**A study of the Customer Satisfaction on the Service Quality of Si Bin Bank**

**Background of the Study**

A bank is a financial institution which deals with deposits and advances and other related services. It receives money from of deposits and lends mon ey to those who need it. The economic development of most countries can be traced back to the use of money as a medium, transforming from Barter System. Development of any country mainly depends upon the banking system. Along with the economic development , banking has important has important role in every economic sectors while wholesale banking has become essential for industries , transportation , telecommunication and agriculture and livestock sector , customer credit ( such as Hire Purchase , credit and debit cards , Master Cards and Visa Cards ) have become inevitable in modern human society .

Banking industry is a service oriented industry. Service quality is one of the critical success factors that influence the competitiveness of an organization. Therefore, a bank can differentiate itself from competitors by providing high quality of service which will satisfy their customers. In the competitive banking industry, customer satisfaction is considered as the essence of success. Satisfied customers are also likely to tell others of their favorable experiences and thus engage in positive word of mouth advertising which are important for banks, In this way, bank can increase customer.

 Banking sector is an integral part of efficient financial system in country which is crucial to economic development. To promote economic growth for our country, banks perform intermediation role in channeling funds into productive sectors like trading, commerce and various industry. The banking industry is highly competitive, with banks not only competing among each other, but also with non – banks and other financial institutions. Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of price and quality.

Satisfaction comes from the service quality. Satisfaction is more important for loyalty in industries such as banks, insurance, mail order and automobiles. Product differentiation is impossible in a competitive environment like the banking industry. Banks everywhere are delivering the same products. For example, there is usually only minimal variation in interest rates charged or the range of products available to customer. Banks price are fixed and driven by the marketplace. Thus, bank management tends to differentiate their firm from competitors through service quality. Service quality is a imperative element impacting customers satisfaction level in the banking industry.

 Because of emerging new domestic private commercial banks and increasing their branches of existing and new banks, customers may switch to other banks when they feel that they will be perceived the better services in other banks. Customers also have the right to choose the bank which they more prefer. Customers may scatter to other banks when they dissatisfied in treatment of existing ones. Therefore, Si Bin bank is urgently required to maintain its customers. The bank really needs to know customers feedback on its services to create customer values and satisfactions for the long run success of the Si Bin Bank.

**Research Questions**

What are the services of Si Bin Bank?

How Si Bin bank arranges those services to get customers’ satisfaction in **SERVQUAL** dimensions?

How customers expect or perceive towards the services in each dimension?

Are those services satisfied by customers?

What service factors are lower than average of customer satisfaction?

Which dimension that customers most satisfied?

Is there any relationship between service quality and customers satisfaction?

**Research Objectives**

**The main objectives of the study are:**

* To analyze customers Satisfaction On The Service Quality Of Se Bin Bank in Yangon.
* To explore the better ways of providing customers service to create customer values and satisfaction for long run success of Se Bin Bank.
* To explore the services that are not meet with customers’ expectations at each dimension
* To discover the needs and wants of the customers and create the services to meet those needs and wants
* To identify the services that are most used by customers and least used services. Marketing teams can use these data to identify market segments and emphasize the efforts for least services used
* To prove the relationship between service quality and customers’ satisfaction

H1: There is a positive relationship between tangibility and customer satisfaction

H2: There is a positive relationship between reliability and customer satisfaction

H1: There is a positive relationship between responsiveness and customer satisfaction

H2: There is a positive relationship between assurance and customer satisfaction

H2: There is a positive relationship between empathy and customer satisfaction

**Literature Review**

**Service Quality**

Service quality is considered an important tool for a firm’s struggle to differentiate itself from its competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009) and service marketing literature defined service quality as the overall assessment of a service by the customer (Eshghi et al., 2007). Duff et al.

(2008) pointed out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Akroush (2008) also pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Gronroos (2007) also defined service quality as the outcome of the comparison that consumers make between their expectations and perceptions. Customer’s expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Athanassopoulos et al., 2001). Perceived service is the outcome of the consumer’s view of the service dimensions, which are both technical and functional in nature. It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer’s perceptions (Duncan & Elliot, 2004). Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin et al., 2000; Wong et al., 2008). Organizations operating within the service sector consider service quality to be a strategic component of their marketing plan (Spathis et al., 2004). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuter et al., 2000).

**Services Quality in Banking Sector:**

In the changing banking scenario of 21st century, the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customer’s satisfaction and to play a major role in the growing and diversifying financial sector (Guo et al., 2008). There has been a remarkable change in the way of banking in the last few years. Customers have also accurately demanded globally quality services from banks. With various choices available, customers are not willing to put up with anything less than the best. Banks have recognized the need to meet customer’s aspirations. Consequently service quality is a critical motivating force to drive the bank up in the high technology ladder. Banking industry is a demand driven industry, which constitute an important part of the service industry (Newman & Cowling, 1996). Banks have to redefine their corporate image to that emphasizes service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate (Newman, 2001).

**Customer Satisfaction in Banking Sector:**

In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person’s feelings of pleasure or disappointment resulting from the comparison of product’s perceived performance in reference to expectations. Customer’s feelings and beliefs also affect their satisfaction level.

**Theoretical Background (SERVQUAL MODEL)**

**gap1**

**gap5**

**gap4**

**gap2**

**gap3**

**Word of mouth communications**

**Personal needs**

**Past experience**

**Expected service**

**Perceived service**

**Service delivery**

**(including pre-and**

**post contacts)**

**Translation of perceptions into service quality specifications**

**Management**

**perceptions of**

**consumer**

**expectations**

**External communications to customers**

**Employee**

**perceptions of consumer**

**expectation**

Consumer

Provider

**gap6**

**gap7**

Figure1. Model of Service Quality Gaps (Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002)

**Methodology**

**Scope and Method of the study**

This study focuses on customers who deal with Se Bin Bank. ( 120 ) customers would be selected by convenient random sampling method during the banking hours within two weeks . Exploratory research was used for this study in order to explore customer perception. Collected data will be analyzed by using SPSS software.

**Method of the Study**

The descriptive research method is used in the study. In order to fulfill the research objective, both primary and secondary data are used in the study. The primary data: Interview with bank officials and structured questionnaires are collected from 120 customers by using structure questionnaire. Structured Questionnaires will include both open ended and close ended questions. The secondary data are gathered from previous research, internet, journal, magazines, textbook, articles and website. Quantitative and Qualitative analyze would be used. Qualitative analysis would be based on 5 points Likert scales. The five-point Likert scale (where 1= strongly disagree to 5 = strongly agree) has been used for the main research questions. Finally, the data are analyzed by using SERVQUAL Model and appropriate statistical software. SPSS software will be used for correlation and multiple regressions analysis that have been conducted to test the strength of associations between the study variables. Multiple Regression Analysis will be used to test the hypothesis at 95% confidence interval.