



**THE EFFECT OF SERVICE QUALITY ON CUSTOMER
SATISFACTION OF AYEYAWADDY FARMERS
DEVELOPMENT BANK (A BANK) YANGON, MYANMAR**

**MASTER OF BUSINESS ADMINISTRATION
(MBA)**

DECEMBER 2024



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DEVELOPMENT BANK (A BANK) YANGON, MYANMAR**

A Thesis Presented
by
YAW SHING AWEI

Submitted to the Swiss School of Business Research
in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION
(MBA)

DECEMBER 2024

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ACKNOWLEDGEMENT

I would like to express my sincere gratitude to everyone who has supported and contributed to the successful completion of this thesis.

First and foremost, I would like to extend my deepest thanks to Dr. Paing Soe, President of PSM International College, and A bank (Ayeyarwaddy Farmers Development Bank), for providing me with the opportunity and resources to conduct my research. Their support and encouragement have been invaluable in shaping the direction of my study.

I am profoundly grateful to my supervisor, Dr. Win Than Dar, Professor, whose expertise, guidance, and constant encouragement were instrumental throughout this research process. Her insightful comments, suggestions, and unwavering support provided me with the direction and motivation needed to complete this thesis. I deeply appreciate the time and effort she dedicated to helping me refine my work and improve my research.

I would also like to extend my heartfelt thanks to my classmate Mr. Min Khant Oo for his continuous support, collaboration, and assistance. His valuable feedback, suggestions, and moral support throughout the research process have been greatly appreciated.

I am sincerely grateful to the customers of A Bank, whose participation in the survey was crucial to the success of this research. Their willingness to share their experiences and provide valuable feedback through the Google Form survey has been an integral part of this study, and I truly appreciate their time and effort.

Lastly, I would like to thank my family, friends, and all those who have supported me in this journey. Your encouragement and understanding have played a crucial role in the completion of this thesis.

Thank you all for your support and contributions.

Yaw Shing Awei

SSBR/2023/MBA050594

ABSTRACT

This study examines the effect of service quality on customer satisfaction at A Bank (Ayeyarwaddy Farmers Development Bank), based on the SERVQUAL model. The SERVQUAL model includes five key dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy, which were used to measure customer perceptions of service quality. The research aims to identify the dimensions of service quality that most influence customer satisfaction, using data collected from 120 customers at A Bank's Head Office through a Google Form survey. Primary data were collected by convenience sampling method. The findings reveal that Reliability, Assurance and Empathy have a significant positive impact on customer satisfaction, while Tangibles and Responsiveness do not have a significant effect. These results suggest that customers value dependable services and trustworthiness over the physical appearance of facilities and the speed of service. The study also indicates that demographic factors, such as age, education level, and income, influence customer satisfaction, with younger, more educated customers showing a higher level of satisfaction. Based on these findings, the research recommends that A Bank prioritize improvements in service Reliability, Assurance and Empathy by focusing on consistent service delivery and building trust through clear communication and professional conduct.

Keywords: Service Quality, Customer Satisfaction, SERVQUAL Model, Tangibles, Reliability, Responsiveness, Assurance, Empathy

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ABBREVIATIONS

SERVQUAL	Service Quality Model
A bank	Ayeyarwaddy Farmers Development Bank
ATM	Automated Teller Machine

CHAPTER 1

INTRODUCTION

There are numerous industries in the world, each contributing to the global economy in various ways. Some of the main industries include manufacturing, technology, healthcare, finance, and energy. These industries are among the key drivers of economic growth and development globally, providing employment opportunities, driving innovation, and meeting the needs of consumers and businesses. The banking sector plays a crucial role in supporting economic activities by providing financial services to businesses and individuals.

Myanmar, located in Southeast Asia, has an economy primarily based on agriculture, with rice as the main crop. Recently, sectors such as manufacturing, banking, tourism, and oil and gas have also grown. "Bank of Burma," established in 1863, was the first bank and served as the central bank until the Central Bank of Myanmar was created in 1952. Currently, over 40 licensed banks operate in Myanmar, including state-owned, private, and foreign banks. Notable banks include Ayeyarwaddy Farmers Development Bank, Kanbawza Bank, Ayeyarwady Bank, CB Bank, and Yoma Bank.

The income generated by banks in Myanmar plays a significant role in the country's economy. Banks generate income through various sources, including interest income from loans and deposits, fees and commissions from financial services, and investment income. In Myanmar, banks offer crucial services that improve financial accessibility and convenience. Key functions include ATMs for 24/7 cash withdrawals and transactions, online banking for managing accounts and payments from home, and mobile banking apps for on-the-go transactions. Banks also provide foreign exchange services and various loan products. These services enhance banking efficiency, promote financial inclusion, and support economic growth in Myanmar. Especially in the service industry, such as the banking industry, service quality is important to get customer satisfaction and better business performance.

The five areas of service quality dimensions for businesses are commonly known as the SERVQUAL model, which was developed by Parasuraman, Zeithaml, and Berry in the 1980s. These dimensions are used to assess and measure the quality

of services provided by businesses, including banks. The five areas are tangibles, reliability, responsiveness, assurance, and empathy.

The tangible dimension of banking encompasses the physical aspects of the bank, including the cleanliness of premises, modern technology, and staff appearance. Reliability refers to the bank's ability to deliver the promised services accurately. Responsiveness involves the staff's willingness to assist customers promptly, including service speed, attentiveness, and effectively addressing customer needs and concerns.

Assurance involves the knowledge, courtesy, and trustworthiness of bank employees, including their competence, effective communication, and accurate information. Empathy refers to the bank's understanding and care for individual customer needs, including personalized service, active listening, and tailoring services to specific requirements.

By focusing on these five areas of service quality dimensions, banks can enhance customer satisfaction and overall service experience. Ultimately, customer satisfaction is closely linked to service quality, and businesses that prioritize delivering excellent service are more likely to retain customers, attract new ones through positive word-of-mouth, and build a strong reputation in the market.

Ayeyarwaddy Farmers Development Bank, also known as A bank, is one of the prominent banks in Myanmar. It offers a wide range of financial services to individuals, businesses, and organizations, including savings and current accounts, loans, foreign exchange services, and investment products. A bank is known for its extensive branch network, innovative digital banking solutions, and commitment to customer service. Banks that prioritize service quality by offering efficient, personalized, and reliable services are more likely to retain existing customers and attract new ones.

Market share in banking refers to the proportion of total banking services that a specific bank holds compared to its competitors within a given market. This measure is essential for customers as it provides insight into a bank's market position, stability, and reputation. A larger market share often indicates that a bank is competitive and well-established, offering customers a sense of security regarding its financial stability. By reviewing annual financial reports, market analyses, and performance data, customers can evaluate a bank's financial health and its ability to offer competitive benefits such as better interest rates, low fees, and superior customer

service. Understanding market share also helps customers make more informed decisions about which banks can meet their needs most effectively, ensuring they receive optimal financial benefits and services tailored to their preferences. Furthermore, it allows them to assess the bank's long-term viability, which is particularly important when considering larger financial commitments like loans and mortgages.

Ensuring a high level of service quality is crucial for maintaining customer satisfaction in the banking sector, where competition is fierce, and customer expectations are high. This study applies to the SERVQUAL model, which identifies five key service quality dimensions: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions serve as the framework to examine the impact of service quality on customer satisfaction at Ayeyarwaddy Farmers Development Bank (A Bank). By evaluating these dimensions, the research aims to uncover how each aspect of service quality influences customers' overall satisfaction. The findings of this study can guide A Bank and similar financial institutions in adopting more effective strategies to enhance service delivery, increase customer satisfaction thus helping to build a more competitive edge in the market. Moreover, improving these aspects of service quality can directly contribute to fostering long-term relationships with customers, ensuring continued business success in the dynamic banking industry.

1.1 Background Information of th Study

The banking sector in Myanmar has witnessed rapid growth and transformation over the past few years, driven by efforts to modernize the industry and improve financial services. These initiatives are not only enhancing the overall banking infrastructure but are also aimed at promoting economic development in the country. Financial institutions are focusing on upgrading digital banking systems, improving access to banking services in rural areas, and expanding financial products to meet the diverse needs of the population. Additionally, the revenue generated by banks contributes significantly to strengthening the financial system by ensuring liquidity and stability, fostering public confidence in the sector. A robust and efficient banking system supports economic growth by facilitating investments, promoting job creation, and helping reduce poverty levels. By improving access to credit, promoting savings, and fostering entrepreneurship, the banking sector plays a pivotal role in

Myanmar's economic development. These developments are crucial for increasing financial inclusion and ensuring sustainable economic growth in Myanmar.

Ayeyarwaddy Farmers Development Bank, widely known as A bank, was established on December 3, 2014, under Notification No. 3, 2014 by the Central Bank of Myanmar, and the company was registered on December 22, 2014, in accordance with the Myanmar Companies Law. They got Commercial Banking License No. MAB/P-34/ (11) 2015 on November 17, 2015, and the first branch of Patheingyi was opened on November 17, 2015. Including 17 locations in Yangon, the Ayeyarwaddy Farmer Development Bank has more than 52 branches throughout the nation.

A bank's vision is to become an innovative and dynamic bank in Myanmar with strong commitments to cultivate positive and sustainable outcomes for all stakeholders. The bank's mission is to deliver authentic, accessible, adjustable, advanced, and accommodating products and services; to employ an asset-light, cost-efficient, and digital-driven approach; to leverage our network of local and international partners to deliver positive impacts; and to strengthen national financial inclusion efforts by providing accessible and equal financial opportunity for all underserved populations through innovative channels. Their seven core values explain “where we stand and our approach to everything we do, our unwavering commitment, and our passion for making a real difference for our people. They are our guiding principles and reflect the way we work in creating the best financial services to connect and inspire every Myanmar to build a better tomorrow.” (Abank, n.d.)

The tangible aspects of a bank refer to the physical elements and visible features that customers can see and interact with, which contribute to their overall banking experience. This includes items such as the bank's infrastructure, like branches and ATMs, which provide accessibility to banking services. Additionally, tangible elements encompass branding materials, such as signage and promotional displays, as well as uniforms worn by bank staff, which help create a professional image and foster trust.

A bank's tangible aspects include printed materials like brochures, account statements, and business cards. Furthermore, technology such as LED displays and QR codes used for transactions or information dissemination also falls under this category. Collectively, these tangible elements play a significant role in shaping customer perceptions, enhancing service delivery, and reinforcing the bank's brand identity. A bank's reliability for customers is best shown through financial stability,

strong credit ratings, good customer service, transparent policies, and secure online platforms. And the responsiveness of A bank includes timely communication and personalized service, ensuring quick acknowledgment of customer inquiries. This commitment fosters trust and loyalty, strengthening the bank-customer relationship.

The assurance A bank offers is a commitment to security and transparency, ensuring customers feel their personal information is protected. Regular updates on privacy policies and clear communication about products and risks build trust. By prioritizing customer satisfaction and providing reliable support, the bank reinforces its dedication to serving its clients' best interests. The way Abank shows empathy is by understanding each customer's unique financial situation and challenges. Abank addressed concerns and provided support by actively listening, responding with compassion, and offering personalized solutions, such as flexible payments or financial advice. This empathetic approach not only builds trust but also enhances the overall customer experience, making clients feel valued and understood.

Good service quality plays a crucial role in shaping customer satisfaction, which directly influences a business's success. When customers receive exceptional service, they feel valued and appreciated, which fosters trust and satisfaction. This sense of satisfaction is not just about fulfilling immediate needs but also about creating a positive emotional connection between the customer and the business. Research has shown that when service quality meets or exceeds expectations, customers are more likely to develop long-term relationships with a brand, return for future services, and recommend the business to others, thereby increasing customer retention and acquisition (Parasuraman, Zeithaml, & Berry, 1988). In the context of banking, the importance of service quality cannot be overstated. A bank that consistently delivers high-quality service will build a reputation for reliability and professionalism, which is essential for maintaining a competitive edge in the financial sector (DeVellis, 2017). Moreover, satisfied customers are more likely to overlook occasional service failures, trusting that the bank will address their concerns effectively. Therefore, prioritizing service quality is not only key to retaining customers but also to fostering positive word-of-mouth, which is vital for attracting new customers and solidifying the bank's standing in a competitive market. By continuously enhancing service quality, banks can ensure sustained growth and customer satisfaction.

1.1 Problem Statement of the Study

Common customer complaints in the banking sector globally often revolve around issues such as poor customer service, long waiting times, account errors, unauthorized transactions, high fees, a lack of transparency, and difficulties in resolving disputes. To get accurate and up-to-date information on the most common customer complaints in Myanmar's banking industry, banks need to reach out to local consumer protection agencies, banking ombudsmen, or conduct surveys among bank customers in the region.

Political instability has challenged the banking sector, impacting customer trust due to disruptions like branch closures and limited-service access. To maintain customer confidence, banks must adapt their services to meet evolving needs during these uncertain times.

And banks are under pressure to advance their technology and stay competitive in a rapidly evolving financial sector. Despite investing heavily in digital transformation, many banks struggle effectively by integrating and leveraging new technologies, impacting their operational efficiency and customer experience. They also face intensified competition from both traditional institutions and innovative fintech firms.

This thesis explores the impact of service quality on customer satisfaction at Abank, focusing on challenges such as customer complaints, technological capabilities and political instability. It examines how these factors affect customer trust and satisfaction and how banks have adapted their services to maintain quality and meet evolving customer needs. The study aims to understand how banks can improve service quality during crises while ensuring long-term success in Myanmar's dynamic banking sector.

1.2 Objective of the Study

The research objectives of the study are as follows:

- (a) To identify the service quality of Ayeyarwaddy Farmers Development Bank (A bank).
- (b) To analyze the effect of service quality dimensions on customer satisfaction at Ayeyarwaddy Famers Development Bank (A bank).

1.3 Research Questions of the Study

- (a) What is the service quality of Ayeyarwaddy Farmers Development Bank (A bank)?
- (b) How effect of service quality dimensions on customer satisfaction at Ayeyarwaddy Famers Development Bank (A bank)?

1.4 Scope and Limitation of the Study

This study focuses on the effect of service quality on customer satisfaction at Ayeyarwaddy Farmers Development in Myanmar. Both quantitative and qualitative research methods were employed in the study. The data for this study were gathered from a sample of 120 customers who visited A bank Head Office. The study focuses on analyzing customer service within the banking sector, utilizing the five dimensions of service quality as a framework for evaluation. The survey questionnaire was developed based on the five dimensions of service quality (tangibles, reliability, responsiveness, assurance, and empathy) or SERVQUAL scale that was proposed by Parasuraman, Zeithaml, and Berry.

This study is specifically focused on A bank and exclusively pertains to data collected from A bank customers. The selected bank is Abank Head Office in Yangon. Other Abank branches and other private banks were not included in this study. The survey questions used in the study were tailored to the customer base of A bank, ensuring a targeted and relevant analysis of customer service within this particular banking institution. The results of the study may not be generalizable to other locations or banks. The study has some limitations, including the use of a convenience sampling technique, which may limit the generalizability of the findings to the wider population of customers in the bank industry in Yangon. Additionally, the study focuses only on the five dimensions of service quality proposed by Parasuraman et al. (1988), the SERVQUAL scale, which may not capture all the factors that are important to customers in their evaluation of service quality.

1.5 Organization of the Study

This thesis consists of five chapters that provide a comprehensive examination of service quality in the financial services industry. Chapter 1 introduces the study, covering key topics such as the history of the financial services sector, the problem

statement, and a detailed exploration of service quality issues at various touchpoints. The chapter also outlines the study's two main objectives, presents the research questions, and clarifies the scope and limitations of the study. Furthermore, it provides an overview of the structure of the thesis. In Chapter 2, the literature review is presented, including an analysis of the conceptual framework, previous research findings, customer satisfaction, service management concepts, and the characteristics of service quality. Chapter 3 discusses the research methodology, which includes the design of the questionnaire, sampling techniques, data collection methods, and ethical considerations involved in the research. Chapter 4 focuses on the impact of service quality on customer satisfaction at A Bank in Yangon, presenting the findings and analysis. Finally, Chapter 5 provides the study's conclusions, recommendations, and a summary of the key findings.

CHAPTER 2

LITERATURE REVIEW

The study's theoretical foundation is presented in three sections in this chapter. The definitions of service and service quality are covered in the first section. The SERVQUAL model is used in the second section to examine the five aspects of service quality. This part describes tangibles, reliability, responsiveness, assurance, and empathy. Lastly, a description of customer satisfaction, the relationship between service quality and customer satisfaction, and earlier research on the subject.

2.1 Concept of Service Management

Service management in banks refers to the structured approach to designing, delivering, and managing services to meet customer needs while ensuring efficiency and compliance with regulatory standards. It encompasses a range of processes, including customer support, IT service management, risk management, and service quality control. Banks leverage service management frameworks to streamline operations, enhance customer experience, and ensure seamless service delivery across channels. By integrating tools like ITIL (Information Technology Infrastructure Library), banks optimize the performance of their digital and physical services, thus ensuring security, compliance, and a customer-centric approach to banking operations (Johston & Clark , 2020).

Service management can be described as a process for ensuring that customers are satisfied with the products or services provided by the stakeholder. Customer service management is carried out in different aspects during day-to-day transactions. Service management takes place in different ways, for example, ranging from in-person interaction, the phone calls between the customers and the service providers, the self-service systems, or by any other means that it led to customer satisfaction and service efficiency. Service management is defined as the utility customers receive by consuming or using the offerings of the organization (Grönroos, 2007).

Service management is a multifaceted concept that involves the strategies and processes through which organizations deliver value to customers. According to (Grönroos C. , Service management and marketing, 2020) , service management

refers to the utility that customers receive when they engage with the offerings of an organization. It is deeply tied to how services are delivered and how customer experiences are integrated into the process. The primary focus of service management is not only to create a seamless service experience but also to enhance customer satisfaction by meeting or exceeding expectations. (Ford R. , 2020) further emphasizes that service management has become an increasingly interdisciplinary field, particularly with the rise of service science, which incorporates elements from various disciplines to improve service systems. This growing field explores how organizations can optimize their operations to better serve their customers, ultimately leading to higher levels of loyalty and satisfaction. Effective service management is thus integral to building strong customer relationships, improving service quality, and driving business success across industries.

Service management refers to the strategic approach of designing, delivering, managing, and improving the services that organizations offer to meet the needs of their customers. In the banking sector, effective service management is vital as it ensures the smooth operation of essential services like online banking, loan processing, and customer support. A well-managed service system enhances customer satisfaction, operational efficiency, and compliance with regulatory standards. By optimizing service delivery, banks can provide more reliable services, reduce operational costs, and foster customer trust. Moreover, service management facilitates innovation by enabling banks to swiftly introduce new financial products and services to remain competitive in the evolving financial market. Proper service management also mitigates risks, ensuring that banks remain compliant with industry regulations and that customer data is secure. Therefore, service management is integral to the successful operation and reputation of banks in today's competitive environment (Harrington, Customer-focused service management, 2016).

2.2 Service Characteristics

The service characteristics of banks are essential in understanding how they operate and interact with customers. Intangibility is a key feature, as banking services cannot be physically touched or owned, making it challenging for customers to evaluate quality before engagement (Zeithaml, , 1981). Inseparability indicates that services are produced and consumed simultaneously; for instance, a customer's interaction with bank employees occurs at the point of service delivery, highlighting

the importance of interpersonal skills. Variability refers to the potential for differences in service quality based on individual employee performance and varying customer experiences, which can lead to inconsistent service outcomes (Grönroos C. , Service management and marketing: Customer management in service competition (3rd ed.), 2007). Additionally, perishability signifies that banking services cannot be stored; unutilized capacity, such as unscheduled appointments, results in lost opportunities. Lastly, the focus on trust and security is paramount, as customers expect their financial information to be protected. Collectively, these characteristics underscore the unique challenges banks face in delivering consistent, high-quality services that meet customer expectations.

Intangibility

Intangibility is a defining characteristic of banking services, and it has a profound influence on how customers perceive and evaluate these services. Unlike physical products, banking services cannot be touched, seen, or owned, making it difficult for customers to assess the quality of these services before engaging with them. This lack of tangible attributes introduces a level of uncertainty and risk for customers, leading them to rely heavily on other factors, such as trust and reputation, when choosing a bank. Customers typically assess banking services based on the perceived reliability, professionalism, and expertise of the bank's staff and the institution's overall reputation in the market. Consequently, building trust through transparent communication, clear service offerings, and an established brand becomes essential for banks.

To address the challenges of intangibility, banks often focus on enhancing their brand image and providing potential customers with information about their services through various channels, such as advertising, brochures, and customer testimonials. These methods aim to create a sense of value and demonstrate the bank's credibility. Moreover, the quality of interpersonal interactions is crucial in mitigating the effects of intangibility. Personal experience with staff, whether positive or negative, play a significant role in shaping customer satisfaction. Positive customer experience can lead to increased trust, even when the service itself remains intangible. By understanding the implications of intangibility, banks can better manage customer expectations, improve service quality, and cultivate long-lasting relationships (Levitt, 1981).

Inseparability

In the banking industry, the inseparability characteristic of services means that the production and consumption of banking services occur simultaneously and cannot be separated from their providers. For instance, when a customer visits a bank for assistance, the service provided whether it's financial advice, account management, or transaction processing requires the active presence of bank staff and often direct interaction with the customer. This interaction not only shapes the quality and experience of the service but also means that customer satisfaction is closely tied to the employees' skills and attitude at the moment of service (The role of employee skills and attitude in customer satisfaction, 2023).

The inseparability of services in the banking sector is a critical factor in shaping customer experiences. Unlike physical products, which can be assessed separately from the seller, banking services are produced and consumed simultaneously, depending on the interaction between clients and staff. This creates a unique challenge for banks, as the quality of service is directly tied to real-time customer interactions. If a customer is dissatisfied during a service encounter, it can have lasting effects on their perception of the bank's overall service quality, impacting their future loyalty and trust. Therefore, banks must focus on staff training and experience management to ensure that each customer interaction is positive and meets high service standards (Zeithaml, , 1981). By investing in these areas, banks can build stronger relationships with customers and enhance overall satisfaction.

Variability

In banking, the characteristic of service variability refers to the fluctuations in service quality that arise from various factors such as human involvement, customer expectations, and situational differences. Since services are primarily people-driven and delivered in real-time, it can be difficult to ensure consistent experiences for customers. Service variability in banking can manifest in how customers perceive the attentiveness, competence, and efficiency of staff across different branches or even within the same branch. The quality of service may vary based on an employee's mood, workload, or level of training on any given day. Additionally, situational factors, such as customer demographics or specific service requirements, can also influence the service interaction. These variations in service delivery can have a direct impact on customer satisfaction, as clients may have differing expectations and

experiences depending on these factors (Parasuraman et al., 1988). Consequently, managing and reducing service variability is critical for maintaining high levels of customer satisfaction and loyalty in the banking industry.

This variability is further complicated by customer participation; individual customers have unique needs and expectations, which can alter how a service is delivered or received. For example, while some clients may find online banking efficient and easy to navigate, others may require more support and guidance, which requires flexibility from bank employees. Addressing service variability often involves standardizing procedures where possible, training employees to handle diverse customer situations, and utilizing technology, like automated services, to help achieve more consistent outcomes.

Perishability

In banking, the concept of perishability is central to managing service availability and demand. Perishability refers to the idea that services cannot be stored, saved, or inventoried for future use; once a service opportunity passes, it cannot be reclaimed. For example, a missed appointment at a bank or unused teller availability represents lost opportunities that cannot be recovered later (MBA Skool, 2024). This characteristic drives banks to focus on demand management, such as scheduling customer service appointments, implementing efficient queuing systems, and offering online banking services that extend availability beyond traditional operating hours (CommerceMates, 2024).

In the banking sector, perishability also underscores the importance of timing, particularly in high-demand services like loans or financial consultations, where banks must manage resources to avoid backlogs and maximize customer satisfaction. The inability to “store” these services challenges banks to align staffing and availability with peak demand times, ensuring that they can meet customer needs effectively when demand is high (Marketing91, 2024).

Trust and Security

Trust and security are foundational elements in the banking sector due to the sensitive nature of financial transactions and data involved. In modern banking, especially with the rise of digital services, banks strive to maintain high levels of trust by implementing robust security measures, such as data encryption, multi-factor authentication, and secure customer authentication protocols. These methods ensure confidentiality, safeguard user privacy, and foster trust by reducing perceived risks

(Alrawad, 2023). Furthermore, financial institutions have adopted advanced technologies to manage risks associated with online and mobile banking platforms, which have grown in popularity. Studies reveal that enhanced privacy and secure handling of financial information directly impact customer trust and satisfaction, which is crucial for customer loyalty and service adoption (The impact of digital banking security on customer trust and satisfaction, 2023)).

For example, measures such as confidentiality agreements, data encryption, and customer authentication have shown to be instrumental in building consumer trust in financial technology services. These elements are not only fundamental for regulatory compliance but also reassure users that their data is protected, significantly impacting their likelihood of using online banking services. With increasing reliance on mobile and digital banking, these protections help banks manage security threats and provide reliable service experiences for users, maintaining trust even as banking becomes more digitized (Building trust in a digital-first era, 2023).

2.3 Service Quality and Dimensions of Service Quality

Service quality in banking is an essential factor in determining customer satisfaction and loyalty, as it directly impacts how customers perceive a bank's ability to meet their needs. Banks must strive to provide services that not only meet but exceed customer expectations in key dimensions, including tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988). Tangibility refers to the physical appearance of facilities and equipment, which enhances customer confidence. Reliability measures the bank's consistency in delivering the promised services accurately. Responsiveness highlights the importance of timely help for customers, while assurance underscores the role of knowledgeable and courteous employees in fostering trust. Lastly, empathy emphasizes the personal attention banks give to each customer, making them feel valued and understood. When banks effectively manage these dimensions, they establish a strong reputation, ensuring customers are satisfied, return for future services, and recommend the bank to others, thereby strengthening customer loyalty and enhancing long-term relationships (Parasuraman et al., 1988).

The impact of service quality on customer satisfaction in the banking sector is significant, influencing both customer perceptions and overall loyalty. High-quality service builds positive customer experience, leading to increased satisfaction and the

likelihood of repeat business. Research consistently shows that satisfied customers are more likely to remain loyal, refer to others, and continue utilizing the bank's services, ultimately contributing to the institution's growth and reputation. Additionally, excellent service quality plays a crucial role in mitigating the effects of occasional service failures. When customers have faith in the bank's commitment to addressing their needs, they are more understanding and patient during any lapses in service delivery (Zeithaml, Bitner, & Gremler, 2018). Moreover, maintaining service quality can enhance customer trust, making them more forgiving in situations where the service does not meet their expectations. As a result, customers are more likely to give banks a chance to rectify issues, strengthening their relationship and ensuring ongoing loyalty. Studies also suggest that customers who are satisfied with their banking experiences are more willing to explore additional services offered by the bank, further solidifying their loyalty and enhancing the financial institution's profitability. Thus, the relationship between service quality and customer satisfaction is fundamental to the long-term success of banks.

High service quality is thus crucial in differentiating a bank in a competitive market. With the growing use of digital banking, providing seamless and reliable online and in-branch services has become essential to retain customers who might otherwise be drawn to competitors. By investing in service quality through continuous employee training, technology upgrades, and process improvements, banks can enhance customer experience, foster loyalty, and build a positive brand reputation that is resilient to market shifts (Nachimuthu & Muthukrishnaveni, 2019). In essence, prioritizing service quality not only directly influences customer satisfaction but also strengthens the bank's market position, ensuring sustainable success in an increasingly digitalized environment.

In banking, service quality is assessed through multiple dimensions, often structured around the SERVQUAL model, which includes tangibility, reliability, responsiveness, assurance, and empathy. Tangibility refers to the physical aspects of the bank, such as its facilities and equipment. Reliability measures the bank's ability to provide consistent and accurate service. Responsiveness is the willingness of bank staff to assist customers promptly. Assurance involves the knowledge and professionalism of employees, which fosters trust and confidence in customers. Lastly, empathy represents the personal attention and care provided to each customer. All these dimensions influence customers' overall perception of the bank and their

satisfaction, loyalty, and likelihood of recommending the bank to others. By excelling in these areas, banks can improve customer retention, attract new clients, and enhance their reputation in a highly competitive market.

Tangibility refers to the physical aspects of the bank, such as the appearance of facilities, equipment, and personnel. In banking, an aesthetically pleasing and well-organized environment can positively impact customers' perception of the bank's professionalism and reliability, reinforcing a sense of security and trust.

Reliability is the bank's ability to deliver on its promises accurately and consistently. Customers expect their transactions to be handled smoothly and efficiently, without errors or delays. Reliability in service fosters customer trust, as clients rely on banks to manage their finances effectively.

Responsiveness measures the willingness of the bank's staff to assist customers promptly. In a service-based industry, being readily available and attentive to customer needs is essential. Customers value quick response times, especially when dealing with time-sensitive financial matters, such as transactions or loan inquiries.

Assurance encompasses the knowledge, courtesy, and ability of employees to instill trust and confidence. Given the sensitive nature of financial data, customers need assurance that bank staff is knowledgeable and trustworthy. This dimension is crucial for building strong relationships, particularly in an era where cybersecurity and data privacy are significant concerns.

Empathy is the personalized attention the bank provides to each customer. Empathy helps in creating a sense of value and care, which can make a customer feel understood and appreciated. Banks that train employees to be empathetic are more likely to cultivate loyal customers, as clients feel valued beyond their monetary worth (Parasuraman et al., 1985).

Each dimension of service quality (tangibility, reliability, responsiveness, assurance, and empathy) plays a crucial role in improving both the service provided and customer satisfaction. Banks that strategically invest in these dimensions can enhance their overall reputation, distinguish themselves from competitors, and foster a loyal customer base. Importantly, these dimensions are interdependent; when one area improves, it often leads to improvements in the others, creating a ripple effect that elevates the overall customer experience. For instance, when customers perceive a bank as reliable, they are more likely to trust the institution and recommend it to others, which directly contributes to customer retention and acquisition. Likewise,

responsiveness and empathy ensure that customers feel valued and heard, further reinforcing loyalty. Focusing on these factors enables banks to not only meet but exceed customer expectations, leading to increased satisfaction and long-term success.

Ultimately, service quality is a key driver for securing a sustainable competitive advantage in an increasingly crowded and competitive banking market. Therefore, banks that prioritize and continuously improve these dimensions can establish themselves as leaders in customer service.

2.4 Review of Empirical Studies

The following table (2.4) presents a summary of research studies exploring the relationship between service quality dimensions and customer satisfaction in the banking sector. Each study examines how various dimensions of service quality - such as reliability, responsiveness, assurance, empathy, tangibles, and personalization - impact customer satisfaction, loyalty, and trust across different banking contexts.

Table 2.1 Findings from Previous Studies

Sr No.	Author/ Year	Independent Variables	Dependent Variable	Finding
1	Farooq et al., 2018	Reliability, Responsiveness, Assurance, Empathy, Tangibles	Customer Satisfaction	The study concluded that service quality dimensions significantly predict customer satisfaction and loyalty in the banking sector, with empathy and assurance playing a dominant role in customer loyalty.
2	Lai et al., 2019	Tangibles, Reliability, Responsiveness,	Customer Satisfaction and customer	The study found a strong positive relationship between

		Assurance, Empathy	loyalty	service quality and customer satisfaction in online banking services. Responsiveness and assurance were the most critical factors influencing satisfaction.
3	Hamza and Ali, 2020	Tangibles, Reliability, Responsiveness, Assurance, Empathy	Customer Satisfaction and Customer Trust	The research confirmed that service quality has a significant positive effect on customer satisfaction and trust, particularly in digital banking. Reliability and empathy were highlighted as key predictors of satisfaction and trust.
4	Al-Zoubi, 2020	Tangibles, Responsiveness, Reliability, Assurance	Customer Satisfaction	The study demonstrated that service quality dimensions significantly impact customer satisfaction, with responsiveness and assurance emerging as the most influential factors in retail banking.

5	Nguyen et al., 2021	Reliability, Responsiveness, Empathy, Assurance, Tangibles, Personalization	Customer Satisfaction	The findings showed that service quality, particularly personalization, empathy, and responsiveness, positively affects customer satisfaction. The study also emphasized the role of personalized services in enhancing customer satisfaction.
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Source: Own Compilation from Previous Research.

Farooq et al. (2018) investigated the impact of various service quality dimensions on customer satisfaction and loyalty within the banking sector. The independent variables examined included reliability, responsiveness, assurance, empathy, and tangibles—key components of the SERVQUAL model commonly used to evaluate service quality. The study's findings indicated that these dimensions collectively play a significant role in predicting customer satisfaction and loyalty. Notably, empathy (the ability to provide caring, personalized attention) and assurance (employees' knowledge and courtesy that inspire trust) emerged as the dominant factors influencing customer loyalty. This suggests that in banking, where customer trust and a sense of individualized care are crucial, empathy and assurance are especially important for building long-term customer loyalty. Overall, the research highlights that for banks aiming to improve customer satisfaction and foster loyalty, focusing on empathetic interactions and conveying a sense of reliability and trustworthiness can be highly effective.

Lai et al. (2019) examined the influence of service quality dimensions on customer satisfaction and loyalty within the context of online banking services. The independent variables analyzed were tangibles, reliability, responsiveness, assurance, and empathy—dimensions that are essential to assessing overall service quality. The findings revealed a strong positive relationship between service quality and customer

satisfaction, indicating that higher levels of service quality contribute significantly to customer satisfaction and loyalty in online banking. Among the various dimensions, responsiveness (the willingness and ability to provide prompt service) and assurance (the knowledge and courtesy of employees that instill trust) were identified as the most critical factors influencing customer satisfaction. This suggests that in the online banking environment, where customers rely heavily on fast, reliable support and a secure, trustworthy service, responsiveness and assurance play pivotal roles. The study underscores the importance for online banking providers to prioritize these dimensions in their customer service strategies to enhance satisfaction and build customer loyalty.

Hamza and Ali (2020) explored the impact of service quality dimensions on customer satisfaction and trust within the context of digital banking. The study analyzed five independent variables: tangibles, reliability, responsiveness, assurance, and empathy, to determine how these elements influence the dependent variables of customer satisfaction and trust. The findings confirmed a significant positive relationship between service quality and both customer satisfaction and trust, suggesting that a higher level of service quality is essential for fostering positive customer perceptions in digital banking environments. Among the dimensions, reliability (the consistency and accuracy of service) and empathy (personalized, caring service) emerged as key predictors of both satisfaction and trust. This indicates that in digital banking, where personal interactions are limited, ensuring reliable, error-free service and demonstrating an understanding of customers' needs are particularly important. These findings underscore the need for digital banking providers to prioritize reliability and empathy in their service delivery to build stronger, more trustworthy relationships with their customers.

Al-Zoubi (2020) conducted a study to examine the impact of service quality dimensions on customer satisfaction within the retail banking sector. The independent variables analyzed were tangibles, responsiveness, reliability, and assurance, all of which are essential components of the SERVQUAL model that assess different aspects of service quality. The findings indicated that these service quality dimensions significantly influence customer satisfaction, confirming the importance of high-quality service in meeting customer expectations in retail banking. Among these dimensions, responsiveness (the bank's promptness in addressing customer needs and providing services) and assurance (the knowledge and courtesy of bank staff that

foster customer confidence) emerged as the most influential factors. This suggests that in retail banking, the ability to provide timely, responsive service and instill a sense of trust and reliability is crucial for satisfying customers. Al-Zoubi's study highlights the importance for retail banks to focus on improving responsiveness and assurance to enhance overall customer satisfaction, which is vital for competitive advantage in the sector.

Nguyen et al. (2021) investigates how various dimensions of service quality influence customer satisfaction. The independent variables examined in this research include reliability, responsiveness, empathy, assurance, tangibles, and personalization, all of which are key aspects of service quality. The study specifically highlights that the personalization of services, along with empathy and responsiveness, has a significant positive impact on customer satisfaction. Personalized services, which cater to individual customer preferences and needs, are found to be particularly crucial in fostering a stronger emotional connection and enhancing the overall customer experience. Furthermore, empathy (the ability of service providers to understand and respond to customer emotions) and responsiveness (the speed and effectiveness of service delivery) also play important roles in improving customer satisfaction. The findings underscore that when customers feel valued and attended to in a personalized manner, their satisfaction with the service increases, leading to greater loyalty and positive word-of-mouth. This study contributes to understanding the nuanced relationship between service quality dimensions and customer satisfaction, emphasizing the importance of a customer-centric approach in service industries.

2.5 Conceptual Framework of the Study

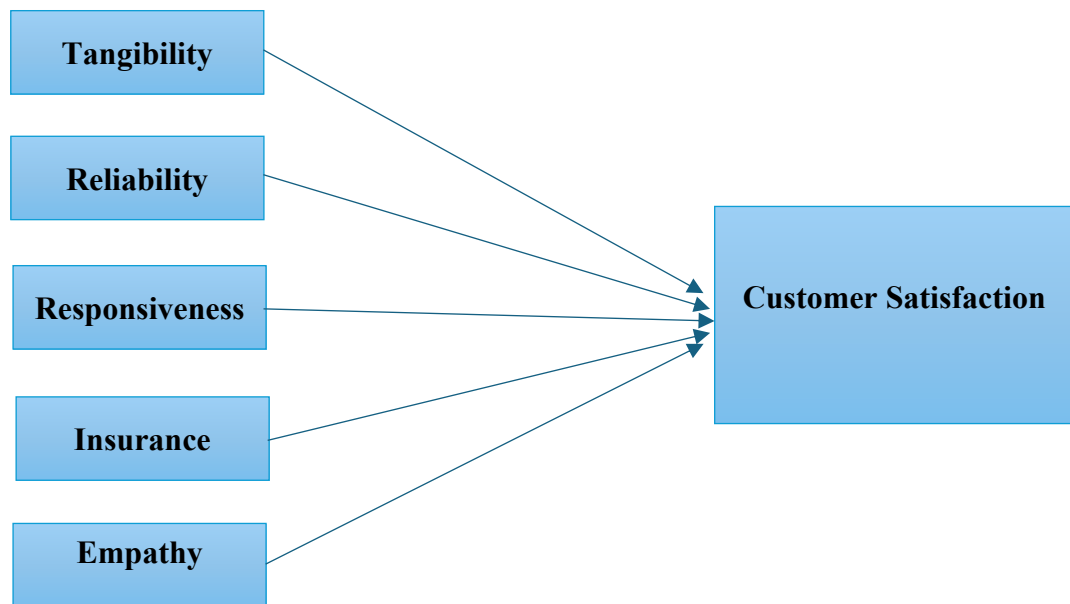
The proposed conceptual model of service quality was created by Parasuraman et al. in 1985. Figure (2.1) illustrates the conceptual framework for this study, where service quality is considered the independent variable. This framework is based on the premise that various dimensions of service quality, such as tangibles, reliability, responsiveness, assurance, and empathy (as defined by the SERVQUAL model), play a critical role in shaping customer satisfaction within the banking sector. Customer satisfaction is the dependent variable in this study, whereas service quality is the independent variable.

Figure 1. 1 Conceptual Framework of the Study

Independent Variables

Dependent Variable

SERVQUAL dimensions



Source: SERVQUAL model by Parasuraman et al. in 1985.

CHAPTER 3

METHODOLOGY

This study employs a convenience sampling method approach to assess customer satisfaction with the service quality of A bank. The primary data collection was conducted through a structured survey based on the SERVQUAL model. A convenience sampling method was used to select 120 customers across various A bank branches, ensuring diverse representation. The data were analyzed using descriptive statistics to summarize satisfaction levels, and correlation and regression analysis explored the relationships between service quality dimensions and satisfaction. Ethical considerations, such as confidentiality and informed consent, were strictly followed. This approach ensures a comprehensive understanding of customer satisfaction, allowing for meaningful recommendations to improve service quality at A bank.

3.1 Research Methods

In the first stage of the study, A Bank's head office was selected out of a total of 52 branches for the research sample. In the second stage, 120 respondents were chosen to use a convenience sampling method, which allowed for the selection of participants based on their availability and willingness to participate. Convenience sampling method is often used in exploratory research when time and resource constraints make it difficult to randomly sample from a large population. A structured questionnaire was then distributed to customers who were present at the head office and had availed of financial services. This questionnaire was designed to gather both quantitative and qualitative data on their perceptions of the bank's service quality and overall satisfaction.

To analyze the data, the study first employed descriptive statistics to summarize the demographic profiles of the respondents and their perceptions of the service quality at the bank's head office. This helped to outline the respondents' views on various service quality dimensions, such as tangibles, reliability, responsiveness, empathy, and assurance. Additionally, correlation analysis was used to explore the relationships between these service quality factors and customer satisfaction. All the

analyses were conducted using SPSS software, a powerful statistical tool that is widely used in social science research.

3.2 Research Design

This study adopts a descriptive research design to assess customer satisfaction with the service quality of A bank. The primary focus is to evaluate the service quality using the widely recognized SERVQUAL model, which measures five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman, A. Zeithaml, & L Berry, 1988). The SERVQUAL model is particularly effective in the banking sector as it allows for a structured assessment of customer expectations versus perceived service quality. The data collection involved a quantitative survey using a structured questionnaire based on these dimensions, utilizing a Likert scale (1-5) to measure customer perceptions. The survey was distributed across various A bank head offices, targeting a convenience sample of 120 customers, ensuring representation across different demographics such as age, income level, and geographic location.

Additionally, qualitative data was collected through semi-structured interviews with a subset of participants to gain deeper insight into customer experiences and expectations. This convenience method approach allows for a comprehensive understanding of customer satisfaction and the identification of key service quality factors influencing it.

Ethical considerations are strictly adhered to by ensuring informed consent, confidentiality, and voluntary participation throughout the research process. This research design provided valuable insights into A bank's service quality, allowing the bank to address gaps and improve customer satisfaction effectively.

3.2.1 Questionnaire Development

The questionnaire in this thesis is designed to explore the impact of service quality on customer satisfaction at Ayeyawaddy Farmers Development Bank (A bank) using the SERVQUAL model, a widely recognized framework in service quality research. SERVQUAL was developed by Parasuraman, Zeithaml, and Berry (1988) to measure service quality across five key dimensions: tangibles, reliability, responsiveness, empathy, and assurance. Each dimension captures an essential aspect of customer service that influences overall satisfaction. The questionnaire includes

statements representing these dimensions, allowing respondents to evaluate their experiences with A bank's services.

The questionnaire is structured into two main parts:

Demographic Factors (Part A): This section collects basic demographic information about the respondents, such as gender, age, education level, marital status, income, occupation, and frequency of bank transactions. This data is essential for understanding the background of each respondent and identifying potential trends in how different demographics perceive service quality.

Dimensions of Service Quality (Part B) Based on the SERVQUAL model, this section examines customer perceptions of five key service quality dimensions: tangibles, reliability, responsiveness, empathy, and assurance. Each dimension is measured with specific statements that the respondent's rate on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). This section includes 22 questions, each rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), a popular method in social sciences for measuring attitudes (Joshi et al., 2015). The five-point Likert scale is effective in enabling respondents to express the intensity of their agreement or disagreement with each statement, providing a nuanced view of their perceptions and experiences. Additionally, a Customer Satisfaction section with 10 questions assesses satisfaction with various bank services, such as equipment, responsiveness, transaction safety, and accessibility.

To respond, participants tick the number that best represents their level of agreement with each statement. This structure aids in obtaining consistent, quantitative data that can be analyzed to determine how service quality dimensions impact overall satisfaction, thus enabling meaningful insights for the bank's service improvement strategies. Responses are collected solely for academic purposes and kept confidential, assuring participants of their privacy. Their honest feedback contributed to understanding customer satisfaction at A bank and may provide insights to enhance service quality in the banking sector.

3.2.2 Sample Size

A combination of strategies was employed to develop an exhaustive knowledge of the relationship between service quality and customer satisfaction and loyalty at Ayeyarwaddy Farmers Development Bank (A bank). Questionnaires were distributed to customers of A bank to gauge their satisfaction levels and perceptions of service

quality. Statistical software analyzed the collected data to unveil trends and correlations between service quality and customer satisfaction. Secondary data sources, including the internet, theses, papers, and foreign books, are employed for conducting literature reviews.

For the study of customer satisfaction towards A bank pay title, sample sizes were generated by using Yamane's formula to calculate the sample size.

$$n = \frac{Z^2 \cdot p \cdot q}{E^2}$$

Where:

- **n** = sample size
- **Z** = Confidence Level
- **p** = Proportion of the population expected to have the characteristic (success rate).
- **q** = Proportion of the population expected not to have the characteristic (failure rate).
- **E** = Margin of error

The confidence level was 97.2%, the estimated success rate was 0.6, the estimated failure rate was 0.4, and the maximum allowable error between the true section and sample portion was 0.1.

Now, plugging values into the formula:

$$n = \frac{(2.236)^2 \cdot (0.6) \cdot (0.4)}{(0.1)^2}$$

$$n = \frac{5 \cdot 0.6 \cdot 0.4}{0.01}$$

$$n = \frac{1.2}{0.01}$$

$$n = 120$$

So, the required sample size is approximately 120 bank users.

3.3 Data Collection Method

Five-point Likert scales were used in the questionnaire's construction. A bank's head office provided the primary data, and the sample size consisted of 120 consumers. Both primary and secondary data were used in this investigation. The primary data was gathered using a structured survey. The convenience sampling method was used to collect primary data. I utilized a Google Form to collect data from bank customers for the purpose of this study. Convenience sampling allowed the ability to choose participants based on their availability and willingness to participate, which aided in the data collection process. This strategy was selected because it effectively reached a large number of respondents in a condensed amount of time. Through the direct distribution of a Google Form to bank customers, I was able to gather valuable insights that reflect the diverse opinions and experiences of the customer base. However, it is important to acknowledge that the non-random sampling method may limit the generalizability of the findings. The internet, textbooks, earlier thesis, research papers, websites, and A bank's annual report were all sources of secondary data.

3.4 Ethical Considerations

To maintain the integrity of the study and preserve the interests of the bank and its customers, ethical issues were carefully considered when investigating the relationship between service quality and customer satisfaction at Ayeyarwaddy Farmers Development Bank (A bank). Prior to data collection, formal permission was obtained from A bank to conduct the study, ensuring that the research aligned with the bank's policies and ethical standards. Additionally, consent was obtained from each participating customer, who was informed of the study's purpose and their right to withdraw at any time. To protect the confidentiality of both the bank and its customers, all data collected was anonymized and stored securely, with no sensitive or identifiable information being shared. The findings of this study were used solely for academic purposes, and no internal information about A bank was disclosed. Furthermore, this thesis is entirely original and has been developed independently,

without plagiarism or unauthorized copying from other sources. This ethical approach underscores respect for participants' autonomy and the integrity of the research process.

CHAPTER 4

ANALYSIS AND RESULTS

In this study, a five-point Likert scale was used to evaluate the effect of service quality on customer satisfaction at the bank, focusing on the SERVQUAL dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Data collected from customers was analyzed using SPSS to assess how these dimensions contribute to overall satisfaction. Descriptive statistics, including mean scores and standard deviations, provided an overview of customer perceptions across each dimension. Reliability analysis was conducted to ensure consistency in responses, with a Cronbach's alpha above 0.70 indicating strong internal reliability for each SERVQUAL dimension. Multiple regression analysis was then used to determine the influence of each dimension on overall customer satisfaction.

The results indicated that Assurance and Reliability were the strongest predictors of satisfaction, while Tangible and Responsiveness showed a lesser impact. These findings suggest that customers prioritize dependability and prompt service when evaluating their satisfaction with banking services. The insights gained from this analysis highlight areas for service improvement, emphasizing that banks should focus on enhancing Assurance and Reliability to increase customer satisfaction.

3.5 Demographic Profile of Respondents

The population for this study consists of customers who use banking services at A bank Head Office, representing a diverse group of individuals with varying demographic backgrounds, including age, income level, and frequency of bank usage. This population was chosen to provide a comprehensive perspective on how service quality affects customer satisfaction within the bank. A sample of 120 customers was selected through a convenience sampling method approach, ensuring an adequate representation of the bank's customer base. This sample was drawn from customers who had recently interacted with the bank's services, ensuring their feedback was recent and relevant to current service quality levels. By focusing on this group, the

study aims to capture a snapshot of customer satisfaction and identify key areas for improvement within the bank's service delivery.

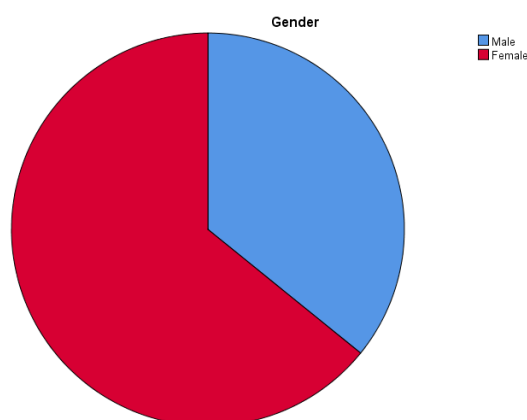
4.1.1 Respondents by Gender

Table (4.1) presents the gender distribution of respondents in this study.

Table 4. 1 Respondents by Gender

Sr. No.	Gender	No. of Respondents	Percentage
1	Male	43	34.80
2	Female	77	64.20
	Total	120	100.00

Source: Survey Data (Nov, 2024)



The study sample consisted of 120 respondents, categorized by gender as shown in Table (4.1). Of the total respondents, 43 were male, representing 34.8% of the sample, while 77 were female, accounting for 64.2% of the sample. This distribution indicates a higher proportion of female respondents compared to male respondents, with females making up nearly two-thirds of the total. The cumulative percentage for females reaches 100%, suggesting that gender representation in the sample leans towards females, which may reflect the demographic characteristics of the bank's customer base or specific patterns in service utilization. This gender distribution is important for analyzing potential differences in service quality perceptions across genders in the following sections.

4.1.2 Respondents by Age

Table (4.2) illustrates the age distribution of respondents in this study. The respondents are grouped into categories: under 20 years, 20–30 years, 31–40 years, and above 40 years, with the majority falling within the 20–30 and 31–40 years age ranges.

Table 4. 2 Respondents by Age

Sr. No.	Age	No. of Respondents	Percentage
1	Under 20 years	1	0.80
2	20 – 30 years	61	50.80
3	31 – 40 years	46	38.30
4	Above 40 years	12	10.00
	Total	120	100.00

Source: Survey Data (Nov, 2024)

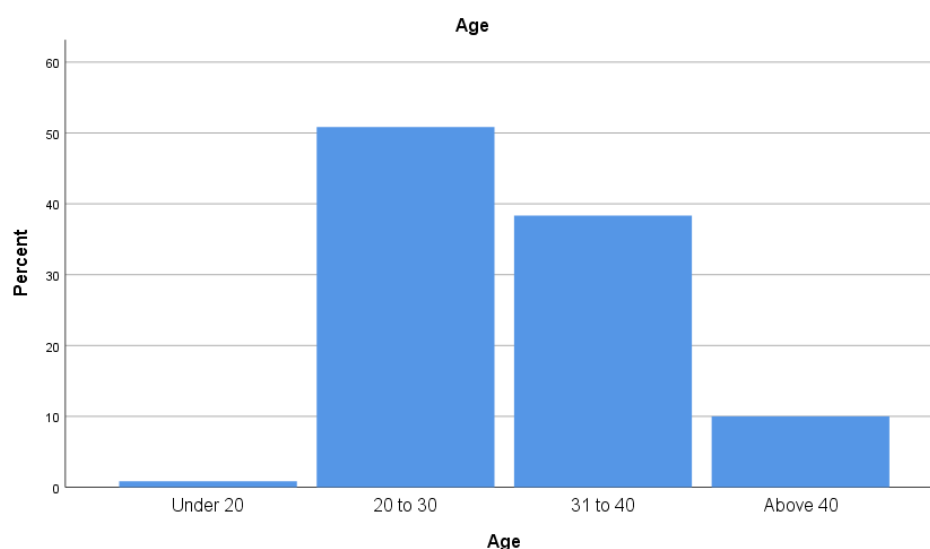


Table (4.2) details the age distribution of respondents participating in this study. The largest age group is 20–30 years, comprising 50.8% of the total sample, followed by respondents aged 31–40 years, who represent 38.3%. Participants above 40 years make up 10% of the sample, while those under 20 years account for only 0.8%. This distribution indicates that most respondents are young to middle-aged adults, which may reflect the bank's customer demographic or the age groups more

actively engaged with banking services. This age segmentation provides a useful context for analyzing variations in service quality perceptions across different age groups.

4.1.3 Respondents by Education Level

Table (4.3) illustrates the education level of respondents in this study. The respondents are grouped into categories: high school and below, university student, graduate, post graduate and others.

Table 4. 3Respondents by Education Level

Sr. No.	Education Level	No. of Respondents	Percentage
1	University student	25	20.80
2	Graduate	80	66.70
3	Post graduate	15	12.50
	Total	120	100.00

Source: Survey Data (Nov, 2024)

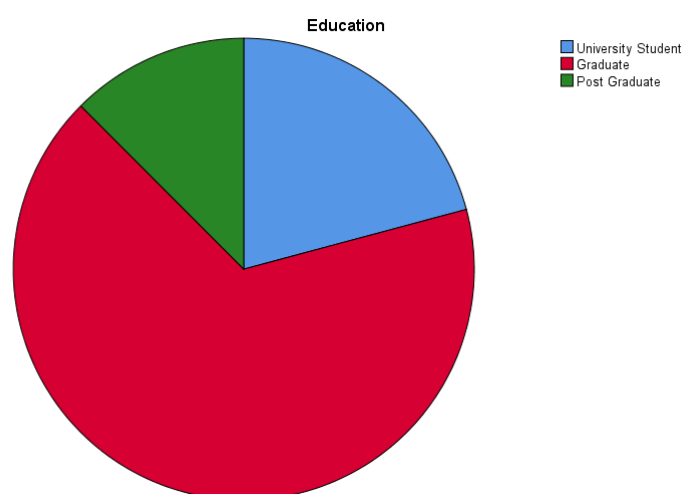


Table (4.3) provides an overview of respondents categorized by education level. The majority of participants are graduates, comprising 66.7% of the sample, followed by university students at 20.8%, and postgraduates at 12.5%. Categories for high school and below and others did not record respondents in this study. This distribution highlights that most respondents have completed higher education,

suggesting a well-educated sample that may have distinct perspectives on banking services. This educational background offers valuable context for understanding respondents' expectations and satisfaction with service quality. The data was collected from survey responses in November 2024.

4.1.4 Respondents by Marital Status

Table (4.4) illustrates the marital status of the respondents in this study. The respondents are grouped into categories: single, married and others.

Table 4. 4 Respondents by Marital Status

Sr. No.	Marital Status	No. of Respondents	Percentage
1	Single	79	65.80
2	Married	41	34.20
	Total	120	100.00

Source: Survey Data (Nov, 2024)

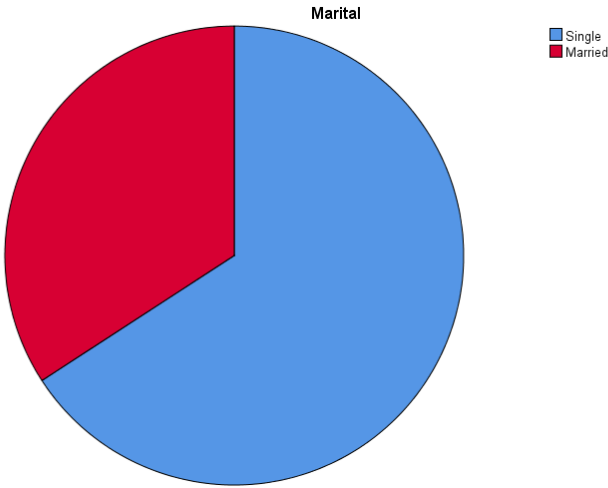


Table (4.4) presents the marital status of respondents in this study. The majority of respondents are single, accounting for 65.8% of the sample, while married respondents represent 34.2%. There were no respondents in the "Others" category for marital status in this survey. This distribution indicates that a significant proportion of the participants are single, which may be relevant when considering factors influencing their experiences and expectations with banking services. This demographic information provides additional context for analyzing customer

satisfaction across different segments. The data was collected from survey responses in November 2024.

4.1.5 Respondents by Income level

Table (4.5) illustrates the income level of the respondents in this study. The respondents are grouped into categories: less than 150,000, 150,000-300,000 Kyats, 300,001- 450,000 Kyats, 450,001- 600,000 Kyats and above 600,000 Kyats.

Table 4. 5 Respondents by Income Level

Sr. No.	Income	No. of Respondents	Percentage
1	less than 150,000 Kyats	6	5.00
2	150,000-300,000 Kyats	20	16.70
3	300,001-450,000 Kyats	12	10.00
4	450,001- 600,000 Kyats	16	13.30
5	above 600,000 Kyats	66	55.00
	Total	200	100.00

Source: Survey Data (Nov, 2024)

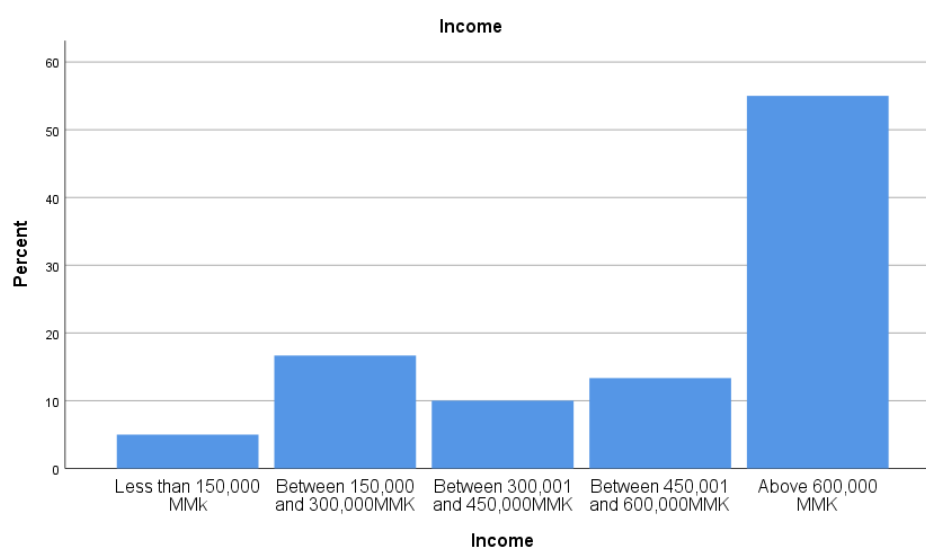


Table (4.5) provides an overview of respondents' income levels. A majority of respondents, 55%, report an income of over 600,000 kyats, indicating that more than half of the sample falls within a higher income bracket. Respondents earning between 150,000 and 300,000 kyats make up 16.7% of the sample, followed by those earning between 450,001 and 600,000 kyats at 13.3%, and between 300,001 and 450,000

kyats at 10%. Only 5% of respondents earn less than 150,000 kyats. This income distribution shows a diverse range of financial backgrounds among respondents, which may influence their perceptions and expectations regarding service quality in banking. The data, collected in November 2024, offers useful context for understanding satisfaction levels across different income groups.

4.1.6 Respondents by Occupation

Table (4.6) illustrates the occupation of the respondents in this study. The respondents are grouped into categories: student, government staff, company staff, self-employed, unemployed and others.

Table 4. 6 Respondents by Occupation

Sr. No.	Occupation	No. of Respondents	Percentage
1	Student	15	12.50
2	Government Staff	6	5.00
3	Company Staff	83	69.20
4	Self-employed	14	11.70
5	Unemployed	2	1.70
	Total	120	100.00

Source: Survey Data (Nov, 2024)

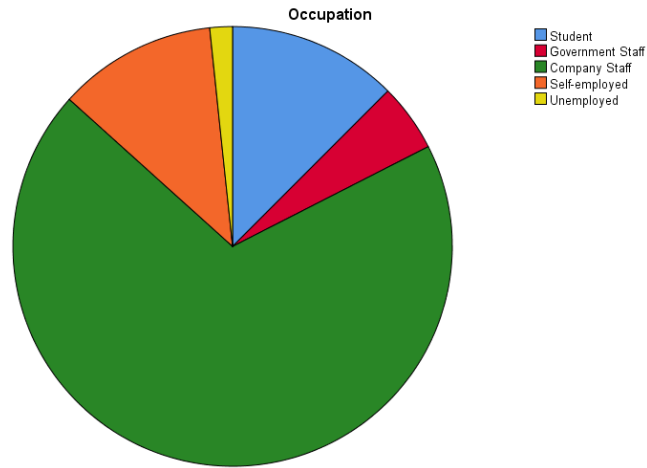


Table (4.6) displays the respondents' occupations. The majority of participants, 69.2%, are company staff, followed by students at 12.5%, and self-employed individuals at 11.7%. Government staff represent 5% of the sample, while unemployed respondents make up a small portion, at 1.7%. This variety in occupational backgrounds provides a broad perspective on customer experiences and expectations regarding banking services, as occupation may influence financial needs and service interactions. This occupational diversity offers valuable context for examining satisfaction levels across different employment groups in the study.

4.1.7 Respondents by Bank Transaction

Table (4.7) illustrates the bank transaction of the respondents in this study. The respondents are grouped into categories: daily, weekly, monthly and yearly.

Table 4. 7 Respondents by Bank Transaction

Sr. No.	Bank Transaction	No. of Respondents	Percentage
1	Daily	19	15.80
2	Weekly	24	20.00
3	Monthly	66	55.00
4	Yearly	11	9.20
	Total	120	100.00

Source: Survey Data (Nov, 2024)

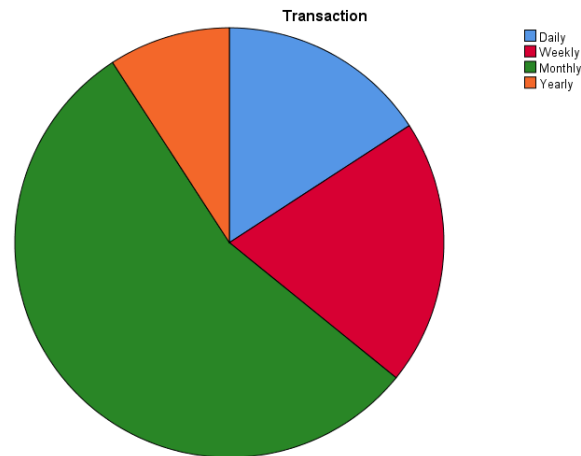


Table (4.7) provides an overview of respondents' frequency of bank transactions. The majority of respondents, 55%, conduct transactions on a monthly basis, indicating a consistent level of engagement with banking services. Weekly transactions are made by 20% of respondents, while 15.8% report daily transactions. A smaller portion, 9.2%, engage in transactions on a yearly basis. This range of transaction frequencies highlights different levels of interaction with the bank, which may influence respondents' expectations and perceptions of service quality. The data offers a helpful context for analyzing how transaction frequency relates to customer satisfaction in the study.

3.6 Analysis of the Effect of Service Quality on Customer Satisfaction of A bank

The study investigates how customer satisfaction at a bank is impacted by service quality. For this purpose, a standardized questionnaire is used to collect responses from 120 bank customers in Yangon in order to measure customer satisfaction and perception. This chapter provides detailed information on how customers view bank services as well as an examination of consumer satisfaction and perception. Every item in every variable supports the acceptable level of reliability test, according to the findings of the reliability analysis of the variables. Subsequently, the variables that were chosen indicated the acceptable level.

4.2.1 Reliability Test

In this section, the results of the reliability analysis of independent and dependent variables selected for the study are described. According to Cronbach (1951), reliability is the overall consistency of a measure. A measure is said to have a high reliability if it produces similar results under consistent conditions. One of the most common measures of internal consistency (reliability) is Cronbach's alpha. Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability. It is most commonly used when multiple Likert questions in a survey/questionnaire that form a scale and need to determine if the scale is reliable. In general, a score of more than 0.7 is acceptable. Table (4.8) shows the reliability of the variables for this study.

Table 4. 8 Reliability of the Variables

Sr. No.	Variables	No. of items	Cronbach's Alpha
1	Tangible	4	0.844
2	Reliability	5	0.866
3	Responsiveness	4	0.827
4	Empathy	4	0.838
5	Assurance	5	0.907
6	Customer Satisfaction	10	0.938

Source: Survey Data (Nov, 2024)

Table (4.8) displays the reliability of variables measured in this study, assessed using Cronbach's alpha. All variables exhibit strong reliability, with Cronbach's alpha values well above the accepted threshold of 0.70. Assurance shows the highest reliability at 0.907, followed by customer satisfaction at 0.938, indicating excellent internal consistency. Reliability, empathy, tangibles, and responsiveness also demonstrate high reliability, with alpha values of 0.866, 0.838, 0.844, and 0.827, respectively. These results confirm that the measurement items for each variable are consistent and reliable, supporting the validity of the data used to assess the effect of service quality on customer satisfaction.

4.2.2 Analysis of Respondents Perception on Service Quality and Customer Satisfaction of A bank

This section presents the analysis of respondents' perceptions regarding service quality and customer satisfaction at A bank in Yangon, using a five-point Likert scale. The Likert scale, ranging from "Strongly Disagree" to "Strongly Agree," is used to capture customer responses on various service attributes. The scales' values were as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

The mean value of the responses provides an overall average score, reflecting the general sentiment of respondents towards service quality and customer satisfaction. As a result, each statement's mean value can be anywhere from 1 to 5. "According to (Best, J. W, 1977), the mean value of Five-Point Likert Scale items is interpreted as follows:

- (i) 1.80: Strongly Disagree
- (ii) 1.81 - 2.60: Disagree
- (iii) 2.61 - 3.40: Neutral
- (iv) 3.41 - 4.20: Agree
- (v) 4.21 - 5.00: Strongly Agree

The SD is a statistical measure that quantifies the amount of variability or dispersion of a dataset. When applied to Likert scale data, the SD helps to indicate how widely or narrowly responses are distributed around the mean. A lower SD means that most respondents' answers are clustered closely around the mean, which suggests a high level of agreement or consensus within the group. On the other hand, a higher SD implies a greater spread of responses, indicating that there is more diversity in respondents' opinions (DeVellis, 2017). This variability in responses is often critical in understanding how strongly people feel about a topic. Through this analysis, key insights into the bank's service performance and customer satisfaction levels can be drawn up, guiding strategies for improvement.

4.2.3 Respondent Perception on Tangible

Table (4.9) illustrates the respondents' perceptions of tangibles, including mean value and standard deviation in this study.

Table 4. 9 Respondents Perception on tangibles

Sr. No.	Description	Mean	Standard Deviation
1	Up-to-date equipment.	3.56	.754
2	Visually appealing physical facilities	3.61	.665
3	Well-dressed/neat employees	3.69	.671
4	Appearance of the physical facilities	3.67	.690
	Overall Mean	3.63	

Source: Survey Data (Nov, 2024)

Table (4.9) presents the respondents' perceptions of the "Tangibles" dimension, showing the mean values and standard deviations for each item. The mean scores range from 3.56 for "Up-to-date equipment" to 3.69 for "Well-dressed/neat employees," indicating generally positive perceptions of the bank's physical attributes. The overall mean of 3.63 reflects a favorable view of the tangibles. The standard deviations, ranging from 0.665 to 0.754, suggest moderate variability in responses, indicating some variation in perceptions, though overall, respondents share a similar positive outlook on the bank's physical facilities and staff appearance.

4.2.4 Respondent Perception on Reliability

Table 4.10 illustrates the respondents' perceptions of reliability, including mean value and standard deviation in this study.

Table 4. 10 Respondents Perception on Reliability

Sr. No.	Description	Mean	Standard Deviation
1	Responding promised time-frames	3.55	.684
2	Sympathetic and Reassuring	3.60	.679
3	Trustworthy	3.78	.716
4	Timely promised services	3.73	.648
5	Accurate Records	3.70	.656
	Overall Mean	3.67	

Source: Survey Data (Nov, 2024)

Table (4.10) illustrates the respondents' perceptions of the "Reliability" dimension, including the mean values and standard deviations for each item. The mean scores range from 3.55 for "Responding promised timeframes" to 3.78 for "Trustworthy," reflecting generally favorable perceptions of the bank's reliability. The overall mean of 3.67 suggests a positive perception of reliability among respondents. The standard deviations, ranging from 0.648 to 0.716, indicate moderate variability in responses, showing some differences in perceptions, but overall, respondents' express confidence in the bank's ability to provide reliable services.

4.2.5 Respondent Perception on Responsiveness

Table 4.11 illustrates the respondents' perceptions of responsiveness, including mean value and standard deviation in this study.

Table 4. 11 Respondent Perception on Responsiveness

Sr. No.	Description	Mean	Standard Deviation
1	Telling customers exactly	3.61	.677
2	Reasonable to expect prompt service	3.58	.644
3	Willingness to help customers	3.68	.758
4	Quickly responds to customer requests	3.43	.730
	Overall Mean	3.56	

Source: Survey Data (Nov, 2024)

Table (4.11) illustrates the respondents' perceptions of the "Responsiveness" dimension, including the mean values and standard deviations for each item. The mean scores range from 3.43 for "Quickly responds to customer requests" to 3.68 for "Willingness to help customers," reflecting generally positive views on the bank's responsiveness. The overall mean of 3.56 indicates a moderately favorable perception of responsiveness. The standard deviations, ranging from 0.644 to 0.758, show some variability in responses, suggesting that while the bank's responsiveness is viewed positively, there are differing opinions among respondents regarding the speed and clarity of service.

4.2.6 Respondent Perception on Empathy

Table 4.12 illustrates the respondents' perceptions of empathy, including mean value and standard deviation in this study.

Table 4. 12 Respondent Perception on Empathy

Sr. No.	Description	Mean	Standard Deviation
1	Employees' trustworthy	3.73	.673
2	Customers feel safe	3.68	.622
3	Employees' polite	3.70	.774
4	Getting adequate support from employee	3.63	.593
	Overall Mean	3.69	

Source: Survey Data (Nov, 2024)

Table (4.12) illustrates the respondents' perceptions of the "Empathy" dimension, including the mean values and standard deviations for each item. The mean scores range from 3.63 for "Getting adequate support from employees" to 3.73 for "Employees' trustworthy," indicating generally positive perceptions of the bank's empathetic service. The overall mean of 3.69 suggests a favorable view of the bank's ability to provide empathetic service to customers. The standard deviations, ranging from 0.593 to 0.774, reflect some variation in responses, with most respondents agreeing on the bank's empathetic qualities, though there are some differences in individual opinions.

4.2.7 Respondent Perception on Assurance

Table 4.13 illustrates the respondents' perceptions of assurance, including mean value and standard deviation in this study.

Table 4. 13 Respondent Perception on Assurance

Sr. No.	Description	Mean	Standard Deviation
1	Customer individualized attention	3.63	.723

2	Attention customer expected in each	3.53	.685
3	employees fully understand customer needs	3.62	.651
4	Best interests of customer at heart	3.58	.630
5	Convenient operation hour	3.74	.601
	Overall Mean	3.62	

Source: Survey Data (Nov, 2024)

Table (4.13) illustrates the respondents' perceptions of the "Assurance" dimension, showing the mean values and standard deviations for each item. The mean scores range from 3.53 for "Attention customer expected in each" to 3.74 for "Convenient operation hour," indicating generally positive perceptions of the bank's assurance in service delivery. The overall mean of 3.62 reflects a favorable view of the bank's ability to provide assurance to its customers. The standard deviations, ranging from 0.601 to 0.723, indicate some variability in responses, suggesting that while most respondents are satisfied, there are slight differences in their opinions on specific aspects of the bank's service assurance.

4.2.8 Summary of Respondent Perception on Service Quality Dimension

For this section, an overview of the chosen variables: tangibles, assurance, responsiveness, empathy, and reliability are provided. Table (4.14) presents the total mean values of the respondents' perceptions of the service quality attribute.

Table 4. 14 Summary of Respondent Perception on Service Quality Dimensions

Sr. No.	Description	Overall Mean
1.	Tangibles	3.63
2.	Reliability	3.67
3.	Responsiveness	3.56
4.	Empathy	3.69
5.	Assurance	3.62

Source: Survey Data (Nov, 2024)

Table 4.14 summarizes the respondents' perceptions of the service quality dimensions, showing the overall mean values for tangibles, reliability, responsiveness, empathy, and assurance. The mean values range from a minimum of 3.56 for responsiveness to a maximum of 3.69 for empathy. This suggests that respondents perceive the bank's empathetic service most positively, while responsiveness is viewed slightly less favorably. The overall service quality is generally perceived as good, with mean values above 3.5 across all dimensions, indicating that while there are areas for improvement, the bank's service quality is positively rated overall.

4.2.9 Respondent Perception on Customer Satisfaction

Table (4.15) illustrates the respondents' perceptions of customer satisfaction, including mean value and standard deviation in this study.

Table 4. 15 Respondent Perception on Customer Satisfaction

Sr. No.	Description	Mean	Standard Deviation
1	Satisfied by up-to-date equipment and system	3.70	.616
2	Satisfied by sympathetic and reassuring	3.59	.655
3	Satisfied by quick respond	3.58	.740
4	Satisfied by willing to help customers	3.60	.733
5	Satisfied by feel safety	3.71	.666
6	Satisfied by operation hours	3.58	.681
7	Satisfied by individualized attention	3.36	.828
8	Satisfied by online and mobile banking service	3.66	.667
9	Satisfied by loan services	3.59	.750
	Overall Mean	3.59	

Source: Survey Data (Nov, 2024)

Table (4.15) presents the respondents' perceptions of customer satisfaction, showing the mean values and standard deviations for each item. The mean values range from a minimum of 3.36 for "satisfied by individualized attention" to a maximum of 3.71 for "satisfied by feel safety," indicating that respondents are most satisfied with their sense of security at the bank, while satisfaction with individualized attention is viewed less positively. The overall mean of 3.59 reflects a generally moderate level of customer satisfaction, with some variation in responses, as indicated by standard deviations ranging from 0.616 to 0.828. This suggests that while most respondents are satisfied, there are areas, such as individualized attention, that may require further improvement to enhance customer satisfaction.

4.2.10 Correlation between Service Quality and Customer Satisfaction

The correlation between service quality and customer satisfaction is a pivotal measure in understanding customer behavior within the banking industry. Correlation, as a statistical measure, indicates the strength and direction of the linear relationship between two variables, typically represented by the Pearson correlation coefficient (r).

The value of r ranges from -1 to 1, where

$r = 1$ signifies a perfect positive correlation,

$r = -1$ represents a perfect negative correlation, and

$r = 0$ indicates no correlation.

The strength of this relationship is described using the absolute value of r , as outlined by Evans (1996): 0.00–0.19 is "very weak," 0.20–0.39 is "weak," 0.40–0.59 is "moderate," 0.60–0.79 is "strong," and 0.80–1.0 is "very strong."

In banking, empirical research often shows a strong to very strong positive correlation (typically $r > 0.60$) between service quality and customer satisfaction, affirming that improvements in service quality significantly enhance satisfaction levels. This relationship is underpinned by the SERVQUAL model proposed by Parasuraman, Zeithaml, and Berry (1988), which emphasizes five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. For instance, a bank that delivers reliable services, responsive support, and personalized attention can expect a strong positive correlation with customer satisfaction. These insights underscore the importance of prioritizing service quality enhancements as a strategic objective to build customer satisfaction and achieve long-term success in the competitive banking industry.

Table 4.16 illustrates the correlation between the five dimensions of service quality and customer satisfaction at A Bank, based on survey data collected in November 2024.

Table 4. 16 Correlation of Service Quality and Customer Satisfactions

Sr. No.	Variables	Pearson Correlation Coefficient	p-value
1	Tangibles	.642**	.000
2	Reliability	.737**	.000
3	Responsiveness	.733**	.000
4	Empathy	.711**	.000
5	Assurance	.762**	.000

Source: Survey Data (Nov, 2024)

***Correlation is significant at 1% level (2-tailed)

Dependent Variable: Customer Satisfaction

The Pearson correlation coefficients demonstrate strong positive relationships between all service quality dimensions and customer satisfaction, with statistically significant p-values at the 1% level ($p < .01$).

Among the dimensions, Assurance exhibits the strongest positive correlation with customer satisfaction ($r = .762$, $p = .000$), emphasizing the importance of staff competence, courteous behavior, and the ability to instill confidence in customers at A Bank. Reliability ($r = .737$, $p = .000$) and Responsiveness ($r = .733$, $p = .000$) also show strong positive correlations, indicating that consistent and dependable service delivery, along with prompt responses to customer needs, are critical in enhancing satisfaction levels. Empathy ($r = .711$, $p = .000$) highlights the value customers place on personalized care and attention, while Tangibles ($r = .642$, $p = .000$) underscore the significance of A Bank's physical facilities, equipment, and overall service environment in shaping customer perceptions.

These findings confirm that all dimensions of service quality are essential drivers of customer satisfaction at A Bank, with Assurance and Reliability emerging as the most influential factors. This suggests that A Bank should prioritize initiatives

to strengthen these dimensions, ensuring that customer expectations are consistently met or exceeded. By doing so, A Bank can enhance customer experiences, foster loyalty, and sustain a competitive advantage in the banking industry.

4.2.11 Multiple Regression Analysis of Service Quality and Customer Satisfaction

Multiple Regression Analysis is a statistical technique used to examine the relationship between one dependent variable (customer satisfaction) and multiple independent variables (dimensions of service quality such as tangibles, reliability, responsiveness, empathy, and assurance). It helps determine how each independent variable influences the dependent variable while controlling the effects of the others. By estimating the coefficients for each predictor, the analysis identifies the strength and direction of the relationships. In the context of service quality and customer satisfaction, this method can reveal which service quality dimensions have the most significant impact on customer satisfaction, guiding organizations like A bank in prioritizing areas for improvement to enhance customer experience.

The proposed regression model is as follows:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon_i$$

Where:

Y_i = Customer Satisfactions

β_0 = Constant (Intercept)

$\beta_1, \dots, \beta_5$ = Regression Coefficients

X_1 = Tangible

X_2 = Reliability

X_3 = Responsiveness

X_4 = Empathy

X_5 = Assurance

ε_i = Random Error

Table 4.15 illustrates the result of multiple regression analysis of the effect of service quality and customer satisfaction.

Table 4. 17 Multiple Regression Analysis of Service Quality and Customer Satisfaction

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig p
	B	Std. Error	Beta		
Constant	1.36	2.248		.605	.546
Tangibles (X1)	.098	.234	.039	.418	.677
Reliability (X2)	.535	.243	.257	2.205	.029
Responsiveness (X3)	.345	.260	.138	1.325	.188
Empathy (X4)	.454	.235	.175	1.931	.056
Assurance (X5)	.659	.203	.325	3.245	.002
R					.829
R Square					.688
Adjusted R Square					.674
F value					50.23
Durbin - Watson					1.916

Source: Survey Data (Nov, 2024)

*** Significant at 1% level, **Significant at 5% level, *Significant at 10% level

Independent Variable: Tangibility, Reliability, Responsiveness, Empathy & Insurance.

Dependent Variable: Customer Satisfaction.

Multiple Regression Analysis of Service Quality and Customer Satisfaction was conducted to examine the influence of the five dimensions of service quality on customer satisfaction. Tangible was not significant as shown in Table (4.17). Reliability has significant and positive effect on customer satisfaction at 5% level, (b=0.535, t=2.205, p=.029). Responsiveness was not significant as Tangible. Empathy was significantly and positively influence on customer satisfaction at 10% level, tangible (b=0.454, t=1.931, p=.056). Insurance has significant and positive effect on customer satisfaction at 1% level, (b=0.659, t=3.245, p=0.002). The model's goodness of fit is represented by an R-value of 0.829 and an R-squared value of 0.688, indicating that 68.8% of the variation in customer satisfaction is explained by the service quality dimensions. The Adjusted R-squared value of 0.674 further validates the model's robustness. The F-value of 50.23 ($p < 0.05$) confirms the overall significance of the regression model. Additionally, the Durbin-Watson value suggests

no serious autocorrelation issues in the residuals as Durbin-Watson value is 1.916 which is between 1.54 and 2.46.

These findings highlight that improving Assurance and Reliability is crucial for enhancing customer satisfaction at A bank. While Empathy also plays a role, Tangibles and Responsiveness have relatively less impact in this study.

The estimated model is:

$$\hat{Y} = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$$

$$\text{Customer satisfaction} = 1.36 + 0.098 \text{ Tangible} + 0.535 \text{ Reliability} + 0.345 \text{ Responsiveness} + 0.454 \text{ Empathy} + 0.659 \text{ Assurance}$$

The constant 1.36 represents the baseline level of customer satisfaction when all service quality dimensions (Tangibles, Reliability, Responsiveness, Empathy, and Assurance) are assumed to have no influence. This value provides a starting point for predicting satisfaction based on the dimensions. Tangibles, representing the physical facilities, equipment, and appearance of employees, have a positive yet relatively modest coefficient of 0.098, indicating a smaller contribution to overall customer satisfaction. While the aesthetic and physical elements of the bank are important, they play a supplementary role compared to other dimensions. To enhance the impact of tangibles, it is recommended that the bank maintains modern and well-maintained facilities, ensures cleanliness, and provides a visually appealing environment. Investments in ergonomic design and branding through professional employee attire can also subtly enhance customer perceptions of service quality.

The coefficient for Reliability is positive and significant, showing that a one-unit increase in Reliability contributes to a 0.535 increase in customer satisfaction. This highlights the importance of delivering services accurately and consistently, as customers value dependability in banking services.

Responsiveness, which measures the willingness of staff to assist customers promptly and address their needs, has a coefficient of 0.345, showing a moderate impact on customer satisfaction. While not as influential as reliability or assurance, responsiveness remains an essential aspect of the customer experience. To improve responsiveness, the bank should focus on reducing waiting times, promptly addressing inquiries and complaints, and ensuring that employees are empowered to make quick

decisions to resolve customer issues. Providing staff with tools and training to anticipate customer needs and act proactively can also enhance responsiveness, creating a more seamless and satisfying service experience.

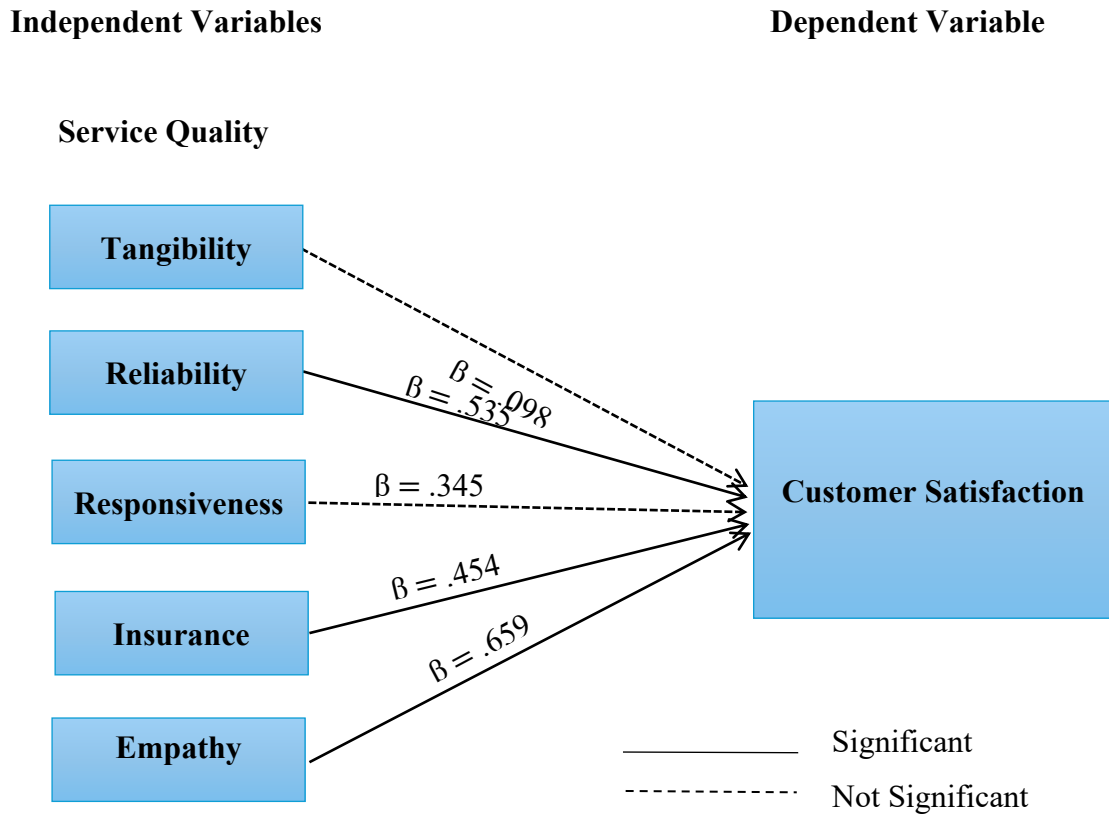
The positive coefficient for Empathy demonstrates that a one-unit increase leads to a 0.454 rise in customer satisfaction. This emphasizes the importance of personalized attention and understanding customer needs, indicating that customers highly appreciate the care and support provided by bank employees. Assurance has the highest positive coefficient among the variables, meaning a one-unit increase in Assurance results in a 0.659 increase in customer satisfaction. This reflects the significant role of trust, confidence, and employees' expertise in enhancing customers' satisfaction.

Assurance ($b_5=0.659$) has the strongest positive impact on customer satisfaction, highlighting its critical importance in the banking industry. Customers prioritize trust, competence, and security when evaluating services. Tangibles ($b_1=0.098$) and Responsiveness ($b_3=0.345$) coefficients, indicating that these dimensions have less or even an adverse impact on customer satisfaction in this context. These findings suggest that while customers may notice tangible elements, they may not significantly influence overall satisfaction. Similarly, gaps in responsiveness may lead to dissatisfaction.

This regression model provides insights into the relative importance of service quality dimensions in driving customer satisfaction. The coefficients highlight that Reliability, Empathy, and Assurance are essential contributors to satisfaction, while Tangibles and Responsiveness play less significant roles.

The regression model emphasizes that A bank should prioritize enhancing Assurance, Reliability, and Empathy to improve customer satisfaction significantly. While improvements in Tangibles and Responsiveness may still be beneficial, these areas require further investigation to address their limited or negative contributions. By focusing on the key dimensions, A bank can better align its services with customer expectations, fostering higher satisfaction levels and loyalty. Figure (4.2) illustrates A bank's multiple regression analysis results.

Figure 4. 1 Conceptual Framework with Multiple Regression Results



Source: Survey Research (2024)

Figure (4.2) presents the conceptual framework for the relationship between Service Quality dimensions and Customer Satisfaction at A bank, based on the multiple regression analysis results. Service quality is broken down into five key dimensions: Tangibility, Reliability, Responsiveness, Assurance, and Empathy, each acting as an independent variable. The dependent variable is Customer Satisfaction.

Each arrow from a service quality dimension to customer satisfaction indicates the direction and significance of its influence, with the beta (β) coefficient shown next to each path.

Tangibility has a β coefficient of 0.098, which is not statistically significant, indicating that the physical aspects do not significantly influence customer satisfaction in this context. Reliability has a significant positive impact with a β of 0.535, suggesting that dependable and consistent services are important for enhancing customer satisfaction. Responsiveness shows a β of 0.345 but is not statistically significant, indicating that the bank's promptness in service may not play a critical

role in customer satisfaction. Assurance has the highest significant impact with a β of 0.659, highlighting that the bank's ability to instill confidence and trust is crucial for customer satisfaction.

Empathy is also significant with a β of 0.454, reflecting that understanding and personal attention from the bank's employees contribute positively to customer satisfaction.

To enhance customer satisfaction, the bank should focus on areas with significant positive impacts. Assurance and Reliability should be prioritized, as they are the most influential factors. This could involve employee training to improve trust and competence, ensuring consistent and reliable services, and addressing customer concerns efficiently. Empathy should also be emphasized, with a focus on personalized customer service and building stronger relationships with clients.

Tangibility and Responsiveness, while still relevant, appear less impactful in this analysis. However, improvements in these areas, such as modernizing facilities or reducing response times, could still contribute to a holistic service experience that meets all aspects of customer expectations.

CHAPTER 4

CONCLUSION

This study explored the relationship between service quality and customer satisfaction at A bank in Yangon, using the SERVQUAL model as a framework. The conclusion is presented in three parts: first, a summary of the key findings and discussions; second, suggestions and recommendations for improving service quality; and finally, suggestions for future research. This structured approach ensures a comprehensive reflection on the research objectives and their outcomes.

The findings and discussions are based on the detailed analysis of data collected to assess the relationship between service quality and customer satisfaction at A bank. This section delves into the results, highlighting strengths and weaknesses in the bank's delivery service and their impact on customer experiences. It further provides actionable suggestions and practical recommendations to address identified gaps and improve service quality. Additionally, the need for further research is emphasized, exploring areas beyond the scope of this study to offer a more comprehensive understanding of customer satisfaction and service quality in the banking sector.

4.1 Findings and Discussions

The findings from this study highlight several key insights regarding the effect of service quality on customer satisfaction at A Bank. The analysis of demographic data reveals important characteristics of the respondents, which can help the bank understand its customer base and develop targeted strategies to improve service quality. The sample consisted of 120 respondents, with a gender distribution showing that 64.2% were female and 34.8% were male. This gender imbalance suggests that A Bank's clientele is predominantly female, which may be due to the bank's targeted marketing strategies, or the nature of services offered. Given this, the bank should consider customizing its customer service and marketing efforts to cater to both male and female customers more effectively. For example, A Bank might explore designing gender-neutral banking solutions while also addressing specific preferences that could be unique to each gender, particularly in areas like customer service interactions or financial products.

Regarding age demographics, the study found that the majority of respondents (50.8%) were aged between 20 and 30 years, followed by 38.3% between 31 and 40 years, and only 10% were over 40 years of age. This distribution indicates that A Bank primarily serves a younger, more dynamic demographic. This group, being more tech-savvy, likely values convenience, digital accessibility, and innovation in banking services. Consequently, A Bank could consider expanding its mobile and online banking services, such as introducing features like AI-driven personal finance management, seamless mobile payments, or chatbots for customer support. For older customers (over 40 years), however, A Bank should focus on offering more personalized, traditional services, such as in-branch consultations or premium advisory services that cater to their financial needs.

The educational level of the respondents further demonstrates the highly educated nature of A Bank's customer base, with 66.7% of respondents being graduates and 12.5% holding post-graduate degrees. This finding suggests that customers expect a high standard of service and that they value clear communication and professional interactions. A Bank could capitalize on this by ensuring that its financial services, such as product brochures and advertisements, use clear, jargon-free language, allowing customers to easily understand the offerings. Furthermore, staff training programs should emphasize professionalism and clear communication to meet the expectations of this educated demographic.

When it comes to marital status, the survey found that a majority of respondents were single (65.8%), with married individuals comprising 34.2%. This indicates that single customers may be more focused on savings, personal finance management, and future planning. A Bank could develop products that cater to these needs, such as personal savings accounts with higher interest rates or investment products aimed at young professionals. Married customers, on the other hand, might be more interested in family-oriented financial products, such as joint accounts, home loans, and family insurance packages. Tailoring products based on marital status could help A Bank meet the diverse needs of its customer segments.

Income distribution shows that a significant portion of respondents (55%) earn more than 600,000 Kyats, indicating that A Bank serves a relatively high-income customer base. This group of customers likely expects premium banking services, such as fast-track processing for loans, personalized financial advisory, and exclusive banking services. A Bank should consider offering loyalty programs and specialized

products for high-income customers, such as wealth management services, private banking, and exclusive offers on loans or credit cards. In contrast, lower-income groups, though smaller in number, should not be overlooked. A Bank could develop budget-friendly products for this segment, such as low-fee savings accounts or micro-loans.

Occupationally, the majority of respondents (69.2%) are employed in companies, while a smaller proportion (12.5%) are students. This indicates that a large portion of A Bank's customers may be using the bank for salary processing, savings, and other basic financial transactions. To cater to this demographic, A Bank could strengthen its corporate banking services, offering salary account management, corporate loans, and customized financial services for companies. For students, A Bank could develop student-friendly products such as educational loans, scholarships, or savings accounts designed specifically for younger people who are just starting to manage their finances.

Bank transaction frequency analysis revealed that most respondents conduct bank transactions monthly (55%), followed by weekly (20%) and daily (15.8%). This suggests that A Bank's customers primarily use the bank for regular financial transactions, such as bill payments, salary deposits, and routine transfers. Given this, A Bank could focus on improving the efficiency of both its physical and digital banking channels. For customers who visit branches frequently, ensuring that waiting times are minimized and that services are streamlined is crucial. Meanwhile, the bank should continue to enhance its online services to accommodate customers who prefer banking remotely. Implementing more robust digital features like mobile payments, online account management, and secure online loan applications could help meet the needs of frequent and infrequent users alike.

The reliability of the service quality measures was confirmed through Cronbach's Alpha, with values ranging from 0.827 to 0.938. This indicates that the survey variables, such as tangibles, reliability, responsiveness, empathy, and assurance, consistently measure the intended constructs, making the findings robust and dependable. A Bank can confidently use these measures to track improvements in service quality over time. Regular customer satisfaction surveys will help to identify any areas that require attention and improvement. These variables were further examined through correlation analysis, which showed strong positive relationships between all service quality dimensions and customer satisfaction. Tangibles,

reliability, responsiveness, empathy, and assurance all had significant positive correlations, with assurance having the strongest correlation with customer satisfaction ($r = 0.762$).

The regression analysis revealed that reliability ($p = 0.029$) and assurance ($p = 0.002$) have significant positive impacts on customer satisfaction, with assurance having the strongest effect. This indicates that customers' satisfaction is largely driven by their trust in the bank's ability to deliver dependable and confident services. While tangibles ($p = 0.677$), responsiveness ($p = 0.188$), and empathy ($p = 0.056$) were positively correlated with customer satisfaction, they did not significantly affect customer satisfaction according to the regression model. These findings suggest that A Bank should prioritize improving reliability and assurance by focusing on consistent service delivery and ensuring that customers feel confident in the bank's offerings. Investing in staff training to enhance reliability, addressing service issues promptly, and ensuring that employees project competence and trustworthiness in their interactions can significantly improve customer satisfaction.

In conclusion, A Bank should focus on enhancing its reliability and assurance dimensions to increase customer satisfaction. While tangibles, responsiveness, and empathy also contribute to satisfaction, they should be addressed after the more critical dimensions are improved. Regular monitoring of customer feedback and continuous employee training will ensure that service quality remains high and aligned with customer expectations. Furthermore, A Bank could refine its product offerings and customer service strategies based on demographic insights to better meet the diverse needs of its clientele. These efforts will lead to greater customer satisfaction and long-term business success.

4.2 Suggestions and Recommendations

This study presents A bank in Yangon information on the way to assess the aspects of service quality dimensions, which is known as SERVQUAL. SERVQUAL is a well-established model used to evaluate service quality across five key dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy. These dimensions serve as a comprehensive framework to assess customer perceptions of service quality and its impact on satisfaction. In the context of this research at A Bank, the regression analysis revealed that Tangibles and Responsiveness did not have a significant effect on customer satisfaction. This suggests that, while these

dimensions are important in shaping the overall customer experience, they are not the primary drivers of satisfaction at A Bank.

For Tangibles, which include the physical appearance of facilities, equipment, and personnel, A Bank could reconsider heavy investments in branch aesthetics or physical infrastructure unless they directly contribute to improving customer service. Instead, focusing on enhancing digital infrastructure would likely have a more significant impact on customer satisfaction. Offering seamless online banking services, intuitive mobile applications, and faster processing times could better meet the evolving needs of customers who increasingly prefer digital interactions over in-branch visits.

Similarly, Responsiveness, which measures how quickly a bank meets customer needs, while still relevant, was found to have no significant effect on overall satisfaction. This suggests that customers value timely responses, but other factors, such as Reliability and Assurance, are more crucial in determining their satisfaction with A Bank. To improve Responsiveness, A Bank should focus on critical customer touchpoints, ensuring that customers receive prompt and effective solutions to their inquiries, whether through phone support, online chats, or in-branch assistance. However, the bank should prioritize ensuring that services are consistently reliable and that customers feel assured in their interactions, as these dimensions had a stronger influence on satisfaction.

In conclusion, while Tangibles and Responsiveness remain important, A Bank should focus on improving Reliability and Assurance to drive significant improvements in customer satisfaction. By enhancing service consistency, dependability, and trustworthiness, A Bank can create a more satisfying experience that meets customer expectations and fosters loyalty.

4.3 Suggestions for Further Research

While the SERVQUAL model was used in this research to assess service quality at A Bank, future studies could explore other service quality models, such as the SERVPERF model, which measures service performance directly without considering customer expectations. This could provide an alternative perspective on how service quality influences customer satisfaction and whether it aligns with the findings of the current study. The current research focused on 120 customers from A Bank's Head Office.

For further research, it would be valuable to explore other service quality models beyond SERVQUAL, such as the SERVPERF model, to assess whether direct service performance measures yield different insights into customer satisfaction at A Bank. Expanding the study to a larger and more diverse sample, including customers from various branches, geographic locations, and customer segments, would provide a more comprehensive understanding of service quality perceptions. Additionally, given the growing importance of digital banking, future research could examine the impact of digital services (e.g., mobile apps, online banking platforms) on customer satisfaction, exploring how technological advancements influence service quality perceptions. Investigating how demographic factors such as age, gender, and income affect customer satisfaction with specific dimensions of service quality would also offer valuable insights into tailoring services to diverse customer needs. Moreover, longitudinal studies could be conducted to evaluate the long-term effects of service quality improvements on customer loyalty and satisfaction over time. Lastly, future research could compare A Bank's service quality with other financial institutions, identifying industry trends and competitive advantages that may help refine service delivery strategies. These avenues would provide deeper insights into the relationship between service quality and customer satisfaction, offering practical recommendations for enhancing service delivery at A Bank.

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APPENDIX

“Thank you sincerely for your cooperation and valuable time in completing this survey. Please be assured that your responses will be treated with the utmost confidentiality and used solely for my MBA thesis.”

This survey is conducted as part of the requirements for the Master of Business Administration Program at A bank and focuses specifically on understanding **THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION OF AYEYAWADDY FARMERS DEVELOPMENT BANK (A BANK)**.

Rest assured, this survey is exclusively for academic purposes and is not connected to any business-related objectives. Your honest responses to the following questions would be greatly appreciated.

Part (A)

Demographic Factors

(1) Gender:

☐ Male

☐ Female

(2) Age:

☐ Under 20 years

☐ Between 20 – 30 years

☐ Between 31 - 40 years

☐ Above 40 years

(3) Education:

☐ High School and Below

☐ University Student

☐ Graduate

☐ Post Graduate

☐Others (Please specify) -----

(4) Marital Status

☐Single

☐Married

☐Others (Please Specify)

(5) Income

☐Less than 150,000 kyats

☐Between 150,000 and 300,000 Kyats

☐Between 300,001 and 450,000 Kyats

☐Between 450,001 and 600,000 Kyats

☐Above 600,000 Kyats

(6) Occupation

☐Student

☐Government Staff

☐Company Staff

☐Self-employed

☐Unemployed

☒Others (Specify).....

(7) Bank Transaction:

☐ Daily

☐ Weekly

☐ Monthly

☐ Yearly

Part (B)

Dimensions of Service Quality [SERVQUAL]

Please describe your perception on the service quality. Please tick under the number represents for your perception. Scales (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree).

Tangibles

Sr.	Statement	1	2	3	4	5
1	A bank has up-to-date equipment.					
2	A bank has physical facilities that are visually appealing.					
3	A bank bank's Employees well-dressed/neat.					
4	A bank has appearance of the physical facilities are consistent with the type of service industry.					

Reliability

Sr.	Statement	1	2	3	4	5
5	A bank meets their promised timeframes for response.					
6	A bank is sympathetic and reassuring, when the customer has problems.					
7	A bank is trustworthy.					
8	A bank provided their services at the times promised.					
9	A bank keeps accurate records.					

Responsiveness

Sr.	Statement	1	2	3	4	5
10	A bank should be expected to tell customers exactly when the service will be performed.					
11	A bank is reasonable to expect prompt service from employees.					

Sr.	Statement	1	2	3	4	5
12	A bank's employees do always have to be willing to help customers.					
13	A bank is okay to be too busy to respond quickly to customer requests.					

Empathy

Sr.	Statement	1	2	3	4	5
14	A bank's employees should be trustworthy.					
15	Customers feel safe when transacting with employees.					
16	A bank's employees should be polite.					
17	A bank's employees should get adequate support from the firm to do their job well.					

Assurance

Sr.	Statement	1	2	3	4	5
18	A bank should be expected to give each customer individualized attention.					
19	A bank's employees should be expected to give each customer individualized attention.					
20	A bank is realistic to expect employees to fully understand the needs of the customer.					
21	A bank is reasonable to expect employees to have the best interests of the customer at heart.					
22	A bank should necessarily have to operate at hours convenient for all customers.					

Customer Satisfaction

Sr.	Statement	1	2	3	4	5
23	I am satisfied with A bank's up-to-date equipment and system.					
24	I am satisfied with the sympathetic and reassuring when the customer has problems.					
25	I am satisfied for quick respond to customer requests.					
26	I am satisfied that A bank employees are willing to help customers.					
27	I am satisfied that the safety of A bank when transacting with A bank's employees.					
28	I am satisfied that the convenience of the A bank's operation hours.					
29	I am satisfied with A bank's individualized attention.					
30	I am satisfied with the accessibility of the bank's branches and ATMs.					
31	I am satisfied with the bank's online and mobile banking services.					
32	I am satisfied with the bank's loan services.					