The Influence of Perceived Service Quality on Customer Satisfaction and Loyalty: A Case Study of Four Banks in Famagusta, North Cyprus

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ABSTRACT

Consumers all around the globe have become more and more quality conscious. This has led to a demand for higher quality service by customers. Customer satisfaction will remain the success back bone of every successful organization. The main objective of my study is to determine the impact of perceived service quality whether positive or negative on customer satisfaction and loyalty that is to access the level of quality service delivery in four banks in the Famagusta region of Turkish Republic of Northern Cyprus, Koop, Ish, Iktisat and HSBC.

A total of 258 were analyzed. Each questionnaire was divided in to four parts, service quality, customer satisfaction, customer loyalty and demography. The outcome of study will enrich the Bank''s competitive position in the banking industry and guarantee its survival. Convenient sampling technique was engaged in the study with Statistical Package for Social Scientist (SPSS) used to run data for in the analysis. The expectations and perceptions of the customers of these four banks were assessed under the five dimensions of SERVQUAL (Parasuraman, et al 1988). Cronbach' alpha was used to test the internal consistency of the items in the construct. Factor analysis was used to reduce and summaries inter-correlated variables of service quality to a manageable level data and the Gap model was used to test the level of satisfaction of respondents by looking at the difference between perception and expectation.

This study found that there is a positive influence of service quality on customer satisfaction and positive impact of customer satisfaction on loyalty customer satisfaction on loyalty.

Keywords: Service quality, customer satisfaction, brand loyalty, banking sector, Turkish Republic of Northern Cyprus

ÖZ

Tüketiciler gün geçtikçe daha fazla kaliteye önem vermektedirler. Bunun sonucu olarak da tüketiciler özellikle hizmet sektöründe daha yüksek kalite talep etmektedirler. Müşteri memnuniyeti her başarılı işletmenin bel kemiği olmaya devam edecektir. Bu çalışmanın temel amacı banka sektöründe hizmet sunulurken algılanan hizmet kalitesinin müşteri memnuniyeti ve sadakat üzerine etkisini saptamaktır. Çalışma Gazimağusa'daki dört banka müşterileri üzerinde yapılmıştır. Bu bankaların ikisi yerli diğer ikisi ise uluslararası bankalardır. Bu bankalar Kooperatif Merkez Bankası, İktisat Bankası, İş Bankası ve HSBC bankalarıdır.

300 kişiye anket dağıtılmış fakat analize 258 anket değer bulunmuştur. Anket hizmet kalitesi, müşteri tatmini, müşteri sadakatı ve demografik olarak dört bölümden oluşmaktadır.

Örneklem yöntemi olarak "uygun örneklem" kullanılmış, veriler ise SPSS paket programı kullanılarak analiz edilmiştir. Anket iki sütün olarak tasarlanmış ve müşterilerin algıları ile beklentileri sorgulanmıştır. Hizmet kalitesindeki boyutları ortaya çıkarmak amacı ile faktör analizi yapılmıştır. Ayrıca müşterilerin hizmet kalitesi algı ve beklenti farkları "gap analiz" yöntemi kullanılarak tesbit edilmeye çalışılmıştır.

Çalışmamızda pozitif hizmet kalitesinin müşteri tatmini üzerine pozitif etkisi olduğu istatistiksel olarak kullanılan örneklem üzerinde ispatlanmıştır.

Anahtar kelimeler: Hizmet kalitesi, müşteri tatmini, müşteri sadakatı, banka sektörü, Kuzey Kıbrıs Türk Cumhuriyeti.

To God Almighty and to my beloved family for their love support and

encouragement and prayers.

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Chapter 1

INTRODUCTION

This chapter includes the aim, background of my study, reasons for choosing this topic, the significance of the study, the limitations. I will throw a bit of light on the banks in Famagusta region of TRNC with a bit of more details on the banks I am surveying on, Then I will conclude this chapter with the structure or organization of my work.

Due to rapid technological development and improved communication system, there have been an increase amalgamation and similarity amongst service sectors and especially banks in the financial sector. For this reason most service organizations in general and banks in particular banks are profoundly confronted with strong and much heightened levels of antagonism (Harvey.2010). Watchful of the fact that most companies and organizations competing in the service sector offer related kind of services, the best way to convince customers to engage each other have their customers at the center of their attention; hence their loyalty is the key to earn competitive advantage for the organization. Customers play very important role in service organizations like banks and as a result they have direct effect on the survival and growth of the organization's competitive market and their advantage has led to the need for customer satisfaction to be understood and satisfactory by all organizations. Many organizations and researchers alike have always lay more

emphasis on customer satisfaction. Profits maximization and cost minimization is what all organization look up to. Increase sales by organizations can be achieved through customer satisfaction, because customer loyalty is determined by the level of satisfaction. (Wilson et al., 2008, p. 79), and repeat purchase.

1.1 Banks in Famagusta

The Famagusta region of north Cyprus is made up of over 30 banks both local that is Cypriot banks and non-local or international banks There are approximately 10 local banks and 20 international banks. Some of the local banks include Koop, Limassol, Iktisat, credit west etc. Some non-local includes Ish, HSBC, Ziraat, GarantiTeb banks etc. My study is based on four banks two local, koop and Iktisat banks and two international, Ish bank and HSBC bank. There are 2 branches of Ish bank with over 25000 customers, 1 branch of HSBC, 4 branches of Koop bank and 2 branches of Iktisat bank

1.2 Aim of the Study

The aim or my study is to observe the influence whether positive or negative and the significance of the five service quality dimensions by Parasuraman et, al tangibles, reliability, responsiveness, assurance and empathy, on customer satisfaction and customer satisfaction on customer loyalty in the banking sector in the Famagusta region of the Turkish Republic of Northern Cyprus (TRNC). My study is based on comparing the services provided by non-local banks to that of local banks in Famagusta that is the level of satisfaction gained by users of local banks to users of non-local banks. The local banks in this study include Koop and Iktisat. The non-locals include Ish and HSBC bank.

1.3 Background of Study

During the past decades, in the marketing literature and marketing practices as stated by Oliver (1993), the importance in the notion of service quality and customer satisfaction has increased. Corporate competitiveness can be measured by quality and satisfaction and this sight sees the benefit of marketing academics and practitioners. Though satisfaction and service quality comes from two big research patterns the relationship and nature of these customer evaluations remains indistinct; expectations and perceptions which could be taken as key instruments. Furthermore Zeithaml et al, (1993) postulated quality and satisfaction as synonyms within the service business

1.4 Scope of Study

This study is limited to four banks in the Famagusta region of TRNC, two local banks; koop bank and Iktisat bank, and two non-local banks; Ish bank and HSBC bank.

1.5 Significance of the Study

My study recognizes the quality dimensions of some local and non-local banks in Famagusta which will permit these banks to develop an approach for a good quuality of their services. With sensitive competition in the service sector especially banks, this will enhance the competitive position of these banks in the banking industry. To evade the affinity of customers to switch to other banks, these banks should develop a concentric service approach to deal with customers. This is done by measuring the level of customer satisfaction since customers are becoming more quality aware and will always go for superior services.

1.6 Reason for Researching on this Topic

Because customers are very instrumental to the success of every organization, it is advised to carry out Research about customers. An author also proved that "an organization like a bank that unfailingly satisfies its customers, get to benefit more sales and profit hence higher retention levels due to increase customer loyalty" (Wicks &Roethlein, 2009, p.83). Because of the reason mentioned above, banks are working really hard to satisfy their customers so that they become loyal leading to increase profits. Customers will always choose bank services that they have had good perception with because consumers form their favorite relative to perception and attitude in their minds (Janet 2011; p.8.) Customers will tend to pursue organizations that provide maximum quality and satisfaction but how will banks get to know if the custom of consumption of their customers have change? To know if their competitors are doing better so as to trap their customers with the growing level of competition and increase in the number of bank businesses all around, these questions have to be answered by unceasingly researching on this topic so that it will lead organization's especially banks to realize their purposes of satisfying their customers and making profits. (Janet, 2011) Though other factor like product quality and price has a determining factor on customer satisfaction apart from service quality (Wilson et al. 2008, p. 78-79), my main interest on service quality is due to the fact that it has been proven when it comes to the service sector, service quality is the best determinant of customer satisfaction. Also many literature has been said on service quality and customer satisfaction in different sectors elsewhere like restaurants travel agency hospital and also in different services sectors in TRNC as a whole and Famagusta in

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particular but little has been said on banks in Famagusta particularly. It is hoped that this research will contribute to the field of study in Famagusta.

1.7 Limitation of the Study

My study is limited to four (4) banks in the Famagusta region, two local, koop bank and Iktisat, bank and two non- local Ish bank and HSBC bank. One of the biggest limitations of this study is that after inquiring from all the banks I was told I cannot carry on survey of the banks in the banks so I had to move from houses to shops, supermarkets, business centers, stand in front of the bank building and intercept people on the way as they walk to carry put their own transactions.

The SERVQUAL- model consist of five different gaps, gap $1 - 5$ but my study focuses only on gap 5 of the model which measures the differences between service expectation and perception received by customers. Some respondence said it was a boring exercise because the questionnaires was too long, 22 items for the five dimensions for both expectation and perception each making a total of 44 questions only for service quality,3 questions for customer satisfaction and 4 questions for customer loyalty. Hence some respondence could not complete the questionnaire due to time constrain on their part. Some answer the questions without thorough thinking, though most answered without very big persuasion also some respondent fill other bank out of the four I am studying so I had to reject those questionnaires. Also the outcomes and conclusions of this study could not be generalized since the sample was drawn by convenience and not probability.

1.8 Structure of my Study

A brief summary of the structure of my study will be this way; Chapter 1 is the introduction which includes a summary of the banks in Famagusta, background of my study significance limitation and the structure of my thesis.

Chapter 2 is a review of past literature on service quality and customer satisfaction and loyalty which include the influence of the service quality dimensions by (Parasuraman at al., 1998) on customer satisfaction and customer loyalty and also the concept of quality and description of services based on literature from previous writers on this topic This chapter also include the framework of hypothesis I will use in this study. Chapter 3 is the methodology and the frame work of the hypotheses used to test the influence of service quality on customer satisfaction and loyalty. Chapter 4 will present the analysis interpret and discuss of the results interpreted results. And finally chapter 5 will include conclusion, managerial implications, limitations and future research recommendations.

Chapter 2

LITERATURE REVIEW

This chapter reviews other intellectual findings and contributions on the concept of service quality, customer satisfaction and loyalty, illustrating their relationship and impacts. In the first section of this chapter, the concepts quality, service, service quality, service quality measurements and models, customer satisfaction, and the role service quality plays in ensuring customer satisfaction leading to customer's loyalty or retention will be reviewed. Furthermore, there will be the presentation of the service quality concept adopted in this study accompanied by a detailed explanation of the constructs of the study.

It is important to note that, the concept of service quality and its relationship to customer satisfaction and loyalty has been widely reported in existing literature due to their preponderance in today's organizational and business success in today's highly competitive market environment (Oh and Parks, 1997; Nadiri and Hussain, 2005). Hence many researchers focused more on assessing the nature and the relationship between these concepts. Joining the crew, this study will therefore contribute to its own quota to the already exiting literature on the effects and influence of service quality on customer satisfaction geared toward customer loyalty.

2.1 Concept of Quality

The concept of Quality mostly describes or qualifies a products and/or services. It is connoted differently by different people and organizations are universally acceptable definition. Many definitions have therefore sprouted up in literature in a bit to find and establish a common ground to better understand the concept. In recent time, this concept has been widely associated with product recently but its genesis was in the manufacturing era and most of the definitions of quality where associated product characteristics. (Mary, (2012); p.17). According to Davis et al, 2003, quality is now seen as a competitive weapon used in developing new markets and increasing market share rather than was first of all seen as a defensive mechanism formally adopted in the market environment.

2.2 Some Meanings of Quality

2.2.1 Delighting the Customer

In delighting customers, there is the need for continuously meeting and improving upon promised and agreed requirements of quality of a product or service (Macdonald and Piggott (1990). In a bit to support this idea, Harrington (1987) also argues that excellence never ends, so „good is not good enough" until good becomes better and better becomes best.

2.2.2 Product or Service Features

As defined by the British Standard BS 4778, products or service features depict the completeness of the promised product or service property and characteristics that has the ability to satisfy a given need (Wille, 1992). An organization production is always geared towards meeting customers need and wants after recognizing the need of its market demand. The quality of an organization is measured through its ability

to satisfy the market need according to its promises. However, according to Mary, 2011, p.18) description of the need limiting the need rather than generalizing it.

2.2.3 The standard of something

Quality could also be defined as classification of something as measured against other things of a similar kind; the degree of excellence of something. "An improvement in product quality". It distinctive attributes or characteristic possessed by someone or something.

2.3 Service

Service has a lot of intangible dimensions. These include communication, security, competence, credibility, responsiveness, reliability with a particular value and all are qualitative by nature

2.4 Service Quality

The strong relationship between service quality and its related dimensions of service such as Courteous service providers and the overall customer satisfaction (Anderson and Sullivan, 1993) is rather not new in literature. Gronroos (1984) in a bit to elucidation the intricacies of service quality propose a service quality model with dimensions of technical and functional quality and corporate image. In the same vein, another model proposed by Lehtinen and Lehtinen (1991), constituting three service quality dimensions including; physical, interactive and corporate. Customer expectations are perceived to be higher than perceptions (Kirti Dutta & Anil Dutta, 2009). This gap however is alleged to vary across the banking sector. In this regard, tangibility is plays a preponderant role in the general customer satisfaction. A research conducted by Vanpariya & Ganguly (2010) concluded that service quality is positively correlation with customer satisfaction, positive word of mouth and loyalty

intention. Another study carried out by Dharmalingam et al., (2011) also shows the service quality is positively correlated with customer satisfaction, therefore, Service quality and customer satisfaction are therefore directly and positively related to customer loyalty. Customer satisfaction is however a stronger predictor for retention. (Gopalakrishnan et al., 2011).

The principal tool used by many organizations to evaluate their service quality performance is called "SERVQUAL" proposed and designed by (Parasuraman et al., 1985; 1991). SERVQUAL was initially constituted of ten dimensions but due to verboseness and complexity of operations, the dimensions where reduced to five including Tangibility, Reliability, Assurance, Responsiveness and Empathy. We can conclude that customer satisfaction is directly related to customer loyalty because a satisfied customer is likely to be loyal to the organization (Othman 2003). Service can be liken to a form of attitude which is perceived as a long-run assessment hence the two constructs, service quality and attitude are observed as being similar (Parasuraman et al., 1988; Zeithaml, 1998; Bitner et al 1990; Bolton and Drew, 1991a, b; Cronin and Taylor 1992; Bitner and Hubert, 1994). As far as attitude is a concerned, it is considered a learned tendency to appreciatively or inappreciative respond to an object (Allport, 1935). Patterning to the fact that perceived service quality shows a worldwide value judgment on the dominance overall service, it can be considered as being analogous with attitude.

2.5 Perceived Service Quality

According to Asubonteng et al., (1996) Perceived service quality can be considered as a measure of the difference between the expectation of the customers before a

particular service, about the service and their eventual perceptions after experiencing the actual service performance.

2.6 Determinants of perceived service quality of customers.

Past papers present different service quality models publicized by many scholars in different parts of the world in response to the highly competitive market environment. The SERVQUAL model proposed by Parasuraman et al., (1988), has till date remain the foundation on which most research work on this concept is belt. This instrument is constituted of 22 item scale measuring service along five factors. These factors include; reliability, responsiveness, assurance, empathy and tangibility. Even with the criticism of the SERVQUAL efficiency across different service settings, it has been generally agreed that the22 item scale remains a reasonably good predictors of service quality. Service quality has four unique characteristics hence it is considered nonfigurative and vague. These characteristics include; Intangibility, Heterogeneity, Inseparability and Perishability reported by Bateson (1977), Booms & Bitner (1990), Carman & Langeard, (1980) and Stanton, J. William (2004) respectively.

2.7 Measuring Service Quality

The SERVQUAL and SERVPERF models are the most renewed and frequently used model in measuring service quality in the banking sector. In using the SERVQUAL model to measure service quality, the gap between the customer's expectation service and their perception of the actual service performance must first be sorted out. The five main dimensions on which this model is based include; tangibility, reliability, responsiveness, assurance and empathy.

Tangibility refers to the physical surrounding or environment. It includes interior design of the organization object wise and the appearance of employees in the subjective dimension. Reliability on its part refers to the ability of the service provider to provide a precise and unfailing service as promised by the organization. Furthermore, responsiveness is the ability and willingness of an organization to provide fast and effective services for her customers. Assurance entails providing the customers with self-reliance specific expertise services and putting up a polite and dependable behavior by the employees. And finally, empathy refers to the firm's ability and readiness to pay personal attention to their customers' interests.

It is important to note that, four to five items are used in measuring each of the service quality dimensions. This means that, the service quality dimensions are measured using either four or five items. A sum of the entire item will be equal to 22 and the measurement is done in two ways. First of all, the expectation of customers in relation to the service is taking in to consideration followed by an assessment of the perceived level of the actual service provided. In making these measurements, respondents asked to indicate their degree of agreement with certain statements on the five point likert type scale. In the likert scale, a rating of 1 indicates low or strongly disagrees while a rating of 5 indicates high or strongly agrees. For each of the 22 item of service quality, the expectation score (E) is subtracted from the perception score (P) to get the gap score (G). The level of perceived service quality is determined by the degree of positivity of the gap score (G) i.e., the higher the perceived service quality, more positive the gap scores, (Mesay, 2012, p.2).

2.8 Customer Satisfaction

A Customer can be satisfied or dissatisfied after the consumption of a service and this satisfaction could be experienced as a feeling felt after receiving the service. The feeling is established by the interplay of the expectation and performance of the customer and supplier respectively. If the service expectation measures performance at the same level then the customer will be satisfied. A performance level above expectation results to delighted customers and in a reverse situation where service performance is below customer expectation the end product is dissatisfied customers (Maysam, et al., 2013). Oliver (1980), in one of his publications mentioned that Customer satisfaction requires satisfying one's expectation fully. This can therefore be described as a customer's attitude or feeling after the consumption of a product or service (Evans et al., 2006). Customer satisfaction from a cumulative satisfaction perspective stand point can be seen as sum total of the entire customer encounter with a product or service provider at a particular time (Johnson et al., 2001; Krepapa et al., 2003). With the advent of the cumulative satisfaction perspective, most studies on customer satisfaction are now adopting this concept (Gupta and Zeithaml, 2006).Satisfaction according to Oliver, (1993) Ganguli & Roy, (2011) was savored as a transaction - specific construct as a resulted of the fact that, traditionally it has the capability of generating an immediate post purchase judgment or affective reaction in customers.

Service quality has always and will be repeatedly reported as the main factors that elicit customer satisfaction. A higher customer satisfaction is as a direct outcome of high perceives service quality. The relationship that exists between service quality

and eventual customer satisfaction has been examined in diverse ramifications both in the service and country wise. In Malta, Caruana (2002) examined banking services while a related examination was done in Korea by Kang and James (2004) in the context of mobile phone services. Wang et al. (2009) worked on tourist destination all in China. A similar study was done on tour guide services in Shanghai by Huang et al. (2010). It is important to note here that, all the aforementioned studies went a long way to confirmed significantly positive relationship between that service quality and customer satisfaction. Due to the fact that, every customer aim at getting a maximum satisfaction from a particular services, every organization strives at building a strong and lasting customer relation by delivering superior value in relation to its competitors in the market environment (Kotler et al., 2002, p.391). This goes to support the fact that, the customers is at the core of any organization from operations management perspective (Lee &Ritzman, 2005, p. 92).

2.9 Customer Loyalty and Retention

The concept of loyalty or retention in customers and creating loyal customers in the business could be described as "customer participation in transactions with specific organizations and buying goods and services frequently" (Susana and Larson, 2004). Loyalty is the adapting variable of customer satisfaction and commercial operation. The positive word of mouth by satisfied customers is a very strong advertising agent in attracting new customers. A loyal customer will not switch even with an increase in price because they are price insensitive. The satisfied customers, with their positive word of mouth advertisements, can affect the purchase intention of those who have not had a relation with a certain company (Rowley, 2005). The positive

word of mouth advertisements lead to the attraction of new customers, which in turn reduce marketing costs and can increase income of the organization (Sit et al., 2009).

2.9.1 Advantages of customer loyalty

Organizations and service centers can have the benefits on customer loyalty like; reducing marketing cost since it will not be necessary to spend much on adverts to attract new customers, transaction and delivery costs will reduce, less expenditures on turnovers because of fruitful acquaintances, hence less expense to replace, turnovers and the effort to find new ones will be less., Loyal customers will be your advocates through positive word of mouth advertisement recommending your organization to new customers, failure costs will be greatly decreased, your profit level will increase because loyal life time customer will bring more customers to you. With all these, the organization or company will be able to compete and became a leader in its target market.

2.10 Interrelationships between Service Qualities, Customer Satisfaction and Customer Loyalty

Customer satisfaction is the goal of all service providers alongside other goals like competitive advantage profit making. Maintaining old customers in the long run is more beneficial than attracting new ones to replace those with cutties (Venus, safaeyan, 2005). Furthermore it has been reported that, a customer, satisfied with the service experience will repurchase more hence loyalty. Therefore, service quality a strong predictor of customer satisfaction and eventual loyalty. (Cronin et al.,1992;; Dabholkar et al., 2000)

Many studies have been carried out in a bit to attest to this relationship between service quality, customer satisfaction and eventual loyalty. This relationship has been tested to be positive in the banking service i.e., service quality has a direct on positive effect on customer satisfaction (Krepapa et al., 2003; McDougall and Levesque, 2000; Ndubisi and Wah, 2005) Satisfied customer have many times more repurchase intention of a product and a high possibility of sharing their experience with many more other people (Grönroos, 2000; Zairi, 2000). The reverse is true with unsatisfied customer's further unsatisfied customer as they have the capability of banishing business from an organization more than ten times the capability highly satisfied customers (Mohsan, 2011). According to Arasli et al. (2005), the five service quality dimensions are strong prognosticators of customer satisfaction in the Cyprus banking sector. A similar result was obtained in turkey by Yavas et al. (1997) also acknowledged that responsiveness, empathy and tangibility, are strong predictors of customer satisfaction among bank customer in Turkey. Furthermore, Zhou (2004) reported reliability and assurance as important predictors of satisfaction for bank customer in China. This therefore shows a varied result in predicting the relationship between service quality dimensions and customer satisfaction. An investigation on the impact of various dimensions of service quality on customer satisfaction in the banking sector in Iran revealed that responsiveness has the most significant impact on customer satisfaction at a rate of 0.37. This result is in line with previous studies that investigated responsiveness as the most significant predictor of customer satisfaction (Ravichandran et al., 2010; Ramdhani et al., 2011).

In a service context, Asuncion et al. (2004) concluded that customer satisfaction was the most important factor affecting service loyalty. Customer satisfaction leads to customer loyalty and loyal customers spend more money to purchase the products or services of the organization and in the course encourage others to purchase from the organization and tend to pay more to purchase its products. The increase in repurchases reduces customers' complaints. The satisfied customer does not pay much attention on the price, purchase more products, are less influenced by the rivals and are more loyal (Jahnson et al., 2001).

2.11 Model and Hypothesis

My research addresses two hypotheses. From the above literature two (2) hypotheses were drawn. :

H1a: Service expectation influences Customer satisfaction

H1b: Service Perception influences Customer Satisfaction

H2: customer satisfaction strongly and directly related to customer loyalty in banks
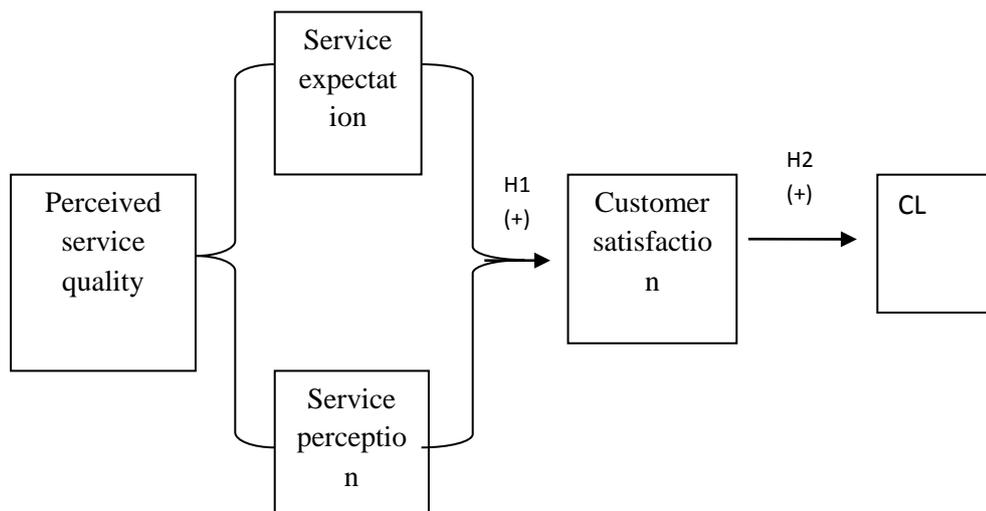
Figure 1: proposed model
Source: Researcher's own framework

Chapter 3

METHODOLOGY

3.1 Introduction

The choice and method of collection for this study will by elucidated in this chapter. The advantages and disadvantages of the adoption of a particular method for this study will also be reported. I.e. relative advantages and disadvantages of some alternatives methods which could fit the context of my study will be compared.

3.2 Research Design/Strategy

Qualitative, quantitative and mixed among approach is the three main methods research methods are strategies to affect a study. Deciding to use any of the above methods depends on the nature and level of the questionnaire and work respectively objective of the study, used to carry out the research and not the least the practical things to be considered that are related to the research environment with other things inclusive among others. (Shih, 1998). Qualitative method is soft, rich and it is deep (Corbetta, 2007). It is rich because it provides insight and understanding to the problem (Naresh K. M).

This study adopted the conclusive quantitative method which involves collection and analysis of numerical data using statistics (Aliaga and Gunderson, 2002 cited in Muijs, 2004). Also the research process is more formal structured with a large sample

size in which the findings can be used in decision making (Naresh K. M p.104, 105). This study adopted a cross-sectional design approach which involves collection of data from a given population sample only ones (Naresh K. M. p.108)

3.3 Data Collection Tools and Procedures

This study used primary and secondary data sources in order to gather important information for the study. The primary data were collected from the customers as respondents of the four banks under study. These respondents were chosen by convenience. The study employed mainly questionnaire in collecting the primary data and the analysis was substantially based on primary data. The design used was a cross-sectional.   The secondary data collected from past literature formed the literature review of this study. The sources of the secondary data included books, journals, articles obtained from the internet.

The research employed questionnaire survey as the research design. This research strategy is in line with past studies with similar aims. For example, Anderson and Sullivan (1993) conducted a large-scale survey to determine driver's customer satisfaction. To collect data, a questionnaire including four parts is used. The first part is related to service quality taken from the SERVQUAL model developed by Parasuraman et al in 1998. This part includes 23, 22 questions each for expectation and perception on five above dimensions and one additional question for overall service quality.

The second part of the research is related to customer satisfaction consisting of 4 questions SAT1- SAT4 obtained from many sources as seen in the table below. The

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third part is related to customer loyalty and consists of three questions CL1- CL4 obtained from many sources as seen in the table below. The fourth part includes demographic questions. For each of all of the variables measured, the range of five option Likert scale questions (Fornell et al. 1996) was used with 1 being low and 5 being high for both expectation and perception, 1 being dissatisfied and 5 being satisfied for customer satisfaction and 1 being disagree and 5 being agree for customer loyalty questionnaire

3.4 Questionnaire Administration

A sample of 40 respondents was used for a pretest. The pilot survey was to guarantee that the measure in the study reflected real interactions and expectations from customers. (Manije & Effat, 2012 p.3).

The first set of the questionnaire that were developed was tested on ten customers as respondents each from the four banks under study to avoid wrong question setting and/or questions that might be confusing a. At the end of the pilot survey a total of 40 questionnaires were collected from customers of the four banks. After collecting the data for the pilot survey it was discovered that some questions were not answered because they were a bit confusing- so these questions were restructured to improve the reliability and validity for the final survey. The questionnaires were self-administered directly on one-on-one basis to customers of these four banks. The questionnaires were both in English and Turkish. A tot for of 270 questionnaires was distributed. Respondents were got by asking if they use any of these four banks and they were met in their homes, market places, schools, ATM machines, and even as they move on the way by interception since it was restricted to carry out this survey

inside the banks. Some filled questionnaires were taken from the respondents on the same time after filling, some on the same day and some on a later arranged date, especially those met in their homes school and even some met on the way that I know personally and know how to get to them later. A total of 258 questionnaires were retrieved.

3.4.1 Questionnaire Sources

Table 1 bellow show the questionnaires used for this study and also the sources from where they were adopted

Table 1: Questions and references

Questions	References
SERVICE QUALITY	
Modern looking equipment.	Parasuraman, et al., 1988
Visually appealing facilities (e.g. office).	
Employees who have a neat, professional appearance.	
Employees who have a neat, professional appearance statements.	
Providing services as promised.	
Dependability in handling customers' service problems.	
Performing services right the first time.	
Providing services at the promised time.	
Maintaining error-free records.	
Informed about when services will be performed.	
Prompt service to customers.	

Willingness to help customers.	
Readiness to respond to customers' requests.	
Employees who instill confidence in customers.	
Making customers feel safe in their transactions.	
Employees who are consistently courteous.	
Employees who have the knowledge to answer customers' questions.	
Giving customers individual attention.	
Convenient business hours.	
Employees who deal with customers in a caring fashion.	
Having the customer's best interest.	
Employees who understand the needs of their customers.	
CUSTOMER SATISFACTION	
Overall I am satisfied with my bank.	Ganesh, et al., 2000; Krepapa, et al., 2003; Woo and Fock, 1999
I think I did the right thing when I chose this bank.	Caruana, et al., 2000; Cronin, et al., 200; Oliver, 1980;Oluruniwo and Hsu,2006
My bank services meet my expectation.	Aydin and ozer, 2005; cronin, et al., 2000; levesque and mcdougal, 1996, 2000.

I am delighted with my bank.	Collier and Bienstock, 2006; Ndusisi and Wah, 2005; Oluruniwo and Hsu, 2006 Voss, et al., 1998
CUSTOMER LOYALTY.	
I would recommend my bank to others.	Aydin and ozer, 2005; Collier and Bienstock, 2006; Dabholkar, et al., 2000; ; Ganesh, et al., 2000; Kim, et al.,2004; Reichheld, 2003; Zeithaml, et al.,1996.
I will always consider this bank as my first choice.	Caruana, 2002; Zeithaml, et al.,1996
I expect to do more business with my bank in future.	Caruana, 2002; Ganesh, et al., 2000; Johnson, et al., 2001; Kim, et al.,2004; Oluruniwo and Hsu, 2006; Van Riel, et al., 2001; ; Zeithaml, et al.,1996.

3.5 Reliability Test

This test indicate the level at which the instrument produces the same result in the same situation. Reliability is estimated by Cronbach's alpha. The data was run on

SPSS, and the Cronbach's alpha were obtained for the 22 items of service quality for expectation and perception, 4 items of customer satisfaction and 3 items of customer loyalty. These numbers indicated that the level of reliability. (Maysam M., Reza A., Hadi T. p, 5)

3.6 Population, Sample Size and Sampling Technique

In other to conduct a study, it is very difficult practically impossible and sometimes expensive to gather data by considering whole population. Hence smaller samples from the general population unit are chosen to represent the relevant attributes of the whole of the units (Graziano and Raulin, 1997).

Four banks in the Famagusta region, two local and two non-locals were used for this study. 270 questionnaires were distributed and 258 were retrieved and used for the analysis for this study. After handing the questionnaires to the respondents, they were enlightened on how to answer the questions so as to avoid too many errors in answering. Respondents were asked if they use any of the four banks under survey before they start filling and they were prevented from filling if they are not customers of any of these four banks.

3.7 Variable Measurements

3.7.1 Independent variables

. The independent variable here is Service quality which is the modified version of SERVQUAL).which involves five dimensions of Service quality as earlier mentioned, which consist of 22 items (Anber & Shireen, 2011), says these dimensions measure customer satisfaction and retention by taking into account the perception of the service and the expectations of customers on the service provided.

Many different numbers of items were developed to measure each of the above dimensions (Mary O. P. 2012 p.41)

3.7.2 Dependent variable

Customer satisfaction and retention/loyalty are the dependent variable that the study measure with the independent variables. Customer satisfaction is an indication of the level of service quality as perceived by the customer. If perception (P) is higher than expectation (E) then customer is satisfied. If perception is lower than expectation then customer is dissatisfied. Then if P=E then customer is neutral. Customer satisfaction is also measured by 4 items SAT1 –SAT4 developed by many different scholars. Retention is an indicator of customers being satisfied with the services rendered by the bank. Indications of customer retention include repeat business of the customers, referrals by the customers as well as the customers" preference of the bank to other banks Customer retention is measured by 3 items developed by CL1-CL, also developed by many scholars.

3.8 Conceptual Framework for the Study

. Customer satisfaction is a dependent variable which the customer experiences when he or she perceive a higher service quality than expected and customer retention is a dependent variable which occurs when the services provided by Bank is rated by customers as high quality and satisfactory.

The study predicts that the rate of retention is determined by the level of satisfaction which is also determined by the level of service quality provided by the Bank. Each of these four Banks can safeguard customer retention when service performance of the Bank exceeds customers" expectation. To measure service performance and

customer expectation of a service, SERVQUAL model was used. This model is made up of five variables: tangibility, responsiveness, reliability, assurance and empathy. When performance of service, also known as perception is higher than customers" expectation of SERVQUAL variables, customers will be satisfied and each these Banks is likely to retain their customers. However, if service performance is lower than customers" expectation of the service, customers become dissatisfied and they will switch to a competing bank offering superior services. When a service provider has excellent physical facilities that are aesthetically appealing; insist on on-time service delivery which is free from errors; and knowledgeable employees who consider the customers as the company's total wellbeing will result in high quality service delivery which will lead to customer satisfaction and hence retention.

Each of these Bank will ensure customer retention on the ground that service performance is exceedingly higher than customers" expectation rather than a just simply satisfaction. By this customers will be committed to do business with this Bank, repeat business, and recommend the Bank to friends and associates. Real customer retention is clearly manifested when the customer becomes a promoter for the organization without incentive, maintains or increases its purchases from the Bank as a result of unprecedented services. (Mary O. P, 2012. p.42)

Proposed model for the study
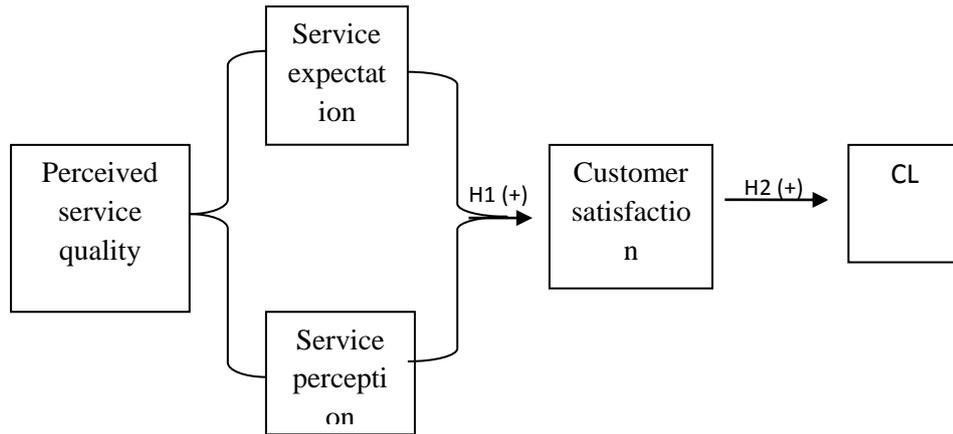
Source: Researcher's own framework

3.9 Data Analysis

The data was edited and coded. The coded data was then run on SPSS version 20.
Cronbach's alpha was used to test internal consistency reliability. Factor Analysis
was used to reduce the items to manageable levels for easy use. A gap analysis was
used to determine satisfaction level by examining the gap between perception and
expectation. Regression analysis was used to test the relationship between customer
satisfaction and customer loyalty. Demography portrayed and confirmed the
percentages of the age, gender, educational level, marital status and frequency of
bank visit. Results of all above analysis will be seen in the next chapter.

Chapter 4

RESULTS PRESENTATION, DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter will present the results and analyze the results using three methods, reliability, and Factor analysis and gap model. The chapter presents the result of the fieldwork conducted. The result is mainly the responses of the questionnaire administered to the customers of the four Banks mentioned above.

The questionnaire was administered to 270 customers of the four Banks in Famagusta. Out of the 270 questionnaire administered, 258 and all the 258 were valid for analysis. The valid questionnaires which formed the analysis yielded 95.56% response rate.

4.2 Reliability Analysis

Before analysis of any data collected, the has to be the conduction the scale's reliability test for the main items of the questionnaire in other words, they were 22 items each for customer expectation (CE) and customer perception (CP), 4 items for customer satisfaction and 3 items for customer loyalty. For all of the items, the Cronbach's alpha value is 0.935 for service quality, which is greater than suggested criterion 0.7, 0.943 for customer satisfaction and 0.920 for customer loyalty. These measurements are hence considered very reliable with the samples. (Vu & Nguyen, p.7). For the 23 items of service quality, the first three items were seen as one factor

with a .769 Cronbach's alpha value of   while the rest of the 19 remaining factors were seen as another factor with .914 values for Cronbach's alpha, indicating high reliability. The results of table 4.2 shows the cronbach's alpha for the different variables, including those for the two factors that the 22 dimensions plus one additional dimension for overall service quality, making 23, were reduced to.

Table 2: Cronbach's alpha for the different variables

Variables	No of items	Cronbach's alpha
Service quality	22	0.935
Customer satisfaction	4	0.943
Customer loyalty	3	0.920
Factor 1 service quality	3	.769
Factor 2 service quality	19	.914

 The above tables shows that the reliability alpha coefficient for all variables services quality, customer satisfaction and customer loyalty are all above 0.70. Hence these variables are very reliable Cortina, (1993) and suitable for use with a satisfactory internal consistency (Naresh K. p.391)

4.3 Factor Analysis

Factor analysis could be defined as a general name that denotes a class of procedures used to collect and summarized data (Naresh k, p.636). Factor analysis will be used in this section, a technique used for the identification of groups or clusters of variables. There are many ways that Factor analysis can be applied some of which include (1)For easy understanding of variable structure; (2) constructing a questionnaire to measure an underlying variable and (3) reducing the data set to a m size that can be easily handled still maintaining as much as possible if not all of the original information. (Field, 2005).

The factor analysis procedure was extracted by principal component analysis method and rotated by varimax method. In the Bartletts's test of Sphericity the test results, KMO of the questionnaire is .942 which is very good, with an approximate chi square of 2338.45, degree of freedom of 231 and a significance of .000 which is less than the level of significance (p=0.05), hence it is very logical that the factor analysis considered for data reduction is coherent and appropriate and it also reflected the correlations among the variables considered for this study (Vijay and Selvaraj, 2012,p.6) All indicated that factor analysis was appropriate for this data. According to test results all 23 items of service quality was reduced to two factors. The first three items were reduced to one factor (Faactor1 with a Cronbach's alpha of .769, while the other 19 items were reduced to another factor (Factor2) with a Cronbach's alpha of .914.The first factor consist of three (3) items of tangibility and the second factor consist of one (1) item of tangibility and the rest of the items for reliability, responsiveness, assurance and empathy. The factors extracted through factor analysis

are Reliable. Only factors with Eigen value greater than 1.0 are retained. Eigenvalue represent the total amount of variance associated with a factor hence two factors were retained with Eigen Value of 9.779 for the first factor and 1.238 for the second factor, a percentage of variance of 44.543 and 5.625 respectively. Table 4.3 shows the results for the factor analysis for the two factors.

Table 3: Factor Analysis

Dimensions	Factor 1	Factor 2
Eigen value	9.779	1.238
% of variance	44.543	5.625
Cumulative variance	44.543	50.168
Cronbach's alpha	.769	.914

4.4. Gap analysis

Gap 5 for the 22 item of SERVQUAL according to Parasuraman, zeithaml, and Berry (1985) will be calculated, which is the difference between customer perception and expectation (P-E) of the service. A positive result will indicate that respondents are satisfied with their banks. Table 4.3 shows the results for the gap analysis indicating two factors that were obtained after reduction of the 22 items.

Table 4: Mean Difference of Factors

Factors	Mean Difference
Factor1 (items 1-3)	.3993
Factor 2 (items 4-22)	.5832

The above results show that factor 1 has a mean difference of .3993 and factor 2 has a mean difference of .5832. The mean difference for factor1 is less than that of factor2; meaning that customers are more satisfied with the items of factor1 than that of factor2. This shows that all the dimensions have a positive gap 5 of service quality. Therefore H1 and hence H2 is supported since increase satisfaction results to loyalty and retention.

4.5 Regression Analysis

This was used to test the relationship between customer satisfaction and customer loyalty (H2). In this relationship CS was considered as the independent variable and CL the dependent variable.

Table 5: Model Summary

Model	R	R square	Adjusted R Square	Std Error of the Estimate
1	.625	.425	.425	.95804

Predictors: (Constant), Customer Satisfaction

 In simple words you can say the R2 here shows that 42.5% of variations in CL are explained by CS. In other words, CS predicts CL by 42.5% in this model, all other

variables remaining constant. As a result, there's 57.5% unexplained factors which contribute to CL. This 57.5% is called residual or error term of the regression.

Table 6: ANOVA[a]

Model	Sum of Square	Df	Mean Square	F	Sig
1 Regression	169.037	1	169.037	184	.000
Residual	228.554	249	.918	167	
Total	397.580	250			

a. Dependent variable : customer loyalty
b. Predictors: (constant), customer satisfaction

This table shows the overall significance of the model with the F-stat. Significance (SIG) < 0.05 and F#0. There's strong evidence to reject the null hypothesis H0 of model insignificance. Therefore we accept H1 that the overall model is significant at 5% and 1% confidence interval.

Table 7: Coefficients

Model	Unstandardized coefficient		Standardized Coefficient	t .	Sig .
	B	Std. Error	Beta		
1 (Constant)	.665	.193		3444	.001
Customer Satisfaction	.728	.054	.625	13.571	.000

a. Dependent variable: customer loyalty

This table shows you the individual coefficients, t-test and significance for each item of the regression (constant and regression (s)). The coefficient of the constant term is significant at 5% confidence but not at 1%. The coefficient of CS is significant both at 5% & 1% confidence interval. Hence CS coefficient shows that for every 1% increase in CS, CL increases by nearly 73%. Therefore there's a positive relationship between CS and CL.

The regression equation following the above results will be this:

CL= .665+.728CS.

4.5 Demographic information

4.5.1 Age

Of all the 258 respondents, 150 respondents has age from 18-27 making 58.1%, 72 has age 28-37 making27.9%, 27 has age fron38-47 making 10.5%. 3 respondents did not answer this question making1.2% non-response rate.

Table 8: Age Distribution of Respondent

	Frequency	Percent	Valid percent
18-27	150	58.1	58.1
28-37	72	27.9	27.9
38-47	27	10.5	10.5
48-57	3	1.2	1.2
58-67	3	1.2	1.2
9	3	1.2	1.2
Total	258	100.0	100.0

4.5.2 Educational level

Table 9: Educational level of the respondents

	Frequency	Percent	Valid percent
High school	25	9.7	11.0
University level	125	48.8	54.8
Graduate level	50	19.4	21.9
Post graduate level	28	10.9	12.3
Total	228	88.8	100.0
Missing	30	11.6	
Total	258	100.0	

125 of the 258 respondents are have university level making 48.8%, 50 graduates making 19.4% 25 high school, 9.7%, 28 post graduates, 10.9% and 30 non response, 11.6%.

4.5.3 Marital status

Table 10: Marital status of responds

	Frequency	Percent (%)
Single	176	68.2
Married	76	29.5
Missing (N/A)	6	2.3
Total	258	100.0

176 of the 258 respondents are single with a percentage of 68.2%, 76 married with a percentage of 29.5%. 6 respondents did not respond to this question giving a percentage non respondent of 2.3%.

4.5.4 Occupation

Of the 258 respondents, 152 were students with a percentage of 58.9%. The number that did not respond this particular question was 8 giving a percentage of 3.1%. The remaining 97 respondents comprised of; 2 drivers, 3 business men, 2 accountants, 4 computer engineers etc., making a total percentage of 38% The results are shown in Appendix (C).

4.5.5 Frequency of bank visit

Out of the total respondents, 82 of them visited the bank 2-4 times a month making a percentage of33.3%, 83 made visit ones a month giving a percentage of 32.2% while 51 visit ones a week. The rest of the results are shown in Appendix (B).

Chapter 5

CONCLUSION, RECOMMENDATIONS, IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

5.1 Conclusion

This research used a total of 30 statements adopted from various sources to measure the perception of bank customers about service quality, customer satisfaction and loyalty. Cronbach's alpha which was used to test the internal consistency gave the following results; service quality dimensions .937, customer satisfaction, .943 and customer loyalty .920. All of them have high levels of Cronbach's alpha coefficient which shows high reliability.

Factor analysis reduced the 23 items of service quality to two factors. The first 3 items were reduced one factor and the next 20 items to another factor. Factor1 and factor2 has Cronbach's alpha coefficients as 0.796 and 0.914 respectively still indicating high reliability. Factor analysis which was used to reduce and summarize the data and inter-correlated variables of service quality to a manageable level had a KMO value of.942, which is above 0.5 and an Eigen value of 9.779 and 1.238 for the two factors respectively indicating that factor analysis was very appropriate for the study.

Gap analysis for this study as shown by the results for the two factors 1 and 2 indicate a positive difference between perception and expectation hence customer perceptions are greater than their expectations, as a result customers are satisfied with the five dimensions of service quality. The mean difference for factor1 (.3993) is less than factor2 (.5832). Hence customers are less satisfied with tangible items like the modern equipment's visual facilities and appearance of employees, but they a more satisfied with the visual facilities associated with service like pamphlets, and the other dimensions which include employees instilling self-confidence in the customers making them feel save in their business dealings with the bank, performing prompt and right the first time services keeping error free records, and giving individualized attention to customers.

Regression analysis which was used to test the relationship between CS and CL, showed a direct positive relationship between CS and CL. To conclude, this study shows that service quality is directly and positively related to customer satisfaction and since customer loyalty is directly determined by customer satisfaction, customer satisfaction is directly related to customer loyalty. This is in line with past literature according to Dharmalingam, et al., (2011) and Vampariya, &Ganguli (2010): service quality is positively related with customer satisfaction, therefore, Service quality and customer satisfaction are therefore directly and positively related to customer loyalty.

5.2 Recommendations

Since the gap 5 difference for the tangible items in factor1 are less, banks should improve and modernize the look of their equipment's and internal facilities so as to attract and satisfy more customers.

Banks should also maintain and why not improve on their services for the other dimensions or service quality that in included in factor2.

5.3 Limitations and Future Research

The sample size of 258 is considered very small considering the fact that there are many banks with many customers. Thus future research could be done on more than one branch of each of the four banks and even on other banks as well.

More than 150 of the 258 respondents were student's hence future research should try by all means to include a good number of respondents with many other occupations

Most bank managers did not allow this survey to be carried in their banks that is meeting respondents in the banks during work hours. This limited the number of respondent who could make out time to answer the questionnaire hence reducing response rate. For this reason, managers should be sensitized by service quality experts on improving the quality of their services by allowing survey in the banks if possible on arranged times daily.

During the survey I had to ask respondents especially those I meet on the way if they use any of the four banks I was surveying on, but unfortunately at times some of them were not my target. So I had to stand in front of the different banks to make sure that the people who came out of the banks must be sure customers of these banks

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APPENDICES

Appendix A: Rotated Component Matrix for Factor Analysis

	Component	
	1	2.
p1 Modern looking equipment		.707
p2 Visually appealing facilities (e.g. office)		.759
p3 Employees who have a neat, professional appearance.		.605
p4 Employees who have a neat, professional appearance statements	.466	
p5 Providing services as promised	.403	
p6 Dependability in handling customers' service problems	.749	
p7 Performing services right the first time	.618	
p8 Providing services at the promised time	.649	
p9 Maintaining error-free records	.568	
p10 Informed about when services will be performed	.707	
p11 Prompt service to customers	.742	
p12 Willingness to help customers	.788	
p13 Readiness to respond to customers' requests	.750	
p14 Employees who instill confidence in customers	.691	
p15 Making customers feel safe in their transactions	.638	
p16 Employees who are consistently courteous	.752	
p17 Employees who have the knowledge to answer customers' questions	.689	
p18 Giving customers individual attention	.679	
p19 Convenient business hours	.546	
p20 Employees who deal with customers in a caring fashion	.718	
p21 Having the customer's best interest	.757	
p22 Employees who understand the needs of their customers	.717	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization		
a. Rotation converged in 3 iterations.		

Appendix B: Frequency of bank visits for respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	Once a week	51	19.8	20.0	20.0
	2 – 4 times a month	86	33.3	33.7	53.7
	Once a month	83	32.2	32.5	86.3
	Every two months	25	9.7	9.8	96.1
	9	7	2.7	2.7	98.8
	10	3	1.2	1.2	100.0
	Total	255	98.8	100.0	
Missing	99	1	.4		
	System	2	.8		
	Total	3	1.2		
Total		258	100.0		

Appendix C: Questionnaire.

Thank you for making out time to take this survey. The survey is carried out by a student of the department of marketing for Academic research purpose only. I fully assure you that all of the answers you provide in this survey will be kept confidential. The survey data will be reported in a summary fashion only and will not identify any individual person.

Please write down the main bank you are using: ……………………………
Answer the questions considering the bank above.

Part II. SERVICE QUALITY QUESIONNAIRE
1) Expectation: Relates to your service expectation from this bank. For the first column (E), circle the number that indicate your level of expectation for the items below for your bank

2) Perception: Relate to your feelings about the performance of particular bank you are using. In the second column (P), circle the number that indicates your level of perception for the items below for the bank you are using.

	Item	Expectation 1 (E)					Perception 2(P)				
		Low…….High					Low……..High				
	When it comes to……	☹		☺		☺	☹		☺		☺
1	Modern looking equipment	1	2	3	4	5	1	2	3	4	5
2	Visually appealing facilities (e.g. office)	1	2	3	4	5	1	2	3	4	5
3	Employees who have a neat, professional appearance.	1	2	3	4	5	1	2	3	4	5
4	Visually appealing materials associated with service (e.g. pamphlets or statements	1	2	3	4	5	1	2	3	4	5
5	Providing services as promised	1	2	3	4	5	1	2	3	4	5
6	Dependability in handling customers' service problems	1	2	3	4	5	1	2	3	4	5
7	Performing services right the first time	1	2	3	4	5	1	2	3	4	5
8	Providing services at the promised time	1	2	3	4	5	1	2	3	4	5
9	Maintaining error-free records	1	2	3	4	5	1	2	3	4	5

		1	2	3	4	5	1	2	3	4	5
10	Informed about when services will be performed	1	2	3	4	5	1	2	3	4	5
11	Prompt service to customers	1	2	3	4	5	1	2	3	4	5
12	Willingness to help customers	1	2	3	4	5	1	2	3	4	5
13	Readiness to respond to customers' requests	1	2	3	4	5	1	2	3	4	5
14	Employees who instill confidence in customers	1	2	3	4	5	1	2	3	4	5
15	Making customers feel safe in their transactions	1	2	3	4	5	1	2	3	4	5
16	Employees who are consistently courteous	1	2	3	4	5	1	2	3	4	5
17	Employees who have the knowledge to answer customers' questions	1	2	3	4	5	1	2	3	4	5
18	Giving customers individual attention	1	2	3	4	5	1	2	3	4	5
19	Convenient business hours	1	2	3	4	5	1	2	3	4	5
20	Employees who deal with customers in a caring fashion	1	2	3	4	5	1	2	3	4	5
21	Having the customer's best interest	1	2	3	4	5	1	2	3	4	5
22	Employees who understand the needs of their customers	1	2	3	4	5	1	2	3	4	5
23	Overall service quality	1	2	3	4	5	1	2	3	4	5

Part II. Customer satisfaction questionnaire

		Dissatisfied…………..…Satisfied				
		☹		☺		☺
1	Overall I am satisfied with my bank.	1	2	3	4	5
2	I think I did right thing when I chose this bank.	1	2	3	4	5
3	My banks service meets my expectations.	1	2	3	4	5

4	I am delighted with my bank.	1	2	3	4	5

Please indicate your level of satisfaction with your bank.

Part III. Loyalty questionnaire.

		Disagree……………..…… Agree				
		☺		☺		☹
1	I would recommend my bank to others.	1	2	3	4	5
2	I will always consider this bank as my first choice.	1	2	3	4	5
3	I expect to do more business with my bank in future.	1	2	3	4	5

Part IV Demography

1. Age: 18-27 □   28-37 □   38-47 □   48-57□
58-67□   68+, □

2. Educational level:
High school □   University level □   Graduate degree □   Post graduate degree □

3. Marital   status: Single □   Married□

4. Occupation: (Please specify) ………………

5. Frequency of bank visit:
Once a week □   2 – 4 times a month □Once a month □   every two months □