ANALYSIS OF SERVICE QUALITY AND SATISFACTION LEVEL OF CUSTOMERS IN BANKING SECTOR OF BANGLADESH

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ABSTRACT: *The major aim of the study are to evaluate the customer satisfaction of the service quality and to assess whether bank services provided by the institutions are satisfactory to Bangladeshi customers especially in term of service categories. This study endeavors to discover the impact of service quality on customer satisfaction in banking sectors. The study also examines empirically the determinants of service quality in Bangladesh. Five dimensions in service quality such as Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling are considered as the base for this study. A questionnaire for such purpose was designed and different statistical methods were applied to analyse the collected data. Here 300 customers who conduct consumer banking were interviewed with a structured questionnaire. Cross tabulation, a technique of descriptive statistics, used to determine the variability of five dimensions. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. Furthermore, the multiple regression analysis, a technique of multivariate analysis, adopted to determine the importance of the perceived service quality factors. The results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. That is, service quality dimensions are crucial for customer satisfaction in banking sector in Bangladesh.*

KEYWORDS: Categorized Service Quality, Customer Satisfaction, Banks of Bangladesh, Correlation and Multiple Regression Analysis.

INTRODUCTION

Customer Satisfaction (CS) has become an important measure of firm performance and consequently an important area of interest in the accounting and finance research literature. Institutional theory and stakeholder theory have referred to the multi-dimensionality of the customer as not only an economic being but also as a member of a family, community and country. Recent research in accounting advocates using customer satisfaction and loyalty as useful non-financial measures of firm performance, so that good corporate governance will be the outcome (Smith and Wright, 2004). The ability to satisfy customers is vital for a number of reasons. For example, it has been shown that dissatisfied customers tend to complain to the establishment or seek redress from them when they have experienced poor service and want certain issues addressed (Oliver, 1987; Nyer, 1999). A disgruntled customer can

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therefore become a saboteur, dissuading other potential customers away from a particular service provider. The measurement of customer satisfaction in service industries, compared to manufacturing industries, requires special consideration due to difficulties of finding accurate measurement parameters. Of all the service industries, the banking and financial sector has a dominant position and a discussion of customer satisfaction based performance measurements in the financial sector requires special attention.

Customer satisfaction is a grossly neglected measure of governance in most LDCs including Bangladesh. Anecdotal evidence suggests that state-owned commercial banks (SCBs) have lost their market share and are virtually on the point of closing because of their poor service quality as perceived by their customers. In contrast, private and foreign commercial banks working in the same economic and cultural setting are growing rapidly with higher profits and market share. Banking is one of the most sensitive businesses all over the world. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. It is a highly regulated industry with detailed and focused regulators. Bank, a service selling institution, plays a significant role in a contemporary world of money and economy. It influences and facilitates many different but integrated economic activities such as resource mobilization, poverty elimination, production, and distribution of public finance. Bangladesh has a well-developed banking system, which consists of a wide variety of institutions ranging from a central bank to commercial banks and to specialized agencies to cater special requirements of specific sectors. The country started without any worthwhile banking network in 1947 but witnessed phenomenal growth in the first two decades. Hence, it is essential to identify the factors responsible for the quality of the services.

Bank is a customer oriented services industry. A bank depends upon the customers for their survival in the market. The customer is the focus and customer service is the differentiating factors (Guo et al., 2008). A bank can differentiate itself from competitors by providing high quality customer service (Naeem & Saif, 2009. Research indicates that companies with an excellent customer service record reported a 72% increase in profit per employee, compared to similar organizations that have demonstrated poor customer service; it is also five times costlier to attract new customers than to retain existing customers (Duncan, 2004). In Bangladesh, customers in the banking sector are in a strong bargaining position due to the significant growth of banks. Therefore, banks have to provide service carefully because of the availability of banks. Service quality has been a vital issue of discussion and research over the past three decades. Research on service quality has well established that the customer perception of the quality of a service depends on customer's pre-service expectations. Studies by Parasuraman et al. (1985), Zeithmal et al. (1990), noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers. Equally well, dissatisfied customers are more likely to tell another ten people about their unfortunate experiences with a particular organization. In order to achieve customer satisfaction, organizations must be able to build and maintain long lasting relationships with customers through satisfying various customers' needs and demands (Pizam & Ellis, 1999). Otherwise, the combined effect of negative word-of-mouth, switching and reduced consumption will affect the productivity and profitability of the bank.

RESEARCH OBJECTIVES

Customer satisfaction is essential for the success of service firms like banks. The quality of service has become an aspect of customer satisfaction. Day by day it has been proven that service quality is related to customer satisfaction. So the main research objectives of this study are:

1. To judge the importance of attributes that influence customer's satisfaction with banks of Bangladesh in terms of service dimensions: Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling.
2. To rank the determinants of service quality and understanding satisfactionlevel of the customers.
3. To investigate the relationship between basic serviceand customer satisfaction.

RESEARCH HYPOTHESES

This research is conducted to address the following null hypotheses and alternative hypotheses:

H_0:- There is no strong relationship between service quality dimensions and customer satisfaction in banking services.

H_1:- There is a strong relationship between service quality dimensions and customer satisfaction in banking services.

H_0:- Service quality has no significant impact on overall customer satisfaction.

H_2:- Service quality has significant impact on overall customer satisfaction

LITERATURE REVIEW

Siddiqi (2011) conducted a survey of 100 retail banking customers in Bangladesh to establish the relationships between service quality attributes, customer satisfaction and customer loyalty. His study also supported the contention that all service quality attributes are positively related to customer satisfaction, and customer satisfaction is positively related to customer loyalty in the retail banking settings in Bangladesh. Jahiruddin and Haque (2009) surveyed 198 bank customers in Khulna, the third largest city in Bangladesh to explore the pattern of preferences and relative importance of different factors to customers when selecting their preferred banks. Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009) and service marketing literature defined service quality as the overall assessment of a service by the customer (Eshghi et al., 2007).

In the changing banking scenario of 21st century, the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customer's satisfaction and to play a major role in the growing and diversifying financial sector (Guo et al., 2008). There has been a remarkable change in the way of banking in the last few years. Customers have also accurately demanded globally quality services from banks. With various choices available, customers are not willing to put up with anything less than the best. Banks have recognized the need to meet customer's aspirations. Consequently service quality is a critical motivating force to drive the bank up in the high technology ladder. Banking industry is a demand driven industry, which constitute an important part of the service industry (Newman & Cowling, 1996). Banks 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 (Newman, 2001).

In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific

product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Relationship between Service Quality and Customer Satisfaction is very important for a bank. Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml & Bitner, 2003). The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers Demographic characteristics should be considered by the bank managers to understand their customers. As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors.

RESEARCH FRAMEWORK

Since the main objective of the study is to identify the impact of the five dimensions of service quality on customer satisfaction thus the framework of this study is given bellow:
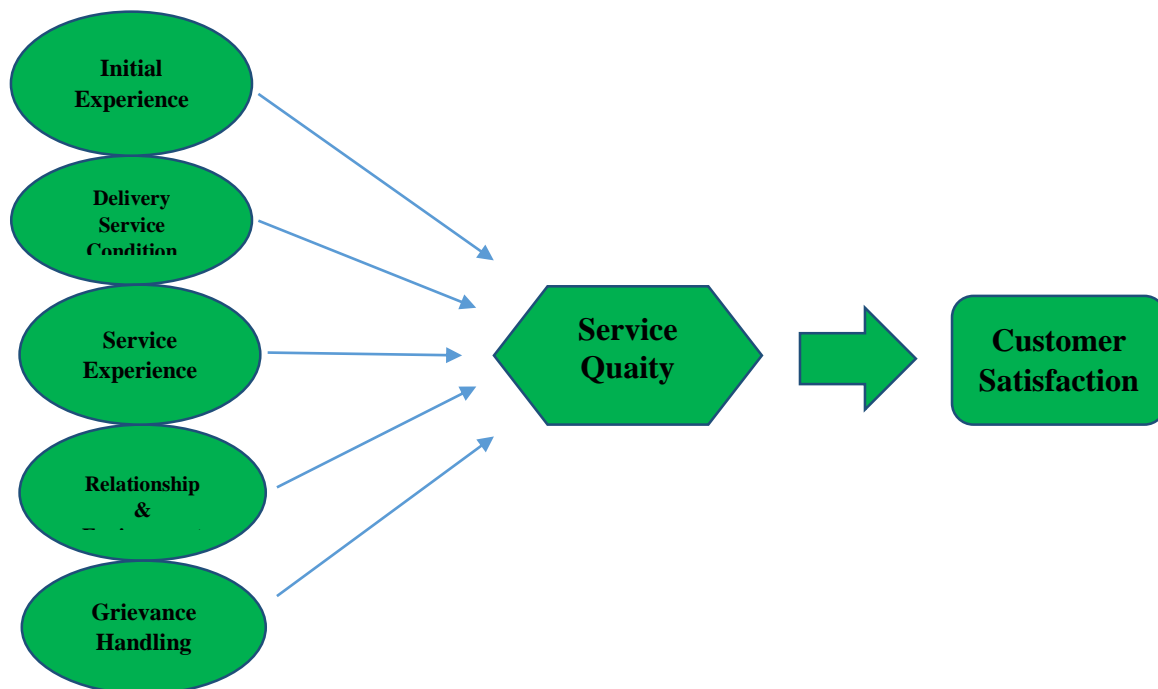
Figure 1: Research Framework

RESEARCH METHODOLOGY

To understand the savings preference, bank preference, services taken, time period since becoming customer and to identify the information sources influencing bank selection, a questionnaire was designed and the respondents were asked to mark their preferences on a ranking scale. The questionnaire also contains 19 factors that affect the customer satisfaction. These factors are divided into 5 major

groups - Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling. These factors are:

Initial Experience : Level of product knowledge of bank staff ; Quality of response to customer queries on service ; Understanding of customer's needs & unique perspective ; Availability and quality of brochures, Sales materials ; Presentation, Communication and Mannerism of staff.

Delivery Service Condition: Timeliness of service delivery; Sharing of status while work-in progress; Quality and Sophistication of delivery; Behaviour and mannerism of delivery staff; Level of congruence between time taken to deliver the services and stipulated time.

Service Experience: Level of service quality vis-à-vis expectation; Level of need fulfilment vis-à-vis expected.

Relationship & Environment: Frequency and quality of contact; Knowledge of company products and customer opportunities; Conduct and communication of relationship person.

Grievance Handling: Timeliness of complaint resolution; Quality of complaint resolution; Level of iterations till the complaint was resolved; Knowledge and empathy of the customer servicing staff

As the study is about measuring service quality and customer satisfaction of the banks, the population included mainly clients of different Public and private banks like- Sonali Bank, Janata Bank, Brac Bank, Islami Bank, Al Arafa Islami Bank, Bank Asia, City Bank, Dutch Bangla Bank, Eastern Bank Ltd., National Bank, Agrani Bank, Dhaka Bank and The Standard Chartered Bank, which are located in the Dhaka City of Bangladesh. In this study 300 respondents of different banks have been selected by using convenience sampling method.

A survey was conducted in various public and private banks in Bangladesh to collect primary data by using structured questionnaire. A convenience sampling process has been used to collect data for this research. All questions are closed-ended because all possible answers were given to the respondents. Respondents were asked to respond about their perceptions of the quality of services provided by banks in Bangladesh in terms of the above mentioned five services quality dimensions. To record the responses of the sample respondents, a structured questionnaire was used. The five-point Likert scale (where **1**= Highly Satisfied to **5** = Not at all Satisfied) has been used for the main research questions. After data collection, by using SPSS software (17.0 versions), Descriptive Statistics, correlation and multiple regressions analysis have been conducted to test the strength of associations between the study variables.

Table 1: Frequency and Percentage distribution of the Personal background of the respondents are as follows:

Characteristics of the respondents		Frequency	Percentage (%)
Gender	Male	192	64
	Female	108	36
Total		**300**	**100**
Age			
	Below 25	16	5.3
25-35		80	26.7
35-45		130	43.3
45-55		50	16.7
55 and Above		24	8.0
Total		**300**	**100**
Marital status			
	Married	234	78
Unmarried		66	22
Total		**300**	**100**

Education		
Primary	13	4.3
Secondary	27	9.0
Higher secondary	40	13.3
Undergraduate	80	26.7
Graduate	140	46.7
Total	**300**	**100**
Occupation		13.7
Govt. service	41	30.0
Private service	90	43.3
Business	130	11.3
Housewives	34	1.7
Others	5	
Total	**300**	**100**
Monthly Income		
Below 20,000	50	16.7
20,000-30,000	91	30.3
30,000-40,000	132	44.0
40,000-50,000	23	7.7
50,000 and Above	4	1.3
Total	**300**	**100**
Nature of account Fixed deposit	46	15.3
Savings Account	151	50.3
Current Account	90	30.0
Others	13	4.4
Total	**300**	**100**
Time duration of relationship with banks		
Less than 3 year	101	33.7
3-7 years	142	47.3
7-11 years	43	14.3
11 and Above years	14	4.7
Total	**300**	**100**

FINDINGS AND ANALYSIS

Factors analysis that affect the customer satisfaction

frequency and percentage distribution of 19 factors that affect the customer satisfaction. These factors are divided into 5 major groups - Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling. Also ranking all factors which are based on percentage of Highly Satisfied. Here we consider, **1**= Highly Satisfied, **2**= Satisfied, **3**= Moderately Satisfied, **4**= Dissatisfied, **5**= Not at all Satisfied.

Initial Experience

Attributes	No. of Respondents					Ranking	
	1	2	3	4	5	(Based on percentage of Highly Satisfied)	
Level of product knowledge of bank staff	108 (36%)	82 (27.3%)	60 (20%)	35 (11.7%)	15 (5%)	1	Quality of response to customer queries
Quality of response to customer queries	125 (41.7%)	78 (26%)	53 (17.7%)	32 (10.6%)	12 (4%)	2	Understanding of customer's needs & unique perspective
Understanding of customer's needs & unique perspective	121 (40.3%)	94 (31.3%)	41 (13.7%)	17 (5.7%)	27 (9%)	3	Level of product knowledge of bank staff
Availability and quality of brochures, Sales materials	62 (20.7%)	89 (29.7%)	50 (16.6%)	65 (21.7%)	34 (11.3%)	4	Presentation, Communication and Mannerism of staff
Presentation, Communication and Mannerism of staff	94 (31.3%)	108 (36%)	65 (21.7%)	25 (8.3%)	8 (2.7%)	5	Availability and quality of brochures, Sales materials

Service Delivery Experience

Attributes	No. of Respondents					Ranking	
	1	2	3	4	5	(Based on percentage of Highly Satisfied)	
Timeliness of service delivery	165 (55%)	101 (33.7%)	22 (7.3%)	12 (4%)	0 (0%)	1	Timeliness of service delivery
Sharing of status while work-in-progress	151 (50.3%)	75 (25%)	51 (17%)	20 (6.7%)	3 (1%)	2	Sharing of status while work-in-progress
Quality and Sophistication	70 (23.3%)	61 (20.3%)	105 (35%)	45 (15%)	19 (6.4%)	3	Behaviour and mannerism of delivery staff
Behaviour and mannerism of delivery staff	144 (48%)	77 (25.7%)	30 (10%)	41 (13.7%)	8 (2.6%)	4	Level of congruence between time taken to deliver the services and stipulated time
Level of congruence between time taken to deliver the services and stipulated time	116 (38.7%)	89 (29.7%)	58 (19.3%)	21 (7%)	16 (5.3%)	5	Quality and Sophistication

Service Experience

Attributes	No. of Respondents					Ranking	
	1	2	3	4	5	(Based on percentage of Highly Satisfied)	
Level of service quality vis-à-vis expectation	67 (22.3%)	20 (6.7%)	55 (18.3%)	86 (28.7%)	72 (24%)	1	Level of need fulfilment vis-à-vis expected
Level of need fulfilment vis-à-vis expected	169 (56.3%)	90 (30%)	31 (10.3%)	7 (2.4%)	3 (1%)	2	Level of service quality vis-à-vis expectation

Relationship Experience

Attributes	No. of Respondents					Ranking (Based on percentage of Highly Satisfied)	
	1	2	3	4	5		
Frequency and quality of contact	145 (48.4%)	72 (24%)	31 (10.3%)	42 (14%)	10 (3.3%)	1	Frequency and quality of contact
Knowledge of company products and customer opportunities	106 (35.3%)	96 (32%)	53 (17.7%)	30 (10%)	15 (5%)	2	Knowledge of company products and customer opportunities
Conduct and communication of relationship person	60 (20%)	71 (23.7%)	45 (15%)	68 (22.7%)	56 (18.6%)	3	Conduct and communication of relationship person

Grievance Handling

Attributes	No. of Respondents					Ranking (Based on percentage of Highly Satisfied)	
	1	2	3	4	5		
Timeliness of complaint resolution	75 (25%)	60 (20%)	105 (35%)	45 (15%)	15 (5%)	1	Quality of complaint resolution
Quality of complaint resolution	140 (46.7%)	75 (25%)	35 (11.7%)	40 (13.3%)	10 (3.3%)	2	Level of iterations till the complaint was resolved
Level of iterations till the complaint was resolved	110 (36.7%)	90 (30%)	55 (18.3%)	28 (9.3%)	17 (5.7%)	3	Timeliness of complaint resolution
Knowledge and empathy of the customer servicing staff	60 (20%)	70 (23.3%)	45 (15%)	70 (23.3%)	55 (18.4%)	4	Knowledge and empathy of the customer servicing staff

Descriptive Statistics

Here we represents Mean, standard deviation, Average mean and Average Std. deviation of all factors which are divided into 5 groups.

Table 2: Descriptive Statistics:

Factors	Statements	N	Mean	Std. deviation	Average Mean	Average Std. deviation
Initial Experience	Level of product knowledge of bank staff	300	4.19	.849	4.22	.801
	Quality of response to customer queries	300	4.14	.865		
	Understanding of customer's needs & unique perspective	300	4.48	.715		
	Availability and quality of brochures, Sales materials	300	4.07	.810		

	Presentation, Communication and Mannerism of staff	300	4.22	.765		
Delivery Service Condition	Timeliness of service delivery	300	3.93	.901	4.04	.866
	Sharing of status while work-in-progress	300	3.70	.925		
	Quality and Sophistication	300	4.11	.897		
	Behaviour and mannerism of delivery staff	300	4.29	.735		
	Level of congruence between time taken to deliver the services and stipulated time	300	4.13	.899		
Service Experience	Level of service quality vis-à-vis expectation	300	4.18	.905	4.20	.811
	Level of need fulfilment vis-à-vis expected	300	4.12	.787		
Relationship & Environment	Frequency and quality of contact	300	4.04	.854	4.03	.871
	Knowledge of company products and customer opportunities	300	3.99	.900		
	Conduct and communication of relationship person	300	4.07	.843		
Grievance Handling	Timeliness of complaint resolution	300	4.18	.894	4.07	.865
	Quality of complaint resolution	300	3.97	.905		
	Level of iterations till the complaint was resolved	300	3.90	.910		
	Knowledge and empathy of the customer servicing staff	300	4.22	.749		
Overall Customer Satisfaction					4.11	.841

Table-2 has shown the statistical description of service quality with customer satisfaction. From table it has found that banks customers perceived Initial Experience (with the highest mean scores, i.e. Mean = 4.22, Standard deviation = 0.801) to be the most dominant service quality and evident to a considerable extent, followed by Service Experience (Mean = 4.20, Standard deviation = 0.811), Grievance Handling (Mean = 4.07, Standard deviation = 0.865) and Delivery Service Condition (Mean = 4.04, Standard deviation = 0.866) which are rated as moderate practices of their bank. Relationship & Environment (Mean = 4.03, Standard deviation = 0.871) with the lowest mean score is perceived on the overall as least dimension of service quality in public and private banks of Bangladesh. The average mean value of customer satisfaction is 4.11 and standard deviation is 0.841.The standard deviations are quite high, indicating the dispersion in a widely-spread distribution. This means that the effects of service quality on customer satisfaction are an approximation to a normal distribution. This also indicates that respondents are in favour of customer satisfaction.

Correlation Analysis

Correlation coefficients are used in statistics to measure how strong a relationship is between two variables. The quantity r, called the linear correlation coefficient, measures the strength and the direction of a linear relationship between two variables. The linear correlation coefficient is sometimes referred to as the Pearson product moment correlation coefficient in honor of its developer Karl Pearson. The mathematical formula for computing r is:

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}}$$

Where, n is the number of pairs of data.

Table 3: Correlation analysis table

Factors		Initial Experience	Delivery Service Condition	Service Experience	Relationship & Environment	Grievance Handling	Overall Customer Satisfaction
Initial Experience	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	300					
Delivery Service Condition	Pearson Correlation	.813	1				
	Sig. (2-tailed)	.000					
	N	300	300				
Service Experience	Pearson Correlation	.751	.607	1			
	Sig. (2-tailed)	.000	.002				
	N	300	300	300			
Relationship & Environment	Pearson Correlation	.723	.721	.800	1		
	Sig. (2-tailed)	.000	.001	.000			
	N	300	300	300	300		
Grievance Handling	Pearson Correlation	.642	.811	.699	.753	1	
	Sig. (2-tailed)	.001	.000	.002	.000		
	N	300	300	300	300	300	
Overall Customer Satisfaction	Pearson Correlation	.841	.781	.824	.822	.812	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	300	300	300	300	300	

Note: Correlation is significant at the 0.05 level of significance (2-tailed).

Bivariate Correlations is used to know the nature, direction and significance of the bivariate relationship of the variables of this study. Based on the analysis presented in Table 3, the results show that there is a positive correlation between the variables, the correlation between Initial Experience and Delivery Service Condition, indicates that there is a significant correlation between two variables with coefficient correlation r =.813 at p < 0.00 level. The correlation between Initial Experience and Service Experience, indicates that there is a significant correlation between two variables with coefficient correlation r = .751 at p < 0.00 level. Similarly the correlation between Initial Experience and Relationship & Environment, Initial Experience and Grievance Handling, Initial Experience and Overall Customer Satisfaction, indicates that there are a significant correlation between two variables with coefficient correlation r =.723 at p < 0.00 level, r =.642 at p < 0.01 level, r =.841 at p < 0.00 level.

The correlation between Delivery Service Conditionand Service Experience, indicates that there is a significant correlation with coefficient correlation r =.607 at p <0.02 level. Similarly the correlation between Delivery Service Condition and Relationship & Environment , Delivery Service Condition and Grievance Handling, Delivery Service Condition and Overall Customer Satisfaction, indicates that there

are a significant correlation with coefficient correlation r = .721 at p < 0.01 level,r = .811 at p < 0.00 level, r = .781 at p < 0.00 level.

The correlation between Service Experience and Relationship & Environment, indicates that there is a significant correlation between two variables with correlation coefficient, r =.586 at p < 0.00 level. Similarly the correlation between Service Experience and Grievance Handling, Service Experience and Overall Customer Satisfaction, indicates that there are a significant correlation with correlation coefficient r =.800 at p < 0.00 level,r =.699 at p < 0.02 level, r =.824 at p < 0.00 level.

The correlation between Relationship & Environment and Grievance Handling, Relationship & Environment and Customer Satisfaction, indicates that there are a significant correlation with coefficient correlation r =.753 at p < 0.00 level and r =.822 at p < 0.00 level.Finally, the correlation between Grievance Handling and Customer satisfaction, indicates that there is a significant correlation between two variables with coefficient correlation r = .812 at p < 0.00 level.

So we conclude that there is a strong relationship between service quality dimensions and customer satisfaction in banking services.

Multiple Regression Analysis

In this part of the analysis includes a regression model to test the hypotheses. Five extracted dimensions were taken as independent variables against overall satisfaction of the customers as dependent variable in a multiple regression model. For all the hypotheses of the study below hypothesis test was used at 95% confidence interval.

To know about the impact of the individual dimensions of bank service quality on overall customer satisfaction, multiple regressions using the following model is run:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$ ....(1)

Where, Y = Overall Customer Satisfaction, X_1 = Initial Experience, X_2 = Delivery Service Condition, X_3 = Service Experience, X_4 = Relationship & Environment, X_5 = Grievance Handling.

Table- 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df$_1$	df$_2$	Sig. F Change
(1)	.904	.817	..802	.1147	.817	44.671	5	294	.000

Predictors: (Constant), Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment, Grievance Handling.

From table-4, it has been seen that R value is 0.904. Therefore, R value (.904) for the overall service quality dimensions suggested that there is a strong effect of these five independent variables on customer satisfaction. It can also observed that the coefficient of determination i.e. the R-square (R^2) value is 0.817, which representing that 81.7% variation of the dependent variable (Average Customer Satisfaction) is due to the independent variables (Service quality), which in fact, is a strong explanatory power of regression.

Table 5: ANOVA

Model		Sum of Squares	df	Mean Squares	F	Sig.
	Regression	22.351	5	4.470	44.671	.000

| (1) | Residual | 16.489 | 294 | 0.056 | | |
| | Total | 38.840 | 299 | | | |

Predictors: (Constant), Initial Experience, Delivery Service Condition, Service Experience,
Relationship & Environment, Grievance Handling.
Dependent Variable: Avg. Satisfaction

From the table-5, it is identified that the value of F-stat is 44.671 and is significant as the level of significance is less than 5% ($p< 0.05$). This indicates that the overall model was reasonable fit and there was a statistically significant association between service quality dimension and customer satisfaction. Additionally, this also indicated that the null hypothesis is rejected and alternative hypothesis is accepted. Hence it can be concluded that service quality dimensions have significant impact on customer satisfaction of Bangladeshi banks.

Table- 6: Coefficients of model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta (β)		
(1)	(Constant)	.976	.671		11.926	.004
	Initial Experience	.681	.133	.411	7.843	.000
	Delivery Service Condition	.589	.353	.356	6.234	.001
	Service Experience	.612	.236	.403	6.987	.000
	Relationship & Environment	.472	.442	.312	5.453	.001
	Grievance Handling	.413	.468	.296	4.998	.002

Dependent Variable: Avg. Satisfaction

In the table-6, unstandardized coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The beta coefficients indicated that how and to what extent servqual dimensions such as tangibility, reliability, responsiveness, assurance and empathy influence customer's satisfaction of a bank. It has been found that, Initial Experience (β =.411, t=7.843, p<0.000) and Service Experience (β =.403, t=6.987, p<0.000) have the highest influence or significant impact on customer's satisfaction, whereas, Delivery Service Condition (β =.356, t=6.234, p<0.001), Relationship & Environment (β =.312, t=5.453, p<0.001)and Grievance Handling (β =.296, t=4.998, p<0.002), have a relatively lower impact on customers satisfaction of a bank.

Then the fitted Regression Model is:

Overall Customer Satisfaction (Y) = 0.976 + 0.411 (Initial Experience) + 0.403 (Delivery Service Condition) + 0.356 (Service Experience) + 0.312 (Relationship & Environment) + 0.296 (Grievance Handling).

RECOMMENDATIONS

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today's competitive market. The objective of this study was to find out customer satisfaction on service quality with respect to service quality dimensions. A list of recommendations has been presented based on the findings of the survey conducted on customers of banking sectors of Bangladesh.

- ➢ The management needs to improve quality services so as to satisfy customer's needs. The bank needs to pay much attention on the customer complaints in order satisfy the customer's expectation.
- ➢ Since bank is a customer oriented organization, hiring potential human resource is a must. And for this reason, the bank should hire self-motivated, enthusiastic employees who will like to deal with customer and will try to solve customer complaints and other issues in an effective manner.
- ➢ The bank can set itself as a market leader in customer service by going beyond the conventional way of dealing with customers, such as, having customized working hour for every client, delivering and accepting payment as per the convenience of the customer in times of difficulty of the customer, which hardly other competitors provide.
- ➢ In order to retain the existing customers and to improve service quality, the bank should continuously maintain error-free transactions, since bank accounts and figures are very sensitive for each and every customer.
- ➢ The management of the bank should regularly run research activities in order to keep a regular track of customer satisfaction level. As customer expectations and satisfaction are not static figures, regular research at sufficient intervals should be conducted.

CONCLUSIONS

Delivering superior service quality to customers in today's business environment is very crucial and important due the stiff competition in the local and international markets. The ability to provide high service quality will strengthen the image, enhance retention of customers, attracting new potential customers through customer satisfaction and loyalty. This study investigates the customer satisfaction and service quality relationship in terms of five dimension such as Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling.From the findings, the research objectives were achieved by identifying the determinants of service quality. By analysing the impact of service quality on Customer satisfaction of banks in Bangladesh, it is observed that out of five service quality dimensions, Initial Experience is having a high Mean score and less standard deviation (Mean=4.22, SD=.801) and the bank should concentrate on Relationship & Environment as it has the least mean score and highest standard deviation (Mean=4.03, SD=.871) The study also established that the combination of Initial Experience, Delivery Service Condition, Service Experience, Relationship & Environment and Grievance Handling together have significant effect on customer satisfaction. The correlation results indicate that there is a positive correlation between the dimensions of service quality and customer satisfaction. Also the results of the regression test showed that offering quality service have positive impact on overall customer satisfaction. Accordingly, the results of this research paper confirmed the theory of literatures regarding the relationship between service quality dimensions and customer satisfaction.\

Therefore special attention from service providers on customer value maximization and expectation fulfilment should be employed in order to make them satisfied and loyal. With the growing up of the

world economy, a dramatic change has been observed in the banking sector. This has brought higher employment opportunities, increases in income level, and changes in consumption patterns and consequently there emerges a competitive environment. Specifically, the expansion of banking business, along with customized services, has created an implied competition in this sector. Since one of the key factors of an organization is its customer and the success/failure of the organization largely depends on their satisfaction/ dissatisfaction.

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