Quality of Customer Service in the Banking Sector of Bangladesh: An Explorative Study

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ABSTRACT

After careful evaluation of the customer service quality provided by the private commercial banks of Bangladesh, following major recommendations are suggested in this article:

1. Recognizing 'quality' problem – identifying the problem area for the banks
2. Selling the idea of 'quality' to the internal audience (staff)
3. Creating a 'Customer focus and care' culture
4. Developing customer-oriented measures to improve quality
5. Improving the physical evidence

Supporting these recommendations are the following findings and conclusions drawn from an observation of 100 random customers selected from 5 major commercial banks in Bangladesh using the SERVQUAL method.

The survey revealed that customers prioritized 'Responsiveness' as the most important dimension of service quality. The tangible stood second in priority followed by Reliability, Assurance and Empathy respectively. Empathy towards customers is not a widely practiced phenomenon as it was the lowest of the five dimensions with a score of 6.15. Customers ranked HSBC as the best among the selected banks with an overall service quality score of 7.4 while EBL was rated worst with an overall service quality score of 6.25.

Keywords: Customer service quality, SERVQUAL, Reliability, Assurance, Empathy, Responsiveness, Tangible

Introduction

The banking industry has become increasingly integrated in recent years. Liberalization and deregulation of the financial sector, coupled with rapid

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technological advancement and improved communication systems, have contributed to the integration process. As a result, banks are now faced with very high and intense competition. In today's fast-paced and increasingly competitive market, the bottom line of a firm's marketing strategies and tactics is to make profits and contribute to the growth of the company. Customer satisfaction, quality and retention are global issues that affect all organizations, be it large or small, profit or non-profit, global or local. Many companies are interested in studying, evaluating and implementing marketing strategies that aim at improving customer satisfaction and maximizing share of customers in view of the beneficial effects on the financial performance for the firm. There has been a high correlation between customer satisfaction and profitability in a range of industries. However, the fragmentation of media choices and the dynamic nature of the market, coupled with an increased number of more demanding and affluent consumers, brought greater challenges to marketing practitioners in retaining their customers.

Customer satisfaction is a measure of how products and services supplied by a company can meet the customer's expectations. Customer satisfaction is still one of the single strongest predictors of customer retention. It's considerably more expensive to attract new customers than it is to keep old ones happy. In a climate of decreasing brand loyalties, understanding customer service and measuring customer satisfaction are very crucial. There is obviously a strong link between customer satisfaction and customer retention.

Customers' perception of Service and Quality of a product will determine the success of the product or service in the market. With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path, future progress and improvement.

Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company. Customer expectations are the customer-defined attributes the product or service company must meet or exceed to achieve customer satisfaction. There are many reasons why customer expectations are likely to change over time. Process improvements, advent of new technology, changes in customers' priorities, improved quality of service provided by competitors are just a few examples.

Objectives

- To address the importance of improving service quality in the banking industry.
- To identify the customer attitude towards the present customer service quality of the banking sector.
- To determine the influential factors that define the quality of customer service based on customer research.
- To make a comparison of the quality of customer service among the selected banks.

Scope

- Service quality perceived by the customers of 5 banks has been evaluated
- Current quality of service has been considered
- A service quality framework called 'SERVQUAL' has been used to asses and explore customers' service experiences

Scope for Future Research

- This study can be carried out in other developing and developed economies since customer perceptions may differ in multiple cultures.
- This study can be conducted in other service sectors (by modifying the phrases in the survey instrument) to find out the implications of the study in different industrial settings.

Limitations

- Perception based data may not follow the assumptions of Classical Linear Regression Model (CLRM). In that case, using the linear model generates biased estimates.
- People's perception about qualitative data may vary widely depending on their cultural background.
- Samples were selected according to convenience.
- People's response was on a casual note on several occasions.

Literature Review

Service quality is how well the service provided is meeting the expectation of the customer who perceived it. That is, providing high-quality service is how excellently customers were constantly satisfied with the services provided by the service suppliers (James et al. qtd in Yoon and Suh 342). Also, Gronroos defined service quality as a perceived judgement, resulting from an evaluation process where customers compared their expectations with the service they received (Gronroos qtd in Yoon and Suh 342).

Cronin and Taylor supported the theory that service quality is an antecedent of customer satisfaction and customer satisfaction exerts a stronger influence on future purchase intentions than does service quality. Customers do not necessarily purchase the highest quality service; they may also weigh convenience, price, and availability factors (Cronin and Taylor qtd in Najjar and Bishu 35). The customer's personal experience with the service provider (that is, courtesy, waiting time, empathy, responsiveness, and so on) also impacts customer satisfaction.

The quality of goods is tangible and can be measured by objective indicators like performance, features, and durability. Service quality, however, is intangible. Hence, the service quality literature defines service quality in terms of subjectivity, attitude, and perception. Zeithaml explains: "Service quality is the consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude, and results from a comparison of expectations to perceptions of performance received." Lewis and Booms' definition clearly states: "Service is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectation on a consistent basis (Najjar and Bishu 35)."

However, according to Parasuraman, due to the unique features of service such as performance-oriented, intangible, heterogeneous, inseparable, and perishable, it is difficult not only to measure service quality, but also to provide the same quality of services to all customers. Therefore, there has been no accurate indicator for measuring this service quality (Parasuraman et al. 13).

Two schools of views dictate the scholarly work on the field of service quality. One is the Nordic school of thought based on Christian Gronroos's two-dimensional model and the other is the five dimensional SERVQUAL method

proposed by the North American scholars Parasuraman, Zeithaml and Berry. In view of other significant conceptual and empirical works in the area, it appears that service quality includes:

1. Customers' experiences with the tangibles, reliability, responsiveness, assurance, and empathy aspects of the services delivered by a firm (proposed by Parasuraman, Zeithmal and Berry)
2. Technical and functional quality (proposed by Gronroos)
3. Service product, service environment, and service delivery (proposed by Rust and Oliver)
4. Interaction quality, physical environment quality, and outcome quality (proposed by Brady and Cronin)

Gronoos postulated that estimating service quality has 3 phases:

1. Building up a conceptual foundation for understanding service quality in specific area
2. Designing models to measure service quality
3. Refining the measurement methods developed in the 2nd phase, and moving from a static model to a dynamic model of service quality (Gronroos qtd in Yoon and Suh 342).

Analysis of the literatures on customer service quality reviewed points out two major limitations. First, as noted by Babakus and Boller, there is a need to develop industry-specific measures of customer service quality. This is particularly important from a managerial perspective since many of the questions in existing instruments (notably SERVQUAL) intended to be applied across situations or services just do not apply in a specific context and force researchers to drastically alter the items. Shemwell and Yavas coherently argue that the more specific the scale items are in a service quality instrument and the more applicable they are to a manager's own contextual circumstance, the better one will be able to use the information. Thus, according to this school of thoughts, instead of taking an existing instrument and trying to fit it to the context, a better approach is to develop an instrument specifically for the focal service (Babakus and Boller; Shemwell and Yavas; McAlexander et al. qtd in Karatepe, Yavas and Babakus 374).

While many studies in banking measure service quality by replicating or adopting Parasuraman, Zeithaml and Berry's SERVQUAL model, a few studies address this weakness and present new models or approaches to the measurement of service quality in general and in banking in particular. For instance, Mersha and Adlaka applied the 'Delphi' technique to a sample of MBA students to generate attributes of poor and good service quality. Then they converted the 12 attributes of 'Delphi' technique into scales and analyzed students' perceptions of service quality in five services, one of which was retail banking. The authors concluded that the list of attributes they generated was similar to the five dimensions of SERVQUAL. In another study, Avkiran developed a multi-dimensional instrument for measuring customer-perceived quality in retail branch banking. Using SERVQUAL as a starting point and then adding items that he extracted from a qualitative study to form a new quality of service standards, Avkiran followed an iterative process and identified staff conducts, credibility, communication and access to banker services as the final dimensions of service quality. Bahia and Nantel on the other hand developed a scale based on expert opinions, revealed six dimensions of service quality. These were termed: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability. More recently, Aldlaigan and Buttle, based on the technical and functional service quality scheme proposed by Gronroos, planed a scale to measure service quality perceptions of bank customers. Their study resulted in SYSTRA-SQ, which consists of service system quality, behavioral service quality, service transactional accuracy and machine service quality (Mersha and Adlaka; Avkiran; Bahia and Nantel; Aldlaigan and Buttle; Gronroos qtd in Karatepe, Yavas and Babakus 374) .

Yet another approach is to signify the importance of cultural context. Mattila argues that the definition of service quality depends on consumers' cultural heritage, particularly on variations along power distance and communication context. Malhotra shared this view and speculated that the cultural differences (e.g., individualism/collectivism, power distance) between countries are likely to have varying effects on the definition of service quality. This is shown to be true in a research by Winsted who compared Japanese and US consumers. Focusing on provider behaviors as indicators of service encounter quality, Winsted not only identified new quality dimensions that had not been a part of service quality concept until then, but also demonstrated that the number and meanings of service quality dimensions varied between US and Japanese consumers. For instance, the 'authenticity' dimension, which refers to genuineness of service providers'

behaviors, was an important component of service quality for Japanese consumers while this dimension did not surface in the case of the US consumers. Despite some cross-cultural commonalities (Espinoza), the weight of evidence suggests that culture plays a significant role on the definition of the service quality construct (Kettinger). In recognition of this, calls are made to develop culture-specific measures of service quality (Winsted). Indeed, it is recently stated that managers should avoid employing the SERVQUAL scale globally and instead they should develop ‘‘a new, culturally bounded measure of service quality’’ (Mattila; Malhotra; Winsted; Espinoza; Kettinger qtd in Karatepe, Yavas and Babakus 375).

By employing a multi-stage, multi-phase and multi-sample approach, Osman M. Karatepe and associates reports on the construction of a service quality scale. Customers' perception of service quality of retail banks in Northern Cyprus serves as the study setting. This study developed a 20-item survey instrument to measure bank customers' perception of service quality in Northern Cyprus. The results showed that service quality could be conceptualized and measured as a four-dimensional construct consisting of service environment, interaction quality, empathy, and reliability. The scale exhibited high internal consistency, reliability and met rigorous conceptual and empirical criteria to construct validity. The study showed that interaction quality is the most important dimension of service quality followed by empathy, reliability, and service environment (Karatepe, Yavas and Babakus 380).

Another study conducted by Okan Veli Safakali on banking service shows those diverse cultural values that shape perceptions of quality, and can lead to diversification of the original SERVQUAL dimensions. This study has put forward the SERVQUAL dimensions different from those in the original model. A new dimension of 'Customer Orientation' has been added to the SERVQUAL model whiles two of the original dimensions, 'assurance' and 'responsiveness', have been extracted. Therefore the new SERVQUAL model has been reduced to four dimensions rather than five. Two interesting findings were that age group of "46 and above" indicated a higher SERVQUAL score for the reliability dimension than the age group "between 36 and 45" and married respondents provided a greater SERVQUAL score for the tangibles dimension than non-married (Safakali194).

In this new age of information, commercial banks must provide online services to

their customers. SERVQUAL methodology is widely used in measuring online service quality. Vasya Kenova and Patrik Jonasson developed a model for measuring quality of online banking services that includes four quality dimensions (Service Performance, Website Characteristics, Communication and Efficiency) with a total of 17 questions (Kenova and Jonasson 46). Banks might use the seventeen items described in this work to measure the quality of their online services along the four different dimensions of service quality presented in the study.

The personnel of the banks are also sometimes regarded as important insiders to the service quality. Andreas Soteriou and Stavros A. Zenios implemented the quality efficiency model SQ as perceived by the personnel of the branch. The perceptions from external customers are not always available, and collection of such information requires major market surveys and is expensive. SQ perceptions by the personnel of the bank are easier to measure as opposed to perceptions by external customers. Hence, internal customer perceptions of service quality can be used as proxy for the—more informative but difficult to obtain—customer perceptions (Soteriou and Zenios 19).

Sudhahar, Israel and Selvam, depicted a perceptual map on a set of retail banks in India, through a sophisticated multivariate non-parametric technique called Correspondence Analysis (based on SERVQUAL). The findings of customer service quality of selected public and private sector banks revealed that much was needed to be done for public sector banks in improving their performance by revamping the service marketing strategies. While the public sector bank SBI (State Bank of India) was closely related to security, reliability and credibility, still it needed to improve on aspects such as tangibility, fairness, and treatment and more importantly on accessibility and courteous behavior of employees towards the customers. At the same time, the correspondence analysis pointed out the need on the part of private sector banks for focusing on reliability, credibility and security aspects in delivering service to their customers (Sudhahar, Israel and Selvam 2383).

The original SERVQUAL scale contains several items measuring some of the more tangible aspects of the service provision (i.e., modern-looking equipment, appealing physical facilities, appealing printed materials, and neat-appearing employees), but it does not adequately capture other dimensions of the physical surroundings that have been outlined in the environmental psychology literature.

Several researchers (e.g., Baker, Grewal, & Parasuraman; Bitner; Wakefield & Blodgett) have recently brought more attention to the importance of the physical environment on customers' perceptions and emotional responses. Aspects of the design and decor of the physical facilities as well as ambient factors are likely to influence customer perceptions and feelings, but have not been incorporated in service-quality research (Wakefield and Blodgett 53).

Methodology

The objective of this study is to determine the customers' satisfaction level at five Banks:


BRAC


Dutch Bangla Bank Limited


Eastern Bank Limited


Hong-Kong Shanghai Bank Corporation


Standard Charted Bank

In order to conduct this study report both primary & secondary data have been utilized. The secondary data have been collected from published literature, journals, web links and other related sources. The primary data have been obtained through interviewing 100 account holders of five banks, 20 for each bank. Interviewing has been conducted using a structured questionnaire containing 16 questions representing the five dimensions of customer satisfaction measurement. The time period of the study lies between April, 2009 and May, 2009.

Survey Instrument

SERVQUAL was originally used for assessing customer perceptions of service quality in service and retailing organizations.

The SERVQUAL instrument has been the predominant method used to measure consumers' perceptions of service quality. It has five generic dimensions or factors that are stated as follows:

(1) ***Tangibles:*** Physical facilities, equipment and appearance of personnel;

(2) ***Reliability:*** Ability to perform the promised service dependably and accurately;

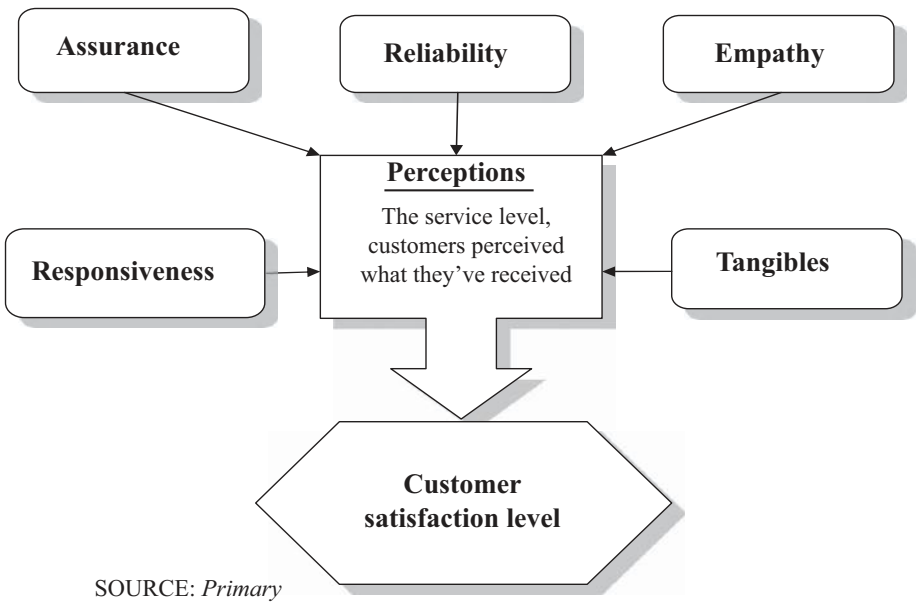
(3) ***Responsiveness:*** Willingness to help customers and provide prompt service;

(4) ***Assurance (including competence, courtesy, credibility and security):*** Knowledge and courtesy of employees and their ability to inspire trust and confidence;

(5) ***Empathy (including access, communication, understanding the customer):*** Caring and Individualized attention that the firm provides to its customers;

These five determinants' impact on Customer Satisfaction level is given below in figure 1:

Figure 1: Service Determinants' Impact on Customer Satisfaction Level



SOURCE: *Primary*

For this research, a non-difference score measure was used and the score for each dimension of service quality was computed by taking the average score in items making up the dimension, in this case three items per dimension.

The method we used to calculate un-weighted SERVQUAL score is given below in Table 1:

Table 1: Calculations to Obtain Un-weighted SERVQUAL Score

Average **Tangible** SERVQUAL score	
Average **Reliability** SERVQUAL score	
Average **Responsiveness** SERVQUAL score	
Average **Assurance** SERVQUAL score	
Average **Empathy** SERVQUAL score	
TOTAL	
AVERAGE (= Total / 5) UNWEIGHTED SERVQUAL SCORE	

SOURCE:*Chase, Aquilano, and Jacobs, 2001*

Questionnaire

The service quality questionnaire was obtained from SERVQUAL's question list. It had been used several times in the past and was developed by academic experts. The questionnaire was developed to identify underlying dimensions of bank quality and to assess consumers' perceptions of the importance of each of these dimensions. The questionnaire covered the five dimensions of service quality, including the overall service quality of the bank. Each question was rated using a Likert-type scale of 0 (poor) to 10 (excellent). The service quality questionnaire is shown in the Appendix A.

Data Collection and Analysis

Five banks were selected for data collection and the service quality questionnaires were distributed to 100 randomly chosen customers taking 20 from each bank.

Descriptive statistics: Descriptive statistics were used to compare among the banks. Mean and standard deviation of the dimension indices were used to conclude about the overall service quality of the selected banks.

Regression Analysis: Multivariate and Bi-variant Regression analysis were performed to understand about the overall service quality of the selected banks. All the regressions were linear in parameter. Overall service quality was used as the dependent variable although the article while independent variables were Reliability, Responsiveness, Assurance, Empathy and Tangible.

Hypotheses testing: Two hypotheses have been tested one is null hypotheses (H0) and another is alternative hypotheses (H1).

- **Null hypotheses, H_0=** Overall service quality does not depend on Responsiveness, Reliability, Tangible, Assurance and Empathy.
- **Alternative hypotheses, H_1=** Overall service e quality depends on at least one of the following mentioned variables- Responsiveness, Reliability, Tangible, Assurance and Empathy.

Minitab

Minitab is one of the most popular statistics package for data analysis in the sector of social science. It is extensively used both in the research work and also in the professional field. It is regarded by many as the most user friendly tool to use in statistical study. Minitab is used for:

- Statistical analysis including descriptive statistics, tests of association, tests of difference, control charts, tables etc.
- Result plotting such as histograms, box plots, regression plots, scatter grams, bar charts etc.
- Introductory Data Analysis.

Statistical Analysis

6 models have been used to estimate the overall service quality and to illustrate the relation between overall service quality with all the dimensions- Responsiveness, Reliability, Tangible, Assurance and Empathy. A multiple linear regression and 5 single variable linear regressions have been used. Each of the single variable models is actually a nested model of the multiple-regression model. According to our assumption, overall service quality depends only on these five dimensions. So, the multiple-regression provides us with unbiased estimates. Because of the linear correlation among the independent variables, the estimated coefficients from the single variable regression give a biased estimate. The multi variable regression allows us to infer ceteris paribus relation between the independent and dependent variables. Comparison among the banks was done using some common descriptive statistics.

Null hypotheses, H_0= Overall service quality does not depend on Responsiveness, Reliability, Tangible, Assurance and Empathy.

Alternative hypotheses, H_1= Overall service quality depends on at least one of the following mentioned variables- Responsiveness, Reliability, Tangible, Assurance and Empathy.

Table 2: List of Regression Equations

Description	Regression Equation	Regression type
Overall Service Quality(Dependent) Reliability(independent/Predictor)	Overall Service Quality = 2.68 + 0.613 Reliability	linear
Overall Service Quality(Dependent) Responsiveness (independent/Predictor)	Overall Service Quality = 2.90 + 0.633 Responsiveness	linear
Overall Service Quality(Dependent) Assurance(independent/Predictor)	Overall Service Quality = 3.95 + 0.462 Assurance	linear
Overall Service Quality(Dependent) Empathy(independent/Predictor)	Overall Service Quality = 4.74 + 0.378 Empathy	linear

Overall Service Quality(Dependent) Tangible (independent/Predictor)	Overall Service Quality = 4.93 + 0.291 Tangible	Linear
Overall Service Quality(Dependent) Responsiveness(independent/Predictor) Tangible(independent/Predictor) Empathy(independent/Predictor) Assurance(independent/Predictor) Reliability (independent/Predictor)	Overall Service Quality = 1.66 + 0.179 Responsiveness +0.0580 Tangible + 0.253 Empathy + 0.383 Reliability - 0.074 Assurance	Multiple

Source: *Primary*

Regression Analysis

The multiple regression equation is-

Overall service quality = 1.66 + 0.179 Responsiveness + 0.0580 Tangible + 0.253 Empathy + 0.383 Reliability - 0.074 Assurance

- √ In this equation coefficient of Responsiveness is 0.179 which indicates that Responsiveness & overall service quality have a positive relation and if the score of Responsiveness increases by 1 point, the score of overall service quality increases by .179 points provided the other dimensions remain unchanged.
- √ Coefficient of Tangible is 0.0580 which indicates that if the score of Tangible increases by 1 point, the score of overall service quality increases by 0.0580 points provided Responsiveness, Empathy, Reliability and Assurance remain unchanged. The regression function shows a positive relation between Tangible and overall service quality.
- √ Coefficient of Empathy is 0.253 which indicates that if the score of Empathy increases by 1 point, the score of overall service quality increases by 0.253 points assuming that the other factors remain constant.
- √ Coefficient of Reliability variable is 0.383 which indicates that if the score of Reliability increases by 1 point then the score of overall service quality increases by 0.383 points provided Responsiveness, Tangible, Empathy and Assurance remain unchanged.

√ Assurance has a coefficient of -0.074 which indicates that if the score of Assurance increases by 1 point, the score of overall service quality decreases by 0.0580 points provided Responsiveness, Tangible, Empathy and Reliability remain unchanged.

Test of Significance of Coefficients of Regression Equation

To be significant, Coefficient of predictor variables in the regression equation must have an estimated "PE" value equal or less than the given "P" value of 0.05. Table 3 contains coefficient of predictor variables and estimated P_E value of coefficients. Based on these parameters, significance test of coefficients of predictor variables will be conducted. Here-

√ P_E value of Responsiveness is 0.156 which is greater than 5%. So, the coefficient of responsiveness is not statistically significant.

√ P_E value of Tangible is 0.389 which is greater than 5%. So, the coefficient of Tangible is not statistically significant.

√ P_E value of Empathy is 0.000 which is less than 5%. So, the coefficient of Empathy is statistically significant.

√ P_E value of Reliability is 0.001 which is less than 5%. So, the coefficient of Reliability is statistically significant.

√ P_E value of Assurance is 0.488 which is greater than 5%. So, the coefficient of Assurance is not statistically significant.

Table 3: Coefficients and their *P*-values

Predictor	Coefficient	P_E	Remark
Responsiveness	0.1792	0.156	Insignificant
Tangible	0.05799	0.389	Insignificant
Empathy	0.25270	0.000	Significant
Reliability	0.3835	0.001	Significant
Assurance	-0.0739	0.488	Insignificant

SOURCE: *Primary*

The relationship among the independent variables in relative term

The relationship among the independent variables in relative term can be assessed with the help of multiple correlative.

$$R = 0.719$$

It indicates that there exists a high degree of positive relationship among Reliability, Responsiveness, Tangible, Assurance and Empathy. This high degree of positive relationship among the independent variables is interpreted based on a "Table of interpretation for correlation" which is given in the appendix B.

The explanatory power of the independent variables

The explanatory power of the independent variables can be assessed with the coefficient of multiple determinations. Here multiple regression yields coefficient of multiple determinations, R2 = 0.518.

This indicates that 51.8% of the variation in overall service quality can be explained by the combined variation of Responsiveness, Reliability, Tangible, Assurance and Empathy.

Relative importance of independent variables

The relative importance of the independent variables (Responsiveness, Reliability, Tangible, Assurance and Empathy) can be indicated with the help of beta coefficient and to do so a normalized regression equation has been calculated. The regression equation is-

Overall Service quality = 0.0000 + 0.201 Reliability_1 + 0.485 Responsiveness_1 - 0.171 Assurance_1 - 0.0339 Empathy_1 + 0.321 Tangible_1

Table 4: Beta Coefficient of Predictor Variables

Predictor	Beta Coefficient
Constant	0.0000
Reliability	0.2011
Responsiveness	0.4854***
Assurance	-0.17096
Empathy	-0.03392
Tangible	0.32061

SOURCE: *Primary*

Beta coefficient of Responsiveness is 0.4854 which is the highest beta coefficient. Tangible has the second highest beta coefficient. Beta coefficient of Reliability, Assurance and Empathy follows respectively. We can conclude that responsiveness exerts more influence on overall service quality than on any other variables. Empathy is the least influential variable.

Correlation Matrix: Reliability, Responsiveness, Assurance, Empathy, Tangible, Overall Service Quality

Table 5 shows correlation between each and every variable in the Matrix form. Correlations in the Table 5 are interpreted based on a "Table of interpretation for correlation" which is given in the appendix.

Table 5: Pearson Correlation Matrix

	Reliability	Responsiveness	Assurance	Empathy	Tangible
Responsiveness	0.627				
Assurance	0.690	0.716			
Empathy	0.396	0.507	0.587		
Tangible	0.213	0.318	0.302	0.442	
Overall service quality	0.574	0.548	0.534	0.609	0.350

SOURCE: *Primary*

Based on Table 5, following conclusions can be drawn-

Correlation between-

- Reliability and responsiveness is moderate (0.627).
- Reliability and assurance is moderate (0.690).
- Reliability and empathy is low (0.396).
- Reliability and Tangible is very low moderate (0.213).
- Reliability and overall service quality is moderate (0.574).
- Responsiveness and assurance is high (0.716).

- Responsiveness and empathy is moderate (0.507).
- Responsiveness and tangible is low (0.318).
- Responsiveness and overall service quality is moderate (0.548).
- Assurance and empathy is moderate (0.587).
- Assurance and tangible is low (0.302).
- Assurance and overall service quality is moderate (0.534).
- Empathy and tangible is low (0.442).
- Empathy and overall service quality is moderate (0.609).
- Tangible and overall service quality is low (0.350).

Test of Hypotheses

Here two hypotheses have been tested, one is null hypotheses (H_0) and another is alternative hypotheses (H_1).

- **Null hypotheses, H_0=** Overall service quality does not depend on Responsiveness, Reliability, Tangible, Assurance and Empathy.
- **Alternative hypotheses, H_1=** Overall service e quality depends on at least one of the following mentioned variables- Responsiveness, Reliability, Tangible, Assurance and Empathy.

To conduct test of hypotheses, Analysis of Variance (ANOVA) is used. According to Analysis of Variance (ANOVA), if estimated "F_E" is greater than Critical or table value of "F" then null hypotheses (H_0) will be rejected which means alternative hypotheses (H_1) will be accepted. For Analysis of Variance, selected significance level is 5%.

Table 6: Analysis of Variance

Source	DF	SS	MS	F_E	P
Regression	5	49.5766	9.9153	20.23	0.000
Residual Error	94	46.0.634	0.4900		
Total	99	95.6400			

Source: *Primary*

Here Estimated value of F_E=20.23 > Table value of F_T=2.31, which means null hypotheses (H_0) is rejected and the alternative hypotheses (H_1) that Overall service quality depends on at least one of the following mentioned variables-Responsiveness, Reliability, Tangible, Assurance and Empathy is accepted.

Perception of Customers Regarding the Service Quality of Banking Sector

Overall perception of customers regarding the service quality of the banking sector has been assessed in terms of derived mean score of respective service quality dimensions and dimensions are- Responsiveness, Reliability, Tangible, Assurance and Empathy and Overall service quality. The following Table 7 contains mean of scores obtained from the survey and also remarks on the customer service quality of the banking sector of Bangladesh.

Table 7: Mean of Scores Obtained in the Survey and Remarks

Factor	Mean	Remark
Reliability	7.157	Satisfactory
Responsiveness	6.560	Moderate
Assurance	6.727	Moderate
Empathy	6.153	Not Satisfactory
Tangible	7.293	Satisfactory
Overall service Quality	7.060	Satisfactory

*****7 or above: satisfactory, 6.5-7: Moderate, below 6lu.5: Not satisfactory**

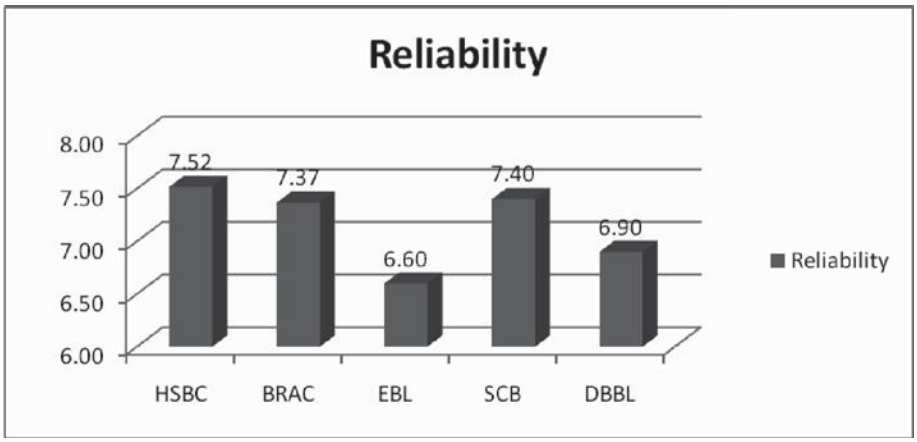
Source: *primary*

Comparison of Customer Service Quality among Banks

Reliability

From the figure 2 it can be concluded that HSBC has the highest Reliability score which is 7.5167. EBL has the lowest Reliability score which is 6.6. Reliability score of SCB=7.4 > Reliability score of BRAC=7.367 > Reliability score of DBBL=6.9.

Figure 2: Score-wise Ranking of Banks with Respect to Reliability



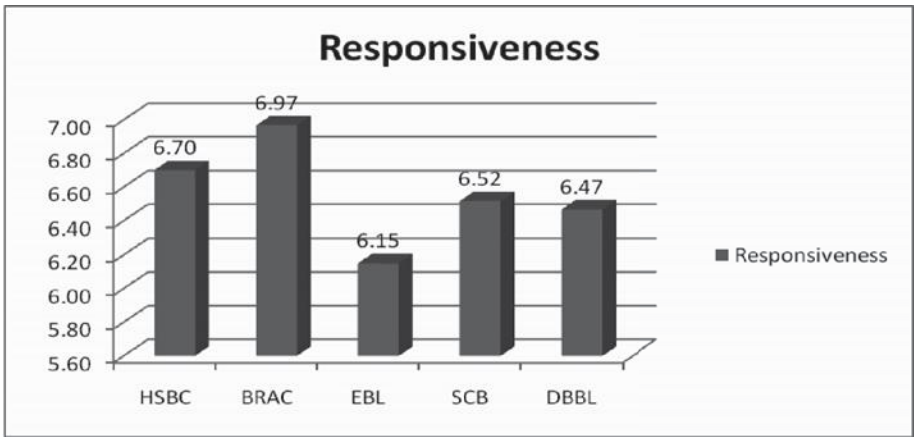
Source: *Primary*

It may be said that HSBC, BRAC, SCB are more or less efficient in serving their customers quickly and efficiently, handling transactions accurately and are dependable. But DBBL and EBL are seriously lacking in serving their customers quickly and efficiently, accurate transaction handling and their customers do not consider them as dependable.

Responsiveness

BRAC has the highest responsiveness score of 6.96. EBL has the lowest responsiveness score of 6.15. Responsiveness score of HSBC = 6.7 > Responsiveness score of SCB = 6.5167 > Responsiveness score of DBBL = 6.467.

Figure 3: Score-wise Ranking of Banks with Respect to Responsiveness



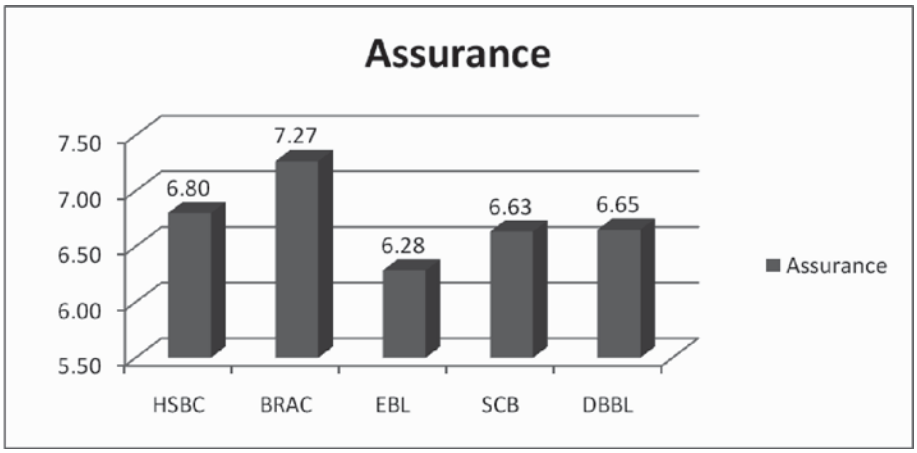
Source: *Primary*

So, it can be easily said from the above interpretation that BRAC and HSBC provide clear explanations of services to their customers, solve problems better and understand the banking needs better. But SCB and DBBL need to excel in these departments. EBL needs to concentrate on these departments as this bank is seriously lacking in these sectors.

Assurance

From the graph below it can be concluded that BRAC has the highest Assurance score which is 7.267. EBL has the lowest Assurance score which is 6.283. Assurance score of HSBC=6.8 > Assurance score of SCB and DBBL

Figure 4: Score-wise Ranking of Banks with Respect to Assurance



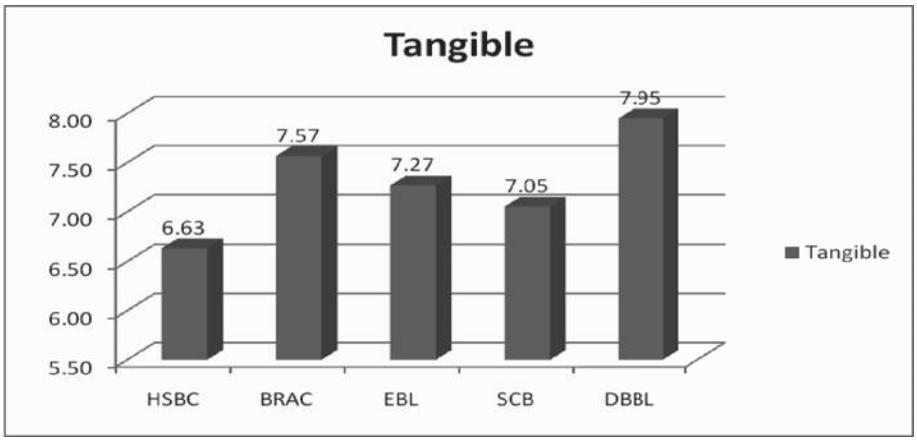
Source: *Primary*

It may be concluded from the above interpretation that BRAC and HSBC thank their customers for doing business with them; customers feel secure banking with them and these banks make business easy for their customers while DBBL, SCB and especially EBL really need to give a serious look in these sectors.

Tangible

Here DBBL has the highest Tangible score of 7.95. HSBC has the lowest Tangible score of 6.63. Tangible score of BRAC = 7.56 > Tangible score of EBL = 7.26 > Tangible score of SCB =7.05.

Figure 5: Score-wise Ranking of Banks with Respect to Tangible



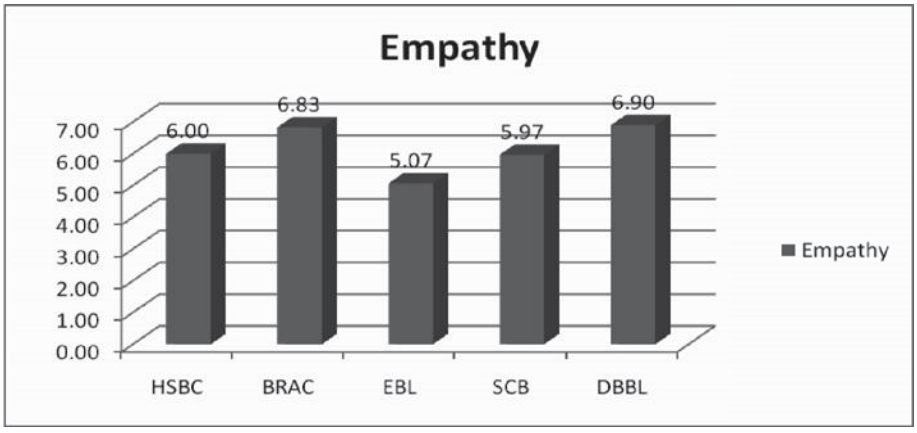
Source: *Primary*

It may be interpreted that most of the respondents responded that the location of DBBL is the most convenient for them; DBBL has the most up-to-date equipment and strong accessibility to ATM. HSBC is seriously lacking in these sectors and BRAC, EBL and SCB are performing moderately in these departments.

Empathy

From the figure 6 it can be concluded that DBBL and BRAC have the highest Empathy score which are 6.9 and 6.83 respectively. EBL has the lowest Empathy score which is 5.06.

Figure 6: Score-wise Ranking of Banks with Respect to Empathy



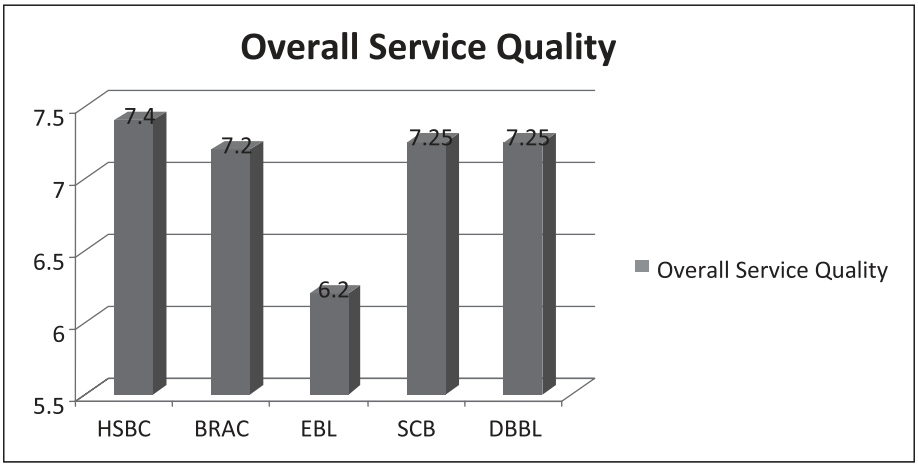
Source: *Primary*

So it may be concluded that EBL needs to greet and acknowledge their customers promptly, address their customers by name and provide friendly and caring service. DBBL and BRAC have excelled in these departments.

Overall Service Quality

The following graph suggests that HSBC has the best overall service quality. The service quality of SCB and DBBL is the same.

Figure 7: Score-wise Ranking of Banks with Respect to Overall Service Quality



Source: *Primary*

The overall service quality of BRAC is 7.2 which is the fourth best among the five selected banks. EBL really needs to concentrate hard on each and every sector of their customer service.

Conclusion & Recommendation

In banking firms the practitioners are interested to know the customer perceptions of service quality for identifying shortfalls and improving service delivery. The article sheds light on the customer service quality in the selected banks. One can get an idea of the customer service quality in the banking industry as well. The major insight gained from the study is to identify those areas where improvement could be made and resources could be allocated. For instance, by knowing the level of service quality in their banks, managers can use such information to make bank wide improvement in quality performance. It can also be used as a

benchmark to compare the performances of other banks that adopt quality program.

Customers identified responsiveness as the most important dimension of service quality. Tangible comes next, followed by Reliability, Assurance and Empathy respectively. The score of empathy was lowest indicating that the practice of paying extra attention to the customers is mostly absent from the banking industry of Bangladesh. Customers ranked HSBC the best among the selected banks considering overall service quality while EBL were rated worst considering overall service quality.

As each of the dimensions was equally weighted, to improve the service quality score, it is recommended to pay attention to improve all these dimensions as mush as possible. Special attention is needed for the empathy dimension. Customers' perception about the empathy from their banks can be improved by providing caring and individual attention to the customers. High importance of Tangible dimension indicates that customers' priority is highly influenced by Banks' location, ATM facilities etc.

A '12 step' approach is suggested to improve the quality of service in banking:

1. Recognizing 'quality' problem – identifying the problem area for the banks.
2. Determining the target groups' expectations
3. Developing appropriate service products
4. Selling the idea of 'quality' to the internal audience (staff)
5. Creating a 'Customer focus & care' culture
6. Developing customer-oriented measures to improve quality
7. Tangibles the service offered
8. Improving the physical evidence
9. Making the service easily understandable
10. Encouraging 'word of mouth' about quality with stuff and users
11. Promising what can be delivered
12. Inviting complaints from dissatisfied customers

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Appendix A

Sample Questionnaire:

Details of the Interviewee:

Name: _____ Designation_____

Bank: ☐ BRAC ☐ DBBL ☐ EBL ☐ HSBC ☐ SCB

Age Group: ☐ 18-30 years ☐ 31-45 years ☐ above 45 years

Gender: ☐ Male ☐ Female

Date of Interview: _____

Customer questionnaire

Please show the extent to which you think your bank offers the following services.
On a scale of 0 to 10, please circle the appropriate rating.

	Poor										Excellent
1. Serving you quickly and efficiently	0	1	2	3	4	5	6	7	8	9	10
2. Handling your transaction accurately	0	1	2	3	4	5	6	7	8	9	10
3. Being dependable	0	1	2	3	4	5	6	7	8	9	10
4. Providing clear explanations of services	0	1	2	3	4	5	6	7	8	9	10
5. Solving problems/troubleshooting	0	1	2	3	4	5	6	7	8	9	10
6. Understanding your banking needs	0	1	2	3	4	5	6	7	8	9	10
7. Thanking you for your business	0	1	2	3	4	5	6	7	8	9	10
8. Feeling secure doing business here	0	1	2	3	4	5	6	7	8	9	10
9. Making it easy to do business here	0	1	2	3	4	5	6	7	8	9	10
10. Greeting & acknowledging you promptly	0	1	2	3	4	5	6	7	8	9	10
11. Addressing you by name	0	1	2	3	4	5	6	7	8	9	10
12. Providing friendly and caring service	0	1	2	3	4	5	6	7	8	9	10
13. The location of our bank to you is	0	1	2	3	4	5	6	7	8	9	10
14. Having up-to-date equipment	0	1	2	3	4	5	6	7	8	9	10
15. Accessibility to ATM	0	1	2	3	4	5	6	7	8	9	10
16. Overall service quality	0	1	2	3	4	5	6	7	8	9	10

Appendix B

Table B: Interpretation for Correlation

Value	Degree of relationship
0	Absence of relationship
0.01-0.29	Very low
0.30-0.49	Low
0.50-0.69	Moderate
0.70-0.89	High
0.90-0.99	Very High
1	Perfect