

Service Quality Effect Customer Perception & Satisfaction: A Comparative Study of National Bank of Pakistan and Muslim Commercial Bank

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Abstract

Purpose

The objective of this research is to comprehend the influences of service quality (system quality, information quality, and interaction quality) on customers' perception and satisfaction, while making comparison of National Bank of Pakistan and Muslim commercial Banks on basis of their service quality.

Methodology

Convenient sampling technique was used to collect data through 15 item questionnaire from 100 customers of NBP and MCB collectively. Data will be processed and analyzed by using excel, particularly average analysis and percentage analysis will be done.

Findings

The quantitative results show that better service quality increase positive customer perception and satisfaction. Results also depict that improved banking service quality important for survival and competitive edge; moreover, customer services of MCB are better than those of NBP.

Limitations and Future Research Directions

The results have limited generalize-ability because it confined to the five cities of Pakistan. Small sample size was selected due to time limitation. In addition, only one public and one private sector bank chooses for this research. Therefore, future research may eliminate these limitations for getting more purified results.

Managerial Implication/ Practical Implications

The finding helps banks manager to design and develops customer focus strategies that improve the service quality which in turn increase customer satisfaction and loyalty.

Keywords: Service Quality, Customer Satisfaction, NBP & MCB

Paper Type: Research paper

Introduction

In this today's more competitive business environment, it is not only important for the organizations to earn profit but it has become most important to satisfy customers. Retention of customers is not so easy, until an organization provide them satisfactory product and services.

Moreover, customer satisfaction is a measure of how products and services provide by any organization meet the expectations of a customer. The efficiency of a banking sector depends upon how best it can deliver services to its target customers. In order to survive in this competitive environment and provide continual customer satisfaction, the banking services providers are required to frequently increase the quality of services. In banking business it is seen that only 5% increase in customer retention can extend 35% profitability. The service sector makes significant contributions to economic and social development of countries around the world (Daniel and Harrington, 2007). At present the service sector plays a critical role in the wealth creation of a nation which is reflected by such indicators like GDP and added value. Most countries with strong economies are dominated by services, which account for more than 70 per cent of their GDP (Ostrom *et al.*, 2010).

Ever since the banks throughout the globe started to operate more commercially, service quality has been identified as the critical ingredient to success, and customers must be satisfied in order to stay ahead of the competitors. In a fiercely competitive market, it is desirable for banks to develop a customer-centric approach for survival and growth by emphasizing on customer service. As banks from both the public and private sectors tussle for competitive advantage and make huge investments for redesigning their operation strategies, the evaluation of banking service quality in both sectors has become extremely important.

The service quality is an antecedent for success and survival in today's competitive environment. The most central factor to sustainable competitive advantage is to provide the best possible service quality which will result in improved customer satisfaction, customer retention, and profitability (Sureshchandare *et al.*, 2002; Buttle 1996). High service quality allows service providers to differentiate themselves from their competitors and thus gain sustainable competitive advantages in the global market place (Gounaris, *et al.*, 2003).

Past research works have concluded that service quality leads to customer loyalty and attraction of new customers, positive word-of-mouth, employees' satisfaction and commitment, enhanced corporate image, reduced costs and increased business performance (Berry *et al.*, 1989).

The study is of great significance as it attempts to examine the impact of services quality on customer perception and customer satisfaction. The study also suggests that how banks can satisfy their customer by developing customer focused strategies. Afterward, it would be beneficial for further researches; as it could be helpful for the researchers as a source of literature.

Literature Review

The journey towards a strong economy demands the new and additional type of competitive banking services provided to the customers. Customer's satisfaction is the focal point in the development of successful banking. In the banking field a unique 'Relationship' exists between the customers and the bank. Customer perception and satisfaction is a measure of how products and services provided by any organization meet the expectations of a customer. It varies from person to person and service to service. The efficiency of a banking sector depends upon how best it can deliver services to its target customers. In order to survive in this competitive environment and provide continual customer satisfaction, the banking services providers are required to frequently increase the quality of services. Different researchers have done research on customer satisfaction in banking sector. They have also compared the service quality and customer satisfaction. In banking business it is seen that only 5% increase in customer retention can extend 35% profitability. The service sector makes significant contributions to economic and social development of countries around the world (Daniel and Harrington, 2007). At present the service sector plays a critical role in the wealth creation of a nation which is reflected by such indicators like GDP and added value. Most countries with strong economies are dominated by services, which account for more than 70 per cent of their GDP (Ostrom *et al.*, 2010). Ever since the banks throughout the globe started to operate more commercially, service quality has been identified as the critical ingredient to success, and customers must be satisfied in order to stay ahead of the competitors. In a fiercely competitive market, it is desirable for banks to develop a customer-centric approach for survival and growth by emphasizing on customer service. As banks from both the public and private sectors tussle for competitive advantage and make huge investments for redesigning their operation strategies, the evaluation of banking service quality in both these sectors has become extremely important.

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The key to customer loyalty is customer satisfaction which largely depends on the service quality offered by service providing firms. Service quality and customer satisfaction have been identified as key elements of the service-profit chain (Heskett *et al.*, 1997). Better service quality results in enhanced customer satisfaction, which in turn leads to strong customer loyalty. It can be stated that customers, when satisfied with the services they have experienced, are more likely to establish loyalty (Taylor *et al.*, 1992), resulting in repeat purchases (Fornell, 1992) and favorable word-of-mouth (Halstead & Page, 1992). Customer service quality is a significant source of distinctive competence and often considered a key success factor in sustaining competitive advantage in service industries (Palmer, 2001). Quality in service is quite different from quality of goods. The dimensions of service quality are defined mostly from customers' expectations and are extremely difficult to measure in quantitative terms.

Service quality is one of main elements of customer satisfaction and their intention to purchase. However, the customers of public and private sector banks differ in terms of their perception of service quality. Private Banks have been observed to be higher on dimensions of service quality: effectiveness and convenient while, the nationalized banks are better on the dimensions of price and consistency (Sachin, *al.*). Private bank customers are more satisfied with the services than public banks. Managers in the banking sector undertake significant efforts to conduct customer satisfaction surveys and it is appeared that customers are saying that they expect good products and quality to their banks and that may be the only thing important to them (Muhammad Naveed). Some publicly owned banks are scoring well among customers but overall analysis shows that satisfaction rate in customers of private banks is much higher than public sector banks and people will continue the mortgage with private banks than public because they're impressed by the level of honesty of private banks (Colin Beasty).

In current scenario of banking sector, the falling of interest rates and tough competition between these players had made Pakistani bankers to realize that the better banking services are very important for the customer satisfaction and to compete with the competitors. After the privatizations of state-owned banks, their performances in comparison with other banking groups have increased by 95%. The performance of private

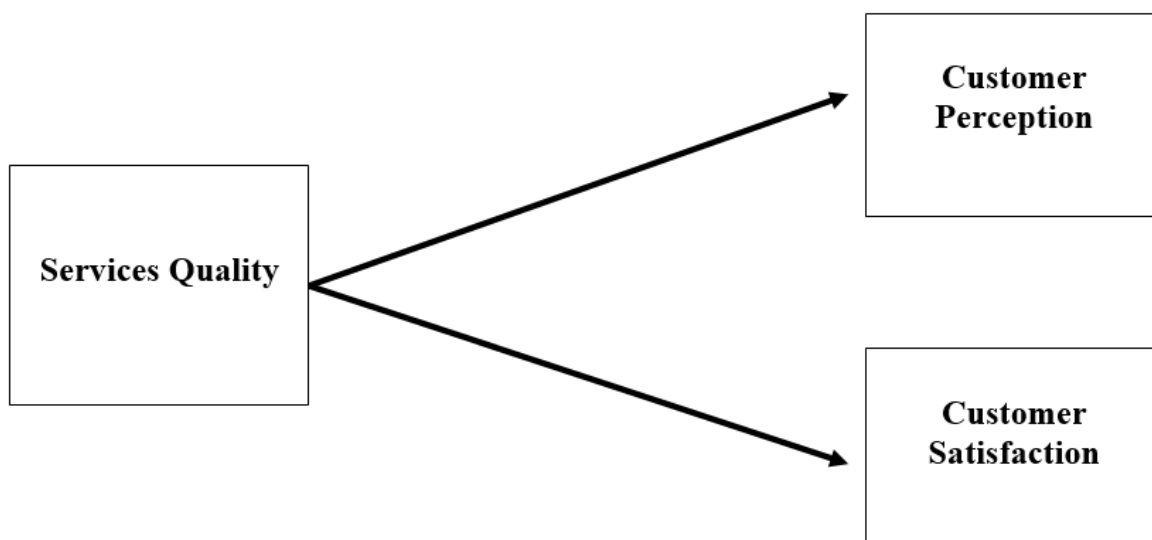
banks after privatization of state banks had significant reduces and this reduction indicates that the share of the market of newly privatized state-owned banks increased. Although the performance of privatized state banks after privatization has increased significantly (Khodaeiet, al), the economic reforms and the entry of private players have caused nationalized banks to revamp their services and product portfolios to incorporate new, innovative customer-centric schemes. Nowadays, due to the rise in competition, customer satisfaction is considered to be the most important thing in retail services but there is no noteworthy difference in customer satisfaction of public sector and the private sector banks (Vigget, al & Jabnoun and Al-Tamimi; 2003) examined perceived services quality in commercial banks in the United Arab Emirates, emphasizing the importance of service quality to maintain market share, concluding that customers value human skills the most in service quality. Yavas, Bilgin and Shemwell, (1997) emphasized the importance of understanding the specific needs of the customers and the empathy factor in pleasing the customer.

Thunman (1992) found that the size of the buying companies crucial to the nature and satisfaction of a company's banking relationships. Small companies have a greater desire for banking relationships, yet have a lower level of satisfaction (Turnbull and Gibbs, 1989). This relates to factors of dependence and information asymmetry associated with the bank/small and medium-sized enterprise interface. Quality of service is a means 'to establish, maintain and enhance relationships, (usually but not always long-term), with customers and other partners, at a profit, so that the objectives of the parties are met' (Grönroos, 1990). Grönroos (1990) divides the perception of service into factors of technical quality that refer to procedures of service delivery, and functional quality, which refers to interactive factors in the delivery of services.

The importance of service quality for the success of business has been substantiated in the literature through a plethora of studies. Previous research works offer many valuable contributions related to the measurement of service quality using the SERVQUAL model. The term quality has been variously defined as value (Feizenbaum, 1951), conformance to requirements (Crosby, 1979), fitness for use (Juran et al., 1974). Parasuraman and Berry (1988) pointed out that with the fast changing, fierce market conditions prevalent within the service trade, improvements in terms of competitiveness and yield rates rely on effective, active, and improved service quality. Service quality is the extent to which a service meets customers' needs or expectations (Lewis & Mitchell, 1990; Dotchin & Oakland, 1994; Asubonteng et al., 1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If performance is greater than expectation, then perceived quality is satisfactory resulting in customer satisfaction occurs. Expectations are viewed as predictions made by customers about what they are likely to experience during the transaction. Different customers have different expectation based on the customer's knowledge of a product or service. Davidow and Uttal (1989) proposed that customers' expectation is formed by many uncontrollable factors which include previous experience with other companies, and their advertising, customers' psychological condition at the time of service delivery, customer background and values and the images of the purchased product. In addition, Zeithaml et al. (1990) stated that customer service expectation is built on complex considerations, including their own pre-purchase beliefs and other people's opinions. Customer's expectation can be defined as customer's partial beliefs about a product (McKinney et al., 2002). Reeves and Bednar (1994) defined service quality as excellence, value, conformance to specifications and meeting or exceeding customers' expectations.

Previous research studies have shown that customer satisfaction reduces future transactions costs (Reichheld and Sasser, 1990), secures future revenues (Bolton, 1998; Fornell, 1992), and minimizes the likelihood of customers. In order to successfully operate bank managers need to understand what customer want and how they assess the banking service quality. Levesque and McDougall (1996), in their quest for understanding customer satisfaction in retail banking, concluded that a good "employee-customer" relationship can enhance the customers' satisfaction level. Jamal and Naser (2003) from their study found that convenience and competitiveness are not the critical factors, in case of banks in Pakistan, for all gender, age and income groups. Kumar et al., (2010) stated that assurance, empathy and tangibles are the important factors in case of banking services. Ahmed et al. (2010) found that empathy is negatively related to customer satisfaction with banking service.

Different researchers have done research on the comparison of service quality of different banks including public and private sector banks in Pakistan. Most of the results show that private sector banks are much better in service delivery as compared to public sector bank. But there is no work done on the comparison of customer perception regarding banking practices of two specific banks National Bank of Pakistan and Muslim Commercial bank, one is the public sector commercial bank and the other is private sector commercial bank. Therefore, this study has enormous significance for both the banks to improve their service quality and formulate better strategies to compete each other.



H1: Services quality effect the customer perception.
H2: Services quality effect the customer satisfaction.

Research Methodology

This is a descriptive study which clarifies that banks services quality effects the customer perception and satisfaction. Convenient sampling technique was used to collect data through 15 item questionnaire from 100 customers of NBP and MCB collectively. Mostly participants were located in Toba-Tek-Singh, Jhang, Okara, Pak-pattan and Sahiwal. Data will be processed and analyzed by using excel, particularly average analysis and percentage analysis will be done.

Results

Question NO.1: Do you prefer this bank?

Table 1 Bank * Q1 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		8	12	5	16	9	50
	% within Q1		33.3%	42.9%	55.6%	64.0%	64.3%	50.0%
MCB	Count		16	16	4	9	5	50
	% within Q1		66.7%	57.1%	44.4%	36.0%	35.7%	50.0%
Total	Count		24	28	9	25	14	100
	% within Q1		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 1 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 66.7% customers of MCB were strongly agreed with MCB as against 33.3% of NBP. The 57.1% customers of MCB fall in “agree” category as compared with 42.9% in NBP. The peoples those were strongly disagree with public sector were 64.3% as against 35.7% with private sector.

Question NO. 2: Are you satisfied with the services of the bank?

Table 2 Bank * Q2 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		1	3	1	34	11	50
	% within Q2		7.7%	8.3%	50.0%	91.9%	91.7%	50.0%
MCB	Count		12	33	1	3	1	50
	% within Q2		92.3%	91.7%	50.0%	8.1%	8.3%	50.0%
Total	Count		13	36	2	37	12	100
	% within Q2		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The data analysis of data presented in table 2 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 92.3% customers of MCB were strongly agree with MCB as against 7.7% of NBP. The

91.7% customers of MCB fall in “agree” category as compared with 8.3% in NBP. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Question NO.3: *Did ever any bank employee visit you at your office/premises?*

Table 3 Bank * Q3 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		2	7	9	21	11	50
	% within Q3		40.0%	29.2%	47.4%	60.0%	64.7%	50.0%
MCB	Count		3	17	10	14	6	50
	% within Q3		60.0%	70.8%	52.6%	40.0%	35.3%	50.0%
Total	Count		5	24	19	35	17	100
	% within Q3		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 3 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 60.00% customers of MCB were strongly agree with MCB as against 40.00% of NBP. The 70.8% customers of MCB fall in “agree” category as compared with 29.20% in NBP. The peoples those were strongly disagree with public sector were 50.00% as against 50.00% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Most of the customers of both the banks viewed that their bank employees do not visit at their premises especially of NBP.

Question NO.4: *Does the bank inform you about its new products or services?*

Table 4 Bank * Q4 Cross Tabulation

			0	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		1	3	7	5	22	12	50
	% within Q4		100.0%	18.8%	30.4%	45.5%	73.3%	63.2%	50.0%
MCB	Count		0	13	16	6	8	7	50
	% within Q4		.0%	81.3%	69.6%	54.5%	26.7%	36.8%	50.0%
Total	Count		1	16	23	11	30	19	100
	% within Q4		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 4 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 66.7% customers of MCB were strongly agreed with MCB as against 33.3% of NBP. The 57.1% customers of MCB fall in “agree” category as compared with 42.9% in NBP. The peoples those were strongly disagree with public sector were 64.3% as against 35.7% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of MCB viewed that their bank inform them about new products and services but the customers of NBP think that their bank does not inform them about any new product or service offerings.

Question NO.5: *Are you satisfied with the helpline services of the bank?*

Table 5 Bank * Q5 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		2	4	3	25	16	50
	% within Q5		11.8%	14.3%	42.9%	83.3%	88.9%	50.0%
MCB	Count		15	24	4	5	2	50
	% within Q5		88.2%	85.7%	57.1%	16.7%	11.1%	50.0%
Total	Count		17	28	7	30	18	100
	% within Q5		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 5 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 88.2% customers of MCB were strongly agree with MCB as against 11.8% of NBP. The 85.7% customers of MCB fall in “agree” category as compared with 14.3% in NBP. The peoples those were strongly disagree with public sector were 88.9% as against 11.1% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of

NBP are not satisfied with the helpline services of their bank as compared to the customers of the MCB.

Question NO.6: Was your question or issue resolved first time you contacted technical support?

Table 6 Bank * Q6 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	3	9	2	22	14	50
		% within Q6	18.8%	29.0%	40.0%	71.0%	82.4%	50.0%
	MCB	Count	13	22	3	9	3	50
		% within Q6	81.3%	71.0%	60.0%	29.0%	17.6%	50.0%
Total		Count	16	31	5	31	17	100
		% within Q6	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 6 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 81.3% customers of MCB were strongly agreed with MCB as against 18.8% of NBP. The 71.0% customers of MCB fall in “agree” category as compared with 29.0% in NBP. The peoples those were strongly disagreeing with public sector were 82.4% as against 17.6% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of NBP are mostly disagreeing with the resolution of their issue whenever they contacted to their bank as compared to the customers of MCB.

Question NO.7: Are you satisfied with our technical support in general?

Table 7 Bank * Q7 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	12	18	3	11	6	50
		% within Q7	48.0%	48.6%	37.5%	55.0%	60.0%	50.0%
	MCB	Count	13	19	5	9	4	50
		% within Q7	52.0%	51.4%	62.5%	45.0%	40.0%	50.0%
Total		Count	25	37	8	20	10	100

The descriptive analysis of data presented in table 7 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 66.7% customers of MCB were strongly agree with MCB as against 33.3% of NBP. The 57.1% customers of MCB fall in “agree” category as compared with 42.9% in NBP. The peoples those were strongly disagree with public sector were 64.3% as against 35.7% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of NBP and MCB are almost equally satisfied with the technical support of their bank provide to their customers.

Question NO.8: Do you think that the value added services of the bank are for the convenience of the customers?

Table 8 Bank * Q8 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	8	14	2	19	7	50
		% within Q8	44.4%	42.4%	33.3%	67.9%	46.7%	50.0%
	MCB	Count	10	19	4	9	8	50
		% within Q8	55.6%	57.6%	66.7%	32.1%	53.3%	50.0%
Total		Count	18	33	6	28	15	100
		% within Q8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 8 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 55.6% customers of MCB were strongly agree with MCB as against 44.4% of NBP. The 57.6% customers of MCB fall in “agree” category as compared with 42.4% in NBP. The peoples those were strongly disagree with public sector were 46.7% as against 53.3% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of MCB prefer more as compared to customers of NBP that the value added services are more convenient for customers.

Question NO. 9: Do you have to wait for long time for your turn?

Table 9 Bank * Q9 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		17	27	2	3	1	50
	% within Q9		58.6%	77.1%	40.0%	15.0%	9.1%	50.0%
MCB	Count		12	8	3	17	10	50
	% within Q9		41.4%	22.9%	60.0%	85.0%	90.9%	50.0%
Total	Count		29	35	5	20	11	100
	% within Q9		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 9 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 41.1% customers of MCB were strongly agree with MCB as against 58.6% of NBP. The 22.9% customers of MCB fall in “agree” category as compared with 77.1% in NBP. The peoples those were strongly disagree with public sector were 9.1% as against 90.9% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of NBP have to wait more for their turn as compared to the customers of MCB.

Question NO.10: Do you satisfied with the cash counter services of the bank?

Table 10 Bank * Q10 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		3	5	3	22	17	50
	% within Q10		20.0%	16.1%	60.0%	78.6%	81.0%	50.0%
MCB	Count		12	26	2	6	4	50
	% within Q10		80.0%	83.9%	40.0%	21.4%	19.0%	50.0%
Total	Count		15	31	5	28	21	100
	% within Q10		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 10 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 80.0% customers of MCB were strongly agree with MCB as against 20.2% of NBP. The 83.9% customers of MCB fall in “agree” category as compared with 16.1% in NBP. The peoples those were strongly disagree with public sector were 81.0% as against 19.0% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree. Customers of NBP are strongly unsatisfied with the counter services as compared to customers of MCB.

Question NO.11: Are you satisfied with the security services of the bank?

Table 11 Bank * Q11 Cross Tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank NBP	Count		14	25	3	4	4	50
	% within Q11		53.8%	56.8%	27.3%	30.8%	66.7%	50.0%
MCB	Count		12	19	8	9	2	50
	% within Q11		46.2%	43.2%	72.7%	69.2%	33.3%	50.0%
Total	Count		26	44	11	13	6	100
	% within Q11		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 11 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 64.2% customers of MCB were strongly agree with MCB as against 53.8% of NBP. The 43.2% customers of MCB fall in “agree” category as compared with 56.8% in NBP. The peoples those were strongly disagree with public sector were 66.7% as against 33.3% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Question NO.12: Do you have trust in your bank?

Table 12 Bank * Q12 Cross tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	19	28	2	1	0	50
		% within Q12	54.3%	60.9%	50.0%	12.5%	.0%	50.0%
	MCB	Count	16	18	2	7	7	50
		% within Q12	45.7%	39.1%	50.0%	87.5%	100.0%	50.0%
Total	Count		35	46	4	8	7	100
	% within Q12		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 12 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 45.7% customers of MCB were strongly agree with MCB as against 54.3% of NBP. The 39.1% customers of MCB fall in “agree” category as compared with 60.9% in NBP. The peoples those were strongly disagree with public sector were 0% as against 100% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Question NO.13: Do you ever receive call from your bank for asking about the satisfaction with the services of the bank?

Table 13 Bank * Q13 Cross tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	3	3	1	27	16	50
		% within Q13	37.5%	21.4%	33.3%	56.3%	59.3%	50.0%
	MCB	Count	5	11	2	21	11	50
		% within Q13	62.5%	78.6%	66.7%	43.8%	40.7%	50.0%
Total	Count		8	14	3	48	27	100
	% within Q13		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 13 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 62.5% customers of MCB were strongly agree with MCB as against 37.5% of NBP. The 78.6% customers of MCB fall in “agree” category as compared with 21.4% in NBP. The peoples those were strongly disagree with public sector were 59.3% as against 40.7% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Question NO.14: Do you receive good response whenever you visit bank after 5 o'clock

Table 14 Bank * Q14 Cross tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	1	3	1	27	18	50
		% within Q14	12.5%	27.3%	25.0%	61.4%	54.5%	50.0%
	MCB	Count	7	8	3	17	15	50
		% within Q14	87.5%	72.7%	75.0%	38.6%	45.5%	50.0%
Total	Count		8	11	4	44	33	100
	% within Q14		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 14 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 87.5% customers of MCB were strongly agree with MCB as against 12.5% of NBP. The 72.7% customers of MCB fall in “agree” category as compared with 27.3% in NBP. The peoples those were strongly disagree with public sector were 54.5% as against 45.5% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Question NO.15: *Does the staff treat you pleasantly whenever you visit the bank?*

Table 15 Bank * Q15 Cross tabulation

			Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree	
Bank	NBP	Count	4	8	3	20	15	50
		% within Q15	22.2%	28.6%	50.0%	74.1%	71.4%	50.0%
	MCB	Count	14	20	3	7	6	50
		% within Q15	77.8%	71.4%	50.0%	25.9%	28.6%	50.0%
Total	Count		18	28	6	27	21	100
	% within Q15		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The descriptive analysis of data presented in table 15 collected from the customers of National bank of Pakistan (NBP) and Muslim commercial Bank (MCB) showed that customers comparatively preferred MCB more as compared NBP. The 77.8% customers of MCB were strongly agree with MCB as against 22.2% of NBP. The 71.4% customers of MCB fall in “agree” category as compared with 28.6% in NBP. The peoples those were strongly disagree with public sector were 71.4% as against 28.6% with private sector. The results depicted that overall trend of customer of private bank moves from strongly disagree towards strongly agree.

Thus these results provided significant support for hypothesis 1 “Services quality effect the customer perception” and hypothesis 2 “Services quality effect the customer satisfaction”.

Discussion and Conclusion

Positive customer perception and customer satisfaction considered as a key to organizational success in the today competitive business environment. There are many factors that affect the customer perception and customer satisfaction such as product and service quality. Especially, in banking sector service quality play vital role in goals achievement as well as in competitive edge.

This study examined the effect of service quality on customer perception and customer satisfaction, while conducting comparison between NBP and MCB on the basis of their services. The quantitative analysis depicts that better services quality increase positive customer perception and satisfaction about banks. Thus these results provided significant support for hypothesis 1 “Services quality effect the customer perception” and hypothesis 2 “Services quality effect the customer satisfaction”. These findings also supported by Sureshchandar et al., 2002 & Buttle, 1996 study which states that the most central factor to sustainable competitive advantage is to provide the best possible service quality which will result in improved customer perception, customer satisfaction, customer retention, and profitability (Sureshchandar et al., 2002; Buttle, 1996).

High service quality allows service providers to differentiate themselves from their competitors and thus gain sustainable competitive advantages in the global market place (Gounaris, et al., 2003). Moreover, past research works have concluded that service quality leads to customer loyalty and attraction of new customers, positive word-of-mouth, employees’ satisfaction and commitment, enhanced corporate image, reduced costs and increased business performance (Berry et al., 1989).

Finally, it is observed that better service quality work as life blood of any service sector business especially in banking. Results reveals that public sector banks pay less attention on customer perception and satisfaction as compare to private sector banks. Therefore, customers express more positive perception and satisfaction about Muslim Commercial Bank than National Bank of Pakistan.

Limitations and Future Research Directions

The current research was limited to the boundaries of Toba-Tek-Singh, Jhang, Okara, Pak-pattan and Sahiwal, therefore results are not freely applicable in other cities of Pakistan. Future research may extend this to other cities as well as to provinces to prove more effective.

The sample size was very small, so future researcher may increase the sample size to get more valuable results. Moreover, this study was limited to the comparison of National Bank of Pakistan and Muslim Commercial Bank, that’s why future researchers may increase the number of private and public sector banks to make more clearance comparison.

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Appendix

Questionnaire

Please "Tick" the most appropriate option in the box given below

Bank National Bank of Pakistan Muslim Commercial Bank

Gender Male Female

You are requested to indicate the degree of your agreement or disagreement with each statement by marking 1= **Strongly Agree**, 2= **Agree**, 3= **Neutral**, 4= **Disagree**, 5= **Strongly Disagree**.

Statements		SA	A	N	D	SD
1	Do you prefer this bank?	1	2	3	4	5
2	Are you satisfied with the services of the bank?	1	2	3	4	5
3	Did ever any bank employee visit you at your office/premises?	1	2	3	4	5
4	Does the bank inform you about its new products or services?	1	2	3	4	5
5	Are you satisfied with the helpline services of the bank?	1	2	3	4	5
6	Was your question or issue resolved first time you contacted for technical support?	1	2	3	4	5
7	Are you satisfied with our technical support in general?	1	2	3	4	5
8	Do you think that the value added services of the bank are for the convenience of the customers?	1	2	3	4	5
9	Do you have to wait for long time for your turn?	1	2	3	4	5
10	Do you satisfied with the cash counter services of the bank?	1	2	3	4	5
11	Are you satisfied with the security services of the bank?	1	2	3	4	5
12	Do you have trust in your bank?	1	2	3	4	5
13	Do you ever receive call from your bank for asking about the satisfaction with the services of the bank?	1	2	3	4	5
14	Do you receive good response whenever you visit bank after 5 o'clock?	1	2	3	4	5
15	Does the staff treat you pleasantly whenever you visit the bank?	1	2	3	4	5