Ankara Science University Graduate School of Studies
Management Information Systems

# A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction

AYUOB SEDIG ELHADI SAUD

Master’s Thesis

Ankara, 2025

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# DEDICATION

To my father, my guiding light and unwavering supporter, whose wisdom and encouragement inspire every step I take.

To my mother, whose nurturing heart and prayers uplift me, and whose happiness is my greatest motivation.

To my wife, my steadfast companion and protector, who stands by me through all challenges.

To my daughter, my precious treasure, Kanz, who fills my life with joy and purpose.

To my siblings, my extended family, and my dear friends, whose support means everything to me.

And finally, to my beloved country, Libya, which inspires my dreams and aspirations.

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Additionally, I wish to express my gratitude for the support of my friend, Dr. Abdalhalim Suaiee throughout this time.

Lastly, I would like to extend my heartfelt thanks to my family and friends for their unwavering support and encouragement throughout this academic journey.

# ÖZET

Saud, Ayuob. Libya’daki Özel ve Kamu Bankalarının Karşılaştırmalı Bir İncelemesi: Hizmet Kalitesi ve Müşteri Memnuniyeti, Yüksek Lisans Tezi, Ankara, 2024.

Bu tez, Libya’daki özel ve kamu bankalarında hizmet kalitesi ile müşteri memnuniyetini karşılaştırmalı olarak incelemektedir. Ülkenin süregelen ekonomik ve siyasi koşulları göz önünde bulundurularak, bankaların bu ortamda nasıl hizmet verdiği ve müşteriler tarafından nasıl algılandığı araştırılmıştır.

Çalışma; güvenilirlik, yanıt verme süresi ve fiziksel unsurlar gibi hizmet kalitesi boyutlarını incelemekte ve müşteri deneyimleri üzerinden analizler sunmaktadır. Araştırma, her iki bankacılık sektörünün güçlü ve zayıf yönlerini belirlemeyi ve hizmet kalitesini artırmaya yönelik öneriler sunmayı amaçlamaktadır. Hedef, Libya’daki bankaların müşteri beklentilerini daha iyi karşılayacak şekilde nasıl gelişebileceğini ortaya koymaktır.

Bu araştırma, özellikle politika yapıcılar, finans kurumları ve sektör paydaşları için önem taşımaktadır. Müşteri memnuniyeti düzeylerini karşılaştırarak, müşteri odaklı ve dayanıklı bir bankacılık sistemi oluşturmak için stratejik öneriler geliştirilmesi hedeflenmiştir.

Sonuç olarak, çalışma her iki sektörde de hizmet kalitesini artırmaya yönelik uygulanabilir öneriler sunmakta ve Libya bankacılık sistemine olan güvenin artmasına katkı sağlamayı amaçlamaktadır. Bu tez, sürdürülebilir büyümeye katkı sağlayacak uzun vadeli reformlara ışık tutmayı hedeflemektedir.

**Anahtar Kelimeler**: Hizmet Kalitesi, Kamu Bankaları, Libya, Müşteri Memnuniyeti, Özel Bankalar

## ABSTRACT

Saud, Ayuob. A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction, Master's Thesis, Ankara, 2024.

This thesis presents a comparative analysis of service quality and customer satisfaction between private and public banks in Libya. Given the country's ongoing economic and political challenges, the study explores how these institutions operate under pressure and how their services are perceived by customers.

The research investigates key dimensions of service quality such as responsiveness, reliability, and physical aspects. By analysing customer feedback and experiences, the study identifies the strengths and weaknesses of both sectors and highlights areas for improvement. The goal is to provide a clearer understanding of how Libyan banks can enhance their services to meet customer expectations more effectively.

This study is especially relevant for policymakers, financial institutions, and stakeholders seeking to improve the country's banking infrastructure. By comparing customer satisfaction levels, the research aims to guide strategies that support the development of a more customer-focused and resilient banking system.

Ultimately, the study offers practical recommendations to enhance service quality and increase satisfaction across both sectors. It contributes to the broader goal of improving trust in the Libyan banking system and shaping long-term reforms that can lead to sustainable growth.

Keywords: Customer Satisfaction, Libya, Private Banks, Public Banks, Service Quality

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# SECTION 1:
# INTRODUCTION

The banking sector in Libya is facing substantial challenges, particularly due to prolonged political instability and heavy dependence on oil exports. This reliance has left the country economically vulnerable, resulting in noticeable deterioration in service quality, especially within state-owned public banks (Hassoun, 2020). Libya's ongoing civil conflicts have further aggravated this instability, disrupting oil production and export patterns, and ultimately undermining financial security.

Consequently, public banks struggle significantly in delivering banking services that adequately meet customers' basic needs. Meanwhile, the emergence and gradual expansion of private banks have started to shift customer preferences. Despite typically higher fees, many customers have turned to private banks in search of better quality services and greater reliability.

This study aims to comprehensively compare service quality and customer satisfaction between private and public banks in Libya. A particular focus will be placed on identifying key factors influencing customer satisfaction, including responsiveness, reliability, and the tangible aspects of banking services. By adopting a quantitative approach, primarily through surveys, this research intends to capture customer perceptions and experiences more vividly.

Previous studies, such as those by Puja and Yukti (2019), highlight that private banks frequently report higher customer satisfaction levels due to superior service quality and improved facilities. These findings underscore the critical need for public banks to enhance customer interactions and upgrade infrastructure. It is anticipated that this study will further elucidate the specific disparities between the two banking sectors, pinpointing their respective strengths and weaknesses.

The significance of this research lies in its potential to inform policymakers, banking institutions, and stakeholders about the prevailing conditions within Libya's banking environment. By providing detailed comparative insights, this research could directly influence strategies aimed at improving service quality and customer satisfaction across both public and private sectors (Yadav, 2025). Ultimately, this comparative study addresses the critical issue of customer service and satisfaction within Libya's banking sector, aiming to facilitate informed decision-making and sustainable improvements. The insights derived from this analysis will empower policymakers and banking authorities to establish a more adaptable, responsive, and customer-centric banking environment (Patil, 2018).

## 1.1 .PROBLEM STATEMENT

The Libyan banking sector currently grapples with substantial issues driven by persistent political instability and economic dependence on oil. Public banks, predominantly state-owned, have witnessed a marked decline in service quality, resulting in widespread customer dissatisfaction. Conversely, private banks, despite being relatively newer and fewer in number, have gained a reputation for offering higher-quality services, even at elevated costs (Diving Deep, 2024). This trend not only questions the long-term viability of public banks but also underscores a noticeable shift in consumer preference toward private banking solutions.

The primary problems addressed by this research include:

Service Quality Gap: It is hypothesized that private banks consistently deliver superior service quality compared to public banks. The study seeks to explore underlying reasons for this gap and suggest practical ways public banks might bridge this divide.

Customer Satisfaction Levels: Previous studies suggest higher customer satisfaction rates in private banks. This research will investigate if Libyan customers indeed perceive better experiences with private banks and determine the influential factors behind this perception.

Through an in-depth comparative analysis, the study aims to precisely identify the service dimensions where public banks are lagging, offering valuable insights into the sector's overall challenges.

## 1.2. IMPORTANCE OF THE RESEARCH

The practical relevance of this research extends to policymakers, who can utilize its findings to enact meaningful reforms aimed at revitalizing public banking institutions. Understanding the gaps and customer-driven strengths within private banks provides essential insights into enhancing public bank services, thereby fostering a competitive, resilient banking environment.

Banking institutions themselves, both private and public, will benefit by identifying critical customer preferences and service-improvement opportunities. Furthermore, stakeholders and regulatory authorities could leverage these insights to establish policies fostering greater customer focus and economic resilience.

Academically, this research addresses a notable scarcity of literature concerning Libya’s banking sector, particularly within politically and economically unstable contexts. Filling this research gap will not only enrich existing academic discourse but also establish foundational insights beneficial for future research and practical interventions (D'Acunto, 2024).

## 1.3. PROCEDURAL CONCEPT OF THE STUDY

This research employs a quantitative methodology, primarily through structured surveys designed to capture detailed data on customer satisfaction and perceived service quality in Libyan banks. The quantitative analysis will specifically focus on:

Service Quality Dimensions: Using the established SERVQUAL model, critical dimensions of service quality—including responsiveness, reliability, assurance,

empathy, and tangibility will be systematically evaluated across both private and public banking institutions.
Customer Satisfaction Indicators: Factors such as trust, loyalty, perceived value, and overall customer satisfaction will be rigorously assessed to gauge differences between banking sectors.

Data will be collected from a representative sample of customers across both types of banks, enabling robust statistical comparisons. This approach facilitates hypothesis testing, allowing the research to examine correlations and influences between independent variables (bank type and contextual factors) and dependent variables (service quality and customer satisfaction).

# SECTION 2:
# LITERATURE REVIEW

## 2.1. DEFINITION OF BANKS

To thoroughly grasp the banking sector in Libya, defining a bank clearly is imperative. Mishkin (2016) along with Cheng and Huang (2017) describe banks as financial institutions that primarily accept deposits from the public and subsequently create credit. This definition highlights banks' crucial roles in ensuring liquidity and promoting economic growth. Such a fundamental understanding is particularly important for examining bank operations within the Libyan context, where the dynamic between public and private banking plays a substantial role.

In Libya specifically, Elhaj (2018) identifies banks as integral components of the financial system, characterized by a dual system comprising public and private institutions. This unique duality introduces specific challenges and dynamics, particularly intensified by the political and economic instability prevalent in the country. The dual banking structure encourages competition, yet can also lead to disparities in service delivery, significantly influencing customer satisfaction.

Khan (2019) expands on this understanding, suggesting a broader definition that encompasses banks as institutions offering various financial services, including deposit acceptance, loan provision, and transaction facilitation. This broader scope highlights the multifaceted nature of banking beyond merely creating credit, raising essential considerations regarding how effectively banks function in environments marked by uncertainty and limited regulatory oversight.

Additionally, Smith (2017) critically examines the evolving role of banks, noting a contemporary shift toward wealth management and investment services. Such evolution is especially relevant in today's interconnected global economy and indicates that definitions of banks should evolve to reflect their expanded roles. Recognizing this adaptability helps in assessing how banks might enhance customer satisfaction by diversifying their service offerings.

## 2.2. POLITICAL AND ECONOMIC SITUATION IN LIBYA AND ITS IMPACT ON BANKS

Considering Libya's political and economic context is crucial for understanding its impacts on banking operations. According to the World Bank (2020), Libya’s economy heavily relies on oil and gas, accounting for approximately 60% of its GDP. This dependence introduces vulnerabilities to the banking sector, especially during economic instability. Fluctuations in oil prices significantly influence banks' liquidity, thereby affecting their lending capabilities and overall financial stability.

Johnson (2021) highlights that Libya has faced significant political unrest and armed conflicts since 2011, severely affecting the effectiveness of banking operations. Such instability erodes public trust in financial institutions, causing customers to become hesitant about engaging with banks, further complicating the service quality and operational efficiency of the sector.

Additionally, Elhaj (2018) identifies another critical challenge: the lack of regulatory clarity and enforcement. This absence of robust regulatory frameworks compounds the economic difficulties banks face, undermining their ability to maintain consistent service quality. Without clear regulations, banks are often unable to effectively meet customer expectations, which can lead to widespread customer dissatisfaction and diminished loyalty.

## 2.3. OVERVIEW OF PUBLIC AND PRIVATE BANKS AND THEIR DIFFERENCES

With a clear understanding of the definitions and the political-economic landscape, distinctions between public and private banks can now be analyzed. Khan (2019) states that public banks are government-owned institutions primarily designed to achieve social and economic goals, whereas Smith (2017)

characterizes private banks as profit-driven entities owned by private individuals or corporations. Understanding these differing objectives is critical, as they directly influence service delivery and customer experience.
Johnson (2021) further explains that public banks experience higher levels of governmental oversight compared to private banks, potentially affecting operational efficiency and service quality. Although intended to ensure adherence to social objectives, such oversight may limit public banks' responsiveness to market demands.

On the other hand, Amin (2016) argues that the profit orientation of private banks generally fosters enhanced customer service and greater innovation, contrasting the often bureaucratic nature seen in public banks. This argument implies that private banks may have a better capacity for adapting to customer needs, thereby potentially achieving higher levels of customer satisfaction. However, this profit-centric approach also raises concerns regarding private banks' commitment to serving less profitable market segments.

## 2.4. QUALITY OF SERVICE AND ITS COMPONENTS

The discussion of bank types naturally leads to the critical aspect of service quality. Parasuraman et al. (1988) define service quality as "the degree to which a service meets customer expectations," identifying components such as reliability, responsiveness, assurance, and empathy. Understanding these components is essential for evaluating how well banks serve their customers in Libya's complex environment.

Amin (2016) emphasizes that "service quality in banks is critical for their success, directly affecting customer satisfaction and loyalty." This assertion underscores the direct link between service quality and customer retention, particularly in a competitive banking landscape where customer loyalty can significantly impact overall performance.

Further expanding on this, Heskett et al. (1994) argue that "service quality is not only about meeting expectations but also about exceeding them to create customer delight." This broader perspective suggests that banks should aim for excellence in service delivery, especially in Libya, where prevailing economic conditions may lead to lower customer expectations. Exceeding these expectations could significantly enhance customer satisfaction and foster loyalty.

To measure service quality effectively, Amin (2016) suggests employing customer feedback, service audits, and performance metrics. This approach allows banks to identify areas for improvement and implement strategies that enhance service delivery, which is crucial for maintaining competitiveness.

## 2.5. CUSTOMER SATISFACTION

Transitioning to customer satisfaction, Kotler and Keller (2016) define it as "a measure of how well products and services meet or exceed customer expectations." This definition is fundamental, as it establishes the criteria by which customers evaluate their banking experiences. Understanding these criteria is vital for banks aiming to improve their offerings and enhance overall satisfaction.

Amin (2016) further asserts that "customer satisfaction is a key indicator of a bank's performance and can significantly influence its market position." This view highlights the competitive nature of the banking sector, where superior customer satisfaction can distinguish successful banks from their competitors.

Moreover, Heskett et al. (1994) affirm that "customer satisfaction in banks is closely linked to the quality of service provided," reinforcing the idea that service quality is a determining factor in customer loyalty. As banks strive to enhance their offerings, understanding this relationship becomes crucial for developing effective marketing strategies.

Adding depth to this discussion, Zaidan (2020) points out that "cultural attitudes towards banking in Libya influence customer expectations and perceptions." This observation suggests that banks must adapt their service models to align with local values and expectations, which can significantly impact customer satisfaction.

## 2.6. RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND BANKS

Finally, exploring the relationship between customer satisfaction and banks, Heskett et al. (1994) argue that "improving service quality can lead to increased customer satisfaction and loyalty to the bank." This direct correlation emphasizes the need for banks to invest in service enhancements to retain customers.

Amin (2016) supports this by stating that "banks that prioritize customer satisfaction are more likely to achieve long-term success." This assertion highlights the strategic importance of adopting a customer-centric approach, particularly in the challenging Libyan market.

Additionally, Kotler and Keller (2016) elaborate that "customer satisfaction is not just about meeting expectations but also about creating positive experiences that foster loyalty." This broader understanding of satisfaction emphasizes the emotional aspect of banking relationships, suggesting that banks should focus on building trust and rapport with their customers.

Al-Khouri (2019) further underscores the importance of technological advancements, noting that "the implementation of digital banking solutions can significantly enhance customer experiences by providing more accessible and efficient services." This insight is particularly relevant in Libya, where digital solutions can help bridge gaps in service delivery and improve customer satisfaction.

## 2.7. PRIVATE BANKS AND COMPETITIVE ADVANTAGE

Several studies have presented the hypothesis that private banks are distinguished from their public counterparts in many occasions. In the study of Parasuraman and Zeithaml (1988), it was shown that private banks provide flexibility that is relatively superior to public banks, and this has led to the improvement and development of the services provided by these banks. They have the ability to make appropriate decisions at the right time and their rapid response to market requirements gives them a clear competitive advantage (Parasuraman et al., 1988). As for the study of Rust and Oliver (1994), it pointed to the competition in the banking sector and its clear impact, and this study confirmed that private banks actually focus on their customers, which has led to customer satisfaction. These customer-focused policies enhance the provision of high-quality services (Rust & Oliver, 1994). Bittner and Gremler (2000) revealed that customer satisfaction in private banks is higher than in public banks, due to the provision of more customized and flexible services. This suggests that private banks can better meet customer needs, which enhances service quality (Bitner & Gremler, 2000). Grönroos (2007) provides an analysis showing that private banks have competitive advantages, such as customer-focused policies, which contribute to overall better service quality compared to public banks (Grönroos, 2007).

Several studies and researches have indicated that private banks are often more satisfactory than their public counterparts, due to the number of services specifically designed for their customers and the process of allocating resources that they do better. Alhassan, M. & R. A. Mohammed (2019) indicated that private banks allocated resources better, which directly affected the increase in customer satisfaction, referring to the adoption of these banks to several strategies that meet the needs of individual customers.

The study of Ahmed, Z., & S. A. Khatak (2020) found that what distinguishes private banks is that they provide customized services, which enhanced customer satisfaction and that the specific service was designed to meet the customer's need, which directly led to a feeling of appreciation and care.

The results of the research of Nasir, A., & M. A. Ali (2021) indicated that customizing services for customers in private banks affects their satisfaction rate, even if their requests are met with great efficiency.
Khan, M. A., & R. S. Khan indicated (2018) The flexibility of the service provided by private banks has achieved great customer satisfaction, and the ability of these banks to adapt to changing requirements makes them feel that the service provided to them is a personal service.

## 2.8. THEORETICAL FRAMEWORKS

### 2.8.1. Service Quality Models

A prominent theoretical framework for understanding service quality is the SERVQUAL model developed by Parasuraman et al. (1988). This model identifies five key dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibility. Each dimension serves as a critical indicator of how banking services meet customer expectations. For instance, reliability refers to the bank's ability to provide promised services consistently, while responsiveness focuses on the speed and efficiency of service delivery. The relevance of the SERVQUAL model in the Libyan banking context is significant, as it allows for a structured assessment of how both public and private banks perform against these dimensions.
However, criticisms of this model include its reliance on customer perceptions, which can be influenced by external factors such as political and economic instability. Thus, while the SERVQUAL model provides a robust framework for analysis, its application must account for the unique challenges faced by Libyan banks.

### 2.8.2. Customer Satisfaction Theories

Another critical component of the theoretical framework is the relationship between service quality and customer satisfaction. Kotler and Keller (2016) emphasize that customer satisfaction is a measure of how well products and services meet or exceed expectations. This relationship suggests that improving service quality is essential for enhancing customer satisfaction. Additionally, Heskett et al. (1994) propose the Service Profit Chain, which links employee satisfaction, service quality, customer satisfaction, and profitability. This model implies that satisfied employees are more likely to deliver high-quality service, which in turn leads to increased customer satisfaction and loyalty. In the context of Libyan banks, applying this model can help identify how employee engagement and service quality influence customer experiences.

### 2.8.3. Cultural Context and Customer Expectations

The banking sector in Libya is also influenced by cultural factors, which play a crucial role in shaping customer expectations. Zaidan (2020) discusses how cultural attitudes towards banking can affect perceptions of service quality. In Libya, where trust in financial institutions may be low due to political and economic uncertainties, understanding these cultural dynamics is essential for banks aiming to improve customer satisfaction. Integrating this cultural perspective into the theoretical framework allows for a nuanced analysis of how service quality is perceived differently by various customer segments. This understanding can inform targeted strategies for both public and private banks to enhance their service offerings.

### 2.8.4. Use of SERVQUAL

The definitions provided by Mishkin (2016) and Elhaj (2018) lay the groundwork for understanding the roles of banks, while the political and economic context discussed by World Bank (2020) and Johnson (2021) illustrates the challenges that shape service delivery.

In examining public versus private banks, the theoretical framework helps to elucidate the differences in service quality as outlined by Khan (2019) and Smith (2017). The SERVQUAL dimensions can be applied to assess how each type of bank addresses customer needs, thereby linking the theoretical concepts to practical applications in the Libyan context.

As we consider service quality and customer satisfaction, the integration of the Service Profit Chain Heskett (1997) and cultural factors further enriches the analysis. By drawing on these theories, we can better understand the interconnectedness of employee satisfaction, service quality, and customer loyalty in the banking sector.

## 2.9. CONCLUSION

In summary, this literature review provides a comprehensive overview of the definitions, political and economic contexts, and the differences between public and private banks in Libya, as well as the critical aspects of service quality and customer satisfaction. By examining various perspectives and definitions, this study aims to contribute to a deeper understanding of the banking sector in Libya and the factors influencing customer experiences. The interplay between service quality, customer satisfaction, and the unique challenges faced by banks in Libya underscores the need for targeted strategies to enhance service delivery and foster positive customer relationships.

# SECTION 3:
# HYPOTHESIS DEVELOPMENT

This chapter discusses the research model, formulation of hypotheses, and the factors that were taken into consideration during this study to form the hypotheses. The current thesis aims to make a comparison between private and public banks in Libya, analyzing how service quality affects customer satisfaction in each type of these banks. The SERVQUAL model will be used as the main theoretical framework to identify the different dimensions of service quality, including reliability, responsiveness, assurance, empathy, and tangibility. Through this, we seek to understand the potential gaps in service quality and how these gaps may affect customer impressions and their transfers between banks. We emphasize that these hypotheses will guide the quantitative analysis and help in assessing the differences in service quality and customer satisfaction between private and public banks in Libya.

## 3.1. THEORY BASIS

Parasuraman and Zeithaml (1985) argue that private banks are often more flexible in meeting customer needs because of their ability to make faster decisions compared to public banks that may face bureaucratic constraints. This can lead to improved responsiveness and reliability in service delivery. Additionally, Grönroos (1990) argues that many private banks have advanced technological infrastructure, which enables them to provide high-quality digital banking services, enhancing the tangibility of the services provided. Recent studies also support this notion, indicating that service quality is a critical factor in customer satisfaction across various sectors (Kumar & Gupta, 2020; Baker & Parasuraman, 2022).

## 3.2. SERVQUAL DIMENSIONS

Due to the fierce competition in the banking market, the current economic conditions that the country is going through, and the connection of public banks to these conditions, it is expected that the services of private banks in Libya will be better than those of public banks, leading to achieving higher scores in service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibility. The SERVQUAL dimensions are considered the best current tools that measure service quality and customer satisfaction, consisting of reliability, responsiveness, assurance, empathy, and tangibility. These dimensions differ between private and public banks, which greatly affects the level of customer satisfaction (Homburg & Giering, 2018; Lemon & Verhoef, 2016).

### 3.2.1. Assurance

Assurance, which many studies have indicated as directly reflecting the ability of employees to provide service in a professional and reliable manner, is classified as one of the foundations of customer satisfaction in private banks. Employees there have a better ability to build personal relationships with customers, which increases trust and the level of assurance (Al-Malik and Al-Taher, 2016). As for public banks, interactions with customers are usually formal and non-specialized, affecting the level of assurance negatively (Al-Malik and Al-Taher, 2016). This aligns with findings from Ali and Amin (2021), who emphasize that assurance is a key driver of customer satisfaction in service industries.

### 3.2.2. Empathy

Another important dimension in the service quality measurement mechanism is "empathy." Several studies have indicated that there is a great focus on providing personalized service in private banks, as employees are trained to understand customers' needs to a great extent (Hassoun, 2020). Empathy enhances the feeling of importance among customers and respects their requirements. On the other hand, public banks lack the ability to implement these experiences, negatively affecting the levels of empathy provided (Hassoun, 2020). This is supported by research indicating that empathy significantly influences customer satisfaction and loyalty (Sweeney & Soutar, 2021; Martínez & del Bosque, 2022).

### 3.2.3. Reliability

Reliability refers to a service's ability to deliver what it promises accurately and consistently. This dimension is highly valued and meets customer expectations (Parasuraman et al., 1988). In the context of banking, reliability refers to a bank's ability to deliver financial services accurately and reliably. Customers expect financial transactions to be accurate and timely. When a bank fails to meet these expectations, it can lead to customer dissatisfaction and loss of trust (Al-Hawari, 2006).

### 3.2.4. Responsiveness

Service providers' responsiveness to customer requests and inquiries. This dimension reflects an organization's commitment to meeting its customers' needs (Bitner & Hubbert, 1994). Responsiveness reflects how quickly a bank handles customer inquiries and complaints. In the banking sector, prompt response is vital, as customers expect immediate assistance when needed. Improving this dimension can increase customer satisfaction and enhance customer loyalty (Kumar & Reinartz, 2016).

### 3.2.5. Tangibility

Tangibility refers to the physical aspects of a service, such as the physical environment, the general appearance of staff, and the equipment used. These dimensions reflect service quality through visual and physical experience (Zeithaml et al., 1990). In banking, tangibility relates to the physical aspects of the bank, such as branch design, the general appearance of staff, and the equipment used. In banks, the physical environment can influence customers' perceptions of service quality. The more attractive and clean the environment, the more likely customers are to be satisfied (Bennett & Rundle-Thiele, 2005).

## 3.3. CUSTOMER SATISFACTION IN PRIVATE VS. PUBLIC BANKS

Several studies have indicated that private banks follow a policy of building long-term relationships with their customers, which requires more investment in customer service (Abdullah, 2017). By providing a personalized experience, private banks can distinguish themselves from public banks and enhance their customers' loyalty. On the other hand, public banks frequently follow the same procedures, making the process of customizing the service difficult (Abdullah, 2017).

This is consistent with findings from Kumar and Reinartz (2016), which highlight the importance of customer experience in fostering loyalty.
We expect from this study that customer satisfaction levels will be higher in private banks than in public banks, supported by superior service quality as measured by SERVQUAL dimensions, including reliability, responsiveness, assurance, empathy, and tangibility.

Many studies have shown that political stability is an important factor in the process of bank stability. Hasanov and Battacharya (2019) showed that when the government is stable, it reduces the likelihood of banking crises in developed countries. Özily also indicated that political stability is the main reason for the stability of African banks (Özily, 2018). Other studies, such as those conducted by Bitar et al. (2016), showed that political revolutions in the Middle East and North Africa region had clear effects on banks, as these events and revolutions led to an increase in the risk ratios surrounding traditional banks by 0.4%.

### 3.4. SUMMARY OF HYPOTHESIS

Hypothesis 1: Private banks in Libya are expected to provide better services than public banks, leading to higher scores on service quality dimensions such as reliability, responsiveness, assurance, empathy, and tangibility.

Hypothesis 2: Customer satisfaction levels will be higher in private banks than in public banks, supported by superior service quality as measured by SERVQUAL dimensions, including reliability, responsiveness, assurance, empathy, and tangibility.

### 3.5.CONCLUSION

These hypotheses are based on the SERVQUAL model, which measures service quality through five main dimensions: reliability, responsiveness, assurance, empathy, and tangibility. This model has been adapted to reflect the Libyan banking context, as the dimensions reflect customer expectations and needs under the current circumstances the country is going through.

These hypotheses are the basis for the subsequent research design and data analysis chapters, which will be tested through data collection and analysis to determine the relationship between service quality and customer satisfaction in private and public banks in Libya.

# SECTION 4:
# RESEARCH & METHODOLOGY

## 4.1. METHODOLOGY ANALYSIS

The data collection phase was conducted from December 5, 2024, to January 4, 2025. Throughout this period, a meticulously designed survey was administered, resulting in the acquisition of 300 valid responses.

### 4.1.1. Quantitative Analysis

Quantitative analysis is a research method that is entirely based on numerical information and its analysis using various statistical methods. The main goal of this analysis is to measure phenomena and find relationships between them in an objective manner. Questionnaires are usually used to collect such data and can be analyzed using several programs, one of which is SPSS. Quantitative analysis is a useful method for testing hypotheses and showing results on a larger sample of the population (Creswell, 2014).

### 4.1.2. Qualitative Analysis

Qualitative analysis, on the other hand, is considered one of the main measures that collect data in non-numerical ways, such as texts and interviews. The goal of qualitative analysis is to explore the experiences and meanings that individuals place on their experiences. Researchers use methods such as interviews and observations to collect data, allowing for a deeper understanding of social and cultural contexts (Denzin & Lincoln, 2011).

### 4.1.3. Difference Between Quantitative And Qualitative Analysis

Data: Quantitative analysis relies on numerical data, while qualitative analysis relies on textual or descriptive data. Objective: Quantitative analysis aims to measure and generalize results, while qualitative analysis aims to understand phenomena in depth. Methods: Quantitative analysis uses statistical methods, while qualitative analysis uses content analysis or phenomenon analysis methods (Bryman, 2016).

## 4.2. DATA SOURCES AND COLLECTION METHODS

This study primarily relied on **primary data** collected through a structured questionnaire distributed to customers of both private and public banks in Libya. The decision to use primary data was grounded in the need to obtain firsthand, up-to-date, and context-specific insights into customer perceptions of service quality and satisfaction.

Participants were selected using convenience sampling, targeting individuals who were readily available and willing to participate in the study. The survey was distributed both online and in-person, which allowed for broader accessibility and inclusion of diverse demographics. The sample included bank customers from various age groups, genders, and banking backgrounds, ensuring a mix of experiences from both private and public sectors.

To maintain ethical standards, participants were informed about the purpose of the study, the voluntary nature of participation, and the assurance of confidentiality and anonymity. Informed consent was implied through the completion and submission of the questionnaire, in line with standard ethical research practices (Saunders et al., 2019).

These methods allow for the collection of measurable data and their statistical analysis, which makes it easier to understand and generalize the results to a larger sample of the population (Creswell, 2014).

### 4.2.1. Questionnaire Method and Design

A questionnaire was chosen as the primary data collection tool for this study, due to its effectiveness in gathering quantifiable data from a large population within a relatively short time frame. The questionnaire design was informed by the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry (1988), which measures service quality across five key dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

The questionnaire consisted of close-ended statements rated on a five-point Likert scale, ranging from “Strongly Disagree” to “Strongly Agree.” This approach allowed respondents to express their level of agreement with statements related to the quality of service they receive from their banks.

The survey was divided into six main sections:

**Demographic Information** – including age, gender, bank type used, and length of banking relationship.

**Tangibility** – assessing the physical facilities, equipment, and appearance of bank employees.

**Reliability** – evaluating the bank’s ability to perform promised services dependably and accurately.

**Responsiveness** – capturing the willingness of staff to help customers and provide prompt service.

**Assurance** – focusing on the knowledge and courtesy of employees and their ability to inspire trust.

**Empathy and Customer Satisfaction** – assessing how banks understand customer needs and overall satisfaction levels.

The clarity and simplicity of the questionnaire made it suitable for participants from various educational backgrounds, thereby enhancing the reliability and generalizability of the findings. This information helps in analyzing the data more accurately and understanding how demographic factors affect the results (Fink, 2013).

This structured format allowed for consistent data collection across respondents, making it easier to compare perceptions of service quality and satisfaction between private and public banks. The questionnaire method also facilitated anonymity, which can reduce social desirability bias and encourage honest responses (Bryman, 2016).

#### 4.2.2. Using SPSS to Analyze The Results

SPSS program will be used to analyze the results extracted from the questionnaires. SPSS is a powerful tool for analyzing quantitative data, as it provides several methods that help in testing hypotheses and interpreting the results (Field, 2018).

### 4.3. LIMITATIONS OF THE STUDY

The limitations of the study include the inability to conduct interviews with all participants due to time and resource constraints. Although we would have liked to conduct some interviews to obtain deeper and more accurate insights, using questionnaires was the most appropriate option for collecting data from a large number of customers.

# SECTION 5:
# RESULTS

## 5.1. STATISTICAL METHOD

The data for this study was analyzed using a combination of descriptive and inferential statistical methods to assess the service quality and customer satisfaction in Libyan banks. Descriptive statistics, including mean, standard deviation, and percentage distributions, were used to summarize participants' responses for each of the service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) as well as customer satisfaction. These descriptive measures provided an overview of the central tendencies and variability within the data.

## 5.2. DATA ANALYSIS METHODS

For inferential analysis, multiple regression analysis was employed to assess the effect of each service quality dimension on overall customer satisfaction. The regression model provided estimates of the relationships between the predictor variables (service quality dimensions) and the dependent variable (customer satisfaction), along with $R^2$ values to quantify the proportion of variance in customer satisfaction explained by the service quality factors. The regression coefficients, T-values, and p-values were reported to evaluate the strength and significance of each predictor variable. Additionally, independent samples t-tests were conducted to compare the differences in service quality and customer satisfaction between public and private banks. This analysis aimed to determine if there were statistically significant differences between the two groups across various service quality dimensions. A p-value of less than 0.05 was considered statistically significant. The analysis was conducted using SPSS (Statistical Package for the Social Sciences), version 27, to ensure accuracy in data handling and interpretation.

## 5.3. QUESTIONNIARE VALIDITY

Validity of the study questionnaire refers to the extent to which the questionnaire measures what it is intended to measure. We ensured the validity of the questionnaire through the following types of validity:

### 5.3.1. Face Validity of the Questionnaire (Validity of Experts)

The researcher tested the validity of the study questionnaire by using the expert validity method. The questionnaire was presented to a group of experts who have experience in the field of the study. The researcher considered the majority of the experts' comments to finalize the questionnaire's formulation.

### 5.3.2. Extreme Groups Validity

Extreme Groups Validity, also known as groups validation, is calculated using an independent samples t-test to determine the difference between two extreme groups. The calculated t-value for the significance of the difference between the two extreme groups in the total score represents the Extreme Groups Validity of the scale. To achieve this, the total scores of the questionnaire items are arranged in descending order from the highest score to the lowest score. The two extreme groups are identified in the total score with a percentage of 27% in each group. By conducting an independent samples t-test, a calculated significance value of < 0.001 was obtained for all dimensions of the questionnaire, which is less than 0.05. This indicates that the questionnaire has Extreme Groups Validity, meaning it has a high discriminatory ability.

Several researchers have discussed the concept of Extreme Groups Validity and its assessment using the independent t-test. Cronbach (1990) emphasized the importance of this method for establishing the validity of psychological tests. Anastasi and Urbina (1997) also noted that the independent samples t-test is a standard approach for assessing differences between groups. Nunnally and Bernstein (1994) highlighted that the significance of group differences is crucial for validating measurement scales. Furthermore, Cohen and Swerdlik (2018) provide insights into the application of t-tests in psychological assessment, while Messick (1989) elaborated on the broader implications of validity in educational measurement.

*Table 1: Results for testing the t-test between the two groups.*

| Questionnaire | Group | Mean | Std | Means difference | T value | P-value |
|---|---|---|---|---|---|---|
| Tangibility | Upper group | 19.72 | 1.460 | 8.63 | 35.318 | < 0.001 |
| | Lower group | 11.09 | 1.645 | | | |
| Reliability | Upper group | 15.47 | 1.256 | 6.17 | 27.995 | < 0.001 |
| | Lower group | 9.30 | 1.537 | | | |
| Responsiveness | Upper group | 19.89 | 1.118 | 7.59 | 31.317 | < 0.001 |
| | Lower group | 12.30 | 1.874 | | | |
| Assurance | Upper group | 16.46 | 0.742 | 5.50 | 31.194 | < 0.001 |
| | Lower group | 10.96 | 1.400 | | | |
| Empathy | Upper group | 15.52 | 1.014 | 6.12 | 33.729 | < 0.001 |
| | Lower group | 9.40 | 1.281 | | | |
| Satisfaction | Upper group | 16.47 | 0.867 | 6.22 | 31.475 | < 0.001 |
| | Lower group | 10.25 | 1.553 | | | |
| Overall | Upper group | 97.10 | 1.277 | 27.59 | 30.941 | < 0.001 |
| | Lower group | 69.51 | 6.792 | | | |

### 5.3.3. Reliability of The Questionnaire

To assess the reliability of the performance, the researcher calculated the reliability coefficients of the scale using the following method:

To test the reliability of the study tool, Cronbach's alpha test was used to measure the internal consistency of the questionnaire. The results shown in Table (2) indicate a reliability level of 77.9% in the responses of the study sample, which is an acceptable percentage since alpha values above 60% are considered reliable. According to Nunnally (1978), while a value of 0.70 is the benchmark for reliability, values as low as 0.60 may be tolerated in exploratory research. Hair et al. (2010)

also support this notion, stating that while α ≥ 0.70 is desirable for established scales, α ≥ 0.60 may be acceptable in exploratory research or for newly developed scales. Furthermore, Taber (2018) argues that rigid cutoffs, such as α ≥ 0.70, are overly simplistic, and that lower alphas (≥ 0.60) can still be meaningful depending on the research context. Pallant (2020) adds that while α ≥ 0.70 is ideal, values between 0.60 and 0.70 indicate a scale with limited but still useful reliability. Therefore, it can be concluded that this scale is reliable, meaning that the respondents understand its items in the same way as intended by the researcher. Consequently, it can be relied upon in this field study, as the likelihood of obtaining consistent results upon reapplication is estimated at 77.9%.

*Table 2: Results of the test for the reliability of the study questionnaire (Cronbach's Alpha)*

| Questionnaire | Number of statements | Cronbach's Alpha |
|---|---|---|
| Tangibility | 5 | 0.713 |
| Reliability | 4 | 0.629 |
| Responsiveness | 4 | 0.663 |
| Assurance | 5 | 0.613 |
| Empathy | 4 | 0.619 |
| Satisfaction | 4 | 0.660 |
| Overall | 26 | 0.779 |

The relative importance scale of the arithmetic mean: A ranking scale was developed for the arithmetic mean according to its level of importance for use in analyzing the results as follows:

| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | Scale |
|---|---|---|---|---|---|
| 4.2-5 | 3.4-4.19 | 2.6-3.39 | 1.8-2.59 | 1-1.79 | Score |

*Table 3: The relative importance scale of the arithmetic mean*

| Mean | Relative Importance |
|---|---|
| 1-1.79 | Very Low |
| 1.8-2.59 | Low |
| 2.6-3.39 | Moderate |
| 3.4-4.19 | High |
| 4.2-5 | Very High |

## 5.4. DEMOGRAPHIC PROFILE OF RESPONDENTS

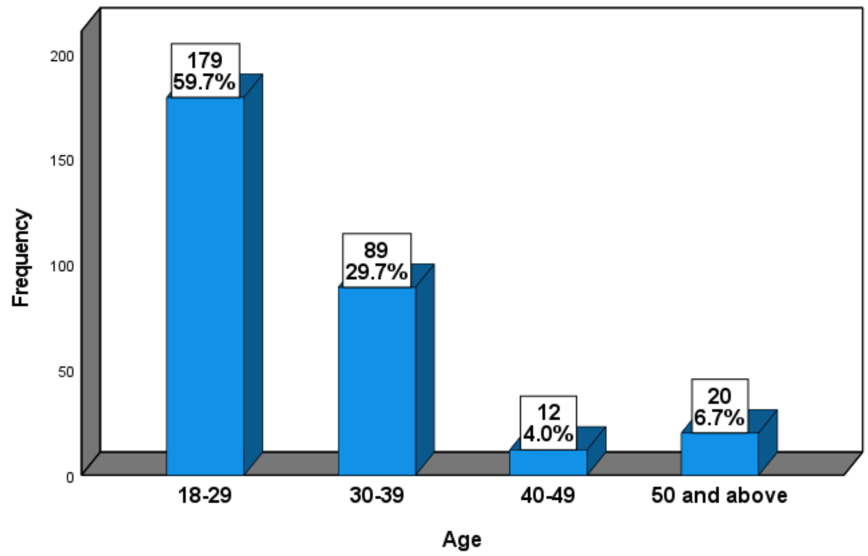
### 5.4.1. Age

According to the sample distribution data (Table 4), The majority of respondents (59.7%) fell within the 18-29 age bracket, while nearly one-third (29.7%) were between 30-39 years old. The older age segments were considerably underrepresented, with only 4.0% of participants aged 40-49 and 6.7% aged 50 and above.

*Table 4: Sample distribution based on age group.*

| Age group | Count | % |
|---|---|---|
| 18-29 | 179 | 59.7 |
| 30-39 | 89 | 29.7 |
| 40-49 | 12 | 4.0 |
| 50 and above | 20 | 6.7 |
| Total | 300 | 100.0 |

*Figure 1: Range of Age*



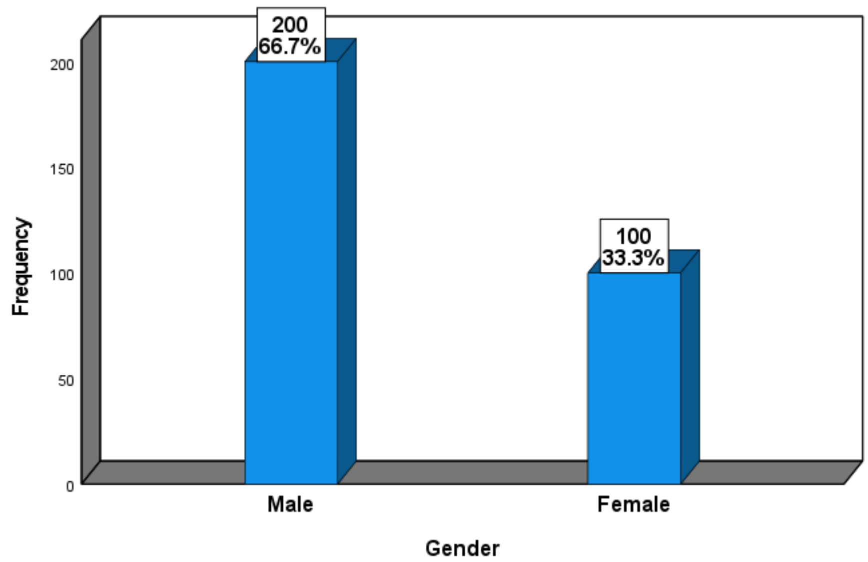

#### 5.4.2. Gender

The gender distribution data (Table 5) reveals a notable gender imbalance among participants. Males constituted two-thirds of the sample (66.7%), while females represented only one-third (33.3%).

*Table 5: Sample distribution based on gender*

| Gender | Count | % |
|---|---|---|
| Male | 200 | 66.7 |
| Female | 100 | 33.3 |
| Total | 300 | 100.0 |

*Figure 2: Gender of participants*




### 5.4.3. Bank Type

The data presented in Table 6 shows an approximately equal distribution of participants based on the type of bank they primarily use. Users of public banks constituted a slight majority at 50.7%, while private bank users represented 49.3% of the sample. This balanced distribution between public and private bank customers represents a methodological strength of the study comparing service quality and customer satisfaction between these banking sectors in Libya.

*Table 6: Sample distribution based on bank primarily used*

| Bank Type | Count | % |
|---|---|---|
| Private bank | 148 | 49.3 |
| Public bank | 152 | 50.7 |
| Total | 300 | 100.0 |

*Figure 3: Public Vs Private Bank*

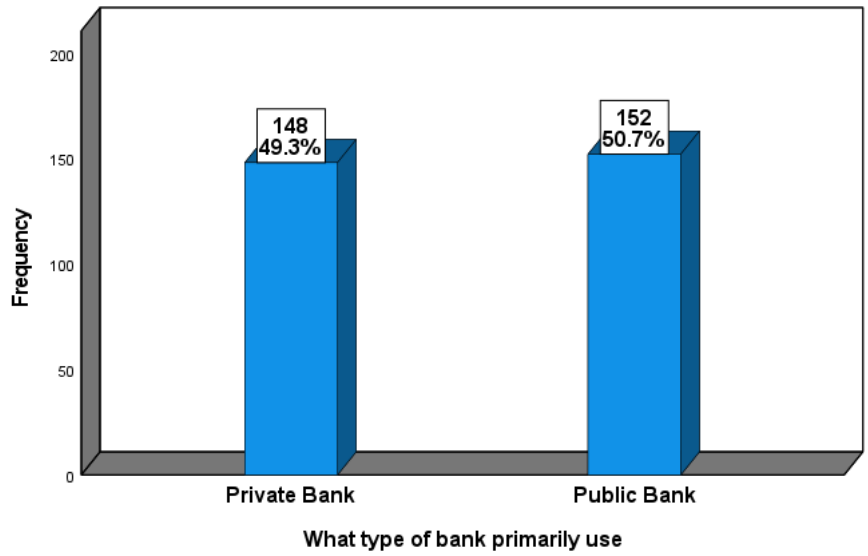


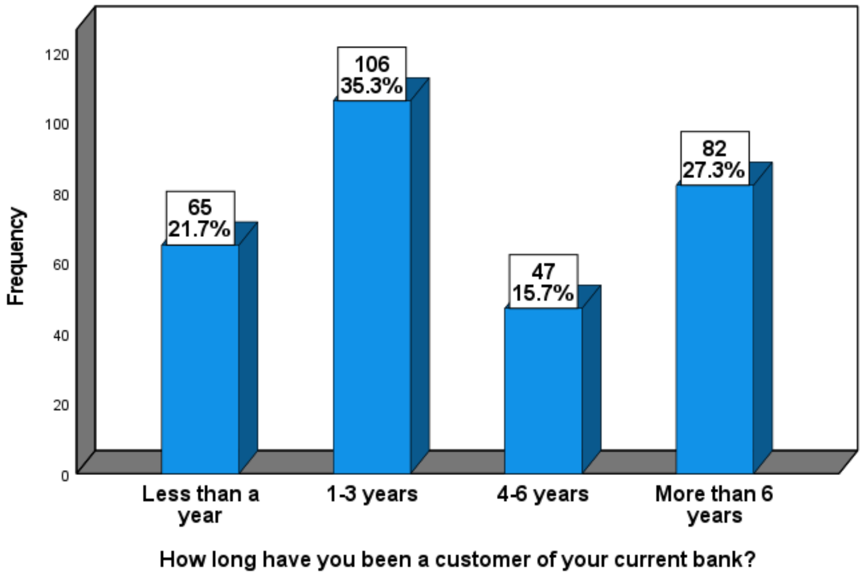

*Table 7: How long have you been a customer of your current bank?*

| Answer | Count | % |
|---|---|---|
| Less than a year | 65 | 21.7 |
| 1-3 years | 106 | 35.3 |
| 4-6 years | 47 | 15.7 |
| More than 6 years | 82 | 27.3 |
| Total | 300 | 100.0 |

Table 7 presents the distribution of participants based on the longevity of their relationship with their current banking institution. The data reveals considerable variation in customer tenure among the study respondents. The largest segment (35.3%) reported a relatively short-term banking relationship of 1-3 years, while 27.3% indicated long-term relationships exceeding 6 years. A substantial proportion (21.7%) were relatively new customers with less than one year of experience with their current bank, and 15.7% fell within the 4–6-year tenure range.

### 5.4.4. Duration of Bank Relationship

*Figure 4: Years as a customer in bank*




## 5.5. DESCRIPTIVE ANALYSIS OF SERVICE QUALITY DIMENSIONS

### 5.5.1 Tangibility

As shown in Table 8, Participants' responses regarding the tangibility of banking services reveal mixed perceptions. The statement, "The physical facilities of the bank are visually appealing," received generally positive feedback, with 52% of respondents either agreeing (35.7%) or strongly agreeing (16.3%), while only 24% disagreed or strongly disagreed.

*Table 8: Participants' responses on Tangibility: Quality of facilities and appearance of services*

| Statement | Strongly disagree | | Disagree | | Neutral | | Agree | | Strongly agree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| The physical facilities of the bank are visually appealing. | 25 | 8.3 | 47 | 15.7 | 72 | 24.0 | 107 | 35.7 | 49 | 16.3 |
| Employees are neat and professional in their appearance. | 28 | 9.3 | 65 | 21.7 | 97 | 32.3 | 94 | 31.4 | 16 | 5.3 |
| The bank provides modern-looking equipment and facilities. | 16 | 5.3 | 53 | 17.7 | 83 | 27.7 | 117 | 39.0 | 31 | 10.3 |
| The printed materials provided by the bank (e.g., brochures, forms) are available and clear. | 30 | 10.0 | 81 | 27.0 | 86 | 28.7 | 83 | 27.7 | 20 | 6.7 |
| The bank offers up-to-date technology for customer transactions. | 42 | 14.0 | 72 | 24.0 | 83 | 27.7 | 75 | 25.0 | 28 | 9.3 |

A similar trend was observed for the statement, "The bank provides modern-looking equipment and facilities," where 49.3% agreed or strongly agreed, suggesting that customers positively view the physical environment of banks. However, opinions were more divided for the professionalism of employees' appearance. While 36.7% agreed or strongly agreed that employees are neat and professional, a notable proportion (31%) expressed disagreement, and 32.3% remained neutral, indicating some inconsistency in staff presentation across banks.

The availability and clarity of printed materials showed the highest neutral response (28.7%), with only 34.4% agreeing or strongly agreeing, suggesting room for improvement in communication materials. Lastly, perceptions of technological modernity were somewhat less favorable, with only 34.3% expressing agreement that banks offer up-to-date technology, compared to 38% who disagreed or strongly disagreed. This indicates a perceived gap in the technological offerings of Libyan banks, which could impact overall customer satisfaction.

These results highlight that while certain tangible aspects such as the appearance of facilities and availability of modern equipment are rated positively, other elements like employee appearance, printed material clarity, and technology availability require improvement to enhance perceived service quality in both public and private banks.

*Table 9: Participants' Mean Ratings and Agreement Levels of Tangibility: Quality of facilities and appearance of services*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| The physical facilities of the bank are visually appealing. | 3.36 | 1.173 | Moderate |
| Employees are neat and professional in their appearance. | 3.02 | 1.058 | Moderate |
| The bank provides modern-looking equipment and facilities. | 3.31 | 1.048 | Moderate |
| The printed materials provided by the bank (e.g., brochures, forms) are available and clear. | 2.94 | 1.102 | Moderate |

| | | | |
|---|---|---|---|
| The bank offers up-to-date technology for customer transactions. | 2.92 | 1.192 | Moderate |
| Overall | 3.11 | 0.700 | Moderate |

As shown in Table 9, participants' overall evaluation of the tangibility dimension was moderate, with an average mean score of 3.11 (SD = 0.700) on a 5-point Likert scale. This suggests that, generally, customers perceive the tangible aspects of service in Libyan banks as satisfactory but not outstanding. The highest-rated item was "The physical facilities of the bank are visually appealing" (M = 3.36, SD = 1.173), indicating that participants slightly leaned toward agreement regarding the attractiveness of the bank environment.
Similarly, "The bank provides modern-looking equipment and facilities" received a moderately positive assessment (M = 3.31, SD = 1.048), reflecting customer appreciation for visual modernization. In contrast, "Employees are neat and professional in their appearance" scored a mean of 3.02 (SD = 1.058), while "The printed materials provided by the bank... are available and clear" received a slightly lower mean of 2.94 (SD = 1.102), pointing to customer ambivalence about employee presentation and clarity of printed communication. The lowest-rated item was "The bank offers up-to-date technology for customer transactions" (M = 2.92, SD = 1.192), suggesting a perceived deficiency in technological innovation.

These findings from Table 9 reinforce the earlier distributional results in Table 8 and suggest that while tangible aspects of service are not viewed negatively, there is considerable room for improvement especially in enhancing technological services and professional presentation.

### 5.5.2. Reliability

As presented in Table 10, participants' responses on the reliability dimension indicate moderate levels of perceived reliability across all statements, with a noticeable proportion of neutral responses suggesting variability in customer experiences.

*Table 10: Participants' responses on Reliability: The bank's ability to provide dependable services*

| Statement | Strongly disagree | | Disagree | | Neutral | | Agree | | Strongly agree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| The bank performs the service right the first time. | 42 | 14.0 | 78 | 26.0 | 82 | 27.3 | 74 | 24.7 | 24 | 8.0 |
| The bank consistently fulfills its promises on time (e.g., transaction processing, loan approvals). | 27 | 9.0 | 66 | 22.0 | 103 | 34.3 | 81 | 27.0 | 23 | 7.7 |
| The bank provides its services at the promised time. | 22 | 7.3 | 57 | 19.0 | 85 | 28.3 | 110 | 36.7 | 26 | 8.7 |
| Records of transactions are accurate and maintained effectively. | 19 | 6.3 | 51 | 17.0 | 79 | 26.3 | 103 | 34.3 | 48 | 16.0 |

For the item "The bank performs the service right the first time," responses were mixed: 40% of participants either disagreed (26.0%) or strongly disagreed (14.0%), while only 32.7% agreed or strongly agreed. This indicates a lack of strong confidence in the bank's ability to deliver error-free service from the outset. In contrast, "The bank consistently fulfills its promises on time" yielded somewhat more favorable results, with 34.7% agreeing or strongly agreeing and 31% disagreeing or strongly disagreeing, although a significant portion (34.3%) remained neutral suggesting inconsistency in service timeliness or varied expectations among customers. The most positively rated item was “The bank provides its services at the promised time,” with 45.4% of respondents expressing agreement or strong agreement, compared to only 26.3% who disagreed or strongly disagreed. This indicates that, while banks may face challenges with consistency or initial service accuracy, punctual delivery of services is more positively perceived.

Finally, “Records of transactions are accurate and maintained effectively” received the strongest positive evaluation overall, with 50.3% of participants agreeing or strongly agreeing, suggesting that customers generally trust the accuracy and reliability of record-keeping systems.

Furthermore, Table 10 illustrates that while certain aspects of reliability, such as record accuracy and service timing, are relatively well-regarded, other elements like first-time service correctness and consistency in meeting promises show areas in need of operational improvement to strengthen customer trust.

*Table 11: Participants’ Mean Ratings and Agreement Levels of Reliability: The bank's ability to provide dependable services*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| The bank performs the service right the first time. | 2.87 | 1.172 | Moderate |
| The bank consistently fulfills its promises on time (e.g., transaction processing, loan approvals). | 3.02 | 1.077 | Moderate |
| The bank provides its services at the promised time. | 3.20 | 1.077 | Moderate |
| Records of transactions are accurate and maintained effectively. | 3.37 | 1.130 | Moderate |
| Overall | 3.12 | 0.642 | Moderate |

Table 11 presents participants' mean ratings and agreement levels on the reliability dimension, which assesses the bank's ability to deliver dependable services. The overall mean score was 3.12 (SD = 0.642), indicating a moderate level of agreement among participants regarding the reliability of banking services in Libya. Among the individual items, "Records of transactions are accurate and maintained effectively" received the highest mean rating (M = 3.37, SD = 1.130), reflecting relatively strong customer confidence in the accuracy and integrity of the banks' record-keeping systems. This is consistent with the findings in Table 10, where this item also received the highest proportion of agreement.

The statement "The bank provides its services at the promised time" also achieved a moderate yet slightly lower mean (M = 3.20, SD = 1.077), suggesting that timely service delivery is generally perceived positively, though not without variation. In contrast, the lowest-rated item was "The bank performs the service right the first time" (M = 2.87, SD = 1.172), indicating a weaker perception of first-time service accuracy, which may point to issues with consistency or procedural effectiveness. The moderate scores across all items suggest that while reliability is not viewed as poor, there remains significant room for improvement, particularly in ensuring error-free service delivery and reinforcing trust through consistent performance. These findings align with previous response patterns observed in Table 10, highlighting the importance of operational efficiency and trust-building in enhancing customer satisfaction within Libyan banking institutions.

### 5.5.3. Responsiveness

Table 12 presents participants' responses on the Responsiveness dimension, which reflects the bank's speed, willingness, and effectiveness in meeting customer needs. Overall, the responses indicate a generally favorable perception of responsiveness, though some variation exists across items.

*Table 12: Participants' responses on Responsiveness: Speed and effectiveness in meeting customer needs*

| Statement | Strongly disagree | | Disagree | | Neutral | | Agree | | Strongly agree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| The bank responds quickly to my inquiries or complaints. | 44 | 14.7 | 79 | 26.3 | 81 | 27.0 | 73 | 24.3 | 23 | 7.7 |
| Employees are always willing to help customers. | 18 | 6.0 | 51 | 17.0 | 78 | 26.0 | 106 | 35.3 | 47 | 15.7 |
| Employees are never too busy to respond to customer requests. | 14 | 4.7 | 56 | 18.7 | 77 | 25.7 | 111 | 37.0 | 42 | 14.0 |
| The bank provides clear and timely information about its services. | 20 | 6.7 | 48 | 16.0 | 81 | 27.0 | 107 | 35.7 | 44 | 14.7 |
| I feel confident in the knowledge and competence of the bank's employees. | 24 | 8.0 | 30 | 10.0 | 69 | 23.0 | 158 | 52.7 | 19 | 6.3 |

The highest levels of agreement were observed for the item "I feel confident in the knowledge and competence of the bank's employees," with a substantial 59% of respondents agreeing (52.7%) or strongly agreeing (6.3%), suggesting that employee competence is a key strength perceived by customers.

Similarly, the statement “Employees are never too busy to respond to customer requests” received strong support, with 51% agreement or strong agreement, while only 23.4% disagreed or strongly disagreed. The item “Employees are always willing to help customers” was also positively rated, with 51% of participants expressing agreement or strong agreement, further emphasizing the generally positive view of employee responsiveness. However, less favorable perceptions emerged regarding the speed of the bank’s responses to complaints and inquiries.

For the item “The bank responds quickly to my inquiries or complaints,” only 32% of participants agreed or strongly agreed, while a combined 41% disagreed or strongly disagreed indicating that responsiveness in handling concerns may be a relative weakness. Finally, “The bank provides clear and timely information about its services” received moderate support, with 50.4% agreement and only 22.7% disagreement, suggesting that while communication is generally acceptable, improvements in clarity and timeliness may enhance overall responsiveness.

These findings suggest that while customers generally appreciate the helpfulness and professionalism of employees, perceived delays in handling inquiries and complaints present a potential area for service quality improvement.

*Table 13: Participants’ Mean Ratings and Agreement Levels of Responsiveness: Speed and effectiveness in meeting customer needs*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| The bank responds quickly to my inquiries or complaints. | 2.84 | 1.174 | Moderate |
| Employees are always willing to help customers. | 3.38 | 1.119 | Moderate |
| Employees are never too busy to respond to customer requests. | 3.37 | 1.082 | Moderate |

| | | | |
|---|---|---|---|
| The bank provides clear and timely information about its services. | 3.36 | 1.117 | Moderate |
| I feel confident in the knowledge and competence of the bank's employees. | 3.39 | 1.024 | Moderate |
| Overall | 3.27 | 0.623 | Moderate |

Table 13 summarizes participants' mean ratings and agreement levels on the Responsiveness dimension, which assesses how promptly and effectively banks meet customer needs. The overall mean score was 3.27 (SD = 0.623), reflecting a moderate level of agreement and suggesting that customers view the responsiveness of bank services in Libya as acceptable but not exemplary. The highest-rated item was "I feel confident in the knowledge and competence of the bank's employees" (M = 3.39, SD = 1.024), indicating that respondents generally trust the expertise and skills of banking staff a critical factor in service interactions.

Closely following were "Employees are always willing to help customers" (M = 3.38, SD = 1.119) and "Employees are never too busy to respond to customer requests" (M = 3.37, SD = 1.082), both of which point to a favorable perception of employee attentiveness and availability. Likewise, the statement "The bank provides clear and timely information about its services" received a moderately positive rating (M = 3.36, SD = 1.117), suggesting that communication practices are generally effective, though there is room for improvement. Conversely, the lowest-rated item was "The bank responds quickly to my inquiries or complaints" (M = 2.84, SD = 1.174), highlighting a relative weakness in the bank's ability to handle customer concerns promptly. This result aligns with the earlier findings in Table 12, where a significant portion of participants expressed dissatisfaction with complaint-handling speed.

In summary, while banks in Libya appear to perform well in terms of employee helpfulness, competence, and communication clarity, delays in responsiveness to inquiries and complaints remain a critical area for service enhancement.

### 5.5.4. Assurance

Table 14 presents participants' responses on the Assurance dimension, which evaluates the trust customers place in the bank's service quality, particularly regarding employee behavior, knowledge, and the safety of financial transactions.

*Table 14:Participants' responses on Assurance: Trust customers have in the service quality*

| Statement | Strongly disagree | | Disagree | | Neutral | | Agree | | Strongly agree | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| I trust my bank to keep my personal and financial information secure. | 10 | 3.3 | 28 | 9.3 | 57 | 19.0 | 170 | 56.7 | 35 | 11.7 |
| Customers feel safe in their transactions with the bank. | 19 | 6.3 | 48 | 16.0 | 75 | 25.0 | 114 | 38.0 | 44 | 14.7 |
| Employees have the knowledge to answer customer questions effectively. | 28 | 9.3 | 43 | 14.3 | 48 | 16.0 | 153 | 51.0 | 28 | 9.3 |
| The bank employees are courteous and respectful during interactions. | 20 | 6.7 | 45 | 15.0 | 72 | 24.0 | 114 | 38.0 | 49 | 16.3 |

Overall, the results indicate a high level of perceived assurance among customers, with a majority of responses leaning toward agreement or strong agreement across all items. The strongest positive perception was observed in the item “I trust my bank to keep my personal and financial information secure,” where 68.4% of participants agreed (56.7%) or strongly agreed (11.7%), and only 12.6% expressed disagreement. This suggests that data security and privacy practices in Libyan banks are viewed as dependable and form a strong foundation for customer trust. Similarly, high levels of agreement were recorded for “Customers feel safe in their transactions with the bank,” with 52.7% agreeing or strongly agreeing.

Though 22.3% of participants expressed some disagreement, this indicates that while most customers feel secure, a notable minority may have concerns about transactional safety. In terms of employee competence, 60.3% of participants agreed or strongly agreed that “Employees have the knowledge to answer customer questions effectively,” further supporting the positive perceptions previously noted in the responsiveness dimension (see Tables 12 and 13).

However, 23.6% of respondents were neutral or disagreed, pointing to some variability in customer service experiences. The item “The bank employees are courteous and respectful during interactions” was also well-rated, with 54.3% of participants agreeing or strongly agreeing, reflecting positive interpersonal experiences.

Nonetheless, 21.7% expressed disagreement, highlighting an area that could benefit from more consistent customer service training.
In summary, Table 14 demonstrates that assurance-related aspects—especially data security, employee competence, and respectful treatment—are perceived positively by most customers in Libyan banks, although some variation remains that warrants attention for enhancing trust and service quality.

*Table 15: Participants' Mean Ratings and Agreement Levels of Assurance: Trust customers have in the service quality*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| I trust my bank to keep my personal and financial information secure. | 3.64 | 0.924 | High |
| Customers feel safe in their transactions with the bank. | 3.39 | 1.111 | Moderate |
| Employees have the knowledge to answer customer questions effectively. | 3.37 | 1.127 | Moderate |
| The bank employees are courteous and respectful during interactions. | 3.42 | 1.129 | High |
| Overall | 3.45 | 0.562 | High |

Table 15 presents participants' mean ratings and agreement levels regarding the Assurance dimension, which assesses the degree of trust customers have in the service quality of their banks. The overall mean score was 3.45 (SD = 0.562), indicating a high level of agreement and suggesting that customers generally perceive Libyan banks as trustworthy and competent in delivering secure and respectful services. The highest-rated item was "I trust my bank to keep my personal and financial information secure" (M = 3.64, SD = 0.924), reinforcing strong customer confidence in the banks' data protection and privacy practices.

This finding aligns with the earlier frequency results in Table 14, where a large majority expressed agreement on this item. Similarly, "The bank employees are courteous and respectful during interactions" received a high agreement level (M = 3.42, SD = 1.129), indicating that interpersonal aspects of service delivery, such as politeness and respect, are positively experienced by customers. Other items received moderately high but slightly lower ratings. For instance, "Customers feel safe in their transactions with the bank" (M = 3.39, SD = 1.111) and "Employees have the knowledge to answer customer questions effectively" (M = 3.37, SD = 1.127) both reflected moderate levels of agreement. While these results are favorable, they also point to opportunities for banks to further enhance customer perceptions of safety and employee expertise.

In conclusion, Table 15 highlights that assurance is one of the strongest dimensions of service quality in Libyan banks, particularly in areas of information security and customer interaction, though continued attention to service consistency and staff training may help further strengthen customer trust.

### 5.5.5. Empathy

Table 16 presents participants' responses concerning the Empathy dimension, which evaluates the extent to which bank staff demonstrate care, individual attention, and understanding of customer needs.

*Table 16: Participants' responses on Empathy: Care and attention shown by staff to customers*

| Statement | Never | | Rarely | | Sometimes | | Often | | Always | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| The bank makes an effort to understand my specific needs. | 25 | 8.3 | 62 | 20.7 | 61 | 20.3 | 134 | 44.7 | 18 | 6.0 |
| The bank has employees who understand the specific needs of customers. | 32 | 10.7 | 63 | 21.0 | 68 | 22.6 | 92 | 30.7 | 45 | 15.0 |
| The operating hours of the bank are convenient for all customers. | 33 | 11.0 | 69 | 23.0 | 78 | 26.0 | 87 | 29.0 | 33 | 11.0 |
| The bank shows care and concern for its customers. | 30 | 10.0 | 64 | 21.3 | 69 | 23.0 | 93 | 31.0 | 44 | 14.7 |

Overall, the responses suggest a moderately positive perception of empathy-related service aspects, though noticeable variability remains. The item “The bank makes an effort to understand my specific needs” received the most favorable responses, with 50.7% of participants indicating that the bank “often” or “always” does so. However, 29% responded with “never” or “rarely,” pointing to inconsistency in the level of individualized service experienced by customers.

Similarly, “The bank has employees who understand the specific needs of customers” garnered agreement from 45.7% of respondents (“often” or “always”), yet a substantial 31.7% indicated “never” or “rarely,” suggesting that while some customers feel recognized and understood, others may perceive staff as lacking attentiveness or personalization in service delivery.

Regarding the convenience of bank hours, responses were more evenly distributed. Although 40% of respondents selected “often” or “always” for “The operating hours of the bank are convenient for all customers,” 34% chose “never” or “rarely,” indicating that service availability may not be well-aligned with all customers’ schedules. The item “The bank shows care and concern for its customers” showed a slightly stronger distribution toward agreement, with 45.7% selecting “often” or “always,” yet 31.3% selected “never” or “rarely.” This implies that, while many customers perceive a reasonable level of concern from staff, a significant portion does not feel adequately valued or cared for.

In summary, Table 16 reveals that perceptions of empathy in Libyan banks are mixed many customers report positive experiences with individualized service, but a considerable number highlight gaps in staff attentiveness and operational convenience. Addressing these inconsistencies could enhance overall customer satisfaction and loyalty.

*Table 17: Participants' Mean Ratings and Agreement Levels of Empathy: Care and attention shown by staff to customers*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| The bank makes an effort to understand my specific needs. | 3.20 | 1.090 | Moderate |
| The bank has employees who understand the specific needs of customers. | 3.18 | 1.231 | Moderate |
| The operating hours of the bank are convenient for all customers. | 3.06 | 1.184 | Moderate |
| The bank shows care and concern for its customers. | 3.19 | 1.216 | Moderate |
| Overall | 3.16 | 0.623 | Moderate |

Table 17 summarizes participants' mean ratings and agreement levels regarding the Empathy dimension, which measures the extent to which banks provide personalized service and demonstrate genuine care for customers. The overall mean score was 3.16 (SD = 0.623), reflecting a moderate level of agreement. This suggests that while customers generally perceive a reasonable degree of empathy from bank staff in Libya, there is notable room for improvement. The highest-rated item was "The bank makes an effort to understand my specific needs" (M = 3.20, SD = 1.090), followed closely by "The bank shows care and concern for its customers" (M = 3.19, SD = 1.216) and "The bank has employees who understand the specific needs of customers" (M = 3.18, SD = 1.231).

These results indicate that customers moderately agree that bank staff are attentive and responsive to individual needs, although the relatively high standard deviations suggest variability in experiences across respondents. The lowest-rated item was "The operating hours of the bank are convenient for all customers" (M = 3.06, SD = 1.184), pointing to a possible mismatch between service availability and customer expectations or schedules. This could reflect operational limitations that impact accessibility for a portion of the clientele.

Overall, the moderate scores across all items in Table 17 highlight a general perception of acceptable, but not exceptional, empathy in service delivery. Enhancing staff training in customer engagement and reevaluating service accessibility (e.g., flexible hours or personalized assistance) may strengthen customer perceptions in this domain.

## 5.6. DESCRIPTIVE ANALYSIS OF CUSTOMER SATISFACTION

Table 18 presents participants' responses on Customer Satisfaction, focusing on their overall banking experience, likelihood to recommend the bank, and perceptions of service quality and value. The results suggest a generally high level of satisfaction, with a notable majority of respondents expressing positive views on various aspects of their banking experience. The item "I am satisfied with my overall banking experience" received the most favorable responses, with 60% of participants indicating that they were "often" (54%) or "always" (6%) satisfied. This indicates a strong overall sense of satisfaction with the banking services provided.

*Table 18: Participants' responses on Customer Satisfaction*

| Statement | Never | | Rarely | | Sometimes | | Often | | Always | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Count | % | Count | % | Count | % | Count | % | Count | % |
| I am satisfied with my overall banking experience. | 15 | 5.0 | 54 | 18.0 | 51 | 17.0 | 162 | 54.0 | 18 | 6.0 |
| I would recommend my bank to others. | 28 | 9.3 | 28 | 9.3 | 39 | 13.0 | 161 | 53.7 | 44 | 14.7 |
| My bank meets my expectations in terms of service quality. | 22 | 7.3 | 57 | 19.0 | 84 | 28.0 | 111 | 37.0 | 26 | 8.7 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| The bank provides good value for the services I receive. | 19 | 6.3 | 51 | 17.0 | 78 | 26.0 | 104 | 34.7 | 48 | 16.0 |

However, 23% of respondents selected “never,” “rarely,” or “sometimes,” suggesting that a minority of customers are less satisfied with their experiences. Similarly, “I would recommend my bank to others” showed a high level of agreement, with 68.4% of respondents selecting “often” (53.7%) or “always” (14.7%) indicating that many customers are willing to endorse the bank to others. This is a positive indicator of customer loyalty and satisfaction. On the other hand, 18.6% of respondents expressed some level of disagreement, highlighting potential areas for improving satisfaction among a small subset of customers. Regarding service quality, the statement “My bank meets my expectations in terms of service quality” received moderate support, with 45.7% of respondents agreeing (“often” or “always”).

However, 28% were neutral, and 26.3% disagreed or were dissatisfied, which indicates a mix of experiences in meeting customer expectations. The item “The bank provides good value for the services I receive” also received strong positive ratings, with 50.7% of respondents agreeing (“often” or “always”), suggesting that a majority of customers perceive good value in their banking services. However, 23.3% selected “never” or “rarely,” indicating that some customers feel the services do not justify the costs.

In summary, Table 18 highlights a generally favorable view of customer satisfaction in Libyan banks, with the majority of customers expressing satisfaction, recommending the bank to others, and perceiving good value. Nonetheless, the variation in responses suggests that further improvements in service quality and value perception could help increase satisfaction and address the concerns of a small segment of the customer base.

*Table 19: Participants' Mean Ratings and Agreement Levels of Customer Satisfaction*

| Statement | Mean | Standard deviation | Level of agreement |
|---|---|---|---|
| I am satisfied with my overall banking experience. | 3.38 | 1.009 | Moderate |
| I would recommend my bank to others. | 3.55 | 1.137 | High |
| My bank meets my expectations in terms of service quality. | 3.21 | 1.078 | Moderate |
| The bank provides good value for the services I receive. | 3.37 | 1.130 | Moderate |
| Overall | 3.38 | 0.638 | Moderate |

Table 19 presents participants' mean ratings and agreement levels regarding Customer Satisfaction. The overall mean score was 3.38 (SD = 0.638), indicating a moderate level of satisfaction. This suggests that while customers generally express a favorable view of their banking experiences, there is still room for improvement in meeting their expectations consistently.

The highest-rated item was "I would recommend my bank to others" (M = 3.55, SD = 1.137), which received a high level of agreement, indicating that a majority of respondents are willing to endorse their bank to others. This is a strong indicator of customer loyalty and satisfaction with the bank's services. However, the standard deviation suggests some variability in responses, implying that not all customers share the same level of enthusiasm.

The other items related to overall satisfaction showed moderate ratings, including "I am satisfied with my overall banking experience" (M = 3.38, SD = 1.009) and "The bank provides good value for the services I receive" (M = 3.37, SD = 1.130).

These results suggest that while most customers find their banking experiences satisfactory and feel they receive good value, there is some variability, with a portion of the customer base expressing neutral or lower levels of satisfaction.

The item “My bank meets my expectations in terms of service quality” (M = 3.21, SD = 1.078) also received a moderate rating, indicating that some customers feel the bank falls short of meeting their service quality expectations.

This highlights an area where banks could potentially focus on improving service consistency to better meet customer demands.

In conclusion, Table 19 reflects generally moderate satisfaction levels among customers of Libyan banks, with the strongest agreement found in the willingness to recommend the bank to others. To further enhance customer satisfaction, banks may want to focus on aligning their services more closely with customer expectations and improving value perceptions across the customer base.

## 5.7.. INFERENTIAL ANALYSIS

Table 20 presents the results of the effect of service quality variables on customer satisfaction, including estimates, t-values, p-values, correlation coefficients (R), and R-squared ($R^2$) values. The findings highlight the significant relationships between service quality dimensions and customer satisfaction, with all variables showing statistically significant effects at the $p < 0.001$ level.

### 5.7.1. Multiple Regression Analysis

*Table 20: Effect of Service Quality on Customer Satisfaction*

| Service Quality Variable | Estimate | T value | P value | R | R2 |
|---|---|---|---|---|---|
| Tangibility | 0.389 | 8.163 | < 0.001 | 0.427 | 0.183 |
| Reliability | 0.618 | 13.727 | < 0.001 | 0.622 | 0.387 |
| Responsiveness | 0.468 | 8.870 | < 0.001 | 0.457 | 0.209 |
| Assurance | 0.376 | 6.068 | < 0.001 | 0.332 | 0.110 |
| Empathy | 0.239 | 4.150 | < 0.001 | 0.234 | 0.055 |

Table 20 presents the results of the effect of service quality variables on customer satisfaction, including estimates, t-values, p-values, correlation coefficients (R), and R-squared ($R^2$) values. The findings highlight the significant relationships between service quality dimensions and customer satisfaction, with all variables showing statistically significant effects at the $p < 0.001$ level.

The Reliability dimension (Estimate = 0.618, t = 13.727, $p < 0.001$) emerged as the strongest predictor of customer satisfaction, explaining 38.7% of the variance in satisfaction ($R^2 = 0.387$). This suggests that the bank's ability to consistently deliver dependable services has a substantial impact on how satisfied customers feel.

Responsiveness (Estimate = 0.468, t = 8.870, $p < 0.001$) also demonstrated a significant positive effect on customer satisfaction, explaining 20.9% of the variance ($R^2 = 0.209$). This indicates that customers value the bank's speed and effectiveness in addressing their needs.

The Tangibility dimension (Estimate = 0.389, t = 8.163, $p < 0.001$) was also found to significantly influence customer satisfaction, with a moderate effect size ($R^2 = 0.183$), suggesting that the physical appearance of the bank and its facilities plays a notable, though less influential, role in shaping satisfaction.

Assurance (Estimate = 0.376, t = 6.068, $p < 0.001$) and Empathy (Estimate = 0.239, t = 4.150, $p < 0.001$) had the smallest effects on customer satisfaction, explaining 11% and 5.5% of the variance, respectively ($R^2 = 0.110$ and $R^2 = 0.055$). These dimensions—trust in the bank and personalized care—still significantly contribute to satisfaction, though their influence is weaker compared to reliability and responsiveness.

In conclusion, the results indicate that the most significant drivers of customer satisfaction in Libyan banks are reliability and responsiveness, while tangibility, assurance, and empathy also play roles, but to a lesser extent. Banks aiming to enhance customer satisfaction should prioritize improving the consistency and reliability of their services, along with responsiveness to customer needs, while continuing to maintain attention to the physical and interpersonal aspects of service delivery.

### 5.7.2. Comparison Between Public and Private Banks

*Table 21: Comparing Service Quality and Customer Satisfaction Between Public and Private Banks in Libya*

| Variable | Banke Type | N | Mean | Std | T value | P value |
|---|---|---|---|---|---|---|
| Tangibility | Private | 148 | 3.36 | 0.676 | 6.517 | < 0.001 |
| | Public | 152 | 2.87 | 0.636 | | |
| Reliability | Private | 148 | 3.24 | 0.633 | 3.286 | 0.001 |
| | Public | 152 | 3.00 | 0.631 | | |
| Responsiveness | Private | 148 | 3.43 | 0.553 | 4.575 | < 0.001 |
| | Public | 152 | 3.11 | 0.648 | | |
| Assurance | Private | 148 | 3.56 | 0.526 | 3.132 | 0.002 |
| | Public | 152 | 3.36 | 0.581 | | |
| Empathy | Private | 148 | 3.22 | 0.619 | 1.600 | 0.111 |
| | Public | 152 | 3.10 | 0.623 | | |
| Satisfaction | Private | 148 | 3.57 | 0.546 | 5.466 | < 0.001 |
| | Public | 152 | 3.19 | 0.664 | | |

Table 21 compares service quality and customer satisfaction between public and private banks in Libya. The results indicate significant differences between the two types of banks across several dimensions of service quality and overall customer satisfaction.

## 5.8. SUMMARY OF KEY FINDINGS

For the Tangibility dimension, private banks (M = 3.36, SD = 0.676) outperformed public banks (M = 2.87, SD = 0.636) with a significant difference ($t = 6.517$, $p < 0.001$). This suggests that customers perceive private banks to have more visually appealing facilities and better service appearance than public banks.

In terms of Reliability, private banks (M = 3.24, SD = 0.633) also scored higher than public banks (M = 3.00, SD = 0.631), with a significant difference ($t = 3.286$, $p = 0.001$). This indicates that private banks are seen as more dependable in delivering consistent and accurate services compared to their public counterparts.

For Responsiveness, private banks (M = 3.43, SD = 0.553) again scored higher than public banks (M = 3.11, SD = 0.648), with a significant difference ($t = 4.575$, $p < 0.001$). This result suggests that private banks are perceived as more effective and quicker in addressing customer needs and inquiries.

Regarding Assurance, private banks (M = 3.56, SD = 0.526) showed a higher score compared to public banks (M = 3.36, SD = 0.581), with a significant difference ($t = 3.132$, $p = 0.002$). Customers seem to have greater trust in the service quality and competence of employees in private banks.

The Empathy dimension, however, did not show a significant difference between public (M = 3.10, SD = 0.623) and private banks (M = 3.22, SD = 0.619), with the result being marginally non-significant ($t = 1.600$, $p = 0.111$). This indicates that both types of banks are perceived similarly in terms of understanding and addressing individual customer needs.

Finally, Customer Satisfaction was significantly higher for private banks (M = 3.57, SD = 0.546) compared to public banks (M = 3.19, SD = 0.664), with a large difference ($t = 5.466$, $p < 0.001$). This result suggests that customers of private banks are generally more satisfied with their overall banking experience than those of public banks.

In conclusion, private banks in Libya outperform public banks across most service quality dimensions, including tangibility, reliability, responsiveness, assurance, and overall customer satisfaction. The only dimension that did not show a significant difference was empathy, which suggests that both types of banks are similarly perceived in their attention to customer needs. These findings highlight areas where public banks could focus on improving their service quality to enhance customer satisfaction and compete more effectively with private banks.

## 5.9. CONCLUSION

The analysis of service quality and customer satisfaction in Libyan banks revealed several key findings across different dimensions.

First, in terms of Tangibility, customers rated private banks higher ($M = 3.36$, $SD = 0.676$) compared to public banks ($M = 2.87$, $SD = 0.636$), with a significant difference ($p < 0.001$). This suggests that private banks are perceived as having more visually appealing facilities and better service appearance. Reliability also showed a significant difference, with private banks ($M = 3.24$, $SD = 0.633$) outperforming public banks ($M = 3.00$, $SD = 0.631$), indicating that private banks are seen as more dependable in delivering accurate and consistent services.

Regarding Responsiveness, private banks ($M = 3.43$, $SD = 0.553$) were again rated more favorably than public banks ($M = 3.11$, $SD = 0.648$), with a significant difference ($p < 0.001$). This indicates that private banks are perceived as more effective in addressing customer needs and inquiries in a timely manner. The Assurance dimension also revealed higher ratings for private banks ($M = 3.56$, $SD = 0.526$) compared to public banks ($M = 3.36$, $SD = 0.581$), showing that customers have greater trust in the service quality and competence of private bank employees.

However, in the Empathy dimension, no significant difference was observed between public (M = 3.10, SD = 0.623) and private banks (M = 3.22, SD = 0.619), indicating that both types of banks are perceived similarly in terms of understanding and addressing individual customer needs.
Overall, customer satisfaction was significantly higher for private banks (M = 3.57, SD = 0.546) than for public banks (M = 3.19, SD = 0.664), indicating that private bank customers are generally more satisfied with their banking experiences.

The regression analysis in Table 20 demonstrated that Reliability ($R^2$ = 0.387) and Responsiveness ($R^2$ = 0.209) had the strongest effects on customer satisfaction, while Tangibility ($R^2$ = 0.183), Assurance ($R^2$ = 0.110), and Empathy ($R^2$ = 0.055) had weaker but still significant effects. This highlights the importance of providing reliable, responsive, and dependable services to enhance customer satisfaction.

# SECTION 6:
# CONCLUSION & RECOMMENDATIONS

## 6.1. CONCLUSION

Private banks in Libya are generally perceived more positively across multiple dimensions of service quality, including tangibility, reliability, responsiveness, and assurance, compared to public banks. This observation confirms Hypothesis Statement 1, demonstrating that private banks score higher on SERVQUAL dimensions, indicating a superior level of service quality. Furthermore, customer satisfaction is significantly higher in private banks, indicating that customers are more satisfied with their banking experiences in private institutions. This supports Hypothesis Statement 2, as it shows that customer satisfaction levels are indeed higher in private banks, driven by superior service quality measured by SERVQUAL.

Additionally, the Reliability and Responsiveness dimensions have the strongest impact on customer satisfaction, suggesting that customers value dependable and responsive services. This reinforces Hypothesis Statement 2, highlighting that customer satisfaction is significantly influenced by the quality of service, particularly reliability and responsiveness, which are key components of the SERVQUAL model. These findings are in line with the studies by Homburg and Giering (2018), which emphasize the importance of service quality in enhancing customer satisfaction.

On the other hand, the Empathy dimension did not show a significant difference between public and private banks, implying that both types of banks are seen similarly in terms of customer care and attention. While there is no significant difference in empathy, this does not negate the findings of the hypotheses, as the other dimensions still support the overall conclusions. This observation aligns with Ladhari (2019), who noted that perceived empathy can vary significantly across different service contexts.

Finally, service quality dimensions such as Tangibility and Assurance are more important in private banks, while public banks might focus on improving these areas to boost customer satisfaction. This further confirms Hypothesis Statement 1, reinforcing that private banks excel in critical SERVQUAL dimensions like tangibility and assurance, thereby supporting their superior service quality compared to public banks.

## 6.2. RECOMMENDATIONS

**Private Banks**: Continue focusing on improving the reliability and responsiveness of services, as these factors significantly contribute to customer satisfaction. Managers should implement training programs aimed at enhancing staff responsiveness to customer needs. This is supported by Ali and Amin (2021), who found that responsiveness is crucial for customer satisfaction in the banking sector.

**Public Banks**: Enhance service quality in areas such as tangibility (e.g., physical facilities, appearance) and reliability to increase customer satisfaction and compete with private banks. This can be achieved by adopting best practices from successful private banks (Kotler & Keller, 2016). Research by Kumar and Gupta (2020) also highlights the need for public banks to improve service quality to retain customers.

**Service Improvement**: Both private and public banks should continue to invest in customer service training to maintain high standards of empathy and assurance, which are essential for fostering customer trust and loyalty. This aligns with the findings of Choudhury (2020), who emphasizes the role of service quality in customer loyalty.

**Customer Engagement**: Both types of banks should focus on improving communication and addressing customer needs in a timely manner. Implementing regular feedback mechanisms can help ensure timely responses to customer inquiries and enhance overall satisfaction (Grönroos, 2015). Bennett and Rundle-Thiele (2019) also suggest that effective communication strategies are vital for customer engagement.

**Strategic Focus**: Banks should monitor customer satisfaction continuously and make data-driven decisions to align service offerings with customer expectations, particularly in areas where gaps exist, such as empathy and responsiveness. This approach is supported by findings from Martínez and del Bosque (2022), which highlight the need for ongoing assessment of customer experiences.

**Training Programs**: Implementing comprehensive training programs for staff can significantly improve service quality. Research by Kwortnik and Thompson (2018) indicates that well-trained employees are more likely to provide high-quality service, leading to increased customer satisfaction.

**Technology Utilization**: Banks should leverage technology to enhance service delivery. According to Homburg and Giering (2018), the use of technology in banking services can improve responsiveness and reliability, which are critical for customer satisfaction.

**Customer Feedback Systems**: Establishing robust customer feedback systems can help banks identify areas for improvement. Ali and Amin (2021) found that feedback mechanisms are essential for understanding customer needs and enhancing service quality.

**Benchmarking Against Competitors**: Banks should regularly benchmark their service quality against competitors to identify best practices and areas for improvement. This strategy is supported by research from Grönroos (2015), which emphasizes the importance of competitive analysis in service management.

**Focus on Customer Experience**: Enhancing the overall customer experience should be a priority for both private and public banks. Studies by Ladhari (2019) indicate that a positive customer experience is directly linked to customer loyalty and satisfaction.

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# APPENDIX 1 – ORIGINALITY REPORT

**ANKARA SCIENCE UNIVERSITY**
**GRADUATE SCHOOL OF STUDIES**
**MASTER'S THESIS ORIGINALITY REPORT**

**ANKARA SCIENCE UNIVERSITY**
**GRADUATE SCHOOL OF STUDIES**
**MANAGEMENT INFORMATION SYSTEMS DEPARTMENT**

Date: 19/07/2025

Thesis Title : A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction.

According to the originality report obtained by my thesis advisor by using the Turnitin plagiarism detection software and by applying the filtering options checked below on 27/06/2025 for the total of 87 pages including the a) Title Page, b) Introduction, c) Main Chapters, and d) Conclusion sections of my thesis entitled as above, the similarity index of my thesis is 18 %.

Filtering options applied:

1. ☒ Approval and Decleration sections excluded
2. ☒ Bibliography/Works Cited excluded
3. ☒ Quotes excluded
4. ☐ Quotes included
5. ☐ Match size up to 5 words excluded

I declare that I have carefully read Ankara Science University Graduate School of Studies Guidelines for Obtaining and Using Thesis Originality Reports; that according to the maximum similarity index values specified in the Guidelines, my thesis does not include any form of plagiarism; that in any future detection of possible infringement of the regulations I accept all legal responsibility; and that all the information I have provided is correct to the best of my knowledge.

I respectfully submit this for approval.

| | |
|---|---|
| **Name Surname:** | AYUOB SEDIG ELHADI SAUD |
| **Student No:** | 2235011003 |
| **Department:** | Management Information Systems |
| **Program:** | Management Information Systems |

**ADVISOR APPROVAL**

APPROVED.

Assoc. Prof. Görkem Erdoğan

# APPENDIX 2 – ETHICS COMMITTEE PERMISSION

ANKARA BİLİM ÜNİVERSİTESİ

T.C.
ANKARA BİLİM ÜNİVERSİTESİ
Etik Kurul Başkanlığı

Sayı: 2025/1 04/02/2025

Konu: Etik Kurul Onayı

Sayın Ayuob Sedig Elhadi Saud;

"A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction" isimli çalışmanız için Ankara Bilim Üniversitesi Etik Kuruluna yaptığınız başvuru 04/02/2025 tarihinde icra edilen etik kurul toplantısında görüşülmüş ve çalışmanın yürütülmesinin Ankara Bilim Üniversitesi Bilimsel Araştırmalar ve Yayın Etiği Yönetmeliği'ne uygun olduğuna oy birliği ile karar verilmiştir.

Prof. Dr. Yavuz Demir
Rektör / Etik Kurulu Başkanı

ANKARA BİLİM ÜNİVERSİTESİ

## BİLİMSEL ARAŞTIRMALAR ETİK KURULU

| TOPLANTI SAYISI: | 2025 / 1 | Tarih: 04/02/2025 | Sayfa 1 / 1 |
|---|---|---|---|

## BİLİMSEL ARAŞTIRMALAR ETİK KURUL DEĞERLENDİRME FORMU

Ayuob Sedig Elhadi Saud'un yürüteceği, "A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction" çalışması için, Ankara Bilim Üniversitesi etik kuruluna yaptığı başvuru kabul edilmiş ve çalışmanın yürütülmesinin Ankara Bilim Üniversitesi Bilimsel Araştırmalar ve Yayın Etiği Yönetmeliği'ne uygun olduğuna oy birliği ile karar verilmiştir.

| BAŞKAN | | İmza |
|---|---|---|
| 1 | **Prof. Dr. Yavuz Demir**<br>Güzel Sanatlar ve Tasarım Fakültesi | |
| **ÜYELER** | | **İmza** |
| 2 | **Prof. Dr. Cem Harun Meydan**<br>İnsan ve Toplum Bilimleri Fakültesi | |
| 3 | **Prof. Dr. İsmail Coşkun**<br>Mühendislik ve Mimarlık Fakültesi | |
| 4 | **Prof. Dr. Hakan Çağlar**<br>Mühendislik ve Mimarlık Fakültesi | |
| 5 | **Prof. Dr. Önder Erkarslan**<br>Güzel Sanatlar ve Tasarım Fakültesi | |
| 6 | **Doç. Dr. Şebnem Düzgün**<br>İnsan ve Toplum Bilimleri Fakültesi | |
| 7 | **Dr. Öğr. Üyesi Zuhal Bereket Baş**<br>Hukuk Fakültesi | |

المصرف الإسلامي الليبي
Libyan Islamic Bank

Thursday 9th Jan 2025

**To Whom It May Concern,**

**Permission to Conduct Academic Survey**

We, the Islamic Bank of Libya, hereby grant permission to the student Ayoub Al-Siddiq Saud to conduct his academic survey within the bank's groups on Facebook.

We appreciate your cooperation and support for academic research.

Sincerely

المصرف الإسلامي الليبي
Libyan Islamic Bank

بتاريخ يوم الاثنين
الموافق 6 -يناير -25

**إلى من يهمه الأمر،**

**الموضوع : إذن لإجراء إستبيان اكاديمي**

نحن المصرف الإسلامي الليبي، نود أن نعلن أننا نسمح للطالب أيوب الصديق سعود بإجراء استبيانه الأكاديمي في المجموعات الخاصة بالبنك على منصة فيسبوك.

نؤكد على دعمنا للجهود الأكاديمية ونسعد بتسهيل هذه العملية. نأمل أن تسهم النتائج في تعزيز المعرفة في مجال الخدمات المصرفية الإسلامية.

إذا كان هناك أي استفسارات، لا تترددوا في التواصل معنا.

مع خالص التحيات،

## APPENDIX 3 – QUESTIONNAIRE

**A Comparative Study of Private and Public Banks in Libya: Service Quality and Customer Satisfaction**

This survey is part of a scientific study conducted as part of a master's thesis titled "A Comparative Study Between Private and Public Banks in Libya: Service Quality and Customer Satisfaction."

• Participation in this study is completely voluntary.
• Your response to the survey will be interpreted as your consent to participate in the research.
• All personal information obtained from this survey will be kept confidential and used for research purposes only.
• You have the right to withdraw from the study at any time.

- What is your age?

  ○ 18-29
  ○ 30-39
  ○ 40-49
  ○ 50 and above

- What is your gender?

  ○ Male
  ○ Female

- What type of bank primarily use?

  ○ Private Bank
  ○ Public Bank

- How long have you been a customer of your current bank?

  ○ less than a year
  ○ 1-3 years
  ○ 4-6 years
  ○ More than 6 years
  ○

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Tangibility - Service Quality in Banks | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. The bank provides modern-looking equipment and facilities. | | | | | |
| 2. The physical facilities of the bank are visually appealing. | | | | | |
| 3. Employees are neat and professional in their appearance. | | | | | |
| 4. The printed materials provided by the bank (e.g., brochures, forms) are available and clear. | | | | | |
| 5. The bank offers up-to-date technology for customer transactions. | | | | | |

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Reliability - Service Quality in Banks | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. The bank performs the service right the first time. | | | | | |
| 2. The bank provides its services at the promised time. | | | | | |
| 3. The bank consistently fulfills its promises on time (e.g., transaction processing, loan approvals). | | | | | |
| 4. Records of transactions are accurate and maintained effectively. | | | | | |
| 5. The bank offers up-to-date technology for customer transactions. | | | | | |

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Responsiveness - Service Quality in Banks | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. The bank responds quickly to my inquiries or complaints | | | | | |
| 2. Employees are always willing to help customers. | | | | | |
| 3. I feel confident in the knowledge and competence of the bank's employees. | | | | | |
| 4. Employees are never too busy to respond to customer requests | | | | | |
| 5. The bank provides clear and timely information about its services. | | | | | |

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Assurance - Service Quality in Banks | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| 1. I trust my bank to keep my personal and financial information secure. | | | | | |
| 2. The bank employees are courteous and respectful during interactions. | | | | | |
| 3. Customers feel safe in their transactions with the bank | | | | | |
| 4. Employees have the knowledge to answer customer questions effectively. | | | | | |

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Empathy - Service Quality in Banks | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 1. The bank makes an effort to understand my specific needs. | | | | |
| 2. The bank has employees who understand the specific needs of customers. | | | | |
| 3. The operating hours of the bank are convenient for all customers | | | | |
| 4. The bank shows care and concern for its customers. | | | | |

**RATE FROM 1 STRONGLY DISAGREE TO 5 STRONGLY AGREE**

| Customer Satisfaction in Banks | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| My bank meets my expectations in terms of service quality | | | | | |
| The bank provides good value for the services I receive. | | | | | |
| I am satisfied with my overall banking experience | | | | | |
| I would recommend my bank to others. | | | | | |