

Effect of Service Quality on Customer Satisfaction Evidence from Banks in Tangail

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ABSTRACT:

This study attempts to determine the effect of service quality on customer satisfaction both from public and private banks in Tangail city. Service quality of different banks is observed that is provided for their customers. An attempt is made to find out which service quality dimensions may enhance customer satisfaction in a better way. To measure the service quality, an extensive survey of bank clients has been performed with a structured questionnaire. Respondents are chosen from different demographic features. The 200 sample clients were selected from the branches of different public and private banks located in Tangail City. The sample clients were selected randomly at the banks while interviewing. Both descriptive and inferential statistics were used in the analysis. To explore the relationship between service quality and overall customer satisfaction, frequency distribution, descriptive statistics, correlation and regression analysis was performed. From the overall analysis, the most important service quality factor of banks is personal attention to the clients followed by error-free records, safety in transaction, and tangible physical facilities of the bank. A significant correlation between the performance of promises in time and professions of the clients are observed. Perceived service quality factors have significant relationship with the overall service quality of the banks located in Tangail City which indicates that the service quality dimension have strong influence on the overall customer satisfaction. After all, findings indicate that service quality and all its dimensions have significant and positive association with customer satisfaction. Therefore, this study has been specifically conducted to consider this phenomenon and seek empirical justification in this regard by considering service quality as the main contributory factor towards customer satisfaction.

Keywords: *Service quality, Customer satisfaction, Banking sector, SERVQUAL*

INTRODUCTION

“Banks are key players in financial markets operations and play a key role in keeping a country’s economy running smoothly. In today’s highly competitive corporate environment, quality of services is an essential element for enhancing customer satisfaction. These are crucial factors in improving the performance of banks and in determining their success, i.e. better profitability and a bigger market share.” (Khan and Fasih 2014).

Service companies regard service quality a valuable tool to maintain their competitive advantage in the marketplace. Since financial services such as banks' competition vary in the market using differentiated products, these services are regarded as a basically competitive tool (Logasvathi and Haitham, 2015).

In other words, a banking sector can attract customers by providing high quality services. Therefore, structural adjustment has led to banks

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that are able to carry out various activities which in turn, allow them to be more competitive even against non-bank financial institutions (Angur et al., 1999).

In addition, Banks play a significant and vital role in financial development and economic growth in Bangladesh. Efficient banking system greatly influences the growth of the Bangladeshi economy in different sectors. Furthermore, practitioners in the banking sector face many complex challenges in the global market. It is important for banks to better understand the changing customer requirements and adopt the latest information technology system to compete more effectively with global organizations (Lau et al., 2013).

Moreover, service sector such as banks have the responsibility to provide the best services to their customers in order to have sustainable competitive advantages. Due to the critical quality of service to business, it is difficult for service providers to measure the quality of services. The difficulty of measuring the service quality stems from its intangibility, diversity, and the difficulty of separation (Saghier and Nathan, 2013).

In this vision, the service requires an independent framework for explaining and measuring quality. Among the key frameworks, service quality model developed by (Parasuraman et al., 1985, 1988) is the most popular model and is widely used to measure the quality of service in the service industry. Moreover, the research of service quality, and customer satisfaction issues have dominated the service literature, but no new researches on retail banking setting have been performed to investigate the impact of the performance of service attributes on customer satisfaction in an integrated model. Furthermore, no new researches have included decision-making factors such as the tangible quality of service product and the quality of service environment. These factors play a vital role in the service environment, especially in the environment of the bank, because they become a sign of quality to the customer. (Herington and Wearen, 2009).

From this study, it can be concluded the need to investigate and assess the effect of tangibility, reliability, responsiveness, empathy, and security on customer satisfaction. Finally, the significance of service quality and customer

satisfaction appear justified for survival services companies, including banking companies; several empirical researches in various industrial sectors such as banking services, hotels, insurance; long distance call companies, and other financial companies was performed to determine the factors that determine the quality of service

Although much empirical evidence could be found in the literature worldwide investigating the relationship between service quality and customer satisfaction this domain has not been much considered in Bangladesh's context. A lot of research on service quality and its association with customer satisfaction have been conducted in developed countries. Therefore, this study contributes to the literature by studying this phenomenon in the banking sector of a developing country i.e. Bangladesh

Background of the Study

Banking sector is the driving force for the economic growth of a country. Every commercial bank acts as a financial intermediary whose main aim is to earn profit through borrowing and lending funds in the profitable sectors and issuing diverse types of credit instruments. Therefore, the banking system occupies an important place and plays significant role in a nation's economy building process. Necessarily, banking sector also ensures commendable contribution in the economic development of a country and forms the core of the money market in an advanced country. This sort of financial intermediary accepting deposits and granting loans; offers the widest menu of services for different business ventures. Commercial banks have significantly expanded their financial services to the clients and governments around the world. The current business environment is very dynamic and fast changing.

Furthermore, improving service delivery in the banking business is expected to affect the quality of service and customer satisfaction. On the other hand, the client will use a variety of dimensions or attributes that are important to banks to identify the quality of service through the customer satisfaction. These service dimensions or attributes play a significant role within service measurement, since they serve as indicators of service quality and customer's

satisfaction. As described before, service quality was found to influence the customer satisfaction. This study attempts to investigate the impact of service dimensions or attributes on perceived service quality and customer satisfaction.

Significance of the Study

The aim of this study is to find out the impact of service quality on customer satisfaction. Customers are the main variable at all of industry also in banking industry. Beside the tendency on profit enhancing, banks also focus on customer satisfaction. Since, service quality impacts directly on customer satisfaction, the banks should focus on service quality or service product, introduce new packages for customers and all researches should focus on customer satisfaction or service quality. This research finds out the effect of service quality on customer satisfaction and will give some suggestions that can be used as strategies for improving the customer satisfaction. Banks may adopt these strategies and took advantage from these strategies.

Objective of the Study

The research objectives of this study are:

- To determine the impact of service quality on customer satisfaction in both the public and private commercial banks in Tangail in terms of service dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy.
- To rank the dimension of service quality and understanding satisfaction level of the customers.
- To investigate the relationship between service quality and customer satisfaction.
- To put forward some possible recommendations to improve customer satisfaction.

Literature Review

Quality of service is considered a critical success factor for banks to differentiate from competitors. Several researches have been performed to determine the factors of service quality. For instance, studies have discovered that service quality can lead to customer satisfaction (Kheng et al., 2010; Muslim and Isa, 2005). Customer satisfaction will tend to repurchase from the same service provider

(Eshghi et al., 2008); in turn, company revenue will increase in the long run. Variations in service performance may provide opportunities to service quality, and customer satisfaction. Therefore, the relationships between these two aspects can provide bankers with insights into both tangible and intangible service development, particularly to develop a competitive edge in the Jordanian banking industry. The present study uses the SERVQUAL scale to measure customer satisfaction in the banking industry (Parasuraman et al., 1988).

Service Quality

Today, with increased competition, service quality has become a popular area for academic studies and has been recognized as a competitive advantage and supportive relationship with satisfied customers (Zeithmal, 2000). Also, quality of service has become a valuable tool in the service industry. According to (Saghier, and Nathan 2013), service quality is an important concept in the service industry and is more important for financial service providers who have difficulty in showing their customers product differentiation. Moreover, several studies have been pursuing quality of service, and a number of theories and models have been developed to address this issue and highlight the importance of implementation and different dimensions. Furthermore, there are numerous definitions and measures of service quality, but there is no consensus on a single definition. Quality of service has been defined as an overall evaluation done by the customer service (Eshghi et al., 2008), while other researchers have defined the customer service as the extent to which services meet customers' needs or expectations. In addition, quality of service is defined as the degree of discrepancy between customers' normative expectations for service and their perceptions of the performance of the service (Parasuraman et al., 1994). The definition of service quality was further developed as "the overall evaluation of a specific service firm that results from comparing that firm's performance with the customer's general expectations of how firms in that industry should perform (Chidambaram, and Ramachandvan, 2012). More specifically, in order to develop a marketing strategy, services- marketing

individuals, particularly bank marketers, need to understand the attributes of the services used by customers in choosing a bank. For example, users will use the name of the bank, the reliability of the bank, bank guarantees, bank and physical facilities in selecting the bank services. If marketers can understand the attributes used to assess the service, they will be better able to manage and influence the assessment and perception of customer presentations (Toelle, 2006). Quality of service is likely observed to play an important role in the high involvement industries such as banking services. Banks have traditionally placed a high value on customer relationships with both commercial and retail customers. In the last fifteen years, the nature of customer relationships in retail banking in Jordan has particularly changed since the advent of automated teller machines. Five dimensions of SERVQUAL have been developed for the service sector: tangibility, reliability, responsiveness, empathy and security (Ananth et al., 2011).

Service Quality Model

Numerous researchers realized the importance of SERVQUAL and used the service quality measuring model for various types of industries, which is developed by Parasuraman et al (1988). The aim of this study is to measure the satisfaction level of banks of Tangail with the help of SERVQUAL in order to measure service quality. Basically Zeithmal et al., 1993 examines five dimensions of service quality.

Tangibles as a SERVQUAL Dimension

The tangibles are considered as the firms' representatives, physical facilities, materials, and equipment as well as communication materials. (Fitzsimmons and Fitzsimmons, 2001) denoted Physical environmental conditions that work as a clear evidence of the care and attention paid for the details offered by the service provider. Davis et al. (2003) summarized tangibles like the physical confirmation of the service. More specifically, Parasuraman et al. (1985) defined the tangibility appearance of physical facilities, equipment, personnel, and written materials. However, physical facilities and equipment, physical appearance, understandability of the staff all are the components of tangibles. In

context of service quality, tangibles can be referred to as Information and Communications Technology (ICT) equipment, physical facilities and their appearance (ambience, lighting, air-conditioning, seating arrangement); and lastly but not least, the services providing personnel of the organization (Blery et al., 2009).

(Parasuraman et al., 1985) defined tangibility as the appearance of physical facilities, equipment, personnel, and written materials. In this research, tangibles are the facilities and the banking services offered by the employees of the banks perceived by the banking customers.

Reliability as a SERVQUAL Dimension

Reliability is to provide promised, dependable, accurate and consistent services to the customers. However, reliability depends on handling customer service issues, performs the services right the first time; offers services on time, and maintain a record of error-free (Khan and Fasih, 2014). (Parasuraman et al., 1988) defined reliability as the most significant factor in conventional service. Khan et al. (2018) stated reliability as to provide precise and constant benefit or service to the customers.

Responsiveness as a SERVQUAL Dimension

Responsiveness is defined as "the willingness to help customers and provide prompt service"(Parasuraman et al., 1988). More specifically, responsiveness is defined as the willingness or readiness of employees to provide services. It contains the timeliness of service (Parasuraman et al., 1985). (Khan et al., 2018) defined it as the eagerness to encourage clients and to give provoked benefits.

However, Johnston (1997) defines responsiveness such as speed and timeliness of service delivery. Responsiveness is the speed, prompt customer service, less waiting time and short queuing time. Moreover, responsiveness is defined as the willingness or readiness of employees to provide services. It contains the timeliness of service (Parasuraman et al., 1985).

Empathy as a SERVQUAL Dimension

Khan et al. (2018) stated in their research that the arrangement of bank considering the individualized service to the respective clients. However, (Parasuraman et al., 1985) defined empathy as a care and individual attention to its

clients. Bank employees need to recognize their customers by name and providing specific service to the individual customers that shows empathy.

Assurance as a SERVQUAL Dimension

Khan et al., (2018) concludes that the information that the passes with their trust and certainty. (Blery et al., 2009) in their research stated that it is the level of knowledge and courtesy of employees for providing services and to build confidence in customer. Moreover, Skilled employees who treat customers with respect and make consumers feel that they can trust the firm exemplifies assurance.

Customer Satisfaction

Satisfaction is a feeling that surfaces from an evaluation process, i.e. when the consumer of a good or service compares what is received against what is expected from the utilization of that good or service (Kotler et al., 2009). More specifically, in the banking industry, a main element of customer satisfaction is the nature of the relationship among customers and suppliers of products and services. Therefore, both product and service quality usually are observed

as an important condition and valuable factor for retaining customer satisfaction (Muslim & Isa, 2005).

Theoretical Framework

Most studies confirm that there is a relationship between service quality and customer satisfaction. For instance, Parasuraman et al. (1988) and Caruana (2002) found a positive relationship between service quality and customer satisfaction. Likewise, Linier, (2013) also found that perceived service quality influences customer satisfaction. Similarly, (Nathan, and Elsaghier, 2012) assured that service quality has a positive effect on customer satisfaction which means that the higher quality of service attracts more customers who have bought back the desire and intention to recommend. Finally, this theoretical framework guiding the evaluation is depicted in figure 1, adapted from Parasuraman et al. (1994) and Caruana (2002). Also, this study will investigate five variables of service quality namely: tangibles, reliability, responsiveness, empathy, security and customer satisfaction. Based on the previous study the following framework is developed.

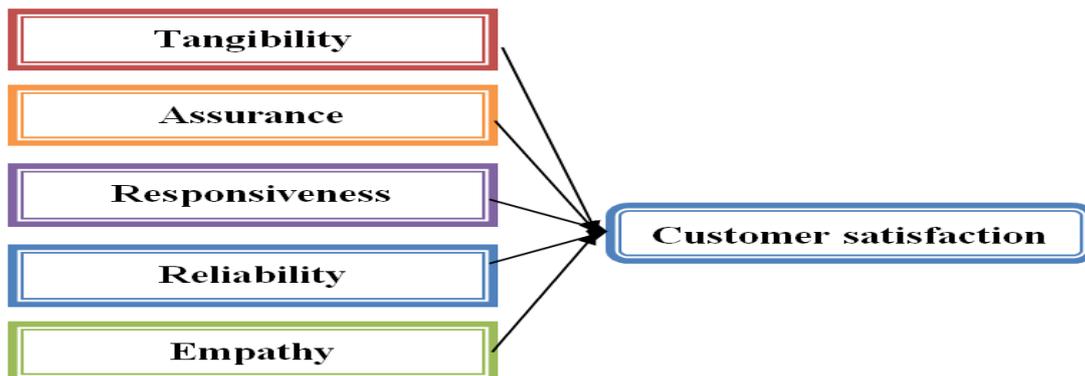


Figure 1: Variables of service quality

Source: Parasuraman et al. (1994) and Caruana (2002)

RESEARCH METHOD

The population of this study includes all the individual customers of both public and private banks that currently operating in Tangail city. There are 15 banks in Tangail city. Public, specialized and private commercial banks are included in it. Among them, 8 branches of different banks are randomly selected for data collection. 6 is private and 2 are public. They are Dutch Bangla Bank, EXIM Bank, National Bank, Islami Bank, Bank Asia, Mutual Trust Bank, Sonali Bank and Agrani Bank. Also, in an attempt to attain increase representativeness, data for this study used random sample of bank customers in the Tangail city. Hence, this study used simple random sampling. Finally, convenience sampling technique was applied to selected 200 respondents that participated in the study. The method which has used in obtaining information on service quality of banks through a survey performed on a sample of the general population. In this study, questionnaire has used as a medium for collecting data. The questionnaire has been adopted from questions of previous studies. There are 20 questions answered by 200 respondents. The questionnaire is divided into three portions. First portion consists of questions about the respondent's demographic profile where second portion consists of questions about the service quality. The third portion includes questions about customer satisfaction. In order to assess the effectiveness of this study, questionnaire has been used as a primary resource.

This study measures the quality of services by implementing the five dimensions of "SERVQUAL" model, each dimension is followed by questions. The 5-point Likert –scale is used for all responses with (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). The questionnaire was designed and distributed to the respondents at random targets. Respondents were targeted public on legal age to hold a Current and Savings account in banks in Tangail. In this research, it has examined how the independent variables affect the dependent variable. Hence, the dependent variable is customer satisfaction and independent variables are Service quality dimension; tangibles, reliability, responsiveness, assurance and empathy. This research has applied

quantitative research approach, SPSS version 20 was used to ensure that the relevant issues are investigated in a comprehensive method. Descriptive statistics, correlation, regression analysis, ANOVA are used to test and evaluate the hypothesis in the study framework.

Research Questions

Is there any effect of service quality on customer satisfaction?

Is there any effect of service quality dimension on customer satisfaction?

Research Hypothesis

This research is conducted to address the following hypotheses:

H1=There is a relationship between service quality and customer satisfaction in banking services.

H2=There is a relationship between service quality dimensions and customer satisfaction in banking services.

RESULTS AND ANALYSIS

Demographic Characteristics of the Respondent

Table 1 provides the demographical distribution of the respondents according to various categories.

Interpretation

The results of this table 1 provide data on demographic characteristics of the respondents. It includes variables like age, gender, occupation, years of account and frequency of using the bank. The sample includes 200 customers of both private and public banks in Tangail. Females make (36%) of the customers on the other hand males respondents represented (64%) of the survey population. The largest group of respondents (26%) is aged between 41 and 50. The next largest group (23%) is aged between 31 and 40. Smaller groups of respondents are aged below 21 (10%). With regard to occupation, most of the respondents are businessman (81 and 40%) and next largest group service holder make 28% (56) of the customers. Finally, students are smaller group make 9% (18) of the customers. Regarding the frequency of use, majority of the respondent are not frequent users (102 and 52%); they use the service at most once in a month.

Table 1: Demographical distribution

Demographics	Category	No. of respondents in category	Percentage
Age	Below 21 years	19	10
	21-30 years	25	13
	31-40 years	45	23
	41-50 years	51	26
	51-60 years	36	18
	Above 60 year	24	12
	Total	200	100
Gender	male	128	64
	female	72	36
	Total	200	100
Occupation	students	18	9
	Service holder	56	28
	businessman	81	40
	housewife	24	12
	others	21	10
	Total	200	100
Years of account	2-5	24	12
	6-9	44	22
	10-13	83	42
	Above 14	49	25
	Total	200	100
Frequency of using the bank	daily	25	13
	weekly	23	12
	monthly	102	51
	other	50	25
	Total	200	100

Source: Field study

Descriptive statistics of the Service Quality Dimensions Interpretation

Table 2 shows the mean score for the five dimensions of service quality. The highest mean is scored by tangibility (4.91) followed by

reliability (4.26) and assurance (4.06). The least mean score is for responsiveness (2.55) followed by empathy (2.60). According Table 4.2, the tangibility dimension of service quality is carried out superior to the other four dimensions with a mean score of 4.91. This indicates the private

banks are performing at satisfactory level in possessing good looking equipment's, visually appealing materials and neat appearing employees. The second dimension is reliability with 4.26 mean score. The third dimension as per the rating of the customers is assurance with a mean score of 4.06. The customer perceived that the banks are performing better in having knowledgeable and courteous employees and providing secure and trustworthy service. The least performed dimensions are responsiveness and empathy with a mean score of 2.55 and 2.60 respectively. As per the response of the customers, banks are not good in delivering responsive and empathic service. This indicates that there are weaknesses in helping customers, responding to customer inquiries, delivering prompt service and understanding individual customer needs.

Model Summary

The regression results indicate all the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) combined significantly influence the satisfaction of customers. The adjusted R square of 0.276 indicates 27.6% of the variance in customer satisfaction can be predicted by the service quality offered by the banks (table 3).

Interpretation

Table 4 provides the ANOVA test of the model which reveals customer satisfaction as a function of dimension of service quality; tangibles, reliability, responsiveness, assurance and empathy. ANOVA tells overall moderate goodness of fit of the model. F-statistic of the model is 16.180 which is moderate good and entails that model is a moderate good fit at 5% level of significance.

Table 2: Descriptive statistics

Service quality dimensions	Mean score	Standard deviation
Tangibles	4.91	0.383
Reliability	4.26	0.946
Responsiveness	2.55	0.872
Assurance	4.06	0.889
Empathy	2.60	0.913
Customer satisfaction	3.87	0.876

Regression Analysis

Table 3: Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.542	0.294	0.276	0.745

Dependent variable: Customer satisfaction

Predictors: Empathy, Reliability, Tangibles, Responsiveness, Assurance

Table 4: ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.915	5	8.983		
Residual	107.705	194	0.555	16.180	0.000
Total	152.620	199			

Table 5: Coefficient Table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.480	0.752		0.638	0.524
Tangibles	0.185	0.141	0.081	1.313	0.191
Reliability	0.280	0.065	0.303	4.285	0.000
Responsiveness	0.023	0.071	0.023	0.324	0.746
Assurance	0.265	0.073	0.269	3.647	0.000
Empathy	0.059	0.066	0.062	0.902	0.368

Table 6: Contingency table customer satisfaction and assurance

Assurance		Customer satisfaction					Total
		SD	D	N	A	SA	
SD	Count	0	2	0	0	0	2
	% of Total	0.0%	1.0%	0.0%	0.0%	0.0%	1.0%
D	Count	0	7	4	0	0	11
	% of Total	0.0%	3.5%	2.0%	0.0%	0.0%	5.5%
N	Count	0	2	8	14	4	28
	% of Total	0.0%	1.0%	4.0%	7.0%	2.0%	14.0%
A	Count	1	0	27	39	24	91
	% of Total	0.5%	0.0%	13.5%	19.5%	12.0%	45.5%
SA	Count	0	0	13	32	23	68
	% of Total	0.0%	0.0%	6.5%	16.0%	11.5%	34.0%
Total	Count	1	11	52	85	51	200
	% of Total	0.5%	5.5%	26.0%	42.5%	25.5%	100.0%

Table 7: Results of test statistic

Pearson Chi-Square Value	Pearson's R	df	p-value
125.708	0.436	16	0.000

Interpretation

The estimated model is,

$$Customer\ satisfaction = 0.480 + 0.185 * (Tangibles) + 0.280 * (Reliability) + 0.023 * (Responsiveness) + 0.265 * (Assurance) + 0.059 * (Empathy).$$

From the coefficients table (table 5), Empathy, Reliability, Tangibles, Responsiveness, and Assurance have positive effects on the customer satisfaction.

If there is no effect of the independent variables then the customer satisfaction increase on an average 0.480.

If other independent variables remain constants, then 1-unit change in Tangibles will increase customer satisfaction on an average 0.185.

If other independent variables remain constants, then 1-unit change in Reliability will increase customer satisfaction loyalty on an average 0.280.

If other independent variables remain constants, then 1-unit change in Responsiveness will increase customer satisfaction on an average 0.023.

If other independent variables remain constants, then 1-unit change in Assurance will increase customer satisfaction on an average 0.265.

If other independent variables remain constants, then 1-unit change in Empathy will decrease customer satisfaction on an average 0.059.

Contingency Analysis

First Hypothesis Testing

Null Hypothesis, H_0 : There is no relation between Customer satisfaction and Assurance.

Alternative Hypothesis, H_1 : Null hypothesis is not true.

From tables 6 and 7, we see that the value of Pearson chi-square statistic with 16 degrees of freedom is observed to be 125.708 and the corresponding p-value is 0.000 which is significant at 5% level of significance. So, the null hypothesis is rejected, which indicates that there is a significant relationship between Customer satisfaction and Assurance. And the

value of correlation coefficient is 0.436 which indicates that there is a significant positive relationship between Customer satisfaction and Assurance.

Second Hypothesis Testing

Null Hypothesis, H_0 : There is no relation between Customer satisfaction and Empathy.

Alternative Hypothesis, H_1 : Null hypothesis is not true.

From tables 8 and 9, the value of Pearson chi-square statistic with 16 degrees of freedom is observed to be 14.038 and the corresponding p-value is 0.596 which is insignificant at 5% level of significance. So, the null hypothesis cannot be rejected, which indicates that there is no significant relationship between Customer satisfaction and Empathy.

Third Hypothesis Testing

Null Hypothesis, H_0 : There is no relation between Customer satisfaction and Responsiveness.

Alternative Hypothesis, H_1 : Null hypothesis is not true.

Table 8: Contingency table customer satisfaction and empathy

Empathy		Customer satisfaction					Total
		SD	D	N	A	SA	
SD	Count	0	3	7	9	3	22
	% of Total	0.0%	1.5%	3.5%	4.5%	1.5%	11.0%
D	Count	1	4	17	29	16	67
	% of Total	0.5%	2.0%	8.5%	14.5%	8.0%	33.5%
N	Count	0	4	21	39	22	86
	% of Total	0.0%	2.0%	10.5%	19.5%	11.0%	43.0%
A	Count	0	0	7	5	7	19
	% of Total	0.0%	0.0%	3.5%	2.5%	3.5%	9.5%
SA	Count	0	0	0	3	3	6
	% of Total	0.0%	0.0%	0.0%	1.5%	1.5%	3.0%
Total	Count	1	11	52	85	51	200
	% of Total	0.5%	5.5%	26.0%	42.5%	25.5%	100.0%

Table 9: Results of test statistic

Pearson Chi-Square Value	Pearson's R	df	p-value
14.038	0.173	16	0.596

From tables 10 and 11, it is seen that the value of Pearson chi-square statistic with 16 degrees of freedom is observed to be 24.364 and the corresponding p-value is 0.082 which is insignificant at 5% level of significance. So null hypothesis can be accepted, which indicates that there is no significant relationship between Customer satisfaction and Responsiveness.

Fourth Hypothesis Testing

Null Hypothesis, H_0 : There is no relation between Customer satisfaction and Reliability.

Alternative Hypothesis, H_1 : Null hypothesis is not true.

From tables 12 and 13, the value of Pearson chi-square statistic with 16 degrees of freedom is

observed to be 126.946 and the corresponding p-value is 0.000 which is significant at 5% level of significance. So null hypothesis is rejected, which indicates that there is a significant relationship between Customer satisfaction and Reliability. And the value of correlation coefficient is 0.453 which indicates that there is a significant positive relationship between Customer satisfaction and Reliability.

Fifth Hypothesis Testing

Null Hypothesis, H_0 : There is no relation between Customer satisfaction and Tangibles.

Alternative Hypothesis, H_1 : Null hypothesis is not true.

Table 10: Contingency table customer satisfaction and responsiveness

Responsiveness		Customer satisfaction					Total
		SD	D	N	A	SA	
SD	Count	1	3	5	5	6	20
	% of Total	0.5%	1.5%	2.5%	2.5%	3.0%	10.0%
D	Count	0	7	21	32	17	77
	% of Total	0.0%	3.5%	10.5%	16.0%	8.5%	38.5%
N	Count	0	1	22	37	18	78
	% of Total	0.0%	0.5%	11.0%	18.5%	9.0%	39.0%
A	Count	0	0	3	10	9	22
	% of Total	0.0%	0.0%	1.5%	5.0%	4.5%	11.0%
SA	Count	0	0	1	1	1	3
	% of Total	0.0%	0.0%	0.5%	0.5%	0.5%	1.5%
Total	Count	1	11	52	85	51	200
	% of Total	0.5%	5.5%	26.0%	42.5%	25.5%	100.0%

Table 11: Results of test statistic

Pearson Chi-Square Value	Pearson's R	Df	p-value
24.364	0.187	16	0.082

Table 12: Contingency table customer satisfaction and reliability

Reliability		Customer satisfaction					Total
		SD	D	N	A	SA	
SD	Count	1	3	2	0	0	6
	% of Total	0.5%	1.5%	1.0%	0.0%	0.0%	3.0%
D	Count	0	4	3	0	0	7
	% of Total	0.0%	2.0%	1.5%	0.0%	0.0%	3.5%
N	Count	0	4	4	3	2	13
	% of Total	0.0%	2.0%	2.0%	1.5%	1.0%	6.5%
A	Count	0	0	21	33	24	78
	% of Total	0.0%	0.0%	10.5%	16.5%	12.0%	39.0%
SA	Count	0	0	22	49	25	96
	% of Total	0.0%	0.0%	11.0%	24.5%	12.5%	48.0%
Total	Count	1	11	52	85	51	200
	% of Total	0.5%	5.5%	26.0%	42.5%	25.5%	100.0%

Table 13: Results of test statistic

Pearson Chi-Square Value	Pearson's R	df	p-value
126.946	0.453	16	0.000

Table 14: Contingency table customer satisfaction and tangibles

Tangibles		Customer satisfaction					Total
		SD	D	N	A	SA	
N	Count	1	1	1	2	1	6
	% of Total	0.5%	0.5%	0.5%	1.0%	0.5%	3.0%
A	Count	0	1	0	2	4	7
	% of Total	0.0%	0.5%	0.0%	1.0%	2.0%	3.5%
SA	Count	0	9	51	81	46	187
	% of Total	0.0%	4.5%	25.5%	40.5%	23.0%	93.5%
Total	Count	1	11	52	85	51	200
	% of Total	0.5%	5.5%	26.0%	42.5%	25.5%	100.0%

Table 15: Results of test statistic

Pearson Chi-Square Value	Pearson's R	df	p-value
40.433	0.083	8	0.000

From tables 14 and 15, the value of Pearson chi-square statistic with 16 degrees of freedom is observed to be 40.433 and the corresponding p-value is 0.000 which is significant at 5% level of significance. So null hypothesis is rejected, which indicates that there is a significant relationship between Customer satisfaction and Tangibles. And the value of correlation coefficient is 0.083 which indicates that there is a significant positive relationship between Customer satisfaction and Tangibles.

DISCUSSION

To assess the service quality performance, the five dimensions of service quality were used. Among the five dimensions, the banks were found to be superior in providing appealing service environment. The banks are good in tangibility, reliability and assurance dimensions. The mean score values are lowest for responsiveness and empathy indicating inferior performance of these banks in those dimensions of service quality. These are the area where banks need to work to improve customer perception of service quality. Counter staff need to be continuously trained with proper skill of providing caring and prompt service. Moreover, staff that are committed in implementing quality services and gained recognitions from customers should be given better rewards. The results of this study show all service quality dimensions are positively correlated with customer satisfaction indicating quality banking service as a prerequisite for establishing and having a satisfied customer. According to the correlation result, empathy and responsiveness are the dominant determinants of customer satisfaction. This indicates that banks required initializing provision of caring, individualized attention given to the customers. Moreover, managers should encourage service recovery and problem-solving attitude prevailing in their banks. The positive significant coefficient for service quality and customer satisfaction relationship suggests higher service quality on banking service and the higher the satisfaction of customers towards the banks. Thus, satisfied customer is important in developing a loyal customer. Therefore, organizations should always strive to ensure that their customers are very satisfied. Customer satisfaction is potentially one of the most powerful weapons that financial institutions of

can employ in their fight to gain a strategic advantage and survive in today's ever-increasing competitive environment. Moreover, banks need to develop strategies that enhance satisfaction of their customers.

CONCLUSION

The main aim of the study is to assess the service quality of banks in Tangail and its impact on customer satisfaction. The study also tried to test the relationship that exists between service quality and customer satisfaction. The mean score values for service quality dimensions was between 4.91 and 2.55. This indicates that improvements of service quality should be conducted on all the five service quality dimensions, especially the dimensions of responsiveness and empathy. This study also found a positive relationship between all service quality dimensions and customer satisfaction. Accordingly, the results of this research paper confirmed the theory of literatures regarding the relationship between service quality dimensions and customer satisfaction. Although this research provides some significant insights into service quality in banks of Tangail, there is still a chance to extend the findings to gain a more comprehensive understanding of the nature of banking services. The future research may highlight the service quality in banking in total, comparative analysis on SERVQUAL in banking industry. The future research may be directed to analyze the application of SERVQUAL to other service industries by incorporating other dimensions of service quality.

RECOMMENDATIONS

The following recommendations are proposed to banks or financial service providers in Tangail.

1. Basically satisfied customers are the assets of bank as they not only generate profits but also bring new customers for the bank. As we all know that satisfied customers convince three more customers for the bank. So word of mouth is a very strong medium of advertisement than any other media.

2. Identify and modify the premium service quality that enhances the customer satisfaction in banking sector of Tangail. To obtain the data from the customers regarding their perceptions

and expectations, frequent surveys must be conducted and apply the recommendations to improve the service quality.

3. A win-win service quality strategy must be adopted by the banks through providing value to the customer and customer remains satisfied with the organization. The provided value must be designed in view of satisfaction of the customers.

4. Although the service quality dimensions (i.e. tangibles, reliability, responsiveness, assurance and empathy) are considered very preliminary predictor of the customer satisfaction, but still have a strong impact on the customer satisfaction so these factors must be incorporated as a core of the strategy that is aiming at enhancing customer satisfaction.

5. As per literature survey of various researches the most influencing determinant of the customer satisfaction is service quality. So, ensuring premium quality services must be used as the prime objective of the business strategy of banks in Tangail

6. The financial service providers i.e. banks in the Tangail are all same in their customer services, products feature and relationship management etc. These banks must think rearrange a competitive area where they represent themselves in a distinctive way.

8. Modifying the services as per needs and demands of customer must be the focus of Banks. Banks should make their strategy giving importance future than present.

Suggestions for Future Research

An attempt to extend the study coverage on a wider geographical area or city, change factors and apply advanced model could also be considered for future study in order to enhance the generalization of the findings and to further investigate the actual contribution of service quality on customer satisfaction in banking or another servicing based sector in Bangladesh.

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