



UNIVERSITI TEKNOLOGI MARA

**THE RELATIONSHIP BETWEEN SERVICE
QUALITY AND CUSTOMER SATISFACTION IN
SELECTED BANKS IN KUCHING**

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AUTHOR'S DECLARATION

We declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of our work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

We, hereby, acknowledge that we have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of our study and research.

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ABSTRACT

This study aimed to examine the relationship between service quality and customer satisfaction in selected banks namely Bank Islam Malaysia Berhad, CIMB Bank Berhad and Maybank Berhad which located at Jalan Kulas, Kuching. The banking industries are under increasing pressure to demonstrate a high service quality to the customers. Providing a high service quality will give a competitive advantage to the banks in order to stay competitive in the market and profitable in the future. The data were collected from 440 respondents from walk-in customers who visited banks and fully utilized the services available in banks. Out of 440 distributed questionnaires, only 438 questionnaires were usable for an analysis. The dimensions and items in designing of questionnaires were based on literature review. A questionnaire consist of the respondents demographic profiles, perceived on service quality, satisfaction towards bank service quality and overall comments to improve service quality in banks. With a better understanding of the service quality and customer satisfaction, banks would be able to become more effective on utilization of their limited resources through quality initiatives for the real needs of their customers. Results suggest that there are positive relationships between systemization of service delivery, responsiveness, reliable communication and servicescape on customer satisfaction. For Bank Islam Malaysia Berhad and Maybank Berhad, the findings showed that the reliability communication of service quality was found to influence customer satisfaction more than the systemization of service delivery, responsiveness and servicescape aspects. Meanwhile for CIMB Bank Berhad, the findings showed that the servicescape were found to influence customer satisfaction more than the systemization of service delivery, responsiveness and reliable communication aspects. The banks should emphasize on systemization of service delivery, responsiveness, reliable communication and servicescape in order to increase the customer satisfaction.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Domestic or international service firm managers are aware that service quality in banking is a route to competitive advantage and corporate profitability. Financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future (Abdullah., Suhaimi., Saban., Hamali, 2011).

In the banking sector, research has examined the impact of service quality on customer satisfaction (Ganguli and Roy, 2011., Kaura and Datta, 2012). Thus, service managers realize that to successfully leverage service quality as a competitive edge, they first need to correctly identify the antecedents of what the consumer perceives as service quality.

In order to have a great quality service and customer satisfaction requires the commitment of management from supervisors and frontline employees to create and maintain a strong business philosophy. These are all influential factors of any business. Mastering these aspects means becoming more competitive in the marketplace today.

Nowadays, banking sector faced important challenges such as expansion of systems, necessity of responding to diverse social demands, increased of technologies spending, and the need of adaptation to the new age of information and knowledge. Thus, the banks get an opportunity for showing their ability to adapt, and their social and intellectual leadership are brought forward in confronting this new environment creatively and innovatively. According to (Awan., Bukhari., and Iqbal, 2011) the bank are competing in a highly competitive environment for the provision of quality services according to customer's expectations.

In the banking industry, as in other service industries, providing superior service quality enhances customer satisfaction and contributes to profitability