



EFFECTS OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN AFGHANISTAN'S BANKING SECTOR

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ABSTRACT

Banking system has affected by the gap in service quality, customer loyalty and customer satisfaction in retail banking with concentration on Afghanistan's Banking Industry. This study considers the most important features of service quality in retail banking of private banks of Afghanistan. The sample which was collected for this study was from local people who were the customers of various private and

public banks. The research instrument developed for this study was based on a SERVQUAL model to reveal the influence its five dimensions i.e. Tangibility, Responsibility, Reliability, Assurance and Empathy. It was found out that the SERVQUAL model is an appropriate model to measure the quality of services provided to customers in the Retail Banking of Afghanistan's Banking Industry.

KEYWORDS: SERVQUAL, Service Quality, Customer Satisfaction Customer Loyalty, Banking Industry of Afghanistan.

INTRODUCTION

Service quality can be described briefly as a phenomenon considered within the context of customers' expectations and perceptions about the service offered (Yilmaz, 2011: 184). Measurement of service quality constitutes the first phase of service quality improvement and development process. If a business is able to obtain access to accurate information about the

current quality level, then business can take the necessary steps about what needs to be done more effectively (UstaandMemis, 2009: 90). Service quality plays a key role in the development of banking system in the country so therefore for having a good banking system, Banks should have a good service quality, because Banking Industry has a main role in economy development of a country. The fact that the perceived quality of the product is becoming the most important competition factor in business world has been the reason of naming the present business era as “Quality Era” (Peeler, 1996). Service quality is multi-dimensional concept. It means different things to different people. The five dimensions for service quality Tangibles, reliability, responsiveness, assurance and empathy of service quality emerged across a variety of services. Service quality focuses on the standard of service delivery and the interaction between customer and the service provider in order to ensure that the customer’s expectations are met. Delivering quality service is considered an essential strategy for success and survival in today’s competitive environment because today a customer loss is a customer gain for competitor (Golrou, 2007), thus banking service quality must approach the customer’s satisfaction in order to achieve the customer’s loyalty. Briefly the service quality formula is as following: Service Quality “SQ” is comparison of Expectation “E” with performance “P” it means “SQ=P-E.

BACKGROUND

Before 1933 there was not any banking system in the Afghanistan and overall credit deals and exchanges were done by money exchange dealers. For the first time Afghan Millie Bank was established by the share of government and individual business man with the initial capital of Five Million Afghani, and the primer “first” bank name was Hashemi Corporate Company. However the banks service delivery has been started since long period of time in Afghanistan, but still the people are very conservative about banking service in Afghanistan, in previous decades people had view which banks provide only non-Islamic services and people have been thinking which banks normally deal service along with interest for the targeted people. In new era of development since 2003 people mind set about private banks are being changed that currently most of them utilizing banking services and products of various private banks. In current situation banks are trying to survive from underway tough competition among private banks in the Afghanistan Banking Industry, so, based on this situation in the banking industry of Afghanistan, innovation, new technology and convenient services have been requested by the customers to have better customer services therefore financial institutions (private banks) trying to avail facilities like Auto Tell machine(ATM),

Cash delivery service, Money transfers (inward and outward), Online banking, Mobile banking etc. However most of the cited services are being used by the private banks' customers thus while providing of service, quality of service important therefore currently most of the banks are considering actual and potential customers in order to sustain their business in a very competitive environment. Though it seems that the above is a means of remaining competitive, not all the banks emphasize on customers satisfaction and again it only a few banks that have taken the trouble to develop their marketing strategy with regard to how their services should be provided to satisfy customers.

OBJECTIVE

The aim of this study was to find how to deliver in a better manner the banking service to customers that customers are every day coming and utilizing the services and product of Financial Institutions (Banks). Also it is valued to know about the feedback of customers concerning to banking knowledge of employees that on daily base delivering information and interacting directly or indirectly with their assigned customers. During this research on following main bullet points have been focused to discover solution for customers' Trust, Satisfaction and Quality service:

- To find the method to improve and develop customer service for the sake of customer satisfaction.
- To appraise the view of customers about quality of banking services to customers and service delivery.
- To assess the knowledge and skills level of employees which put negative effect on the service banking quality?

Concepts of customer satisfaction

Service quality and customer satisfaction are key factors in the fight to obtain competitive advantage and customer retention. Customer satisfaction is the outcome of customer's perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors (Blanchard and Galloway, 1994; Heskett et al., 1990; Zeithaml et al., 1990). Many researchers (Oliver, 1981; Brady and Robertson, 2001; Lovelock, Patterson and Walker, 2001) conceptualize customer satisfaction as individual's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relations to his or her expectations.

Relationship between service quality and customer satisfaction

Business ability is to understand the needs and expectations of not only their current customers but also their potential customers and to act in accordance which this is utmost important for the relation of high level of customer satisfactions. Therefore, acting with a customer-focused approach presents itself as a must-have requirement for improving the satisfaction of customers. Being able to act with a customer- focused approach is closely related to the customers' expectations and preference as well as the level of quality of the services provided by the business to its customers (Kocbek, 2005:61). The relationship between perception of quality and customer satisfaction is great importance especially for the service sector. It could be suggested that this is because customers are not only interested in the tangible aspects of the products offered to them in the service sector but also the intangible aspects of these products in the provision process.

The purpose of this research was as following:

- Discover the method improve and develop customer service for the sake of customer satisfaction.
- Appraise the view of customers about quality of banking services to customers and service delivery.
- Assess the knowledge and skills level of employees which put negative effect on the service banking quality.

Practicality

The very convenient opportunity for evaluating service quality in banking sector was commencing a survey on the various categories of customers for instance Loyal customer, Potential customer, Disloyal customer according this practice we got real data and information for appraising the actual level of service quality and customers' satisfaction likewise The information obtained about customers' concern that what to be offered by the banks, professional people in the ward of banking and economics will feed us from their experiences, literally and officially ideas, Da Afghanistan Bank (Central Bank of Afghanistan) shall guide us by their availed information for comparing and evaluating of profitability of private banks. On the other hand interviews with different branch managers from various private banks will give us unique and new ideas to give super service quality to targeted customers for maintaining their relationship for the sake of obtaining better position among the other rival banks in the banking industry of Afghanistan. As it has been observed

that real and nominal entities are moving toward those sectors which have service with a good quality and its obvious customer is the real boss, so, there will be no gain and profit to the commercial entities (Bank) without maintaining loyal customers. High value customers are very important to each company particularly in banking sector, because there are some banks which keeping low value customers satisfied along that the high value customers remain behind which this cause banks to be back in today's competitive market, however banks should monitor and service both categories to reach to their given target and satisfaction point of their customers.

LITERATURE REVIEW

Servqual

SERVQUAL Model (12manage.com): In service industries while company or any other institution wants to compare and get the feedback concern the performance and quality using Servqual Model that earlier time 10 dimensions of it considered for analysis, recently the five famous dimensions are being used, like Tangibility, responsibility, reliability, assurance and empathy that each of them focuses on a specific factor that putting effect on the service quality and performance. The cited five dimensions have been introduced briefly as following:

- **Tangibility:** it is very clear that each organization processes and completes the production cycle has following facilities for instance personal, premises, machines, communication material etc. While comparing the quality of service and performance of an organization mentioned above factors should be interrogated and checked whether cited factors are on the track and performing in better manner to satisfy the customer or there is gap, in case there was signal of gap so shows that among cited elements there is no proper management and communication for having satisfactory service delivery to customer or demander.
- **Reliability:** Each organization has a goal and commitment while interacting with customers and entering into an industry. When a business or a company has been evaluated this point or factor also considered that whether there is proper commitment and reliability from customer side on the product and service of company or not likewise vice versa?.
- **Responsiveness:** By analyzing cited subject it will be revealed that how much the company is keen to help and give good service to its targeted customers, in case the rate

of responsiveness was high and positive shows that willingness is high to help and deliver good service to customers in the market.

- **Assurance:** Competency dimension shows that whether the employee of business entity has skill and knowledge of its field to deliver service according the wish of customer, while the skill and knowledge of Customer service were high may have good interaction with customers @ the result the customer is satisfy and customer always tries to get service and product of this company because the employees had very professional communication with their customers.
- **Empathy:** Now a days big and small organizations are trying to maintain their old customers and struggle to assign for each potential one relationship officer or manager to give them proper and special services to avoid delay into their operation, this kind of courtesy and consideration shows the empathy of a business entity toward its customers, while analyzing this dimension make clear that how much company consider relation of its customer with its own

Service Quality

Key element for survival of today's businesses is service quality, (SQ) is one of the main important factor for those organizations that expecting profit and revenue from daily operation. Service with Quality is significantly vital to success and survival of commercial banks in banking sector. In banking sector in a massive grade Service Quality has been acknowledged by researchers specifically in last decade. On 1999 Kasper, Helsdingen and Varies have defined service quality a step or grade that service being offered may fulfill the expectations of the utilizers. Based on this definition customers are the only juries of service quality when customer become satisfied that conceive the service is good.

Service quality and Customer Satisfaction

Evaluation of Quality of services is being done by functionality, reliability, responsiveness service design and assurance likewise reviewed by SERVQUAL model. In SERVQUAL model five famous factors are being considered for analysis of quality of services which are as following: Tangibility, Reliability, Responsiveness, Assurance and empathy. Satisfaction and Quality concepts have been linked with customer willingness intention to spread positive word of mouth referral, and complaint intention by many researchers. Quality is an inherent characteristics of product, service, system or process to fulfill necessity of customers and other demanded parties. Customer satisfaction is assessed by service facility, convenience

and supporting service, customer value and customer loyalty. Service quality is interconnected with customer gratification. Customer satisfaction mostly defined the full meeting of individual expectations and customer gratification is sensation of a customer toward a service or product after it is used by consumers. Since two decades Customer gratification, fulfillment and satisfaction have been discussed in a very emphasis way particularly in the area of marketing research and Consumers. In last two decades more than 1200 articles have been published in the zone of Customer satisfaction. Preliminary barrier for study of the satisfaction- retention link is that, after two decades of theory development, still there is no general consent on the satisfaction construct (Swan and Trawick 1993). Reliability and functionality are the important service quality factors. However service design is not considered as most essential factor. Conversely, on the basis of standard deviation, functionality is most significant factor. There is positive linear relationship between the service quality and customer satisfaction. To enhance service quality in the banking sectors, managers of the banks or administrative authorities need to recognize the primary quality determinants, visibly manage customer's expectation and the customer should be trained and educated regarding to the service. Service quality and Customer satisfaction are universal problem that affect all organizations, whether that be small or large, profit or non-profit, local or global. Several companies are involved in study, evaluation and implementation of marketing strategies that wish to improve customer consent from their services and maximize share of their companies in the market by utilization of their products and services through targeted customers. Qualitative service and customer satisfaction known as an important and crucial factor for the success and survival current competitive market. Significant research has been conducted on these two factor or concepts (Customer Satisfaction and Service Quality) which are mostly important components while achieving goal of an organization. Companies are struggling to maintain unbroken relationship with their customers and keeping them satisfied with provided services. Because service quality has significant role in consent and satisfaction of customer. Quality needs to be understood and managed throughout the services of organization therefore quality services is considered as most important factor and element.

Impact of service quality

In banking industry Service Quality is very necessary for the reason that it provides high level of customer satisfaction, Thus SQ becomes a key to competitive advantage (Ahmossawi, 2001). As it has been observed that most of customers worldwide Quality

oriented so quality of products and services have great impact on the demand of consumers and its significant in the Universal level.

Measurement of quality

To evaluate and recognize the outcome of struggles discovered, quality of production must be computable. However the goods could be easily assessed compare to services, because goods have physical shape that services are without physical appearance and measurement of services depends on large number of other factors (Aga and Safakli, 2007).

Components of service quality

Two components have influence in Service Quality which are Technical quality and Functional quality. Technical quality describes to what company or service provider delivers during the service provisioning however functional quality is how the service employee provides the service. Service quality has been defined by Parasuraman et al. (1988), that SQ as a variance between customer's expectation of service and customer's perceptions of the actual service. Along that it is worth to mention that Service Quality has immense impact on a bank's success and performance (Mouawad and Kleiner, 1996).

RESEARCH METHODOLOGY

Introduction

The core purpose of research approach is to assist scientist and researcher in collecting of related data and information that is required in replying the research questions actually needed information correlated to research questions assembled and gathered via questionnaire and observation and Saunders et al., (2007) defined as theory that assists the researcher how to commence a research. Based on definition of Fisher (2007) that methodology is a "study of method and how it rises number of philosophical questions about what is possible researcher to know and how valid their claims to knowledge could be". Blumberg et al., (2005) defined research as an "organize inquiry "that assists researchers in providing necessary information for solving a problem. Research is being conducted in order to collect relevant information on particular topic or subject for studying and examining and analysis the facts about specific issue or topic. Likewise, for the events when there is a question or a problem and needed to be resolved a research is required to be conducted. Additionally, researcher developed a guideline and roadmap for those who would love to be added to the body of his/her work. There is various applicable approaches for gathering and analyzing a research data. In this research paper researcher uses combination of approaches for collecting and evaluating

preliminary data while secondary has been collected from past studies, journals, books, articles and published reports.

Research method for this research

For the present research both the qualitative and quantitative research methods applied the information have been collected via interview, observation and survey along that its worth to mention that in order to show the reports and data the quantitative research method also utilized. The graphic and descriptive exploration “analysis” is used to explain the outcome of research concern the most significant factors have contribution to service quality in the bank. In current research survey design implemented, the information and data is collected through interview questionnaire. Cited questionnaire shared with the various banks customer for the sake of evaluating their satisfaction level and getting their suggestions for improvement and development service quality of bank. The interview has conducted with DAB Governor and other Commercial Banks that assist to know both the policy of Afghanistan Central Bank “DAB” in the event that there is be some tactics that the commercial banks could offer to their customers and service quality of commercial banks go up and get improvement. The data was gathered through questionnaire and interview. The questionnaire has distributed online to the banks’ customers in order to evaluate their satisfaction level and their suggestions for developing the service quality in the bank. The example for gathering data that was required for the research both were probability sampling, interview and questionnaire survey that gave all the individuals among customer’s equal chance of selection and non-probability sampling was used for collecting data from the banks’, organization’s representatives and particular employees of them.

Data collection and Analysis

Facts and figures collection (Data) and analysis of them are core part of a research of a student or any other scientist. Research data has been categorized in to two types which are (Primary data and Secondary data). The information that is gathered from other sources are Secondary data like books, magazines, websites and etc. The data or information which is significantly important and vital in a research study is primary data. According to Robson, (2002) the research may also classify the data as “descriptive observation and narrative account”. An even main activities, key participants and physical setting need to be concentrated by the researcher in descriptive observation, while in narrative account it is much in the same way, but the researcher needs to add as an investigative journalist. Robson,

(2002) further described that the researcher must go in depth of a study much further than a journalist in order to develop a frame work of the theory and explain the subject in a very well way to others.

In this research both data collection methods have been used:

- a- Primary data collection
- b- Secondary data collection

Research design

The research design draws a roadmap for the researcher to outline and describe a strategy for carrying out a study and implement the research plan. According to Emroy and Cooper(1991) research design shows the methods for “collection, measurement and analysis of data”.

Qualitative Data: The questionnaire has been made to following reasons: To discover the method and approach of improving customer service for the sake of achieving the customers satisfaction, to identify the manners for bringing positive changes in customer service of banks particularly Commercial Banks to evaluate the level of staff understanding, knowledge and their skills which may effect on a decent service quality. In addition, the qualitative questionnaire helped me to develop a survey questionnaire on the most significant factors contributing to service quality and delivery in the Banking Industry of Afghanistan (BIA).

Quantitative data: This questionnaire is designed to measure the importance of those factors that have much influence and contribution in service quality and delivery in Banking Industry of Afghanistan (BIA) in order to identify new and better techniques to bring positive changes in customer service of Banks, for evaluating the view and idea of customers regarding quality of customer service and its delivery likewise finding the approaches of developing customer services in order to achieve customers satisfaction and consent. In this research 100 common customers and 5 bank customers were interviewed and filled the survey questionnaire. The questionnaire were filled both in face-to-face interview and online based survey questionnaires. Responses from managers, professionals of the banks helped the researcher to understand the internal factors that can play a major role in increasing the level of banking service quality in Afghanistan. Moreover, the input from face-to-face interview with banks’ managers and banks’ professionals was to come up with recommendations and suggestionsto those areas which are potential to enhance the level of service quality in Banking Industry of Afghanistan.

Data analysis

Qualitative data gathered from interviews were analyzed using comparative tabular finding common themes from interviews’ response, while obtained quantitative data were analyzed by using statistic techniques include, bar charts, pie charts and percentage.

Sample and sample size

Base on “100” point views which have been categorized into two types (Random and Non-Random).

Random sampling strategy there is an equal chance of unit of population to be selected, however in Non-Random strategy sample selected according specific eligibility criteria. For this study potential subjects were identified randomly through the use of Private Banks customers and employees. The research covers a limited number of customers and employees. From 100 people 73 people have answered and shared their views via online survey 27 have been interviewed for getting the feedback and point views of them for the purpose of this study. The feedback has collected from various categorize of people and in online survey has been run to consider overall Afghanistan particularly Kabul, Mazar-e-Sharif, Jalalabad, Kandahar and Herat. The research also conducted in - depth interviews with senior managers of Ghazanfar Bank, Afghan United Bank, Maiwand Bank and Azizi Bank and Afghanistan International Bank. The data obtained through semi – structured interviews from officials in above-mentioned Banking sector.

RESULTS AND DISCUSSION

SUMMARY OUTPUT					
<i>Regression Statistics</i>					
Multiple R		0.601583667			
R Square		0.361902908			
Adjusted R Square		0.251886168			
Standard Error		1.472719065			
Observations		35			
<i>ANOVA</i>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	5	35.67328668	7.134657	3.289525835	0.017886834
Residual	29	62.89814189	2.168901		
Total	34	98.57142857			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	
Intercept	2.314186387	0.420617234	5.501882	6.29401E-06	
Tangibility	0.048717693	0.016832521	2.89426	0.008180084	
Responsiveness	0.045063391	0.014456955	3.117073	0.004196325	
Reliability	0.110371249	0.027721763	3.981394	0.000341551	
Assurance	0.076458416	0.022459958	3.40421	0.002020465	
Empathy	0.080122627	0.019956306	4.014903	0.000403742	

The above snap shot shows the result of regression analysis which explains that selected hypothesis is accepted which the P-Value for each factor is less than Zero.

DISCUSSION

This learning reveals the interrelationships among service quality, customer satisfaction and customer loyalty in the Afghanistan Banking Sector. The five dimensions of SERVQUAL show positive relationships with customer satisfaction. This study also requests that SERVQUAL is very suitable gadget to measure the banking service quality and customer satisfaction in Banking Industry of Afghanistan. Therefore Banks particularly “Commercial and Governmental” can assess bank service quality and customer satisfaction by SERVQUAL. Five dimensions of SERVQUAL Tangibility, Responsiveness, Reliability, Assurance and Empathy were found to be significant predictors of customer satisfaction. This indicates that mentioned five factors or dimensions are very much important to customers belonging to Afghanistan Banking Industry and customers are expecting from commercial and governmental banks quality and standard services. The results likewise show which tangibility has a positive influence on customer satisfaction. This shall be explained by customers’ impressions of tangible factors in terms of physical facilities, equipment and appearance of personnel. Customers shall assess bank facilities, designs, sufficiency and visibility of equipment, and the appearance of staffs in the banks. Responsiveness of service providers to help and provide prompt services to customers is very important to customer assessment of banks. The results show that responsiveness has a positive influence on customer satisfaction. Customers are satisfied with the personal services provided and service personal who understand their needs. Reliability could also affect positively satisfaction in the banking industry of Afghanistan. This exemplify the values perceived by customers in relation to the capital they have invested. Customers are confident that banks as promised and realize the promised services so that they can consume products and services with trust. Assurance is another dimension that customers are focusing mostly in the banking industry of Afghanistan. The degree of confidence and trust being felt by customers about the banking services greatly depends on the services quality provided by the employees of banks. Base to this research results, assurance has a positive influence on customer satisfaction. This outcome may be clarified by competent services that the financial institutions’ “Banks” employees deliver. Customers feel that banks can honor their commitments therefore are confident in utilizing banks facilities. Recent dimension of SERVQUAL is empathy which has importance less in the mind of banks’ customers compare to other factors of SERVQUAL

likewise has positive relation to customer satisfaction, however customers perceive low degree of interaction with staff in the banks providing personalized service.

CONCLUSION KEY FINDINGS AND RECOMMENDATIONS

This concluding chapter presents the overall conclusions of the research on the basis of various surveys and expert interviews conducted and discussions. Furthermore, recommendations suggested for commercial banks and the central bank “DAB” about what are the major factors that influence the banking service quality in Afghanistan and at the end recommendations given for further research in the area of this topic.

Conclusion and Key Findings

This section contains key factors that are contributing service quality in banking industry of Afghanistan. Afghanistan is the country that there was not any bank before 1933 and all the crediting deals and exchanges were accommodating by the money exchangers. In 1933 for the first time the Afghan Millie Bank established by the participation of both the government and individual traders with the capital of five million Afghani and the first name of the bank was Hashemi Corporate Company. The banking industry in Afghanistan are mainly constitute of local Afghan Banks, on the basis of responses from the survey questionnaires as well as the interview with experts about existing Banks and why financial institutions have weak position in terms of their presence in every city of the country, the response from the experts and the feedback regarding result surveys extracted indicates that the branches network of current banks are diversified only to the center of provinces and border cities where banks can earn more profit from businesses. Unbanked individuals and corporate demanded that their banking needs have not been considered aggressively by the banks and none of the Afghan banks have branches in the rural area although in Afghanistan 60% of the population are living in the rural areas, therefore one of the core elements behind why still this country have 97% unbanked population is because non availability of banking services at the Afghanistan small towns and villages. From the discussions with experts and respondents answered to the questionnaires it was discovered that one of the top item in the list of banks from challenges perspective is security problem which prevents the expanding of banks branches in the rural areas, for instance, if banks decide to open a branch in a far district of a province that branch requires regular feeding of cash from the parent branch of that area which in consideration of the security problems exist safe movement to rural areas in some places are impossible but this element can be controlled by the government if the central bank

engage themselves which is their responsibility for managing the banking industry, controlling the market and to better coordinate with security entities for securing the areas in order to enable the commercial bank or public owned bank which want to open a new branch in the rural areas. The threat of new entrant in the Afghanistan market will have a high influence if a strong bank enter the market aggressively, because the level of competition among existing rivals is not active or tangible and every bank prefers to stay away from each other and enjoy servicing their existing customer base, which this reason caused poor customer service, the balance of modern banking products among banks and no change and innovation. One of the great solution would be entrant of a strong global bank in the market and wake all the existing banks from the way currently serve their existing customers and approach the market for on-boarding the unbanked population. Although banking service has been started from long time ago in Afghanistan but still the people are very pessimistic about banking services in Afghanistan because people believe that banking service only offer non Islamic services and think which banks are usually dealing with interest service for people. The power of buyers in the context of the Afghan banking market as per result of surveys conducted online, questionnaire and website surveys as well as interviews with experts demonstrated that it was somehow compromised, because respondents of the surveys, both through online questionnaire and physical were not that much satisfied the way being met, greet and treat at bank branches in Afghanistan. Good customer relationship management can help the banks to increase their share on the market as existing happy customers will do the market for the bank and encouraging/recommending their connections to bring in their accounts to the bank of their choice. In general, there are very few banks in Afghanistan which managed to keep this position but the majority of them were recognized as to have poor customer service. Consumers should also learn that if want to select a good bank to start banking relationship, customer should realize the rationale behind all the filtering and screenings which bank does on regularly basis during conduct of any transaction in order to validate the accuracy of the transaction, the reason researcher have raised this element is because during the experts interview with leading businesses about whether there are bureaucracy in banks exist or not, some of the respondents have complained about why the banks ask them so much supporting documents during conducting transactions. The main reason is that the particular bank is not ready to compromise the banking law of the country as well as the international rules of anti-money laundering and terrorist financing. Banks have a vital and significant role in businesses. Most of businesses are dependent to other countries and that is why most of the time the companies have to transfer or receive money. It is really

useful because without banks customers would not be able to have global business. Service quality plays a key role in the development of banking system in the country. Service quality is an increasingly important factor for organizational performance, success and survival in the banking sector. It has received wide recognition by the researchers over the last decade in the retail banking sector, therefore for having a better banking system Banks must have a better service quality. The formations that banks have, are service quality. Firstly the administrators have a key role to enhance a better service quality in a bank and administrators must be well educated and professional as well as should motivate the staff to have good behaviors with customers till to achieve the customer's satisfaction. Secondly the customers also must be aware of rules. Behavior speech and exploit of staff is service quality in banking industry service must be acceptable for customers each industry have their own customers and customer service in each industry is different but in banking industry there is a huge competition between banks that's why if banks do not want to lose their customer, must deliver the best services for their customer and the conveyed services must be accurate in bank industry. The current situations of the banks in Afghanistan are not good enough. Because a huge number of Afghanistan people 's are not interested to save their money in the banks due to lack of information about banking system as well as people do not have more reliability on banks in the country. Basically the current situation of Afghanistan could not pave suitable facilities for banking. From macroeconomic perspective banks situation are not good, that may have several reasons that the major reasons are as follow:

1. Existence of some malfunctions in banking rules
2. Banks are not using banking rules when offering banking services
3. Nonexistence of expert people

Staff behavior (e.g. cashiers, customer servants, etc...) customers waiting line problems and high service charges are the main problems of banking service quality in Afghanistan. Banks can increase their service quality by offering unlimited services, Financial institutions should deliver and offer all the services which customers are in need of, and the staff behavior of a bank is also one of the key point in order to have a better banking service quality.

Recommendations

Following the research questions, researchers have conducted many surveys and interviews with experts and discussions took place in every relevant parts of this research which on

those extends the following recommendations are briefly included for all interested people of this research.

- Banks further need to review how maintains their customer relationship management standards. This element should be revised as respondents of the surveys and even experts stated about poor customer service, perhaps it worth that all banks must groom the knowledge of their front office staff about how to meet, greet and treat customers.
- Banks through their marketing activities must come up with new awareness programs and increase the confident level of people against banks and give them assurance that their money is really safe with the existing banks in the country.
- From the products offering perspective those banks which only offer basic banking products must review the product development plan as this is the golden chance for them to onboard customers from the untapped market because once customers are diversified among banks then moving a customer from one bank to another would be difficult for them.
- For the sake of speeding the process of transactions in bank branches the Head office of banks should look through their system and find new ways to less consume the time of customers at the branches and try to promote the electronic banking in order to move customers from traditional branches to ATM machine and other payment portals.
- Banks to review their market strategy plan and redo the part of competition as currently banks are not so much competing with each other.
- Banks should prepare and provide their marketing material for instance Forms, Brochures, Sign Boards etc., in three main languages’ “Dari, Pashto and English” two main National languages Dari and Pashto, the last language “English” for those foreign customers that want to use the Afghanistan Commercial Banks facilities.
- In order to promote the modern banking products in Afghanistan and decrease the volume of unbanked population financial institutions to work on the plan of expanding their physical presence on those cities where there is a great potential for them and have tangible influence in the growth of their business.
- Banks should have better and simple policies of giving loan that could attract more customers, as much as banks have better policy of giving loan, the service quality will be also better.

- People should have knowledge of using banking services because if bank provides high level of services and people even do not know how to use it, thereby the services of banks will be useless.
- The experience of bank staffs is important and in case of having experience banks staffs should have the knowledge of banking sector.
- The approaches for making positive changes in banking industry are to increase public awareness, staff knowledge and good security system in the country. Professional and well behave staff can make a positive difference in banks.
- The Ministry of Education and Higher Education ha to make banking and financial institutions for increasing the professionals and experts in banking sector.
- Central Bank in order to facilitate better the market consumers should design a new policy that if any bank wants to open a branch in one of the big cities of Afghanistan must also open at the same another branch in the rural areas otherwise the license should not be granted, by this way banks will emerge into the villages and districts and the volume of unbanked population will significantly come down.
- Central Bank for controlling the market from products and services angle should question those banks which are sitting ideal and not improving the level of their service and not increasing their product range, it will help the unbanked population to easily access of product which have been demanding from the any of the existing banks.
- Central Bank to review the banking market competition landscape as currently in the basis of results seems to be passive and create plan for changing the environment of competition.
- Central Bank to coordinate and liaise with government entities and work of the barriers which prevent the commercial and public owned banks to grow.
- Central Bank “Da Afghanistan Bank” while auditing the commercial banks the annual improvement of a bank should be considered as criteria, if the commercial bank had good improvement the number or grade of that should be higher like CAMEL rating otherwise be less or down.
- While availing license to any Commercial Bank for opening a branch in a province same bank should have one branch or outlet for the sake of convenience of local people in district or rural of same province.

- The Central Bank and commercial banks should support the money transfer through telecommunication systems like my money, M-paisa etc. This will help people and government to have easy access to money and reduce the rate of corruption.
- The customer service of each Commercial Bank should be a criteria for the auditor of Da Afghanistan Bank.

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