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ANALYSIS OF CUSTOMER SATISFACTION IN CONVENTIONAL AND ISLAMIC BANKING SECTOR OF PAKISTAN

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Abstract

The purpose of this article is to examine the customer's satisfaction regarding different factors offered by Conventional and Islamic banking sectors in Pakistan. More, it is also examined that how a customer becomes satisfied and loyal with a particular bank and how they used word of mouth generally by having these factors service quality and customer expectations. A convenient sampling technique is used for collecting qualitative data to recruit 70 customers (35 each bank) representing the required range of demographic factors (e.g. type of account, gender, age, and bank type) with their experience while during transactions with banks. The research paper is consisted of previous research by adding new variables in existing knowledge regarding customer satisfaction in both types of banking services in Pakistan.

Introduction

The importance and significant impact of customers have been highlighted by a lot of researchers and academicians all around the globe. Results of customer satisfaction are concluded that word of mouth (WOM) and customer loyalty (CL) which is fulfilled by receiving service quality, customer expectation, and many other important factors. A customer can be defined as a user of banking services. Bank customers include account holders or their representatives, and people attach with banks for general commercial transactions. The banking sector's efficiency depends on how it can best provide services to its target customers. In the banking sector too and competitive environment, survive in this environment and provide customer satisfaction continuous obligation for providers of banking services to the upward trend in the quality of service (Haq & Muhammad, 2012). For the future of any organization or business, the level of customer satisfaction is very important. If satisfaction is greater, the organization will make high progress in the future but if customers are not satisfied, it creates many problems in the progress of any business or organization (Khalid, 2010). Customer satisfaction is most important for any business and it is majorly dependent on how much customer is satisfied with the services of banks. And generally, satisfaction came when services and expectations are fulfilled.

Problem statement

Customer satisfaction is a foremost concern for any organization, including banks. Results of customer satisfaction are accomplished that customer loyalty and word of mouth (WOM). One of the factors on the success of a company is how customer expectations and receive the quality of service and core services (Collart, 2000). Researchers have done work with customer satisfaction in terms of these specific factors such as price, technology, infrastructure, demographic, brand perception, knowledge, employment, monthly income. Most studies are conducted on the evaluation between public and private banks because they are geographically limited and bias sampling time also exists which discusses the validity of the results. The literature suggests that very few studies are conducted on the comparison between conventional and Islamic affairs and Micro financial institutions. This plays a crucial role concerning improve the banking sector of Pakistan. The purpose of this study is to measure the level of customer satisfaction in the conventional and Islamic banks of Pakistan which is affected by various factors (Customer Expectations, Service Quality, and Customer Satisfaction).

Research Questions

This study purpose to answer some questions as follows;

- What are the specific factors that impact the level of Customer Satisfaction of Conventional and Islamic banks?
- What is the effect of Service Quality and Customer Expectations on Customer Satisfaction of Conventional and Islamic banks?

Research Objectives

The following objectives include in this survey:

- To determine the impact of Service Quality and Customer Expectations on Customer Satisfaction of Conventional and Islamic banks
- To determine and evaluate the level of customer satisfaction in banking services of Conventional and Islamic banks based on assorted selected factors.

Significance of the Study

The significance of this study is that it explores customer satisfaction regarding the services provided by conventional and Islamic banks in Pakistan. As the use of banking services is increasing day by day, the banking sector has an idea about what the services user are thinking about its assorted features, what are their problem areas, what are their recommendations, how do they compare the service of conventional banks with Islamic banks. Thus, the findings of the study may be very helpful for the banking sector to identify their positive and negative features in service quality. The banking sectors can take actions to improve the service quality assuming that the sample (customers or account holders) selected and represents the whole population.

Literature Review

Customer satisfaction is an inner feeling of a customer. It deviates from person to person. Many kinds of studies in banks have been discussed principals but here we are to focus on customer satisfaction by compare services of Islamic banks with Conventional banks in Pakistan. As a conventional banking sector, the banking industry has entered Pakistan in the 90s. More, several conventional sector banks joined this at the beginning of the 21st century. So not so much study is conducted regarding this issue. Literature provides information conduct study on customer's satisfaction with admiration to the comparison between conventional banks with Islamic banks for services. The service quality of a bank is influenced by customer satisfaction which leads to customer loyalty (Siddiqi, 2011). Customer satisfaction is an intellectual phenomenon that customers have about the conventional banking sector or Islamic banking sector when their expectations have been met to the product or services of the conventional banking sector or Islamic banking sector. The attainment of customer satisfaction leads to company loyalty and product purchase. Customers' experience during the consumption of the product or service has a significant influence on satisfaction (Homburg et al, 2006). When customer response is sentimental to the bank then it can be predicted that customers are more satisfied with the banking services. Therefore, it is hypothesized that customer satisfaction has a positive impact on customer perceived value. "Internet-based services are supplementarily favored to other services deliver through other ordinary channels because of their inopportune interactivity, comparatively low cost, the high extent of customization and personalization" (kim, 2004). Customers are more likely to be satisfied if the product or service quality meets or goes beyond customer's expectations.

Customer Satisfaction

Customer satisfaction has always been a vague and frustrating term because in actual it fluctuates from person to person. A positive business word is measured through the way of supply of products and services to fulfill customer's expectations towards any bank. It seems like a positive performance evaluator of the bank within the banking industry. More, the way of rendering services also fluctuates from banker to banker. The main theme is to understand customer psychology at a specific time and place. The environment also affects the perception of the customer, and according to that environment, the customer reacts against the transaction. The mental state of a customer is a satisfaction that can be measured through a comparison of "intention to purchase" and "post-purchase behavior" (Westbrook & Oliver 1991). Customers play a crucial role in the development of a bank and also a source of earnings for the banking industry just like other entities (Khattak & Rehman, 2010). Such development will be achieved

when the customer's satisfaction will be at a high level. A high level will lead to customer loyalty and word of mouth then hypnotized outcomes will be concluded. The extent to which the customer admires the product and services is known as customer satisfaction. In other words, to which extend the customer is happy with the organization. Customer satisfaction is the mixture of positive and negative emotions towards the product and service. Customer Satisfaction is strongly influenced by the efficient services and financial performance of banking sectors (Qureshi, at all, 2013).

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H₁: Customer satisfaction is different in conventional banks as compared to Islamic. Customer Expectations

According to Oliver (1980), the customer perceived value explains when the customers compare his/her actual perceptions to the products/services performance with their expectations, then the feelings of customer satisfaction have arisen. If the customer gets more than he/she perceived, the relation between them strongly influenced positively.

Customer expectation refers to the total perceived benefits a customer expects from a company's product or service. According to Oliver (1980), the customer perceived value explains when the customers compare his/her actual perceptions to the products/services performance with their expectations, then the feelings of customer satisfaction have arisen. If the customer gets more than he/she perceived, the relation between them strongly influenced positively.

H₅: Customer Expectations significantly increase customer satisfaction.

Service Quality

Service quality is the consumer's appraisal of the overall quality of service. Service quality is adequate when customer expectations and perceived value becomes equal. According to, Parasuraman et al (1988). Reliability, physicality, responsiveness, appreciation, and assurance are used to measure service quality. Service quality is represented on these items of instruments. Customer Perceived value must be well managed but customer satisfaction is purely feedback to the value proposition which is offered in specific products (Reichheld, 1996). Perceived value is a key to enhancing service quality (Lam et al., 2005). However, no study has focused on how customers define perceived value and how organizations can improve their service quality. Service quality is a comparison of expectations with performance. Improved service quality may increase customer satisfaction. Service quality and customer satisfaction alone cannot uphold competitive advantage because customer requirements are fast-changing and firms have to reorient themselves to focus on delivering greater customer value (Parasuraman, 1997). Al-Hawari and Ward (2006) proclaim that quality services have a great influence on customer perceived value and the other side customer's perceived value have a strong influence on the customer's satisfaction. Customer should be satisfied if he/she gets service qualities according to his/her perception.

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H₃: Service quality significantly enhances customer satisfaction.

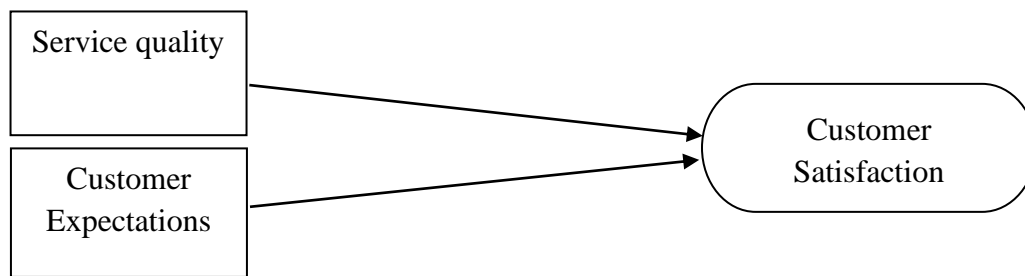
Hypothesis

H₁: Customer satisfaction is different in Conventional Banks as compare to Islamic.

H₂: Service quality significantly enhances customer satisfaction.

H₃: Customer Expectations significantly increase customer satisfaction.

Conceptual Framework



Research Methodology

Sample Selection (Size & Techniques)

Regarding the comparison of conventional and Islamic banks in Pakistan, sample size 70 is selected. 35 respondents are users of conventional banks and the other 35 are users of Islamic banks in Pakistan.

A convenient sampling technique has been used for data collection. By using the convenient sampling technique questionnaires were filled from the customers of conventional and Islamic banks of Pakistan.

Population frame

The population of my research is bank customers of different cities. There are many conventional and Islamic banks. My research population consists of all the customers who have an account at any Conventional or Islamic banks. Therefore, all the bank customers were invited to participate in the research survey.

Unit of analysis

Individual. I have collected data from the customers because they experience the particular banks' environment and better judge it and express their opinion. The unit of analysis is used for data collection is individual because Satisfaction is the inner feelings of people and it varies from person to person.

Type of Study

The type of study is casual because all causes and effects of customer satisfaction are examined through the application of statistical tools and hypotheses are developed for customer satisfaction in conventional and Islamic banks in Pakistan.

Instrument Selection

Adaption and self-generated instrument methods are used to develop the questionnaire for data collection purposes. In the adopted questionnaire important amendments were made. The questionnaire is adapted from different previous studies and also self-generated. A point 5 Likert scale is used for data ranking.

Data Collection procedure

The questionnaire was developed for data collection from primary sources through customers of conventional and Islamic banks in Pakistan. The questionnaire was divided into two distinct parts; one part was aimed to gather demographic data while the second portion contained the questions to collect data regarding variables which were used to identify customer's satisfaction level. 70 questionnaires were filled, 35 from conventional and 35 from the customers of Islamic banks.

Data Analysis Techniques

In this study, descriptive statistical tools are used for data analysis regarding demographic factors. Regression analysis is used to determine the impact of Customer expectations and Service Quality (dependent variables) on Customer Satisfaction (independent variable).

Software

The Excel software was used to analyze the collected data for the study. Using this software demographic, descriptive, and Regression were applied.

Data Analysis and Result

Demographic Analysis

The questionnaire was developed to collect personal information regarding respondents such as type of account, gender, Age, Education, and account user. The investigation shows that the frequency of current account holder is 70%, saving account holder is 17%, fixed deposit 03%, and any other 10%. The investigation also shows that 70% of the respondents are male and 30% are female of which, 5% respondents are from age group under 20, 70% are from age group 21 – 30 years and 20% are from age group 31 – 40 years and 5% are from 41-50 age group. In the Education section 45% lie under graduation program, 25% of respondents have done graduation, 30% are postgraduate. Account users from conventional banks are 50% and 50% of the respondents account holders of Islamic banks.

Table.1

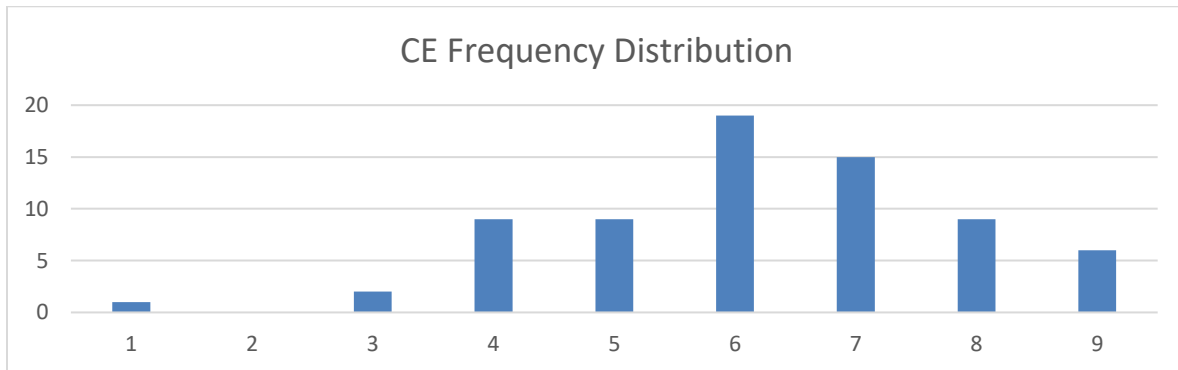
Variable	Category	Percentage
Type of account	Current	70
	Saving	17
	Fixed deposit	03
	Any other	10

Gender	Female	30
	Male	70
Age	Under 20	05
	21 – 30	70
	31 _ 40	20
	41 _ 50	05
Qualification	Undergraduate	45
	Graduate	25
	Postgraduate	30
User account	Conventional	50
	Islamic	50

Descriptive Analysis

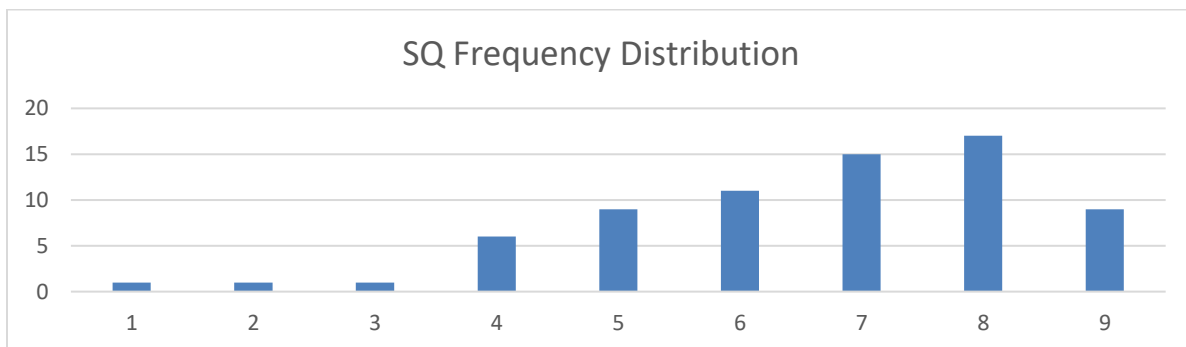
Frequency Distribution

Customer Expectation Frequency Distribution:



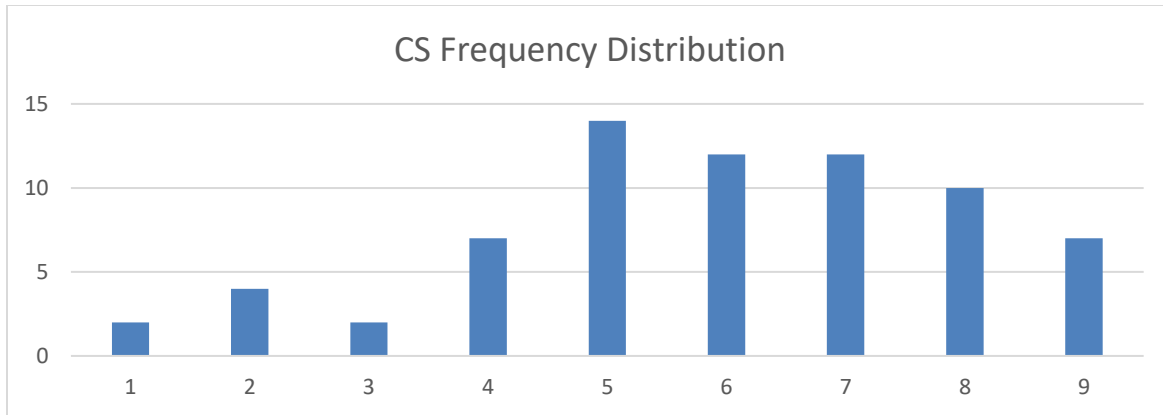
Frequency distribution of customer expectation is normally distributed which means all values are towards mean and centrally aligned.

Service Quality Frequency Distribution:



The shape of the frequency distribution of service quality is right-aligned and most of the values are at the right or upper side of the mean.

Customer Satisfaction Frequency Distribution:



The frequency distribution of Customer Satisfaction is normal. Most of the values are centrally aligned and their trend is towards the mean value.

Descriptive Analysis

Table. 2

	N	Minimum	Maximum	Mean	S.D
CE	70	1.25	5	3.49	.805
SQ	70	1.25	5	3.67	.866
CS	70	1	5	3.45	1.022

Note: (CS= Customer Satisfaction, SQ= Service Quality, CE= Customer Expectations)

Conventional Group:

Table. 3

		CE	SQ	CS
1	Mean	3.47	3.78	3.44
2	SD	0.77	0.84	0.92
3	Coefficient of Variation	0.22	0.22	0.27

Islamic Group:

Table. 4

		CE	SQ	CS
1	Mean	3.5	3.56	3.45
2	SD	0.84	0.88	1.12
3	Coefficient of Variation	0.24	0.24	0.32

The COV of Customer Expectation of Islamic group is greater than the conventional group which means values of Islamic group are more dispersed from the mean. Likewise, COV of

Service Quality and Customer Satisfaction of Conventional group is also lower than Islamic group. It shows that values of the conventional group are more closed to the mean and customers of the conventional group are more satisfied than the customers of the Islamic group.

Hypothesis Testing

Test 1

Conclude by hypothesis testing whether the population means of all variables are equal to zero?

The population mean of customer expectation is equal to zero.

$$\bar{x} = 3.49$$

$$S.D = 0.805$$

$$\sigma = \frac{0.805}{\sqrt{70}} = 0.096$$

Hypothesis:

$$H_0: \mu \neq 0$$

$$H_1: \mu = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal} = \frac{\bar{x} - \mu}{\sigma} = \frac{3.49 - 0}{0.096} = 36.35$$

$$\text{Level of significance } 95\% = \alpha = 0.05/2 = 0.025$$

$$Z_{tab} = Z(1 - \alpha) = Z_{1-0.025} = Z_{0.975} = 1.96$$

We will reject H_0 as $Z_{cal} > Z_{tab}$ ($36.35 > 1.96$).

It implies that population mean of customer expectation is equal to zero.

Population mean of Service Quality is equal to 0.

$$\bar{x} = 3.675$$

$$S.D = 0.866$$

$$\sigma = \frac{0.866}{\sqrt{70}} = 0.104$$

Hypothesis:

$$H_0: \mu \neq 0$$

$$H_1: \mu = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal} = \frac{\bar{x} - \mu}{\sigma} = \frac{3.675 - 0}{0.104} = 35.34$$

$$\text{Level of significance } 95\% = \alpha = 0.05/2 = 0.025$$

$$Z_{tab} = Z(1 - \alpha) = Z_{1-0.025} = Z_{0.975} = 1.96$$

We will reject H_0 as $Z_{cal} > Z_{tab}$ ($35.34 > 1.96$).

It implies that population mean of service quality is equal to zero.

Population mean of customer satisfaction is equal to zero.

$$\bar{x} = 3.45$$

$$S.D = 1.022$$

$$\sigma = \frac{1.022}{\sqrt{70}} = 0.242$$

Hypothesis:

$$H_0: \mu \neq 0$$

$$H_1: \mu = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal} = \frac{\bar{x} - \mu}{\sigma} = \frac{3.45 - 0}{0.242} = 14.25$$

Level of significance $95\% = \alpha = 0.05/2 = 0.025$

$$Z_{tab} = Z(1 - \alpha) = Z_{1-0.025} = Z_{0.975} = 1.96$$

We will reject H_0 as $Z_{cal} > Z_{tab}$ ($14.25 > 1.96$).

It implies that population mean of customer satisfaction is equal to zero.

Test 2

Draw conclusion by hypothesis testing whether the population mean of one group is equal to the population mean of other group for all variables?

Customer Expectation

$$\bar{x}_1 = 3.48 \quad S.D_{\bar{x}_1} = 0.77$$

$$\bar{x}_2 = 3.5 \quad S.D_{\bar{x}_2} = 0.85$$

$$\sigma_{x_1-x_2} = \sqrt{\frac{(0.77)^2}{35} + (0.85)^2/35} = \sqrt{0.01694 + 0.0206}$$

$$\sqrt{0.03754} = 0.1937$$

Hypothesis:

$$H_0: \mu \neq \mu \rightarrow \mu_1 - \mu_2 \neq 0$$

$$H_1: \mu = \mu \rightarrow \mu_1 - \mu_2 = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal} = \frac{(\bar{x} - \bar{x}_2) - \mu_0}{\sigma_{\bar{x}_1 - \bar{x}_2}} = \frac{(3.48 - 3.5) - 0}{0.1937} = \frac{-0.02}{0.1937} = -0.103$$

Level of significance $95\% = \alpha = 0.05/2 = 0.025$

$$Z_{tab} = Z_{1-0.025} = Z_{0.975} = -3.50$$

We will not reject H_0 as $-Z_{cal} > Z_{tab}$ ($-0.103 < -3.50$).

It implies that population mean of customer expectation of conventional bank users is not equal to Islamic bank users.

Service Quality

$$\bar{x}_1 = 3.785 \quad S.D_{\bar{x}_1} = 0.840$$

$$\bar{x}_2 = 3.56 \quad S.D_{\bar{x}_2} = 0.89$$

$$\sigma_{x_1-x_2} = \sqrt{\frac{(0.840)^2}{35} + (0.89)^2/35} = \sqrt{0.02 + 0.022}$$

$$\sqrt{0.042} = 0.205$$

Hypothesis:

$$H_0: \mu \neq \mu \rightarrow \mu_1 - \mu_2 \neq 0$$

$$H_1: \mu = \mu \rightarrow \mu_1 - \mu_2 = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal} = \frac{(\bar{x} - \bar{x}_2) - \mu_0}{\sigma_{\bar{x}_1 - \bar{x}_2}} = \frac{(3.785 - 3.56) - 0}{0.205} = -0.103$$

Level of significance $95\% = \alpha = 0.05/2 = 0.025$

$$Z_{tab} = Z_{1-0.025} = Z_{0.975} = -3.50$$

We will not reject H_0 as $Z_{cal} > Z_{tab}$ ($-0.103 > -3.50$).

It implies that population mean of service quality of conventional bank users is not equal to Islamic bank users.

Customer Satisfaction

$$\bar{x}_1 = 3.44 \quad S.D_{\bar{x}_1} = 0.93$$

$$\bar{x}_2 = 3.46 \quad S.D_{\bar{x}_2} = 1.12$$

$$\sigma_{x_1-x_2} = \sqrt{\frac{(0.93)^2}{35} + (1.12)^2/35} = \sqrt{0.024 + 0.036}$$

$$\sqrt{0.06} = 0.245$$

Hypothesis:

$$H_0: \mu \neq \mu \rightarrow \mu_1 - \mu_2 \neq 0$$

$$H_1: \mu = \mu \rightarrow \mu_1 - \mu_2 = 0$$

Rejection Region: We will reject H_0 if $-Z_{cal} < -Z_{tab}$ or $Z_{cal} > Z_{tab}$.

$$Z_{cal}: \frac{(\bar{x}_1 - \bar{x}_2) - \mu_0}{\sigma_{\bar{x}_1 - \bar{x}_2}} = \frac{(3.44 - 3.46) - 0}{0.245} = -0.082$$

$$\text{Level of significance } 95\% = \alpha = 0.05/2 = 0.025$$

$$Z_{tab} = Z_{1-0.025} = Z_{0.975} = -3.50$$

We will not reject H_0 as $-Z_{cal} > Z_{tab}$ ($-0.082 > -3.50$).

It implies that population mean of customer satisfaction of conventional bank users is not equal to Islamic bank users.

Test 3

Draw conclusion by hypothesis testing whether the population standard deviation of one group is equal to the population standard deviation of other group for all variables?

Customer Expectation

$$S_1^2 = 0.7169$$

$$S_2^2 = 0.5969$$

Hypothesis:

$$H_0: \sigma_1^2 \neq \sigma_2^2$$

$$H_1: \sigma_1^2 = \sigma_2^2$$

Rejection Region: We will reject H_0 if $F_{cal} > F_{tab}$.

$$F_{cal} = \frac{S_1^2}{S_2^2} = \frac{0.7169}{0.5969} = 1.20$$

$$\text{Level of significance } 95\% = \alpha = 0.05/2 = 0.025$$

$$F_{tab} = F(df_1, df_2) = F_{34,34} = 2.87$$

We do not reject H_0 because $F_{cal} < F_{tab}$ ($1.20 < 2.87$).

It shows that standard deviation for customer expectation of conventional bank users is equal to the Islamic bank Users.

Service Quality

$$S_1^2 = 0.792$$

$$S_2^2 = 0.706$$

Hypothesis:

$$H_0: \sigma_1^2 \neq \sigma_2^2$$

$$H_1: \sigma_1^2 = \sigma_2^2$$

Rejection Region: We will reject H_0 if $F_{cal} > F_{tab}$.

$$F_{cal} = \frac{S_1}{S_2} = \frac{0.792}{0.706} = 1.12$$

Level of significance 95% = $\alpha = 0.05/2 = 0.025$

$$F_{tab} = F(df_1, df_2) = F_{34, 34} = 2.87$$

We do not reject H_0 because $F_{cal} < F_{tab} (1.12 < 2.87)$.

It shows that standard deviation for service quality of conventional bank users is equal to the Islamic bank Users.

Customer Satisfaction

$$S_1^2 = 1.255$$

$$S_2^2 = 0.864$$

Hypothesis:

$$H_0: \sigma_1^2 \neq \sigma_2^2$$

$$H_1: \sigma_1^2 = \sigma_2^2$$

Rejection Region: We will reject H_0 if $F_{cal} > F_{tab}$.

$$F_{cal} = \frac{S_1}{S_2} = \frac{1.255}{0.864} = 1.45$$

Level of significance 95% = $\alpha = 0.05/2 = 0.025$

$$F_{tab} = F(df_1, df_2) = F_{34, 34} = 2.87$$

We do not reject H_0 because $F_{cal} < F_{tab} (1.45 < 2.87)$.

It shows that standard deviation for customer satisfaction of conventional bank users is equal to the Islamic bank Users.

Regression

In this study, the assumptions are factors features of banking i.e. Customer Expectation and Service Quality influence customer's satisfaction and results of the satisfaction namely customer loyalty and positive word of mouth. A liner regression modeling approach has been proposed as an effective method to study the relationships. As Table 5 show the model 1 for conventional bank users, Table 6 shows the model 2 for Islamic bank users, Table 7 shows the model 3 and Table 8 shows the model 4 where a dummy variable is added to check the impact on the model. The R-squared is 0.624 of model 1. R square scores represents the variables (CE and SQ) explain 62 percent customer's satisfaction perspectives in the study. 38 percent are other factors that represent customer's satisfaction in conventional banks.

The R-squared is 0.607 of model 2. R square scores represents the variables (CE and SQ) explain 60 percent customer's satisfaction perspectives in the study. 40 percent are other factors that represent customer's satisfaction in Islamic banks.

Table 5: Model 1 (Conventional Banks)

	Beta	Standard Error	t-value	Sig.	Hypothesis Accept or Reject
(Constant)	-0.090	.499	-0.1815	.857	
CE	.343	.188	1.818	.008	Accept
SQ	.618	.173	3.559	.001	Accept

Dependent variable CS

This model shows the significant impact of the variables (CE and SQ) on the customer satisfaction for the conventional banks. Both of the hypothesis are accepted which shows that customer expectations and service quality are significantly impacting customer satisfaction.

$$Y = a + b_1X_1 + b_2X_2$$

$$CS = -0.090 + .343(CE) + .618(SQ)$$

This regression equation shows that both variables are significantly impacting CS. By increasing one unit of CE, CS will increase by the .343 units. Likewise, by increasing 1 unit of the SQ, CS will increase by the .618 units. Intercept value is -0.090 which is the constant impact of other factors on CS of conventional banks.

Table 6: Model 2 (Islamic Banks)

	Beta	Standard Error	t- value	Sig.	Hypotheses Accept or Reject
(Constant)	-0.421	.566	-0.745	.462	
CE	.665	.199	3.345	.002	Accept
SQ	.434	.189	2.294	.028	Accept

Dependent variable CS

This model shows the significant impact of the variables (CE and SQ) on the customer satisfaction for the Islamic banks. Both of the hypothesis are accepted which shows that customer expectations and service quality are significantly impacting customer satisfaction.

$$Y = a + b_1X_1 + b_2X_2$$

$$CS = -0.421 + .665(CE) + .434(SQ)$$

This regression equation shows that both variables are significantly impacting CS. By increasing one unit of CE, CS will increase by the .421 units. Likewise, by increasing 1 unit of the SQ, CS will increase by the .665 units. Intercept value is -0.421 which is the constant impact of other factors on CS of Islamic banks.

Table 7: Model 3(Conventional Banks)

	Beta	Standard Error	t-value	Sig.	Hypothesis Accept or Reject
(Constant)	0.099	.558	0.177	.860	
CE	0.323	.191	1.688	.010	Accept
SQ	0.615	.174	3.526	.001	Accept
DV	-0.245	.315	-0.776	.443	Reject

Dependent variable CS

Table 8: Model 4(Islamic Banks)

	Beta	Standard Error	t- value	Sig.	Hypotheses Accept or Reject
(Constant)	-0.119	.671	-0.178	.86	
CE	.652	.200	3.25	.002	Accept
SQ	.407	.193	2.11	.042	Accept

DV	-.399	.470	-.847	.403	Reject
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Dependent variable CS

The R-squared is 0.631 of model 3. R square scores represent the variables (CE and SQ) that explain 63 percent of customer’s satisfaction perspectives in the study. 37 percent are other factors that represent customer satisfaction in conventional banks. The R-squared is 0.616 of model 4. R square scores represent the variables (CE and SQ) that explain 61 percent of customer satisfaction perspectives in the study. 39 percent are other factors that represent customer satisfaction in conventional banks. By adding the dummy variable, there is a very minor effect on both model fitness. It shows that selected variables are significantly impacting customer satisfaction of conventional and Islamic banks rather than other variables which are not included in the study.

Conclusion

The main purpose of this research study is to analyze customer satisfaction of banks. The results obtained from variable analysis (Service quality and customer expectations) indicate that there is a positive and significant relationship between them.

From the statistical analysis, it is observed that there is a strong relationship between customer satisfaction in Customer expectations and Service quality as such null hypothesis is accepted and the alternative hypothesis is rejected. Many banking sectors are operating their activities in Gujranwala. Many banks can get success by satisfying their customers properly. The mental state of a customer is a satisfaction that can be measured through a comparison of "intention to purchase" and "post-purchase behavior" (Westbrook & Oliver 1991). Customers play a crucial role in the development of a bank and also a source of earnings for the banking industry just like other entities (Khattak & Rehman, 2010).

Customer satisfaction has always been a vague and frustrating term because in actual it fluctuates from person to person. A positive business word is measured through the way of supply of products and services to fulfill customer’s expectations towards any bank. More, the way of rendering services also fluctuates from banker to banker. The main theme is to understand customer psychology at a specific time and place.

Also, the results of the correlation test indicated that there is a positive and significant relationship between each of the satisfaction components with related components and between each component of satisfaction (Customer expectations and Service quality) with each other. Multiple regression modeling approaches were analyzed as an effective method for studying customer satisfaction. As displayed in Table 5, 6, 7, and 8. These tables show that these table factors are close to each other. Specifically, these Table variables have a statistically significant effect on customer satisfaction (Ahmad, Al-Zu’bi, 2011).

When the conventional banks are compared with Islamic sector banks, all the conventional banks have excellent locations from a business point of view compared to Islamic banks. For providing better service to customers proper training should be given to the staff by the banks. Conventional banks are more able to attract new customers. Conventional sector banks invest and concentrate more on staff development whereas the foreign banking sector gives more priority to infrastructural aspects.

Recommendations & Future Prospects

The bank should emphasize the advantages of banking services like low cost, time-saving, convenience, secure information and data is available at any time. A bank should have to improve its transaction system for the satisfaction of customers and also for customer trust. The bank should build a strong relationship with customers by providing them different services. It is also recommended that the bank should communicate with their customers quickly. The bank should resolve the entire problem which customer face in different banking activity. It is suggested that Bank staff should be responsible and effective in performing banking operations and dynamic manager. The employee relation with the customer and to the banker has a huge relevance, balance in customer and banker relation is necessary for customer satisfaction and also for the success of the bank. By the strong relation delivery services, service production, customer satisfaction increase, and profitability of conventional banking sector and Islamic sector bank is also go up. Moreover, if the bank either it is conventional or Islamic is customers oriented then the success of the bank and chances of profitability of the bank is more possible. Government should improve the online bank infrastructure. The bank should arrange the demonstration programs for the clients to enjoy the services properly.

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