

## The Effect of Banking Quality Services in the Level of Customer Satisfaction: A Case Study on Commercial Bank Operating in Jordan

Hamza Ali Al-Shatanawi<sup>1</sup>, Abdullah Osman<sup>2</sup> and Mohd Suberi Ab Halim<sup>3</sup>

### ABSTRACT

*This study aimed to identify the effect of the banking quality services in the level of customer satisfaction on a field study of commercial banks operating in Jordan. The researcher adopted the descriptive and analytical concepts to highlight on the subject of the study, analysis and extrapolation of the results, through polled a random sample of (240) members of the customer. To achieve the objectives of the study questionnaire was designed to gather preliminary information from the study sample and in light of that has been collecting and analyzing data and test hypotheses using the Statistical Package for Social and Human Sciences (SPSS). This study has come to: the presence of trace of the dimensions of service quality in customer satisfaction levels and at different levels.*

**Keywords:** Service quality, customer satisfaction, banking quality.

### 1. INTRODUCTION

The commercial banking sector of Jordan is one of the most important economic sectors through its multiple services provided to other economic sectors, thus contributing to the development of these sectors, which mainly affect the performance of the national economy. Banks operate in an environment characterized by change and instability, which has seen many of the changes that accompany the provision of banking service represented by intense competition, technological development and increase customer awareness in the field of banking services provided, which could affect the survival and continuity (Abu Musa & Amin, 2000). As a result of these changes, the responsibility of the banks is making further efforts to ensure the level of customer satisfaction with the services provided to maintain clients and attract new customers, so this study was to identify the effect of the banking quality services in the level of customer satisfaction (Mustafa & Mahmod, 2003). Thus, this study aimed to identify the

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<sup>1</sup> HAMZA ALI AL-SHATANAWI, School of Business Innovation & Technopreneurship, Universiti Malaysia Perlis, Perlis, Malaysia, amsh28@yahoo.com.

<sup>2</sup> ABDULLAH OSMAN, School of Business Innovation & Technopreneurship, Universiti Malaysia Perlis, Perlis, Malaysia, abduallahosman@unimap.edu.my.

<sup>3</sup> MOHD SUBERI AB HALIM, School of Business Innovation & Technopreneurship, Universiti Malaysia Perlis, Perlis, Malaysia, suberi@unimap.edu.my.

effect of banking quality services in the level of customer satisfaction in commercial bank operating in Jordan.

The Bank carries out banking services diversely according to the particular quality and the administration believes they were accomplishing customer satisfaction and retention. However the process of improving and developing the quality of services provided must be built in accordance with the customer's requirements and the modern concept of marketing. Therefore the problem of the study is to identify the effect of the banking quality services in customer satisfaction in the commercial banks operating in Jordan. The objectives of this study are to: a) identify the impact of the banking quality services of customer satisfaction in the commercial banks operating in Jordan and b) assist the banks management to measure the quality of their services to customers. This study is essential to keep up with the changes of the new millennium and the global openness of various activities and the consequent of the inevitability of change.

## **2. HYPOTHESES OF THE STUDY**

This study attempts to test the sincerity of the following assumptions:

1. There is statistically significant effect in the tangibility of customer satisfaction with the services provided in the commercial banks operating in Jordan.
2. There is statistically significant effect for reliability in customer satisfaction with the services provided in the commercial banks operating in Jordan.
3. There is statistically significant effect in response to customer satisfaction with the services provided in the commercial banks operating in Jordan.
4. There is statistically significant effect for assurance in customer satisfaction with the services provided in the commercial banks operating in Jordan.
5. There is statistically significant effect for empathy in customer satisfaction with the services provided in the commercial banks operating in Jordan.

### 3. LITERATURE REVIEW

Customer satisfaction is the most important criteria in light of the rapid changes in the business environment organizations, including banks, in order to maintain their customers and attract new customers. The customer satisfaction is the final result of the evaluation conducted by the client to the exchange, though dissatisfaction is only the results of the process of making a purchase decision for the customer. The client's feeling of satisfaction or dissatisfaction after getting the service is resulting from the comparison between the actual and expected performance of the client (Al-Tai, 2008). The judgment of satisfaction resulting from the comparison between customer expectations regarding quality of service purchased and the performance and quality of the actual service hosted by the customer by the following dimensions: (reliability, responsiveness, confidence, proficiency and tangibility), if the return of the service that has been obtained less than expected results, delivers a negative sense and confidence, while if the positive impact of the expected results brings a positive sense and confidence (Ajarma, 2005).

The concept of customer expectations in the quality of services being provided customers forecasts as a result of their dealings or exchanged for the service, three levels have been identified for the customer expectations (Ajarma, 2005); a) service that will reflect what the customer require, b) adequate service: the level at which the customer is willing to accept and c) predictable service: the level of service that the customer thinks he can acquire.

The service represents as a key element in the marketing mix for any organization, services are a tool of business organizations in the exchange process and to achieve saturation required to customer preferences and needs. The achievement degree of organization's objectives are affected by the ability of services to provide the desirable level of satisfaction to the clients (Khudhairi, 1996). The service also defined as "a social interaction between the service provider and the client, the aim of this interaction to achieve efficiencies for both" (Mahyawati, 2006). While Pride and Ferwell (2001) defined banking service as "anything physical or non-physical can be obtained through an exchange process".

While Sumaidaie and Yousef (2001) defined banking service as "a set of activities, events and services provided by the bank for the purpose of meeting the needs and the desires of customers." The importance of banking quality services offered to customers increased as the basis for achieving excellence to face the competition of banks, where distinctive service became the basis in the differentiation between the bank and another. The concept of service quality means the conformance and adapt to the requirements (Adnan, 2001). It also means that the service institutions, including banks, should put certain

specifications and requirements of the services provided to customers. Mahyawati (2006) defined the service quality as "the standard for the degree of actual performance match of the service with the expectations of customers for this service. Because of the changes in the business environment, banks seeking to reach beyond the quality through the provision of banking service which creates a feeling of satisfaction among customers through the service which was obtained and achieved their expectations.

A study by Nicholas (1993) dealt with identifying the main reasons behind the choice of public organizations of the concept of quality management in achieving customer satisfaction with the services provided to them. The study found that competition, internal incentives and temptations have impact in the adoption and implementation of quality management and internal leadership is considered as a factor in the impact of public organizations in the pressure of change and improvement. Organizations differ in their reasons for adoption the concept of quality management and the various obstacles faced by organizations less importance when it is gradually adopting the concept of quality management. Another study by Mualla (1998) which targeted to measure the quality of banking services provided by the Jordanian commercial banks, in standpoint of the customers of these banks, found that the quality of banking services actually provided is low compared with the level of quality expected by customers. The study recommended the need of departments in commercial banks to adopt programs to develop and improve the quality of their services.

A study by Zaror (2003) aimed to measure the impact of quality and price of services offered by banks to their customers' satisfaction from the industrial sector in Jordan, found a relationship between industrial companies satisfaction and the of certain dimensions of the quality of its banking services and the prices of these services. The study recommended that the banking departments should strive in improving the quality of services and prices.

A study by Sharif (2009) entitled "The impact of the marketing mix on customer satisfaction" aimed to identify the extent of customer satisfaction about the reality of the marketing mix in the commercial banks operating in the West Bank and the study found that the level of customer satisfaction was high and was (91.7%), the study recommended the continuation of the banks to hold training sessions for employees and the need to poll customers about the services provided and hear the experiences of Arab and international banks. A study by Jabnoun and Al-Tamimi (2002) entitled "Measuring Perceived Service Quality at UAE Commercial Banks". This study aimed to measure the responsible quality through the dimension of the quality of service banking representing by the skills of humanity, tangible, empathy and responsiveness and the study found that customers gave the dimensions financial value, but they gave the highest value for the human skills. Chardart and Etl (2003) found that banks differed

significantly in the provision of quality service through customer perception of the quality of provided service.

Islam, Khadem and Alanddin (2011) aimed to identify the extent of the effect on the level of service quality in customer satisfaction and the dimension of service quality were (reliability) response, assertion and confidence, ease of access and customer knowledge. The study found a correlation between the customer and customer knowledge to lead the competition in this area. And also found a correlation between the service quality and customer satisfaction and it has a significant impact in improving the level of customer satisfaction. The study recommended focusing on reliability and customer knowledge in order to improve the competitive position of this sector in order to ensure customer loyalty and continued success in the future. Study by Hunjra, Akhtar, Akbar, Rehman and Niazi (2011) entitled "The relationship between customer satisfaction and service quality in Islamic banks in Pakistan" aimed to shed light on the relationship between customer satisfaction and quality of service for Islamic banks. The study found a relationship between customer satisfaction and build quality of the provided banking services, the study also confirmed that the effect of responding to customer needs and satisfaction one of the most variables affecting in Pakistan.

#### **4. RESEARCH METHODOLOGY**

The population of the study consisted of Jordanian commercial banks that lead licensed economic activity which involved 12 banks as shown in the Table 1.

Table 1: The Distribution of the Study Population According to the Bank

<b>Name of the Bank</b>	<b>Distributed Questionnaires</b>	<b>Received Questionnaires</b>	<b>Valid Questionnaires</b>
Arab Bank	20	18	16
Jordan Ahli Bank	20	16	13
Bank of Jordan	20	13	11
The Housing Bank for Trade and Finance	20	16	14
Jordan Kuwait Bank	20	18	16
Arab Jordan Investment Bank	20	15	14
Jordan Commercial Bank	20	17	17
Investment bank	20	18	16
Arab Banking Corporation	20	13	12
Union Bank	20	19	17
SocieteGenerale Bank / Jordan	20	14	14
Capital Bank of Jordan	20	17	15
<b>Total</b>	<b>240</b>	<b>194</b>	<b>175</b>

The random sample consisted of (240) customer of commercial banks in the capital Amman has been selected, where equal number of questionnaires have been distributing on the branches, were retrieved (194) questionnaires and (175) questionnaires were valid for the purposes of analysis.

## 5. RESEARCH FINDING

Respondents answered the items in the questionnaire on a five-point Likert scale, with 5 denoting “always” and 1 denoting “never”. Mean scores of less than 2.33 were considered weak, mean scores ranging between 2.76 and 3.94 were considered moderate and mean scores of more than 3.67 were considered high.

Table 2: Descriptive Analysis and Reliability

<b>Variables</b>	<b>Mean</b>	<b>SD</b>	<b>Cronbach Alpha</b>
Tangibility	3.45	.787	.779
Reliability	3.48	.793	.864
Response	3.66	.834	.901
Assurance	3.56	.818	.756
Empathy	3.50	.793	.848
Customer Satisfaction	3.76	.857	.852

Table 2 shows that customer satisfaction obtained the highest mean score of 3.76. This result suggests that the Customer Satisfaction within the banks in Jordan is well established. The mean value for response is 3.66, assurance value is 3.56, empathy is 3.50 and reliability is 3.48. While, the lowest value for tangibility is 3.45. All variables indicate acceptable reliability levels more than 0.60.

### 5.1 Hypotheses Testing

To test the hypotheses, a simple regression analysis was performed on the resource management Activities in general and the strategic planning practice in particular. Table 3 shows the correlation coefficient and significance level of the variables.

Table 3: Summary of Regression Analysis

Variables	Beta	Correlations	Sig.
Tangibility	.434	.527	0.000
Reliability	.561	.853	0.000
Response	.215	.414	0.000
Assurance	.387	.638	0.000
Empathy	.394	.643	0.000

Table 3 presents the multiple regression coefficients (B) independent variables to the customer satisfaction as the dependent variable. All variables are significant ( $p < .05$ ). In terms of beta values, the highest beta coefficient corresponds to Reliability, where (Beta = .561). This result indicates that reliability made the strongest contribution to explain the dependent variable (customer satisfaction). The second highest beta value is seen in tangibility with the value of (Beta = .434), then, empathy with value of .394, assurance with value of .387. While, the lowest value for response is .215. As shown in correlation results, the highest correlation value is reliability ( $r = .853$ ;  $p < .05$ ). While, the lowest value is response at ( $r = .414$ ;  $p < .05$ ). The results indicate that all the variables have positive relationship and statistically significant at  $p < .05$ .

Table 4: Summary of Hypotheses Testing

Hypotheses	Beta	Correlation coefficient	Result
H1: There is statistically significant effect in the tangibility of customer satisfaction with the services provided in the commercial banks operating in Jordan.	.434	.527	Accepted
H2: There is statistically significant effect for reliability in customer satisfaction with the services provided in the commercial banks operating in Jordan.	.561	.853	Accepted
H3: There is statistically significant effect in response to customer satisfaction with the services provided in the commercial banks operating in Jordan.	.215	.414	Accepted
H4: There is statistically significant effect for assurance in customer satisfaction with the services provided in the commercial banks operating in Jordan.	.387	.638	Accepted
H5: There is statistically significant effect for empathy in customer satisfaction with the services provided in the commercial banks operating in Jordan.	.394	.643	Accepted

The results of the hypotheses testing (Table 4) indicate that the independent variables significantly correlate and effect with the dependent variable and thus confirming the significant association between the variables. The analysis suggests lack of multi co linearity in this study because the correlation coefficient is less than 0.80.

## 6. RECOMMENDATIONS

In view of the findings of the study and the development and improvement of banking services, the researcher recommends the following; a) management of the banks should adopt quality services as a strategy to compete for excellence, also the development and improvement of the quality of services offered by banks to customers to be one of its priorities, b) define and sensitize workers in the banks to the concept of quality and how to apply it whether in the upper or the lower levels of the administrative or workers in the front lines and 3) work on measuring the quality of services on a regular basis, using different methods.

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