A Comparative Study on Service Quality and Customer Satisfaction between Public Banks and Private Banks in Iran

Farzad Asgarian

Submitted to the
Institute of Graduate Studies and Research
in partial fulfillment of the requirements for the Degree of

Master of Science
in
Banking and Finance

Eastern Mediterranean University
December 2010
Gazimağusa, North Cyprus

Approval of the Institute of Graduate Studies and Research

_____
Prof. Dr. Elvan Yılmaz
Director (a)

I certify that this thesis satisfies the requirements as a thesis for the degree of Master of Science in Banking and Finance.

_____
Assoc. Prof. Dr. Salih Katircioglu
Chair, Department of Banking and Finance

We certify that we have read this thesis and that in our opinion it is fully adequate in scope and quality as a thesis for the degree of Master of Science in Banking and Finance.

_____
Assoc. Prof. Dr. Hatice Jenkins
Supervisor

Examining Committee
_____

1. Assoc. Prof. Dr. Hatice Jenkins   _____

2. Assoc. Prof. Dr. Salih Katircioglu   _____

3. Assoc. Prof. Dr. Sami Fethi   _____

ABSTRACT

Privatization of banks started about ten years ago in Iran. The objective of privatization of banks was to limit the government intervention in banks. The public banks in Iran existed for a long period of time. Private banks however came to existence within the last ten years. Nevertheless they try hard to obtain customer satisfaction even after a short period of existence.

This thesis investigates whether the private banks or the public banks have higher customer satisfaction. The analysis is based on a survey study where 220 clients of public and private banks were interviewed. A SERVQUAL questionnaire was used to test the clients' expectations and perceptions in banks' tangibles, reliability, responsiveness, assurance and empathy. Then the survey findings for public banks and private banks were compared and analyzed. According to the survey findings private banks were more successful to obtain customer satisfaction than the public banks. In other words, private banks' quality of service was closer to their clients' expectations than it was with the public banks' quality of service to their clients' expectations.

Key words: Customer satisfaction, Private sector, Public sector, Banking, Comparative analysis.

ÖZ

İran'da bankaların özelleştirilmesi on yıl önce başlamış olup, özelleştirmenin esas amacı hükümetin bankalara olan müdahalesini sınırlamaktı. İran'daki devlet bankaları çok uzun yıllar önce kurulmuş olsa da özel bankalar son on yıl içerisinde kurulmuşlardır. Çok kısa bir süreden beri faaliyet göstermelerine rağmen özel bankalar müşteri memnuniyeti için çok büyük bir çaba göstermektedirler.

Bu tez çalışması, İran'daki devlet bankaları ve özel bankaların müşteri memnuniyetlerini araştırıp, bu bankaları müşteri memnuniyeti konusunda mukayese etmeyi hedeflemektedir. Araştırma devlet bankaları ve özel bankaların müşterilerinden oluşan 220 kişilik bir örnekten elde edilen sorvey sonuçlarına dayanmaktadır. SERVQUAL anketi kullanılarak müşterilerin kendi bankaların fiziki varlıkları, güvenilirliği, müşteriye hızlı geri dönebilmesi, ve müşteriye özel hizmet sunabilme konularında kalite algılamaları ve kendi bankalarından beklentileri saptandı. Daha sonra bu bulgular özel bankalar ve devlet bankaları arasında mukayese edildi. Elde edilen sonuçlara göre müşteri memnuniyeti konusunda özel bankalar devlet bankalarına göre daha başarılı oldukları ortaya çıkmıştır. Diğer bir deyişle, özel banka müşterilerinin kalite konusundaki algılamaları ve beklentileri mukayese edildiği zaman, aradaki farkın devlet bankalarına göre daha küçük olduğu ortaya çıkmıştır.

Anahtar Kelimeler: Müşteri memnuniyeti, özel sektör, devlet sektörü, bankacılık, mukayeseli analiz.

To My Family

ACKNOWLEDGMENTS

TABLE OF CONTENTS

LIST OF TABLES

Chapter 1

INTRODUCTION

Iran's financial sector comprises private banks, public banks and non-banks competing in the same market. The main commercial operations are performed by public and private banks and customers obtain most of their regular banking services from these two sectors. Public banks are government controlled banks in Iran. The recent reforms in Iran's banking sector started six years ago and created an opportunity to efficiently compare both public and private banks. Iran's legislation states that the government services should be rendered through public banks. The analytical comparison of the efficiency of these two sectors is crucial, especially since it's been confirmed in the Islamic Consultative Assembly that 80% of public banks must be privatized .There are eleven major public banks and newly-privatized banks (Tejarat, Refah, Sepah, Saderat, Sanatomadan, Keshavarzi, Maskan, Mellat, Melli, post bank and Tose Saderat) and nine private banks (Karafarin, Saman, Eghtesad Novin, Parsian, Pasargad, Sarmayeh, Sina, Day and Tat) in Iran. The objectives of private banks are mainly to enhance the customers' satisfaction and profitability. Bahraini *et al.* (2008) compared the efficiency between public and private banks, and Abdeh Tabrizi (2001) investigated the private banks and the structure of public banks.

1.1 Objective of this study

During the recent years, there has been a rapid privatization policy in Iran although the financial sector is still tightly controlled by the government. The government followed a restrictive policy toward foreign banks operations in order to protect local banks from foreign competition. This study aims to compare the customer satisfaction between the public and private banks in Iran. As privatization had a rapid growth within the recent years, this study aims to examine whether privatization resulted in customer satisfaction among public banks or not.

1.2 Justification for the study

In Iran, there is a great need for both public and private banks to adopt a customer oriented approach that will provide customers' satisfaction. Although, there wasn't any competition until 2001, after the privatization of banks which first started in 2001, competition started in the banking sector. When competition exists in the financial market between banks, banks try to operate more efficiently and try to be customer and service-oriented. This research aims to examine whether privatization increased competition in Iran's financial sector and created customer satisfaction.

1.3 Methodology

Data for this survey is collected from the clients of public banks, private banks and newly- privatized banks in Iran. A sample of 220 clients of banks completed questionnaires concerning the customers' satisfaction between public and private banks. The questionnaires include three parts, part A, part B and part C. Part A asks clients' personal information such as gender, age, marital status, occupation, nationality, income level, educational level, area of living and type of banks that they are using. Part B also explains expectations and perceptions of clients about banks from strongly disagree to strongly agree. In part C, satisfaction factors are scored

according to Likert scale from very bad to very good. The number of participants was 89 males, 131 females out of the total 220 participants.

1.4 Research questions

Our research questions are as follows:

1. Are there differences in the extent of customer satisfaction between public and private banks?

2. Are there differences in degrees of customer satisfaction between male and female participants?

1.5 Research Hypotheses

This research undertook to test two hypotheses that underlied the study. The hypotheses were as follows:

H1: There are no significant differences in customer satisfaction between private and public banks in Iran.

H2: There are no significant differences between customers' perceptions and expectations of bank services.

Chapter 2

REVIEW OF IRANIAN BANKING SECTOR

Iran's banking sector comprises public banks, private banks and newly- privatized banks. There are 7 public banks and 9 private banks, and 4 newly-privatized banks which are active in Iran (Table 1). The Central Bank of Iran was established with a capital of 3.600,000 dollars in August, 1960. In July, 1972, a new monetary and banking article was compiled so that the Central bank could also supervise the non-bank financial institutions. During Iran's revolution in 1979, a financial reform also took place in Iranian banking system. According to this reform, non-usury banking system was introduced to the Iranian banking system. After that, The Central Bank became as the Central Bank of Islamic Republic of Iran.

2.1 Public Banks

After the revolution, private banks were nationalized and they became public banks (state-owned banks). The aim of banks nationalization was to reach the political and economic independence in order that an independent monetary system should be governed in the country. This expected to channel domestic savings toward national investments. The banks legislation confirmed the public banks based on separation and merger of activities immediately one year after revolution.

Sepah Bank was the first bank which was established in 1925. The second bank, which is the biggest lender, is Melli Bank founded in 1928. Refah Bank was first adopted with the title of Refahe Kargaran in 1960, and then became like a public

joint stock in 1972. The aim of this bank was to support the community of workers, especially in rural areas. Tejarat Bank is the merger of Iran and British Banks, Iran and Holland Banks, Iran and the Middle East Bank, and 9 other small banks.

Mellat Bank is also the merger of Tehran, Pars, Iran and Arab Banks, and 7 other small banks which were established after revolution of Iran. Mellat Bank was privatized recently.

Saderat Bank was established in 1952 with the title of Saderat and Mines and became like a public joint stock (Saderat Bank of Iran) in 1973. The main objective of this bank was to support exports and to explore the mines and resources of Iran, but after merging, Saderat continued to perform with the title of Ostan Bank. This bank is currently under the privatization process. Sanaato Madan Bank is also the merger of 6 banks. The objectives of this bank are to evaluate industrial and mineral plans, improve allocation of resources and control the plans on the way of economic growth.

Maskan Bank is also the merger of Ekpatan and Koorosh banks. Keshavarzi or Agriculture Bank was founded in 1933 in the form of a financial institution to support agriculture sector. Thus, Tose Saderat was confirmed with a capital of 5 million dollars in 1991. The objectives of this bank are to develop exports and commercial trades with other countries (Aghaee, 2009). Table1 presents public banks, private banks and newly privatized banks in Iran. Post Bank started to perform officially in 1996 under the license of Islamic Republic of Iran's post with the aim of delivering monetary services to the customers.

Table1: Banks in Iran

Public Banks	Private Banks	Newly Privatized Banks
1. Melli Bank	1. Parsian Bank	1. Mellat Bank
2. Keshavarzi Bank	2. Eghtesad Novin Bank	2. Tejarat Bank
3. Sepah Bank	3. Sarmayeh Bank	3. Saderat Bank
4. Sanaato Madan Bank	4. Pasargad Bank	4. Refah Bank
5. Tose Saderat Bank	5. Sina Bank	
6. Maskan Bank	6. Saman Bank	
7. Post Bank	7. Karafarin Bank	
	8. Tat Bank	
	9. Day Bank	

2.2 Private Banks

In Iran, the law for establishing private banks was initiated in 2000 by the Central Bank of Islamic Republic of Iran (Aghaee, 2009). According to this law, private banks must be licensed as a public joint stock company with the capital of 20 million dollars. The private banks which have been licensed are as follows.

Karafarin Bank is a private bank which was first established as a non bank institute with a capital of 3 million dollars in 1999, and then became the first private commercial bank (Karafarin) which was licensed in 2001 by The Central Bank. Karafarin Bank created job opportunities for the young in Iran, and also it has promoted economic growth.

Following the Karafarin Bank, Saman Bank was licensed as a private bank in 2002 by The Central Bank. Saman Bank introduced a new product called "Credit

Account" which covers the customers' short liquidity deficit. Saman Bank has also increased its asset to 30 million dollars in 2003.

Eghtesad Novin Bank was opened with a capital of 25 million dollars in the form of public joint stock company, and in 2001 performed as a private bank. This bank has taken an efficient step with high quality services and standards and with minimum staff to deliver modern services like intelligent credit cards to the customers.

Parsian Bank is the other private bank which was established in 2001. Pasargad Bank was licensed in 2005 by the Central Bank and was first inaugurated in Khorasan province of Iran.

Sarmayeh Bank was established in 2005 with the aim of opening different kinds of accounts such as Gharzolhasaneh (non usury), savings and other accounts, and the whole banks operations are accomplished through this bank. Sina Bank, which was a financial institute, transformed into a private bank about three years ago. Tat is the last private bank which was established in Iran in 2010(Aghaee, 2009).

2.3 Performance of Public and Private Banks in Iran

The last performance ranking of both public and private banks was done at the end of 2007 by the Jame Jam online webpage, and has been shown in the tables 2 and 3 on the following pages. In this report, the Central Bank of Islamic Republic of Iran announced the ranking of 11 public banks and 6 private banks on the basis of 4 determinants such as net profit, outstanding claims, loans, asset size. This report enables the customers to compare public and private banks performances easily. In other words, when a bank has a higher net profit, it conveys the good management

and when a bank has a higher asset size, it also shows the financial strength of the prospective bank. It's obvious that a bank with higher asset has been successful to attract savings. These indicators do not really differentiate which bank is better than the other bank. On the other hand, government policies are in favor of public banks. The government even allocates more credits to public banks to increase their asset; therefore asset size isn't a correct indicator to measure their performance. Moreover, there are two other determinants to evaluate the performance and efficiency of public and private banks properly. Capital ratio and outstanding loans are two of these performance determinants.

2.3.1 Profitability Ranking of Banks

Net profit of banks after taxation in 2007 indicates that Maskan Bank (269,400,000 dollars) was the most profitable among all public banks of Iran. Tejarat (225,600,000 dollars) was in the second ranking and the third ranking belonged to Mellat (223,200,000 dollars). Post bank (3.2 million dollars) was in the last ranking. It is surprising that Melli bank, which is the biggest bank in terms of asset size, was in the seventh ranking with 70.1 million dollars. Totally, 11 public banks have had 1.233 billion dollars net profit (Central Bank Webpage, 2007).

2.3.2 Outstanding Capital Ranking

Melli Bank with 2,864,300,000 dollars has the highest outstanding capital among public banks. Sepah Bank with 2,135,200,000 dollars is second and Mellat Bank with 1,907,000,000 dollars is the third by the end of 2007.

The least outstanding capital belongs to a public bank called Post Bank (4.7 million dollars) which is not suitable for this bank in comparing to its net profit (3.2 million dollars). Parsian Bank with 10,142,400,000 dollars is first, Eghtesad Novin Bank

with 340 million dollars is second and Saman Bank 141,300,000 dollars is the third among private banks; however, Sarmayeh Bank is in the last ranking(Central Bank Webpage,2007).

2.3.3 The Rank of Lending

Unexpectedly, Maskan Bank with 42,851,000,000 dollars of outstanding loans was first, Melli Bank with 27,393,600,000 dollars of outstanding loans was the second, and Mellat Bank with 25,142,300,000 dollars was the third among all public banks.

Eghtesad Novin Bank with 5,229,000,000 dollars was first, Pasargad with 3,895,600,000 dollars was second, and Saman with 1,914,700,000 dollars was the third among the private banks. In this regard, Parsian is the biggest asset sized bank among private banks, but it's not even in the loan ranking. Sarmayeh was in the last ranking (Central Bank Webpage, 2007).

2.3.4 Asset Size Ranking

In terms of asset size, Melli Bank with 51,103,600,000 dollars assets was first, Mellat Bank with 38,382,200,000 dollars was second and Saderat Bank with 38,136,800,000 dollars was the third big bank in 2007. As usual, Post Bank with 890 million dollars is at the bottom of the table.

Among private banks, Parsian Bank with 16,308,700,000 dollars was the first, Eghtesad Novin Bank with 7,450,100,000 dollars was second, and Pasargad Bank with 5,696,500,000 dollars was in the third rank of biggest private banks in Iran. Sarmayeh Bank was also in the last ranking with 1,127,100,000 dollars. One challenging point is the remarkable support of government toward public banks which is quite obvious here. The biggest private bank (Parsian) in asset size is equal

to the eighth public bank (Agriculture bank), and its ranking is only higher than some public banks such as Refah, Tose Saderat, Sanaato Madan and Post Bank which conveys continuous support of government toward public sector(Central Bank Webpage,2007).

Table 2: Public Banks' Asset Size, Capital and the Number of Branches

Name	Date Established	Number of Branches	Assets (USA $)	Capital (USA $)
Melli Bank	1927	2,229	51,103,600,000	2,240,000,000
Mellat Bank	1979	1,909	38,382,200,000	1,890,450,000
Saderat Bank	1952	2,050	38,136,800,000	1,800,000,000
Tejarat Bank	1979	1,986	32,356,366,000	1,043,738,400

Table 3: Private Banks' Asset Size, Capital and Number of Branches

Name	Date Established	Number of Branches	Assets (USA $)	Capital (USA $)
Parsian Bank	2001	200	19,783,000,000	980,000,000
Eghtesad Novin Bank	2001	224	9,450,000,000	450,000,000
Sina Bank	2007	260	7,880,000,000	300,000,000

The data given in both tables 2 and 3 were compiled by the Central Bank of Iran (2007).

2.4 Financial Policies

In 2008(the fiscal year ended March 19th, 2009); the developed countries' economy underwent a depression, due to intensive crisis in financial markets and increased uncertainty in the global markets. Because of restricted relations between the financial markets of Iran and other financial markets, it was supposed that the Iranian economy is immune from the consequences of crisis; but, with transmission of the crisis to real sectors of the country including the banking system actually confronted serious challenges. Suitable economic growth (Fourth Development Plan) besides control of liquidity growth is of significant economic outcomes of the country during the fiscal year 2008-2009.

During this period, the growth of liquidity was 15.9%, which as compared to the previous year corresponding period was reduced by 11.8%. Besides, during the same period, the total banking system deposits grew by 12%. It shows the high capability of the banking system in attracting the liquidity of society and applying it in productive and economic plans. For instance, the performance of Tejarat bank in the fiscal year 2008-2009 shows its success with respect to attracting deposits ; as the balance of deposits with the bank, representing a growth(17%) higher than the growth of the country's liquidity, reached at 21,900,000,000 dollars. Moreover, it was sole commercial state bank which could increase its share in deposits during the fiscal year 2008-2009(Tejarat Bank Webpage, 1998).

All countries followed certain policies to reach their economic objectives. In Iran, the objective was to reduce the high inflation and to create job opportunities. Macroeconomic policies are divided into two sections, first indirect policies

comprising fiscal and monetary policies, and direct policies such as business and income policies. Thus, government is the only center to decide for financial affairs.

Financial policies are sets of actions which are accomplished through change in government expenses and taxes to reach a suitable economic goal, but monetary policy takes some steps to have control over money or cash volume and change in interest rates. The main objectives of financial policies in Iran are to achieve a proper economic growth and increase the income for government. Mostly, two policies are of significance in Iran.

First, government takes this policy in financial crisis and economic failure positions with an increase in government expenses and a decrease in taxes to remove the crisis. The other policy is selected in the position of higher employment inflation in which government increases taxes and decreases its expenses to lower the pressure of demand for higher employment inflation or remove this inflationary gap.

Financial policy can be used as a part of Economic Stabilization. The Central Bank of Iran has implemented some financial policies such as ceiling on the credit interest rates for different sectors, determining their shares in banks' credit, forcing banks to have high liquidity rates and determining the service fees for bank operations. Interest rates in public banks for short-term deposits is set as 7%, and for the long-term deposits, it is set as 16%. Although, there are private banks and institutions in Iran, the interest rates on credits in private banks reaches 22%, and for financial institutions, for instance Ghavamin, it reaches as high as 27% (Central Bank Webpage, 2007).

Chapter 3

LITERATURE REVIEW

3.1 Theoretical Foundation on Financial Liberalization

Financial liberalization is generally believed to refer to deregulation of domestic financial market and liberalization of the capital account. The main financial liberalization policies include among others elimination of credit controls, deregulation of interest rates, bank autonomy, privatization of state banks and liberalization of international capital flows (Caprio, Gerard, Patrick H., Joseph E., 2001).

According to Caprio *et al.* (2001), financial liberalization was introduced by McKinnon and Shaw. They argued that if the functions of the financial sector are interrupted and its growth stifled, the development process will be retarded. McKinnon and Shaw (Caprio *et al.* 2001) support financial deepening which is only obtained by applying free market principles in the financial sector through the financial liberalization policy. McKinnon and Shaw also argue that the imposition of ceilings on nominal loan and deposit rates under financial repression results in real deposit rates being low or negative and this in turn leads to low domestic financial savings. While sufficient funds for investment were non-existent, government owned commercial banks resorted to credit rationing technique to allocate credit among borrowers.

Interest rates should be market determined because it causes deposit and loan rates to rise to the market clearing levels. Therefore, the stock of financial assets grows and the range of maturities widens. When long-term funds increase, investments will also ultimately increase both in terms of quantity and quality. In other words, transaction costs are reduced and allocation efficiency is elevated. Taking these points into consideration, financial liberalization can significantly lead to economic development. The simultaneous reform of financial, monetary and international policies can also lead to faster and steadier growth according to McKinnon-Shaw Hypothesis.

In all developing countries such as Iran, policies before financial reforms were as followings: interest rates were controlled, credit targeting was used by the government to allocate credit for selected sectors with low interest rates, this was especially true for the agricultural sector, and in order to apply all these policies, banks were mostly nationalized. In some countries such as Laos, Madagascar and Tanzania, public financial institutions were controlled exclusively. Financial markets and private banks were nationalized officially like Iran, and establishing new private banks was not permitted. Financial resources were allocated among the sectors and industries by the government decisions.

Banking system was like a State Owned Enterprise (SOE) and it was never able to do a real financial intermediation. Furthermore in Iran, it was expected that public banks would follow non-commercial objectives. For example, banks were expected to give loans to SOE and farmers. The development strategies were followed in rural areas as in Bangladesh, Nepal and Uganda. In some countries, political pressure in paying

non-performing loans created problems for public banks. Fortunately, banks in Iran have good lending practices however the managers of public banks complain about lending under political pressures. The main part of these non-performing loans was made to the State Owned Enterprises (SOE). It is known that most of these SOE are not profitable, but they are supported by the government. Hence for the public banks there is no other alternative but just to follow the government orders (Tabrizi, 2001).

In Turkey, financial liberalization policies were implemented in an inflationary environment. This resulted in an increased market risk, and finally had an impact on banks' lending behavior. The experiences in Turkey show that financial liberalization is essential but isn't enough to promote microeconomic efficiency of credit allocation. This is due to the fact that economic instability increased the default risk and changed the expected rate of return on loans (Jenkins, 1996).

Tabrizi (2001) indicates when financial reforms took place in Iran; the main objectives of the government were the liberalization of the interest rates and the elimination of the targeted credit programs. However, Iran is still a long way away from achieving these objectives. Moreover, all less-developed countries have started to privatize public banks. For instance, countries like Tanzania, Laos, Madagascar and Malawi have done so. In the 1980s, Nepal, Bangladesh, Uganda and Zambia were determined to privatize their public sectors.

Removing the interest rate controls and targeted credit programs improves the efficiency of credit allocation. Unfortunately, public banks give loans to institutes such as SOE which is not beneficial to economy and they are less efficient. Thus, the main objective of financial liberalization is to provide credit for customers who can

create high rate of return on investment. Liberalization also reduces pressure on banks so that they shouldn't be forced to lend loans to borrowers who have low efficiency according to studies done by Tabrizi (2001).

Furthermore, the main objectives of financial reforms in all less developed countries are to increase the motivation for private investment, so more credits should be granted to private sector. For instance, in Nepal after 1985 and Laos in the 1990s, bank credits to the private sector increased more than the percentage increase in the gross domestic product.

One of the major goals of financial reforms is to improve financial intermediation and, as a result, increase the financial deepening. The main channel for financial deepening is an increase in interest rates or liberalization of interest rates and their aim is also an increase in real interest rates on savings. However, financial liberalization with issuing licenses for banks easily and removing control on interest rates can lead to financial crisis. If banks are not closely supervised by the central bank while these financial liberalization policies are implemented and if these reforms have no harmony with the macroeconomic variables, financial liberalization may lead to a financial crisis.

From this source, di Patti and Hardy, (2005) investigated two ways in which the performance of the banking system as a whole has probably been influenced. First, reforms evolved the business conditions under which banks operate, through deregulating interest rates, eliminating directed credits, liberalizing foreign currency deposits, and introducing market-based government securities. Second, it is possible that the productivity of banks may have come about as a result of changes in

management and ownership, much harder competitiveness in the sector, new regulations on recognizing impaired loans and provisions for their recovery, etc.

In Pakistan, the authorities started to liberalize access to the financial sector by licensing local private banks in 1991. Ten new private banks were licensed in 1991 in Pakistan and the others were founded later. Financial liberalization has revolutionized the banking systems of many countries during the past two decades, and especially in some developing countries like Pakistan. Pakistan also started deregulation of interest rates, allocation of credit, liberalization and privatization of major public banks (di Patti, Hardy, 2005).

The whole Indian economy is also currently going through a phase of liberalization. It is stated by Bhattacharyya *et al*. (1997) that the banking sector in India, that have been grown since 1969 under the protection and regulation of government, have been moving gradually toward a broader and less regulated market system. Bhattacharyya *et al*. (1997) found that public banks have been the most efficient, and private banks the least efficient to deliver financial services to their customers. However for institutional reasons, liberalization is evolving gradually, and Indian banks, especially private banks are proceeding carefully in reacting to this changing environment (Bhattacharyya *et al*., 1997).

In Iran, although some public banks have been privatized, they still have their financial authority, and have kept their oligopoly positions. Because of high inflation in Iran, banks are not inclined to grant credits to private sectors even if they have enough liquidity. There is a possibility that financial liberalization has an impact on credit allocation and this is also true for Iran. Private Banks probably give some

credits to agriculture sectors, and if credit allocation is removed, small farmers will obtain less financial resources and loans are restricted for this sector; adversely, big farmers might obtain more loans and facilities. Credits for agriculture sectors were reduced in Malawi and Bangladesh after liberalization. The most important impact of private banks on public banks is the promotion of their rate of return. Private banks paid more attention to their operational expenses in order to reduce their costs, hence they limited the development of their branches in Iran (Tabrizi, 2001).

3.2 Comparative Studies on Public Banks vs. Private Banks

It has been argued by many researchers since 1980s that the private banks exhibit higher efficiency than the public banks. This argument was also supported by the World Bank, and many developing countries were advised to privatize their state-owned banks.

In this regard, Boehmer, Nash and Netter (2005) investigated countries' decision in privatizing public banks. These authors found that the decision to privatize originates from political, institutional, and economic factors. They also found out that political factors had a significant impact on bank privatization in developing countries because government intervened in public sector and privatization prevented the government from intervening in this sector. In contrast, the bank privatization in developed countries is not affected by political factors. Experiences from past also show that privatization generally promotes and develops capital markets.

Boehmer *et al*. (2005) also tried to explain why some countries have started privatization and the others have stopped privatization. There are some benefits and costs for privatization policy in a country. Benefits comprise revenues from sale,

high efficiency of bank, and promotion of the capital markets. On the other hand, the costs are the inability of government to use banks for their political purposes such as job creation and providing off-budget financing for the government.

There are many ways to study the procedures leading to privatization. One of them is to concentrate on specific countries. This approach facilitates to control institutional, legal, social and economic factors which are not easy to deal with in cross-sectional studies. Boehmer *et al.* (2005) argued that Clarke and Cull (1997, 2000, and 2002) give best examples of detailed country analyses. For instance, Clarke and Cull (2002) investigated how operation of the Argentinean Convertibility Plan in the early 1990s influenced the political and economic incentives for governments to own banks. They also found out that privatization happens due to poor performance of public banks, but some other factors such as an increasing unemployment and decreasing public employees reduce privatization (Boehmer *et al*. (2005).

Governments are the main shareholders which enable them to control the bank governance and they are dependent on these banks to get most of their banking services. In Brazil, the Federal Government controls the five major public banks. On the other hand, Brazilian private banks are the most profitable banks in the world. Bank shareholders controllers have established some companies that work under the supervision of bank, giving services to their own controlled banks, so they can cover part of their profits. Thus, these banks never get bankrupt due to delivering services to the companies which get full services from these banks (Barros, 2005).

However, the amount of profit published in media is shocking to the population because of high figures. According to the studies of Barros (2005), Brazilian banks also charge the highest real interest rate in the whole world. The amount of these spreads has caused a lot of concerns because this can reduce the rate of credit to total GDP, and in turn, damage local development. Macroeconomic instability which causes high risk for banks is also mentioned as a crucial source of the existence of high spreads. High default on banks credits is also mentioned a source of high spreads on interest rates (Barros, 2005).

Some cross-country evidences show that institutional factors are relatively stronger determinants of the performance. It is argued that privatizing the public banks, governments should build institutions in developing countries that they help the development of private banking (Andrianova, Demetriades, Shortland, 2006). Studies by Rioja and Valve, 2004; Demetriades and Andrianova, 2004 show that efficient financial systems contribute to the improvement in economic growth, especially in middle income countries.

The most important difference between private banks' and public banks' performance in Iran is that the private banks have much higher rate of return than the public banks. This is largely because of the fact that private banks pay more attention to their operational efficiency in order to reduce expenses, and increase the profits. In relation to private banks policy, government limits its intervention in public banks and lets the public banks keep customers' satisfaction in order not to lose the competition in financial market. At present, a few private banks have been established in Iran and it forces the public banks to increase both their efficiency and

asset and improve their financial structure with borrowing money from the government (Tabrizi, 2001).

3.3 Operational Efficiency of Private and Public Banks

Evaluating the performance of banks has attracted much attention in recent years. Deregulation, followed by major banking crises and growing global competitive pressures, has caused banking institutions to look for new cost-cutting activities. From a historical point of view, banks tended to measure the efficiency of their branches individually at the strategic and tactical levels. In strategic settings, they defined branch efficiency by simple operational ratios, such as transactions per teller or by financial ratios for example, deposits to loans or return on assets (Golany and Storbeck, 1999).

The globalization of financial markets and institutions has created competition among banks within the past two decades. Bank efficiency; therefore, became very significant (Harker and Zenios, 2000; Isik and Hassan, 2002). Banks must minimize costs, operate more efficiently, follow potential efficiencies, promote and make technological innovations and provide new services to meet these challenges.

A more competitive environment is also expected to increase efficiency in the allocation of resources and financial services. Some researches show that an increase in competition can positively affect the economic growth (Hsiao, *et al*., 2010). Some other researches, however, show that there is a competition among banks, most banks in some developing countries have performed poorly and that is mostly due to strict government regulations. Some studies argued that financial liberalizations and reforms foster banking efficiency (Denizer *et al*., 2007; Isik and Hassan, 2003; Zhao

et al., 2010). Liberalization can cause remarkable performance in banking such as, better resource allocation, innovations, high profitability and funds intermediated, prices and services equality for customers in the financial system (Hsiao, 2010). It is argued that private banks in Iran operate more efficiently; therefore, it's essential to increase the numbers of private banks. This will increase competition between two sectors and promote banks' efficiency.

Due to government control on interest rates and high inflation rate in Iran, the real interest rate for savings is very low; therefore, banks attempt eagerly to collect more savings from customers in order to lend with much higher interest rates. Government also encourages public banks to collect savings in order to control liquidity and inflation. Research findings by Maydani and Chamanegir (2008) indicate that in Iran the efficiency of private banks is higher than the public banks. This research used the asset and value added approaches to measure the efficiency of banks in Iran. Thus, public banks are under a lot of pressure to adopt private banks approach in their operations such as employing educated staff, train old staff and create up to date management skills, customer-oriented policy and rendering better services according to the modern technology of the day (Bahraini, Maydani, Chamanegir, 2008).

Hsiao *et al*., (2010) used Data Envelopment Analysis (DEA) to analyze the changes in operating efficiency in Taiwan. They examined banking data from 2000-2005 with 40 samples for Taiwanese banks. Their results showed that banks faced lower operating efficiency during First Financial Restructuring reform era (2002-2003) in comparing to pre-reform period (2000-2001), yet in the post-reform period (2004-2005) faced higher operating efficiency. The results show that banks with a higher

non-performing loan ratio have lower operating efficiency meanwhile banks with a high capital adequacy ratio have higher operating efficiency.

Although deregulation increases competition in the markets and ultimately improves efficiency, several studies investigating the impact of financial reforms on banking efficiency get mixed results. Some studies indicate that financial reform improves efficiency. For example, after deregulation, Norwegian and Turkish banks have had high efficiency (Berg *et al*., 1992; Zaim, 1995). Similarly, Kumbhakar and Sarkar (2003) declared that the performance of private banks has improved in response to deregulation measures (Hsiao *et al*., 2010). In China, however, bank-related research shows that state ownership has brought about low efficiency, limited access to credit for SMEs, and slow economic growth. It is also suggested that foreign bank ownership and unrestricted foreign bank entry cause higher efficiency and SME credit availability in developing countries. The most common finding for developing countries is that foreign banks are more efficient than or equally efficient to private banks. Both groups are supposed to be more efficient than public banks in China (Berger, Hasan, Zhou, 2009).

Sherman and Gold (1985) did some introductory research according to the model of DEA in 14 branches of banks in the U.S. The results indicated that only 6 branches had 100% efficiency and the reasons of inefficiency for the other branches were weakness in management, excess of staff and operational costs.

Berger and Humphrey (1997) reported their researches which were done in over 20 countries and ultimately the results of their report was that the U.S banks on average

are inefficient, but small banks are rather efficient. Borhani (1994) did some researches on public banks and came to an end that the size of branch, the number of branches, the staffs' level of education have a positive relationship with efficiency. On the other hand, there is a negative relationship among efficiency and percent of fixed assets to total assets turnover (Bahraini *et al.*, 2008).

3.4 Profitability of Private and Public Banks

The performance of private and public banks can also be compared in terms of the profitability. In a recently published report, The Central Bank of Iran (2008) has ranked 11 public banks and 6 private banks according to their profitability and asset size. Profitability enables the customers to compare the performances of public and private banks easily. In other words, when a bank has a high net profit, it means that the prospective bank has definitely had an efficient management (Jame Jam Webpage, 2008).

The continuous reforms in China have cleared the factors that are the most significant determinants of profitability for Chinese banks. Bank size is usually considered a relevant determinant of profitability. A large sized bank should reduce costs due to economies of scale or scope. In fact, more diversification opportunities should permit keeping (or even increasing) returns when lowering risk. In other words, large size can also suggest that the bank is much more difficult to manage or it could be the consequence of a bank's aggressive growth strategy. The empirical evidence is also mixed. Goddard *et al.* (2004) and Garcia-Herrero and Vazquez (2007) proved higher profitability for very large banks in industrial countries. Profitability will be more when Chinese banks become more market-oriented and face stronger competitiveness, and it seems to be quite persistent in China which

signals barriers to competition due to a high degree of government intervention as banks are given yearly targets for asset quality and capitalization.

The mechanism is as follows. After a sudden drop in bank profitability, if equity is low enough and it is too costly to issue new shares, banks lessen lending; otherwise they fail to meet regulatory capital requirements and this produces real impacts on consumption and investment. Empirical findings prove that bank profitability is a significant predictor of financial crises (Demirguc-kunt and Detragiache, 1999). However, the monitoring of bank profits is made hard by the fact that bank profit components are observed at wide-apart intervals, at best quarterly, and detailed public information is available only for large and listed companies. Accordingly, studying how macroeconomic and structural indicators affect bank's profits is significant as such indicators are considered with higher frequency, especially those on the financial markets (Albertazzi and Gambacorta, 2009).

3.5 Customer Satisfaction and Service Quality with Private and Public Banks

Customer satisfaction is a new approach in an organization which emphasizes customer-oriented management. Evaluating customer satisfaction involves a prompt and objective feedback about clients' alternatives and expectations. In this regard, company's performance might be assessed according to satisfaction level which shows the strong and the weak points of an organization. Modern management focuses on customer satisfaction as a main criterion of performance and excellence for a business organization (Gerson, 1993). It also provides a sense of achievement for all employees involved in customer service process (Mihelis, *et al*., 2001).

Customer orientation is evaluated according to two indicators of quality and quantity, and its performance is based on some principles which have three more determinants: (1) supplying for continuous customer needs, (2) creating value for customers, and (3) providing customer satisfaction. Banks are important business organizations to deliver services to their customers in a better way as there have been a lot of considerations from the banks managers to customers. This became especially true for in Iran in recent years. At the beginning of 2001 in which privatization of public banks started in Iran, a modern viewpoint was taken toward private banking in Iran. However, public banks felt that these new private banks became their main competitor in the banking sector. There is no doubt that private banks have been more successful than public banks in the field of customer satisfaction. Private banks also introduce new products and services to attract customers.

The most important factor that attracted customers to the private banks in Iran is the fact that private banks adopted e-Banking technologies and started to offer online banking services to their customers. As it has been seen recently, private banks were pioneers to establish main bank centers, but not branches, i.e., they allowed the customers to be the customers of banks not branches. At present, the main policy of both public and private banks is to adopt e-Banking services in order to compete both in the domestic as well as international markets (Parstimes Webpage, 2008).

The most important category for customers in banking affairs is high speed in services delivery, so modern IT technology and fast services delivery are the main aspects for customer satisfaction. Modern banking system in Iran includes customer

oriented service delivery, modern approaches in marketing, and advanced IT technology that enables banks to deliver fast and high quality of banking services (Delavar, 2008).

Banking industry in America during 1960s and 1970s witnessed high customer loyalty. A recent research showed that 75% of the clients changed banks only when they changed their residence (Foster, 1968). Thus, banks have concentrated on attracting new residents in an area. The empirical study by Colgate and Hedge (2001) provided evidence that banks' customers in Australia and New Zealand had three main reasons for changing banks. These were, service failure, pricing, and denied services. Finally, their results showed that problems with pricing had the most important effect on changing behavior.

In Iran, private Banks are operating in a highly competitive environment, therefore they have to try hard to deliver better services in order to attract customers and to maintain their current customer base by satisfying their financial services needs. The lack of customer satisfaction can easily lead to losing their customers to the other banks which in turn reduce their profitability, and even cause them to make losses in their operations. For private banks, this can eventually lead to bankruptcy. However, for the public banks lack of profitability does not cause them to go bankrupt due to the government support toward these banks (Aghaee, 2009).

According to Arasli et al. (2005), there is a direct relationship between service quality and customer satisfaction which was researched in a developing country, North Cyprus. Service quality also lets the company be unique from its competitors

by increasing market shares and sales. In turn, it results in customer satisfaction, and leads to repeat purchase behavior and brand loyalty which causes the new customers to be attracted through positive advertisements. Arasli *et al*. (2005) also declare that service quality is linked with customer satisfaction in banking industry because banks know that service quality delivery to customers is crucial for the success of banks in this competitive world. Service quality model (SERVQUAL) is the result of a comparison of perceptions and expectations of customers with a particular service. This model (SERVQUAL) was introduced by Parasuraman *et al*. (1988), and many researchers have used this 22-item scale to study service quality. Information technology (IT) also has an impact on service quality in banks. The surveys show that IT based services have a direct effect on the SERVQUAL dimensions and an indirect effect on customer's service quality and customer satisfaction (Arasli *et al*., 2005).

According to Arasli *et al*. (2005), the SERVQUAL instrument which was conducted by Parasuraman *et al.* (1988), covers ten components of service quality. These ten components were shortened into five dimensions: reliability which is the performance of service in a correct way; tangibles which show the appearance of physical factors such as facilities and equipment; empathy which is about individual attention and customer care; responsiveness which is about giving help and immediate services to customers; assurance which is the knowledge of staff and their ability to give confidence to customers. Each dimension is measured by four or five items, so that it measures both customer expectations and perceptions separately. Although some researchers report that the SERVQUAL instrument is under question

due to its five dimensions, yet it is still a useful tool for the measurement of service quality (Arasli *et al*. (2005).

According to Zeithaml et al. (1990), leadership plays a significant role in delivering excellent service. Strong management commitment to service quality improves and stimulates an organization to a better service performance. Real service leadership builds an excellent environment that prevails over operational complexities, market pressures, or any other barriers to quality service that might exist. Service quality might lead to customer satisfaction and people in service work need a vision where they can believe, an achievement culture that challenges them to be the best they can be, a sense of team that supports them, and role models that show them the way (Zeithaml et al., 1990).

Chapter 4

METHODOLOGY

In 2002, Iran started to change its economic policies from repressive to liberalized policies. This trend took place in major economic sectors such as financial sector, agriculture, industries and mines. This research examines policy changes in the financial sector. In 2001, the government decided to sell 80% of the shares of all public banks in Iran. As a result some of the largest public banks such as Mellat Bank and Saderat Bank were privatized. It is also expected that other public banks will also be privatized in the near future according to the general privatization policy of the government.

As it is stated in the literature, private banks deliver better and quick services to their customers; therefore, they maintain a higher customer satisfaction than the public banks. Our research aims to examine this argument for the Iranian banking sector. Therefore, the respective research questions what we are asking are:

1. Are there differences in the extent of customer satisfaction between private and public banks?

2. Are there differences in degrees of customer satisfaction between male and female customers?

Unless we can prove statistically that there are differences in customer satisfaction between private and public banks, and also there are significant differences in degrees of customer satisfaction between male and female bank customers, these

questions can be replied hypothetically that there are no significant differences in customer satisfaction between private and public banks, and also there are no significant differences between customers' perceptions and expectations of bank services in males and females viewpoints.

4.1 Sample

In order to test our hypothesis above, we randomly chose 220 customers of public and private banks in Iran. Of the 220 questionnaires distributed, all of them were completed by the bank clients, hence the size of the sample, with respect to the given questionnaire is considered to be adequate. The main objective of this research is to use SERVQUAL instrument to evaluate service quality and customer satisfaction in Iranian banking sectors. The tables below summarize the personal information about the sample.

Table 4 demonstrates the distribution of clients by gender. As can be seen, female clients make up almost 60% of the surveyed population while males constitute 40% of the population being surveyed.

Table 4: Distribution of the Clients by Gender

Frequency	Percent	Cumulative Percent
89	40.5	40.5
131	59.5	100.0
220	100.0	

Table 5: Distribution of the Clients by Age

	Frequency	Percent	Cumulative Percent
under 20	10	4.5	4.5
21-30	134	60.9	65.5
31-40	43	19.5	85.0
41-50	23	10.5	95.5
51-60	9	4.1	99.5
above 60	1	.5	100.0
Total	220	100.0	

Table 5 shows the age composition of the clients being surveyed. As demonstrated, over 60% of the clients were in the 21-30 age groups as against 19.5% in the 31-40 age groups. The 41-50 age groups made up only 10.5% of the clients while only 4% of the total population was composed of people aged under 20 and those in the 51-60 age categories.

Table 6: Distribution of the Clients by Marital Status

	Frequency	Percent	Cumulative Percent
Single	119	54.1	54.1
Married	99	45.0	99.1
Divorced	2	.9	100.0
Total	220	100.0	

Table 6 shows the distribution of the clients by marital status. As can be seen, singles made up over 54% while married clients constituted 45% of the clients. This sharply contrasted with divorced clients making up only 0.9% of the surveyed sample.

Table 7: Distribution of the Clients by Occupation

	Frequency	Percent	Cumulative Percent
Executive/Manager	7	3.2	3.2
Professional	15	6.8	10.0
Trade/Proprietor	26	11.8	21.8
Student	31	14.1	35.9
Retired	8	3.6	39.5
Others	133	60.5	100.0
Total	220	100.0	

Table 7 shows the distribution of clients according to their occupation. As can be seen, students and trade/proprietors made up 14.1% and 11.8% of the clients respectively, while professionals constituted 6.8% of the population. Retired clients and executives/managers comprised 3.6% and 3.2% of the clients between them. Others occupations made up 60.5% of the clients.

Table 8: Distribution of the Clients by Nationality

	Frequency	Percent	Cumulative Percent
Iranian	220	100.0	100.0

Table 8 demonstrates the distribution of the clients by nationality. As can be seen, all the clients in the survey were Iranian by nationality.

Table 9: Distribution of the Clients by Monthly Income Level

	Frequency	Percent	Cumulative Percent
0-4 - 990,000 rials 0-4,900 USD	160	72.7	72.7
5,000,000- 9,990,000 rials 5,000 – 9,990 USD	44	20.0	92.7
10,000,000 - 14,990,000 rials 10,000 – 14,990 USD	11	5.0	97.7
15,000,000 - 19,990,000 rials 15,000 – 19,990 USD	4	1.8	99.5
25,000,000 rials and over 25,000 USD and over	1	.5	100.0
Total	220	100.0	

Table 9 shows the distribution of the clients by their monthly income level. Overall, 72.7% of the clients earned less than 5 million rials per month. Those in the 5,000,000 – 9,900,000 income category made up 20% of the clients while those in 10,000,000 – 14,000,000 and 15,000,000 – 19,000,000 income groups constituted 5% and 1.8% of the clients respectively. Only 0.5% of the clients earned 25 million rials and over.

Table 10: Distribution of the Clients by Education Level

	Frequency	Percent	Cumulative Percent
Primary school	7	3.2	3.2
High school	47	21.4	24.5
University graduate	136	61.8	86.4
Post graduate	30	13.6	
Total	220	100.0	

Table 10 shows the distribution of the clients by level of education. As the table shows, 61.8% of the clients were university graduates as compared to 21.4% made up of high school diploma holders. Clients with post-graduate degrees constituted

13.6% of the surveyed population while clients with primary school education claimed only 3.2% of the clients.

Table 11: Distribution of the Clients by Area of Living

	Frequency	Percent	Cumulative Percent
Ramsar	204	92.7	92.7
Tonekabon	7	3.2	95.9
Chaboksar	9	4.1	100.0
Total	220	100.0	

Table 11 demonstrated the distribution of the clients according to their area of living. As can be seen, Ramsar residents made up 92.7% of the surveyed clients while clients from Tonekabon and Chaboksar constituted 3.2% and 4.1% of the samples respectively.

Table 12: Distribution of the Clients by the Type of the bank

	Frequency	Percent	Cumulative Percent
Public bank	97	44.1	44.1
Private bank	14	6.4	50.5
Both private and public bank	101	45.9	96.4
Newly privatized	8	3.6	100.0
Total	220	100.0	

Table 12 shows the distribution of the clients by bank types. As can be seen, the majority of clients (45.9%) had accounts both in private and public banks while 44.1% of the clients used public banks only. Customers of private banks made up 6.4% of the clients which nearly twice as many as the clients of newly privatized banks with 3.6%.

35

4.2 Questionnaire

Primary data was collected with an instrument as revised from Parasuraman *et al.* (1988). The questionnaire was directly translated into Farsi and used to collect data. Farsi version was edited by someone who was fluent both in Farsi and English languages. The hard copies of Farsi version were distributed among the clients and collected back after they were completed.

The questionnaire comprises three parts. Part A involves personal information which has nine items. The first item is gender, age, marital status, occupation, income level, nationality and education. The other items are marital status and occupation in which participants were in any groups to complete the questionnaire. Item 5 is nationality in which all the respondents were Iranian. Item 6 shows the income level, and the participants were in different levels of income. Item 7 indicates education level, and also the clients were in different levels of education. The other item is area of living. Three major cities located in Northern provinces such as Ramsar, Tonekabon and Chaboksar were selected since the researcher is the native of this area and knows the culture of clients. The last item is the type of customers' currently used banks. The number of clients for private banks was 14, public banks were 97, both private and public banks were 101, and newly- privatized banks was 8 out of 220 participants.

Part B uses the SERVQUAL instrument which follows Likert Scale model from strongly disagree to strongly agree (1- strongly disagree 2- disagree 3- to some extent disagree 4- not certain 5- to some extent agree 6- agree 7- strongly agree). This part has two main items such as expectations and perceptions. Expectations deal with

customers' opinions about banks, but perceptions relate to customers' feelings about the particular banks that they choose. Each of expectation or perception instrument has 5 dimensions.

In this part, the first dimension tests the customers' expectations about the tangible assets of the top banks, such as the banks' office equipment, facilities and the appearance of employees in top banks. The other services such as pamphlets and bank statements are crucial to customers in top banks. Generally, customers expect everything to be visually appealing, but in tangible perception, all the items are the same as expectations items as if XYZ banks (customers' currently used banks) have these criteria, and they're scored according to Likert Scale from strongly disagree to strongly agree.

The second dimension of expectation is reliability. Customers pay more attention to punctuality of staff in delivering service. Punctual and prompt delivering of services are two indicators of top bank service quality in the view of their respective customers. Reliability and trust are significant factors for customers, but in the reliability of perception, participants are asked to reply according to their XYZ banks.

The third dimension is responsiveness. The customers expect top banks employees to give them immediate services and assistance. They also expect to know the exact time of service delivery. Employees of top banks try to be responsive to customers. However, in terms of customers' perceptions of bank responsiveness, customers regard the previously-mentioned criteria as quality of bank services.

The fourth dimension surveys customers' expectations and perceptions of assurance as regards bank services. In the view of customers, four criteria install assurance. These include behavior of employees towards customers, level of safety maintained in bank transactions, employees' etiquette, and employees' well informedness of bank procedures and regulations.

The fifth dimension surveys customers' expectations and perceptions of the level of empathy exhibited towards them by bank employees and managers. In the view of customers, employees' attention to customers, bank hours, banks' commitment to customers' best interest, and banks' consideration of customers' specific needs are indicators of empathy. If perception is more than expectation, it means that the customers are satisfied, but if expectation is more than perception, it conveys customer dissatisfaction.

Finally, the Part C of the questionnaire surveys customers' satisfaction factors according to the Likert scale (Lam et al. 1997). It has two items which measure '' Degree of Overall Satisfaction with the Bank" and "Degree of Recommendation of the bank to others". A seven-point Likert Scale ranging from "1=very bad" to "7=very good" was used to measure the two variables.

 The factors are as follows:

   1. Overall satisfaction from the bank

   2. Overall expectation from the bank

   3. Perceived risk for the bank

   4. Confidence for the bank

5. Recommendation of the bank to others

6. Bank service charges

7. Full use of services

8. Loyalty to bank

After the data was obtained in 220 completed questionnaires, it was entered in SPSS 16, and then it was used to do the analysis. The SPSS software was used to calculate correlations between the variables in the research instrument and also to generate graphs and diagrams to illustrate the data.

First, responses from the participants were extracted and tallied separately for each item in the questionnaire. Then an average score for each item was calculated, both for the expectations sections and the perceptions sections of the questionnaire. In the next stage, bio-data from all participants were extracted and categorized. All data obtained were then fed into SPSS 16 to calculate means and correlations of all the items in the questionnaire. Following that, SPSS 16 was used to generate diagrams and graphs for illustration of the data analysis.

The research was exposed to a number of limitations that are described here. Firstly, due to the confidential nature of most bank information, it was difficult to obtain data on sensitive bank services and performance records. On several occasions, special permits had to be issued before the researcher was allowed to access certain bank data. Another limitation affecting the study was the fact that the survey was limited to the northern provinces of Iran. As a result, findings can be generalized for that area only. However, the limitations were counterbalanced by a number of positive points in the survey. Due to strong relationship between the researcher and the bank

officials in the survey, access was made available to certain data which are not normally accessible to the public. Secondly, due to the fact that the researcher was well aware of the local culture and due to his acquaintance with many of the participants, there was high confidence that the questionnaires were completed with honesty and enthusiasm, which would, in turn, positively affect the reliability of the research findings.

The method for this survey is questionnaire-based. A twenty-two-item questionnaire was distributed to determine how customers perceive the quality of services at the banks in Iran and to measure customers' satisfaction levels. Data for this study was collected from private banks, public banks and newly privatized banks. Participants were mostly the inhabitants in North of Iran in the cities such as Ramsar, Tonekabon and Chaboksar. As it was said, data collection instrument or design was questionnaire type. The reference of questionnaire has been taken from Seminal Articles which was compiled by Parasuraman *et al.* (1988).

Chapter 5

SURVEY RESULTS AND FINDINGS

5.1 Analysis of the SERVQUAL Instrument

In this research, three types of banks including private banks, public banks, and newly privatized banks were compared in terms of their customers' expectations and perceptions of the banks' service quality. A comparison of the findings is presented in Table 13 in which the clients' expectations and perceptions of bank services in four categories of public banks, private banks, newly privatized banks, and both private and public banks are compared. Overall, expectations exceed perceptions in all the four categories; however, differences vary from bank to bank. As can be seen, the biggest difference between expectations and perceptions was observed in newly privatized banks with expectations outgrowing perceptions by almost 1.4 points.

Table 13: Average Expectation and Perception Scores in the Five Dimensions

	Perceptions Mean	Expectations Mean	Gap Score
Tangibles	4.59	5.92	-1.33
Reliability	4.63	6.16	-2.47
Responsiveness	4.5	6.02	-1.52
Assurance	5.04	6.19	-1.15
Empathy	4.31	5.55	-1.24

As Table 13 reveals perceptions in both private and public banks were significantly below expectations in all the five dimensions. The greatest gap score was observed in terms of reliability with a difference of -2.47 points. Mean perceptions of responsiveness also revealed that expectations were not fully met in either private or public banks.

Table 14: Average Expectation Scores in Each Dimension

	Mean Public	Mean Private	Gap Score
Tangibles	5.7655	5.7321	0.0334
Reliability	6.1629	5.7429	0.4200
Responsiveness	6.0052	5.9643	0.0409
Assurance	5.0026	5.0000	0.0026
Empathy	5.4742	5.6286	-0.1544
Total	5.6820	5.6135	0.0685

Another interesting finding that emerged from the data was that, in general, customers had a higher expectation level of public banks than of private banks. See Table 14. Although the differences were not significant, they were indicative of the general public attitude toward public banks that for decades remained the sole provider of bank services in the absence of private or newly-privatized banks. Public banks are also supported by government although private banks are new from the peoples' viewpoints. Positive gap score plays an important role in favor of public banks, too.

Table 15: Average Perception Scores in Each Dimension

	Mean Public	Mean Private	Gap Score
Tangibles	4.4897	4.5179	-0.0282
Reliability	4.5649	4.6571	-0.0922
Responsiveness	4.2320	4.7500	-0.5180
Assurance	5.0026	5.0000	0.0026
Empathy	4.2701	4.3857	-0.1156
Total	4.5118	4.6621	-0.1503

The data also revealed that overall perceptions in private banks exceeded those in public banks as is shown in Table 15 The biggest discrepancy was observed in responsiveness dimension where a difference of -0.5180 indicated that customers in private banks are more satisfied than those in public banks.

Table 16: Evaluation of the SERVQUAL Dimensions in public banks

	Perceptions	Expectations	Gap score
Tangibles	4.4897	5.7655	-1.2758
Reliability	4.5649	6.1629	-1.5980
Responsiveness	4.2320	6.0052	-1.7732
Assurance	5.0026	5.0026	0.0000
Empathy	4.2701	5.4742	-1.2041
Total	4.5118	5.6820	-1.1702

Table 16 also shows the total expectations and perceptions in public banks. The table indicates that there was significant discrepancy between the clients' expectations and perceptions that ranged from -1.2 in the empathy item to -1.7 in responsiveness. The discrepancy between perceptions and expectations is an indication that customer satisfaction was not adequately achieved in public banks.

Table 17: Evaluation of the SERVQUAL Dimensions in private banks

	Perceptions	Expectations	Gap score
Tangibles	4.5179	5.7321	-1.2142
Reliability	4.6571	5.7429	-1.0858
Responsiveness	4.7500	5.9643	-1.2143
Assurance	5.0000	5.0000	0.0000
Empathy	4.3857	5.6286	-1.2429
Total	4.6620	5.6136	-0.9516

The data in Table 17 exhibits the difference between clients' expectations and perceptions in private banks. As can be seen, unlike in Public banks, perceptions in private banks were closer to expectations hence a smaller discrepancy between the two variables. The difference between the expectations and perceptions ranged from -1.08 for reliability to -1.24 for empathy.

A comparison of the means obtained in Table 16 and Table 17 revealed that private banks' quality of service was closer to their clients' expectations than it was with public banks' quality of service to their clients' expectations.

5.2 Analysis of the customer satisfaction instrument

Table 18: Clients' Expectations and Perceptions of Banks

Type of the banks		N	Mean	Std. Deviation
Public bank	Overall Expectations	97	5.6821	.58962
	Overall Satisfactions	97	4.5119	1.10294
Private bank	Overall Expectations	14	5.6136	1.46001
	Overall Satisfactions	14	4.6621	1.54794
Both private and public banks	Overall Expectations	101	5.8263	.57755
	Overall Satisfactions	101	4.7475	1.01681
Newly privatized	Overall Expectations	8	5.8562	.80730
	Overall Satisfactions	8	4.4888	1.38928

The least amount of difference between the two variables of expectations and perceptions was observed in private banks with the former being 5.6 against 4.6 for the latter, showing a difference of 1.0 point. Following private banks, public banks showed a difference of 1.1 points in favor of expectations compared to their clients' perceptions. Overall satisfaction of private banks shows the highest number which indicates that it is disperses, i.e. the clients had different ideas. Thus, overall expectations of both private and public banks also show the lowest number which indicates the cluster mode, i. e. the clients had close ideas to this issue.

Table 19: Classification of Expectations and Perceptions by Gender

Gender		N	Mean	Std. Deviation
Male	Overall Expectations	89	5.7565	.83645
	Overall Satisfactions	89	4.7879	1.18349
Female	Overall Expectations	131	5.7460	.54644
	Overall Satisfactions	131	4.5207	1.04040

Table 19 compares male and female clients' expectations and perceptions. As can be seen, among both groups expectations exceeded perceptions. Male clients' expectations with an average of 5.75 were slightly greater than those of females with a mean of 5.74; however, female clients' expectations averaging 5.74 outgrew their perceptions by 1.22. Among male clients, this difference was less than 1 point in favor of the expectations.

Overall satisfaction of male clients has the highest number which is the indicative of disperse mode (different ideas), but overall expectation of female has the lowest number which conveys the cluster mode (close ideas) of the clients.

Table 20: Average Customer Satisfaction Scores in both private and public banks

	N	Mean	Std. Deviation
Perceived Risk for the bank(s)	220	4.37	1.215
Confidence for the bank(s)	220	5.12	1.284
Recommend the banks to others	220	4.67	1.318
Charges of the bank for services	220	3.89	1.747
Full use of services	220	4.70	1.446
Are you loyal to your bank?	220	5.41	1.442
Valid N (listwise)	220		

Table 20 shows the average customer satisfaction in both private and public banks. The highest mean is referred to loyalty to the banks (5.41) which indicates that the customers are loyal to the banks at any rate. The second mean is related to confidence for the banks (5.12), of course it's close to loyalty to banks. The least mean belongs to charges of the bank for services (3.89). It's due to high amount of service charging from both banks. It is also disperse in standard deviation with the amount of 1.747, i.e. the customers have different ideas about charges of banks for services. Perceived risk for the banks is in cluster mode with the amount of 1.215, i.e. the customers have close ideas together. This average was ranked among 220 clients who completed the questionnaires and were the customers of both public and private banks.

Table 21: Average Customer Satisfaction Scores in Public Banks

	N	Mean	Std. Deviation
Perceived Risk for the bank(s).	197	4.34	1.242
Confidence for the bank(s).	197	5.11	1.281
Recommend the banks to others.	197	4.66	1.359
Charges of the bank for services	197	3.87	1.753
Full use of services	197	4.70	1.446
Are you loyal to your bank?	197	5.38	1.468
Valid N (listwise)	197		

Table 21 shows the average customer satisfaction in public banks. As can be seen, participants demonstrated a high degree of loyalty to public banks, averaging 5.38 on the seven-point Likert scale. This loyalty was further confirmed by the respondents' confidence in the banks being surveyed with a mean of 5.11. However, customers' satisfaction with the charges public banks demand for their services appeared to score the least on the scale, indicating a low level of public satisfaction in that area. In addition, opinions seemed to differ widely on the aforementioned item, a fact that was demonstrated by the highest degree of standard deviation standing at 1.753. The respondents appeared to be in greater concord on the perceived risk for the bank as indicated by a standard deviation of 1.242.

Table 22: Average Customer Satisfaction Scores in Private Banks

	N	Mean	Std. Deviation
Perceived Risk for the bank(s).	23	4.61	0.941
Confidence for the bank(s).	23	5.17	1.337
Recommend the banks to others.	23	4.78	0.902
Charges of the bank for services	23	4.04	1.718
Full use of services	23	4.74	1.484
Are you loyal to your bank?	23	5.70	1.185
Valid N (listwise)	23		

Table 22 shows the average customer satisfaction in private banks. As in Table 21, customers demonstrated a high degree of loyalty to their respective private banks with an average of 5.70, which indicated a higher degree of fidelity amongst customers compared to public banks. Confidence for the banks rated second on the scale with a mean of 5.17 demonstrating a high level of confidence in the banks. This showed a higher level of confidence among bank customers as compared to that of customers in public banks. On average, customers in private banks seemed to be more converged on their opinions about items being surveyed than the customers in public banks. The highest level of concord was achieved on customers' opinions about the recommend the banks to others with 0.902 as against a standard deviation of 1.718 on charges of the bank for their services. In general, it can be concluded from Table 21 and Table 22 that private banks customers were not only more loyal to and confident in their banks than public bank customers but also were more in concord.

To compare the average mean of public bank to private bank, it is analyzed that average mean of private banks is higher than public banks, and it's indicative of more customer satisfaction toward private banks.

Chapter 6

CONCLUSION

In general, the expectations of Iranian bank customers on service quality items as suggested by Parasuraman *et al.* (1988) exceeded their perceptions. The differences in the clients' expectations and perceptions varied from bank to bank and between male and female customers. Overall, interactions between bank personnel and bank customers are a decisive factor that strongly impact customer satisfaction. It is no wonder that the largest discrepancy between expectations and perceptions of Iranian bank customers was observed with respect to responsiveness. Customers expect prompt service and will not put up with bank staff that appears to be too busy to respond. They also expect the bank to be sensitive to their needs and give the customers personalized attention.

The data also revealed that Iranian bank customers place high expectations on the reliability of bank services. The significant discrepancy between the expectations and perceptions of Iranian bank customers in terms of reliability, however, indicated that people had a poor opinion of bank service quality. This can be due to frequent delays and unpunctuality that commonly prevail Iranian banks.

In terms of assurance, the data revealed that Iranian bank customers' expectations were not adequately met by Iranian banks. Assurance is generally instilled in bank customers when banks exhibit a great amount of expertise in their performance

which, in turn, positively impacts the customers' confidence in their respective bank transactions. As regards the Iranian situation, due to the fact that almost none of the banks are autonomous financial institutions, government interventions in Iranian bank operations are rife. Directives are issued that, for instance, would suspend giving house loans or increase/decrease interests on borrowing or deposits.

The general physical appearance of banks also plays an important role in bank customers' expectations and perceptions of the quality of the bank and its services. Although there is a general tendency in Iranian banks to modernize and renovate their branches, still the majority of bank branches have a low rating in their visual appeal. The discrepancy between expectations and perceptions as regards tangibles was greater in public banks than in private banks. To exemplify, few public banks observe a dress code their employees, especially for the reception desk staff. In addition, public banks perform poorly in disseminating information regarding their services in the shape of pamphlets, leaflets and other promotional materials. As a result, bank customers are usually obliged to make personal inquiries to bank staff, who may not be in possession of the required knowledge to respond to every type of inquiry.

The data also revealed expectations and perceptions significantly differed in terms of empathy. Top level banks will always have their customers' best interest at heart and pay special attention to their specific needs. They also adjust their operating hours so as to be convenient to all their customers. However, in the Iranian situation, most banks, especially the public ones, are not customer-focused. As a result, they tend to offer their services wholesale and seldom tailor them to meet client demand. Due to

lack of competitiveness amongst Iranian banks, banks offer their services on a *take-it-or-leave-it* basis.

According to Table 13 in Chapter 5, customers are more satisfied with private banks than public banks. Although public banks pre-existed private banks in Iran, private banks have taken more customer-oriented measures and, as a result, been more successful in promoting customer satisfaction despite the fact that they did not exist in Iran before 2000. The success of private banks, in part, lies in the investment they have made in staff training and promotion of their staffs' understanding toward service culture. The training programs comprise two main factors of communication and customer care in order to meet customers' personal needs, which, in turn, will result in an increase in customers' loyalty toward their respective banks.

It also needs to be mentioned that the domain of private banks mainly includes larger towns and cities, leaving the smaller towns and villages exclusively to public banks. This is largely to the fact that private banks are a relatively new phenomenon in the Iranian market unlike public banks whose establishments date back to the beginning of the twentieth century. This explains the difference in number between participants from the aforementioned banks in the study, with significantly more public bank customers taking part in the survey than those from the private banks.

REFERENCES

Abdeh Tabrizi, H., (2001), the Private Banks and Restructuring the Public Banks. The Article of 12th Conference of Islamic Banking, Tehran.

Aghaee, T., (2009), an Up-to-Date Knowledge for Iranian Bankers. Azadandishan and Karafarinan Publications.

www.azadandishan.com/wwww.karafarinan.com

Albertazzi, U., and Gambacorta L. (2009), Bank Profitability and the Business Cycle. Journal of Financial Stability 5(2009)393-409. Journal homepage: www.elsevier.com /locate /jfstabil.

Andrianova, S., Demetriades, P., Shortland, A., (2006), Government Ownership of Banks, Institutions, and Financial Development. Journal of Development Economics 85(2008)218-252.

Arasli, H., Katircioglu, S. T. & Mehtap-Smadi, S. (2005). A comparison of service quality in the banking industry. International Journal of Bank Marketing Vol. 23 No. 7, 2005 pp. 508-526

Bahraini, M., Maydani, A., Chamanegir, F., (2008), Comparing the Efficiency in Iranian Public and Private Banks with DEA (Data Envelopment Analysis) Method. Journal of Knowledge and Development (2008), No.25.

Barros, A., R., (2005), How to Make Bankers Richer: The Brazilian Financial Market with Public and Private Banks. Department of Economics, Federal University of Pernambuco, Recife-PE, Brazil.

Berger, A., N., Hasan, I., Zhou, M., (2009), Bank Ownership and Efficiency in China: What Will Happen in the World's Largest Nation? Journal of Banking and Finance33 (2009)113-130.

Bhattacharyya, A., Lovell, C., A., K., Sahay, P., (1997), the Impact of Liberalization on the Productive Efficiency of Indian Commercial Banks. European Journal of Operational Research 98(1997) 332-345.

Boehmer, E., Nash, R., Netter, J.,(2005), Bank Privatization in Developing and Developed Countries: Cross-Sectional Evidence on the Impact of Economic and Political Factors. Journal of Banking and Finance 29(2005) P.1981-2013.

Caprio, Gerard, Patrick Honohan, Joseph, E., Stiglitz (2001), Financial Liberalization: How Far, How fast? Cambridge University Press.

Central Bank Webpage (2007). The Annual Report of Banks in Iran. http:// www.CBI.ir

Delavar Y., (2008), Approaches for Customer Satisfaction. Financial News, No.25

Di Patti, E., B., Hardy, C., (2005), Financial Sector Liberalization, Bank Privatization, and Efficiency: Evidence from Pakistan. Journal of Banking and Finance 29(2005) P.2381-2406.

Garcia-Herrero, A., Gavila, S., Santabarbara, D., (2009), What Explains the Low Profitability of Chinese Banks? Journal of Banking and Finance 33(2009) P. 2080-2092. Journal home page: www.elsevier.com /locate /jbf.

Golany, B., Storebeck, J., E., (1999), P.14-16. A Data Envelopment Analysis of the Operational Efficiency of Bank Branches.

Hsiao, H.-C., Chang, H, Cianci, A., M., Huang, L.-H., (2010), First Financial Restructuring and Operating Efficiency: Evidence from Taiwanese

Commercial Banks. Journal of Banking and Finance xxx (2010) xxx-xxx. Journal Homepage: www.elsevier.com /locate /jbf.

Isard, P., (2004), Globalization and the International Financial System. What's Wrong and What Can Be Done, Cambridge University Press.

Jame Jam Webpage (2008), Profitability of Iranian Banks. http://www.jamejam.com

Jenkins, P., H., (1996). Savings and Development-No.2-1996-xxx. International Institute for Advanced Studies, Cambridge, Massachusetts.

Lam, T., Wong, A. And Yeung, S. (1997), "Measuring service quality in clubs: An application of the SERVQUAL instrument". Journal of Hospitality Marketing, Vol 4 No 1, pp. 7-14

Manrai, L., A., Manrai, A., K., (2007), A field of Study of Customer Switching Behavior for Bank Services. Journal of Retailing and Customer Services 14(2007) P.208-215.

Mihelis, G., Grigoroudis, E., Siskos, Y., Politis and Malandrakis, Y., (2001), Customer Satisfaction Measurement in the Private Bank Sector. European Journal of Operational Research 130(2001).

Mishkin, Feredric, S., (2005), Is Financial Globalization Beneficial? NBER Working Paper No.W11891.

Parasuraman, A.; Leonard, B. L.; Zeithmal, V. A.SERVGUAL: "A multiple-item scale for measuring consumer perceptions of service quality". Journal of Retailing, 1988, 64, 1, 12-40

SPSS-Inc. (2007). SPSS 16.0 for Windows. Chicago, IL: Statistical package for social sciences

Tejarat [Trade] the International Publication of Tejarat (1998), No.8, the History of Banking in Iran.

Zeithaml V., Parasuraman A., Berry L. (1990), Customer Service, Service Industry-

Quality Control-Mathematical Models.

APPENDICES

Appendix A: The English Version of the Questionnaire

RESEARCH QUESTIONNAIRE FOR MASTER'S THESIS

A COMPARATIVE ANALYSIS OF CUSTOMER SATISFACTION IN PUBLIC AND PRIVATE BANKS
Dear respondent, this questionnaire is distributed to determine how customers perceive the quality of service at the banks in Iran with the satisfaction levels.
The names of the participants will be kept confidential, and no individual data will be disclosed. The survey results will based on the collective data and will be evaluated together. In order to obtain a comprehensive and realistic result from this research it is important to answer all the questions. Your contribution will be extremely valuable to my research thesis. I thank you very much for spending your time to fill up this questionnaire.
Mr Farzad Asgarian.
Master of Science Candidate in Banking and Finance
Department of Banking and Finance
Eastern Mediterranean University
North Cyprus
Please kindly complete the questionnaire below and fax or e-mail it to:
Email:
Mobile :
Tel:
Fax:

<u>**PART A. PERSONAL INFORMATION**</u>

1. **Gender**   a. Male   b. Female

2. **Age**   a. Under 20   b. 21-30   c. 31-40   d. 41-50   e. 51-60   f. above 60

3. **Marital Status**   a. Single   b. Married   c. Divorced

4. **Occupation**   a. Executive/Manager   b. Professional   c. Trade/Proprietor   d. Student   e. Retired   f. Others _____

5. **Nationality**   a. Iranian   b. Other

6. **Monthly Income Level**   a. 0   -   4,990,000 rials   b.5000, 000   -   9,990,000 rials   c.10, 000,000   - 14,990,000 rials

d.15, 000,000 - 19,990,000 rials   e. 20,000,000 - 24,990,000 rials   f. 25,000,000 rials and over

7. **Education Level**   a. Primary School   b. High School   c. University Graduate   d. Post Graduate   e. PhD

8. **Area of Living**   ……………………………………………………………………………

9. **Type of the banks you are currently using**   a. Public Bank   b. Private Bank   c) Both Public and Private   d) Newly privatized

PART B. THE SERVQUAL INSTRUMENT

EXPECTATIONS	PERCEPTIONS
This survey deals with your opinions of banks. Please show the extent to which you think banks should posses the following features. What we are interested in here is a number that best shows your expectations about institutions offering bank services.	The following statements relate to your feelings about the particular bank XYZ you choose. Please show the extent to which you believe XYZ has the feature described in the statement. Here, we are interested in a number that shows your perceptions about XYZ bank.
Strongly Disagree　　　　　　　　　　　　　　Strongly Agree 　　1　　2　　3　　4　　5　　6　　7	Strongly Disagree　　　　　　　　　　　　　　Strongly Agree 　　1　　2　　3　　4　　5　　6　　7

Tangibles – Expectations	Score	Tangibles - Perceptions	Score	Gap
E1 Top banking companies will have modern looking equipment		P1. XYZ banks have modern looking equipment.		
E2. The physical facilities at top banks will be visually appealing		P2. XYZ Bank`s physical facilities are visually appealing.		
E3. Employees at top banks will be neat appearing.		P3. XYZ Bank`s reception desk employees are neat appearing.		
E4. Materials associated with the service (such as pamphlets or statements) will be visually appealing at an excellent bank.		P4. Materials associated with the service (such as pamphlets or statements) are visually appealing at XYZ bank.		
Average Tangibles Servqual Score:		Average Tangibles Servqual Score:		

Reliability – Expectations	Score	Reliability - Perceptions	Score	Gap
E.5 When top banks promise to do something by a certain time, they do.		P.5 When XYZ bank promises to do something by a certain time, it does so.		
E.6 When a customer has a problem, top banks will show a sincere interest in solving it..		P.6 When you have a problem, XYZ bank shows a sincere interest in solving it.		
E.7 Top banks will perform the service right the first time.		P.7 XYZ bank performs the service right the first time.		
E.8 Top banks will provide the service at the time they promise to do so.		P.8 XYZ bank provides its service at the time it promises to do so.		
E.9 Top banks will insist on error free records.		P.9 XYZ bank insists on error free records.		
Average Tangibles Servqual Score:		Average Tangibles Servqual Score:		

Strongly Disagree　　　　　　　　Strongly Agree 1　　2　　3　　4　　5　　6　　7		Strongly Disagree　　　　　　　　Strongly Agree 1　　2　　3　　4　　5　　6　　7

Responsiveness – Expectations	Score	Responsiveness - Perceptions	Score	Gap
E.10 Employees of top banks will tell customers exactly when services will be performed.		P.10 Employees in XYZ bank tell you exactly when the services will performed.		
E.11 Employees of top banks will give prompt service to customers.		P.11 Employees in XYZ bank give you prompt service.		
E.12 Employees of top banks will always be willing to help customers.		P.12 Employees in XYZ bank are always willing to help you.		
E.13 Employees of top banks will never be too busy to respond to customers` requests.		P.13 Employees in XYZ bank are never to busy to respond to your request.		
Average Tangibles Servqual Score:		Average Tangibles Servqual Score:		

58

Assurance – Expectations	Score	Assurance - Perceptions	Score	Gap
E.14 The behavior of employees in top banks will install confidence in customers.		**P.14** The behavior of employees in XYZ bank installs confidence in you.		
E.15 Customers in top banks will feel safe in transactions.		**P.15** You feel safe in your transactions with XYZ bank.		
E.16 Employees of top banks will be consistently courteous with customers.		**P.16** Employees in XYZ bank are consistently courteous with you.		
E.17 Employees of top banks will have the knowledge to answer the customers` questions.		**P.17** Employees in XYZ bank have the knowledge to answer your questions.		
Average Tangibles Servqual Score:		**Average Tangibles Servqual Score:**		

Empathy – Expectations	Score	Empathy - Perceptions	Score	Gap
E.18 Top banks will give customers individual attention.		**P.18** XYZ bank gives you individual attention.		
E.19 Top banks will have operating hours convenient to all their customers.		**P.19** XYZ bank has operating hours convenient to all its customers.		
E.20 Top banks will have employees who have customers' personal attention.		**P.20** XYZ bank has employees who give you personal attention.		
E.21 Top banks will have their customer's best interest at heart.		**P.21** XYZ bank has your best interest at heart.		
E.22 The employees of top banks will understand the specific needs of their customers.		**P.22** The employees of XYZ bank understand your specific needs.		
Average Tangibles Servqual Score:		**Average Tangibles Servqual Score:**		

PART C. CUSTOMER SATISFACTION LEVELS ON BANKING SERVICES

Very Bad   **Very Good**

        1   2   3   4   5   6   7

Satisfaction Factors	Score
1. Your Overall Satisfaction from the bank(s).	
2. Your Overall Expectations from the bank(s).	
3. Perceived Risk for the bank(s).	
4. Confidence for the bank(s).	
5. Recommend the banks to others.	
6. Charges of the bank for services	
7. Full use of services	
8. Are you loyal to your bank?	

Appendix B : Farsi Version of the Questionnaire

قسمت الف: اطلاعات شخصی

قسمت الف:اطلاعات شخصی

۱.جنسیت   الف:مذکر   ب:مونث

۲.سن   الف:زیر ۲۰   ب:۲۱-۳۰   پ:۳۱-۴۰   ج:۴۱-۵۰   چ:۵۱-۶۰   د:بالای ۶۰

۳.وضعیت تاهل   الف:مجرد   ب:متاهل   پ:مطلقه

۴.شغل   الف:مدیر   ب:متخصص   پ: شغل آزاد   ج:دانش آموز   چ:بازنشسته   د:سایر_____

۵.ملیت   الف:ایرانی   ب:سایر

۶.سطح درآمدماهانه   الف: ۰ -۴۹۹۰۰۰۰ریال   ب:۵۰۰۰۰۰۰-۹۹۹۰۰۰۰ریال   پ:۱۰۰۰۰۰۰۰-۱۴۹۹۰۰۰۰ریال   ج:۱۵۰۰۰۰۰۰-۱۹۹۹۰۰۰۰ریال   چ:۲۰۰۰۰۰۰۰-۲۴۹۹۰۰۰۰ریال

د:۲۵۰۰۰۰۰۰ریال وبیشتر

۷.سطح تحصیلات   الف:دبستان   ب:دبیرستان   پ:تحصیلات دانشگاهی   ج:تحصیلات عالی   چ:دکتری

۸.محل سکونت:.....................................

۹.نوع بانکی که درحال حاضراستفاده می کنید: الف:بانک دولتی   ب:بانک خصوصی   پ:هردو   ج:بانکهائی که اخیرا خصوصی شده اند

60

قسمت ب:

انتظارات	دیدگاه شماراجع به وضعیت فعلی بانکی که به شما خدمات میدهد
لطفا میزان درجه اهمیتی راکه بانکها فکرمیکنید داشته باید درموردبانکی مشخص کنید.این نظرسنجی نظرات بانکها درمورد شمادررابطه با انتظارات آن براساس خدمات ارائه شده به شمادرموردخدمات بانکهابه زبانی بهترین وجه نشان دهد. اهمیت این نظرسنجی برای ما معیاری است که براساس آن انتظارات ارائه شده به زبانی بهترین وجه نشان دهد. (مخالف کاملا)1 (مخالف)2 (تقریبامخالف)3 (ندارم نظری)4 (موافق)6 (موافق کاملا)7	لطفا میزان درجه اهمیتی راذکرکنیدکه خدمات به بانکی که به شما فعلی وضعیت به شماراجع دیدگاه نشان باشند، زیرراذکرکنیدکه درجه میزان اهمیت راذکرنشان دهد نشان وجه بهترین ازبانکی که شما انتخاب کرده اید.لطفا شماانتخاب که است مشخص درموردبانکی شما احساسات به مربوط ذیل سوالات انتخابیتان شمازازبانک درک میزان دراین قسمت.باشد زیرراداشته درجملات اشاره شده بایدخصوصیات انتخابیتان اززنظرشمابانک است حائزاهمیت. (مخالف کاملا)1 (مخالف)2 (تقریبامخالف)3 (ندارم نظری)4 (تقریباموافق)5 (موافق)6 (موافق کاملا)7

انتظارات – قابل رویت	امتیاز	قابل رویت – دیدگاه شماراجع به وضعیت فعلی بانکی که به شما خدمات میدهد	امتیاز
E1:بانکی مطلوب است که تجهیزات مدرن داشته باشد.		P1:XYZ.بانک، ازنظرمن تجهیزات مدرن دارد.	
E2:بانکی مطلوب است که تجهیزات ظاهری جذابی داشته باشد.		P2:XYZ.بانک، ازنظرمن تجهیزات ظاهری جذاب دارد.	
E3:بانکی مطلوب است که کارمندان آن ظاهری آراسته ومرتب داشته باشند.		P3:ازنظرمن باجه قسمت کارمندان بانک ظاهری آراسته ومرتب دارند.	
E4:بانکی مطلوب درخدمات موادوابزارموردنیازدرخدمات بانکی)همانند دفترچه ها وصورت ها		P4:ازنظرمن بانک ابزارمربوط به خدمات بانکی ازنظرمن موردنیاز)دفترچه ها همانند و:و	
حسابهاودسته چکها)بانک یک مطلوب ظاهری شیک وجذاب دارند.		صورت حسابهاودسته چکها) ظاهری جذاب وشیک دارند.	

انتظارات – اعتماد	امتیاز	اعتماد – دیدگاه شماراجع به وضعیت فعلی بانکی که به شما خدمات میدهد	امتیاز
E5:بانکی مطلوب است که خدمات درزمان خودراانجام مقرر		P5:ازنظرمن خدمات موردنظرمن درزمان خودرادر مقرر انجام میدهد.	

61

امتیاز		امتیاز	
	.P6: آن درحل صادقانه موردنظرمن، بانک شوید، مواجه بامشکلی وقتی .میکند کمک		.میدهد E6:مواجه بامشکلی مشتری یک زمانیکه که است بانکی مطلوب بانک
	P7:مشتریانش خودرابه خدمات اول مراجعه موردنظرمن،درهمان بانک .میدهد ارائه		.میدهد نشان مشکل حل خودرابرای صادقانه علاقه میشود، E7: اول مراجعه خودرادرهمان خدمات که است بانکی مطلوب بانک .میدهد ارائه
	P8:است داده قول که زمانی خودرادرهمان خدمات موردنظرمن بانک .میدهد ارائه		E8:قول که زمانی خودرادرهمان خدمات که است بانکی مطلوب بانک .دهد ارائه داده
	P9:.دارد کمی ثبتی اشتباهات موردنظرمن، بانک		E9:.دارد کمی ثبت خطاهای که است بانکی مطلوب بانک

امتیاز	میدهد شماخدمات به که بانکی فعلی وضعیت به شماراجع دیدگاه –پاسخگونی	امتیاز	انتظارات – پاسخگونی
	P10:رااعلام خدمات ارائه دقیق زمان موردنظرمن، بانک کارمندان .میکنند		E10:رااعلام خدمات ارائه دقیق زمان مطلوب، بانک یک کارمندان .میکنند
	P11:و سریع خودخدمات مشتریان به موردنظرمن، بانک کارمندان .میدهند ارائه وقفه بی		E11:وبدون سریع خودخدمات مشتریان به مطلوب بانک یک کارمندان .میدهند ارائه وقت اتلاف
	P12:.شماهستند به خواستارکمک همیشه موردنظرمن بانک کارمندان		E12:به کمک خواستارومشتاق همیشه مطلوب بانک یک کارمندان .خودمیباشند مشتریان
	P13:که نیستند مشغول چنان وقت هیچ موردنظرمن بانک کارمندان .هستند مشتریان به پاسخگونی قادربه آنهاهمیشه،شمانباشند به پاسخگونی قادره		E13:نیاز به پاسخگونی قادربه همیشه مطلوب بانک یک کارمندان .خودمیباشند مشتریان

امتیاز	میدهد شماخدمات به که بانکی فعلی وضعیت به شماراجع دیدگاه –اطمینان	امتیاز	انتظارات – اطمینان
	P14:رادرشماایجاد اطمینان حس موردنظرمن بانک رفتارکارمندان .میکند		E14: درمشتریان اطمینان مطلوب،حس بانک یک برخوردکارمندان .ایجادمیکند
	P15: امنیت احساس موردنظرمن خودربانک وجه انتقال به شمانسبت		E15:خوددر وجه انتقال به نسبت مشتریان که است بانکی مطلوب بانک

		امتیاز			
.میکنید			کنند امنیت احساس آن		
P16:باشمامودبانه بانک درمحیط همیشه موردنظرمن بانک کارمندان			E16:خود مشتریان با مودبانه رفتاری همواره مطلوب بانک یک کارمندان		
.برخوردمیکنند			.خواهندداشت		
P17: به پاسخگوئی جهت کافی ازدانش موردنظرمن بانک کارمندان			E17: به منظورپاسخگوئی به کافی ازدانش مطلوب بانک یک کارمندان		
.برخوردارند شما سوالات			.خودبرخوردارند مشتریان		

امتیاز		میدهد شماخدمات به که بانکی فعلی وضعیت به شماراجع دیدگاه –همدلی	امتیاز		انتظارات – همدلی
		P18:میدهد نشان خاص شماتوجه به موردنظرمن بانک			E18: اختصاصی خودتوجه مشتریان به که است بانکی مطلوب بانک
		P19:جهت مناسب زمان خودمدت مشتریان همه به موردنظرمن بانک			.دهد نشان
		.میدهد اختصاص خدمات ارائه			E19:زمان مدت خود مشتریان تمامی به که است بانکی مطلوب بانک
		P20:نشان خاص خودتوجه مشتریان همه به موردنظرمن بانک کارمندان			.دهد آنهااختصاص به خدمات ارائه برای مناسب
		.میدهند			E20:توجه مشتریان به که دارد کارمندانی که است بانکی مطلوب بانک
		P21:شمادرنظر سپرده سوددرابرای نرخ بیشترین موردنظرمن بانک			.میدهند نشان شخصی
		.میگیرد			E21:مشتریان سوددرابرای نرخ بیشترین که است بانکی مطلوب بانک
		P22::میکنند شمادرک خاص شرایط موردنظرمن بانک کارمندان			.خوددرنظربگیرد
					E22:مشتریان خاص شرایط آن کارمندان که است بانکی مطلوب بانک
					.خودرابفهمند

قسمت ج: سطح رضایت مشتریان ازخدمات بانکها

(خوب خیلی)7 (خوب)6 (خوب تقریبا)5 (ندارم نظری)4 (بد تقریبا)3 (بد)2 (بد خیلی)1

امتیاز	رضایت فاکتورهای
	1.رضایت کلی شمابانک از
	2.انتظارات کلی بانک از شما
	3.ریسکهای برای موجود بانکها
	4.نسبت اعتماد به بانکها
	5.توصیه بانک به دیگران
	6.دریافت کارمزد به منظورارانه خدمات
	استفاده کامل ازخدمات
	نسبت آیا شما به بانک؟ هستید وفادار خودو