

The impact of the service quality on customer loyalty in the algerian banking sector – A case study at AL-SALAM BANK ALGERIA-

تأثير جودة الخدمة على ولاء العملاء في القطاع المصرفي الجزائري

– دراسة حالة بنك السلام الجزائري –

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Received: 11/12/2022

Accepted: 24/12/2022

Published: 03/03/2023

Abstract:

This study aims to identify the dimensions of the prevailing service quality. As well to identify the extent of the impact of service quality in customer loyalty in Al-salam bank Algeria. In order to achieve the target, the random sample method was adopted and (120) questionnaires were distributed, (111) have been retrieved and found usable data for analysis, using SPSS. The study proved that there is an impact having statistical significance of the dimensions of service quality (as independent variables) on customer loyalty, these impacts were for the most part weak. Results also showed after using the multiple regression testing that service quality dimensions combined have a significant impact on customer loyalty. The study reached that the SERVQUAL model remains an effective way of measuring customer loyalty. Because customer value is regarded as an asset to banks.

Key words: Service Quality, Customers loyalty, Al-salam Bank Algeria.

JEL CLASSIFICATION : M30, M31, M39

ملخص:

تهدف هذه الدراسة إلى التعرف على أبعاد جودة الخدمة بالإضافة إلى التعرف على مدى تأثيرها على ولاء العملاء في بنك السلام الجزائري، لتحقيق هذا الهدف تم اعتماد أسلوب العينة العشوائية وتوزيع (120) استبانة، تم استرجاع (111) منها ووجدت بياناتها قابلة للتحليل باستخدام برنامج SPSS. أثبتت الدراسة وجود تأثير ذو دلالة إحصائية لأبعاد جودة الخدمة (كمستغيرات مستقلة) على ولاء العملاء، ومع ذلك كانت هذه الآثار في معظمها ضعيفة، كما أظهرت النتائج أيضاً بعد استخدام اختبار الانحدار المتعدد أن أبعاد جودة الخدمة مجتمعة لها تأثير كبير على ولاء العملاء. توصلت الدراسة إلى أن نموذج جودة الخدمة يظل وسيلة فعالة لقياس ولاء العملاء، لأن قيمة العميل تعتبر أصلاً للبنوك.

الكلمات المفتاحية: جودة الخدمة، ولاء العملاء، بنك السلام الجزائري.

تصنيف جال: M39، M31، M30

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1. INTRODUCTION

Interest has increased in the study and application of service quality principles and concepts in different organizations of different types, these concepts based on counting the customer the essence and basis of the institution by researching his needs and making sure the need for service quality, innovation and creativity to achieve a customer loyalty.

Delivering quality service to customers is necessary for success and survival in today's competitive banking. The success or failure of a service provider depends largely on the quality of its relationship with its customers, which determines customer loyalty through repurchase intentions. Customer loyalty increasingly becomes very important and appears to be the main concern of many businesses, especially when many companies are facing costly challenges in customer acquisition and high customer turnover. Consequently, service firms focus on achieving customer loyalty by delivering superior value.

The premise of "service quality" as a tool for gaining customers loyalty and lead in a market-driven system has been well recognized by the banking institutions. Although, in current highly competitive corporate environment, there is still a need for more research.

Considering all these, the key research question is: **"To what extent does the service quality contribute to enhancing customer's loyalty in the banking sector in Algeria? Applying to Al-salam Bank Algeria."**

1.1. Sub questions:

The main question breaks down in the following sub questions:

- a. What is meant by banking sector services? What is meant by service quality and what are its dimensions? What is meant by customer loyalty?
- b. Is there an impact between service quality dimensions and customers loyalty in Al-salam Bank Algeria?

In an attempt to respond, the paper is divided into two parts: one theoretical, dealing mainly with concepts, and one practical, trying to give more details through an experimental study on customers of Al-salam Bank Algeria.

1.2. Study Hypotheses:

To answer the Previous questions we will test the following hypotheses:

- a. Customer's find the service quality of Al-salam Bank Algeria to be good.
- b. There is statistically significant impact between service quality dimensions and customer satisfaction in Al-salam Bank Algeria.

1.3. Objectives of the Study:

In addition to trying to solve the exiting research gap, this study aims to:

- a. Building a theoretical framework that explains service quality and customer loyalty.
- b. Identify various dimensions of service quality and to establish the relationship is between service quality and customer loyalty and the ways through which bank can improve and manage the process of delivering quality standards to their customers.
- c. To determine the impacts of service quality dimensions on customer loyalty.

1.4. The Significance of the study:

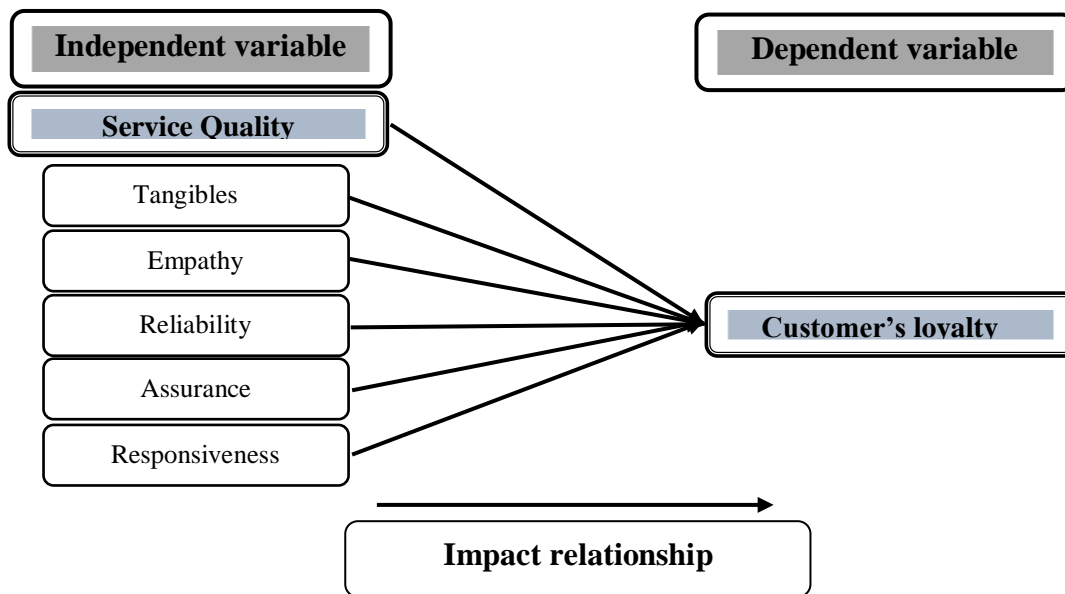
The significance of the present study arises from the following issues:

- a. The role of the service quality in influencing customer loyalty, and therefore his future purchasing behaviour.
- b. The development in the methods of providing the banking services requires special skills employers must recognize to provide high quality banking service that contributes to enhancing the relationship between customers and banks.
- c. The results of the present research might help the banking managers improve and develop the quality of the banking services provided in a way that satisfies the needs and desires of customers.

1.5. Study Model:

The model of the present study consists of two variables as it is shown in the figure 1.

Fig.1. Conceptual Model



Source: By authors

2. BANKING SECTOR SERVICES CONCEPTS

The importance of banking sector in the modern era is clearly demonstrated by the important role they play in the economy of countries through their banking services, without banking sector, the owner of the money has to find the investor with the appropriate conditions and duration of the two, and without the banking sector the risk is greater to limit participation to one project, and the diversity of investments of banking sector distributes risks making it possible to enter into high-risk projects, and banking sector, given a large size of the balances, can enter into the Long-term projects, in addition to all of the above, banking sector increase the infusion of liquidity close to money and thus reduce the pressure on the demand for money and offer the economy financial assets of various risks and returns and encourage and support financial markets. (Morkane & Boukhari, 2020)

Banking services consist mainly of accepting deposits from customers, granting credit for interest, renting iron cabinets and providing payment methods from cheques, remittances, such as exchange operations, the employment of financial values and assets, and advice to clients, in addition to project financing, insurance services, financial guarantees, investment stake, corporate financing, individual, enterprise and financial lending. Banking services are all operations undertaken by banking sector in their transactions with customers, such as free banking operations such as opening and closing accounts and granting cheques book and savings book, including what is provided in exchange for a commission deducted by the banking institution such as banking operations related to foreign trade. Banking operations include receiving funds from the public and loan operations, as well as opening bank accounts, placing payment methods at the disposal of customers, managing these means and transferring funds. (Morkane & Boukhari, 2020)

3. SERVICE QUALITY CONCEPTS

In the banking industry, premium service quality plays a pivotal role for customers in evaluating the performance of a service provider and is the key to gain customer loyalty. A bank can gain competitive advantage and build long-term relationship with its customers by providing premium quality services; service quality has been derived from the field of marketing which values the human interaction between a business and customers (Afraa, Siddig, & Abdel Hafiez, 2017).

To better understand the service quality, we need to look into the main characteristics of services, because services are non-physical it is hard to test the service prior to the sale in order to protect the quality of its delivery; Also, it is assumed that due to heterogeneity services various from person to person so performance various at different levels. To better understand the service quality, we need to look into the main characteristics of services, Because services are non-physical it is hard to determine, record, calculate or to test the service prior to the sale in order to protect the quality of its delivery; Also, it is assumed that due to heterogeneity services various from person to person so performance various at different levels.

Sometimes the service is produced and consumed at the same time. In most services, quality occurs during service delivery, usually when customers and service employee interacts. Therefore, an understanding of the nature of service quality and how it is achieved in organizations has become a priority for research. For that, banks need to develop an environment in the organization that is more prone towards meeting service quality standards, according to the customer requirements, the success could be achieved only if the internal environment is strong enough to meet the challenges of external requirements.

However, it is worth noting that There are many definitions for the term Quality defined by different authors, Where the definition of the term quality differ from author to author and it is usually based on the person making the definition. Quality has been defined by (Parasuraman, Berry, & Zeithaml, 1988) as “the degree of discrepancy between customers’ normative expectations for service and their perceptions of service performance”.

Since service quality has a strong human element associated with it, both at the provider and receiver’s end, it is unlikely to remain constant in every interaction with the service provider. Furthermore, Service quality has been identified as an antecedent of the broader concept of customer satisfaction (Gotlieb, Dhruv, & Stephen W, 1994).

Also, (A. Venetis & N. Ghauri, 2004) defined the Service quality as two elements ; expected service quality, and perceived service quality ; Expected service quality is the quality level that consumer expects to be provided by service provider, while perceived service quality is the level resulted direct perception of consumers toward each service quality item.

The concept of quality of banking service in terms of the general concept and objectives does not differ from the concept of quality of service and its objectives, Where it is defined as "those services in which customers match expectations of the banking services provided to them, with their real recognition of the benefit they get due to possessing that service" (Amjad, 2016); therefore, a good service from the perspective of the customers' is the one that matches with their expectations. Accordingly, in the service industry service quality definitions tend to focus on how well a service provider meets its customer expectations; where providing high-quality services can enhance customer retention rates, attract new customers through word-of-mouth, increase productivity, and improve financial performance, profitability, and morale among employees (Ghalib, 2014).

In line with the propositions put forward by (Parasuraman, Zeithaml, & Berry, 1985), conceived and operationalized service quality as a difference between consumer expectations of 'what they want' and their perceptions of 'what they get.' If service quality is a function of the difference between customer expectations and the perceptions of the service received, it therefore means that the degree of fit between expectations and perceptions determines the perceived service quality. (Parasuraman, Berry, & Zeithaml, 1988) Further explained expectations as the predictions made by consumer about what is likely to happen during an impending transaction while consumers' perception of performance is what he/she experiences. Moreover, (Davis & Heineke, 2003) state that customers develop expectations through their previous experiences with services in general and with each specific type of service they have encountered, when they hear about services from others and based on a service provider's advertisement and promotions.

3.1. Dimensions of Service Quality:

There are different dimensions of service quality from various perspectives, in the past few decades; researchers have introduced many models on service quality. The table below show the different dimensions of service quality across a multiplicity of journals and books.

Table 1. Dimensions of Service Quality

Authors	Dimensions of Service quality
Parasuraman et al. (1988). (SERVQUAL)	Tangible, Reliability, Responsiveness, Assurance, Empathy.
Gro'nroos, 1982, 1984.	Terms of functional, technical quality
Syed and Amiya (1994).	Facility, Empathy, Responsiveness, Reliability, Convenience.
Brady and Cronin (2001).	Interaction quality, Physical environment quality, Outcome quality.
Gilmore and Carson (1992).	Tangible, Reliability, Responsiveness, Assurance, Empathy, Price, Accessibility.
Cronin and Taylor 1992 (SERVPERF).	Empathy, Assurance, Visual aspect.

Source: Afraa Ahmed Mohammed, Siddig Balal Ibrahim, Abdel Hafiez Ali Hasaballah. (2017). The Impact of Service Quality on the Customer Loyalty in Sudanese Banking sector, *Journal of Economic Sciences*, 18(2), p 214.

3.2. Dimensions of Service Quality According for (Parasuraman, Zeithaml, & Berry, 1993):

Essentially, (Parasuraman, Zeithaml, & Berry, 1985) introduced the "SERVQUAL" scale based on gap model, Which depends on measures of the Performance–Expectation (P–E) gap, of what firms should provide in the industry being studied and their perceptions of how a given service provider performs against these criteria, (a description of the dimensions can be found in (Parasuraman, Zeithaml, & Berry, 1985, p. 47).

Later, some researchers argued that these ten dimensions of SERVQUAL are overlapping and give the same meaning. So, (Parasuraman, Zeithaml, & Berry, 1993) redesigned the SERVQUAL scale, proper refinements were made to it, and reset it into five dimensions of service quality: tangibility, responsiveness, reliability, assurance and empathy.

A brief explanation of these dimensions is given below:

- **Tangibles:** Tangibles have been defined as physical facilities, equipment and appearance of personnel (Parasuraman, Berry, & Zeithaml, 1988). Or in other words, those things which have a physical existence and can be seen and touched. In the context of service quality, tangibles can be referred to as Information and Communications Technology (ICT) equipment, physical facilities and their appearance (ambience, lighting, air-conditioning, seating arrangement (Mubbsher & Mariam, 2014), These tangibles are deployed, in random integration, by any organization to render services to its customers who in turn assess the quality and usability of these tangibles.
- **Empathy:** (Parasuraman, Berry, & Zeithaml, 1988) defined empathy as “the caring, individualized attention the firm provides for its customers” or in another word, empathy means taking care of the customers by giving attention at the individual level to them (Mubbsher & Mariam, 2014) ; It involves giving ears to their problems and effectively addressing their concerns and demands. Empathy is proved to be influential in customer loyalty (Ndubisi N. O., 2006); (Ehigie , 2006).
- **Reliability:** (Parasuraman, Berry, & Zeithaml, 1988) defined reliability as “the ability to perform the promised service dependably and accurately”. (Nguyen & Leblanc, 2001) Consider reliability, as a reputation that can be the most reliable indicator of service quality that could be related to customers past experiences (Ndubisi N. O., 2006).
- **Assurance:** (Parasuraman, Berry, & Zeithaml, 1988) defined assurance the knowledge and courtesy of employees and their ability to inspire trust and confidence. Several studies suggest that the exchange of information is an important part of both traditional selling and relationship marketing which may lead to a shared understanding (Ndubisi N. O., 2006). Assurance includes all the factors such as communication, courtesy and facilities that make customers confident and secure that the service commitment is fulfilled. (Gaura, 2014).
- **Responsiveness:** According to (Parasuraman, Berry, & Zeithaml, 1988) responsiveness is a willingness to help customers and provide prompt service or in another word, responsiveness refers to the speed and willingness with which service is provided to customers.

The standard instrument developed to measure what is known as “gap 5” (that is the difference between the perceived SQ and the SQ expected by the customer) is based on the five dimensions outlined above.

However, despite the criticisms leveled against the SERVQUAL measuring instrument, the model has been widely applied.

It is worth noting that the researchers considered the previous five dimensions of SERVQUAL while designing the research instrument.

4. CUSTOMER LOYALTY CONCEPTS

The concept of customer loyalty has drawn the attention of practitioners and academics from last several years based on the fact that customers are the primary source of Profit for most of the firms operating in the market, so it is important to understand what customer loyalty in business circles.

(Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994) Suggested that customer loyalty motivates customers for repeat purchases and persuades them to refer those products or services to others. (Pearson, 1996) Has defined customer loyalty as “the mind-set of the customers who hold favourable attitudes toward a company commit to repurchase the company’s product/service and recommend the product/service to others“. (Oliver R. , 1999) Defines customer loyalty as « a deeply held commitment to rebuy or patronize a preferred product/service ».

Moreover, loyalty is habitually confused with the repeat purchase behavior. However, from the conceptual point of view, repurchase is no more than a manifestation of loyalty together with word-of-mouth communication (Oliver R. , 1999). For this reason, loyalty is conceived as an attitude or an intention that gives rise to certain behaviors' in the course of a relationship (Oliver R. , 1999). This approach is supported by those situations in which the customer has no real possibility of choice, as occurs with public services. In these cases, although repurchase behavior does take place, the attitude or intention may not be loyal to the supplier, though the non-existence of alternatives prevents different behavior (Moliner, 2009). According to (Duffy, 2003) loyalty is « the feeling that a customer has about a brand». This feeling incites customer for acquiring a good or service repeatedly. Subsequently, this generates positive financial results for the firm. According to (Kumar & Shah, 2004) consumer loyalty seems to be based on a collection of factors. At first, trust, consumers must trust the vendor or product they encounter. Secondly, the transaction or relationship must have a positive perceived value greater than that supplied by competitors. Then, if marketers build on the first two factors they may be able to create a level of positive customer emotional attachment. That emotional response may be committed to their brands that is resistant to change (Pitta, Franzak, & Fowler, 2006). Consequently, every industry now offers a variety of loyalty schemes aimed at differentiating one competitor from another.

In fact, (Anderson, Fornell, & Lehmann, 1994); (Kandampully & Suhartanto, 2000) stated that if customers are satisfied with the goods or services received, it will create consumer loyalty. With the loyalty of consumers to the product/service, that will make consumers re-transact in the future. The same is also stated by (Assael, 1995) that customer satisfaction can increase purchasing intensity and with the optimum level of satisfaction will encourage the creation of loyalty. Therefore, customers’ loyalty is a strategic asset of the company that if managed properly have the potential to provide added value such as reduce marketing costs, attract new customers, increase trade and provide defense against competition (Taylor, Celuch, & Goodwin, 2004). With these values, customer loyalty can be a competitive advantage because it can be a barrier for competitors.

(Walsh, Groth , & Wiedmann, 2005) Believe that it is better to look after the existing customer before acquiring new customers. (Antón, Camarero, & Carrero, 2007) Stressed that over time, loyal customers increase their expenditure in the firm and they become less price sensitive and less costly. (Pfeifer, 2005) In a respective research study has already pointed out that the cost of serving a loyal customer is five or six times less than a new customer.

Generally, every banking company aims at earning profits, expanding its business by offering more diversified products or services over time and capturing a larger market share progressively. Customer loyalty can favorably contribute towards this basic aim of the banks (Hayes, 2008) as it is an effective tool for generating repeat sales from the customers (Chu, 2009). Furthermore, these loyal customers can serve as effective elements in the market mechanism when they refer their bank to more people. In this way these existing customers contribute towards increasing their respective bank's customer base and market share.

5. SERVICE QUALITY AND CUSTOMER LOYALTY

During the past; few decades, the interest of academics and researchers has been increased to measure the relationship between service quality and customer loyalty. As organizations are increasingly becoming customer focused and are driven by customer demands. It is becoming challenging to retain customers.

A strong relationship between customer loyalty and service quality confirmed by many researchers (Bloemer & De Ruyter, 1999); (Oliva, Oliver, & MacMillan, 1992). While (Bloemer & De Ruyter, 1999) have stated that service quality results in customer loyalty. Furthermore, (Firend & Masoumeh, 2014) in the study found that improving service quality leads to increase appropriate customer loyalty among subscribers of various services. However, in today highly dynamic and competitive environment, attaining higher levels of customer loyalty, especially in the services sector may be a tough task for many organizations.

Also notably many researchers have proved willingness to recommend and repurchase intention as the dimensions of the customer loyalty. Further, they found that service quality has a strong positive impact on these dimensions of customer loyalty (Ehigie, 2006); (Bloemer, De Ruyter, & Peeters, 1998); (Bitner, 1990).

In the context of banking services, (Bloemer, De Ruyter, & Peeters, 1998) revealed that the reliability and efficiency of a service impacts on the level of customers' loyalty. Similarly, (Kheng, Mohamad, Ramayah, & Mosahab, 2010) found a direct positive link between quality factors such as reliability, empathy and assurance and customer loyalty. However, (Bloemer, De Ruyter, & Wetzels, 1999) highlights that the relationship between service quality and loyalty is unclear and needs further investigation. Hence, the present study examines the impact of bank service quality factors (i.e. Tangibility, responsiveness, reliability, assurance and empathy) on customers' loyalty to the bank.

6. RESEARCH METHOD AND DATA COLLECTION

6.1. The Population and the Sample of the Study:

The present field study took place in Al-salam Bank Algeria. The study community has consisted of the customers who belong to Al-salam Bank Algeria who held at least one bank account.

To reach the objectives of the research study, the random sample method was adopted and (120) questionnaires paper were distributed, 111 have been retrieved and found usable data for analysis.

6.2. Research Instrument:

The main research instrument used for this study was the questionnaire. The questionnaire used for the study broadly has three sections included 29 items.

The first part dealt with the respondents' demographic information. Under the demographic section variables such as gender of the respondent, age, income level and educational level were asked.

The second part of the questionnaire concerned with the questions used to assess service quality. This section was also sub-divided into five subsection. The five subsections were also grouped into the various dimensions of service quality outlined in the conceptual framework. These subsections are tangibles, empathy, reliability, assurance, Responsiveness.

The third part of the questionnaire asked respondents to indicate the extent to which they agree/disagree with various Loyalty statements using a five-point scale.

The Five-Point Likert's scale was used to evaluate subjects' responses. Points were given based on the table below.

Table 2. Likert's scale

Degree	Strongly disagree	Disagree	Neutral	Agree	strongly agree
Point given	1	2	3	4	5

Source: By authors

6.3. Statistical Methods:

In order to answer the questions of the study and to analyze the data, the researchers used the Statistical Package of the Social Science (SPSS.V.24) software to analyze data. The statistics techniques used in data analysis include:

- **Descriptive Statistic Measures:** Using the arithmetical averages and standard deviations to precise the proportional significance of the sample individuals, response towards the axes and the dimensions of the study variables.
- **Simple Linear Regression:** Using the simple regression coefficient to measure the impact of the independent variable on the dependent one.
- **Cronbach's Alpha:** for testing the reliability of the study tool.
- **One sample T-test:** Using the one sample T-test to test our hypotheses, so that the null hypothesis is rejected when sig is less than 0.05.

6.4. Reliability Analysis of items:

This scale refers to the extent to which the used tool is reliable in measuring the variables that the study covers. The scale results would be statistically accepted if the Cronbach's alpha value was more than (0.60). Each time this value is closer to 1, it means that the degree of reliability is higher. According to the data mentioned in the table 3, we notice that the value Cronbach's alpha (0.914). Thus, we can say that the tool of the study and the results obtained are reliable and suitable for measuring the variables.

Table 3. Reliability test

Factors	Cronbach's Alpha	No. Of Items
Tangibles	0.668	4
Empathy	0.674	5
Reliability	0.792	5
Assurance	0.613	4
Responsiveness	0.750	4
Service quality	0.844	22
Customer loyalty	0.812	07
Total	0.914	29

Source: By authors from Spss.V.24 Output.

7. RESULTS AND DISCUSSION

7.1. Descriptive statistics for the study variables:

This section illustrates the descriptive statistics for each variable and its item as mean and standard deviation, beside the rank and the level of importance. In order to analyze the questionnaire paragraphs and interpret the results accurately, the analysis scale categories were defined as follows:

Table 4. The analysis scale categories

Range Field]1 – 1.8]]1.8 – 2.6]]2.6 – 3.4]]3.4 – 4.2]	[4.2 – 5]
Importance	very low	low	Medium	High	very high

Source: By authors

7.1.1. Descriptive statistics of the first axis:

Table 5 illustrates the details about mean and standard deviation scores of the independent variable (Service quality).

Table 5. Descriptive statistics for the Independent variable (Service quality)

Component	SERVQUAL Items	Mean	Std. Dev.	Rank	Importance
Tangibles	1. The bank has modern looking equipment.	3.59	0.972	4	H
	2. The bank's physical facilities are Visually appealing.	3.53	1.134	3	H
	3. The bank's employees are neat appearing.	3.63	0.995	2	H
	4. Materials associated with the service (such as pamphlets and statements) are visually appealing at the bank.	3.57	0.967	1	H
	Tangibles	3.58	1.017	1	H

Empathy	1. The bank gives you individual attention.	3.42	0.818	5	H
	2. The bank has employees who give your personal attention.	3.57	1.061	2	H
	3. The bank has operating hours convenient to all its customers.	3.55	1.080	4	H
	4. The employees of the bank understand your specific needs.	2.61	1.133	1	M
	5. The bank has your best interests at heart.	3.57	1.152	3	H
Empathy		3.34	1.049	4	M
Reliability	1. When the bank promises to do something by a certain time, it does so	3.54	1.013	3	H
	2. When you have a problem, the bank shows a sincere interest in solving it	3.62	1.083	1	H
	3. The bank performs the service right the first time	3.34	1.144	4	M
	4. The bank provides its service at the promised time	2.67	1.247	5	M
	5. The bank insists on error free records	3.61	1.316	2	H
Reliability		3.35	1.160	3	H
Assurance	1. The behavior of employees in the bank instills confidence in you	3.46	1.194	2	H
	2. You feel safe in your transactions with the bank	3.61	1.038	4	H
	3. Employees in the bank are consistently courteous with you	3.65	1.106	1	H
	4. Employees in the bank have the knowledge to answer your questions	3.59	1.028	3	H
Assurance		3.57	1.091	2	H
Responsiveness	1. Employees in the bank tell you exactly when the services will be performed	3.44	1.018	2	H
	2. Employees in the bank give your prompt service	3.31	1.131	3	M
	3. Employees in the bank are always willing to help you	3.42	1.019	1	H
	4. Employees in the bank are never too busy to respond to your request	3.12	1.390	4	M
Responsiveness		3.32	1.139	5	M
Total		3.43	1.091		H

Source: By authors from Spss.V.24 Output.

Table 5 depicts the availability the dimensions of service quality in Al-salam Bank Algeria where the mean of overall service quality dimensions is 3.43 and the standard deviation 1.091. That is an average indicates that customers somewhat agree that the bank delivers premium quality services.

In some detail, the first dimension “Tangibles” has the first rank in term of availability in Al-salam Bank Algeria (mean=3.58 with a standard deviation of 1.017) which means customers agree that bank’s ambience, equipment, sitting area facilities and communication materials enhance their levels of satisfaction and make them more loyal towards their respective bank, followed by the

fourth dimension “Assurance” (mean= 3.57 with a standard deviation of 1.091) which means customers agreed that bank possess trustworthy behavior and reflect genuine commitments in providing services. It may also positively influence their repurchase intentions, then the third dimension “Reliability” (mean= 3.35 with a standard deviation of 1.160) the mean score of reliability clearly indicates that customers agree that financial service providers provide promised service accurately and dependably, then after that the second dimension “Empathy” (mean= 3.34 & SD= 1.049) which means customers somewhat agreed that banking staff listen to the customers’ problems carefully and provide individualized attention to their concerns and demands and finally in the last rank the fifth dimension “Responsiveness” (mean= 3.32 with a standard deviation of 1.139).

7.1.2. Descriptive statistics of the second axis:

Table 6. Descriptive statistics for the dependent variable (Customer loyalty)

Component	Loyalty Items	Mean	Std. Dev.	Rank	Importance
Loyalty	1- Bank is always willing to provide services in a timely manner.	3.98	0.889	1	H
	2- I feel that my experience with this bank has been enjoyable.	3.84	0.809	2	H
	3- You are satisfied with how the bank handles your inquiry.	3.74	0.892	4	H
	4- Will encourage friends and relatives to use the services offered by the bank.	3.79	1.051	3	H
	5- I intend to continue being a customer of the bank for a long time to come.	3.71	0.983	5	H
	6- I say positive things about the bank to other people.	3.64	0.958	6	H
	7- Overall, I am satisfied with the bank services.	3.24	1.145	7	H
Customer loyalty		3.70	0.961		H

Source: By authors from Spss.V.24 Output.

The table 6 above shows that mean of the customer loyalty is 3.70 with a standard deviation of 0.961. The mean score of customer loyalty is close to 4 which shows that customers agree.

In some detail, the first paragraph "bank is always willing to provide services in a timely manner" has the first rank (mean=3.98 with a standard deviation of 0.889) which means customers agree that bank provide services in a timely manner, followed by the second paragraph "I feel that my experience with this bank has been enjoyable" (mean= 3.84 with a standard deviation of 0.809) which means customers agreed that their experience with this bank has been enjoyable and satisfying, then the fourth paragraph "will encourage friends and relatives to use the services offered by the bank" (mean=3.79 with a standard deviation of 1.051) which means that customers are satisfied with the bank and encourage friends and relatives to use the services offered by the bank and this is what is considered as a marketing mechanism through which other people are attracted towards the bank. Then after that the third paragraph "you are satisfied with how the bank

handles your inquiry" (mean =3.74 & SD= 0.892) which means customers agreed that banking staff listen to the customers' problems carefully and handles their inquiry and demands, followed by the fifth paragraph "I intend to continue being a customer of the bank for a long time to come" (mean = 3.71 & SD = 0.983) which means The bank's services satisfy the needs and desires of customers and they intend to continue with a bank for a long time. Then the sixth paragraph "I say positive things about the bank to other people" (mean=3.64 & SD=0.983) which means that customers talk positively about the bank, this has more worth than any other advertising channel. Finally in the last rank the seventh paragraph "Overall, I am satisfied with the bank services" (mean= 3.24 with a standard deviation of 1.145) which means that customers are satisfied with the bank.

7.2. Testing hypotheses:

In order to get the results and the recommendations that highlight the importance of the present study, we have dealt with testing the study hypothesis as follows.

7.2.1. Hypothesis 1:

In order to test the first hypothesis “**Customer's find the service quality of Al-salam Bank Algeria to be good**” we formed it as follow:

H0₁: Customer's do not find the service quality of Al-salam Bank Algeria to be good at 5% significance level.

H1₁: Customer's find the service quality of Al-salam Bank Algeria to be good at 5% significance level.

Table 7. Results of T-test for the first hypothesis of the study

Dependent Variable	Mean	Std. Dev.	T Value	Sig.
hypothesis 1	3.43	1.091	4.181	0.000

Source: By authors from Spss.V.24 Output.

The table above shows the results of the first hypothesis where the value of (T) was (4.181), with a sig. level of (0.000), which is statistically significant at ($\alpha \leq 0.05$) which indicates that the mean is statistically significant.

Based on these results, the first null hypothesis (H0₁) is rejected and the alternative hypothesis (H1₁) are accepted which states "Customer's find the service quality of Al-salam Bank Algeria to be good".

7.2.2. Hypothesis 2:

H2: “There is statistically significant impact between service quality dimensions and customer loyalty in Al-salam Bank Algeria”, to test the hypothesis we form the null and the alternative hypothesis as follow:

(H0₂): There is not a statistically significant impact between service quality dimensions and customer loyalty in Al-salam Bank Algeria at 5% significance level.

(H1₂): There is a statistically significant impact between service quality dimensions and customer loyalty in Al-salam Bank Algeria at 5% significance level.

The table 8 below shows the results of the multiple regressions analysis ran to testing the impact of the service quality dimensions combined (Tangibles, Empathy, Reliability, Assurance and Responsiveness) (as independent variable) on customer loyalty (as the dependent variable).

Table 8. The results of the multiple regression of the impact of the service quality dimensions combined in the customer loyalty

Variables	R	R ²	D.F	F	Sig (f)
Service quality (SQ)	0.724	0.524	106	14.789	0.000

a. Dependent variable : Customer loyalty
 b. Predictors : (Constant), Tangibles, Empathy, Reliability, Assurance, Responsiveness

Source: By authors from Spss.V.24 Output.

Table 8 clearly indicates that the service quality dimensions combined have a significant effect on customer loyalty. Since the value of the determination coefficient ($R^2 = 0.524$). This means that service quality explains (52.4%) of the difference occurring in the dependent alternative referring to the customer loyalty. Since the value ($F = 14.789$, significance level = 0.000), we reject the null hypothesis H_{02} and accept the alternative hypothesis (H_{12}) which emphasizes the service quality dimensions combined has a statistically, significance impact ($\alpha < 0.05$) in customer loyalty.

There is also a test for minor hypotheses resulted from the main hypothesis, which deal with the impact of service quality dimensions in the customer loyalty; we formed it as follow:

- The first minor hypothesis:

H_{2a} : “**There is a statistically significant impact between tangibles and customer loyalty in Al-salam Bank Algeria at 5% significance level**”, to test the hypothesis we form the null and the alternative hypothesis as follow:

- H_{02a} : There is not statistically significant impact between tangibles and customer loyalty in Al-salam Bank Algeria at 5% significance level.
- H_{12a} : There is statistically significant impact between tangibles and customer loyalty in Al-salam Bank Algeria at 5% significance level.

The table 9 gives the results of the simple regression analysis ran to testing the impact of the five dimensions of service quality (independent variables) on customer loyalty (dependent variable).

Table 9. The results of the simple regression of the impact of the service quality dimensions in the customer loyalty

Variables	R	R ²	D.F	F	Sig (f)
Tangibles (T)	0.657	0.431	110	68.714	0.000
Empathy (E)	0.592	0.350	110	48.457	0.000
Reliability (R)	0.621	0.385	110	64.599	0.000
Assurance (A)	0.531	0.282	110	30.223	0.000
Responsiveness (Re)	0.428	0.183	110	20.362	0.000

a. Dependent variable: Customer loyalty.

b. Predictors: (Constant), Tangibles, Empathy, Reliability, Assurance, Responsiveness.

Source: By authors from Spss.V.24 Output.

Table 9 clearly indicates that the first variable "Tangibles" has a positive effect on customer loyalty, since the value of the determination coefficient ($R^2 = 0.431$). This means that the variable of the "Tangibles" explains (43.1%) of the difference occurring in the dependent alternative referring to the customer loyalty.

Since the value ($F = 68.714$, significance level = 0.000), we reject the null hypothesis ($H_{0_{2a}}$) and accept the alternative hypothesis ($H_{1_{2a}}$) which emphasizes the "Tangibles" has a statistically, significant impact ($\alpha < 0.05$) in customer loyalty.

- The second minor hypothesis:

H_{2b}: "There is a statistically significant impact between empathy and customer loyalty in Al-salam Bank Algeria at 5% significance level", to test the hypothesis we form the null and the alternative hypothesis as follow:

- H_{0_{2b}}: There is not a statistically significant impact between empathy and customer loyalty in Al-salam Bank Algeria at 5% significance level.
- H_{1_{2b}}: There is statistically significant impact between empathy and customer loyalty in Al-salam Bank Algeria at 5% significance level.

Table 9 clearly indicates that the second dimension of service quality "Empathy" had a positive impact on customer loyalty. Since the value of the determination coefficient ($R^2 = 0.350$). This means that the variable of the "Empathy" explains (35%) of the difference occurring in the dependent alternative referring to the customer loyalty.

Since the value ($F = 48.457$, significance level = 0.000), we reject the null hypothesis $H_{0_{2b}}$ and accept the alternative hypothesis ($H_{1_{2b}}$) which emphasizes the "Empathy" has a statistically, significance impact ($\alpha < 0.05$) in customer loyalty.

- The Third sub-hypothesis:

H_{2c}: "There is statistically significant impact between reliability and customer loyalty Al-salam Bank Algeria at 5% significance level", to test the hypothesis we form the null and the alternative hypothesis as follow:

- H_{0_{2c}}: There is not a statistically significant impact between reliability and customer loyalty in Al-salam Bank Algeria at 5% significance level.
- H_{1_{2c}}: There is a statistically significant impact between reliability and customer loyalty in Al-salam Bank Algeria at 5% significance level.

Table 9 indicates that there was a positive impact of "Reliability" on customer loyalty. Since the value of the determination coefficient ($R^2 = 0.385$). This means that the variable of the "Reliability" explains (38.5%) of the difference occurring in the dependent alternative referring to the customer loyalty.

Since the value ($F = 64.599$, significance level = 0.000), we reject the null hypothesis $H_{0_{2c}}$, and accept the alternative hypothesis ($H_{1_{2c}}$) which emphasizes the "Reliability" has a statistically, significance impact ($\alpha < 0.05$) in customer loyalty.

- The fourth minor hypothesis:

H_{2d}: “There is a statistically significant impact between assurance and customer loyalty in Al-salam Bank Algeria at 5% significance level”, to test the hypothesis we form the null and the alternative hypothesis as follow.

H_{02d}: There is not a statistically significant impact between assurance and customer loyalty in Al-salam Bank Algeria at 5% significance level.

H_{12d}: There is a statistically significant impact between assurance and customer loyalty in Al-salam Bank Algeria at 5% significance level.

The Table 9 indicates also that there was a positive impact of “Assurance” on customer loyalty. Since the value of the determination coefficient ($R^2 = 0.282$). This means that the variable of the “Assurance” explains (28.2%) of the difference occurring in the dependent alternative referring to the customer loyalty.

Since the value ($F = 30.223$, significance level = 0.000), we reject the null hypothesis H_{02d}, and accept the alternative (H_{12d}) which emphasizes the "Assurance" has a statistically, significance impact ($\alpha < 0.05$) in customer loyalty.

- The fifth minor hypothesis:

H_{2e}: “There is a statistically significant impact between responsiveness and customer loyalty in Al-salam Bank Algeria at 5% significance level”, to test the hypothesis we form the null and the alternative hypothesis as follow:

H_{02e}: There is not a statistically significant impact between responsiveness and customer loyalty in Al-salam Bank Algeria at 5% significance level.

H_{12e}: There is statistically significant impact between responsiveness and customer loyalty in Al-salam Bank Algeria at 5% significance level.

The Table 9 indicates also that there was a positive impact of “Responsiveness” on customer loyalty. Since the value of the determination coefficient ($R^2 = 0.183$). This means that the variable of the "Responsiveness" explains (18.3%) of the difference occurring in the dependent alternative referring to the customer loyalty.

Since the value ($F = 20.362$, significance level = 0.000), we reject the null hypothesis H_{02e}, and accept the alternative (H_{12e}) which emphasizes the "Responsiveness" has a statistically, significance impact ($\alpha < 0.05$) in customer loyalty.

8. CONCLUSION

Although service quality has been evaluated long time ago, but it is still one study that banks must continue to conduct in order to meet the changes in the banking industry. As service quality can retain the right customers. Therefore, it makes it a top priority to retain profitable customers properly. Today all customers need is the quality of the products and services that satisfy their requirements effectively. Hence, the major need of today’s banking institutions is to find the ways to create satisfied and happy client-base.

The main objective of this study was to answer the following question: “To what extent does the service quality contribute to enhancing customer's loyalty in the banking sector in Algeria? Applying to Al-salam Bank Algeria”.

From the theoretical literatures, we developed the hypothesis that all of the five dimensions of the service quality have a significant effect on customer loyalty. After research, the results suggest that all dimensions of service quality had a significant positive impact on customer loyalty, but in varying proportions. These findings are in conformity with the existing literature literature (Bloemer, De Ruyter, & Peeters, 1998); (Oliva, Oliver, & MacMillan, 1992); (Firend & Masoume, 2014); (Ehigie, 2006); (Bitner, 1990).

8.1. The Results of the Study:

The present study has attained the following results:

- The current study revealed the applicability of the SERVQUAL model of five dimensions namely: tangibles, reliability, responsiveness, assurance and empathy of (Parasuraman, Zeithaml, & Berry, 1993) in the banking sector in Algeria.
- The customer loyalty is a very much important factor that not only forces the customers to remain loyal with the bank, but also proves as a marketing mechanism through which other people are attracted towards the bank.
- The study has revealed that there is an impact having statistical significance of the tangibles on customer loyalty that means the customer gets satisfied and loyal with the outlook presentation of the bank that include the premises, decor of the branch and most important technologically updated equipment.
- The result of the study has revealed that there is an impact having a statistical significance of the empathy on customer loyalty as the customer wants personal banking which means the customer doesn't want to disclose its statement to every employee, so he wants a personal attention from a banker which makes him satisfied and loyal with the bank.
- The result of the study has revealed that there is an impact having a statistical significance of the reliability on customer loyalty as the bank transactions deals with the financials of the customer, so he wants an error free record from its bank.
- The result of the study has revealed that there is an impact having a statistical significance of the assurance on customer loyalty but no significant effect on it. Therefore, Banks should increase the level of assurance in their services in order to retain existing customers and even attract new ones.
- The result of the study has revealed that there is an impact having a statistical significance of the responsiveness on customer loyalty but no significant effect on it. This result indicates that customers prefer to deal with machines rather than humans. Machines generally have shorter response times and can be improved upon constantly, whereas human responsiveness can be affected by emotion, reducing productivity.
- In addition, the result of the study has revealed that all the five dimensions of service quality combined exhibited a positive correlation with customer loyalty. While evaluating the impact of these five dimensions combined on customer loyalty using multiple regression analysis it was found that 52.4% of the variance in customer loyalty is explained by changes in the service quality.

8.2. Recommendations:

The basic purpose of this research work is to put forward recommendations of practical nature rather than just propose research oriented work. The following recommendations are proposed to banking service providers in Algeria:

- The marketers must understand and determine the factors, i.e. premium service quality that enhances the customer loyalty in banking sector. Frequent surveys must be conducted to obtain the data from the customers regarding their perceptions, expectations and recommendations to improve the service quality.
- The banking institutions must adopt a win-win service quality strategy through which they provide value to the customer.
- Traditional predictors of the service quality (i.e. tangibles, reliability, assurance, empathy and responsiveness) still have a strong impact on the customer loyalty, thus, these factors must be the core of the strategy that is aimed at enhancing customer satisfaction and loyalty and providing value to him.
- Customer must be the focus of every strategy. In this regard, the banking institutions must think in terms of the result of their service quality innovations. The focus should be on the long run rather the current situation.

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