# Assessment Of Customer Satisfaction In Banking Services: A Comparison Between State Owned And Private Banks In Axum Town, Ethiopia

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Abstract— Over the past decade, Ethiopia has achieved impressive economic growth averaging close to 11 percent annually. The development of a vibrant and active private banking system that complements existing public sector is important to Ethiopia's economic progress. Customer satisfaction in the banking industry has become an important factor in determining bank's competitiveness. A systematic continuous measurement of customers' satisfaction level is necessary. Hence, this study focuses on assessing customer satisfaction in state owned commercial bank (Commercial Bank of Ethiopia) and private commercial banks (Wegagen Bank, Dashen Bank, Anbesa Bank). Extending on the assessment we also conducted a comparative analysis of customer satisfaction among state owned and private banks. In order to acquire sufficient information on both quality and quantity, the researcher employed stratified sampling techniques followed by convenience sampling. Each strata contains representative banks from private and state owned banks. To this end, we collected primary data from 300 respondents. Primary Data is collected using the questionnaire and personal contact approach. The researcher used comparative method of data analysis to interpret the results. The overall comparison among private and state owned banks in Axum town have shown that private bank customers have shown to be more satisfied than their counter part customers. On the other hand, both, private and state owned, banks are too behind in creating a responsive bank to their customers and hence need to work on improving their employees responsiveness towards their customers.

Index Terms—customer satisfaction; Axum Ethiopia; service performance; service.

### I. INTRODUCTION

# A. Background of the study

Satisfied customer is the real asset for any organization that ensures long-term profitability even in the era of great competition. It is found that satisfied customer repeat his/her experience to buy the products and also creates new customers by communication of positive message about it to others.

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and Economes, Axum, Tigrai, Ethiopia. (e-mail: teklegeb21@gmail.com) alternative products/services and communicate negative message to others. So, organizations must ensure the customer satisfaction regarding their goods/services. Financial liberalization and deregulation has increased

On the other hand, dissatisfied customer may switch to

Financial liberalization and deregulation has increased the competition among banks to attract potential customers. Every banker tries to provide superior services to keep satisfied customers. Consequently the banking sector of Ethiopia has been reconstructed from a slow moving and state-dominated sector to a way much more active, competitive and profitable business. Several privately-owned banks have come into view that has intensified the competition along with commercial banks. So as to secure competitive advantage and to catch the attention of more and more customers, banks are concentrating in providing superior services to satisfy their customers. In the sense of the above facts, customer service is a change over time with growing public sector banks has increased. It is, therefore, necessary to continuously assess and reassess how the customer perceive bank services, what the new and emerging expectations are and how they may be satisfied on a continuous basis.

# A. Banking History in Ethiopia

In most African countries at the time of independence, there was no central bank and banking was dominated by foreign-owned commercial banks. After independence, new governments embarked on financial sector reform.

The first bank to be established in Ethiopia was the Bank of Abyssinia in 1905. It was owned and managed by the British-owned National Bank of Egypt. It was given a banking monopoly for fifty years, including the right to issue notes and coins. However, three other banks were established in the next ten years. In 1931, the Bank of Abyssinia was replaced by the Bank of Ethiopia which was wholly owned by the government and members of the Ethiopian aristocracy, becoming the first 100% African-owned bank on the continent; it was also authorized to issue notes and coins and to act as the government's bank. It operated for only a few years, being closed after the Italian invasion. During the Italian occupation, several Italian banks opened branches in Ethiopia.

After the liberation in 1942, the State Bank of Ethiopia was established. It became operational in 1943, with 43 employees and two branches, and acted as the country's central bank. The first governor was a Canadian. The

Bank also acted as the country's main commercial bank, while a few much smaller foreign banks continued to operate. The country's first development bank was founded in 1951: the World Bank provided \$million towards the founding of the Development Bank of Ethiopia, and invested a further \$2 million in 1960.

In 1963, a new banking law split the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively. Both were government-owned. The 1963 banking law allowed for other commercial banks to operate. This included foreign banks provided they were 51% owned by Ethiopians. The biggest of these was the Addis Ababa Bank. It was 40% owned by Grind lays Bank (British owned) and had 26 branches by 1975. There were also two foreign commercial banks: the Banco di Roma and the Banco di Napoli, which had eight branches and one branch respectively in 1975.In addition to the commercial banks, the government established two development banks, both of which were 100% state owned. The Agricultural and Industrial Development Bank (AIDB) was set up in 1970, taking over two earlier development banks: the Development Bank of Ethiopia and the Ethiopian Investment Corporation which had been established in 1963 as the Investment Bank of Ethiopia. AIDB was 100% government owned, and provided short, medium and long term loans to the agricultural and industrial sectors.

# II. STATEMENT OF THE PROBLEM

In a competitive market, all commercial banks are confronted with challenges of keeping the prevailing customers from switching to other banks and selling them more services and attracting new customers from the community and competitors. Maintaining bank's existing customer base is even more essential than the power to capture new customers. Reference [1] argued that customer satisfaction is considered to be one of the principal essential competitive factors for the longer term, and can be the most effective indicator of a firm's profitability. They further propose that customer satisfaction can drive companies to boost their reputation and image, to keep down customer turnover, and to enhance attention to customer needs. Such actions can facilitate companies produce barriers to switching, and improve business relationships with their customers. Although several businesses have an attention in maximizing customer satisfaction, it is not as a result of customer satisfaction is that the final objective in itself. Any organization ought to be extremely interested to make sure that its customers are satisfied [2]; but, in reality, surprisingly few do so. It is probable that several commercial banks might not be able to use such information at the individual level, although only some

banks might want to maintain path of the satisfaction of their regular customers.

Hence, the study will focus on assessing customer satisfaction in state owned commercial bank (Commercial Bank of Ethiopia) and private commercial banks (Wegagen Bank, Dashen Bank, Anbesa Bank). Extending on the assessment we also conduct a comparative analysis of customer satisfaction among state owned and private banks.

### III. OBJECTIVE OF THE STUDY

The general objective of the research is to assess and compare the extent of customer satisfaction in banking service among private and state owned bank based on different constituent factors.

#### IV. LITERATURE REVIEW AND RELATED WORKS

Over the past decade, Ethiopia has achieved impressive economic growth averaging close to 11 percent annually [3]. The development of a vibrant and active private banking system that complements existing public sector work is considered important to Ethiopia's economic progress by a range of experts, including the World Bank, the African Development Bank (AfDB), and the International Monetary Fund (IMF). These bodies view the expansion of the private banking system in a prudent and controlled manner as key to the success of Ethiopia's "Growth and Transformation Plan (GTP)," an ambitious five-year development plan launched in 2010 to assist the country in reaching "middle income" status [3].

In today's dynamic and competitive environment, banks often find it hard to keep up with change. First, they need the ability to spot it. This means tracking countless variables. Then, they need to take the right action. This can be especially tough in today's dynamic banking business. Change is coming at banks from many directions and each change can trigger many more. Delayed or inadequate responses often make it even harder to overcome threats and capture opportunity.

### A. Services

Services are economic activities offered by one party to another. In exchange for money, time, and effort, service customers expect value from access to goods, labour, professional skills, facilities, networks, and systems; but they do not normally take ownership of the physical elements involved [4]. A service occurs when an interaction is established between customers and service providers and/or the physical component of the service and/or the systems through which the service is delivered. The concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Reference [5] described a service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service provision and

consumption are simultaneous activities. Service is intangible in nature, it cannot be mass produced. It cannot be inventoried and stored after production. Due to the fact that services and consumers of services are inseparable, they cannot be produced until the consumer is ready to consume them. Providing consistent quality is difficult for service because of the characteristic of variability [6]. When one puts it in the simplest term; services are deeds, processes and performances. It is apparent that services are produced not only by service businesses but also are integral to the offering of many manufactured goods producers. A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership or anything, its production may not be tied to a physical product". According to [7] Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced and provides added value in forms (such as convenience, amusement, timeliness, comfort or health) that are essentially intangible concerns of its first purchaser. Also, [8] indicated that, service is "time based" and the outcome of a service may result in desire change in consumer or any property of the consumer.

### i. Characteristics of Services

It is generally accepted that services have four main characteristics that differentiate them from goods: intangibility, inseparability, variability, and perishability. These characteristics create unique challenges for services [9].

**Service intangibility** refers to the fact that services cannot be seen, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to evaluate the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent.

Service inseparability refers to the fact that services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, in most cases, the customer is also present at the time of providing the service. Therefore, the provider-customer interaction becomes important in determining the outcome of the service.

**Service variability** refers to the fact that the quality of services depends on who provides them as well as when, where, and how they are provided [9]. This means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality.

Service perishability refers to the fact that services cannot be stored for later sale or use, although [4] argue that "not all service performances are perishable" like video recordings of events and concerts. One problematic situation that accompanies this characteristic is when demand exceeds supply [9]. This can be applied to the banking sector when there is traffic at the counters and no enough service providers, thus the

service in that case cannot be stored for later use. In this case, banks should think of better ways to match the service supply with the demand. For this reason, understanding perishability of services is important in the context of this study. Therefore, the provider-customer interaction becomes important in determining the outcome of the service.

## ii. Service Quality

Quality can only be judged in a context of customers' expectations and experience. Its value to the customers which should be the driving force of quality needs to be a dynamic factor responding to change. Service is the one opportunity we have to be better than competitors and make sure our customers return which would mainly be the result of a quality service. Gronroos [10] defined service quality as the outcome of an evaluation of process where the consumer compares their expectations with the service they received. He postulated that customer perceived service quality is a function of expected service, perceived service, and image quality. Reference [11] defined service quality in terms of physical quality, interactive quality and corporate (image) quality. Physical quality is associated with tangible aspects of the service. Interactive quality involves the interactive nature of services and refers to the two-way flow, which occurs between the customer and the service provider, or his/her representative, including both automated and animated interactions. Corporate quality refers to the image attributed to a service provider by its current and potential customers, as well as other publics. They also suggested that, when compared with the other two quality dimensions, corporate quality tends to be more stable over time.

Researchers argue that the distinctive nature of services requires a distinctive approach to defining and measuring service quality. As a result of the intangible multifaceted nature of many services, it may be harder to evaluate the quality of a service than of a good. Because customers are often involved in service production particularly in people processing services, distinction needs to be drawn between the process of service delivery and the actual output of the service. Perceived quality of service is the result of an evaluation process in which customers compare their perception of service delivery and its outcome against what they expect.

The most extensive research in to service quality is strongly user oriented. Reference [12] identified criteria consumers use in evaluating service quality. In subsequent research, they found a high degree of correlation among several of these variables and so consolidated them into five broad dimensions.

- 1. **Tangibles:** the appearance of physical facilities, equipment, personnel and communication materials. The customer perceives that all the tangible aspects of the service are fit for the task and is customer friendly.
- 2. **Reliability:** the ability to perform the promised service dependably and accurately.

- 3. **Responsiveness:** the willingness to help customers and provide prompt service. The customer's perception that the service provider responds quickly and accurately to his or her specific needs and demands.
- 4. **Assurance**: the knowledge and courtesy of employees and their ability to convey trust and confidence so that the customer feels he or she is in courteous, able and competent hands.
- 5. **Empathy:** providing caring and individualized attention for customers to make them feel they are receiving caring services and individualized attention.

# iii. Measuring service quality

Conceptual service quality models are useful in so much as they provide an overview of the factors which have the potential to influence the quality of an organization and its service offerings. They facilitate our understanding and can help organizations to clarify how quality shortfalls develop. However, human behaviour significantly affects the quality of an organization and its offerings, and this is more evident in service organizations. The most widely used models in measuring service quality in the banking sector are the SERVQUAL and SERVPERF model.

# iv. Using SERVPERF and SERVQUAL to Measure Service Quality

The SERVPERF [13] model was carved out of SERVQUAL [12] by Cronin and Taylor in 1992. SERVPERF directly measures the customer's perception of service performance and assumes that respondents automatically compare their perceptions of the service quality levels with their expectations of those services. Cronin and Taylor argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL. Instead of measuring the quality of service via the difference between the perception and expectation of customers as in SERVQUAL, SERVPERF operationalizes on the perceived performance and did not assess the gap scores as expectation does not exist in the model. Thus, it is performance-only measure of service quality. The model adopts the five dimensions of SERVQUAL and the 22 item scale is used in measuring service quality. In the SERVPERF model, the results demonstrated that it had more predictive power on the overall service quality judgment than SERVQUAL. The SERVPERF scale is found to be superior not only as the efficient scale but also more efficient in reducing the number of items to be measured by 50% ([14], [15]). Many studies have been conducted by adopting the SERVPERF model. In [15] Babakus and Boller have found that service quality, as measured in the SERVQUAL scale, relies more significantly on the perception score than on the expectation score.

Due to the above mentioned facts the researchers also preferred to use SERVPERF model to undertake the study for measuring customer satisfaction.

### B. Customer satisfaction

Customer satisfaction, a term frequently used in marketing is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals, Customer satisfaction is the primary mental state of customer which comprise by two thing (1) expectation before purchase (2) perception about performance after purchase [16]. According to the many authors customer satisfaction is feelings of customer in the process that what has been received against what was accepted including expectation and perception about purchase decision and need and want associated with purchase decision. The customer satisfaction is indispensable for the successful survival of any organization. Continuous measurement of satisfaction level is necessary in a systematic manner.

### i. Definition of Satisfaction

Satisfaction is a post purchase evaluative judgment associated with a specific purchase decision [17]. 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. Every rationale customer compares the cost (price) and benefit (utility) of any product or services. Customers compare their expectations about a specific product/services and its actual benefits. This comparison results in three types of customers: dissatisfied customers (expectations are more than actual performance of the service); satisfied customers (actual benefits realized from services are equal to or more than expectations); indifferent customers (actual performance and expectation are exactly equal). Overall, satisfaction is the outcome of customer's evaluation of a set of experiences that are linked with the specific service provider.

### ii. Customer Satisfaction in Banking

Customer satisfaction has become important due to increased competition as it is considered very important factor in the determination of bank's competitiveness. Financial liberalization and deregulation in Ethiopia has increased the competition among banks to attract potential customers. Every banker tries to provide superior services to keep satisfied customers. In current Ethiopian market, emergence and growing popularity of the banking products raises competition among local banks. Satisfied customer is the real asset for any organization that ensures long-term profitability even in the era of great competition. It is found that satisfied customer repeat his/her experience to buy the products and also creates new customers by communication of positive message about it to others [18]. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. So, organizations must ensure the customer satisfaction regarding their goods/services.

Table 1. Related works

Author	Title	Results
Meron Melaku, 2015 [22]	Impact of Service Quality on Customer Satisfaction: The Case of Bank of Abyssinia S.C	all the service quality dimensions (tangibility, reliability, responsiveness, empathy and assurance) have positive and significant relationship with customer satisfaction
Mr.Vijay Prakash Gupta, Dr. P. K. Agarwal 2013 [23]	Comparative study of customer satisfaction in public sector and private Sector banks in India (a case study of meerut region of u.p.)	There exists wide perceptual difference among Indian (public sector) banks regarding overall service quality with their respective customers, when compared to Private sector banks. Whereas the said perceptual difference in private banks is narrow.
Endalkachew Abebe (2013) [24]	Assessing the impact of Core Banking and service quality on Customer Satisfaction in Commercial Bank of Ethiopia (A case of Bishofftu Branch)	There is significant relationship between all service quality dimension and customer satisfaction in commercial bank of Ethiopia. At the same time, there was significant relationship between core banking and customer satisfaction.
Tizazu k.2012 [25]	The Effect of Customer Service Quality on Customer Satisfaction in Selected Private Bank	There is positive and significant relationship between Tangibility, reliability, assurance, empathy and customer satisfaction
Mesay S.2012 [21]	Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector	There is a significant positive relationship between the five dimensions of service quality and customer satisfaction, the highest correlation is between empathy and customer. The weakest correlation is between reliability and customer satisfaction.

# C. Customer Satisfaction versus Service Ouality

Due to the dynamic nature of expectation, evaluations change over time form person to person and form culture to culture. What is considered quality service or the things that satisfy customers today might different tomorrow. Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences [19]. The reason for the focus on quality of service and customer satisfaction is the belief that organizations can differentiate themselves by means of providing better service quality and overall customer satisfaction. Reference [20] defined service quality and customer satisfaction as service quality is a global judgment or attitude relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Satisfaction is a post consumption experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system.

According to [19] the terms satisfaction and quality were used interchangeably. But researchers have attempted to be more precise about the meanings and measurement of the two concepts, resulting in considerable debate. Consensus is growing that the two concepts are fundamentally different in terms of their underlying causes and outcomes. Although

they have certain things in common, satisfaction is generally viewed as a broader concept whereas service quality assessment focuses specifically on dimensions of service.

Based on this view perceived service quality is a component of customer satisfaction. On the other hand, [9] argue that satisfaction is the post-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Some believe service quality leads to satisfaction, others think it's not. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases [21]. Some related works have been summarised in table 1 above.

### V. RESEARCH METHODOLOGY

Research methodology deals with a systematic and scientific methods that can be adopted to solve research problems. Methodology is a crucial step in any research because it directly influences the whole research and its findings. The present study was carried out to gain an insight into the customer satisfaction level with the quality of services

provided by public sector and private sector banks in Axum town.

# A. Research design and Target population

The researcher used comparative type of research design in the intention to simplify the whole concept of the research in a more connected way with the reality that could be easily understood. The study was conducted in public sector and private sector banks of Axum town. There is only one stated owned bank with four branches and seven private banks (Wegagen Bank, Dashen Bank, Anbesa Bank, Abyssinia Bank, Berhan bank and Abay Bank) each with only one branch in the town. For this study banks are chosen by the number of customers they have from each of their categories. The target population are customers of private bank and state owned bank in Axum town.

# B. Sampling technique and sample size

In order to acquire sufficient information on both quality and quantity, the researcher employed stratified sampling techniques followed by convenience sampling. First the total population was classified in to two strata as state owned bank customers and private bank customers then, 150 customers from each stratum will be chosen by using convenience sampling technique. Since there is only one state owned bank the researcher will take the state owned bank; Commercial bank of Ethiopia. Based on the number of customers they have, three private banks; Wegagen Bank, Dashen Bank, and Anbesa International Bank has been used. Then, equal number of customers (respondents), 50 customers from each category will be used as primary data source.

# C. Data collection and Analysis method

We used qualitative and quantitative type of data. Also the researcher used primary and secondary source of data. Primary Data will be collected using the questionnaire and personal contact approach. The information will be gathered from different customers of the two bank categories. The respondents will be approached personally in order to seek fair and frank responses on quality of service they are getting from the bank they use. Secondary data will be collected from the internet and published reports.

The researcher used comparative method of data analysis to summarize and present the collected data with their frequency. The collected data will be converted in to appropriate format to make analyses and interpretation easier. Finally, the researcher analysed and interpreted the collected data in comparative form and arrived at logical interpretation and conclusion.

# VI. RESULT AND DISCUSSION

### A. Data Analysis

As it has been clearly indicated in objective of the study section, the major areas of questioning and analysis is concerned with perceptions of customer's towards the service they get and their satisfaction in that regard. So, the analysis will focus on service quality and its dimensions: reliability, responsiveness, assurance, tangibility and empathy. As declared, in the questionnaire, customer's will express their perception towards each of the dimensions on a five point scale (five being strongly agree to one being strongly disagree). In doing the numerical analysis, the researcher first averaged the results of the private banks then the analysis continued to compare the private banks with the state owned bank and the comparison for each satisfaction measurement are discussed below. For each of the dimensions, all the response of the customers will be averaged to get the average perception of customers against the question in each dimension. This is done for the two strata separately. After that the sum of each of the questions under a dimension will give us the total perception of customers to their bank regarding that dimension. Again this will be done in the same way for each bank groups.

Below we discuss the details of the Analysis. Before we analyse dimension wise, we have analysed a general customer satisfaction and service quality analysis in section B and section D will analyse the results dimension-wise.

# B. Overall Analysis

# i. Overall Service quality Analysis

As discussed in literature review, customer satisfaction is highly dependent on the service quality. To measure service quality many techniques are there and in this work we have employed the SERVPERF service quality metric. Before analysing details of each of the service quality measurement dimensions, we will try to summarize the perception of customers' towards the service they get from their respective banks by evaluating each dimension against a five point scale. Then we can easily compare state owned bank and private banks by using these measure results.

Table 4.5 shows the mean values of each customer's perception against each of the dimensions. Each dimension will be discussed in detail in the coming sections. In this table we collected the total score of each bank for each dimension except assurance for comparison. Each dimension except assurance have 4 question each with 5 points, and the total point being out of 20 for each dimension. Assurance has 5 questions each out of 5, thus the total values sums to be out of 25. The grand total will be out of 105. Thus, as we can see from the table, the average total result

scored by private banks (Dashen, Anbessa and Wegagen) 84.55 out of 105 is much better than that of state owned bank (CBE) 75.75 out of 105. Relatively, state owned banks have shown to be competitive in tangible dimension while they are much behind in all other dimensions.

TABLE 2. CUSTOMERS' MEAN SERVICE QUALITY PERCEPTION

N o	Dimensions	Maxi mum points		banks Wegagen, , Anbesa)	State of bank (CI	mean
			Points	In %	Points	In %
1	Reliability	20	17.74	88.7	15.6	78
2	Assurance	25	21.09	84.36	18.52	74.08
3	Responsiveness	20	14.82	74.1	12.55	62.7
4	Empathy	20	15.47	77.3	14	70
5	Tangible	20	15.4	77	15.2	76
	Total (1+2+3+4+5)	105	84.55	80.5	75.75	72.1

# ii. Overall Customer Satisfaction Analysis

As the following table shows, we have developed 6 questions which summarize the concept of each of the dimensions of service quality to measure to measure customer satisfaction among private and state owned bank. Respondents were provided with six questions each to be scaled from 1 to 5 indicting their satisfaction level. Then, for each question the average answers are calculated for each strata. Since there are 6 questions the total answer sums to 24. As we can see from the table the mean total customer satisfaction of private banks is 24.8 out of 30 which is 82% satisfaction is while state owned bank customers are satisfied only 21.6 out of 30 equivalent to 71%. Based on this table we can easily see the satisfaction level customers of private banks is better than that of state owned bank. Looking at each points one by one, the biggest difference among the two (private and state owned) banks is regarding the professional competence of their employees. The response of private bank customers' regarding their satisfaction with the bank's employees professional competence is 4.5 while that of state owned bank is 3.5 showing the professional competence gap at state owned bank observed by their customers.

TABLE 3. GENERAL CUSTOMER SATISFACTION

N	Questions	Max	Privat	State
O		imu	e	owne
		m	banks	d
		poin	mean	bank
		t		mean
1	I am satisfied with the bank's	5	4.5	3.5
	complete range of services.			
2	I am satisfied with the	5	4.41	3.3
	performance of the employees of this bank.			
2		5	3.83	3.7
3	I am satisfied of being a client of this bank.	5	3.63	3.7
4	I am satisfied with the bank	5	4.5	3.4
4	employees' professional	5	4.5	J. <del>4</del>
	competence			

5	I am satisfied with the quick service of this bank.	5	3.66	3.8
6	I am satisfied with the respectful	5	3.99	3.9
	behavior of Employees. <b>Total</b> (1+2+3+4+5+6)	30	24.81	21.6

# C. Dimension-wise Analysis

Below we will discuss the analysis for each of the quality of service dimensions. Each dimensions have questions which will be measured against a 5 point scale by customers. Then the average value of all customers' response will be calculated for each banks. Finally the total value will be calculated by adding up the average values of each question in the dimension.

i. Reliability
Table 4. Customers' bank reliability perception

No	Questions	Private banks mean	State owned bank mean
1	Banks fulfill its promise at the time indicated	4.33	4
2	Bank's perform the service exactly at the first time	4.6	4.1
3	Bank show a keen interest in solving your problems	4.06	4.4
4	Bank insist on error free record	4.75	3.1
	Total Reliability (1+2+3+4)	17.74	15.6

RELIABILITY: The breakdown of reliability dimension of service quality shows major variations in the observation of state owned bank with their respective customers. CBE (15.6) in table 4.7, shows that they fall below the expectations of their customers in delivering quality services, whereas Private owned banks (17.74) is greater than the perceptions of their customers in this dimension. The factor wise analysis of reliability explains that CBE's reliability perception by their relevant customers as far as keeping promise, Interest in solving problem, and providing service at promised time are concerned than their counterpart, private banks.

ii. Assurance
Table 5. Customers' bank assurance perception

No	Questions	Private banks mean	State owned bank mean
5	Bank's staff behavior instills confidence in me	4.53	3.7
6	I feel safe in my transaction with the bank	4.1	4.12
7	Bank's staff are courteous with me	4.26	3.6
8	Bank's staff have the knowledge to answer all my question	4	3.3
9	Bank's staff behavior instills confidence in me	4.2	3.8
	Total assurance (5+6+7+8+9)	21.09	18.52

ASSURANCE: The perceptual variation between CBE (18.4) and Private Banks (21.09) in table 4.8, customers are low as is evident from the mean. The factor wise analysis illustrates that private banks score greater points than state owned bank in providing assurance to their customers as far as trust worthiness and courteous with customers. While CBE is slightly greater than private banks in feeling safe in transacting with the bank and private banks still outperform in the total assurance perception of their customers.

iii. Responsiveness

TABLE 6. CUSTOMERS' BANK RESPONSIVENESS PERCEPTION

No	Questions	Private banks mean	State owned bank mean
10	Bank's staff tell you exactly the time the service will be performed	4.41	2.5
11	Bank's staff give your prompt services	3.08	3.1
12	Bank's staff always willing to assist you	3.83	3.55
13	Banks staff are not too busy to respond to my question	3.5	3.4
	Total responsiveness (10+11+12+13)	14.82	12.55

RESPONSIVENESS: The data in Table-4.9 illustrate that there are important perceptual differences on the responsiveness dimension of service quality with their customers. CBE (12.55) shows that the bank is far below the perceptions of their customers on the said dimension when compared with private banks (14.82). The element wise analysis of this dimension shows that CBE is falling below the perceptions of their customers on communicating to the customer regarding performance of service, employees providing prompt services and willingness to help customer.

iv. Empathy

TABLE 7. CUSTOMERS' BANK EMPATHY PERCEPTION

TA	TABLE 7. CUSTOMERS' BANK EMPATHY PERCEPTION				
No	Questions	Private	State		
		banks	owned		
		mean	bank		
			mean		
14	Banks give me individual attention	4.9	3.6		
15	Bank operating hours convenient to me	4.16	3		
16	The bank has my interest at heart	3.25	3.4		
17	Bank's staff understand my specific needs	3.16	4		
	Total empathy (14+15+16+17)	15.47	14		

EMPATHY: The data analysis of Table-4.10 relate the fact that state owned bank, CBE's empathy (14) stand down from their customers regarding delivery of quality services when compared with private banks (15.47). Although, the private banks outperform the state owned bank in total, the state owned bank, CBE, have shown better result in

having the heart of their customers and understanding their customers specific needs.

v. Tangible

TABLE 8. CUSTOMERS' BANK TANGIBLES PERCEPTION

No	Questions	Private banks mean	State owned bank mean
18	The bank's employees has a neat & professional appearance	4.16	4.1
19	Material associated with the service like pamphlets, statements are visually appealing	4.41	3.7
20	Bank physical facilities visually nice	3	3.5
21	Banks has modern equipment & tools	3.83	3.9
	Total tangible (18+19+20+21)	15.4	15.2

TANGIBILITY: The data in Table-4.11 fetch to light the distinction in customer perceptions of the banks—state owned and private with their regarding tangibles. The data tells that private banks such as Dashen, Anbessa and Wegagen are slightly exceeding the perceptions of their customers when compared to state owned bank CBE. While CBE with a mean of (15.2) falls undersized the perceptions of their customers on this dimension of service quality when evaluated to private banks (15.4). The element wise breakdown of tangibility shows severe short fall of perceptions among banks like CBE in the professional look of employees. CBE gets better perception in having up to date equipment, physical facilities available in a bank, neat appearance, materials in banks as perceived by their relevant customers.

# VII. CONCLUSIONS

The research has been conducted by employing SERVPERF service quality and customer satisfaction tools and result has been discussed in chapter four. Based on the analysis results the following conclusions were made by the researchers.

The Researcher found in their research the highest customer satisfaction is demonstrated in the reliability area such as customer guidance, customer support, timely and as promised service delivery; and lower performance in responsiveness areas such as willingness to help customer, friendly attitude of staff and others.

The overall comparison among private and state owned banks in Axum town have shown that private bank customers have shown to be more satisfied than their counter part customers. Private Banks have proved to be giving more quality service to their customers in Reliability followed by Assurance, Empathy, Tangibles and Responsiveness respectively. On the other hand state owned bank has shown to have better quality service in reliability followed by tangibles, assurance, empathy and

responsiveness among the dimensions but still behind the private banks in all dimensions.

Due to the wide variation of the responses, both public and private banks need to consider the weak areas in order to meet customer requirements. This study derives its basis from various research findings and is also in line with empirical findings with respect to customer satisfaction by other researchers.

### VIII. RECOMMENDATIONS

The data analysis results many issues to be considered by the bank managers and policy makers. Customers are the backbones of any service provider company to be profitable and stay competent. Our results suggest that none of the dimensions of the quality have reached 90% of the maximum point indicating much work to be done by all the banks. Studies indicate that customers tend to switch to other service provider unless the service quality keeps improving with time and we suggest the following points to be considered by the banks

Both, private and state owned, banks are in good progress in giving reliable service to their customers compared to other dimension, thus we suggest to keep up the good progress.

On the other hand, both, private and state owned, banks are too behind in creating a responsive bank to their customers. Responsiveness is one of the essential services a company should owe its customers, thus we suggest banks to focus on leveraging their resource to improve this dimension and create a responsive employee to their customers.

Although private banks have shown to be more satisfying their customers, they still have gap in tangible facilities dimension. Thus, it's suggested that private banks consider furnishing their banks with modern and up-to-date facilities.

The data analysis has witnessed that state owned banks are lagging behind almost in all dimensions. Thus it is suggested that they have to scale up to private banks not to lose their customers.

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