



**Sudan University of Science and Technology**

**Postgraduate collage**

**Measuring the Efficiency of Banking Service Quality**

**(Faisal Islamic bank as a case study)**

**قياس كفاءة جودة الخدمة المصرفية**

**( بنك فيصل الاسلامي كدراسة حالة )**

**Supplementary research to award of master degree in**

**Total Quality Management**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

قال الله تعالى :

" وَعَلَّمَكَ مَا لَمْ تَكُن تَعْلَمُ  
وَكَانَ فَضْلُ اللَّهِ عَلَيْكَ عَظِيمًا "

صدق الله العظيم

( سورة النساء: الآية ١١٣ )

## **Dedication**

To my father & my mother.. You have been always everything for me. Since I was born. You are supporting me. Thank you for encouraging me to be I am today.

Also to my dear wife... thank you for being understanding & your support.

My friends & colleagues thank you for support.

## **Acknowledgment**

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## **Abstract**

The paper highlights the importance of managing service quality in banking industry that can positively affect customer satisfaction. The goal of the given study is to develop an instrument for measuring service quality perceived by Sudanese banks' customers and to determine the most important enablers to customer satisfaction. To achieve this purpose, randomly selected customers of Faisal Islamic bank (SUDAN) were surveyed, using the authors' developed questionnaire. The proposed instrument was tested for reliability and validity, using techniques of confirmatory factor analysis. Exploratory factor analysis yielded five service quality dimensions (factors) that allowed constructing customer satisfaction factor model EPICA: E – expenses, P – product, I – image, C – competence and emotional intellect, A – access.

The results of the current research are crucially important for Sudanese banks' executives because the majority of previous studies in the related field offered measurement scales adequate for measuring service quality in other industries.

## المستخلص

تبرز الورقة على أهمية جودة الخدمة في إدارة الصناعة المصرفية والتي يمكن ان تؤثر إيجاباً على رضا العملاء .

الهدف من الدراسة هو تطوير أداة لقياس جودة الخدمة المدركة من قبل العملاء في البنوك السودانية وتحديد أهم المساهمين في رضا العملاء ، ولتحقيق هذا الغرض، تم جمع عملاء مختارين عشوائياً من بنك فيصل الإسلامي السوداني ، وذلك باستخدام الاستبيان التي صمم لهذا الغرض . تم اختبار الأداة المقترحة للموثوقية والصدق، وذلك باستخدام التقنيات المؤكدة لعامل التحليل .

أسفرت تحليل العوامل التمهيدي عن خمسة أبعاد جودة الخدمة (العوامل) التي سمحت بإنشاء نموذج رضا العملاء EPICA : E - المصروفات ، P - المنتج ، I - الصورة الذهنية ، C - الكفاءة والذكاء العاطفي ، A - الوصول .

نتائج البحث الحالي هي في غاية الأهمية لمدراء البنوك السودانية "لأن معظم الدراسات السابقة في مجال آخر ذي صلة ، وما يليها من قياس كافية لقياس جودة الخدمة في الصناعات الأخرى.

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**CHAPTER ONE**  
**INTRODUCTION**

# **1. Introduction:**

This chapter contains the background of the study, statement of the problem, purpose of the study, objectives, research questions, scope of the study and the significance of the study.

## **1.1 Background:**

The last year have been seen in the development of banking services in Sudan, the technology plays very important role for this development which led to strong competition between the types of Islamic banks, commercial, industrial and other banks. For that pursue all these banks improve and develop their services, to ensure maintain their customers and increase their market share and leading to increased profitability.

The quality of the basics banking service, which precedes satisfy customers and therefore the satisfaction affect the customer purchase decision and the future perceptible, as well as banking service quality is a prerequisite to satisfy the desire of the customer and keep it.

Given the importance of this sector, the performance measurement and evaluation of the effectiveness quality testing services and touch, discover the shortcomings which is one of the important ways for the improvement and development and promotion in order to achieve the objectives of development in the Sudan and contribute effectively to the national economy.

Therefore, this research seeks to measure the quality of services provided by the banks in order to achieve the following objectives:

1. measuring the quality of banking services from the point of view of its customers and determine its dimensions.
2. Knowledge of customers' attitudes towards banking.
3. Straighen out the decisions of the banking departments to develop and improve its services, which would contribute to the development of the performance of these banks.

<sup>1</sup>([en.wikipedia.org/wiki/customer\\_satisfaction](https://en.wikipedia.org/wiki/customer_satisfaction), ٢٠١٤)

The service quality model or the 'GAP model' developed by the authors (Parasuraman, Zeithaml and Berry) at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies five 'gaps' that cause unsuccessful delivery. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect', if the experience does not match the expectation, there arises a gap. Ten determinants that may influence the appearance of a gap were described by Parasuraman, Zeithaml and Berry.[6] in the SERVQUAL model: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles.

Undoubtedly, in the beginning of this century customer satisfaction defines very clearly the meaning and significance of today's real economic activities. In this sense, extensive production and consumption of products and services is not today the sole purpose of economic activities, the main purpose of companies. From a certain perspective, the main purpose of companies is to "sell" products or services, respectively to produce and deliver those products or services that meet in a very high degree requirements and needs of consumers or users.

Thus, the importance of customer satisfaction, in general, consists in recognizing the mode and the way in which organizations generate and create "pleasure" so in the consumers of products or services and among suppliers of such services or products. Numerous studies have shown the

Importance of customer satisfaction for these organizations by highlighting the link between customer satisfaction and financial results, customer satisfaction and maintaining or attracting customers. Benefits they can have an organization by measuring customer satisfaction they are indisputable; between them, we remember that (Wagenheim & Reurink, 1991):

- contribute to improving the quality of products and services;
- helps to reduce costs and expenses;
- increase and boost personnel employed spirits.

Concerning the role of customer satisfaction, this can play many roles for an organization, whether private or public. As an overview and synthesis, customer satisfaction can affect many organizational processes, being used as a tool in many areas posed by an organization.

## **1.2 Concept of service quality:**

Service quality is a comparison of expectations with performance. A business with high service quality will meet customer needs whilst remaining economically competitive. Improved service quality may increase economic competitiveness.

This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed.

The measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turns depends upon the customer's expectation in terms of service, they might receive and the service provider's ability and talent to present this expected service. Successful Companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Delighting customers is a matter of exceeding their expectations.

Pre-defined objective criteria may be unattainable in practice, in which case, the best possible achievable result becomes the ideal. The objective ideal may still be poor, in subjective terms.

Service quality can be related to service potential (for example, worker's qualifications); service process (for example, the quickness of service) and service result (customer satisfaction).

### **1.2.1 Dimension of service quality:**

A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the 'GAP model' developed by a group of authors-Parasuraman, Zeithaml and Berry at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies five 'gaps' that cause unsuccessful delivery. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap. Ten determinants that may influence the appearance of a gap were described by Parasuraman, Zeithaml and Berry. In the SERVQUAL model: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles. Later, the determinants were reduced to five: tangibles; reliability; responsiveness; service assurance and empathy in the so called RATER model.

### **1.2.2 Measuring service quality:**

Measuring service quality may involve both subjective and objective processes. In both cases, it is often some aspect of [customer satisfaction](#) which is being assessed. However, customer satisfaction is an [indirect measure](#) of service quality.

### **1.2.3 Measuring subjective elements of service quality:**

Subjective processes can be assessed in characteristics (assessed by the [SERVQUAL](#) method); in incidents (assessed in [Critical Incident Theory](#)) and in problems (assessed by *Frequent Relevant Analyze* a German term. The most important and most used method with which to measure subjective elements of service quality is the Servqual method.

### **1.2.4 Measuring objective elements of service quality:**

Objective processes may be subdivided into primary processes and secondary processes. During primary processes, silent customers create test episodes of service or the service episodes of normal customers are observed. In secondary processes, quantifiable factors such as numbers of customer complaints or numbers of returned goods are analyzed in order to make inferences about service quality.

Parasuraman, A. Berry, L. and Zeithmal, V. (1999).



### **1.3 Problem statement:**

Although the measure of quality service is very important for improve and develop services, wherever there are many variations about how to measure the quality service, therefore, the research will provide answer to several questions:

- 1- Is there a measure of the quality service provided?
- 2- If there was a measurement, How to measure the quality of service efficiency?
- 3- What are the advantages of this measurement on improve service quality?
- 4- Relation of behavioral variables like: customer satisfaction, loyalty and purchase intent with service quality?
- 5- Impact of service quality on the competition?

### **1.4 Aims and objectives:**

The research is seek to:

- 1- To find out the importance of measuring the quality of banking service.
- 2- To reach the best measurement of quality of service banking.
- 3- To find out banking customers evaluation of the level of quality of service provided from the point of view in terms of expectations and perceptions.
- 4- Disclosure of the benefits that can be obtained from banks beyond measure the quality of their services and work on the development of these services and access to the basis of objective, namely, to increase its market share to maximize profitability.
- 5- To identify one of the entrances to measure quality in service institutions this is the entrance to the gap SERVQUAL.
- 6- Identifying the dimensions that make up the quality of service.

## **1.5 Importance of research:**

The importance of research stems from:

- 1- The importance of quality as one of the entrances that are used to achieve customer satisfaction, in addition to the importance of the research comes from the importance of the sector studied by namely the banking sector which is supposed to have a long experience, especially that history spanning several decades.
- 2- The importance of bank marketing, which is the quality of banking services offered to its customers one of the main pillars that helps banks to improve the profitability by improving its services and to gain new market share.
- 3- The results, which it will conclude this research departments will help banks to improve and develop its banking services.

## **1.6 Research hypotheses:**

The first hypotheses:

There are statistical indications that the measurement and improvement of banking service quality leads to increased customer satisfaction.

The second hypotheses:

There are statistical indications that the increase in the level of service dimensions to increases the quality of banking services.

The third hypotheses:

There are statistical indications that the banking of service quality depends on Gender – Age – Qualification-number of years of dealing with bank.

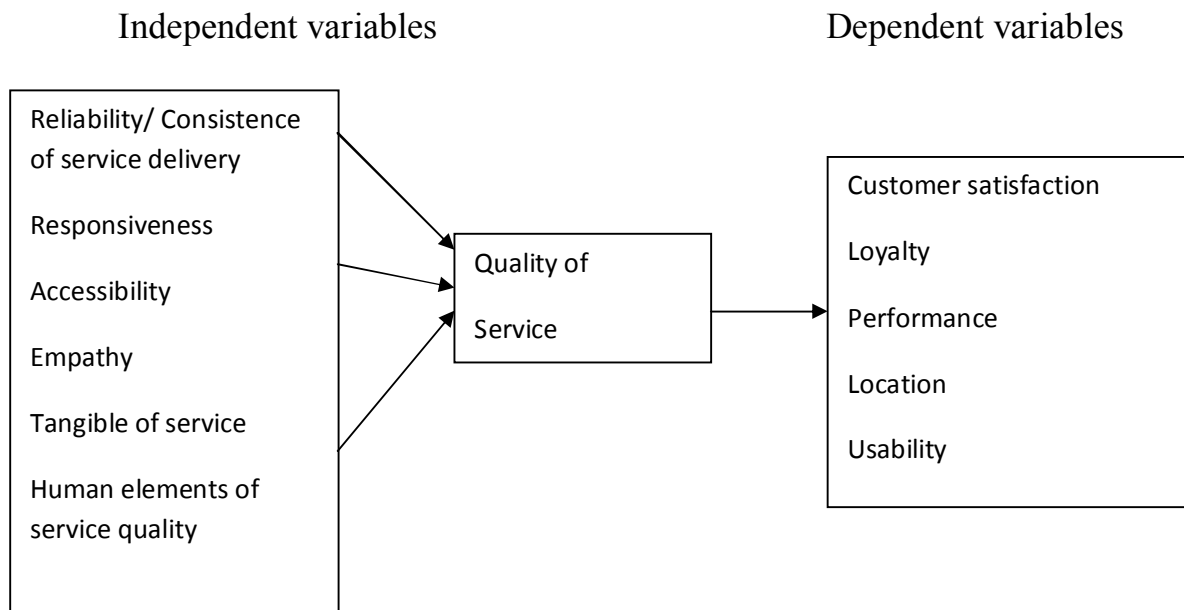
## **1.7 Advantages of current research:**

This kind of study expresses the level of banking services offered to customers and the extent to compatibility of this level of banking services with the wishes and the needs and expectations of customers , which stimulates many researchers and departments of banks continue to study the level and quality of services provided by these banks from time to time, all with the aim stand on the last wishes and needs and customer expectations about the quality of services to be provided and the way their perception of these services, and the importance of measuring quality in service.

## **1.8 Expected results:**

- 1- Measuring the quality of service in a scientific manner just help stock now the needs and desires and expectations of customers for the service provided to them.
- 2- Measuring the quality of service increases the awareness of the marketing staff and helps to activate it.
- 3- Will help to fill the gaps between customers and service providers.
- 4- There will be a difference in the evaluation criteria for customer service.

**Figure 1: Conceptual framework**



From the above diagram, the factors influence quality services (determinants) include customer's perception, consistence in service delivery, responsiveness, accessibility, communication, human elements of service quality, and tangibles of service, etc. and determinants of customer satisfaction include location, loyalty, usability, performance etc.

**Source: customer service management (module).**

**CHAPTER TWO**  
**PREVIOUS STUDIES**

## **2. Background:**

There is still no consensus on a definition for quality. For this paper, that of Parasuraman et al. is adopted: "Service quality as perceived by the customer is the degree and direction of discrepancy between customer service perceptions and expectations" (Parasuraman et al., 1985).

It is this gap between perceptions and expectations that underpins the formulation of SERVQUAL, the service quality measuring instrument of Parasuraman et al. (1988) and its subsequent refinements (1990, 1993, 1994).

The instrument is based on the idea of the disconfirmation model, in other words on the comparison of customers' expectations with their experiences from the service. Usually, the five dimensions of the instrument are described through the use of 22 attributes and respondents are asked to state (on a seven-point scale from "Strongly disagree" to "Strongly agree") what they expected from the service and how they perceived the service."

Since its formulation, SERVQUAL has been used in a variety of service industries and countries.

Several authors of SERVQUAL-based studies have questioned its psychometric soundness and its usefulness. Principal among these are criticisms of its reliance on two scales measuring perceptions and expectations when one scale (that of perceptions or a simple performance measure) would be shorter, simpler and more easily understandable and ultimately more effective.

The use of expectations is questioned by Babakus and Mangold (1992) and Cronin and Taylor (1992), who in measuring service quality in banking conclude that the disconfirmation approach has little support either theoretically or empirically. Similarly, Teas (1993) questions the interpretation and operationalisation of expectations and Avkiran (1999) notes a tendency to set expectations higher than perceptions thus making a gap between perceptions and expectations inevitable.

Moreover on practical grounds the use of two scales and the negatively worded question items are both time consuming and too complex for most respondents (Avkiran, 1999).

## 2.1 Quality service

Winder and Judd (1996), defines quality as the ongoing process of building and sustaining relationship by assessing, anticipating and fulfilling stated and implied needs.

Quality is the totality of features and characteristics of a product/ services that bears on its ability to satisfy stated or implied needs (Okella, 2004). Balunywa (1995), stated quality as an attribute of a product/ service, that is a grade of a particular product or service thus talk of poor and good quality. These two definitions emphasize quality being inherent in a product/ service. Service is any activity that one party can offer to another that is essentially intangible and does not result into ownership (Kolter,1999).Four main features characterized service namely; intangibility, perishability, heterogeneity and inseparability unlike products (Payne,1999). According to Heizer and Render (1999), services are those economic activities that typically produce an intangible product as education, government, insurance, entertainment, transportation, real estate and medical repair.

Quality service is defined as a level of service, compared to that of competitors that is high enough in the eyes of a customer, that enables one to gain an unnaturally large market share and enjoy a higher profit margin than competitors,(Karl,2004).According to Hawcroft (1991), anticipating and satisfying the needs and expectations of a customers.

Eugene (2000) describes quality service as a global evaluation of a firm's service delivery system.

According to Dale (1994), service quality issues have been of academic and practitioner interest to markets resulting from the increasing importance of the service sector in the economy. This covers industries like tourism and health care where the focus of the business activity is on 'services' rather than product. The production and consumption of many services are simultaneous in that the service process integrates both customer and sellers. Therefore, the service process is important to service quality responsibility for marketing of quality services lies with operations, marketing, human resources and other management together with an organization.

Dale adds that customer services and service quality are new, a focus for any corporate or marketing strategy and high level of services are typically seen as a mean for an organization to achieve a competitive advantage. An organization need to focus its attention on products, services and their production.

Hutchins (1990) Portrays quality as the perceived level of performance by the customer in a product or services. He states 'quality is a measure of the achievement of customer satisfaction.'

Whereas Peter (1994) describe components of quality service as the degree to which attributes of the service desired by the users are identified and incorporated in the service and the degree to which the desired level of attributes are perceived by the users to be achieved.

Oakland (1997) contends that, the business environment today is characterized by changing customer expectations, technological and product advances, legislation and political development, economic and competitive conditions which contribute to an increasing emphasis on quality service provision for all organizations in both services and manufacturing. Quality assurance within an organization provides confidence to the management of the organization and customer. He asserts that organizations need to control quality in order to avoid unsatisfactory performance. It is contended by Wisner et al (1995) that quality service is a mechanism to achieve pre-eminence in the market place and the battle for market shares and becomes a factor in strategic planning. A company like bank needs more awareness of alternatives offer in relation to quality services/ products and consequently their expectation of service and quality raised.

## **2.2 Importance of Quality services**

Banking industry is a demand driven industry, which constitute an important part of the service industry. Retail banks therefore have to redefine their corporate image to that emphasizes service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations, thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate(Lewis,1991,Newman 2001)

## **2.3 Determinants of service quality**

Classification of service quality has been addressed by a number of scholars. Lehtinen (1982), identified three (3) dimensions of physical quality, corporate quality and interactive quality, while Granoos (1988) identified five key determinants of quality service as; professionalism and skills, reputation and credibility, behavior and attributes, accessibility and flexibility, and reliability and trust worthiness. In their revised version, Perasuraman et al (1985) identified the following determinants; reliability, responsiveness, accessibility, competence, credibility, courtesy, communication, security, the other determinants include customer perception, consistence of service delivery, human elements of service quality, tangibles of service.



Physical quality relates to tangible aspects of services interactive quality involves the interactive nature of service and refers to two-way flow that occurs between the customer and service provider or his/her representative, including both automated and animated interaction.

Corporate quality refers to the image attributed to a service provider by its current and potential customers as well as other

### **2.3.1 Responsiveness**

Is the willingness to provide help and prompt service to customer (Parasuraman et al, 1999). Responsiveness concerns the willingness or readiness of employees to provide a service in such a way as; mailing a transaction slip immediately, speed on mortgage confirmation, updating accounts promptly (Francis, 1996). Responsiveness has been shown to an important factor Aukiran (1994), suggest that efforts to increase speed of processing information and a customer is likely to a positive effect on customer satisfaction in retail banking. Balunywa, (1995) emphasizes that when a customer has a need, meet it, be easy accessible available to customer.

### **2.3.2 Reliability/ Consistence of service delivery**

Referred to the processes, procedures and systems that would make service delivery a seamless experience (Sarashchandar et al, 2002). It highlighted whether the service delivery process was standardized, streamlined and simplified, so customers could receive the service without any problem. The structured aspects of service delivery processes have not ever been adequately studied (Sarashchandar et al, 2002). In literature there were few marketing scholars who have tried to focus on the importance of the structural content of service delivery in service quality evaluation( Dauaher and Mattson, 1998). This structural content of the service delivery process is considered important in service quality evaluation ( Dauaher and Mattson, 1998).

### **2.3.3 Tangibles of services**

They are one of few dimensions that have been consistently used by different researchers (Bahia and Nantel, 2000). However tangibles refer to physical facets of service facility equipment, machinery signage, communication material (Bahia and Nantel, Parasuraman et al, 1985). It included the physical evidence of service except the personal appearance of staff which was included in human element dimension, employees and customers are usually influenced by the tangible facets of service in physiological, psychological, emotional and cognitive ways ( Bitner, 1992). The intangible aspects of the staff customer interface have a considerable influence both negative and positive in the service quality (Johnston, 1995). Tangibles are associated with the impact on the customer's inferences about what service should be like and therefore will influence the evaluation of service quality (Parasuraman et al,

1993). Customer's perception of tangibles was generally considered important in the case of the banks than others.

#### **2.3.4 Competence**

This was defined by Francis (1996) as the possession of the required skill and knowledge performs a service. It involves research capacity, knowledge and skills of operational support staff. Competence is the skill, expertise and professionalism with which the services are executed. According to Robert (1997), competence includes the carrying out of correct procedures, correct execution of customer instruction, degree of product and service knowledge exhibited by contact staff, rendering of sound advice and the general ability to do a good job.

#### **2.3.5 Communication**

Robert (1997) described communication as the ability a service to communicate with a customer in the way he/ she will understand. It includes the clarity, completeness, and accuracy of both verbal and written information to customer and the ability to listen and understand the customer. According to Ntayi, (1999), Communication means keeping customer informed in the language they can understand and listen to them. It may mean the company going that extra mile to adjust its language for different customers, availability of inquiries desk, informing of account changes, and clarity of staff answers and ease of understanding letters are great consideration to effective communication (Galloway, 1994). In Uganda retail banking, banks like Stanbic bank and Bank of Africa, Centenary and DFCU installed ATMs with Luganda instruction; they all have front desks for inquiries and issue bank statement at end of the month to update customers about their monthly transaction.

#### **2.3.6 Credibility**

Credibility involves trustworthiness, believability and honesty. It's about having the customers best interests at heart, contributing to credibility is a company name, reputation and privacy discussions (Francis 1996). Balunywa (1995) highlights that credibility means trust, assurance, integrity and security. Say what you mean and mean what say. This is more important in retail banking, an instruction that handles the payment system keeps customer's money.

### **2.3.7 Access**

Access is to do with approachability and ease to contact, it may mean the service is easily accessible by telephone; waiting time to receive service is not excessive and convenient hours of operation and convenient location of service facility (Francis 1996). According to Galloway (1994), getting right person on phone, appearance of branch, ease of getting to branch, queues at cash machines and staff available to help are issued to look out for. Robert (1997) considers accessibility to be approachability to the service location, including the ease of find one's way around the service environment and clarity of route. In the case of contact staff with means both the staff and customer ratio and amount of time each staff member has available to spend with each customer for service goods, accessibility includes both quality and range to product like account types available to the customer.

### **2.3.8 Customer perception of quality.**

In Australia, the importance of customer's view has grown in since the deregulation of the banking sector in early 1980S (De Brouwer, 1999), since each customer perception preference has had increasingly greater impact on the bank success (Saraschandar, Rejendran and Anantharaman, 2002). Today customers are more educated than ever before. They expect more value for money and want a good service and are willing to pay for it.(Kim and Weiner, 1996) The level of courtesy and assistance required by the bank customer as increased dramatically as customers have up graded their service standards( Yavas et al, 1917). It is important for banks to differentiates themselves on the basis of customer service in order to effectively compete in the modern competitive banking environment (Alexadris Demitriadis

### **2.3.9 Human elements of service quality**

Referred to all aspects of the staff / customer interaction in service delivery the importance of the human element informing customer's perception of service quality has been identified by marketing scholars (Jabnouns and Al-Tamini,2003, Yavas et al 1997).Employees have an important effect on customer service because customers are educated than ever before (Movawad and Weiner 1996) Further frontline employees play a vital role in representing the firm interaction with outside parties and influencing the recognition, attitude and evaluation formed by customers (Schneider and Bowen 1996) thus frontline employees were considered to be a main driver of customer satisfaction and favorable success perception. Finally four out of five service quality dimensions were about human elements, reliability, empathy and assurance (Sarashchandar et al, 2002) and murkata, 2002)

## **2.4 Quality service and customer satisfaction**

According to Bilal (1996), quality assurance in organization provides confidence to the management of the organization and customer. He argues that the organization needs to control quality in order to avoid unsatisfactory performance that leads to customer turnover. However, Wesner et al., (1995) contends that the customer is the key driver for change and acknowledging his satisfaction is of importance to business success. Factors which lead to customer turnover like actual price charged, changing address, ineffectiveness and poor communication among others, should be considered in proper alignment to produce quality services.

Poon (1993) contends that there is need for loyalty for customers, quality labor and ensure services are consistently good. Keeping customers satisfied and happen through quality will keep them coming back rather than leaving. Whereas Medilk (1992) argues that the customer assesses quality by his or her perceptions of the way in which services or facilities are provided. Thus means that quality concerns visitor expectation of services and what is received and delivered. A bad customer service experience is used as an example of common customer service error hence customer turnover.

Wesner et al. (1995), contends that the successful organizations are the ones that deliver the higher standards within the limits of what the customer can afford. Quality does not need to be expensive but it has to reflect high value for money so as to satisfy the customers. Quality service is measured through customer's comments repeat new business and complaints. Mc Connell (1990) adds that customers need to feel comfortable and relax on the surrounding. They need differentiated products and services that give them experience they cannot get anywhere. Attention should be put on customer complaints so as to retain the existing customers and attract new ones.

## **2.5 Study of Maharmah, 2005:**

Measuring the quality of banking services to commercial banks Country "field study".

The main objective of the research in the measurement of the quality of banking services offered by commercial banks country from the standpoint of customers of those banks using a scale SERVPERF \*.

The results are:

1 - the high level of quality banking services from the perspective of the customer.

(Sarashchandar et al, 2002) and murkata, 2002)

2 - Differences between calendar clients for the quality of banking services are statistically significant for the variables of sex and years of dealing with the bank, while the differences were statistically significant for Qualification variable.

### **2.6 Study** Almosnad and Hammoury, 1998:

To study the gap between customer expectations for Islamic banking services compared to Islamic banking services actually provided to them, and the decision to choose the Islamic bank.

The Results are:

1 – affect all of the good treatment of the Islamic bank staff, reputation and confidence in the Management and confidentiality of transactions and the availability of ATM in the decision to choose Islamic bank.

2 – Decrease the gap between the quality expected by the customer and the actual quality.

### **2.7 Study** ((MORTEZA, 1982:

The study was conducted to evaluate the quality of banking services in the U.S. state of California.

The Results are:

1 - male clients are more interested in the quality of banking services from female customers.

2 –Customers who did not graduate from the university after more satisfaction about the quality of banking services compared to the graduates.

3 –Older customers are more interested in the quality of banking services than younger customers.

### **2.8 Measuring the quality of** banking service in banks operating in the Gaza Strip. Faris mohamoud Abo moamer- 2005

The study showed many of the signs and areas that benefit decision makers which

1 - understand the client's expectations is a prerequisite towards providing banking service better for customers and achieve satisfaction they have, for banks operating in Palestine to recognize the nature of the customer's expectations in the Palestinian environment in order to provide better service to satisfy these expectations through the design of better services and better ways to provide it.

2 - The process of measuring the quality of service and customer perception of the service is the main entrance to improve the quality of banking services offered to customers and improved.

3 - the need to provide banking services form is the first time, where this can

be done by knowing the customer's expectations in terms that after the reliability ranked list of customer interest as the most important dimension of quality, Clients judge the service through performed in the right way in addition to the interaction between the service provider and the customer.

4 - The study showed that there is a strong correlation with statistical significance between customer satisfaction and quality banking service provided.

5 - Continuous clients in dealing with banks and increase their loyalty mainly depends on their assessment of the quality of service provided to them.

## **2.9 Athanassopoulos : 1997**

The study population included branches of banks operating in Britain's(2,200 branches) and the study sample represents ( 680 branches ) , where the branch managers were questioned about their understanding of the client's needs and how to provide the service and how to provide customer of the branch.

The study concluded that the service providers (banks) are not in the site makes them differentiate between their convictions and their understanding of the client's needs and this leads to a gap between the bank and the client's needs and wishes.

The study also focused on the bank's ability to distinguish between the factors that offer the customer a package in addition to a difference between the services provided as understood by the Director and the service provided to customers.

**CHAPTER THREE**  
**METHODOLOGY**

### **3. Case study :**

#### **Faisal Islamic Bank – Sudan**

- Faisal Islamic Bank (SUDAN) established in accordance with Temporary Order No **(9) (1977)** dated **4/4/1977** .
- In May 1977, 86 Sudanese and Saudi founders as well as other nationals of some Islamic States, met and adopted the idea of establishing the Bank. They prescribed and paid up half of the authorized capital .
- On 18/08/1977, Faisal Islamic Bank was registered as a public incorporated Co. (ltd) according to the Co. Ordinance 1925.
- The Bank commenced operations in May **1978** .
- Authorized Capital **One Billion SDG**
- Paid-up Capital **435 million SDG**

#### **Activity:**

To conduct all forms of banking activities, financial, commercial and investment as well as participation in economic development and social projects. To promote transactions and cooperation in the field of foreign trade, in conformity with Islamic Sharia law, and advanced modern developed banking techniques.

#### **Vision:**

An Islamic Bank, of Islamic orientation, Sudanese features, adhering to quality and excellence in performance, satisfaction of customers, confidence in suppliers, and community development, takes care of owners' equity and the welfare of employees.

#### **Mission:**

A Bank with both Islamic face and Sudanese features, aiming to assume the best financial position through its efficiency and outstanding institution contemporary legal banking products, processing foreign relations, modern techniques .with a working team of high esteem, committed and sincere, trained and skillful, competent and knowledge able transparent and aim to please the workers, the owners and the society.



## **The ten values:**

- Legitimacy of the Transactions.
- Leadership.
- Excellence in the Transactions.
- Professionalism.
- Teamwork.
- Continuous Improvement.
- Transparency in Transactions and Relationships.
- Customer Satisfaction.
- Cooperation with partners.
- Partnership with the community.

## **3.1 Research methodology:**

### **3.1.1 Research design:**

The study used both descriptive and quantitative research designs. Descriptive method was used to describe the characteristics dimensions of the research variables. Quantitative method was used to collect data from a given number of respondents. To a lesser extent qualitative method was also used in order to get opinions from different respondents. The study was also cross-sectional in nature because the researcher gathered data once over a period of days in order to answer the research questions.

### **3.1.2 The study population:**

The study shall be conducted on the Faisal Islamic Bank customers, different classification of individuals, companies and legal persons.

In this study, the sampling method shall be used to the difficulty of conducting comprehensive inventory of all customers Faisal Islamic Bank, as well as that this method is more practical for realistic results and provided more time and effort.

### **3.1.3 Sampling technique & procedures:**

Purposive and simple random sampling method was used during the study. Management was used purposely selected because of their knowledge or information regarding the area of the study. A simple random sampling technique was used to select the customers so that they also provide specific views on the quality they need and their expectations of Faisal Islamic Bank.

### **3.1.4 Research tool:**

Shall count in this research to the questionnaire.

### **3.1.5 The style of the collection information:**

- 1- Using survey and personal interviews with customers.
- 2- Shall be gathering information through questionnaires distributed to customers Faisal Islamic Bank, which shall distribute an estimated number of form son different groups of customers to get the best results when analyzing this information.

### **3.1.6 Sample size:**

A sample of 50 customers of internal and external customers.

### **3.1.7 Source of data**

The main source of primary data was through self- administered questionnaire, interviews and observations. Secondary data was obtained from already existing literature that is from textbooks, journals, brochures, and internet and bank reports.

### **3.1.8 Instruments**

Questionnaires were designed for the staff and customers.

### **3.1.9 Data processing and Analysis**

Data was coded, scrutinized, edited manually by the researcher to check for accuracy and completeness.

### **3.1.10 Method of analysis:**

In this part of the research will analyze the data that have been brought in from clients in order to test hypotheses and discuss the results and come up with solutions and suggestions.

Using statistical quality techniques it's including:

- 1- Reliability test.
- 2- The descriptive statistics.
- 3- The descriptive frequencies.

### **3.1.11 Limitations:**

1. Obtaining the administered questionnaires on time was a problem.
2. Respondents delayed to fill questionnaires claiming to be busy more so the staff of the Bank.
3. Identifying and contacting the bank customers were a problem as they are not located at one place.

### **3.2 Theoretical side:**

In the theoretical framework of this study shall cross Finder ideas and new trends in the field of innovation and providing banking services, as well as that of this study will focus on one of the important issues that promote the concept catalog talk in the quality of service banks by measuring the quality of the services provided to customers and work to address the gaps.

Researcher will define the concepts of quality of service characteristics and levels.

Also will talk about the dimensions of service quality and analysis of the gap between customers and service providers.

### **3.3 The practical side:**

In practical framework researcher will:

- 1 - A quantitative analysis of the data.
- 2 - Testing hypotheses.
- 2 - A qualitative analysis of the data.
- 4 -To assess the quality of banking services.

**CHAPTER FOUR**  
**ANALYSIS AND DISCUSSION OF FINDINGS**

## 4. The reliability test:

\*\*\*\*\* Method 1 (space saver) will be used for this analysis \*\*\*\*\*

— R E L I A B I L I T Y   A N A L Y S I S   -   S C A L E   ( A L P H A )  
Reliability Coefficients

N of Cases =        50.0

N of Items = 25

Alpha =        .7852

4.1 Analysis:

4.1.1 Demographic data:

**Table No.1:**

Type	Data	Percentage %
Sex	Male	64.0
	Female	36.0
Qualification	Secondary	8.0
	BSC.	56.0
	MSC.	26.0
	PHD.	10.0
Age	25-35	66.0
	35-45	26.0
	45-55	6.0
	More than 56	2.0
Job	student	6.0
	employee	80.0
	Private business	12.0
	Retired	2.0
Years of transaction	1-5	50.0
	6-10	44.0
	More than 11	6.0
Account	Saving	16.0
	Deposit	14.0
	Current	70.0

From table No.1 above, 64.0% of the respondents were male and 36.0% of the respondents were female.

Table No.1 shows that 92.0% of the respondents are University graduates. This research finding shows that all the respondents are educated and knowledgeable, therefore they can read and understand the questionnaire.

The table shows that 2.0% respondents were aged 56 years and above which implies that these respondents are retired. The research finding also shows that 92.0% of the respondents were aged 25-45 years. This shows that most of the respondents were mature, independent and productive therefore were eligible to operate transactions in Faisal Islamic Bank.

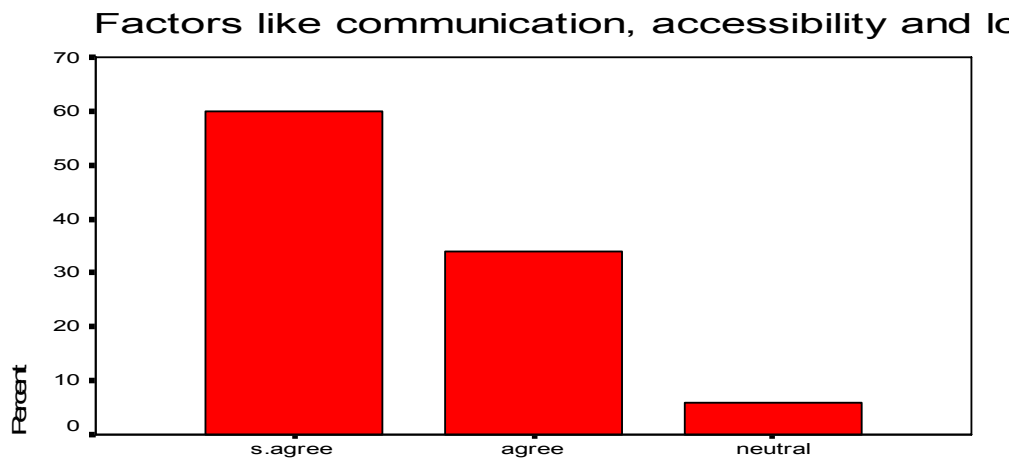
Table shows that 80.0% of the respondents are employed. This means that most of the respondents are income earners who have bank accounts.

According to the table above, 50.0% of the respondents have been the bank's customers between 1-5 years, 44.0% were between 6-10 years, this indicates the recent increased banking activities in the last 5 years. This implies that the quality of the banking services at Faisal Islamic bank is excellent hence wanted to customer retention.

From table above, 16.0% of respondent hold saving account only and 70.0% from, current account, this means more transactions and mutual deals done in Faisal Islamic bank.

**Table No.2:  
Factors like communication, accessibility and location have enabled  
customers to do business with the bank.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	30	60.0	60.0	60.0
	agree	17	34.0	34.0	94.0
	neutral	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

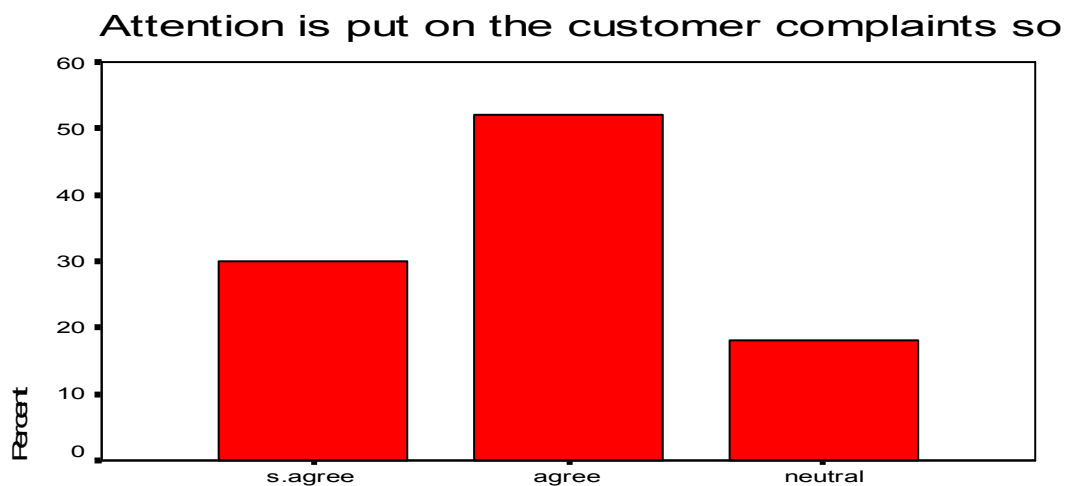


**Factors like communication, accessibility and location have enabled**

The table No.2 above shows the response about communications, accessibility and location are factors that influences customer satisfaction where by 60.0% Of the respondents strongly agree, 34.0% agree, 6.0% neutral. From the research finding it is shown that majority of the respondents agreed that communications, accessibility and location lead to customer satisfaction.

**Table No.3:  
Attention is put on the customer complaints so as to retain the existing customers and attract new ones.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid S.agree	15	30.0	30.0	30.0
agree	26	52.0	52.0	82.0
neutral	9	18.0	18.0	100.0
Total	50	100.0	100.0	



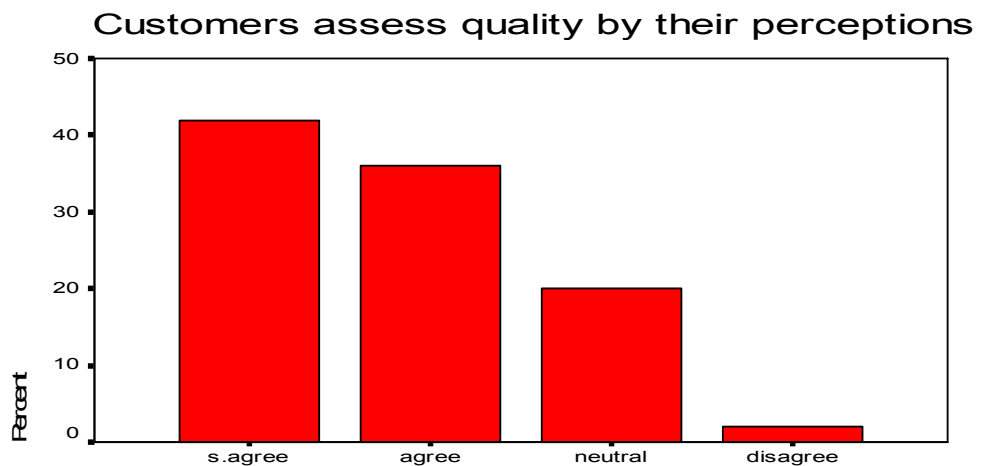
Attention is put on the customer complaints so as to retain the exi

The table No.3 above shows the attention of customer complaints that influences to retain the existing customers and attract new ones where by 52.0% Of the respondents agree, 34.0% strongly agree, 18.0% neutral. we are finding it is shown that of the respondents agreed that handling of complaints lead to retention them.



**Table No.4:**  
**Customers assess quality by their perceptions of the way in which services are provided.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	21	42.0	42.0	42.0
	agree	18	36.0	36.0	78.0
	neutral	10	20.0	20.0	98.0
	disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	



Customers assess quality by their perceptions of the way in which

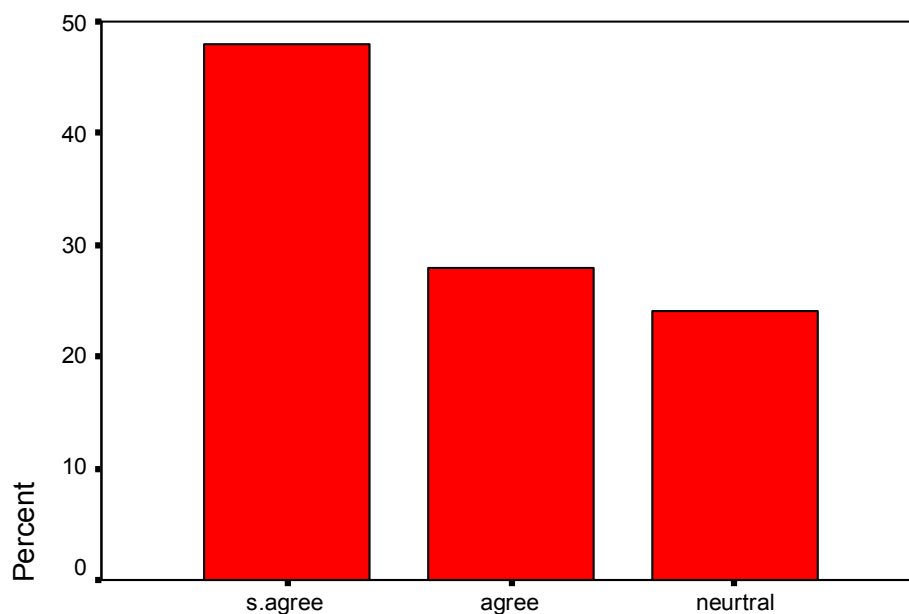
According to this table shows the variations Customers to assess quality by their perceptions of the way in which services are provided, 42.0% strongly agree, 36.0% agree, 20.0% neutral and 2.0% disagree.

**Table No.5:**

**Consistent quality services provided by the bank have led to customer loyalty.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	24	48.0	48.0	48.0
	agree	14	28.0	28.0	76.0
	neutral	12	24.0	24.0	100.0
	Total	50	100.0	100.0	

**Consistent quality services provided by the bar**



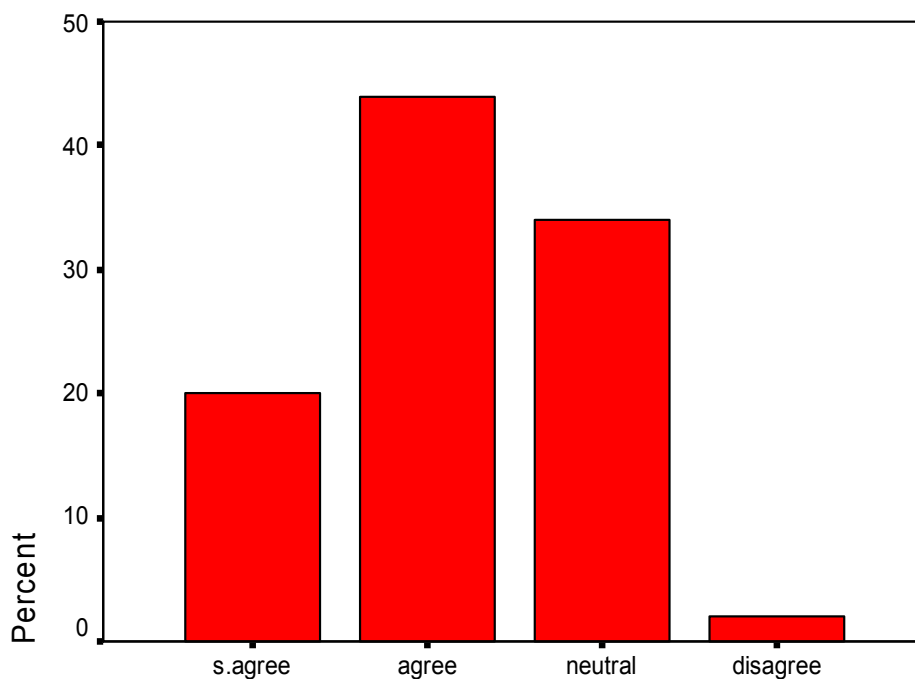
**Consistent quality services provided by the bank have led to cust**

According to this table shows the 48.0% strongly agree, for consistent quality services lead customer loyalty and 28.0% agree, 24.0% neutral.

**Table No.6:**  
**Quality controls are put in place in order to avoid unsatisfactory performance that lead to customer turnover.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	10	20.0	20.0	20.0
	agree	22	44.0	44.0	64.0
	neutral	17	34.0	34.0	98.0
	disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

Quality controls are put in place in order to avo

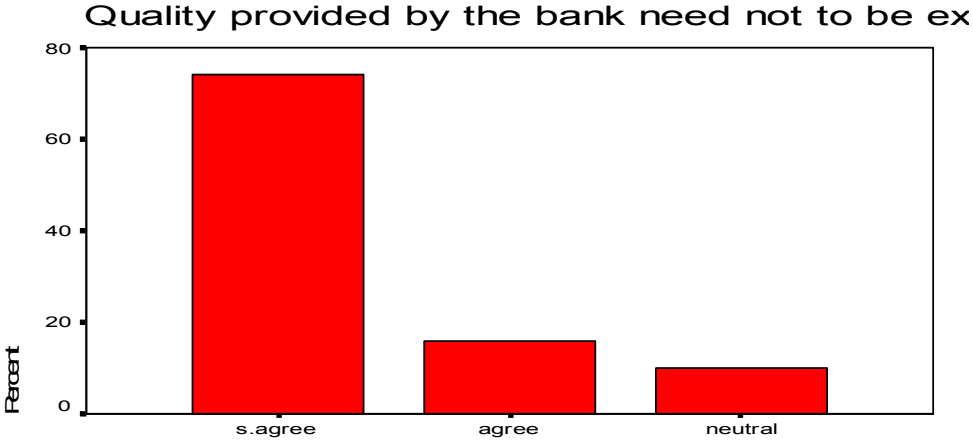


Quality controls are put in place in order to avoid unsatisfactory p

According to this table shows the 20.0% strongly agree, 44.0% agree and 34.0% neutral for quality control leads to avoid unsatisfactory performance.

**Table No.7:**  
**Quality provided by the bank need not to be expensive but to reflect high value so as satisfy the customers.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	37	74.0	74.0	74.0
	agree	8	16.0	16.0	90.0
	neutral	5	10.0	10.0	100.0
Total		50	100.0	100.0	

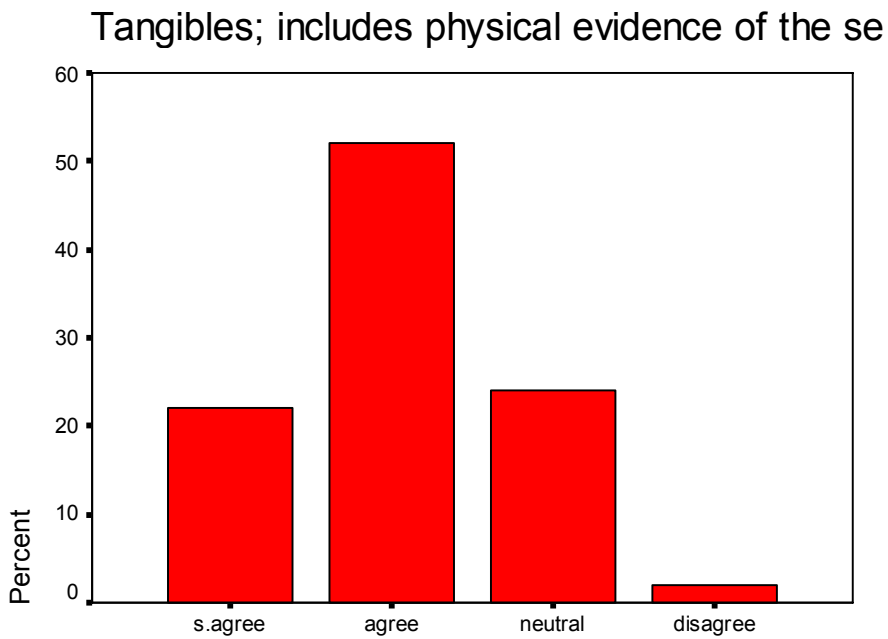


Quality provided by the bank need not to be expensive but to refl

According to this table shows the 74.0% strongly agree to high quality values are influence on customer satisfaction.

**Table No.8:  
Tangibles; includes physical evidence of the service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	11	22.0	22.0	22.0
	agree	26	52.0	52.0	74.0
	neutral	12	24.0	24.0	98.0
	disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

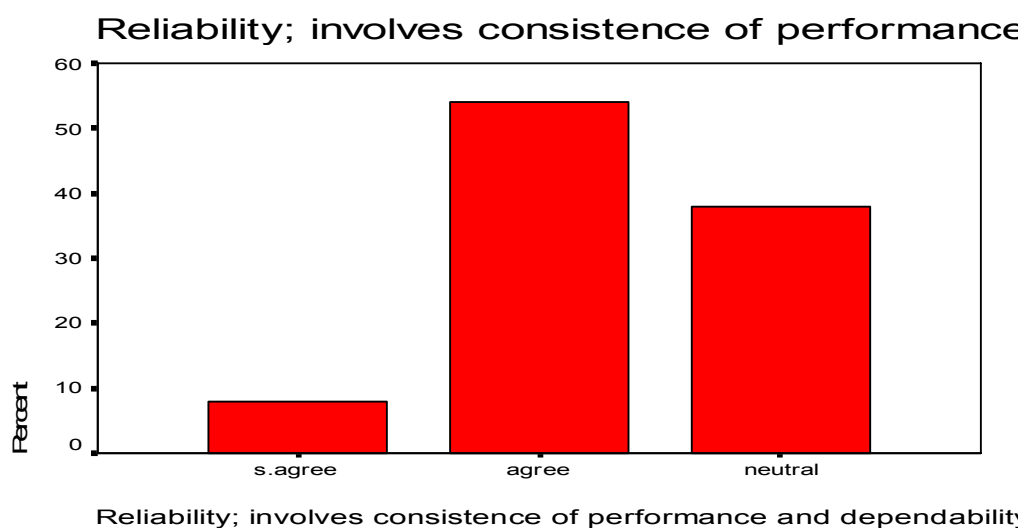


Tangibles; includes physical evidence of the service

The table No.8 above shows the 52.0% agree to increase of service tangibles leads to increasing the quality banking service, while 22.0% is strong agree and 24.0% neutral.

**Table No.9:  
Reliability; involves consistence of performance and dependability**

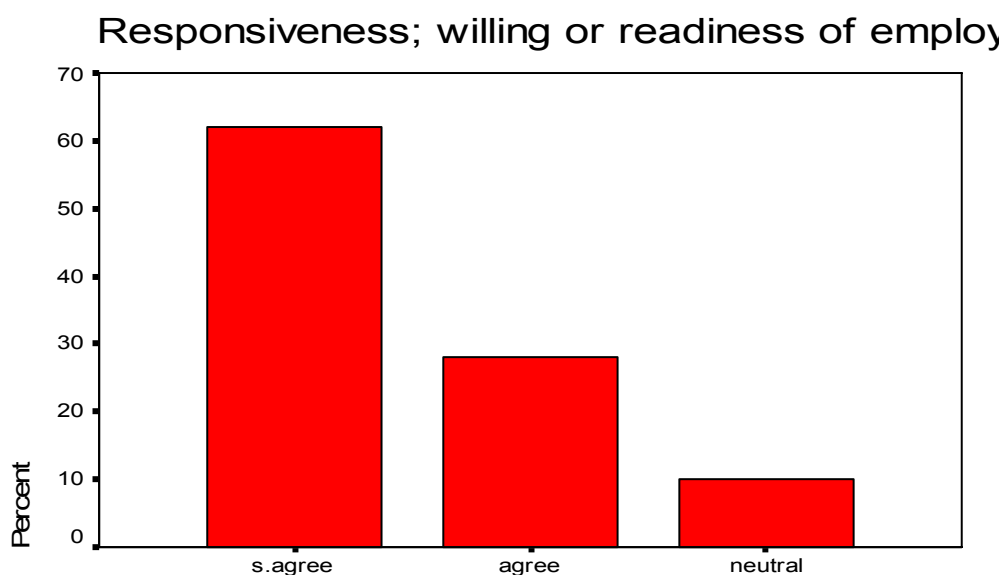
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	4	8.0	8.0	8.0
	agree	27	54.0	54.0	62.0
	neutral	19	38.0	38.0	100.0
	Total	50	100.0	100.0	



The table No.9 above shows the 54.0% agree to increase of service reliability leads to increasing the quality banking service, while 8.0% is strong agree and 38.0% neutral.

**Table No.10:  
Responsiveness; willing or readiness of employees to provide service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	31	62.0	62.0	62.0
	agree	14	28.0	28.0	90.0
	neutral	5	10.0	10.0	100.0
	Total	50	100.0	100.0	



Responsiveness; willing or readiness of employees to provide ser

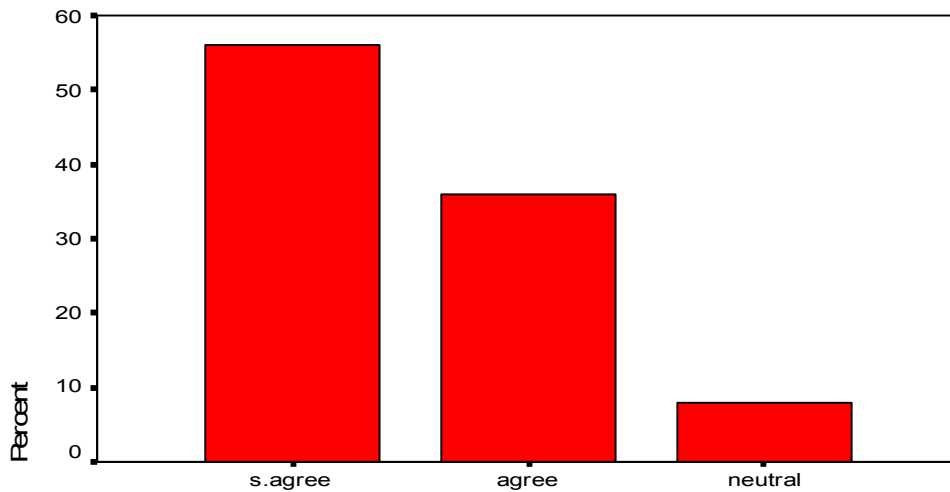
The table No.10 above shows the increase in strongly agreement by 62.0% compared to agree 28.0% which support increase the quality banking service.

**Table No.11**

**Assurance include: Competence: possession of required skills and knowledge to perform the service. Courtesy; politeness, respect. Consideration, and friendliness.**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	28	56.0	56.0	56.0
	agree	18	36.0	36.0	92.0
	neutral	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

**Assurance include: Competence: possession o**



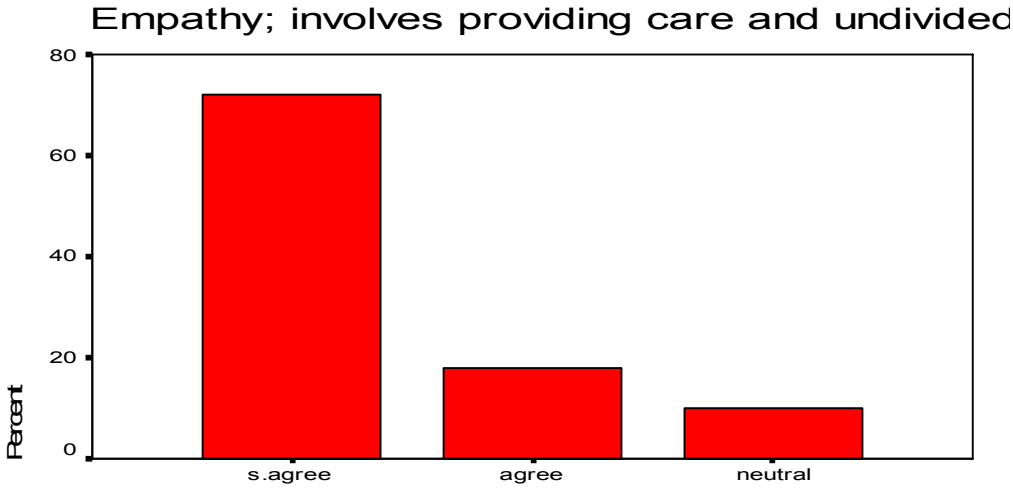
**Assurance include: Competence: possession of required skills an**

According to this table shows the 56.0% strongly agree and 36.0% agree, which support the importance of the dimensions to increase quality banking service.



**Table No.12:  
Empathy; involves providing care and undivided attention to customer**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid S.agree	36	72.0	72.0	72.0
agree	9	18.0	18.0	90.0
neutral	5	10.0	10.0	100.0
Total	50	100.0	100.0	

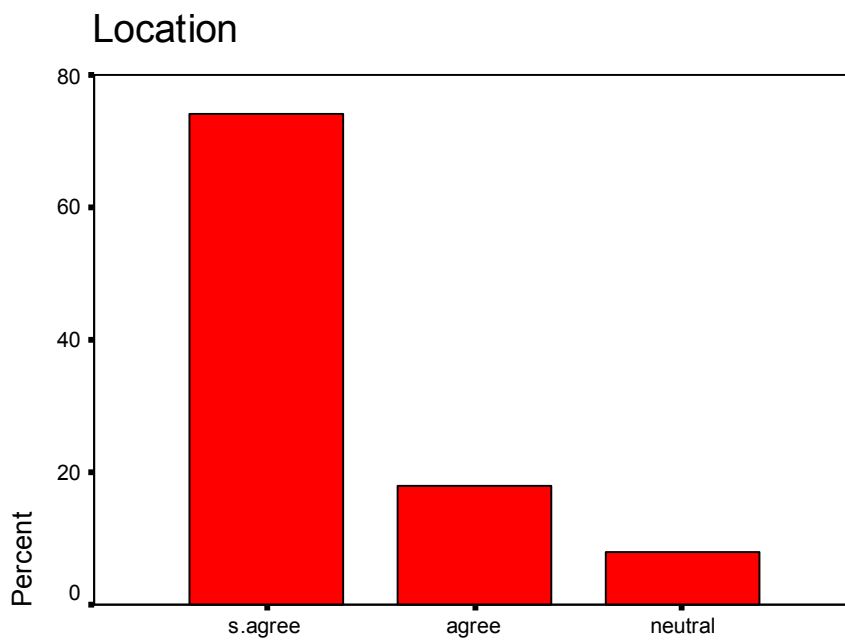


Empathy; involves providing care and undivided attention to customer

According to this table shows the 72.0% strongly agree to empathy is influence on increasing quality banking service.

**Table No.13**  
**Location**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	37	74.0	74.0	74.0
	agree	9	18.0	18.0	92.0
	neutral	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

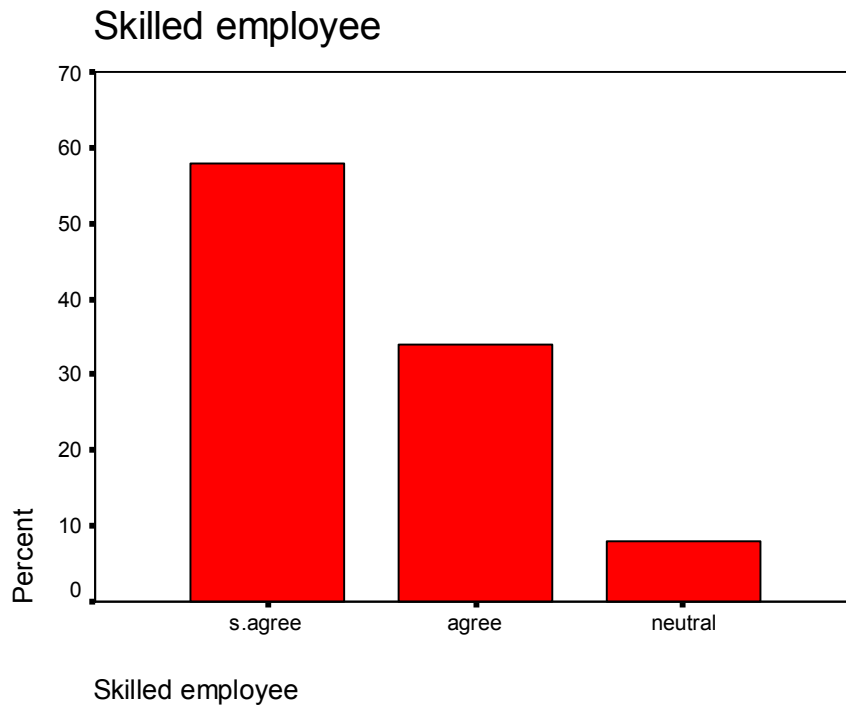


Location

According to this table shows the 74.0% strongly agree to location is influence on increasing customer satisfaction for all categories.

**Table No.14**  
**Skilled employee**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	29	58.0	58.0	58.0
	agree	17	34.0	34.0	92.0
	neutral	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

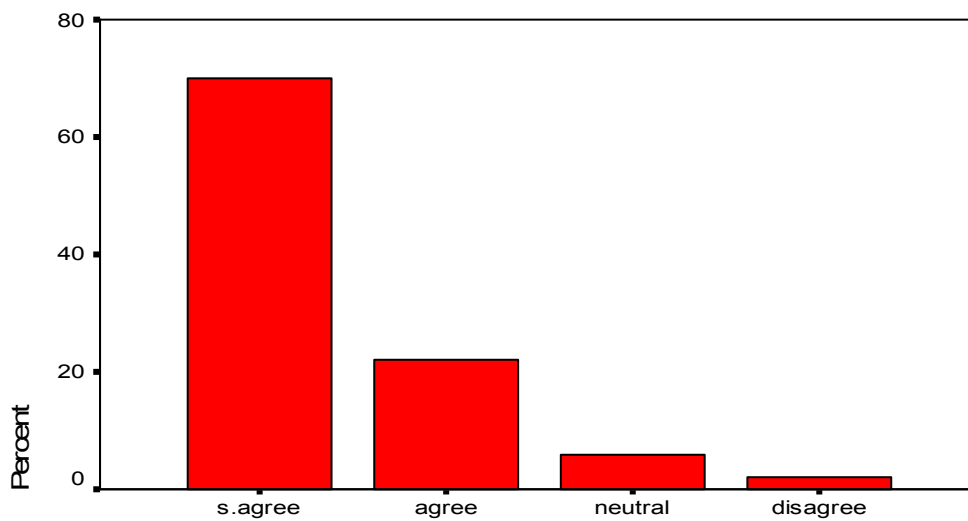


The table No.14 above shows the increase in strongly agreement will by 58.0% compared to agree 34.0% which support increasing customer satisfaction about skilled employee.

**Table No.15**  
**Performance of employee**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	35	70.0	70.0	70.0
	agree	11	22.0	22.0	92.0
	neutral	3	6.0	6.0	98.0
	disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

**Performance of employee**



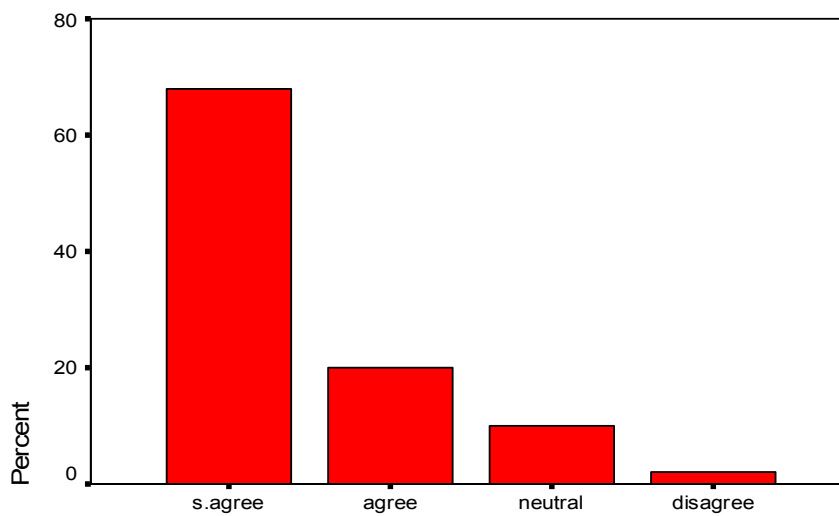
Performance of employee

The table No.15 above shows the increase in strongly agreement by 70.0% compared to agree 22.0% which support increasing customer satisfaction about performance of employee.

**Table No.16:  
General atmosphere in the bank**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	34	68.0	68.0	68.0
	agree	10	20.0	20.0	88.0
	neutral	5	10.0	10.0	98.0
	disagree	1	2.0	2.0	100.0
	Total	50	100.0	100.0	

**General atmosphere in the bank**



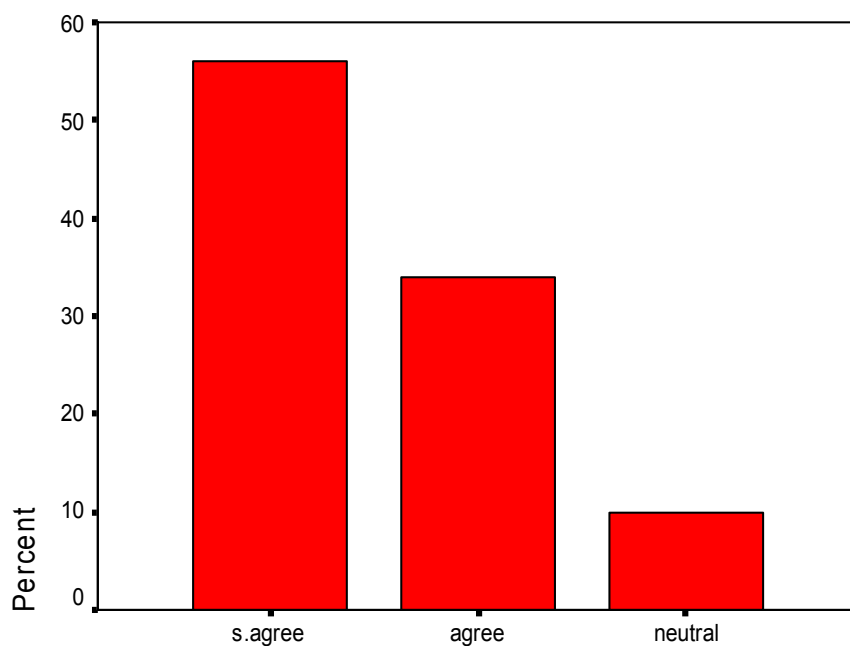
General atmosphere in the bank

According to this table shows the 68.0% strongly agree to general atmosphere in the bank is influence on increasing customer satisfaction for all categories.

**Table No.17**  
**Facilities of banking service**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	28	56.0	56.0	56.0
	agree	17	34.0	34.0	90.0
	neutral	5	10.0	10.0	100.0
Total		50	100.0	100.0	

**Facilities of banking service**

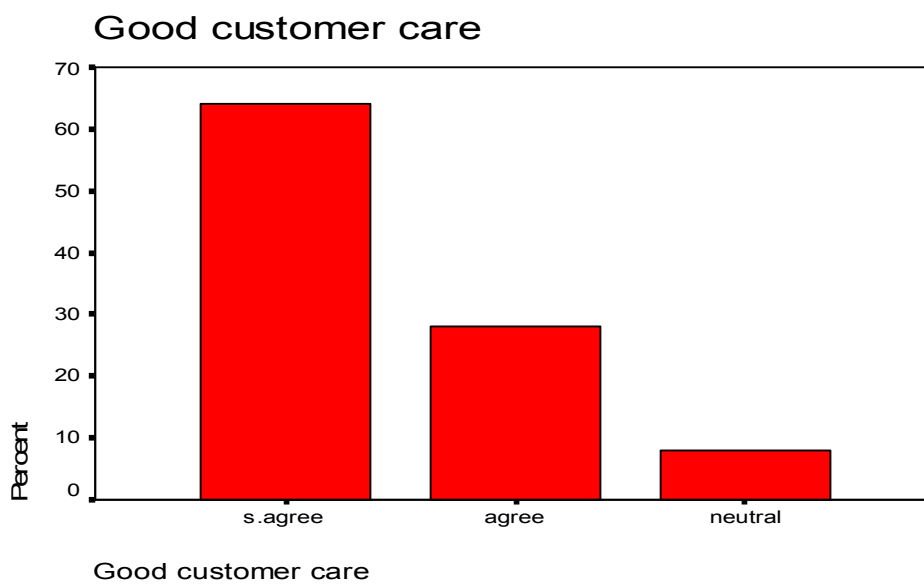


Facilities of banking service

The table No.17 above shows the increase in strongly agreement by 56.0% compared to agree 34.0% which support increasing customer satisfaction about facilities of banking service.

**Table No.18:  
Good customer care**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	32	64.0	64.0	64.0
	agree	14	28.0	28.0	92.0
	neutral	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

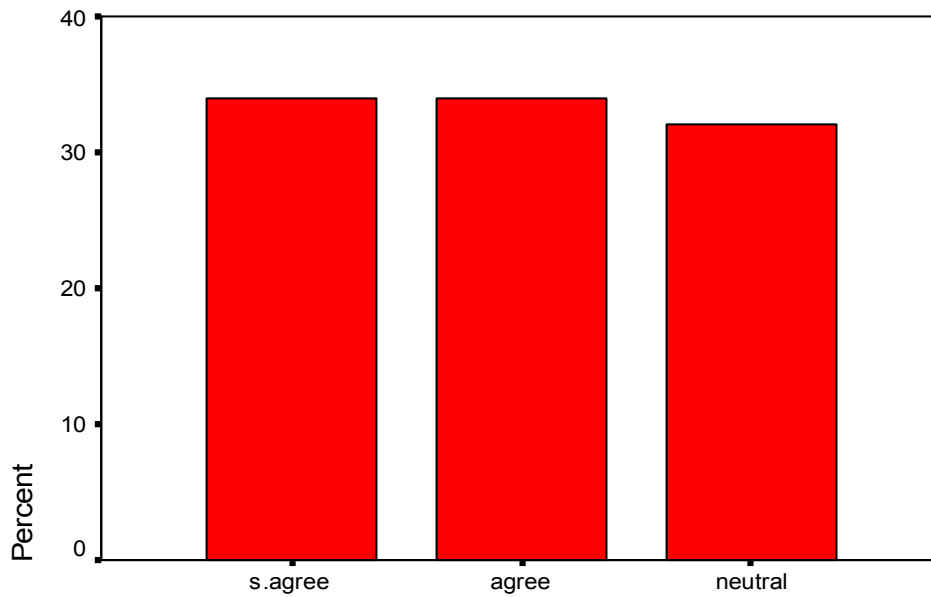


The table No.18 above shows the increase in strongly agreement by 64.0% compared to agree 28.0% which support increasing customer satisfaction about good customer care.

**Table No.19:  
Loyalty to the bank**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	S.agree	17	34.0	34.0	34.0
	agree	17	34.0	34.0	68.0
	neutral	16	32.0	32.0	100.0
	Total	50	100.0	100.0	

**Loyalty to the bank**



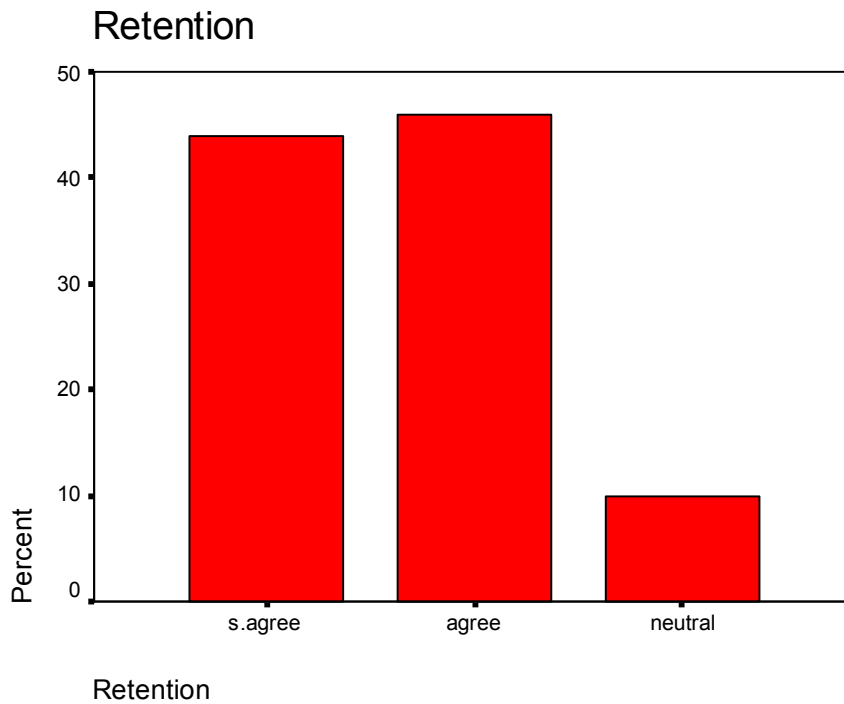
Loyalty to the bank

According to this table shows the large convergence ratios between strongly agree 34.0%, agree 34.0% and neutral 32.0% which explain the loyalty to the bank is high and very good.



**Table No.20:  
Retention**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid S.agree	22	44.0	44.0	44.0
agree	23	46.0	46.0	90.0
neutral	5	10.0	10.0	100.0
Total	50	100.0	100.0	



The table No.20 above shows the large convergence ratios between strongly agree 44.0%, agree 46.0% and weak ratio in neutral 10.0% which explain the loyalty of the customers and the bank want to retention to them.

**CHAPTER FIVE**  
**CONCLUSIONS & RECOMMENDATIONS**

## **5. Conclusions & Recommendations:**

### **5.1 Conclusions:**

From the above research findings, the researcher deduced the following conclusion;

The research purpose was measure and analyze whether quality services are provided in Faisal Islamic Bank and how it has influenced customer's satisfaction.

From the customer's point of view, the major determinants of quality services in Faisal Islamic Bank accessibility and security however there are other determinants like reliability, responsiveness, credibility, tangibles, courtesy and empathy. And customer satisfaction features were identified as loyalty, performance, skilled employee, retention and location being the major features.

The research also established that there is a clear relationship between quality services and customer satisfaction. These two variables should work hand in hand to ensure success and survival of Faisal Islamic Bank.

The researcher concluded that quality service is an important factor when retain customers. The increasing in the customer satisfaction in Faisal Islamic Bank is due to increasing quality services provided.

### **5.2 Recommendations:**

In relation to the findings, the researcher came up with following recommendations.

There should be increase communication between the management and customers in order to improve on the quality service so as to satisfy their customers' needs. The management needs to increase quality services so as to satisfy customer's needs. The bank needs to pay much attention on the customer complaints in order to satisfy the customers' expectation.

There is a need for the bank to make their services tangible through physical facilities in order to improve on quality services so as to satisfy their customer needs.

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## Appendix I: Questionnaire

Dear respondent

You are kindly requested to volunteer in filling this form. Your cooperation will be highly appreciated and the replies will be held as confidential and for academic purposes. Thank you.

Please tick appropriately.

### 1. Sex

a. Female

b. Male

### 2. Education level attained

a. High secondary  c. Master

b. Bachelors  d. PHD

Any other specify-----

### 3. Age of respondent

a. 25- 35  c. 45 – 55

b. 35- 45  d. 56 and above

### 4. Occupation

Self employed	Employed	Retired	Student

**5. For how long have you been a customer of Faisal Islamic bank?**

- a. 1- 5 yrs.       c. 11 yrs. and above
- b. 6- 10 yrs.

**6. Which type of account do you hold with Faisal Islamic bank?**

- a. Savings       c. fixed
- b. Current

**The first hypotheses:**

There are statistical indications that the measurement of banking of service quality leads to increased customer satisfaction.

<b>Service quality</b>	<b>Very good</b>	<b>Good</b>	<b>Not sure</b>	<b>poor</b>	<b>Very poor</b>
Factors like communication, accessibility and location have enabled customers to do business with the bank.					
Attention is put on the customer complaints so as to retain the existing customers and attract new ones					
Customers assess quality by their perceptions of the way in which services are provided					
Consistent quality services provided by the bank have led to customer loyalty					
Quality controls are put in place in order to avoid unsatisfactory performance that lead to customer turnover					
Quality provided by the bank need not to be expensive but to reflect high value so as satisfy the customers.					

### The second hypotheses:

There are statistical indications that the increase in the level of service dimensions to increases the quality of banking services.

Service quality	Very good	Good	Not sure	poor	Very poor
1. Tangibles; includes physical evidence of the service					
2. Reliability; involves consistence of performance and dependability					
3. Responsiveness; willing or readiness of employees to provide service					
4. Assurance include: Competence: possession of required skills and knowledge to perform the service. Courtesy; politeness, respect. Consideration, and friendliness Credibility; involves trust worthiness, honesty, believability i.e having customers best interest at heart Security; the freedom from danger, risk or doubt ie physical safety and financial security					
5. Empathy; involves providing care and undivided attention to customer					

**The third hypotheses:**

There are statistical indications that the banking of service quality depends on Gender – Age – Qualification-number of years of dealing with bank.

Features	Very much	Much	Some how much	Little	Very little
Location					
Skilled employee					
Performance of employee					
General atmosphere in the bank					
Facilities of banking service					
Good customer care					
Loyalty to the bank					
Retention					