
A STUDY ON THE QUALITY OF BANKING SERVICE AND ITS ROLE IN ACHIEVING CUSTOMER SATISFACTION, ALONG WITH A STUDY OF A NUMBER OF PRIVATE BANKS

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Abstract

The current study aims to identify the level of quality of banking services provided by some banks. This study is important because it covers one of the topics that comes in the services aspect, providing a database for customers, by providing a customer database and the extent of customer satisfaction with these services that they provide, which led to that These banks have begun to be interested in providing good services, including the level of services that the customer expects is higher than the level of actual services. Therefore, this study has reached a set of recommendations, the most important of which is that the leadership of (successful) banking departments must rely on modern marketing techniques, the most important of which is relationship management. The customer it will help her know information about all her customers and what their needs are and thus the services that suit them will be provided.

Keywords: service quality, customer satisfaction, private banks.

Introduction

We notice that during the past years the banking sector has witnessed a significant and noticeable development until it has become considered an important pillar in the national economy, because it has a role in the progress and development of the economy through the financial services it provides. Through this development, the new service, its quality, and customer satisfaction have become among the most important topics that provide this. The sector has many customers and a lot of profitability, in addition to the role of quality in achieving competition between these companies. At the present time, quality of service has become a major thing and a competitive weapon that all organizations that provide services seek. Banks, like companies, consider their customers to be the most important. This market has been exposed to a large, open and free competition movement, and it has begun to see the presence of new entrants threatened because the customer now has alternatives. There are

many, and he can choose according to what suits him in terms of quality of services and others. Therefore, it has become an obligation on many organizations, including banks, to understand the needs of customers well, aiming to achieve their satisfaction and thus gain their loyalty. This is one of the most important factors in order for them to face the great competition, because modern trends that care and make customers the first place of attention instead of... To focus on the product. This is because the competition between those who provide good and valuable services continues to increase, and every organization, including banks, must have the ability to provide services of a high level of quality and thus will satisfy its customers in order to continue operating .

Thus, we note that competition in providing good and high-end services has become a goal that many service institutions, including banks, aspire to, and since good service has become the most important criterion for success, continuity, and ensuring survival in the market. In addition to increasing their profitability, this has prompted most banks to improve and develop their services to their customers. These services depend on the opinion of these customers and their trends regarding the services provided to them. This is because the concept of good service or quality of service enables the bank to obtain knowledge that gives it the opportunity to redesign and reconfigure The services he provides are appropriate and meet the desires and needs of customers and thus achieve their satisfaction. This study aims to determine the level of quality of service provided by banks located in Baghdad from the customer's point of view because he (i.e. the customer) is the goal sought by the service sectors in order to achieve a good percentage of profits.

The first topic

First: the research problem

The research problem lies in answering the following questions:

- 1-What is the impact of customer satisfaction on the services and their quality provided by the banking sector in the banks studied?
- 1-Is there knowledge about the quality of banking services for those who work and customers together in the banks studied?
- 2-Is there a clear impact of banking services on achieving customer satisfaction?

Second: Research objectives

The research aims to achieve the following:

- 1-Knowing the level of quality of services provided by the banking sector.
- 2-Identify the most important strengths and weaknesses in the banks of the city of Baghdad
- 3-Knowing the most important criteria that customers adopt in their evaluation of the quality of banking service.
- 4-Knowing and identifying the most important factors that the customer relies on in evaluating the level of quality of banking service and taking them into consideration when developing that service .
- 5-Providing an information base that the management of this sector can benefit from in how to evaluate the services it provides to customers .

Third: The importance of research

This study derives its importance from the following:

- 1-This study gains importance by providing an information base whose importance lies in evaluating customers' opinion of the level of service quality provided to them and the extent of their satisfaction with those services.
- 2-The results obtained through this study can be considered an input to help bank management improve and develop their performance and services provided.

Fourth: Research hypotheses

We can summarize the research hypotheses in light of the above in the following points:

- 1-It has been observed that there is a relationship between good banking services (its quality?) through its variables and the degree of customer satisfaction with them .
- 2-Is there a clear impact of banking services and their quality on customer satisfaction?

Sixth:

In this study, situational analysis is adopted by collecting and analyzing data in order to learn about the actual desired reality, and in the method of measuring banking services, their quality, and methods and prospects for their development, by analyzing variables in the field study. The following data collection was adopted in order to cover all aspects of the study:

- 1-The theoretical aspect: It includes previous studies, periodicals, references and books related to this topic.
- 2-The practical aspect: which includes the researcher conducting a questionnaire through which we obtain information or data through the research sample and its analysis.
- 3-Research variables: In this study, I focused on two axes of variables, which are the independent variables, which include the quality of services that exist (reliability, responsiveness, tangibility, empathy, and safety) and other variables related to customer satisfaction.
- 4-Statistical tools: The current study consists of arranging the data, tabulating it, and then analyzing it, by extracting the results using statistical methods that suit the nature of the data, the type of sample, and also the objectives of the study, by using the analytical program SPSS.

The Second Topic

The Theoretical Side

First: Quality of service

The quality of service has great importance and a role in the design, production and marketing of the service, in addition to its importance to the service provider as well as the beneficiary of it, and service institutions have increased their awareness of its importance in order to use it in applying quality requirements and its purpose in order to achieve excellence and creativity in the way it is performed, as well as to gain competitive advantage. Before we know the meaning of banking service quality, we must know quality and service, as quality is defined by the international standard ISO 9000: 2000 as the degree to which a set of inherited characteristics in the product meet the customer's requirements (Quality, 2004: 19).

While the American Association of Quality Control has defined quality as a set of properties and specifications of a good or service that relates to its ability to meet the requirements that are supposed to exist, quality occurs when the organization provides the service according to the specifications that meet the needs of customers (Hansemark & Albinson 2018)

As for the definition of service, it refers to every procedure that one party can provide to the other party that is intangible and does not result in ownership of anything, and its provision may or may not be linked to a physical product. As for service quality, it can be defined as a standard for the degree to which the actual performance of the service matches customers' expectations, or it shows the difference between customers' expectations and their perception of the actual performance of the service (Berry and Parasuraman & Zeithaml 1985).

The quality of services can also be determined through the difference between the customer's expectations for the services and the perceptions of the service received, and the basic idea of the model lies in the importance of the consumer's role and his role in responding in achieving the quality of the service and in fulfilling his expectations in order to gain his loyalty and satisfaction. From this standpoint, it is important to base the quality assessment on the customer's feeling, so that the institution itself can intensify its efforts and direct it on the right path. The scientist Berry and his group (Fornell, 2023) built a model that defines service quality on the basis of five gaps, which are that the most important gap is the one between the performance that the customer expects from institutions The sector in general and the real and actual performance of the institution that was studied. Through this model, the book concluded three stages of developing the service quality measure called Servqual (Parasuraman, *et al.*, 1988). The scale was originally based on ten components, which were summed up

To five as follows:

- 1-The physical aspect of the service (Tangibles), which concerns the equipment used, offices, buildings, and supporting services .
- 2-Reliability, which is the organization's ability to provide the service by adhering to time and fulfilling obligations.
- 3-Responsiveness to the customer's requests, dealing well with him, being interactive and welcoming, taking the initiative to serve him, as well as answering all his inquiries .
- 4-Assurance, which is the ability of employees to demonstrate to the recipient of the service that they feel safe and confident that his transaction does not contain errors .
- 5-Empathy, which is conveying the feeling to the customer that he is cared for and appreciated .

Second: The importance of quality of service

Quality is important in evaluating the service as follows:

A- Growth in the field of service: The number of institutions that provide services has increased. An example of this is American institutions, half of whose activities are related to providing services. Moreover, service institutions are still in continuous and increasing growth.

B- Increased competition: The increase in service institutions has led to great competition among them, and reliance on quality of service will give many competitive advantages to these institutions.

C - The economic meaning of service quality: Service institutions are currently thinking and focusing on expanding their share. Therefore, these institutions must not strive to attract new customers, but rather they must maintain existing customers, and in order to achieve this requirement, they must pay attention to this. Institutions with the level of quality of service they provide to customers .

D- Understanding the customer: Institutions must care about customers and treat them well because customers hate dealing with institutions that focus on service only, because it is not enough to provide good quality services and an appropriate price without providing good treatment to the customer (Kotler, 2022:- 468 471).

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Third: Dimensions of service quality

Service quality is represented by the following dimensions: (Parasuraman, *et al.*, 1988)

A- Understanding and perception: It is represented by the fact that the service provider has the ability and willingness, while it is enough for the customer to speak and give his point of view without any boredom.

B- Confidence in high performance: This confidence comes through the reputation enjoyed by the service provider.

C- Continuity: This is the ability to perform the service with the same effectiveness and efficiency.

D- The intrinsic content of the service: It represents the skills that the service provider possesses through the method of presenting the service and convincing customers.

E - Conformity: This means achieving service between the aspirations of customers and the service provided to them.

F - Tools: It is the use of physical tools to provide some services, such as the tools used by the doctor. Therefore, the customer expects the tools to be available at a high level of efficiency, in order to document the customer's physical feeling in order to obtain good service.

G- Timing: It is providing the service at the time the customer desires, that is, how long the customer waits from the time the service is provided.

H- Communications: The institution must use its language according to the different languages of the customers, keep them informed of everything that concerns them, and devote themselves to listening to them.

Fourth: Customer satisfaction

Customer satisfaction is one of the most important areas of interest to researchers and organizations, and the main goal of these organizations is high profits at the lowest cost. Customer satisfaction is one of the most important factors that leads to increased sales and also to gaining customer loyalty followed by repeat purchases (Schlesinger &Heskett ,2020). In addition, gaining customer satisfaction is a business challenge that attracts the attention of many researchers, and the increasing role of the service sector in many of the world's economies has led to a shift from the industrial sector to the service sector, as well as changing the methods of providing services to the customer and distinguishing services for goods, and this leads to There is a lot of competition between service organizations, and this has led many organizations to adopt a strategy to achieve competitive advantage in order to satisfy the needs of customers.

As (Hansemark and Albinson, 2018) explained, satisfaction is the general attitude presented to customers by the service provider, or is a sympathetic reaction between what the customer expects and what they get in relation to some needs and desires, and customer loyalty, on the other hand, refers to deep-rooted commitments to Returning the same product or good service in the future despite many circumstantial influences and marketing efforts. The definitions related to customer satisfaction include those who say that obtaining customer satisfaction is the feelings that people express, such as disappointment or joy, which result from the difference between the correct and expected performance of the product (Kotler, 2022).

As for Oliver (2020), he defined customer satisfaction as a psychological state that is associated with the surrounding emotions and expectations with the old consumer feelings resulting from the consumption experience.

Fifth: Measuring customer satisfaction

Customer satisfaction plays a very large and important role, because without meeting the needs and desires of customers well, it will be difficult for the company to remain in the competitive race. Measuring customer satisfaction is a very difficult task. On the other hand, obtaining customer satisfaction is important for the marketing manager. As for the method of measuring customer satisfaction, it is not clear. Many studies have been conducted in order

to obtain customer satisfaction through the individual customer and how to obtain his satisfaction with the service that was provided. Submit it to him (Oliver and Swan 2019).

The third topic (the applied aspect)

First: Description of the banks studied: The researcher chose a number of branches of private banks to represent the research sample, which are: (The Commercial Bank of Iraq, Mosul Bank, Kirkuk Branch, Assyria Investment Bank, Baghdad National Bank) operating in the Iraqi environment, where the questionnaire was distributed to the employees(Oliver.2020).

Second: Description of the respondents

In view of the developments taking place and the competition with technology in the current era and the increase in competition, the researcher conducted a test for the employees of the surveyed banks who practice various activities within the banks. The researcher distributed (66) questionnaires to the individuals surveyed in their own work sites. (60) questionnaires were retrieved, the percentage of which was The response is approximately 90%, and Table 1 shows this:

Table (1): Characteristics of the individuals surveyed

percentage%	Number of sample members	Category	variable	the number
60%	36	Male	gender	1
40%	24	female		
%100	60	the total		
17%	10	20-30 years	age	2
33%	20	31-40 years		
33%	20	41-50 years		
17%	10	Older than 50 years		
%100	60	the total		
7%	4	Bank manager	المنصب	3
27%	16	treasurer		
33%	20	accountant		
33%	20	Other		
%100	60	the total		
25%	15	Less than 5 years	Years of Experience	4
33%	20	From 5 years and less than 10 years		
25%	15	From 10 years and less than 15 years		
17%	10	More than 15 years		
%100	60	the total		

***Source: Prepared by the researcher based on questionnaire respons**

Third: Description and diagnosis of the research variables

The research methodology aims to determine what variables the researcher relied on to achieve the research objectives. The research relied on analyzing data related to the research variables. The program (SPSS 28) was used to show the arithmetic means and standard deviations and for all items related to the response. Table (2) shows the values of the means. Arithmetic calculations and standard deviations at the bank level.

*Banking service quality variables

Table (2): Arithmetic means and standard deviation for banking service quality variables

standard deviation	Arithmetic mean	Sample volume	variable	Paragraphs
1.34	3.58	60	X1	Feeling satisfied with the speed of executing banking operations
0.98	3.13	60	X2	The bank's employees are attentive and professional
0.83	4.68	60	X3	Clarity and transparency of banking terms and conditions
0.78	3.78	60	X4	Provides online banking and mobile applications
0.43	4.38	60	X5	Feeling satisfied with the level of security and protection available in banking operations
1.31	3.42	60	X6	Flexibility and diversity of banking products and services provided
1.20	3.40	60	X7	The level of comfort and ease in using banking services is good ^l
1.30	2.24	60	X8	Customer satisfaction with the level of communication and communication provided by the bank
1.31	3.76	60	X9	High level of knowledge and guidance provided by the bank staff
0.87	3.14	60	X10	Ease and speed of responding to banking complaints and problems

*Source: Prepared by the researcher based on the outputs of the statistical program SPSS 28.

*Customer satisfaction

Table (3): Arithmetic means and standard deviation of customer satisfaction

standard deviation	Arithmetic mean	Sample volume	variable	Paragraphs
0.95	4.67	60	X11	Speed of implementing banking operations at the National Bank
1.52	2.72	60	X12	Customer service at National Bank is considered satisfactory
1.71	4.47	60	X13	The high prices and fees related to banking services at the National Bank

0.95	2.30	60	X14	Easy to use and useful interface of the National Electronic Bank
1.52	4.51	60	X15	The National Bank provides a sufficient range of banking products and services to meet the needs of the customer
1.35	2.52	60	X16	Security and protection at the National Bank are considered high and reliable
0.29	2.20	60	X17	National Bank provides a convenient and efficient money transfer and payment service
0.54	4.68	60	X18	The National Bank is interested in meeting the needs and providing the necessary support to the customer
1.80	3.38	60	X19	Private banks regularly promote special offers to customers
1.61	3.16	60	X20	The National Bank provides innovative and advanced solutions that meet all customer needs

*The source was prepared by the researcher based on the outputs of the statistical program SPSS 28.

Fourth: Analyzing the correlation and influence between banking service quality variables and customer satisfaction variables

1-Analyzing the correlation between the quality of banking service and customer satisfaction

To achieve the first hypothesis, which states that there is a correlation between the variables of the quality of banking services and achieving customer satisfaction, and Table No. (4) shows that there is a significant correlation between the investigated variables, with a value of (0.737) at a significance level of (0.05), the researcher inferred the validity of the first hypothesis.

Table (4): Correlation between banking service quality and customer satisfaction

Quality of banking service	Independent variable Dependent variable
0.737*	Customer satisfaction

Source: Prepared by the researcher based on the outputs of the statistical program SPSS 28. •

P< = 0.05 •

1-Analysis of the impact relationship between the quality of banking service and customer satisfaction

The regression results in Table (5) show that there is a significant effect of the quality of banking service on customer satisfaction, as the calculated (F) value reached (162.168) at a significance level of 0.05, and the coefficient of determination (R²) reached (0.723), which means that the quality of banking service is represented by By explaining the effect that occurs on customer satisfaction by (72%), this indicates that the ability of pure service quality to explain the effect that occurs on customer satisfaction. Through a t-test of (2.710), a beta coefficient of (0.090), and a significance level of less than 0.05, it confirms the validity of the second hypothesis, which states: "There is a significant effect between the quality of banking service on customer satisfaction".

Table (5): The effect of banking service quality on customer satisfaction

Organizational prosperity							Independent variable
F	P	T	A R ²	R ²	β	α	
162.168	0.002	2.710	0.720	0.723	0.092	1.002	Incentives and rewards

Source: Prepared by the researcher based on the statistical program SPSS *

P< = 0.05 , N=60

Conclusions:

The research reached a set of conclusions

- 1-The quality of banking service greatly affects customer satisfaction .
- 2-The study shows that there is a strong relationship between the quality of the banking service provided by the bank and customer satisfaction with the service.
- 3-Trust and safety are considered one of the main factors that affect customer satisfaction with banking services. Banks that provide reliable security systems and protect customer data well may enjoy higher customer satisfaction .
- 4-The study shows that customers appreciate banking services that are provided quickly and in an effective manner.
- 5-The quality of customer service plays an important role in achieving customer satisfaction. Banks that provide strong customer support and respond quickly to their inquiries and complaints may be able to enhance customer satisfaction.
- 6-The financial factor is one of the important factors that customers consider when evaluating the quality of banking service.
- 7-The study shows that banks that offer competitive prices and fees may achieve higher customer satisfaction .

Recommendations:

Based on the conclusions of the study on the quality of banking service and its impact on customer satisfaction in private banks, some of the following recommendations can be made:

1-Banks must work to improve the quality of the banking service they provide, by providing an excellent customer experience. Factors such as easy access to banking services, simplifying banking processes, and providing effective customer support should be given attention

2-Banks must pay attention to enhancing confidence and security in their banking services. This can be done by providing strong security systems, updating them periodically, and ensuring that customer data is strictly protected .

3-Banks can benefit from the development of modern technologies such as online banking and mobile applications. These technologies should be easy to use and provide a seamless experience for customers, making it easier for them to conduct banking transactions quickly and efficiently.

4-Banks should provide continuous training to work teams, to ensure the provision of excellent customer service. Teams must have the skills to understand customers' needs and respond to them effectively and friendly .

5-Banks must be fair in setting prices and fees for their banking services. These rates and fees should be competitive compared to other banks, which helps achieve customer satisfaction .

6-Banks must pay special attention to customer service. Multiple communication channels must be provided and available around the clock for inquiries and complaints, and responded to them quickly and effectively.

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