

Quality of banking service and its impact on customer satisfaction

Tarzi Amina

University of Algiers3, tarzi.amina@univ-alger3.dz

Received: 14/06/2022

Accepted: 10/07/2022

Published:15/07/2022

.....

Abstract:

The purpose of this Research is to determine the Impact of Banking Service quality on customer satisfaction. By showing the Most important tools and measurement methods that evaluate and estimate the customer satisfaction, which is critical in the pursuit of high cash inflows and profit maximization in banks

Keywords: Banking services ; customer satisfaction ; banking service quality

I- Introduction:

In light of global changes and the globalization of banking activity, it has become necessary for banks to develop a level of Performing its banking services, paying more attention to quality in facing the challenges of banking forces of change, and gaining market shares that enhance its competitive position.

However, due to the continuous changes and developments in the field of banking activities and the increasing intensity of competition in the market, the banking industry, like other industries, has been affected by what is happening in the world of rapid transformations and many tangible developments. However, despite the developments that affected the banking sector, banking services provided by Banks are characterized by stereotypedness and are very similar in content, which has led to great difficulty for customers to distinguish between these banks and choose the best one.

The quality of banking services, where quality is considered one of the most important strategies adopted by banks, as it is considered a distinct weapon that moves all requirements of development and development to customer satisfaction, and with the increase in customer requirements and the emergence of alternative opportunities and competition between banks, banks have become sensitive to the changes that occur in the desires of customers.

Customer satisfaction has become a focus of attention for banking institutions that seek to gain his satisfaction as the main reason for their continuity and survival and ensuring their growth and development, especially in light of the great competition where it is difficult to obtain new customers, which makes their future depend on the extent of their possession of a large base of loyal customers with whom they have a distinguished and strong relationship For this reason, banks must bring customers and build strong and interactive relationships with them, by providing distinguished and valuable services that meet their needs and desires, in order to maintain their balance of customers, gain new customers and gain their satisfaction and loyalty.

-The question of the study:

Because of the change in the needs and desires of customers and the intense competition in the banking sector, banks prompted to provide distinguished services to gain customer satisfaction, and here the concept of quality in providing banking services emerged because of the strong quality relationship with the customer and considering it the main guarantor of the bank to gain the satisfaction of its customers.

From the above, the following problem can be posed:

-How does the quality of banking services affect customer satisfaction?

To clarify this problem, the following sub-questions are posed:

What do we mean by the quality of banking services?

-How is customer satisfaction measured?

-What is the quality level of banking services provided by the Bank from the customers point of view ?

-Research Hypotheses:

-By the quality of banking services, we mean the customer's evaluation of the banking service he has benefited from.

-Customer satisfaction is measured based on several methods and models.

-The level of quality of banking services provided by the Bank from the customer's point of view is of a high quality level

The objective of the study:

Through this study, we seek to achieve a number of objectives, the most important of which are as follows:

-Defining the concepts related to the quality of banking service, its measurement methods and evaluation models, and ways to improve it, in addition to defining customer satisfaction, its characteristics and methods of measuring it.

-Identify the dimensions that make up the quality of banking service.

-Clarify the relationship between the quality of banking service and customer satisfaction.

Methodology:

In order to be able to answer the problem posed above and analyze its dimensions, and to be familiar with this topic, we relied on the descriptive analytical approach because it suits the nature of the subject being studied by describing its components and parts.

The descriptive approach used to collect the secondary data necessary for the purposes of the theoretical study, from library sources Represented in books, research and previous studies related to the topic.

-Study Axes:

We have addressed this issue through the following axes:

First: Basic concepts about Quality of banking services

Second: Customer satisfaction measurement

Third: The relationship of service quality to customer satisfaction

1-Basic concepts about Quality of banking services

The banking service is the backbone of the banking business, as the bank relies on it to satisfy the needs of its customers and achieve its profitability and competitive goals, It always seeks to improve it for that, we will discuss in this topic the concept of banking service and its importance, dimensions of banking service, and levels of quality of banking service

1.1. Defining the quality of banking services

Before defining the quality of banking service, it is necessary to look first at the definition of service quality, Kotler defined it as “the characteristics and the overall picture that lead to the satisfaction of the implicit needs of the customer”.

Defining it as “the degree of satisfaction that the service achieves for the customer by satisfying his needs and desires, and that there is an equality between what the customer perceives and what he actually obtains¹

¹ -Christian Derbaix et Joel brée, consumer behavior, economic publishing, paris,2000,p15.

It is also defined as “a criterion for the degree to which the actual performance of the service matches the expectations of customers and their perception of the actual performance of the service² .

Service quality = customer expectations of performance - customer perception of actual performance.³

In light of the previous equation, three levels of service can be established:

-Ordinary service: That service is achieved when the customer's perception of the performance of the service is equal to his prior expectations.

-Distinguished Service: It is achieved when the actual performance exceeds the expected performance.

-Poor service: It occurs when actual performance is less than expected.

-Based on the previous definitions, the quality of services can be defined as a set of benefits that the customer benefits from when he obtains the service, i.e. what the customer actually perceives. The customer with what he really perceives.

-Defining the quality of banking service, we mention the following definitions:

-The first definition: “It is the appropriateness of what customers expect from the banking service provided to them, which is their actual realization of the benefit that they obtain as a result of obtaining the service.⁴

-The second definition: “It is the outcome of the interaction between the customer and elements related to the bank itself, and it is a series of relationships, between customers and employees of the bank, so work must be done to improve that relationship by choosing individuals who are able to provide a Best service.⁵

-The third definition: “It is the satisfaction of customers’ requirements and the study of the bank’s ability to identify these requirements and the ability to maintain them, and the bank’s adoption of a process of providing high quality services through which it demonstrates superiority over the requirements of customers”.

-As a conclusion from the previous definitions, it can be said that the quality of the banking service is the customer’s evaluation of the banking service from which he actually benefited from what he expected from the service, and as a result of this evaluation, the banking service is judged to be of quality first.

² - Khaled Zaki Sawalmeh, The Impact of the Quality of Banking Services on Achieving Customer Satisfaction Master’s Thesis in Financial Sciences, Majoring in Banking and Financial Sciences, Department of Accounting and Financial and Banking Sciences, College of Business and Economics, Al Hussein University, Amman, Jordan, 2020,p10.

³ - Yousef Hajim Al-Tai, Total Quality Management in Higher Education, first edition Al-Warraq for Publishing and Distribution, Jordan, 2008,p35.

⁴ - Yousef Suleiman Al-Tai, Department of Customer Relations, Dar Al-Warraq for Publishing and Distribution, Jordan, 2009,p6.

⁵ - Hani Hamed Al-Damour, Marketing Services, Dar Wael for Publishing and Distribution, third edition, Amman, Jordan, 2005,p20.

1.2. Defining the customer satisfaction

Banks always seek to retain existing customers and gain new customers, and this is only done by understanding them and meet their needs and desires, by providing quality services, i.e. services that satisfy customers.

This is what we will try to point out in this section by addressing the concept of customers and its characteristics, in addition to the steps and methods of measuring satisfaction

There are a number of definitions that define the concept of customer satisfaction, including:

-Definition of Hunt "is the feeling of the customer resulting from comparing the characteristics of the product with his expectations".

It is also defined as "the customer's awareness of the level of fulfillment of his demands".

-The definition of the International Organization for Standardization: "Customer satisfaction is a viewpoint on the degree of satisfaction of his desires in relation to his expectations of the various acquired goods and services.

-Through the definitions, we conclude that satisfaction is a feeling and psychological feeling that expresses the difference between the perceived performance of a good or service and the expectations of the customer. Thus, three levels can be distinguished:

-If the results exceed his expectations, he will feel satisfied.

-If the results are equal to his expectations, he will feel satisfied.

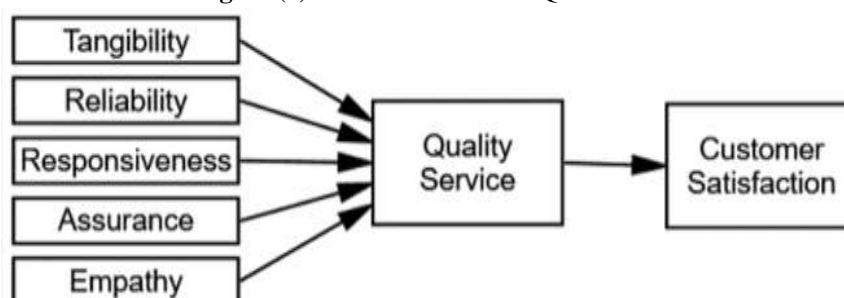
-If the results do not live up to his expectations, he will feel dissatisfied.

Thus, high levels of quality create a kind of emotional connection between the customer and the institution, and thus this connection creates loyalty and loyalty to the institution.

1.3. Quality Service Dimensions

Customer satisfaction is a key driver of a company's long-term success, and it can only be realized when the company's delivery exceeds the customers' expectations. As a result, it is critical for businesses to provide high-quality services in order to maximize customer satisfaction, because satisfied customers serve as key ambassadors and sales representatives for the organization. Quality service has a long history dating back to the 1980, It was inspired by Churchill's ideologies on customer satisfaction theory. The author proposed measuring the actual quality of firm service provision rather than the perceived quality of customers. Three American marketing gurus, Parasuraman, Zeithaml, and Berry, broadened the concept of quality service in 1988 by categorizing it into five critical measures for quality service encompassing tangibility, reliability, responsiveness, assurance, and empathy dimensions

Figure (1): illustrates the SERVQUAL model.



Source: **Johanna Pangeiko Nautwima**, The Impact of Quality Service on Customer Satisfaction in the Banking Sector amidst Covid-19 Pandemic, International Journal of Management Science and Business Administration; Volume 8, Issue 3, March 2022, Pages 31-38.

The SERVQUAL model was first tested by Parasuraman in the restaurant service industry. Since then, it has drawn the attention of numerous academic and practical researchers who have applied it to the dynamics of customer satisfaction in their respective domains and industries. The SERVQUAL model elucidates the five dimensions of quality service, as shown in the table below.

Table (1): Quality Service Dimensions

Dimensions	Explanations
Tangibility	The appearance of physical facilities, equipment, personnel, and communication materials.
Reliability	The ability to perform the promised service accurately and reliably.
Responsiveness	The willingness to render prompt and helpful services to the customers.
Assurance	The employees' knowledge, courtesy, and ability to convey trust and confidence.
Empathy	Assesses the company's caring nature, and individualized attention to the customers.

Source: Sanjuq, G. (2014). The impact of service quality delivery on customer satisfaction in the banking sector in Riyadh, Saudi Arabia. International Journal of Business Administration, page 77.

2. Customer satisfaction measurement

Customer satisfaction is one of the foundation's assets, and it is the basis for its survival in an environment in which competition has intensified, and staying in it has become for those who have a competitive advantage that cannot be imitated. Therefore, we will address the most important methods of measuring customer satisfaction, and some of the tools that the institution uses to improve satisfaction.

2.1. Methods of measuring customer satisfaction

The measurement of customer satisfaction is a measure of the various operations carried out by the bank's management in order to know the extent of the customer's satisfaction with his services. The measurement process benefits the following⁶:

- The measurement process provides an opportunity for the bank to measure the customer's reaction to the bank and its services.
- Accurately identifying the needs and desires of customers, and the measurement process also helps the customer's expectations of the direction of services.
- Knowing the various strengths and weaknesses of the banking service.

It should be noted that there are many methods used, including:

⁶ - Nouredine Bouanan, Quality of Services and its Impact on Customer Satisfaction, Master's Thesis, Specialization in Management Sciences, University of M'Sila, 2007, p19.

2.1.1. Precise measurements “indirect measurements”: These include the following:

A- Market share: Measuring market share is not difficult if it comes to a group of customers because there are those who measure the market share based on the number of customers, but the number of customers does not measure the market share, Accurately, that is why others measure the market share based on the number of customers who have a long relationship with the bank, i.e. The market service is related to the amount of work performed with customers and the variety of services provided to them, because if the customer relationship with the bank is long, that is, the customers are satisfied with the services provided by the bank, and accordingly the market share can be measured;

Based on the number of customers and the number of business, whether total or specific to each customer, as well as the amount of purchases.

B- Retaining the customer: The bank is keen to maintain a permanent relationship with the customer, and this is only done if:

The customer is satisfied with the bank's services, and the customer retention rate can be measured through the growth rates of the amount of activity performed.

D- Attracting new customers: Banks strive to gain new customers in order to expand their activities and increase the number of completed business.

C- Number of products consumed by the customer: If the customer buys and benefits from more than one service provided by the bank, if he is satisfied with the services provided by the bank.

H- Developing the number of customers: If the number of customers is in continuous development, this indicates that the services provided by the bank meet their needs and desires, that is, customers are satisfied with them. This is the satisfaction that existing customers feel for all prospective customers. This satisfaction allows retaining existing customers and gaining new customers.

2.1.2. Direct" Approximate Measurements

A- Qualitative research: It depends on the customer's reaction because the customer is the focus of the bank's attention. Several slogans have appeared justifying the importance of the customer, such as: “the customer is first” or “the customer is always right.” The customer's reaction is measured by listening to him and this is done through the following:

-Customer Complaints Management System: It is a cultural behavior adopted by the customer, i.e. complaining and dissatisfaction with the service provided to him; It has two forms, which are the formal aspect in comparing customers' dissatisfaction with the increase in the rate of complaints, or that most complaints are directed towards a specific service, and this is evidence of the perceived low level of quality or That most of the complaints are directed against this service provider indicates the incompetence of the service provider.

It can be said that a customer who complains can be maintained by a bank if its dissatisfaction is handled properly.

-As for the analytical aspect, it is related to the customer who does not react to the service he has benefited from. Here the bank tries to know this category of customers that benefit from services tainted by shortcomings, but do not complain or complain.

-Missing Clients Research: It is related to clients who left the bank and turned to competition institutions. The management of the bank conducts contracts and listens to clients' answers regarding the reasons for their switching to competing banks.

-The hidden client: the bank's management appoints one of the individuals to play the role of the client, and the latter writes his various observations and impressions about what is happening inside the bank, and this type of individual is sought depending on the fact that the client may not want to file a complaint with the bank management.

B- Quantitative research: The bank resorts to some kind of research because there is a large percentage of dissatisfied customers

About the services provided, but they do not file a complaint to the bank's management, so the bank uses satisfaction research to find out

The extent of the customer's satisfaction with the services provided by the bank, as well as knowing the customer's intentions to repurchase

The service and knowing the positive or negative view that the customer has about the service provided

2.2. Tools and means for measuring customer satisfaction

The organization does not only seek to satisfy its customers, but is constantly searching for ways to improve satisfaction levels as well as answer and address dissatisfactions. Dissatisfactions are usually generated from gaps that focus on the elements of expectations and perceived performance, and these gaps are as follows⁷:

A-The first gap (the listening gap): It is a gap between the customer's expectations and the organization's awareness of these expectations. This gap arises because of:

-Lack of interest in marketing research to know the real needs of the customer.

-The dispersion of information within the institution and its poor transmission from one level to another due to the lack of organizational response to the institution and to address the customer, and in order to reduce this gap, the institution works on:

-Intensifying marketing research to identify and understand customer expectations.

-Strengthening the internal communication in all directions in order to share the organization's vision related to understanding the customer's expectations.

B-The second gap (perception quality gap): It is a gap between the organization's awareness of the customer's expectations and its actual answers to the performance it provides to the customer. This gap arises because of: (Abdo)

-An error in translating the customer's expectations in the provided product, since the specialists in designing the quality of the product are only technicians.

-The lack of communication between the quality management and the customer management tasked with conducting research, and to reduce this gap, the institution is working to address these two points.

C-The third gap (the actual achievement gap): It is the gap between the actual offer and the actual presentation, which arises because of:

-Problems of the communication and sales process and the organization's lack of awareness of the expected superiority of competitors.

-Low degree of horizontal communication between production and sales management.

⁷ - Iyad Abdel-IlahKhanfar, Khaled Tawfiq Al-Assaf, Abdel-Fattah Al-Azzam, Banking Marketing, a Contemporary Introduction, Dar Wael for Publishing and Distribution, Amman, 2015,p 13.

D-The fourth gap (communication gap): It is the gap between the achieved offer and the communication method, meaning that the institution's communication should not reduce or exaggerate the value of the offer because the communication process has a role in forming expectations, even if it is exaggerated it will lead to the formation of high expectations, which leads To deepen and widen the gap between performance and expectation, especially with regard to advertising campaigns and promises made by the institution.

E-The fifth gap (the satisfaction gap): It is the gap between actual performance and expectations that arises from the situation of satisfaction or dissatisfaction from the above.

3.The relationship of service quality to customer satisfaction

There is many studies on the relationship between service quality and customer satisfaction, and there are conflicting opinions about what precedes the other is satisfaction or quality, some see that satisfaction is an implicit concept within the concept of quality, while others see that satisfaction expresses the concept of quality itself, and others see that quality and satisfaction are separate and that satisfaction is a mediator between quality and purchase intentions, However, recent studies have concluded that service quality It precedes satisfaction and not the other way around because high quality necessarily leads to satisfaction and thus repeat purchase.

-In 1993, the scientist (Oliver)⁸ proposed a model between satisfaction and service quality, and this model is based on the fact that

Quality precedes satisfaction.

-In 1996, researchers studied the Oliver model and indicated that conformity and compatibility with desires is very important and precedes satisfaction, because the latter is based on a comparison between expectations and perceived service.

-It can be said that satisfying customers' needs ensures their satisfaction because the latter has become very important and a major goal

Quality. Successful organizations take customers' opinions seriously about their services and may even involve them in the design and development of operations and services.

3.1. Steps to achieve quality in customer satisfaction

The current development of ISO 9000⁹ standards pushes quality officials in institutions to integrate customer satisfaction into his work environment. Therefore, institutions should offer to follow some of the necessary elements that allow¹⁰:

-Setting the measurement of customer satisfaction within the operations of the institution, especially its relationship to quality.

-Develop a plan of action in order to make, uh, more effective by dividing tasks, identifying indicators.

Views differ on the steps that can be followed in order to achieve the appropriate and appropriate quality of customer service and achieve the targeted satisfaction by customers towards the institution. The most common steps in this field are the following¹¹:

⁸ - QasimNayefAlwan, Total Quality Management and the Requirements of ISO 9001:2000, second edition, House of Culture for Publishing and Distribution, 2009,p45.

⁹ - Ali Boukemish, Total Quality Management, ISO 0900, First Edition, Dar Al-Raya for Publishing and Distribution, Amman, 2010,p33.

¹⁰ - Hatem Ghazi Shasha'a, Measuring the Quality of Banking Services Provided by Bank of Palestine Limited in Palestine from the Point of View of Customers, Master's Thesis, Business Administration Specialization, The Islamic University, Gaza, 2004,p 15 ;20.

A-Attracting attention and arousing interest in customers: The success that is achieved mainly comes through attracting the attention of customers and arousing their interest through the positive attitudes that he usually shows in the field of customer service. In addition, positive behavior, all of which are effective mental images that awaken the desire of customers to obtain the targeted service, in addition to enhancing the ways of permanent loyalty to customers in the acquisition of the service and its continuous recurrence, which is achieved through the positions that the service provider exchanges for customers

B-.Creating the desire of customers and determining their needs: Creating desire among customers and identifying their needs and aspirations and ways to meet them also depends on the sales skills that characterize the service provider, and among the basic requirements that are adopted in this regard are the following:

Adopting all sales equipment as a means of influencing and persuading customers more.

C-Giving the customer the opportunity completely to inquire about all the matters that he should clarify and that the service provider be ready to answer those inquiries objectively and accurately without exaggeration or intimidation, as the customer, when he feels the sincerity of the service provider, can purchase the service without hesitation.

D-Focusing on the humanitarian aspects and the importance of providing the requirements of the current and future needs of customers, which achieve a high degree of quality in cementing loyalty and commitment to this institution and not others due to the constant preparations that customers perceive to meet

Their needs and requirements.

Conclusion:

This study dealt with the quality of banking services and their impact on achieving customer satisfaction, The study, through its theoretical and field sides, reached a set of results, and based on those results, some suggestions will be presented, which in turn will contribute to the development and improvement of the quality of banking services, with the aim of gaining customer satisfaction. Other banks may benefit from this study for the same purpose.

First: Answering the study's hypotheses:

-It is the customer's evaluation of the banking service from which he actually benefited from what he expected from the service, and as a result of this evaluation, the banking service was judged as being of quality first.

-There are different models and methods for measuring customer satisfaction, there is the non-conformance model, the satisfaction results model, the exact measurement method, the approximate measurement method, the suspended customer analysis method, and dealing with customers and , each institution based on its own method.

Second: The results of the study:

By studying the theoretical side, the following was extracted:

-Quality of service is the key to the success of any bank in light of competition between banks, which requires them to provide high quality services.

-The quality of banking services is an important resource to maintain and gain their existing customers.

¹¹ - Daniel Ray, Measuring and Developing Customer Satisfaction, 2nd edition Edition d'organisation, Paris, 2001, p55;60.

- The dimensions of quality are: tangibility, reliability, responsiveness, safety, and empathy.
- Satisfaction of the customer expresses his acceptance of the institution's services and the fulfillment of his multiple needs and desires.
- There is a relationship between banking service quality and customer satisfaction, where high levels of banking service quality inevitably lead to customer satisfaction.

Third: Suggestions

- The necessity of paying attention to the customer by the bank's employees.
- The need to provide opportunities to file and address complaints.
- Attempting to motivate all employees to provide high standard services.

Citations :

- **Books :**

- 1-Christian Derbaixet Joel brée, consumer behavior, economic publishing, paris, 2000.
- 2-Yousef Hajim Al-Tai, Total Quality Management in Higher Education, first edition Al-Warraq for Publishing and Distribution, Jordan, 2008.
- 3-Yousef Suleiman Al-Tai, Department of Customer Relations, Dar Al-Warraq for Publishing and Distribution, Jordan, 2009.
- 4-Hani Hamed Al-Damour, Marketing Services, Dar Wael for Publishing and Distribution, third edition, Amman, Jordan, 2005.
- 5-Iyad Abdel-IlahKhanfar, Khaled Tawfiq Al-Assaf, Abdel-Fattah Al-Azzam, Banking Marketing, a Contemporary Introduction, Dar Wael for Publishing and Distribution, Amman, 2015.
- 6-Qasim NayefAlwan, Total Quality Management and the Requirements of ISO 9001:2000, second edition, House of Culture for Publishing and Distribution, 2009.
- 7-Ali Boukemish, Total Quality Management, ISO 0900, First Edition, Dar Al-Raya for Publishing and Distribution, Amman, 2010.
- 8-Daniel Ray, Measuring and Developing Customer Satisfaction, 2nd edition Editiond'organisation, Paris, 2001.

- **Thesis:**

- 1-Khaled ZakiSawalmeh, The Impact of the Quality of Banking Services on Achieving Customer Satisfaction Master's Thesis in Financial Sciences, Majoring in Banking and Financial Sciences, Department of Accounting and Financial and Banking Sciences, College of Business and Economics, Al Hussein University, Amman, Jordan, 2020.
- 2-Noureddine Bouanan, Quality of Services and its Impact on Customer Satisfaction, Master's Thesis, Specialization in Management Sciences, University of M'Sila, 2007.
- 3-Hatem Ghazi Shasha'a, Measuring the Quality of Banking Services Provided by Bank of Palestine Limited in Palestine from the Point of View of Customers, Master's Thesis, Business Administration Specialization, The Islamic University, Gaza, 2004, p15.20.