Assessment of Bank Services Excellence in Iraq: A Comprehensive Investigation Employing the SERVQUAL Model

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SUMMARY

This study employs the SERVQUAL model to investigate the service quality of banks operating in Iraq comprehensively. The objective is to identify gaps between customers' expectations and perceptions of the service quality of bank service providers in Iraq. The study utilizes data collected from customers from the Iraqi banking sector. An item-level analysis and Importance-Performance Analysis (IPA) were employed. The results reveal a significant level of perceived service quality among participants, indicating that customers generally experience satisfactory service from their respective banks. However, negative gap scores over dimensions suggest that there is a need for improvement. The findings of this study will contribute to the development of a better understanding of customer expectations and perceptions of service quality in the Iraqi banking sector and provide valuable insights for banks to enhance their service delivery.

Keywords: SERVQUAL; Service quality; IPA; Banking; IRAQ
JEL codes: M31; L15; G21; O53
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INTRODUCTION

The banking sector is pivotal in any nation's economic growth and job creation by providing essential financial infrastructure that facilitates transactions and mobilizes savings (Ifediora et al., 2022; Tabash, 2019). Banks offer various financial services, such as loans, savings accounts, and investment opportunities. They empower individuals and businesses to access funds and manage their finances efficiently, promoting economic activity and generating employment opportunities (Alkhowaiter, 2020). Moreover, a robust banking sector can attract foreign investment, further stimulating economic growth (Baabdullah et al., 2019).

Customer satisfaction is a critical aspect of the banking sector, as the quality of customer experiences can significantly impact customer loyalty and the likelihood of recommending the bank to others. High customer satisfaction can lead to increased trust, enhanced reputation, and, ultimately, greater profitability for the bank. Conversely, poor service quality can result in customer dissatisfaction, negative reviews, and loss of business. Consequently, prioritizing service quality is essential for banks to ensure customer satisfaction and long-term success.

In an increasingly competitive environment, the quality of banking services offered is vital for the growth and competitiveness of the banking sector. The SERVQUAL model, developed by Parasuraman et al. (1985) has been extensively applied across various industries to evaluate service quality. Customers often have expectations about the quality of service they will receive before engaging with a business. The experience after interacting with the business is compared to these initial expectations, allowing customers to evaluate the service's value and informing their decision to continue engaging with the business. Parasuraman et al. (1991) argue that customers' assessments of service quality are shaped by comparing their preconceived expectations and by the actual service received. This comparison enables customers to evaluate the service quality and determine its value.

Iraq, a developing country in the Middle East with a population of approximately 40 million people, has experienced significant economic changes since the fall of Saddam Hussein's regime in 2003. Political instability, economic sanctions and wars have impeded the development of the Iraqi banking sector. The recent transformation of the Iraqi banking system, characterized by the entry of new banks, increased competition, and technological advancements, has made the banking sector a vital component of the country's economic infrastructure. The banking sector plays a significant role in Iraq's economic growth and development by facilitating trade and investment, managing financial resources, and financing small and medium enterprises (SMEs). However, one of the significant challenges faced by the banking sector in Iraq is delivering high-quality services to customers, whose expectations of service quality have substantially increased in recent years. Understanding customer expectations and perceptions of service quality is essential for banks to remain competitive. Consequently, the primary goals of this study are as follows:

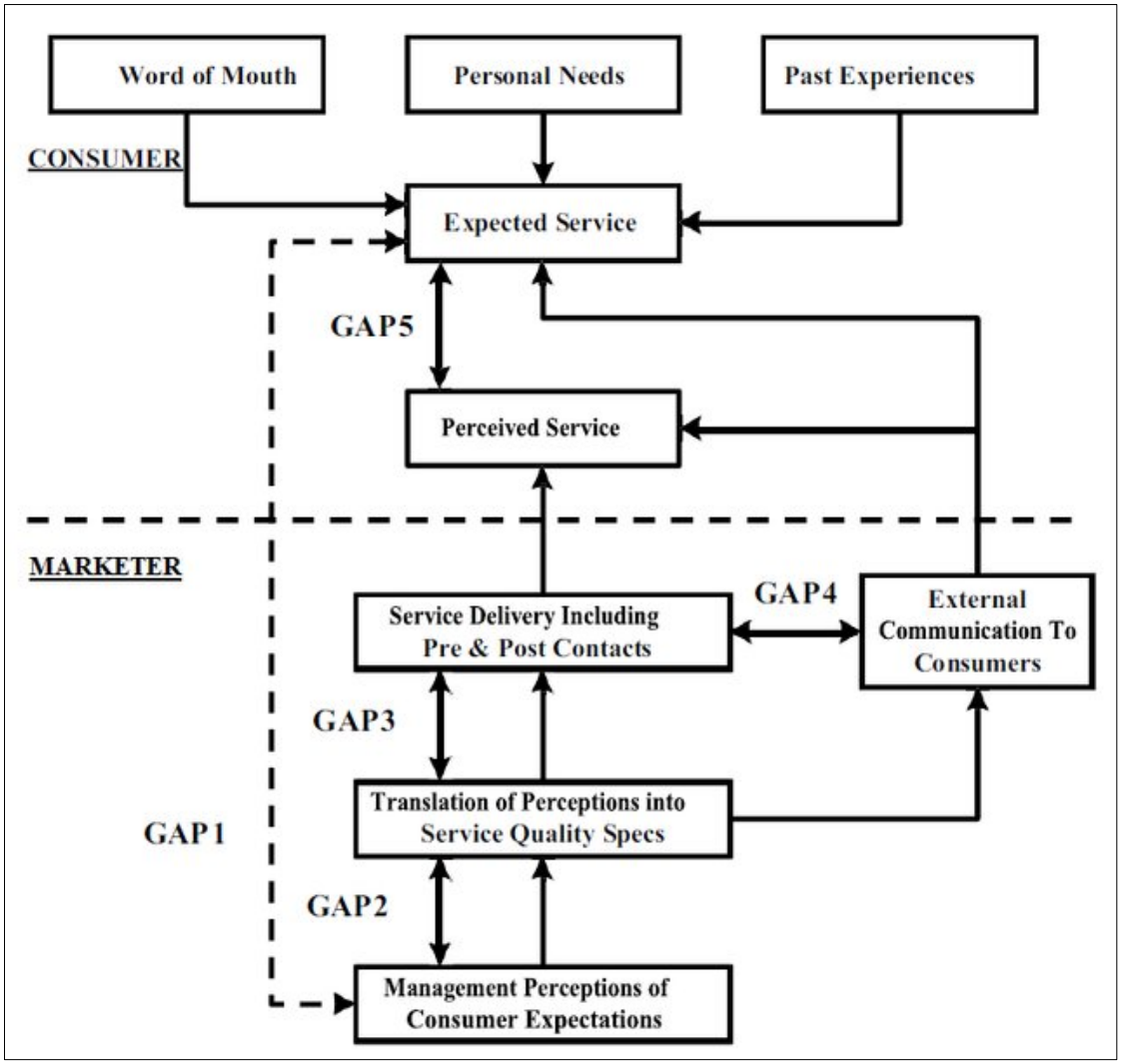
1. To apply the SERVQUAL model to provide a general assessment of the service quality of banks in Iraq. This model provides a comprehensive approach to assessing the quality of services and gauging the level of satisfaction with the banking services in Iraq by focusing on the difference between the customer's expectations and perceptions of service performanc .
2. To identify the gaps between customers' expectations and perceptions. Through the SERVQUAL model, this study aims to pinpoint specific areas where the actual service does not meet customer expectations, thus indicating potential areas of improvement.
3. To propose potential improvements within the Iraqi banking sector utilizing an importance-performance matrix.
4. To contribute to the body of knowledge on service quality in banking: Through analyzing the Iraqi context, this study aims to enrich the academic literature on service quality in the banking sector, particularly in emerging economies.

LITERATURE REVIEW

Service quality has gained significant attention in both academia and industry due to its vital role in determining customer satisfaction, customer loyalty, and business success (Alam, 2021; Issalillah et al., 2021; Paiz et al., 2020; Teeroovengadum et al., 2019). Banks play a pivotal role in fostering economic growth through their ability to establish and maintain a robust financial infrastructure. As intermediaries between savers and borrowers, banks channel funds towards productive investments, catalyzing economic activity and stimulating growth. Furthermore, banks' services, such as deposit-taking, lending and payment processing, create a stable financial system that facilitates transactions and enhances economic efficiency. Hence, the pivotal function of banks in providing a sound financial base infrastructure renders them indispensable to promoting sustainable economic development.

Service quality is conceptualized as the difference between customers' expectations and perceptions of the service received (Parasuraman et al., 1985). Over the years, several models and frameworks have been developed to measure service quality for different sectors of industries and service providers. The SERVQUAL model (Parasuraman et al., 1985) remains popular due to its comprehensiveness and applicability across various service industries. Other models, such as the SERVPERF model (Cronin & Taylor, 1992) and the Nordic model (Gronroos 1984), have also been used to assess service quality in various sectors, including banks (see Hanusukma et al., 2021; Rahmani-Nejad et al., 2014; Su et al., 2022; Zaibaf et al., 2013). From the standpoint of an organization, service quality, according to Futrell (2011), entails setting standards and specifications. Businesses must give exceptional service quality if they want a satisfiedcustomer to keep using their services.

The SERVQUAL model, initially introduced by Parasuraman and colleagues (1985, 1988), has gained widespread recognition and application across various industries as a prominent tool for measuring service quality. The model, initially created in 1985, stemmed from a series of studies conducted by Parasuraman and his associates. They characterized service quality as the gap between a customer's expectations and actual experiences. A positive or negative gap reflects customer satisfaction levels, stemming from the discrepancy between their initial expectations and the reality of their experiences (Parasuraman et al., 1988). A positive gap occurs when perceptions exceed expectations, while a negative gap arises when expectations surpass actual experiences. The SERVQUAL model consists of five elements: Tangibility, which encompasses the physical resources, facilities, and materials that contribute to a positive company image, as well as the appearance of the company (Berndt & Brink, 2004); Reliability, or the capacity to deliver accurate and consistent services, with some organizations prone to overpromising and underdelivering; Responsiveness, defined by the eagerness to help and address customer needs; Assurance, which centers on the employee's ability to foster trust and confidence in clients; and Empathy, which pertains to the degree of personalized, compassionate service provided (Govender et al., 2014). These five dimensions correspond to the gaps in the SERVQUAL model introduced by Parasuraman et al. (1985); see Figure 1.



Source: (Parasuraman et al., 1985)

Figure 1: : SERVQUAL gaps proposed by Parasuraman et al

Figure 1: SERVQUAL gaps proposed by Parasuraman et al. (1985) identified five gaps in service quality. Gap 1 arises from the differences between how service providers perceive customer needs and the actual expectations of customers. The marketing analysis conducted by the business influences the size of this gap. Gap 2 concerns the inconsistency between the service's conceptual framework and tangible attributes. Factors affecting this gap include management's commitment to service quality, goal setting, standardization of tasks, and perception of opportunities. Gap 3 consists of discrepancies between the delivered services and the specific processes involved in their creation. Teamwork, employee-to-task alignment, technology, control perception, behaviour monitoring, and control systems influence this gap. Gap 4 refers to the inconsistency between the promised and provided services. Horizontal communication and tendencies to overpromise can affect the size of this disparity. The fifth and final gap, Gap 5, is the difference between customer expectations and their actual experiences, an outcome of the previous gaps.

The Importance-Performance Analysis (IPA) method, introduced by Martilla and James (1977) is another valuable tool for assessing the expectation-experience gap in the banking service sector in Iraq. This analytical technique allows service providers to assess expectations and perceptions simultaneously by identifying key service attributes considered necessary by customers and evaluating the service performance in those areas. Banks can effectively address any gaps between customer expectations and their actual experiences. The IPA framework, thus, enables banks to prioritize improvement strategies, allocate resources efficiently, and enhance overall customer satisfaction. By complementing the SERVQUAL model, IPA can

help identify areas where the banks can excel in the competitive market and ensure sustainable growth in the evolving banking landscape. The IPA technique is a highly efficient method of identifying service quality issues that require strategic corrective actions (Chu & Choi, 2000).

Deng (2008) posited that the IPA technique is a valuable tool for measuring the degree of service factors between importance and satisfaction during service innovation. Furthermore, Tzeng and Chang (2011) suggested that the IPA technique is highly effective in producing service quality improvements and high levels of customer satisfaction for managers' service quality improvement projects. Leong (2008), in turn, employed the IPA method to evaluate airline service quality. The IPA technique is grounded in the core premise that consumers' assessment of the essential services they receive (performance) and their expectations of a service provider are critical factors in determining their satisfaction with service attributes. Thus, documenting respondents' service encounter expectations and actual experiences is essential. When using the IPA method, The Expectation-Experience Analysis (EEA) grid, as depicted in Figure 2 and adapted from Chu and Choi (2000) serves as a tool for this purpose. High-quality services are essential for banks to remain competitive, grow, and contribute to the economy (Ayyagari et al., 2011). Studies have consistently found that service quality is a critical determinant of satisfaction and loyalty across various sectors, including banking, manufacturing, retail, and professional services (Ali et al., 2021; Famiyeh et al., 2018; Khudhair et al., 2020; Najib & Sosianika, 2019; Wang & Lo, 2002).

Banks in Iraq have faced numerous challenges in the past decades, such as political instability, economic sanctions, and inadequate infrastructure, which have adversely affected the quality of services offered (Prakash & Mohanty, 2013). With the gradual improvement in Iraq's political and economic environment, there is an opportunity for service providers across various sectors to enhance their service quality and contribute to their growth and development. However, there is limited research on the service quality of banks in Iraq, making it challenging to identify areas for improvement and develop effective strategies.

Practitioners and researchers use the SERVQUAL model to assess service quality in various sectors in developed and developing countries (e.g., Ali et al., 2021; Fida et al., 2020). These studies have provided valuable insights into the areas where service providers need to improve service quality and have helped formulate strategies to enhance satisfaction and loyalty.

While numerous studies have focused on assessing service quality in the banking sector using the SERVQUAL model, there is a noticeable lack of research specifically examining the service quality of banks in Iraq. The unique challenges Iraq's banking sectors face, make it essential to understand the current state of service quality in this context. Furthermore, as the political and economic environment in Iraq gradually improves, there is an opportunity for the banking sector to enhance its service quality and gain customer trust. The research gap identified in this study is the lack of comprehensive and up-to-date assessment of service quality in the Iraqi banking sector using the SERVQUAL model. By addressing this gap, this study will provide valuable insights into the areas where Iraqi banks need to improve their service quality and formulate effective strategies to enhance customer satisfaction and loyalty and will contribute to the broader literature on service quality in the banking sector, particularly in contexts with unique challenges and opportunities for growth, by using the SERVQUAL model to assess the service quality for banks in Iraq, contribute to filling the existing research gap and provide a comprehensive understanding of the current state of service quality for banks in the country. We will try to answer the following questions.

1. To what extent are customers in Iraq satisfied with the quality of banking services provided by their banks?
2. What is the magnitude of the gap between the expectations and perceptions of customers regarding the quality of banking services in Iraq?
3. What improvements can be proposed for the Iraqi banking sector using the importance-performance matrix?

METHODOLOGY

A quantitative research design was adopted to assess banks' service quality in Iraq. The study employed an online questionnaire to collect responses from the target population. The population under investigation is the customers of banks in Iraq. A sample of 351 respondents was collected using a random sampling technique. The respondents were chosen based on their availability and willingness to participate in the online survey. The data was collected using an online questionnaire distributed via email and social media platforms.

The questionnaire incorporates the SERVQUAL model, 44 items using 5- Likert scale, which measures service quality across five dimensions: Tangibles, Reliability, Responsiveness, Assurance, and Empathy. The survey also includes demographic questions to gather relevant information about the respondents, such as age, gender, and the provider of bank services. The collected data was analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics summarize the responses' central tendency, dispersion, and distribution for each SERVQUAL dimension. Gap score analysis was adopted to identify areas where improvements in service quality are needed, and Importance-Performance Analysis (IPA) was employed

to evaluate the relative importance and performance of each SERVQUAL dimension.

RESULTS AND FINDINGS

In the current study, responses from 351 participants were examined, with a relatively balanced gender distribution of 45.3% females and 54.7% males; the participants' educational backgrounds revealed that most participants held bachelor's degrees. The sample's diverse range of educational attainment allows for a comprehensive understanding of the population under study. The study also investigated participants' bank service providers. This diverse distribution of banks provides valuable insights into the banking preferences and experiences of the customers. The age distribution of the participants revealed a concentration of respondents in the younger age groups. See Table 1 for more details.

Table 1
Demographic Characteristics and Respondent Profile

Demographic characteristics	Frequency	Percentage
Gender		
Female	159	45.3%
Male	192	54.7%
Age group		
25-29	99	28.2%
30-34	102	29.1%
35-39	66	18.8%
40-44	37	10.5%
45-49	23	6.6%
50-54	12	3.4%
55-59	10	2.8%
60-64	2	0.6%
Education		
High school	64	18.2%
Bachelor	202	57.5%
Master	60	17.1%
Ph.D.	25	7.1%
Bank service provider		
Al Rasheed Bank	53	15.1%
Almansour Bank	10	2.8%
Bank of Baghdad	12	3.4%
Gulf commercial Bank	11	3.1%
International Development Bank	50	14.2%
Iraqi Islamic Bank	12	3.4%
janoub Islamic Bank	11	3.1%
National Bank of Iraq	10	2.8%
Rafidain Bank	52	14.8%
Rajih Islamic Bank	12	3.4%
Taif Islamic Bank	48	13.7%
TBI	48	13.7%
Trust International Islamic Bank	11	3.1%
Union Bank of Iraq	11	3.1%

Source: own calculations

The study's primary question sought to explore the existence of a significant level of perceived service quality among the participants. A one-sample t-test is conducted to examine customer satisfaction, and the results are presented in Table 2.

Table 2
One-Sample Test for perceived service quality

	t	df	Significance		Mean Difference
			One-Sided p	Two-Sided p	
P_mean	16.184	350	0.000	0.000	0.34136

Source: own calculations

The t-test revealed a statistically significant mean difference from the hypothetical mean in the perceived service quality (M = 0.34136) with a t-value of 16.184 (df = 350) and a two-sided p-value of 0.000, less than the significance level of 0.05. These results provide strong evidence to support the hypothesis that there is a significant level of perceived service quality among the participants in this study. This finding suggests that customers, on average, experience satisfactory levels of service quality from their banks, indicating that the banking sector is effectively meeting customers' needs and expectations.

Table 3 presents the results of an independent sample t-test conducted to compare the expectations and perceptions of customers regarding service quality. Levene's test for equality of variances indicated a significant difference (F = 7.851, p = 0.005), suggesting that the assumption of equal variances is violated. Consequently, the t-test results with equal variances not assumed are considered for interpretation.

Table 3
Independent Samples Test between expectations and perceptions of customers

		Levene's Test for Equality of Variances		t-test for Equality of Means					
						Significance			
		F	Sig.	t	df	One-Sided p	Two-Sided p	Mean Difference	Std. Error Difference
E_mean	Equal variances assumed	7.851	0.005	31.125	700	0.000	0.000	0.78438	0.02520
	Equal variances are not assumed.			31.125	603.053	0.000	0.000	0.78438	0.02520

Source: own calculations

The independent samples t-test revealed a statistically significant difference between the mean expectations and perceptions of customers (mean difference = 0.78438, std. error difference = 0.02520) with a t-value of 31.125 and degrees of freedom (df) of 603.053. The two-sided p-value was 0.000 and is below the significance level of 0.05.

These findings suggest a notable gap between customers' expectations and perceptions of service quality in the banking sector. This discrepancy implies that banks may need to better align their service offerings with customer expectations and enhance overall customer satisfaction.

Table 4 compares each service quality dimension's mean perceived and expected scores and its corresponding items. The gap scores, calculated by subtracting the mean expected scores from the mean perceived scores, provide insight into how much the banks meet or exceed customer expectations. The data presented in the table are used to evaluate the perceived service quality of banks in Iraq using the SERVQUAL model. The study collected data from customers of the banks, and the results indicate a gap between the customers' expectations and their perceived service quality in all dimensions.

Table 4

Comparison of Expected and Perceived Service Quality Scores using SERVQUAL Dimensions in Iraqi Banks

Variable	Mean (Expected)	Mean (Perceived)	Gap Score
Tangibility	**4.205**	**3.277**	**- 0.927**
TN1	4.17	2.97	-1.2
TN2	4.13	2.97	-1.16
TN3	4.2	3.1	-1.1
TN4	4.32	4.07	-0.25
Reliability	**4.24**	**3.122**	**-1.118**
RL1	4.31	3.35	-0.96
RL2	4.22	3.34	-0.88
RL3	4.23	2.78	-1.45
RL4	4.14	3.07	-1.07
RL5	4.3	3.07	-1.23
Responsiveness	**4.16**	**3.4125**	**-0.7475**
RS1	3.99	3.71	-0.28
RS2	4.27	3.69	-0.58
RS3	4.25	2.93	-1.32
RS4	4.13	3.32	-0.81
Assurance	**4.0225**	**3.6425**	**-0.38**
ASR1	4	3.54	-0.46
ASR2	4.03	3.67	-0.36
ASR3	4.03	3.68	-0.35
ASR4	4.03	3.68	-0.35
Empathy	**4.008**	**3.316**	**-0.692**
EMP1	4.08	3.37	-0.71
EMP2	4.01	3.07	-0.94
EMP3	4.07	3.39	-0.68
EMP4	3.9	3.13	-0.77
EMP5	3.98	3.62	-0.36

Note: codes for variables: Reliability (RL), Tangibility (TN), Empathy (EMP), responsiveness (RS), Assurance (ASR)

Source: own calculations

The dimension of Tangibility had a mean expected score of 4.205 and a mean perceived score of 3.277, resulting in a negative gap score of -0.927; this suggests that customers expected the physical facilities and personnel's appearance to be higher quality than what they experienced. The mean expected score for the Reliability dimension is 4.24, while the mean perceived score is 3.122, resulting in a negative gap score of -1.118. The findings indicate that customers expected the service to be more dependable and accurate than they had experienced. The dimension of Responsiveness has a mean expected score of 4.16 and a mean perceived score of 3.4125, resulting in a negative gap score of -0.7475; this suggests that customers expected the service to be more prompt and helpful than they experienced. In the dimension of Assurance, the mean expected score is 4.0225, while the mean perceived score is 3.6425, resulting in a negative gap score of -0.38. The result indicates that customers hoped employees to have higher knowledge and courtesy and inspire greater trust and confidence than they experienced. Finally, the dimension of Empathy has a mean expected score of 4.008 and a mean perceived score of 3.316, resulting in a negative gap score of -0.692; this suggests that customers expected the service provider to better understand and care about their needs than what they experienced.

The negative gap scores across all dimensions suggest that there is a need for banks in Iraq to improve their service quality to meet or exceed their customers' expectations. By employing the SERVQUAL model, the study provides valuable insights into the specific areas where service improvements are needed. Service providers in the banking industry can use these findings to identify areas for improvement and take appropriate action to improve their service delivery, and this can help improve customer satisfaction and loyalty, leading to tremendous success for the banks in the long term.

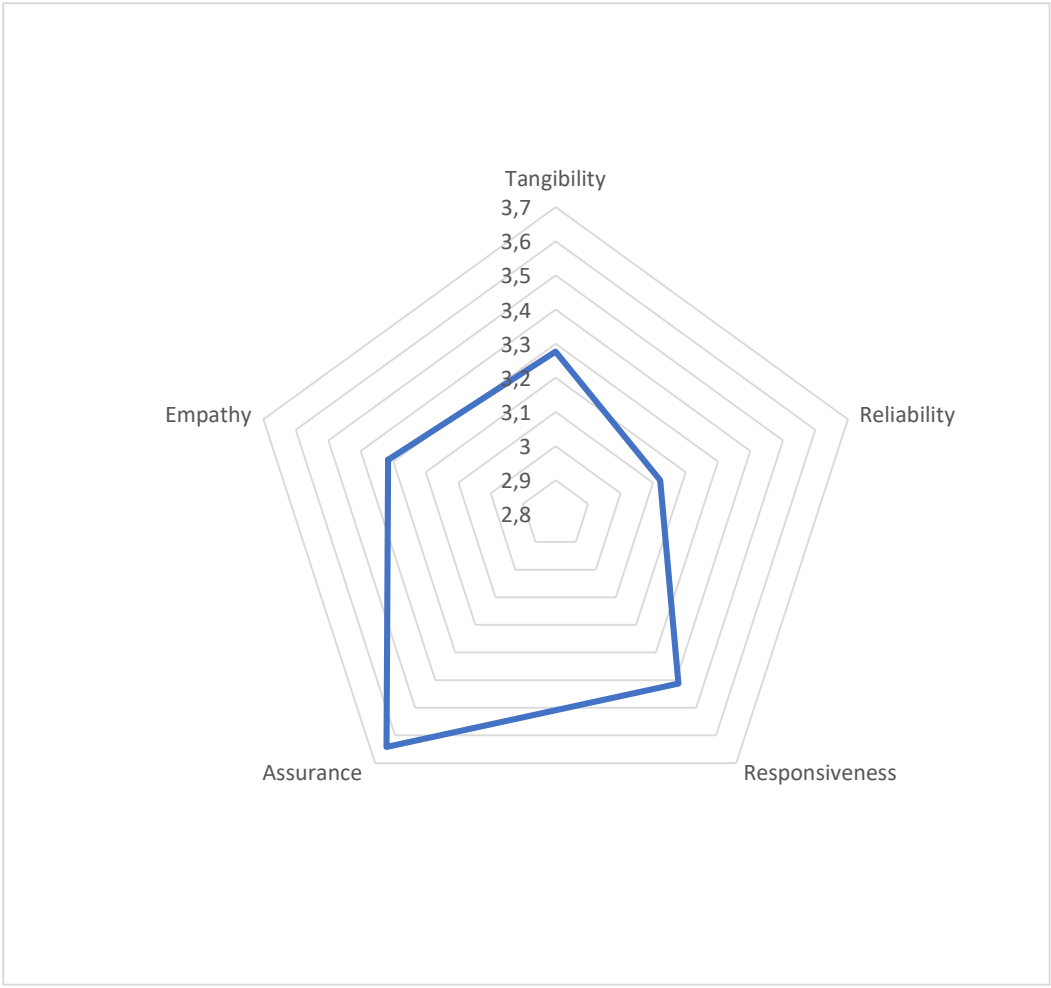
One critical insight that can be gleaned from the results is that customers of banks in Iraq have relatively high expectations regarding service quality, evidenced by the mean expected scores across all dimensions, consistently above 4. The result suggests that customers expect a high level of service from their banks.

However, the mean perceived scores across all dimensions are consistently lower than the mean expected scores, indicating that customers perceive the service quality of their banks to be lower than their expectations. This gap between expected and perceived service quality highlights the need for banks in Iraq to improve their service delivery to meet or exceed the expectations of their customers. For example, in the Reliability dimension, customers perceive the service as less dependable and accurate than expected. Regarding Responsiveness, customers perceive the service as less prompt and helpful than expected. These specific areas can guide banks in Iraq as they seek to improve their service quality.

Additionally, the negative gap scores across all dimensions indicate room for improvement in all areas of service quality. By addressing the areas where the gap between expected and perceived service quality is most significant, banks can take targeted action to improve customer satisfaction and loyalty. By doing so, they can ultimately lead to significant success for the banks in the long term. The item-level analysis in the table also provides valuable insights into areas in which banks in Iraq can improve their service quality. By identifying these areas, banks can take targeted action to improve customer satisfaction and loyalty.

The radar graph in Figure 2 indicates the relative strengths and weaknesses of the service across the dimensions. In this case, the shape suggests that the service performs similarly across all dimensions. However, there are some differences in the scores for each dimension, reflected in the length of each axis. The longest axis in the graph corresponds to the dimension of Assurance, which suggests that customers perceive the service to be strongest in this area. The shortest axis corresponds to the Reliability dimension, indicating that customers perceive the service as relatively weaker in this area.

Overall, the shape of the radar graph can provide us with a quick and easy-to-understand overview of the perceived service quality across different dimensions, allowing service providers to identify areas of strength and weakness and take appropriate action to improve customer satisfaction.



Source: own work

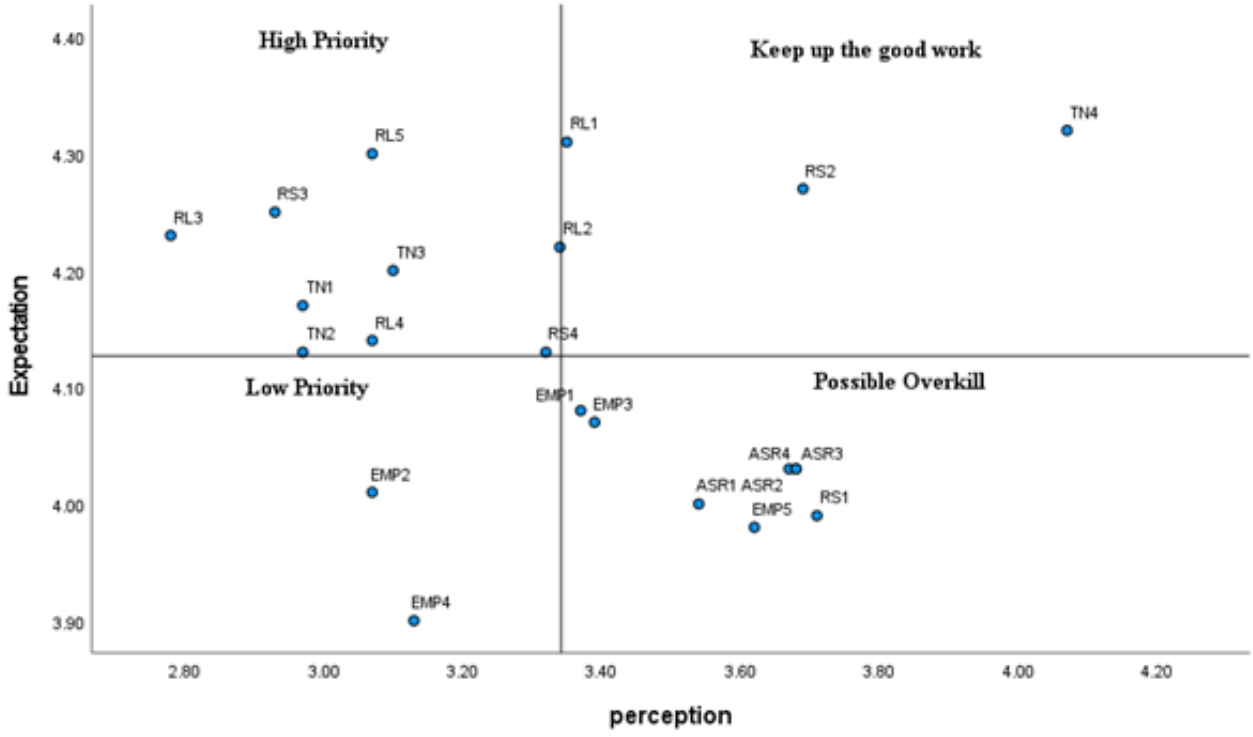
Figure 2: A comparison of perceived service quality on the dimensional level

RESULTS OF PERCEPTIONS – EXPECTATIONS GAP

To ascertain the discrepancies between customer expectations and perceptions and determine the polarity of these gaps, we conducted a comprehensive analysis by juxtaposing the mean scores derived from the 22-assessment measurement. This evaluation employed an item-by-item approach, ensuring a rigorous examination of the data to elucidate the nuances within customer sentiment.

To perform an Importance-Performance Analysis (IPA), we operationalized the importance score as the expectation score, while the performance score is the perception score. Figure 3 represents the IPA graph, a scatter plot with the x-axis representing the Importance (Expectation) scores and the y-axis representing the Performance (Perception) scores. The Importance Performance Analysis (IPA) was conducted on 22 items. The IPA graph is divided into four quadrants, each representing a different performance category. In Quadrant 1, items are considered important and perform well. The items in this quadrant were TN1, TN2, TN3, RL3, RL4, RL5, RS3 and RS4. In Quadrant 2, items are important and performing well; the items in this quadrant were RL1, RL2, RS2 and TN4. Quadrant 3 had lower importance and lower performance items, indicating they may not require immediate attention. The items in this quadrant were EMP2 and EMP4. Quadrant 4 had items with lower importance but were performing well, suggesting that resources could be allocated elsewhere that were not performing well. The items in this quadrant were EMP1, EMP3, EMP5, ASR1, ASR2, ASR3, ASR4 and RS1.

Overall, the IPA provides insights into the areas where performance is lacking and where resources can be focused to improve performance. In conclusion, the IPA results suggest that the main areas that need improvement are Tangibility, Reliability, and some aspects of Responsiveness and Empathy. Maintaining and potentially reallocating resources from the over-performing items in Quadrant IV could help address the underperforming items in Quadrant II, leading to higher customer satisfaction.



Note: codes for variables: Reliability (RL),Tangibility (TN), Empathy (EMP), responsiveness (RS), Assurance (ASR)

Source: own work

Figure 3: *Scatter plot of Perceptions–Expectations gaps*

CONCLUSION

The results of this study emphasize the importance of perceived service quality in the banking sector in Iraq and offer critical insights for service improvement and customer satisfaction enhancement. Our study reveals a high level of perceived service quality among the participants, suggesting that banking institutions in Iraq generally satisfy customer needs and expectations. However, this perception of satisfactory service quality is qualified by the significant difference between customer expectations and perceptions.

Our analysis using the independent samples t-test showed a large gap between what customers expect and how they perceive the quality of banking services. The SERVQUAL model showed negative gap scores for all service dimensions, indicating that the perceived quality of the service in Iraqi banks falls short of customers' expectations. Specifically, the largest gaps were found in Reliability and Tangibility, implying that customers expected more dependability, accuracy, and physical tangibles than they received**.**

By using the Importance-Performance Analysis (IPA), we suggested improvements for the Iraqi banking sector. According to the IPA results, the most urgent areas for improvement are Tangibility, Reliability, and some aspects of Responsiveness and Empathy. Items within the Assurance and some elements of Responsiveness and Empathy dimensions were performing well. However, they were seen as less important, indicating the possibility to reallocate resources towards dimensions with larger performance gaps**.**

Customers' high expectations about the quality of banking services are reflected in the high expectation scores for all service aspects. Therefore, efforts are required to raise performance where significant discrepancies between expectation and performance were identified, especially in the Tangibility and Reliability dimensions**.**

In conclusion, the study provides strong evidence of a need for improvement in service quality across various dimensions within the banking sector in Iraq. We hope that these findings will serve as a catalyst for a more customer-oriented approach in the banking sector, thereby driving the industry towards greater success in the long term. Banks can use these insights to implement specific strategies for service improvement, better align their offerings with customer expectations and ultimately increase customer satisfaction and loyalty**.**

According to the findings, customers' overall experiences with banks in Iraq are characterized by a gap between their expectations and perceptions of service quality. This gap exists for all SERVQUAL model dimensions, suggesting potential for improvement**.**

These findings have important implications for the financial industry in Iraq and possibly beyond. The banks need to improve their service quality in these areas by better fulfilling the needs and expectations of their customers. Banks can enhance customer satisfaction, foster customer loyalty, and ensure long-term business success by focusing on these key areas. For practical application, banks should prioritize improvements in the physical aspects of their service (Tangibility) and the dependability and accuracy of their service delivery (Reliability). Achieving this could involve investment in renovating physical facilities, system upgrades for better reliability, and ongoing training programs to improve staff skills and competencies. A customer-oriented approach should guide the banks' decision-making processes. Regular customer surveys could provide useful feedback, and the results could direct service improvements. This would ensure that services match more closely with customer needs and expectations, which is essential to achieving higher customer satisfaction. These findings also affect policymakers, especially those regulating the banking sector in Iraq. Regulatory bodies could introduce stricter quality standards and monitor compliance through regular audits. This would motivate banks to improve service quality, thus increasing customer satisfaction and creating a healthier banking sector. This study provides compelling evidence of the need for continued efforts to meet or exceed customer expectations. While the focus here has been on the banking sector in Iraq, the findings may also be relevant to other sectors where the SERVQUAL model could be applied**.**

Despite its promising findings, this study has some limitations. Results may have differed with a larger sample size; the study relied on a relatively small number of customer responses, which introduces the possibility of selection bias. Using self-reported data within the SERVQUAL model introduces the potential for subjectivity and bias. The study's cross-sectional nature posed a limitation as it captured customer expectations and perceptions at a specific time, not accounting for possible changes over time. Finally, while the SERVQUAL model is widely accepted for measuring service quality, it might not cover all aspects relevant to the banking sector. Other models or supplementary measures might provide additional, potentially significant insights. Future research should consider these limitations for a more comprehensive understanding of service quality gaps in the banking sector.

Author's contribution

Al Laheebi Ghayth was responsible for 75% of the overall work. His tasks included data collection, analysis, and crafting the discussion and conclusion sections.
László Molnár contributed 25% to the study. He conceived and designed the study, penned the introduction and the literature review, and also provided supervision throughout the study.

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