

Service quality in the Albanian banking sector

Bachelor Thesis for Obtaining the Degree

Bachelor of Science (BSc) in

International Management

Submitted to Prof.Dr. Horst Treiblmaier

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Vienna, Austria, 14th of February 2018

Affidavit

I hereby affirm that this Bachelors Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

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Abstract

In this study, I analyze service quality in the Albanian commercial banking sector. An empirical survey was used to gather primary data. The questionnaire developed for this study is based on the SERVPERF model which is made of 22 items that identify the influence of five dimensions (i.e., tangibility, reliability, responsiveness, assurance, empathy). The questionnaires also includes additional items such as ‘age’, ‘education’, ‘profession’, ‘monthly income’. A total of 175 customers of Albanian commercial banks have been surveyed. The empirical analysis was carried out in PSPP. The objectives of this study include gaining insights on how customers perceive service quality and it’s five dimensions. The results of the survey were ranked from the most important dimension to the last important one. The two main research questions are ‘ How do clients perceive the attributes of quality?’ and ‘How do customers differ regarding the five categories of SERVPERF?’. This study will serve bank executives in improving the attributes and dimensions that are most important to banking customers. Part of this thesis will thoroughly discuss the evolution of the Albania banking system. The results can help to better understand the banking system in Albania.

Keywords: Albanian banking sector, SERVPERF, questionnaires, dimensions, PSPP

Acknowledgments

First of all, I would like to thank my family for making it possible that I study at a prestigious university like Modul University. Thank you for all the support you have given to me, in becoming a better version of myself. I am very happy of all I have learned and achieved throughout my entire academic career at Modul. A big thank you goes to my girlfriend, for always being supportive and bearing with me in those late nights I needed her the most.

A special thank you goes to my Professor, Dr. Horst Treiblmaier, without your invaluable help and continuous assistance this thesis wouldn't be possible. Your guidance and friendly approach have enlightened me in an exceptional way.

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List of Abbreviations

NBA – National Bank of Albania

ABC – Albanian Bank of Commerce

ASB – Albanian State Bank

UBA – United Bank of Albania

DB – Dardania Bank

1. Introduction

Service quality and customer satisfaction are crucial concepts that firms must grasp if they want to grow and remain competitive in today's world. Satisfied customers create the foundation of any successful business. "It is known that higher service quality leads to more satisfied customers," and more satisfied customers lead to higher profits; therefore, to be able to differentiate from competitors, firms need to offer superior quality of service (Ozatac, Saner & Sen, 2016). "Thus, organizations pay special attention to factors such as customer knowledge, customer relationships, and determination of methods for meeting customer satisfaction and for providing suitable goods and services to meet customer needs because Customer is the most important asset of an organization." (Iranzadeh & Chakherlouy, 2012, p.87) As Iranzadeh & Chakherlouy, (2012) write in their paper on 'Service Quality Dimensions in the Banking Industry,' organizations nowadays are paying special attention to what customers need and what they expect from the bank. Recognizing the customer's needs will allow them to remain competitively superior. Banks that want to offer the highest quality of service should know how to identify these expectations and should do their best to meet them to the customer satisfaction. Service providers should always strive to understand customers by analyzing factors that influence customer satisfaction for the better. Being consistent in meeting customer satisfaction is therefore a fundamental concept. Firms that have satisfied and loyal customers generate steady income for any organization. In a competitive marketplace like the banking sector in Albania, banking firms are competing for customers daily. The key differentiator is customer satisfaction. Businesses who are succeeding in these harsh environments are the ones that have set-top priority in meeting customer expectation by providing them with better quality of service. An exceptional bank should implement customer-satisfaction strategies because it will be a key element when it comes to being competitive.

These strategic approaches are also important for the banking sector in Albania, where competition is relentless considering most banks are offering

nearly the same products or services as the competition. Banking firms are applying different strategies that will benefit the bank and their customers in a bilateral way. Another example of a plan that banks are implementing is the ‘customer advocacy’ strategy, “this strategy aims to build deeper customer relationships by earning new levels of trust and commitment and by developing mutual transparency, dialogue and partnership with customers” (Lawer & Knox, 2006). Urban (2005), writes in his paper about “Customer Advocacy: A New Era in Marketing,” that customer advocacy is becoming an attractive strategic option for many firms because of its simple strategy. Businesses who implement this specialized strategy assist their consumers by finding and executing an optimum solution, which will make it easier for an organization to earn their trust and loyalty. Thus, to be different from the competition, banking companies should implement different marketing strategies. Most importantly, they should do their best to offer excellent customer experiences that will create environments where satisfaction is high, and customer advocates are many (Shethna, 2017). As it is previously mentioned, exceptional service quality is linked directly to customer satisfaction, and customer satisfaction is the foundation of any successful business. Research done in the area has shown the importance of service quality in any industry. I will thoroughly discuss this issue in the literature review section of this bachelor thesis.

1.1. Structure of the thesis

The first section of this thesis briefly introduces the topic of service quality. Furthermore, the literature part will carefully examine service quality and its importance, and how crucial it is for any business to employ service quality strategies that will increase customer satisfaction. The main point of this thesis is to present an analysis of the service quality that is provided to Albanian banking customers in Tirana. A few different hypotheses will be tested to see differences and similarities that men and women might have regarding the various dimensions of quality. I will discuss this thoroughly at a later point of

this research. Before I address the hypotheses, I want the reader to have a clear understanding of the developments made in different periods of time by nations and people who have had significant influence in the evolution of the banking system of Albania, and the progress Albania has made as a sovereign country. Therefore, the second section of this thesis provides an in-depth analysis of the evolution of the Albanian banking system throughout different periods of time. This analysis will give the reader a better understanding of the creation of the banking system in Albania, and the vital influence Italy had in the development of the country.

The third section of this thesis will present the literature review of service quality. It will provide descriptions, summaries, and critical evaluations of service quality in relation to the research questions that will be investigated. One of the research questions will deal with the issue of how Albanian banking clients in Tirana perceive the attributes of quality. The literature review will provide an overview of sources I have personally explored while researching the topic of service quality in the banking sector. The literature review will demonstrate the reader how my research fits into a more extensive study.

The fourth section of this research thesis will discuss the methodology used to analyze the data gathered from the questionnaires. The questionnaires were distributed to 175 banking clients in Albania, Tirana. In this section, I will explain the research method used to identify, select, process and analyze the information gathered. A thorough description of the methodology will allow the reader to evaluate this study's validity and reliability critically. This section will discuss two main points; 1) How was the data collected and generated? 2) How was it analyzed and interpreted?

Furthermore, the fifth section of this research thesis will report the results and findings of my study, based on the methodology I applied to gather information. To be able to present the results more accurately, I will use graphs, figures, and tables. Statistical procedures will include T-tests, ANOVA and Chi-square tests, followed by a discussion of the findings. I will also interpret and describe the significance of my findings. It will explain new understandings or

insights about the research questions that are being investigated. The hypotheses of the thesis will also be tested. This discussion will help the reader understand the importance of service quality in the banking sector and why is there a need for further research in the service quality field.

1.2. Research questions and objectives of the study

As it is further explained in the analysis of the results, in the last chapter, this study has four research questions and five objectives. While reading about the literature on service quality in the banking sector, the following research questions emerged:

- Research question 1
How are the attributes of quality perceived by the clients in the Albania banking sector?
- Research question 2
What is the importance of the respective categories?
- Research question 3
Which of the five dimensions is perceived as the most important from the client's perspective?
- Research question 4
Is there any significant difference between each variable in relation to the five categories of dimension?

The objectives of this thesis are:

1. To give the reader an in-depth explanation of the evolution of the Albanian banking system through different periods of time
2. Through this research paper, we will be able to understand how customers of banks in Albania perceive service quality and its five dimensions.
3. Based on the primary research (questionnaires) I will be able to distinguish between the most important dimensions for customers and the least important dimensions.

4. Results of this analysis will provide detailed insights on which dimension banking customers in Albania value as the most important dimension. Which in terms, can serve banking executives in determining the improvement they can make in the service, to offer higher quality of service.
5. Another objective of the study is to develop and test some hypotheses based on various demographic and socio-economic characteristics, such as gender, age, education, profession and income.

Questionnaires will be used to gather primary data and analysis of this data will help the reader to better understand the quality of service provided to its customers in the Albanian banking sector. The data that comes in the form of a questionnaire were personally collected and distributed to 175 customers in Albania, Tirana. Interpretation of this data will serve the reader in a way that allows him to understand better how banking clients in Albania perceive service quality. It will also help understand what the banking sector executives should try to improve based on which of the five dimensions is more important to the respondents.

A service quality-measuring instrument called the SERVPERF will be used to analyze the sampled data. The SERVPERF scale was suggested by Cronin & Taylor, (1992) after they questioned the conceptual basis of the old SERVQUAL scale and found it confusing with service satisfaction (Jain & Gupta, 2004). Thus, they suggested the expectation (E) component of SERVQUAL be discarded and instead the (P) performance component to be used (Jain & Gupta, 2004) (Cronin & Taylor, 1992).

In their research paper “Measuring Service Quality”, Cronin and Taylor (1992) show suitability of the ‘performance only’ SERVPERF instrument across four service industries (banks, pest control, dry cleaning and fast food). Cronin and Taylor (1992) concluded that “(1) service quality should be measured as an attitude, (2) the performance-based scale which they developed, SERVPERF is more efficient compared to the SERVQUAL scale because it reduces by 50% the number of items that need to be measured (44 items to 22

items)”. For that reason, I will be using the ‘performance only’ SERVPERF scale that consists of a 22-scale item survey (See Appendix). The questionnaires were delivered to 175 customers of different commercial banks in Albania. The items asked correlate to the five dimensions identified by Parasuraman et al.

Parasuraman et al. (1988) suggested five distinct components in which they divide service quality measurement for any service provider. The definitions as follows:

1. Tangibility: Physical facilities, equipment, and appearance of personnel
2. Responsiveness: Willingness to help customers and provide prompt service
3. Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence
4. Reliability: Ability to perform the promised service dependably and accurately
5. Empathy: Caring, individualized attention the firm provides to its customers

Eleven other questions regarding ‘age,’ ‘gender,’ ‘education,’ ‘monthly income’ were also asked to banking customers in Albania. These items will allow me to generate research hypotheses, which I will discuss in the methodology section of this research paper.

Before I discuss the literature review regarding service quality, I would like to give the reader some in-depth information about Albania and its financial market development throughout different periods of time. The evolution of the banking system will give the reader a better understanding of the difficulties Albania has faced through different periods of time.

2. Albania and its financial market development through different periods of time

Albania is a relatively small country located in the southern and southeastern part of Europe and the West of the Balkan Peninsula. The country has a population of roughly 3 million people currently living within the borders. Although, sources like ("Albanians in the world," 2016) claim that over 7 million Albanians live in different countries of Europe and the world. Most of them have migrated in two countries: Italy and Greece. 600,000 live in Greece, and 500,000 Albanians live in Italy. The Albanian migration phenomena is not a recent case. Documented records claim that Albanians started migrating since the fifteenth and sixteenth century after the conquest of the Balkan Peninsula from the Ottoman Empire and the death of our national hero Skanderbeg. These migratory flows resulted in the formation of major Albanian settlements in southern Italy and Greece ("Albanians in the world," 2016). However, a smaller number of Albanians migrated after the establishment of the independent Albanian state in 1912. Because of political instabilities and before the start of World War I, many Albanians fled the country and migrated in search for a better quality of life in countries such as Austria, Turkey, Germany, Sweden, U.S.A, Canada and the United Kingdom.

Albania was a communism and fascism regime led country. Communism started on November 8th, 1941. Enver Hoxha which founded the Albanian Communist Party titled himself 'The first secretary'. He kept this position until his death in April 1985. The day of his death, at the time, was considered a momentous day. Only then, Albanians believed that communism could be defeated. Communism lasted for four long decades. Before the final fall of communism in the year 1990, demonstrations had already started in every major city of Albania. My mother and father lived through those difficult times. They were part of the large group of people who were demonstrating in the capital city. Therefore, in the following passage, I will quote my father, Vahid Ruli, whom I thank for taking his time to be reminded and write about the frightful experience him and many other Albanians had to endure.

“After the events in Romania, where the trial took place, and after the execution of crimes against the Romanian people of the dictator Ceausescu (i.e., Nicolae Ceausescu), in Albania, the situation was straining every day of the month. In July 1990, the first exodus occurred, many people from Tirana entered the foreign embassies that were here. This was the first break of the communist system. The people escorted by the diplomatic corps left Albania, so the myth that the communist government was unbreakable, came to an end. Gatherings of people who expressed their dissatisfaction by carrying out rallies and small demonstration had already begun. Although, these demonstrations were being ‘suffocated’ from the violence of the secret police.”

“Everything started to change in December of the year 1990, and on December 8th, there was an enormous demonstration of the students of Tirana supported by many intellectuals. Although the communist regime was trying to exert violence, the students were not backing down. Students entered hunger strikes, and all this in the name of freedom of expressing democracy. That is precisely when the regime was forced to admit for the first-time pluralism in our country that marks the founding of the Democratic Party.”

“February 20th, 1991 was a cold and rainy day. People, I and my wife felt that something important was going to happen. We were at Skanderbeg’s main square in Tirana. At around 10:00 in the morning, approximately 10,000 people were gathered. More and more people were gathering by the minute. People were continually shouting ‘Fall of communism, fall of dictatorship.’ ‘We want Albania to be like Europe’.”

“The police were clothed with equipment against the demonstrators, they were large, and trucks were constantly pouring water to the people. A helicopter was flying above our heads, while the crowd was throwing rocks at it. It was a very emotional moment. The wave of enthusiasm that we finally had a chance to express our hatred while shouting “Fall of the dictator” made the atmosphere electrifying. After some attacks and scuffles from the sides, the moment where all the people approached the statue of the dictator initiated. The bust of the dictator Enver Hoxha was 15 meters high. People were trying to

throw ropes around the neck, many of them were catching the ropes and pulling them with their whole strength. The bust did not move. More and more people started to gather despite the police throwing tear gas at us. Our pain and suffering for many years gave us the strength to stay there and to tear that bust down with all we had. After a few more tries, a miracle happened. We saw the bust bending to the right. The unexpected happened, the bust started shattering to the ground, and the head was removed from the body. The enthusiasm and the yelling's were at the fringe of hysteria but also tears of joy and happiness from the victory we had achieved. The police fled, and people started to jump over the bust. They were spitting on it, swearing at it for all they had kept inside of them for 44 years of communist dictatorship. It was recorded as the most severe and wildest communist system that isolated Albanians from the rest of the world. That day marks the fall of communism in Albania, and the first pluralistic election in our country took place. The Democratic Party won, and Albania successfully established a pluralistic and democratic system.” (Ruli, V., 2018).



Figure 1. The statue of the dictator Enver Hoxha

The next section of this research thesis will discuss the evolution of the Albanian banking system through different periods of time. I have divided the periods into five periods. The first period will explore the Albanian banking system after the retreat of the Ottoman empire. The second period will explore the evolution of the Albanian banking system under the rule of king Ahmet

Zogu. The third period will explore the banking system in Albania during World War II. The fourth period will explore the banking system under the communist regime. And finally, the fifth period will explore the banking system in a free market economy. The events and their consequences that have happened in each period have shaped the Albanian banking system in the way that is today.

The fall of communism in the year 1990, which started with student demonstrations, shifted the socio-economic structure to a democratic and developing country with a currently middle-income economy. ("Fall of communism in Albania | Project Gutenberg Self-Publishing - eBooks | Read eBooks online", n.d.)

As World Bank, (2017) quotes, "The transition from a centrally planned to a market-oriented economy, together with abundant international aid and other strategic assistance over the last decades, helped Albania to make progress. Due to strong growth performance, Albania grew from the poorest nation in Europe in the early 1990s to middle-income status in 2008, with poverty declining by half during that period." (Overview, World Bank Albania, 2017).

Formerly, Albania was a closed, centrally-planned state and the transition to a modern free-market proved difficult to achieve. It took almost one hundred years for Albania to reach a modern free-market economy, and to understand the steps the Albanian government made to achieve an open economy, it's essential to study the evolution of the banking system. As Bushati, (2008, p.1) quotes in his paper, "The Evolution of the Albanian Banking System is important to study because it does not only provide a historical view of the banks in Albania it also provides the necessary historical background that shaped the image of the Albanian banking system."

Therefore, the following section will examine the Albanian banking system and its development through different periods of time. This examination will allow the reader to have a clear idea of the problematic progress the country and its people had to undergo to reach the free market economy that is today.

2.1. The Albanian Banking System after the retreat of the Ottoman Empire, first period (1912-1925)

The banking system in Albania is a new industry which was shown concern for only after the Albanian declaration of independence on 28th of November 1912. The government led by Ismail Qemali established a national bank that conducted its activities following the norms of other European central banks. Ismail Qemali envisioned the national bank as a financial institution whose primary goal was to bolster economic growth. As Lau, Cheung, Lam & Chu, (2013) claim, banks play an essential role in the economic development of a country. “An effective banking system influences the growth of a country in various sectors of the economy.” Ismail Qemali considered the establishment of the national bank as “the second victory after freedom” (“A brief history of central banking in Albania,”2004).

Considering Albania at the time, a country that just got its independence from invasions and wars that shattered and tore the country, the ability to create a national bank on their own was very slim, almost non-existent. Therefore, the Albanian government was trying to find compelling and supportive assistance from other countries of Europe. Their first approach was made to the ‘Wiener Bank Verein’, which represented the Austrian banking group. Their second approach was made to the ‘Banca Commerciale Italiana’, which acted on behalf of the Italian banking group. Both Italy and Austria at the time were strong and developed countries, and this was concluded as a big opportunity for Albania. Finally, on October 4th, 1913, just one year after Albania’s independence, the Albanian government signed an agreement with the two banks. This agreement concluded in the establishment of a central bank, that would allow Albania to grow and evolve as an independent country. Unfortunately, by the time the Ottoman Empire left Albania, Albania was already torn in pieces, and political instabilities were a common issue. World War I was on the onset and these

reasons made it impossible for the NBA to start operations. (“A brief history of central banking in Albania,”2004)

In his book about the Balkans, Stavrianos (2000) claims that “the year 1920 marked a turning point for modern Albania because of the departure of the Italians and because in the same year, Albania was admitted into the League of Nations as a sovereign and independent state. “Although, continuous debates about Albania’s membership in the League of Nations, resulted in France supporting the Greeks and Serbian protests which claimed that Albania was not a well-defined political entity.” (Stavrianos, 2000)

Now that the Italian invasion had finally come to end, The Albanian government was faced with many responsibilities and potential. On December 17th,1920, Albania delivered their application to become a full member of the League of Nations. The Albanian government had to do everything they could to protect their people. The best way to do so, was to become an ally of the most influential European countries. After all, World War I had just ended, and those times were harsh for every country, not only for undeveloped Albania. England strongly backed Albania’s application and quickly secured their acceptance as a full member of the League of Nations. Despite becoming a member of the League of Nations, the Yugoslavian troops marched in Albania one year after, on October 1921. Their primary goal was to settle Albania’s borders on their own. Considering Albania was a neighbor country, they believed they could get more of its lands by marching their troops in the country. But this is not what happened. Political aid from stronger nations resulted in a complete retreat of the Yugoslavian and Greek forces from Albania. This was made possible from a meeting that took place on November 9th, 1921, called; The Conference of Ambassadors. The ambassadors of countries that were part of The League of Nations voted for the reaffirmation of Albania’s frontiers. “On July 30, 1926, Greece and Yugoslavia, together with Britain, France, and Italy, signed a final agreement fixing Albania’s frontiers.” (Stavrianos, 2000)

2.2. The Albanian banking system under the rule of Ahmet Zogu, second period from (1925-1939)

After the assertion of Albania's independence in 1921, discussions for the national bank and Albania's national currency resurfaced. ("A brief history of central banking in Albania", 2004)

Nine years after the declaration of independence, Albania was still considered a new and undeveloped country in the eyes of other European nations. The British who strongly backed and secured the Albanian independence on December 17th, 1920, made their first move by approaching the Albanian government. The British have always shown eagerness to help Albania grow and evolve as an independent country, and their first idea was to take control of the economic concessions. They offered their help and complete support for the creation of the NBA. This approach was considered invaluable for the Albanian government, considering their first attempt on October 4th, 1913, to create a national bank resulted in failure because of political instabilities and the start of World War I.

After several discussions, the two governments reached an agreement. A start-up fund of 500,000 sterling was offered to the Albanian government and another 2,000,000 sterling would be loaned to them once the deal was finalized. Before Albania and Britain had a chance to clinch this deal, words of their agreement reached out to other countries of Europe. The Italian government was also a dominant and supportive government at the time. Therefore, the Italians decided to spark exchanges with the British government about Albania's economic concessions. Their approach included an agreement about which of these two powerful countries would get the chance to become Albania's full supporter regarding their economic concession and the creation of the NBA. (Bushati, 2008, p. 8).

Both England and Italy wanted to become a full supporter of undeveloped Albania. Lengthy discussions and arguments between the two dominant countries lasted for a few months. In the end, it was concluded that the Italian Banks are going to get economic concessions and help Albania develop and evolve. The British backed down from the previous agreement, and now Albania was back to step one. Although, the Italians tried to speed the process of creating the NBA by “promising to loan 2 million gold francs to the Albanian government in exchange for the Albanian government to end talks with British banks and allow the Italian banks to help with the creation of the Albanian National Bank” (Bushati, 2008, p. 8). Ahmet Zogu’s reign had already started since the year 1922, even before the British were about to agree with the Albanian government to help them create the NBA. Once that deal was not finalized, and the Italian government won the concessions, King Ahmet Zogu was eager to establish an alliance with a powerful nation like Italy. Therefore, King Zogu sent a letter to Benito Mussolini who at the time, was the leader of the National Fascist Party. The message pledged Mussolini for an alliance between the two countries. Immediately after, he responded to King Zogu’s letter by expressing his acknowledgment of the Republic of Albania and its government. The alliance between these two countries made it easier to agree on economic concessions regarding the creation of the National Bank that Albania had been missing for almost a decade. Finally, an agreement was signed on March 11th, 1925, between the Secretary of Finances of Albania, Mufid Libohova, and the Italian representative Mario Alberti, on behalf of the Italian financial group. (Bushati, 2008, p.8)

Many Albanians and historians claim the effectiveness of King Zogu’s decisions to modernize Albania. Compromises with the Italians to help Albania make a step forward by having a National Bank was one of his most successful accomplishments. His actions have played an essential role in the development of Albania and its banking system. Despite a source like Cavendish, (2008) quoting that, “King Zog established himself as a dictator with the title of president of Albania, by murdering his opponents and ruling by force, because he thought there was no effective way to rule Albania”, other sources like

Foreman, (1997) quote that “under his rule, Albania’s agriculture flourished, the oil and the mining industries were developed. Ports, roads, bridges, and electricity installations were constructed, a gendarmerie was trained by British officers, and compulsory education introduced for girls as well as boys – an innovation in a Muslim country.” (Foreman, 1997) Therefore, it can be seen that despite King Ahmet Zogu establishing himself as a dictator, he was successful in developing different sectors of the Albanian economy.

King Zogu, the architect behind the establishment of the Italo-Albanian alliance who ruled from 1925 to 1939, had one desire, to see his country prosper and blossom like other European countries. Proof of that is the many European companies who offered to invest in different sectors of the Albanian economy. Proposes to construct a transportation system of railways and docks and increase employment opportunities by building mines and the oil industry had sadly overwhelmed King Zogu’s decisions. This overriding factor came as a result of the slow inability to process the idea that, his country, which a few years back had no roads, cars and transportation methods, was suddenly getting offers from many European companies. At the time, despite the creation of the National Bank of Albania, the country was still using gold coins, and the absence of paper currency proved that the building of a modern and fiscal economy was difficult to achieve. (Tase, 2012).

Finally, the long-awaited day was here. The Albanian government and its people were about to enter a new era with the creation of the NBA. Seven months later, on September 2nd, 1925, the bank started operating as the first National bank. Although, it wasn’t until February 1926 that the bank issued its first national currency, the ‘golden franc.’

“The National bank performed the following actions: purchase of securities, currencies, precious metals, trade of goods, the right of offering in advance for goods insurance and securities” (Naqellari, Pacukaj & Shahini, 2014, p. 330). “According to the founding convention, the Bank was required to hold a reserve in precious metals equal to one-third of the banknotes in circulation (“A brief history of central banking in Albania,” 2004).

Being the sole budgetary establishment of that time approved to print cash, the NBA assumed the role of the treasury. Additionally, the Albanian government and its people finally had a unified currency with the creation of the NBA. The currency which was going to be used for every mean of exchange or trade would be called ‘the Albanian gold Franck’. “One gold Franck was equal to five lek or 100 cents, and the money in circulation were 5,20 and 100 Franck.” (Bushati, 2008, p. 8-9) At first, the population of Albania was not very welcoming to the idea that they had to use the paper money, since the greater part of them utilized different currencies as means of exchange and trade. The population didn’t want to get let go of the silvers coins and other currencies so easily. It was all they had after all. Subsequently, the NBA started to adopt the gold standard monetary system, which was applied in many other countries of Europe at the time. This system would oblige the people by allowing the existing old currencies to be changed over into gold and other foreign currencies, like the American dollar, the Italian lira or the British pound. (Naqellari, Pacukaj & Shahini, 2014). The NBA made the gold Franck the main authority currency in the Albania market while bearing in mind the end goal to accomplish a unification of the financial framework. Amid this time, numerous European nations applied the so-called; Gold standard monetary system. Nevertheless, a large part of the population was using silver coins as means of trade and entire progress to the new money; the golden Franck did not occur until Spring of 1936. “Up until this time, people were not letting go of the silver coins, and that led to an artificial increase in the value of the silver coins.” (Bushati, 2008, p. 9)

The fact that most of the population was not letting go of their old money concluded as a noteworthy mishap that slowed down the development of Albania. Trying to resolve this problematic event, the NBA put 1,000,000 gold coins in the market, with high hopes that this would resolve the issue and finally allow the Albanian Gold Franck to be the dominative currency in the market and to become soon the only currency utilized as methods of trade and exchange. While this approach from the NBA somewhat facilitated the complete transition to one main currency, on the other hand, the NBA was eager

to open major branches in urban communities in different cities of the country. Branches in Durres, Shkoder, and Korca were opened that sparked the enthusiasm of foreign banks to invest in the Albanian banking sector. By the time, different international banks started to operate and open their branches in Albania. (Bushati, 2008, p. 9) “For 10 years, the National bank of Albania operated under monopoly conditions and in 1938, strong competition with branches in Albania of the Italian Banco di Napoli and the Banca Nazionale del Lavoro, made it possible for the National Bank of Albania to significantly expand its crediting share and maintained a dominant position in the Albanian market.” (A brief history of central banking in Albania, 2004).

2.3. The Albanian banking system during World War II, third period from (1939- 1944)

Before the start of World War II, it could be said that Albania and Italy were enjoying a harmonious relationship. Italy, being the powerful country that it was, largely influenced the political, economic and military decisions of Albania. During the beginning of World War II, tensions had arisen for all countries of Europe. The death and destruction that were caused by World War I that lasted for four years had made it difficult not only for small countries like Albania but also for big and powerful countries like Italy to maintain relationships with other nations. Back then, Albania had a poor economy, and this led to the inability to pay the loans that were given to them by Italy. With that in mind, on March 25th of 1939, Italy delivers an ultimatum to Albania which required their full submission. Despite Albania being a small and developing country, it wasn't going to give up little they had left; therefore, they rejected the ultimatum from Italy, and that marks the start of the Italian invasion which commenced two weeks after, on April 7th, 1939. Albania was a small and weak country, and a terrifying force like the Italian troops quickly wiped out the resistance forces and completely conquered Albania after a week. During this time, King Ahmet Zogu knew his country had no chance to defend themselves; therefore, he fled to Greece and that marks the end of his rule. (Chen & World War II Database)

In his book about “How the Nazis Stole Europe’s Bullion”, George M. Taber (2015) quotes that “Ahmet Zogu had stolen 550,000 gold francs from the central bank before leaving and British foreign officers later learned that Zog had £50,000 in gold as well as \$2 million in a Chase Manhattan Bank account. Whatever he had was enough to pay for long life in exile. Zogu and his wife and child traveled first to France and then to Britain. After the war, he ended up in Egypt as the guest of King Farouk. Rumors were that Zog paid him \$20 million for that refuge.”

After the entire invasion of Albania in 1939, “the Italian state used the National bank of Albania to cover the war expenditures transforming in this way the Albanian monetary and credit system as a part of the Italian monetary system.” (Shingjergji & Shingjergji, 2012, p. 80) During the same year, the Italian bank called National Labor Bank started operations as part of the Albanian banking system. Soon after, the National Labor Bank started reinforcing its position in the market by acquiring the banks owned by the NBA. This resulted in their dominant position throughout the entire banking sector. Four years later, in 1943, the Germans took over Albania. They were a force every country feared. Therefore, Italy retracted from the Balkan Peninsula which allowed the Germans to take over Albania completely. The Germans proved to be a powerful and dominant country, not only for a small nation like Albania but for the entire world. “The new occupation namely German occupation started financing its military by taking loans from Albania National Banks, but the problems had not reached an end as the German Government took all the Albanian treasure from the bank leaving behind total chaos.” (Zeneli & Bara, 2015, p. 90) The German’s first decision regarding the banking system in Albania provided a suspense order on all banking activities. “All accounts were frozen, and the banks were not allowed to give deposits back to people, take additional deposits or even extend loans.” (Shingjergji & Shingjergji, 2012, p. 80) Undoubtedly, this resulted in the immediate retreat of all Italian banks, and the NBA was obligated to collaborate with the Germans. One year later, in 1944, the German troops were marching all over Europe. Some of their wars resulted in victories, and some resulted in significant losses. The German troops

were defeated in Russia, and an immediate retreat of all the troops in Albania commenced. Once the Germans left Albania, liberation day was declared on November 29th, 1944. Nevertheless, as Zeneli & Bara (2015, p.90) quote; “In 1944 while the retreating of German troops had started the branches of Albanian National Bank were stolen by widening the bad economic situation.” The bad economic situation that resulted from the Italian regime and the German invasion led to one of the most difficult historical periods for Albania and its people.

2.4. Albanian banking system and the communist regime, third period from (1944-1992)

The Italians and the Germans invasions left Albania in total chaos. They destroyed cities, stole funds out of banks and devastated the economic and banking system entirely. The government and its people were left in shambles. Little did they know, they were about to live through an even more difficult period of time. The NBA was completely drained of its funds. The people of Albania had nothing left besides hoping for a change. The first ‘opportunity’ they would see, they would take. “The idea of a centralized economy was attractive in the eyes of Albanian people.” (Zeneli & Bara, 2015. p. 90) Therefore, the communist party led by Enver Hoxha came to power on November 8th, 1941. Some articles claim that the communist party came to power with the consent of the people, but that’s not entirely true. My father, Vahid Ruli, explained to me in a few sentences how the communist regime came to power.

“The people that fought of the Italians and the Germans were divided into two groups; ‘The Ballist’ who were supported by the British and the Americans, and ‘The Partizans’ who were supported by the Russians and the Yugoslavians. The Ballist group politically supported the right-side, the democratic party. While The Partizans group politically supported the left-side, the socialist, soon to become the communist party. Soon after the retreat of the Italians and the Germans, the previously mentioned ‘The Ballist’ were

eliminated by their political rivals 'The Partizans,' therefore, establishing a totalitarian system which started the centralization of the economy. Hence, the communist party led by Enver Hoxha came to power. As Bushati, (2008, p. 14) quotes in his thesis, "Since Albania was coming out of a devastating war, many people liked the idea portrayed by the communist party for people to be equal with each other especially economically."

Soon after establishing themselves as the only administrative body in Albania and after the countries liberation from foreign invasion, Enver Hoxha and the communist party immediately took over the government and started establishing harsh policies. These policies were followed by a Stalinist style approach. "At the same time, Enver Hoxha also copied from Stalin the way the state functioned and the dictatorship of the proletariat over the minority. Controlling people through political police, the elimination of real or hypothetical pretenders that could seize power up to the collectivization of agriculture and industry. Revolutionary initiatives, voluntary actions and the work of the youth or the bringing into Albania the Soviet technology ignited the engines of Stalinism in the country." ("STALINISM IN ALBANIA", 2014)

The year 1944, when Enver Hoxha and the communist party completely controlled the government of Albania, marked the start of a new period in the evolution of the Albanian banking system. All private property became centralized; therefore, every property was then claimed and controlled by the ruling government. A prohibition on the exports of gemstones and metals started which drove the legislature and its kin to trust that it would improve and enrich Albania. At the time, the only bank working in Albania was the NBA. However, this bank was not state owned. Despite the Italian invasion in 1939, six years after, in 1944, the NBA still had Italian shareholders. Immediately after coming to power, the main move of the dictator Enver Hoxha was to solidify all activities of the NBA until the point that a further choice was made in the matter of making the bank state-owned. The next move of Enver Hoxha, not long after the declaration of liberation from foreign invasion, was to freeze all the foreign investments made by the Italians and the Germans and it made all other foreign

businesses property of Albania. On January 13th, 1945 the government of the communist party of Albania passed a law which made the NBA property of the state. The NBA was completely taken away from Italian hands and started its operation under a new name: The Albanian State Bank (Zeneli & Bara, 2015, p. 90; Bushati, 2008, p. 15)

The ASB was nationalized on January 13th, 1945, and it was currently taking two main functions: as the central bank, and the crediting role. This bank satisfied the requirements of the communist state economy until 1970. At the time, the ASB was the only bank and budgetary administrator operating in Albania. (Naqellari, Pacukaj & Shahini, 2014, p.331) The bank started operating under the new statute decreed on January 22nd, 1945. Back then, the old currency, the 'Franck' was still in the market and people were using it for daily purchasing activities. A monetary reform was the result of this situation. Therefore, the ASB was obliged to find a solution. Five old Franck would be exchanged for one new Franck. The bank was hoping this action would eventually lead to the exit of the old Frank currency. Two years later, in 1947 the ASB was revolutionized by bringing into the market the new currency, the 'Lek' which continues to be used up to this day. Shortly after this currency was brought into the market in the form of 10, 50, 100, 500, 1000 Lek banknotes, and 0.50, 1, 2, 5 Lek coins, other currencies disappeared from the market. (Zeneli & Bara, 2015, p.90)

Back when Albania was accepted in the League of Nations, and after the meeting of countries who discussed and fixed Albania's frontiers, Albania started to have good relationships with the other members of the League. Especially important, is the relationship with Yugoslavia. By the year 1946, Albania had maintained a valuable relationship with the country, and that led to the creation of a new bank which was centered in Belgrade, but the branch was also in Tirana. The new-found bank had shares divided between both countries. 50% of the shares were given to the Albanian government, and 50% of the shares were given to the Yugoslavian government. Sources like Zeneli & Bara, (2015, p.90), claim that out of the two countries, Albania profited the most from

this bank. The ASB acquired more power, and with that, more responsibility. The role of the treasury was given to the ASB, and it started controlling the budget of Albania and its financial transactions.

The goal of a centralized economy that Enver Hoxha and the communist party were hoping to achieve became easier the more power the ASB had over the government and its people. To further facilitate the existence of a centralized economy, in August 1949, the ASB opens a new smaller bank under its management, called the ‘Savings Bank’. The main goal of this smaller bank was to serve the Albanian citizens since the ASB was more concentrated in government business. Nevertheless, the Savings Bank was dependent by and it directly reported to the ASB. During that time, Enver Hoxha had employed a Cooperative system for the agricultural industry. Everyone working in the industry, was now required to contribute in agriculture to meet common economic, social and cultural goals and needs. (Bank of Albania, n.d.)

The cooperative system, besides being a new system that pressured and enforced everyone to work despite their consent, proved to be a profitable system. It made a large number of profits, and therefore, the government was obliged to create a new bank. This new bank started operating under the name the ‘Agrarian Bank.’

Citizens without any real control over their lives were led to assume that this bank had nothing to do with the ASB and that it was working as a separate entity. But that was not the truth. The Agrarian bank was operating under the ASB and as a mean to further have power and control over the people. It helped the communist party control everything at this point. “By 1985 the Albanian government decided that the Albanian State Bank would be dependent on the ministers’ cabinet and the prime minister. The Agrarian bank, on the other hand, would continue to be under the ministry of finances.” (Bushati,2008, p.19)

July 31, 1991, the ABC was created. “This bank still operates up to this day, and it works under the name ‘The National Commercial Bank.’ It is the first commercial bank, to ever exist and operate in Albania. It was created with

respect to the subdivision of the activities of the ASB. Its principal activity is the management of foreign trade operations of state entities with the former socialist countries. Eventually, The Albanian National Bank was set up in 1992 by a second subdivision of the ASB. The Albania National Bank was created with the purpose of managing the domestic business activity of state entities. Assets and liabilities from the activities of these entities were transferred to The National Commercial Bank.” (Respondent1, 2017)

Up until this point, we can see that the original NBA was turned into four separate banks, which served the same purpose, to control and finance the aspects of the socialist economy. This explains how the Albanian banking system lacked competition. After all, the four banks had limited functions because they were managed and controlled by the same communist government whose goal was to have a completely centralized economy. Nevertheless, it is important to state, that for the first time in history, all the banks had Albanian capital and foreign control was no longer necessary.

2.5. The Albanian banking system in a free market economy, period (1992 – present)

Spring of 1992, marked the most crucial event in Albania. The time of communist regime that had used strict policies to isolate Albanian citizens was finally coming to an end. The death of the dictator Enver Hoxha in 1985, sparked many economic changes and social developments. People were finally free from a hard dictatorship that ruled the country for more than 40 years (Refer to page 14-16). During the time, not only Albania, but many other Eastern European nations left behind the period of a centralized economy, and had started to enter an ordinary world, that of a free market economy. Transition to a free market economy was challenging to achieve. “The process of transforming a country with centralized economy into a country with free market-based economy, besides major problem such as coping with inflation and ensuring stable economic growth paces, which comprise the fundamentals of a successful transformation, a special place is occupied by the transformation

and the reform of the financial system, especially in the banking system.” (Cani & Haderi, p.2)

To stabilize the economy and the banking system that was destroyed by the communist regime, new political leaders emerged. The first ever democratic elections were held. The citizens were free to vote whichever party they favored. And in that way, the democratic party came to power. Democracy was a new and unknown system in Albania at the time; therefore, a new economic system was bound to be established. The primary goal of the new leaders was to open the doors for Albanian citizens by allowing them to start their own private companies. To be successful in this aspect, a complete rebuild of the financial system was necessary. A large number of reforms and regulations were made with hopes to achieve a successful change in the financial system. The primary goal that remained, was the achievement of a completely privatized system. This objective was made possible with the help of foreign banks that already had an adequately developed system. The idea behind having foreign investors and businesses was attractive in the eyes of many; therefore, the Albanian government did everything it could to attract these investors. It allowed them to open their banks in Albania and to operate in a free market economy. Meanwhile, the ABC signed an agreement with the Bank of Rome. A new Italian-Albanian private bank started operations in July 1993, with a capital of \$10 million. As time passed by, more and more banks started showing interest in the Albanian banking sector. The DB was the second bank approved to begin operating and serve Albanian customers. One year after, in July 1994, the UBA opened their branches in two major cities, Shkoder and Fier. Only two years later, in 1996, Tirana Bank began operating in the capital city of Albania. Their capital came directly from the Pyre Bank in Greece. Despite many significant changes in the banking sector, the system was still under-developed, since most of the banks were still government owned and complete privatization of the bank was not yet possible. It is seen that after each consecutive year, there were significant improvements in the banking sector. Foreign banks started operating in Albania, and that sparked security in the hearts of the poor citizens that deposited their money in these banks. (Bushati, 2008, p. 20)

Nevertheless, year 1997, was the complete opposite from the past years. A particular financial firm started operating by offering highest interest rates on the money deposited by the citizen. Without excluding, rich and poor, educated and uneducated, citizens were blindly led to believe that their money would be tripled in three months after they had deposited them in this financial firm. Bearing the idea that they would be three times richer after three months, everyone started selling their cars, businesses, houses and everything else they owned. All the money they had was deposited to the financial firm, with the belief that it would triple their investments in a short time. Day by day, more and more people invested their life savings in this firm. Unfortunately for them, the firm didn't have enough capital to sustain all the deposits and interest payments. Soon after, this financial firm and its employees fled the country, and with them, all the money of the Albanian citizens. People were drained out of their entire life savings, which increased the inflation rate by 40%. The economy was destroyed. And all the improvements done before the year 1997, were now irrelevant. Albanian citizens had nothing left, their money was stolen in front of their eyes, and with it, their will to live a normal life. This event resulted in the beginning of the harshest civil war in Albanian history. "The government lost the control over the country; the revolts were turned into an armed uprising, and the financial system was heavily hit." (Cani & Haderi, p.9)

The uprising of the year 1997 was one of the harshest events in Albania. Demonstrators started burning down businesses and aimed at looting and destroying all the banks. Being born in 1994, only three years before the uprising started, I remember the shouting of people in the streets, the radio saying the state armory of guns was looted, and the guns being fired in the air, every minute and hour of the day. It was terrifying for everyone, not only for a three-year-old kid like myself. I can remember as if it was yesterday, the loud noises of the guns, the sound of shops and businesses being destroyed and looted around my neighborhood. Those were scary times; we couldn't leave the house. Back then, my father was still the owner of one of the biggest brick and tile factories in Albania, and he had left the house to protect his business with other guards surrounding the compound. The year 1997 to date, was a scary year, I

was a three-year-old kid but the idea that I wouldn't be able to see my father one day, was inside my head all the time. Thankfully, we could hear in the radio that foreign help was coming, because it was already concluded that there was no way for the Albanian government to aid its people anymore, considering many of the police forces deserted their jobs, and a million weapons were looted from the armories. As (Pike, p.1) writes in his article on global security, "The multinational force, known as "Operation Alba", was authorized by the Council on 28 March 1997 to facilitate the safe and prompt delivery of humanitarian assistance and to help create a secure environment for international organizations in Albania. On April 15, the 7,000 troops participating in "Operation Alba" began deploying to help restore the rule of law to the country. The force had contingents from 11 countries -- Austria, Belgium, Denmark, France, Greece, Italy, Portugal, Romania, Slovenia, Spain, and Turkey." The so-called "Operation Alba" lasted for six months. On August 1997, the operation was successful. Foreign aid troops left Albania and with it, the perilous uprising of year 1997 came to an end.

After the government was finally able to take control of the country, the previous situation started mitigating. Domestic and foreign investments began re-appearing. The problem that still existed at the time was the destruction of all former banks. The government now had to re-attract foreign banks to open new branches. Despite being difficult, the Albania government signed a contract with the Albanian – American bank. The bank opened up its subsidiaries, and it was the first ever bank to do so after the crisis in 1997. This event sparked the interest of other foreign banks to start operating in Albania. Nowadays, Albania and its citizens enjoy more than 17 different banks, located in every city of the country. As it is seen from previous periods on the evolution of the Albanian banking system, difficulties, challenges, and mishaps were not a new thing for Albanians. Nevertheless, the fact that a large number of banks are still willing to open their branches in Albania proves how developed and flourished Albania is today. Banks are trying to get the competitive edge in the industry. The banking sector has prospered in exceptional way in the past 21 years. They are offering an assortment of products, and services that meet customer needs and

satisfaction. A substantial number of ATM's are available in every city of the country. (Barone & Porrini, 2010) Online banking is one of the many integrated services seen in the banking sector. Customers can now make payments through their gadgets in the comfort of their homes. Most importantly, deposits are secured by the government and loans for business and consumers are easier to attain. The remarkable developments of Albania and those especially in the banking sector, show how the country is going towards the right direction. Operating on a free market principle, have led to the development of technological advancements not only in the banking sector but all other sectors. The dream to be part of the European Union is one step further with the years to come. At this point, I believe it is clear for the reader to understand the evolution of the Albanian banking system. The sufferings, the terrifying challenges and obstacles experienced for many long years did not stop the Albanian citizens to achieve and enjoy a free market economy. Today, the banking system is completely regulated, and it works according to the international accounting standards.

3. Introduction to Service Quality

In his speech, on the importance of a banking system, author Liakos (n.d.), claims the importance of the banking sector and its ability to become a vital sector for any economy to function. The banking sector has seen numerous progressions over periods of time due to the development of financial markets. Banks play an essential role in the development and management of an economy. The concept behind banks is that they accept deposits from people and with those deposits, they give loans to other people. Lending money at rates higher than the cost of the money they lend is how banks make money, allowing governments to regulate the economy through their functions. ("The Banking System: Commercial Banking - How Banks Make Money", 2018) These functions, make banks a crucial financial intermediary for every economy. Most

importantly, through their role, they help the Central Bank in achieving their monetary policies.

Therefore, it can be concluded that the importance of a developed and functioning banking system, also raises the importance of satisfying customers by evaluating their needs that would thereby increase customer loyalty. Service quality evaluation in the banking sector has proved to be an essential asset for those banks that want to have satisfied and loyal customers. Hence, research done on the matter by Parasuraman et al. (1985), has developed the service quality measuring instrument called the SERVQUAL, and the SERVPERF instrument which was later developed by Cronin & Taylor, (1992).

Many authors have used different definitions of quality. The first authors to research and raise importance on Service Quality were Parasuraman et al. (1985) who have defined it as an overall judgment, similar to attitude towards the service provided. Other authors like Aftab, Sarwar, Sultan & Qadeer (2016), describe service quality as to how well the services are provided to the consumer's desires. Borgave & Koranne (2012), have defined service quality "as a comparison of customer expectation with service performance." Obviously, many authors claim different definition of service quality, but the concept is the same; all agree that service quality is a valuable tool that can be a significant differentiator that will allow service firms to remain ahead of their competition.

In his paper on SERVQUAL and Model of Service Quality Gaps, Shain (2006) defines service quality in relation to what author Wisniewski (2001) has written in his paper, "Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either." What is understood by the quote is that despite service quality playing a vital role in a business that has satisfied customers (Aftab, Sarwar, Sultan & Qadeer, 2016), providing an exclusive definition for it is difficult to achieve.

Authors like Pena, Silva, Tronchin & Melleiro (2013) claim that “quality models emerged in the late 1970s, as a result of numerous studies proposing concepts, operationalizations, and systematization for quality services.”

Parasuraman et al. (1985) exploratory research on the matter, claims that service quality instruments play an important role as a tool within the service providers that try to meet or exceed customer expectation. Their original SERVQUAL tool has proved necessary as well as crucial to those service industries that want to have the competitive edge by delivering higher quality services. Parasuraman et al. (1988) have defined their instrument SERVQUAL as followed; “SERVQUAL is a concise multiple-item scale with good reliability and validity that retailers can use to better understand the service expectations and perceptions of consumers, and as a result, improve service.” Other authors like Wisniewski & Donnelly (1996) have defined the SERVQUAL tool as “The instrument that offers the potential for assessing not only customer views of current service delivery but also expectations--as measured across the five dimensions.”

In any country, the banking sector is characterized by its intense competition. Banks are trying to gain the competitive edge and are always striving to remain ahead of the competition by delivering higher quality of service. Nowadays, they offer nearly the same products or services as their competition; therefore, the only way to distinguish themselves, is through the delivery of the highest quality of service. A clear differentiator between service products and tangible products is the fact that service products are products that are consumed and produced at the same time, within sight of the client and service provider. Therefore, the presence of human component during the delivery process largely increases the probability of error in delivering this product. Hence, banking executives are showing high interest in teaching their employees how to behave with the customer and how to provide the service promptly so that the probability for an error is reduced and therefore customer satisfaction is increased. Employees need to be pointed out that half of what they're selling, largely depends on the politeness they show towards the

customer, while bringing out the best features of that specific product. A product might be claimed as the best in the market, but for hand in hand services, a satisfied customer with the employee itself, is also important. An example would be in the food industry. If a certain restaurant is famous for their fantastic food and reasonable prices, what is also crucial in delivering this product, is the friendly approach the waiter has with the customer. Therefore, I conclude that teaching and guiding employees in knowing how to deliver these products promptly, plays an important role for any service retailer. Companies that have invested in employee training programs, to better the customer service provided to its clients, are the ones that remain competitively ahead of the rest.

3.1 Reviewing service quality models

In the past years, a significant evaluation called a service quality evaluation, which uses the instrument of Parasuraman et al. (1985), has deemed necessary for any service retailer, not just for those in the banking sector. The correct use of the SERVQUAL instrument is useful to banking executive regarding, understanding what the customer expects from your service, and to recognize which dimension customers value as the most important, which might need improving. I believe that banks should not just meet customer expectation but exceed them; otherwise, they will realize a shortage of customers. Exceeding customer expectation has become a relevant topic in today's banking sector. Banks are trying to find ways, and methods to evaluate what the customers need and what the customer expects from their banks. Banking executives are focusing more on monitoring and assessing service quality which can directly influence customers service experience. Authors like, Jashireh, Slambolchi & Mobarakbadi, (2016) who have written a literature review on Service Quality, quote that "better service quality increases perceived service value and satisfaction; improves the service provider's customer retention and financial performance; and also enhances a firm's corporate image."

One way to improve overall customer satisfaction and retain customers is with the use of a survey scale item called SERVQUAL or SERVPERF, that

consist of 22 elements, which are followed in regard to the five dimensions that Parasuraman et al. (1985) have suggested.

In their paper on Measuring Consumer Perceptions of Service Quality, Parasuraman et al. (1988) have discussed the SERVQUAL instrument more thoroughly, which back then, consisted of 34 items that represented seven distinct components or categories. In addition to the five categories my research and the SERVPERF instrument focuses on, there were two other categories on the SERVQUAL instrument, ‘Communication and Credibility’ and ‘Understanding /Knowing Customers’. In their paper, Parasuraman et al. (1988), use a 97-item instrument distributed to 200 adult respondents that have used the services during the past three months, of five main services categories, namely; appliance and repair maintenance, retail banking, long-distance telephone, securities and brokerage, and credit cards. “For each service category, a quote of 40 recent users of the service was established.” (Parasuraman, Zeithaml & Berry, 1988)

After two ‘scale purifications’, which objective was to evaluate the robustness of the 34-item scale when used to measure service quality of five service firms based on the seven categories, Parasuraman et al. (1988) concluded that the alpha values for the corresponding dimensions were lower in the second purification, and the factor-loading matrices showed much more significant overlap in the last two categories. Parasuraman et al. (1988) claim that the differences that have occurred after the second scale purification deemed a further refinement of the 34-item scale. Therefore, a simplified version of the instrument was suggested by Parasuraman et al. (1988), which now consist of only five categories and a 22-item scale. The service quality-measuring instrument called the SERVPERF will be used to analyze the sampled data acquired from the survey. The SERVPERF scale was suggested by Cronin & Taylor, (1992) after they questioned the conceptual basis of the old SERVQUAL scale of Parasuraman et al. (1988) and found it confusing with service satisfaction (Jain & Gupta, 2004). Thus, they suggested the expectation

(E) component of SERVQUAL be discarded and instead the (P) performance component to be used (Jain & Gupta, 2004) (Cronin & Taylor, 1992).

Author Taylor & Cronin (1994), in a later paper, quote that, “recent evidence suggests that service quality is best captured by measures of service firm performance such as SERVPERF instead of disconfirmation-based measures such as the SERVQUAL scale.” Therefore, the instrument SERVPERF is used in this research thesis to evaluate the service delivered to banking customers in Albania. These evaluations will help me answer the research questions, which are also the primary objective of this paper. The 22-item survey is delivered to 175 banking customers in Albania according to the five categories of dimensions that Parasuraman et al. (1988) have concluded on.

The categories and their definitions are as followed;

- **Tangibles:** Physical facilities, equipment, and appearance of personnel
- **Reliability:** Ability to perform the promised service dependably and accurately
- **Responsiveness:** Willingness to help customers and provide prompt service
- **Assurance:** Knowledge and courtesy of employees and their ability to inspire trust and confidence
- **Empathy:** Caring, individualized attention the firm provides to its customers.

The prime objective of this thesis, is to evaluate the service quality delivered to Albania banking customers, through the use of the SERVPERF instrument. 175 questionnaires have been personally distributed to banking customers in Albania, and each survey contains 22 items based on the Parasuraman et al. (1988) instrument. 12 other items such as ‘Gender’, ‘Age’, ‘Profession’, ‘Income’ and more, are also included in the questionnaire. These questions will result in several hypotheses such as “If there is a significant difference between male and female when it comes to one of the five dimensions?”. More hypotheses will be discussed in the methodology section of this paper.

The questionnaires which were personally delivered to 175 banking customers in Albania, will serve as the basis to answer the research questions of this thesis.

- Research question 1
How are the attributes of quality perceived by the clients in the Albania banking sector?
- Research question 2
What is the importance of respective categories?
- Research question 3
Which of the five dimensions is perceived as the most important from the client's perspective?
- Research question 4
Is there any significant difference between each variable concerning the five categories of dimension?

I will test different hypotheses in the methodology section of this thesis. Answering the above-mentioned research questions and hypotheses will be done with the statistical software PSPP.

4. Methodology

Quantitative research methods are used in this research paper. A total of 175 questionnaires were collected, according to the SERVPERF method. Data sources obtained for this paper include questionnaires and interviews. The survey consists of multiple questions and direct questions, comprising of scaled answers using the Likert scale, respectively responses from strongly disagree to strongly agree, and some answers like "YES" or "NO". The people asked for this survey are clients of banks who frequently use them and their services. The results were based on 175 questionnaires, which were filled in by individuals (clients) randomly selected from a relatively heterogeneous population, including individuals of different layers and ages. These questionnaires were distributed within premises of bank such as; Raiffeisen Bank, BKT, Tirana

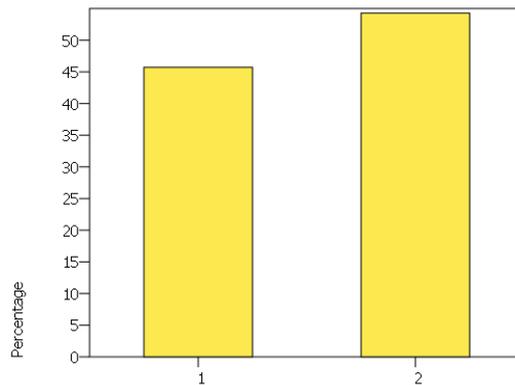
Bank, Credins Bank and others. The primary research comes from the different questionnaires, while secondary research, comes from the papers and scientific analysis of different authors.

This study is focused on the customers of financial services and the perceptions, motivations, and attitudes he has towards this financial services. In this study, six traditional variables such as gender, age, education, monthly income, profession, etc. are used. Besides the twenty-two variables based on the SERVPERF instrument, two more items are explored with the use the chi-square test. This will enable a deeper understanding of the customer's financial services and behavior. The purpose of this questionnaire is to get the estimates from citizens who confront banking institutions by expressing their perceptions of the quality of service.

4. 1 Analysis of the results

In this chapter, I will analyze metric data, such as; gender, age, monthly income, profession, education, and banks that clients frequently visit and provide some descriptive statistic for each variable. The collected data will then be analyzed according to the SERVPERF model concerning the perception of quality from customer's point of view about the five categories on the quality of service offered at banks in Albania.

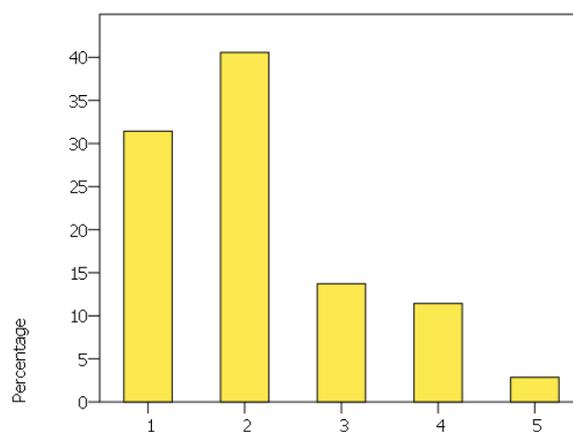
Figure 2. Gender of the respondents



(1. Male 2. Female)

The percentage shown from the graphs above is entirely incidental and does not affect the outcome of the questionnaire. It can be interpreted as women being more willing to answer the survey and somehow men more retracted. It can also be said, that there's an increase in women employees in jobs, so that may also be a reason for the higher percentage of women compared to men. From 175 people who were asked to fill out the survey, there are 45% men (79 men), and 55% women (96 women).

Figure 3. Age groups of the respondents.



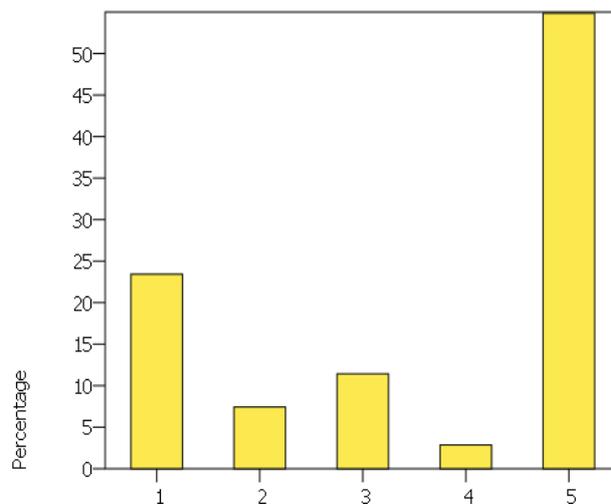
(Age groups: 1:18-25, 2: 26-35, 3: 36-45, 4: 46-55, 5: Over 55)

Concerning the question of age, while analyzing the data from the questionnaires, those who are using the banking services most frequently are

individuals aged between 26-35 (40% with a total of 70 respondents). This can be related to the fact that at this stage, people begin to accumulate capital and find it necessary to use banking institutions. Age group 1 are the ones between 18-25 (31% with a total of 54 respondents), followed by those aged between 36-45 (14% with a total of 25 respondents). And the last two age groups are the 46-55 (12% with a total of 21 respondents), followed by the age group of over 55 years old which account for (3% with a total of 5 respondents).

From the age group of 18-25 years old that account for a large percentage of the survey (31%), it can be said that banks are making efforts to increase the youth market by introducing new services for them, such as; insurances, various banks related to banking guarantees, online banking, etc.

Figure 4. Profession of the respondents

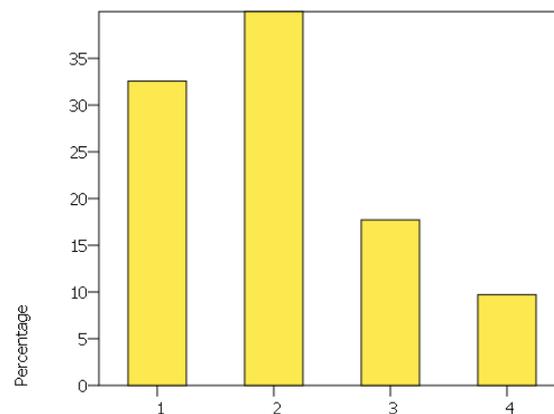


(Profession groups: 1: Economist, 2: Engineer, 3: Lawyer, 4: Doctor, 5: Others)

The graph above contains the profession of the respondents and what percentage each profession accounts for. Respondents had various professions, but most of them have chosen option 5. Others. Which can be concluded that there's even a wider variety of professions within the 175 respondents of this survey. The most chosen option was option 5. Others, which accounts for 55% (97) of the respondents. Economist was the second most selected option, which

accounted for 24% (42) of the respondents. Lawyers in this study accounted for only 11% (19), followed by Engineers with 7% (12) and Doctors 3% (5). It can be interpreted that, with an even bigger variety of professions, there's an increase in the number of clients that carry out continuous transactions. For this reason, banks should engage more in improving quality to attract as many customers as possible.

Figure 5. Monthly income

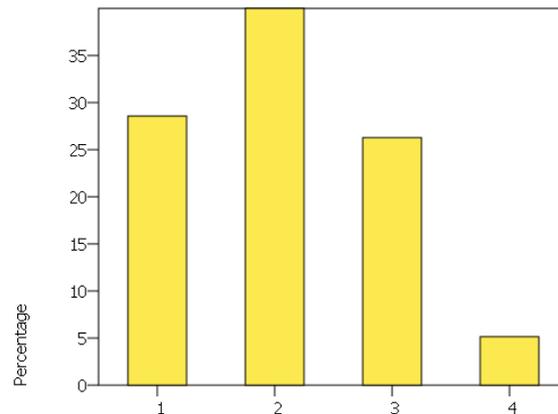


(Income groups: 1: less than 25,000, 2: 30,000 – 50,000, 3: 51,000 – 80,000, 4: Over 80,000)

The figure above shows the percentage of monthly income. It is noted that the largest part of the respondents with 39% (58) occupies salaries from 30,000 – 50,000 lek, followed by 33% (68) of wages less than 25,000 lek. 18% (32) had salaries of 51,000 – 80,000 lek and the lowest percentage, 10% (17) of the people had salaries of over 80,000 lek. From what is seen so far, it can be concluded that despite customers having good professions, their wages are still low. This may also come because of the young, low-occupancy age. People with income over 50,000 were the ones with the highest age that might come as a consequence of having more experience and have better job positions. Those with salaries of less than 25,000, despite having a high percentage of 33%, were mostly comprised of people of very young age, newly graduates, whose salary

is somewhat justified. As it will be interpreted in the education graph below, lower education qualification is correlated with lower income.

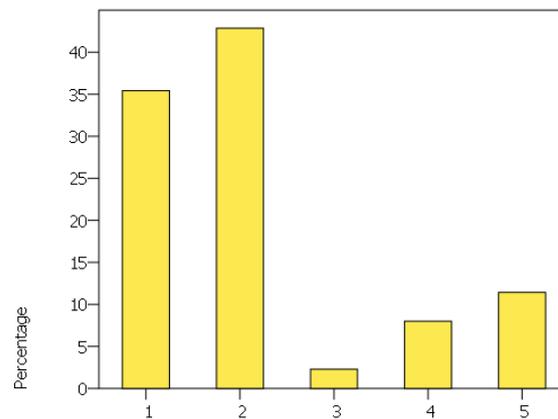
Figure 6. Education of the respondents



(Education groups: 1: High school 2: Bachelor's degree 3: Master's degree 4: PhD degree)

Most of the respondents had a bachelor's degree, with 41% (72). Followed by High school diploma, which accounts for 28% (49) of the respondents. Master's degree which accounts for 26% (45) of the respondents, and lastly, a Ph.D. degree which accounted for only 5% (9) of the respondents. The higher percentage of education among 175 respondents is the bachelor's degree, followed by High school diploma, which we can correlate that a large number of people who had an income of less than 25,000 and 30,000 – 50,000 belong to these two educational groups. Ph.D. and master's graduates are seen to have a higher income than the rest.

Figure 7. Banks that are most frequently visited by respondents



(Bank groups: 1: Raiffeisen, 2: BKT, 3: Tirana Bank, 4: Credins Bank, 5: Others)

The majority of the respondents visited the BKT bank, with 43% (75). Closely follows the Austrian bank, Raiffeisen, with 35% (62) of the respondents. 12% (21) of the respondents didn't have their frequently visited bank in the options; therefore, they chose option 5. Other. Some of them wrote the name of their bank next to the fifth option, but since not all of them did that, we won't be interpreting that in this descriptive statistic. The least two frequented banks were Credins Bank, with 8% (14) of the respondents being frequent users of it, followed by Tirana Bank, with 2% (3) of the respondents. The largest share of respondent visits the BKT bank. This might come as a result of the developments this bank had throughout the years and the internationally obtained prices making the bank more secure in its transactions. A thorough explanation of the BKT bank (national commercial bank) can be read in the 3.4. Section of this research thesis. In today's world, it can be said that the quality of these banks is in the customer's hands because through the customer's perceptions and reaction, they can make a bank work harder for the quality of service to maintain loyal clients.

The following section will have evaluations, analysis, and results of the 175 questionnaires again with the use of the PSPP statistical software. Different tests like T-test, ANOVA, and Chi-square will be used. This will allow me to show any significant differences between men and women and the five other variables regarding the categories of dimensions.

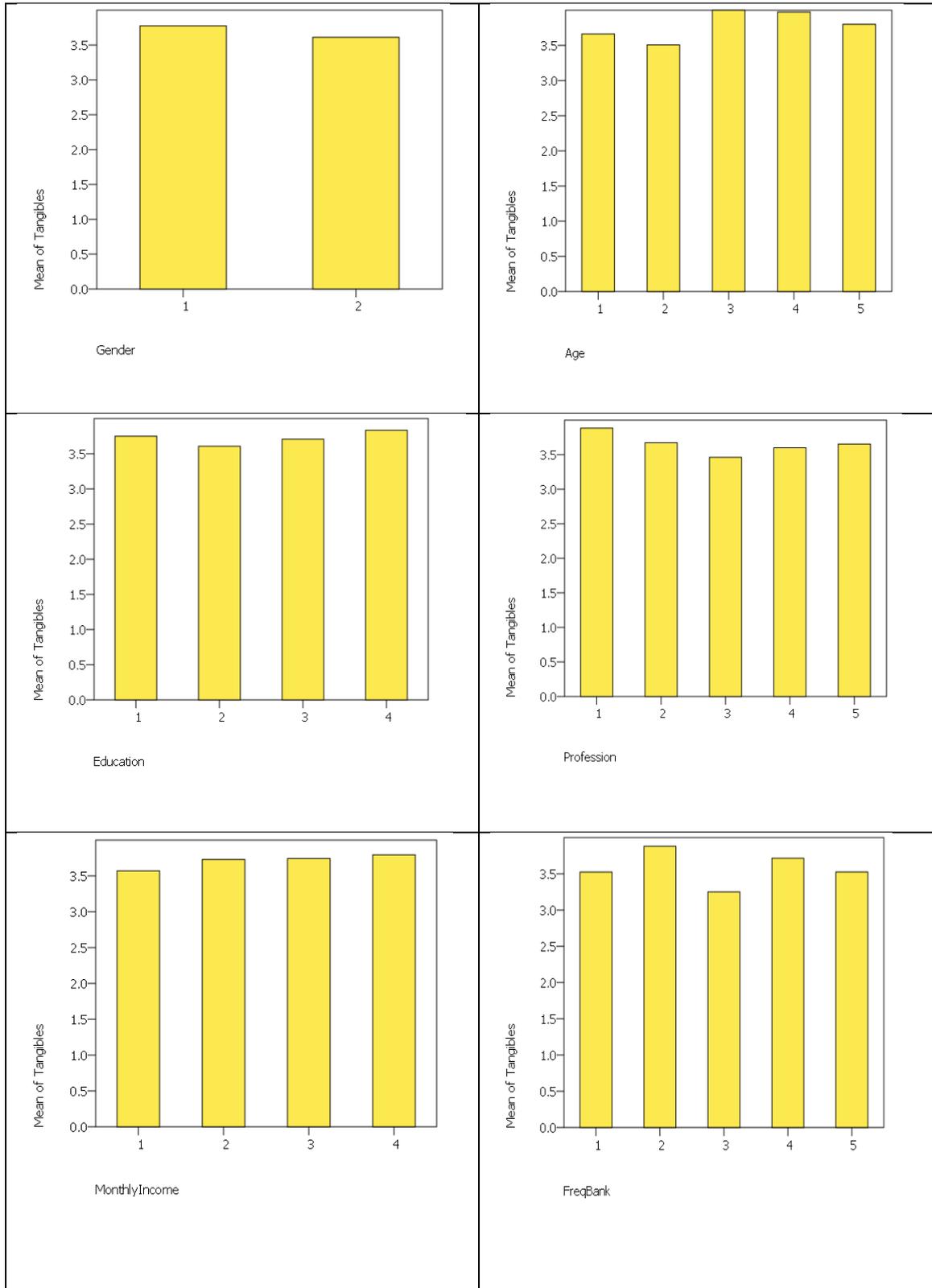


Figure 8: Descriptive Statistics for “Tangibles”: Gender, Age, Education, Profession, Monthly Income, Choice of Bank

In the following paragraphs, I will be testing if different demographic and socioeconomic variables impact the 'tangibles' dimension of service quality.

The results of the t-test showed that there was no significant difference between men ($\mu = 3.77$) and woman ($\mu = 3.61$) pertaining to their perception of tangibles ($t=1.47$, $p=.14$)

The results of the ANOVA showed that there was a significant difference between age groups 1($\mu = 3.66$), 2($\mu = 3.5$), 3 ($\mu = 4.00$), 4($\mu = 3.97$), 5($\mu = 3.80$) pertaining to their perception of tangibles. ($F=3.08$, ($p<=.05$))

The results of the ANOVA showed that there was no significant difference between education groups, 1($\mu = 3.75$), 2($\mu = 3.61$), 3($\mu = 3.71$), 4($\mu = 3.83$) pertaining to their perception of tangibles. ($F=.52$, $p=.67$)

The results of the ANOVA showed that there was no significant difference between profession groups, 1($\mu = 3.88$), 2($\mu = 3.67$), 3($\mu = 3.46$), 4($\mu = 3.60$), 5($\mu = 3.65$) pertaining to their perception of tangibles. ($F=1.27$, $p=.28$)

The results of the ANOVA showed that there was no significant difference between monthly income groups, 1($\mu = 3.57$), 2($\mu = 3.73$), 3($\mu = 3.74$), 4($\mu = 3.79$) pertaining to their perception of tangibles. ($F=.72$, $p=.54$)

The results of the ANOVA showed that there was a significant difference between frequently visited bank groups, 1($\mu = 3.52$), 2($\mu = 3.88$), 3($\mu = 3.25$), 4($\mu = 3.71$), 5($\mu = 3.52$) pertaining to their perception of tangibles. ($F=2.74$, $p<=.05$)

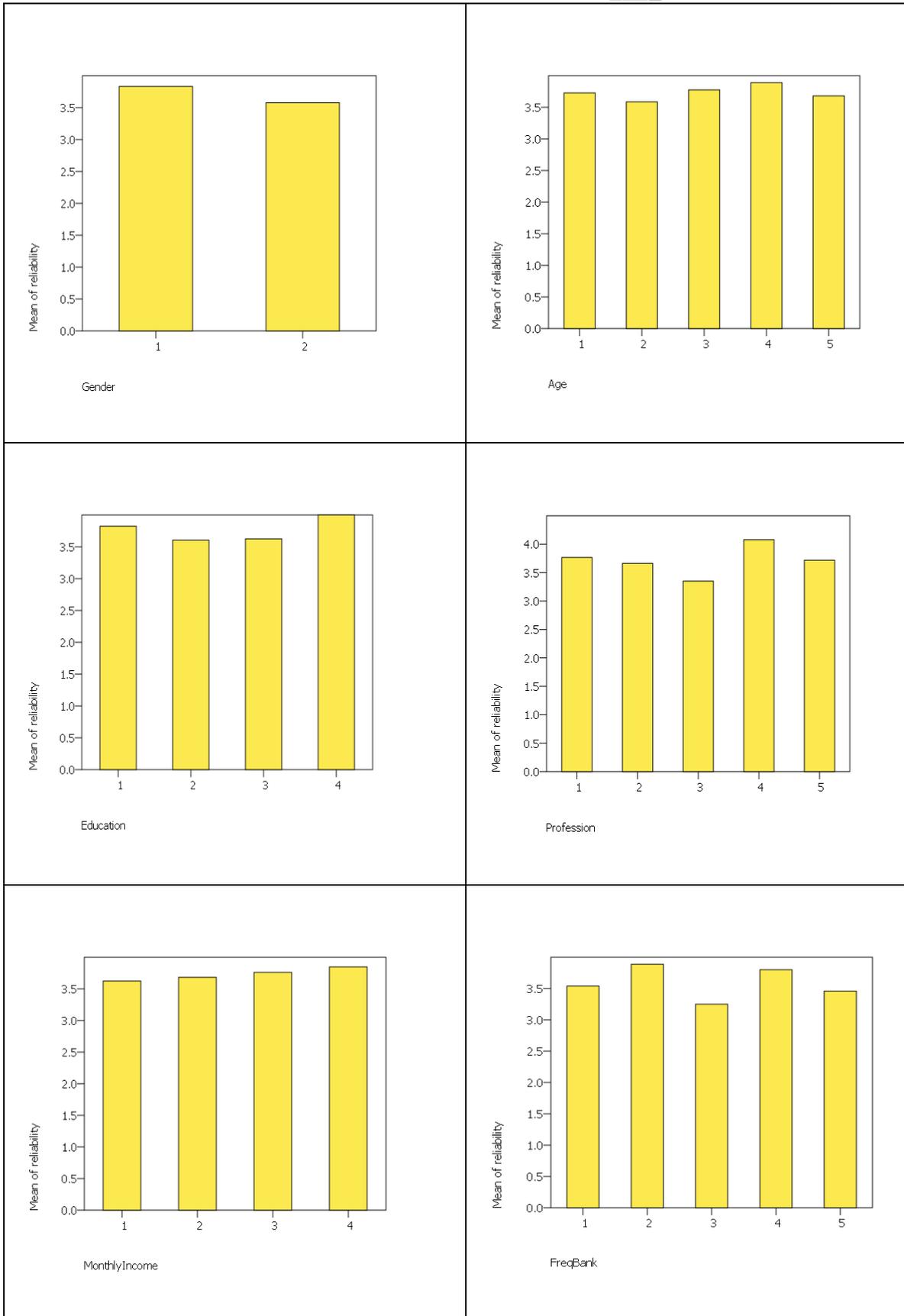


Figure 9: Descriptive Statistics for “Reliability”: Gender, Age, Education, Profession, Monthly Income, Choice of Bank

In the following paragraphs, I will be testing if different demographic and socioeconomic variables impact the 'reliability' dimension of service quality.

The results of the t-test showed that there was a significant difference between men ($\mu = 3.83$) and woman ($\mu = 3.58$) pertaining to their perception of reliability ($t=2.10$, $p<=.05$)

The results of the ANOVA showed that there was no significant difference between age groups 1($\mu = 3.73$), 2($\mu = 3.59$), 3 ($\mu = 3.78$), 4($\mu = 3.89$), 5($\mu = 3.68$) pertaining to their perception of reliability. ($F=.69$, $p=.60$)

The results of the ANOVA showed that there was no significant difference between education groups, 1($\mu = 3.82$), 2($\mu = 3.61$), 3($\mu = 3.63$), 4($\mu = 4.00$) pertaining to their perception of reliability. ($F=1.25$, $p=.29$)

The results of the ANOVA showed that there was no significant difference between profession groups, 1($\mu = 3.77$), 2($\mu = 3.66$), 3($\mu = 3.35$), 4($\mu = 4.08$), 5($\mu = 3.72$) pertaining to their perception of reliability. ($F=1.31$, $p=.26$)

The results of the ANOVA showed that there was no significant difference between monthly income groups, 1($\mu = 3.62$), 2($\mu = 3.68$), 3($\mu = 3.76$), 4($\mu = 3.85$) pertaining to their perception of reliability. ($F=.41$, $p=.74$)

The results of the ANOVA showed that there was a significant difference between frequently visited bank groups, 1($\mu = 3.54$), 2($\mu = 3.89$), 3($\mu = 3.25$), 4($\mu = 3.80$), 5($\mu = 3.46$) pertaining to their perception of reliability. ($F=2.52$, $p<=.05$)

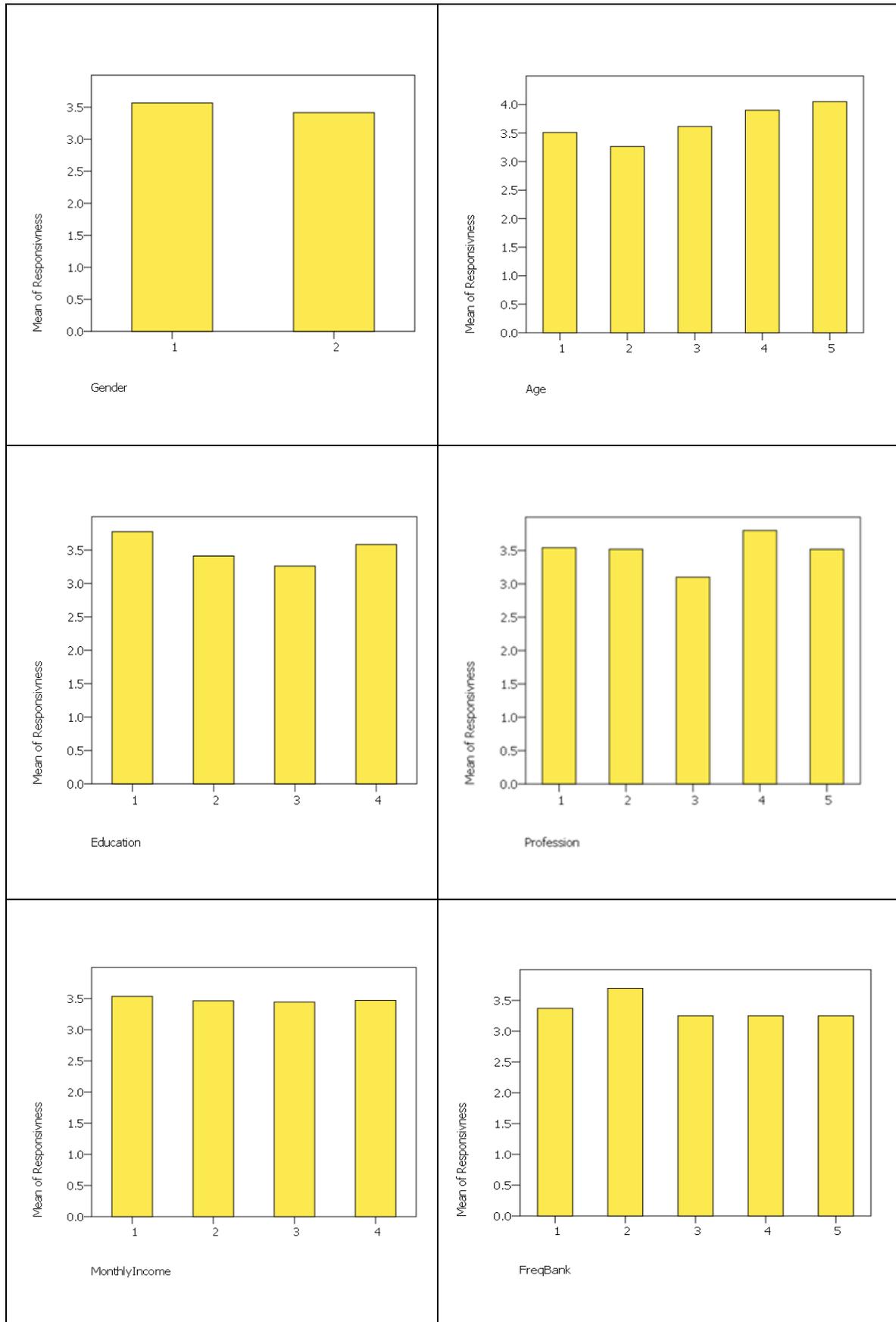


Figure 10. Descriptive Statistics for “Responsiveness”: Gender, Age, Education, Profession, Monthly Income, Choice of Bank

In the following paragraphs, I will be testing if different demographic and socioeconomic variables impact the 'responsiveness' dimension of service quality.

The results of the t-test showed that there was no significant difference between men ($\mu = 3.57$) and woman ($\mu = 3.42$) pertaining to their perception of responsiveness. ($t=1.13$, $p=.25$)

The results of the ANOVA showed that there was a significant difference between age groups 1($\mu = 3.51$), 2($\mu = 3.26$), 3 ($\mu = 3.61$), 4($\mu = 3.90$), 5($\mu = 4.05$) pertaining to their perception of responsiveness. ($F=3.07$, $p<=.05$)

The results of the ANOVA showed that there was a significant difference between education groups, 1($\mu = 3.78$), 2($\mu = 3.41$), 3($\mu = 3.26$), 4($\mu = 3.58$) pertaining to their perception of responsiveness. ($F=3.17$, $p<=.05$)

The results of the ANOVA showed that there was no significant difference between profession groups, 1($\mu = 3.54$), 2($\mu = 3.52$), 3($\mu = 3.10$), 4($\mu = 3.80$), 5($\mu = 3.52$) pertaining to their perception of responsiveness. ($F=1.22$, $p=.30$)

The results of the ANOVA showed that there was no significant difference between monthly income groups, 1($\mu = 3.54$), 2($\mu = 3.46$), 3($\mu = 3.44$), 4($\mu = 3.47$) pertaining to their perception of responsiveness. ($F=.10$, $p=.96$)

The results of the ANOVA showed that there was no significant difference between frequently visited bank groups, 1($\mu = 3.37$), 2($\mu = 3.70$), 3($\mu = 3.25$), 4($\mu = 3.25$), 5($\mu = 3.25$) pertaining to their perception of responsiveness. ($F=2.10$, $p=.08$)

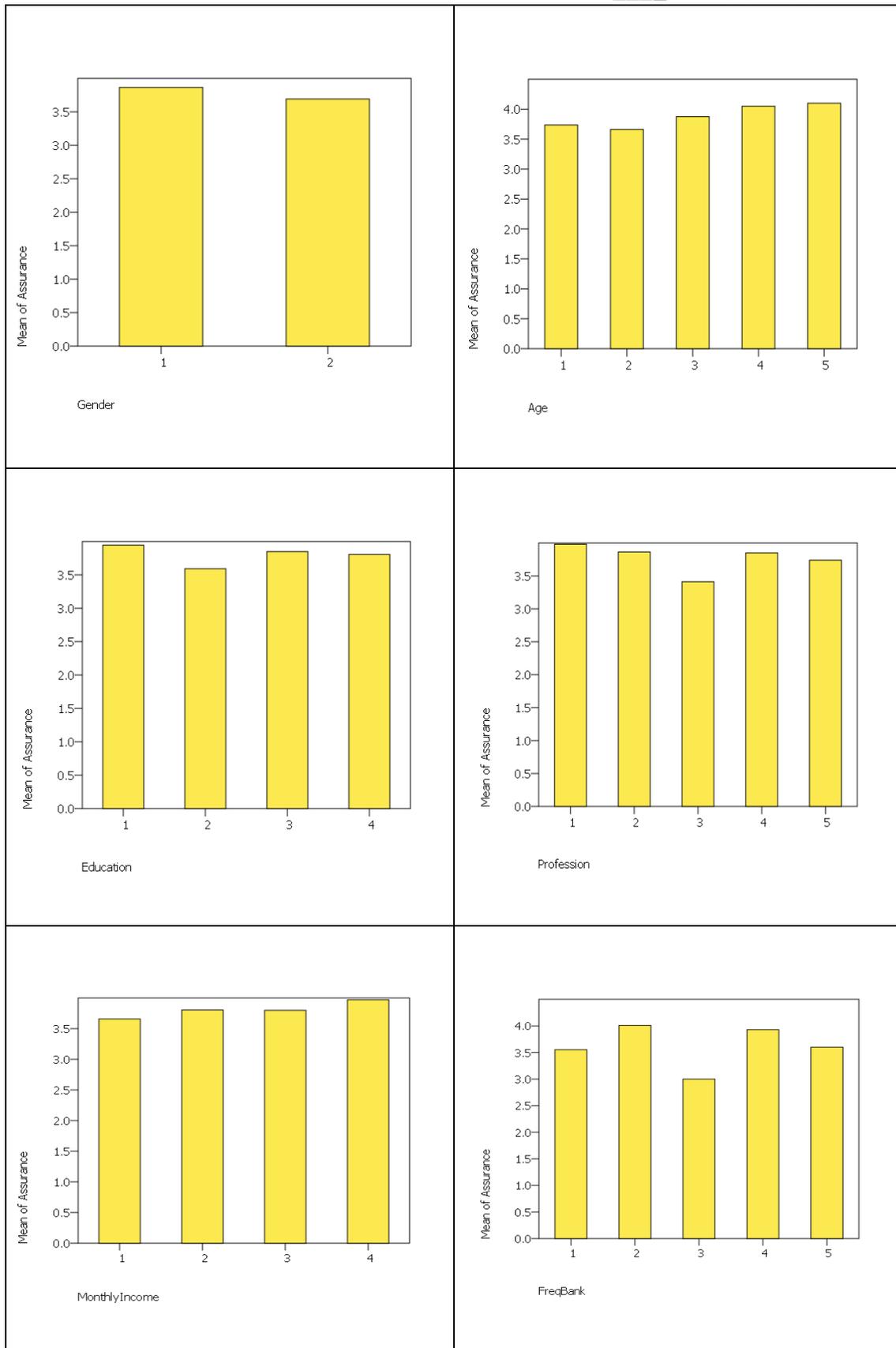


Figure 11. Descriptive Statistics for “Assurance”: Gender, Age, Education, Profession, Monthly Income, Choice of Bank

In the following paragraphs, I will be testing if different demographic and socioeconomic variables impact the 'assurance' dimension of service quality.

The results of the t-test showed that there was no significant difference between men ($\mu = 3.87$) and woman ($\mu = 3.69$) pertaining to their perception of assurance. ($t=1.43$, $p=.15$)

The results of the ANOVA showed that there was no significant difference between age groups 1($\mu = 3.74$), 2($\mu = 3.66$), 3 ($\mu = 3.88$), 4($\mu = 4.05$), 5($\mu = 4.10$) pertaining to their perception of assurance. ($F=1.28$ $p=.28$)

The results of the ANOVA showed that there was no significant difference between education groups, 1($\mu = 3.94$), 2($\mu = 3.59$), 3($\mu = 3.85$), 4($\mu = 3.81$) pertaining to their perception of assurance. ($F=2.12$, $p=.10$)

The results of the ANOVA showed that there was no significant difference between profession groups, 1($\mu = 3.98$), 2($\mu = 3.87$), 3($\mu = 3.41$), 4($\mu = 3.85$), 5($\mu = 3.74$) pertaining to their perception of assurance. ($F=1.83$, $p=.12$)

The results of the ANOVA showed that there was no significant difference between monthly income groups, 1($\mu = 3.66$), 2($\mu = 3.80$), 3($\mu = 3.80$), 4($\mu = 3.97$) pertaining to their perception of assurance. ($F=.78$, $p=.50$)

The results of the ANOVA showed that there was a significant difference between frequently visited bank groups, 1($\mu = 3.55$), 2($\mu = 4.01$), 3($\mu = 3.00$), 4($\mu = 3.93$), 5($\mu = 3.60$) pertaining to their perception of assurance. ($F=4.42$, $p<=.05$)

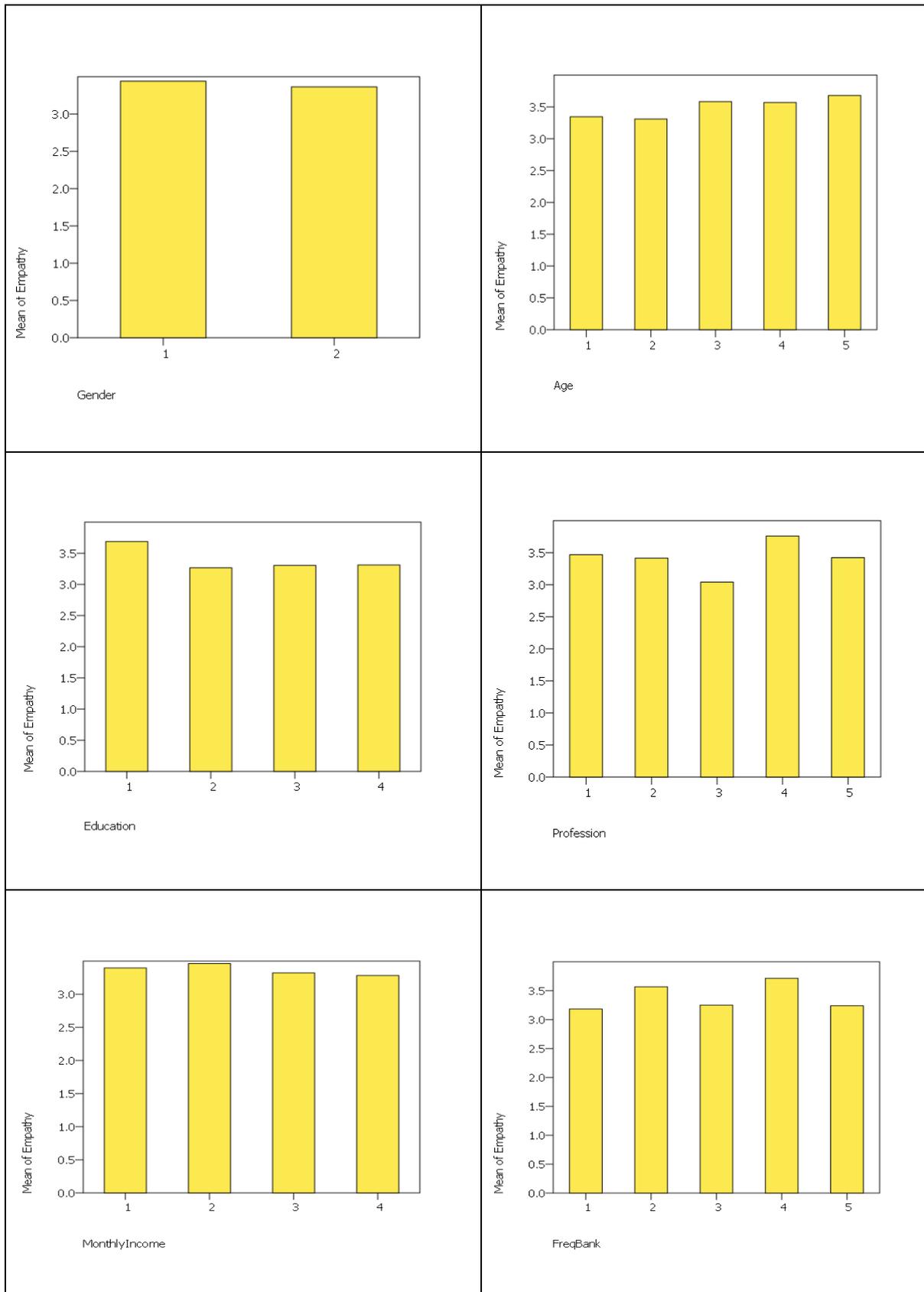


Figure 12. Descriptive Statistics for “Empathy”: Gender, Age, Education, Profession, Monthly Income, Choice of Bank

In the following paragraphs, I will be testing if different demographic and socioeconomic variables impact the 'empathy' dimension of service quality.

The results of the t-test showed that there was no significant difference between men ($\mu = 3.44$) and woman ($\mu = 3.36$) pertaining to their perception of empathy. ($t = .59$, $p = .55$)

The results of the ANOVA showed that there was no significant difference between age groups 1 ($\mu = 3.35$), 2 ($\mu = 3.31$), 3 ($\mu = 3.58$), 4 ($\mu = 3.57$), 5 ($\mu = 3.68$) pertaining to their perception of empathy. ($F = .89$, $p = .47$)

The results of the ANOVA showed that there was a significant difference between education groups, 1 ($\mu = 3.69$), 2 ($\mu = 3.27$), 3 ($\mu = 3.30$), 4 ($\mu = 3.31$) pertaining to their perception of empathy. ($F = 2.87$, $p < .05$)

The results of the ANOVA showed that there was no significant difference between profession groups, 1 ($\mu = 3.47$), 2 ($\mu = 3.42$), 3 ($\mu = 3.04$), 4 ($\mu = 3.76$), 5 ($\mu = 3.42$) pertaining to their perception of empathy. ($F = 1.24$, $p = .29$)

The results of the ANOVA showed that there was no significant difference between monthly income groups, 1 ($\mu = 3.40$), 2 ($\mu = 3.46$), 3 ($\mu = 3.32$), 4 ($\mu = 3.28$) pertaining to their perception of empathy. ($F = .32$, $p = .80$)

The results of the ANOVA showed that there was a significant difference between frequently visited bank groups, 1 ($\mu = 3.18$), 2 ($\mu = 3.57$), 3 ($\mu = 3.25$), 4 ($\mu = 3.71$), 5 ($\mu = 3.24$) pertaining to their perception of empathy. ($F = 2.56$, $p < .05$)

To answer research question 3: Which of the five dimensions is perceived as the most important from the client’s perspective? We will look at the graph below and interpret which dimension the 175 respondents perceive as the most important for them.

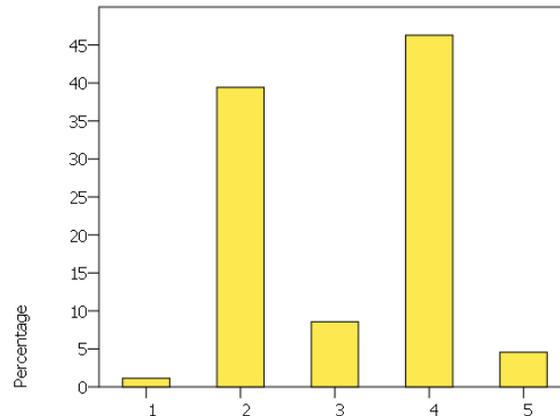


Figure 13. Which of the five categories of dimension is perceived as the most important? (1: Tangibles 2: Reliability 3: Responsiveness 4: Assurance 5: Empathy)

For banking clients in Albania, the two categories of dimension namely; Assurance and Reliability are most important to them. 47% of the respondents have picked Assurance, making it the most important dimension for them. Followed by Reliability, with 38% of the respondents considering reliability as their most important dimension when dealing with banking services. Responsiveness is listed third, with 9% of the respondents listing it as their most important dimension, while Empathy 5% and Tangibles 1% have the lowest importance for banking customers in Albania.

The fact that clients in Albania have listed the two categories; Assurance and Reliability as their most important dimension, leads to the conclusion that customers need to feel secure when they deposit and store their money in these banks. For them, having a feeling of safety and assurance is valued as the most important aspect when using the banking services.

For the variable 9 and 10 in the questionnaire, namely the questions;

9) Are you happy with the quality of service in the bank that you visit?

And question 10) How long have you been a banking customer for? I will use a Chi-square test that will allow me to interpret the data and answer the question if customers in Albania are happy or not with the quality of service they receive from the bank. While the interpretation of question 10, can give the reader a more detailed view of how 'experienced' the respondents are regarding the banking services.

The Chi-square test for question 9, showed that there was no significance between men and women when it comes to being happy with the quality of service they receive from the banks. The Pearson Chi-square value shows .97, while the p-value =.32. The test showed that from 80 men, 70 of them are happy with the quality of service, while ten are not happy. From 95 women, 78 of them are satisfied with the quality of service, while 17 of them are not happy with the quality of service they get from banks in Albania.

The Chi-square test for question 10 also showed no significant difference between men and women when it comes to the amount of time they are a banking customer for. The Pearson Chi-square showed a value of 2.28, while the p-value =.68

It is also seen that a majority of the 175 respondents, were banking customers for more than two years. Male (42.50%) while Women (50.53%). The second most chosen option, option d) one to two years, had Male (21.25%) while Women (17.89%).

5. Conclusion

To conclude this research thesis, I have tried to show the crucial role the banking sector plays in the development of a country and its economy. A thorough evaluation of the service quality that is offered to banking customers in Albania was made possible with the use of the SERVPERF instrument. Before this assessment is made, I have allowed the reader to understand the evolution of the banking system in Albania and its importance, which is divided into five main periods where the first three periods explore the impacts foreign countries like Turkey, Britain, and Italy had in the development of the banking system in Albania, while last two periods investigate the banking system in Albania during the communist regime and post-communist regime as a 'free-market economy'. For most of their time, Albanians have never been free, as it is explored in the five periods of the evolution of the banking system. Albanians have encountered many wars, death, and famine during most of their lives. Nevertheless, what is important nowadays, is the fact that as a whole populace, we have overcome our difficulties, heading towards a right direction and a brighter future. This can also be seen from the interest we have sparked in foreign companies, to invest in Albania and further develop the country. Moreover, service quality has proven to be an important tool for those businesses that want to remain ahead of the competition. Businesses that have implemented the service quality evaluation have seen an increase in satisfied and loyal customers, which generate more profits. Research questions and their answers, as well as different hypotheses, have been evaluated and explored in the methodology section of this paper. I hope it is clear for the reader, as it is for me, how banking customers in Albania perceive service quality and its five dimensions. The results of the analysis show that banking customers in Albania, value assurance, and reliability as their most important dimension. After all, having a feeling of security when you deposit your money is of great importance. I believe that my findings can have a favorable and a significant impact in the banking sector, by allowing banking executives to see what customers perceive as the most important dimension, which might need improvement in their business. Further importance should be

shown to improving the quality of service that is offered to clients. Those companies that have implemented service quality instruments have seen a positive impact in any industry, not just in the banking sector.

Limitations of the study

This study can be critical to banking executives to understand what dimensions are perceived as the most important for banking clients. Based on my research paper, I hope to force executives to take this matter seriously and urge attention to always providing better service quality. Nevertheless, this study has its limitations. The questionnaires were delivered to only 175 respondents, and the results can change if an even more significant number of respondents are instead taken into consideration.

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Appendices

Appendix 1

Attributes of quality	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.The bank has modern-looking equipment.					
2.The bank’s physical facilities are visually appealing.					
3.The bank’s employees are neat appearing.					
4.Materials associated with the service (such as forms, brochures, statements) are visually appealing at the bank.					

5. Bank services are performed within the promised time.					
6. When I have a problem, the bank's employees show sincere interest in solving the problem.					
7. The bank correctly performs the service right the very first time.					
8. The bank provides its service right the first time.					
9. The bank insists on error free records.					
10. In the bank I do not spend much time waiting in line.					
11. Bank employees are always willing to help.					
12. Bank employees are quick in eliminating potential errors.					

13. Bank employees quickly respond to my request.					
14. Bank employees are trustworthy.					
15. I feel safe in my transactions with the bank.					
16. Bank employees are consistently courteous towards me.					
17. Bank employees have the knowledge to answer my questions.					
18. The bank provides me individual attention.					
19. The bank has convenient operating hours for my needs.					
20. The bank has employees who give me personal attention.					
21. The bank considers my wishes and needs.					
22. Bank employees show understanding of my specific needs.					

Appendix 2

Question 1: Gender

Question 2: Age

Question 3: Education

Question 4: Profession

Question 5: Monthly income

Question 6: The bank that you frequently visit

Question 8: Which of the following categories is the most important for you when you receive services from the bank?

Question 9: Are you happy with the quality of service in the bank that you visit?

Question 10: How long have you been a banking customer for?

Question 11: How frequently do you use the banking services?

Question 12: What would you recommend to the bank? Any suggestion or comment?