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Quality Assessment of Banking Services Based on the Analysis of Customer Satisfaction

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Abstract

The goal of all service providers, including banks, is to provide tailor-made and customer-friendly services. As financial service providers, and in particular, banks, operate in a non-differentiated environment, service quality is recognized as the first weapon of competition. Customers guarantee the survival of banks, and what has an effect on this process is their trust in these banks. The main purpose of this research is to investigate customer satisfaction and banking services. The statistical population in this research is the customers of commercial banks in Mazar-e-Sharif city and in order to achieve the study goal, the study adopted a survey research design and employed a stratified random sampling. Primary data was collected using structured questionnaires and analyzed quantitatively. The influence of Tangibility, Reliability, Responsiveness, Assurance, Empathy, and Trust on banks' customer satisfaction was examined by multivariate linear regression. The empirical findings show that Tangibility, Reliability, Responsiveness, Assurance, Empathy, and Trust have a significant and positive relationship with a p-value < 0.05 to the dependent variable customer satisfaction.

The main purpose of this research is to identify and determine the factors affecting customer satisfaction from the banking services offered by commercial banks in Mazar-e-sharif.

Keywords: customer behavior, customer satisfaction, financial services, banking, quality of service, assessment.

1. Introduction

Organizations that achieve a higher level of service quality will have higher levels of customer satisfaction as a prelude to achieving sustainable competitive advantage. The banking system is also one of the important components of the economy of each country, and it has a very heavy responsibility.

In recent decades, the intensification of competition among firms to drive more market share has led them to a more accurate and deeper understanding of the needs and demands of customers. This will not happen in itself, given the growing complexity of the economic, social, and cultural systems, but it requires systematic methods that transform these concepts into an organizational process. On the other hand, changing the wants, needs, and expectations of customers is an undeniable fact, so first, you need to know what the customer wants and then look for the means to realize it.

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Banking and financial services form an important part of the service industry. In Afghanistan, despite the growing importance of the service sector in the national economy, this sector has been neglected and has not been addressed in management texts. Therefore, this research has been attempted to explain the factors affecting customers' satisfaction with the banking services in Mazar-e-sharif.

2. Discussion

Banks make the economic turn of a country. We can say that banks have the economic impetus of a country. Because it is the central bank that prints money that controls monetary relations. Most importantly, capital is transferred from abroad by the same authority and used by the same institution in the new projects and foundations of a country. There is a public and private banking system in Afghanistan. All of these banks are controlled by the Da Afghanistan bank or the country's central bank. The new Banking Law of the Afghan Government, while developing state-owned banks, also provides the opportunity for private banks to expand and operate in order to enable the banks to realize their economic plans and provide financial resources for profitable and productive economic activities.

Significance of the Study

The present study helps the banks' managers to gain knowledge about the behavior of bank customers. For this reason, the study attempts to present new ways to improve the quality of services of commercial banks to achieve customer satisfaction. New laws and regulations of the Central Bank of Afghanistan and its implementation by commercial banks directly affect customer satisfaction. For example, since the beginning of 2019, customers with a dollar deposit bank account cannot withdraw more than 500 \$ in a day. If they need more money, more days are needed to withdraw money from their bank accounts. Also, each withdrawal has some bank charges. The study, therefore, helps commercial banks' managers and law-makers of the Central Bank of Afghanistan to understand banks' customer behavior and satisfaction. In general, this study adds to the knowledge of banks' managers about customer satisfaction and provides a good guide for shaping banking policies.

Table 1. Theoretical and empirical literature review

No	Concepts of study	Term	Reference
1	Customer Satisfaction	Customer satisfaction is especially important for banks. Banks are working to provide their customers with high quality services. Customers also want the best value for their deposited money, and there's no attempt at choosing the best service.	(Strategic Direction, 2007)
		When customers are satisfied and have a positive image of the bank, it takes a lot of time for bank competitors to convince these customers to use their services. Benefits of customer satisfaction include loyalty, increased bank profits and talking about bank services to others.	(He, Song, 2009; Sit et al., 2009).
		Satisfaction refers to a feeling can change due to different circumstances. This is in contrast to visible behaviors such as product selection, complaints, etc,	(Hom, 2000).
2	Customer Satisfaction and Banking Sector	Researchers in their study found that customers who used customer satisfaction surveys bought more products than the control group that did not participate in the survey, saying that the participation survey would lead customers to a better, more positive perception of that company has persuaded them to pay attention to the value of the company and its customers	(Wan et al., 2005).

		and their feedback.	
		Customer satisfaction is crucial for the development of banking strategies, and banks need to move towards customer-oriented management, and for banks it is a necessity to build a system to continuously capture and measure customer satisfaction.	(Chitwood, 1996).
		A researcher also found that banks need to use a variety of tools to achieve customer satisfaction that varies from service redesign to focusing on specific tasks.	(Mothey, 1994)
3	Customer Satisfaction and Customer Loyalty	Researchers in their study related to the customer's thoughts and actions, stated that customer loyalty is a state of mind and a set of beliefs that the exchange of information and the relationship between mind and behavior are the main elements of loyalty.	(Foss, Stone, 2001)
		Loyal customers often provide valuable information to service providers and service providers can use this information to their advantage, so customer satisfaction leads to customer loyalty, which ultimately leads to the profitability of the organization.	(Hallowell, 1996)
4	Customer Satisfaction and Service Quality	In the study, it has been shown that there is a close relationship between the quality of service and customer satisfaction, so that an increase in one factor leads to an increase in the other.	(Suresh chandar et al., 2002)
		In addition, researchers stated that Internet banking services are generally related to the overall satisfaction of New Zealand bank customers. They added that delivery of high-quality online services is needed to maintain or increase the satisfaction of bank customers.	(Rod et al., 2009)
5	Customer Perceptions and Behavior	Customer Satisfaction is a key variable for evaluating and controlling the marketing management of the bank.	(Moutinho, Smith, 2002)
		Many organizations at the end of the day have adopted a strategy to open up ways for consumers to submit their complaints. It is believed that knowing types of complaints helps companies to have profound knowledge of customer satisfaction, so indirectly we know the quality of services or products offered.	(Fornell, 2007)
		Their demand for the sensory quality, health, process and comfort has become more heterogeneous. Individuals are different and understand even the same thing.	(Smith, 2009)
6	Bank Selection Criteria	Also researchers in their study focused on the impact of demographic variables and psychological concepts on the positive virtues of channel characteristics. They showed that Automated Teller Machines, channels are often used by Internet banking and branch banking. The telephone banking channel was the least used.	(Hong Kong et al., 2005)
		On the other hand, small firms tend to have long-term business relationships with banks, enabling banks to attract customer loyalty. These firms still have lower pricing, and thus less likely to seek the lowest price of each service.	(Jones et al., 2002)
		In the field of bank selection criteria, several studies have been conducted. Most of these studies took advantages of primary data into form of questionnaires. Among these researches, some researches with a	(Che Wel, Noor, 2003)

		sample size of 578 bank customers is a remarkable research. In their research, they investigated to determine the effect of personal and sociological factors on customer bank selection. Their research findings showed that personal factors are more effective than social factors. Hence, banks must utilize strategies to meet market requirements to attract customers by focusing on personal factors and maintaining societal thinking.	
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Statement of Problem

In a general attitude of each customer after receiving service or buying and using goods is satisfied or dissatisfied. Satisfaction is the existence of a positive feeling that ultimately leads to the consumer, due to the satisfaction of customer expectations and supplier performance. Based on the level of customer expectations and received services, higher or lower than the level of customer expectations, in which he or she feels satisfaction or dissatisfaction. Today, customer satisfaction alone cannot be achieved merely by offering services. In a competitive market today, banks need to have a customer base to survive. They need to provide high-quality services that can provide customer satisfaction and loyalty. Today, reaching customer satisfaction, which ultimately leads to profitability, is the main goal of banks. Because there is a very strong relationship between quality of services, customer satisfaction, and the usefulness of banks. In today's world economy, banks need to capture all their activities and capabilities for customer satisfaction, because customers are the only source of return on investment. Therefore, today's competitive market requires all banks to become customer-oriented.

Customer satisfaction is considered important for banks and they're winning or losing; how many percent of their customers can keep. The success of customer retention depends on customer satisfaction, which can be a great help in measuring the quality of the services. If a bank wants to have customer satisfaction, it must identify the effective factors of customer satisfaction. Customer Satisfaction is a key factor in determining the success of banks in relation to customers (Fecikova, 2004).

Customer satisfaction is an assessment of how the organization's overall performance is in relation to the set of customer expectations. The basic justification for assessing customer satisfaction is providing information that enables managers to make the right decisions to maximize customer satisfaction and thereby improve customer retention (Hill et al., 2003).

Banks offer customers the same services at the same cost everywhere, Therefore, bank managers seek to increase the quality of services in order to differentiate their services from other banks (Ghazizadeh et al., 2010)

Quality of service has a close relationship with customer satisfaction in the banking industry (Avkiran, 1994)

Improving service quality increases customer satisfaction, which results in behavioral outcomes such as commitment, willingness to stay, the creation of a link between the service provider and the customer, increasing customer satisfaction with the bugs in providing services and positive advertisements about the bank (Katircioglu et al., 2005)

Determining factors affecting customer satisfaction and knowing the bank's image and its influential factors will provide the ground for adopting appropriate strategies and enhancing the level of performance. On the other hand, an increase in the quality of services, perhaps the only difference between a bank with the same level of service quality, is a way to succeed in the new banking industry.

2. Methodology

It is based on an applied purpose and because it describes the conditions or phenomena under study and expresses the effect of variables, it is descriptive and causal in terms of data collection. "Customer satisfaction" is a dependent variable, "tangibility", "reliability", "accountability", "reliability", "solidarity" and trust are independent variables.

The most important methods of data collection in this research have been library and field studies. In the library method, first and second-hand sources including books, articles, dissertations, and the World Wide Web have been used to collect information in the field of theory and literature. In the field method, a questionnaire was used to collect data and information and analyze it.

In order to measure the research variables, a general questionnaire was used. The questionnaire questions are divided into general and specialized questions. General questions are questions about the respondent's characteristics such as gender, age, work experience, organizational position, and degree. Specialized questions are also presented in the form of a standard questionnaire:

Research Questions

1. What factors affect customer satisfaction with banking services in Mazar-i-Sharif?

Research Hypothesizes

1. Tangibility has positive and significant relationship with Customer Satisfaction.
2. Reliability has positive and significant relationship with Customer Satisfaction.
3. Responsiveness has positive and significant relationship with Customer Satisfaction.
4. Assurance has positive and significant relationship with Customer Satisfaction.
5. Empathy has positive and significant relationship with Customer Satisfaction.
6. Trust has positive and significant relationship with Customer Satisfaction.

Sample and Data

The population of the study is all commercial banks, which operate in Mazar-i-sharif. In this study, stratified simple random sampling is used. The data used in this study covers period for the year 2020. The data type is primary and collected by distributing questionnaires to 150 customers of commercial banks in Mazar-i-sharif. The sample of this research includes: Afghanistan International Bank, Ghazanfar Bank, Maiwand Bank, Afghan United Bank, Azizi Bank, Bank-e-Millie Afghan, First MicroFinance Bank-Afghanistan, New Kabul Bank and Pashtany Bank.

Data Analysis

Research method is both qualitative and quantitative and data analysis is done with SPSS and Minitab 17.

Conceptual model of research

The conceptual model framework of the present study is drawn in Figure 1 based on the structural equation modeling approach. In this model, the exogenous variables of the research as an external variable as the quality of bank services to customers and the rest of the latent variables as endogenous variables of the research have appeared in this study.

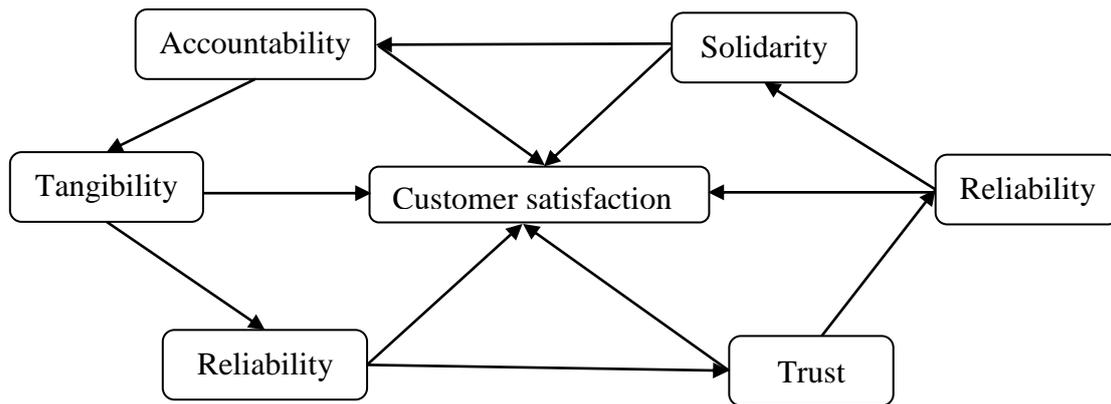


Fig. 1. Factors of customer’s satisfaction with banking services
Compiled by author

3. Results

In order to describe the data and information, the most common scattering and central index has been used to examine how the statistical sample is distributed in terms of variables such as gender, age, position, level of education of bank customers.

Gender Segregation of Respondents: As can be seen in [Table 1](#), 68 % of the respondents are men and 32 % are women.

Table 1. Gender Segregation of Respondents

Category	Frequency	Percentage
Male	102	68 %
Female	48	32 %
Total	150	100 %

Age Segregation of Respondents: As shown in [Table 2](#), 18 % of the respondents are under 25 years, 54 % of the respondents are in the age group of 25-40 years, and 28 % of the respondents are in the age group of over 40 years.

Table 2. Age Segregation of Respondents

Category	Frequency	Percentage
Under 25 years	27	18 %
25 – 40 years	81	54 %
More than 40 years	42	28 %
Total	150	100 %

Educational level of Respondents: As shown in [Table 3](#), 19 % respondents are uneducated, 39 % are at primary level, 21 % are school graduate and 21 % have higher education.

Table 3. Education Level of Respondents

Education level	Frequency	Percentage
Uneducated	29	19 %
Primary	59	39 %
School Graduate	32	21 %
Higher Education	30	21 %
Total	150	100 %

Occupation of Respondents: As shown in [Table 4](#) shows 30% are employed by public sector (Government), 31 % are employed by private sector including NGOs, 18% are self-employed, 2 % are retired people and 19 % are students.

Table 4. Occupation of Respondents

Occupation of Clients	Frequency	Percentage
Employed public sector	45	30 %
Employed private sector	47	31 %
Self-Employed	27	18 %
Retired	3	2 %
Student	28	19 %
Total	150	100 %

After confirmatory factor analysis and recognition of variables, appropriate analysis of hypotheses in the SPSS and Minitab 17 software has been used.

4. Conclusion

We performed normality test, heterogeneity test and estimated data with linear regression. The results show that the standard deviation of the dependent variable (Customer Satisfaction) and independent variables (Tangibility, Reliability, Responsiveness, Assurance, Empathy, and Trust) are smaller than their mean. If the standard deviation is bigger than the mean, it shows the multi-collinearity among the data and also reveals that data are not normally distributed. So it clearly indicates that the Standard deviation of all variables (Customer Satisfaction, Tangibility, Reliability, Responsiveness, Assurance, Empathy, and Trust) are smaller than their mean. it reveals that data are normally distributed and also there is no evidence that there is a multi-collinearity with the data.

After all these tests, we estimated the data with multi-variate linear regression. The regression analysis shows that Tangibility, Reliability, Responsiveness, Assurance, Empathy and Trust have significant and positive relationship with dependent variable customer satisfaction with p-value < 0.05.

As we found, Tangibility, Reliability, Responsiveness, Assurance, Empathy and Trust have positive and significant relationship with customer satisfaction with p-value < 0.05. So hypothesis 1, 2, 3, 4, 5 and 6 are accepted.

5. Recommendations

Based on findings of this study some recommendations are forwarded as follows:

- Banks must act correctly and accurately in delivering their services to customers, and create a sense of confidence with customers as well as a trust-based atmosphere between themselves and their customers.

- Bank employees should behave in their dealings with customers, depending on their mood and personality traits.

- Banks must take into account all facilities, public spaces of the bank, the appearance of employees, and, ultimately, the communication channels through which services are provided, as well as the internal quality of service.

- Banks must provide the desired image by providing service and responsiveness.

- Banks need to have appropriate facilities for transferring customers' points of view and continuous exchange of ideas.

- Banks need to upgrade the bank's system to increase the speed of the machines and save time and cost for customers.

- Banks should identify hidden needs and expectations of customers and expand the scope of banking services.

- Banks should establish a relationship between employee staff and the number of responses to customers.

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