

**CUSTOMER SATISFACTION WITH SERVICE QUALITY IN
IRAQI CONVENTIONAL BANKS: THE CASE OF
SALAH AL DIN BANKS**

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ABSTRACT

The purpose of this paper is to evaluate the customer satisfaction of the banks sector in Iraq, and in particular Salah Al Din, based on customer perception regarding service quality. This is an empirical study using mainly primary data collected through a well-structured questionnaire. The questionnaire has been personally administered on a sample size of 149 bank customers, chosen who were based on a convenient sampling from five Iraqi banks; Rafidain Bank, Rasheed Bank, Agricultural Bank, Estate Bank and Mosul Bank. This paper makes a useful contribution as there are only a few studies dealing with the assessment of service quality in conventional banking sector of Iraq. The results indicate that all of the four hypotheses tested are supported. There is a positive impact and significant relationship between the customer satisfaction and four dimensions of service quality. The highest satisfaction according to customer's perception is in the empathy area and lowest in the tangibles area. The positive and significant relationships confirm the effect of service quality on customer satisfaction of the conventional banks in Iraq.

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TABLE OF CONTENTS

PERMISSION TO USE.....	i
ABSTRACT.....	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS.....	iv
LIST OF TABLES.....	vi
LIST OF FIGURES	vii
LIST OF ABBREVIATIONS.....	viii

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study	1
1.2 Problem Statement.....	4
1.3 Research Question	5
1.4 Research Objectives.....	6
1.5 Significance of this Study	7
1.6 Scope and Limitation of the Study	7
1.7 Conclusion	8

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction.....	9
2.2 Customer Satisfaction	10
2.3 Service Quality	14
2.4 Customer Satisfaction and Service Quality in Banking Industry.	19

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction.....	22
3.2 Research Design	22
3.3 Research Framework	24
3.4 Hypothesis Development	25
3.5 Population and Sample	26
3.6 Data Collection	26

3.7	Analysis Technique.....	27
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CHAPTER FOUR: ANALYSIS AND FINDINGS

4.1	Introduction.....	28
4.2	Profiles of Respondents	28
4.3	Descriptive Statistics.....	38
4.4	Hypothesis Testing	40
4.4.1	Result of First Hypothesis	41
4.4.2	Result of Second Hypothesis.....	42
4.4.3	Result for Third Hypothesis	43
4.4.4	Result for Fourth Hypothesis.....	44
4.5	Conclusion	45

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

5.1	Introduction.....	46
5.2	Discussion of Findings.....	46
5.2.1	Tangibles	47
5.2.2	Reliability	47
5.2.3	Responsiveness.....	48
5.2.4	Empathy.....	48
5.3	Conclusion and Recommendations.....	48
5.4	Limitations of the Study.....	49
	REFERENCES	50
	Questionnaire	56
	APPENDIX.....	65

LIST OF TABLES

Table 1.1	Bank Sector of Iraq	3
Table 4.1	Bank Respondents	29
Table 4.2	Gender	30
Table 4.3	Age	32
Table 4.4	Education Level	33
Table 4.5	Respondent's Occupation.....	34
Table 4.6	Income Level	36
Table 4.7	Means and Standard Deviation for Service Quality.....	39
Table 4.8	Mean and Standard Deviation for Customer Satisfaction.....	40
Table 4.9	Correlation Between Tangibles and Customer Satisfaction.....	41
Table 4.10	Correlation between Reliability and Customer Satisfaction	42
Table 4.11	Correlation between Responsiveness and Customer Satisfaction..	43
Table 4.12	Correlation between Empathy and Customer Satisfaction.....	44

LIST OF FIGURES

Figure 3.1	Research Framework	24
Figure 4.1	Distribution of Respondent by Banks	30
Figure 4.2	Gender of Respondents	31
Figure 4.3	Age of Respondents	32
Figure 4.4	Education Level	34
Figure 4.5	Respondent's Occupation	35
Figure 4.6	Respondents Income Level	37

LIST OF ABBREVIATIONS

SERVQUAL Service Quality

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Across all service industries, the issue of service quality remains a critical one as businesses strive to maintain a comparative advantage in the marketplace. Because financial services, particularly banks, compete in the marketplace with generally undifferentiated products, service quality becomes a primary competitive weapon (Stafford, 1996). A banking organization can get a lot of customer by providing high quality services. Structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions (Angur et al., 1999).

Technological advancements are causing banks to revise their strategies for services offered to both individual and commercial customers. Furthermore, banks that excel in quality services can have distinct marketing edge since improved levels of service quality are related to higher revenue, higher customer retention, higher cross-sell ratios (Bennett & Higgins, 1988). In addition, the banks understand that customers will be loyal if they can produce greater value than their competitors (Dawes & Swailes, 1999).

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