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SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY IN BANKING SECTOR OF PAKISTAN

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ABSTRACT

The major purpose of the research paper is to measure the quality of service offered by private banks operating in Pakistan. Moreover, it tries to investigate the relationship between service quality, customer satisfaction and loyalty. In order for a bank offer to reach the customers, there is a need for services. These services depend on the type of product and it differs in the various organizations. Service can be defined as an intangible offer by one party to another in exchange of money for Service quality in the management and marketing literature is the extent to which customers' perceptions of service meet and/or exceed their expectations. Thus service quality can intend to be the way in which customers are served in an organization which could be good or poor. A loyalty program may give a customer advanced access to new products, special sales coupons or free merchandise. Our study shows the three basic aspects of a customer in the banking sector which are service quality, customer satisfaction and banking loyalty in the banking sector. The findings of our study show that most of our respondents are well satisfied with banking services to provide by different commercial and Islamic banks such as HBL, UBL, NBP, MCB etc. in Peshawar sadder. The services provided by the banks particularly ATM

machines are very praised by the customers. The loyalty provided to customers by the banks was also very good and most of the respondents were satisfied from that but there were also some major problems in these banking sectors for customers which should be handled as soon as possible for their good services we also find out that the banking policies for customer services and to maintain loyalty with customer should be enhanced more precisely.

Key Words: Service Quality, Customer Satisfaction, Customer's Loyalty.

INTRODUCTION

Customer are highly important for businesses especially after the marketing era launched during 1950s. During this era, companies started to focus on customer needs and produced more customized products. Now customer satisfaction is becoming a great topic of interest for researchers and organizations around the world. Every organization tries to achieve customer satisfaction in order to make profit and grow. In this study, the focus is on customer satisfaction.

Customer Satisfaction

Customer are those individuals who buy our products and services. Thus, customer is an important stakeholder of organization who provide income to the organization. Marketing literature differentiate between customer and consumer as customer is someone who purchase your product; while, consumer is someone who consume the product.

Statement of the Problems

- 1:** Offensive and poor attitude and behavior on the bank's staff in their dealings with actual and potential customers.
- 2:** Inadequate facilities and equipment required to provide modern banking services.
- 3:** Absence of frequent training programs for the staff to shape up their attitude towards customers.
- 4:** Unduly long processes in responding to customer's needs.
- 5:** Excessive competition from banks which perform commercial banking services.

Service Quality

Services plays important role in any country's economy. There are various services offered by service oriented firms. Generally, service refers to any intangible act or performance which is offered by one party to another. Generally, services are offered for exchange of money or similar. The concept of service quality has gained a lot of interest in marketing literature and work of Zeithaml is one of the classic one in this domain. Service quality is about the quality of services offered by an organization to its customer.

Customer Loyalty

Customer loyalty program is about rewarding customer for their repeated purchase. It can be in the form of free merchandize, points system, or special sales coupons which can be redeemed by the customer. Mostly, customer loyalty program are based on customer registration with the firm and recording sales made by that customer over period of time. Organizations such as airline, or restaurants offers customer reward for their repeated purchase.

Objectives Of The Study

- 1:** To evaluate the level of service quality at the Banking sector.

- 2: To examine the customer satisfaction at the Banking sector.
- 3: To examine the banking loyalty with the customer at banking sector.
- 4: To find out the problems faced by customers at the banking sector.

RESEARCH METHODOLOGY

This section provide details about research methodology.

Study Area

The role of commercial banks in the Economic Development of a country cannot be defined. Banks have always been playing role in bringing out a country from depression with its monetary and fiscal tools for example taxation, interest rate etc. Therefore the banks of Pakistan as a whole have been taken as a study area.

Target Population

In our survey, our target population is different Banks of Peshawar KPK Peshawar.

Sampled Population

For meeting the need of my survey, I collected information from the people of Peshawar Saddar. The respondents were belonging to different areas of Peshawar Saddar.

Method Of Inquiry

The questionnaire method is used through simple random sampling to meet the need of my survey the questionnaire has been given to each person and they filled it in a proper manner.

Sample Size

For my survey, I take the size of 30 from different individuals of Peshawar Saddar.

Duration Of The Study

The study continued for approximately six months where a planning for review, data collection and report had been framed.

Limitations Of The Study

There were many limitations of the study such as time was short. Due to the shortage of time researcher had to shorten the sample size and research area. It was hard to collect data from the Islamic banking customers as it was only possible in the Islamic banks and customers were not much willing to give information because of time shortage or because of the bank where it does not look good to be interviewed.

DATA ANALYSIS

Data collected through the above material instrument were tabulated; analyzed and interrupted. The analysis was done through SPSS by using.

Descriptive Analysis

Table 1: Gender

	Frequency	Percent
Male	21	70.0
Female	9	30.0
Total	30	100.0

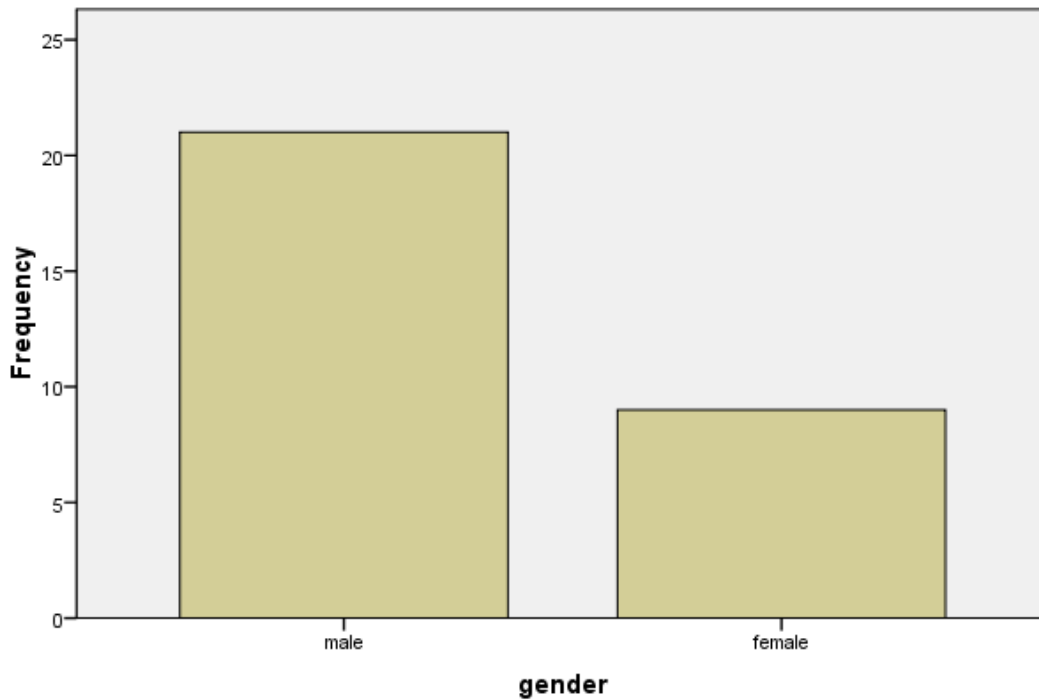


Figure 1: Gender

The above table and figure shows the gender distribution of the respondents. According to the results, 21(70%) out of 30 are male and 9(30%) out of 30 respondents are female.

Table 2: Age of respondent

	Frequency	Percent
up to 20 years	1	3.3
between 20 to 30 years	20	66.7
above 30 years	9	30.0
Total	30	100.0

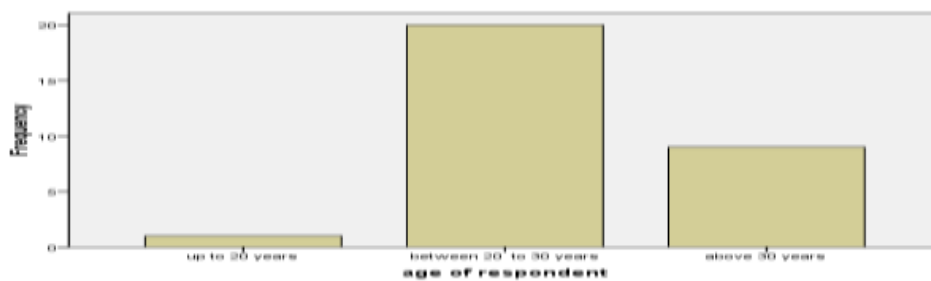


Figure 2: Age

The above table and figure show the distribution of the age of respondents the results show that the age of respondents up to 20 years is 1(3.3%), the age of respondents between 20 years and 30 years are 20(66.7%) and age above 30 years is 7(30%).

Table 3: Occupation of respondent

	Frequency	Percent
government job	8	26.7
private job	12	40.0
Student	9	30.0
housewife	1	3.3
Total	30	100.0

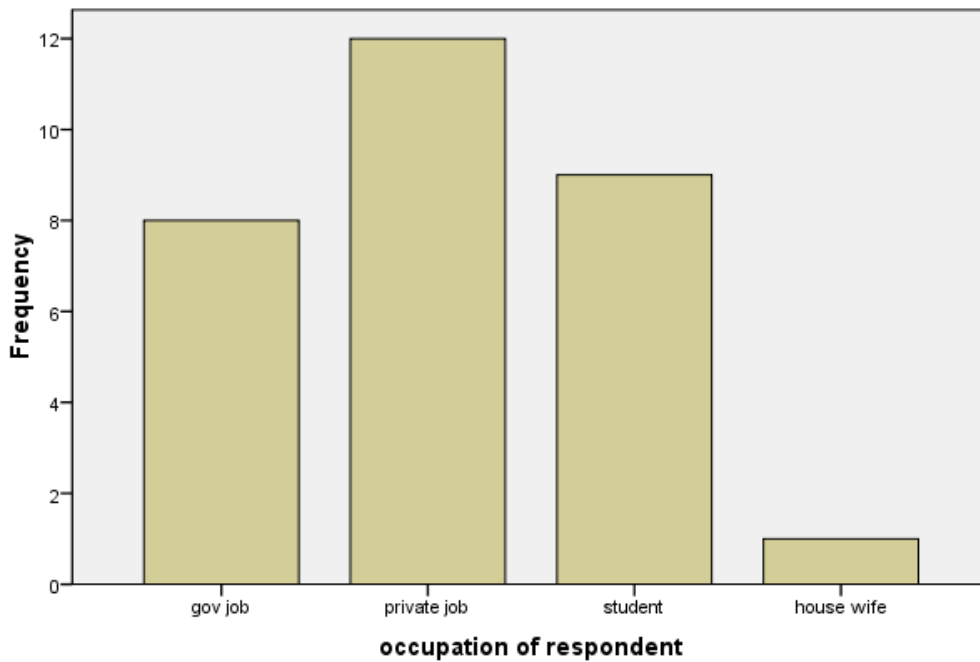


Figure 3: Occupation

The above table and figure show the distribution of occupation of respondents. According to results the respondents which have government job are 8(26.7%), private job respondents are 12(40%), students are 9(30%) and housewife is 1(3.3%).

Table 4: Qualification

	Frequency	Percent
Metric	1	3.3
Fsc,b.com	3	10.0

Ba/BSc	12	40.0
MSc/MBA	14	46.7
Total	30	100.0

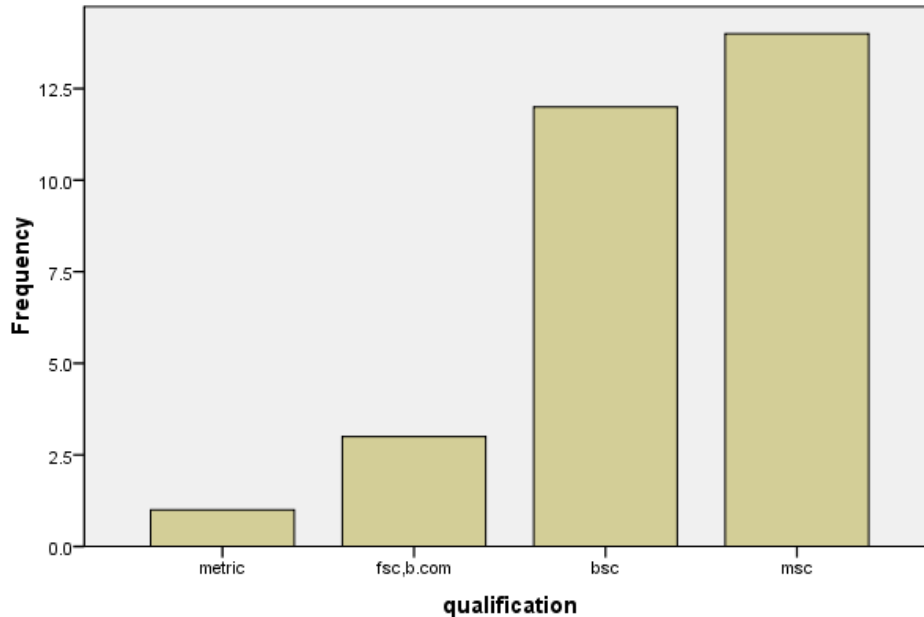


Figure 4: Qualification

The above table and figure show the qualification distribution of respondents. The results show that the qualification of respondents up to metric is 1(3.3%), FSc is 3(10%), BSc are 12(40%) and respondents which have master level qualification are 14(46%).

CONCLUSION

The study was conducted on the service quality, customer satisfaction, and loyalty in the banking sector. After the completion of the study, the following conclusion based on descriptive statistics can be deduced. From the result of the present day, we found that the majority of the respondents were male, out of 30 respondents 21 (70%) are male and 9(30%) respondents are female. Most of the respondents have an age between 20 to 30 years which are 20(67%) out of 30 samples. The occupation of the respondents was different in which most of the respondents belong to the private job which is 12 (40%) out of total samples. The qualifications of most of the respondents have Master or MBA level education which are 12 (46%) out of total respondents. We also find out that different respondents have accounts in different banks of Peshawar sadder and most of the respondents belong to the conventional type of bank which is 21 (70%) out of total samples. Most of the respondents have current account 24 (80%). The respondents also suggest that the bank does not charge unnecessarily charges. We also concluded

that the ATM facility is more available on banks than other facilities in banks and the respondents said that the particular bank caters all our banking needs.

One of the basic objective of our study was to find out the satisfaction level of a customer on banking networking. We concluded that 25(80%) of respondents out of 30 were satisfied from the banking networking. We also concluded that the foremost problem to the customer from the banking side was ATM related problems. Most of the respondents said that the wide branch networking of banks comes first in our minds related to their bank, in which they have an account. We concluded that the banking services of particular banks were very good which is 15 (50%) of the total sample. Most of the respondents 16(53%) out of 30, visit bank 1 to 5 times in a month. We also concluded that most of the respondents trust completely on online banking security services. Human contact is also very important for banking relations.

We concluded that the main problem related to not visit the particular bank branch was waiting in banks branch and also distance from the branch from home is the main problem of not giving to banks. We also concluded that the personal information in banks was preserved in a particular bank. In the last, we concluded that most of respondents 26 (76.6%) out of 30 are satisfy from the bank policies for the betterment of customer services.

Recommendation for Future Research

This research can be simulated in the same manner with a large sample size and more variety of variables influencing the loyalty of a customer towards its bank. As this research concludes that loyalty programs are important but not that much appreciated in the banking sector of Pakistan hence future researches can be conducted on how banks can give better loyalty and good services programs to the customers.

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