

**INTERNSHIP REPORT**

**ON**

**“SERVQUAL ON GENERAL BANKING OF AL-  
ARAFAH ISLAMI BANK LIMITED”**

**PERIOD: JUNE’17 TO AUGUST’17**

**DATE: 14<sup>th</sup> September, 2017**

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September 14, 2017

Md. Tamzidul Islam

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Sir,

The report at your hand is on **SERVQUAL on General Banking of AIBL (Al-Arafah Islami Bank Limited) that period covers to June' 17 to August '17**. I have prepared this report as a part of my internship program. While preparing this report, I have tried to follow your instructions.

I believe my report contains information help you to make a clear recognize about the service quality of AIBL by analyzing different dimension of service in banking industry. I really enjoyed doing such a challenging and descriptive internship report. If you have further queries regarding this paper, I would be great to keep myself stand by whenever you ask for it.

Finally, I express my gratitude to you for giving me a nice opportunity to work on this report, which I have consider as a great chance for me to develop my analytical skills.

Sincerely yours

.....

Zahid Hasan Tonoy

ID: 13364054

Master of Business Administration

BRAC Business School

BRAC University

## **Student Assertion**

I hereby announce that the extensive study entitled “**SERVQUAL on General Banking of AIBL**”The period covers to: June’17 to August’17

[Conducted on behalf of Al-Arafah Islami Bank Limited (AIBL), Sonargaon Janapath Road Branch, Uttara Plot# 30, Sonargaon Janapath Road Sector# 11, (Chowrastar Mor) Uttara, Dhaka-1230]

Prepared in partial accomplishment of the requirement for the requirement for the award of the degree in

**MBA**

From

**BRAC University**

Is my original work and not put forward the award of any other degree/diploma/fellowship or other similar designation or accolade.

.....

Zahid Hasan Tonoy

DATE: 14<sup>th</sup> September, 2017

## Certificate of Approval

The internship report of

**Zahid Hasan Tonoy**

ID# 13364054

From

**MBA**

**BRAC Business School**

**BRAC University**

Titled

“SERVQUAL on General Banking of AIBL” Period: June’17 to August’17

[Conducted on behalf of Al-Arafah Islami Bank Limited (AIBL), Sonargaon Janapath Road Branch, Uttara Plot# 30, Sonargaon Janapath Road Sector# 11, (Chowrastar Mor) Uttara, Dhaka-1230]

Is approved and is suitable in eminence figure.

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## **Acknowledgement**

A single individual cannot achieve a noble objective. I am indebted to a number of persons for their kind advice, suggestions, directions and co-ordination that has enable me to have an experience in dynamic environment of banking service industry and ultimately to prepare this report.

At first, I convey my gratitude to the Almighty for giving me the ability to work hard for preparing this report. This work is a synopsis of my recent study on “SERVQUAL on General Banking of AIBL” as a part of internship program.

The program has been very challenging, analytical as well as interesting to me. I have received help and active co-operation from the entire staff members, officers and managers of General banking department, Operations department, Loans department, Foreign Exchange department and the branch manager of AIBL, Sonargaon Janapath Road Br. I was happy there working in a family friendly work environment. I would like to thank all of AIBL’s family for giving me the opportunity to work beside them.

And finally, I would like to convey my gratitude to my respectable teacher who guided me to prepare this report, my internship supervisor, Md. Tamzidul Islam. His guideline, reporting procedure, whether you will go for descriptive report or analysis etc. all sort of guideline and advice helps me to complete this internship program and this report nicely.

## Table of Content

Chapter	Part	Page
	Executive Summary	I.
	Acronyms	II.
<b>Chapter1</b>	Introduction	
	1.1 Origin of this report	1
	1.2 Objectives of this study	1
	1.3 Methodology	1
	1.3.1 Data Collection Process:	2
	1.3.2 Respondents of the study	2
	1.4 Scope of the study	2
	1.5 Limitation	3
<b>Chapter 2</b>	Organizational Overview	
	2.1 Historical Background of (AIBL)	4
	2.2 Islamic banking Movement in Bangladesh	4
	2.3 Vision, Mission and Commitments of AIBL	5
	2.4 Features of AIBL	6
	2.5 Product and Service of AIBL	7
	2.6 Management	8
	2.7 Corporate Social Responsibilities (CSR)	10
<b>Chapter 3</b>	SERVQUAL Score & Analysis	
	3.1 Survey Instrument	11
	3.2 Questionnaire	13
	3.3 Data Collection and Analysis	14
	3.3.1 Average Tangible SERVQUAL score	14
	3.3.2 Average Reliability SERVQUAL score	15
	3.3.3 Average Responsiveness SERVQUAL score	17
	3.3.4 Average Assurance SERVQUAL score	19
	3.3.5 Average Empathy SERVQUAL score	21
	3.4 Perception of customers regarding service quality of AIBL	22
<b>Chapter 4</b>	Findings & Recommendation	
	Findings	25
	Recommendation	25
	Conclusion	26
	Bibliography	27
	Appendix A	28



## List of Illustrations

Chapter	Part	Page
<b>Chapter 2</b>	Table 1: Organization Structure of AIBL	09
<b>Chapter 3</b>	Table 2: Calculations to obtain Un-weighted SERVQUAL score	13
	Table 3: The Five-Point Likert scale	13
	Table 4: Average Tangible, SERVQUAL Questionnaire	15
	Table 5: Average Reliability, SERVQUAL Questionnaire	16
	Table 6: Average Responsiveness, SERVQUAL Questionnaire	18
	Table 7: Average Assurance, SERVQUAL Questionnaire	20
	Table 8: Average Empathy, SERVQUAL Questionnaire	21
	Table 9: Descriptive Statistics	23

## List of Figures

Chapter	Part	Page
<b>Chapter 3</b>	Figure 1: Service Determinants' Impact on customer satisfaction level	12
	Figure 2: Score-wise comparison of AIBL with respect to Tangible	15
	Figure 3: Score-wise comparison of AIBL with respect to Reliability	17
	Figure 4: Score-wise comparison of AIBL with respect to Responsiveness	19
	Figure 5: Score-wise comparison of AIBL with respect to Assurance	20
	Figure 6: Score-wise comparison of AIBL with respect to Empathy	22
	Figure 7: Score-wise comparison of SERVQUAL dimensions	24

## Executive Summary

Bank provides means and mechanisms of transferring commensurate resources to those who have an excess of income over expenditure to those who can make use of the same for adding to the volume of productive capital. The bank provides them with the safety, liquidity and profitability of savings.

Al-Arafah Islami Bank Limited (AIBL) is a scheduled commercial bank registered by the Bangladesh Bank. The functions of the bank cover a wide range of banking and financial activities to individuals, firms, corporate bodies and other multinational agencies.

Data collected for the study in two different modes namely primary and secondary data. The primary data were mainly collected through survey questionnaire and face to face conversation with the employees of the branch and for secondary data various publications and related bodies are observed.

The main limitation of the study was short and authenticated data insufficiency.

The objective of this study was to find out customer satisfaction on SERVQUAL of AIBL with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as tangible, reliability, responsiveness, assurance and empathy. By analyzing the impact of service quality on customer satisfaction of AIBL, it is observed that out of five service quality dimensions, Reliability is having a high average score and the bank should concentrate on Tangible and Responsiveness as it has the least average score. The study also established that combination of tangible, reliability, responsiveness, assurance and empathy together have significant effect on customer satisfaction.

In the world of global economy, banking sector needs has become more diverse and exotic than ever before. The study accomplished that quality service is an important factor to satisfy customer needs and wants. So, AIBL should focus in service quality to satisfy their customers in every dimension of service quality.

## Acronyms

<b>AIBL</b>	Al-Arafah Islami Bank Limited
<b>SAW</b>	Sallallahu alayhi wa Salam
<b>IDB</b>	Islamic Development Bank
<b>IERB</b>	Islamic Economics Research Bureau
<b>BIBA</b>	Bangladesh Islamic Bankers' Association
<b>SME</b>	Small Medium Entrepreneurship
<b>MD</b>	Managing Director
<b>DMD</b>	Deputy Managing Director
<b>EVP</b>	Executive Vice President
<b>SVP</b>	Senior vice President
<b>VP</b>	Vice President
<b>AVP</b>	Assistant Vice President
<b>FAVP</b>	First Assistant Vice President
<b>SPO</b>	Senior Principle Officer
<b>PO</b>	Principle Officer
<b>SO</b>	Senior Officer
<b>MTO</b>	Management Trainee Officer
<b>BB</b>	Bangladesh Bank
<b>OB</b>	Online Banking
<b>AGM</b>	Annual General Meeting
<b>EGM</b>	Extraordinary General Meeting
<b>CD</b>	Al Wadiah Current Deposit
<b>SND</b>	Mudaraba Short Notice Deposit
<b>MSD</b>	Mudaraba Saving Deposit
<b>PTD</b>	Monthly Profit based Term Deposit
<b>MHD</b>	Al-Ararah Monthly Hajj Deposit
<b>THD</b>	Al-Arafah Termed Hajj Deposit
<b>FCD</b>	Foreign Currency Deposit
<b>PDS</b>	Pension Deposit Scheme
<b>MSD</b>	Mudaraba Millionaire Deposit Scheme
<b>LSD</b>	Mudaraba Lakhpoti Deposit Scheme
<b>MKDS</b>	Mudaraba Kotipoti Deposit Scheme
<b>PO</b>	Pay Order
<b>TAT</b>	Turn-around Time
<b>ATM</b>	Automated Teller Machine

# **Chapter 1**

## **Introduction**

**Origin of this report**

**Objectives of this study**

**Methodology**

**Data Collection Process:**

**Scope of the study**

**Limitation**

## **1.1 Origin of this report**

As a service organization a bank's performance is to achieve its ultimate goal, which is customer value and satisfaction. This largely depends on their proper utilization of money, secured investment policy and right and just banking activities. Al- Arafah Islami Bank Ltd is a bit different from other commercial banks, that it follows Islami Shariah in its operations. The report is titled "SERVQUAL on General Banking of Al-Arafah Islami Bank LTD (AIBL)". The research is done as a part of the MBA internship program Summer 2017 of BRAC Business School, BRAC University. The study has been carried out in Al-Arafah Islami Bank LTD (AIBL) under the direct supervision of respective authorities within a 10 week internship attachment period.

The report covers an analysis on how a consumer evaluates when judging service quality of AIBL. The analysis is based on the immediate past data (June'16 to August'16) and trying to find out the service quality of AIBL, Sonargaon Janapath Road Branch. I have analyzed different dimensions of service quality of the branch and the consumer's current service quality perception and the service provided by the employees of the company.

## **1.2 Objectives of this study**

Broad Objective: The objective of the study is to analyze evaluate the service quality on general banking of AIBL in the period of June'17 to August'16. Specific Objective: The specific objectives are given below-

- ❖ To investigate the Service Quality of AIBL
- ❖ To evaluate the Service Quality of AIBL
- ❖ Find out the problems of Service Quality of AIBL
- ❖ To recommend some suggestions overcome the problem of Service Quality of AIBL.

## **1.3 Methodology**

The methodology of the report has been designed in the following ways:

Type and Source of Information: Both primary and secondary data has been taken to accomplish this report.

- Primary Sources: Face-to-face interview with respective managers, officers and customers.
- Secondary Sources: Consist of several reading materials such as file study, annual report of AIBL, brochures, and official website.

### **1.3.1 Data Collection Process:**

- Primary Data Collection Method: The primary data has been collected by survey questionnaire and direct communication with the employees and with the customers as much as possible.
- Secondary data collection Method: The secondary data has been collected by reading file study, annual report of AIBL, brochures, browsing internet like official website of AIBL.

### **1.3.2 Respondents of the study**

The respondents of the study were all clients of AIBL and were selected through random sampling. This sampling method is conducted where each member of the population has an equal opportunity to become part of the sample. As all members of the population have an equal chance of becoming a research participant, this is said to be the most efficient sampling procedure. In order to conduct this sampling strategy, the researcher defined the population first, listed down all the members of the population and then selects members to make the sample. For this purpose, a self-administrated survey questionnaire in Likert format was given to the respondents to answer.

There were 30 participants who have answered the questionnaire and the offices /managers for the interviews. The respondents were given 10 minutes to complete the survey questionnaire upon request. After collecting the questionnaire, the responses were computed, analyzed and recorded. On the other hand, for the personal interview, the interviewees were given time according to their convenience.

### **1.4 Scope of the study**

The report has been prepared into two major sections- the first section will cover industry and organizational overview; the second part will cover the research or analysis part giving an overview of the total service scape which AIBL provides to the customer. AIBL is an organization where they practice all the functions and planning strategy for a better quality of services based on the customer's perceptions provided and the quality of the product and service delivered to the satisfied customer.

### **1.5 Limitation**

My Study is based on primary and secondary data supplied by the survey questionnaire analysis and the interview conducted to employees of the company, official website and direct/indirect communication with the customers, there by limitation of those primary and secondary data might be inferred as the limitation of this study. I have tried to find out the relationship between theoretical knowledge and practical implication. I found some difference between what I learn in the theory and what are practical. The report was completed under certain constraints which were:

- Difficulty in gaining accesses to service manual guide book of the bank.
- Difficulty in obtaining relevant data even with the help of the bank employees.
- Only 10 weeks were not sufficient to collect relevant data from each employee of the branch.
- Unavailability of necessary documents.
- In collecting information, there is some problem because of the excessive nature of confidentiality maintained by the officials.

# **Chapter 2**

## **Organizational Overview**

### **Historical Background of (AIBL)**

### **Islamic banking Movement in Bangladesh**

### **Vision, Mission and Commitments of AIBL**

### **Features of AIBL**

### **Product and Service of AIBL**

### **Management**

### **Corporate Social Responsibilities (CSR)**



## **2.1 Historical Background of AIBL**

As a Muslim, Islamic ideology encourages us to succeed in life and afterlife. To reach to this success we must pursue the paths dictated by the Holy Quran and the ways shown by our Rasul Mohammad (SAW). Guided by this mission AIBL was established (registered) as a public limited company on 18<sup>th</sup> June, 1995. The beginning of AIBL was marked on 27<sup>th</sup> September 1995. As for the sponsors of the bank few well renowned Islamic personalities and dedicated businessmen of the nation were involved. The total paid-up capital was invested locally.

The bank is committed to contribute significantly in the national economy. It has made a positive contribution towards the socio economic development of the country by opening 149 (up to July 2017) branches throughout the country.

The bank follows the Shariah principles in investment and invests funds under Mudaraba, Musharaka, Bai-muajjal, Bai-Salam and hire purchase transactions approved by Bangladesh bank. Naturally, its modes and operations are substantially different from those of other conventional commercial bank. A Shariah council is assigned in the banks to maintain full vigilance to make sure that the activities of the bank are being conducted on the precepts of Islam. The council consists of prominent Ulema, renowned lawyers, reputed bankers and eminent economist.

## **2.2 Islamic banking Movement in Bangladesh**

A development of complete Islamization of banking at national levels had been gaining momentum since the second half of the 1970s. The movement took basically two forms. First, an attempt was made to establish Islamic financial institutions side-by-side with traditional banking. In such attempts, two types of institutions were evolved: Islamic banks were established mostly in Muslim countries; and Islamic investments holding companies started operating in some Muslim but mostly in non-Muslim countries. These institutions claimed to be operating without interest in their transactions and competed with conventional banks to attract deposit. The majority of these institutions were established through private initiatives. Second, an attempt was made to restructure the whole financial system of the economy in accordance with the teaching of Islam.

In November 1982, a delegation of IDB (Islamic Development Bank) visited Bangladesh and showed keen interest to participate in establishing a joint venture Islamic bank in the private sector. They found a lot of work had already been done and Islamic banking was in a ready form for immediate introduction. Two professional bodies – Islamic Economics Research Bureau (IERB) and Bangladesh Islamic Bankers' Association (BIBA) made significant contributions towards introduction of Islamic banking in the country. They came forward to provide training on Islamic banking to top bankers and economists to fill-up the vacuum of leadership for the future Islamic banks in Bangladesh. They also held seminars, symposia and workshops on Islamic economics and banking throughout the country to mobilize public opinion in favor of Islamic banking.

Their professional activities were reinforced by a number of Muslim entrepreneurs working under the aegis of the then Muslim Businessmen Society (now recognized as Industrialist & Businessmen Association). The body concentrated mainly in mobilizing equity capital for the emerging Islamic bank. In March 1983, after a long drawn fight to establish an Islamic bank in Bangladesh, the dream became a reality in which 4 Bangladeshi institutions, 19 national and 11 banks, financial institutions and government bodies of Europe and the Middle East including IDB and two important personalities of the Kingdom of Saudi Arabia were involved.

### **2.3 Vision, Mission and Commitments**

#### **Vision:**

- To be a pioneer in Islamic Banking in Bangladesh and contribute significantly to the growth of the national economy.

#### **Mission:**

- Achieving the satisfaction of almighty Allah both here and hereafter.
- Proliferation of Shariah based banking practices.
- Adopting latest technology for standard quality financial service.
- Maintaining fast and efficient customer service.
- Ensuring high quality standard of business ethics.
- Balance growth to the firm/society.
- Steady but competitive return on shareholders' equity.

- Innovative banking for the customer at a competitive price.
- Attract and retain quality human resources.
- Extending competitive compensation packages to the employee.
- Firm commitment to the growth of national economy.
- Involving more in Micro and SME financing.

**Commitments:**

- Ours is a customer focused modern Islamic Banking making sound and steady growth in both mobilizing deposit and making quality Investment to keep our positive as a leading Islamic Bank in Bangladesh.
- To deliver financial services with the touch of our heart to retail, small and medium scale enterprises, as well as corporate client through our branches across the country.
- Our business initiatives are designed to match the changing trade and industrial needs of the clients.

**2. 4 Features of AIBL:**

As an Islami Bank, AIBL tries to be positive in every single aspect. The bank provides a couple of hi-tech modern banking service within the wide range of Shariah. AIBL is unique with their products and schemes, very strict on the “uncompromising” with their honesty. Few of AIBL’s features which make them recognizable in Islami banking sector are as follows:

- All activities of AIBL are conducted under a profit/loss based system according to Islamic Shariah to get the nation rid of Usury.
- Its investment policies under different modes are fully Shariah compliant and well monitored by the board of Shariah Council.
- In 2007, 70% of the investment income has been re-distributed among the Mudaraba depositors.
- During the year 2008, AIBL has included online banking in its wide range of services. Bangladeshi software has been introduced in this feature to promote the local developers.

- AIBL regularly arranges its AGMs (Annual General Meeting). Whenever needed EGMs (Extraordinary General Meeting) are also arranged.
- AIBL regularly pays dividend to their valued shareholders. For the year of 2013, they declared 13.50% bonus dividend to their shareholders.
- AIBL has faith in giving die hard faithfulness to their customer pervaded with Islamic soul of fellowship, peace and club.
- AIBL is conferred towards setting up a welfare-situated keeping money framework to address the issues of low salary and underprivileged class of individuals.
- The Bank maintains the Islamic estimations of foundation of a legitimized monetary framework through social liberation and impartial dissemination of riches.
- Following the Islamic customs, it is aiding the financial advance of the socially denied individuals; in the production of work opportunity and in advancement of provincial ranges to guarantee an adjust improvement of the nation.
- The Bank has confidence in social and altruistic exercises and has set up AIBL English Medium Madrasha and AIBL Library.

## **2.5 Product and Service of Al Arafah Bank Ltd.**

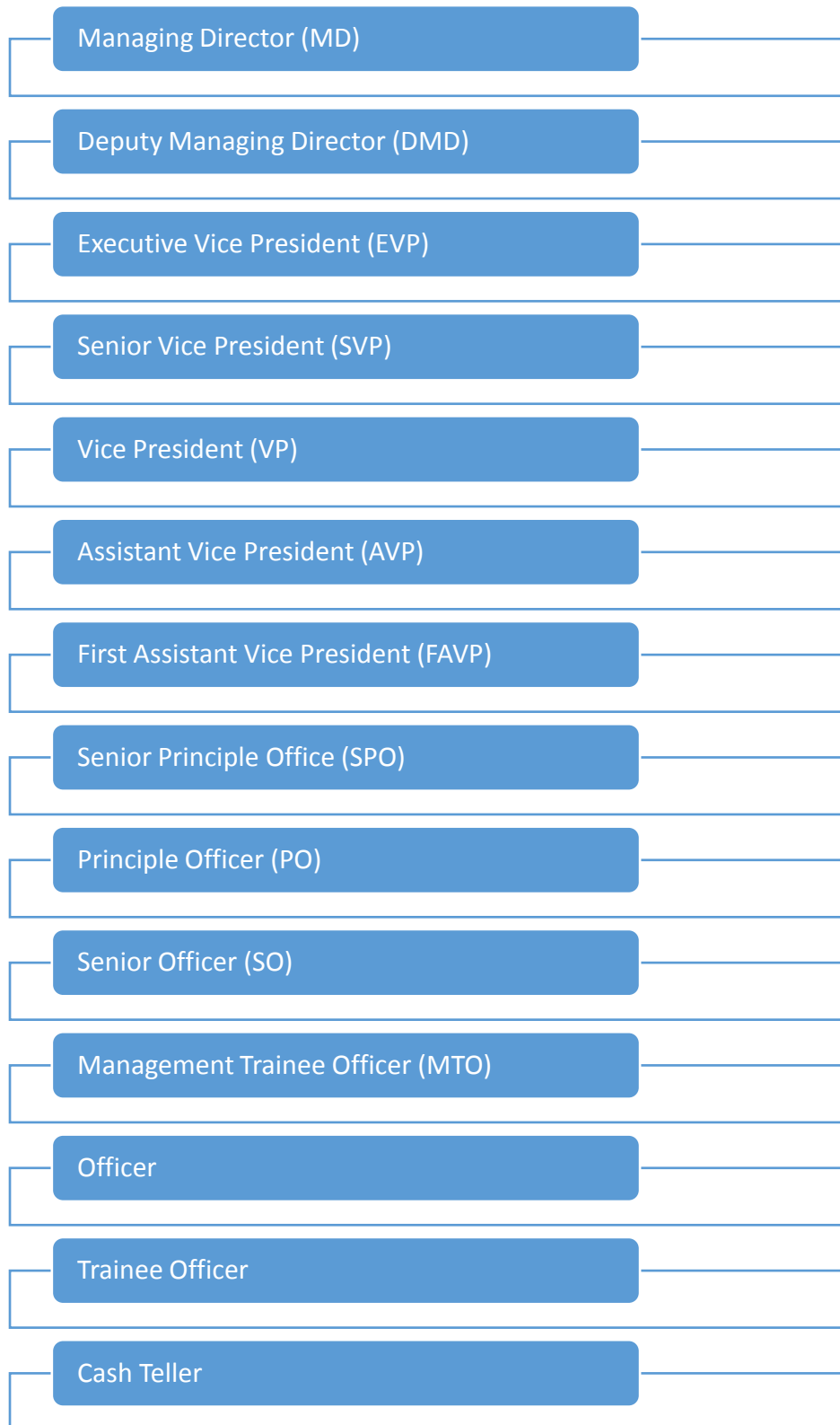
1. Al Wadiah Current Deposit (CD)
2. Mudaraba Short Notice Deposit (SND)
3. Mudaraba Saving Deposit (MSD)
4. Mudaraba Term Deposit (MTDR)
5. Monthly Profit based Term Deposit (PTD)
6. Al-Ararah Monthly Hajj Deposit (MHD)
7. Al-Arafah Termed Hajj Deposit (THD)
8. Foreign Currency Deposit (FCD)
9. Pension Deposit Scheme (PDS)
10. Mudaraba Millionaire Deposit scheme (MDS)
11. Mudaraba Lakhpoti Deposit scheme (LDS)
12. Mudaraba Kotipoti Deposit scheme (MKDS)

## **2.6 Management**

The company is managed by its Board of directors consisting of 15 members. The Board appoints an executive committee of Sponsor Directors (Chainman, Vice Chairman), its members, Shareholder Director, Ex Officer Director, Company Secretary. The committee is authorized to observe and review major day to day operational functions including investment plans, budgets and other investment activities.

The Board is also responsible for establishing the company's policies and reviewing the operational performance of the company including approval of large investment transactions and major fund procurement. The board appoints, the Managing Director responsible for managing the company's overall operations within the framework of policies of the company. The board also appoints the Policy Committee of eight directors who formulate the personal policy.

**Table 1: Organization Structure of AIBL**



## **2.7 Corporate Social Responsibilities (CSR)**

### **2.7.1 Al-Arafah Islami Bank foundation**

The Bank has an establishment propelling generous exercises. Al-Arafah Islami International School and school and Al-Arafah Islami Bank library are significant two wings for propelling altruistic exercises.

#### **2.7.1a) Al-Arafah Islami International School & college:**

Al-Arafah Islami International School and College has been built up by the An Arafah Bank Foundation with a view to working cutting edge as indicated by the beliefs of peace and to building up keeping money and other part of life in the method for Islam. The prime point of this International School and school is to contribute towards building HR and in the more extensive sense to guarantee human welfare. With the view An Arafah Islami bank Foundation has set up Al-Arafah Islami International School and College at Dhanmondi in 1998.

#### **2.7.1b) Al-Arafah Islami bank Library:**

Library is the bearer and supply of information. Al-Arafah Islami Bank has demonstrated that other than producing benefit, it can likewise contribute altogether in the field of giving great wellspring of learning by setting up an open library at 32, Topkhana Road, Chittagong Bhaban (first floor), Dhaka, in this manner reinforcing social advancement. It is arranged in sound, solid environment. It harbors 23,000 books of reference for the analysts, understudies, proficient, financiers, doctors, engineers, legislators, scholars or writers, notwithstanding for kids. It is interested in all from the year 2000 and all around found and open to everyone. It obtained some uncommon gathering of books on religion, financial aspects, keeping money, software engineering, business organization, human science, English and Arabic dialect and adolescent writing in Bangla, English, Urdu and Arabic, which are extremely uncommon.

# Chapter 3

## SERVQUAL Score & Analysis

Survey Instrument

Questionnaire

Data Collection and Analysis

Average Tangible SERVQUAL score

Average Reliability SERVQUAL score

Average Responsiveness SERVQUAL score

Average Assurance SERVQUAL score

Average Empathy SERVQUAL score

Perception of customers regarding the service quality of AIBL



### 3.1 Survey Instrument

**SERVQUAL** is a multi-dimensional research instrument, designed to capture consumer expectations and perceptions of a service along the five dimensions that are believed to represent service quality. SERVQUAL is built on the expectancy-disconfirmation paradigm, which in simple terms means that service quality is understood as the extent to which consumers' pre-consumption expectations of quality are confirmed or disconfirmed by their actual perceptions of the service experience. SERVQUAL was originally used for assessing customer perceptions of service quality in service and retailing organizations.

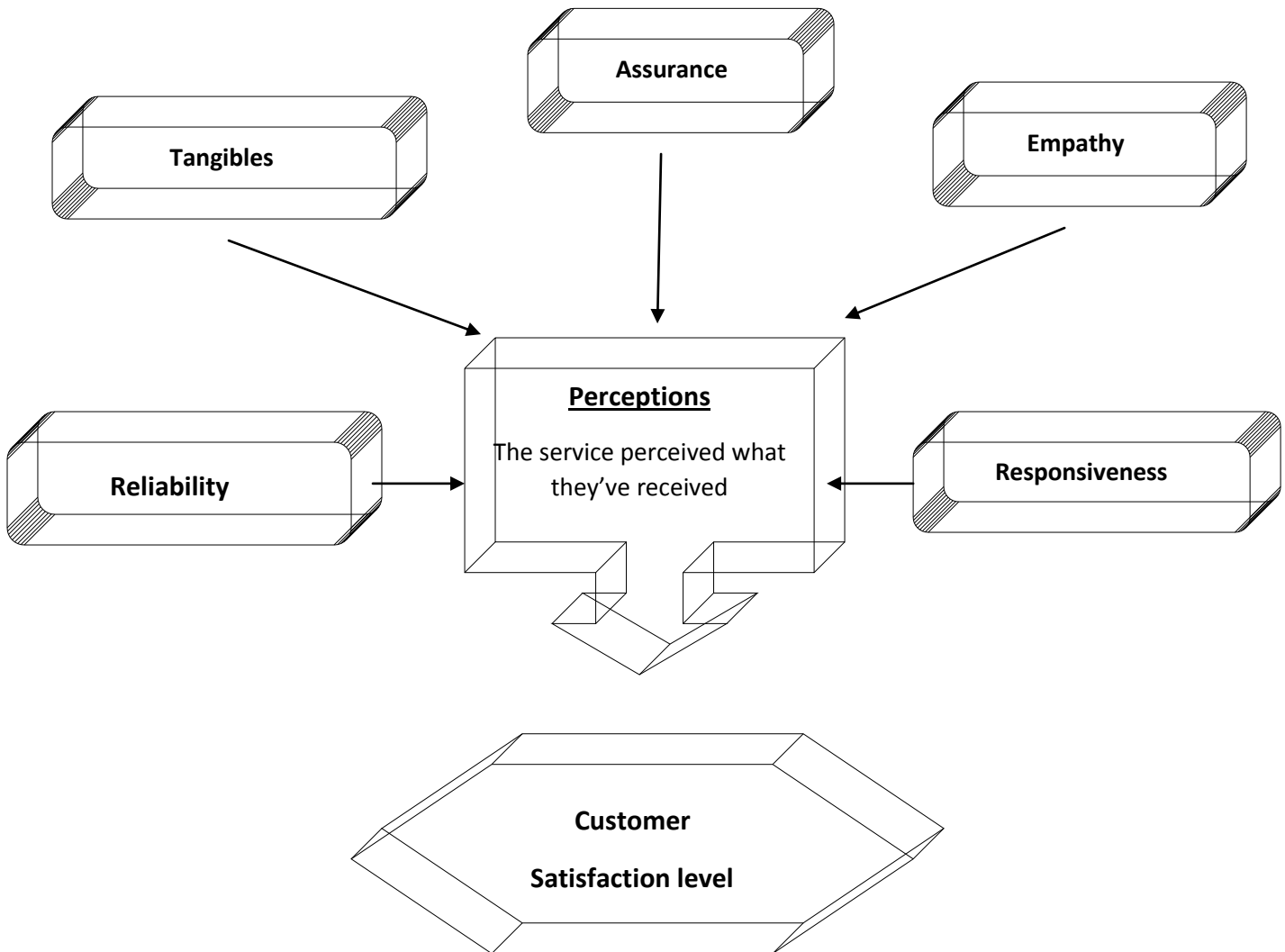
The SERVQUAL instrument has been the predominant method used to measure consumers' perception of service quality. It has five generic dimensions or factors that are stated as follows:

- I. **Tangibles:** The appearance of physical facilities, equipment, personnel and communication materials.
- II. **Reliability:** The ability to perform the promised service dependably and accurately.
- III. **Responsiveness:** The willingness to help customers and to provide prompt service.
- IV. **Assurance (including competence, courtesy, credibility and security):** The knowledge and courtesy of employees and their ability to convey trust and confidence.
- V. **Empathy (including access, communication, understanding the customer):** The provision of caring, individualized attention to customer.

These are the five dimensions of service quality that form the basis of the individual items in the SERVQUAL research instrument (questionnaire). The acronym RATER, is often used to help students of marketing remember the five dimensions of quality explicitly mentioned in the research instrument. It is these five dimensions that are believed to represent the consumer's mental checklist of service quality. The SERVQUAL measuring tool has been used by many researchers across a wide range of service industries and contexts, such as healthcare, banking, financial services, and education (Nyeck, Morales, Ladhari, & Pons, 2002).

These five determinants' impact on Customer Satisfaction level is given in below figure 1:

**Figure 1: Service Determinants' Impact on customer satisfaction level**



*Source: Primary*

For this research, a non-difference score measure was used and the score for each dimension of service quality was computed by taking the average score in items making up the dimension, in this case four items per dimension.

The method we used to calculate un-weighted SERVQUAL score is given below in Table:

**Table 2: Calculations to obtain Un-weighted SERVQUAL score**

Average Un-weighted SERVQUAL	Average
Average <i>Tangible</i> SERVQUAL score	
Average <i>Reliability</i> SERVQUAL score	
Average <i>Responsiveness</i> SERVQUAL score	
Average <i>Assurance</i> SERVQUAL score	
Average <i>Empathy</i> SERVQUAL score	
Total	
<b>Average(=Total/5) Un-weighted SERVQUAL score</b>	

### 3.2 Questionnaire

The service quality questionnaire was obtained from SERVQUAL’s question list. It has been used several times in the past and was developed by academic experts. The questionnaire was developed to identify underlying dimensions of AIBL quality and to assess consumers’ perceptions of the importance of each of these dimensions. The questionnaire covered the five dimensions of service quality, including the overall service quality of AIBL. The service quality questionnaire is shown in the Appendix A.

**Table 3: The Five-Point Likert scale**

Scale	Range	Interpretation
5	4.01-5.00	Excellent
4	3.01-4.00	Very Good
3	2.01-3.00	Good
2	1.01-2.00	Fair
1	0.01-1.00	Poor

### 3.3 Data Collection and Analysis

AIBL's walk-in customers were selected for data collection and the service quality questionnaires were distributed to 30 randomly chosen customers taking form Sonargaon Janapath Road Branch.

Descriptive statistics: Descriptive statistics were used to compare among the dimensions. Average dimension indices were used to conclude about the overall service quality of AIBL.

### 3.3.1 Average Tangible SERVQUAL score

Regarding the tangible service factors for AIBL the perception value is 4.37 which represents excellent, AIBL maintains up-to-date equipments to provide a prompt service to their customers. They have included online banking since 2008 with a wide range of services. Bangladeshi software's has been introduced in these online features to provide a better service to customers. Starting from the generator, office equipments, teller machines and computers to money transfer software's and banking transactional software's are always kept up-dated and well maintained to provide a smooth service.

The perceived value regarding Physical features being visually appealing is 4.20 which indicates that their client really appreciate how AIBL have visually merchandized their brand.

AIBL is currently now operating 128 ATM booths across 8 divisions of the country and the perceived value regarding accessibility of ATM booths is 4.23(Excellent). The ATM booths are properly guarded, clean environment and sufficient cash supply ensuring satisfied customers.

All the clients of AIBL Sonagaon Janapath Road Br. are local resident and local business based. There are two branches operating in Uttara, one at sector 7 (and at the one I have completed my MBA internship) sector 11. High valued accounts or the depositors are mainly landlords, retired army personal, retired officers, pilots and entrepreneur/businessmen all belonging to the same Uttara community. The perceived value regarding the location of the branch is 4.57 (Excellent) which clearly indicates their customer satisfaction level.

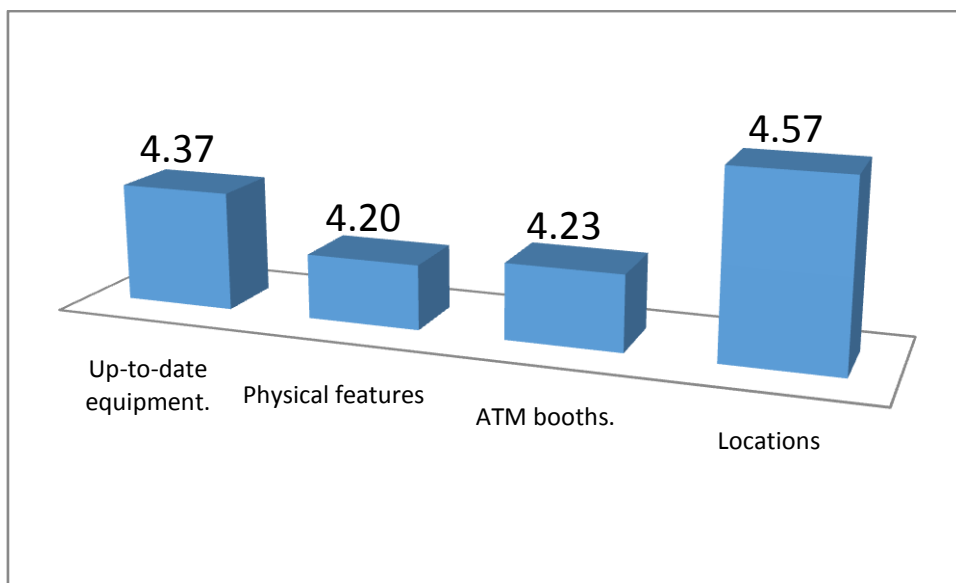
**Table 4: Average Tangible, SERVQUAL Questionnaire**

Statement	Average
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1	AIBL has up-to-date equipment.	4.37
2	AIBL's physical features are visually appealing.	4.20
3	AIBL have accessibility of ATM booths.	4.23
4	The location of AIBL Sonagaon Janapath Road Br. is convenient for you.	4.57
Average Tangible SERVQUAL score (Total/5)		<b>3.48</b>

Source: Primary

**Figure 2: Score-wise comparison of AIBL with respect to Tangible**



Source: Primary

### 3.3.2 Average Reliability SERVQUAL score

When it comes to efficiency and quick service, AIBL employee sure knows how serve their customers, the perception of the customers is 4.43(Excellent). Providing the service fast and also maintaining efficiency level requires high skilled employees and well trained officers. All the employees try to maintain a standard TAT (Turn-around Time) for processing customers request but to build relationship with a client special treatments can arranged according.

Regarding transactional accuracy ABIL as a bank takes this matter very seriously since the commodity we are dealing with is very sensitive, money. As a local bank governed by the Bangladesh Bank, people entrusts their life's savings or earnings in a bank so the margin for error is very slim. To ensure accuracy all the transactions are processed in a dual entry method. In a dual entry method there is a maker and a checker. The maker as in the officer will receive all variety of requests (Account opening/close, PO issue, cheque receive/payment etc) and start processing the request as per instruction and given documents by the customer. The officer will complete the task and send it verification from the manager in charge.

This is why dual checking method is applied to minimize errors in transactions although there will be human errors and thus the perception value from the survey shows 4.60 out of 5.

ABIL have always encouraged their employees to listen to their customers and find a solution as quick as possible, no matter how big or small the client profile is. AIBL believes every customer has the potential to grow big if they are properly nurtured. The perception value of the bank's sincere interest in problem solving is 4.47 (Excellent).

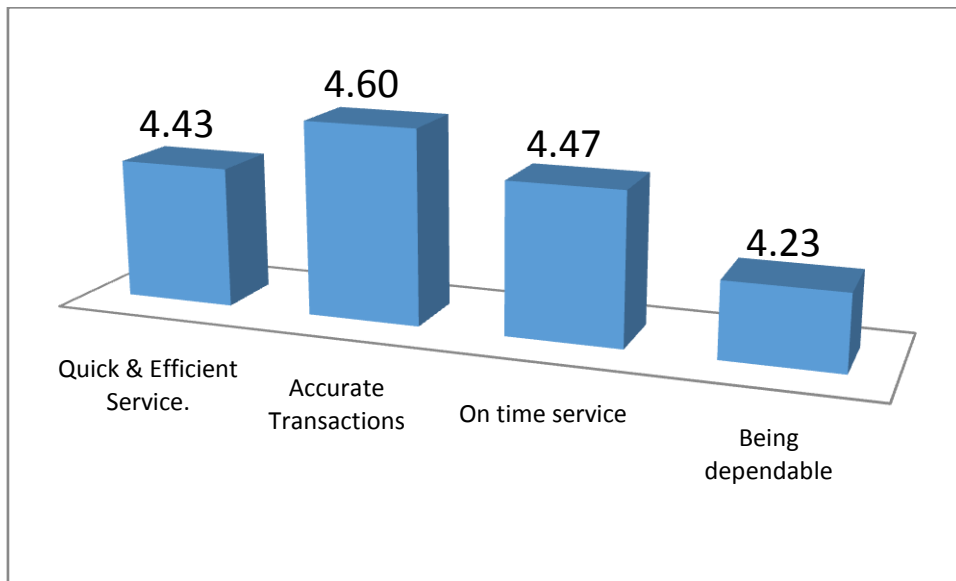
Consistency is important when it comes to actual delivery of service and providing it at the promised time is a delightful sight for the customers. The perception score is 4.23(Excellent) which indicates AIBL is doing a pretty good job at service delivery.

**Table 5: Average Reliability, SERVQUAL Questionnaire**

	<b>Statement</b>	<b>Average</b>
<b>5</b>	The service of AIBL is quick and efficient.	4.43
<b>6</b>	They handle my transactions accurately.	4.60
<b>7</b>	When you have a problem, the bank shows a sincere interest in solving it.	4.47
<b>8</b>	AIBL provides its service at the time it promises to do so.	4.23
	<b>Average Reliability SERVQUAL score(Total/5)</b>	<b>3.55</b>

Source: Primary

**Figure 3: Score-wise comparison of AIBL with respect to Reliability**



*Source: Primary*

### **3.3.3 Average Responsiveness SERVQUAL score**

The officers at the branch at front end of the operation where they have to interact with the customers. They are the faces of the organization customer's gets to know and address their queries, so their knowledge/information has to be accurate and spot on. According to the survey, the perception value score is 4.40 (Excellent) meaning the officers at the branch try their best to convey to their customers.

A service can be as good as the customer him/herself. If a customer is in a bad mood then it becomes really difficult for the employee to react immediately or in worst case scenario, service was actually compromised and now the customer is claiming for compensation. Such situations are very sensitive for a banks' reputation. The customers of AIBL expect a prompt service from the employees and so far the perception value score suggests that they are doing a decent job.

One of the features of AIBL is to provide dedicated service to their client imbued with Islamic spirit of brotherhood, peace and fraternity. So the willingness/drive to help the customers comes from a high belief and for a betterment of the society. The perception value score is 4.43 (Excellent) which suggest the employees always tries to listen to their customers.

Willingness to help is one thing but actually helping the customers with all their desired problem is another thing. Sometimes due to excess work load we do get under pressure and human errors can happen but responding to a customer is a sign of acknowledgment so no matter how busy the employees are they never forget to respond/greet/welcome to their customers.

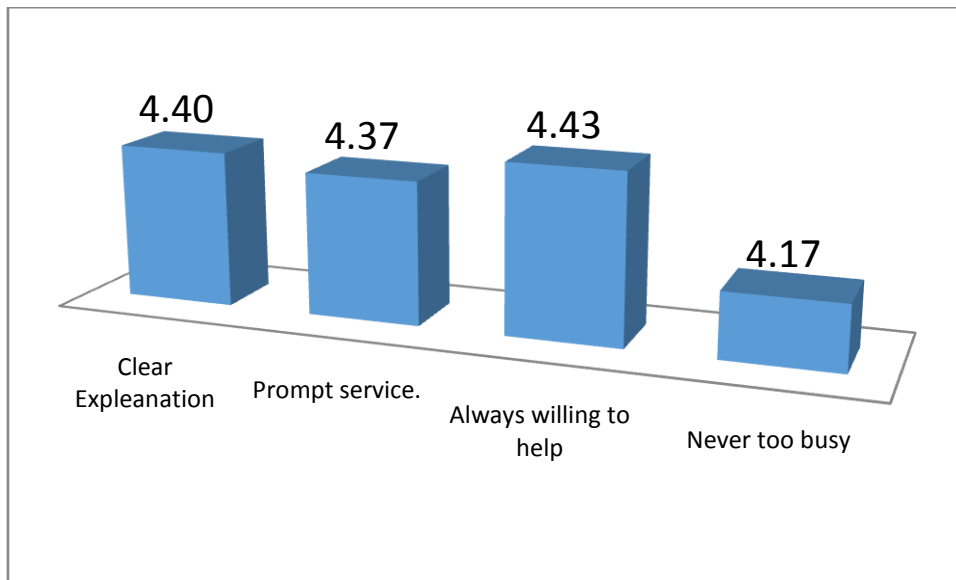
**Table 6: Average Responsiveness, SERVQUAL Questionnaire**

	<b>Statement</b>	<b>Average</b>
<b>9</b>	Officers at the branch provide clear explanation of service.	4.40
<b>10</b>	The officers at the branch give you prompt service.	4.37
<b>11</b>	Employees of AIBL are always willing to help you.	4.43
<b>12</b>	Employees of AIBL are never too busy to respond to your request.	4.17
Average Responsiveness SERVQUAL score(Total/5)		<b>3.48</b>

Source: Primary



**Figure 4: Score-wise comparison of AIBL with respect to Responsiveness**



*Source: Primary*

### **3.3.4 Average Assurance SERVQUAL score**

Good behavior is essential for a delightful service and the behavior of the employee can create a repeat customer. The repetition of clients indicates that the employees were able to gain his/her trust and he/she have confidence in the banks advice. The perception value score is 4.43 (Excellent).

According to the survey the customers feels very secure about transaction with AIBL. Al-Arafah Islami Bank Limited (AIBL) is a scheduled commercial bank registered by the Bangladesh Bank. They follow all the security guide lines and measures directed by the Bangladesh Bank. The perception value score is 4.40 (Excellent).

According to the survey the employees of AIBL are always polite, well mannered and very considerate. The perception value score is 4.43 (Excellent) which indicates a deal of customer relationship with the employees of the branch. The service approach of the officers is more family friendly oriented approach.

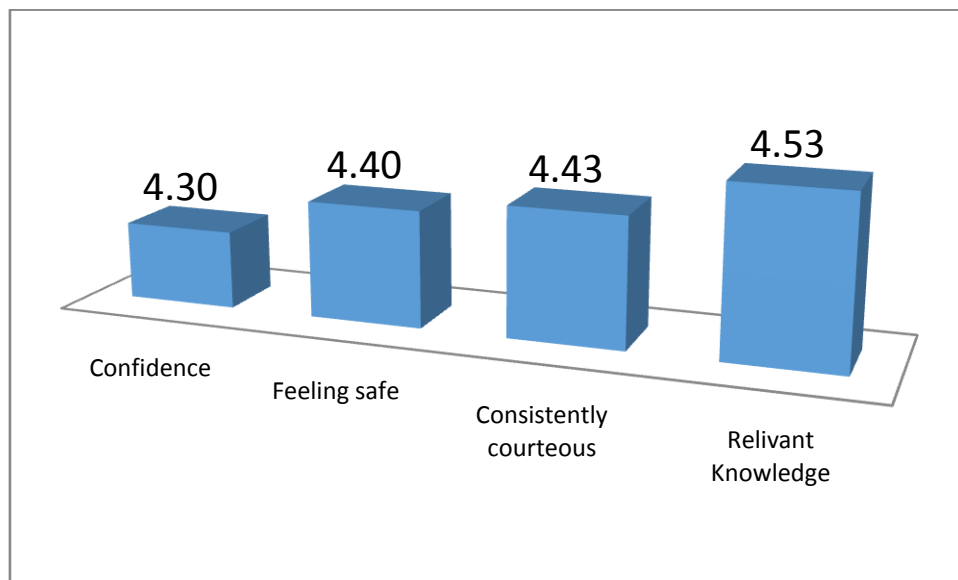
Regarding the service knowledge of the employees, the customer seems to be satisfied with the actual service delivery by the employees of the branch. The perception value score is 4.53 (Excellent).

**Table 7: Average Assurance, SERVQUAL Questionnaire**

Statement		Average
<b>13</b>	The behavior of officers in the bank instills confidence in you.	4.30
<b>14</b>	You feel safe in your transactions with AIBL.	4.40
<b>15</b>	Employees of AIBL are consistently courteous with you.	4.43
<b>16</b>	Employees of AIBL have the knowledge to answer your questions.	4.53
Total		
Average Assurance SERVQUAL score(Total/5)		<b>3.53</b>

Source: Primary

**Figure 5: Score-wise comparison of AIBL with respect to Assurance**



Source: Primary

### 3.3.5 Average Empathy SERVQUAL score

According to the survey questionnaire, the perception value for individual attention toward the customer is 4.37 (Excellent). This is a very good sign that the employees have been able to communicate and maintain individual attentions to each of their customer.

In a service oriented industry, greeting and acknowledgement to your customer is considered as the starting point/steps towards a delightful service. Even if the officer in-charge is busy attending another customer but never forget to greet the customer with a smile. That simple greeting and smile will create a scene of respect, acknowledgement and ownership in the minds of the customers. The perception value is 4.40 (Excellent) and the clients seems to appreciate it.

Regarding friendly and caring service, AIBL is doing a pretty good job at creating a family friendly working environment. The perception value for providing a friendly and caring service is 4.43 (Excellent) which indicates a satisfied happy customer.

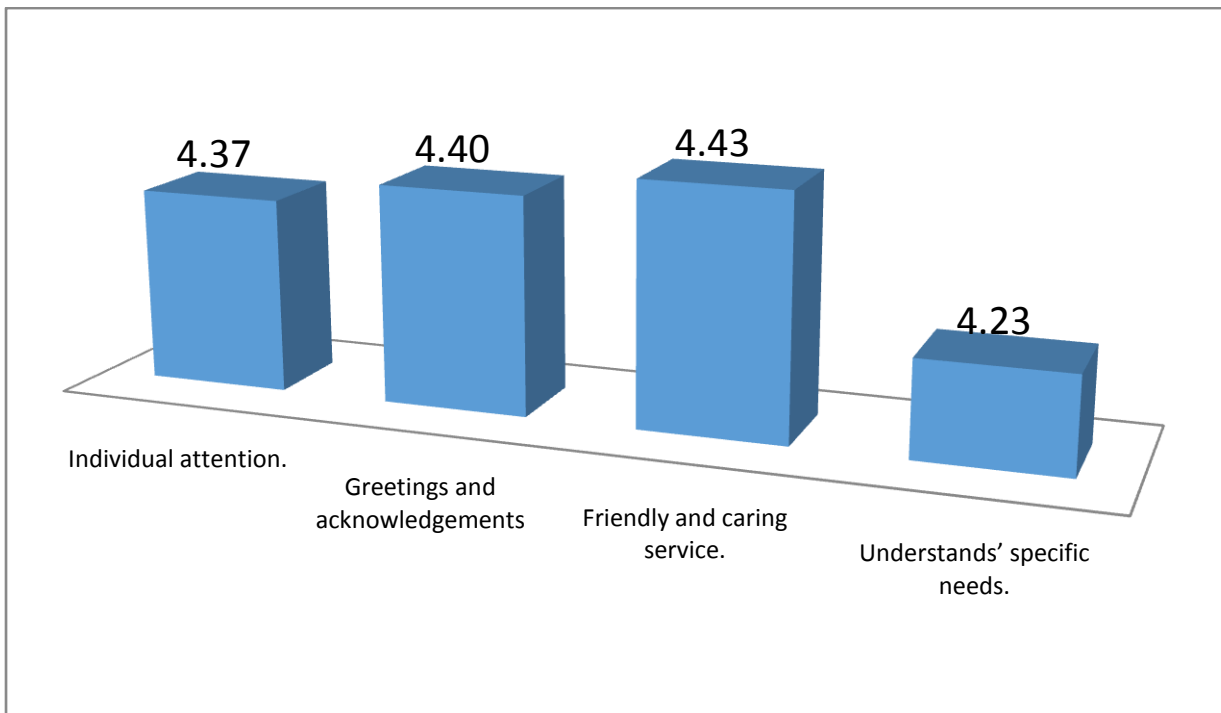
All the employees of AIBL try to understand all sorts of specific needs of a customer. AIBL also have existing products to meet customer niche requirement such as Haj monthly/term deposits. The perception value is 4.23 (Excellent) and it seems like the customers are satisfied with the existing service quality by AIBL.

**Table 8: Average Empathy, SERVQUAL Questionnaire**

	<b>Statement</b>	<b>Average</b>
<b>17</b>	AIBL gives you individual attention.	4.37
<b>18</b>	You get prompt greetings and acknowledgement from the employees.	4.40
<b>19</b>	AIBL provides friendly and caring service.	4.43
<b>20</b>	The employees AIBL understands' your specific needs.	4.23
	Total	
	Average Empathy SERVQUAL score(Total/5)	<b>3.49</b>

Source: Primary

**Figure 6: Score-wise comparison of AIBL with respect to Empathy**



*Source: Primary*

### **3.4 Perception of customers regarding the service quality of AIBL**

Overall perception of customers regarding the service quality of the banking sector of AIBL has been assessed in terms of derived average score of respective service quality dimensions and dimensions are- Tangible, Reliability, Responsiveness, Assurance and Empathy and overall service quality. The following Table contains average scores obtained from the survey and also remarks on the customer service quality of the banking sector of Bangladesh.

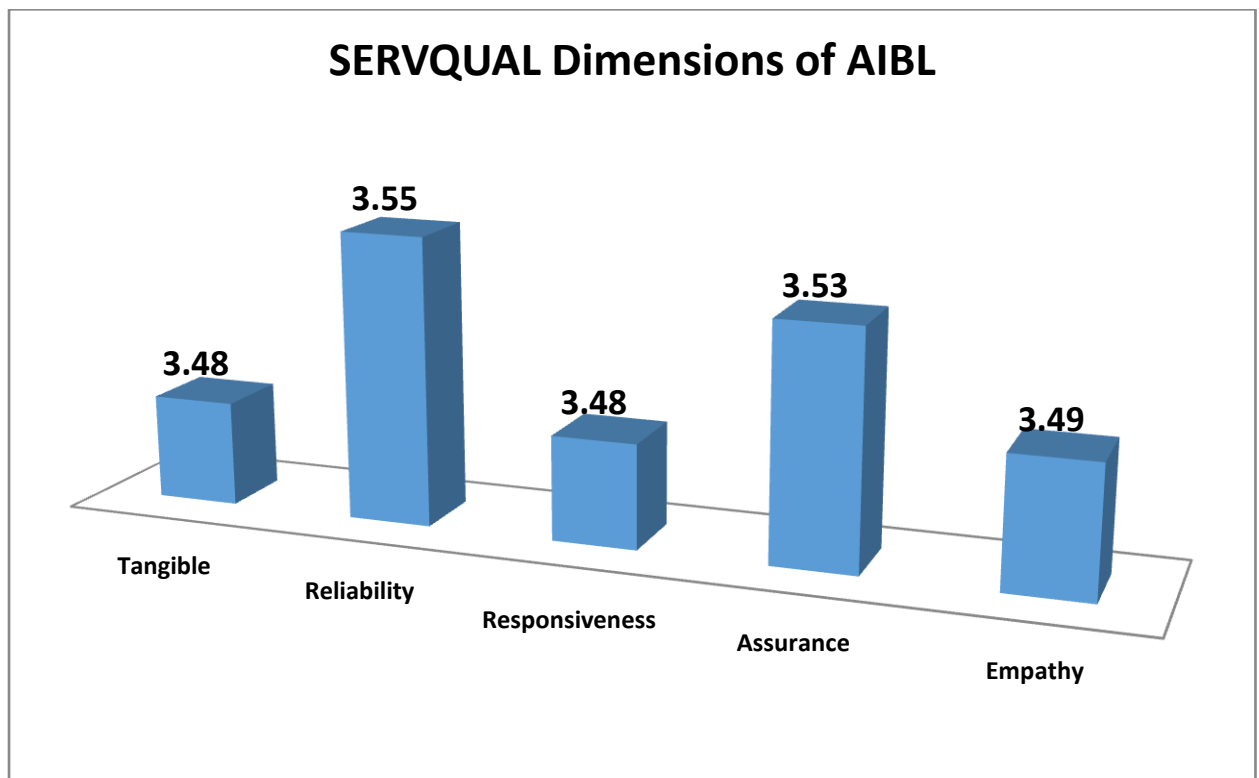
Table 6 has shown that the statistical description of service quality where it has found that AIBL's customers perceived Reliability (with the highest average score 3.55) to be the most dominant service quality and evident to a considerable extent, followed by Assurance (with the average score of 3.53), Empathy (with the average score of 3.49), Responsiveness (with the average score of 3.48) and Tangible (with the average score of 3.48) which are rated as moderate practices of AIBL. Tangible (with the average score of 3.48) and Responsiveness (with the average score of 3.48), two with the lowest average score was perceived on the overall as least dimensions of service quality in AIBL, Sonargaon Janapath Road Br.

**Table9: Descriptive Statistics**

<b>Dimensions</b>	<b>Average SERVQUAL score</b>	<b>Remark</b>
Tangible	<b>3.48</b>	<b>Moderate</b>
Reliability	<b>3.55</b>	<b>Satisfactory</b>
Responsiveness	<b>3.48</b>	<b>Moderate</b>
Assurance	<b>3.53</b>	<b>Satisfactory</b>
Empathy	<b>3.49</b>	<b>Moderate</b>
Overall service quality	4.5	<b>Satisfactory</b>

**\*\*\*3.5 or above: Satisfactory, 3 to 3.5: Moderate, below 3: Not satisfactory** *Source: Primary*

Figure 7: Score-wise comparison of SERVQUAL dimensions



Source: Primary

# Chapter 4

## Findings & Recommendations

Findings

Recommendation

Conclusion

Bibliography

## 4.1 Findings

After conducting the survey, few things were very clear regarding the service quality of AIBL and it requires immediate attention such as:

- ✓ Although the customers are satisfied with the branch's location but they need to up-date new equipment, fixtures and fittings, latest generators, teller machines, ATM machines and also increase their marketing campaign budget or try to make the bill boards more visually noticeable.
- ✓ By hiring potential human resource.
- ✓ Continuous training throughout the year, by doing this it have two benefits one, new recruit will learn faster and two, it will work as a new engine oil for the old motors.
- ✓ An up to date copy of Branch Operation Manual (BOM) at the branch.
- ✓ Building relationship with the customer is very important for the growth of the company but one should always remember that the safety of the bank comes first. Sometimes we tend to show favors our close friend/family as well as provide them will special services; these issues someday might lead to unethical practices.

## 4.2 Recommendations

A list of recommendations has been presented based on the findings of the survey conducted on customers of Al-Arafah Islami Bank Limited (AIBL). In relation to the findings, the study came up with following recommendations:

- Since AIBL is a service oriented organization, hence providing with modern looking equipments, physical facilities (ATM booths), Fixtures and fittings, personnel and communication equipments of the entire branch.
- Since AIBL is a customer oriented organization, hiring potential resource is a must. And for this reason, the bank should hire self-motivated, enthusiastic employee who will like to deal with customers in a more responsive manner and try to solve the customer complaints and other issues in an efficient manner. Only then the bank can render superior customer service and enjoy in the long run.



- The bank can set itself as a market leader in customer service by going beyond the conventional way of dealing with customers, such as, having customized working hour for every client, delivering and accepting payment as per the convenience of the customer in times of difficulty of the customer. This will help them to retain the existing customer as well as new customers.
- In order to retain the existing customer and improve service quality, the bank should continuously maintain error-free transactions, since bank accounts and figures are very sensitive issue for each and every customer.
- The management needs to improve quality services so as to satisfy customers' needs. AIBL needs to pay attention on the customer complaints in order to satisfy the customer's expectation. Individual should be given to customers in order to better understand their needs and better satisfy them.
- The management of AIBL should regularly run research activities in order to keep a regular track of customer satisfaction level. Regular research should also be conducted to find out customers expectations about various services aspect (Mobile Apps). As customer expectations and satisfaction are not static figures, regular research at sufficient interval should be conducted.

### **4.3 Conclusion**

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today's competitive market. The objective of this study was to find out customer satisfaction on SERVQUAL of AIBL with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as tangible, reliability, responsiveness, assurance and empathy. By analyzing the impact of service quality on customer satisfaction of AIBL, it is observed that out of five service quality dimensions, Reliability is having a high average score and the bank should concentrate on Tangible and Responsiveness as it has the least average score. The study also established that combination of tangible, reliability, responsiveness, assurance and empathy together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. The study accomplished that quality service is an important factor to satisfy customer needs and wants. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, AIBL should focus in service quality to satisfy their customers in every dimension of service quality.

## **Bibliography**

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- <https://www.bb.org.bd/aboutus/regulationguideline/guidelist.php>
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## Appendix A

**Sample Questionnaire:**

**You should rank each statement as follows:**

**Strongly**

**Strongly**

**Disagree**

**Agree**

1	2	3	4	5
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Statement	Score
1. AIBL has up-to-date equipment.	
2. AIBL's physical features are visually appealing.	
3. AIBL have accessibility of ATM booths.	
4. The location of AIBL SonagaonJanapath Road Br. is convenient for you.	
5. The service of AIBL is quick and efficient.	
6. They handle my transactions accurately.	
7. When you have a problem, the bank shows a sincere interest in solving it.	
8. AIBL provides its service at the time it promises to do so.	
9. Officers at the branch provide clear explanation of service.	
10. The officers at the branch give you prompt service.	

11. Employees of AIBL are always willing to help you.	
12. Employees of AIBL are never too busy to respond to your request.	
13. The behavior of officers in the bank instills confidence in you.	
14. You feel safe in your transactions with AIBL.	
15. Employees of AIBL are consistently courteous with you.	
16. Employees of AIBL have the knowledge to answer your questions.	
17. AIBL gives you individual attention.	
18. You get prompt greetings and acknowledgement from the employees.	
19. AIBL provides friendly and caring service.	
20. The employees AIBL understands' your specific needs.	
21. Overall service quality.	