

Customer's Perception on Service Quality Dimensions in Banking Sector of Pakistan

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Abstract

This study is conducted to know about the customers' perception on service quality dimensions in banking sector of Pakistan. The main objectives of study are to evaluate the service quality dimensions with respect to perception and expectation in banking sector of Pakistan, to ascertain the gap between perception and expectation and to identify the impact of customer perception/expectation on Perceived service quality. We applied Paired sample T test, correlation and regression analysis for empirical purposes. Our results indicate the significant difference between all the dimensions in customer perceptions and expectations. All dimensions showed the negative difference which means customer expectations are higher than perception in every dimension. In last, we find the significant impact of customer expectation and perception on customer service quality. So we can conclude that banks put attention to improve these dimension's performance and to achieve their goals in these competitive business environment.

Keywords: Customer Perception, Customer Expectation, Perceived Service Quality, Paired Sample T test.

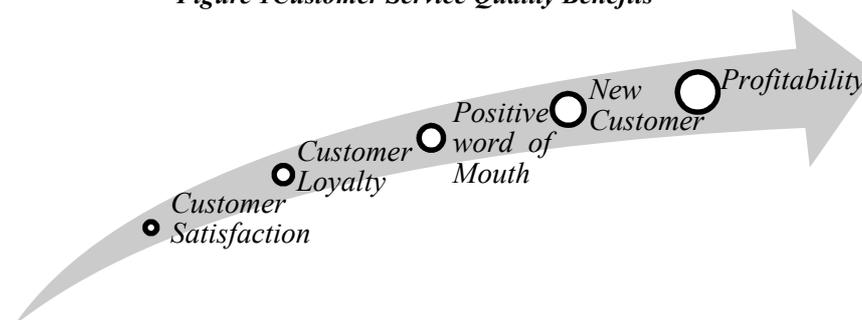
1. Introduction:

Pakistan is a developing country and struggling from many years to quit the vicious Circle of poverty. Every sector of economy is trying to get self-sufficiency. After the basic fulfillment of needs, organizations are now focusing on competitive positions to survive in current market because there are plenty of organizations which are providing variety of products and services. Due to growing economy and customer's awareness, these organizations are focusing on quality along with availability of product.

The term 'Quality' means 'fitness for use' or 'conformance to requirements'. ISO standards which measure the quality defined it as 'the totality of features and characteristics of a product, process or service that bears on its aptitude to satisfy customer's needs'. Now, the quality is pre-requirement in both product and service but it is difficult to measure in service because the service differ from product in the 4 aspects namely heterogeneity (not consistency in service delivery), intangibility (immaterial), inseparability (purchased and consumed simultaneously) and perishability (services cannot be stored).

So Service can be defined as an intangible result that does not have corporeal features rather it is determined by its purposes, performances and benefits it delivers for public that pay cash for it (Parasuraman et. al. 1988). In current era, customer service quality is also important as enhanced services brings customer satisfaction, customer loyalty, positive word of mouth, corporate marketing, new customer, cost cut, financial performance and profitability.

Figure 1 Customer Service Quality Benefits



Service quality is a global judgment or attitude relating to superiority of service. Service quality is measured as the difference between expectations to get prior to performance and what they actually received (Zeithaml et al. 1988).

The banking industry of Pakistan is also facing stiff competition due to globalization, economic liberalization, rapidly changing customer requirement and revolution in information technology. Within the banking sector, major changes are also happened like privatization, foreign banks entrance and tight state bank regulations. All these factors influence the management of financial institutions to focus on the policies which were considered least important in past. Customer service quality is one of those strategies which gained importance in recent years as foreign banks as well as newly formed banks put the new era of service structure. So to hold the existing customers and to attract new customers, service quality becomes inevitable.

Our study is related to measure the level of customer service quality and to identify the important factors which formed that and those have deficiency in our banks. What is our customer expectations and what they get? There are various model which measure the customer service quality i.e. SERVQUAL (Parasuraman et al. 1988), Disconfirmation model (Walker, 1995; Oliver, 1993), SERVPERF (Cronin et al. 1994) and CARTER etc. Every model have its own benefits and flaws which are widely discussed in literature.

We used the SERVQUAL (Parasuraman et al. 1988) instrument to measure the service quality as it is most widely used model and have quality to modify for various sectors. This model have been based on the study that described the Perceived service quality (SQ) as the difference between customer expectation and perception. Customer expectation (E) is what the customer think about the service before interaction with organization and customer perception (P) is what he actually get. Perceived service quality is measured by comparison of both of these $SQ = P - E$. If $P > E$ then it would means satisfied customer or if $P < E$ then it means dissatisfied customer.

SERVQUAL model is based on 5 dimensions which collectively formed customer perception/expectation namely, reliability, empathy, tangibility, assurance and responsiveness.

Service Expectation

Service expectations are 'desired service' of customers or the services which from customer point of view 'ought to be'. Sometimes it is regarded as 'requirement level of customers in service quality'. From organization point of view it is the 'quality standard' which company needs to achieve for customer satisfaction. (Ganesh P, 2012)

Verma S. B. et al. (2002) introduced the two level of service expectation i.e. 'desired' or 'adequate'. Desired service expectations are that service quality level which can be achieved by bank in ideal situation. While adequate level is that level which atleast achieved by bank to meet the customer requirement or to survive in the competitive environment.

Service Perception

Service perceptions are the actual outcomes of the service performed by organization. It is also expressed as 'customer thinking about the service received'. It is compared with the expectation level to measure the actual service quality.

Service Quality Dimensions

Parasuraman et al. (1988) explored the five dimensions in his study which are widely accepted to measure the service perception/expectation. These are Empathy, tangibility, assurance, reliability and responsiveness.

- **Empathy** includes caring and individual attention to customers provided by firms
- **Tangibles** include look of physical facilities, staff, equipment and written materials (pamphlets)
- **Assurance** include personnel knowledge and politeness and their aptitude to inspire trust and confidence in clients
- **Reliability** means capability of organization to accomplish the promised service dependably and accurately
- **Responsiveness** is the organization's personnel behavior to assist its clients and provide prompt services

Perceived Service Quality

Perceived service quality is the difference between service perception and expectations. $SQ = P - E$ If Perception is greater than expectation it means positive service quality ($P > E$), and vice versa. Lewis (1981) described service quality as a measure to of how well the service level delivered matches customer expectations. On the other hand, some authors derived it by comparison of benefits received from service and cost incurred to get that.

2. Literature review

Abedniya at el. (2011) carried out a study in Malaysia to measure the perceived service quality in banking sector. For creating study gap, Islamic Banking is studied. CARTER instrument is used to measure the service quality in Islamic banking. Paired sample statistics, Regression & Correlation test were performed for analytical purposes. The study also discussed the "Nordic model of perceived service quality (Groneroos, 1982)" and "Disconfirmation Model" given by (Oliver, 1993). For all dimensions, Customer quality perception average is more than customer service expectation average, indicating the satisfied customer. Overall regression coefficient results showed that 63% variation in customer service quality is explained by the independent factor of model i.e. perception & expectation.

Ganesh (2012) conducted a study to identify the gap between perceived and expected customer services in Indian economy in retail banking. He used the SERVQUAL model given by Parasuraman at el. (1985) to identify the gap. His study is based on the 5 gaps between perceived and expected quality, communication, quality specification, customer expectation and service delivery. He also identified the importance of study by thoroughly discussing the chain of customer retention through providing the quality services to them. He carried out the study in to private and public sector banks to generalize the results in all banks. 'Z' Test, Garrett's ranking, one way ANOVA, Two way ANOVA, techniques were performed for detailed empirical results. His results of Z test stated that customer's expectation is more than actual performance of bank in all areas of retail banking. He further stated that except online banking, service quality attributes are almost similarly performed in all cities covered under

study.

Muyeed (2012) studied about the customer's perception in service quality in retail banking in Bangladesh. He used self-managed questionnaire for collection of responses from customers on service quality attributes. He classified the service quality into four dimensions namely reliability, Competence, tangibles and Empathy. He also collected the data from public as well as private bank for diversity in results. He used the ranking method for identification of most and least important quality parameter included in study. His findings specified that promptness and accuracy in transactions are getting importance in current customers because people have not enough time for long queues. The second important factor is safety of monetary transactions. He concluded that banks need to identify ranking of their customer's perception for quality dimensions and improve their services accordingly in this competitive environment.

Lee (2011) try to explore the service quality dimensions without any structure service quality data instrument. He asked bank customers open ended questions about their perception without any limit. He argued that, in this competitive environment, customer's attitudes are changing rapidly. He carried out that study in United States of America, from the students of public university having bank accounts and also employed. He categorized the responses into five general dimensions namely people oriented, service functions, price consciousness, conveniently accessible and institutional image. His findings stated that most of the respondents rank the staff friendliness and willingness to help as more important attribute of customer service. Next category is service functions like expert advice, speed of transactions and accuracy in records. People are also conscious about the price but at third level like interest rates, transactions cost and ATM charges etc.

Titko et al. (2013) conducted a study in Latvian banking industry with an aim to develop the instrument for the service quality measurement in banking industry and to identify the main determinants of customer satisfaction. He developed the questionnaire based on the (Titko et al., 2011) study and SERVQUAL instrument. He identified the 28 statements and categorized that into 8 dimensions namely, tangibles, product, price, trust, empathy, access, competence and responsiveness. Correlation test were performed to know the relationship between customer satisfaction and service quality instrument. The results showed the highest relationship between competence and satisfaction and lowest between price and satisfaction among all dimensions.

Yavas et al. (1997) studied about the service quality in the banking sector of Turkish economy. They also studied about the customer satisfaction, customer loyalty and customer complaint. They argued that Customer satisfaction is ultimate goal of every organization as it leads to customer loyalty and organization's profit. If customer is unsatisfied with the organization's service due to unlikely quality, he will move to another organization and also communicate to other customers. A cost to capture new customer is much higher than to satisfy existing customer. As service quality is an antecedent of customer satisfaction, so these subjects have direct link with it. For empirical results, stepwise regression test was performed using service quality five dimensions as independent variable. The results were predictable as responsiveness, empathy and tangibles results were significant for customer satisfaction. In case of loyalty, responsiveness and tangible coefficients were significant but in case of complaint only empathy results were significant.

Zhou et al. (2002) also performed the study in banking industry of China to assess the applicability of SERVQUAL. The studies carried out in three contexts including whether SERVQUAL instrument is still valid as diagnostic tool, dimensionality and predictive capability. The study also consisted of customer satisfaction and switching behavior along with service quality. The first test is performed to check the difference between expectation, perception performance. The results revealed the significant difference in 8 statements in 4 dimensions of the service quality which indicate that expectations of bank customer is beyond the customer perceptions. Hence, SERVQUAL appeared to be the significant tool in Chinese retail banking industry context. The factor analysis was performed to identify the dimensionality of instrument. The results revealed the empathy and responsiveness in first factor results, reliability and assurance in second factor and tangibility in third factor. So the results did not confirm the five dimensions in one set. In last to check the projecting validity of SERVQUAL two tests were performed Correlation and structural equations analysis. The findings of correlation test identified that significant correlation exists between customer satisfaction and switching behavior with gap scores and performance perception but no correlation exists with expectation. The results indicated the no significant structural relationship existed and conclude that predictive capability of SERVQUAL may not be applicable in Chinese banking context.

Rahman (2005) try to explore the differences among different dimensions of service quality. He used the SERVQUAL instrument as a measurement tool. He collected the data from public sector as well as private banks to generalize the results in all over the industry. His findings stated that customer expectation is much higher than customer perception which depicts the unsatisfied customer. Among all service quality dimensions reliability is found more prominently.

Sachder et al. (2004) conducted the study to know about the importance of service quality dimensions in different services sectors of Indian economy. He also used the SERVQUAL questionnaire developed by (Parasuraman et al. 1988) for service quality measurement. The results were predictable as perceived performance

is much lower than expected performance in four dimensions namely reliability, empathy, responsiveness and assurance but the results of tangibility is positive alone. To find out the importance of service quality in ranking regression was applied.

Sharma et al. (2005) examined the customer service quality among interbank. For this study, they selected the 4 major banks of Indian economy i.e. State bank of India, UTI bank, J & K Bank and Corporation Bank. In different dimensions, different banks lead each other as in reliability dimension public sector banks (State bank of India and corporation bank) predominate private sector banks and in case of 'tangibility' UTI was leading other banks. The tangibility consisted of working environment, physical atmosphere, and staff. In case of 'responsiveness' corporation bank was considered best among others. The J & K bank depicted the lowest customer service quality value and Corporation bank showed the best customer service perception.

Swaroop (2003) used the disconfirmation model given by (Oliver, 1993) to study the service quality in banking sector of Indian economy. He applied this model on various banks. The disconfirmation model have three situation like positive disconfirmation (Perception is higher than expectation), negative disconfirmation (expectation is higher than perception) and confirmation (perception is equal to expectation). The findings of this study discovered that State bank of India and ICICI bank performed better than other banks in service quality dimensions.

Upinder Dhar et al. (2004) try to explore the important service quality features in public and private banks from staff and banks customer's point of view. They provided the various dimensions to explore the main factors of importance in customer service quality. In Private banks tangibility, competence and record maintenance ranked higher among others while in public sector banks reliability, tangibility and access revealed best ranked among other dimensions of service quality.

Israel (2004) conducted the study to know the service quality discrepancies presented in the private and public sector banks. Both of the banks have different issues so their service quality discrepancies are also different. He applied correspondence analysis to point out the weaknesses in their quality strategies. So he conducted the primary study to know the customer observations and suggestions to improve the same. He came to the conclusion that public sector banks had issues regarding tangibility, accessibility of branches, employees bad behaviors and fairness of records while the private banks had deficiency in reliability, security and credibility aspects so the same needed to improve.

Islam et al. (2005) conducted the study in Bangladesh to prioritize the service quality factors and to compare the service quality strategies in private and public sector banks. Their findings ranked the 'performing promises by employees' as first among the other service quality attributes afterward, 'personal attention' and 'physical facilities' respectively. The main differences were found in appearance of banks facilities and employees setups, employees willingness to facilitate customers, courtesy in the behavior of employees and timings of bank.

Another study of customer perceptions on service quality in public and private sector banks was carried on by (Abidi et al. 2000). They used the SERVQUAL instrument to measure the perceived service quality. Their outcomes stated that private banks customers perceptions and expectations are almost parallel but in case of public sector the significant difference was found in empathy, tangibility and assurance. So they conclude that public sector banks needed to improve the diluted dimensions to improve the service quality and ultimate goal of that customer satisfaction and customer loyalty.

Nerurkar (2000) applied the SERVQUAL dimensions in various financial sector of Indian economy to know its applicability in Indian economy and importance of various dimensions in different sectors. Overall results stated that customers are more influenced by reliability, assurance and responsiveness as compare to tangibility and empathy. While in commercial banks people were most attracted by the reliability than any other dimension of SERVQUAL.

Gupta (2003) studied about the major factors influenced the banking sector service quality. He used the set of variables and asked the banks customer to rank the factors according to their own priorities. After a detailed study he provide the factors which are important to service quality in bank i.e. ambience of branch, infrastructure of branch, turnaround time, bank's employees behavior and banking channel. He also provide the list of some variables that are most important banking service quality i.e. banking hours, branch networking in country and staff availability.

Bhat (2005) conducted the service quality perception survey in Indian economy with a different aspect. He also considered the various demographics along with service quality dimensions. The demographics included income, region, education, occupation and age. His findings indicated that customer perception level was better in business group persons as compare to other occupational groups. It is because they are fewer in numbers with a large holdings. The results also stated that as the income level increases the perception about service quality in similar bank is also improved. The education level however did not depicted the most variation in the results. With respect to the quality dimensions, he found that most significant difference in perception and expectation was found in responsiveness and tangibility attributes.

Hasanbanu (2005) carried out the study in rural banks with respect to service quality. He asked the open ended questions to know about the preferences of customers to improve the quality of banks services. Various responses were collected to assigned categories. The results of study prescribed that customer's are more concern about the speed, courtesy, customer concerns. He further wanted to simplify the procedure followed in banks like depositing and sanctioning of services. About the expectation results more important features are bank physical facilities, courteous employees behaviours, frequent services, help desk facilities and accurate results.

Ezirim (2005) conducted the study in Nigeria for the identification of attributes that causes the customer's selection of banking services. The primary study was conducted to know about the attributes, the main points that are related to services quality is listed here; security in transactions and reliability of banking operations, speed in performing services, liquidity of banks and adjacent branches, accuracy of customer records. Other points included financial strengths of banks, bank timings, convenience in performing transactions.

Sivaloganathan (2004) carried out the theoretical study with respect to customer service. He categorized the customer service into two dimensions i.e. professional and personal. He suggested that these two qualities in employees service of banks must be present to get the best interaction and strong bond. Further he added that with the rapid increase in population of developing countries, the customer service did not pace with that so many deficiencies were found in banking services.

Savilani (2000) applied the service quality study in co-operative banks. He tried to learn the consequences of good service quality on clients, bank personnel, shareholders, and community. He found that satisfaction is the main result of good service quality strategy of bank and the results also include the significant success of deposits, advances and revenues for banks. It is because every person in this competitive position wanted to get prompt, economical and easily personalized service for all so they prefer those banks who provide quality services in their surroundings.

Gani et al. (2003) try to explore the service quality strategy differences in local and foreign banks in Indian economy. He used the various dimensions for service quality measurement. He found many differences in various dimensions and foreign banks stepped out the local banks in most of these. The main dimensions which have low quality in local banks were personnel attitude to provide prompt services to clients, willingness of personnel to assist customers, convenient working hours, personal attention to customers problems, physical amenities in branches, sufficiency and up to date equipments, communication material like pamphlets and performance and neatness of personnel.

Park et al. (2007) carried out the study in another aspect of Perceived service quality. They used the association among bank personnel, clients and financial performance. Their point of view is that, service quality improvement depends upon employees performance and employees will perform better by training. Moreover they added that shared understanding among personnel shows critical part in improving perceived service quality. In last, their findings stated that client satisfaction is used as mediator between customer service quality and financial performance of bank.

Dalholkar et al. (2000) explored the service quality sub parts which have essence for customer satisfaction i.e. reliability and responsiveness. They also defined the customer service quality in a new way that is 'the magnitude to which an organization effectively serves the purpose of its clients'.

Johnshon (1995) carried out the earlier studies in the field of customer service quality in banking sector. He explored the main determinants of service quality in conventional banks. The main determinants are cleanliness, aesthetics, assurance and reliability. He also added the some source of customer satisfaction for the personal customers of banks i.e. responsiveness, care, sociability and attentiveness.

Sandhu et al. (2011) try to explore the service quality dimensions in the India largest insurance organization LIC (Life insurance corporation). They explored the various dimensions which is more importantly considered while making policies regarding the service quality in financial institutes namely Proficiency, functionality, credibility, media and presentation, security & dynamic operations, service delivery process & purpose and Physical and ethical excellence.

Kang et al. (2002) also applied the SERVQUAL instrument in education sector to know the internal service quality measurement. They carried out the detail study in Seoul university to identify the applicability and reliability of this instrument, Their results also put a great impact on the applicability of it. The reliability of this instrument in education sector is 0.7 which depicts its well applicability.

3. Hypothesis of the Study

Ho1 There is no significant difference between expectation and perception with reference to reliability dimension

Ho2 There is no significant difference between expectation and perception with reference to empathy dimension

Ho3 There is no significant difference between expectation and perception with reference to tangibility dimension

Ho4 There is no significant difference between expectation and perception with reference to assurance dimension

Ho5 There is no significant difference between expectation and perception with reference to responsiveness dimension

Ho6 Customer perception and expectation has not significant impact to measure the perceived Service quality

4. Research Methodology

Our study is using the quantitative research method as we basically identifying the difference between two aspects namely perception and expectation. Descriptive statistics has been conducted in the study as it will elaborate all aspects of study variables, non-contrived study setting has been used as the study is conducted in the natural working environment. The study have individual unit of analysis as all data is collected using questionnaire from bank individual customers. It is a cross sectional study as data is collected once and from variety of customers. Questionnaire is adopted from SERVQUAL study developed by (parasuaraman et al. 1988) and add demographics to more enhancing the study. The data collected has been analyzed by descriptive and inferential statistics. We choose the sample using the methodology suggested by (Hair et al., 2006). They suggested that the minimum number of sample is product of indicators used to measure the variables of study and point in likert scale. So our minimum sample is calculated as:

$$= 44 \text{ questions to measure the service quality} \times 5 \text{ point likert scale}$$

So the minimum number of samples are 220 but we added the 25% as margin of errors to it. The final number of samples are 275 from which data is collected using questionnaire. The questionnaire is divided into two sections namely 'Personal Information' and 'service quality measurement'. The first part consists of 7 demographical questions while the second part consists of 22 closed ended questions divided into 5 dimensions of service quality. These dimensions are asked from respondents in both aspects namely customer perception (actual) and expectation (wants). So over all every respondents will response to 44 service quality questions. During survey firstly all responses are filled for expectation category and then all responses for perceptions are got. All responses are measured using five point likert scale. The scale consist of 1= strongly disagree and 5= strongly agree.

Paired sample T test has been applied to compare the means of all dimensions with respect to perception and expectation. Pearson Correlation analysis has been applied to check the relationship between expectation and perception. Multiple regression analysis has been applied to identify the impact of expectation and perception on the Perceived service quality.

SPSS 16 has been used for empirical analysis.

5. Empirical Results

All demographical analysis is performed and arranged in a specified manner to take an eye view of all the demographics included in the study.

Table 1 Demographical Analysis

Variables	Categories	Frequency	Percentages	Total Percentage
Gender	Male	190	67.9%	100%
	Female	90	32.1%	
Age	Below 25	73	26.1%	100%
	25-40	156	55.7%	
	Above 40	51	18.2%	
Marital Status	Married	108	38.6%	100%
	Unmarried	172	61.4%	
Qualifications	Illiterate	47	16.8%	100%
	Matric or Above	118	42.1%	
	Graduate or above	115	41.1%	
Native place	Rural	191	68.2%	100%
	Urban	89	31.8%	
Income Level	Below 20000	45	16.1%	100%
	20000-30000	113	40.4%	
	30001-40000	46	16.4%	
	Above 40000	76	27.3%	
Occupation	Govt. Employee	58	20.7%	100%
	Private Employee	86	30.7%	
	Business	87	31.1%	
	Retired	11	3.9%	
	Agriculturist	18	6.4%	
	Professional	20	7.1%	

The demographical analysis of the study revealed that most of the respondents are male with more than 50% of age lie between 25 to 35 years and unmarried depicted the young age group of population. More than 80% of the respondents are matric or above with 40% are graduate or above depicted responses are more reliable as it

is provided by the educated respondents. 40% of the respondent's income level are lied between 20000 to 30000 rupees while 26% respondent's income level are more than 40000 rupees. With respect to occupation, most of the respondents (about 60%) belongs to business or private employee categories while 40% respondents are belongs to other 4 categories.

To check the reliability of measuring instrument cronbach's alpha test has been performed. According to Cronbach (1951), if the value alpha is lie between 0.6 to 0.7 is acceptable and if value is more 0.8 is good.

Table 2 Cronbach Alpha value

Variables	Cornbach Alpha Value	No. of Items
Expected Tangibility	0.736	4
Expected Reliability	0.763	5
Expected Responsiveness	0.777	4
Expected Assurance	0.699	4
Expected Empathy	0.771	5
Perceive Tangibility	0.773	4
Perceive Reliability	0.810	5
Perceive Responsiveness	0.826	4
Perceive Assurance	0.773	4
Perceive Empathy	0.816	5
Expected Quality	0.908	22
Perceived Quality	0.935	22
Overall	0.899	51

All the values of Cronbach alpha are within acceptable range as no value is less than 0.7 while Overall value is at good level. So we can conclude that, the instrument use for the measurement of service quality is reliable.

The descriptive Statistics provide the overview of all the variables used to measure the required subject and provide maximum range within which the responses of respondents lies. The minimum, maximum, standard deviation and mean is provide for each dimension of service quality.

Table 3 Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
Expected Tangibility	280	3.00	5.00	4.4241	.46209
Expected Reliability	280	3.20	5.00	4.3993	.46667
Expected Responsiveness	280	3.00	5.00	4.4330	.49117
Expected Assurance	280	3.25	5.00	4.4723	.46363
Expected Empathy	280	3.00	5.00	4.4614	.46119
Perceived Tangibility	280	1.75	5.00	4.0304	.64060
Perceived Reliability	280	2.00	5.00	4.0393	.63021
Perceived Responsiveness	280	2.00	5.00	4.0357	.65451
Perceived Assurance	280	2.00	5.00	4.0741	.63753
Perceived Empathy	280	2.20	5.00	4.1229	.57702

The expected and perceived service quality dimensions mean are provided in the Table 5 with their standard deviation. The average mean is lie between 4.0304 to 4.4723. Standard deviation is lie between 0.461 to 0.654. Moreover standard deviation is less for expected dimensions than perceived dimensions which means average for expected variables are less vary than perceived variables.

All the dimensions are tested using Paired Sample T test. Firstly test has been applied to reliability dimension. The results are as follows:

Table 4 Paired Samples Statistics for Reliability

	Mean	N	Std. Deviation	Std. Error Mean
Rel_P	4.0393	280	.63021	.03766
Rel_E	4.3993	280	.46667	.02789

Table 5 Paired Samples Correlations of Reliability

	N	Correlation	Sig.
Rel_P & Rel_E	280	.082	.174

Table 6 Paired Samples Test for Reliability

Mean	Std. Deviation	Std. Error Mean	Paired Differences		t	df	Sig. (2-tailed)
			95% Confidence Interval of the Difference				
			Lower	Upper			
-.3600	.75299	.04500	-.44858	-.27142	-8.000	279	.000

The mean of reliability perception is 4.0393 and the mean of reliability expectation is 4.3993. The difference between these two variables are -0.3600 (

Table 6 Paired Samples Test for Reliability). The correlation between these two variable is 0.082 but the results are insignificant. In (Table 8) the p-value is 0.000 which means significant results are presented in the table. Moreover the mean of perception is less than mean of expectation which means our first null hypothesis (H01) is rejected as these two variables show difference. The 95% confidence interval depicts the value [-0.44858, -0.27142] and it does not contain the value of 0. So, we are 95% confidence that these variables have significant difference in perception and expectation with respect to reliability.

Table 7 Paired Samples Statistics for Empathy

	Mean	N	Std. Deviation	Std. Error Mean
Emp_P	4.1229	280	.57702	.03448
Emp_E	4.4614	280	.46119	.02756

Table 8 Paired Samples Correlations of Empathy

	N	Correlation	Sig.
Emp_P & Emp_E	280	.145	.015

Table 9 Paired Samples Test for Empathy

Paired Differences					t	df	Sig. (2-tailed)
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
			Lower	Upper			
-.3385	.68445	.04090	-.41909	-.25805	-8.277	279	.000

The mean of empathy perception is 4.1229 and the mean of empathy expectation is 4.4614. The difference between these two variables are -0.3385 (

Table 9 Paired Samples Test for Empathy). The correlation between these two variable is 0.145 which means they have weak positive correlation. In (Table 11) the p-value is 0.000 which means significant results are presented in the table. Moreover the mean of perception is less than mean of expectation which means our second null hypothesis (H02) is rejected as these two variables show difference. The 95% confidence interval depicts the value [-0.41909, -0.25805] and it does not contain the value of 0. So, we are 95% confidence that these variables have significant difference in perception and expectation with respect to empathy.

Table 10 Paired Samples Statistics for Tangibility

	Mean	N	Std. Deviation	Std. Error Mean
Tan_P	4.0304	280	.64060	.03828
Tan_E	4.4241	280	.46209	.02762

Table 11 Paired Samples Correlations of Tangibility

	N	Correlation	Sig.
Tan_P & Tan_E	280	.088	.142

Table 12 Paired Samples Test for Tangibility

Paired Differences					t	df	Sig. (2-tailed)
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
			Lower	Upper			
-.39375	.75616	.04519	-.48271	-.30479	-8.713	279	.000

The mean of tangibility perception is 4.0304 and the mean of tangibility expectation is 4.4241. The difference between these two variables are -0.39375(

Table 12 Paired Samples Test for Tangibility). The correlation between these two variable is 0.088 which means they have weak positive correlation but the results are insignificant. In (Table 14) the p-value is 0.000 which means significant results are presented in the table. Moreover the mean of perception is less than mean of expectation which means our third null hypothesis (H03) is rejected as these two variables show difference. The 95% confidence interval depicts the value [-0.48271, -0.30479] and it does not contain the value of 0. So, we are 95% confidence that these variables have significant difference in perception and expectation with respect to tangibility.

Table 13 Paired Samples Statistics for Assurance

	Mean	N	Std. Deviation	Std. Error Mean
Ass_P	4.0741	280	.63753	.03810
Ass_E	4.4723	280	.46363	.02771

Table 14 Paired Samples Correlations of Assurance

	N	Correlation	Sig.
Ass_P & Ass_E	280	.099	.097

Table 15 Paired Samples Test for Assurance

Paired Differences					t	df	Sig. (2-tailed)
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
			Lower	Upper			
-.3982	.75009	.04483	-.48645	-.30997	-8.883	279	.000

The mean of assurance perception is 4.0741 and the mean of assurance expectation is 4.4723. The difference between these two variables are -0.3982 (**Table 15 Paired Samples Test for Assurance**). The correlation between these two variable is 0.099 which means they have weak positive correlation but the results are significant at 10% level of confidence. In (Table 17) the p-value is 0.000 which means significant results are presented in the table. Moreover the mean of perception is less than mean of expectation which means our third null hypothesis (H04) is rejected as these two variables show difference. The 95% confidence interval depicts the value [-0.48645, -0.30997] and it does not contain the value of 0. So, we are 95% confidence that these variables have significant difference in perception and expectation with respect to assurance.

Table 16 Paired Samples Statistics for Responsiveness

	Mean	N	Std. Deviation	Std. Error Mean
Res_P	4.0357	280	.65451	.03911
Res_E	4.4330	280	.49117	.02935

Table 17 Paired Samples Correlations of Responsiveness

	N	Correlation	Sig.
Res_P & Res_E	280	.203	.001

Table 18 Paired Samples Test for Responsiveness

Paired Differences					t	df	Sig. (2-tailed)
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
			Lower	Upper			
-.3973	.73412	.04387	-.48368	-.31096	-9.056	279	.000

The mean of responsiveness perception is 4.0357 and the mean of responsiveness expectation is 4.4330. The difference between these two variables are -0.3973 (**Table 18 Paired Samples Test for Responsiveness**). The correlation between these two variable is 0.203 which means they have weak positive correlation and the results are significant. In (Table 20) the p-value is 0.000 which means significant results are presented in the table. Moreover the mean of perception is less than mean of expectation which means our third null hypothesis (H05) is rejected as these two variables show difference. The 95% confidence interval depicts the value [-0.48368, -0.31096] and it does not contain the value of 0. So, we are 95% confidence that these variables have significant difference in perception and expectation with respect to responsiveness.

Table 19 Correlation

		Service_Quality	Expectation	Perception
Service_Quality	Pearson Correlation	1	-.497**	.790**
	Sig. (1-tailed)		.000	.000
	N	280	280	280
Expectation	Pearson Correlation	-.497**	1	.140**
	Sig. (1-tailed)	.000		.010
	N	280	280	280
Perception	Pearson Correlation	.790**	.140**	1
	Sig. (1-tailed)	.000	.010	
	N	280	280	280

** . Correlation is significant at the 0.01 level (1-tailed).

Table 20 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000	1.000	1.000	.00000	.028
a. Predictors: (Constant), Perception, Expectation					
b. Dependent Variable: Service Quality					

Table 21 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	100.869	2	50.435	.	.000 ^a
	Residual	.000	277	.000		
	Total	100.869	279			
a. Predictors: (Constant), Perception, Expectation						
b. Dependent Variable: Service_Quality						

Table 22 Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	6.372	.000		.	0.00		
Expectation	-1.000	.000	-.620	.	0.00	.980	1.020
Perception	1.000	.000	.876	.	0.00	.980	1.020
a. Dependent Variable: Service Quality							

To evaluate hypothesis 6, the multiple regression and correlation model has been applied, the results are depicted in the Table 21 to 24. The correlation results depicted the relationship between 3 variables namely perception, expectation and perceived service quality. The p values are less than 0.05 which means significant results are depicted in the table 21. The expectation have negative association with service quality while the perception have strong positive association with service quality in this model.

The regression results are unexpected and unusual than previous studies we discussed in the literature review. The results depicted in the table 22 showed, R=1 and R square=1. It means 100% of the variation in customer service quality is due to expectation and perception. In Table 23, the p value is 0.000 which is less than 0.05 means that both independent variable of the model i.e. expectation and perception can be used to measure the dependent variable of the model i.e. Customer service quality. It shows that model is fit for projection.

Regression coefficients are -1 for expectation and 1 for perception which means that 1 negative unit of expectation brings 1 positive unit of service quality and vice versa case in perception to customer service quality. These results are also significant at 5% level of significance. So here we can develop the equation:
 Customer Service quality = 6.372 – 1 (expectation) + 1 (perception)

On the basis of these results we can also reject our sixth null hypothesis (H06) of study in the favor of alternative hypothesis which is expectation and perception effect the service quality.

6. Discussions of Results

We conducted the study to identify the customer's perception on service quality dimensions in banking sector of Pakistan. For this purpose, we purpose the various research questions before the start of this study i.e. What are the valid service quality dimensions with respect to Pakistan banking industry?, Whether any gap exist between perception and expectation with respect to each service quality dimension?, What is the impact of customer perception/expectation on perceived service quality?, Whether any deficiency exist in any service quality dimension in Pakistan banking sector?

To check the each research questions various hypothesis are developed and various tests are performed under various hypothesis to comment on the results. Here are the conclusions of the hypothesis accepted or rejected in the previous chapter.

RQ-1: "What are the valid service quality dimensions with respect to Pakistan banking industry?"

To check this research question in Pakistan banking industry, SERVQUAL instrument's five dimensions are used. Each dimension is check through cornbach's alpha test to identify its validity all the results are within acceptable range. So we can conclude that all the dimensions of SERVQUAL instrument are valid dimension of service quality in Pakistan banking industry. Many previous researches also confirmed their validity in their countries. (Zaeim at el., 2011)

RQ-2: "Whether any gap exist between perception and expectation with respect to each service quality dimension?"

To check this research question we developed the 5 hypotheses in our study from H01 to H05 and test by applying Paired sample T test in each dimension's perception and expectation responses. The results indicated that all null hypothesis are rejected and perceptions and expectations of customer in each dimensions are varied. Moreover all the comparison of these showed that customer expectations are more than perceptions in every dimension. For each dimensions we suggest the difference measures to improve their performance to gain the sustainability in each dimension.

With respect to 'tangibility', we can say that technology need more attention, physical facilities like furniture, halls, air conditioning and other gadgets needs more sophistication, appearance of personnel must be more attractive and decent. Moreover opening and closing hours are also matter in this regard for improvement. On the basis of results, we are 95% sure that difference exist between expectation and perception with respect to tangibility.

Secondly to 'reliability', we can say that reliability dimension's factors asked in the questionnaire needs more attention by the management to improve the quality of service i.e. bank personnel provide facilities as it is promised and time management (turn-around time) must be achieved by banks. We are 95% confidence that difference exist between customer perception and expectation in reliability dimension.

Thirdly to 'responsiveness' dimensions also showed the difference in comparison between perception and expectation suggest that banks personnel provide prompt services to bank clients and also responds to clients requisitions as it is forward. The results are 95% sure that perception and expectation in responsiveness dimension have significant difference.

With respect to 'assurance' dimension, we can say that banks put attention towards the security of client's transactions and banks personnel have trustworthiness towards customers. Moreover employees politeness and banks personnel knowledge about clients query provide more confidence to customers. These results also show 95% confidence in difference between expectation and perception in assurance dimension.

In last 'empathy' dimension, we are 95% confidence that customer expectation and perception have difference in that. So the less mean of perception suggest that banks management put some effort towards operating hours of banks, personal attention of banks personnel towards individual client and giving them best solutions.

Our results are differ from (Abedniya & Zaeim, 2011) as their application of these dimension in Malaysian Islamic banking system shows the positive results in every dimension of service quality.

RQ-3: "What is the impact of customer perception/expectation on perceived service quality?"

For this research question, we developed the H06 to know the impact of customer perception/expectation on perceived service quality. We applied the multiple regression and correlation to know the results. The results depicted coefficient 1 for expectation and -1 for perception which means the 100% change is due to these factors in service quality of Pakistan banking sector. These results are exceptional as no other study showed these type of results. All studies discussed in literature review showed the coefficients of expectation/ perception less than -1/1. (Abedniya & Zaeim, 2011)

RQ-4: "Whether any deficiency exist in any service quality dimension in Pakistan banking sector?"

On the basis of above research questions findings, we can conclude that deficiency exist in all dimensions of service quality as paired sample T test showed the negative results in every comparison of perception and exception of every dimension but all these are under a minimal range and can be cover up with little efforts and attention of the management and personnel attitude.

7. Implication of the Study

The study is carried out to know about banks customer perception on service quality in their banks. The results are useful for the management of banks to more sophisticate their service quality policies to achieve the growth in customers and profits. Moreover the each dimension also clear the responsibility and area of deficiency for more careful examination of banks strategies to keep up according to the desires and trends to banks customers. This study also confirmed the implication of SERVQUAL instrument for measuring service quality in the Pakistan banking industry and in future the five dimension of service quality measurement is also authenticate. Pakistan banking industry is a major progressive sector of our country, so we put the more attention under the guidance of this study's findings to more authenticate the banks services.

8. Limitation and Future Direction

The main limitation is sample size and their selection. We choose the sample size about 280 which may be less in number to represent the whole of bank population but as it is essential study of this topic and based on various foreign researches that also contain the similar size of sample. Sample selection is based on convenience sampling, so there are the chances that many of the selected respondents may not aware about the background of the study. Although we briefly explain about our study and questionnaire to every respondents before response. Moreover to generalize the results of this study to all the banks, we can collect the data from many banks.

The similar study can be done by using other service quality measurement instrument like CARTER and SERVPERF etc. Moreover we also find the study in literature review which conduct the same study on employees point of view so that can also be applicable in Pakistan banking industry. The similar instrument is also used to other industry for service quality measurement like Insurance, trade market, hospitals and private education institutes etc.

9. Conclusion of the Study

This study is conducted to know about the customers' perception on service quality dimensions in banking sector of Pakistan. The main objectives of study are to evaluate the service quality dimensions with respect to perception and expectation in banking sector of Pakistan, to ascertain the gap between perception and expectation and to identify impact of customer perception/expectation on Perceived service quality. We make the various hypothesis to achieve these objectives. We applied Paired sample T test, correlation and regression analysis for empirical purposes. Our results indicate the significant difference between all the dimensions in customer perception and expectation. All dimensions showed the negative difference which means customer expectations are higher than perception in every dimension. In last, we find the significant impact of customer expectation and perception on customer service quality. So we can conclude that banks put the attention to improve these dimensions performance and to achieve their goals in these competitive business environment.

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