

Examining the Customer Satisfaction Regarding Service Quality of Mercantile Bank Limited

Article History

Received: 12 May, 2022

Revised: 15 June, 2022

Accepted: 22 June, 2022

Published: 28 June, 2022

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Abstract: In the era of globalization the demand of the customers is changing rapidly. Nowadays the banking sectors are playing a significant role to provide better service quality to the customers in the competitive market. The main objective of this study is to examine customer satisfaction regarding the service quality of MTB bank limited in Bangladesh. This study is quantitative and exploratory in nature and the targeted population was the customers of Elephant Road, Corporate Branch of Mercantile Bank Limited. The simple random sampling technique has been used for this study purpose. All variables were measured using a 5-point Likert scale in which 5 represented strongly agree to 1 which is strongly disagreeing. The primary data were collected by using a survey questionnaire. The study accomplished that quality service is an important factor to satisfy customer needs and wants. In the world of the global economy, the banking sector needs have become more diverse and exotic than ever before. So, Mercantile Bank Limited should focus on service quality to satisfy their customers in every dimension of service quality.

Keywords: Customer Satisfaction, Customer Service, Bank Employees, Service Quality.

1. Introduction

The banking system plays a very significant as well as critical role in our economic development as Bangladesh's financial sector is dominated by the banking sector. The modern economic system of our country cannot function without banks. The banking system has facilitated us for doing personal transactions such as deposits, lending, borrowing, remittance of money, etc. Agriculture, trade, and industry are developed easily because of the banking industry. And at the same time, the banking sector has helped to accelerate the pace of economic development. Since our country's independence Bangladesh Bank (BB) has been working as the central bank of Bangladesh and the chief regulatory authority in the banking sector. The prominent job of Bangladesh Bank includes providing transaction facilities to all public monetary matters, issuing currency, and maintaining foreign exchange reserves. Bangladesh Bank also decides the government's monetary policy as well as implement it. The modern central bank is an institution that actually maintains our economic stability as well as performs various promotional and developmental functions of our country's economy. So, we can say that from the very beginning of emergence and inspection of modern civilization, banks play the vital role in the overall socio-economic and financial development of any modern country. Recently, private banking sector has also been contributing a lot in our total economic growth of Bangladesh. Private banking sector has proven itself as a profitable venture along with its customer services and superior products. Among all the private banks of Bangladesh, Mercantile Bank is one of the leading bank and has resulted in great success in all areas of operation with a view to improve the socio-economic development of the country.

2. Literature Review

Customer service quality is changing day by day in banking sector because of new growing technology. Now a days Bank have to be provide world-class standard, committed to excellence in customer's satisfaction and to play a major role in the growing and diversifying financial sector (Antara, 2015). Now a day's customers have demanded globally quality services from banks with various choices. Banks have recognized the needs of customer's. Consequently, service quality is a critical motivating force to drive the bank up in the high technology ladder. Banking industry is a demand driven industry, which constitute an important part of the service industry (Newman and Cowling, 1996). Banks have to

update their corporate image for emphasizing service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate (Newman, 2001). For increasing customer Bank need to improve their service quality for buildup strong image in banking sector of Bangladesh.

Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009) and service marketing literature defined service quality as the overall assessment of service by the customer (Angelova and Zekiri, 2011). However, service quality is regarded as better services to the customers where companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction (Guo et al., 2008). Therefore, Akroush (2008) also pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Service quality is defined as the outcome of the comparison that consumers make between their expectations and perceptions (Nissinen et al., 2007).

Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Athanasopoulos et al., 2001). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature. It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Duncan et al., 2004). Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin et al., 2000). Organizations operating within the service sector considers service quality to be a strategic component of their marketing plan (Antara, 2015).

A study by Ankit (2011) investigated customer satisfaction in the service industries using quality function deployment (QFD). They considered both external and internal service management issues and subsequent service innovations based on the framework of QFD. The study also includes benefits and disadvantages of the QFD process as compared to service quality and customer paradigms, in addition to recommendations for future applications, with particular interest in the online banking service management issues. Various research studies on consumer attitude and adoption of internet banking have shown that there are several factors influencing the consumer's attitude towards online banking such as person's demography, motivation and behavior towards different banking technologies and individual acceptance of new technology. It has been found that consumer's attitudes toward online banking are influenced by the prior experience of computer and new technology (Laforet and Li, 2005). As far as online banking adoption is concerned, security, trust and privacy concerns have been outlined as extremely important ones from the consumer's standpoint (Benamati et al., 2007).

Online banking requires perhaps the most consumer involvement, as it requires the consumer to maintain and regularly interact with additional technology (a computer and an Internet connection (Carrillat et al., 2009). In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits. Therefore, satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations Karim and Chowdhury (2014). Furthermore, If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base (Gnawali, 2016).

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in

common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson, 2018). As said by Wilson (2018), service quality is a focused evaluation that reflects the customer’s perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. **SERVQUAL** is a multi-dimensional research instrument, designed to capture consumer expectations and perceptions of a service along the five dimensions that are believed to represent service quality. SERVQUAL is built on the expectancy-disconfirmation paradigm, which in simple terms means that service quality is understood as the extent to which consumers' pre-consumption expectations of quality are confirmed or disconfirmed by their actual perceptions of the service experience. SERVQUAL was originally used for assessing customer perceptions of service quality in service and retailing organizations. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customer’s Demographic characteristics should be considered by the bank managers to understand their customers (Singu, 2014).

3. Objectives of the Study

The objective of this study is to examine the customer satisfaction regarding the service quality of Mercantile Bank Limited.

4. Methodology of the Study

This study is based on primary data. For collecting primary data questionnaire method is being used here having 10 questions on that. Target population was the customers of Elephant road, Corporate Branch of Mercantile Bank Limited. By using simple random sampling method 20 customers of MBL Elephant road, Corporate Branch responded is this regard. All variables were measured using a 5-point likert scale in which 5 represented strongly agree to 1 which is strongly disagreeing. . In this study, the questionnaires were two parts namely where the first part consisted of demographic information and the second part was the survey questionnaire.

5. Analysis and Result

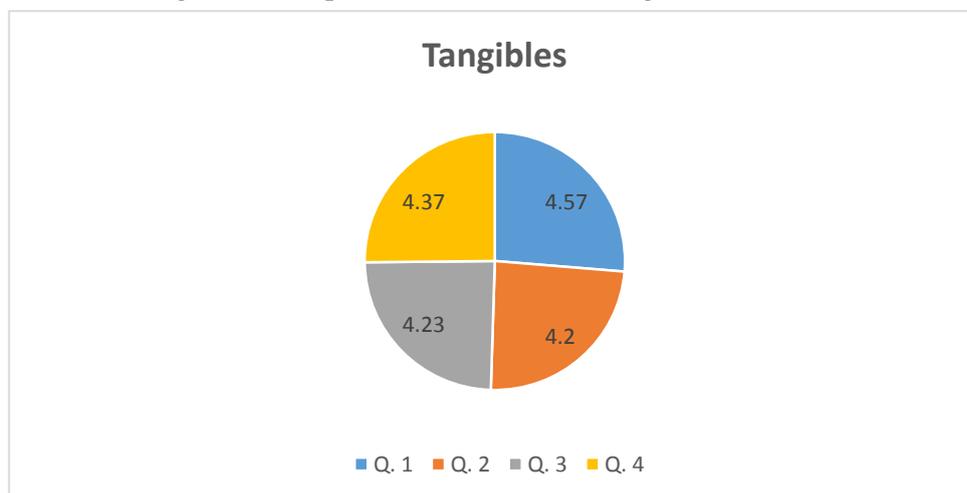
The main objective of this study is to examine the level of customer satisfaction. Data have been collected through using survey questionnaire. With the help of MS excel tables & Charts the data are analyzed and interpreted. Analysis of survey data is given bellow:

Table 1. Perception Statements in the Tangibles Dimension

	Perception Statements in the Tangibles Dimension	Score
Q. 1	MBL bank has modern looking equipment.	4.57
Q. 2	MBL bank's reception desk employees are neat appearing.	4.20
Q. 3	MBL Bank’s on hand services are provided in client friendly way	4.23
Q. 4	Materials associated with the service are visually appealing at MBL Bank.	4.37

Source: Prepared by Author

Figure 1. Perception Statements in the Tangibles Dimension



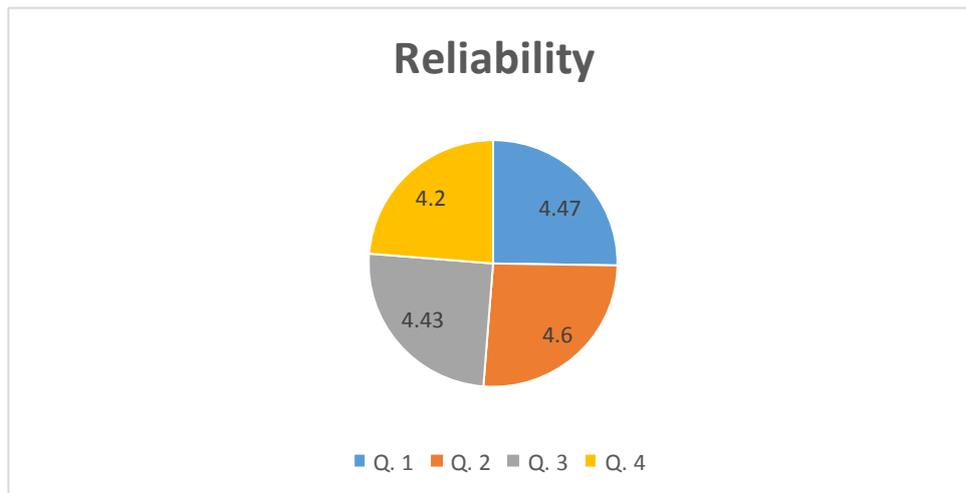
Interpretation: So after observing this table and pie chat we can assume that the customers of MBL Bank appreciate the equipment that they are using for getting quality service from MBL bank. In addition, based on this tangible dimension you can say that customers of MBL bank are satisfied.

Table 2. Perception Statements in the Reliability Dimension

	Perception Statements in the Reliability Dimension	Score
Q. 1	When MBL bank promises to do something by a certain time, it does so.	4.47
Q. 2	MBL bank performs the service right the first time	4.60
Q. 3	The advertisement and promotional message of MBL reflects reality.	4.43
Q. 4	Bank maintain error free records.	4.23

Source: Prepared by Author

Figure 2. Perception Statements in the Reliability Dimension



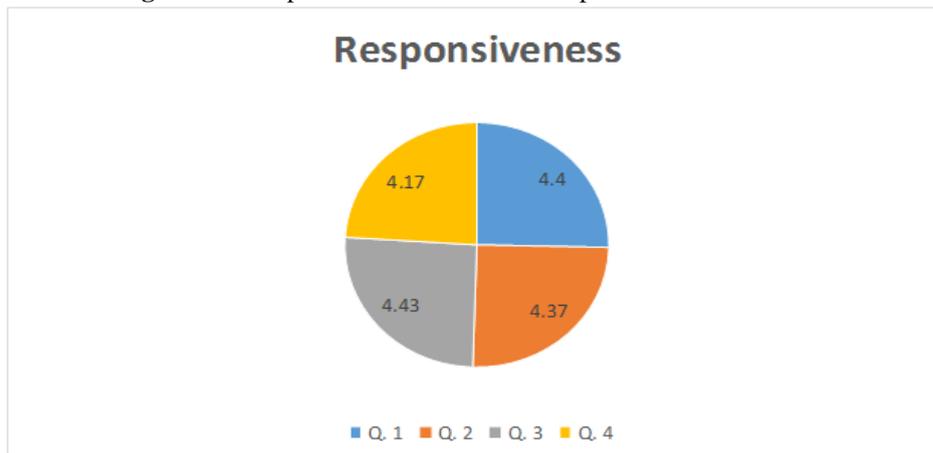
Interpretation: So after observing the Reliability Dimension we can assume that MBL bank has quite good rating. This pie and rating shat how much help the employees of MBL.

Table 3. Perception Statements in the Responsiveness Dimension

	Perception Statements in the Responsiveness Dimension	Score
Q. 1	The employees prevent long waiting lines.	4.40
Q. 2	Whenever you feel any sort of banking problems, employee helps you to solve the problems.	4.37
Q. 3	MBL operates a regular and effective complaint handling process.	4.43
Q. 4	Employees of MBL Bank are never too busy to respond to your request	4.17

Source:Prepared by Author

Figure 3. Perception Statements in the Responsiveness Dimension



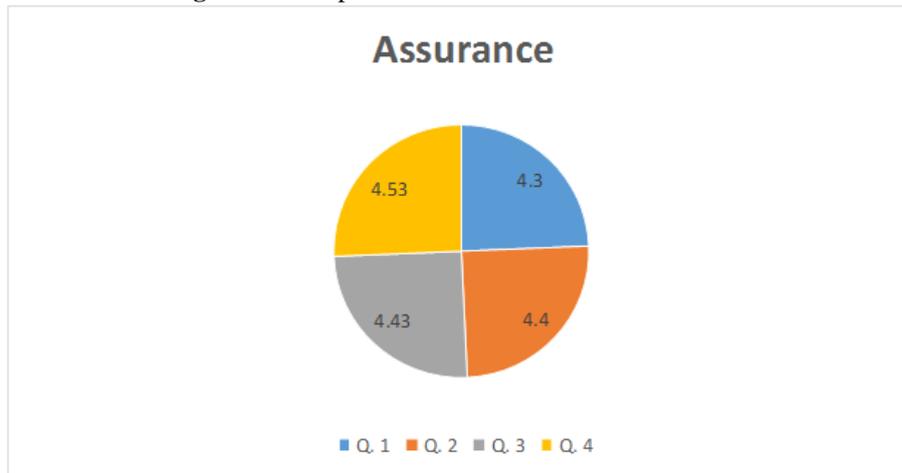
Interpretation: After observing the ratings and pie I can say that MBL bank is responsive and the customers are also satisfied with its responsive services. In addition, employees of MBL Bank are willing to help customers with their best quality services.

Table 4. Perception Statements in the Assurance Dimension

	Perception Statements in the Assurance Dimension	Score
Q. 1	The behavior of employees in MBL bank instills confidence in you.	4.30
Q. 2	You feel safe in your transactions with MBL bank	4.40
Q. 3	Employees in MBL bank area consistently courteous with you.	4.43
Q. 4	Employees in MBL bank have the knowledge to answer your questions.	4.53

Source: Prepared by Author

Figure 4. Perception Statements in the Assurance Dimension



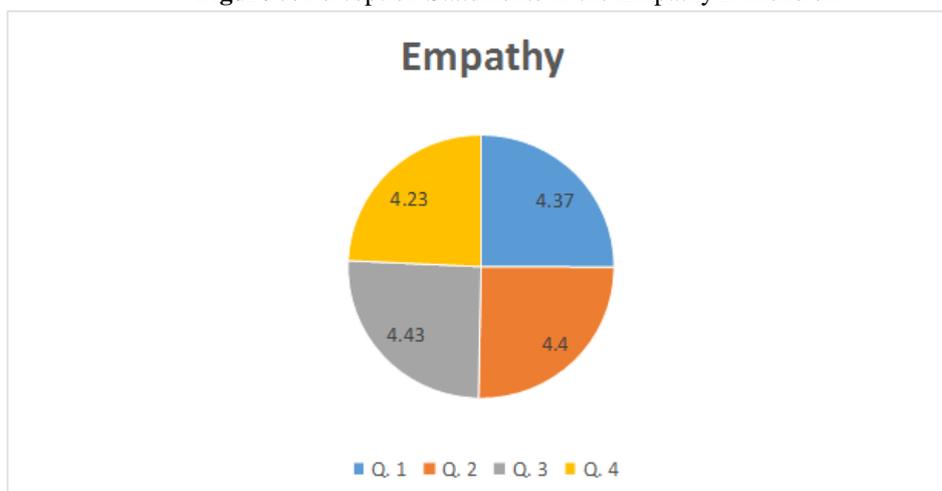
Interpretation: The ratings and pie show that the employees were able to gain his/her trust and he/she have confidence in the banks advice. According to the survey the customers feels very secure about transaction with MBL Bank. Besides the ratings also tell employees of MBL are polite and well mannered. It also shows the good customer relationship with the employees.

Table 5. Perception Statements in the Empathy Dimension

	Perception Statements in the Empathy Dimension	Score
Q. 1	MBL bank has employees who give your personal attention.	4.37
Q. 2	MBL bank has operating hours convenient to all its customers.	4.40
Q. 3	MBL bank has your best interest at heart.	4.43
Q. 4	The employees of MBL bank understand your specific needs.	4.23

Source: Prepared by Author

Figure 5. Perception Statements in the Empathy Dimension



Interpretation: After observing the survey result we can say that considering the Empathy dimension customers of MBL bank are greatly satisfied and the employees are always willing to provide best services to the clients. The employees are able to communicate and maintain individual attentions to each of their customer.

5.1. Overall Comparison of the Five Dimensions

Overall perception of customers regarding the service quality of the MBL Bank has been assessed in terms of derived average score of respective service quality dimensions and dimensions are- Tangible, Reliability, Responsiveness, Assurance and Empathy and overall service quality. After doing the survey analyzing the ratings we can say that customers of MBL bank are very satisfied with MBL’s service. The following Table contains average scores obtained from the survey:

Table 6. Overall comparison of the Five Dimensions

Service Quality Dimensions	Average Score
Tangibles	4.34
Reliability	4.43
Responsiveness	4.34
Assurance	4.41
Empathy	4.35

Source: Prepared by Author

6. Discussion and Findings

After conducting the survey, few things were very clear regarding the service quality of MBL bank of Elephant Road branch and it requires immediate attention such as: The average score of Tangibles is 4.34 out of 5 which is a good score regarding Tangibles dimension of Service Quality. On the other hand, the average score of Reliability dimension is 4.43 out of 5. After observing Reliability Dimension, we can say that MBL bank has quite good rating. The average score of Responsiveness dimension is 4.34 out of 5. MBL is responsive and the customers are also satisfied with its responsive services. Based on the reliability dimensions the average score of Reliability dimension is 4.43 out of 5. After observing Reliability Dimension, it can be said that MBL has quite good rating and average score of Assurance is 4.41 out of 5. On this survey the customers feel very secure about transaction with MBL Bank. In respect of Empathy, the average score of Empathy is 4.35 and after observing the survey result we can say that considering the Empathy dimension customers of MBL bank are greatly satisfied and the employees are always willing to provide best services to the clients.

7. Recommendations

A list of recommendations has been presented based on the findings of the survey conducted on customers of Mercantile Bank Limited (MBL). In relation to the findings, the study came up with following recommendations: The Responsiveness dimension considering MBL needs to be improved a bit so that the customers can be more satisfied in this case. Although the customers are well satisfied but still they need to up-date new equipment, fixtures and fittings, latest generators, teller machines, ATM machines and also increase their marketing campaign. In terms of assurance and empathy, MBL get to satisfy their customers by giving value and attention to their customers. Though the overall performance of MBL is good but there are some certain improvements needed to compete in the market. Overall, continuous training throughout the year, by doing this it has two benefits one, new recruit will learn faster and two, it will work as a new engine oil for the old motors.

8. Conclusion

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today’s competitive market. The objective of this study was to find out customer satisfaction on SERVQUAL of **Mercantile Bank Limited** with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as tangible, reliability, responsiveness, assurance and empathy. By analyzing the impact of service quality on customer satisfaction of **MBL**, it is observed that out of five service quality dimensions, Assurance is having a high average score and the bank should concentrate on Tangible and Responsiveness as it has the least and same average score. The study also established that

combination of tangible, reliability; responsiveness, assurance and empathy together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study accomplished that quality service is an important factor to satisfy customer needs and wants. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, **Mercantile Bank Limited** should focus in service quality to satisfy their customers in every dimension of service quality.

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