Addis Ababa University

School of Commerce

Department of Marketing Management

Customers' Evaluation of Service Quality in Ethiopian Private Banking Sector

(A Research Paper)

In Partial Fulfillment of the Requirement for the Award of Master of Arts in Marketing Management

By: Mesfin W/Gerima

Project Advisor: Dr.Yitbarek Takele

May, 2014

Addis Ababa, Ethiopia

Addis Ababa University School of Commerce

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MA Program

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Approved by Board of Examiners

Chairman, Department	**Signature**
Examiner	**Signature**
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DECLARATION

I, Mesfin W/Gerima G/Selassie declare that this research study titled "***Customers' evaluation of service quality in Ethiopian private banking sector***" is my own personal work, presented to the Graduate School of Addis Ababa University School of Commerce, in partial fulfillment of the requirements for Master of Arts degree in Marketing Management. And that all sources of materials used for the study have been duly acknowledged.

Name: Signature

Mesfin W/Gerima G/Selassie _____

LETTER OF CERTIFICATION

This is to certify that Mr. Mesfin W/gerima has completed his project work titled ***"Customers Evaluation of Service Quality in Ethiopian private Banking Sector"***. As I have evaluated, his project is appropriate to be submitted as a partial fulfillment requirement for the Award of Degree in Masters of Marketing Management.

Dr. Yitbarek Takele **Signature**

Project Advisor

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ACRONYMS

BSQ- Banking Service Quality

SERVQUAL-Service Quality

SERVPERF- Service Performance

P- Performance

E-Expectation

ABSTRACT

The study focused on the perception of service quality in Ethiopian private banking sector. And the effect that quality perception has on satisfaction and loyalty behavior of customers. In the research a bank tailored service quality model was used to evaluate the level of service quality from the perspective of customers i.e. The Banking Service Quality (BSQ) scales. The model had six factor; Assurance and effectiveness, access, price, tangibles, service portfolio and reliability. Instrument based on the model was developed and further refined through a pilot study.

Three representative banking organizations were conveniently selected in inclusive criterions to better account for the heterogeneity in the sector. Based on the criterion, Awash International Bank, Wegagen Bank and Abay bank were involved in the research. And 240 BSQ questionnaires were distributed to high grade branches in the respective banks. Among these 161 of them were deemed appropriate for statistical analysis.

The reliability of the instrument was tested for and subsequently descriptive and parametric inferential statistics were conducted on the primary data to address the research questions and test relevant hypothesis. One-sample t-test on the means of the dimensions and items indicated the mean value is significantly different (greater than) from the average point of the scale (six-point Likert-scale) for all the BSQ dimensions'. This finding has showed customers of private banks have relatively good assessment service quality dimension. And Pearson correlation of between the BSQ dimension, overall service quality, customer satisfaction and customer loyalty has indicated the high level of association between the constructs.

Finally, multiple regressions were conducted to define the causal relationship and importance of the Banking Service Quality (BSQ) dimensions in predicting and explaining the outcome variables of overall service quality, customer satisfaction and customer loyalty. Accordingly, the important service quality dimension in predicting customer satisfaction and loyalty were found out to be assurance and effectiveness, reliability and tangibles.

Key Words: Service quality, customer satisfaction, customer loyalty and Banking Service Quality (BSQ) dimensions

CHAPTER ONE

INTRODUCTION

1.1. Background of the Research

As one of the key dimension for organizational performance and profitability, quality has been enormously studied and various principles and approaches are proposed to attain it in product and manufacturing context. This is because the early history of the marketing discipline focused on selling goods, especially agriculture products (Fisk, Brown and Bitner, 1993). The focus on marketing physical goods was pervasive. In textbooks and other publications, the accepted wisdom that marketing meant goods marketing was rarely challenged (Fisk et al, 1993). As a result different concepts, perspectives and definitions have been proposed to articulate quality in product-oriented businesses. But conceptualization of quality in service environment is relatively a recent phenomenon, late 1980s' to be particular. This had been due to the peculiar nature of service with respect to its characteristics; heterogeneity, inseparability, perishability and intangibility (Zeithaml, Parasuraman and Berry, 1985). In general, the acceptance of service marketing as a new field of knowledge within the marketing disciplines, and in particular, the relative 'conceptualization' service quality into somehow a definite and measurable construct; have been a great achievement to service organization and marketers.

Service quality is critical in service industries as business strive to maintain a competitive advantage in the market place and achieve customer satisfaction. The financial sector, particularly banks compete in the marketplace with generally undifferentiated products; therefore service quality becomes a primary competitive weapon. Financial services industry is one of the largest and most important industries, especially in developed economies and within that, banking can be seen as the largest sector. Furthermore, there are several types of banks including retail banks, corporate banks, investment banks, credit unions and Islamic banks. Retail banking focuses on attracting money (e.g. savings, current accounts) from consumers and subsequently lending the money out to other consumers (e.g. through business loan, consumer finance, overdrafts, and credit cards) and sometimes even to small and medium-sized enterprises (SMEs) (Weert, 2011). Even within retail banking there are different value propositions and, hence, different areas of focus. Banks historically had difficulty distinguishing

their products from one another, and in recent years the problem has only intensified. As stated in world retail banking report (2013) the look and feel of basic banking products has remained largely the same, with very little innovation forged in terms of linking products or developing them outside their traditional silos. And attempts to differentiate on price too have been curtailed in recent years due to regulatory and cost pressures that are keeping rates universally low. Moreover, the structure of traditional banking business model have been based on physical decentralization, with branches distributed around populated areas to provide a range of services, however the advent of technological application and the internet is continuously changing the landscape of the industry to a greater extent, globally (Weert, 2011).

Jayawardhena and Foley (2000) cited in Elemayar(2011) mentioned that in the past the main source of retail banking services distribution was branches, but add that in the current climate other channels of distribution have made their way into the retail banks, such as telephone banking, automatic teller and e-banking. The majority of banks in developed countries deliver their services and products through these multiple channels. For these reasons the center of competition is narrowing down to distribution/channel (multiple and wide network) and quality of delivery and execution rather than the core financial product by itself.

Modern banking in Ethiopia started in 1905 with the establishment of Abyssinian Bank (Alemayehu, 2006). The banking industry compared to most African countries has had a head start but trail far behind, currently. Various factors have been mentioned for this including; political instability, poor economic growth, agriculture based economy, lack of confidence in banking services etc... After the downfall of the military regime and subsequent liberalization of the banking sector under Monetary and Banking proclamation No.83/1994 and the Licensing and Supervision of Banking Business No.84/1994 to local private investors, the sector has gotten more competitive.

The banking environment in Ethiopia has, for the past decades, undergone many regulatory and financial reforms like other African countries and the rest of developing world. These reforms have brought about many structural changes in the banking sector of the country and have also encouraged private banks to enter and expand their operations in the industry (Alemayehu, 2006).Especially the last couple of years have been serendipitous for banks operating in the country, mainly due to the economic growth that the country is

witnessing. At present there are twenty banks operating in the country with varying level of branch distribution and capital structure and many other are in the pipeline (NBE web site). Among these, three of them are public owned; Commercial Bank of Ethiopia (CBE), Construction and Business Bank (CBB) and Development Bank of Ethiopia (DBE). DBE is an investment bank which is established with the aim of supporting and channeling finance to private and government projects and investment initiatives. The rest are privately owned, viz. Awash international bank, Dashen bank, Wegagen bank, Bank of Abyssinia, United bank, NIB International bank, Cooperative bank of Oromia, Lion International bank, Zemen bank, Oromia international Bank, Bunna International Bank, Berhan International Bank, Abay bank S.c, Addis International Bank S.c, Debub Global bank S.c. and Enat Bank.

Nevertheless, the banking industry is faced with internally and externally problems (Simeneh, 2013). Meeting customers' expectation in terms of quality expectation, in ever competitive environment, is at the forefront of these complex and threatening problems. Thus, banks operating in Ethiopia are consequently put into lot of competitive pressures. To alleviate that and win in the market several strategies are formulated with the objective of retaining existing customers and attracting new ones and at the centre of this strategy is increasing service quality level delivered to the customer. And this research project is hoped to have a contribution in that direction by ascertaining and investigating perception of service quality and identifying gaps in meeting customers' expectation in the retail banking sector. And further indicating the success of service quality initiatives in surveyed banks in terms of giving arise to the much needed customer satisfaction and loyalty behavior of clienteles.

1.2. Problem Statement

Service quality has been one of the single service marketing construct which has gained immense attention from both academician and practitioners. It is validated and substantiated in several studies that service quality is associated with image, perceived value, customer satisfaction, customer loyalty and customer's behavioral intention (Serkan and Gokhan(2004); Collart(2000), Sureshchandar et al. (2002); Sulieman (2011)) cited in Jabnoun and Khalifa(2005). The same relation is predicted and ascertained in studies that focuses on the banking sector in several countries and business settings (Glaveli, Petridou, Liassides, and Spathis (2006); Korda and

Snoji(2010); Cronin, Brady, and Hult(2000); Ogunnaike and O(2010); Naik, Gantasala and Prabhakar(2010); Jabnoun and Khalifa(2005), Kumar, Kee and Manshor (2009).

Despite the devotion and large amount of efforts made to conceptualize and operationalize service quality, there still exists significant disagreement within the field. The theoretical contention starts from what quality exactly is and goes to divergence in measurement instrument, characteristics, consequences and antecedent of it and philosophical and managerial orientation to quality (Chang and Yeh, 2002). However, there is strong consensus on multidimensionality and customer-centricity of service quality.

The Ethiopian banking sector is undergoing through substantial competitive and technological changes (Amdemikael, 2012). The competition in the industry is getting quite intense, day by day, despite the fact that international banking giants have not entered yet. The acceleration of competition in the industry is partly attributed to high entry level of new players (Simeneh,2011). Subsequently, customers have array of banking service providers to choose from, especially in big cities. And with changing environment the bargaining power of the customer is escalating, leading to a high strategic and operational attention for customer satisfaction and retention. In the quest to catch up with the time and improve their services, retain and attract customers; most banks are introducing innovative measures like extended business hours, ATM network, internet and mobile banking, improved banking hall facilities among others, all in the interest of enhancing customers value and satisfaction. Yet, customers perceive very little difference in the banking products offered by banks dealing in services as any new offering is quickly matched by competitors. There are disappointments of customers over the service offered and the available services don't match with the expectation of the customer (Mesay,2013).

The service provided by different private banks in Ethiopia is stated to be beneath their expectation and less than satisfactory according to customer surveys conducted in previous researches (Elias (2012); Tamirat(2012); Yonatan(2010); Mesay (2012) et al). These research projects have indicated in their single-bank and SERVQUAL/SERVPERF assessment that the expectation of customer are not met or that the customers have low perception of service quality in investigated banks. However, most of these studies focused on drawing an association or causal relationship between service quality, customer satisfaction and loyalty based on single

bank assessment, which leads to external validity problems. Moreover, they do not employ bank specific measurement instrument to survey the perception of service quality level and the result of these studies were inconclusive. With the view of alleviating that Hussen(2012) and Yonatan(2010) in their research have called for the adoption of another model and measurement scale that is relevant to retail banking sector or modification of the usual service quality dimension to better capture service quality in the context of Ethiopian retail banking sector . Similarly, Elias (2012) has suggested industry level evaluation rather than specific bank evaluation of perceived service quality.

In the light of those backgrounds, this research studies the perception of customers toward the service quality of Ethiopian private banking sector by employing Banking Service Quality (BSQ) model. Since the BSQ dimensions have been found to have high reliability and validity to measure service quality in retail banking sector in the study by Bahia and Nantel (2000) and subsequently in banking service quality comparative study by Glaveli, petridou, Liassides, and Spathis (2006), the researcher believes that the BSQ dimensions and scale can be better than other service quality measurements mostly used in past research projects i.e. SERVQUAL/SERVPERF or Hierarchical. Moreover, it is developed to capture service quality in retail banking environment rather than universal service quality. Altogether, the research has three-fold goals. Firstly, the research indicates the level of service quality delivered by the representative banks from the perspective of the customers. Secondly, the research studies the association between the BSQ dimension and customer satisfaction and customer loyalty in the sector. And last but not least, the study tries to draw and explain the effect of BSQ dimensions on customer satisfaction and loyalty in retail branch banks in the Ethiopian private banking sector by taking three banks as representative: Awash International bank, Wegagen Bank and Abay Bank.

The under mentioned are the basic research questions that the researcher tried to address:

1. How does customers' evaluate the level of Banking Service Quality (BSQ) dimensions in the Ethiopian private banking sector?
2. Do the BSQ model dimensions have significant relationship with overall service quality, customer satisfaction and customer loyalty?

3. Does the BSQ model sufficiently explain/predict overall service quality in Ethiopian private banking sector?
4. Do the BSQ dimensions have significant effect on customer satisfaction?
5. Do the BSQ dimensions have significant effect on customer loyalty?

1.3. Objective of the study

The main objectives of this research undertaking are;

1. To measure the perception customers on the level of service quality rendered by the sector; the sample banks being representative
2. To test BSQ model on Ethiopian retail banking sector with the view of better capturing service quality in banking operations.
3. To ascertain the relationship between service quality, customer satisfaction and loyalty by employing the BSQ dimensions
4. To draw the effect of BSQ model dimensions on customer satisfaction and loyalty in the sector.
5. Prioritizing BSQ dimensions in their importance level to the private bank customers. Thus, indicating what matter most to customers in banking service delivery.

1.4. Hypothesis of the study

The following hypotheses were developed grounding on the theoretical framework (chapter two) and the research questions;

H1. The service quality perception of private banking customers on the Banking Service Quality (BSQ) dimensions are below average

H2. The six BSQ dimensions namely; effectiveness and assurance, access, tangibles, price, service portfolio and reliability are positively correlated with overall service quality, customer satisfaction and customer loyalty

H3. The Banking Service Quality dimensions explains/predicts overall service quality evaluation of customers in Ethiopian private banking sector

H4. The Banking Service Quality (BSQ) dimensions have significant positive effect on customer satisfaction in Ethiopian private banking sector.

H5.The BSQ dimensions have significant positive effect on customer loyalty in Ethiopian private banking sector.

H6. Customer satisfaction mediates the relationship between the BSQ dimensions and customer loyalty

1.5. Scope of the study

The research is limited to the Ethiopian private banking sector represented by the three retail banks (Awash International bank, Wegagen Bank and Abay Bank). And within the sector on customers' measurement of their service quality level and the relationship that has with the satisfaction and loyalty they have toward the banks. Furthermore, the research was spatially limited to Addis Ababa.

1.6. Significance of the study

The researcher believes that the findings of this research undertaking were of importance to academicians and practitioners for the following reasons;

- Research tested a modified and relatively new service quality model that is specific to retail banking (i.e. BSQ model); the outcome could mean a theoretically accepted service quality model that fits into the cognitive and psychological evaluation process of service quality by banking customers. And that in turn would help as a diagnostic tool in quality improvement and benchmarking initiatives for retail bankers.
- Secondly, the research provided data from the sample population of the representative banks to make generalization on service quality level provided by the sector. This is important to branch managers and executives in the banking industry.
- The research measured the importance of BSQ dimensions in impacting overall service quality, customer satisfaction and loyalty so as to prioritize the factors and aid in efficient decision making of resource allocation.
- The current study could contributes much for future researchers who wish to conduct research on bank service quality in particular and service quality in general.

Since, the research has indicated important future research directions and also, could be used as an important source of secondary data.

- And finally, since the undertaking is not bank specific and the surveyed banks have been selected in inclusive criterions (including scale of operation, number of retail branches, time of presence in the market and financial performance) to factor in the heterogeneity in private sector, the result could give important and comprehensive insight on perception of service quality in private retail banks.

1.7. Limitation of the study

The study is limited in that it does not involve more than three private banks in the study. And the sample of branches and customers taken from the three private banks is not large. However, it is believed that the three private banks (Awash International bank, Wegagen bank and Abay Bank) could fairly represent the variation/heterogeneity in the Ethiopian private banking sector and that the samples of customers taken from a single branch of each bank were acceptable and sufficient for the purpose; given time and cost constraints. Another potentially limitation of this research is the use of non-probability sampling instead of random selection respondents from the population based on sample frame. But, since it was almost impossible to list out the population and develop sample frame, the research had to use a convenience sampling method.

1.8. Organization of the study

This study is organized into five chapters. The first chapter deals with introductory part consisting of introduction/background of the study, statement of the problem, objectives of the study, scope and limitation of the study and significance of the study. The second chapter reviews literatures related to the study. In this chapter various theoretical concepts that relates with service quality and its measurement and dimension of service quality and issues related with quality service were reviewed with emphasis on the banking sector. The third chapter presents the research design and methodology. The fourth chapter reveals the data analysis and interpretation of the result; and finally the fifth chapter focuses on summary and implication of the research.

CHAPTER TWO

Review of Related Literature

2.1. Overview of the Chapter

This chapter is organized into six sections. In the first section, the researcher has tried to define and differentiate service from other market offering and new conceptualization of service concept is presented by reviewing journal articles and books. And the three schools of service quality/models: the Nordic school, the North American and the hierarchic model are reviewed using several journal articles. Following that, the measurement instruments of service quality are reviewed with their background, advantage/disadvantage and level of application. In the second and third sections constructs that are most related with perceived service quality, such as customer satisfaction and loyalty are defined and elaborated. The fourth section deals with the interrelationship between service quality, customer satisfaction and loyalty in retail banking context. Besides, several local literatures that have believed to be germane to create comprehensive knowledge and understanding of service quality level and gaps in the Ethiopian banking sector are reviewed and presented in summary form, the center of attention being the very recent ones. And finally based on the review of related literature, the researcher has identified research gap/problem and theoretical framework to address the objectives of research project and empirically test the hypotheses.

2.2. Definition and Conceptualization of Service

Because of their diversity, services have traditionally been difficult to define. The way in which services are created and delivered to customers is often hard to grasp since many inputs and outputs are intangible. From the time when, Rathemell(1966) and Judd(1964) tried to differentiate service from goods in their infamous article by the time; 'what is meant by service?' and 'The case for redefining service', respectively, various authors and researchers in the field of service marketing have made important contribution to define and conceptualize service as we know it today. Judd(1964) defined what he called marketed service via the principle of exclusion as; ***A market transaction by an enterprise or entrepreneur where the object of the market transaction is other than the transfer of ownership (and title, if any) of tangible commodity.***

The definition had the defect of any definition by exclusion in that, from the definition itself, nothing can be learned about what were the essential characteristics of a service. Yet by this approach it was possible to be quite definite about what services are not.

In 1966, Rathmell contended that marketers have some idea of the meaning of the term "goods"; these are tangible economic products that are capable of being seen and touched and may or may not be tasted, heard, or smelled. But "services" seem to be everything else; and an understanding of them is not clear. And posited implicit distinction between goods and service by considering ***a good to be a noun and a service a verb—a good is a thing and a service is an act. The former is an object, an article, a device, or a material . . . whereas the latter is a deed, a performance, or an effort.***

The fundamental rationale for a separate treatment of services marketing centers on the existence of numbers of characteristics of service which are consistently cited in literature; intangibility, inseparability, heterogeneity, and perishability (IHIP) (Parasuraman, Berry and Zeithaml, 1985). Thus, these peculiarities of makes service delivery more an art form rather than a scientific process. Due to the intangibility of the service product and the real-time participation of the customer in the production of the service, design of services not only requires good service standards and service procedures, it also requires tactful skills from the service operator and necessary real-time adjustments to suit specific needs of the customer in attendance (Pui-Mun Lee, N.D).

Lovelock and Wright (1990) stated two approach to capture the essence of the word; the benefit/access and service/performance approaches. The performance approach defines service as ***an act or performance offered by one party to another that may be tied to a physical product and the performance is essentially intangible and does not normally result in ownership of any of the factors of production***. Whereas, the benefit approach posits service as ***economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in or on behalf of the recipient of the service.*** In addition, in contrary to the consensus, Lovelock and Gummesson(2004) elaborated the benefit approach as a new paradigm and perspective for service marketing. And attacked the core paradigm of service marketing- namely the assertion that four specific characteristics (intangibility, heterogeneity, inseparability and perishability (IHIP)) make service uniquely different from goods on the

ground of unempirical and non-scientific and indicated an alternative paradigm, based on the premise that marketing exchanges which don't result in a transfer of ownership from seller to buyer are fundamentally different from those which do. The alternative paradigm posits that services offer benefits through access or temporary possession, instead of ownership, with payments taking the form of rentals or access fees.

Different authors have also proposed different classification framework rather than industrial basis of classification with the view of aiding the academic and practitioner world. Judd(1964) classified service offering into three; rented goods service, owned goods services and non-good service. Rathmell(1974) as cited on Lovelock(1983)proposed five criterions of classification; type of seller, type of buyer, buying motives, buying practice and degree of regulation. Shostack(1977), Hill(1977) Thomas(1978) kotler(1980) as cited in Lovelock(1983) and many others have also suggested their own scheme of classification. One of the classification schemes that have entertained much acceptance is that of Lovelock (1983) which segment services into clusters that share certain relevant marketing characteristics—such as the nature of the service act and relationship between the service organization and its customers or patterns of demand relative to supply etc…..

2.3. Service Quality

2.3.1. Definition of Service Quality

Service quality is a concept that has attracted the interest of researchers in the field of operations management and marketing research. Despite its popularity, the concept of service quality in the marketing literature is still ambiguously and vaguely defined. It is generally agreed that service quality is an elusive concept and there is considerable debate in the literature about how best to conceptualize this phenomenon (Philip and Hazlett, 1997). An all-embracing definition of service quality is notoriously difficult to find. In 1985, Parasuraman, Zeithaml and Berry after reviewing various studies on service quality and offered three propositions; Service quality is not as easy for a customer to evaluate as goods quality, service quality perception is the outcome of the comparison that a customer makes between their expectations and the performance of a service; Quality assessment not only depends on the outcome of a service, but also includes assessment of the process of service delivery. The same authors after some years

Parasuraman, Zeithaml and Berry (1988) define service quality as "***a global judgment or attitude, relating to superiority of the service, whereas satisfaction is related to a specific transaction***". This clearly suggests that service quality is an overall judgment of a service provider and the outcome of the comparison between customers perceptions and their expectations. And further defined customer expectations as ***"the desires and wants of consumers" i.e. what they feel a service provider should offer rather than would offer.***

Definition of service quality mentioned above, which was provided by Parasuraman, Zeithaml, and Berry (1985, 1988), is a conceptual definition that integrates customers' criteria for different types of services. The definition is well-known and widely accepted by researchers because it has provided a significant contribution to the field. However, several elements are lacking from this definition. These elements are the quality of interpersonal relationships between service providers and those they serve, service provider effort, emotion and effect, social support, and individualized service (Brown and Swartz, 1989; Mohr and Bitner, 1995; Ashforth, 1993; Adelman and Ahuvia, 1995; Berry, 1995) cited in Elmayar (2011). Perhaps the alternative definition for that is offered in the study by Kelemen's (2003) cited in Korda and Snoji(2010), which defines service quality as ***the elimination of the gap between customers expectations and their perceptions.*** Kelemen's (2003) cited in Korda and Snoji(2010) also suggests that each individual customer has a unique and particular basis for defining what service quality is. Accordingly, he supposes that customer expectations cannot be generalized, or indeed predicted. So customers expectations assumed to extends beyond the product and include every aspect of the relationship that grows between the organization and the customer.

Caruana (2002) cited in Korda and Snoji(2010) have pointed out that service quality is ***the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services***. Gronroos (1984) cited in James and Kang(2004) also defines service quality as ***the outcome of the comparison that consumers make between their expectations and perceptions***. Unlike the previous definitions, Caruana (2002) sees service quality ***as the outcome of its two-dimensional views, consisting of 'output' and 'process'***.

Johnston and Clark (2005) use the term 'service quality' to describe how an organization treats its customers. Accordingly, ***service quality covers how customers' requirements and desires are met, as well as how the service delivered matches customers' expectations***. Furthermore, Johnston and Clark (2005) suggest that service quality is the consideration of various related components, including satisfaction, the relative impression of an organization services, and the quality that is delivered. This is similar to Cronin and Taylor's (1992) definition, that service quality is the vital antecedent of customer satisfaction.

In their attempt to offer a different definition of service quality based on the importance of service quality, (Glaveli et al, 2006) define service quality as a route to competitive advantage, as well as corporate profitability, for the service organization involved. Edvardsson (2005) cited on Korda and Snoji(2010) argued that, in defining and conceptualizing service quality, authors have failed to pay enough attention to customers as 'Prosumers'(producer and user) – that is, one who participates in producing the service in the process of service development and delivery.

Based on the literature, one way of starting to develop an appropriate definition of service quality is to understand what the purpose of service quality is. If the purpose is to meet customer expectations, then the definition will be "meeting customer expectations" (Johnston and Clark, 2005). Another potentially useful way to define service quality is to understand how service organizations see service quality from a customer's perspective. Whatever the perspective, it is obvious that service quality cannot be viewed outside its conceptual meaning, with an emphasis on meeting the service specification, meeting customer expectations, and meeting customer satisfaction (Elemayar, 2011).

2.3.2. Service Quality Concepts

Most of the literature defines service quality in terms of expectation and perception. Various conceptualizations have been developed and used over the last three decades to explain satisfaction and service quality. The most widely used and accepted satisfaction theory arising from the consumer behavior literature is the disconfirmation theory (Churchill and Surprenant 1982, Woodruff et al 1985, Swan 1988, Tse and Wilton 1988) as cited by Johnston (1995). Although, the disconfirmation paradigm was originally used in customer satisfaction literatures it was adopted to explain the service quality perception process of service customers' later on. The

disconfirmation paradigm in service quality models is based on service quality expectation of customer and it holds that quality perception is related to the size of the disconfirmation experience, where disconfirmation is related to the person's initial expectations (Churchill and Surprenant, 1982) cited on Johnston (1995). The disconfirmation paradigm also is the basis for Parasuraman et al (1985) gap analysis model and SERVQUAL instrument, which views service quality as the gap between the expected level of service and customer perceptions.

Within service management literature, there are clear differences between definitions of expectations. According to Zeithaml, Bitner and Gremler (2003), customer expectations are "***beliefs about service delivery that serve as standards or reference points against which performance is judged***". Kasper, Helsdingen and Gabbott (2006) cited on Elemayar(2011) define customer expectations as ***"norms, values, wishes and needs"***. Johnston and Clark, 2005 defined expectation as ***what customers believe should happen, what customers hope for*** (Zeithaml, Berry and Parasuraman, 1993), ***what customers expect from an excellent service provider.*** Broadly speaking, the first conceptualization is related to customer satisfaction/dissatisfaction literature, such as the definition developed by Zeithaml et al(1993) that defined expectations as predictions made by customers related to what is likely to happen during an impending exchange or transaction. Therefore, it can be concluded from the above that the term "expectations" can be used to describe what customers think or believe a service organization is capable of providing (should happen) and what customers predict about service events (will happen).

Perceived service quality is the customer overall judgment of the superiority of a service (Lawis et al 1994) cited in (Bonsu and Mensah, 2013). It is what customers think has been provided in terms of performance and value by a service. There are two perspectives of perceived service quality in the reviewed literature. The early scholars of service quality compared perceived service quality with expected service quality to obtain overall service quality. Thus perceived service quality is not service quality on its own. Recent researchers however, consider perceived service quality as overall service quality.

2.3.3. Service Quality Schools and Models

In an effort to understand the main concepts incorporated under the umbrella of service quality better, many conceptual quality models have been postulated. And it's understood that service quality research has given the customer perspective a predominant role and these quality models have centered on measuring the gap between customer expectations and experiences as a determinant of quality (Philip and Hazlett, 1997).

Within service literature, the theoretical framework of service quality has been described through two schools of service quality models. These are the North American school and the Nordic/European school. And some researchers have also integrated the two perspectives to form a model that is typically called the hierarchical model (Brady and Cronin, 2001). The perspective and different models under the schools are reviewed in this part;

I. The Nordic School

The earlier conceptualization to service quality comes from the Nordic school. Gronroos(1982) cited in Chaipoopirutana(N.D)developed the original service quality model by applying the traditional disconfirmation theorem to explain service quality. The researcher identified two service quality dimensions: technical and functional quality. Technical quality focuses on the outcome of the service, or what the customer received from their interactions with the service providers to satisfy their basic needs. For example, in case of bank the outcome withdrawal service is getting access to your money when you need it. Whereas, the functional dimension represent the service delivery process; it defines customers' perception of the interaction and physical environment of the service exchange process. Consequently the technical dimension is often called the outcome dimension and the functional dimension is often called the process dimension. Furthermore, image also has significant place in Gronroos model of service quality as a mediator between the two dimensions and overall service quality. It refers to the company image and how customers perceive the firm. Groonroos(2000) cited in (Kang and James, 2004) also adds that to reach high levels of service quality, seven criteria must be met: Professionalism and skills, attitude and behavior, accessibility and flexibility, reliability and trustworthiness, service recovery, and reputation and credibility.

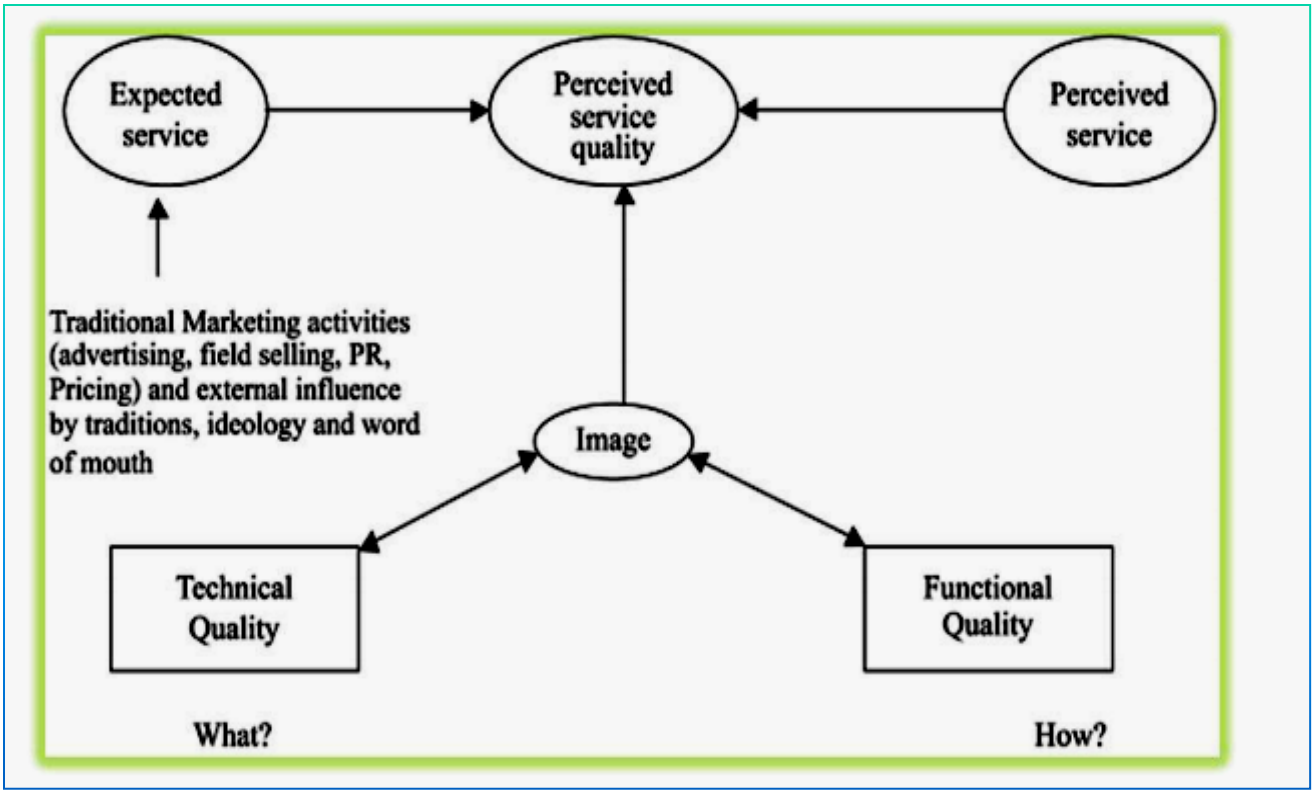

Figure 2.1. Gronroos Model of service quality (source: Bonsu and Mensah, 2013)

On the other hand, another model that is included in the Nordic school is that of Lehtinen and Lehtinen (1982) cited in (Kang and James, 2004). The two European scholars conceptualize service quality into three-dimension construct; physical quality, interactive quality and corporate (image) quality. Physical quality refers to the physical products (goods) consumed within the service process. Interactive quality refers to the interaction that customers have with employees or any other elements (E.g. ATM machines in banks) within an organization bank (Bonsu and Mensah, 2013). It also includes the interaction customers have with each other. Corporate quality is the dimension that is related to the history of the organization and its image.

The low popularity of Nordic school models is mostly related with the difficulty in operationalizing and itemizing some of the dimension, especially technical quality for many service areas. The exact outcome of many service offering associated with finance, education and health sector are quite challenging to define and also because they hold experience and credence qualities; instead of search qualities.

II. The North American School

Chaipoopirutana(N.D) stated that the most widely known service quality model found in literature is the Gap Analysis Model, which stems from the North American school. The model is also known as disconfirmation model (Kang and James, 2004). And the model has been modified and amended in 1988, 1991 and 1994 (Akaba, 2006 cited in Elamayar(2011). Parasuraman, et al. (1985) defined the gap model by focusing on the discrepancy between customers' expectation and perception. The initial model is comprised of ten dimensions/determinates of service quality which are generated by extensive exploratory investigation of executive interviews and focus grouping in four different service sectors. They pointed out that customers rely on a set of criteria or dimensions to evaluate and determine the service quality of any business, ten determinants of service quality were originally identified. These are reliability, competence, responsiveness, tangibles, credibility, access, security, communication, courtesy and knowing and understanding the customer. In later research, the same authors consolidated the ten dimensions into five dimensions, (assurance, responsiveness, tangibles, empathy and reliability)

The Gap analysis model is based on five gaps, with the consumer (gap 5) being the most important gap (see fig.2.2). The consumer gap is the difference between customer expectations and perceptions of the service they receive Parasuraman et al (1985). Knowing and understanding the customer gap (gap 5) is vital for improving service quality levels in firms; however, it cannot be closed or reduced without closing the other gaps (1-4) called provider gaps.

The Gaps model presented below demonstrates perceived service quality as a function of five gaps.

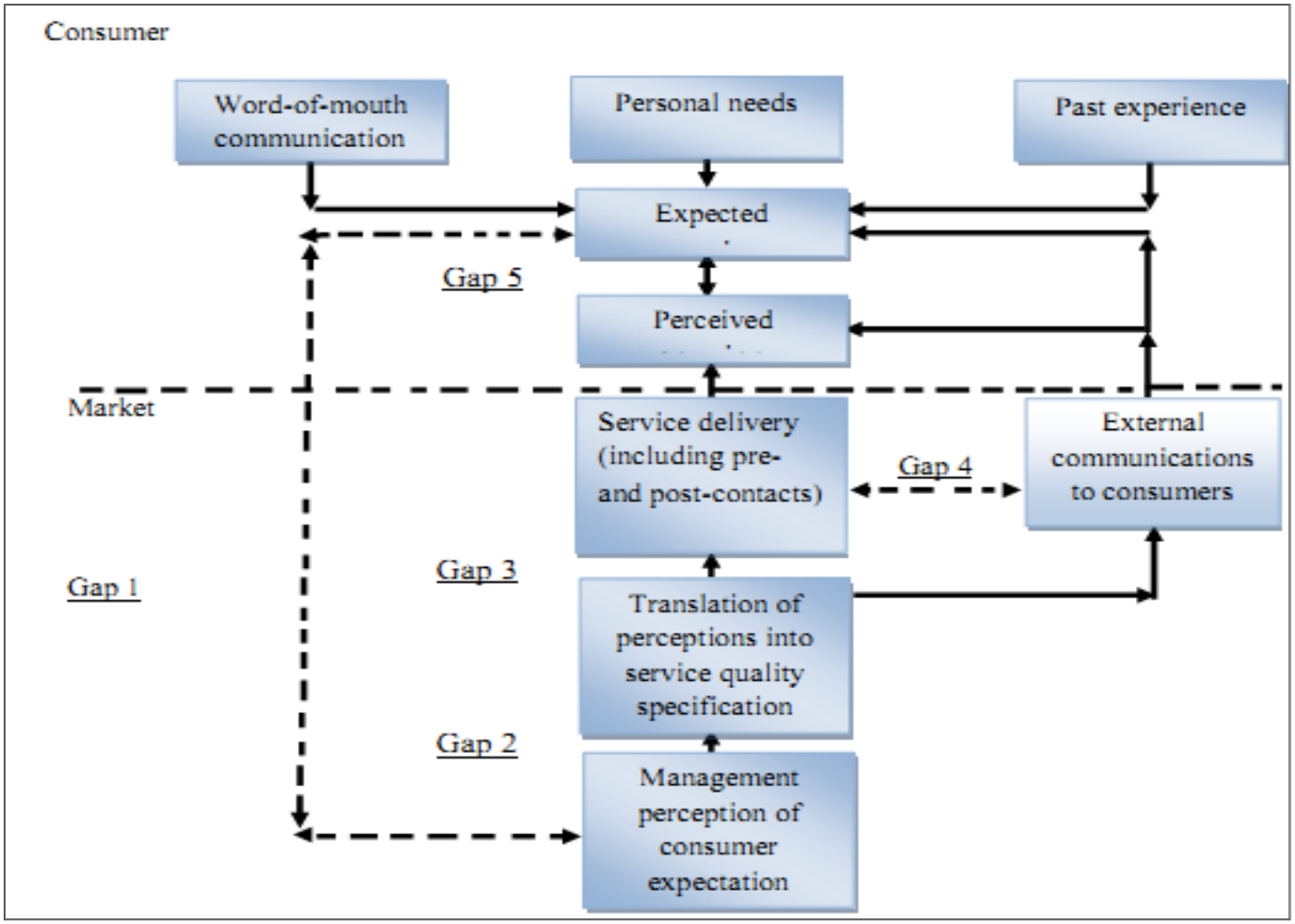

Figure 2.2. The Gap analysis model (source: Elmayar, 2012)

a. **Customer expectation-management perception gap(gap 1):** This gap is the result of the difference between consumer expectations and management perceptions, which in turn leads to customer assessments of service quality being affected. Parasuraman, et al(1985) illustrated this gap in the four service organization they investigated in terms of misunderstanding and differing priorities of service attributes and features put forth by executive and customers of the organizations.

b. **Service quality specification gap (gap 2**): This gap is the result of the difference between management perceptions of consumer expectations and the organization's service quality specifications, which in turn affects service quality from the consumer's point of view. More precisely, management may be unable to translate customer expectations into service quality specifications.

c. **Service delivery gap (gap 3)** : This gap is the result of the difference between service quality specifications and actual service delivery, which influences service quality from the consumer's point of view. Guidelines for service delivery do not ultimately guarantee high-quality service delivery. The reasons behind this gap include insufficient support for front line staff (who are responsible for service delivery), and process problems.

d. **External communication gap (gap 4):** Is the result of the difference between actual service delivery and external communications about the service, which influences service quality from a consumer's point of view. Organizations should fashion consumer expectations via their external communications. Promising more than can be delivered will raise initial expectations but lower perceptions of quality when the promises are not fulfilled Parasuraman et al (1985).

e. **Expected service-perceived service gap (GAP5):** is the result of the difference between service quality, as perceived by consumers, and expected service, which depends on the nature of the gaps associated with marketing, design and service. The exploratory investigation by Parasuraman et al. (1985) unambiguously supported the notion that the key to ensuring good service quality is meeting or exceeding what consumers expect from the service.

Furthermore, Zeithaml, Parasuraman and Berry (1990) cited in Bonsu and Mensah (2013) have identified certain factors/antecedents that lie behind the existence of service quality gaps in their extended gap model. For instance, it has been identified that gap 1 result from the difference between customer expectations and management perceptions of those expectations. The antecedents that stand behind this gap are unawareness of marketing research, weak upward contact, and multiplicity of administration levels in a firm and so on.

III. The Hierarchic Model

The Hierarchical Model was developed by Brady and Cronin (2001), who adapted the views of Rust and Oliver (1994) and Dabholkar, Thorpe and Tenz (1996) cited in Chaipoopirutana(N.D). (Brady and Cronin (2001) cited in Chaipoopirutana(N.D) argued that service quality is a multidimensional and multilevel construct and conceptualized service quality based on three primary dimensions (interaction quality, physical environment quality and outcome quality) and

nine sub dimensions. Attitude, behavior, and expertise form the first sub-dimensions group under interaction quality. Ambient conditions, design, and social factor form the second sub-dimension group under physical environment quality. The last sub-dimension group under outcome quality is waiting time, tangibles and valence. Under the multi-level model, it is believed that customers do not only evaluate the factors that influence service quality, but also form distinct evaluation of service quality which is not necessarily the aggregation of the evaluation of the factors that influence to service quality. The word "Level" is used to reflect the position that, all the variables in their service quality construct are evaluated separately and overall service quality is not computed but also measured.

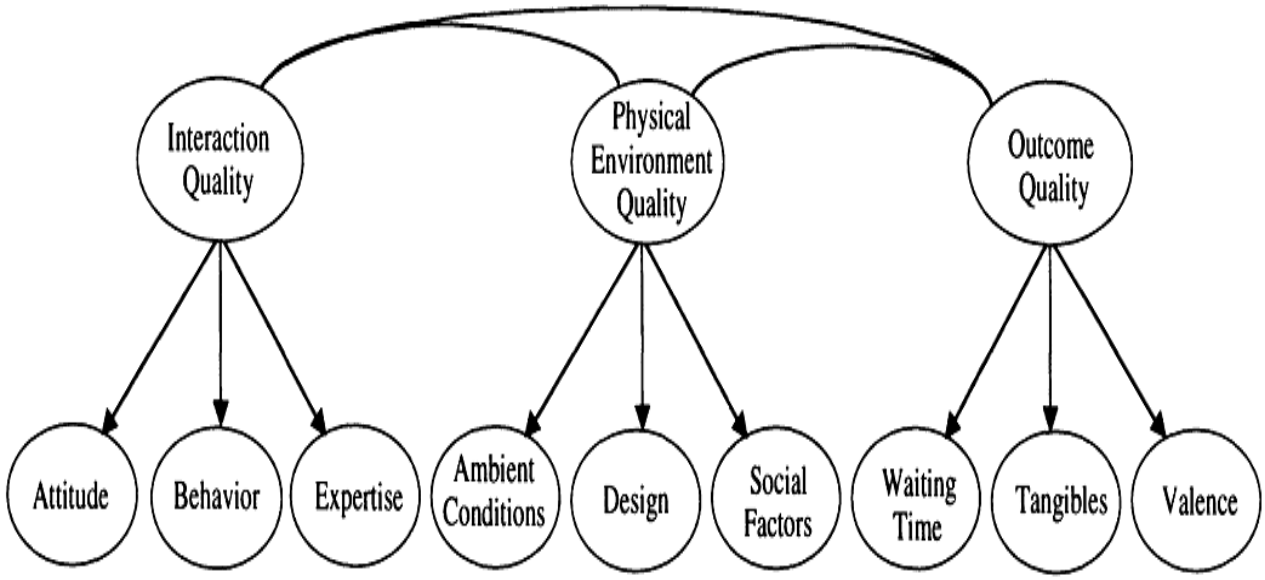

Figure 2.3. The hierarchical model of service quality (source; Brady and Cronin, 2001)

The three general and specific service quality models have similarity in that all of them advocate multidimensional models of service quality Chaipoopirutana(N.D). Besides, the seven criteria of the Nordic school leading to high levels of service quality are somehow similar to the common dimensions of the American school model. Also, the two criteria of professionalism and skills in the Nordic school model are similar to one of the American school questionnaire items. Attitude and behavior of employees are stated as the second criteria for improving service quality in the Nordic school, and this matches one of the items in the American school questionnaire; the same goes on(the items and dimensions of the North American school is discussed in the measurement and dimensions part). At a surface level one

might think that the two schools are very different, but by looking more closely at them it can be seen that they have significant similarity. The differences between the three models are discussed in the following table;

Comparison criterion	The North American model	The Nordic model	The hierarchic model
Author	Parasuraman, Zeithaml and Berry (1985)/1988	Gronroos(1982)	Brady and Cronin (2001)
Definition of service quality	The difference between perceived service quality and expected service quality	The difference between expected service quality and experienced service quality	The combined perception of three dimensions of interaction quality, physical environment quality and outcome quality leads to overall service quality perception
Service quality dimensions	Five dimensions: reliability, responsiveness, assurance, empathy and tangibles	Two or three dimensions: technical quality, functional quality and image	Three dimensions: interaction quality, physical environment quality and outcome quality
Key success factor/s in improving service quality	Five service quality gaps need to be reduced or closed; gap 5 is the heart of all gaps	High level of service quality requires seven criteria	Managers can find out the areas of weakness by focusing on nine sub-dimensions

Table 2.1.The difference in the three general service quality perspective and models (Chaipoopirutana, N.D).

2.3.4. **Service Quality Measurement Instruments**

In this section the two most familiar and universal ways of operationalizing and measuring service quality; SERVPERF and SERVQUAL are reviewed from extant literatures. Moreover, a

more recent scale of measurement that is developed for retail banking service quality measurement is examined too. The aim of this section is to come up with the most appropriate instrument to solve the problem at hand.

SERVQUAL instrument

In 1985, Parasuraman et al cited in (Philip and Hazlett, 1997) developed the SERVQUAL(stands for service quality) instrument (refined in1988, 1991 and again in 1994) for the measurement of service quality/Gap 5. It has become one of the most renowned in the service quality domain since then. The original version of SERVQUAL (Parasuraman et al, 1988) consists of two sections: 22-item section measure customers' service expectations of companies within a specific sector (e.g., banking), which deals with customers opinions of services, more precisely, how the customer shows the extent of what they think of the services offered by the organization. The corresponding 22-item section to measure customers' perceptions of a particular company in that sector (Parasuraman, Zeithaml and Berry, 1991). The items of SERVQUAL are ranked on a 7-point Likert scale and customers respond to the items by choosing a number between 1 to 7 scales that reflect their expectation and perception of a service. Service quality is then measured by calculating the difference in scores between the corresponding items (i.e. "perceptions" minus "expectations"/ P-E). A higher gap score indicates high level of service quality and vice versa. And overall service quality is computed as the sum of all the gap scores of each of the 22 items tapped from five dimensions.

Researchers have paid considerable attention to SERVQUAL and have used the instrument extensively to measure service quality in a variety of service industries (Bonsu and Mensah, 2013). Despite its popularity and wide application, SERVQUAL has raised intensive theoretical and operational criticism;

- The conceptualization SERVQUAL in terms of "gap score" has been criticized. It has been proposed that the concept of "subtraction", continued in the SERVQUAL instrument, has no equivalent theories of psychological function. Many researchers have said the gap score in SERVQUAL is psychometrically invalid since there is no evidence that customers evaluate service quality by using perception minus expectation formula (Brady and Cronin, 2001).

- The operational validity of the "gap score" was also questioned and criticized in that these scores are unlikely to be separated from their component scores. Teas (1994) cited in Bonsu and Mensah (2013) noted that a gap of "- 1" can be obtained in six different ways: P= 1, E = 2; P = 2, E = 3; P = 3, E = 4; P = 4, E = 5; P = 5, E = 6 and P = 6, E = 7, where "E" is expectation and "P" is perception. The issue here is whether the "-1" gap score in each of the six cases represents the same level of service quality. The tied gap score (-1) cannot certainly be interpreted as equal levels of service quality (Jain and Gupta 2004) cited in Bonsu and Mensah, 2013)
- SERVQUAL is criticized for too much focusing on the process of service delivery (functional quality) rather than outcomes of the service encounter (Brady and Cronin, 2001) and (Kang and James, 2004)
- The five dimensions of SERVQUAL instrument are not universal; there is a high degree of inter correlation between the SERVQUAL's five dimensions, and these dimensions do not always address service quality offered in the different service industries (Babakus and Boller, 1992) cited in (Parasuraman et al, 1991)
- Customers use standards rather than normative expectations as stated by Parasuraman et al(1985,88) to assess service quality since the SERVQUAL instrument cannot measure the absolute service quality expectations ,Teas (1994) cited in Bonsu and Mensah, 2013).
- There is a tendency to give a high score for the expectation part of service quality instrument, evidenced in high mean expectation scores in most studies employing SERVQUAL (Parasuraman et al,1991)
- The item compositions are also criticized for not covering the variability in the dimensions (Guo, Angus and Mario, 2008) cited in Brady and Cronin, 2001.
- Two administrations of similar questions in the expectation and perception parts are also attributed to tiresome, boredom and low response rate (Brady and Cronin, 2001).

Notwithstanding all these criticism, SERQUAL still is widely used in service quality researches. The main reason for this is the ease of the instruments with analysis and diagnostics. The convention in recent literatures seems to adapt SERVQUAL to specificities relating to culture, country, economic level and industry setting. Service quality dimensions can be considered as determinants of service quality levels. Many authors and researchers have tried to modify

and adapt these most common service quality dimensions to the peculiarities of their own country, culture or to the context of the service sector etc… Bahia and Nantel(2000) based on previous works and by incorporating additional dimensions emerging from a marketing mix framework, developed the Banking Service Quality (BSQ) model. Kumar, Kee and Manshor (2009) modified the North American dimsions model of Parasuraman et al (1988) by adding another dimension called "convenience" to make the dimensions six. They designated the six dimensional models as "the modified SERVQUAL model". They indicated that an additional dimension, convenience (additional four statements), is added, as it is one of major concern for the bank customers particularly in Malaysia. The perception of service "convenience" may affect customers' overall evaluation of the service, including, satisfaction with the service and perceived service quality and fairness (Berry et al., 2002) cited in Kumar, Kee and Manshor (2009) . Through a factor analysis of the 26 statements of the six dimensions, they identified four critical factors (Tangibility, Reliability, Competence and Convenience) that derive the perception of service quality of Banks in Malaysia. Jabnoun and Khalifa (2005) suggested that the concerns of service quality may differ from one country to another. The argument is also supported in by other authors Agarwal, Shainesh and Wu (2004); Glaveli et al (2006) and accordingly, Jabnoun and Khalifa (2005) modified SERVQUAL to incorporate a scale including thirty items distributed through four dimensions: (1) personal skills; (2) reliability; (3) values; and (4) image. This modification was made to fit the service quality of UAE conventional and Islamic banks.

This pattern of adopting SERVQUAL as a starting point and modifying it at both dimension and item level to reflect the context of application is taking root as witnessed in recent works by Jabnoun and Khalifa (2005);Kumar, Kee and Manshor (2009), Chen, Liu, Sheu and Yang(2012); (Jabnoun and Al-Tamimi, 2003; Amin and Isa, 2008) cited in Elamayer(2011). The notion that SERVQUAL provides the skeleton on which setting-specific should be built is also substantiated by other researches.

SERVPERF Instrument

SERVPERF is a variant of SERVQUAL that contains only the perceived performance component of SERVQUAL. It's a performance-only service quality measurement instrument based on the conception that expectation of service quality influence customers perception

of service quality but service quality is not a gap between expectations and perception of service quality. Cronin and Taylor(1992) opined that the expectation components of the SERVQUAL be discarded because the gaps scores of the SERVQUAL lacks conceptual basis and is found confusing with measurement of service satisfaction, which is based on the gap score/disconfirmation paradigm. With performance-only instruments(SERVPERF) overall service quality is measured as the sum of the customer perceived performance of the component of service quality which higher perceived performance mean higher service quality and vice versa.

Jain and Gupta (2004) cited in Bonsu and Mensah(2013) observed that the SERVPERF scale is more efficient in measurement in comparison to SERVQUAL because it reduces the number of items to be measured by 50%. Furthermore, Cronin and Brandy (2002) in a comparative study found that the SERVPERF instruments outperformed the SERVQUAL instruments. In defiance of that, the level of application of SERVPERF is low compared to that of SERVQUAL scale.

BSQ scale

The Banking Service Quality scale was developed to measure the perceived service quality in retail banking. Bahia and Nantel (2000) used a number of the SERVQUAL dimensions, such as assurance, tangibles and reliability and incorporated additional dimensions such as access and courtesy, as well as additional dimensions in order to cover all the facets of the marketing mix. Booms and Bitner's (1981) framework was used to represent the marketing mix with the seven Ps: (1) product/service; (2) place; (3) process; (4) participants; (5) physical surroundings; (6) price; and (7) promotion (Bahia and Nantel, 2000)

After modification, the dimensional structure of the scale was based on six dimensions, related to specific banking services, broken down into 31 items. The scale is a seven-point Likert scale starting at (1) = strongly disagree to (7) = strongly agree. The first dimension is effectiveness and assurance. Effectiveness refers to the delivery of service, (especially the courtesy and friendliness of the employees), and the ability of staff to inspire a feeling of security, while assurance refers to the staffs ability to exhibit their communication skills and to deal with customers‟ needs in a confidential manner. The second dimension is

access, which measures the speed of service delivery. The third dimension, price, assesses the service delivery cost. The fourth dimension is tangibles which refers to the personal appearance of staff and the existence and cleanliness level of the banks physical facilities. The fifth dimension is services portfolio which measures the range, innovation and consistency of services offered by banks. The sixth dimension is reliability which assesses the ability of bank employees to deliver the promised service accurately and without error.

2.4. Customer satisfaction

Customer satisfaction has long been recognized as a central concept and a critical goal of all business activities. Oliver (1981) cited in Oh(1999) introduced the expectancy-disconfirmation model for studies of customer satisfaction in the retail and service industry. Expectancy-disconfirmation theory posits that customers form their satisfaction with a target product or service as result of subjective (or direct) comparisons between their expectations and perceptions Oh(1999). The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong & Kotler, 1996) cited in Akbar and Parvez(2009). Kotler and keller (2006) cited in Elmayar(2012) defines satisfaction as a person's feelings of pleasure or disappointment resulting from comparing a product's or service's perceived performance (or outcome) in relation to his or her expectations. Customer satisfaction could mean transaction-specific/discrete i.e. a short term measure based on personal, emotional reaction to the service or overall service satisfaction meaning, "the consumers overall service satisfaction with the organization on basis of all encounters and experience with a particular organizations (Dabholkar, 1995, Hernon,Nitecki and Altman, 1999).

Customers experience various levels of satisfaction or dissatisfaction after each service experience according to the extent to which their expectations were met or exceeded. Because satisfaction is an emotional state, their post purchase reactions can involve anger, dissatisfaction, irritation, neutrality, pleasure, or delight Lovelock and Wright (1999). Customer satisfaction provides many benefits for a firm, and higher levels of customer satisfaction lead to greater customer loyalty. In the long run, it is more profitable to keep good customers than to constantly

attract and develop ne w customers to replace the ones who leave. Highly satisfied customers spread positive word of mouth and in effect become a walking, talking advertisement for a firm, which lowers the cost of attracting new customers Lovelock and Wright (1999).

There is a debate to be found in erstwhile papers concerning the differences between service quality and customer satisfaction and their precedence in the complex network of construct that incorporate quality, service value, customer satisfaction and loyalty. Johnston (1995) has conceptualized customer satisfaction as an antecedent of service quality rather than a consequence. In the same article it was stated that such order of service quality and customer satisfaction is supported by Rust and Oliver 1994, se and Wilton (1988), Oliver and DeSarbo (1988), Swan (1992) and Erevelles and Leavitt (1992) cited in Johnston (1995). However, recent researches are in line with the conventional agreement that customer satisfaction is a consequence of service quality rather than the determinate. And that service quality is a global judgment on cognitive basis, whereas customer satisfaction is transaction specific/short-term evaluation based on expectation and experience that include both emotional and cognitive aspects (Cronin, Brady, and Hult, 2000).

Different factors are stated to be antecedents of customer satisfaction in various researches: Caepiel(1974) cited in Mohammad and Alhamadani(2011) suggested using overall measurement to record customers' response to different attributes of products and services. Huang (1998) cited in Mohammad and Alhamadani(2011) also defined five factors used to evaluate customer satisfaction: product, service, staff, overall performance of products, and closeness to expectation. Zeithaml and Bitner(2003) cited in Bonsu and Mensah(2013) mentioned service features, customer emotion, attribution for service or success failure, perception of equity or fairness and family and friends of the customer, as a determinates of customer satisfaction.

Customer satisfaction is mostly measured in single item approach though there is some contention in that matter. There are large array of alternative group of items used to operationalize customer satisfaction in survey study.

2.5. Customer loyalty

Many researchers have identified customer loyalty as comprised of both customers' attitude and behaviors. Customers' attitudinal component represents notions like: repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor (Cronin & Taylor,1992; Narayandas, 1996; Prus & Brandt,1995), and willingness to pay a price premium (Zeithaml, Berry, & Parasuraman,1996) cited in Akbar and Parvez(2009). On the other hand, the behavioral aspect of customer loyalty represents actual repeat purchase of products or services that includes purchasing more and different products or services from the same company, recommending the company to others, and reflecting a long-term choice probability for the brand (Feick, Lee, & Lee,2001) cited in Aydin and Ozer(2004).

Oliver(1999) in his famous article ' Whence consumer loyalty' explained that for many organization customer satisfaction is not enough, since many satisfied customers are vulnerable to defection. And he suggested that firms are better off if they pursue loyalty strategy rather than 'mere satisfaction' as their goal. A shift in emphasis from satisfaction to loyalty appears to be supported by other researchers also.

Aydin and Ozer(2004) proposed corporate image, perceived service quality, trust and customers switching cost as a major antecedents of customers loyalty in the telecom sector in Turkey. Oliver(1999) concluded that satisfaction is a necessary step in loyalty formation but also included other determinates such as the roles of personal determinism ("fortitude") and social bonding at the institutional and personal level. He postulated that ultimate loyalty emerges as a combination of perceived product superiority, personal fortitude, social bonding, and their synergistic effects.

2.6. Relationship among Service Quality, Customer satisfaction and loyalty in retail banking

Significant numbers of researchers are authored to define the exact relationship between service quality and customer satisfaction. Mohammad and Alhamadani (2011) found significant causal

relationship in Jordanian commercial banks through multiple regression analysis of a modified SERVQUAL dimensions. They have stated that perceived service quality is an important antecedent of customer satisfaction and that all SERVQUAL dimensions have significant effect on customer satisfaction. This finding is also consistent with what other research undertakings have drawn (Andaleeb and Conway, 2006; Gotlieb et al., 1994; Buttle, 1996; Zeithaml and Bitner, 1996; Lee et al., 2000; Zeithaml and Bitner, 2003) cited in Anand and Selvaraj(2012). But, Ragavan and Magaeh(2013) posit instrument of service quality(SERVQUAL) and examined the relationship between perceived service quality dimensions and customer overall satisfaction in Indian new private banks. The results shows that while service quality dimensions of tangibles, responsiveness, reliability and assurance are positively and significantly influencing the customers overall satisfaction, empathy is negatively and significantly influencing the customers overall satisfaction.

Korda and Snoji(2010) in their research on retail banks of Europe's transitional economies suggested that higher levels of perceived service quality, and especially perceived value of organizations offerings lead to greater levels of customer satisfaction and loyalty and higher performance results. They stated that perceived service quality, perceived value and customer satisfaction are interlinked, intangible, complex and relatively vague, but also strategically important concepts in the retail banking industry. Cronin, Brady, and Hult (2000) suggested that the consumer decision-making process for service products is best modeled as a complex system that incorporates both direct (service quality and customer loyalty) and indirect effect (service quality-customer satisfaction-loyalty) on behavioral intentions. The statistical evidence presented has supported this position. Specifically, they provide evidence that quality, value, and satisfaction directly influences behavioral intentions, even when the effects of all three constructs are considered simultaneously.

The finding in Iranian bank by Mosahab, Mahamad, Ramayah(2010) on the causal relationship between service quality, customer satisfaction and loyalty posits that service quality explains significant amount of variance in customer satisfaction and loyalty. The test of mediation (customer satisfaction) also indicated high impact of service quality (i.e. directly, SERVQUAL dimension) and indirectly (through customer satisfaction) on customer loyalty in the banks. Thus, this recent research concluded that service quality is the basic and also most important

factor that influences the overall customer satisfaction. Similarly, Anand and Selvaraj(2012) and Ogunnaike and O(2010) found significant association between all the Service quality factors and the customer satisfaction as well as with customer loyalty. Furthermore, Oliver (1999) has put forward; consumer loyalty and satisfaction are linked inextricably and that their relation is asymmetric. Although loyal consumers are most typically satisfied, satisfaction does not universally translate into loyalty (Oliver,1999).

Service quality and its effect on satisfaction and loyalty have been widely studied by business academicians in Ethiopia too. The studies encompass different sectors: hotels, banks, hospital, telecom, energy service etc…. And those supposed to be relevant researches in retail banks in Ethiopia are reviewed in table below:

Research title	Author	Place of Undertaking	Main objective	Model	Instrument	Result
Service Quality and Customer Satisfaction (The Case of Cooperative Bank of Oromia)	Belay Adamu (2012)	Addis Ababa-Cooperative bank of Oromia	To explain the relationship between service quality and customer satisfaction and overall strategy and operation of service delivery in the bank.	North American	SERVQUAL instrument and interview with management	The dimensions of service quality; tangible, reliability, responsiveness, assurance, and empathy were positively correlated to customer satisfaction in the study. Overall service quality explained 45.6 per cent customer satisfaction. And the dimension tangible ranked number one in predicting customer satisfaction.
Measurement of service quality, customer satisfaction	Hussen Muhye (2012)	Addis Ababa-Nib International Bank S.C	To evaluate service quality in banking industry in case of Nib International Bank S.C and to measure the relative importance of the five service quality dimensions towards customer satisfaction and	North American	SERVPERF scale instrument	-Variation in the service quality perception of borrower and non-borrower customers -The dimensions (tangible, reliability, responsiveness, assurance, and empathy) explained about 45 percent of the variation in overall service quality and tangibles, empathy and

and loyalty in NIB int. bank S.C			loyalty to borrower and non-borrower customers.			reliability have a significant effect on overall service quality. - Positive and significant correlation between customer satisfaction and service quality dimensions. The highest being reliability and the lowest tangible - Five service quality dimensions explained about 45%, 32% and 25% of the variation in overall service quality, customer satisfaction and loyalty respectively
Factors explaining service quality in CBE	Tamirat Yohannes (2012)	Addis Ababa-Commercial Bank of Ethiopia	To assess the service quality and customer satisfaction in Commercial Bank of Ethiopia and to gain a better understanding of the primary service quality dimensions that affect customer satisfaction from customers' perspective.	Hierarchical service quality model	26-item questionnaire based on four dimensions: interaction, physical, outcome and network quality	The finding indicated that there is a significant positive relationship between service quality and the four primary dimensions and the four dimension explained around 42 per cent of variation in overall service quality.
Customers' Perception of Service Quality in Ethiopia banking sector: An Exploratory study	Yonatan Gebre (2010)	Addis Ababa-CBE,Awash and united banks as representative of the banking sector	To evaluate the level of perceived service quality in the banking sector and to prioritize the service quality dimensions in terms of their importance to customers.	North American	SERVQUAL instrument	The research has find out that the banking sector is falling behind in meeting customer expectations as evidenced from the higher gap score in most of the SERVQUAL dimensions. And While ranking the five dimensions respondents rated Reliability as the most important service quality indicator at the three banks.
Bank	Mesay Sata	Hawassa-	The objective of the research was to	North	SERVPERF	The result indicates that the

service quality, customer satisfaction and loyalty in Ethiopian banking sector	Mesay (2012)	Private banks	articulate the relationship between service quality dimensions and customer satisfaction and loyalty in Ethiopian private banking context	America n	instrument	dimensions of service quality are significantly correlated with customer satisfaction and loyalty. And customer satisfaction and loyalty are stated to be significantly correlated with each other. The private banks also scored high tangible dimension of service quality.
Measurement of service quality in commercial bank of Ethiopia	Elias Kassa (2012)	Addis Ababa-Commercial Bank of Ethiopia(CBE)	The main focus of the study was to assess the customer satisfaction level as related to service quality of Commercial Bank of Ethiopia from borrowers and depositors perspective	North America n	SERVPERF instrument	-The research has confirmed that all the five dimensions positively correlate with customer satisfaction. - The study finds that the tangible dimension of the service quality is highly perceived by borrowers than by the depositor. While, for the other four dimensions borrower does give the same weight as depositors do.
Assessment of Automatic Teller Machine (ATM) Service quality	Tewodros Tesfaye (2011)	Addis Ababa-Zemen, CBE, wegagen and Dashen banks	The aimed to identify and assess the most important e-service quality evaluation dimensions and its impact on customer satisfaction, focusing specifically on automatic teller machines (ATMs)	North America n	Questionnaire items based on reliability, security issues, affordability and location	The study established that reliability, security issues, affordability and location are the most important student service quality evaluation dimensions of ATMs In Ethiopia. And the dimensions are highly correlated with ATM customer satisfactions

Table 2: Tabular Summary of recent research projects on service quality in retail banks (own source)

2.7 Research Gap and Theoretical Framework

In this chapter it is attempted to review the meaning of service starting from its early origin and the necessity and justification for a designated field of study for service marketing. The available definition, conceptualization and perspectives to service quality are also reviewed. Different models and measurement instruments with their modification and variants are also reviewed. By referring to broad number of international journal articles and local research papers in the field, the researcher has tried to identify and locate research gap/problem within the research area. As the reviewed paper indicates service quality is mostly measured from the North American perspective by employing SERVQUAL model, which is based on the disconfirmation theorem of quality expectation by the customer. And that conceptualization granted its high level application in almost all service settings, has been reprobated by many authors due to various operational and technical issues(Discussed in the literature part). This disapproval starts from the 'perception minus expectation' framework to the universality and statistical validity and reliability of the model. Most of the reviewed research papers in Ethiopian banking sector employ SERVPERF to stand back from the weakness of the SERVQUAL measurement. However, SERVPERF still holds the myriads of technical and operational problem related with SERVQUAL with minor adjustments.

It is the believe of the researcher after reviewing past research endeavors, specially local ones, that adapting a relatively new and bank customized model to rate service quality in retail banks in Ethiopia could give a better picture of service quality level in the sector. And the BSQ model comes in handy because it incorporates most of the dimension in SERVQUAL/SERVPERF model and includes additional dimension to capture and measure service quality in retail bank service setting.

What is more, the reviewed research projects in retail banking sector in Ethiopia have consistently found low level of predictive and explanation statistical result between service

quality dimensions and overall service quality or /and service quality vis-à-vis customer satisfaction and loyalty by employing the common and universal service quality dimensions(reliability, tangibles, responsiveness, empathy and assurance). It is the researchers believe that a strong relationship and a better level of model fitness can be solicited by adapting (at item/variable level) the bank specific service quality model to map service quality in Ethiopian private banking sector. Moreover, most of the previous research are bank specific and lacks to represent the banking sector at large. It is the understanding the researcher that by employing and administrating the Banking Service Quality (BSQ) scale that is developed by Bahia and Nantel(2000) on sample population of representative banks, significant generalization could be made toward the level of perceived service quality in the sector. And the relationship between the dimension of service quality, overall service quality, customer satisfaction and loyalty could be better captured.

In conclusion, Service quality in this research is conceptualized by adapting the Banking Service Quality (BSQ) model which is developed based on original SERVQUAL model's (Parasuramn et al, 1985) ten dimensions to address the expanded service marketing mixes and banking service peculiarities. BSQ scale has six dimensions; Effectiveness and assurance, access, price, tangibles, service portfolio and reliability. Glaveli et al (2006) in their research to compare bank service quality level in five Balkan countries have adopted the model. It is believed in this research that perceived service quality of private retail banking customers is the aggregate of the six BSQ model dimensions. The measurement of perceived service quality and causal relationship between service quality, customer satisfaction and loyalty in retail banking sector based on SERVQUAL/SERVPERF model has been dealt with and have been ascertained by different academic researchers' locally (Mesay, 2012, Hussen(2012), Belay(2012) and others) and foreign(Mohammed and Alhamadani(2011), Anand and Selvaraj (2012) and many others). The results have showed that service quality has significant effect on customer satisfaction and loyalty in the retail banking sector. In this study however the measurement of service quality and causal relationship between the BSQ dimensions, service quality, customer satisfaction and loyalty will be done by employing BSQ model. Hence, the theoretical framework for this study is put forward as follows

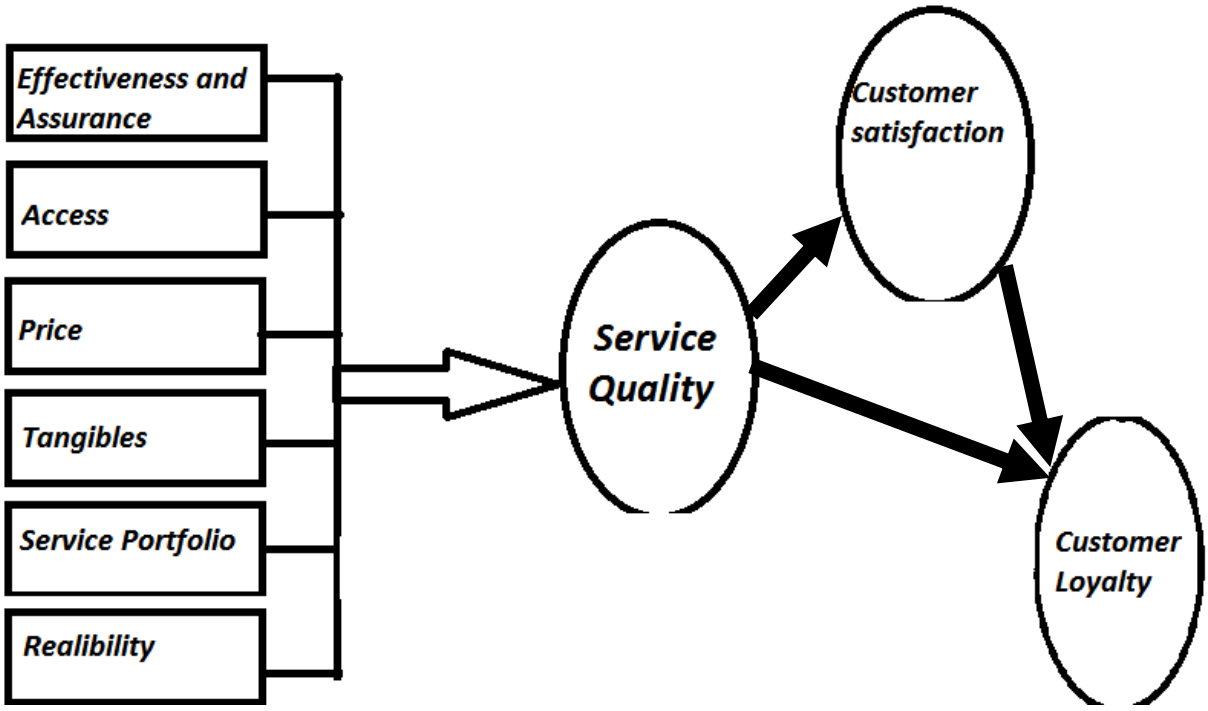

Figure 2.4. Theoretical framework of the study (Own source)

CHAPTER THREE

Research Design and Methodology

3.1. Overview of the Chapter

In this chapter series of decisions were made as to the conduct of the research and data collection. The chapter starts with defining different paradigm and the selection of appropriate philosophical research paradigm. Then, subsequent decisions are made with regard to the research approach and design issues, in line with the theoretical stance taken. Other relevant research methodology issues of sampling design, instrumentation, validity and reliability are also discussed and settled for, with good level of justifications. And finally, in its method of data analysis part the chapter has discussed the data analysis technique employed to empirically test the hypotheses that were made at the first chapter.

3.2. Research Paradigm

Researchers start a project with certain assumptions about how they will learn and what they will learn during their inquiry. According to Creswell (2003) this assumption/claims are referred to research paradigm. Gummesson (1999) cited in Jonker and Pennink(2010) describes research paradigm as the underpinning values and rules that govern the thinking and behavior of researchers. It is basically a coherent whole of assumptions, premises and self-evident facts as shared by a certain group (Jonker and Pennink, 2010). Creswell (2003) asserts four schools of thoughts about scientific research paradigm: post positivism, constructivism, advocacy participatory, and pragmatism. While (Bhattacherjee, 2012) and (Jonker and Pennink, 2010) emphasis on post-positivism and interpretive/constructivism paradigm stances in social science and business.

Post-positivist argue for the existence of objective truth that is separated from individual/subjective mind perception. However, it is impossible to verify this objective truth although it is possible to reject false beliefs. Post positivism research stance support deductive approach to scientific inquiry that test concepts and patterns known from theory using new empirical data. Quantitative researches such as survey and experiments are post-positivist in

paradigm or knowledge they claim (Creswell, 2003). On the other hand, interpretive/antipositivism stance arose in response to potential problems of observer bias and structural limitations in positivistic inquiry (Bhattacherjee, 2012). Interpretive school claim the subjectivity of the truth and existence of multiple truth which calls for qualitative approach to study an object of interest by accounting differing opinions and perception of realities. Interpretive research paradigm employs inductive research process to infer theoretical concepts and patterns from observed data through systematic observation, measurement, and experimentation rather than deductive reasoning.

This particular research basis on the paradigm of post-positivism for the reasons that it has a quantitative approach that employ survey instruments to collect information on measures completed by the samples from the target population. And it starts with a certain theory and hypotheses about the research area i.e. service quality and its relationship with other variables at empirical level. And also because it applies the deductive approach to test and refine the BSQ model in Ethiopian banking sector.

3.3. Research Approach

Research approaches are strategies of inquiry that provide specific direction for procedure in a research design. Creswell (2003) classified scientific research approaches into three: quantitative, qualitative and mixed research. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis rather adopt interpretive/constructivist paradigm of multiple meaning of experience and observation. Qualitative research seeks to describe various aspects of social and human behavior through particular methods such as interview, observation, focus grouping and so on. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships and where the investigator primarily uses the post-positivist paradigm to knowledge formation. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena (Bhattacherjee, 2012).Whereas, mixed research approach involves collecting and analyzing both quantitative (numeric) and qualitative (descriptive) forms of primary data in a single study (Creswell,2003). The primary data in mixed research approach could be solicited sequentially, concurrently or in transformative procedure.

Accordingly, this research adopts quantitative approach in addressing the research question raised and test hypotheses posited. The use of quantitative approach, solely, to evaluate/measure perception of service quality is well supported and extensively applied in most service quality researches on account of customer cenetercity of service quality and the ease with which a global rating questionnaire could capture that with minimum bias.

3.4. Research Design

Research can be classified as descriptive, explanatory and exploratory depending on the specific objective that the research tries to address. Descriptive research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. On the other hand, explanatory research, aims at establishing the cause and effect relationship between variables. Exploratory research is often conducted in new areas of inquiry, where the goals of the research are: (1) to scope out the magnitude or extent of a particular phenomenon, problem, or behavior, (2) to generate some initial ideas (or "hunches") about that phenomenon, or (3) to test the feasibility of undertaking a more extensive study regarding that phenomenon (Bhattacherjee, 2012).

In light of that, the current research has descriptive and explanatory futures. Explanatory because it tries to explain and predict the interrelationship between BSQ scale dimensions and overall service quality, customer satisfaction and loyalty. At the same time the design of the research could be labeled as descriptive, since it attempts to describe the customer perception of service quality on private banks in Ethiopia.

3.5. Research Method

In line with the knowledge claim paradigm, research approach and design proposed a cross-sectional survey method has been used to solicit respondents and collect the primary data necessary for statistical analysis. The most common research methods in quantitative approach are experiment and survey (also called field survey) methods. Experimental studies are those that are intended to test cause effect relationships by separating the cause from the effect in time, administering the cause to one group of subjects (the "treatment group") but not to

another group ("control group"), and observing how the effects vary between subjects in these two groups (Bhattacherjee, 2012). The main strength of experimental study is their internal validity in predicting causal relationship between variables. On the other hand, field surveys are non-experimental designs that do not involve controlling for or manipulating independent variables or treatments. A surveys capture snapshots of practices, beliefs, or situations from a random sample of subjects in field settings through a survey questionnaire or less frequently, through a structured interview (Bhattacherjee, 2012). Furthermore, field survey is classified into two with respect to their time horizon in capturing the independent and dependent variables/the survey data; cross sectional and longitudinal. In cross-sectional field surveys, independent and dependent variables are measured at the same point in time (e.g., using a single questionnaire), while in longitudinal field surveys, dependent variables are measured at a later point in time (Bhattacherjee, 2012). Specifically, cross-sectional survey involves the collection of information from any given sample of population elements only once and at some point in time. Whereas in case of longitudinal studies identical sample of population element is measured repeatedly over time. Broadly speaking, surveys are acclaimed for their external validity (generalizability) but lack rigor in internal validity and are susceptible to social and respondent's bias.

Despite the limitation mentioned the primary data was collected through a field survey since almost all researches on service quality have adopted such method to investigate the level of service quality in a banking sector and to infer causal relationship between service quality and customer satisfaction and loyalty Shanka(2012), Olaleke O(2012), Kumar et al(2009) Glaveli et al(2006), Bonsu and Mensah(2013), Jabnoun and Khalifa(2005) and many others.. In addition, different techniques were used to mitigate and reduce the biases related with the respondents and particular method employed.

3.6. Sample Design

Sampling is the statistical process of selecting a subset (called a "sample") of a population of interest for purposes of making observations and statistical inferences about that population(Bhattacherjee, 2012). In most research endeavors it is impossible to study the entire populations because of feasibility and cost constraints, and hence, we must select a representative sample from the population of interest for observation and analysis. The sampling

design process starts with defining the target population and subsequently, the sampling frame, method of sampling, sample size and detail procedure. Each of this stage is discussed in this part.

3.6.1. Target population

The target population is a group of people or organization or any other entities that the research/researcher is attempting to make a valid inference and generalization about. The inference and generalization is based on statistically and logically representative study population that the researcher is investigating directly and indirectly. In the case at hand the study populations were retail bank customers of Awash International bank, Wegagen bank, and Abay Bank. The three banks are believed to represent the private banking sector banks and customers at large because of the variation in their scale of operation, number of retail branches, time of presence in the market and obviously, in their financial performance. Moreover, the target population is private sector banks rather than all banks due to significant variation on service quality level between private and public banks; in favor of private banks as reported in arrays of foreign researches(Elemayar,2011, Patidar and Verma(N.D), and others). Despite such finding is not discovered or accessed in reviewed local literatures, the generalization and inference is only limited to private sector banks customers in Ethiopia.

3.6.2. Sampling Method

Basically, sampling methods can be categorized into probability sampling and non-probability sampling. Probability sampling is a technique in which every unit in the population has a chance (non-zero probability) of being selected in the sample, and this chance can be accurately determined. It involves particular sampling method such as Simple Random Sampling; Systematic Sampling; Stratified Random Sampling; Cluster Sampling; and Multi-Stage Sampling. Probability sampling often requires a sampling frame and enumeration of the population to select respondents on random basis. Nonprobability sampling is a sampling technique in which some units of the population have zero chance of selection and/or where the probability of selection cannot be accurately determined. Nonprobability sampling relies on personal judgment of the researcher in the selection process and encompasses particular methods such as Quota Sampling; Purposive or Judgemental Sampling; Snowball Sampling; and Convenience Sampling.

This research used non-probability sampling. The participants of the survey were selected using a non-random selection method. A non-probability sample was chosen versus a probability sample primarily due to the large population that potentially could be involved, the absence of a sampling frame, and the limitations in the timing of conducting the survey and costs. Within non-probability sampling convenience sampling was selected as suitable for respondent generation to be administered with BSQ survey questionnaire. Convenience method is more suitable over other methods of non-probability sampling because it can obtain a large number of completed questionnaires quickly and economically, enables the researcher to access people who are available in the branches of the chosen banks and the sample selection process can be continued until the required sample size has been reached. Moreover, convenience method is acclaimed for soliciting a good level of response rate.

3.6.3. Sample Size Determination

Israel (2003) as cited in Hussen (2012) suggested four alternative strategies to decide sample size; (1) census for small populations, (2) imitating a sample size of similar studies, (3) applying formulas to calculate a sample size, and (4) using published tables. The first one involves including all the population and it is feasible only when the population can be enumerated and when cost and time allows doing so. The second one requires exploring similar research undertakings in terms of area and scope in order to determine a sample size needed for a particular case. By that logic Mesay(2012) in his service quality survey on private banks in Hawassa involved 260 participants to obtain 250 responses. Similarly, Yonatan (2010) in his exploratory study into the Ethiopian banking sector based on SERVQUAL assessment sampled 150 customers from three banks and solicited 85% response rate (i.e.135). The third one involves some kind of formula to come up with a precise sample size given the target population, confidence level and error rate. Most of the arithmetic methods in this category prerequisite a sampling frame/population size and are generally applicable to probability sampling technique. However, there are other guidelines to sampling that falls in this category that depends only on number variables involved in the study (Nunnally, 1978) cited in Kumar et al, 2009. In this specific method the numbers of variables/items involved in the study are multiplied by ten to set the appropriate sample size. Accordingly, since this survey includes 31 items from BSQ scale

and five items to measure overall service quality, customer satisfaction and loyalty (before pilot) the sample size required would be 360. The fourth alternative for determination of sample size as stated by Israel (2003) as cited in Hussen (2012) is using the published sample size table for range of population, confidence interval and error rate.

After taking into consideration all the alternatives and constraints of the research in terms of time and cost the target sample size was set for 240(n=240). This sample size was approximate to the sizes determined by the two alternatives elaborated above.

3.6.5. Sampling Procedure

The procedure of convenience sampling was adopted to generate the respondents for the survey. The participants were customers of Awash International bank, Wegagen Bank and, Abay Bank at their respective branch in Addis Ababa and they were selected based on their availability as they go to the chosen banks retail branches for a particular service. Thus although the survey is not based on a group of respondents from totally random selection neither it is based on a completely systematic and judgmental non-randomized procedure, since primary basis was for a respondent to go into one of the bank's chosen branches.

3.7. Research Instrument

Within field survey a researcher has two alternative instruments to choose from; interview and questionnaire. A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner(Bhattacherjee, 2012). These questions could be structured or unstructured. Unstructured questions ask respondents to provide a response in their own words, while structured questions ask respondents to select an answer from a given set of choices. Interviews are a more personalized form of data collection method than questionnaires, and are conducted by trained interviewers using the same research protocol as questionnaire surveys (i.e., a standardized set of questions). Interviews are more common in qualitative and mixed research approach that is based on interpretive stances.

A self-administered survey questionnaire was used to collect the primary data at surveyed banks branch premises. Questionnaire was superior to interview in this case because the need for quantitative data capable of further statistical analysis. In addition, field survey questionnaire

built on SERVQUAL/SERPPERF scales is ordinarily prescribed and employed in service quality studies, universally.

3.8. Unit of Analysis

Unit of analysis refers to the person, collective, or objects that is the target of a particular investigation. The unit of analysis takes the form of individuals, groups or dyads. The unit of analyses in this research lies at individual level (i.e. private bank customer in Ethiopia).

3.9. Data Type and Measurement Scale

Measurement is often viewed as being the basis of all scientific inquiry, and measurement techniques and strategies are therefore an essential component of research methodology. Measurement can be defined as a process through which researchers describe, explain, and predict the phenomena and constructs of our daily existence (Kaplan, 1964; Pedhazur & Schmelkin, 1991) cited in (Marczyk et al, 2005). Measurement concept is useful in research studies, since it enables us to quantify abstract constructs and variables. Moreover, measurement allows us to apply sophisticated statistical analysis technique to interpret our data.

There are two basic types of data: metric and non-metric. Non-metric data (also referred to as qualitative data) are typically attributes, characteristics, or categories that describe an individual and cannot be quantified. Metric data (also referred to as quantitative data) exist in differing amounts or degrees, and they reflect relative quantity or distance. Metric data goes well with rigorous statistical analysis, while non-metric data are used mostly for categorization and description purpose. This research utilizes metric data that will be generated by a cross-sectional survey questionnaire.

Metric and non-metric data are measured by measurement scales. Measurement scales/rating scales refer to the type of attribute values that an indicator can take (Bhattacherjee, 2012). And there are four generic type of measurement scale; nominal, ordinal, interval and ratio scale. From these generic scales other specific rating scales are developed and among them seven point Likert scale is employed in the data collection instrument. Likert scale is a very popular rating scale for measuring ordinal data in social science research(Bhattacherjee, 2012). This scale includes Likert items that are simple worded statements to which respondents can indicate

their extent of agreement or disagreement on a five or seven-point scale ranging from "strongly disagree" to "strongly agree". Even though Likert scale is originally developed for measuring ordinal responses it is employed in many social science researches to capture coded interval responses i.e. by assigning numbers 1-5/1-7 to the range of responses. The Seven-point scale is used because it was suggested by Bahia and Nantel(2000). Therefore, in this research respondents were asked to rate each item on a Likert-type scale by assigning a value of 1= (very strongly disagree) to 7= (very strongly agree), as suggested by Bahia and Nantel (2000).

The survey questionnaire was consists of demographic/background questions, BSQ dimensions, overall service quality, customer satisfaction and customer loyalty sections (See Appendix). All section items were measured on Likert seven point scales except the general characteristic/demographic section, which is mostly categorical data. Overall service quality was be measured by the item 'Taking everything into consideration, this bank is an excellent bank' adopted from Hussen(2012). Customer satisfaction is measured by one item 'overall, I'm satisfied with the service of this bank' since different authors have supported one-item measurement of overall customer satisfaction on basis of all previous encounters and experience with particular organization(Dabholkar, 1995, Hernon et al, 1999). Customer's loyalty comprised three items adapted from Zeithaml et al. (1996). It comprised of items that are used to measure the customers willingness to recommend the service to other people, their future commitment and intention of repurchase. And finally the BSQ scale items were adapted after piloting the original instrument. The 31 items were revised and adapted after piloting and validating the instrument on friends and colleagues with good level of knowledge in banking and general research. The original 31 items of BSQ scale are presented below;

BSQ dimension/factor	*Items*
Effectiveness and assurance	1. Confidence
	2. Recognition of regular customers
	3. Confidentiality
	4. Valorization of clients by personnel
	5. Interruption of the service
	6. Well-trained personnel
	7. Knowledge of the client on a personal basis
	8. No contradiction in decision between personnel and management
	9. Delivering when promised

	10. Good reputation
	11. Feeling of security
	12. No delay due to bureaucratic factors and procedures
	13. Indication(communication) of quality
Access	14. Sufficient number of ATMs per branch
	15. Modern equipment
	16. Sufficient number of open tellers
	17. Waiting is not too long
	18. Queues that move rapidly
Price	19. The bank contacts me every time it is useful
	20. Good explanations of service fees
	21. Balance amount from which service charges begin
	22. Reasonable fees for the administration of the accounts
	23. Keeping the client informed every time that a better solution appears for a problem
Tangibles	24. Precision on account statements
	25. Cleanliness of facilities
	26. Decoration of facilities
	27. Efficacious work environment
Service portfolio	28. Complete gamut of services
	29. The range of services is consistent with the latest innovation in banking
Reliability	30. Absence of errors in service delivery
	31. Precision of filing systems

Table 3.1. Description of BSQ (6 factors, 31 items) source: Bahia and Nantel(2000)

3.10. Validity and Reliability of the Instrument

3.10.1. Validity

Validity is the extent to which a measure adequately represents the underlying construct that it is supposed to measure (Anol Bhattacherjee, 2012). In other word construct validity addresses the likelihood that we are measuring the very thing we want to, rather than other relatively similar or related construct. There are two approaches to assess the validity of research construct; theoretical and empirical approach. Theoretical assessment of validity focuses on how well the idea of a theoretical construct is translated into or represented in an operational measure (Anol Bhattacherjee,2012). Specifically, content and face validity are related with theoretical construct validity. On the other hand, empirical construct validity examines how well a given measure relates to one or more external criterion, based on empirical observations. The

particular empirical approaches for construct validity are convergent, discriminate, concurrent and predictive validity. And validity analysis of the measurement instrument was based on pilot study on twenty participants that are representative of the sample population and also are believed to be in a position to provide relevant inputs in the improvement and revision of the data collection instrument, so as to make it more customized to Ethiopian banking environment (the result of the analysis is discussed in chapter four).

3.10.2. Reliability

Reliability is the degree to which the measure of a construct is consistent or dependable. It is used to imply consistency of the measurement scale. Marezyk et al, 2005 attributed the main causes of unreliable observation to three factors. These are the researcher's subjectivity in selection of instrument/methods, asking imprecise or ambiguous questions and asking questions that respondent is not familiar or not really care about. Marezyk et al, 2005 prescribed the use of quantitative measures and clear and respondent relevant questions to cut down on unreliability. And the researcher has tried to follow the prescription at all stages of the research undertaking.

There are many ways to estimate reliability of measurement scale/instrument. Among these the most common estimates are inter-rater, test-retest, split-half and internal consistency. The internal consistency (cronbach alpha) technique was used to measure the consistency of respondents' response to different items of the instrument (the analysis is discussed in chapter four).

3.11. Method of data analysis

The primary data collected from the survey questionnaire was analyzed on statistical package of SPSS version 17 for windows in order to address the research questions and test the hypotheses' that were proposed. The descriptive and parametric inferential statistics test and analysis were used in the data analysis. The specific techniques are defined below;

- **Frequency and Descriptive statistics**: Were utilized to profile and describe the survey respondents' characteristics.
- **Measure of central tendency and dispersion**: To measure and identify the of perception service quality by private bank customers based on the score on each BSQ dimension items.

- **T-test**: one sample t-test was used to detect the mean of the BSQ dimensions if they were significantly different from the average point of scale/test value, 4.
- **Pearson Bivariate correlation**; In order to assess the association between the BSQ dimensions, overall service quality, customer satisfaction and customer loyalty Pearson correlation was employed. When there are two variables, the analysis concerning relationship is known as bivariate analysis. Bivariate analysis in order to assess correlation on modern statistical packages could utilize three alternative correlation techniques; Pearson correlation, Spearman rho and Kendall's tau-b. The latter two are suitable for ordinal and non-parametric data set. Hence, to test the above hypothesis bivariate correlation of Pearson product-moment and its coefficient(r) was utilized.
- **Multiple Regression analysis**: Regression analysis is a way of predicting an outcome variable from one predictor variable or several predictor variables (Field, 2009). The former is called simple regression and the latter is multiple regression analysis. In general, Regression analysis works toward generalizing the data set in straight line that best fit the observed data. In the regression model used in this research the six BSQ dimensions were the independent/predictor variables that are hypothesized to predict dependent variables; overall service quality, customer satisfaction and customer loyalty. At each regression procedure the predictor were entered simultaneously to predict the outcome variables i.e. the enter/forced entry method was used. This is because there was no theoretical precedence/importance that is agreed upon with respect to the BSQ dimensions in explaining the outcome variables.

3.12. Ethical Consideration

In considering the nature of this research study and its involvement with human participants (bank customers), ethical issues were an important consideration and thus were viewed as fundamental to the successful completion of this study. The researcher has set out to identify and address potential or actual ethical issues as they arose. Henceforth, the researcher has tried to mitigate two ethical issues related with most research; namely consent of the respondents and confidentiality. The participants' information has been kept confidentially and reserved to this academic endeavor. Furthermore, the researcher sincerely requested the staffs of the banks to inform the respondents the academic purpose of the research and administer the questionnaire only after their informed consent.

CHAPTER FOUR

RESULTS AND DISSCUSION

4.1. Overview of the Chapter

In this chapter the researcher has attempted to address the research questions and test the hypothesis, raised back in chapter one by thoroughly analyzing and interpreting the quantitative data collected from three private banks; Viz, Awash International Bank, Wegagen Bank and Abay Bank. The data was collected at branch premises of the banks on BSQ instrument that is piloted and refined to represent the context of banking operation in the country. Two Hundred Forty (240) questionnaires were administered to customers by conveniently picking out a high grade branch from each bank. And Eighty (80) questionnaires apiece were distributed to Awash Bank-Kazanchise branch, Abay Bank-Main branch and Wegagen Bank-TekleHaminot branch customers. Out of these, 161 questionnaires were returned and entered to SPSS version 16 for the statistical analysis. The questionnaires returned back were a little bit higher than 161 but some of them were deemed to be void because of too many missing values. In total the researcher has garnered 67.7 % response rate.

4.2. Validity and Reliability of Scale Measures

4.2.1. Validity Analysis

The validity analysis of the measurement instrument was based on pilot study on twenty respondents that are representative of the sample population and also are in a position to provide relevant inputs in the improvement and revision of the data collection instrument, so as to make it more customized to Ethiopian banking environment. The respondents of the pilot study were provided with the original questionnaire and have rated their extent of agreement/disagreement on the statements of the questionnaire. Furthermore, they have pointed out the shortages of the original data collection instrument by rendering critical suggestions, which are incorporated by revising the survey questionnaire.

In this particular research, the theoretical construct validity was assessed by individual discussion with pilot questionnaire respondents. According to the participants of the pilot study, the face validity i.e. the reflection of the indicators/items in the instrument in measuring the

underlying constructs; has been complimented except for minor comments in the wording of some of the item and ease of understanding the items for respondents (customers) to assess. Whereas the content validity, which is an assessment of how well a set of scale items matches with the relevant content domain of the construct that it is trying to measure, had raised critical remarks. Especially one of the content domains 'Access' dimension was evaluated to lack content wise and was suggested to include items regarding the distribution of the retail branches and opening hours. And some of items were perceived to be somehow redundant and vague. The pilot participants had also supported combining some of the items too.

The convergent and discriminate validity was further described to be of high quality by Bahia and Nantel(2000) and Glaveli et al(2006).This was tested in the two researches by associating and converging the BSQ score with other banking service quality scale(convergent validity) and by discriminating the scale from universal service quality scale (i.e. SERVQUAL) in order to evaluate the discriminate validity.

4.2.2. Reliability Analysis

The reliability measurements were calculated for the BSQ items of the primary data set by applying internal consistency measurement (Cronbach Alpha). The total average inter-item correlation/alpha coefficient was computed to be (α= 0.969) .The value of alpha is very close to one (1) indicating a salient level of reliability and well beyond the cutoff point ($\alpha \geq 0.7$). And all the Alpha statistics of the items are above the conventional cut-off point. Moreover, the SPSS output signals that the alpha value does not extremely vary with the deletion of an item (See Appendix - Item total statistics)

Reliability Statistics	
Cronbach's Alpha	N of Items
.969	37

4.3. Profile of the Respondents

The questionnaire administered to the respondents has had five general information questions with respect the sex of the respondent, his/her occupation, type of bank service usage, frequency of visit to the bank/branch and finally, duration of relationship with bank.

Table 4.1. Sex of respondents (Source: Own Survey)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	108	67.1	67.1	67.1
	Female	53	32.9	32.9	100.0
	Total	161	100.0	100.0	

As indicated in the above frequency table the analysis was based on 161 cases/respondents and out of which 108(67.1%) of them were male and the rest, 53(32.9%), were Females. The male population in the sample was twice as much as the female population. However, the unequal representation is not expected to be a problem since, gender has not been found to influence service quality perception of respondents at statistically significant level.

Table 4.2. Employment status (Source: Own Survey)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	27	16.8	17.0	17.0
	private worker	68	42.2	42.8	59.7
	public servant	29	18.0	18.2	78.0
	Businessman	30	18.6	18.9	96.9
	other	5	3.1	3.1	100.0
	Total	159	98.8	100.0	

Private organizations employees constitute the larger portion of the sample, 68(42.8%). They are followed by businessman/woman category, which represents 18.9% of the sample population. Public servants (18.2%), students (17%) and other (3.1%) categories came next in their respective order.

Table 4.3. Banking service Type Used(Source: Own Survey)				
		Responses		Percent of Cases
		N	Percent	
Service Type Used[a]	Saving accounts	90	36.6%	57.0%
	Current accounts	66	26.8%	41.8%
	Loan/Credit service	12	4.9%	7.6%
	Money Transfer	40	16.3%	25.3%
	ATM	30	12.2%	19.0%
	Other	8	3.3%	5.1%
Total		246	100.0%	155.7%
a. Dichotomy group tabulated at value 1.				

Since service usage is not mutually exclusive variable it was captured as multiple response set and entered into SPSS in dichotomy group data form (checked and not checked). The column indicates the number respondents who use the service (in counts and percentage) and their percentage of the total multiple responses.

The multiple response frequency table suggest that most of the respondents own a saving account with their respective banks, 90 or 57 %, and out of this 36.6% of them also have/use another services at the bank. Another service category that is well represented in the sample population is current accounts; its users comprise 41.8 per cent/ 66 respondents in count. The least represented categories were loan service and 'other' (includes foreign exchange, LC and CPO among others) categories which includes only 7.6%, and 5.1% of the cases, respectively.

Table 4.4. Frequency of visit to the bank (Source: Own Survey)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a day on average	40	24.8	25.0	25.0
	once a week on average	51	31.7	31.9	56.9
	once a month and above	69	42.9	43.1	100.0
	Total	160	99.4	100.0	
Total		161	100.0		

Most of the respondents make their visit to the bank once a month and above (43.1% of the cases) followed by the respondents groups that make their visit at least once a week and each day constituting 31.9% and 25% of the sample population.

Table. 4.5. Duration of relationship with the bank (Source: Own Survey)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below six month	21	13.0	13.0	13.0
	6 month -1 year	28	17.4	17.4	30.4
	1-2 years	44	27.3	27.3	57.8
	2-3 years	37	23.0	23.0	80.7
	above 3 years	31	19.3	19.3	100.0
	Total	161	100.0	100.0	

More than the 70% percent of the respondents of the survey have 1 year and beyond duration of relationship with their banks, which signals they have significant level of exposure to evaluate the quality of service delivery.

4.4. Evaluation of Banking Service Quality (BSQ) Dimensions

4.4.1. Effectiveness and Assurance Dimension

The evaluation of assurance and effectiveness dimension is based on the average respondents rating of the first thirteen items (See Table. 4.6)

Table. 4.6. Descriptive Statistics-Effectiveness and Assurance (Source: Own Survey)					
	N	Minimum	Maximum	Mean	Std. Deviation
Instilling confidence	161	1	7	5.57	1.491
recognition of regular customers with special service	159	1	7	5.42	1.608
Confidentiality	157	1	7	5.75	1.413
Valorization of clients	159	1	7	5.33	1.532
no interruption of service	159	1	7	3.89	1.862
The bank has well-trained employees	158	1	7	5.19	1.636
knowledge of customers'	160	1	7	5.27	1.629
No contradictions in decision	152	1	7	4.82	1.574
Delivering when promised	158	1	7	4.75	1.522
Good reputation	160	1	7	5.79	1.236
Feeling of security	161	1	7	5.51	1.419
No delays due to bureaucracy	159	1	7	4.91	1.561
communication of quality	161	1	7	5.40	1.420
Effectiveness and Assurance	**161**	**1.00**	**7.00**	**5.1986**	**1.13461**

The descriptive statistics points that overall mean of the dimension was computed to be 5.1986 with a standard deviation of 1.1346. The standard deviation shows that how diverse are the responses of customers for a given item or constructs in proportion to the mean value. The deviations in this case are relatively low in comparison with the average point, signaling the accurate representation of the observed data by the mean values at item and dimension level.

The private banks comparatively scored high on the items of having good reputation (m=5.79), keeping clients information confidentiality (=5.75), providing sense of security in transaction with customers (5.51), instilling confidence (5.57), recognition of regular customers with special and personalized service (5.42), communication of quality (5.40), valorization of clients by increasing their value to the organization (5.33) and having a good knowledge of customers and their problems (5.27). And the mean scores for items such as service interruption (3.89), delivering when promised (4.75) and contradiction in decision between management and employees (4.82), and delay due to bureaucracy (4.91) were somewhat low.

4.4.2. Access Dimension

The overall mean value of the access dimension was computed from the composite mean of five items; branch coverage /distribution, convenient working hours, sufficient ATM machines, the adoption of modern equipments, the availability of open tellers and short/quick waiting time. The mean value of the overall dimension was computed to be, 4.819, which is less satisfactory (see Table 4.7.). The standard deviation of the mean shows that the mean value fairly represent the observed data.

Within the dimension the mean rating score of the item for convenience of working hours has relatively high score compared to other items, 5.57. To the contrary, sufficiency of ATM infrastructure has the lowest score, 4.09. The other three items also have a rating below 5.

Table 4.7. Descriptive Statistics-Access Dimension (Source: Own Survey)

	N	Mean	Std. Deviation
Branch distribution	161	4.97	1.535
Working hours	159	5.57	1.478
Sufficient ATMs	155	4.09	1.718
Modern equipment	160	4.69	1.648
Open tellers	161	4.72	1.501
Waiting time	159	4.85	1.527
Access	**161**	**4.8190**	**1.14391**

4.4.3. Price Dimension

The price dimension of banking service quality was computed from four variables/items (see table 4.8.)

Table 4.8. Price dimension-Descriptive Statistics (source: own survey)			
	N	Mean	Std. Deviation
Bank contact	161	5.01	1.557
Explanation of service fee	158	5.03	1.614
States service fee based on balance/service	160	5.12	1.431
Reasonable fee	158	4.92	1.537
Keeping clients informed	153	4.76	1.572
Price	**161**	**4.9714**	**1.29594**

The overall score of the dimension shows a value of 4.917, which is not distant from the half point of the scale. The standard deviation is still low in comparison to each of the mean values, signaling the precision of the figure in estimating the central value of the distribution. Items in the dimension such as explicitly stating service fee and contacting customers when needed, have garnered a relatively high level of mean score. Whereas, the charging reasonable fee and keeping the clients informed have scored below 5, in mean score.

4.4.4. Tangibles Dimension

The mean tangibles score was computed from five items on modified banking service quality instruments (See table 4.9.)

Table.4.9. Descriptive Statistics-Tangibles Dimensions (source: own survey)			
	N	Mean	Std. Deviation
High standard materials	159	5.42	1.456
Cleanliness of facilities	159	5.44	1.390
Decoration of facilities	158	5.22	1.469
Efficacious work environment	159	5.36	1.380
Tangibles	**161**	**5.3566**	**1.26968**

In general the overall tangible dimension has a relatively high perception of quality with a mean score of 5.3566 and small level of variation in the values entered (i.e. low standard deviation). Among the four items three of them (efficacious work environment, cleanliness of facilities and

usage of high standard material) have an item mean score sufficiently above the mean score of the total dimension.

4.4.5. Service Portfolio

The service portfolio dimension has two items regarding the offering of complete gamut of banking service and the consistency of these offerings with modern innovation (See table 4.10.).

Table 4.10. Service Portfolio-Descriptive Statistics (Source, own survey)

	N	Mean	Std. Deviation
Complete gamut of services	161	4.85	1.397
Consistency of offerings with the latest innovation	160	4.59	1.687
Service Portfolio	**161**	**4.7236**	**1.38169**

The mean score of the two item and the overall service portfolio dimension has gained a score of 4.85, 4.59 and 4.7236 respectively. The score shows that private banks are not comfortably perceived as quality oriented in terms of providing complete arrays of banking solution and even worse in going in tandem fashion with the latest technologies of the banking industry.

4.4.6. Reliability

The reliability dimension has two items; absence of error and precision in filing and documentation system. The private banking sector has relatively low level mean score result in absence of error item of the dimension, 4.04. The overall reliability dimension is also around the middle of the scale score (see table 4.11.)

Table 4.11.Descriptive Statistics (Source: Own Survey)

	N	Mean	Std. Deviation
Absence of error	160	4.04	1.598
Precision of filing and documentation	160	5.18	1.387
Reliability	**161**	**4.6087**	**1.29385**

4.4.7. Overall Service Quality

The overall service quality of the private banks was rated on one item on seven- point scale.

Table 4.12.Frequency Distribution Service quality Item (source: own survey)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very strongly disagree	1	.6	.6	.6
	strongly disagree	1	.6	.6	1.2
	disagree	13	8.1	8.1	9.3
	don't know	32	19.9	19.9	29.2
	agree	58	36.0	36.0	65.2
	strongly agree	33	20.5	20.5	85.7
	very strongly disagree	23	14.3	14.3	100.0
	Total	161	100.0	100.0	

The mean score of overall service quality is computed to be 5.0870 with the maximum possible score being 7. Out the valid respondents for this particular item most of them had favorable evaluation (70%-114 respondents in count). More specifically, 36% of the cases have 'agreed' that the private banks have excellent service quality by taking everything into consideration and 20.5%, 14.3% of respondents 'strongly agree', 'very strongly disagree' to the same statement, respectively. In total, 29% of the respondents had unfavorable evaluation ranging from very strongly disagree to neutral position.

4.4.8. Customer Satisfaction

The frequency and descriptive statistics of the construct and its item evaluation is presented in the table below (Table. 4.13). The respondents of the survey have generally showed positive satisfaction with the services they receive at the private banks (70%). And around 30% of the respondents have indicated they are unsatisfied with the services of the banks.

Table. 4.13. Frequency Distribution Customer Satisfaction Item (source; own survey)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very strongly disagree	1	.6	.6	.6
	strongly disagree	1	.6	.6	1.2
	Disagree	13	8.1	8.1	9.3
	don't know	32	19.9	19.9	29.2
	Agree	60	37.3	37.3	66.5
	strongly agree	32	19.9	19.9	86.3
	very strongly disagree	22	13.7	13.7	100.0
	Total	161	100.0	100.0	

4.6.9. Customer Loyalty

The loyalty of the respondents towards the banks is measured with three items regarding their future intention of usage, recommendation of the bank to others and that the bank being their first choice. See the table below

Table 4.14. Descriptive Statistics of Customer Loyalty (source: own survey)					
	N	Minimum	Maximum	Mean	Std. Deviation
Future intention of usage	161	1	7	5.22	1.414
Recommendation to others	161	1	7	4.96	1.627
My first choice	161	1	7	4.85	1.629
Customer Loyalty	161	1.00	7.00	4.8910	1.22017

The mean of score of the respondents for overall service quality is 4.8610 out of maximum 7 and minimum score of 1. The item regarding their future intention of usage scored the highest mean (5.22) among the items and first choice place of the bank scored the lowest (4.85).

4.5. Hypothesis Testing

Hypothesis 1: The service quality perception of private banking customers on the Banking Service Quality (BSQ) dimensions are below average

One-sample t-test was used to test the mean values of the BSQ dimension scores of the private banking sector in Ethiopia. The t-test statistics at 0.05 confidence interval showed that the mean of the dimensions are significantly different ($P<0.05$) from the average/test value, 4, for the entire dimensions (See table 4.15.). The item level one-sample t-test also indicates the mean score of all the BSQ items are significantly different from the test value/the average point of the scale(4) except for the three items; service interruption, ATM coverage and absence of error which are not significant (See Appendix).

Table 4.15. One-Sample Test (source: own survey)

	Test Value = 4					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Effectiveness and Assurance	13.404	160	.000	1.19859	1.0220	1.3752
Access	9.085	160	.000	.81905	.6410	.9971
Price	9.511	160	.000	.97143	.7697	1.1731
Tangibles	13.557	160	.000	1.35663	1.1590	1.5542
Service Portfolio	6.645	160	.000	.72360	.5086	.9387
Reliability	5.969	160	.000	.60870	.4073	.8101

Testing of the hypothesis was based on the assumption that the confidence level is 0.05, which is generally accepted by social science researchers. Hence, the hypothesis that the mean evaluation of the BSQ dimension is below the average scale point was rejected.

Hypothesis 2: The six BSQ dimensions namely; effectiveness and assurance, access, tangibles, price, service portfolio and reliability are positively correlated with overall service quality, customer satisfaction and customer loyalty

Pearson bivariate correlation coefficients were computed for each bivariate relationship among the BSQ dimensions and the theorized variables.

Table. 4.16. Pearson correlation between BSQ dimensions and overall service quality (source: own survey)

	Effectiveness and Assurance	Access	Price	Tangibles	Service Portfolio	Reliability	overall service quality
Effectiveness and Assurance	1						
Access	.835	1					
Price	.862	.854	1				
Tangibles	.840	.826	.859	1			
Service Portfolio	.811	.760	.791	.771	1		
Reliability	.914	.888	.931	.915	.860	1	
overall service quality	.880	.867	.877	.862	.843	.922	1

The Pearson correlation coefficient shows that all the six banking service quality dimensions significantly and positively correlate with overall service quality assessment of respondents. The reliability dimension has the highest correlation with overall service quality (r=0.922). And the relatively lowest association overall service quality has is with service portfolio dimension (r=0.843).

Table. 4.17. Pearson correlation between BSQ dimensions and customer satisfaction (source: own survey)

	Effectiveness and Assurance	Access	Price	Tangibles	Service Portfolio	Reliability	customer satisfaction
Effectiveness and Assurance	1						
Access	.835**	1					
Price	.862**	.854**	1				
Tangibles	.840**	.826**	.859**	1			
Service Portfolio	.811**	.760**	.791**	.771**	1		
Reliability	.914**	.888**	.931**	.915**	.860**	1	
customer satisfaction	.767**	.705**	.756**	.736**	.653**	.802**	1

The Pearson bivariate correlation(r) of the six banking service quality dimensions and private bank customer satisfaction are positively associated at $p<0.05$. The reliability dimension has the highest association with customer satisfaction in the private banking sector(r=0.802). And the lowest association customer satisfaction has is with service portfolio dimension (r=0.653).

Table. 4.18. Pearson correlation between BSQ dimensions and customer satisfaction (source: own survey)

	Effectiveness and Assurance	Access	Price	Tangibles	Service Portfolio	Reliability	customer loyalty
Effectiveness and Assurance	1						
Access	.835**	1					
Price	.862**	.854**	1				
Tangibles	.840**	.826**	.859**	1			
Service Portfolio	.811**	.760**	.791**	.771**	1		
Reliability	.914**	.888**	.931**	.915**	.860**	1	
customer loyalty	.835**	.806**	.795**	.813**	.765**	.850**	1

The Pearson bivariate correlation(r) of the six banking service quality dimensions and private bank customer loyalty are positively associated at $p<0.05$. The reliability dimension has the highest association with customer loyalty in the private banking sector(r=0.850). And the lowest association customer loyalty has is with service portfolio dimension (r=0.765).

Therefore, it can be concluded that the banking service quality dimension have significant and positive correlation with overall service quality, customer satisfaction and customer loyalty in Ethiopian private banking sector. The null hypothesis is rejected with statistical significance of $p<0.05$.

Test of Regression Analysis Assumptions

In the regression model used in this research the six BSQ dimensions were the independent variables that are hypothesized to predict dependent variables; overall service quality, customer satisfaction and customer loyalty. Multicollinearity, homoscedasticity, linearity and independence of error test were done to satisfy the common regression analysis assumptions.

Multicollinearity test

The regression coefficients become less reliable as the degree of correlation between the independent variables increases. If there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity. In the regression model used in this research the six BSQ dimensions were the independent variables that are hypothesized to predict dependent variables; overall service quality, customer satisfaction and customer loyalty. Multicollinearity between the BSQ dimensions is tested to escape unwarranted regression coefficient and model.

The correlation coefficient above 0.8/0.9 is usually cited as the cut-off point for regression analysis (Andy Field, 2009).The Pearson correlation matrix has indicated that there is high level inter-correlation between the BSQ dimensions. In order alleviate the potential problem the researcher had to compute a variable by combining two dimensions that are very highly correlated(r>0.8); Assurance and Effectiveness and reliability to form a new composite variable named Service Excellence. As it can be seen from the new correlation matrix table the inter-correlation between the predictor variable(multicollinearity) is kept at minimum since all the correlation are below the cut-off point, 0.8/0.9.

4.20. Pearson Correlation among the BSQ dimensions (source; own survey)

	Access	Service Portfolio	Price	Tangibles	Service excellence
Access	1	.655**	.748**	.754**	.713**
Service Portfolio	.655**	1	.639**	.640**	.757**
Price	.748**	.639**	1	.744**	.770**
Tangibles	.754**	.640**	.744**	1	.732**
Service Excellence	.713**	.757**	.770**	.732**	1

Moreover, collinearity statistics of tolerance and Variance Inflation Factor (VIF) were undertaken in order to identify multicollinearity problems that might not obvious on correlation matrix. Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula 1–R2 for each variable. If this value is very small (less than .10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other

value given is the VIF (Variance inflation factor), is the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 indicate multicollinearity problem.

Homoscedasticity

Homoscedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables(s) have similar variances or the spreads should be fairly constant. The existent of homoscedasticity was tested for each pair of regression procedure by plotting the regression standardized residual (y-axis) with the regression standardized predicted value (x-axis). The scatter plots of the residual and predictive values of all regressed variables have showed a consistent data points and a flat fit line. Thus, signaling the data is homoscedastic rather than heteroscedastic.

Independent errors

Regression analysis is based on uncorrelated error/residual terms for any two or more observation (Kothari, 2004). This assumption is tested for each regression procedure with the Durbin-Watson test, which test for correlation between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009). A value greater than 2 indicates a negative correlation between adjacent residuals, whereas a value below 2 indicates a positive correlation.

Hypothesis 3: The Banking Service Quality dimensions explains/predicts overall service quality evaluation of customers in Ethiopian private banking sector

In order to test the above hypothesis multiple linear regression analysis was performed. The predictor variables; Service excellence (i.e. composite variable), access, price, tangibles and service portfolio were entered into the SPSS simultaneously using enter/simultaneous method. And the outcome variable, overall service quality in this case, was entered separately. Below are multiple regression outputs of the statistical package.

Table 4.21a.Model Summary (source; own survey)					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.937[a]	.878	.874	.42808	2.089
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence					
b. Dependent Variable: Excellent bank-overall quality					

The above model summary provides the summary of the best fit regression model. For this analysis the R (multiple R), which is the overall correlation between the predictor variables stood at 0.937. The value of R^2 represents the coefficient of determination or the variation explained by the independent variables (BSQ dimensions) out of the total variation in the dependent variable(overall service quality). The SPSS result indicates that the model explain about 87.8% percentage of variation on the level of service quality. The Durbin-Watson statistical test shows a value of a little over 2, pointing that the residuals between the variables are independent/uncorrelated.

Table 4.21b. ANOVA Table (source; own survey)						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	204.378	5	40.876	223.056	.000[a]
	Residual	28.404	155	.183		
	Total	232.783	160			
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence						
b. Dependent Variable: Excellent bank-overall quality						

SPSS output indicates the overall fitness of the regression model vis-à-vis the observed data. The residual of the ANOVA table shows the squared sum of the variation/difference between observed value and predictive value of the regression model. The mean square, which are residual sums of square divided by the degree of freedom are quite low. The most important part of this table is F-ratio and it is significance. The F-ratio is high and statistically significant ($p<0.005$), signaling significantly good degree of prediction of the outcome variable and that the variation explained by the model is not due to chance.

Table. 4.21c. Multiple Regression coefficient and collinearity statistics(source; own survey)								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.185	.154		1.206	.230		
	Service Excellence	.393	.103	.373	3.817	.000	.083	12.115
	Access	.213	.062	.212	3.463	.001	.209	4.775
	Price	.123	.072	.125	1.712	.089	.147	6.805
	Tangibles	.092	.056	.101	1.631	.105	.207	4.834
	Service Portfolio	.168	.048	.186	3.513	.001	.281	3.561
a. Dependent Variable: overall service quality								

The specific contribution each predictor (Beta values) and the Sig of beta values based on t-statistics are produced in the coefficient table of multiple regression. The Beta (B) value implies the variation in outcome variable due to a unit change of the independent variable. The constant represent the initial intercept of the dependent variable i.e. overall service quality. So, from the table we can see that the highest and statistically significant contribution is made by service Excellence composite variable; a one standard deviation change in this predictor variable will induce 0.373 standard deviations change in the same direction on overall service quality. The next large predictor of overall service quality have been found out to be the access and service portfolio dimension. For these three dimensions, the probability that Beta (B) values will be zero is .00 and so we can say that the probability of these t-values or larger occurring if the values of Beta (B) in the population are 0 is less than .001. The other two dimensions (price and tangibles) are found to be below the statistical significance level (P>0.05). In the model the composite variable service excellence, has the highest standardized beta value so it is the best predictor of overall service quality. And access, service portfolio, price and tangibles dimensions come in their order next.

The hypothesis that the BSQ dimensions have significant effect on overall service quality evaluation of Ethiopian private banking customers is only partially supported since the p-value of standardized regression coefficient (Beta) for two dimensions were not statistically significant.

Hypothesis 4: The Banking Service Quality (BSQ) dimensions have significant positive effect on customer satisfaction in Ethiopian private banking sector.

Table 4.22a. Model Summary (source; own survey)					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.907[a]	.823	.817	.511	2.188
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence					
b. Dependent Variable: overall customer satisfaction					

The R square of the regression model shows that the combination of the predictor explains variation amounting over 81% in the dependent variable i.e. customer satisfaction. And the Durbin-Watson test value for autocorrelation of residuals between the model variables shows a favorable value between 1 and 3. Hence, the residual correlation between the variables is quite close to non-existent.

Table. 4.22b. ANOVA Table (Source; own survey)						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	187.771	5	37.554	143.807	.000[a]
	Residual	40.477	155	.261		
	Total	228.248	160			
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence						
b. Dependent Variable: overall customer satisfaction						

The F-ratio of the model is high and statistically significant. Therefore, the model represents the best fit straight line given the data observed i.e. have a high level predictive power. And the probability that F-ratio is this large merely due to a chance is 0.000(three decimal zero).

Table.4.22c. Multiple regression coefficient and collinearity statistics (source, own survey)								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.390	.183		2.127	.035		
	Service Excellence	.370	.123	.354	3.011	.003	.083	12.115
	Access	.182	.074	.183	2.470	.015	.209	4.775
	Price	.017	.086	.018	.201	.841	.147	6.805
	Tangibles	.231	.067	.256	3.439	.001	.207	4.834
	Service Portfolio	.138	.057	.154	2.416	.017	.281	3.561

The collinearity statistics of tolerance and VIF indicates normal values. A tolerance below 0.10 and variance inflation factor (VIF) above 10 signals potential multicollinearity problems with the predictor variables. The predictors (BSQ dimensions), hence, have not violated the multicollinearity assumption of multiple regression model/analysis. As it can been seen from the coefficient table the sound predictors of the dependent variable, customer satisfaction, are tangibles and service excellence. Based on the regression model, one standard deviation increase in tangibles dimension will bring about 0.256 standard deviation increase in customer satisfaction ($p<0.001$). The best predictor of overall service quality, service excellence variable comes in second in contributing toward customer satisfaction ($p<0.001$). Access dimension, service portfolio and price also contribute to the model in their order. But the null hypothesis that the regression coefficient is zero could not be rejected for the three dimensions (Access, service portfolio and price).

So the hypothesis is partial supported because the regression coefficients (Beta) value of the three dimensions could not be statistically proved to be non-zero value.

Hypothesis 5: The BSQ dimensions have significant positive effect on customer loyalty in Ethiopian private banking sector.

Table 4.23a. Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.789[a]	.623	.611	.76121	1.925
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence					
b. Dependent Variable: Customer Loyalty					

The R square of the regression model shows that the combination of the predictor explains variation amounting over 61.1% in customer loyalty in Ethiopian private banking sector. The Durbin-Watson test always indicates the independence of residuals within the model.

Table 4.23b. ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.397	5	29.679	51.221	.000[a]
	Residual	89.814	155	.579		
	Total	238.210	160			
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence						
b. Dependent Variable: Customer Loyalty						

The F-ratio of the model is high and statistically significant. Therefore, the model represents the best fit straight line given the data observed i.e. have a high level predictive power. And the probability that F-ratio is this large merely due to a chance was 0.000(three decimal zero).

Table. 4.23c. Multiple regression coefficients and collinearity statistics								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.678	.273		2.481	.014		
	Service Excellence	.520	.183	.487	2.838	.005	.083	12.115
	Access	.183	.110	.181	1.675	.096	.209	4.775
	Price	.018	.128	.018	.140	.889	.147	6.805
	Tangibles	.017	.100	.018	.169	.866	.207	4.834
	Service Portfolio	.110	.085	.121	1.302	.195	.281	3.561
a. Dependent Variable: Customer Loyalty								

The table shows the best predictor of the dependent variable, customer loyalty, is service excellence a composite of assurance and effectiveness and reliability. Based on the regression model, one standard deviation increase in service excellence dimension will bring about 0.4870 standard deviation increase on customer loyalty ($p<0.001$). The access dimension even though was statistically insignificant is the second important predictor of customer loyalty in Ethiopian private banking sector. In their order service portfolio, price and tangibles dimension were found to be important contributors. However, the null hypothesis that the regression coefficient is zero could not be rejected for the four dimensions.

In conclusion, the hypothesis that the BSQ dimensions have significant effect on customer loyalty of Ethiopian private banking customers is only partial supported since the p-value of standardized regression coefficient (Beta) for the four BSQ dimension were not statistically significant.

Hypothesis 6: Customer satisfaction mediates the relationship between the BSQ dimensions and customer loyalty

Table 4.24a. Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.789[a]	.623	.611	.76121	
2	.815[b]	.664	.651	.72055	1.851
a. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence					
b. Predictors: (Constant), Service Portfolio, Access, Tangibles, Price, Service Excellence, overall customer satisfaction					
c. Dependent Variable: Customer Loyalty					

To test the mediating effect of customer satisfaction within the larger relationship in-between the BSQ dimensions and overall service quality two steps of regressions were performed. In the first step customer loyalty was regressed against the BSQ dimension. And the second step regression included customer satisfaction. As it can be seen from the above summary the addition of the customer satisfaction into the model increased the adjusted R square to 65.1 percent (step 2).

Table.4.24b. Multiple regression coefficient and collinearity statistics								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.678	.273		2.481	.014		
	Service Excellence	.520	.183	.487	2.838	.005	.083	12.115
	Access	.183	.110	.181	1.675	.096	.209	4.775
	Price	.018	.128	.018	.140	.889	.147	6.805
	Tangibles	.017	.100	.018	.169	.866	.207	4.834
	Service Portfolio	.110	.085	.121	1.302	.195	.281	3.561
2	(Constant)	.486	.262		1.850	.066		
	Service Excellence	.337	.178	.316	1.890	.061	.078	12.823
	Access	.094	.106	.092	.888	.376	.201	4.963
	Price	.009	.121	.009	.078	.938	.147	6.807
	Tangibles	-.097	.098	-.105	-.988	.325	.192	5.203
	Service Portfolio	.043	.082	.047	.520	.604	.271	3.695
	overall customer satisfaction	.493	.113	.483	4.357	.000	.177	5.639

Comparison of the regression coefficient (standardized beta value) of the step one regression procedure with the respective values of regression between the BSQ dimensions and loyalty (see table 4.24) had showed insight into the mediation effect of customer satisfaction. Elaborately, the significant effect of the composite variable (service excellence) were largely absorbed by customer satisfaction (B=0.483). The Beta value of almost all dimension have showed enormous reduction in beta values although the dimensions were statistically insignificant in the first block of regression too. This shows that the service excellence dimensions is fully mediated by customer satisfaction in the Ethiopian private banking sector i.e. their impact on customer loyalty pass through customer satisfaction. And the other dimensions are also mediated by customer satisfaction in their relationship with loyalty in the private banking sector since they have large reduction in beta term. The contribution of the variables in their order of importance ranks customer satisfaction, service excellence, access, price, service portfolio and tangibles.

Hence, the hypothesis that customer satisfaction mediates the relationship between Banking Service Quality (BSQ) dimensions and customer loyalty was accepted.

CHAPTER FIVE

Summary and Conclusion

5.1. Overview of the chapter

This chapter of the study presents the summary of finding and conclusion of the study. The purpose of the study was to examine customers' perception of the level of service quality in Ethiopian private banking sector, primarily. And also to evaluate the contribution of the service quality i.e. banking service quality dimensions to overall customer satisfaction and customer loyalty in the sector. The chapter is organized into two parts. The first part briefly summarizes the results of the study. The second part discusses the theoretical, managerial, marketing practice and future implication of the research and its findings.

5.2. Summary of Findings

The respondents from the banks had evaluated the banking service quality dimensions on a scale ranging from 'one' to 'seven'. The surveyed respondents/customers from the three private banks gave a relatively higher assessment to tangibles and effectiveness and assurance dimensions. Broadly speaking, the private banks had garnered the highest (M=5.35) assessment on tangibles dimensions of service quality. It refers to the atmosphere, to an effective service environment and to precise service representation (through receipts, forms, pamphlet etc…). All the items within the dimension had relatively similar mean rating and lower opinion variation (standard deviation).Thus, the result points that the private sector in general has good level of retail branch environment in terms of good ambience, cleanliness and service representation. The assurance and effectiveness dimensions in BSQ model is related with the functional quality of the banks, notably the competence, responsiveness, credibility, security, empathy and communication (Bahia and Nantel, 2001). The score of the items within the dimension have significant difference. The interruption of service due to external/internal factors such as system and server failures, power outage and network/internet problems have been found out to have detrimental effect on the perception of service quality in the sector.

The reliability dimension of banking service quality in terms of absence of error and precision of source documentation has the lowest score in comparison with the other dimensions (M=4.60). The assessment is even lower for absence of error in the service delivered at the retail branches, 4.04. The result has given evidence that private banks have a long way to go ahead in reducing/eliminating service delivery errors that are mainly related with transactions, balance amount and reconciliation of the book and electronic balances. The other dimensions also have a non-satisfactory mean score (below 5) in dimensions of price, service portfolio and access. The price dimensions that include a monetary cost and non-monetary cost of the retail banking service had a mean score of 4.97. The arrays of service offered by the banks and the forwardness of these services in their advancement (i.e. service portfolio dimension) in banking industry in general has had a comparatively low score, 4.72. The result shows that there is a room for improvement. The access dimension in terms of branch reach, ATM coverage and speedy service at the branches has got low assessment, 4.81. The private sector has low coverage in the spread of branches in the capital city and outlying areas that has negative effect on quality perception of customers. The ATM coverage rate is significantly low in the sampled banks and the private sector in general, reducing the convenience and comfort of customers to access services at different location.

And the relationship between the BSQ dimensions and customer satisfaction and loyalty had showed a have level of association($r>0.7$) for all the combination of the relationship. This shows the customer satisfaction and loyalty are related with performance in the BSQ dimension and their specific items in the private sector. The causal relationship among the three although showed a high predictive power and model fitness in terms of coefficient of determination (R2) and significant F-ratio, it has failed to produce a statistically significant regression coefficients (B-values) for some of the regression procedures. The most important determinates of overall service quality were found out to be service excellence, access and service portfolio The most important factor for customer satisfaction in the theoretical framework were found out to be service excellence and tangibles. And the most important determinates of customer loyalty were found it be customer satisfaction and service excellence in Ethiopian private banking sector.

Finally, the hypotheses' put forward were statistically analyzed in order to support or reject them. The first hypothesis regarding the level of service quality mean score of the six service quality dimensions were rejected. And the summary of the statistical tests and subsequent decision are presented in table below;

Table.5.1. Summary of results

Hypotheses'	Decision
1. The service quality perception of private banking customers on the Banking Service Quality (BSQ) dimensions in the sector is low i.e. the mean perception score for the dimensions are below average	Not supported
2. The six BSQ dimensions are positively correlated with overall service quality, customer satisfaction and customer loyalty	Statistically Supported
3. The Banking Service Quality dimensions have significant positive effect on overall service quality in Ethiopian private banking sector	Partial supported
4. The Banking Service Quality dimensions have significant positive effect on customer satisfaction in Ethiopian private banking sector	Partial supported
5. The Banking Service Quality dimensions have significant positive effect on customer loyalty in Ethiopian private banking sector	Partial supported
6. Customer satisfaction mediates the relationship between the BSQ dimensions and customer loyalty in Ethiopian private banking sector	Statistically Supported

5.3. Conclusion and Implication

The findings of the study had revealed that customers of the private banks have noticeable discontentment with some of the banking service quality dimensions, which have significant effect on satisfaction and loyalty tendency of the customers. The findings furthermore provide interesting insights and generated theoretical implications, managerial implications and implications for marketing management practices based on the primary data and comments from respondents.

Theoretical Implication

This study has demonstrated that the dimensions of the BSQ model which were used to measure the perceived service quality of the Ethiopian private banking sector, are characterized by a good level of validity and reliability; it is therefore appropriate for measuring the perceived level of service quality in Ethiopian banking sector. The study also confirmed the findings of other researchers which have theorized a significant relationship between perceived service quality and customer satisfaction and loyalty (Mesay(2012), Glaveli, petridou, Liassides, and Spathis (2006), Korda and Snoji(2010), Cronin, Brady, and Hult 2000, Ogunnaike and O(2010), Naik, Gantasala and Prabhakar(2010), Jabnoun and Khalifa, 2005, Kumar, Kee and Manshor (2009) and the mediation effect of customer satisfaction in the complex relationship between service quality and customer loyalty(Brady , Cronin and Hult, 2001 and et al)

Managerial Implication

In the research it was found that the evaluation of service quality of dimensions such as reliability, access, service portfolio and price in general and some specific items within the dimensions were fairly unsatisfactory. The discontentment can be attributed to such factors as managerial, operational and technological difficulties. The managerial problems which are manifested in the study in terms of red tapes and contradictory decisions are possibly the result of weak upward contact in terms of interaction and communication of managers and employees and/or customers and employees (Parasuraman et al, 1990) failure to work as a team and failure of Customer service Managers (CSMs) in monitoring and controlling the overall work flow.

An effective communication between the customer and personnel has a vital role in delivering a quality service and management should improve this sort of communication by creating a number of platforms and tools (Parasuraman et al, 1990). And in the same manner the layers of communication between the management and customer facing employees have to be easily navigable and well-suited for smooth and rapid communication and decision making. corporate wise teamwork evidenced by inter-branch and intra-branch coordination are also lacking inferring from the relatively low assessment of items such as contradictory decision making and bureaucracy within the sector, these have to be of high concern to managers and stakeholders in

the private sector. The monitoring and controlling capability of managers, CSMs, and controlling units from the centre are also has a lot to do with the discontentment in some of the items and dimensions.

The research findings suggested that the private banks are suffering from technological difficulties. It is worthy mentioning that technological support has a positive impact on contact employees' performance and a bank's service quality. Having effective technology helps employees to perform the job effectively and deliver a superior customer service. Having high standards of technology helps contact employees to provide an error-free and fast service to bank customers, and also provide employees with easy to access information about external customers. The insufficient ATM infrastructure falls in the technologically imperative too since it provides considerable cost reduction to the service providers and convenience to bank customers (Elmayar, 2012). Therefore, managers and stakeholders must find ways to improve bank technology.

Operational issues related with speed of service delivery and waiting time make up huge contribution to the perception service quality in the eyes of the customer. Keeping that in mind the private sector banks have scored low mean ratings in the instrument item that specifically capture such operational issues in retail banking environment; delivering as promised, rapid/short waiting time and service delay. The private banks have to work hard ahead to meet internal standards of service delivery timing, speedy and queue-less service at the banking hall and other banking service. In the meantime, better management of such operational issues is expected to improve quality perception of customers and this can be done by employing queue management/ticket system, providing decent waiting area and by maximum usage of available tellers/windows at all times of the day in retail branches.

Implications for marketing management practice

Banking Service Quality (BSQ) scale was the result systematic combination of the North American model (specifically, SERVQUAL) and the expanded service marketing mix, i.e. product/service, price, place, promotion, people, physical evidence and process (Bahia and Nantel, 2001). And the research findings have significant implication for service marketing mixes strategy applied by the banks in the private sector. The service portfolio dimension which

is interlinked with product/service strategy has been found to contribute in satisfying and retaining customers. Despite that, the private sector banks have medium rating on overall and specific items. Providing a diversified service ranging from saving accounts to letter of credit to credit extension service is of high importance to the customers. In addition, new and innovative banking services such as mobile and internet banking have to be introduced in the sector. The process of service delivery should also be convenient, comforting and technology based. For example, most of the private banks including the once surveyed do not have a mobile alert communication system for account based transactions, lags behind in adopting one-window customer service and have low level of outlying branch connectivity. These and other comments of the respondents signal low level of service innovativeness in the private banking sector.

The price dimension of the BSQ model is directly derived from the price strategy of service marketing mix. Price in the model holds both monetary and non-monetary connotation. Price in monetary term represent financial fee/commission that the customer has to pay for receiving the banking services(sometimes the other way around) and the non-monetary cost is in terms of the indirect cost of information and other psychological costs of customers in the relationship they had with the banks. In the survey, commission and service fees were felt by the respondents a bit high. Although, there are many other strategic and competitive factors that play out (Amdemikael, 2012), at least clarification and justification of fees can be made through customer facing employees at the point of transaction (especially for outlying branch withdrawals and money transfer services).

The private banking sector banks have generally low distribution/branch coverage within the country. Again, this might be a strategic decision to some level. However, the customer would surely appreciate and stay loyal to the banks if they have good reach and intensity of distribution in cities and areas within cities. Another issue related with channel of channel of distribution is the Automatic Teller Machine (ATM) infrastructure. ATM provides convenience to the customers and reduces business cost to the banks (Tewodros,2011). The service at the private banks is frequently disrupted and the level of distribution is insufficient. Significant improvement has to be made in expanding the network infrastructure and reducing the down time of the system. Modern banking services such as mobile, internet banking and agency

banking (using third parties outlets/premises) are also good alternatives for delivering the service at customers' convenience in terms of time and cost.

The promotion mix of service marketing in the banking sector is incorporated in BSQ instrument by indicators such as reputation and communication quality. The indicators have a good score with minor room for improvement in integrating all communication touch-points to forward a key message of quality service. The tangible dimension is related with physical environment in the retail banking halls and service tangibles have been found out to have significant influence on satisfaction of customers. This is also supported by different local researches (Mesay, 2012; Yonatan(2010) et al). In the survey customers had generally good assessment of service evidences but some of the comments have pointed insufficiency of waiting areas and the like.

The processes and system strategy of service marketing mixes have indicator level representation in many of the dimensions including assurance and effectiveness, access and reliability. Seamless and fairly standardized process and system is at the heart of banking operation. The private banks, according to the survey have some difficulties in building a process based organizational system that address the needs of their customers. Continuous process improvement is required in meeting service standards, accuracy and speed of service delivery since organizational process and system have counterproductive effect in quality perception of most of the dimensions and satisfaction and loyalty, if managed poorly.

Service in general and banking service in particular is produced in interaction of employees and customers. Especially, the role of customer facing employees/tellers is a make or break factor. In the survey most of the customers participated have good opinion about the tellers. And continuous training on customer service, conducive working environment and an attractive pay package that fairly compensate the hardship and the risks associated with work creates good work motivation and a better customer orientation. Working in that direction is required to further increase the productivity private bank employees.

Future Research Implication

Retail banking has many facets and a wide range of financial service offerings within it; from the common saving, time and current deposits to credit extension and letter of credits and foreign exchange buying/selling. Going ahead, analyzing the customers' perception/evaluation of service

quality in definite service offering, say, credit service could give a better picture and powerful diagnostic tool in improving quality in the eyes of the customers. Comparative assessment of service quality in private and public or between new and old generation private banks using the BSQ scale is viable and vital in mapping the shortcomings in service quality among the two sectors and share best practices. The effect and variation of service quality perception by factoring in socio-economic and demographic variables could also breakdown the problem to a more treatable and concrete level and also give useful insight into the significance of customer's behavioral and cognitive inclinations in service quality evaluation. And finally, since this research includes few private banks and samples of respondents a relatively large survey study that let in possibly all private banks and large sample size would have a high level of reliability and could better outline the discrepancies and deficiencies of the private banking sector.

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APPENDICES

Banking Service Quality (BSQ) Survey Questionnaire/Modified/

Section One: Personal Details

Instruction: Mark the following questions that describe yourself and the relationship you have with your bank

1. Gender: Male ☐ Female ☐

2. Occupation: I. Student II. Private Organization

III. Public servant IV. Businessman/woman

IV. Other

3. Type of service used at the bank:

I. saving accounts II. Current account III. Loan service

IV. Money transfer V. ATM VI. Other ……

4. How often do you visit your branch?

I. once a day on average

II. Once a week on average

III.Less often than once a month

5. How long have you been dealing with this bank?

I. less than 6 month II. 6 month- 1 year III. 1 year- 2 year IV. 2 year- 3 year

V. More than 3 years

Section Two: *Perception of Service Quality*

Instruction: The following statements relate to your perception (view/opinion/observation) about this bank. For each statement, please show the extent to which you believe the bank has the feature described by the statement after reading carefully. Use the response from "1" to "7" to answer your level of agreement or disagreement, where indicating or circling "1" means that you very strongly disagree, "2" strongly disagree, "3" disagree, "4" neither agree nor disagree/don't know, and "5" agree, "6" strongly agree and "7" very strongly agree.

Service quality Dimensions	*No.*	*Service quality Dimensions statements*	*Your perception*						
Effectiveness and assurance	1.	The behavior of employees in the bank instills confidence.	1	2	3	4	5	6	7
	2.	Bank employees give recognition to regular customers with special service.	1	2	3	4	5	6	7
	3.	The bank places great importance on Customers' confidentiality.	1	2	3	4	5	6	7
	4.	Bank employees valorize customers to the company by handling them well (phrase change)	1	2	3	4	5	6	7
	5.	The bank has no interruption of service.	1	2	3	4	5	6	7
	6.	The bank has well-trained employees	1	2	3	4	5	6	7
	7.	Bank employees have the knowledge to answer your questions on personal basis	1	2	3	4	5	6	7
	8.	No contradictions in decision between employees and management in this bank.	1	2	3	4	5	6	7
	9.	The bank provides its services at the time it promises to do so	1	2	3	4	5	6	7
	10.	The bank has good reputation.	1	2	3	4	5	6	7
	11.	You feel secured in your transactions with the bank.	1	2	3	4	5	6	7
	12.	No delays due to bureaucratic factors and procedures in this bank.	1	2	3	4	5	6	7
	13.	The bank communicates and indicates high quality	1	2	3	4	5	6	7
	14.	The bank has good level of branch coverage/distribution(new)							
	15.	The opening/working hours of the bank is long and convenient(new)							
Access	16.	The bank has sufficient number of ATMs.(modified)	1	2	3	4	5	6	7
	17.	The bank has modern equipments	1	2	3	4	5	6	7
	18.	The bank has sufficient number of Open tellers.	1	2	3	4	5	6	7
	19.	Waiting time and queues are short and quick in	1	2	3	4	5	6	7

		this bank (merged).							
			1	2	3	4	5	6	7
Price	20.	The bank contacts me every time it is useful.	1	2	3	4	5	6	7
	21.	The bank provides good explanations of service fees.	1	2	3	4	5	6	7
	22.	The bank explicitly states the service fee based on the balance/service type (modified)	1	2	3	4	5	6	7
	23.	The bank takes reasonable fees for the services it provides	1	2	3	4	5	6	7
	24.	The bank keeps customers informed every time that a better solution appears for problems.	1	2	3	4	5	6	7
Tangibles	25.	The bank uses high standard service receipts, forms, documents and pamphlets. (modified)	1	2	3	4	5	6	7
	26.	The bank has good level Of cleanliness of facilities.	1	2	3	4	5	6	7
	27.	The bank facilities are well-decorated	1	2	3	4	5	6	7
	28.	The bank has efficacious work environment	1	2	3	4	5	6	7
Service portfolios	29.	The bank offers complete gamut of Services.	1	2	3	4	5	6	7
	30.	The bank offers services that are consistent with the latest innovation in banking services.	1	2	3	4	5	6	7
Reliability	31.	service delivery errors are absent in this bank	1	2	3	4	5	6	7
	32.	The bank has precision of filing/documentation systems.	1	2	3	4	5	6	7
Overall service quality	33.	Taking everything into consideration, this bank is an excellent bank	1	2	3	4	5	6	7

Section Three: Customer satisfaction and customer loyalty measurement

Variable	*No.*	*Measurement item*	*Your rating*						
3.1. Customer satisfaction	1.	Overall, I'm satisfied with the services of this bank.	1	2	3	4	5	6	7
3.2. Customer loyalty	1.	I will go on using this bank	1	2	3	4	5	6	7
	2.	I often recommend the bank to others	1	2	3	4	5	6	7
	3.	This bank will always be my first choice	1	2	3	4	5	6	7

You can write down your personal opinion and suggestions for viable solutions about the banks service delivery and related issues

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አዲስ አበባ ዩኒቨርሲቲ ንግድ ሥራ ትምህርት ቤት

የገበያ አመራር ድህረ-ምረቃ ፕሮግራም

<u>የባንኮች አገልግሎት ጥራት መለኪያ መጠይቅ</u>

ውድ መላሾች

ይህ ጥናት ከንግድ ስራ ኮሌጅ የድህረ ምረቃ ትምህርት ክፍል በገበያ አመራር ትምህርት (Masters of Art in Marketing Management) ከፊል ማሟያነት፤ በኢትዮጵያ የሚገኙ የግሉ ዘርፍ ባንኮች የአገልግሎት ጥራት እና ተዛማጅ ጉዳዮች ላይ ያተኮረ ነው። የምርምር ጥናቱ ተወዳዳሪ እና ጥራት ተኮር የሆኑ የግል ባንኮችን ለመፍጠር የሚደረገውን ጥረት ያግዛል ተብሎ ታምኖበታል። እርሰም ይህንን በመገንዘብ መጠይቁን በአግባቡ በመሙላት የበኩሎን ትብብር እንዲያደርጉ በትህትና እየጠየቅሁ ከዚሁ ጋር በተያያዘ ማንኛውም የምትሰጡት ምላሽ በተገቢው ሁኔታ በሚስጥር ተጠብቆ የሚቀመጥ ከመሆኑም ባሻገር ለጥናቱ አገልግሎት ብቻ የሚውል መሆኑን ላረጋግጥሎት እወዳለሁ፡፡ ለምታደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ፡፡

ከሰላምታ ጋር

<u>ክፍል አንድ</u>፡ የግል መረጃ

<u>መመሪያ</u>፡ እባክዎ ለጥያቄዎቹ በመልስነት ከቀረቡት አማራጮች እርሶን እና ከባንኩ ጋር ያሎትን ግንኙነት የሚገልፀውን ምላሽ ውስጥ ምልክት (√) በማድረግ ምላሽዎትን ይስጡ፡፡

1. ጾታ ፡ ወንድ ☐ ሴት ☐

2. የስራ መስክ፡ ተማሪ ☐ የግል ድርጅት ሠራተኛ ☐ንግስት ሠራተኛ ☐ዬ ☐ ☐

3. በባንኩ የሚጠቀሟቸው የአገልግሎት አይነት/ቶች፡

የተቀማጭ ሂሳብ ☐ ተንቀሳቃሽ ሂሳብ ☐የብድር አገልግሎት ☐

የሃዋላ አገልግሎት ☐ ኤ.ቲ.ኤም ☐ ሌላ .....☐.....

4. ወደ ባንኩ ምን ያህል ጊዜ ይመጣሉ?

በአማካይ በቀን አንድ ጊዜ ☐ በአማካይ በሣምንት አንድ ጊዜ ☐ር አንድ ጊዜ እና ከዛ በላይ ☐

5. ከባንኩ ጋር ያሎት ግንኙነት ምን ያህል ጊዜ ሆነው?

ከ6 ወር በታች ☐ ከ 6 ወር - 1 አመት ☐ ከ1-2 አመት ☐2-3 አመት ☐

ከ3 አመት በላይ ☐

<u>ክፍል ሁለት</u>፡ የአገልግሎት ጥራት አመለካከት

<u>መመሪያ</u>፡ ከታች የተቀመጡት የአገልግሎት ጥራት መገለጫ ዝርዝር አረፍተ ነገሮች ከባንክ የአገልግሎት ጥራት ጋር የተያያዙ ናቸው። ስለዚህም እያንዳንዱን የአገልግሎት ጥራት መገለጫ ዝርዝር አረፍተ ነገሮች በትኩረት ካነበቡ በኃላ ስለባንኩ ያለዎትን

አመለካከት/ግምገማ/እይታ ከተጠቀሱት አረፍተ ነገሮች ጋር በማወዳደር ከ 1-7 በተቀመጡት ቁጥሮች ላይ በማክበብ እንዲያሰፍሩ እጠይቃለሁ። '1' እጅግ በጣም አልስማማም ሲሆን '2' በጣም አልስማማም' '3' አልስማማም '4' ገለልተኛ/አላውቅም '5' እስማማለሁ '6' በጣም እስማማለሁ እና '7' እጅግ በጣም እስማማለሁ የሚሉትን ይወክላሉ።

የአገልግሎት ጥራት መገለጫዎች	ተ.ቁ	የአገልግሎት ጥራት መገለጫ ዝርዝር ዓረፍተ ነገሮች	የእርሶ ግምገማ						
ውጤታማነት እና ዋስትና/መተማመኛ	1.	የባንኩ ሰራተኞች ፀባይ/ባህሪ መተማመንን ይፈጥራል	1	2	3	4	5	6	7
	2.	የባንኩ ሰራተኞች ለቋሚ ደንበኞች የተለየ እና ጥሩ አገልግሎት በማቅረብ እውቅና ይሰጣሉ	1	2	3	4	5	6	7
	3.	ባንኩ ለደንበኞች መረጃ ሚስጥራዊነት ትልቅ ቦታ ይሰጣል	1	2	3	4	5	6	7
	4.	የባንኩ ሰራተኞች ደንበኛን በአግባቡ በመያዝ ለባንኩ ያላቸውን እሴት/ዋጋ ይጨምራሉ	1	2	3	4	5	6	7
	5.	ባንኩ የአገልግሎት መቆራረጥ አያጋጥመውም	1	2	3	4	5	6	7
	6.	የባንኩ ሰራተኞች በአግባቡ የሰለጠኑ ናቸው	1	2	3	4	5	6	7
	7.	የባንኩ ሰራተኞች የእርሶን ጥያቄዎች ምላሽ ለመስጠት በቂ እውቀት አላቸው	1	2	3	4	5	6	7
	8.	በባንኩ ሰራተኞች እና በስራ አመራሮች መካከል የውሳኔ ልዩነት/ተቃርኖ አይታይም	1	2	3	4	5	6	7
	9.	ባንኩ እፈጽማለሁ ብሎ ቃል በገባው ጊዜ ውስጥ አገልግሎቶቹን ያቀርባል(ለምሣሌ የቁጠባ ወይም የሌሎች ሂሳብ ገቢ/ወጪ ፣ የብድር ጥያቄዎችን እና የመሳሰሉትን በተቀመጠላቸው የጊዜ ገደብ ፕሮሰስ ያደርጋል፤ ይፈፅማልም)	1	2	3	4	5	6	7
	10.	ባንኩ ጥሩ ስም/እውቅና አለዉ	1	2	3	4	5	6	7
	11.	ከባንኩ ጋራ በማደርገው ግብይቶዎች ፍፁም ደህንነት ይሰማኛል	1	2	3	4	5	6	7
	12.	የባንኩ አገልግሎቶች በአስተዳደራዊ ችግሮች ምክንያት አይዘገዩም	1	2	3	4	5	6	7
	13.	ባንኩ በማስታወቂያ እና በተለያዩ መልዕክት ማስተላለፊያዎች ከፍተኛ ጥራትን ያመላክታል/ያስተላልፋል	1	2	3	4	5	6	7
ተደራሽነት	14.	ባንኩ በቂ የቅርንጫፍ ሽፋን አለው	1	2	3	4	5	6	7
	15.	በባንኩ የአገልግሎት መስጫ ስዓት ሰፊ እና አመቺ ነው	1	2	3	4	5	6	7
	16.	ባንኩ በቂ የገንዘብ መክፈያ ማሽኖች(ኤ.ቲ.ኤም)አሉት	1	2	3	4	5	6	7
	17.	ባንኩ ዘመናዊ መሣሪያዎች አሉት(ኤ.ቲ.ኤም ማሽን፣ ገንዘብ መቁጠሪያ እና መመርመሪያ ማሽን፣የወረፋ ማስተናበሪያ ሲስተም፣ ዘመናዊ ኮምፒውተሮች እና የመሳሰሉት)	1	2	3	4	5	6	7
	18.	በባንኩ በቂ ክፍት የአገልግሎት መስጫ መስኮቶች አሉ	1	2	3	4	5	6	7
	19.	በባንኩ የአገልግሎት መጠበቂያ ጊዜ/ወረፋ አጭር እና ፈጣን ነው	1	2	3	4	5	6	7

ዋጋ	20.	ባንኩ አስፈላጊ በሆነበት ጊዜ እኔን ለማናገር ይሞክራል	፩	2	3	4	5	6	7
	21.	ባንኩ በአገልግሎት ክፍያ ዙሪያ ጥሩ ማብራሪያ ይሰጣል	፩	2	3	4	5	6	7
	22.	ባንኩ የአገልግሎት ክፍያ መጠኑን በሂሳቦ/በአገልገሎቱ መሠረት ያስቀምጣል/ያሳውቃል	፩	2	3	4	5	6	7
	23.	ባንኩ ለሚሰጠው አገልግሎት ተመጣጣኝ ክፍያ ይጠይቃል	፩	2	3	4	5	6	7
	24.	ባንኩ ችግሮችን የሚፈቱ አዳዲስ መፍትሄዎች ሲገኙ ለደንበኞችን ያሳውቃል	፩	2	3	4	5	6	7
ተጨባጭ ሁኔታዎች	25.	ባንኩ ደረጃቸውን የጠበቁ የግብይት ደረሰኞችን፣ ሰነዶችን እና የመረጃ ጹሁፎችን ይጠቀማል/ይሰጣል (ወጪ/ገቢ/ሃዋላ ደረሰኞች ፣የባንክ ደብተር ፣ የደንበኛ ሰነዶች፣ መረጃ የያዙ ጹሁፎችን እና የመሳሰሉትን ይመለከታል)	፩	2	3	4	5	6	7
	26.	ባንኩ ንፁህ የአገልግሎት መሰጫ ቦታና ቁሳቁሶች አለው	፩	2	3	4	5	6	7
	27.	ባንኩ የተዋቡ የአገልግሎት መሰጫ ቦታና ቁሳቁሶች አለው	፩	2	3	4	5	6	7
	28.	ባንኩ ውጤታማ የስራ መንፈስ አለው	፩	2	3	4	5	6	7
የአገልግሎት ስፋት እና አይነቶች	29.	ባንኩ ሰፊ የባንክ አገልግሎቶችን ያቀርባል	፩	2	3	4	5	6	7
	30.	ባንኩ የዘመኑ ደረጃ የደረሰበትን የባንክ አገልግሎቶች ይሰጣል	፩	2	3	4	5	6	7
አስተማማኝነት	31.	ባንኩ ስህተቶችን አይሰራም	፩	2	3	4	5	6	7
	32.	ባንኩ በጣም ጥሩ የሰነድ/መረጃ አያያዝ አለው	፩	2	3	4	5	6	7
<u>አጠቃላይ የአገልግሎት ጥራት</u>	33.	እያንዳንዱ ነገር ከግምት ውስጥ በማስገባት ይህ ባንክ እጅግ በጣም ጥሩ ባንክ ነው	፩	2	3	4	5	6	7

<u>ክፍል ሰባት</u>: የደንበኞች እርካታ እና ታማኝነት ምዘና

መመሪያ: ከዚህ በመቀጠል የቀረቡ ዓረፍተ ነገሮች በባንኩ ላይ ያለዎትን የእርካታ እና ታማኝነት ስሜት ያመለክታሉ። ፩' እጅግ በጣም አልስማማም ሲሆን '2' በጣም አልስማማም' '3' አልስማማም '4' ገለልተኛ/አላውቅም '5' እስማማለሁ '6' በጣም እስማማለሁ እና '7' እጅግ በጣም እስማማለሁ የሚሉትን ይወክላሉ።

ተዘማጅ ሃሳቦች	ተ.ቁ	ዓርፍተ ነገሮች	*የእርሶ ግምገማ*						
3.1.የደንበኞች እርካታ	፩.	ባንኩ በሚሰጠው አገልግሎቶች እረክቻለሁ	፩	2	3	4	5	6	7
3.2. የደንበኞች	፩.	በባንኩ መጠቀሜን እቀጥላለሁ	፩	2	3	4	5	6	7

ታማኝነት	2.	ብዙ ጊዜ ባንኩን ሌሎች ሰዎች እንዲጠቀሙ እጠቁማለሁ/እመክራለሁ	1	2	3	4	5	6	7
	3.	ባንኩ ምን ጊዜም ቢሆን የመጀመሪያ ምርጫዬ ነው	1	2	3	4	5	6	7

በባንኩ የአገልግሎት አሰጣጥ እና ተዛማጅ ጉዳዮች ላይ ያለዎትን አስተያየተ ሆነ የመፍትሄ ጥቆማ ከታች በተቀመጠው ቦታ ላይ ማስፈር ይችላሉ----------

Item statistics and Item total statistics

Item Statistics		
	Mean	Std. Deviation
Instills confidence	5.5645	1.44965
recognition of regular customers with special service	5.4597	1.51630
Confidentiality	5.7258	1.43328
Valorization of clients	5.3952	1.49698
no interruption of service	3.8952	1.82938
The bank has well-trained employees	5.1371	1.67397
knowledge of customers'	5.2742	1.60456
No contradictions in decision	4.9032	1.53771
Delivering when promised	4.7581	1.49455
Good reputation	5.8468	1.12651
Feeling of security	5.5242	1.29077
No delays due to bureaucracy	4.9919	1.50606
communication of quality	5.4032	1.34297
Branch distribution	4.9435	1.51041
Opening hours	5.5565	1.42168
Sufficient ATMs	4.1532	1.70148
Modern equipment	4.7258	1.59949

Open tellers	4.7903	1.42723
Waiting time	4.8629	1.45577
Bank contact	5.0484	1.39602
Explanation of service fee	5.0726	1.59355
States service fee based on balance/service	5.0887	1.39693
Reasonable fee	4.9355	1.45245
Keeping clients informed	4.7823	1.53845
High standard materials	5.4113	1.44274
Cleanliness of facilities	5.4516	1.38725
Decoration of facilities	5.2581	1.41347
Efficacious work environment	5.4032	1.29363
Complete gamut of services	4.8065	1.35357
Consistency of offerings with the latest innovation	4.6210	1.62597
Absence of error	4.0000	1.56693
Precision of filing and documentation	5.2177	1.32861
Excellent bank-overall quality	5.0565	1.34529
overall customer satisfaction	5.0726	1.42094
Future intention of usage	5.1855	1.47261
Recommendation to others	4.9839	1.60276
My first choice	4.8226	1.63323

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Instills confidence	181.5645	1355.614	.674	.968
recognition of regular customers with special service	181.6694	1349.947	.694	.968
confidentiality	181.4032	1359.511	.644	.968
Valorization of clients	181.7339	1349.384	.709	.968
no interruption of service	183.2339	1346.587	.594	.969
The bank has well-trained employees	181.9919	1343.260	.681	.968
knowledge of customers'	181.8548	1341.849	.725	.968
No contradictions in decision	182.2258	1354.729	.641	.969
Delivering when promised	182.3710	1349.455	.710	.968
Good reputation	181.2823	1381.001	.566	.969
Feeling of security	181.6048	1365.737	.652	.968
No delays due to bureaucracy	182.1371	1358.640	.619	.969
communication of quality	181.7258	1380.916	.470	.969
Branch distribution	182.1855	1369.583	.517	.969
Opening hours	181.5726	1372.588	.522	.969
Sufficient ATMs	182.9758	1363.016	.507	.969
Modern equipmnet	182.4032	1352.584	.633	.969

Open tellers	182.3387	1351.153	.728	.968
Waiting time	182.2661	1354.880	.678	.968
Bank contact	182.0806	1362.937	.628	.969
Explanation of service fee	182.0565	1333.029	.808	.968
States service fee based on balance/service	182.0403	1359.876	.658	.968
Reasonable fee	182.1935	1354.694	.681	.968
Keeping clients informed	182.3468	1345.220	.727	.968
High standard materials	181.7177	1349.977	.732	.968
Cleanliness of facilities	181.6774	1351.846	.744	.968
Decoration of facilities	181.8710	1349.138	.756	.968
Efficacious work environment	181.7258	1355.680	.759	.968
Complete gamut of services	182.3226	1353.310	.748	.968
Consistency of offerings with the latest innovation	182.5081	1346.691	.673	.968
Absence of error	183.1290	1371.414	.480	.969
Precision of filing and documentation	181.9113	1364.277	.648	.968
Excellent bank-overall quality	182.0726	1353.661	.749	.968
overall customer satisfaction	182.0565	1347.355	.769	.968
Future intention of usage	181.9435	1343.208	.781	.968
Recommendation to others	182.1452	1336.499	.773	.968

My first choice	182.3065	1339.109	.735	.968