Assessment of Customer Satisfaction and Service Quality Gaps in Domestic and Foreign banks in Sudan

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Abstract: *Customer service is one essential part of any aspect of banking and it outlines future of any banking institution. In banking sector, the whole series of activity and generation of Income twists around the customer. From a very contented and quiet environment, now the Sudanese Banking Sector is considered by hard competition for the customer's satisfaction and profit war between different banking groups i.e. (domestic bank vs. foreign Bank). This research tries to examine the comparative analysis of customer satisfaction among these two categories of banks – domestic and foreign banks using the list of service characteristics based on service quality method. Simple random sampling technique is implemented and sample size of the data was driven from customer of domestic and foreign banks operated in Sudan and located in Khartoum state.*

Keywords: Service quality, customer satisfaction, foreign bank, Sudan

1. Introduction

The banking industry is becoming further competitive and Technology oriented. Bank can be defined as a financial institution that engaged in the business of keeping money for savings and checking accounts or for exchange or for issuing loans and credit etc. A set of services intended for private customers and characterized by a higher quality than the services delivered to retail customers. Based on the notion of tailor-made services, it aims to offer advice on investment, inheritance plans and provide active provision for general transactions and the resolution of asset-related problems. The essential function of a bank is to provide services related to the storing of deposits and the extending of credit. Basic function may include Credit collection, Issuer of banking notes, Depositor of money and lending loans.

In this extremely competitive banking environment, foreign banks in Sudan, however, are at an advantage in comparison with their Sudanese counterparts. They have better management practices, offer more professional customer service and up -to- date technology application.

Development of Foreign and Local Banks in Sudan
The traditional banking system was inherited from the Anglo-Egyptian condominium (1899-1955). When the National Bank of Egypt opened in Khartoum in 1901, it obtained a advantaged position as banker to and for the government, a "semi-official" central bank. Other banks followed, but the National Bank of Egypt and Barclays Bank conquered and stabilized banking in Sudan until after World War II. Post-World War II prosperity created a demand for more numbers of commercial banks.

The era before the Sudanese independence, there had been no restrictions on the movement of funds between Egypt and Sudan, and the value of the currency used in Sudan was knotted to that of Egypt. The situation was unacceptable to an independent Sudan, which established the Sudan Currency Board to replace Egyptian and British currency.

There was no a central bank since it did not accept deposits, lend money, or provide commercial banks with cash and liquidity. The Bank of Sudan was established in 1959, for the purpose of succeeding the Sudan Currency Board and to take over the Sudanese assets of the National Bank of Egypt. In February 1960, the Bank of Sudan began acting as the central bank of Sudan, issuing currency, supporting the development of banks, as long as loans, preserving financial equilibrium, and advising the government.

Banks were nationalized and foreign banks were allowed to open branches in Sudan. They must also direct to the agricultural sector 40% of the funds that they have for lending under the new credit ceilings.

Currently there are 34 banks operated in Sudan. With opening up of the Sudanese economy to the great level in the last few years, new banks like Al Salam bank, from the United Arab Emirates (UAE), Babylos Africa Bank from Lebanon and many other banks from Arab countries started to land into Sudanese financial market. These foreign banks are coming with enormous capital, up-to-date technology, new ideas and new vision in HRM practicesTomsah, (2017).

Service Quality and Customer Satisfaction:
A great deal of discussion and variance exist in the literature about the distinction between service quality and satisfaction. The service quality school view satisfaction as an antecedent of service quality - satisfaction with a number of individual transactions "decay" into an overall attitude towards service quality. The satisfaction school holds the opposite view that assessments of service quality guide to an overall attitude towards the service that they call satisfactionBo, (1998). There is evidently a strong link between customer satisfaction and customer retention. Customer's perception of Service and Quality of product will conclude the success of the product or service in the market. If experience of the service greatly exceeds the expectations clients had of the service then satisfaction will be high, and vice versa. In the service quality literature, perceptions of service delivery are measured separately from customer

expectations, and the gap between the two provides a measure of service quality.

Dash and Kumar, (2007), revealed that, it as the quality of the product or service that satisfies a customer. Quality is especially important in the banking sector because duplication of products and services is relatively easy. Further, differentiation of products is difficult in case of the banking sector. So, quality turns out to be the only differentiator and the basic to ongoing success Ketkar et al (2003). With increasing competition, banks that persist and succeed will be the one that provide quality service. Research studies have regularly verified that customers are agreeable to pay for quality service Sudesh (2007). Banks that wish to succeed and stay ahead must, therefore, thoroughly form a structure that aims at providing Total Quality Service. As with the bank's financial goals, success can be attained only with appropriate analysis and proper goals Amudha and Banu, (2007).

Dash and Kumar (2007) found that, customer's expectations exceeded their perceptions, with regards to various dimensions of service quality. They further claimed that perception of either positive or negative service quality was related to the customer's future behavioral intentions. Thus, if a positive quality gap occurs, the customers would be likely to comment positively about the service (opcit). On the conflicting, a negative quality gap would result in customers complaining, switching to other service providers, commenting negatively about the provider or just decreasing the usage of the service. Hence it is recommended that the banks should continuously monitor the service quality levels so as to avoid erosion of service quality and movement or switching by customers to another bank.

Dabholkar, Thorpe and Rentz (1996) developed the five factor structure of service quality, certainly had a major impact on the business and academic theories. While this research shows that the data collected do not support their five-factor structure, the five dimensions are quiet appreciated as groundwork for debate and determination of areas for development in the service quality of banking industry. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers. However, evaluating service quality occasionally is not an easy mission due to the intangibility of services. Thus, the present study seeks to develop a common understanding of service quality in the banking industry among different customer segments of domestic and foreign banks operated in Sudan.

2. Research Methodology

The service quality measuring tool developed by Vimi and Khan (2008) was modified and applied for the present research. Two groups of banks (Domestic and Foreign Banks) were selected for the research. The present research has been conducted in Khartoum .The research restricted to four banks in Khartoum, mainly, Farmers Commercial Bank and Elnilein Bank, in the domestic sector banks being the major and oldest banks in Sudan, Bank of Khartoum and Albaraka Bank, banks having more than ten years operation in Sudan amongst the foreign banks. A sample of 260 banking customers (130 customers from domestic, 130 customers from foreign banks) were taken on critical basis and 200 useable questionnaires were analyzed. And those 200 responses we collected 125 from domestic banks, 105 from foreign banks. The parameters of service quality were recognized after analyzing the wide-ranging literature review of the interrelated work done in the past. The five parameters identified were, Tangibility, Assurance, Reliability, Responsiveness and Empathy.

The method of data collection was self-administered questionnaires, distributed in determined bank halls and customer offices, respondents recorded their perceptions. Five point likert-type scales were used for this measurement.

The diverse service products being delivered by banks and their edge with the information technology like e-banking, electronic delivery channels, etc. assist the banks in grasping the market and are the eventual leaders. This also forms an important phase of service quality. Despite this understanding, conceptualization and measurement of service quality have been the most controversial and debated issues in service marketing literature. There has been considerable research as to how service quality should be measured Najjar and Bishu, (2006).

3. Data Presentation

Section A

3.1 Demographic Profile of Respondents:

1) The Gender

Table 1: The frequency distribution for the study respondents according to the gender

Gender	Number	Percent
Male	90	69
Female	40	31`
Total	130	100

Source: The researcher from applied study, 2019

The sample of the respondents is made up of (69%) male and (31%) female, indicating that the male respondents are more than the female respondent.

2) The Age

Table 2: The frequency distribution for the study respondents according to the age

Age (year)	Number	Percent
21 - 25 years	13	10
26 - 30 years	32	24
31 - 35 years	40	31
36 - 40 years	26	21
Above 41 years	19	14
Total	130	100

Source: The researcher from applied study, 2019

From table above, those that fell within the age group (21 - 25 years) are 10% of the sample. Respondents within the age group (26 -30 years) constitute 24% of the sample, 31% fell within the age range (31 - 35 years), while those within the

age range (36 - 40 years) are 21% , and 19% of the sample was within the age group of (above 40 years.)

3) Academic Qualifications

Table 3: The frequency distribution for the study respondents according to the academic qualification

Qualification	Number	Percent
Secondary school	11	8
Diploma	21	17
B.Sc.	32	25
High - Diploma	12	9
MSc.	43	33
Ph.D.	11	8
Total	130	100

Source: The researcher from applied study, 2019

From Table 3 above, (8%) of the sample Secondary school certificate, respondents with Diploma qualification are 17%, (25%) of the respondents possessed B.Sc., while (9%) of the sample had High – Diploma, (33%) had master degrees and (8%)   with Ph.D. Showing that respondents were well educated.

4) Years of Experience

Table 4: The frequency distribution for the study respondents according to years of experience

Experience	Number	Percent
6-11	18	14
11-15	15	12
16-20	15	12
21-25	42	32
26-30	20	15
More than 30	20	15
Total	130	100

Source: The researcher from applied study, 2019

Table 4 above shows that, the sample's respondents with experience between (6) and (11) year's percentage is (14%). The respondents whom have experience between (6) and (11) years percentage is (14%), respondents whom have experience between (16) and (20) years were   (12%), while respondents whom had experience range between (26) and (30) years were (32%).and (15%) , for the respondents who had experience more than 30 years this indicated that the most respondents were possessed amassed work experience.

Section B

1) Service Quality Assessment

Table 5: Service Quality Assessment in Domestic and Foreign Banks (on 5- point Likert-type scale)

Banks	Service quality dimensions					
	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Service quality Overall
Farmers Commercial Bank	-1.43	-3.22	-1.75	-2..93	-1.43	-10.76
Elnilein Bank	-2,95	-3.48	-1.85	-1.7	-3.52	-11.5
Albaraka Bank	-0.53	-1.86	-0.54	-1.94	-1.61	-6.48
Bank of Khartoum	-0.53	-0.67	-0.9	-0.27	-0.88	-5.66

Source: The researcher from applied study, 2019

The main concern of this research is to focus on analysis of customer expectations and perceptions in relation to the untainted components of service quality mainly were tangibles, reliability, responsiveness, assurance, and empathy. Expectations and perceptions were measured on a five point scale.

The mean of difference between customer expectations and customer perceptions were calculated separately for all the banks under this research study. For measuring the service quality of the banks, the mean of service quality scores on all dimensions was computed separately for each bank and showed in Table-5. Evident from the data that the service quality of foreign banks presented in this research (Bank of Khartoum and Albaraka Bank) is high whereas the service quality of domestic sector banks (Farmers Commercial Bank and Elnilein Bank) is comparatively low.

The results also make it unambiguous that all banks fall below the prospects of their respective customers because their scores are in negative. However, foreign banks are relatively close to the expectations of their customers in contrast with domestic sector banks.

4. Conclusions and Recommendations

The majority of studies that have been commenced revealed that service quality in domestic sector banks in Sudan is relatively poor. The present research discovered that poor service quality in domestic banks is mostly because of lack in tangibility, absence of responsiveness and empathy. In these five dimensions, foreign banks restructured better than the domestic banks. As anticipations of customers have not been fully met, there is a lot of scope for improvement on service quality. However; foreign banks are relatively close to the expectations their customers with regard to the five dimensions of service quality.

Providing high service quality is one of the top ways for banks to respond to competition. Smart, valid, and reliable measures of customer service quality are essential to realize, and as a result, service quality programs must become high urgency of the banks. Spending on such programs must be regarded as long-term investment for future development and success.

It is, consequently, recommended that banks must make investment in research in order to understand customer requirements and prospects at all stages in the service delivery process so as to conclude the key components of service quality.

The banks must conduct normal training programs in spaces like prompt cash payments and receipts at the counter, efficient pass book and statement service, swift collections and remittance services, early decisions on credit requests and quick attention to grievances. All these activities also have direct impact on customers' perception towards service quality. Bank should also deliver such products or services that would fully encounter customers' desires and develop systems and procedures which are user-friendly. They should make best application of technology in products, services, systems and environment so as to guarantee speed, accuracy and efficiency. Although, these banks have invested in technology heavily, there are still many bottlenecks which need to be addressed.

4.1 Conclusion

The research has judgmentally inspected the service-quality concerns (from the perspective of customers) with respect to a developing economy - Sudan. The two groups of banks in Sudan (domestic banks and foreign banks) have been compared with respect to each of the five elements of service quality. The two groups of banks (foreign and domestic) in Sudan appear to differ significantly in terms of the offering of the five service quality factors. From the customer perceptions of service quality the technological factors (core service and collation of the service delivery) appear to add more in distinguishing the two sectors while the people-oriented factor (human element of service offering) appears to add less to the judgment.

The results of this research also specified that foreign banks seem to be performing fine. Thus, the study has recognized that the technological factors seem to be the distinguishing factor amongst the two groups of banks as far as customer perceptions of service quality are concerned. The finding of the present research shed light on the unstable environment of these aspects in developing economies that may perhaps not be accurate in developed economies. Therefore there is a need to duplicate this study in developed economics as well. The outcomes of the present study have some significant managerial implications. It is advised that the management of the banks should pay attention to potential ruin points of the customer retention programs and that they should be open to customer problems.

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