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Customer Satisfaction in Banking Sector
A case study in a sample of commercial banks in Erbil City for year
2022

A study submitted to financial and banking department /college of administration and economics /University of Salahaddin – Erbil as a partial fulfillment of requirements for the degree of bachelor degree in financial and banking sciences.

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ABSRRACT

The purpose of this study to shed more light on issues of security, service quality and customer loyalty in relation with customer satisfaction so that the highest level of satisfaction can be achieved. To achieve the research objectives, we formulated three hypotheses based on three factors namely customer loyalty, service quality and security. The sample of the study is the customers of the group of private banks in the city of Erbil and we took the list of questionnaire as a tool for study and distributed randomly to customers. the research reached a number of conclusions and recommendations related the Customer satisfaction .

Keywords: Customer satisfaction, customer loyalty, security, service quality.

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CHAPTER ONE

GENERAL INTRODUCTION

1-1 Introduction: -

The world has become a global village and with it many developments have emerged especially technologically and these have affected or changed the logistics of getting things done. The banking sector has also moved forward with these developments as technological advancement has led to the expansion of offered services embracing internet banking among other things . The banking sector is now highly competitive and therefore there is need to keep the customers coming. Customer satisfaction is very important as it has many benefits other than keeping the customers content. Satisfied customers can market the bank's services to the benefit of the bank itself. In addition, customer satisfaction can also enhance profitability as the current customers continue to enjoy the services. Security can ensure therefore that customers do their transactions safely without the risk of loss of finances and confidential information. It can be said that this can actually enhance customer satisfaction. Given the different threats in banking, banks that provide more security to their clients will probably earn their satisfaction which may ultimately lead to their loyalty as they may want to stay with the bank that they feel most secure with. Achieving loyalty is very beneficial for the company as it means lesser costs and lesser chances of losing customers to rivals. This enhances profitability as well as boosting reputation which is always a good thing in business. One of the ways that the companies can also achieve customer satisfaction and loyalty is by ensuring that the service that they deliver is of high quality. therefore, imperative that the issue of customer satisfaction in the banking sector be looked at especially in this growing competitive world. The ever growing concern about security threats also makes this study very important and there is need for more

awareness about issues of security and especially its relationship with customer satisfaction and how best banks can provide it through security.

1-2 Importance of the study: -

The banking sector is one of the most important and basic sectors in the country's economy.

1-3 Problems of the study: -

The main issue being faced by the commercial banks is that most of them are still being driven under the operation of the outdated programs. Another issue is the lack of qualified and experienced workforce which eventually explains the low quality service delivery to their customers of commercial Banks customers in Erbil city.

1-4 Objectives of the study: -

The present research aims to achieve the following objectives: -

1. To determine the relationship between customer satisfaction and customer loyalty.
2. To establish if security leads customer satisfaction
3. To determine the relationship between service quality and customer satisfaction.

1.5 The study questions: -

On the basis of the aforementioned problem statement and the study objectives, the research attempts to answer the following questions: -

1. Does customer loyalty has a positive effect on customer satisfaction?
2. Does security in banks result in customer satisfaction?
3. Does service quality lead to customer satisfaction?

1-5 Hypotheses of study: -

Hypotheses	
H1	Customer loyalty has a positive effect on customer satisfaction
H2	Service quality has a positive effect on customer satisfaction
H3	Security in banks has a positive effect on customer satisfaction

1-7 The study sample:-

A sample of commercial banks in the city of Erbil for year 2022.

CHAPTER TWO

THEORETICAL FRAMEWORK

First: -customer satisfaction definition and customer satisfaction in banking sector:-

1-1 Customer satisfaction definition:-

Customer“ is a person who buys goods and services. So, customer services involve three entities i.e., seller, buyer and goods/services. Customer service is, therefore, encapsulation of all these entities for the mutual benefits so as to increase the value of all the participants in the process of buying and selling. ([Agarwal, J., 2009, 4](#)).

Satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. There are many factors that affect customer satisfaction ([Hoyer, MacInnis, 2001](#)).

Customer satisfaction is a 'person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived 2performance or outcome against his/her expectations ([Kotler, P, 2000, 87](#)).

Satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire ([Albinsson, 2004, 40](#)).

Customer satisfaction, a term frequently used in marketing, is a measure of how products

and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals ([Cardozzo, 1965, 141](#)).

1-2 Theories of customer satisfaction: -

Customer satisfaction theory was introduced by ([Reichheld, F., 2003](#)) in his book (The Ultimate Question: Driving Good Profits and True Growth) It was based on a study of over 25,000 customers from 1998 – 2003.

Understanding the customer satisfaction theory is crucial that may help you save your business if you are in the middle of a crisis resulting from a decline in customer satisfaction.

And it's divided into:-

- 1- Dissonance Theory
- 2- Contrast Theory
- 3- Comparison Level Theory
- 4- Value Percept Theory
- 5- Equity Theory

1- Dissonance Theory :-

The Dissonance Theory suggests that a person who expected a high-value product and received a low-value product would recognize the disparity and experience a cognitive dissonance ([Cardozzo, 1965](#)). That is, the disconfirmed expectations create a state of dissonance or a psychological discomfort ([Yi, 1990](#)). According to this theory, the existence of dissonance produces pressures for its reduction, which could be achieved by adjusting the perceived disparity. This theory holds that "post exposure ratings are

primarily a function of the expectation level because the task of recognizing disconfirmation is believed to be psychologically uncomfortable. Thus consumers are posited to perceptually distort expectation-discrepant performance so as to coincide with their prior expectation level" ([Yüksel & Yüksel, 2008:96](#)).

2-Contrast Theory :-

This theory, first introduced by Hovland, Harvey and Sherif (1957), presents an alternative approach to the evaluation post-usage process that was presented in assimilation theory, in that post-usage evaluations lead to results in opposite predictions for the effects of expectations on satisfaction (Cardozo, 1965). Dawes et al (1972) define contrast theory as the tendency to magnify the discrepancy between one's own attitudes and the attitudes represented by opinion statements. This approach states that whenever the customers experiment disconfirmation, they try to minimize the discrepancy between their previous expectations and actual product/service performances, by shifting their evaluations away from expectations. While the theory of assimilation asserts that the consumers will try to minimize the expectation-performance discrepancy, the theory of contrast insists on a surprise effect that can lead to exaggerating the discrepancy. According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If the firm raises expectations in his advertising, and then a customer's experience is only slightly less than that promised, the product/service would be rejected as totally unsatisfactory. Vice-versa, underpraising in marketing communications and over-delivering will cause positive disconfirmation also to be exaggerated([Vlaicu,2014:83](#))

3-Comparison Level Theory:-

A number of authors criticized the Expectancy-Disconfirmation paradigm on the grounds that this approach posits that the primary determinant of customer satisfaction is the predictive expectations created by manufacturers, company reports, or

unspecified sources (Yi, 1990). For instance, La Tour & Peat (1979) argued that the EDP ignores other sources of expectations, such as the consumer's past experience and other consumer's experience with similar constructs. They proposed a modification of the Comparison Level Theory (Thibaut & Kelley, 1959). In contrast to the Expectancy-Disconfirmation paradigm which uses predictive or situationally-produced expectations as the comparison standard, the Comparison Level Theory argues that there are more than one basic determinants of comparison level for a product:

- (1) consumers' prior experiences with similar products,
- (2) situationally produced expectations (those created through advertising and promotional efforts), and
- (3) the experience of other consumers who serve as referent persons. ([Yüksel & Yüksel, 2008:110](#)).

4-Value Percept Theory: -

Similar to LaTour and Peat's argument, Westbrook and Reilly (1983) argue that the Expectancy-Disconfirmation paradigm may not be the most appropriate model to explain customer satisfaction, as customer satisfaction/dissatisfaction is more likely to be determined by comparative standards other than expectations. They proposed a Value-Percept Disparity theory, originally formulated by Locke (1967), as an alternative to the Expectation Disconfirmation paradigm. Criticizing the predictive expectations used as a comparison standard in the traditional Disconfirmation paradigm, Westbrook and Reilly argue that what is expected from a product may or may not correspond to what is desired or valued in a product. Conversely, that which is valued may or may not correspond to what is expected. Thus, values have been proposed to be a better comparative standard as opposed to expectations in explaining customer satisfaction/dissatisfaction. According to the value percept theory, satisfaction

is an emotional response that is triggered by a cognitive evaluative process in which the perceptions of an offer are compared to one's values, needs, wants or desires (Westbrook & Reilly, 1983). Similar to the Expectancy/Disconfirmation paradigm, a growing disparity between one's perceptions and one's values (value-perception) indicates an increasing level of dissatisfaction. ([Vlaicu,2014:90](#))

5-Equity Theory:-

According to the Equity Theory, satisfaction exists when consumers perceive their output/input ratio as being fair (Swan & Oliver, 1989). Equity models are derived from the Equity Theory (Adams, 1963), and are based on the notion of input-output ratio, which plays a key role in satisfaction (Oliver & Swan, 1989). According to this theory, parties to an exchange will feel equitably treated (thus, satisfied), if in their minds, the ratio of their outcomes to inputs is fair (Oliver & DeSarbo, 1988). Whether a person feels equitably treated or not may depend on various factors including the price paid, the benefits received, the time and effort expended during the transaction and the experience of previous transactions (Woodruff et al 1983). This implies that comparative baseline may take many different forms. This theory shares similarities with the Comparison Level Theory which posits that bases of comparison used by consumers in satisfaction judgments may be more than just expectations. . ([Yüksel & Yüksel, 2008:21](#)).

1-3 Customer Satisfaction in Banking Sector.

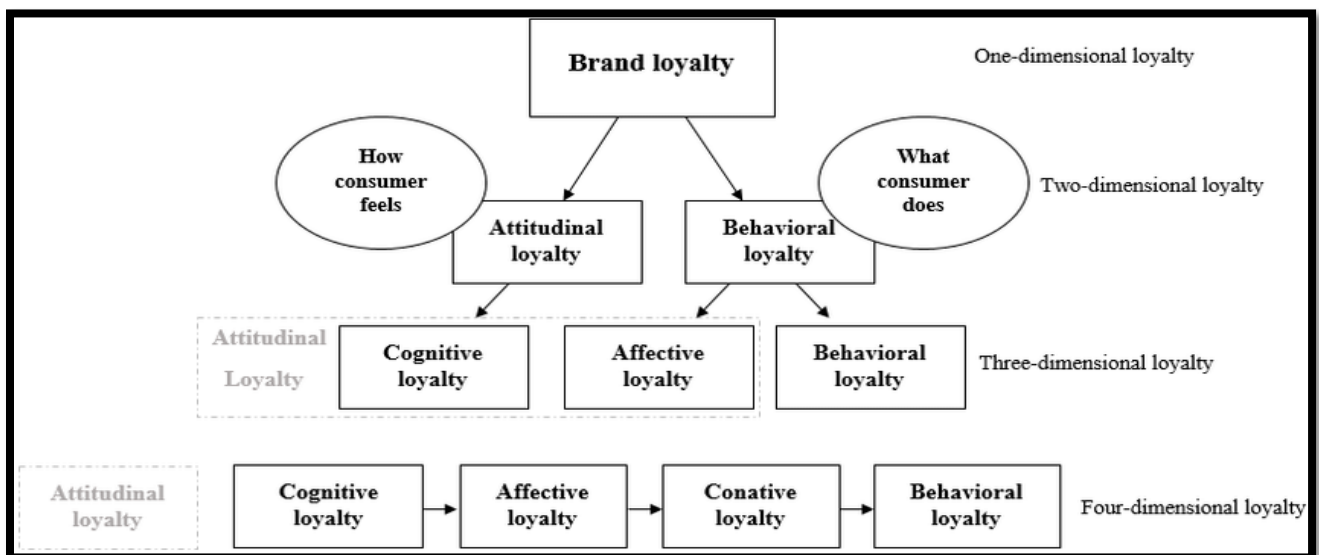
Customer satisfaction has been one of the main concerns of banks of late. This has been necessitated by the stiff competition in the banking industry. Banks are striving hard to offer quality services and products in a bid to maintain existing customers and woo new ones as well. Customers on the other hand, want the best value for their money so they are always combing around to get the best services ([Mandal, Bhattacharya, 2013, 21](#)).

Second :- Customer Loyalty:-

customer loyalty refers to one's willingness to preserve and maintain relationship with a particular product, service or firm. McIlroy and Barnett (2000) contented that customer loyalty signified commitment as well to the above mentioned as well as spreading the message and inviting others to try the product, service or firm. Chauhan et al (2015) reiterated that it is through customer loyalty that repeat purchases are made. Oliver (1999) mentioned that where customer loyalty exists, customer is not affected by what the rivals are offering and are not inclined to switch to them. They simply make their purchases consistently from one source. This disregard for what competitors is offering is probably what clinches the competitive edge for the company. In addition, the increased financial and growth factor is what motivate organizations to do everything in their power to ensure that they embark on activities that increase customer loyalty (Leninkumar, 2017:44).

2-1 Types of customer loyalty :-

Figure 2.1 Types of customer loyalty



Source :- Javad et al (2015 :50).

The diagram above represents dimensions of customer loyalty as depicted by various scholars from way back. The most recognized and accepted dimension by scholars is the two dimensional which is attitudinal and behavioral ([Mustafa, 2009](#)).

2.1.1 Attitudinal loyalty Attitudinal loyalty deals with how the customer is attached or connected to the company or their brand(s) (Day, 1969) and reflects a continued long-term relationship. They explained that the loyalty would be depicted by how the customer feels therefore there would be emotions used. ([Park and Kim, 2000](#)).

2.1.2 Behavioral loyalty It is determined by behavioural tendencies which are reflected in what the customer does. According to Otaibi and Yasmeen According to Kuusik (2007) this can also be further broken down into three where customers may be forced to be loyal; be loyal as a result of inertia or be functionally loyal. The scholar explained that forced loyalty may be as a result of monopolistic tendencies where the customers do not have a choice but to make purchases from a single vendor because that is the only vendor available. The customer's finances may also act as a limiting factor. Loyalty as a result of inertia may be as a result of contentment or low importance of one's choice which makes them from looking for alternatives ([Kuusik, 2007](#)). The scholar explained that functional loyalty is as a result of functional values. These would be reflected in such things as pricing, distribution channels, loyalty programs and convenience among others. rivals can replicate functional values therefore it is not a solid source of achieving a solid edge over rivals. Other scholars proceeded to divide these two dimensions into three dimensions with Oliver (1999) doing the final four stages of customer loyalty shown below. The scholar stated that loyalty happens in sequence starting from cognitive, followed by affective and

conative which are all attitudinal responses and these lead to the action stage which is a behavioural aspect, ([Barnes ,2003:178](#))

2-2 stages of customer loyalty:-

2.2.1 Cognitive Loyalty :-

According to Blut et al (2007) cognitive loyalty deals with the customer's attitude to what is offered as a result of information they have regarding such factors like price, durability and quality among others. The scholars stated that this form of loyalty is the weakest as any slight change in the above may result in switching to alternatives and that it was mainly based on cost benefit analysis. Similarly pointed out that if the experience is nothing more than a routine thing, like utility provision then there is no loyalty, just performance. The scholar also mentioned that the downside of cognitive loyalty is that it is susceptible to vulnerabilities and is bound to be superficial where the customer perceives quality to be low and features to be inferior hence much of it is needed to be attained by service providers. ([Kuusik, 2007](#)).

2.2.2 Affective loyalty:-

Oliver (1999) explains that when satisfaction takes place, it builds up experience with the product which in turn is manifested emotionally. The affective loyalty results from the attachment one forms to the product or brand and the pleasant experiences from the offering. According to Han et al (2011) this form of loyalty is deeper than the cognitive loyalty and is therefore less vulnerable. However, it is still not guaranteed as positive improvements and changes in alternatives can weaken it. This means that if rival offerings become more attractive, the customer may switch to those offerings.

2.2.3 Conative loyalty :-

Blut et al (2007) states that this form of loyalty is deeper than cognitive and affective loyalty and is mostly reflected in the desire to act that is, make a purchase or repurchase. However, Oliver (1999) points out that regardless of this deeper loyalty, the customer still has not lost their tendency to be swayed by alternative offerings. Th scholar also cautions that commitment does not necessarily lead to action. ([Kuusik, 2007](#)).

2.2.4 Action (Behavioral) :-

According to Oliver (1999) for a customer to be fully committed to an offering there is need for that offering to be part of the customer's self-identity. This is in line with the self-identity theory which explains that people classify themselves into groups and want to be associated with anything that boosts their self-identity. By so doing the offerings will go an extra mile by bringing meaning to the consumer's lives (Fornell, 1998). Oliver (1999) explains that in this last stage the customer is ready to fully commit and reaches the desirable brand without the trappings of any obstacles. Blut et al (2007) adds that consumers are willing to invest effort in getting the offering and rivals' offerings hold no appeal. The intention finally translates into action (purchase or repurchase).([Oliver ,1999](#))

Third :- Security:-

According to the Oxford dictionary, security simply refers to that state of being free from threats; state where there is certainty, safety and the feeling of being secure. Security in the banking sector is one of the most essential things that provide the bank with integrity. Johnson (2001), states that security and privacy are most sought after by customers and Stewart (1999) explained that security leads to customer loyalty, there have been innovations in the banking industry with the most revolutionary of them all being internet banking .([Waheed, 2013 :83](#)).

3-1 Perpetrators of security breaches:-

banks are a huge target for hackers and cyber criminals and information security breaches are a serious issue which may result in huge losses. Similarly mentioned that security breaches in the banking sector are higher than in other industries and 16 despite mechanisms new breaches always come up. The scholar added that the motivation behind these breaches is to do with money or pilfering confidential data from the banks. ,(Zahoor ,2016: 24)

Fourth: Service Quality: -

Previous study suggests that customer satisfaction can be measured using service quality and that quality service leads to customer satisfaction (Ali & Raza, 2017:28). Service quality can be described as how customers perceive a service as being better than other services, by basing their judgements on how the service is able to serve their needs adequately (Adhikari and Paul, 2015).

4-1The Gaps in service quality:-

service quality is the gap between expected service and actual service provided. The gaps they talked about included the following:

Gap 1: The first gap was that the customer's expectation of how the service should be, was sometimes inconsistent with what the management thought the customers expected the service to be. This meant that the management of service companies are unsure of what customers really expect.

Gap 2: there is a gap between what the management deem the consumer's expectation of quality service to be and the quality of service the organization can actually offer.

Gap 3: there is a gap between the quality of service that is supposed to be offered to customers and the quality of service that is actually offered to customers

Gap 4: there is a gap between the services that are rendered to customers and what the customers were promised by the service organizations.

Gap 5: with all the above gaps put together, the customers' expectation of what they expected the service to be becomes different from the service that they actually received. This gap could be wide or could be small depending on the difference between the customers' expectation and the service actually rendered. (Gerrard and Cunningham, 2001:15)

4-2 Measurement of Service Quality: -

It is generally hard to measure services because they are intangible. Some researchers have also used Cronin & Taylor's SERVPERF model developed in 1992 for the measurement of service quality. The SERVPERF model is the abbreviation for service performance and as the name implies, it measures service quality with regards to how customers perceived the services rendered by the organization. The criticism of the SERVPERF model is that it does not take into consideration how customers expect the organizations to offer services. (Eshghi et al., 2008 :18).

4-3The SERVQUAL Model :-

Several researchers have tried to measure the quality of service using different approaches. However, their approaches were not able to fully incorporate all the aspects of service quality as the SERVQUAL model does. The SERVQUAL model is the model used to measure the quality of service. It is a twenty-two-point measurement model that was introduced by Parasuraman et al. (1988), which has gained confidence across the world. The SERVQUAL model is the abbreviation of Service Quality. It is widely accepted and recognized for the measurement of service quality. This model explains that the service quality is a difference between what customers expected a service to be and how the service actually was (Paul et al., 2016:34).

4-4 The Dimensions of SERVQUAL :-

The SERVQUAL model uses five dimensions for its measurements

1-Assurance This is where the staff demonstrate confidence in their duties. It shows they are able to offer the services required by the customers. It greatly influences the quality of service ([Ghost and Gnanadhas 2011 :37](#)).

2-Tangibility This has to do with the things that can be seen and touched in the banking sector. It includes the physical building, the staff of the bank, the equipment among others. According to Sanjuq (2016), the visually appealing elements in the banking sector has a great influence on the customer's perceived quality of the service. Ghost and Gnanadhas (2011) in a study also purported that tangibility has little impact on customer satisfaction as compared to the other factors of the SERVQUAL model.

3-Responsiveness. It describes how the bank staff are quick to respond to the inquiries and needs of the bank's customers. The responsiveness of the organization greatly influences customer satisfaction ([Lohani and Bhatia 2012 :7](#)).

4-Empathy This has to do with how the service providers pay attention to their customers and give them care by trying to understand the needs of the customers. It deals with how service industries are able to understand, communicate and provide customer specific services ([Ennew &Waite, 2013](#)).

5-Reliability this is the ability of the banking sector to execute their tasks of servicing satisfactorily. however describe reliability as the ability of a bank's customers to depend on the promises of that bank to provide a certain level of service without being let down or disappointed. ([Ennew &Waite, 2013](#)).

CHAPTER THREE

EMPIRICAL RESULTS AND DISCUSSION

Through this chapter, we will present the methodology of the research, a short fact about the banking services as sample of the research and analyzing the data, which gathered from selected banks.

3-1 Methodology: -

We will present here the used sample in the research and the reasons for its selection, in addition, we will present data sources and their types and source of the data.

3-1-1 Sample of the study:-

The research sample consist of some banks in Erbil, we chose them as a research sample. Moreover, the necessary data related to our research problem, was available in these banks.

3-1-2 Data type and sources:-

To resolve our research problem, which about the study sample have to obtain the necessary data about this problem, our research depends on questionnaire from, by (100) forms of this questionnaire for the year 2022.

3-2 Analyse data related to general information about respondents: -

Section 1: General Information

In this section, we will show and analyses the personal information about questionnaires respondents: -

3-2-1 Gender: through the following table, we will analyze the gender of the sample respondent: -

Table 3-1 Distribution of respondents by gender

Gender	Frequency	Percentage (%)
Male	55	55.0
Female	45	45.0
Total	100	100

Source: researcher, depending on questionnaire data SPSS

As shown in table 3-1, (55%) of the sample respondents are male, while (45%) of the respondents are females, this indicates that males have more opportunities to compared to females.

3-2-2-Educational level: through table 3.3, we will indicate to the age group of the sample respondents: -

Table 3-2 Distribution of respondents by educational level

Educational level	Frequency	Percentage (%)
High school	5	5.0
High Diploma	13	13.0
Technical Diploma	5	5.0
Bachelors	62	62.0
Masters	14	14.0
Doctorate	1	1.0
Without Certificate	0	0
Total	100	100

Source: researcher, depending on questionnaire data.SPSS

As shown in table 3-2, (62%) of respondents have completed the Bachelors, While (14%) have master degree, and(13%) of respondents have a high diploma degree, and the degree of technical diploma (5%), and (5%) are high school and Technical Diploma, and other respondents' doctorate only have (1%).

3-3 Statistical description of mean customer answers: -

Statistical description of the respondents' responses to the questionnaire by each paragraph and variable :-

3-3-1 Section (A) Customer Satisfaction

Table 3-3 Customer Satisfaction

SECTION A Customer Satisfaction				
Variables questions	N		Mean	Std. Deviation
	Valid	Missing		
This Bank is exactly what I need.	100	0	2.0325	0.41053
The information that presented by this Bank is accurate	100	0	2.0222	0.35387
There are privacy policies in this Bank	100	0	1.6655	0.64213
There are guarantees of this Bank	100	0	1.9875	0.43536
This bank gives breadth and depth Customer service	100	0	1.8825	0.48592

Source: researcher, depending on questionnaire data SPSS

As shown in table 3-3 ,The respondents' responses to customer satisfaction questions as Dependent variable show us that the highest average arithmetic has been obtained by the first question, that obtain 2.0325 mean, and Std. Deviation about 0.41.

3-3-2 Section (B) Customer Loyalty :-

Table 3-4 Customer Loyalty

SECTION_B Customer Loyalty				
Variables questions	N		Mean	Std. Deviation
	Valid	Missing		
I will always use this Bank in my bank activities/ transactions	100	0	1.7575	0.5692
I will Say positive things about the bank to other people	100	0	1.9955	0.3978
I seldom consider switching away from this bank	100	0	1.8111	0.4874
I will never change this Bank even I found another bank which offer completely Islamic transactions	100	0	1.6950	0.5204
I will never change this Bank unless I found another bank which offer completely Islamic transactions..	100	0	1.4855	0.5822

Source: researcher, depending on questionnaire data SPSS.

As shown in table 3-4 , for the questions of the first independent variable (customer loyalty), we find through the table above that the majority of respondents agree on the second question about calling new customers to the bank value is 1.9955. Then we see that most customers do not agree with the question of changing banks to Islamic banks

3-3-3 Section (C) Service Quality :-

Table 3-5 Service Quality

SECTION C Service Quality				
Variables questions	N		Mean	Std. Deviation
	Valid	Missing		
this Bank offers fast and efficient services	100	0	1.9600	0.4263
Friendliness of bank personnel	100	0	2.0150	0.4338
Parking facilities and accessibility and Convenience of	100	0	1.3425	0.6171
I think this Bank is easier to change its transaction to Islamic	100	0	1.9111	0.4587

Source: researcher, depending on questionnaire data SPSS

As shown in table 3-5, Regarding the quality of service, which is one of the other independent variables; we note that the customers of the banks covered by the research are dissatisfied with the car garage. The mean of answers to this question were 1.3425 and standard deviation was 0.6171 But one of the positive points of the bank was related to customer satisfaction and friendly handling of employees and mean of responds was 2.0150, with standard deviation 0.4338.

3-3-4 Section (D) Security :-

Table 3-6 Security

Section D Security				
Variables questions	N		Mean	Std. Deviation
	Valid	Missing		
I feel safe when using this Bank	100	0	2.0325	0.3786
Perform of the staff is well and it's impossible that I lose my transactions.	100	0	2.0025	0.3526
The Bank cares about success of its customers	100	0	1.9750	0.4156
The bank is very concerned with the security for my transactions	100	0	2.0925	0.4074
The Bank keeps the customer information	100	0	2.1400	0.3887

Source: researcher, depending on questionnaire data SPSS.

As shown in table 3-6, With regard to security section questions, the statistical description of the questions shows us that customers are very satisfied with the confidentiality of the bank as the bank keeps their information. The arithmetic mean was 2.1400 and the standard deviation was 0.3887. which means the degree of approval of the question on this subject.

3.4 Regression analysis :-

According to the regression analysis to know accepting or rejecting our hypothesis

Table 3-7 Coefficients

Model	Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.682	0.132		2.577	0.00
customer loyalty	0.152	0.031	0.173	2.547	0.00
service quality	0.028	0.032	0.031	0.4335	0.193
Security	0.140	0.037	0.037	1.868	0.00

Source: researcher, depending on questionnaire data SPSS.

According to table (3-7), the significant level in the independent variable (customer loyalty) is 0.000 and it means that the first hypothesis is accepted due to the result less than 0.05. However, customer loyalty has a positive effect on customer satisfaction. The value for another independent variable (service quality) is 0.193 and based on the result the significant level greater than 0.05 and it means that the null hypothesis will be accepted and it has been that service quality has a negative effect on customer satisfaction.

For the third hypothesis, the resulting value is 0.000 for security as the third independent variable and it means that the result less than 0.05 and it tells us the third hypothesis should be accepted and the H3 will be that security has a positive effect on customer satisfaction.

Table 3-8 Results of Hypothesis

Hypotheses		
H1	Customer loyalty has a positive effect on customer satisfaction	Supported
H2	Service quality has a positive effect on customer satisfaction	Not supported
H3	Security in banks has a positive effect on customer satisfaction	Supported

CHAPTER FOUR

CONCLUTION AND RECOMMENDATION

4-1Conclustion :-

1- The majority of clients participating in this field study were male, most of who were government employees.

2-Through the results obtained from the data analysis, we reached the answers to the research questions:-

- Customer loyalty positively affects customer satisfaction.
- In our case, quality of service does not affect customer satisfaction.
- In the banks covered by our research, security affected customer satisfaction.

3- The result of multiple regression to determine the effect of independent variables on the dependent variable was different

- the two variables (customer loyalty and security) have a strong impact on customer satisfaction.
- On the other hand, we note that the (service quality) provided by the bank did not affect the satisfaction of the customer, and therefore did not support our hypothesis.

4-The response rate of customers participating in the field survey was good, so that it was close to the level that I agree with the questions in the questionnaire list.

4-2 Recommendations: -

- 1- There are a huge number of customers in bank. So the bank should increase its number of staff to serve the customers quickly, should improve seating facility to customers and increase the space inside the bank for providing smooth services to the customers.
- 2- Private Banks in the city of Erbil (at least the banks covered by the search) should do their best to restore confidence to their customers and improve their services.
- 3- The interest of private banks to open the rehabilitation and scientific courses to provide the best services to customers.
- 4- One of the important tasks of banks' confidence is the security aspect. They must reassure customers of the confidence and safety of their personal information and accounts.
- 5- Banks should avoid money laundering in order not to be the means of corruption prevalent in the country.
- 6- Banks should adopt a strategic liquidity management policy to avoid liquidity shortages, it also got recently because of the recent financial crisis, for provides meet the requirements of customers of depositors and borrowers.
- 7- Better and faster technology, swanky branches and best product/service offering are necessary but not sufficient for customer satisfaction. Hence, there is a need to transform the mindset of the staff through greater knowledge and enhanced communication skills.
- 8- The scope of this study was the city of Arbil in the Kurdistan region of Iraq, while the future studies could include other cities in the region or all Iraqi cities.
- 9- This study focused on private banks only, and the upcoming studies can compare customer satisfaction between two or more types of banks.
- 10- In this study we selected three variables that can affect customer satisfaction, but we hope that future researchers will choose other factors and variables.

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Ministry of Higher Education & Scientific Research

Salahaddin University-Erbil

College of Administration and Economics

Finance and Banking Department



Appendix

Questionnaire

Regarding the completion of a graduate research **entitled ((Customer Satisfaction in Banking Sector A case study in a sample of commercial banks in Erbil City for year 2022))** that your answer to the paragraphs of the questionnaire will play a major role in conducting the research, knowing that the information that will be used for the purposes of graduation research for students of the fourth stage in the department - finance and banking - in the Faculty of Management and Economics - Salaheddin University only I wish you success and success.

Please mark (✓) in front of the option that you believe represents your required answer in all questionnaire fields: -

Section 1: General Information

1-Gender

Male

☐

Female

☐

2- Educational level:

High school

☐

Diploma

☐

Bachelor's degree

☐

Master's degree

☐

PhD

☐

Section two Assessment the degree of satisfaction of services offered by the bank

The following question aims to assess the degree of satisfaction of service offered by the bank

SECTION A Customer Satisfaction

SECTION A Customer Satisfaction	Strongly disagree	disagree	Neutral	Agree	Strongly Agree
This Bank is exactly what I need.					
The information that presented by this Bank is accurate					
There are privacy policies in this Bank					
There are guarantees of this Bank					
This bank gives breadth and depth Customer service					

SECTION B Customer Loyalty

SECTION B Customer Loyalty	Strongly disagree	disagree	Neutral	Agree	Strongly Agree
I will always use this Bank in my bank activities/ transactions					
I will Say positive things about the bank to other people					
I seldom consider switching away from this bank					
I will never change this Bank even I found another bank which offer completely Islamic transactions					
I will never change this Bank unless I found another bank which offer completely Islamic transactions..					

SECTION C Service Quality: -

SECTION C Service Quality	Strongly disagree	disagree	Neutral	Agree	Strongly Agree
this Bank offers fast and efficient services					
Friendliness of bank personnel					
Parking facilities and accessibility and Convenience of					
I think this Bank is easier to change its transaction to Islamic					

SECTION D Security

SECTION D Security	Strongly disagree	disagree	Neutral	Agree	Strongly Agree
I feel safe when using this Bank					
Perform of the staff is well and it's impossible that I lose my transactions.					
The Bank cares about success of its customers					
The bank is very concerned with the security for my transactions					
The Bank keeps the customer information					