
Impact of Service Quality, Technology and Behavior & Attitude on Customer Satisfaction in Banking Sector of Pakistan (A case study of Sargodha & Mianwali)

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Abstract:

This study is conducted to find that how can achieve the high satisfactory level of the customers on banking sector of Pakistan (Sargodha, Mianwali). In this study four variables are used in which one dependent and three independent. Dependent variable is customer satisfaction while independent variables are service quality, technology and behavior attitude. The data was collected through questionnaire. SPSS 21 is used for data analysis. The results show that there is a positive relationship between service quality, technology, and behavior attitude and customer satisfaction.

Key words: Service quality, Behavioral response, technology, customer satisfaction, Islamic banks, Conventional banks.

Introduction:

Banks are working in all over the world today. Development of any country depends on the banking sector. Some banks are working according to shariah compliance are called Islamic banks while other banks are working conventionally are called conventional banks. Pakistan bank system consists of both Islamic and Conventional banks. Each bank has tried to provide quality service to meet the satisfaction level of the

customers. Banks are providing more and more products every day to attract the customers. Employee's attitude is another strong tool to attract more customers. In current era banks are used latest technology to fulfill the customer's requirements. Unfortunately Pakistani's banking sector faces many problems due to political instability and unstable policies. The service quality, behavior attitude response and use of new technology plays a key role in both Islamic and conventional banks to increase the customer satisfaction because the customers get ease in making deposits and taking loans by the use of technology. Customers can easily access their account in their banks and good behavioral response motivate to customers without any hesitation frequently ask any query from their bankers.

The Dissonance Theory examined that consumers want a product which fulfill their needs but they received a product which does not match consumer want then they show disagreement about the product and try to change the awareness of the product. In dissonance theory the consumers pay high amounts but they do not focus on brand. Contrast Theory suggests that if the receiving product is not according to customer's desire that they expected about the product, this theory maintains a customer or tries to fulfill the gap between receiving product and expecting product. If the product does not meet there requirement then its rate will be poor. If the product is according to their desire then confirmation occurs and if product does not fulfill customer needs then result will be disconfirmation. If better service performance is provided to their customers, by seeing their interest lying in product, the customers are highly expected and there is positive disconfirmation which shows the satisfaction level. In contrast, if service performance is not providing better then negative disconfirmation occurs that leads to disconfirmation.

Service should be quality when the expectations met by the performance. In banking sector includes the bank charges

compare to services etc. Technology means to apply the scientific knowledge in practical life. In banking sector it means online banking ATM facility etc. Every bank makes more effort to lead other banks by providing better facilities like deposits, borrowing, transferability of account; security system etc. Banks are trying to create a good image in scenes of providing better services to achieve the long-term benefits.

The purpose of this study is to explore the performance of banking sector in Sargodha and Mianwali (Punjab). This study explores how the maximum satisfaction of customer can be achieved. The optimum customer's satisfaction level can be achieved by enhancing service quality, behavior attitude response and utilization of new technology in banking sector; currently in banking sectors the level of customer satisfaction is a decreasing that's why bankers try to hunt the deposits.

Literature Review:

Many organizations focus on customer satisfaction because customers create income for organization. In the banking industry, the bankers also tried to provide better products and services to attract new and retain old customers. The competitive environment is mostly beneficial for customers. In Pakistan, all banks are trying to compete each other by providing new and innovative products and services.

Ahmad et al (2010), in their paper analyzed the customer's satisfaction level of bank customers in Pakistan. This paper has used Stratified Random Sampling Technique and data was collected from 720 account holders. This Study takes Service quality as independent and customer satisfaction as dependent variable. Descriptive Statistics, Correlation and Regression have been used for the analysis of data. This study finds that customer satisfaction strongly depends on service quality and if the bankers provide quality services it helpful to increase the customer satisfaction.

Ali and Zhou (2013) conducted a study with the objective to find how increases the service quality of banking sector in Pakistan. Data was collected from 520 respondents using Convenience Sampling Technique. To analyze the performance of Islamic and conventional banks, Descriptive statistics and t-tests used. It concluded that Islamic banks providing better services to attract the customers.

Sheikh et al. investigated the satisfaction of bank customers in Pakistan. Data was collected through questionnaire. 85 questionnaires were received out of 100. Stratified Random Sampling Technique was used in this paper. Motivational factors and customer's satisfaction were used as variables in this case. This study concludes that Islamic banks were not success to fulfill the needs of customers and that's why the customers of conventional banks were more satisfied.

Khattak and Rehman (2010) investigated the awareness and satisfaction level of the banks customer's. Islamic banking system had succeeded to get good reputation in the financial market. In this study 156 account holders were selected from different Islamic and conventional banks. For the analysis Kruskal-Wallis One-Way was used. Customers satisfaction and awareness were used as variables in this study. This study shows that many different Islamic banking products like Ijara Financing, Murabaha Financing were not popular among different customers. This study found that if Islamic banking industry spread their network to customers demands, it would make high progress in financial market.

Siddiqui and Rukhsana conducted a study focus on customer awareness about banking products and services. In this study data was collected from 100 respondents towards conventional banks in Pakistan. To find the relationship between services and customers satisfaction, Positive Technique was used which gave an outcome that the services

offered by commercial banks such as loan and deposit facility superior.

Riaz et al conducted a study to determine the satisfaction level of bank customers that are providing different types of products and services. In this study customers were selected to check their response so for this purpose data was collected from 80 respondents through interview. Customer satisfaction and service quality were used as variables. This study found that 80% customers prefer the conventional banks products & services as compared to Islamic banks.

Hafeez and Muhammad (2012) conducted the study to find the impact of service quality on customer satisfaction. They emphasize the value of customers by considering customers are valuable assets for any organization if customers are satisfied then success of organization can easily be achieved. The data was collected through questionnaire from 331 correspondents. They concluded that if the service quality, customer satisfaction and loyalty program are the factors provided to customers then it will bring increases value to customers.

Mahmood (2013) reported that customer's satisfaction could be increased by utilization of information technology by banks. Data was collected from 500 customers using Systematic Random Sampling Technique. It was found that information technology was like a service quality resulting overall customers satisfaction, helping to retain existing customers and attract towards new customers.

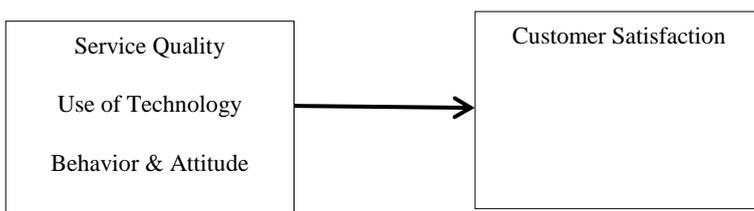
Naser et al (2013), conducted the study to find the customer awareness and satisfaction on banking sector by focusing on product and services offered by the banks. The data was collected through questionnaires. 429 questionnaires received out of 650 to check the response of correspondent. Descriptive Statistics and Cronbach's Alpha was used to analyze the data. They concluded that for the awareness of the customer's bank should be provide better products and services.

Khan and Ahmad (2013) conducted a study to find the customer satisfaction, causes of customer satisfaction and find the strategies to increase the performance of banks in Pakistan. Data was collected from Islamic and conventional bank customers. Samples of 100 questionnaires were distributed among the customers. Bank performance and customer satisfaction were used as variables. This study found that Islamic banking had become popular in financial system but the customers of conventional banks were more satisfy as compared to Islamic banks because conventional banks were providing a number of products and services.

Mohsan et al (2011) measured the impact of customer satisfaction with loyalty using a sample of 150 respondents towards banking sector in Pakistan. The data was analyzed using Excel and SPSS. It was observed that increment in customer satisfaction level goes to increased loyalty.

Omar et al (2011) investigated that technology was beneficial for banking to improve its operations with less cost and efficiency. Customers can made transactions through internet or ATM Machines instead of visiting banks. The data was collected through questionnaires and these purpose 100 questionnaires received out of 127. This study found that how they can be improves the level of online banking services in Pakistan.

Theoretical Framework:



Hypothesis

HA1: The positive relationship exists between customer satisfaction and service quality.

HA2: The positive relationship exists between customer satisfaction and technology.

HA3: The positive relationship exists between customer satisfaction and behavior attitude.

H01: There is a negative relationship between service quality and customer satisfaction.

H02: There is a negative relationship between technology and customer satisfaction.

H03: There is a negative relationship between behavior attitude and customer satisfaction.

Methodology

In this study the data has been collected through questionnaires. A structured close ended questionnaire (Fahad Mahmood 2013) is used with four point Likert scale ranging from strongly Agree to Strongly Disagree (1 strongly agree, 2 Agree, 3 Disagree, 4 strongly disagree). As the study is about evaluating the impact of service quality, information technology and behavior attitude on customer satisfaction, quantitative techniques are employed to calculate the total impact of service quality, information technology and behavior attitude on customer satisfaction. Total of 150 questionnaires were distributed among bank account holders out of which 120 were successfully collected with the reply rate of 80% in which 19% female respondents and 81% male respondents.

Research Instrument

The questionnaire used in this study is adopted from (Fahad Mahmood 2013). The questionnaire contains four sections. First section is about customer satisfaction to check the satisfaction level of respondent. The second, third and fourth portion the correspondent were asked to express their responses about the service quality, technology and behavior

attitude of employees. Customer satisfaction, service quality have been measured by four items while technology and attitude measured by seven and three items.

Reliability score (Cronbach's Alpha) of customer satisfaction is .506, service quality is .635, technology is .507 and behavior attitude is .543. The questionnaire is used for data collection. The questionnaire covers the questions related to service quality, customer satisfaction, use of technology and behavior attitude. Data analyzed through Quantitative Technique. Statistical Package for Social Sciences (SPSS-21) is used for data analysis. The data analyzed through Mean and Regression Techniques.

Results

Table A

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 ^a	.317	.299	.43564

a. Predictors: (Constant), MeanBA, MeanTEC, MeanSQ

The Table presents model summary of regression analysis between independent variable Service Quality, Use of Technology and Behavior Attitude and a dependent variable Customer Satisfaction. The Table displays that value of R is .606; value of R square is .367 which represents that 36.7% variation cause by independent variable Service Quality, Use of Technology and Behavior Attitude on customer satisfaction. The value of adjusted R square is .350 and the value of standard error of the estimate is .41936. The all values are positive and the model summary is significant which support to this study.

Table B
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.201	3	3.400	17.918	.000 ^b
	Residual	22.015	116	.190		
	Total	32.217	119			

a. Dependent Variable: MeanCS

b. Predictors: (Constant), MeanBA, MeanTEC, MeanSQ

The Table represents ANOVA (Analysis of Variance) of regression analysis between independent variable Service Quality, Use of Technology and Behavior Attitude and a dependent variable Customer Satisfaction. The table B represents that in regression, the value of sum of squares is 11.817, the value of DF is 3, and the value of mean square is 3.939. The value of F is 22.399 at the significance level is .000 which shows that this study model is fit. On the other hand in residual, the value of sum of squares is 20.400, the value DF is 116 and the value of mean square is .176.

Table C
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.608	.228		2.665	.009
	MeanSQ	.114	.057	.159	2.012	.047
	MeanTEC	.419	.084	.392	4.971	.000
	MeanBA	.201	.062	.264	3.266	.001

a. Dependent Variable: MeanCS

The Table represents coefficient of regression analysis between independent variable Service Quality, Use of Technology and Behavior Attitude and a dependent variable namely Customer Satisfaction on banks in Pakistan. The table shows that in constant, the value of B is .550, the value of standard error is

.210, the value of t is 2.619, and the significance value is .010. In Service Quality the value of B is .079, the value of standard error is .068, the value of Beta is .092, the value of t is 1.162, and the significance value is .248. In Technology the value of B is .547, the value of standard error is .092, the value of Beta is .469, the value of t is 5.951, and the significance value is .000. In Behavior Attitude the value of B is .158, the value of standard error is .062, the value of Beta is .207, the value of t is 2.536, and the significance value is .013. It further shows that independent variables are service quality, technology and behavior attitude.

Conclusion

This study is conducted to examine the impact of Service Quality, Technology and Behavior Attitude on Customer Satisfaction on banks in Sargodha and Mianwali (Punjab). The Alternative hypothesis states that the positive relationship exists between customer satisfaction, service quality, technology and behavior & attitude. The significance level is 0.000 that's why our alternative hypothesis is accepted and null hypothesis is rejected. So it is concluded that service quality, technology and behavior attitude positively affect customer satisfaction. To increase the performance of banks the banking industry needs to focus on service quality, new technology and behavior attitude of employees.

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