The Mediating Role of Perceived Value on the Relationship between Service Quality and Customer Service Loyalty: An Explanatory Study for Iraqi Private Banking Sector

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Abstract
Purpose: This paper aims to provide an understanding of how to create and capture values for customers and then strengthen their loyalty to the financial services provided. Customer loyalty is one of the crucial constructs explained with different concepts in the literature. In addition, the aim of the research is to deepen the understanding of the concepts of service quality, perceived value, and customer service loyalty for creating a practical framework that can gather most of the related dimensions and concepts, and attempt to examine the Iraqi environment for incubating these contemporary concepts. In order to explain customer service loyalty, value and service quality perception of customers are dealt within the scope of the present research.
Methodology: A questionnaire relating to the whole dimensions was designed to measure the amount of the effect that service quality can have on the choice of the relevant programs by private banks' managements. It also dealt with the effect of service quality on the perceived value as a mediator variable, and customer service loyalty as a dependent variable through using SERVPERF. The methodology was explanatory and analytical, and the researchers determined hypothesis which was tested by correlation, stepwise regression and hierarchical regression analyses.
Findings: The empirical evidence of present research indicates positive and strong relations among the service quality, perceived value, and customer service loyalty. The most important dimension of service quality is 'reliability and assurance' and vital dimension of perceived value is functional value to explain customer service loyalty. The research shows that perceived value variable plays a mediating role in the relationship between service quality and customer service loyalty.
Originality: Investigating the mediation role of the perceived value on the relationship between service quality and customer service loyalty in the private banking industry is in an unstable security context in Iraq. Present research offers vital contributions to the literature.

Keywords: Service quality, perceived value, customer service loyalty, and SERVPERF.

1. Introduction

The economy of the universe is becoming massively service oriented, whose movement is reversed in a large amount of research in the field of marketing that concentrated on services. The service industry in the United States of America creates more than 75% of its Gross Domestic Product (GDP) and more than 80% of the total workforce employ in the field of services. The great role of the service industry in the USA proves that the economy of the universe is heavily service oriented. In the majority of the countries of the Organization for Economic Co-operation and Development (OECD), the services currently form more than 60% of the total gross value added, and the expenditures for the sector of services in OECD countries obviously outperform the expenditures for physical products (OECD, 2009). Taking into consideration the importance of service sector for developed countries, the researchers were encouraged to deal with the service sector in the banking industry in Iraq due to its unstable security context.

Banking sector all over the world represents one of the most important fields of the service industry. The banking business is almost as old as the civilization itself. The main functions of the banks were related to granting of loans to persons or the state in times of crisis. Banks in Iraq, these days, offer a variety of services ranging from opening a savings account to granting loans, selling insurance to providing locker facilities and transferring money abroad. Their customers come from all classes of society, some of whom are involved in business activities all around the world. It is natural to expect that private banks have to attract customers belonging to different social groups. The banking business has, therefore, become more complex and now it requires specialized skills. People working in private banks act as a bridge between the bank and the customer. They are the individuals who deal with customers directly and are the first persons who know what the needs of the client are. Needs and expectation of customers are important for satisfaction, repatronage intention and positive word-of-mouth of customers (Turan, Bük, 2016; Zakaria et al., 2010). Considering the fact that the difference between expected and perceived service quality gives the customer satisfaction (Parasuraman, et al., 1988), it could be claimed that service quality concept is also vital for customer loyalty.

Presenting quality services will give a sustainable competitive advantage to a different type of business (Warraich et al. 2013; Baumann et al. 2017). Subsequently, it enhances the perceived value and customer service loyalty level towards these financial organizations. Much empirical evidence may be found in the literature all over the world investigating the relationship among service quality, perceived value, and customer service loyalty (Parasuraman and Grewal, 2000; Ogunnaike and Olalekei, 2010; Kaur and Kiran, 2015; Hapsari et al., 2017). Furthermore, the mediating role of perceived value in the relationship between e-service quality dimensions (ease of use, care, product portfolio, and reliability) and customer loyalty was investigated by Jiang et al. (2016). In addition, some research on the effect of service quality on perceived value and customer service loyalty has been conducted in developed countries, but such studies have not been much conducted in countries with unstable security context. Iraq has been afflicted adversely by a severe war for more than three years and the whole country is suffering from unstable security situation which makes the economic mechanisms work abnormally compared to other countries. In brief, the primary aim of the present research is to fill the literature gap in the service sector in an irregularly unstable security situation.

2. Conceptual Framework

2-1 Service Quality:

Sometimes the word quality is used to explain services or products. It implicitly includes a different meaning for different people and institutions; therefore, it is difficult to find a general definition. There are a lot of definitions for the expressions in the literature in order to establish a general understanding. The concept of quality was related largely to products. Therefore, quality issues have become an influence in the production era and a large number of quality definitions possess product features. Ozatac et al. (2016) assured that service quality is the evaluation of customers' expectations that have been fulfilled and how good the service level delivered was. Davis et al. (2003) clarified how quality was initially viewed as a defensive mechanism but it is recognized as a competitive weapon to developing new markets as well as growing market share. Yarimoglu (2014) said quality means innate excellence. She stated that "quality is a mark of uncompromising standards and high performance, entirely recognizable, and recognized only through experience".

The service concept is an essential element of processes for service design, innovation, and development (Scheuing and Johnson, 1989). Edvarsson et.al. (2000) defined the service concept as a detailed description of the client needs to be satisfied, how the customer is to be satisfied, what is to be done for the customer, and how this is to be accomplished.

Characteristics of Service:

Awara and Anyadighibe (2014) clarified the rationale for a separate treatment of services and marketing and centered on the presence of a number of features of services which are cited in the literature: intangibility, the inseparability of production and consumption, heterogeneity, perishability, and interaction.

a. **Intangibility:** The major difference entirely cited by Bateson (1995) and Lovelock (1999) is intangibility. This is true because services are performances rather than objects; they couldn't be seen, tasted, felt or touched in the same way in which goods could be sensed. Intangibility is the critical goods-services superiority from which all other differences emerge. Lehtinen and Järvinen (2015) stated that services are in general considered intangible by nature. Nevertheless, no services are purely intangible.

b. **Inseparability:** Inseparability of consumption and production requires the simultaneous consumption and production which distinguishes most services. While goods are first produced, then sold and consumed, services are first sold, then provided and consumed concurrently (Zeithaml, et al, 2006). Because the customer has to be present through the production of various services, inseparability "drives the buyer into intimate connection with the process of the production". Nevertheless, there are services which do not inevitably follow the inseparability philosophy such as the services of insurance which are occasionally marketed and produced independently (Ylikoski and Järvinen, 2011).

c. **Heterogeneity:** Awara and Anyadighibe (2014) explained that heterogeneity involves the potential for high variability in the performance of the services. The quality and nature of a service may vary from customer to customer, from one producer to another, and from day to day. Heterogeneity in service production is a critical problem for labor concentrated services. Zeithaml et al. (1985) stated that heterogeneity indicates the potential for tremendous variability in the service offering.

d. *Perishability:* Generally, services cannot be stored and moved forward to a future time period (Rathmell, 1966; Donnelly, 1976; and Zeithaml et al., 1985). It means that services cannot be saved (Zeithaml et al., 2006). Because services are achievements that often cannot be stored, services firms frequently find it challenging to synchronize demand and supply. Awara and Anyadighibe (2014) suggest that each different characteristic of services creates distinct problems for service marketers and necessitate appropriate strategies for dealing with them.

e. *Interaction:* Lehtinen and Järvinen (2015) clearly explained that the interaction between providers and customers is mainly achieved during the service appointment. Some service researchers have selected this interactive character in their definitions. Lovelock (2001) defines services "as an action or performance submitted by one party to the other party. Grönroos (2000) also stresses the interaction between service providers and customers.

The Concept of Service Quality:

Wisniewski (2001) concluded that service quality is a concept that has aroused significant interest and discussion in the research literature because of the challenges in both defining it and measuring it with no total consensus emerging on either. Authors stressed the extent to which a service fits customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). Parasuraman et al (1985) and Lewis and Mitchell (1990) defined service quality as the difference between perceived service and customer expectations of service; thus, if expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs.

The Importance of Service Quality:

Elmayar (2011) explained the importance of service quality which shows that good service quality has positive influences on business performance. Giving a good level of service to clients is necessary for achieving survival and success in the competitive world (Wang et al., 2003). Furthermore, Julian and Ramaseshan (1994) stated that "providing a high quality of services and products is a necessity.

Customer Expectations, Perceptions and Satisfaction

Zeithaml and Bitner (2003) clarified the fact that "customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judged". They explained also that "customers compare their perceptions of service delivery with these reference points when evaluating service quality and therefore knowing what customers expect is critical in gaining the competitive advantage". Failure to recognize the levels of service customers expect could mean losing a client to competitors that are able to satisfy customers' expectations and hence face the danger of losing business (Zeithaml and Bitner, 2003). Parasuraman et al (1991) classify customer service expectations into two levels: adequate and desired. The adequate customer expectation level is the level of service the client can only "accept" without being too convinced with it, whereas the service expectations desired level is a state of service the client desires to obtain.

Zeithaml, et al (2006) insist that perceptions are considered always in relation to expectations. Zeithaml and Bitner (2003) observed that perceptions are created through customers' estimate of the quality of service provided by an organization and whether they are satisfied with the total service. Zeithaml, et al. (2006) argued that because perceptions could shift over time and therefore it is important for organizations to continually estimate

customer perceptions. Strydom, et al. (2000) defined customer perception as the process of organizing, receiving and assigning meaning to stimuli or information discovered by the customer's five senses and opined that it provides meaning to the world which surrounds the client. Parasuraman et al. (1988) defined perceived quality as a "form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance".

Satisfaction is defined as a judgment whether a service or product characteristic (or the product or service itself) produces a pleasurable level of consumption-related fulfillment (Zeithaml and Bitner, 2003). Choi and Chu (2001) consider satisfaction an evaluation by customers that the service or goods they have received are at least as good as it is assumed to be. Cronin and Taylor (1992) claimed that customer satisfaction is critically important as it reflects individual customer evaluations of the attribute performance correlated with the consumption experience.

Service Quality (Gap Model):
Parasuraman, Zeithaml, and Berry were the pioneer in services quality research. They observed gaps between executives' perceptions and consumers' perceptions about the same service quality, which gave rise to a five gap model as shown in Figure 1 below:

Gap (1) indicates various perceptions between clients and managers.

Gap (2) concerns the variation between the services real specifications and managers' perceptions about costumer's needs.

Gap (3) involves the difference between what is actually delivered and services specifications.

Gap (4) deals with the variation between what was communicated to the service and the service delivered.

Finally, the **gap (5)** concerns the variation between customers' expectations about the service and customer's real perceptions regarding the service produced. Then, a service that exceeds customers' expectations generates a favorable quality perception, while a service that does not match clients' expectations generates an unfavorable and frustration quality perception (Parasuraman et al, 1985).

Hernon and Nitecki (2001) mentioned that the fifth gap -the difference between customers' perceptions of what a service should deliver and how well that service meets idealized expectations - is the conceptual basis for SERVQUAL. Zeithaml et al. (1990) designed SERVQUAL as a general instrument that may be slightly modified for use in any particular service industry. It is the most popular method for the measurement of the fifth Gap. According to (Parasuraman et al., 1988), service quality is a function of perceived process quality, pre-purchase customer expectation, and perceived output quality.

Parasuraman et al. (1988) announced that the new instrument consists of two key terms: SERV - service and QUAL - quality. They stated that the respondent is asked to rate her/his perceptions and expectations of performance and the results are then used to distinguish negative or positive gaps. On the other hand, Cronin and Taylor (1994) concluded that the performance-only approach estimates service quality through enquiring about the consumers' level of satisfaction with the different characteristics following a service encounter. Cronin and Taylor (1992) developed SERVPERF model (service performance) that ignores the expectation and measured service quality perceptions by assessing the customer's overall feeling towards the service. The Present research will apply the SERFPERF model for assessing the service quality which will measure the five major dimensions of service quality, rather than SERVQUAL model.

Dimensions of Service Quality:

Service quality has a five-dimensional construct, perceived service quality tangibles, assurance, reliability, responsiveness, and empathy, as the tools for estimating service quality (Parasuraman et al., 1988, Zeithaml et al, 1990).
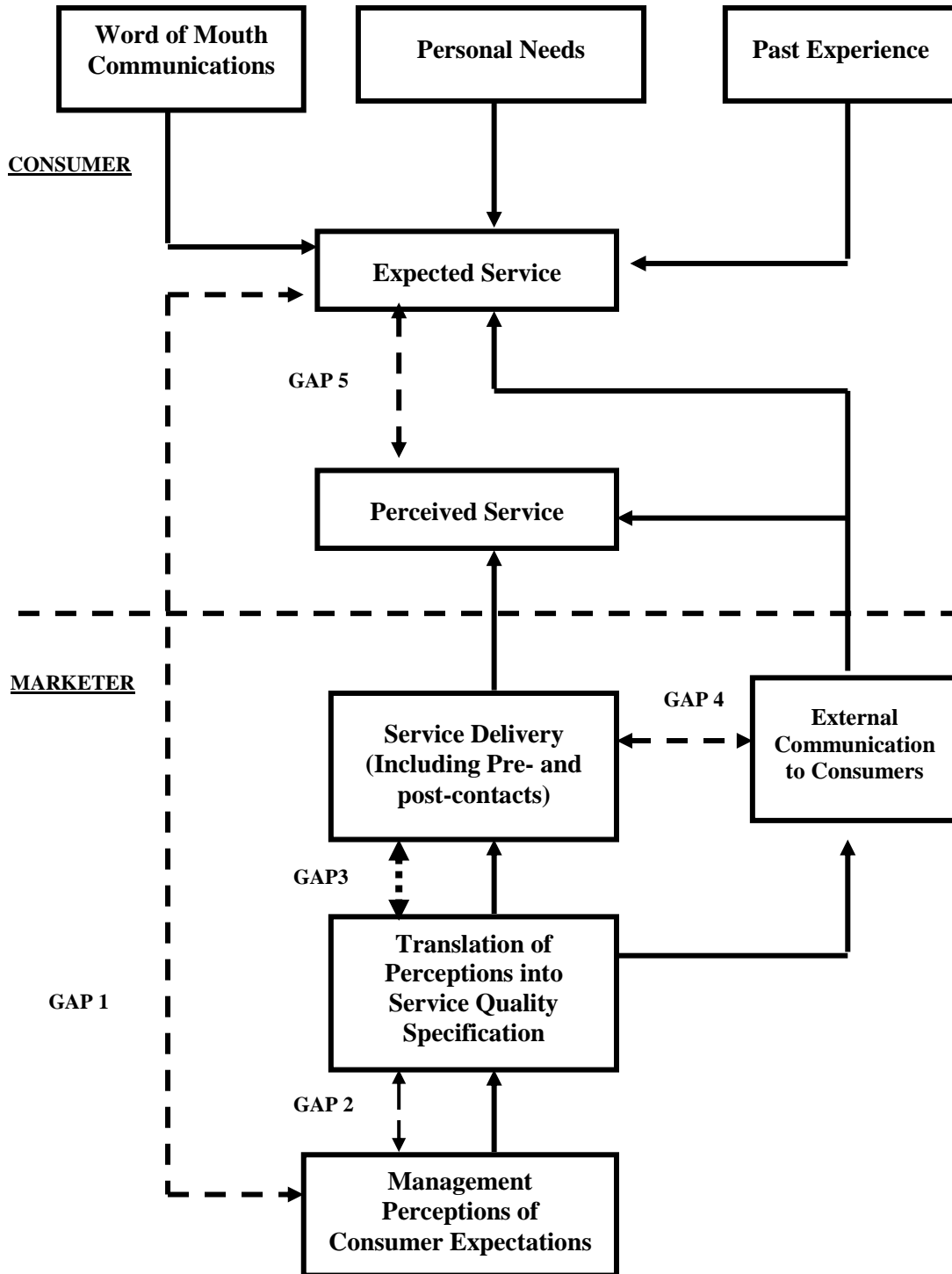

Figure 1: Service Quality Model (Gap Analysis)

Adopted from Parasuraman, A., Zeithaml, V.A. & Berry, L.L. 1985. A conceptual model of service quality and its implications for future research. **Journal of Marketing**, 49, 4, 41-50.

a. ***Reliability:*** Reliability depends upon handling customers' services problems; performing services right the first time; providing services at the promised time and maintaining an error-free record.

b. ***Responsiveness:*** Responsiveness is "the willingness or readiness of employees to provide service". It includes timeliness of services. Responsiveness is also included understanding wants and needs of the clients, convenient operating hours, individual attention given by the staff, attention to problems and consumers' safety in their transaction (Kumar et al., 2009).

c. ***Empathy:*** Empathy is "the caring and individual attention the firm provides to its customers". They explained that empathy includes providing customers with individual attention and employees who recognize the needs of their clients and convenience business hours.

d. ***Assurance:*** Assurance is "knowledge and courtesy of employees and their ability to inspire trust and confidence. Assurance is ensured when the service becomes safe, and the customer information gets protection

e. ***Tangibility:*** Tangibility is "the appearance of physical facilities, equipment, personnel, and written materials". Al-Azzam (2015) clarified the point that the tangibility includes physical facilities, the firms' representatives, materials, and equipment as well as communication materials. Fitzsimmons and Fitzsimmons, (2001) stated that physical environmental conditions appeared as clear evidence of the care and attention paid to the details given by the service provider.

Criticisms of the SERVQUAL Instrument:
Notwithstanding its popularity and widespread application, SERVQUAL has been subjected to a number of theoretical and operational criticisms (Cronin and Taylor, 1992, 1994), and (Snipes and Thomson, 1999) etc. Buttle (1996) divided these criticisms and controversies into theoretical parts (paradigmatic objections, gaps model, process orientation, and dimensionality) and operational parts (expectations, item composition, moments of truth, polarity, scale points, two administrations, and variance extracted). Despite its shortcomings, SERVQUAL seems to be moving rapidly towards institutionalized status (Buttle, 1996). As Rust and Zahorik (1993) have observed that the general SERVQUAL dimensions should probably be put on the first pass as a list of attributes of service. These criticisms indicate that there is still a need for fundamental research.

2-2 The Perceived Value:
Mazid (2012) explained that value was determined as a consequence of demand and it was conceptualized in 1871 by Carl Menger (2004). Menger (2004) detailed the subjective basis of economic value, the theory of marginal utility (the greater the number of units of a good that an individual possesses, the less he will value any given unit). Ulakoonja (2011) stated that value is then determined by demand side characteristics rather than a value determined by the cost of production. Babin et al (1994) stated that the term 'value' has been used in many different contexts, reflecting its multifaceted nature. The concept of value is one of the most overused and misused concepts in social sciences in general and in marketing/management literature, in particular (Khalifa 2004). Value means different things to different stakeholders of the firm. The customer value can be argued to mean consumer surplus or colloquially 'value for money'.

The Concept of Perceived Value:

Huber, et al. (2001) stated that perceived value is defined in different ways as the value concept is complicating and multifaceted with many interpretations, emphases, and biases. The value of products can be viewed as the tradeoff between what the product can present to the customer and what the customer has to spend to buy the products as Zeithaml (1988) concluded. Gumussoy and Koseoglu (2016) explained that customers want to pay less for higher quality products. If customers get higher quality services with less payment, the value perception of the customers will also enhance. Bolton and Lemon (1999), Yang and Peterson (2004) expressed their claim that the equity theory discusses how a customer evaluates right, reasonable, or deserved values for the perceived cost of the offering, including nonpecuniary sacrifices and pecuniary payments, such as energy consumption, time consumption and stress suffered by a client. Jang (2015) stated that although there are minor differences in the definition of perceived value, writers generally present it as an individuals' overall evaluation of both monetary and non-monetary considerations regarding the goods or service, on the foundation of a trade-off between the sacrifices required and relative benefits, to obtain such benefits as Oh (2000), Yang and Peterson (2004) and Zeithaml (1988) explained.

Customer Perceived Value:

Zeithaml (1988) defined customer perceived value as the consumer's overall evaluation of the utility of a commodity based on perceptions of what is gained and what is granted. Customers perceived value as a customer's perceived preference for an evaluation of those attribute performances and consequences arising from the use of the facilitates or blocks reaching the customer's objectives and purposes in use cases (Woodruff, 1997). Customer-perceived value from the perspectives of psychology, axiology, economics, and marketing creates a more holistic understanding of the concept.

Perceived Value Dimensions:

Šapić et al (2014) clarified the way by which the value of a product or service will be assessed depending upon the customer's personal assessment. They stated that some customers may find a specific product insignificant, while for the others, it might be very important. They emphasized that it is crucial to determine how important the reputation of a service company to customers is and to what extent it influences their purchasing decision.

Another important dimension in assessment of the value of services or products represents the value for money. It is most often identified with economic value. Customers determine it also by comparing the benefits they receive through purchasing a service and costs required for obtaining the same. It can be seen that customer investigation started with a cognitive direction of decision making. In other words, researchers have focused on object or experience which might be seen to be valued for its own sake (Cengiz and Kırkbır, 2007).

Grewal et al. (1998) emphasized that perceived value might be separated into two parts: acquisition and transaction value. They specified that acquisition value is the net benefits which are obtained from the products or services, and the transaction value is the perceived psychological content obtained from a good treatment. Another approach asserted by some researchers, for example, Woodruff (1997) and De Ruyter et al. (1997) is grounded on the multidimensional aspect of perceived value. Roig et al. (2006) stated that this view of

value which examines more closely subjects related to the customers' selling treatment takes this concept as a composition of some dimensions, such as functional dimension, effective dimension.

Mattson (1991) asserted that perceived value concept is multidimensional and might be divided into two parts: cognitive and effective aspects, whereas Grönroos (1997) stated that it can be divided into cognitive and emotional (psychological) aspects.

The multidimensional customer value method is more suitable for the retail banking service sector (Ivanauskienė et al., 2012). Roig et al. (2006 and 2009) put ahead a perceived value construct in the banking industry with six dimensions: 'the functional value of the installations of the establishment (bank entity)', 'the functional value of the contact personnel', 'the functional value of the service (quality)', 'functional value price', 'social value' and 'emotional value'.

They also stated that functional value of the service is the most significant while creating customers' loyalty when the emotional value is the second factor in the order of importance.

Ivanauskienė et al (2012) found out that many researchers agree on the three main dimensions of customer value in the banking sector. The researchers will explain these three major dimensions below in some detail since they will be dependent upon the mentioned values in the analytical part of the study:

a. *Functional Value:* Sheth et al. (1991) stated that functional value can be defined as "the perceived utility obtained from an alternative's capability for functional, utilitarian or physical achievement". Mazid (2012) stated that functional value is built on the utility acquired via satisfying an easy physiological need. The functional value was considered for a long time, the only value dimension because it is the base for the standard economic theory and hence for the rational economic person or homo economics (Ulakoonja, 2011; Campus, 1987).

b. *Social Value:* Kosonen (2014) mentioned that social value is defined as "the perceived social utility gained from an alternative's connection with one or more particular social groups". The social value of the service or product is acquired through connection with positively or negatively conventional socioeconomic, cultural-ethnic and demographic groups (Sheth et al., 1991). Social value defined social value as the value that people set on the differences they experience in their lives. It clarified the point that instances of social value could be the value which people experience from raising their confidence, or from living close to a community park.

c. *Emotional Value:* Sheth et al. (1991) explained that emotional value is "the perceived utility obtained from an alternative's capability to stimulate feelings or effective states". Cadden and lueder (2012) asserted that emotional value is obtained from the capability to provoke an emotional or an effective response. They stressed that this could cover a broad range of emotional responses. Some companies try to remind clients of a particular emotional situation. The emotional value can be the perceived utility gained when the good moods or other effective situations arise. He asserted that almost all kinds of products create emotional feelings to occur. Emotional value (experiential value) is the perceived utility of a product built on the feelings or effective situations. The emotional value of a product is obtained from particular feelings which a customer associates with it (Mazid, 2012).

2-3 Customer Service Loyalty
The Concept of Loyalty:

Gramer and Brown (2006) presented a definition of loyalty, viz, the degree to which consumer shows repeat buying behavior of a service provider has a mood or tendency of positive attitude approaching service providers and the only study using this service provider while there is a need to use the service. Afifah and Asnan (2015) stated that loyalty represents a condition when the consumer would be devoted to purchasing again continuously. They explained that a loyal customer is not just a buyer that makes repeat purchases, yet also the one who keeps a positive attitude approaching service providers. Oliver (1999) defines loyalty as *"a strongly held commitment to rebuy or repatronize a chosen service/product consistently in the future, through causing repeated same brand or same brand-set buying, in spite of situational impacts and marketing efforts having the possibility to produce switching behavior"*. In general, loyalty development is an objective that traditionally is aimed at by managers (Andreassen, 1999), for it creates greater future purchase intention. Particularly, loyalty could be defined as a customer's intention or preference to purchase from the same establishment again (Edvardsson et al., 2000), resulting from the faith that the value gained from one seller is larger than the value available from different alternatives (Hallowell, 1996).

Customer Loyalty:

Minh and Huu (2016) stated that customer loyalty can be defined as the closest step to the repurchasing behavior of customers. Fraering and Minor (2013) clearly defined customer loyalty as the consequence of agreement of positive emotional activity, cognition, affection, and satisfaction of costumer. They also concluded that customer loyalty can be linked to fortitude and sense of virtual association towards the customer satisfaction. Oliver (1997) stated that customer loyalty can be defined as "*a deeply continued commitment to re-buy or re-patronize a selected product offering consonantly in the future, in spite of situational impacts and marketing efforts possessing the potential to produce switching behavior*". Koduah and Farley (2016) assumed that the customer is decided to repeatedly patronize a service or product and less likely to shift to a competitor brand in spite of attractive marketing efforts to attract new customers.

Loyal customers typically perform greater value to a firm (Boonlertvanich, 2011). Amin and Isa (2008) also observed that productive relationship marketing strategy assists the organization in recognizing customers' needs, so the organizations can help their customers better than their rivals, which ultimately leads to cost decline and customer loyalty.

Levels of Loyalty:

Oliver (1999) gives a loyalty at four different levels. Each of them has its own factors. These different factors cause different customers' loyalty, and the loyalty levels are described below:

a. *Cognitive loyalty:* Oliver (1999) explained that it is the first level of loyalty. The main factor is the information about the product: price, quality, etc. Evanschitzky and Wunderlich (2006) emphasize that cognitive loyalty depends on customers' experience.

b. *Emotional loyalty:* This dominates a positive relation to brand or product. Oliver (1999) says that when the wants are met, this causes satisfaction and then emotional loyalty. He asserted that loyalty is an emotional expression.

c. **Behavior loyalty**: Loyalty calls action. This loyalty level is stronger than the emotional loyalty. Despite this fact, this loyalty level may be affected. It is possible that customers may search alternatives when something negative emerges.

d. **Action loyalty**: This loyalty level is realized when customers look for products they want despite all effort they will need to do. This customer retention is called an action of inertia (Oliver 1999).

The Benefits of Customer Loyalty and Loyalty Benefits for Customer

Reichheld (1993) stated that while a company consistently performs superior value and gains customer loyalty, revenues and market share go up, and the cost of obtaining and serving clients goes down. Nevertheless, it is not solely the organization that gains from loyalty but clients benefit as well.

Long-term relationships with service providers decrease risk, ease choice, and present a sense of optimal satisfaction for the client (Cowles, 1994; Gremler and Brown 1996). A long-term relationship with a firm diminishes a customer's perceived risk and promotes customer certainty that the company will not provide an improper or non-performing product, or if such a product is unwittingly sold, the customer is confirmed that the organization shall take effective remedial action (Gremler et al., 1997; Gwinner et al., 1998 and Moriarty et al., 1983). A comprehensive understanding of a client's needs obtained from a long-time association with the service provider decreases the time and effort spent by the customer in providing further information, product needs, and communicating difficulties (Goodwin and Verhage, 1989; Moriarty et al., 1983). Ultimately, customers obtain social benefits of long-term relationships with service providers which include feelings of personal recognition, familiarity, friendship, compatibility, and social support (Adelman et al, 1994; Berry and Gresham 1995; and Goodwin and Verhage 1989).

Essential Dimensions of Customer Loyalty:

According to Bobâlcă (2013), the formation of loyalty dimensions can be of three parts depending on the conclusions of the study since there are three main approaches to this formation:

a. **Uni-dimensional approach**: Bobâlcă (2013) described that since 1970, loyalty represented only a repatronage behavior. He stated that brand loyalty was described solely in terms of results, viz, (repeating the purchase) and not of causes. Jacoby and Kyner (1973) explained that loyalty is a repeated non-random purchase of a brand from an assortment of alternative brands, as a result of an unplanned evaluation process.

b. **Bi-dimensional Approach:** Loyalty represents a relationship between behavior and attitude. The approach of loyalty as a bi-dimensional construct eases the identification of various customers segments, in accordance with their loyalty level and the development of marketing strategies which are specially designed for acquiring particular classes of customers (Bobâlcă, 2013) and (Baloglu, 2002).

c. **Multi-dimensional Approach:** In previous years, loyalty approach was improved, from bi-dimensional view to multi-dimensional view: cognitive, conative, affective, and behavioral loyalty. The concepts of cognitive, conative, and effective were the subjects of several types of research in the consumer behavior area (Åkerlund, 2004). Dick and Basu (1994) also considered the three loyalty dimensions (cognitive, conative, and effective) that influence the repeated purchase (the behavior). Oliver (1997) proposed several aspects of loyalty display not

simultaneous but sequentially. He also affirmed that customers firstly became loyal at a cognitive level, then effective and conative, and this order must be taken into consideration for studying the reasons for clients' defecting level. Bobâlcă (2013) supports a multidimensional approach that has the strongest and the broadest perspective. He indicated that it is hard to build scales to assess all dimensions of loyalty, for various types of products and services, but this work has to be done in order to get relevant results.

Service Loyalty:

Dick and Basu (1994) concluded that with respect to service loyalty, perceived service quality is frequently regarded as a fundamental antecedent. Nevertheless, Gremler and Brown (1996) stated that there are many reasons why conclusions in the area of product loyalty cannot be generalized for service loyalty. In the service settings, Dick and Basu (1994) opined that intangible characteristics such as reliability and confidence might play the main role in creating or maintaining loyalty. Plenty of service organizations have improved customer loyalty programs as a component of relations developing activities. Bloemer et al. (1998) explained that in the service field, loyalty is defined in an expanded form as "observed behaviors". Caruana (2002) claimed that behavior is a full representation of loyalty to the brand and not only in thoughts. Loyal behavior cannot offer a complete conception of major causes of loyalty. Meantime, in their description of this approach, Ostrowski et al. (1993) and Bloemer (1999) point to the first service or product that an individual selects amongst products and services.

Dimensions of Service Loyalty:

Lee and Zeiss (1980) concluded that, in addition to the attitudinal and behavioral approach to customer loyalty, it is argued that there is also a cognitive view to customer loyalty. They stated that customer loyalty is often operationalized as the service or product which first comes to mind during the making of a purchase decision, the service or product that is a customer's first select among alternatives, or price tolerance. Consequently, Bloemer et al. (1999) emphasized that operationalization of service loyalty could have to study behavioral, attitudinal and cognitive aspects in the evolution of a composite index.

Median (1996) argued that the extent of loyalty in banking should be measured by "tracking customer's accounts across a limited time period and noting the extent of continuity in patronage". The behavioral approach to loyalty might not generate a full insight into the underlying causes for loyalty; preferably, it is a consumer's organization in terms of intentions or preferences that plays a significant role in determining loyalty (Bloemer and Kasper, 1995; Jain et al., 1987).

Bloemer et al. (1998: 276) define bank loyalty as the biased (i.e. non-random) behavioral response (i.e. revisit), revealed over time, by some decision-making unit with regard to one bank out of many other banks, which is a function of psychological (decision-making and evaluative) processes occurring in brand commitment. He emphasized that the important part of the definition of bank loyalty is the bank commitment. The commitment of the bank is the binding or pledging of a person to his/her bank selection (Bloemer et al., 1998; Kiesler, 1968; and Lastovicka and Gardner, 1977). As a result of clear and thorough decision-making, as well as evaluative methods, a consumer will be committed to the bank and accordingly, becomes bank loyal.

3. The methodology

3-1 Statement of the problem:

The case of liberalization and globalization have resulted in fierce competition among firms and industries. The Iraqi banking sector has 7 state banks, 12 Islamic, 12 foreign and 47 private banks. These private banks are not differentiated from others particularly with the proliferation of banking and financial institutions in the country after the year 2003.

The studies on service quality, perceived value and customer loyalty in service sector like banking have been drawing considerable attention in this era. There is a need for more authentication of service quality, perceived value and, customer loyalty in service sector like banking particularly for developing countries like Iraq.

High customer satisfaction does not automatically mean greater customer loyalty. Yet, the assumption that a satisfied customer is predominately passive and in a transitory state does not reflect the entire spectrum of involvement the customer has with the company. Many times, the customer who is merely satisfied could be open to the next better opportunity or lower price.

In order to enhance customer loyalty, it is essential that the full extent of the relationship that customers have with a company has to be completely understood by taking into consideration the other effective variables, such as service quality and perceived value, which play a significant role in reinforcing customer service loyalty, and the research will show the mediation effect of the perceived value between service quality and customer service loyalty.

3-2 Objectives of the Study and Hypotheses:

The main objective of the research is to measure and analyze the mediating role of perceived value on the relationship between service quality and customer service loyalty in the Iraqi Middle East Investment Bank and the Commercial Bank of Iraq in Baghdad Province.

The specific objectives of the study include:

a. Investigating the relationship among service quality, perceived value and customer service loyalty.
b. Identifying the key dimensions of perceived service quality, perceived value and customer service loyalty.
c. Determining the effect of service quality as well as a perceived value on customer service loyalty.

H_1: Perceived value significantly mediates the relationship between service quality and customer service loyalty.

3-3 Participants and Procedures:

Many local researches have been conducted in Iraq related to service quality, perceived value and service loyalty but there is little research available on the mediation effect of perceived value between service quality and service loyalty in private banking sector. Therefore, the researchers chose to select the Iraqi Middle East Investment Bank and the Commercial Bank of Iraq in Baghdad Province to conduct the research. The population of the research comprises of a total of more than 50000 customers for both banks, 31000 for the Iraqi Middle East Investment Bank and 19000 customers in the Commercial Bank of Iraq. The total sample size is 250 individuals after taking into consideration the fact that the confidence level is 99%. The breakdown of the total sample size is 150 customers of the Iraqi Middle East Investment Bank and 100 customers of the Commercial Bank of Iraq. Convenience sampling method was used to reach customers of those banks.

The researchers utilized a number of statistical means to analyze the collected data and to conduct some related statistical tests such as factor analysis, Cronbach's Alpha test, means, standard deviation, Pearson correlation coefficient, the stepwise regression analysis and hierarchical multiple regression. They also applied the SPSS program (version 20) to conduct the statistical tests.

3-4 Measurement Instrument:

The questionnaire is designed in the light of the well-known ready scales of some famous researchers in this specialization. The questionnaire comprises an introduction to explain briefly the subject of the research, its objectives, and the constructions of filling it out, in addition to its four parts. The first part covers the personal information related to the customers (the sample), and the other three parts covered the items related to the 77 variables of the research items. The first 22 items, which are related to the service quality, were adopted from Chanaka Ushantha et al. (2014), and the second 23 items, which are related to perceived value, were adopted from Roig et al. (2006), and the last 32 items, which are related to the major and sub-dimensions of customer service loyalty, were adopted from Jones and Taylor (2007). This questionnaire is designed according to the quinary Likert scale which ranges from 1 (strongly disagree) to 5 (strongly agree). See in Appendix.

Reliability and construct validity were investigated to confirm how consistent and valid (Pekdemir and Turan, 2014) service quality, perceived value, and customer service loyalty scales used in this research were. The item- total correlation analyses were conducted on each scale and no item's correlation coefficient is under 0.20, so exploratory factor analyses were done for the three scales separately.

Six items in service quality, three items in perceived value, and six items in customer service loyalty were dropped. In service quality variable, the reliability dimension and assurance dimension merged in one single dimension. Empathy, responsiveness and tangibles loaded on separated factors as in the original research (Chanaka Ushantha et al., 2014). In the perceived value variable, the dimension of functional value of the establishment (installation) merged with the dimension of functional value contact personnel (professionalism) as in Ivanauskienė et al. (2012)'s research. Functional value of service purchased and functional value of price loaded on distinct factors, and also items of emotional value and social value loaded on their relevant factors parallel with the original scale developed by Chanaka Ushantha et al. (2014). In the customer service loyalty variable, dimensions of repurchase intentions, switching intention and exclusive purchase intention merged together under the behavioral loyalty dimension. The dimensions of the strength of preference and willingness to recommend merged together and altruism loaded on a distinct factor under the attitudinal loyalty dimension. Willingness to pay more, exclusive consideration and service perception loaded on their relevant factors as in the original research of Jones and Taylor (2007), while the dimension of the identification with the bank was dropped. As a result, the final service quality scale explained 77.44 with 0.94 Cronbach alpha value; the Functional Value scale explained 78.27 with 0.93 Cronbach alpha value, the Emotional Value scale explained 72.85 with 0.91 Cronbach alpha value, social value scale explained 73.66 with 0.81 Cronbach alpha value, Behavioral Loyalty scale explained 51.79 with 0.86 Cronbach alpha value, Attitudinal Loyalty scale explained 74.19 with 0.92 Cronbach alpha value, and cognitive Loyalty scale explained 63.42 with 0.75 Cronbach alpha value as shown in Table 1 below. These results showed that the scales were consistent in measuring the variables.

Table 1: Results of Factor Analysis and Reliability Testing						
Variable	Factor Loadings	Mean	Standard Deviation	Variance Explained (In %)	Cronbach Alpha (α)	KMO/ Bartlett's Test
SERVICE QUALITY (16 items)		4.30	0.56	77.44	0.94	0.87/ 0.00
Reliability & Assurance _6	0.98					
Reliability & Assurance _7	0.74					
Reliability & Assurance _5	0.67					
Reliability & Assurance _15	0.56					
Reliability & Assurance _16	0.48					
Reliability & Assurance _17	0.43					
Reliability & Assurance _8	0.60					
Empathy _18	0.88					
Empathy _19	0.81					
Empathy _21	0.64					
Responsiveness _12	0.90					
Responsiveness _11	0.79					
Responsiveness _13	0.42					
Responsiveness _10	0.80					
Tangibles _1	0.56					
Tangibles _4	0.31					
PERCEIVED VALUE		4.41				
FUNCTIONAL VALUE (12 items)		4.43	0.68	78.27	0.93	0.85/ 0.00
Funct. Value of Est. and Per. _24	0.89					
Funct. Value of Est. and Per. _23	0.87					
Funct. Value of Est. and Per. _29	0.78					
Funct. Value of Est. and Per. _30	0.76					
Funct. Value of Est. and Per. _25	0.72					
Funct. Value of Est. and Per. _28	0.71					
Functional Value of Ser. Pur._31	0.83					
Functional Value of Ser. Pri._36	0.75					
Functional Value of Ser. Pur._33	0.54					
Functional Value of Ser. Pur._34	0.53					
Functional Value of Price _35	0.73					
Functional Value of Price _37	0.63					
EMOTIONAL VALUE(5 items)		4.36	0.79	72.85	0.91	0.73/ 0.00
Emotional Value _40	0.95					
Emotional Value _42	0.88					
Emotional Value _39	0.86					
Emotional Value _41	0.85					
Emotional Value _38	0.50					
SOCIAL VALUE (3 items)		4.39	0.69	73.66	0.81	0.656/ 0.000
Social Value _44	0.97					
Social Value _43	0.71					
Social Value _45	0.66					
SERVICE LOYALTY		4.11				
BEHAVİORAL LOYALTY (8 items)		4.31	0.60	51.79	0.86	0.803/ 0.000
Behavioral Loyalty_Exc._54	0.75					
Behavioral Loyalty _Repur._48	0.75					
Behavioral Loyalty _Switc._50	0.71					
Behavioral Loyalty _ Repur._47	0.68					
Behavioral Loyalty _ Exc. _52	0.65					
Behavioral Loyalty _ Exc. _55	0.62					
Behavioral Loyalty _Repur._46	0.62					
Behavioral Loyalty _Switc._51	0.58					
ATTITUDINAL LOYALTY (9 items)		4.25	0.63	74,19	0.92	0,80/ 0,00
Attitudinal Loyalty _Will._61	1.01					
Attitudinal Loyalty _Will._62	0.80					
Attitudinal Loyalty _Stren._58	0.80					

Attitudinal Loyalty _Will._60	0.69					
Attitudinal Loyalty _Stren._57	0.66					
Attitudinal Loyalty _Stren._56	0.60					
Attitudinal Loyalty _Altru._64	0.87					
Attitudinal Loyalty _Altru._65	0.84					
Attitudinal Loyalty _Altru._63	0.55					
COGNITIVE LOYALTY (9 items)		3.76	0.48	63.42	0.75	0.50/ 0.00
Cognitive Loyalty _Will.Pay_68	0.81					
Cognitive Loyalty _Will.Pay_67	0.69					
Cognitive Loyalty _ Will.Pay_69	0.69					
Cognitive Loyalty _ Will.Pay_66	0.44					
Cognitive Loyalty _Per.76	0.82					
Cognitive Loyalty _Per.74	0.68					
Cognitive Loyalty _Per.77	0.55					
Cognitive Loyalty _Exc.Co._70	0.58					
Cognitive Loyalty(R)_ Exc.Co._71	0.44					

4. Results

The important finding of the correlation among the variables of the research was well represented in Table 2. It showed that there were significant correlations among all the variables of the research and also significant correlations among the whole main dimensions of these variables. Some of the sub-dimensions of customer service loyalty within the main dimensions had no correlations with the other main dimensions of service quality and perceived value. This table indicated that the correlation between total service quality variable and total customer service loyalty variable was 0.836, and the correlation between total perceived value variable and total customer service loyalty was 0.851. The correlation between total service quality variable and total perceived value variable was 0.855 at 0.01 significance level.

To indicate which dimensions of service quality are more important to explain customer service loyalty in Iraq banking sector, we conducted stepwise regression analysis. Stepwise methods are frequently employed to select useful subsets of independent variables and to evaluate the order of importance of variables (Thompson, 1995) in order to explain dependent variables.

Table 2: Correlations among Variables and Dimensions

	QRelAss	QEmpat	QRespon	QTangib	FVEstPers	FVSerQua	FVPrice	EmoV	SociaV	FuncValue	BehLoy	ALStrPWill	ALAltru	AttiLoyal	CLWill	CLPerServ	CLExclus	CogLoyal	ServQual	PercValue	ServLoyal
QRelAss	1																				
QEmpat	,618**	1																			
QRespon	,699**	,459**	1																		
QTangib	,702**	,481**	,616**	1																	
FVEstPers	,807**	,581**	,780**	,611**	1																
FVSerQua	,844**	,486**	,675**	,593**	,661**	1															
FVPrice	,608**	,466**	,425**	,657**	,535**	,531**	1														
EmoV	,838**	,472**	,761**	,542**	,791**	,769**	,468**	1													
SociaV	,685**	,455**	,800**	,518**	,776**	,662**	,518**	,812**	1												
FuncValue	,883**	,606**	,736**	,735**	,869**	,845**	,826**	,792**	,769**	1	,										
BehLoy	,812**	,439**	,753**	,625**	,756**	,820**	,522**	,853**	,749**	,817**	1										
ALStrPWill	,744**	,442**	,749**	,617**	,776**	,679**	,623**	,804**	,774**	,819**	,814**	1									
ALAltru	,665**	,616**	,682**	,657**	,665**	,556**	,473**	,651**	,556**	,667**	,683**	,689**	1								
AttiLoyal	,765**	,580**	,777**	,694**	,781**	,668**	,593**	,788**	,718**	,805**	,811**	,911**	,927**	1							
CLWill	.095	,501**	,177**	-.052	,171**	.119	.110	.103	,170**	,159*	.049	,134*	,164**	,163**	1						
CLPerServ	,537**	,217**	,465**	,373**	,469**	,575**	,241**	,532**	,452**	,496**	,567**	,469**	,452**	,501**	.007	1					
CLExclus	-.085	-.045	-.065	-.003	-,137*	-.037	,198**	-,177**	-,163**	.014	-,128*	-,151*	-.026	-.093	.118	.035	1				
CogLoyal	,278**	,338**	,294**	,168**	,249**	,340**	,303**	,224**	,223**	,349**	,245**	,222**	,304**	,288**	,578**	,550**	,688**	1			
ServQual	,902**	,791**	,825**	,817**	,832**	,775**	,639**	,780**	,735**	,882**	,780**	,758**	,785**	,840**	,242**	,470**	-.061	,331**	1		
PercValue	,861**	,543**	,826**	,634**	,870**	,812**	,632**	,945**	,929**	,908**	,870**	,859**	,672**	,828**	,152*	,533**	-,127*	,279**	**,855****	1	
ServLoyal	,797**	,572**	,782**	,646**	,770**	,778**	,601**	,806**	,730**	,842**	,889**	,845**	,824**	,907**	,295**	,664**	,139*	,582**	**,836****	**,851****	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

As is seen in Table 3, results show that 'reliability and assurance', 'responsiveness' as well as 'empathy' dimensions of service quality explained 86% total variances of the customer service loyalty (Model 1). The next step of the analysis, Model 2, indicated that one of the least important independent variables was excluded (empathy) and 'reliability and assurance' together with 'responsiveness' explained 85% of total variance of customer service loyalty. The final step, subsequent least important variables (responsiveness), was excluded, so only the dimensions of 'reliability and assurance' explained approximately 80% variance of the customer service loyalty (Model 3).

Table 3: Regression Models for Service Quality and Customer Service Loyalty

	R	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Model 1	0.861[a]	0.739	0.23501	
Model 2	0.857[b]	0.733	0.23785	
Model 3	0.797[c]	0.634	0.27828	1.805
Independent Variables:				
Model 1: (Constant), Reliability and Assurance, Responsiveness, Empathy;				
Model 2: (Constant), Reliability and Assurance, Responsiveness;				
Model 3: (Constant), Reliability and Assurance				

Table 4 indicates the results of stepwise regression analysis employed to attain the effect of perceived value on customer service loyalty. Model 1 represents that customer service loyalty could be explained with functional and emotional values (social value was excluded from the analysis because of the non-significant results). Functional and emotional values explain approximately 80% of variances of the customer service loyalty. The next step, least important variable (emotional value) was excluded, so evidence showed that merely functional value explained 75% variance of the customer service loyalty (Model 2).

Table 4: Regression Models for Perceived Value and Customer Service Loyalty

	R	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Model 1	0.872[a]	0.759	0.22572	
Model 2	0.842[b]	0.707	0.24883	1.706
Independent Variables:				
Model 1: (Constant), Functional Value, Emotional Value				
Model 2: (Constant), Functional Value				

The effects of the variables of the research were well represented in Table 5. This table shows that the effect of total service quality variable on total service loyalty variable was represented by F value which was 575.200 at a significance level of 0.01, and the coefficient determination of R^2 is 0.698 which represents 69.8% of the effect, and the effect of total perceived value variable and total service loyalty is represented by F value which is 767.776 at significance level of 0.01 and the coefficient determination of R^2 is 0.724 which represents 72.4% of the effect. The effect between total service quality and total perceived value variable is also represented by

F value which is 672.792 at a significance level of 0.01 and the value of R^2 is 0.731 which represents 73.1% of the effect[*].

Table 5: The effect of Service Quality on Perceived Value and Customer Service Loyalty

		Service Quality	Perceived Value
Customer Service Loyalty	**Sig.**	0.00^b	0.00^b
	F	575.200	767.776
	R^2	0.698	0.724
Perceived Value	**Sig.**	0.000^b	
	F	672.792	
	R^2	0.731	
b. significant at 0.01			

The research has examined the mediating role of perceived value on the relationship with service quality and customer service loyalty, and the correlation among the variables of the research and it attempts to investigate whether the hypothesis of the research is confirmed and related to the association of the research variables. This hypothesis was formulated according to the problem of the research and the main hypothesis stated that perceived value mediated the relationship between service quality and customer service loyalty. The results of the mediation analyses were shown in Table 6. The first step regression analysis illustrated that service quality was significantly related to customer service loyalty. The second step shows that there was a significant relationship between service quality and perceived value. The third step analysis indicated that perceived value is related to customer service loyalty when controlling for service quality.

Table 6 : Mediation Analyses of Perceived Value on the Relationship between Perceived Service Quality and Service Loyalty

Main Hypothesis (H₁)				
Hypothesis 1- First Step Regression Analysis				
Dependent Variable: Customer Service Loyalty				
Independent Variable:		**Beta**	**t**	**p**
Service Quality		0.836	23.983	0.000
R = 0.836	**Adjusted R^2**=0.698	**F** = 575.200	**p** =0.000	
Hypothesis 1- Second Step Regression Analysis				
Dependent Variable: Perceived Value				
Independent Variable:		**Beta**	**t**	**p**
Service Quality		0.855	25.938	0.000
R = 0.855	**Adjusted R^2**= 0.731	**F** = 672.792	**p** =0.000	

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[*] These results were attained via enter method of regression analysis, the means of all variables used, so regression coefficient values were differentiated from the stepwise methods'.

Hypothesis 1- Third Step Regression Analysis				
Dependent Variable: Customer Service Loyalty				
Independent Variables:		**Beta**	**t**	**p**
Service Quality		0.402	6.810	0.000
Perceived Value		0.508	8.597	0.000
R = 0.876	**Adjusted R^2**=0.766	**F** = 409.104	**p** =0.000	

Finally, when evaluating the results in the first and third step regression analysis, it could be seen that reducing the beta coefficient of service quality (0.402>0.836) and values were still significant (p>0.01). So H$_1$ was accepted and perceived value partially mediated the relationship between service quality and customer service loyalty.

Conclusion

We reached some conclusions which represent the interpretations of the results determined in the empirical part of the research. After controlling reliability and validity of the scales which were used in the present research, researchers found a significant relationship between service quality and perceived value in the banking industry, which confirms the results that were obtained by Lee and Moghavvemi (2015). This interprets the concern of both managements of the banks with the aim of presenting their services with high quality to create perceived value for their customers. In addition, findings of the research showed that there were significant relations between service quality and customer service loyalty, as in previous research (Brady and Robertson, 2001; Caceres and Paparoidamis, 2007) as well as between perceived value and customer service loyalty. This result is similar to previous studies carried out in banking industry (Roig et al., 2006)

Both service quality and perceived value explain customer service loyalty. The results showed that in order to increase/ decrease customer loyalty, management of banks could manipulate service quality and value perception of the customers. Investigating the effects of service quality dimensions on customer service loyalty, we found out that the most important dimensions of service quality were 'reliability and assurance', 'responsiveness' and 'empathy', respectively. On the other hand, it was indicated that functional value was the most important dimension (as in Ivanauskienė et al. (2012) research findings) and the subsequent one was emotional value to explain customer service loyalty. These dimensions should be taken into account when evaluating the loyal customers of banks.

Another piece of evidence of present research was that perceived value partially mediated the relationship between service quality and customer service loyalty. It means service quality is a predictor of customer service loyalty. This result is similar to previous research carried out by Jiang et al. (2015). Regardless of how much quality a bank offers, quality of service is not enough on its own to enhance customer service loyalty, if customers could not perceive value while they get services. So, improving value perception of customers with quality service is crucial for maintaining customer loyalty.

To summarize, in this paper we have argued theoretically and showed empirically that perceived value is a key factor in mediating the relationship between service quality and customer service loyalty. Moreover, the boards of directors of private banks in Iraq should implement programs that improve customer loyalty to create and perpetuate long-lasting relationships with their customer in order to enhance the competitive advantage and improve their profitability.

This research provides a comprehensive framework for the mediating role of perceived value on the relationship between service quality and customer loyalty. In the light of the findings of this research within the Iraqi unstable security context, we can generalize that conducting such research may encourage other researchers to conduct further researches in the Iraqi banking service sector despite unstable circumstances. Therefore, this study is so important and adds much to the literature and create the need for conducting such researches in unstable contexts all over the world.

It also provides innovative ways to improve service quality to customers and revise the currently provided services by the banks, if necessary, since this role of the perceived value as a mediator can be an innovative driver for presenting an excellent financial services for their customers. Therefore, the Boards of Directors of the private banks in unstable security contexts can get data and information on the major variables of the study which will help them to improve their strategies and plans that reinforce their competitive advantage. These findings may help to identify the banks' activities and know the impact of existing banks in the banking industry. The research also guides future researchers by providing baseline further researches which will be more reliable and can be generalized.

Since present research is an explanatory one, more qualitative research is needed in order to further elaborate the elements of service quality, customer perceived value, and customer service loyalty in an unstable security context as well as other contexts and more quantitative research to test the evolving matter of these subjects in private banking services in Iraq.

The important limitation of this study is that it captured perceived value as a mediating variable containing items related to the service quality and customer service loyalty. However, there are monetary and non-monetary costs such as search, costs, time costs, and physical costs. These costs were not included in the research and they could be important variables in consumers' judgments of perceived value. Therefore, other researchers are invited to undertake further research into such quantitative subjects.

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Appendix

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Questionnaire

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SERVICE QUALITY	
Tangibles	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 etc.) are visually appealing at the bank.
Reliability	5) The 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 the very first time. 8) The bank provides its service properly the first time. 9) The bank insists on error free records.
Responsiveness	10) In this bank I do not spend much time waiting in line. 11) The bank's employees are always willing to help. 12) The bank's employees are quick at eliminating potential errors. 13) The bank's employees quickly respond to my requests.
Assurance	14) The bank's employees are trustworthy. 15) I feel safe in my transactions with this bank. 16) The bank's employees are consistently courteous towards me. 17) The bank's employees have the knowledge to answer my questions.
Empathy	18) The bank provides me with an individual attention. 19) This 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) The bank's employees show an understanding of my specific needs.
PERCEIVED VALUE	
Functional value of the establishment (installations)	23) The installations in the bank favor the confidentiality and the privacy of dealings. 24) It seems this bank is tidy and well organized. 25) The installations of the bank are spacious, modern and clean. 26) This bank is easy to find and accessible.
Functional value contact personnel (professionalism)	27) The personnel at the bank know their job well. 28) The personnel's knowledge of the bank is up to date. 29) The information provided by the personnel of the bank has always been very valuable to me. 30) The personnel of the bank have knowledge of all the services offered by the entity.
Functional value of the service purchased	31) The service of this bank as a whole is correct. 32) The quality at the bank has been maintained at all times. 33) The level of quality at the bank is acceptable in comparison with other banks. 34) The results of the service received from the bank are as expected.

Functional value (price)	35) The payment of interest or commission in the bank is fully justified. 36) The service at the bank is good for the expense it incurs. 37) The total cost at the bank that it demands is reasonable.
Emotional value	38) I am happy with the financial services contracted at the bank. 39) I feel relaxed dealing with the bank. 40) The personnel at the bank give me positive feelings. 41) The personnel at the bank don't hassle me. 42) In general I feel at ease when I deal with this bank.
Social value	43) The bank is very well considered at a social level. 44) The reason why I use services of this bank is that it looks good to the people I know. 45) Many people I know deal with the bank.
CUSTOMER SERVICE LOYALTY	
Behavioral	
1-Repurchase intentions	46) I will probably use the services of the bank again. 47) I intend to repurchase services from this bank again in the future. 48) It is possible that I will use the bank's services in the future.
2-Switching intentions	49) There is not any likelihood that I would switch to another bank for banking services. 50) Regardless of the circumstances, I will probably continue making business with the bank. 51) I will certainly stay dealing with the bank in the future.
3-Exclusive purchasing intentions	52) I do all of my business with the bank when I need this type of service. 53) I sometimes give my business to another service provider, rather than this bank that provides the same type of service (Negative) 54) This bank gets the majority of my business when I need this type of service. 55) I deal exclusively with this bank.
Attitudinal	
1-Strength of preference	56) I prefer this bank in comparison to the other service providers in this category. 57) I would rank the bank as #1 amongst the other service providers I listed. 58) The bank provides the best service among the alternatives I listed earlier. 59) Compared to this bank, there are few alternatives with which I would be satisfied.
2-Willingness to recommend	60) I say positive things about the bank to other people. 61) I recommend the bank to someone who asks my advice. 62) I encourage friends and relatives to do business with the bank.
3-Altruism	63) I am likely to do whatever I can to help the bank do better. 64) I purchase services from this bank because I like to give it my business. 65) I will go out of my way to assist the bank.
Cognitive	

1-Willingness to pay more	66) I am likely to pay a little bit more for using the bank. 67) Price is not an important factor in my decision to remain with the bank. 68) If this bank were to raise the price of its services by 10%, I would likely remain. 69) I am willing to pay more for the bank's services.
2-Exclusive consideration	70) I know many banks that provide the same services. 71) I may consider using services of other banks rather than this bank. (negative)
3-Identification with the bank	72) This bank knows a lot about my personality. 73) I think of this bank as "my" service bank.
4-Perceived service	74) Overall, I consider the bank's service to be excellent. 75) I believe that the general quality of this bank's service is low. (reverse) 76) The quality of the bank's service is of a very high standard. 77) The bank provides superior service in every way.

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