FACTOR AFFECTING CUSTOMER SATISFACTIONS IN BANKING SECTOR WITH THE CASE STUDY OF AZIZ BANK CHARIKAR BRANCH

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Abstract

Objective of the research was to study the factors affecting customer satisfaction in banking sector with case study of AZIZI bank and to find relationship between service quality and customer satisfaction. Research design of the study is quantitative and qualitative research method has been used in it. Data was collected from Azizi bank customers in Charikar branch. Data has been collected through already tested structured questionnaires from 200 respondents. Result of this study show that there is significant relationship between service quality attributes and customer satisfaction. In today's competitive world, banks can get competitive advantages by providing superior services to their customers.

Key words: customer satisfaction, service quality, SERVQUAL model,

Introduction

Azizi bank is one of the private commercial banks, which have started its banking services since 14 July 2006 with the 375 million AF currency capital in Afghanistan. According to the banking law of Afghanistan its legal form is joint stock investment which contain general shareholders meeting, board of directors, CEO (chief of executive organization) in its legal form.

Banking services:

Azizi bank as a commercial bank works according to banking law of Afghanistan under control of central bank, which performs the following services in banking sector in Afghanistan.

- Current accounts
- Saving accounts
- Fixed deposit accounts
- Letter of credit
- Banking grantees
- Money transferring

Customer satisfaction

Concept of customer satisfaction has a central position in marketing and which constitute a major outcome of marketing activity and links to the process of purchasing and consumption, use of the products or service to attitude change, repeat purchase and ultimately brand loyalty. Origin of the concept is related to the marketing concept that profit is generated through satisfaction of customer needs and wants. Concept of customer satisfaction is new to many companies, who have focused on price and availability of products. So it is important to be clear and the exact meaning of on the term. Customer satisfaction is a state of mind that customers have about a product or services after using that product and service offered by a company in return of customer expectation about the products. Customer satisfaction lead to product repurchase that ultimately leads to brand loyalty. In early 1070's customer satisfaction emerged as a legitimate field of study. U.S department of agriculture 's index of customer satisfaction was the first study to report direct information on customer satisfaction.

Service Quality

Service quality has been increasingly recognized as a critical factor in the success of any business and banking industry, in this case it is not exceptional (Hossain & Leo, 2009). Service quality has been widely used to evaluate the performance of Banking service (Cowling &Newman, 1995). Consequently, banks need to focus on service quality as a core competitive strategy (Chaoprasert&Elsey, 2004). Gronroos (2000) defined service as "a service is a process consisting of a series of more or less intangible activities that normally take place in interactions between the customer and service employees or physical resources or good and/ or system of service provider, which are provided as a solution to customer problems". Parasuraman et al. (1985) identified then determinant of service quality. They are: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding and tangibility. In 1988 Parasuraman et al. through a quantitative research revealed an instrument for measuring consumer's perception of service quality, after that it become known as SERVQUAL. In this research they minimized their dimensions from ten to five. The dimensions were: first is tangibility- includes the physical facilities, appearance of personnel and equipment, infrastructure. Second is reliability – the ability of perform the promised service dependably and accurately. Third is responsiveness means the willingness to help customers and provide prompt service. Fourth is assurance is the ability of the organization's employees to inspire trusts and confidence in the organization through their knowledge and courtesy. Fifth and last is empathy personalized attention given to customer. While in our study we have included these five dimensions.

Background of studies

There are many scholars that researched related to the issue in different countries in the region, but no related research exists in the domestic region. The following researches could be found on the issue:

Zeyaee& co-workers (2011) researched entitle of evaluating factors affecting customer satisfaction of Esfahan province banks based on the SERVQUEL model, and the results show reliability, assurance, empathy and responsiveness dimensions of bank services satisfied its customer and the tangible dimension does not show any positive effect on customer satisfaction. Abdul Ali Warsame and co-worker (2018), focused on factor influencing customer satisfaction in commercial banks The study shows that most respondents agreed that service quality and product differentiation have an influence on customer satisfaction. Nasrin and others (2014) studied on issue of Identify and Rank the Factors Affecting Customer Satisfaction of E-Banking Services Using Mixed Method, the result shows that the five factors extracted as factor affecting the customer satisfaction. Haqiqi, yazdanshenas&Bastani Poor Moqadam (2014) focused on the issue entitled role of domestic marketing on service quality of Tehran National Bank, their study shows a positive relation between services quality and quintet dimension of SERVQUAL model in bank services and also domestic marketing affects positively the services quality. Saber and others (2014) studied issue entitled factor affecting customer satisfaction in Banking sector of Pakistan, the result shows there is a positive relationship between service quality attributes and customer satisfaction.

Hypothesis

As identified in literature review service quality affects customer satisfaction. Many researchers used service quality attributes as a measure of customer satisfaction. Customer perceives highest satisfaction in the responsiveness area and lowest in the tangible area. In this study we have taken only one factor which is service quality that leads to customer satisfaction.

H1: There is positive relation between service quality and customer satisfaction.

H2: Service quality positively affects customer satisfaction.

Methodology

Types and source of data

Qualitative and quantitative data would be used in this study. The data would be collected from different sources. The questionaries' and interview would be design and also prepares to distribute to the respondents in order to gather the necessary and appropriate information to undertake the study. Primary and secondary data are used for this study. The study would be undertaken for the purpose of gaining information about the customer satisfaction of banking service and the data would be collected on primary information about factor affecting customer satisfaction of banking services according to SERVQUAL model on the special dimensions. The primary data collection would be conducted to interview with Azizi bank customers beyond the bank services and their satisfactionin the study are by using questionnaires' whereas secondary data would be conducted from different source like website, Journals, researches and reports etc.

Sample size and sampling:

The population in the study area are homogenous in terms of manner, satisfaction and assurance. Among the customer of Azizi Bank in Charikar branch 200 customers would be selected randomly with the simple random sampling techniques.

Methods of data analysis:

In order to analyses the data both descriptive and inferential statistics would be applied. The collected would be analyzed by SPSS 22 to show their relation between the variables.

Results and discussion

In this topic the finding from both descriptive and inferential analyses were presented and discussed.

Descriptive analysis

Gender is the major demography feature used to characterize the satisfying of the customer of bank beyond its services, according to the random sampling the 53 of repliers were female and the 147 others male repliers which shows the 26.5 and 73.5 percent respectively.

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Table 1; Sex distribution of respondent

Source; own survey data, 2020

Distribution of respondent by the age

Age of the customers could be major factor of changing the satisfactions of bank services, therefore in the questionnaires' based on four level of age that is 18-28,29-39, 40-50, & more of 50. The results show that 105 of respondents are in first level of age that is 52.5 percent, 47 in second level of age and 23.5 percent, 36 in third level of age and 18 percent, and lastly the 12 remaining of the respondent are in final level of age and show 6 percent of the respondents.

Table 2, age of respondents

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Source; own survey, 2020

Distribution of respondent by the level of education

Education is one of the important factors for affecting behavioral of customer satisfaction.

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graduation		
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ter degree		
her level (PhD. Holders)		
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Source; own survey,2020

According to the study most of the respondents were bachelor holder degree that constitute 59.5 percent of the respondents, 27% of them were 12th class graduation, 11% master degree holder and 2.5% in higher level of education (PhD. Holders).

Econometrics analysis:

In this part collected data would be analyzed to find the relationship between factors that affects the customer satisfaction of bank services.

Reliability

Reliability of the items collected is measured by Cronbach's alpha, in this study were customer satisfaction, customer quality service variables, where the customer quality service were divided in 5 dimensions; reliability, assurance, tangible, empathy and responsiveness. Cronbach 's alpha value was 0.865 and over the 0.7 for all factors and dimensions, which shows there is reliability in the items of the variables.

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	rance	8	
	athy	1	
	onsiveness	0	
	ible	0	

Table 3; reliability statistical overall

Correlation

To check the inter relationship between variable and its dimension Pearson correlation was used. Value for reliability and tangible is 0.24, for responsiveness and tangible is 0.203, for empathy and tangible is 0.247, for assurance and tangible is 0.209, for assurance and reliability is 0.289, for empathy and reliability 0.298, responsiveness and reliability is 0247, for responsiveness and assurance is 0.305, for responsiveness and empathy is 0.219, lastly for assurance and empathy is 0.38.

	bility	rance	athy	onsiveness	ible
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rance	9			5	9
athy	8			9	7
onsiveness	7	5	9		3
ible		9	7	3	

Table 4; correlation

*Correlation is significant at the 0.05 level.

Regression

Regression analysis was used to measure the degree of relationship between service quality of bank and customer satisfaction of bank with the mentioned dimensions. In regression analysis customer satisfaction was taken as a dependent variable and service quality was taken as an independent variable.

able	ensions				
ice Quality of k	bility	1		4	
	rance	2	3	7	
	athy	6	2	8	
	onsiveness	2	7	5	
	ible	9		4	

Source; own survey,2020

R^2 is the measure of the amount of variation in the dependent variable that explained by the variation in the independent variable in this model, summery shows that the value of R2 in all dimension of SERVQUAL model is positive and greater of zero which explained regression of dependent variable by independent variable.

Conclusion

Results of this study show that there is a positive relationship between service quality and customer satisfaction based on SERVQUAL dimensions which proves H1 is accepted and it proved that 12.44 percent change in customer

satisfaction is due to quality service with different level of change in SERVQUAL dimensions which prove H2 is accepted.

Recommendation

Based on the finding of researcher, made the following recommendation:

As service quality has important role on customer satisfaction, bank manager should take care more about their service offering for customers. In responsiveness dimension the bank managers should response carefully for their customers. In empathy dimension the managers should care for each customer individually. In assurance dimension the bank authority must assure grantees to attract customer satisfactions.

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