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Service quality and customer satisfaction: a comparative analysis of conventional and Islamic bank customers in Kenya

Phiona N. Wafula
Strathmore Business School (SBS)
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**SERVICE QUALITY AND CUSTOMER SATISFACTION: ACOMPARATIVE
ANALYSIS OF CONVENTIONAL AND ISLAMIC BANK CUSTOMERS IN KENYA**



**Thesis Submitted in Partial Fulfilment of the Requirements for the Degree of Master of
Commerce of Strathmore University**

JUNE, 2019

DECLARATION

I declare that this thesis is my original and has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no materials previously published or written by any other person except where due reference is made in the thesis itself.

Signature.....

Date.....

Phiona Nafuna Wafula

Reg. No. 096361

Approval

The thesis of PhionaNafuna Wafula was received and approved by the following

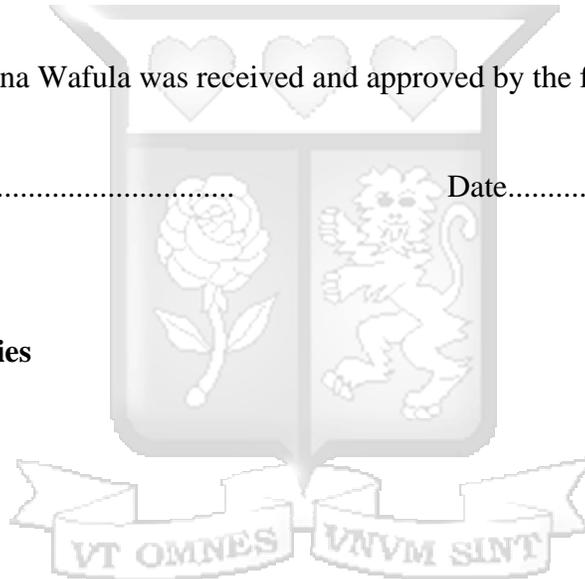
Signature.....

Date.....

Dr. Hellen Otieno

Senior Lecturer

School of Business Studies



ABSTRACT

The purpose of this study was to analyse service quality and customer satisfaction by carrying out a comparative analysis between conventional and Islamic banks' customers in Kenya. The specific objectives of this study were to establish the level of importance that customers attach to different dimensions of service quality and to analyse the level of customer satisfaction with service quality offered by the banks in Kenya. A total of 302 customers were sampled from 2 conventional banks and 2 Islamic banks based in Nairobi County-Kenya. The total sample comprised of 148 Islamic bank customers and 154 conventional bank customers. A descriptive cross-sectional survey design approach was used and structured questionnaires employed for data collection. Data was analysed using the statistical package for social sciences and relationships between and among various independent variables compared using regression, chi square, t tests and correlation analysis. All the service quality dimensions (independent variables) were found to be positively correlated to customer satisfaction (dependent variable). There were strong correlations between customer satisfaction and reliability ($\rho=0.656$), responsiveness ($\rho=0.607$) and assurance ($\rho=0.567$) dimensions of service quality which were significant at $p=0.001$. Empathy and tangibles, on the other hand, showed a positive though moderate correlation with customer satisfaction which was significant at $p=0.001$. This implies that an increase in any of the service quality dimension variables would significantly lead to improvement in the customer satisfaction. Overall, conventional bank customers were more satisfied with the service quality offered by the banks more than the Islamic bank customers. This study has shown that banks need to ensure promptness in service delivery as this was found to be a strong predictor of customer satisfaction. Conventional and Islamic banks should also improve on their service quality by providing more sitting space in their banking halls to reduce on congestion, improving on their systems in order to enhance quick transaction processing, improving on their channels of communication and finally reducing their loan processing procedures.

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LIST OF ABBREVIATIONS

CBK	Central Bank of Kenya
KBA	Kenya Bankers Association
UAE	United Arab Emirates
SERVQUAL	Service Quality
SERVPEF	Service performance



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I would like to thank God for blessing me and seeing me through this tough journey. I am thankful to my supervisor Dr. Hellen Otieno for her support, guidance and motivation as well as the entire Strathmore fraternity.

DEDICATION

To my father Dr. Victor Wafula Wasike and my mother Sarah Sirali Wafula.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Service quality has acquired substantial amount of attention from analysts and researchers since the past decade, and its idea is still relevant to help today organizations (Karatepe, Yavas & Babakus 2005). The growing interest in service quality has been attributed to the fact that customers' needs are constantly changing, an aftermath of shrinking world borders and a free access to competitive brands of products or services that are often comparable to global standards (Perera and Aruppala, 2013). There are several factors that impact the service industries. These include globalization, competition and volatile market dynamics and hence the need to improve service quality offered to customers. The definition of service quality varies according to different authors. According to Bitner, (1994) service quality is characterized as the client general impression of the relative inadequacy of the association and its administrations. Then again, Cronin and Taylor (1994), characterized service quality as a type of mentality speaking to a long run general assessment of administration. Ali and Zhou, (2013) additionally defines service quality as a measure of the degree to which the administration conveyed meets the clients' desires. According to Amin and Isa (2008) service quality is the thing that meets the customer's expectations that is helpful in gaining and retaining customers. Service quality is likewise basically characterized from the client's perspective as the examination made by the client of his/her desires for the administration gave and what its gave toward the end (Fisk and Grove, 1995).

1.1.2 Customer satisfaction

Customer satisfaction measure whether the expectations of the customers about a service have been met and exceeded (Sood, 2017). In the banking sector, customer satisfaction is the views that the customers have about the banking services, based with experience with the bank. If the customer expectations are known, the objective would be to exceed the expectations so that the customers are happy (Sood, 2017). The customers pay for the services from the banks, hence evaluate whether they get the value for their money. There is no specific parameter that would determine customer satisfaction in the banks. It is upon the organizations to collect information about the customer needs and meet such needs (Glowa, 2014). Its importance lies with the ability

to differentiate a bank from the other banks in the industry, which helps attract customers' hence better performance. This is because customer loyalty is achieved and other customers are attracted to the organization.

Banks engage in various activities to influence customer satisfaction (Grigoroudis, & Siskos, 2014). Some of the factors that would lead to customer dissatisfaction in the banking sector include long queues that lead to customers spending a lot of time waiting to be served (Sood, 2017). Services that do not meet the specific needs of the customers and unfriendly employees also influence satisfaction. Banks in the modern markets are using technologies to enable customers' access services conveniently, and also train their employees to handle customers as a way of enhancing customer satisfaction (Glowa, 2014). Customizing customer services is also important in ensuring that the customers are satisfied with the banking services.

1.1.3. Service quality

Service quality is what leads to customer satisfaction, and this is why businesses seek to improve the quality of their services. It is a measure of superiority of the services that are delivered, which makes them preferred to those of the competitors. Quality in an organization has to be measured and improved over time so as to exceed the customer expectations (Rao, & Chandra, 2013). There are various dimensions that would define customer service, considering that banking services are intangible. An example is the tangible aspects of the services which include the physical appearance of the building, cleanliness and availability of chairs for customers to sit. There are reliability aspects which tell whether the customer can always get services when they need them the same (Rao, & Chandra, 2013). Responsiveness also tells whether the bank can answer queries when the customer needs to clarify any issue. It is upon the banks to improve on these areas so as to make the customers satisfied.

Banks would be expected to improve performance of their systems so that the customers get the services within a short time. It should also be cost effective to offer the services. It would cost some money to achieve service quality, but the benefits would be greater (Sood, 2017). This is considering that such an organization would achieve competitiveness and this can translate into greater returns.

In this research, service quality will be defined according to Parasuraman, Zethaml and Berry, (1985's) who defined it as the distinction between customers' expectation for a service and their perception of the service received. This definition explains the link between expectations and perception. According to Parasuraman *et al*, (1985) if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs. It can be argued that Customers make judge about the services received based on their past encounter with similar service providers. In service quality evaluation the customer will perceive quality as low if service delivery does not meet or surpass their expectations (Mohd-Shariff, Ros, Aniza and Binti, 2013). The most significant characteristic that isolates customers is the nature of service conveyed to the clients by attempting to cross over any barrier between the clients' desires and experience. (Perera and Aruppala, 2013). Mohd-Shariff *et al.*, (2013) point out that top performing firm in various service industries have shown that quality service is among one of the factors that give a firm competitive advantage. Seen service quality is the clients' general impact on the relative prevalence of the association and its administrations (Rahhal, 2015).

Service quality can be explained from various perspectives. Different theories have in the past been used to explain what amounts to service quality. According to Nordic school of thought, there are two dimensions of service quality. Technical quality dimension relates to characteristics of the services as per the views of customers receiving the services. Functional quality relates to the way the service provider delivers the services (Brady and Cronin 2001: Gronroos 1994). According to US school of thought, there are five important dimensions of service quality. First is tangibility of the services, which includes the physical facilities, equipment appearance and the way the workers organize themselves and also look. Reliability is the second dimension and it relates to this relates to offering the services when the customers need them and at the right time without any errors. Responsiveness is the third dimension which relates to timely response to the customer needs and also making adjustments to better satisfy the needs of the customers. Assurance on the other hand instils confidence to the customers. It requires that employees have knowledge about the services they provide so that they can offer the best services for each individual. Empathy on the other hand ensures that the employees understand the needs of the customers by the way they relate to each customer, and serve the interest of each customer first. This ensures that the customers are happy

in the way they get assisted. All these factors collectively influence the service quality in the banking sector like in other service sectors (Parasuraman, Berry and Zeithaml, 1991, 1994).

The Cronin and Taylor's (1994) Model (SERVPERF) is used when there is a need to understand customer experiences, without regard to their expectations and whether they are met. This means that, SERVPERF uses only the perceptions part of the SERVQUAL scale (Parasuraman *et al.*, 1988). The Gap model identifies gaps which are to help the management to identify customer expectation and therefore to design their services in order to satisfy their customers' needs (Othman and Owen, 2001). Othman and Owen (2001) (CARTER) Model was developed to compliment the SERVQUAL model mostly for studies focussing on Islamic banking only. The CARTER model has six dimensions which include compliance with Islamic law, in addition to the other five dimensions recommended in US school of thought. According to Ahmed (2017), service quality services the role of differentiating one bank from the other, considering that they provide services that are intangible. They have to convince the customers why they should seek services from one bank and not the other. Most banking organizations are currently adopting customer service management techniques and incorporating them in their business model to improve on customer satisfaction (Ahmed, 2017). Rahhal (2015) states that customer service quality plays a crucial role in determining a firms' success.

There are several theories that seek to explain service quality. However, the SERVQUAL model has been broadly applied as an instrument of evaluating service quality by scholars in a variety of contexts mainly in the financial and banking institutions worldwide (Perera and Aruppala, 2013; Oanda, 2009; Ahmed, 2017 and Mohd-Sharrif *et al.*, 2013). However, critics have criticized the model in terms of theories and operations used. In theory, Buttle (1996) contended that the model neglected to relate to the current monetary, measurable and psychological theory and that there is no insistence that clients decide service quality as far as perception and expectation gaps. Another general critique is that the measurements utilized in the SERVQUAL instrument are not proper for all service contributions and should be contextualized to reflect diverse service activities (Babakus and Boller, 1992). Then again, operational critics argue that the dimensions of the SERVQUAL model are not exhaustive and the model ignores the estimation of service quality desires (Carman, 1990).

Despite the criticism, the model has been extensively used as an instrument of measuring service quality (Kumar, 2010; Kaura *et al.*, 2015; Mohd-Sharrif *et al.*, 2013). The dimensions of SERVQUAL consist of tangibility, reliability, responsiveness, assurance and empathy (Ismail, Rose and Foboy, 2016; Saleem, 2016; Parasuraman, Berry and Zeithaml 1991, 1994). The whole service quality aspect is based on the argument that customers form expectation on service performance based on the dimensions, observe the service delivery then later form a judgment on the service received. Furthermore, the SERVQUAL model clearly captures the meaning of service quality since it draws out the distinction of customers' desire for a service and their view of the service got (Ahmed, 2017).

The disconfirmation expectation model is also called the confirmation model or disconfirmation model. It implies that when the services that are offered to customers exceed the expectations, then the level of customer satisfaction is high and this is called positive disconfirmation. On the other hand, negative disconfirmation occurs when the customer expectations are higher than the performance level of the customers, and this has the impact of reducing customer satisfaction (Anderson, 1973; Oliver, 1980; Oliver, 1993). This model thus implies that the customer expectations and performance of the services offered influences customer satisfaction. Disconfirmation model recommends that the customer expectations are lowered through appropriate management tools for their satisfaction to be increased. The impact would be that the services delivered would exceed the expectations of the customers (Davidrow and Uttal, 1989). The weakness of the model is that it focuses more on managing/lowering customer expectations instead of increasing performance. The implication is that it may end up lowering the performance and this would lead to decline in customer satisfaction. The model measures expectation by evaluating whether the services are below expectation, have met or surpass expectation which is not compatible with most studies. However, despite the criticism the disconfirmation expectation model, it has been important in various literature reviews and has been used as the foundation for other models such as SERVQUAL model. The SERVQUAL model (Parasuraman *et al.*, 1988, 1994), which is based on the disconfirmation principle, is a particularly popular way of assessing the quality of financial services. Therefore, the disconfirmation expectation model will be used in this study to measure customer satisfaction by evaluating the level of agreement customers agree

to the dimensions of service quality based on a five point Linkert scale; strongly disagree, disagree, neutral, agree, strongly agree.

Literature demonstrates that service quality is among the main indicators that affect choice of bank by customers (Aden, 2014). Amin and Isa (2008) noted that if firms in the service industry are efficient in relation to service quality, then we might expect high revenues, improved prices and improved customer loyalty. The need to improve on customer service quality for both Islamic and conventional banking is on the rise, as this has been identified as source of competitive advantage (Khaliq and Thaker, 2016 and Ahmed, 2017). Kumar et al., (2010) did a study to research the distinctions in the service quality (assuming any) between the traditional and Islamic banks in Malaysia utilizing the SERVQUAL model. The findings revealed that the customers assigned significantly different importance to competence and convenience in relation to Islamic as well as Conventional banks. Another study was done by Tahir and Bakar (2007) who assessed the level of service quality provided by the commercial banks, using the SERVQUAL found out that the commercial banks were not meeting the expectations of the customers. In service quality dimensions, the customers quoted responsiveness dimension as most important, and then reliability, tangibility, assurance and empathy in that order. However, there was agreement that these banks were able to satisfy customer needs (Tahir and Bakar, 2007).

Due to the major differences that exist in terms of geographical, social, cultural, and economic differences between the countries where most studies have been carried out the same generalization cannot be made in Kenya. How the high end and low end customers in Malaysia perceive tangibles, empathy, responsiveness, reliability and assurance is deemed to be different from how bank customers in Kenya perceive them based on the various differentiating factors. It is therefore equally important, to investigate customer satisfaction with service quality in emerging countries like Kenya, where service industries are among the fastest-growing sectors.

Studies carried out using the SERVQUAL Model by Amin and Isa (2008) and Ahmed (2017) on service quality in Islamic banking showed an extra ordinary performance and positive perspective of service quality satisfaction by customers. Amin and Isa (2008) agree with Abdelghani and Nafiu

(2012) that the quality of services offered by Islamic banks significantly contributes to the preference made by their customers. Although a substantial number of studies have been conducted regarding service quality (Perera and Aruppala, 2013; Rehman, 2015 and Khaliq and Thaker, 2016), limited research, has been conducted regarding comparative analysis of customer satisfaction with service quality of Islamic and conventional bank customers. Studies have been conducted on customer satisfaction with service quality in industries of developed countries (Perera and Aruppala, 2013 and Rehman, 2015). These studies differ in results with regards to which service quality dimensions mostly influence customer satisfaction with service quality but agree on that service quality is paramount to ensuring customer loyalty and satisfaction.

1.1.2 Conventional and Islamic banking in Kenya

Evolution in the Kenyan banking industry in the past two years can be attributed to the diversity, modernization and innovation of products and services by the banks (Mutua, 2017). Despite operating difficulties, the banking industry is still one of the most profitable sectors (Kolum, 2016). Commercial Kenyan banks are regularized and controlled by the Central Bank of Kenya. As of now there are 42 authorized commercial banks (CBK, 2017). Recent statistics show that the population of Kenya stands at 44 million with the number of banks standing at 42. This implies that a huge competition for customers exists. However, Conventional banks in Kenya have a bigger following compared to Islamic banks. This can be attributed to the fact that Kenya is a Christian based country.

Mohammed (2012) and Mutua (2017) conventional banks enjoy several advantages over Islamic banks. For instance, conventional banks have extremely long history and experience, don't impart losses to customers and request ensured guarantees in many exchanges. According Central Bank of Kenya (CBK) (2017), some of the conventional banks in Kenya which have adopted the Islamic finance (Islamic windows) include National Bank of Kenya, Kenya commercial Bank, Barclays bank among others. There are 3 Islamic banks in Kenya. They include Gulf African Bank, First Community Bank and Dubai Islamic Bank.

Islamic banking performs the same intermediary function as conventional bank but does not receive a pre-determined interest from borrowers and does not pay a predetermined interest to the

depositors; the amount of profits is based on the profit-sharing agreements with the depositors and also with the borrowers (Halkano, 2009 and Aden, 2014). Thus, Islamic banking is considered as an alternate financial stream as it forbids premium (riba) and replaces it with profit share, and the profit share depends on the extent of the risk participation of the parties. The absence of pre-determined rewards is based on Quran commands and as interpreted using Shari'a principles (Ariff, 2006). Recent developments show that Islamic banking is growing at a huge pace in comparison to conventional banking across the globe (Mutua, 2017). Increased market gap and response to the global inclination are some of the factors that have led to the development of Islamic banking in Kenya (Mutua, 2017).

Despite the differences that exists in operation between Islamic banks and conventional banks, they are competing for the same pool of customers as both of them offer the same products (Khaliq and Thaker, 2016). It is therefore important to note what the expectations of customers are when it comes to the services being provided by both conventional and Islamic banks and which dimensions of service quality is most crucial to them for the purpose of improving their perception on service quality as well as customer satisfaction (Ebrahimi and Moghadam, 2012). Customers' perception of service quality comes from evaluating their expectations prior to receiving the service (Ismail and Yunan, 2016). In this way, if the nature of services outperforms customer expectation, customer's expectation occurs.

Globalization has shaped the banking sector by increasing competition. There have been regulations, structural changes and even technological advancement that have changed the way banks provide their services. This is considering that banks have sought to achieve competitive advantage through use of new technologies as well adjusting to structural changes (Grigoroudis, Politis and Siskos, 2002). Banks are keen to ensure that they retain their loyal customers and also attract new ones and this is why achieving competitive advantage is crucial. Awour (2014) argues that a majority of conventional banks enjoy positive perception of good service quality and that customer loyalty is key in sustaining is among the perks of outstanding service quality. In the age of information, customers know what they need and where they can get the same. This means that the expectations of the customers continue to grow over time. The impact has been that banks seek to provide services that are tailored to meet the needs of the specific customer (Mohammad and

Alhamadani, 2011). The emphasis to meet customer needs is based on the fact that they can easily switch from one bank to the other, considering the low costs associated with switching.

Despite the advanced and huge growth of the dual banking system in Kenya, there exists limited studies done to investigate customer satisfaction with service quality between the conventional banks and Islamic banks. Although there are several studies that have been conducted regarding service quality in the Kenyan banking sector (Biita, 2014; Maraga, 2017; Odhiambo, 2015 and Kimando, 2012), the studies only focus on either conventional banks or Islamic banks but none compares both hence it is imperative to carry out this study to identify any gaps between the two banking systems.

1.2 Statement of the Problem

The banking and financial sector is one of the most dynamic and vibrant sectors of the Kenyan economy with considerable development taking place during the last decade in terms of new technological innovations, advance communication modes and the internet (Ahmed, 2017). However, the products and services offered by banks are identical in the industry, and the uniqueness of one bank is the level of service quality and how the customer perceives it (Perera and Aruppala, 2013; Ahmed, 2017 and Abduh and Fam, 2015). According to Ahmed (2017) service quality is a significant issue in the service industry, and more importantly, for financial service providers, who have difficulty demonstrating to their customers the differentiation by products alone.

Most banking organizations are currently adopting customer service management techniques and incorporating them in their business model to improve on customer satisfaction. Ahmed (2017) states that service quality is important in determining a firms' success. The service quality model (SERVQUAL) is popular among many researchers and has proven to be an efficient instrument of measuring service quality by scholars in a various contexts mainly in the financial and banking institutions worldwide (Perera and Aruppala, 2013; Oanda, 2009, Ahmed, 2017 and Mohd-Sharrif *et al.*, 2013). Similarly, the disconfirmation expectation model remains popular within literature and its principal form has provided the basis for other paradigms including the

SERVQUAL model. The SERVQUAL model (Parasuraman et al., 1988, 1994), which is based on the disconfirmation principle, is a particularly popular way of assessing the quality of financial services. Therefore, the disconfirmation expectation model will be used in this study to measure customer satisfaction by evaluating the level of agreement customers agree to the factors of service quality based on a five point Likert scale; strongly disagree, disagree, neutral, agree, strongly agree.

According to Aden (2014) service quality is among the main factors influencing the choice of bank in Kenya. A study carried out by Kasamani (2010) showed that Islamic banking has well spiked the non –Muslim market in Kenya and also there exists Muslim customers who held accounts in other conventional banks. This consequently infers that as much as many Muslims have endorsed the Islamic banking, the number of non –Muslims subscribing to it is also getting bigger. Abduh and Fam (2015) point out that among the factors that led to customers owning multiple accounts in various banks is the search for better products as well as better service quality. According to Storey (2009) there are various dimensions that influence customer satisfaction with service quality. These dimensions can then be classified into customer personal preference, the bank's quality of service and products offered by the banks. dimensions such as tangibility, functionality, reliability, competence, providing service in a timely, service recovery, well-executed complaints-handling process, price fairness, product mix have been identified to influence customer satisfaction with service quality (Njane, 2013, Remy, 2013, Kruse *et al*, 2010 and Rehman, 2012).

Studies have been done that assess service quality in the banking and financial sector as a whole. Studies carried out in Kenya such as Odhiambo (2015) looked at the effects of the quality of services on customer satisfaction provided in the banking industry. Aden (2014) researched on the indicators affecting performance of both conventional and Islamic banking. Globally several studies have been conducted in the Middle East which is believed to be Muslim dominated. These studies conclude that Islamic banks offer high service quality to its customers (Ahmed, 2017; Ismail and Yunan, 2016 and Khaliq and Thaker, 2016). In addition, a study by Rahhal (2015) as well as Ahmed (2017) revealed that Islamic banking showed an extra ordinary performance. Studies in the world showed positive perception of service quality results to satisfied customers.

However, according to Ahmed (2017) there is no assurance that the current outstanding perception of quality of service will remain constant in the future.

Due to the major differences that exists in terms of geographical differences, social differences, cultural differences, and economic differences between the countries i.e. Malaysia and the middle east where most studies have been carried out the same generalization cannot be made in an African country like Kenya, this implies that both a knowledge gap and literature gap does exist. How the high end and low end customers in the Malaysia perceive tangibles, empathy, responsiveness, reliability and assurance is deemed to be different from how bank customers in Kenya perceive the SERVQUAL dimensions based on the various differentiating factors. It is therefore equally important, to study customer satisfaction with service quality in emerging countries, where service industries are among the fastest-growing sectors. Ample studies have been conducted in Kenya on customer service quality as well as performance in various conventional as well as Islamic banks. However, limited studies have done a comparative analysis of both conventional and Islamic banks in Kenya with an emphasis on customer satisfaction with service quality. It is from this background that this study seeks to determine customer satisfaction with service quality: a comparative analysis between conventional and Islamic banks customers in Kenya.

1.3 Objectives of the Study

The general objective of this study is to determine customer satisfaction with service quality among conventional and Islamic banks customers in Kenya.

The specific objectives are:

- i. To identify the level of importance that customers attach to different dimensions of service quality.
- ii. To analyze the level of customer satisfaction with service quality offered by the banks in Kenya

1.4 Research Questions

- i. What level of importance do conventional and Islamic bank customers attach to different dimensions of service quality?

ii. What is the level of customer satisfaction with service quality among the conventional and Islamic bank customers in Kenya?

1.5 Justification of the Study

This study will be of great interest to the banking industry. The results from the study will enable the bank managers to formulate strategies to enhance customer satisfaction therefore leading to increased customer loyalty. The bank managers will also get to understand Islamic banking to help them offer better service quality for their Muslim and non-Muslim clientele. For the customers, this study will be of benefit to them as it will lead to the improvement of the quality of services provided to them by the banks. Modification of features and services that will be proposed in the study to suit their needs will lead to customer satisfaction.

The research information will provide vital data to the policymakers and regulators of commercial banks such as Central Bank of Kenya (CBK) and Kenya Bankers Association (KBA) to design new strategies and policies for enhanced services in the banking sector.

This study will also be of use to the academic practitioners who have scholarly interest in service quality in both conventional and Islamic banking since this research provides a source of reference and basis upon which further studies can be developed.

1.6 Scope of the Study

The study will target bank customers who hold accounts with any of the conventional and Islamic banks in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section strives to examine as well as analyse the literature that was reviewed by different scholars, researchers, academicians and authors with regards to customer satisfaction with service quality of conventional and Islamic bank customers in Kenya. This section also outlines the various service quality models followed by the literature on customer satisfaction with service quality for the conventional and Islamic banks customers, the literature gap and finally the conceptual framework.

2.2 Theoretical Framework

There are various theories that have developed to help explain service quality. Evaluating these theories can help understand the various aspects that characterize quality in service delivery.

2.2.1 Service Quality Models

Grönroos (1982) came up with the Grönroos model that explains that three important features of services: (i) Services are intangible, (ii) It involves some activity not a thing (iii) There is simultaneous production and consumption. The three dimensions of service quality as per this model include corporate image of the firm, functional dimension and technical characteristics of the service. Cronin and Taylor (1992) developed the SERVPERF model which is more concise on performance and does not focus on customer expectations.

Othman and Owen's developed the CARTER model which is based on SERVQUAL five dimensions with an additional dimension for service quality. The additional dimension of adherence to Islamic values is motivated by cultural values that determine preference for certain kinds of banking services. This model thus emphasized the need to develop new dimensions so as to ensure improved customer satisfaction. The gap model by Parasuraman *et al.* (1988) on the other hand cited five service quality gaps which are Customer expectation management perception gap, service quality specifications-service delivery gap,

Service delivery-external communication gap and expected service-perceived service gap. This study will focus on the (SERVQUAL) model and the disconfirmation expectations model as it best explains the customers' perception and expectation on service quality.

The most common used tool for measuring service quality is the SERVQUAL model which was developed by (Parasuraman, Berry and Zeithaml 1985, 1988, 1990, 1991, 1993, 1994). The model first consisted of ten dimensions which include reliability; responsiveness; competence; access; courtesy; communication; credibility; security; understanding/knowing the customer and finally tangibles and later changed to five dimensions after many researches. These dimensions include; reliability which is the attainment of the expected results by the service provider, responsiveness which is the prompt reaction to customers wants, assurance which is the affirmation given to customers by the service provider, empathy which is the act of the service providers putting themselves on the same wavelength as their customers and tangibility which is physical attribute such as facilities available for customers to use. These five attributes are what (Parasuraman *et al.*, 1988) used to develop the 22-item survey instrument derived to measure service quality.

Table 2.1 provides an overview of the SERVQUAL dimensions and list of items in each dimension.

Table 2. 1: SERVQUAL Dimensions

No.	SERVQUAL Dimensions and Items
	Tangibles
1	Modern equipment.
2	Visually appealing facilities.
3	Employees who have a neat, professional appearance.
4	Visually appealing materials associated with the service.
	Reliability
5	Providing services as promised.
6	Dependability in handling customers' service problems.
7	Performing services right the first time.
8	Providing the services at the promised time.
9	Maintaining error-free records.
	Responsiveness
10	Keeping customers informed about when services will be performed.
11	Prompt service to customers.

12	Willingness to help the customers.
13	Readiness to respond to customers' requests.
	Assurance
14	Employees who instil confidence in customers.
15	Making customers feel safe in their transactions.
16	Employees who are consistently courteous.
17	Employees who have the knowledge to answer customer questions.
	Empathy
18	Giving customers individual attention.
19	Employees who deal with customers in a caring fashion.
20	Having the customer's best interest at heart.
21	Employees who understand the needs of their customers.
22	Convenient business hours.

Source: Parasuraman *et al.*, (1994)

In the SERVQUAL scale, if the results of a service (performance) are below the expectation of customer, the perception of the service quality is low whereas if the results of a service performed exceed the expectation of a customer, the perception of the service quality is regarded high (Mohd-Sharrif *et al.* 2013). This therefore implies that service quality is a resultant of a comparison between the service received by a customer and the expected service (Ahmed, 2017). The SERVQUAL model entails customer observation of the service received and afterwards making judgment or perception about it. Therefore, the SERVQUAL model elucidates clearly the definition of service quality which is the distinction of customers' expectation for a service and their perception of the service received (Odhiambo, 2015).

The SERVQUAL model has also been criticized by some scholars despite being widely used in many researches. Buttle (1996) criticized the model in terms of theories and operations used. With regards to Buttle (1996) the model failed to identify with the existing economic, statistical and psychological theory and that there is no affirmation that customers determine service quality in terms of perception and expectation gaps. He also argued that the SERVQUAL model focuses on the process in which the service has delivered and not the ultimate outcome. Another general critique is that the dimensions used in the SERVQUAL instrument are not appropriate for all service offerings and need to be contextualised to reflect different service activities (Babakus and Boller, 1992 and Carman, 1990).

On the other hand, the operational critics, (Carman, 1990) argued that the dimensions of the SERVQUAL model are not comprehensive and the model neglects the measurement of service quality expectations. The five dimensions also fail to express the variability in service quality. Additionally, the evaluation of service quality differs from one customer to the other. However according to Parasuraman *et al.* (1988) have indicated that there exists a window where it may be necessary to add or delete dimensions from the SERVQUAL scale to suit particular service industries. The original dimensions however, do provide a valuable starting point for the development of an appropriate tool.

In addition to the above, Cronin and Taylor (1992) (1994) also criticized the SERVQUAL model for failure to describe service quality in attitudinal perspective. They went ahead and developed a model called SERVPERF on the basis of performance measure of service quality. This model was experimented in a variety of industries and it was manifested that it elaborated more of the discrepancy in a general measure of service quality compared to the SERVQUAL model. A research conducted by Quester *et al.*, (1995) similar to the one done by Cronin and Taylor (1994) concluded that the SERVQUAL model outdid the SERVPERF model due to its scientific approach and strong literature background. According to Parasuraman *et al.*, (1988), Mohd-Sharrief *et al.*, (2013), Odhiambo (2015), Ahmed (2017) and Khaliq and Thaker (2016) the SERVQUAL model stands to be the most popular model for measuring service quality since it bears technology capabilities for measuring service quality. Therefore, this study will employ the SERVQUAL model to measure and determine customer satisfaction with service quality of the Kenyan conventional and Islamic bank customers.

2.2.2 The Disconfirmation Expectations Model

Disconfirmation expectations model explains that when service quality exceeds the expectations of the customers, then there is customer satisfaction and this is regarded as positive disconfirmation. The other case is when the performance of the service is less than what the customers expected, and this leads to dissatisfaction. This is referred to as negative disconfirmation (Anderson *et al.* 1994, Oliver, 1993). This projection by the model indicates that satisfaction is influenced by the difference between performance and expectations. There is a negative

relationship between satisfaction and expectations while the relationship between satisfaction and performance is positive. Expectations are on the other hand recognized as a standard that can be used to measure performance.

Limitations of the Disconfirmation Model are illustrated by Cronin and Taylor (1992), who argue that “little if any theoretical or empirical evidence supports the relevance of the expectations - performance gap as the basis for measuring service”. Jayanti and Jackson (1991) explain that for the case of services, the satisfaction process may not be the same as for the case of goods, as suggested by the model additionally, customer satisfaction is not just based on whether expectations are met or not. The model focuses more on the negative side of expectations, by emphasizing that greater expectations may lead to dissatisfaction which may not be always the case. This is why some models have been proposed to address these limitations. Walker (1995) explains that the model needs to consider three stages of service evaluation which are: Pre-consumption, consumption and post consumption. This can help address the problem of disconfirmation model where satisfaction is evaluated at the post consumption stage.

Despite the limitations of the model, it gives important insights about customer satisfaction. It is thus selected in this research to predict how satisfaction of the customers can be valued. Linkert scale is used in this study in data collection with the responses; strongly disagree, disagree, neutral, agree, and strongly agree.

2.3 Empirical Review

In this section, the research work will compare and contrast different authors' views on perception of customer satisfaction and service quality in conventional, Islamic as well as both conventional and Islamic banking.

2.3.1 The level of importance that customers attach to different dimensions of service quality

According to Parasuraman et al., (1985) the key aspects under tangibles include; physical facilities, visually appealing equipment, equipment, and appearance of workers. According to Armstrong (2012) and Noisy (2007) agree that the appearance of workers and physical facilities goes a long

way in explaining the kind of professionalism practiced in a firm. The type of equipment and physical facilities used by a firm speak volumes to the customer and either boost or diminish the level of confidence of the customer in terms of the services offered way before the service is rendered. In UAE (Al-Tamimi et al., 2003) and Qatar (Hossain et al., 2009; Kader and Norizan, 2009) found out that tangibles and empathy are the most important dimensions for the Islamic bank customers. In Iran (Golmohammadi and Jahandideh, 2010), found that reliability is the most important dimension and tangible is the least important dimension for Iranian Islamic customers. Reimer and Kehn (2005) noted that the “tangibles” dimension has a substantial impact on the intangible dimensions of service quality and that the total consequence of tangibles on perceived service quality is significantly immense than the direct effect, which implies that the intangibles have a facilitative role on tangibles. Munusamy, et al. (2010) averred that tangibility of services can be added by ensuring that the equipment used such as computers are of the best quality, the chairs that customers seat as they wait for services or as they get services are of good quality and the employees should also treat the customers well to enhance the tangibility of the services delivered.

Responsiveness is defined as the willingness to assist customers and offer quick service (Armstrong, 2012). Providing service in a timely manner is highly appreciated by customers. Good service providers understand this aspect (Remy, 2013). Furthermore, firms that value efficiency pay attention to the services that they offer so that they can have an advantage and use this to keep off competitors (Karim & Chowdhury, 2014). Responsiveness is achieved through ensuring that the firms keep customers informed about when services will be performed, prompt service to customers, willingness to help the customers and readiness to respond to customers’ requests (Parasuraman et al., 1985). Bank customers look for banks that willingly help them in their banking operations. Customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required Akbaba (2009) also stated that “responsiveness is positively related to customer satisfaction and customers can refer others if satisfied”. Therefore, word of mouth (WOM) advertisements are important for the banks. Zeithaml et al., (2002) stated that responsiveness confirms a company's ability and willingness to avail a prompt service when customers have queries or problems. Nazi (2012) explained that customers make decisions within a short period, depending on the information that they have at hand. Immediate response to

customers shows the customers that they are always available to serve them and that their complaints will be handled even after the customers have left the company. Such responsiveness instills confidence and trust in the business where the customer is seeking services.

Armstrong (2012) defines reliability as the ability to perform the promised service dependably and accurately. According to Parasuraman et al., (1985) reliability is achieved or measured through; providing services as promised, dependability in handling customers' service problems, performing services right the first time, providing the services at the promised time, maintaining error-free records. Safwan et al. (2010) argued that reliability shows the service provider's ability to perform services in a dependable and accurate manner. Furthermore, it involves doing it right the first time and it is a crucial service component of customers (Messay, 2012). Kennedy (2011) noted that customers will not seek services from providers whom they are not sure that they can get services. They will always seek services from those providers they are assured that they will always get services. (Sakhaei et al., 2014) were of the opinion that in conventional banks reliability improvement is key in service quality enhancement efforts as well as ensuring a positive customer perception. Mohammad & Alhamadani, (2011), concurred that reliability as a service dimension has an important effect on customer satisfaction. A study carried out in Iran, Golmohammadi and Jahandideh, (2010) found out that reliability is the most important dimension and tangible is the least important dimension for Iranian customers.

Assurance according to Parasuraman et al., (1985) is achieved by ensuring a firm has employees who instill confidence in customers, making customers feel safe in their transactions, employees who are consistently courteous and employees who have the knowledge to answer customer questions. According to Ahmed (2017) service quality is analyzed by desires of clients in term of assurance, unwavering quality, and substance toward administration supplier and discernment about what clients experienced with conveyance of administration. Gummerus et al., (2004) observed, assurance guarantees that the organization will continue to offer the same level of quality services and therefore enhances confidence on the part of customers. There is therefore need for the employees to evaluate the needs of the customers, understand their feedback, and then rectify any problems that may have been faced during service delivery. The customers are satisfied when

assured that the quality they received was not temporary, but is the commitment of the organization to offer the same all the time. Similarly, Rehman (2012) found that customers in Pakistani and UK Islamic banks considered assurances weighty factors for customer service quality and satisfaction. Mohd-Shariff et al., (2013) who conducted a study in Malaysia comparing service quality in both conventional and Islamic banks and concluded that the assurance dimension scored the highest average mean in the perception part of Islamic banks, while in the conventional banks it scored average.

Ramzi (2010) explains that customers are satisfied if what is provided in the service sector is what is promised. It is possible to impress customers and have them get satisfaction if from the first service they receive; they get what was promised (Adhiambo, 2015). This will enhance repeat business. If customers are not satisfied with the banking services, they abandon their bank accounts and this means loss of customers (Messay, 2012). In most of the cases, customers have higher expectations about the services they expect from their banks. Customers evaluate whether they can depend on a certain bank when deciding whether to be loyal to such banks or not (Mohammad & Alhamadani, 2011). In addition, Hayes et al., (2014) explains that banks perform well if they are able to understand the needs of the customers and then meet such desires in the best way possible. This is what leads to customer loyalty, and this is crucial for survival in the industry (Reichheld, 2012).

The reason why empathy is emphasized is that the employees get to understand the needs of the customers through interactions (Armstrong, 2012). Considering the levels of competition, bank employees have to be trained to show empathy and understand customer needs. This can help provide better services and impress the customers (Siddiqi, 2011).

In most of the cases, customers may be convinced to join a certain bank. However, keeping such customers requires that there is proper relationship management. Most banks use relationship and transactional marketing to attract and keep customers. Relationship management is most important in this case (Onditi et al., 2012). Gbadeyan and Gbonda (2011) explain that businesses exist because of the customers that they have. If the customers feel that they are not being valued or are being mistreated, they are likely to leave. The problem is that if the customers feel unfairly treated,

they may never come back for a repeat purchase. They seek services elsewhere and never come bank. The banks on the other hand lose as this can damage their reputation and put off more customers (Klemz & Boshoff, 2011). To ensure that the customers do not leave, banks need to ensure that they do not they treat customers well. This can be achieved by constantly evaluating their views and responding to their expectations (Angelova & Zekir, 2011).

According to Saghier and Nathan (2013) besides being trained on how to deal with customers, employees should be given the freedom to enable them use discretion in informing customers on the progress of their demand and a platform of asking when they are not sure. A study conducted in Malaysia by Tahir and Bakar (2007), who investigated the level of service quality of Islamic commercial banks from the perspective of bank customers. Their study used SERVQUAL model, they examined the service quality gap by comparing the customers' expectations and their actual perceptions. They found that responsiveness was rated as the most important dimension followed by reliability, tangibility, assurance and empathy.

A study carried out in Indonesia by Misbach, Saruchman, Hadiwidjojo and Armanu (2013) applied the Structural Equation Model (SEM) to investigate Islamic bank service quality, trust and satisfaction. They concluded that responsiveness is the strongest influence factor of the perception of Islamic bank service quality by their customers. Subsequently, Amirzadeh and Shoorvarzy (2013) found that short queue and confident and reliable staff was the most prioritized quality factors in the Iranian Islamic banking service and highly influenced how Iranian bank customers perceived their services. The service providers, who are the employees of the banks have to understand what the expectations of the customers. They have to assume the position of the customer and then deliver services that are meant to deal with their needs. This can help them have a better picture of what best satisfies the customers (Toosi & Kohonali, 2011). The employees have to show that they have knowledge of the customer needs and can help solve such needs. Empathy helps achieve this because it requires the employees to pay attention to the customers and develop a better relationship with the customers as this would help them better understand the needs (Armstrong, 2012).

2.3.2 Customer satisfaction with service quality in conventional and Islamic banking

A study by Kumar et al., (2010) aimed to identify the differences in the service quality (if any) between the conventional and Islamic banks in Malaysia using the SERVQUAL model. The findings revealed that the perceptions of tangibility and convenience were found to be significantly different between these two types of banks. Islamic bank customers were more satisfied with tangibility dimension. Whereas; Rehman (2012) found out that customers in Pakistani and UK Islamic banks considered assurance, reliability, and empathy as weighty factors that influence customers' perception of service quality and satisfaction.

Odhiambo (2015) carried out a study on the effect of service quality on customer satisfaction in banking industry (KCB bank in Kenya) and concluded that tangibles are not among the major contributors to improved service quality and customer satisfaction. He concluded that responsiveness is among the major contributors to improved service quality and customer satisfaction and further recommended that firms should develop relationships with customers that will benefit both parties by talking to them about their needs. Moreover, banks can form a platform where customers can give their views about products or services to ensure that they meet their needs. However, a study conducted by Ndisi (2007) tried to determine the impact of service quality on customer satisfaction in the banking industry in Kenya (Post Bank) reported that company image (tangibles) was among the top customer service quality influencers. Bank customers in conventional banks frequently look to any signs that may be used as pointers of dependability. These enable them to judge the services of the banks and the bank's employees (Mohammad & Alhamadani, 2011). Subsequently, (Sakhaei et al., 2014) were of the opinion that in conventional banks reliability improvement is key in service quality enhancement efforts as well as ensuring a positive customer perception. This is because when a firm is unreliable, they communicate less concern to what customers care about.

Hossain and Leo (2009) conducted a study in Middle East related to retail banking in the region, and concentrated in Qatar specifically. The study sought to find out the views of customs about service quality in banks in the country which are Qatar National Bank, Doha Bank, Qatar International Islamic Bank and Arab. The findings were that there was satisfaction in areas that were tangible. In UAE (Al-Tamimi et al., 2003) and Qatar (Hossain et al., 2009; Kader and Norizan, 2009) revealed that tangible features and empathy are very crucial in achieving customer

satisfaction. In Iran (Golmohammadi and Jahandideh, 2010), explains that reliability was determined as the most crucial dimension when seeking to achieve customer satisfaction among the Iranian customers.

In Kuwait, Al-Eisa and Alhemoud (2009) and the findings were that fast services, acceptable courtesy, being helpful to customers and knowledgeable employees were very important for achieving customer satisfaction. The study also revealed that the majority of the customers in the banking sector in Kuwait were either satisfied or very satisfied (Al-Eisa and Alhemoud, 2009). Reliability is also very important in the banking sector (Ghost & Gnanadhas, 2011). It is crucial in enhancing service quality, as it creates a positive perception about the company (Sakhaei et al., 2014).

However, Mohd-Shariff et al., (2013) conducted a study in Malaysia comparing service quality in both conventional and Islamic banks. The study concluded that the assurance dimension was most critical for the customers seeking services from Islamic banks, while it was not the case for the conventional banks. In Pakistan, a study by Ahmad et al., (2010) sought to understand the relationship between service quality and customer satisfaction. The findings were that there was positive relationship between customer service quality and satisfaction in both Islamic and Conventional banks (Ahmad et al., 2010). Auka, *et al.* (2013) established that trust by customers is improved when customers get services that are tailored to their needs, and there if there is a cordial relationship between customers and employees. Responsiveness to customer needs is also an important factor that helps elevate trust (Gummerus et al., 2004). In face to face or phone conversations it is easier for well-trained customer service staff to generate empathy because they have the benefit of using visual cues and tone of voice to make understanding easier (Lee, 2005).

2.4 Gaps in Research

In terms of rating the service quality dimensions and customer satisfaction, many studies from different countries mostly in the Middle East and Europe have presented different results. In UAE (Al-Tamimi et al., 2003) and Qatar (Hossain et al., 2009; Kader and Norizan, 2009) found out that tangibles and empathy are the most important dimensions. In Iran (Golmohammadi and

Jahandideh, 2010), found that reliability is the most important dimension and tangible is the least important dimension for Iranian customers. Whereas, Rehman (2012) found out that customers in Pakistani and UK Islamic banks considered assurance, reliability, and empathy as weighty factors that influence customers' perception of service quality and satisfaction, but patrons of Islamic banks in the UAE considered assurance and tangibility as the significant dimensions of customer service quality and satisfaction. Therefore, we can't conclude on most influential service quality determinants.

Odhiambo (2015) carried out a study on the effect of service quality on customer satisfaction in banking industry (KCB bank in Kenya) and concluded that tangibles are not among the major contributors to improved service quality and customer satisfaction. He concluded that responsiveness is among the major contributors to improved service quality and customer satisfaction and further recommended that banks have a duty to improve relationships with customers because it benefits both the bank and the customer. Customers get to meet their banking needs and the bank generates revenues from the relationship. Banks have to provide platforms where customers give their response in relation to satisfaction with the services delivered. However, a study conducted by Ndisi (2007) tried to determine the impact of service quality on customer satisfaction in the banking industry in Kenya (Post Bank) reported that company image (tangibles) was among the top customer service quality influencers. Bank customers in conventional banks usually evaluate whether banks they are seeking services from can be depended on to meet financial needs. This helps customers evaluate the employees of such banks (Mohammad & Alhamadani, 2011). Subsequently, (Sakhaei et al., 2014) were of the opinion that in conventional banks reliability improvement is key in service quality enhancement efforts as well as ensuring a positive customer perception. This is because when a firm is unreliable, they communicate less concern to what customers care about.

There have been many studies in developed countries seeking to understand service quality in the service sector (Herbig & Genestre, 1996; Yavas, Bilgin, & Shemwell, 1997). Similar studies would be very important for emerging economies like Kenya, as the service sector would learn areas that would need improvement for better business performance. Service industry is fast growing and studies can help understand the progress and what can be done better. Budhwar (2007) explains

that there are economic, political, social and cultural characteristics of a country define the service quality issues in industries such as banking sector. This means that knowledge gap exists in the developing countries such as Kenya where fewer studies have been conducted in the past. Study of service quality and customer satisfaction in the banking sector is thus very important, considering the role that this industry plays in overall economic development.

There are many studies that have been done in relation to service provision in the conventional banking sector, but service quality and customer satisfaction studies attempting to do a comparative analysis of both conventional and Islamic banks in Kenya with an emphasis on customer satisfaction and perception of service quality service are limited. Although a substantial number of studies have been conducted regarding service quality (Bolton & Drew, 1991 & Parasuraman et al., 1988, 1991), limited research, if any, has been conducted regarding perception of service quality and customer satisfaction of both Islamic and conventional bank customers.

The aim of the current study, therefore, is determine customer satisfaction with service quality among conventional and Islamic banks customers in Kenya. This research is vital because development of the Islamic banking industry over the years has altered the entire landscape of the Kenyan financial system (Kasamani, 2010 & Aden, 2014). As a further contribution, the current study will highlight the service quality experience of Islamic bank customers as well as conventional bank customers and the need for improvement, if need be, of service quality within a local context.

2.5 Conceptual Framework

According to Mugenda and Mugenda (2010) conceptual framework is an aspect of research in which a precise idea is described as a quantifiable incident which provides a coherent interpretation of the notion. In this study, the conceptual framework outlines the relationship between customer satisfactions with service quality.

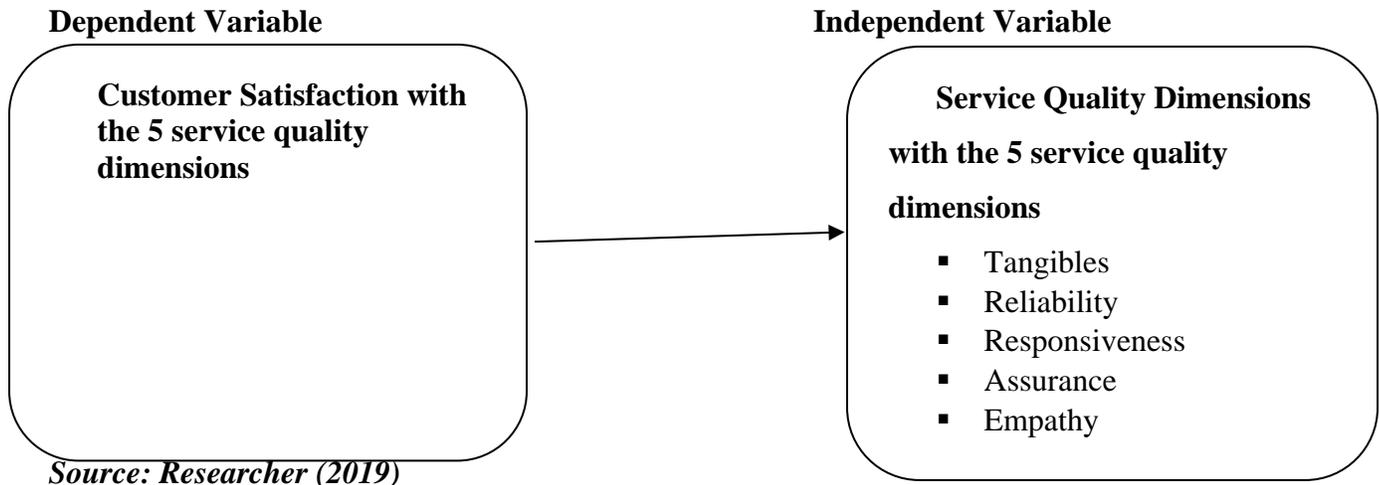
Service quality has been explained by various theories. However, the SERVQUAL model has been widely applied as an instrument of measuring service quality by scholars in a variety of contexts mainly in the financial and banking institutions worldwide (Perera & Aruppala, 2013). Past studies

have illustrated that the SERVQUAL model is the adequate model, to measure customer satisfaction with service quality in Kenyan banks (Odhiambo, 2015). According to Parasuraman *et al.*, (1988), Mohd-Shariff *et al.*, (2013), Odhiambo (2015), Ahmed (2017) and Khaliq and Thaker (2016) the SERVQUAL model stands to be the most popular model for measuring service quality since it bears technology capabilities for measuring service quality. The SERVQUAL model dimensions will be used in this study to measure the perceived service quality of conventional and Islamic bank customers. SERVQUAL Model dimensions (tangibles; reliability; responsiveness, assurance and empathy) influence the perception of customer service quality Al-Tamimi *et al.*, (2003) Mohd-Sharif *et al.*, 2013, Ahmed, 2017, Hossain *et al.*, 2009, Hayes *et al.* 2014), Aden, 2014 & Kasamani, 2010).

Customer satisfaction with service quality of conventional and Islamic banks is influenced by tangibility, assurance, responsiveness, reliability and empathy (Parasuraman *et al.*, 1988). Reliability will be derived from the attainment of the expected performance results by the respective service provider (bank), responsiveness will be established by how prompt the bank reacts to customer's wants, while assurance deciphered from the affirmation the service provider gives the customer. Empathy is how the bank puts itself on the same wavelength as their customers and tangibility is the physical attributes of the banks such as facilities available for customers to use. The measurable variables are outlined in the figure 2.2.

From the foregoing literature review customer satisfaction was categorized into 3 dimensions; below expectation, met expectation and surpass expectation according to the disconfirmation expectations model which will also be used in this study. Below expectation would occur when the quality of service received is below the expectation set by the customer, met expectation would occur when the expectation set by the customer is equal to the quality of service received and surpass expectation would occur when the quality of service received by the customer is above the expectation set by the customer Al-Tamimi *et al.*, (2003) Mohd-Sharif *et al.*, 2013, Ahmed, 2017, Hossain *et al.*, 2009, Odhiambo, (2015), Hayes *et al.* (2014), Aden, 2014 & Kasamani, 2010).

Figure 2. 1: Conceptual Framework



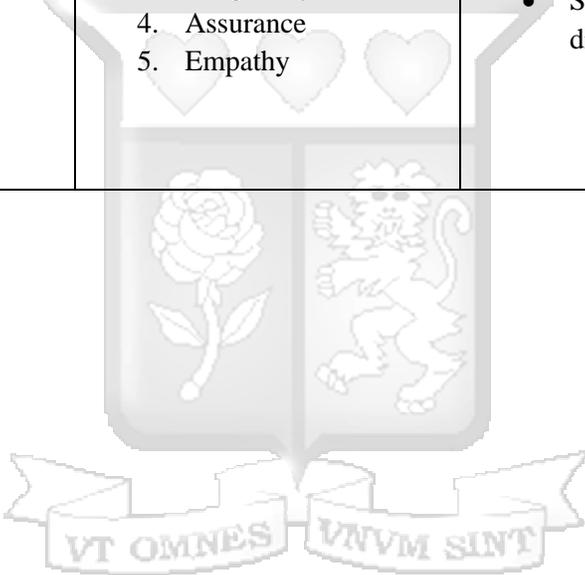
2.6 Operationalization and Measurement of Variables

Table 2. 2: Operationalization and Measurement of Study Variables

	Constructs	Measurement Indicators	Measurement scale	Source
Service Quality (Independent variables)	Tangibles	1. Modern equipment. 2. Having facilities that are appealing 3. Employees are well groomed 4. Work equipment that are efficient and visually attractive	5 Likert Scale 1=Strongly disagree 5=Strongly agree	Parasuraman <i>et al.</i> (1988). Mohd-Shariff <i>et al.</i> , (2013) Ahmed (2017) Odhiambo, (2015),
	Reliability	1. Offering services as promised to customers. 2. Ability to handle customers' service problems.	5 Likert Scale	Mohd-Shariff <i>et al.</i> , (2013) Parasuraman <i>et al.</i> (1988). Ahmed (2017)

		<p>3. Performing services right the first time.</p> <p>4. Delivering services at the promised time</p> <p>5. Maintain records that are accurate</p>		
	Responsive ness	<p>1. Proper communication about service delivery to customers</p> <p>2. Offer services to customers without having them to wait</p> <p>3. Show willingness to help customers</p> <p>4. Timely response to customer requests</p>	5 Likert Scale	<p>Parasuraman <i>et al.</i> (1988).</p> <p>Mohd-Shariff <i>et al.</i>, (2013)</p> <p>Ahmed (2017)</p>
	Assurance	<p>1. Employees who instill confidence in customers.</p> <p>2. Making customers feel safe in their transactions.</p> <p>3. Employees who are consistently courteous.</p> <p>4. Employees who have the knowledge to answer customer questions</p>	5 Likert Scale	<p>Parasuraman <i>et al.</i> (1988).</p> <p>Mohd-Shariff <i>et al.</i>, (2013).</p> <p>Ahmed (2017).</p>
	Empathy	<p>1. Giving customers individual attention.</p> <p>2. Employees are caring to customers.</p> <p>3. Prioritizing customer interests</p>	5 Linkert Scale	<p>Parasuraman <i>et al.</i> (1988).</p> <p>Mohd-Shariff <i>et al.</i>, (2013)</p> <p>Ahmed (2017)</p>

		<p>4. Employees who understand the needs of their customers.</p> <p>5. Convenient business hours</p>		
Customer Satisfaction (Dependent variable)		<p>Satisfaction with the 5 dimensions of service quality</p> <ol style="list-style-type: none"> 1. Reliability 2. Responsiveness 3. Tangibility 4. Assurance 5. Empathy 	<p>5 Linkert scale</p> <ul style="list-style-type: none"> • Strongly agree • Agree • Neutral • Disagree • Strongly disagree 	<p>Parasuraman <i>et al.</i> (1988). Mohd-Shariff <i>et al.</i>, (2013) Ahmed (2017)</p>



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study focused on customer satisfaction with service quality; a comparative analysis between conventional and Islamic bank' customers. This chapter therefore elaborates on the methods and instruments to be used in answering the research questions. Chapter three is divided into research philosophy, research design, population of the study, sampling, data collection instruments that will be used, data collection procedure, data analysis, research quality and lastly the ethical considerations to be adhered to.

3.2 Research Philosophy

Research philosophy relates to the development of knowledge and the nature of that knowledge. According to Mackenzie and Knipe (2006), the main influence of the research philosophy is the researcher's particular view of the relationship between knowledge and the process by which it is developed. The assumption underpinning this research is the philosophy of positivism. Positivism states that we cannot be positive about our claims of knowledge when studying the behaviour and actions of humans (Trochim, 2001). Further, through positivism, the researcher is concerned about the facts and not impressions (Creswell, 2003).

3.3 Research Design

Research design is defined as a design employed to provide answers to various research questions (Orodho, 2003). A descriptive cross-sectional survey design was adopted in this research, the survey design was chosen because it provides means to contextually interpret and compare customer satisfaction with service quality of conventional and Islamic banks. This design enables the generalization of findings in a large population. Sekaran, (2005) argues that, a descriptive study shows an accurate profile of individuals, events or circumstances describing the existing circumstances and attitudes through observation and interpretation techniques.

As asserted by Mugenda (2010) descriptive and quantitative design are regarded to be appropriate for demonstrating associations appropriate for studies which focus on analysing a phenomenon or situation by considering a sample of the population at one particular time.

3.4 Population of the study

The target population in this study comprised of all customers who hold an account or accounts with any of the conventional and Islamic banks in Kenya within Nairobi County which is unknown. A target population refers to the whole lot that one intends to explore (Sekaran and Bougie, 2010). Target population is also defined by (Mugenda and Mugenda, 2010) as people, events or objects whose characteristics are to be learned and the results generalized. Customers from both banks filled the same questionnaire.

3.5 Sampling

Sampling is the process by which the researcher draws a sample from the target population (Saunders *et al.*, 2009). In other words, a sample is a subset of the larger population (Kothari, 2004). According to Saunders *et al.* (2009), sampling is used when it is impracticable to survey entire population, researcher is faced with budget or time constraints or researcher needs survey results quickly.

This study used convenience sampling; a non-probability sampling technique, as it is best for survey research as members are selected based on their availability and convenience (Creswell, 2003). Non-probability sampling happens when there is unknown probability of members of a population to be selected by the researcher (Saunders, *et al.* 2009).

To calculate a sample, Fisher, *et al.* (1991)'s formula was employed as below. Fisher, *et al.*, (1991) describes formula for sample calculation as follows:

$$n = (z^2(p)(q)/d^2)$$

Where:

n = desired sample size

z = standard normal deviation set at 1.96 which statistically corresponds to 95% confidence level

p= proportion of target population. Since there is no reasonable estimate, this study has used the maximum of 50%

$$q = 1.0 - p$$

d = degree of desired accuracy. This study sets it at 0.05 which correspond to 1.96

$$n = ((1.96)^2 \times 0.5 \times (1.0 - 0.5)) / (0.05)^2$$

$$n = 384.16 \text{ Respondents}$$

Following the above formula, the sample size was 384 respondents. These customers were selected by use of convenience Sampling. Customers' were selected at random in the banking halls to fill in the questionnaires which were issued to them. The study targeted the customers entering the banks and who were awaiting to be served.

3.6 Data Collection Methods

Primary sources were deployed to collect data, which was collected directly from the bank customers. According to Cooper and Schindler (2010) questionnaires are easier to administer, analyse and saves both time and money. The questionnaires were both close ended and open ended all closed ended. The questionnaire were adopted from the work of Mohd-Shariff *et al* (2013). Some modifications were made for the questionnaire to suit the purpose of this study. A five-point Linkert scale was employed to generate the means (Sekaran and Roger, 2009). Data was collected using researcher-administered semi-structured questionnaires. Detailed explanation of the purpose of the study was provided to respondents before the interviews.

3.7 Data Collection Procedure

A meeting was held with the branch manager of the bank where the study was undertaken to explain the purpose of the study and seek authorization to conduct research among their customers. The procedure entailed making a brief introduction to the bank customer requesting them to take part in the research. The questionnaire was administered through personal delivery by the researcher as the customers enter the banking hall the questionnaires shall be coded for easy reference, names of the bank and the names of the respondent were omitted to encourage the bank customers to fill them without fear of being identified later for responses contained in their questionnaires.

3.8 Data Analysis

The procedure followed in data analysis include editing the raw data collected, and then coding it so that it is ready for analysis using the selected computer package which was Statistical Package for Social Sciences (SPSS version 23). According to Mugenda and Mugenda (2010), editing of data collected help eliminate any errors that would have been made by the respondents. Data was thus checked to ensure that there is consistency and completeness of the data that is provided. Both descriptive and inferential statistics were used to explain the data analyzed. Descriptive and inferential statistics were used to analyse information generated from respondents. A five-point Linkert scale was employed to generate the means.

Objective 1 was analysed by use descriptive statistics. Descriptive statistics help explain the data in a simple way without explaining any relationships. It could involve the use of frequency tables, calculating mean, percentages and frequency distribution. Charts could be used in the presentation of the data.

Objective 2 was analysed by use of descriptive statistics and inferential statistics. Inferential on the other hand was used to tell the relationships in the model. This was important in ensuring that the findings from the sample would be generalized to the characteristics of the population. This helped in making relevant generalizations whereby a spearman correlation co-efficient was calculated to determine and test the association between the dependent variable and each independent variable.

The multiple regression models were used to explain the relationship between service quality and customer satisfaction. The following equations were used;

$$Y_c = \beta_0 + \beta_1 X_{1c} + \beta_2 X_{2c} + \beta_3 X_{3c} + \beta_4 X_{4c} + \beta_5 X_{5c} + \epsilon$$

$$Y_i = a_0 + a_1 X_{1i} + a_2 X_{2i} + a_3 X_{3i} + a_4 X_{4i} + a_5 X_{5i} + \epsilon$$

Dummy variable

$$Y = a_0 + a_1 D + a_2 X + \epsilon$$

Where;

X is the continuous variable with dummy variable D where (1 =Conventional bank customer, 0 =Islamic bank customer)

If $D= 0$, then: $Y=\beta_0+\beta_2X+u$.

If $D= 1$, then: $Y=\beta_0+\beta_1+\beta_2X+u$.

Y_c = Customer satisfaction with service quality dimensions in conventional banks

Y_i =Customer satisfaction with service quality dimensions in Islamic banks

Whereby: Y = Service Quality, X_1 = Tangibles (T); X_2 = Reliability(R); X_3 = Responsiveness (RP); and X_4 = Assurance (A); X_5 = Empathy (E)

β_0 = Constant term

a_0 =Constant term

ϵ =Error term

$\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = Regression model coefficients values for independent variables $X_{1c}, X_{2c}, X_{3c}, X_{4c}$ and X_{5c} , respectively.

$a_0, a_1, a_2, a_3, a_4, a_5$ = Regression model coefficients values for independent variables $X_{1i}, X_{2i}, X_{3i}, X_{4i}$, and X_{5i} respectively.

3.9 Research Quality

Validity of a research is evaluated by its accurate data collection, analysis and generalization of the results. When a research is valid, then it can be used to explain other related population. The research instruments are designed in a way that they ensure valid data collection (Mugenda & Mugenda, 2010). Reliability evaluates whether the results are consistent, considering the past research. Before engaging in data collection, a pilot test was done, with the aim of ensuring that the questionnaire would collect the needed data to answer the research questions. Validity was enhanced by engaging the supervisor and experts as supported by Cooper and Schindler (2010), to check the questionnaire substance on their suitability on the content and to establish all the probable areas that need adjustments if any so as to achieve the purpose or rather the objective of the study.

Pre-testing was crucial in that any problems detected in collection of data at this stage were corrected to ensure that when the real data collection was being done, there was assurance of quality data from the respondents. Any problems raised by respondents at the pre-testing stage were solved and it made it possible to prepare for any challenges that would be faced when collecting data (Mugenda & Mugenda, 2010). Pre-testing helped identify any deficiencies present in the questionnaire, and this included limited spaces, vague questions and unclear questions. According to Mugenda and Mugenda, (2010), it is most commonly used when the study has multiple Likert questions in a survey/questionnaire that form a scale like used in the study.

3.10 Ethical Considerations

Before the survey, permission was sought from Strathmore University -School of business for a letter of introduction to the commercial banks and to the intended customers in order to eliminate suspicion by the respondents. In addition, ethics approval and a permit from NACOSTI were also sought. Respondents who gave their consents orally were interviewed. The researcher also treated the respondents with respect so that for whatever reason the respondent will not be comfortable in answering a specific question, the researcher will not force her way. Confidentiality and privacy of the bank customers will be adhered to and no respondent will be harassed in the process of data collection. No personal information will be collected and data collected will be rewarded with high privacy and no disclosure will be made beyond using the information in the research. Quality and integrity will be ensured in this research. Full acknowledgment of all published and unpublished material used to write this proposal will be ensured to avoid plagiarism.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1. Introduction

This chapter presents the results of the primary data collected through questionnaires supplemented by interview guides. The data was collected from the customers using the services of both conventional and Islamic banks in Kenya.

The findings are organized according to the objectives. First, the demographic information of respondents is presented followed by information responding to each of the specific objectives. The study had an anticipated sample size of 384 respondents but only 302 responded giving a response rate of 78.6% which was sufficient for analysis.

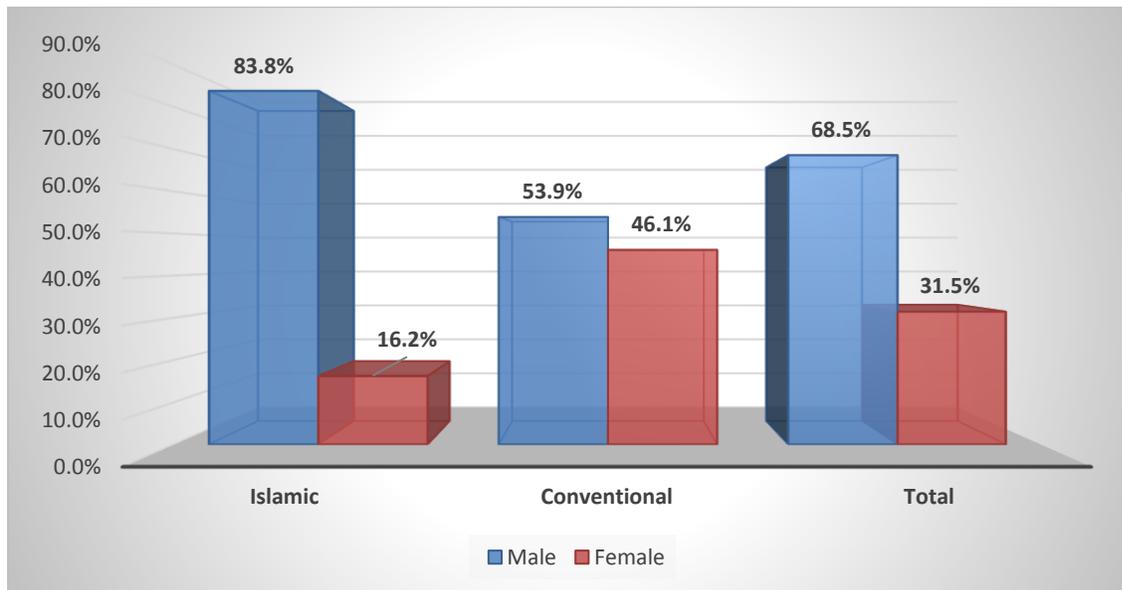
4.2. Demographic Information

The study presents respondent's information in terms of their gender, age and the source of their livelihood.

4.2.1. Gender of respondents

In terms of overall sample gender distribution, 68.5% were males and 31.5% were females. In regard to distribution of participants from different bank categories, 88.3% of the Islamic bank customers interviewed was males and 11.7% were females. While, 53.9% of the conventional banks customers were males and 46.1% were females as shown in Figure 4.1.

Figure 4.1: Distribution of respondents by gender



4.2.2. Age of respondents

The study targeted respondents of different age categories, both young and old, to participate in the study. Overall, 31.1% of the respondents sampled from both the Islamic and Conventional banks were young people aged between 18 - 30 years; 25.8% were aged between 31-40 years; 19.5% reported ages of between 41-50 years; 11.3% were between 51 - 60 years old while 12.3% were above 60 years of age as shown in Table 4.1.

In terms of age distribution in the two banks, majority of the respondents from Islamic banks were above 60 years old (25.0%), followed by 41-50 years (23.0%), 31-40 years (18.9%), 18 - 30 years (17.6%) and 15.5% were aged between 51 - 60 years. On the other hand, majority (44.2%) of the respondents sampled from conventional banks were aged between 18 - 30 years. This was followed by 32.5% who indicated that they were aged between 31-40 years, 16.2 % were aged between 41-50 years, while 7.1 % were aged between 51 - 60 years. None of the respondents from the conventional banks were aged above 60 years as shown in Table 4.1

Table 4. 1: **Distribution of respondents by age**

Banks		Age Bracket					Total
		18 - 30 years	31-40 years	41-50 years	51 - 60 years	Above 60 years	
Islamic	n	26	28	34	23	37	148
	%	17.6	18.9	23.0	15.5	25.0	100.0
Conventional	n	68	50	25	11	0	154
	%	44.2	32.5	16.2	7.1	0.0	100.0
Total	n	94	78	59	34	37	302
	%	31.1	25.8	19.5	11.3	12.3	100.0

4.2.3. Highest level of education

The study further sought to establish the highest level of education the respondents had attained. In this regard, therefore, most of the respondents (39.4%) had completed college; 27.5% had university degrees; 13.6% had post graduate; 12.9% reported to have completed secondary school education; 4.0% had attained primary school education while 2.6% had just gone to Madrasa standard.

Further, the education status of respondents from respective bank categories were established. In this view, 33.1% of the Islamic banks respondents had completed college, 21.6% had degrees, 18.2% had post graduate, 14.9% had just completed secondary school education, 6.8% had up to primary level while 5.4% had attended madrasa. On the other hand, 45.5% of conventional bank customers were indicated they had completed college, 33.1% had university degrees, 11.0% had only completed secondary school education, 9.1% had post graduate and 1.3% had primary school education as shown in table 4.2.

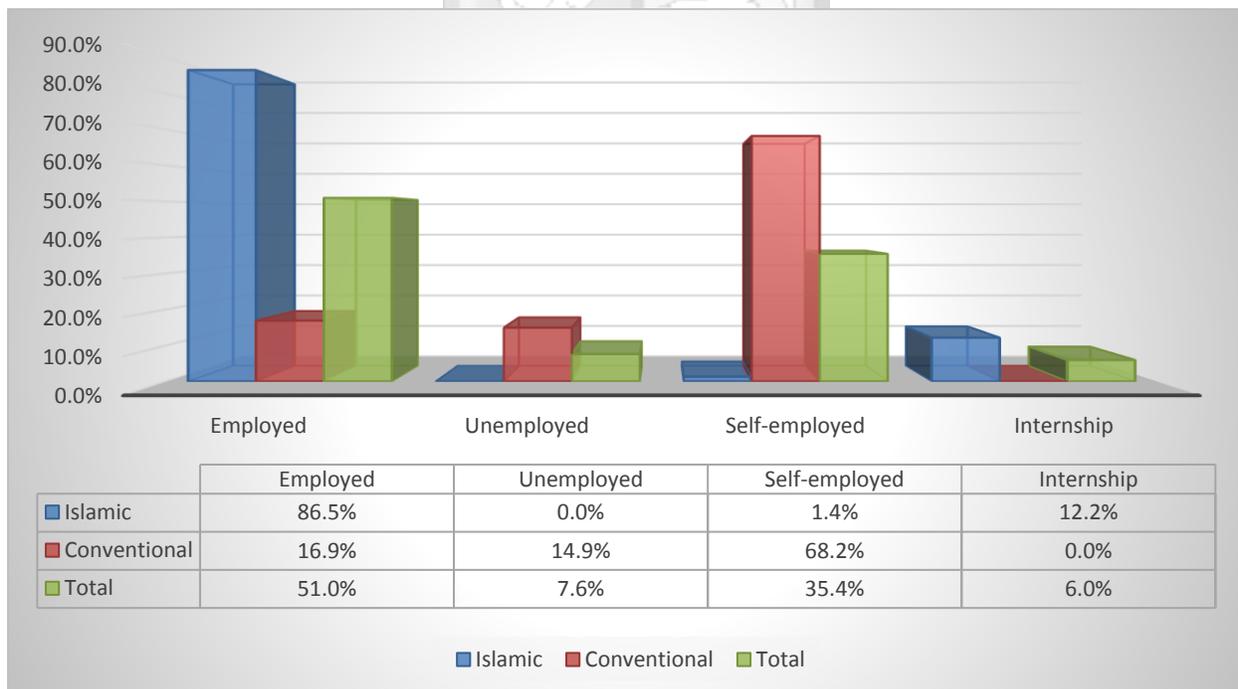
Table 4. 2: Distribution of respondents by education level

Banks		Level of education						Total
		Primary school	Secondary school	College	University	Post-graduate	Madrasa	
Islamic	n	10	22	49	32	27	8	148
	%	6.8	14.9	33.1	21.6	18.2	5.4	100.0
Conventional	n	2	17	70	51	14	0	154
	%	1.3	11.0	45.5	33.1	9.1	0.0	100.0
Total	n	12	39	119	83	41	8	302
	%	4.0	12.9	39.4	27.5	13.6	2.6	100.0

4.2.4. Employment status

In regard to the employment status of the study participants, 51% indicated that they were in formal employment, 35.4% were self-employed, 7.6% were unemployed while 6.0%, were on internship. While majority (86.5%) of the Islamic bank customers were employed, majority of the conventional bank customers were self-employed (68.2%) as shown in Figure 4.2.

Figure 4.2: Employment status of respondents



4.2.5. Average monthly income

The respondents were asked to provide their average monthly income ranges. Overall, slightly more than half (51.3%) had incomes ranging from Ksh 11,000 – Ksh 50,000 every month. In addition, 26.8% reported incomes of between Ksh 50,001 - Ksh 100,000 per month, 13.2% had incomes of less than Ksh 10,000 while 8.6% had incomes of more than Ksh 100,000 as shown in Table 4.3.

Table 4. 3: Average monthly income of respondents

Banks		Level of income (Ksh)				Total
		Less than 10,000	11,000 - 50,000	50,001 - 100,000	more than 100,000	
Islamic	n	18	94	27	9	148
	%	12.2	63.5	18.2	6.1	100.0
Conventional	n	22	61	54	17	154
	%	14.3	39.6	35.1	11.0	100.0
Total	n	40	155	81	26	302
	%	13.2	51.3	26.8	8.6	100.0

4.2.6. Type of bank

There was near parity in the distribution of participants by type of banks. In this view, 51% of the respondents were conventional banks customers while 49% were Islamic bank customers as shown in Table 4.4.

Table 4. 4: Distribution of respondents by type of bank

	Frequency	Percent
Islamic	148	49.0
Conventional	154	51.0
Total	302	100.0

4.2.7. Accounts with other banks

The respondents were asked whether they had accounts with other banks. Overall, 36.1% respondents indicated that they had accounts with other banks while 63.9% had no other account. More (39.0%) of conventional bank customers reported having accounts in others banks as compared to 33.1% of the Islamic bank customers as shown in Table 4.5 below.

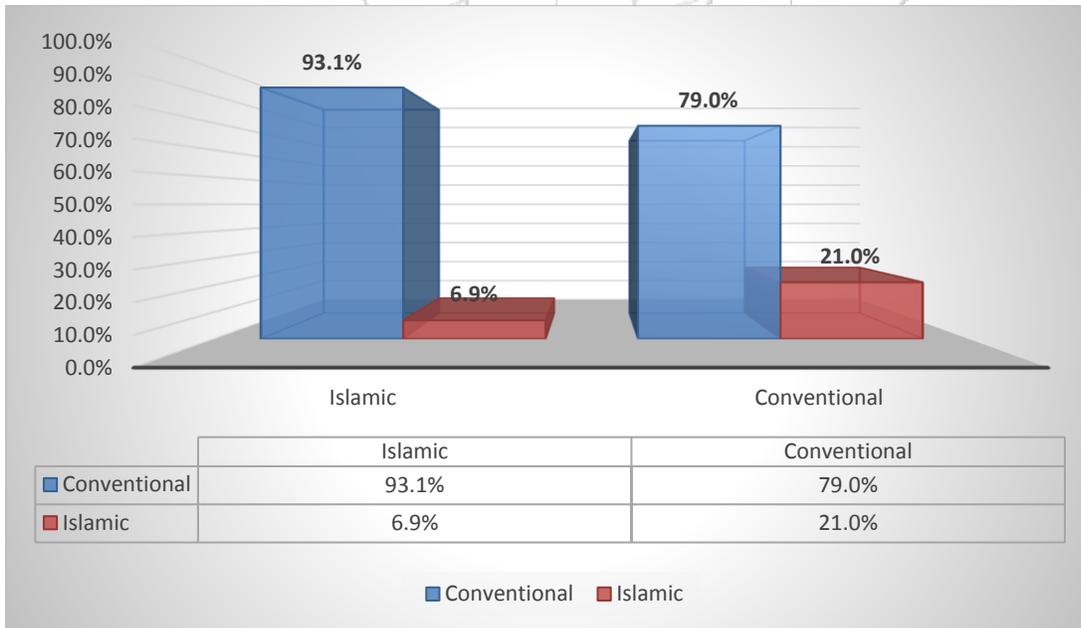
Table 4. 5: Whether hold accounts with other banks

Banks		Do you have any account with other banks?		Total
		Yes	No	
Islamic	n	49	99	148
	%	33.1	66.9	100.0
Conventional	n	60	94	154
	%	39.0	61.0	100.0
Total	n	109	193	302
	%	36.1	63.9	100.0

4.2.8. Banks where customers have alternative accounts

Some clients of conventional banks had accounts in other conventional banks as well as in Islamic banks and vice versa. Based on Figure 4.3, a staggering 93.1% of Islamic banks customers had accounts in conventional banks while only 6.9% had accounts in other Islamic banks. On the other hand, 79% of the conventional banks customers reported having accounts in other conventional banks. In addition, 21% of these customers had accounts in Islamic banks such as First Community bank and Gulf bank.

Figure 4.3: Banks where customers have alternative accounts



4.3. Level of importance that customers attach to different dimensions of service quality

With customer service quality being an important aspect of customer satisfaction, the study sought to establish the dimensions of service quality that conventional and Islamic bank customers identify as being most important to them.

4.3.1. Tangibility

The study sought to establish the extent to which Tangibles are important in terms of service provision. Tangibles included the bank equipment being up to date, interior design of the bank, and dressing of the employees as well as appearance of the physical facilities. Based on results presented in Table 4.7, a large proportion of respondents was skewed towards the perception that the appearance of the physical facilities was consistent with the overall bank (with a mean score of 4.36) where 87.0% of the respondents agreed with the statement. In addition, 87.8% of the respondents agreed that the employees are neat and smartly dressed (a mean score of 4.24). With a mean score of 4.03, 82.1% of the respondents reported that the bank equipment was up to date. Moreover, 76.9% of the respondents agreed that the interior design of the bank was visually appealing as shown in Table 4.6 below.

In conclusion, Islamic bank customers gave much more importance to tangibles as a factor of service quality than conventional bank customers. The appearance of the physical facilities being consistent was the important aspect of tangibility as it was rated highly by customers of both banks (4.62 for Islamic banks and 4.10 for conventional banks). Presentation and way of dressing was also an important factor of tangibility though it was given more weight by Islamic bank customers than conventional bank customers. This was followed by the interior design of the bank being visually appealing (4.14 by Islamic banks) as shown in Table 4.6 below.

Table 4. 6: Level of agreement with statements regarding tangibility aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
The bank equipment is up to date	n	2	10	21	55	60	4.09	0.968	6	5	10	100	33	3.97	0.874
	%	1.4	6.8	14.2	37.2	40.5			3.9	3.2	6.5	64.9	21.4		
The interior design of the bank is visually appealing	n	0	6	26	57	59	4.14	0.849	5	7	26	96	20	3.77	0.852
	%	0	4.1	17.6	38.5	39.9			3.2	4.5	16.9	62.3	13.0		
The employees are neat and smartly dressed	n	1	7	53	87	148	4.53	0.622	0	0	29	101	24	3.97	0.588
	%	0.7	4.7	35.8	58.8	100.0			0	0	18.8	65.6	15.6		
The appearance of the physical facilities are consistent with the overall bank	n	0	1	4	45	98	4.62	0.576	3	5	26	59	61	4.10	0.930
	%	0	0.7	2.7	30.4	66.2			1.9	3.2	16.9	38.3	39.6		

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.3.2. Reliability

Reliability referred to the ability of the banks to meet their promised timeframes, ability of employees to resolve complaints, employees being sympathetic and reassuring, promptness in service delivery and error-free records and transactions. Generally, 66.9% of the respondents (67.6% of Islamic customers and 66.2% of conventional banks) agreed that banks met their promised timeframes for responses. Moreover, 83.1% of the respondents (81.1% of Islamic customers and 85.1% of conventional banks) agreed that employees were dependable in resolving customer complaints. On the same note, 85.1% of the respondents (85.1% of Islamic customers and 85.0% of conventional banks) concurred that employees were sympathetic and reassuring when customers have a problem with the bank. This was followed by 85.1% (87.2% of Islamic customers and 83.1% of conventional banks) who agreed that bank employees were prompt in service delivery with a mean core of 4.14. Finally, 88.5% of the respondents (95.3% of Islamic customers and 81.8% of conventional banks) indeed agreed that the records and transactions performed were error-free as shown in Table 4.7 below.

In this regard, the Islamic bank customers gave more importance to The records and transactions performed are error-free (4.52), employees being prompt in service delivery (4.31), employees being sympathetic and reassuring when I have a problem with the bank (4.20), employees being dependable in resolving customer complaints (4.01) and bank meeting their promised timeframes for responses (3.82). on the other hand, conventional bank customers gave much importance to employees being sympathetic and reassuring when I have a problem with the bank (4.16), employees being dependable in resolving customer complaints (4.10), records and transactions performed are error-free (4.10), employees being prompt in service delivery (3.97) and bank meeting their promised timeframes for response (3.81) as shown in Table 4.7 below.

Table 4. 7: Level of agreement with statements regarding reliability aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev	SD	D	N	A	SA	Mean	Std.Dev
The bank meets theirpromised timeframes for response	n	6	18	24	49	51	3.82	1.155	7	5	40	61	41	3.81	1.017
	%	4.1	12.2	16.2	33.1	34.5			4.5	3.2	26.0	39.6	26.6		
The employees are dependable in resolving my complaints	n	0	8	20	82	38	4.01	0.782	9	5	9	70	61	4.10	1.053
	%	0.0	5.4	13.5	55.4	25.7			5.8	3.2	5.8	45.5	39.6		
The employees are sympathetic and reassuring when I have a problem with the bank	n	7	15	68	58	148	4.20	0.805	0	4	19	80	51	4.16	0.733
	%	4.7	10.1	45.9	39.2	100.0			0	2.6	12.3	51.9	33.1		
The employees are prompt in service delivery	n	9	10	55	74	148	4.31	0.848	0	9	17	97	31	3.97	0.741
	%	6.1	6.8	37.2	50.0	100.0			0.0	5.8	11.0	63.0	20.1		
The records and transactions performed are error-free	n	5	1	1	46	95	4.52	0.845	0	4	24	78	48	4.10	0.751
	%	3.4	0.7	0.7	31.1	64.2			0.0	2.6	15.6	50.6	31.2		

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.3.3. Responsiveness

Responsiveness was measured through customers being informed on when services would be performed, quick service by the staff, willingness to assist customers and readiness of employees to assist customers in solving problems. Most of the respondents tended to agree with the statements regarding responsiveness. For instance, 64.2% (66.9% of Islamic customers and 61.7% of conventional banks customers) agreed that they are always informed about when services would be performed. Another 71.8% of the respondents (79.1% of Islamic customers and 64.9% of conventional banks customers) agreed that they are given quick services by the staff. Moreover, 71.8% of the respondents (70.9% of Islamic customers and 72.7% of conventional banks customers) reported that employees were willing to assist them whenever possible (a mean of 3.92), and another 74.8% (76.3% of Islamic customers and 73.4% of conventional banks customers) indicated that the employees were genuinely interested and ready in assisting them and resolving problems.

For Islamic bank customers, much importance was given employees' willingness to assist customers whenever possible (3.98), followed by always being informed about when services will be performed (3.96), employees being genuinely interested and ready in assisting customers and resolving issues (3.95) and being given quick service by the staff (3.89). On the part of conventional bank customers, much importance was given to employees being genuinely interested and ready in assisting customers and resolving issues (3.99). This was followed by employees' willingness to assist customers whenever possible (3.86), being given quick service by the staff (3.65) and always being informed about when services will be performed (3.42) as shown in Table 4.8 below.

Generally, much importance was given to employees being genuinely interested and ready in assisting customers and resolving problems at a score of 3.97. This was followed by employees' willingness to assist customers whenever possible (a score of 3.92), prompt service by the staff at 3.77, as well as customers always being informed about when services would be performed (a score of 3.69).

Table 4. 8: Level of agreement with statements regarding responsiveness aspect

Statements		Islamic banks						Conventional banks							
		SD	D	N	A	SA	Mean	Std.Dev.	SD	D	N	A	SA	M	Std.Dev.
I am always informed about when services will be performed	n	0	8	41	48	51	3.96	0.918	17	20	22	71	24	3.42	1.220
	%	0.0	5.4	27.7	32.4	34.5			11.0	13.0	14.3	46.1	15.6		
I am given quick service by the staff	n	1	5	25	95	22	3.89	0.711	13	7	34	67	33	3.65	1.123
	%	0.7	3.4	16.9	64.2	14.9			8.4	4.5	22.1	43.5	21.4		
Employees are willing to assist me whenever possible	n	1	10	32	53	52	3.98	0.951	8	8	26	67	45	3.86	1.061
	%	0.7	6.8	21.6	35.8	35.1			5.2	5.2	16.9	43.5	29.2		
The employees are genuinely interested and ready in assisting me and resolving issues	n	0	13	22	73	40	3.95	0.879	8	8	25	50	63	3.99	1.120
	%	0.0	8.8	14.9	49.3	27.0			5.2	5.2	16.2	32.5	40.9		

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.3.4. Assurance

Assurance (employee trustworthiness, confidentiality of information, courteous of employees as well as employees are knowledgeable and have the required skills). Similarly, in this dimension four aspects were measured where respondents were required to give their level of agreement or disagreement with the statements. In this regard, 77.1% of the respondents (71.0% of Islamic customers and 83.1% of conventional banks customers) agreed that the employees are trustworthy. In addition, 82.1% (76.4% of Islamic customers and 87.6% of conventional banks customers) agreed that their transactions and personal information are kept confidential by the bank. Further, 74.8% of the respondents (70.3% of Islamic customers and 79.3% of conventional banks customers) concurred that the bank employees are courteous. Finally, 83.4% of the respondents (78.4% of Islamic customers and 88.3% of conventional banks customers) reported that employees are knowledgeable and have the required skills about bank's procedures.

In a nutshell, more importance was given to employees being knowledgeable and have the required skills about bank's processes (4.04) by Islamic bank customers. This was followed by bank employees being courteous (4.01), employees being trustworthy (3.99) while the least rated was transactions and personal information being kept confidential by the bank (3.82). In regard to conventional bank customers, much importance was accorded to employees being knowledgeable and have the required skills about bank's processes (4.39), transactions and personal information being kept confidential by the bank (4.25), bank employees being courteous (4.07) whereas the least rated was employees being trustworthy (4.03) as shown in Table 4.9 below.

Generally, the aspect of staff having knowledge and required skills about bank's processes and procedures was rated the most important at 4.22. Confidentiality of transactions and personal information by the bank, as well as courtesy of the bank staff were ranked second in the order of importance at 4.04. These were then followed by trustworthiness of the employees at (4.01).

Table 4. 9: Level of agreement with statements regarding assurance aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev	SD	D	N	A	SA	Mean	Std. Dev.
The employees are trustworthy	n	1	11	31	50	55			0	8	18	89	39		
	%	0.7	7.4	20.9	33.8	37.2	3.99	0.972	0	5.2	11.7	57.8	25.3	4.03	0.762
My transactions and personal information are kept confidential by the bank	n	13	22	92	21	148			0	0	19	78	57		
	%	8.8	14.9	62.2	14.2	100.0	3.82	0.783	0	0	12.3	50.6	37.0	4.25	0.660
The bank employees are courteous	n	1	5	38	51	53			4	5	23	66	56		
	%	0.7	3.4	25.7	34.5	35.8	4.01	0.903	2.6	3.2	14.9	42.9	36.4	4.07	0.937
The employees are knowledgeable and have the required skills about bank's processes	n	2	0	30	74	42			0	0	18	58	78		
	%	1.4	0.0	20.3	50.0	28.4	4.04	0.781	0.0	0.0	11.7	37.7	50.6	4.39	0.689

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.3.5. Empathy

Empathy aspect focused on the behaviour of the banking staff towards the customers. This was measured by the attention given by the bank's employees to the customers, ability to deal with customers in a polite and caring fashion, employees having customers' best interest at heart as well as convenience of bank's operating hours. Generally, there was a strong agreement that the aspects of empathy have an importance in customer satisfaction. Putting it into perspective, 65.3% of the respondents (62.8% of Islamic customers and 67.6% of conventional banks customers) were in agreement that customers are given individual attention by the bank's employees. Moreover, 77.5% of the respondents (75.6% of Islamic customers and 79.3% of conventional banks customers) agreed that employees deal with customers in a polite and caring fashion. Further, 73.2% of the respondents (73.0% of Islamic customers and 73.4% of conventional banks customers) believed that the employees have customers' best interest at heart. Further, 81.1% of the respondents (75.0% of Islamic customers and 87.0% of conventional banks customers) indicated that bank employees understand customers' specific needs, and 73.8% (77.7% of Islamic customers and 70.2% of conventional banks customers) indicated that the bank's operating hours were convenient as shown in table 4.10 below.

This means that Islamic bank customers gave much importance to bank's operating hours being convenient (4.21), believe that the employees have customer's best interest at heart (4.03), employees understanding customer's specific needs (3.95), employees deal with customers in a polite and caring fashion (3.84) while giving individual attention to customers by the bank's employees was rated the least important (3.80). In regard to conventional bank customers, importance to various aspects of empathy were rated in the following order; employees understanding customer's specific needs (4.14), employees deal with customers in a polite and caring fashion (4.12), bank's operating hours being convenient (3.96), believe that the employees have customer's best interest at heart (3.87) and giving individual attention to customers by the bank's employees (3.75).

Table 4. 10: Level of agreement with statements regarding empathy aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std.Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am given individual attention by the bank's employees	n	0	7	48	60	33	3.80	0.838	9	10	31	64	40	3.75	1.093
	%	0.0	4.7	32.4	40.5	22.3			5.8	6.5	20.1	41.6	26.0		
Employees deal with me in a polite and caring fashion	n	4	3	29	89	23	3.84	0.809	0	5	27	66	56	4.12	0.811
	%	2.7	2.0	19.6	60.1	15.5			0.0	3.2	17.5	42.9	36.4		
I believe the employees have my bet interest at heart	n	0	6	34	57	51	4.03	0.860	11	0	30	70	43	3.87	1.052
	%	0.0	4.1	23.0	38.5	34.5			7.1	0	19.5	45.5	27.9		
Employees understand my specific needs	n	4	10	23	63	48	3.95	0.999	5	3	12	79	55	4.14	0.889
	%	2.7	6.8	15.5	42.6	32.4			3.2	1.9	7.8	51.3	35.7		
The bank's operating hours are convenient to me	n	2	7	24	40	75	4.21	0.971	11	14	21	32	76	3.96	1.283
	%	1.4	4.7	16.2	27.0	50.7			7.1	9.1	13.6	20.8	49.4		

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

Generally, Islamic bank customers gave much importance to tangibles as a factor of service quality (M=4.61, SD=.591) than conventional bank customers (M=4.01, SD=.548) as well as responsiveness (M=4.08, SD=0.655) than conventional bank customers (M=3.82, SD=1.017). However, reliability dimension was given more weight by conventional bank customers (M=4.17, SD=0.694) than Islamic bank customers (M=3.97, SD=0.741). Similarly, conventional bank customers had a more favorable opinion on assurance dimension of service quality (M=4.30, SD=0.628) compared to Islamic bank customers (M=4.09, SD=0.746). In addition, conventional bank clients perceived the banks to have more empathy (M=3.98, SD=.762) than it was the perception of Islamic bank clients on Islamic banks (M=3.97, SD=0.728) as shown in Table 4.11.

Table 4. 11: T-test comparing level of importance attached to dimensions of service quality in Islamic and conventional banks

	Type of bank	N	Mean	Std. Dev	Std. Error Mean
Tangibility	Islamic	148	4.61	0.591	0.049
	Conventional	154	4.01	0.548	0.044
Reliability	Islamic	148	4.17	0.694	0.057
	Conventional	154	3.97	0.741	0.060
Responsiveness	Islamic	148	4.08	0.655	0.054
	Conventional	154	3.82	1.017	0.082
Assurance	Islamic	148	4.09	0.746	0.061
	Conventional	154	4.30	0.628	0.051
Empathy	Islamic	148	3.97	0.728	0.060
	Conventional	154	3.98	0.762	0.061

In regard to specific bank types, different bank customers gave importance to different dimensions of service quality. For instance, Islamic bank customers gave much importance to tangibility (M=4.61), assurance (M = 4.09), responsiveness (M=4.08), reliability and empathy (Mean= 3.97) respectively. On the other hand, conventional bank customers gave importance to various dimensions of service quality in the following order; assurance (Mean=4.30), reliability (Mean=4.17), tangibility (Mean=4.01), empathy (mean=3.98) and responsiveness (Mean=3.82).

4.4. Relationship between service quality and customer satisfaction

Customer satisfaction was measured through determination of the level of agreement with statements regarding satisfaction with various constructs of service quality dimensions. On this note, the respondents were asked to state whether they were satisfied with various aspects of service quality.

4.4.1. Tangibility

In regard to tangibility aspect, 79.1% of the respondents (69.6% of Islamic customers and 88.4% of conventional banks customers) were satisfied with the bank's equipment being up to date. In addition, 81.5% of the respondents (77.7% of Islamic customers and 83.2% of conventional banks customers) expressed satisfaction with the bank's interior design being visually appealing. Besides, 82.1% of the respondents (77.0% of Islamic customers and 87.1% of conventional banks customers) were satisfied with the employees being neat and smartly dressed; whereas 80.5% (81.1% of Islamic customers and 79.9% of conventional banks customers) indicated they were satisfied with the appearance of the physical facilities being consistent.

In this view, Islamic bank customers were more satisfied with the appearance of the physical facilities being consistent (Mean=4.22), the employees being neat and smartly dressed (M=4.14), the bank's interior design being visually appealing (M=3.97), and the bank's equipment being up to date (M=3.86). On the other hand, conventional bank customers expressed satisfaction with tangibles in the following order: the appearance of the physical facilities being consistent (M=4.36), the employees being neat and smartly dressed (M=4.32), the bank's equipment being up to date (M=4.18) and were least satisfied with the bank's interior design being visually appealing (M=4.17) as shown in Table 4.12 below.

Table 4. 12: Level of satisfaction with statements regarding tangibility aspect

Banks		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am satisfied with the bank's equipment being up to date	n %	4 2.7	14 9.5	27 18.2	56 37.8	47 31.8	3.86	1.054	9 5.8	7 4.5	2 1.3	66 42.9	70 45.5	4.18	1.073
I am satisfied with the bank's interior design being visually appealing	n %	0 0.0	15 10.1	18 12.2	71 48.0	44 29.7	3.97	0.911	4 2.6	8 5.2	14 9.1	60 39.0	68 44.2	4.17	0.976
I am satisfied with the employees being neat and smartly dressed	n %	0 0.0	6 4.1	28 18.9	53 35.8	61 41.2	4.14	0.865	0 0.0	4 2.6	16 10.4	60 39.0	74 48.1	4.32	0.766
I am satisfied with the appearance of the physical facilities being consistent	n %	0 0.0	5 3.4	23 15.5	54 36.5	66 44.6	4.22	0.832	0 0.0	0 0.0	31 20.1	36 23.4	87 56.5	4.36	0.799

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.4.2. Reliability

Most of the respondents agreed with the statements regarding satisfaction with the reliability aspect of service quality. For instance, 75.8% of the respondents (64.2% of Islamic customers and 87.1% of conventional banks customers) reported that they were satisfied with the time frame the bank takes to respond to customers' requests and concerns. Further, 80.1% of the respondents (72.1% of Islamic customers and 87.7% of conventional banks customers) expressed satisfaction with the employees' dependability in resolving my complaints and another 79.8% (79.7% of Islamic customers and 79.9% of conventional banks customers) were satisfied with the employees being prompt in service delivery. Moreover, 80.4% of the respondents (71.1% of Islamic customers and 89.0% of conventional banks customers) were satisfied that the employees are sympathetic and reassuring when customers have problems. In addition, 87.7% of the respondents (81.8% of Islamic customers and 93.6% of conventional banks customers) reported that they were satisfied with the records and transactions performed being error-free.

In a nutshell, most of the satisfaction among Islamic bank customers was derived from records and transactions performed being error-free ($M=4.13$), followed by the employees being prompt in service delivery ($M=4.07$), the employees being sympathetic and reassuring when customers have problems ($M=3.94$), employees' dependability in resolving my complaints ($M=3.93$) as well as the time frame the bank takes to respond to my requests ($M=3.80$). Conventional banks customers, on the other hand, were more satisfied with the records and transactions performed being error-free ($M=4.40$), the employees being sympathetic and reassuring when customers have problems ($M=4.36$), employees' dependability in resolving my complaints ($M=4.29$), time frame the bank takes to respond to my requests ($M=4.19$), and least satisfied with employees being prompt in service delivery ($M=4.14$) as shown in Table 4.13 below.

Table 4. 13: Level of satisfaction with statements regarding reliability aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am satisfied with the time frame the bank takes to respond to my requests	n %	3 2.0	24 16.2	26 17.6	41 27.7	54 36.5	3.80	1.159	3 1.9	13 8.4	4 2.6	66 42.9	68 44.2	4.19	0.975
I am satisfied with the employees' dependability in resolving my complaints	n %	1 0.7	11 7.4	29 19.6	64 43.2	43 29.1	3.93	0.919	0 0.0	12 7.8	7 4.5	59 38.3	76 49.4	4.29	0.878
I am satisfied that the employees are sympathetic and reassuring when I have	n %	1 0.7	8 5.4	33 22.3	63 42.6	43 29.1	3.94	0.890	0 0.0	2 1.3	15 9.7	63 40.9	74 48.1	4.36	0.711
I am satisfied with the employees being prompt in service delivery	n %	0 0.0	14 9.5	16 10.8	64 43.2	54 36.5	4.07	0.923	0 0.0	18 11.7	13 8.4	52 33.8	71 46.1	4.14	1.000
I am satisfied with the records and transactions performed being error-free	n %	4 2.7	9 6.1	14 9.5	58 39.2	63 42.6	4.13	0.999	0 0.0	4 2.6	6 3.9	68 44.2	76 49.4	4.40	0.691

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.4.3. Responsiveness

Most of the respondents agreed they were satisfied with statements regarding responsiveness dimension of service quality. In this view, 66.0% of Islamic customers as well as 71.4% of conventional banks customers were satisfied that they are always informed about when services would be performed. In addition, 73.0% of Islamic customers and 70.2% of conventional banks customers indicated they were satisfied that they are given quick service by the staff; 74.8% of the respondents (75.6% of Islamic customers and 74.1% of conventional banks customers) were satisfied that the employees were willing to assist them (customers) whenever possible; and 79.5% (82.4% of Islamic customers and 76.7% of conventional banks customers) were satisfied that the employees are genuinely interested and ready to assist customers as shown in table 4.14.

In this regard, banks customers were much satisfied with different aspects regarding responsiveness in the following order; employees are genuinely interested and ready in assisting customers (Islamic banks 4.07; conventional banks 4.07), employees willingness to assist customers whenever possible (Islamic banks 4.06; conventional banks 3.97), quick service by the staff (Islamic banks 3.88; conventional banks 3.94), and always being informed about when services will be performed (Islamic banks 3.66; conventional banks 3.91).

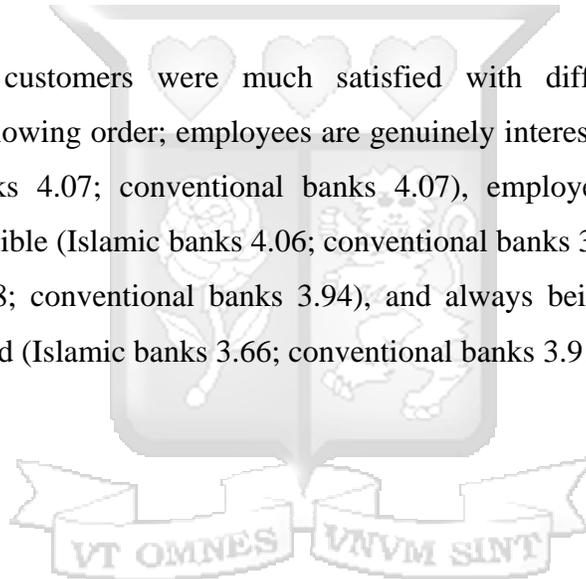


Table 4. 14: Level of satisfaction with statements regarding responsiveness aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am satisfied that am always informed about when services will be performed	n	2	17	46	48	35			5	21	18	49	61		
	%	1.4	11.5	31.1	32.4	23.6	3.66	1.008	3.2	13.6	11.7	31.8	39.6	3.91	1.162
I am satisfied that am given quick service by the staff	n	0	4	36	82	26			0	22	24	50	58		
	%	0.0	2.7	24.3	55.4	17.6	3.88	0.718	0.0	14.3	15.6	32.5	37.7	3.94	1.052
I am satisfied that the employees are willing to assist me whenever possible	n	0	3	33	64	48			3	17	20	56	58		
	%	0.0	2.0	22.3	43.2	32.4	4.06	0.793	1.9	11.0	13.0	36.4	37.7	3.97	1.063
I am satisfied that the employees are genuinely interested and ready in assisting customers	n	1	11	14	72	50			4	11	21	52	66		
	%	0.7	7.4	9.5	48.6	33.8	4.07	0.889	2.6	7.1	13.6	33.8	42.9	4.07	1.042

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.4.4. Assurance

Satisfaction with assurance dimension was measured through trustworthiness of the staff, confidentiality of transactions and personal information, courtesy of bank employees as well as knowledge and skills of employees on bank procedures. Putting this in perspective, 77.8% of the respondents (67.6% of Islamic customers and 87.7% of conventional banks customers) expressed satisfaction that the bank's employees are trustworthy. Further, 88.1% (82.5% of Islamic customers and 90.5% of conventional banks customers) were satisfied that their transactions and personal information are kept confidential; 84.1% of the respondents (81.8% of Islamic customers and 86.3% of conventional banks customers) were satisfied with the courtesy of bank employees; and 86.4% (85.8% of Islamic customers and 87.0% of conventional banks customers) expressed satisfaction that the employees are knowledgeable and have the required skills to resolve customers' issues as shown in Table 4.15 below.

In other words, the most important aspects of assurance dimension that gave Islamic bank customers more satisfaction were employees being knowledgeable and having the required skills (4.35), employees being courteous (4.29), transactions and personal information are kept confidential (3.99) and the bank's employees being trustworthy (3.93). The order in which conventional bank customers rated satisfaction was different from the Islamic bank customers. In this way, they derived much satisfaction from transactions and personal information being kept confidential (4.47), employees being knowledgeable and having the required skills (4.38), employees are courteous (4.37) as well as bank's employees being trustworthy (4.21) as shown in Table 4.15 below.

Table 4. 15: Level of satisfaction with statements regarding assurance aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am satisfied that the bank's employees are trustworthy	n	3	7	38	49	51	3.93	0.987	4	6	9	69	66	4.21	0.914
	%	2.0	4.7	25.7	33.1	34.5			2.6	3.9	5.8	44.8	42.9		
I am satisfied that my transactions and personal information are kept confidential	n	0	6	20	92	30	3.99	0.709	0	0	10	61	83	4.47	0.618
	%	0.0	4.1	13.5	62.2	20.3			0.0	0.0	6.5	39.6	53.9		
I am satisfied that the banks employees are courteous	n	0	1	26	50	71	4.29	0.776	0	8	13	47	86	4.37	0.848
	%	0.0	0.7	17.6	33.8	48.0			0.0	5.2	8.4	30.5	55.8		
I am satisfied that the employees are knowledgeable and have the required skills	n	1	2	18	50	77	4.35	0.799	0	0	20	56	78	4.38	0.706
	%	0.7	1.4	12.2	33.8	52.0			0.0	0.0	13.0	36.4	50.6		

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

4.4.5. Empathy

Similarly, respondents were asked to give their level agreement with statements regarding satisfaction with empathy dimension of service quality. In regard to this dimension, 80.8% of the respondents (75.7% of Islamic customers and 85.8% of conventional banks customers) indicated that they were satisfied that they are given individual attention by the bank's employees. Another 81.5% of the respondents (80.4% of Islamic customers and 82.5% of conventional banks customers) were satisfied with how the employees deal with me in a polite and caring family; 81.8% (85.2% of Islamic customers and 78.6% of conventional banks customers) expressed satisfaction with the employees having customers' best interest at heart. Moreover, 84.1% (80.4% of Islamic customers and 87.7% of conventional banks customers) were satisfied that the employees understand customer's specific needs whereas 78.8% (85.8% of Islamic customers and 72.1% of conventional banks customers) reported that they were satisfied with the convenience of bank's operating hours as shown in Table 4.16 below.

In a nutshell, convenience in bank's operating hours (4.35) was the most important aspect of empathy that Islamic bank customers were satisfied with. This was followed by understanding of customer's specific needs (4.23), employees having customers' best interest at heart (4.23), the manner in which the employees deal with customers in a polite and caring fashion (4.12), and individual attention given by the bank's employees (3.99). On the other hand, conventional banks customers drew their satisfaction from the employees' understanding of customer's specific needs (4.33), individual attention given by the bank's employees (4.29), employees having customers' best interest at heart (4.28), the manner in which the employees deal with customers in a polite and caring fashion (4.24), and convenience in bank's operating hours (3.92).

Table 4. 16: Level of satisfaction with statements regarding empathy aspect

Statements		Islamic banks							Conventional banks						
		SD	D	N	A	SA	Mean	Std. Dev.	SD	D	N	A	SA	Mean	Std. Dev.
I am satisfied that am given individual attention by the bank's employees	n %	2 1.4	7 4.7	27 18.2	66 44.6	46 31.1	3.99	0.900	1 0.6	8 5.2	13 8.4	56 36.4	76 49.4	4.29	0.876
I am satisfied with how the employees deal with me in a polite and caring fashion	n %	0 0	0 0	29 19.6	72 48.6	47 31.8	4.12	0.709	0 0	11 7.1	16 10.4	52 33.8	75 48.7	4.24	0.908
I am satisfied with the employees having my best interest at heart	n %	0 0.0	3 2.0	19 12.8	67 45.3	59 39.9	4.23	0.748	0 0.0	0 0.0	33 21.4	45 29.2	76 49.4	4.28	0.796
I am satisfied that the employees understand my specific needs	n %	0 0.0	7 4.7	22 14.9	49 33.1	70 47.3	4.23	0.874	0 0.0	4 2.6	15 9.7	61 39.6	74 48.1	4.33	0.759
I am satisfied with the bank's operating hours as they are convenient to me	n %	3 2.0	0 0.0	18 12.2	48 32.4	79 53.4	4.35	0.848	18 11.7	10 6.5	15 9.7	35 22.7	76 49.4	3.92	1.381

SD(1)=strongly disagree, D(2)=disagree, N(3)=neutral, A(4)=agree, SA(5)=strongly agree, Std Dev=standard deviation

Numbers in bracket denotes the scores based on the five point Likert scale

The mean based on five point Likert scale

T-Test

Table 4. 17: T-Test Group statistics

Group Statistics					
	Type of bank	N	Mean	Std. Deviation	Std. Error Mean
Customer satisfaction	Islamic	148	4.13	.456	.037
	Conventional	154	4.33	.647	.052
Tangibility	Islamic	148	4.19	.852	.070
	Conventional	154	4.38	.733	.059
Reliability	Islamic	148	4.02	.733	.060
	Conventional	154	4.29	.814	.066
Responsiveness	Islamic	148	4.02	.654	.054
	Conventional	154	4.09	.952	.077
Assurance	Islamic	148	4.28	.698	.057
	Conventional	154	4.51	.639	.051
Empathy	Islamic	148	4.25	.669	.055
	Conventional	154	4.26	.782	.063

Generally, conventional banks customers were more satisfied with the service quality of their respective banks than Islamic bank customers. Putting this into perspective, conventional bank customers were more satisfied with the tangibility dimension (M=4.38, SD=0.733) than Islamic bank customers (M=4.19, SD=.852). The difference in satisfaction between customers of the two types of banks was significant at $t_{(300)} = -2.052$, $p < 0.01$. Besides, they (conventional bank customers) were more satisfied with reliability dimension (M=4.29, SD=.814) than Islamic bank customers (M=4.02, SD=.733) and this was significant at $t_{(300)} = -2.974$, $p < 0.01$. The situation was similar with responsiveness (M=4.09, SD=0.952) than Islamic bank customers (M=4.02, SD=0.654); $t_{(300)} = -0.748$, $p < 0.01$. Similarly, conventional bank customers more satisfied with the assurance dimension of service quality (M=4.51, SD=.639) compared to Islamic bank customers (M=4.28, SD=.698); $t_{(300)} = -3.066$, $p > 0.01$, as well as empathy (M=4.26, SD=.782) than it was the perception of Islamic bank clients on Islamic banks (M=4.25, SD=.669); $t_{(300)} = -0.116$, $p < 0.01$ as shown in Tables 4.17 and 4.18 .

Table 4. 18: T-test for independent variables

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Customer satisfaction	Equal variances assumed	53.500	.000	-3.136	300	0.002	-.203	.065	-.330	-.076
	Equal variances not assumed			-3.157	275.367	0.002	-.203	.064	-.329	-.076
Tangibility	Equal variances assumed	5.637	.018	-2.052	300	0.041	-.187	.091	-.367	-.008
	Equal variances not assumed			-2.046	289.654	0.042	-.187	.092	-.368	-.007
Reliability	Equal variances assumed	7.202	.008	-2.974	300	0.003	-.265	.089	-.441	-.090
	Equal variances not assumed			-2.980	298.727	0.003	-.265	.089	-.441	-.090
Responsiveness	Equal variances assumed	18.762	.000	-.748	300	0.455	-.071	.094	-.256	.115
	Equal variances not assumed			-.754	271.955	0.452	-.071	.094	-.255	.114
Assurance	Equal variances assumed	.309	.579	-3.066	300	0.002	-.236	.077	-.387	-.085
	Equal variances not assumed			-3.060	295.168	0.002	-.236	.077	-.388	-.084
Empathy	Equal variances assumed	9.278	.003	-.116	300	0.908	-.010	.084	-.175	.155
	Equal variances not assumed			-.116	296.021	0.907	-.010	.084	-.174	.155

In regard to satisfaction level with different dimensions of service quality by customers of specific bank types, Islamic bank customers were more satisfied with assurance (M=4.28), empathy (2.25), tangibility (4.19), reliability and responsiveness (4.02) respectively. On the other hand, the level of satisfaction by conventional bank customers with various dimensions of service quality was as follows; assurance (4.51), tangibility (4.38), reliability (4.29), empathy (4.26) and responsiveness (4.09).

The respondents were further asked whether they would continue operating their accounts in the same banks in future. On this note, 87.8% of Islamic bank customers as well as 93.5% of conventional banks customers reported that they still would continue operating their accounts. This translates to an overall of 90.7% of the respondents who expressed faith in their banks. Moreover, the respondents were asked if they would recommend the bank to their colleagues or friends and 89.7% indicated they would. This represents 85.8% of Islamic bank customers and 93.5% of conventional bank customers as shown in table 4.19.

Table 4. 19: Perceptions on future engagements with the banks

Statements			Yes	No	Total
Will you continue operating this account in future?	Islamic	n	130	18	148
		%	87.8	12.2	100.0
	Conventional	n	144	10	154
		%	93.5	6.5	100.0
	Total	n	274	28	302
		%	90.7	9.3	100.0
Would you recommend this bank as a preferred banking to your colleagues/ friends?	Islamic	n	127	21	148
		%	85.8	14.2	100.0
	Conventional	n	144	10	154
		%	93.5	6.5	100.0
	Total	n	271	31	302
		%	89.7	10.3	100.0

A Chi-square test of independence was carried to compare the perceptions on whether respondents would be willing to recommend the bank as a preferred banking to their colleagues/ friends. The results showed a significant difference between conventional banks and Islamic banks customers ($X^2=4.85, p=0.03$).

The respondents were asked on their opinion of what were the causes of the service quality problem in their banks and the following factors came up; unmotivated employees, tribalism and nepotism, too much documentations needed for transactions, system failure, slow service delivery, poor time keeping in service delivery, poor decision making, poor management, poor channels of communications, long lines in the banking halls, less staff, as well as lengthy loan processing procedure among others.

4.5. Inferential statistics

4.5.1. Correlation analysis

Table 4. 20: **Correlations**

			Correlations					
			Customer satisfaction	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Spearman's rho	Islamic	Correlation Coefficient	1.000	.411**	.408**	.451**	.479**	.253**
		Sig. (2-tailed)		.000	.000	.000	.000	.002
	Conventional	Correlation Coefficient	1.000	.456**	.799**	.665**	.602**	.578**
		Sig. (2-tailed)		.000	.000	.000	.000	.000
	Overall	Correlation Coefficient	1.000	.436**	.656**	.601**	.567**	.447**
		Sig. (2-tailed)		.000	.000	.000	.000	.000

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

A spearman's rho correlation was carried out to establish the relationship between the dependent variable (customer satisfaction) and the independent variables. The results showed positive relationships with the variables measured which were significant at $p=0.01$. For instance, there was a strong positive correlation between customer satisfaction and the reliability aspect of service quality ($\rho=0.656$, $p=0.001$). Similarly, there were strong correlations between customer satisfaction and responsiveness and assurance dimensions of service quality which were significant at $p=0.001$. Empathy and tangibles, on the other hand, showed a positive though moderate correlation with customer satisfaction which was significant at $p=0.001$. This implies that an

increase in any of the independent variables would significantly lead to increase in the dependent variable.

Further, there were strong positive correlations between customer satisfaction and service quality dimensions in conventional banks less for tangibility which had a moderate correlation ($\rho = 0.456$). On the other hand, customer satisfaction in Islamic banks was moderately correlated to service quality dimensions ($\rho < 0.5$ but >0.25). These relationships were significant at $p < 0.01$) as shown in table 4.20 above.

4.5.2. Regression analysis

Table 4. 21: Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.872 ^a	0.760	0.755	0.282

a. Predictors: (Constant), Empathy, Tangibility, Type of bank, Responsiveness, Assurance, Reliability

Coefficient of Determination explains the extent to which the change in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable that is explained by all the independent variables. An R-square value of 0.76 was established and adjusted to 0.755. This means that the independent variables could explain 75.5% of the perceived customer satisfaction while only 24.5% of customer satisfaction can be explained by factors not studied in this study but was part of any other factors that influence service quality such as friendliness of the bank staff, favourable interest rates and improved technology and security of both the customers transactions and at the banking halls as shown in table 4.21 above.

Table 4. 22: ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74.333	6	12.389	155.901	.000 ^b
	Residual	23.442	295	.079		
	Total	97.775	301			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Empathy, Tangibility, Type of bank, Responsiveness, Assurance, Reliability

Analysis of Variance (ANOVA) was used to test the overall significance of the regression model. The null hypothesis for this test is that the independent variables do not have explanatory power ($\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$). The p-value of 0.001 means that the R squared is significantly greater than zero indicating our predictors were able to account for a significant amount of variance in customer satisfaction. With a significant p-value, we reject the null hypothesis and adopt the alternative hypothesis and conclude that the predictors have explanatory power. Therefore, the regression model is significant ($F_{(5,301)} = 155.901$, $p < 0.001$; $R^2 = 0.76$) as shown in Table 4.22 above.

Table 4. 23: Regression coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.087	.145		.602	.547
	Type of bank	.062	.034	.054	1.848	.066
	Tangibility	.202	.022	.283	9.061	.000
	Reliability	.161	.028	.222	5.853	.000
	Responsiveness	.275	.024	.395	11.310	.000
	Assurance	.165	.030	.197	5.538	.000
	Empathy	.172	.027	.220	6.477	.000

a. Dependent Variable: Customer satisfaction

$$CS = 0.087 + 0.062\text{BankDummy} + 0.202\text{Tang.} + 0.161 \text{ Rel.} + 0.275 \text{ Resp.} + 0.165\text{Assur.} + 0.172\text{Emp.}$$

Where;

CS – Customer Satisfaction

BankDummy – Dummy variable for type of bank (for conventional banks = 1; Islamic banks = 0)

Tang. – Tangibility

Rel. – Reliability

Resp. – Responsiveness

Assur. – Assurance

Emp. – Empathy

With a significant p-value ($p < 0.05$), it means that tangibility, reliability, responsiveness, assurance and empathy dimensions had a significant influence on customer satisfaction.

The results of linear regression showed that type of banks had an influence on customer satisfaction. In this regard, conventional banks would increase perceptions on customer satisfaction by 0.062 points when other factors are held constant. The study further, revealed that all factors kept constant, a unit increase in customer perceptions on tangibility dimension would significantly increase customer satisfaction by 0.202 points. Moreover, a unit increase in perceptions on reliability aspect would significantly increase customer satisfaction by 0.161 points. A unit increase in responsiveness dimension would significantly increase customer satisfaction by 0.275 points other factors held constant. This would be the case with assurance where a unit increase would have a significant effect on customer satisfaction by increasing perceptions by 0.165 points when other factors are held constant. In addition, other factors controlled at zero, an increase in perceptions on empathy aspect by 1 point would significantly increase the perception on customer satisfaction by 0.172 points as shown in Table 4.23 above.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions, conclusion and recommendations from the study. Further areas of research are also highlighted.

5.2 Discussion of findings

The study was carried out between March and April 2019 among customers of various conventional and Islamic banks within Nairobi County. The study sought to determine customer satisfaction with service quality among conventional and Islamic banks customers in Kenya.

On the first objective, the study findings explored the level of importance that customers attach to different dimensions of service quality. Here, the study focused on five dimensions of service quality with mention of various constructs informing the dimensions. Important aspects identified by respondents were responsiveness of the staff/bank, reliability, assurance, empathy and tangibility.

Further, looking at individual dimensions, tangibility aspect focused on physical facilities of the banks: bank equipment being up to date, interior design of the bank, and dressing of the employees as well as appearance of the physical facilities. In this regard, Islamic bank customers gave much importance to tangibles as a factor of service quality than conventional bank customers. The appearance of the physical facilities being consistent was the important aspect of tangibility as it was rated highly by customers of both banks (4.62 for Islamic banks and 4.10 for conventional banks). This finding supports that of Ndisi (2007) who noted that the appearance of workers and physical facilities goes a long way in explaining the kind of professionalism practiced in a firm. The type of equipment and physical facilities used by a firm speak volumes to the customer and either boost or diminish the level of confidence of the customer in terms of the services offered way before the service is rendered. Presentation and way of dressing was also an important factor of tangibility though it was given more weight by Islamic bank customers than conventional bank customers. This was followed by the interior design of the bank being visually appealing (4.14 by Islamic banks). Further analysis revealed that tangibility dimension was given more weight by

conventional bank customers ($M=4.38$, $SD=0.733$) than Islamic bank customers ($M=4.19$, $SD=0.852$). This finding supports that of Reimer and Kehn (2005), who noted that the “tangibles” dimension has a substantial impact on the intangible dimensions of service quality and that the total consequence of tangibles on perceived service quality is significantly immense than the direct effect, which implies that the intangibles have a facilitative role on tangibles. Moreover, the finding also conforms to the finding of Munusamy, et al. (2010), who averred that tangibility of services can be added by ensuring that the equipment used such as computers are of the best quality, the chairs that customers seat as they wait for services or as they get services are of good quality and the employees should also treat the customers well to enhance the tangibility of the services delivered.

The second dimension was reliability which focused on the ability of the banks to meet their promised timeframes, ability of employees to resolve complaints, employees being sympathetic and reassuring, promptness in service delivery and error-free records and transactions. Of these, the Islamic bank customers gave more importance to the records and transactions performed are error-free (4.52), employees being prompt in service delivery (4.31), employees being sympathetic and reassuring when I have a problem with the bank (4.20), employees being dependable in resolving customer complaints (4.01) and bank meeting their promised timeframes for responses (3.82). On the other hand, conventional bank customers gave much importance to employees being sympathetic and reassuring when I have a problem with the bank (4.16), employees being dependable in resolving customer complaints (4.10), records and transactions performed are error-free (4.10), employees being prompt in service delivery (3.97) and bank meeting their promised timeframes for response (3.81). This finding supports that of Kennedy (2011) who noted that customers will not seek services from providers whom they are not sure that they can get services. They will always seek services from those providers they are assured that they will always get services. Further, Mohammad & Alhamadani, (2011), concurred that reliability as a service dimension has an important effect on customer satisfaction. Safwan et al. (2010) also concurred that reliability shows the service provider’s ability to perform services in a dependable and accurate manner. The study further showed that reliability dimension was given more weight by conventional bank customers ($M=4.17$, $SD=0.694$) than Islamic bank customers ($M=3.97$, $SD=.741$). Opinions of customers of the two types of banks regarding reliability dimension were

significantly different. This supports the finding by (Sakhaei et al., 2014) who were of the opinion that in conventional banks reliability improvement is key in service quality enhancement efforts as well as ensuring a positive customer perception. In addition, Odhiambo (2015) also concluded that reliability is among the major contributors to improved service quality and customer satisfaction.

The third service quality dimension was responsiveness which was measured through customers being informed on when services would be performed, quick service by the staff, willingness to assist customers and readiness of employees to assist customers in solving problems. In this regard therefore, Islamic bank customers, much importance was given to employees' willingness to assist customers whenever possible (3.98), followed by always being informed about when services will be performed (3.96), employees being genuinely interested and ready in assisting customers and resolving issues (3.95) and being given quick service by the staff (3.89). On the part of conventional bank customers, much more importance was given to employees being genuinely interested and ready in assisting customers and resolving issues (3.99). This finding supports that of Akbaba (2009) who noted that customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required. This was followed by employees' willingness to assist customers whenever possible (3.86), being given quick service by the staff (3.65) and always being informed about when services will be performed (3.42). This finding agrees with Remy, 2013 who noted that providing service in a timely manner is highly appreciated by customers. This finding conforms to the finding of Nazi (2012) who explained that customers make decisions within a short period, depending on the information that they have at hand. Immediate response to customers shows the customers that they are always available to serve them and that their complaints will be handled even after the customers have left the company. Such responsiveness instils confidence and trust in the business where the customer is seeking services. This further supports the finding of Zeithaml et al., (2002) who stated that responsiveness confirms a company's ability and willingness to avail a prompt service when customers have queries or problems. Further analysis revealed that Islamic bank customers gave more importance to responsiveness dimension of service quality ($M=4.08$, $SD=.655$) than conventional bank customers ($M=3.82$, $SD=1.017$). This finding supports the study conducted in Malaysia by Tahir and Bakar (2007), who investigated the level of service quality of Islamic commercial banks from

the perspective of bank customers which found that responsiveness was rated as the most important dimension.

Another service quality dimension was assurance which focused on the employee trustworthiness, confidentiality of information, courtesy of employees as well as employees' knowledge and skills. In this study, more importance was given to employees being knowledgeable and have the required skills about bank's processes (4.04) by Islamic bank customers. This was followed by bank employees being courteous (4.01), employees being trustworthy (3.99) while the least rated was transactions and personal information being kept confidential by the bank (3.82). In regard to conventional bank customers, much importance was accorded to employees being knowledgeable and have the required skills about bank's processes (4.39), transactions and personal information being kept confidential by the bank (4.25), bank employees being courteous (4.07) whereas the least rated was employees being trustworthy (4.03). As Gummerus et al., (2004) observed, assurance guarantees that the organization will continue to offer the same level of quality services and therefore enhances confidence on the part of customers. There is therefore need for the employees to evaluate the needs of the customers, understand their feedback, and then rectify any problems that may have been faced during service delivery. The customers are satisfied when assured that the quality they received was not temporary, but is the commitment of the organization to offer the same all the time. Moreover, assurance dimension was given more weight by conventional bank customers ($M=4.30$, $SD=.628$) than Islamic bank customers ($M=4.09$, $SD=.746$). Opinions of customers of the two types of banks regarding assurance dimension were not significantly different. This finding contradicted the finding of Mohd-Shariff et al., (2013) who conducted a study in Malaysia comparing service quality in both conventional and Islamic banks and concluded that the assurance dimension scored the highest average mean in the perception part of Islamic banks, while in the conventional banks it scored average.

The last aspect the study focused on was empathy which evaluated the behaviour of banking staff in dealing with customers in a polite and caring fashion, employees having customers' best interest at heart as well as convenience of bank's operating hours. On this aspect, Islamic bank customers gave much importance to bank's operating hours being convenient (4.21), believe that the

employees have customer's best interest at heart (4.03), employees understanding customer's specific needs (3.95), employees deal with customers in a polite and caring fashion (3.84) while giving individual attention to customers by the bank's employees was rated the least important (3.80) This finding agrees to Siddiqi, (2011) who stated that employees who pay attention to their customers certainly provide a positive impression in the mind of a customer In regard to conventional bank customers, importance to various aspects of empathy were rated in the following descending order; employees understanding customer's specific needs (4.14), employees dealing with customers in a polite and caring fashion (4.12), bank's operating hours being convenient (3.96), believe that the employees have customer's best interest at heart (3.87) and giving individual attention to customers by the bank's employees (3.75). This supports the finding by Reimer and Kehn (2018) that empathy is very crucial when it comes to achieving customer satisfaction. The employees have to be trained to ensure that they can easily connect with the customers. One has to understand their feelings and frustrations and reassure them that things will be better. This also supports the finding by Hayes et al., (2014) who stated for banks to flourish both item and administration conveyance must be sufficiently lined up with client desires: accomplishing consumer loyalty and reliability is basic for long haul survival (Reichheld, 2012). Similarly, empathy dimension was given more weight by conventional bank customers (M=3.98, SD=.762) than Islamic bank customers (M=3.97, SD=.728).

In regard to the second objective, the study sought to establish the relationship between service quality and customer satisfaction on bank customers using the services offered by the conventional and the Islamic banks. All the service quality dimensions (IVs) were found to be positively correlated to customer satisfaction (DV). On this note, reliability ($\rho=0.656$), responsiveness ($\rho=0.601$), assurance ($\rho=0.567$), had a strong positive correlation which was significant at $p<0.01$. In addition, empathy ($\rho=0.447$) as well as tangibles ($\rho=0.436$) had a positive and moderate relationship with customer satisfaction. These relationships were all significant at $p<0.01$. This finding agrees with (Sakhaei et al., 2014) who noted that reliability improvement is key in service quality enhancement efforts. This is because when a firm is unreliable, they communicate less concern to what customers care about. He also stated that Customers may form a negative perception about the firm and will switch to a competitor without second thoughts.

This finding also agrees with a study that was done in Kuwait by Al-Eisa and Alhemoud (2009) that showed that the most crucial attributes for predicting customers' satisfaction with the retail banks in Kuwait were fast service, courtesy and helpfulness of employees and knowledgeable employees. In addition, the result also showed that the vast majority of the customers of retail banks in Kuwait were either satisfied or very satisfied with the services of their banks (Al-Eisa and Alhemoud, 2009) which agrees with the findings of this study.

Generally, conventional banks customers were more satisfied with the service quality of their respective banks than Islamic bank customers. In regard to satisfaction level with different dimensions of service quality by customers of specific bank types, Islamic bank customers were more satisfied with assurance (M=4.28), empathy (2.25), tangibility (4.19), reliability and responsiveness (4.02) respectively. On the other hand, the level of satisfaction by conventional bank customers with various dimensions of service quality was as follows; assurance (4.51), tangibility (4.38), reliability (4.29), empathy (4.26) and responsiveness (4.09). According to Mohammad & Alhamadani, (2011), reliability as a service dimension has an important effect on customer satisfaction. Moreover, Auka, *et al.* (2013) established that when customers obtain timely and tailored services from employees who are cordial and proficient, then their level of trust with the institution is elevated. This ultimately results in high levels of customer satisfaction. In regard to responsiveness, understanding customer needs and crafting the service based on responsive feedback enhances service satisfaction and also trust (Gummerus *et al.*, 2004). Mohd-Shariff *et al.*, (2013) conducted a study in Malaysia comparing service quality in both conventional and Islamic banks. The study concluded that the assurance dimension scored the highest average mean in the perception part of Islamic banks, while in the conventional banks it scored average. Empathy on the other hand, plays a central role in creating a satisfactory customer experience. In face to face or phone conversations it is easier for well-trained customer service staff to generate empathy because they have the benefit of using visual cues and tone of voice to make understanding easier (Lee, 2005). The finding further supports that of Reimer and Kehn (2018) agree that empathy is very crucial when it comes to achieving customer satisfaction. However, this finding contradicted that of Ahmad *et al.*, (2010) that indicated that there was a stronger positive relationship between service quality determinant assurance and customer satisfaction in Islamic banks as compared to conventional ones in Pakistan.

On the first objective, the study findings explored the dimensions of service quality that were important for both conventional and Islamic banks in Kenya. The study found that both the conventional and Islamic bank customers gave importance to different dimensions of service quality in a varying way. For instance, Islamic bank customers gave much importance to tangibility (M=4.61), assurance (a score of 4.09), responsiveness (Mean of 4.08), reliability and empathy (a mean score of 3.97) respectively. On the other hand, conventional bank customers gave importance to various dimensions of service quality in the following order; assurance (4.30), reliability (4.17), tangibility (4.01), empathy (3.98) and responsiveness (3.82).

In regard to the second objective, the study sought to analyse the level of customer satisfaction with service quality offered by the banks in Kenya. All the service quality dimensions (independent variables) were found to be positively correlated to customer satisfaction (dependent variable). On this note, there were strong correlations between customer satisfaction and reliability ($\rho=0.656$), responsiveness ($\rho=0.607$) and assurance ($\rho=0.567$) dimensions of service quality which were significant at $p=0.001$. Empathy and tangibles, on the other hand, showed a positive though moderate correlation with customer satisfaction which was significant at $p=0.001$. This implies that an increase in any of the independent variables would significantly lead to increase in the dependent variable. Comparing the satisfaction levels with different dimensions of service quality by customers of specific bank types, Islamic bank customers were more satisfied with assurance (M=4.28), tangibility (4.19), responsiveness (4.02), reliability (4.02) and empathy (2.25). On the other hand, the level of satisfaction by conventional bank customers with various dimensions of service quality was as follows; assurance (4.51), tangibility (4.38), reliability (4.29), empathy (4.26) and responsiveness (4.09). This suggests that conventional bank customers were more satisfied with the service quality offered by the banks more than the Islamic bank customers.

5.3 Conclusion

The study's broad objective was to determine customer satisfaction with service quality among conventional and Islamic banks customers in Kenya.

On the first objective, the study findings explored the dimensions of service quality that were important for both conventional and Islamic banks in Kenya. Important aspects identified by respondents were responsiveness of the staff/company, reliability, empathy, tangibility and

assurance. In this regard, responsiveness was identified as the most important dimension of service quality closely followed by reliability, assurance, empathy and tangibility. Different bank customers gave importance to different dimensions of service quality. For instance, Islamic bank customers gave much importance to tangibility (M=4.61), assurance (a score of 4.09), responsiveness (Mean of 4.08), reliability and empathy (a mean score of 3.97) respectively. On the other hand, conventional bank customers gave importance to various dimensions of service quality in the following order; assurance (4.30), reliability (4.17), tangibility (4.01), empathy (3.98) and responsiveness (3.82).

In regard to the second objective, the study sought to establish the relationship between service quality and customer satisfaction on banks in Kenya. All the service quality dimensions (independent variables) were found to be positively correlated to customer satisfaction (dependent variable). On this note, there were strong correlations between customer satisfaction and reliability ($\rho=0.656$), responsiveness ($\rho=0.607$) and assurance ($\rho=0.567$) dimensions of service quality which were significant at $p=0.001$. Empathy and tangibles, on the other hand, showed a positive though moderate correlation with customer satisfaction which was significant at $p=0.001$. This implies that an increase in any of the independent variables would significantly lead to increase in the dependent variable. Comparing the satisfaction levels with different dimensions of service quality by customers of specific bank types, Islamic bank customers were more satisfied with assurance (M=4.28), empathy (2.25), tangibility (4.19), reliability and responsiveness (4.02) respectively. On the other hand, the level of satisfaction by conventional bank customers with various dimensions of service quality was as follows; assurance (4.51), tangibility (4.38), reliability (4.29), empathy (4.26) and responsiveness (4.09). This suggests that conventional bank customers were more satisfied with the service quality offered by the banks more than the Islamic bank customers.

5.4 . Recommendations

Based on the findings and conclusions above, the study suggests the following recommendations: Islamic banks should improve customer satisfaction service quality by ensuring the staff give individual attention to customers, the staff are polite towards customers, ensuring the staff

understand the customer's specific needs, ensuring the bank meet their promised time frames for response and reducing errors made when transactions are performed. The banks should also consult with their customers on the most convenient working hours to operate.

Conventional banks should strive to improve on their responsiveness to customers by always keeping customers informed on when services will be performed, imposing favourable interest rates, more staff to be recruited to facilitate quick response to their customers and to motivate the employees in order to increase their willingness to assist customers whenever possible. Maintain staff knowledge on key questions that customers asked to ensure continued satisfaction in the services the banks offer. Both type of banks should provide more sitting space in their banking halls to reduce on congestion, improve on their systems in order to enhance quick transaction processing, improve on their channels of communication and finally reduce their loan processing procedures.

5.5 Suggested area for further research

A study needs to be carried out to explore other factors i.e. interest rates, technology influencing customer satisfaction that have not been included in the SERVQUAL model that can be of significance to customer satisfaction. A study can also be carried out on effects of service quality on customer loyalty: a comparative analysis between conventional banks and Islamic banks in Kenya.

5.6 Research limitations.

In this study, 384 respondents were the anticipated sample, however, only 302 respondents were used in the study, since the some questionnaires were not complete therefore not up to standard for analysis.

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APPENDICES

APPENDIX 1: Questionnaire

This questionnaire seeks information **on customer satisfaction with service quality: A comparative analysis between conventional and Islamic banks customers in Kenya**. The study hopes to obtain the required data through filling out the questionnaire by ticking in the answer box that goes with your choice. For confidentiality, purposes do not indicate your name or that of the organization.

Thanking you for your cooperation

Section A: Demographic profile

Tick where appropriate

1. Name of your bank & Branch:

2. Gender **(Please tick one)**

Male

Female

3. Age **(Please tick one)**

18-30 years 31-40 years 41-50 years 51-60 years

Above 60 years

5. Level of Education **(Please tick one)**

Primary school High school college university post graduate

Others (please specify)

6. Marital status **(Please tick one)**

Married single widowed divorced

7. Employment status **(Please tick one)**

Employed [] unemployed [] self-employed [] others (please specify)

8. Level of income **(Please tick one)**

Less than 10,000 [] 11,000-50,000 [] 51,001-100,000

More than 100,000

Section B: Bank account information

8(a). What type of account do you maintain with this bank/banks?(Please tick any that is applicable)

Type of account	Conventional	Year opened	Islamic	Year opened	Is the account operational or closed?
Current account					
Savings account					
Fixed deposit account					
Any other? If yes, please specify					

8(b). please give a reason why you closed or changed your bank account before?

9. Do you have any account with other banks?

If yes, please specify the bank/banks

Section C: service quality

The service quality dimensions are tangibles, reliability, responsiveness, assurance and empathy.

a) Tangibles

To what extent do you agree with the following statements related to tangibles in your bank? Please indicate the extent to which you agree or disagree with each of the statements.

(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1.The bank's equipment is up to date					
2.The interior design of the bank is visually appealing					
3.The employees are neat and smartly dressed					
4.The appearance of the physical facilities are consistent with the overall banking industry					

Any other (if any):

b) Reliability

To what extent do you agree or disagree with the following statements related to reliability in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
5. The bank meets their promised time-frames for response					
6.The employees are dependable in resolving my complaints					
7. The employees are sympathetic and reassuring when I have a problem with the service offered					

8.The employees are prompt in service delivery					
9.The records and transactions performed are error-free					

Any other (if any):

c) Responsiveness

To what extent do you agree or disagree with the following statements related to responsiveness in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10.I am always informed about when services will be performed					
11. I am given quick service by the staff					
12.Employees are willing to assist me whenever possible					
13. The employees are genuinely interested and ready in assisting me and resolving my complaints					

Any other (if any):

d) Assurance

To what extent do you agree or disagree with the following statements related to assurance in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
14.The employees are trustworthy					
15. My transactions and personal information are kept confidential by the bank					
16. The banks employees courteous					
17.The employees are knowledgeable and have the required skills about bank's products and services					

Any other (if any):

e) Empathy

To what extent do you agree or disagree with the following statements related to empathy in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
18.I am given individual attention by the bank's employees					
19. Employees deal with me in a polite and caring fashion					
20.I believe the employees have my best interest at heart					
21.Employees understand my specific needs					
22.The bank's operating hours are convenient to me					

Any other (if any):

Section D: Customer satisfaction with service quality

a) Tangibles

To what extent do you agree with the following statements related to tangibles in your bank? Please indicate the extent to which you agree or disagree with each of the statements.

(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
1. I am satisfied with the bank's equipment being up to date					
2.I am satisfied with the banks interior design being visually appealing					
3.I am satisfied with the employees being neat and smartly dressed					
4.I am satisfied with the appearance of the physical facilities being consistent with the overall banking industry					

Any other (if any):

b) Reliability

To what extent do you agree or disagree with the following statements related to reliability in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
5.I am satisfied with the time frame the bank takes to respond to my requests					
6.I am satisfied with the employees' dependability in resolving my complaints					
7. I am satisfied that the employees are sympathetic and reassuring when I have a problem with the service offered					
8.I am satisfied with the employees being prompt in service delivery					
9.I am satisfied with the records and transactions performed being error-free					

Any other (if any):

c) Responsiveness

To what extent do you agree or disagree with the following statements related to responsiveness in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10.I am satisfied that am always informed about when services will be performed					
11. I am satisfied that am given quick service by the staff					
12.I am satisfied that the employees are willing to assist me whenever possible					
13. I am satisfied that the employees are genuinely interested and ready in assisting me and resolving my complaints					

Any other (if any):

d) Assurance

To what extent do you agree or disagree with the following statements related to assurance in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
14.I am satisfied that the banks employees are trustworthy					

15. I am satisfied that my transactions and personal information are kept confidential by the bank					
16. I am satisfied that the banks employees are courteous					
17.I am satisfied that the employees are knowledgeable and have the required skills about bank's products and services					

Any other (if any):

e) Empathy

To what extent do you agree or disagree with the following statements related to empathy in your bank?(Scale:1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5.Strongly agree)

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
18.I am satisfied that am given individual attention by the bank's employees					
19.I am satisfied with how the employees deal with me in a polite and caring fashion					
20.I am satisfied with the employeeshaving my best interest at heart					
21.I am satisfied that the employees understand my specific needs					
22.I am satisfied with the bank's operating hours as they are convenient to me					

Any other (if any):

24. Would you recommend this bank as a preferred banking choice to your colleagues/friends/family members?

Yes No

25. In your opinion, what is the cause of the service quality problem in a bank?

26. Feedback or suggestions of how the bank can improve on its service quality?

Thank You for your participation!

