

Banking Service Quality as a Criterion for Customer Satisfaction – An Analytical Study on a Sample of Iraqi Banks Listed on the Iraq Stock Exchange

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Abstract

Customer satisfaction is a critical focus for business organizations, particularly in the banking sector, where customer interactions play a vital role in shaping a bank's capital. This study aims to examine the influence of banking service quality on customer satisfaction, using a sample of banks listed on the Iraq Stock Exchange in 2023. Previous research suggests that service quality significantly affects customer satisfaction, prompting this investigation within the Iraqi context. Data were gathered through 102 questionnaires, and the results were analyzed using correlation and regression analyses. The findings indicate that the quality of banking services has a significant impact on customer satisfaction, with key dimensions such as tangibility, safety, and empathy showing a particularly strong influence. Tangibility, which had a mean of 2.149 and a high standard deviation of 0.863, revealed variability in respondents' perceptions. In contrast, reliability exhibited the lowest standard deviation (0.799) and the highest agreement among respondents, indicating homogeneity in how reliability is perceived. Correlation analysis showed significant relationships between banking service quality dimensions (responsiveness, safety) and customer satisfaction components, such as satisfaction with procedures and employees. Multiple regression analysis further demonstrated that tangibility, safety, and empathy were the most influential factors, explaining 74.8% of the variation in customer satisfaction. These results suggest that enhancing these specific service quality dimensions is essential for improving customer satisfaction in the Iraqi banking sector, particularly given the sector's challenges and the importance of maintaining customer trust.

Keywords: Banking, Customer Satisfaction, Quality, Service.

Introduction

For the past two decades, organizational and technological advancements, along with environmental and structural changes, have significantly heightened competition among service sectors. This has led to an increased focus on service quality as a measure of superior organizational performance. High service quality results in greater customer satisfaction and loyalty, as well as an increased willingness to recommend the service to others (1). The world has undergone significant changes due to globalization, including the free movement of capital, which has boosted investments by eliminating global barriers and restrictions. This has led to substantial trade exchanges between many economies, opening the door to increased competition among similar sectors, including the banking services sector. This competition has been further intensified by the advent of modern

software, facilitating the transition from traditional banking to electronic banking, thus accelerating the pace of competition. Consequently, the main effort in this sector is now to satisfy and attract customers through excellence in electronic banking services (2). The concept of service quality has evolved beyond merely conforming to specifications as showed in Table 1. With the increasing needs, desires, and expectations of customers, organizations are compelled to meet these demands (3). Quality now refers to conformity with specifications and has become a fundamental requirement for both banks and customers. However, the challenge lies in the measurement process, as both the service provider and receiver are human elements influenced by various environmental factors. These factors affect how the service is delivered and received. Naturally, quality, in all aspects,

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will impact on the service and its complexity. Attributes must be firmly established to be considered of high or acceptable quality. The goal

is for organizations to use high-quality services to ensure profitability and sustain operations (4).

Table 1: Various Definitions of Service Quality

Author	Perspective	Definition
Parasuraman <i>et al.</i> , 1988 (5)	Expectations	"The gap between received and expected service quality"
Uzunboylu, 2016 (6)	Performance	"Perceptions resulting from comparing expected with actual performance"
Ramya <i>et al.</i> , 2019 (7)	Employees	"The ability of the service provider to satisfy the customer effectively"
Johnson and Karlay, 2018 (8)	Comparison	"The comparison customers make between the services provided"
Prakash and Mohanty, 2012 (9)	Organization	"The extent of discrepancy among customers"

With the changing nature of banking systems and the consequent changes in customer interactions, particularly with technological advancements that have redefined banking services, there has been a significant impact on the quality of services provided. This technological progress has enabled the banking sector to expand its service offerings, reflecting a new level of quality (10). Additionally, the ability to apply for and receive services online has become a reality, compelling the banking sector to adapt, especially by ensuring the provision of high-quality banking products. Online marketing practices have highlighted the need for banks to ensure quality in this innovative delivery method, as it can determine the success or failure reflected in customer satisfaction (11). Consequently, many researchers have provided different perspectives on the dimensions of banking service quality, reflecting the unique nature of each country and its economic and banking systems. The SERVQUAL model, commonly used to measure banking service quality, is adapted to fit the specific nature of services in each country. In this context, presented four dimensions—reliability, human capital, communication, and technologies—that they believed suited the Chinese environment (12). In Iraq, the validity of the SERVQUAL model in the Iraqi context has been agreed upon by researchers (13-15). Therefore, many studies have adopted the SERVQUAL model as a measure of banking service quality within the banking industry. As shown, the model consists of five dimensions (13-15), Tangibility in banking service quality is demonstrated through physical representations that reflect intangible elements and facilities, leaving a lasting impression on

customers. This involves the human element, where staff behavior significantly contributes to showcasing the quality of services. Factors such as the bank's internal layout, geographic location, interior design, and the comfort of waiting areas play a crucial role in shaping customer perceptions, either positively or negatively. Reliability, on the other hand, is realized through the consistent delivery of services as promised, ensuring accuracy and meeting customer expectations. When a bank reliably fulfills its commitments, customers feel justified in the fees they pay, strengthening their trust in the bank. Responsiveness focuses on the human element's efficiency in guiding customers promptly and accurately to meet their expectations. From the moment a customer interacts with the bank, the staff's courteous behavior, timely resolution of inquiries, and proactive assistance help ensure a high-quality service experience. Assurance, critical to customer retention, is fostered through employees' ability to instill confidence. Customers need to feel secure in their deposits and transactions, trusting that the bank consistently delivers accurate financial statements and error-free services. Finally, empathy is essential in customer service, where banks treat each customer as a priority. By providing personal attention and guiding them among the appropriate staff, customers feel valued and integral to the bank's operations, enhancing their overall satisfaction. Researchers identified six areas that constitute the importance of banking service quality: direct service, the external appearance of the bank, employee appearance, and technical support provided communication through correspondence, and employee attitudes

and behaviors. These areas are considered by the bank to be significant to customers (16). Many researchers have discussed the importance of service quality for both the bank and the customer. Service quality is considered a fundamental element for gaining competitive advantages in a world with many providers offering similar services with comparable core aspects. The importance of the service is reflected in the technical aspect, representing the level of quality received by the customer through the services provided. There is also the functional quality embedded in the individuals delivering the service. Additionally, the service has psychological and behavioral aspects, reflecting how service providers' exhibit behaviors that align with customer expectations. All this impacts customer satisfaction and loyalty. When customers are happy with their interactions with service employees, the desired quality is achieved (17). Several factors drive service organizations to prioritize banking service quality, summarized as follows (18): Service organizations are driven to prioritize banking service quality due to several key factors. Firstly, changes in customer expectations have heightened as customers become more knowledgeable, influenced by organizational advertising and competitor offerings. This leads to a demand for higher-quality services. Secondly, competition plays a significant role, as continuous innovations by competitors to increase market share push other organizations to improve their service delivery or find new methods to stand out. The general environment, including economic, social, legal, political, and cultural conditions, alongside rapid technological advancements, also creates pressure for service organizations to enhance quality (19). Additionally, customer service evaluations are vital, as customers' judgments about the services they receive directly impact the organization's reputation. The internal environment adds further pressure, with promotional activities raising customer expectations and necessitating the organization to meet or exceed these perceived expectations by transforming them into actual experiences. Finally, providing high-quality services leads to increased profits, as greater efficiency and effectiveness in service delivery encourage customers to return, boosting organizational

revenue (20-22). Customer satisfaction is one of the fundamental tools employed by business organizations to indicate their success. It provides a comprehensive evaluation of the organization's performance from the customer's perspective, focusing on purchasing processes, whether in the form of goods or services. It indicates how these goods and services are delivered by business organizations and serves as feedback on how to achieve high customer satisfaction (19). Customer satisfaction results from the harmony between expectations and perceptions. Conversely, dissatisfaction arises from a discrepancy between expectations and perceptions. Satisfaction is the judgment that the services provided meet the expected standards, translating into evaluative behavior throughout the different stages of service delivery (20). Customer satisfaction stems from the comparison customers make between the tangible attributes and actual performance of the products they receive. Positive emotions triggered by a specific product or service led to satisfaction, a psychological state linked to perceived expectations (21). Therefore, customer satisfaction is a measure of the success of a particular organization's products in meeting customer expectations, ultimately achieving their satisfaction. Consequently, satisfaction is a crucial element in any marketing practice, aimed at fulfilling customer needs both before and after the purchase. Marketing activities focused on achieving satisfaction can alter customer attitudes, encouraging repeat purchases of products that have met their expectations, thus fostering brand loyalty. For any organization aiming for long-term success, focusing on the concept of satisfaction is essential (22). Although customer satisfaction does not directly evaluate the company's overall market quality or provide immediate revenue, it offers leadership insights into the value provided to customers because of the organization's activities. A common mistake in measuring customer satisfaction is focusing on the organization rather than the customers. Achieving customer satisfaction is a result of employee satisfaction within the organization. Differentiating between internal and external customers is crucial; external customer satisfaction cannot be achieved without first ensuring internal customer satisfaction. Business organizations must recognize that profits are not

an end in themselves but a means to serve the community and benefit all stakeholders (23). To understand the concept of customer satisfaction

comprehensively, several definitions reflecting the perspectives of different researchers are provided.

Table 2: Various Definitions of Customer Satisfaction

Researcher	Definition	Perspective
Musafir, 2017 (24)	The perceptions customers have about how fully, effectively, and quickly...	Meeting Expectations
Sharmin, 2012 (25)	The emotional reflections of the customer are purchasing experience...	Behavioral
Ilieska, 2013 (26)	A set of judgments customers make about a particular organization's products...	Response to Customer Behavior
Chattopadhyay, 2019 (27)	The essential element for the success of business organizations...	Organizational
Sheth, 2013 (28)	A measure of the quality management system that business organizations...	Quality
Zwein, 2009 (29)	A set of feelings formed in the customer due to their belief...	Customer

From these definitions in table 2, each one reflects a specific perspective, with most focusing on the alignment between what is expected and what is received through the products provided. Customer satisfaction can be defined as the state in which customers believe they are the focus of the organization, and their needs and desires are fully met. Customer satisfaction should be a primary focus for all business organizations for several reasons. Firstly, it serves as a crucial indicator of purchase intentions and loyalty, as satisfied customers are more likely to repurchase. This can be measured through surveys that gauge their likelihood of returning. Secondly, in highly competitive markets, customer satisfaction becomes a key differentiator for long-term success (30). Companies facing intense competition often develop strategies to engage customers more effectively. Thirdly, customer

retention is closely tied to satisfaction; studies show that customers rarely leave due to price but more often due to dissatisfaction with a product or service (26-30). Higher satisfaction correlates with increased retention. Fourthly, higher customer satisfaction leads to revenue growth, as satisfied customers contribute significantly more to revenue than dissatisfied ones. Successful companies recognize this as essential for survival. Additionally, negative word of mouth from dissatisfied customers can damage an organization's reputation, whereas high satisfaction helps mitigate this risk (28). Finally, losing customers is costly, as acquiring new customers is six to seven times more expensive than retaining existing ones. Any marketing efforts will be wasted if current customers are dissatisfied, and the company continues to lose them.

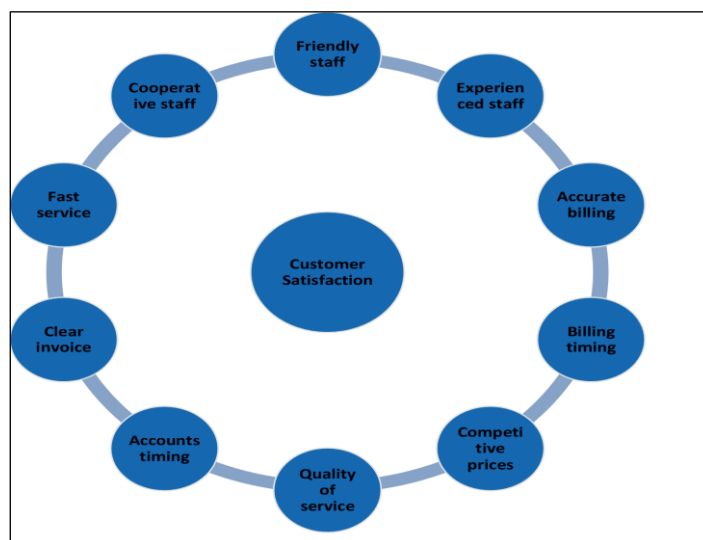


Figure 1: Factors Influencing Customer Satisfaction

Measuring customer satisfaction is a topic of debate among researchers, depending on the approach an organization uses to understand it. Some perspectives see satisfaction as a cumulative attitude, where satisfaction or dissatisfaction arises from repeated interactions rather than a single transaction. Others view satisfaction as the result of a single positive or negative experience. There are also differing views on whether satisfaction is a process or a result. Many researchers support the view that satisfaction or dissatisfaction results from a comparison process, where customers compare their perceived expectations with their actual experiences. Conversely, some believe satisfaction is an outcome based on the customer's experience with a product, relying heavily on the customer's prior experience with similar products. In banking, satisfaction is often viewed as a process, which aids in measuring customer satisfaction by focusing on the satisfaction process rather than just the outcome (31). There are several factors influencing customer satisfaction, as illustrated in Figure 1 (32). Previous literature has proposed various metrics for measuring customer satisfaction. In 2002, Leonard Berry identified ten dimensions of satisfaction: quality, value, timing, efficiency, accessibility, environment, teamwork, service provider behavior, customer commitment, and perceptions of continuous improvement. This approach highlights the need for high-quality questionnaires as tools for gathering information about customer satisfaction levels (33). Additionally, emphasis has been placed on designing high-quality questions to capture customer preferences, balancing open-ended questions with closed-ended ones for more informative insights. For the banking sector, customer satisfaction measurement serves as a benchmark for understanding service quality from the customer's perspective. Accurate data on customer satisfaction enables banks to identify strengths and weaknesses and take the necessary corrective actions to maintain profitability, revenue, and brand loyalty (34). Customer satisfaction dimensions include satisfaction with service procedures, satisfaction with employees providing the service, and satisfaction with the service itself. Despite differing terminologies, researchers generally agree on these dimensions.

Below are detailed descriptions of these three dimensions:

Satisfaction with Services: With intense competition across various industries, particularly the banking sector, this industry must focus heavily on customers to increase market share. Increased market share helps face growing competition, achievable by enhancing customer value and satisfaction. The banking sector relies on customer deposits, making customer satisfaction with banking services crucial. Customers typically seek banks offering reasonable returns and high security, mandated by international agreements like Basel, which impose restrictions to ensure financial stability. Customer satisfaction in banking revolves around returns and security provided by the bank, forming the basis of competition (12). Satisfied customers often share their positive experiences with others, especially in Middle Eastern cultures where social exchange is prevalent. This word-of-mouth promotion can significantly impact the desirability of banking services (31).

Satisfaction with Employees: In service organizations, direct interaction between customers and service providers is pivotal. To achieve customer satisfaction, organizations must first ensure employee satisfaction. Satisfied employees are likely to deliver better service, reflecting positively on customer interactions. This can be achieved through rewards, recognition, meeting employee needs, and aligning work goals with expectations. Satisfied employees are enthusiastic and committed to providing excellent service, while dissatisfied employees may negatively impact customer satisfaction. Employee satisfaction also fosters creativity and suggestions for improving customer service (27). Studies have linked employee satisfaction to customer satisfaction by surveying both groups. A supportive work environment enhances employee interactions with customers, leading to higher customer satisfaction (33).

Satisfaction with Procedures: Customer satisfaction is also influenced by their experience with service procedures. Previous experiences shape customers' satisfaction or dissatisfaction. Customer satisfaction involves a comprehensive evaluation based on several metrics, reflecting individual behaviors. High levels of customer

satisfaction led to better retention, profitability, and loyalty. Service organizations must understand customer expectations and perceptions of their services to continuously improve service quality (20). As above we can explain the main aspects for this research as follow:

Research Problem: The topic of customer satisfaction is of significant interest to many stakeholders within an organization, particularly to its employees, as the customer is the foundation of the organization's existence. This importance is amplified in the banking sector, which is a service industry where customer interaction is fundamental to its existence. Customers are both the financiers and beneficiaries of banking services. Through a review of previous literature, this research aims to determine the impact of banking service quality on customer satisfaction in the Iraqi banking environment, and whether the dimensions of service quality exert their influence comprehensively or are confined to certain dimensions.

Research Importance: This research provides a conceptual framework represented in a hypothetical model that includes banking

service quality as an independent variable and customer satisfaction as a dependent variable. The aim is to draw the attention of interested parties to the importance of service quality as a crucial element for achieving customer satisfaction. Service quality encompasses several dimensions that may work collectively or may see specific dimensions prioritized in certain environments over others.

Research Objectives: The objective of this research, were to determine the impact of banking service quality on customer satisfaction, and whether the dimensions of service quality influence customer satisfaction, explore the nature of the Iraqi banking environment and the specific dimensions of service quality, and whether they collectively work to achieve customer satisfaction or whether the Iraqi banking environment is influenced by certain dimensions over others and ascertain whether there is a link between customer satisfaction and banking service quality, or if customer satisfaction in the Iraqi banking environment is influenced by other variables not included in the current study. Hypothetical Model of the Study as showed in Figure 2.

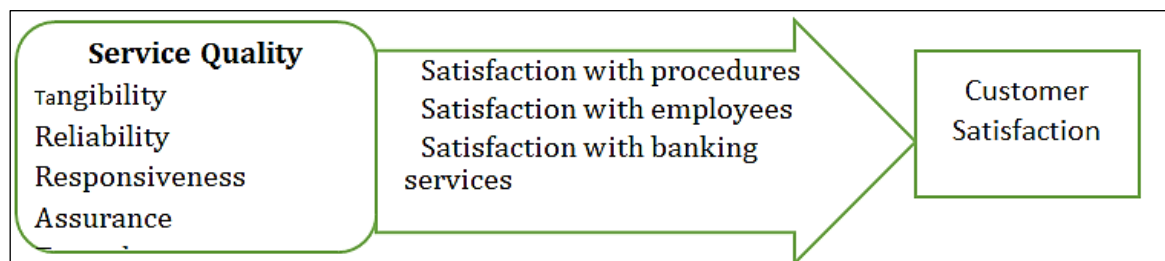


Figure 2: The Hypothetical Study Design

Methodology

Research Hypotheses

There is no statistically significant correlation between banking service quality and customer satisfaction.

Banking service quality does not affect achieving customer satisfaction.

Study Population and Sample

study population is defined as the Iraqi banking sector, sample content five banks that chosen in many conditional first Continued inclusion in the Iraqi Security Commission, second its data are complete, third the non-probability sampling is used to choose the sample, in the light the

number of banks are 24 in private sector, we chose 25% are chosen as sample. The sample consists of the Middle East Bank, Al Ahli Iraqi Bank, Al Taif Bank, and Investment Bank.

Statistical Methods Used in the Analysis

To achieve the desired results of the current research, the SPSS program was used to conduct the following tests:

- Spearman's correlation coefficient test.
- Simple linear regression analysis.
- Multiple regression analysis.

Results

Table 3: Normality Test

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Tangibility	.082	102	.085	.982	102	.173
Reliability	.060	102	.200*	.995	102	.974
Responsiveness	.060	102	.200*	.976	102	.055
Safety	.072	102	.200*	.977	102	.066
Empathy	.048	102	.200*	.988	102	.473
Satisfaction with Procedures	.080	102	.108	.990	102	.652
Satisfaction with Employees	.073	102	.200*	.993	102	.861
Satisfaction with Banking Services	.067	102	.200*	.989	102	.568

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

As can be seen from Table 3, all values have a significance value greater than 0.05, indicating that the data follow a normal trend. Description of the Sample.

Latent Dimensions of Service Quality Variable

Table 4 presents the frequency of responses from the study sample based on a five-point Likert scale for each dimension. The aim is to identify areas of agreement among the respondents. The highest agreement (strongly agree) was recorded

across all dimensions, except for the tangibility dimension, which had the highest response as "agree" with 44 responses. The lowest standard deviation in responses was within the reliability dimension at 0.799 with a mean of 1.878, indicating homogeneity in the sample's responses regarding reliability. The highest standard deviation was within the tangibility dimension at 0.863 with a mean of 2.149, indicating a high standard deviation in responses and a dispersion of agreement regarding tangibility.

Table 4: Latent Dimensions of Service Quality Variable

Dimension	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std. Deviation
Tangibility	43	44	9	5	1	2.1495	0.86335
Reliability	61	27	11	2	1	1.8784	0.79909
Responsiveness	53	35	11	2	1	1.9853	0.82491
Safety	48	41	10	2	1	1.9755	0.82242
Empathy	42	41	12	7	0	2.1686	0.84701

Latent Dimensions of Customer Satisfaction Variable

Table 5 presents the frequency of responses from the study sample based on a five-point Likert scale for each dimension of customer satisfaction. The highest agreement (strongly agree) was recorded in the first dimension (satisfaction with procedures) with 51 responses, while the other two dimensions (satisfaction with employees and satisfaction with banking services) recorded 53

and 45 responses, respectively. The lowest standard deviation in responses was within the first dimension at 0.635 with a mean of 2.021, indicating homogeneity in the sample's responses regarding satisfaction with procedures. The highest standard deviation was within the second dimension (satisfaction with employees) at 0.678 with a mean of 1.888, indicating a high standard deviation in responses and a dispersion of agreement regarding satisfaction with employees.

Table 5: Latent Dimensions of Customer Satisfaction Variable

Dimension	Strongly Agree	Agree	Neutral	Dis agree	Strongly Disagree	Mean	Std. Deviation
Satisfaction with Procedures	43	51	8	0	0	2.0212	0.63526
Satisfaction with Employees	53	41	7	0	1	1.8889	0.67866
Satisfaction with Banking Services	45	42	15	0	0	1.9837	0.64635

Table 6: Correlation Analysis between Banking Service Quality and Customer Satisfaction

Variables	Tangibility	Reliability	Responsiveness	Safety	Emotion	Procedures	Employees	Service Quality	Satisfaction
Tangibility	1.000	0.766**	0.777**	0.824**	0.711**	0.712**	0.731**	0.672**	0.905**
Sig. (2-tailed)	.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reliability	0.766**	1.000	0.839**	0.835**	0.652**	0.660**	0.738**	0.652**	0.882**
Sig. (2-tailed)	0.000	.	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Responsiveness	0.777**	0.839**	1.000	0.811**	0.790**	0.700**	0.682**	0.653**	0.933**
Sig. (2-tailed)	0.000	0.000	.	0.000	0.000	0.000	0.000	0.000	0.000
Safety	0.824**	0.835**	0.811**	1.000	0.720**	0.775**	0.813**	0.707**	0.918**
Sig. (2-tailed)	0.000	0.000	0.000	.	0.000	0.000	0.000	0.000	0.000
Emotion	0.711**	0.652**	0.790**	0.720**	1.000	0.723**	0.683**	0.696**	0.848**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	.	0.000	0.000	0.000	0.000
Procedures	0.712**	0.660**	0.700**	0.775**	0.723**	1.000	0.765**	0.748**	0.768**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	.	0.000	0.000	0.000
Employees	0.731**	0.738**	0.682**	0.813**	0.683**	0.765**	1.000	0.747**	0.783**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	.	0.000	0.000
Service Quality	0.672**	0.652**	0.653**	0.707**	0.696**	0.748**	0.747**	1.000	0.738**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	.	0.000
Satisfaction	0.781**	0.746**	0.736**	0.824**	0.754**	0.908**	0.924**	0.887**	0.826**
Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

*. Significant at p ≤ 0.05, **. Significant at p ≤ 0.01

Interpretation of Correlation

Hypothesis:

No Statistically Significant Correlation Between The Dimensions of Banking Service Quality and Satisfaction with Procedures: Observing the correlation coefficients for dimensions of banking service quality (tangibility, reliability, responsiveness, safety, emotion) with satisfaction with procedures, the values are (0.136, 0.113, 0.328**, 0.384**, 0.019) respectively. Based on the significance values (0.174, 0.259, 0.001, 0.000, 0.849), the relationship is significant for responsiveness and safety, indicating these dimensions positively influence satisfaction with procedures, while other dimensions do not.

No Statistically Significant Correlation Between The Dimensions of Banking Service Quality and Satisfaction with Employees:

Observing the correlation coefficients for dimensions of banking service quality (tangibility, reliability, responsiveness, safety, emotion) with satisfaction with employees, the values are (0.216*, 0.097, 0.305**, 0.279**, 0.056) respectively. Based on the significance values (0.029, 0.332, 0.002, 0.005, 0.579), the relationship is significant for tangibility, responsiveness, and safety, indicating these dimensions positively influence satisfaction with employees, while other dimensions do not.

No Statistically Significant Correlation Between the Dimensions of Banking Service Quality and Satisfaction with Banking Services: Observing the correlation coefficients for dimensions of banking service quality (tangibility, reliability, responsiveness, safety, emotion) with satisfaction with banking services, the values are (0.311**, 0.205*, 0.334**, 0.230*,

0.125) respectively. Based on the significance values (0.001, 0.039, 0.001, 0.020, 0.212), the relationship is significant for tangibility, reliability, responsiveness, and safety, indicating these dimensions positively influence satisfaction with banking services, while other dimensions do not.

Multiple Regression Analysis

Table 7: Multiple Regression Analysis of Service Quality on Satisfaction Dimensions

Model	R Square	Unstandardized Coefficients		t	Sig.
		B	Std. Error		
Tangibility	0.748	0.228		0.067	3.376
Reliability		0.061		0.088	0.693
Response		-0.043		0.089	-0.484
Safety		0.283		0.072	3.939
Emotion		0.155		0.062	2.525
	B	Std. Error		F	Sig.
Quality	0.679	0.42		16.265	0.000

Table 7 presents the multiple regression analysis to illustrate the effect of banking service quality on customer satisfaction. The R Square value indicates that the model explains 74.8% of the changes in customer satisfaction, with the remaining variation attributed to variables not included in the study. The t-values show that tangibility, safety, and emotion significantly influence customer satisfaction. The overall model, without the dimensions between banking service quality and customer satisfaction, is significant with an F-value of 16.265 and a significance level of 0.000 (less than 5%). The positive β coefficient of 0.679 indicates a direct relationship between the two variables; as banking service quality improves, customer satisfaction increases by 0.679

Discussion

The findings of this study provide valuable insights into the relationship between banking service quality and customer satisfaction. Analysis of the latent dimensions of service quality Table 4 reveals varying levels of agreement among respondents. Notably, tangibility received the highest "agree" responses rather than "strongly agree," indicating that while customers view the physical aspects of banking services as acceptable, they do not find them exceptional. This dimension also had the highest standard deviation, highlighting a greater diversity of opinions regarding the tangible elements of service. In

contrast, reliability was rated with the lowest standard deviation, suggesting that customers find this dimension—consistent and dependable service—to be crucial and uniformly perceived. Regarding customer satisfaction Table 5, the highest agreement was observed for satisfaction with procedures, as reflected by its low standard deviation and high mean score, indicating a general sense of contentment with banking processes. Satisfaction with employees, however, had a more dispersed set of responses, suggesting that customer interactions with staff were more varied, with room for improvement in delivering a consistently positive experience. The correlation analysis Table 6 further elucidates the dynamics between service quality and satisfaction. Responsiveness and safety were found to have significant positive correlations with satisfaction with procedures, underscoring the importance of prompt and secure service in shaping procedural satisfaction. For satisfaction with employees, tangibility and responsiveness emerged as significant influencers, indicating that both the physical environment and the efficiency of services are key to customers' perceptions of staff. Interestingly, satisfaction with banking services was also significantly influenced by tangibility, reliability, and responsiveness, reinforcing the idea that both the quality of the environment and service performance are vital to overall satisfaction. The multiple regression analysis

Table 7 further strengthens these findings, showing that tangibility, safety, and emotion have the most significant impact on customer satisfaction, with an R Square value of 0.748, indicating that 74.8% of customer satisfaction can be explained by these dimensions. The results suggest that creating a safe, emotionally engaging, and visually appealing environment plays a critical role in boosting customer satisfaction. Although responsiveness and reliability did not emerge as significant predictors in the regression model, their strong correlations with various satisfaction dimensions point to their importance in shaping customer perceptions, this study highlights the need for banks to focus on enhancing tangible aspects of service, ensuring safety, and fostering positive emotional connections with customers. Efforts should also be made to maintain consistency in service delivery, as reliability and responsiveness remain key factors in customer perceptions, even if they are not direct predictors of satisfaction in this model. A focus on these areas will likely result in higher and more consistent levels of customer satisfaction across banking services.

Conclusion

This study aims to re-examine the variables of banking service quality and customer satisfaction due to their significant importance. This re-examination is necessary to test the proposed models for measuring these variables over future periods and within different environments that have unique characteristics, which may not necessarily be like productive environments in other service sectors. The study tests the proposed model to see if improving the quality of banking services and aligning the banking products offered in the Iraqi banking sector with customer perceptions positively or negatively affects customer satisfaction. This is particularly crucial as the customer is the focal point of the banking sector's operations, being both the financier and beneficiary of banking activities. Within this context, the study re-evaluates the quality dimensions within the SERVQUAL model. The study collected the necessary data to test the variables using a questionnaire distributed to a sample of 102 respondents from banks listed on the Iraq Stock Exchange. Data were analyzed and required information was obtained to test the study hypotheses using Spearman's correlation

analysis, simple linear regression, and multiple regressions. The study concluded that the dimensions of the SERVQUAL model do not collectively function within the Iraqi banking environment (34). The general model, as tested by the F model, demonstrates the feasibility of adopting the model to examine its impact on customer satisfaction. However, the t-test indicated that three out of the five dimensions significantly influence customer satisfaction: tangibility, safety, and empathy. The pronounced impact of these dimensions appears to be linked to the state of the Iraqi banking sector, which experiences periodic disruptions that cause some banks to go bankrupt, leading to a constant state of customer concern regarding their deposits.

Abbreviations

SPSS: Statistical Package for the Social Sciences, SD: Standard Deviation, Sig.: Significance.

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Author Contributions

Souaad Abdulfattah Mohammed: Conceptualization, Methodology, Writing - Original Draft, Data Collection. Souail Dhoub: Data Analysis, Writing - Review and Editing, Supervision.

Conflict of Interest

The authors declare no conflict of interest.

Ethics Approval

Not applicable, as no human experiments were conducted.

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