recommend Zemen bank to other people						
27	Overall I am satisfied with the services of Zemen bank						

5=Strongly Agree 4= Agree 3= Neutral 2=Disagree 1=Strongly disagree