Effect of Quality Financial Services on Customer Satisfaction by Commercial Banks in Kenya

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Abstract

Customer satisfaction is vital for the success of service firms like the banks. The quality of service has become an aspect of customer satisfaction which transforms itself to a better performance. Day by day it has been proven that service quality is related to customer satisfaction. This study seeks to establish the effect of service quality on customer satisfaction in commercial banks in Kenya. The five dimensions of service quality by Parasurama et al, 1985(servqual) such as tangibility, reliability, responsiveness, empathy, and assurance were considered as the vile for this study. A structured questionnaire with 5 point Likert scale has been used to collect the data by conducting survey. The sample size is 287 and is chosen on a convenient basis. Data has been analyzed by using SPSS software (version: 20). Result of the study showed that reliability, responsiveness, assurance and empathy significantly and positively influenced customer attitudes in terms of satisfaction but tangibility had no significant influence on satisfaction level of customers that is service quality dimensions are crucial for customer satisfaction in commercial banks in Kenya.

Keyword: Tangibility, Reliability, Empathy, Assurance, Responsiveness, Service Quality, and customer satisfaction

1.1 Introduction

The relationship between service behavior and service quality has proven its role and importance in marketing (Heskett & Sasser, 2010). The concepts of service quality and service satisfaction have been highly been featured in marketing texts and activities, during previous decades. Marketing researchers have praised the advantages of satisfaction and quality, and coined them as indices of an organization competitive benefit (Ruyter, 1997). Though service loyalty is one of the most important structures in service marketing, as a result of its final effect on customers' repeated purchases, in fact, those loyal customers who purchase repeatedly have been considered as the base of any business (Caruana, 2002). Although these concepts have been used so many times in the marketing literature, but the relations between these three concepts still remain ambiguous.

Service quality is an attitude or global judgment about the superiority of a service (Robinson, 1999). To be globally competitive service industries must achieve a quality service that exceeds customers' expectation. Service quality determines an organizations success or failure. Companies and organizations that virtually every industry employs customer satisfaction measures for the straightforward reason that satisfied customers are essential for a successful business (Gupta et. al, 2007). Service quality also determines a customer's satisfaction. However, the determinants of service quality are complicated with the dynamic business environment.

This means that service quality in banking industry is different from the one in manufacturing industry. Therefore, this measurement dimensions depend on the industry itself. Service quality is influenced by expectation, process quality and output quality; in other words the standards of service is defined by customers who have experienced that service and used their experience and outlook to form a judgment (Chen et. al, 2001). Financial institutions play a crucial role in facilitating the accumulation and allocation of capital by channelling individual savings into loans to governments, businesses and individuals. In Ghana, the role of the banking sector in capital concentration and distribution cannot be disputed (Nukpezah & Nyumuyo, 2009). The year 2009 credit crunch affected the performance of many banks globally and in Kenya as a whole (CBK, 2010). This made several institutions to adopt strategies that were able to sustain themselves within the banking sector which is competitive; therefore institutions that adopt strategies to compete better are more likely to survive in the long run. Within the banking sector, customer loyalty to businesses is one way of keeping banking businesses competitive. In the last decades, the formal banking system in Kenya was dominated by state owned banks that had a monopoly in terms of their spread and operations (Hinson & Hammond, 2006).

The current banking environment has however changed with emergence of financial institutions owned and managed by people with less government stake/influence. Hinson and Hammond (2006) reported that, 'with the passage of the universal banking law however, all types of banking can be conducted under a single corporate banking entity and this greatly reorganises the competitive scopes of several banking products in the Kenya banking market. Thus reform and deregulation has brought the banking sector into the competitive arena in terms of customers and products. This means strategic management decisions should take into consideration factors that promote customer satisfaction, customer retention, customer loyalty, increased market share and firm profitability. A first step toward this is the need to understand the level of quality financial services and customer satisfaction in selected commercial banks. Then strategic decisions on improving customer satisfaction could be made to increase market share and profitability hence ensuring banks strategic edge.

In order to achieve a quality service organization, commitment from employees and support from all levels of management is necessary. Therefore, it is important for managers who provide goods or services constantly to keep track of information about the company's wellbeing as far as meeting its customers' needs are concerned (Aigbedo & Parameswaran, 2004). Service companies are trying to find ways to improve and provide superior quality service to satisfy their customers for example in the banking industry where competition seems to be tight. Gupta et al, (2007) also posited that satisfying customers is an ultimate goal for every company, as customers are the greatest resources, both short-term and long term survival of the company. Therefore, quality financial services provided by a particular bank determine the satisfaction level of its customers which in the long run will improve its performance.

Banking operations are becoming increasingly customer dictated (Heskett & Sasser, 2010). The demand for 'banking supermalls' offering one-stop integrated financial services is well on the rise (Gupta et. al, 2007). The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Exceptional customer services have resulted in greater customer retention, which in turn results in higher profitability. Customer satisfaction and loyalty is a major contributor to sustainable profit growth. To achieve success, you must make superior service second nature of your organization. Commercial Banks in Kenya normally aim at delivering value as a branch to the overall performance of their respective banks through quality of services to their customers. The central bank of Kenya in 2014 made an observation that there have been a remarkable changes in the provision of financial services by commercial banks in Kenya from 2003-2013. Despite some recent studies in customer satisfaction and service quality, similar investigations in the banking industry have remained. Customer satisfactions with regards to quality financial services provided by banks have gone virtually untouched. This research attempts to clarify the attributes of quality services offered by commercial banks operating in Kenya that influencing customer satisfaction.

Literature Review

2.1 Customer Satisfaction

Customer Satisfaction is always something more than a happy customer; it is broadly used in commerce and business sector. Customer satisfaction is a term used in business explaining about the quality of product and service that are being provided by companies so as to fulfill the need of their customers.

For some, it is also a key performance indicator (KPI) of company (Jayaraman et. al, 2010). It has also been noted that satisfied customers are the core element in long-term success of business (McColl-Kennedya & Schneiderb, 2000) .Returns of the companies are seen to have a highly positive relationship with strong base of satisfied customers(Yeung et. al, 2002). Customer satisfaction is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important (Jamal & Naser, 2002). Although satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. Satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is "would", while in service quality literature, expectations for goods is "should" (Parasuraman et al.,1991). Cadotte and Turgeon (1988) introduced a group of factors known as neutral factors. Besides, Liljander & Strandvik (1993) whom proposed that experience is not needed in evaluating service quality, and service can be evaluated on the basis of the knowledge about service provider, while satisfaction is an inner view, resulted from customer's own experience from the service. Finally, several researches have been done on the relation between service quality and satisfaction: findings of some of these researches show that satisfaction results in service quality (Parasuraman et al., 1988). Also, the research conducted by Sureshchandar et al. (2002) shows that, there is a two-way relation between satisfaction and service quality.

2.1 Service Quality

Service quality is an important aspect in service management (Clottey & Collier, 2008). From the literature two main theoretical constructs are obvious before the reconciliatory work of Brady et al., (2002). The European school of thought led by the work of Gronroos (1984), arguably served as the theoretical point of departure for studies on the conceptualisation of service quality. This school of thought believes that consumers perceive service quality from two perspectives: the technical quality and the functional quality of the service. Technical quality asks the question of whether the service meets customers' expectations. The functional quality measures how consumers perceive the production and delivery of the service. While this distinction is technically feasible, both are required to influence consumers' service quality evaluations and loyalty behaviours (Richard and Allaway, 1993). The European school attracted criticism because it excludes the service physical environment. Later conceptualisation of service quality- the American school of thought leans on the work of Parasuraman et al., (1988). This view has since been adopted by many scholars researching service quality. Parasuraman et al., (1985, 1988) conceptualised service quality as overall assessment of the difference between perception and expectation of service delivery. According to this conceptualisation based on data collected on 12 groups of consumers, Parasuraman et.al, (1985) concluded that consumers evaluated service quality by comparing service to be received (expected) and service actually received (perceived) on 10 dimensions. In a subsequent and more elaborate work, Parasuraman et al., (1988) collapsed the original 10 dimensions into 5 pointing out that there were overlap amongst these 10 dimensions and could thus be soundly put into 5. This pioneering research (Parasuraman et.al., 1988) suggested that perceived service quality is based on multi-dimensional factors relevant to the context. The five dimensions of service quality that customers rely on to form their judgement of perceived service quality as posited by Parasuraman et al., (1988) include the following:

(1) Reliability: ability to perform the promised service dependably and accurately.
(2) Responsiveness: willingness to help customers and provide prompt service.
(3) Assurance: employees' knowledge and courtesy and their ability to inspire trust and confidence.
(4) Empathy: caring, individualised attention given to customers.
(5) Tangibles: appearance of physical facilities, equipment, personnel, and written materials.

2.3 Relationship between Service Quality and Customer Satisfaction:

Quality and customer satisfaction have been recognized as playing a crucial role in 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. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson et al., 2008).

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). 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. 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 (Sureshchander et al. 2002).

Responsiveness-

Responsiveness is the readiness to provide assistance and speedy service to customer (Parasuraman et al., 1999). Responsiveness dilly-dallies the willingness of employee's to avail a service in a way that it will send a transaction slip instantly, speedy mortgage conformation, and updating an account in a timely manner (Buteele, 1996). Responsiveness has been considered as an important factor. Determinations to enhance speed of processing information and a customer is assumes to have a positive influence on customer satisfaction in banking. (Balunywa, 1995), stresses that when a customer has a demand, meet it, be easy offered and available to customer. Customers in general suppose early responds to their demands immediately, because they do not want to wait for long time (Ruby et al., 2012). If a bank fails to provide service to a customer at certain time, it can recover this failure by providing prompt services in professional way (Adeoye & Lawanson, 2012).

Responsiveness relates to performance criterions and can be treated as process quality. Considering the banking sector, this service quality dimension is very importance for consumers as they do not want to face trouble with their business matters. They want to acquire services free of blunders, performed according to criterions, correctly, quickly and within time (Culiberg & Rojsek, 2010.). Propensity and readiness of banks to help their customers and satisfy their demands, instantly reply to their criticisms, and quickly solve their problems (Mohammad & Alhamadani, Service Quality Perspectives and Customer Satisfaction in Commercial Banks Working in Jordan, 2011).Once the customer has assurance about the quality dimensions of the product and responsiveness of the employees of an institute; the chances of a customer becoming a loyal and committed customer increases (Ree & Van, 2010). Previous data suggests that responsiveness has association but no significant impact on customer satisfaction. We can determine that there should be responsiveness in providing quality service, but it is not compulsory. This result indicates that the banks' customer prefers to deal with the machines instead of human being. Human responsiveness can have sometimes effect of emotions and sentiments, which causing reduction in productivity. These are the difference perception of bank's customers about dealing with machines or employees (Munusamy et al., 2010). There for we hypothesis:

H01: Responsiveness has no significant influence on customer satisfaction.

Empathy:

Banks or any financial services institute should be concerned in offering special attention to their customers. Because if organization provides extra attention to their customer there will be chances that customers will feel more satisfied and became loyal to the organization. Empathy is about the personal attention extra care and better understanding toward customers. And showing them they are special and important by showing kindness, affection and looking them as close friends to make them feel special. Empathy is all about entertaining the customers in term of place, better communication and time. Researches have proved that the most people are influenced by this dimension of service quality. In empathy employee's gives attention and extra care to their customers that can increase the quality of services and customer feel special. This thing increase customer loyalty and customer satisfaction. To satisfy the customer's need management should improve service quality like through empathy. Organization must pay attention to the customer objections (Betty, 2011). Some studies have proposed that empathy and customer satisfaction have no positive relationship, because majority of users like advance facilities in banks. But sometime it is important to customer that the employees of the organization pay special attention and extra care when they deal with them. So far as Empathy is still vital element of service quality so financial institutes should sustain and improve the empathy (Munusamy et al., 2010). Temporarily empathy has found to have an important but inverse influence on customer satisfaction. Some researcher said that the level of empathy should be good because customer want staff of the organization give individual attention to them during working time.

In Barclay's bank customers are not happy with the staff because they have low empathy level. They not give the opportunity to customer to give opinion in decision making. Customers of this bank disappoint by this situation and make complaint about this situation (Ruby et al., 2012).

Hypothesis:

H02: Empathy has no significant influence on customer satisfaction.

Tangibility:

Tangibles in the service sector are physical facilities that facilitated the process of service provision. Branch related issues like safety, convenience, access to facility are tangibles (Porto et al., 2005). The appearance of persons, physical facilities and equipment are knows as tangibles (Parasuraman et al., 1998). Tangibles normally represent interior facility which include staff members, equipment and printed materials. Visual images play their role in forming impression in customers about the quality of the service. Customer expects up-to-date equipment, attractive printed material, well arranged interior and properly dressed employees (Culiberg & Rojsek, 2010). A study by Saghier and Nathan (2013) showed that the relationship between tangibles and customer satisfaction was not significant enough. They found that infrastructure facilities are not important enough to say that they are must in providing good service, but it is need in delivering good quality of service. This was not in line with the study by Nabi, (2012) which he concluded that customer preferred a bank with convenient location while bank using modern technology for its operations and having well organized waiting cues will of less importance insight of customers comparatively, though tangible dimension had been proved in the study carried out by Munusamy et al, (2010) to have a significant relationship with customer satisfaction, thus we hypothesis.

H03: Tangibility has no significant influence on customer satisfaction.

Reliability:

It can be defined as the firms perform their service at the right time when they promised to give services to their customers. It is included in accuracy of all the functions which are performed by any firm or banks like check records properly, billing and provide services at the exact time when it is recorded. Reliability includes many factors, maintain error-free records of the bank and finally solve the problems of customers related to services provided. It is very important dimension of service in conventional sectors (Parasuraman et al., 1988). Reliability includes security, privacy and assurance. Security is actually a freedom from the doubts, risks and dangers like financial security and physical safety. It is a very important dimension of services of banks. Online banking is more concerned about the security of customers. Banks introduce different methods to secure the data of customers. In online banking, customers are more careful for their transactions (Ranganathan, 2002). Financial transactions of customers are very important for the online banking services. If security is not involved, then customer satisfaction increases towards online banking services. No one can ignore the importance of security in online banking. Every customer is cautious about the security of monetary transactions. So, security has a significant effect on the satisfaction of customers toward services of online banks (Liao, 2008). Privacy means that safe methods are adopted. Customers are more concerned about privacy of their data and also about the safety of their data. Customers need privacy in their work especially. Customers are doubtful about their websites that they will be misused by others. (Black, 2001). While doing financial transaction with banks, there are doubts in minds of customers about the reliability of bank services (Wang, 2003). Privacy affects the customer satisfaction towards financial services of banks.

Hypothesis:

H04: Reliability has no significant influence on customer satisfaction.

Assurance:

Assurance is building confidence and trust in customers towards financial services of banks. Banks assure their customers that their employees are trustworthy, knowledgeable and loyal with their institute. Employees are very friendly and cooperative towards customer's complaints and try to resolve them (Madu, 2002). There are some ways by which customers can agree on the services of banks like; by providing each and everything clear in the annual reports of banks included background, mission, vision, mission statements, private data handling and revenues of banks (Gounaris et al., 2010).

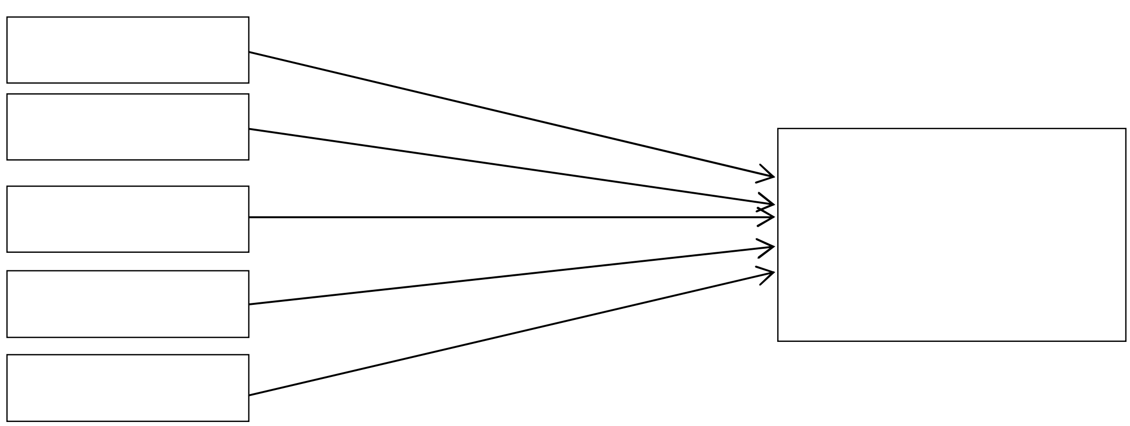
A study by Haron, (1994) found that the banks customers reflects the employees behavior, the cooperative, politeness, friendliness and the efficient customer handling is the most important factors for the customer satisfaction which is based on the announcement, trustworthiness and the staff behavior. Another study finds that (Leeds, 1992) the service quality and specialized conduct of bank workers have enlarged the level of the client satisfaction and caused in reduction in customer erosion. The knowledgeable employees are to be able to reduce the quality services. So the ability of employees to inculcate confidence in customers, they should save in their transactions, contentiously polite in their customers, and the ability to answers the customer's questions are also well-mannered. (Fitzersimmons, 2008) More frequently the customers appearance for the assurance from the employees and expect that employees will perform positively and implant sureness in their customers. The most important criteria in banking services is the satisfaction of the customers and the fast and efficient services that banks have provided to their customers (Erol, 1989). The (Naser, 1999) supports these conclusions. The framework of quality services is replicated in the openness of workers, the dress code, announcement performances and dealings with customer (Haron et al., 1994). When we take decision for banking variety then friends, service quality, family impact, banks reliability and company image stood very important and major factors for customers of banks. Employees characteristics similar to their capability, equal of politeness in the direction of customers and competence in the banking procedures. Therefore, the capability of employees to introduce Assurance in customers, building them senses harmless in their dealings, regularly Polite in the way of customers, the capability to response customer queries correctly.

The communication is the capability of service to communicate with a customer in that way that the customer should understand it. Communication summed up the clearness, comprehensiveness, and correctness of both the unwritten information and the written information for the customer and they capability for the customers to listen and realize the customers. Credibility involves reliability, acceptability and morality. It's almost having the clienteles best welfares at emotion, donating to integrity is a company name, status and confidentiality negotiations (Francis, 1996). Credibility means trust, promise, honesty and safety. Access is the ease of products and services to the customers (Francis, 1996). Its mean the accessibility and ease to contact like through by telephone, appearance of branches, comfort to get services to branch, and if any questions of customers are pending then cash machines and staff are easily accessible for any issue of the customers.

Hypothesis:

H05: Assurance has no significant influence on customer satisfaction.

4: Theoretical Framework



Data and Methodology

3.1 Research Design

Exploratory research design was used for the study. The design was intended to give a fair description of the variables under study using statistical login as well as to allow a comprehensive inferences about the investigated variables.

3.2 Target Sample Size

The target population for the study was fifteen thousand customers (15,000) operating bank accounts with the five commercial banks branches in Kapsabet town in Kenya. The five commercial banks were; Equity bank limited, Kenya commercial bank limited, National bank of Kenya, Family bank limited, and Co-operative Bank limited.

3.3 Data Collection Instruments

Questionnaires were the main instrument of data collection. The questionnaires were issued randomly to customer at the banking hall. Each respondent was given enough time to respond to questions and any clarification was done at the same time by the researcher and research assistants. The questions were divided into variables of interest. A five point Likert scale was used to bring variation of results, with 1- Strongly Disagree, 2-Disagree 3-Neutral, 4-Agree, and 5- strongly agree.

3.4 Data Processing and Analysis

The data collected from the respondent was coded and entered in SPSS V20 for data analysis. Before analysis was, test for normality was done so as to ascertain whether to use parametric or non-parametric test in subsequent analysis. Descriptive statistics was done to identify characteristics of demographic data of respondents while inference statistics was done for the purpose of Correlation i.e. identify the relationship between the quality financial services on customer satisfaction. The regression model below was used to predict the customer satisfaction.

$$\mathbf{y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \varepsilon} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \textbf{(i)}$$

$\mathbf{y}$ =Customer satisfaction
$\boldsymbol{\beta_0}$=Is the constant of the equation?
$\mathbf{x_1}$= tangible
$\mathbf{x_2}$= reliability
$\mathbf{x_3}$= responsiveness
$\mathbf{x_4}$= assurance
$\mathbf{x_5}$ **=** empathy
$\boldsymbol{\beta_1}$ - $\boldsymbol{\beta_5}$ = are the coefficient regression or change induced in **y** by each **x**

Results and Conclusion

Descriptive Statistics Analysis: Table 1 below shows the demographic characteristic of the respondent who were used for the study the majority being male representing 51.2% which we can make a conclusion that majority of bank users were both male and female of ages between 31 to 35 years.

Table 1: Demographic Characteristics

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	140	48.8	48.8	48.8
	Male	147	51.2	51.2	100.0
	Total	287	100.0	100.0	
Valid	18-24	51	17.8	36.6	36.6
	25-30	82	28.6	28.6	65.2
	31-35	105	36.6	14.6	79.8
	36-40	51	17.8	17.8	97.6
	45-Above	7	2.4	2.4	100.0
	Total	287	100.0	100.0	

Table-2 below shows the statistical description of service quality where it has found that banks customers perceived Reliability (with the highest mean scores, i.e. M = 4.7242, SD = 0.38870) to be the most dominant service quality and evident to a considerable extent, followed by Responsiveness (M = 4.2424, SD = 0.40160), Assurance (M = 4.1205, SD = 0.35214) and Empathy (M = 4.2250, SD = 0.43493) which were rated as moderate practices of their bank. Tangible (M = 3.8956, SD = 0.53851) with the lowest mean score was perceived on the overall as least dimension of service quality in commercial banks in Kenya. The standard deviations were 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 were in favor of customer satisfaction.

Table 2: Descriptive Statistics

	Mean	**Standard Deviation**	**N**
Reliability	4.7242	0.38870	**287**
Responsiveness	4.2424	0.40160	**287**
Assurance	4.1205	0.35214	**287**
Empathy	4.2250	0.43493	**287**
Tangible	3.8956	0.53851	**287**

Table 3: Correlation Matrix

	S	A	B	C	D	E
Satisfaction (S)	1					
Reliability (A)	.460**	1				
Responsiveness (B)	.453**	.832**	1			
Assurance (C)	.442**	.869**	.907**	1		
Empathy (D)	.493**	.866**	.816**	.886**	1	
Tangible (E)	.397**	.901**	.767**	.722**	.719**	1

Notes: **Correlation is significant at the $p < 0.01$ level (1-tailed). R>0<0.1 = little or no relationship, r>0.1<0.5= weakly related, r>0.5<0.9= strongly related

According to the results of table 3 above, there is significant positive relationship between customer satisfaction and service quality. The highest correlation is between customer satisfaction and Empathy (0.493) and followed by correlation of reliability (0.460), responsiveness (0.453) and assurance (0.442). Tangibility has weakest correlation amongst all variables (0.397). Service quality is positively correlated with customer satisfaction. The main variable which influences customer satisfaction is empathy, which is followed by reliability. Empathy and reliability are proved to important dimensions of service quality, which affect satisfaction level of customers in commercial banks in Kenya.

Multiple Regression Analysis:

In this part of the analysis includes a stepwise 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.

Impact of Service Quality on Overall Customer Satisfaction:

To know about the impact of the individual dimensions of bank service quality on overall customer satisfaction, multiple regressions using the following model was run: **Overall Customer Satisfaction = α + β1(REL) + β2(RES) + β3(ASS) + β4(EMP) + β5(TAN)+ e**

The following tables show the results revealed from the stepwise regression analysis.

Table- 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.853[a]	.727	.726	3.84798	.727	758.3	1	285	.000	
2	.893[b]	.797	.796	3.32060	.070	98.716	1	284	.000	
3	.893[c]	.797	.795	3.32593	.000	.090	1	283	.764	
4	.901[d]	.812	.810	3.20585	.015	22.599	1	282	.000	
5	.905[e]	.818	.815	3.16193	.006	8.888	1	281	.003	1.565

a. Predictors: (Constant), Responsiveness
b. Predictors: (Constant), Responsiveness , Empathy
c. Predictors: (Constant), Responsiveness , Empathy , Tangibility
d. Predictors: (Constant), Responsiveness , Empathy , Tangibility , Reliability
e. Predictors: (Constant), Responsiveness , Empathy , Tangibility , Reliability , Assurance

From table-2, it has been seen that R value is 0.853, 0.893, 0.893, 0.901 and 0.905 for model one, two, three, four and five respectively. Therefore, R values for the overall service quality dimensions namely responsiveness, assurance, empathy, tangibility and reliability, suggested that there is a strong effect of these five independent variables on customer satisfaction as evidence from the table above. The R Value increased from 0.853 to 0.905 as we introduced the other dimensions of service quality. The first dimension to be introduced in the model was Responsiveness then followed with empathy, tangibility, reliability and assurance. From the table-2 it can also observed that the **coefficient of determination** i.e. the **R-square (R2)** value is **0.726**, which representing that **72.6%** variation of the dependent variable (Average Customer Satisfaction) is due to the independent variable (responsiveness), which in fact, is a strong explanatory power of regression. As we introduced the other dimensions

Table-3: ANOVA (b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11229.066	1	11229.066	758.366	.000[b]
	Residual	4219.971	285	14.807		
	Total	15449.037	286			
2	Regression	12317.544	2	6158.772	558.549	.000[c]
	Residual	3131.493	284	11.026		
	Total	15449.037	286			
3	Regression	12318.541	3	4106.180	371.203	.000[d]
	Residual	3130.496	283	11.062		
	Total	15449.037	286			
4	Regression	12550.796	4	3137.699	305.299	.000[e]
	Residual	2898.241	282	10.277		
	Total	15449.037	286			
5	Regression	12639.655	5	2527.931	252.849	.000[f]
	Residual	2809.382	281	9.998		
	Total	15449.037	286			

b. Predictors: (Constant), Responsiveness
c. Predictors: (Constant), Responsiveness , Empathy
d. Predictors: (Constant), Responsiveness , Empathy , Tangibility
e. Predictors: (Constant), Responsiveness , Empathy , Tangibility , Reliability
f. Predictors: (Constant), Responsiveness , Empathy , Tangibility , Reliability , Assurance
Notes: A= Responsiveness, B= Empathy, C= Tangibility, D= Reliability, E= Assurance

From the table-3, it is identified that the value of F-stat is 27.112 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 private commercial banks.

Table 4: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Z-o	Partial	Part	Tolerance	VIF
1	(Constant)	-2.127	1.100		-1.934	.054					
	A	6.032	.219	.853	27.538	.000	.853	.853	.853	1.000	1.000
2	(Constant)	-8.850	1.166		-7.592	.000					
	A	4.542	.241	.642	18.824	.000	.853	.745	.503	.614	1.630
	B	2.491	.251	.339	9.936	.000	.738	.508	.265	.614	1.630
3	(Constant)	-8.795	1.182		-7.444	.000					
	A	4.579	.272	.647	16.847	.000	.853	.708	.451	.485	2.061
	B	2.556	.331	.348	7.711	.000	.738	.417	.206	.352	2.839
	C	-.110	.366	-.015	-.300	.764	.725	-.018	-.008	.282	3.540
4	(Constant)	-9.589	1.151		-8.330	.000					
	A	4.089	.282	.578	14.520	.000	.853	.654	.374	.420	2.381
	B	2.610	.320	.355	8.165	.000	.738	.437	.211	.352	2.843
	C	-.937	.394	-.129	-2.381	.018	.725	-.140	-.061	.227	4.400
	D	1.470	.309	.205	4.754	.000	.737	.272	.123	.357	2.798
5	(Constant)	-10.723	1.197		-8.956	.000					
	A	3.043	.448	.430	6.798	.000	.853	.376	.173	.162	6.183
	B	2.259	.337	.307	6.712	.000	.738	.372	.171	.309	3.239
	C	-.497	.415	-.068	-1.196	.233	.725	-.071	-.030	.199	5.037
	D	1.618	.309	.226	5.237	.000	.737	.298	.133	.348	2.872
	E	1.053	.353	.147	2.981	.003	.732	.175	.076	.265	3.777

Notes: a. Dependent Variable: interaction, A= Responsiveness, B= Empathy, C= Tangibility, D= Reliability, E= Assurance, Z-o = Zero-order, VIF= Variance inflected factor

In the table-4, 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 was found that, responsiveness (beta =.853, t=27.538, $p<0.001$) which means responsiveness explained 85.3% but when Empathy was introduced into the model responsiveness was found to be (beta=.642, t=18.824, $p<0.001$) while Empathy was found to be (beta =.339, t=9.936, $p<0.001$), responsiveness having the highest influence or significant impact on customer's satisfaction, and when Tangibility was introduced in the model it was found (beta =-0.015, t=-0.300, $p>0.001$), Empathy was found to be (beta=.348, t=7.711, $p<0.001$) while Responsiveness was also found to be (beta=.647, t=16.847, $p<0.001$) in the fourth model four variables Responsiveness, Empathy, Tangibility, and Reliability. Responsiveness had the highest significant influence followed by Empathy, Reliability and Tangibility which had the least but negative significant. From the last model then the Regression Model is: Overall Customer Satisfaction = -0.042 + 0.430(RES) + 0.307(EMP) - 0.068(TAN) + 0.226(REL) + 0.147(ASS)

Conclusion

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. From the findings, the research objectives were achieved by identifying the determinants of service quality as reliability, accessibility, responsiveness tangibles and empathy. By analyzing the impact of service quality on Customer satisfaction of commercial banks in Kenya, it is observed that out of five service quality dimensions, Responsiveness is having a high Mean score and the bank should concentrate on Responsiveness as it has the least mean score.

The study also established that the combination of tangibility, reliability, responsiveness, assurance and empathy together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study accomplished that quality service is an important factor to satisfied customer satisfaction.

In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, Banks should focus in service quality to satisfy their customers in every dimension of service quality.

Recommendations for the Organizations

In this section, a list of recommendations has been presented based on the findings of the survey conducted on customers of private sector bank of Bangladesh. In relation to the findings, the study came up with following recommendations:

- Since bank is a service oriented organization; hence providing continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers is of immense importance.
- 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 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. Individual attention should be given to customers in order to better understand their needs and better satisfy them.
- The management of the bank should regularly run research activities in order to keep a regular track of customer satisfaction level.

- Further study should investigate the impact service quality dimension on technological trust and usage by consumers of commercial banks