

Evaluating Banking Service Quality, Financial Benefits and Social Bonding and It's Impact on Customer Loyalty

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ABSTRACT:

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The aim of this paper is to study the variables that affect customers loyalty in banking sector, and investigate the empirical relationship between them. For this purpose, a questionnaire was distributed to sample of customers from six Algerian public banks in Tlemcen. The estimation results show that customer satisfaction is a good factor in the assessment of overall banking service performance and quality. The findings confirm the positive indirect impact of banking service quality, financial benefits and social bonding on customer loyalty. In this paper, data are analyzed with the Structural Equation Modeling technique.

KEYWORDS: banking service quality, financial benefits, social bonding, satisfaction, loyalty.

Résumé

L'évaluation de la qualité des services bancaires, les bénéfices financiers et les liens sociaux et leur impact sur la fidélité de la clientèle

Ce papier vise à étudier les variables qui affectent la fidélité du client dans le secteur bancaire, et à examiner les relations empiriques entre eux. A cet effet, un questionnaire est distribué à un échantillon de clients des banques publiques algériennes dans la wilaya de Tlemcen. L'estimation du modèle montre que la quantification de la satisfaction du client permet d'évaluer la qualité et la performance des services bancaires. Les résultats confirment l'existence d'un impact positif de la qualité des services bancaires, des profits financiers, et des liens sociaux sur la fidélité des clients. Les données sont analysées en utilisant le modèle des équations structurelles.

Mots clés: Qualité des services bancaires, profits financiers, liens sociaux, satisfaction, fidélisation.

الملخص

تقييم جودة الخدمة البنكية و المنافع المالية و العلاقات الاجتماعية، و تأثيرها على ولاء العملاء

تهدف هذه الورقة إلى دراسة المتغيرات المؤثرة على ولاء العملاء في القطاع البنكي، و التحقق أيضا من طبيعة العلاقات فيما بينها، لهذا الغرض تم تطوير استمارة استبيان و توزيعها على عينة من العملاء البنوك العمومية الجزائرية بولاية تلمسان، يظهر تقدير النموذج أن رضى العميل يمكن أن يتم تحويله إلى بيانات كمية قياسية تساهم بشكل جيد في تقييم جودة خدمات البنوك و أداءها، كما تؤكد النتائج وجود تأثير إيجابي لكل من جودة الخدمة البنكية و المنافع المالية والعلاقات الاجتماعية على ولاء الزبون، تم تحليل البيانات باستخدام نموذج المعادلات المهيكلة .

الكلمات المفتاحية : جودة الخدمة البنكية، المنافع المالية، العلاقات الاجتماعية، الرضى، الولاء .

Introduction

Consumers all over the world have become consciously qualified; therefore customers requirements for higher quality service have been increased (Lee, 2005). Service sector such as the banks are obliged to provide excellent services to their customers in order to have sustainable competitive advantage (Niveen El Saghier, Demyana Nathan, 2013). In terms of growth of international economy, and fast development of Algerian private banking sector, public banks should adopt quality management programs to improve the quality of their products (Bitner, Booms, and Tetreault 1990, IIF Maghreb Banks 2010, Gilaninia, Danesh, and Shah mohammadi 2012). It has been proven that quality has a direct impact on product performance, customer satisfaction and thus on customer loyalty. from operations management view, it is obvious that customers satisfaction and loyalty play important roles in the banking process [4]. According to (Kotler and Keller 2009) banking provides total product quality or not will depend on the customers' feedback and behavioral expressing (satisfaction, commitment and loyalty) as result of what they get from this banks such as services encounter, financial benefits, social bonding... etc. Therefore, higher levels of perceived value lead to higher levels of customer satisfaction[5]. Also, having customer satisfied is evidence on the existence of a good level of banking product quality. Among the articles search for past studies on the relationship between customer satisfaction and quality[6], many studies have been conducted to evaluate service quality then relating it with customer satisfaction (Cronin and Taylor 1992, Berry1995, Zeithaml2000, Caruana 2002, Wilson2008, Levy 2009). Customer loyalty is also one major driver of success in the banking industry (Shammout, 2007). Pullman and Gross (2004) acknowledge that loyal customers are the key to success for many services, particularly those in the banking setting.

The purpose of this study is to review recent literature dealing with all dimensions used in this research, and investigate the nature of relationships between (banking service quality, financial benefits, and social bonds) and customer loyalty through its impacts on perceived value, satisfaction and commitment as intermediate variables. Its aims Also to study the evaluative role of customer satisfaction on service quality and its supporting variables proposed (financial benefit and social bonding).

This paper includes three important sections structured as follows. The 1st section provides an overview of literature dealing with banking service quality, financial benefits, social bonding, perceived value, customer satisfaction and on the proposed relationships between variables. The 2nd Section highlights the methodology of the study, researcher frame work and the material. Finally, the 3rd section reports the validity and reliability of the instrument; the goodness fit of model and discussion the results of standardized parameter of the hypothesis paths.

1. LITERATURE REVIEW

1.1 BANKING SERVICE QUALITY

An extensive range of literature over the last 25 years has examined the concept of service and acknowledged the service quality as one of the most popular area of academic research and as an observant competitive advantage and supporting satisfying relationships with customers (Zeithmal, 2000). Service quality it is concepts that has aroused substantial interest and argue in studies. There are difficulties to defining and measuring it with no overall consensus emerging on either (Wisniewski, 2001). the Service quality can be defined as “a global judgment or attitude relating to a particular service” (Fogli 2006), also (Munusamy, Chellial and Mun 2010) define it as:” the customer’s overall impression and cognitive judgment of the relative inferiority or superiority of the organization and its services” or as: “ the difference between customer’s expectations for the service and the perceptions of the service received” [9].Caruana A(2002) hold that service quality is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed”[10].According to (Oliver, 1980), it is predicted that customers will judge that quality as `low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations. Closing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer[11] . During the past two decades, service quality in banking industry has become a major area of attention to practitioners, managers and researchers because of its strong impact on business performance, lower costs, return on investment, customer satisfaction, customer loyalty and gaining higher profit (Leonard and Sasser, 1982; Cronin and Taylor. 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummesson, 1998; Lasser et al., 2000; Newman, 2001; Sureshchander et al., 2002; Seth and Deshmukh, 2005)

In 1988, Parasuraman, Berry and Zeithaml arranged a quantitative Research. They revealed an instrument for measuring service quality, after that it became known as SERVQUAL, they collapsed their dimensions from ten to five. The applicability of the SERVQUAL measure is well established in the retail banking industry[12]. (Angur et al 1999) stated that SERVQUAL is the best measure of service quality in the retail banking industry[13], more than other use the modified SERVQUAL measure in the retail banking industry as Bank Service Quality (BSQ) model developed by Bahia and Nantel (2000), it comprises six dimensions (effectiveness and assurance, access, price, tangibles, service portfolio, reliability) [14]. Kazi(2011) found that all the dimensions of service banking quality are not equally important in explaining variance in overall service quality. Zaim et al (2010) find out that tangibility, reliability and empathy are important factor for customer satisfaction. Kumar et al. (2010) and Lai (2004) found that assurance, empathy and tangibles are the important factor[15][16].

1.2 FINANCIAL BENEFITS

In a broader view, Smith (1998) proposed that financial benefits are as functional bonding in business to customer context. He described it as: “the multiplicity of economic instrumental ties that serve to promote continuity in a relationship”[17]. Berry (1995) Confirmed that the financial benefit is the cornerstone in continuation of dealing between the organization and customer. Lin and al (2003) believes that customer financial benefits can be created through special price offers for example: banks may offer higher interest rates for long-duration accounts, reductions, discounts, free services, credit facilities...etc[18]. And for other researchers financial benefit is a total financial benefits expected by the client obtained by dealing with the bank. According to (Berry 1995; Palmatier, Scheer, Houston, Evans and Gopalakrishna 2007) Financial benefit refers to the provision of direct economic benefits in exchange for past or future customer loyalty, includes special discounts, free products to generate incremental sales, and other incentives that easily may be converted to cost savings. Researchers have argued that one motivation for customers to engage in relational exchanges is to save money (Peterson, 1995). Financial benefit enhances customer satisfaction through special price offers or other financial incentives to customers (Berry, 1995; Hsieh, Chiu, & Chiang, 2005)[19]

1.3 SOCIAL BONDING

Social bonding between customer and employees is defined by (Wilson 1995) as: “the degree of mutual personal friendship and liking shared by the buyer and seller”. Perry et al (2002) defined social bonding as: “investments of time and energy that produce positive interpersonal relationships between the partners’ in the context of business services[19].Thunman (1992) , Rodriguez and Wilson(2002) pointed that social bonding refers to the human side of the business service, including personal contacts, familiarity, friendship and personal confidence that are built through the exchange process liking [20].Social interaction can also be derived from customer-to-customer interactions and friendships in addition to customer providerinteractions (Zeithaml and Bitner, 1996) [21] .According to Surprenant and Solomon (1987) Social bonding is defined as "the dyadic interaction between a customer and service provider". Social bondings are personal ties that pertain to service dimensions, offer inter personal interactions, friendships, and identifications (Berry 1995, Hsieh et al 2005). Marketers atthis level always stress staying in touch with their customers, and expressing their friendship, rapport and social support.Hence, social bonding strategy provides psychosocial benefits to the customer(Beatty, Mayer, Coleman, Reynolds, and Lee, 1996; Williams et al 1998, Chiu et al 2005, Su-Wen Chen 2013) .This study follows (Wilson’s 1995, Thunman1992 , Rodriguez and Wilson 2002) definitions and limits the concept of social bonds to friendship and liking between personnel of banks and customers.

1.4 PERCEIVED VALUE

Value is the benefit that the customer perceives and gets from the sacrifices (Zeithaml 1988). It involves a comparison between money paid and benefit or quality received. Expanding on the value consists of a mental comparison or trade-off between benefits and costs. Recent studies focus attention on the importance of competitive alternatives as perceived value (Anderson andNarus, 1998; Liu, 2006) Su-Wen Chen 2013.According to Velnampy and Sivesan (2012) customer perceived value is very significant concept in management but many scholars deal with concept in different ways. Zeithaml, Parasursman and Berry (1991) has defined customer perceived value as:” customer overall assessment of the utility of a product based on a perception of what is received and what is given”[22].Gronroos (1982), perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive, he concluded that perceived value of service depends on two variables: Expected service and Perceived service [23].Zeithaml (1988) also stated that perceived value can be conceptualized as” a tradeoff between benefits and sacrifices”[24].

1.5 CUSTOMER SATISFACTION

Literature establishes that customer satisfaction is a key to long-term business success (Zeithami et al., 1996). While the literature contains significant differences in the definition of satisfaction (Giese and Cote 2002), all the definitions share some common elements. When examined as a whole, three general components can be identified: i) consumer satisfaction is a response (emotional or cognitive); ii) the response pertains to a particular focus (expectations, product, consumption experience, etc.); and iii) the response occurs at a particular time (after consumption, after choice, based on accumulated experience, etc). Consumer responses followed a general pattern similar to the literature. Satisfaction was comprised of three basic components, a response pertaining to a particular focus determined at a particular time[25]. According to (Kumar, Jumaev and Hanaysha 2012) customer satisfaction is defined by (Johnson and Fornell 1991) as: “a customer’s overall evaluation of the performance of an offering”. Also it is defined by (Woodruff, 1997) as: “an overall positive or negative feeling about the net value of services received from a supplier”[15]. David and Baker (2013) definedcustomer satisfaction as: “an emotional reaction to the difference between what customers anticipate and what they receive”.

1.6 CUSTOMER COMMITMENT

It is argued that customer commitment to the supplier is a very important driver of customer loyalty in service industries (Fullerton 2003)[36]. The concept of commitment stems from industrial and organizational psychology has been viewed as an intention to continue a course of action or activity such as maintaining a relationship with a business partner (Fehr 1988). In the buyer-and-seller relationship literature, commitment is defined as an implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al. 1987)[37]. In simpler terms, commitment refers to the motivation to stay with a supplier (Moorman et al. 1992)[38]. In a business relationship, commitment is a psychological sentiment of the mind through which an attitude concerning continuation of a relationship with a business partner is formed (Wetzels, de Ruyter and Birgelen. 1998)[39]. The various definitions suggest two major dimensions of relationship commitment: affective commitment and calculative or continuance commitment (Fullerton 2003; Hansen, Sandvik, and Selnes 2003; Johnson et al. 2001). Calculative commitment is the colder, or more rational, economic-based dependence on product benefits due to lack of choice or switching costs (Anderson and Weitz 1992; Dwyer, Schurr, and Oh 1987; Heide and John 1992). Affective commitment is a hotter or more emotional factor that develops through the degree of reciprocity or personal involvement that a customer has with a company which results in a higher level of satisfaction (Garbarino and Johnson 1999; Morgan and Hunt 1994)[40]

1.7 LOYALTY

Loyalty has been largely studied in the consumer context (Dick and Basu 1994; Oliver, Rust and Varki 1997; Fournier 1998; Albert 2000; Beerti et al 2004; Ball et al 2004; Nudubisi 2006; Kumar et al 2012) and service market (Selnes 1993; Zeithaml, Berry and Parasuraman 1996; Andreassen and Lindestad 1998; Fisher 2001). Bowen and Shoemaker (1998) maintain that a small increase in loyal customers can result in a substantial increase in profitability. Further, Kandampully and Suhartano (2000) claim that the significance of customer loyalty is likely to become a necessary prerequisite for the future survival of service organization. Much of the original work on customer loyalty defines loyalty from behavioral terms (repurchase or purchase frequency), and then later admitted an attitudinal component (Kumar et al 2012). At a general level, loyalty can be described as "something that consumers may exhibit to brands, services, stores, product categories and activities" (Uncles et al 2003). A common approach to distinguish customer loyalty is consumer's attitudinal loyalty and behavioral loyalty (Dick and Basu, 1994; Zeithaml, 2000; Chaudhuri and Holbrook, 2001). Customer loyalty is repeated transactions (or percentage of total transactions in the category, or total expenditures in the category).

Oliver's (1997) perspective proposes that loyal customers go through four stages. First is a cognitive sense (belief). To be loyal, the customer must consistently confirm that his or her expectations about the goods or services are met. Second is the affective sense (favored attitude) in which consumers are repeatedly satisfied from purchasing decisions. Third is the conative stage that consumers have a behavioral intention – committed deeply to buy. The intention leads to the fourth stage of action. Customers have the desire to overcome obstacles (attraction of competitors or price increase by a firm) to achieve the actual purchase behavioral[11].

TABLE 1.OVERVIEW OF STUDIES ON THE SERVICE SECTOR

VARIABLES	STUDIES
SERVICE QUALITY	Angur et al (1999),Parasuraman et al (1988), Bahia and Nantel(2000), Zeithmal(2000), Caruana (2002), Spiros P (2003), Amy Wong (2004), Seth and Deshmukh(2005), Deng et al (2009) ,Kumar et al(2010), Kazi O (2011),
FINANCIAL BENEFIT	Paterson (1995), Smith (1998), Berry (1999), Lin et al (2003), Chin et al (2005) ,Monique et Eric (2004), Hermann et al(2005), Palmatier et al (2007), Shammout et al (2007) , Robert (2007), Lalali R (2010), Su-wenchen (2013)
SOCIAL BONDING	Thunman (1992),Berry (1995), Wilson (1995),Swan et al (2001), Henning,Gwinner and Gremler(2002), Lin, Wang and Hsieh(2003), Véronique(2005), Chiu et al (2005) , Shammout et al (2007) ,
PERCEIVED VALUE	Zeithmal (1988), Chou (2009), Deng et al (2009) , Kumar et Gisafe(2004), Roig et al (2006) , Sin et al(2005), Edvardsson et al(2007), Kim et al (2007), Mohammad Ali Abdolvand and Leila Andervazh(2011), Mazid (2012), Nering et al(2012)
CUSTOMER SATISFACTION	Oliver (1993), Hunt(1977), Lages et al (2008), Ashou(2006), Vetrivel et al(2011), Lin and wang(2006), Velnampy and Sivesan (2012), Shahram et al(2012),
COMMITMENT	Dwyer et al (1987) ; Anderson and Weitz (1992); Wetzels, de Ruyter and Birgelen (1998); Johnson et al (2001); Fullerton (2003); Hansen, Sandvik, and Selnes (2003); Nexhmi (2005); Najjar et al (2011), Kumar et al(2012)
LOYALTY	Dick and Basu 1994; Oliver, Rust and Varki 1997; Fournier 1998;Albert 2000; Kandampully and Suhartano (2000) ; Fisher 2001; Beerti et al 2004; Ball et al 2004; Nudubisi 2006; Kumar et al 2012

1.8 RELATIONSHIP BETWEEN BANKING SERVICE QUALITY, FINANCIAL BENEFITS, SOCIAL BONDING AND CUSTOMER SATISFACTION

The impact of service quality on satisfaction is the most popular subject of studies. Service quality and customer satisfaction have been proven from past researches to be positively related (Parasuraman et al 1988 ; Cronin and Taylor 1992, Jamal and Naser 2003,Kuo 2003, Lee and Hwan, 2005,Balaji, 2009,Naem and Saif 2009, Bedi 2010,Kassimand Abdullah 2010, Kumar et al., 2010; Gera 2011). Most of the researchers found that service quality is the antecedent of customer satisfaction to achieve a high level of customer satisfaction (Cronin and Taylor 1992, Anderson et al, 1994, Cronin Brady and Hult 2000,David et al 2013).

Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which customer satisfaction was based[27].Where satisfaction is determined by the perception of service quality, product quality, price, situation factors, personal factors and financial factors (Zeithaml & Bitner, 2001)[28]. In this context Levesque and McDougall (1996) found that a good “employee-customer” social relationship can increase the satisfaction level. As well Cater B (2008) point out in her study that social contacts between buyer’s and seller’s personnel are the most important source of information and it help to build customer satisfaction (Wetzels et al2000) [29]. Author researchers have argued that financial benefits can enhance customer satisfaction by delivering economic benefits for customer “money savings”. (Berry 1995, Gwinner Gremler and Bitner 1998, Peterson 1995, Peltier and Westfall 2000, Lin et al 2003) mentioned that service providers may reward satisfied customers with special price offers. For example, banks may offer higher interest rates for long-duration accounts.

Extant research in this area reveals a possible explanation is that the satisfaction construct supposes an evaluative judgment of the value received by the customer from perceived service quality, financial value and social relationships value. Thus, it is likely that perceptions of high benefit of financial benefits (e.g., special discounts or rewarding) and social bonding (e.g., long-term interactions) offered by an online store may increase customers’ perception of value. In a marketing relationship study (Chiu et al 2005) research findings show that customer’s experience with financial benefits and social bonding influence their value perception. In the banking industry, a key element of customer satisfaction is the nature of the relationship

between the customer and the provider of the products and services (Niveen El Saghier, Demyana Nathan, 2013). Caruana et al (2002) found that these factors positively correlated with perceived value. Ismail A and Norashyikin (2009) argued that relationship between (service quality, financial benefit, social bonds) and customer satisfaction is strongly moderated by perceived value [29]. Based on this entire framework, this study hypothesizes that:

- H1: There is a positive relationship between banking service quality and perceived value.
- H2: There is a positive relationship between financial benefit and perceived value.
- H3: There is a positive relationship between social bonds and perceived value.
- H4: There is a positive relationship between perceived value and customer satisfaction.

1.9 EVALUATIVE ROLE OF CUSTOMER SATISFACTION

Giese and Cote (2000) identify that customer satisfaction as one kind of response (cognitive or emotional) emphasizes on a particular focus (product, consumption experience, expectations etc) occurs at a particular time (after choice, based on accumulated experience, after consumption) (Kazi, O.S 2012). Many theories have been used to measure customer satisfaction as judgments of a product or service that can, in turn, be measured by assessing customer evaluation of a performance on specific attributes." (Gunderson et al 1996). Service management literature argues that customer satisfaction is the result of a customer's overall quality received in a transaction or relationship (Blanchard and Galloway 1994, Heskett et al 1990, A.Y.-L. Su 2004). From this view, Levy (2009) suggested that a survey where customer satisfaction can be transformed into measurable quantitative data. Since customer satisfaction has been considered to be based on the customer's experience on a particular service encounter (Cronin & Taylor 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from the outcome of the services providers in organizations (Arokiasamy and Ghani Kanesanbin 2013).

According to (Arokiasamy and Ghani Kanesanbin 2013) some author presented a situation that customer satisfaction is a focused evaluation that reflects the customer's perception of product provided (Wilson 2008). This is in line with the idea of (Parasuraman 1995) whom acknowledged that "Customer satisfaction is based upon the level of service quality that is provided by the service providers" (Saravana and Rao 2007, Lee et al 2000) [26]. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific [8]. Some researchers have found empirical supports for this view (Anderson and Sullivan, 1993; Fornell et al 1996; Spreng and Macky 1996); where customer satisfaction came as a result of service quality. So, based on the existing literature, this paper hypothesizes that:

- H5: There is a significant evaluative role of customer satisfaction trend banking service quality.
- H6: There is a significant evaluative role of customer satisfaction trend financial benefit.
- H7: There is a significant evaluative role of customer satisfaction trend social bonding.

1.10 Relationship between customer satisfaction and commitment

Soni et al (1996) suggested that customer commitment is the degree to which a partner is committed to the continuance of the relationship. It reflects a long term expectation that the relationship will continue. According to (Beatson et al 2008; Hennig-Thurau et al 2002) customer satisfaction is further assumed to positively influence customers' commitment to their relationship with service. High levels of satisfaction create positive emotional commitment bonds with the service or brand. Most importantly, the customer may stay with a certain service provider not because of superiority of performance, but because of the satisfaction he or she has developed from the service provider (Garbarino and Johnson, 1999; Gwinner et al., 1998; Price and Arnould, 1999). At the same time, Hennig-Thurau et al (2002) assumed here that the level of satisfaction and customer experiences with the services provided also contributes to the customer's commitment to the service firm. So commitment is based predominantly on the customer's perceived value and satisfaction. Consequently, we presume that the satisfaction of customer influences the level of commitment that customer develops toward a service provider. [41]

H8: There is a positive relationship between customer satisfaction and commitment.

1.11 Relationship between customer commitment and loyalty

In terms of the relationship between commitment and loyalty, Dick and Basu (1994) suggested that potential consequences of commitment may include word of mouth communications- an important aspect of attitudinal loyalty. Customers who have high commitment in a product or service will buy more. In other words, commitment leads to behavioral aspect of loyalty. In support of this notion, Pritchard, Havitz and Howard (1999) found a significant path from resistance to change (commitment) to loyalty. Commitment emerges as relationship develops gradually and the parties may be committed because of different reasons (Venetis and Ghauri 2004). Morgan et al. (2000) consider commitment one of the two most important factors (another factor is trust) determining relationship lasting (Auruskeviciene et al 2010). Other authors such as Fullerton (2003) Garbarino and Johnson (1999), Geysken, Steenkamp, Scheer and Kumar (1996), Gilliland and Bello (2002), and Wetzels, de Ruyter and Birgelen (1998) also provided empirical evidence that the relationship between customer commitment and loyalty is positive and strong. This view is supported also by (Beatty, Kahle and Homer 1988; Anderson and Sullivan 1993; Gounaris.S.P 2005; Ndubisi 2007; Huang et al 2007; Parasad and Aryasri 2008; Dufeu.I et Ferrandi.J.M 2011). Therefore it is advisable to suggest the following hypothesis:

H9: There is a positive relationship between customer commitment and loyalty.

2. MATERIAL AND METHODS

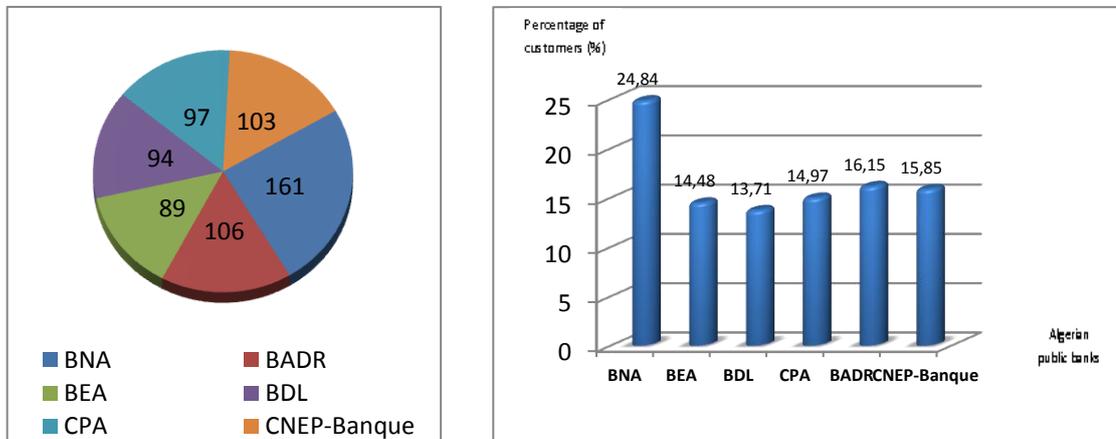
2.1 METHODOLOGY OF STUDY

Structural Equation Modeling (SEM) techniques were used to perform statistical analysis of the data from the survey, exploratory/confirmatory factor analysis and to test construct validity, reliability of measurement. The structural model was then tested and confirmed [33]. The Statistical Package for the Social Sciences (SPSS 19.0) and (AMOS 20.0) were used to analyze the preliminary data, provide descriptive analyses about this sample and testing hypotheses.

2.2 DATA COLLECTION

The methodology used in obtaining information about customer satisfaction in banking via a survey conducted at a sample of consumer in Algerian public banks prefecture of Tlemcen. The survey questionnaire is designed and distributed to target respondents through stratified probability sampling (Percentage of customers in each bank of the total number) as shown in Fig 1.

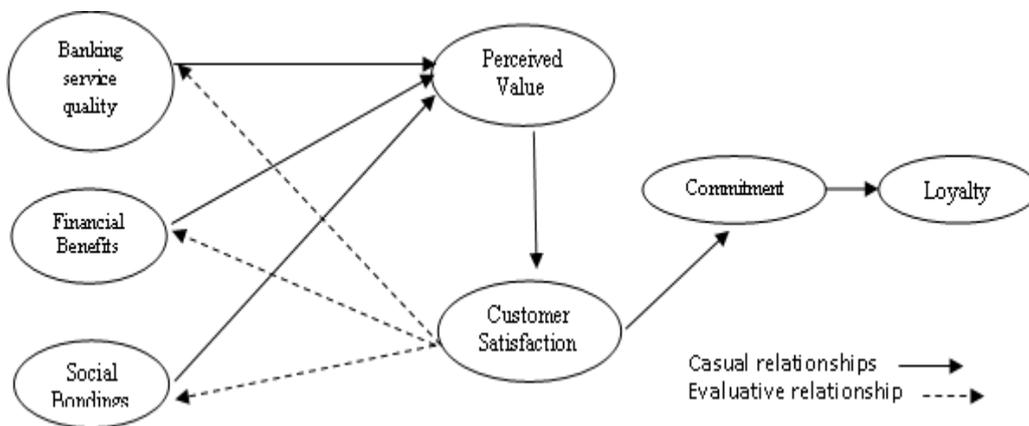
Fig.1. Profile of Respondents through stratified probability sampling (N=650)



2.3 RESEARCH FRAME WORK

The present paper sets a conceptual frame work shown in (Fig.2)

Fig.2 . Research model



2.4 THE SIZE OF THE SAMPLE

As it was mentioned before, the sample for this study was selected from the retail bank customers in Tlemcen. Anderson et al (1998) suggested that the sample size of 100-200 is adequate for the structural equation modeling .The size of sample in this study was (650 customers).

2.5 QUESTIONNAIRE DEVELOPMENT

An instrument/questionnaire was used to collect data. This questionnaire consists of two sections A and B. section A consists of 41 items to evaluate five (5) dimensions:

- Banking service quality delivery was measured with 18 items using the works of .In this study banking service quality (SQ) delivery dimensions include: responsiveness; empathy; reliability; assurance; tangibles. This items was adopted from (Snoj and Korda 2010, Shank.M.S.2012, Chen and Liu 2013)

- The second dimensions which consists 5 items that measure financial benefits (FB) were adopted also from (Blomer et al 1998; Lin, Weng and Hsieh 2003; Shammout.2007; Neringa et al 2012)

- The third dimensions that measure social bonds (SB) contained 4 items adopted from (Lin, Weng and Hsieh 2003; Gounaris.P 2005; Shammout 2007; Auruskeviciene et al 2010)

- The fourth dimensions which is "perceived value (PV)" was measured by 4 items adopted from (Raig et al 2009; Snoj and Korda 2010; Neringa et al 2012)

- The fifth dimension, "customer satisfaction (CS)" was contained 3 items which were adopted from (Snoj and Korda 2010).

- Sixth Dimension, "Commitment (CC)" was measured by 3 items adopted from (Hennig-Thurau et al 2002; Pi and Huang 2011)

- Seventh Dimension, "Loyalty (CL)" was measured by 4 items adopted from (Pi and Huang 2011, Griffin 1999)

Section B consists personal details such as: sex, status, age, education, bank name, and length of time customer has been in bank. This study used seven-point likert scales described at either e by "strongly disagree" to "strongly agree".

3. RESULTS

In the following sections, we first report the validity and reliability of the instruments. Then the goodness fit of model, and finally the testing hypotheses.

3.1 THE VALIDITY AND RELIABILITY OF THE INSTRUMENTS

The validity and reliability analyses were conducted based on the procedures established by Hair et al (1998), and Nunnally and Berstein (1994). A principal component factor analysis with oblique rotation is used to determine the possible dimensions of the constructs. Further, the Kaiser-Meyer-Olkin Test (KMO) which is a measure of sampling adequacy was conducted for each variable and the results indicated that it was acceptable. The internal reliability of the items was verified by computing the Cronbach's alpha and Split-half tests (Kaister and Caffrey, 1965) [34]. (Nunnally 1978) suggested that the reliability coefficient of the study variables exceeded the minimum acceptable level of 0.60. The result of this test is shown in table 1 and 2

The original survey questionnaires have 41 items which are related to seven variables: banking service quality (18 items), financial benefits (5 items), social bonds (4 items), perceived value (4 items), customer satisfaction (3 items), commitment (3 items) and loyalty (4 items). As a result, the factor analysis was conducted to condense the 41 items to 36 items by eliminating items that have communalities values less than .40 as (SQ15, QS16, FB2, SB3). Also, Cronbach's alpha estimated for five (5) dimensions was between 0.657 and 0.959. Split-half value for each of two parts is 0.942 and 0.921 respectively. Spearman-Brown and Guttman Split-Half Coefficients are higher than minimum acceptable level (0.80). In addition, we find that KMO values are between .665 and .790 (Greater than .60) which is a good indicator for the safety of items. Hence we can say the reliability of the questionnaire is a moderately good level.

Table2. Results of Validity and Reliability Analyses.

Measures	Item	Communality 0.40 <	KMO [0.50- 1]	Sig 0.000>P>0.05	Cronbach's Alpha (α >0.60)
Service Quality	16	0.465 – 0.969	0.790	P = 0.000	0.932
Financial Benefit	4	0.562 – 0.900	0.665	P = 0.000	0.859
Social Bonds	3	0.519 – 0.610	0.671	P = 0.000	0.788
Perceived Value	4	0.510 – 0.720	0.772	P = 0.000	0.785
Customer Satisfaction	3	0.877 – 0.952	0.750	P = 0.000	0.959
Customer Commitment	3	0.786 – 0.899	0.719	P = 0.000	0.916
Loyalty	3	0.739 – 0.859	0.793	P = 0.000	0.915

Table 3. Split-half test

	Part 1	Part 2
Cronbach's alpha	0.919	0.903
Spearman-Brown Coefficient	0.870	
Guttman Split-Half Coefficient	0.861	

a. The items are: QS1, QS2, QS3, QS4, QS5, QS6, QS7, QS8, QS9, QS10, QS11, QS12, QS13, QS14, QS17, QS18, FB1, FB3.

b. The items are:, FB4, FB5,SB1, SB2, SB4,PV1, PV2, PV3, PV4, CS1, CS2, CS3,CC1, CC2, CC3, CL1, CL2,CL4.

3.2 MAIN EFFECT MODEL

The fit indices, standardized path coefficients, and explained variances that are reported in table 3. The chi-square value is 954.67 (df = 403, p = .000; $\chi^2/df = 2.36$). Chi-square, however, is only recommended with moderate samples e.g. 100 to 200 (Hu and Bentler, 1999), as with larger sample sizes, as in this case, trivial differences become significant. Hence, other global fit indices are used to test model fit. All other fit indices show good model fit: The root mean square error of approximation (RMSEA) is .059, the goodness-of-fit index (GFI) is .941, the Tucker-Lewis index (TLI) is .917 and the comparative fit index (CFI) is .961. Thus, it can be concluded that the model fits the data reasonably well (Hu and Bentler 1999).

Table4.Model fit indices

Fit indices		Absolute Fit Indexes		Incremental Fit Indexes	
Chi2	954.67	RMSEA	.059	NFI	.903
df	403	GFI	.941	CFI	.961
[(Chi2) / df]*	2.36	* P-Level (p=.000)		TLI	.889

3.3 PATH COEFFICIENT AND HYPOTHESIS TESTING

Table 4 illustrates the results of the proposed hypotheses testing. In order to test the path analysis and the hypotheses, the researcher based on structural equation modeling to determine the significant t-value and paths coefficients (β), the findings showed that banking service quality, financial benefit and social bonding were positively related to customer satisfaction through perceived value with statistical evidence (positive β and t-value >1.96), but service quality has strong influence on perceived value and social bonding has a less positive effect. Also perceived value has a big positive relationship with customer satisfaction. Hence, all hypotheses were supported, which confirms the correctness of the existence of a causal relationship between (banking service quality, financial benefit, social bonding) and customer perceived value, satisfaction, commitment and loyalty. Also, the results show that customer satisfaction play in important evaluative role trend banking service quality in first place, and social bonding, financial benefits in second and third place respectively, that based on the positive value of the coefficient path and t-value greater than the critical value 1.96.

Table 5: Standardized parameter estimates of the hypothesis paths.

Hypotheses	Path	Coefficient (t-value)	Result
H1	Banking service quality → Perceived value	.978**	Supported
H2	Financial benefit → Perceived value	.802**	Supported
H3	Social Bondings → Perceived value	.439 **	Supported
H4	Perceived value → Customer satisfaction	.936**	Supported
H5	Customer satisfaction → Banking service quality	.820**	Supported
H6	Customer satisfaction → Financial benefit	.713**	Supported
H7	Customer satisfaction → Social bondings	.732**	Supported
H8	Customer satisfaction → Customer commitment	.613 **	Supported
H9	Customer commitment → Loyalty	.742 **	Supported

Note: Significant at **P<0.05

DISCUSSION AND CONCLUSION

The present study realized that banking service quality had a positive impact on customer satisfaction and loyalty. This finding is not a new one because this relationship is explored by many authors including (Balaji, 2009, Naeem and Saif 2009, Bedi 2010, Kassim and Abdullah 2010). This study explores financial benefit and social bonding as new dimension in overall banking product quality, this is also not new but very rare in banking service literature. How Customer need more than service banking quality to be satisfied. More researches in sector are required to prove importance of these two dimensions to build customer perceived value, because these two dimensions are functional which is related with monetary value and other is symbolic which is related with social and emotional value (Lin et al 2003, Cater B 2008, Berry 1995). Also, we find that perceived value, satisfaction and commitment are important and have positive casual relationship with loyalty and it can be a good moderator variable. These results confirmed the research of (Chen 2009).

This research believes that customer satisfaction can be used as evaluative tool of banking product quality and performance. This evaluative role help banks: i) to identify deficiencies perceived by the customer, ii) improve the quality of its service, and developed it line with the needs and desires of customers, which can reduce the size of gaps between customer expectations and actual performance. This view has been supported by several other research studies (Cronin & Taylor 1992; Anderson and Sullivan 1993; Fornell et al 1996; Spreng and Macky 1996, Giese and Cote 2000, Levy 2009; Arokiasamy and Ghani Kanesanbin 2013).

The study clearly indicates the positive casual relationship of the three first variables on customer satisfaction and loyalty. Moreover the significant evaluative role of satisfaction trend this variables. Customer dissatisfaction through bank is an evidence of the low quality of this bank Products and overall performance. In addition; managers must measure customer intention to patronize the organization in the future (Mittal & Lassar, 1998).

The conclusions drawn from this study must consider following limitations. First thing is that sample is only collected from customers of Algerian public banks. So, preferences of private banks can change results. Another thing is that sample is only collected from Tlemcen. The result may vary in other prefectures. For future research, we suggest that new dimensions are required in the field of banking service industry. This study is still open to be developed using other predictor's services related to products offered by banks or using other test tools and tests.

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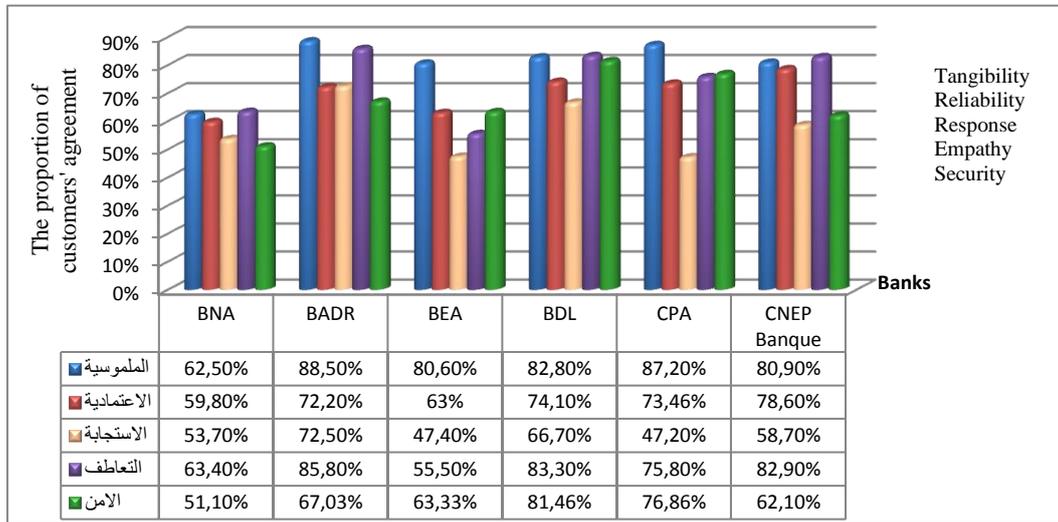
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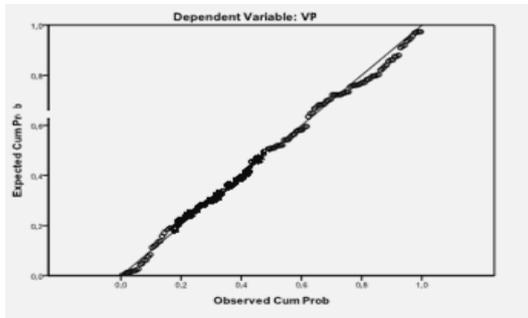
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Appendix

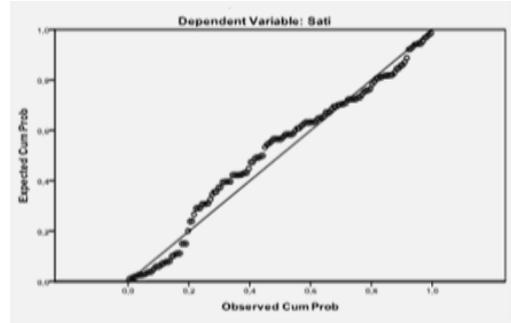
Fig A: Evaluating Banking Service Quality Dimensions



$$PV = 0.978 SQ + 0.802FB + 0.439 SB + 0.032$$



$$CS = .976 PV + 0.046$$



$$CL = .742CC + 0.048$$

