

THE ESTIMATION OF BANKING SERVICES QUALITY BY USING THE MYSTERY SHOPPING METHOD

Nistor Razvan Liviu

*Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration
razvan.nistor@econ.ubbcluj.ro, 0264418654*

Zagan Zelter Diana

*Babes-Bolyai University Cluj-Napoca Faculty of Economics and Business Administration
diana.zelter@econ.ubbcluj.ro, 0264418654*

The continuous increase in consumers' expectations as well as fierce competition, is turning quality into a necessary condition for being successful. On long run, the quality of a company services is the most important factor influencing the profit and the surest way of increasing the turnover and the market share, because it allows „attracting new customers, a higher business volume with the existing ones and losing as few clients as possible” The general aim of this study is to offer a practical perspective on the quality of services in order to reinforce certain concepts such as: typology (technical quality versus functional quality), the dimensions and the evaluation of quality. By analyzing the dimensions of quality, the measurement modalities and their improvement, the present research offers instruments for understanding the significance of this „irreproachable service”.

Keywords: *quality, evaluation, banking services, the mystery client*

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1. INTRODUCTION

The Romanian society has undergone serious changes for the last 20 years. Not only did it move from a centralised economy to the market economy, but also from oppression to free expression and manifestation, or from isolation to unlimited access to information. We are experiencing a new social order or, at a better look, a new „social disorder”, where there are no clear value systems.

Philip Kotler used to say: „All companies are service companies. You are not a chemical products company, but a company for serving chemical products.” In other words „everybody serves somebody”, we are all service providers. In the economic environment, this situation demonstrates the necessity of being different from the competition through a different service which exceeds the expectations through superior quality. In the banking environment, which is already characterized by strictness and exigency, this situation demonstrates the necessity of providing an irreproachable service.

2. THE NATURE AND CLASSIFICATION OF SERVICES

K.J. Blois considers that „the service represents any activity that offers benefits without necessarily assuming an exchange of tangible goods”.¹⁹⁹ Philip Kotler defines the term „service” in the following way: „a service is any action or operation that one party can offer to another party and which is essentially intangible and it does not have for a result getting possession of a thing. Its production may or may not be related to an existing product in physical shape”.²⁰⁰ Thus we can retain the following defining elements for services: „benefit-generating activity” and „intangibility”. To these we can add the „personal” character, determined by the inseparability between the activity provided, its provider and its beneficiary. Thus, the services become „personal and immaterial performances”.²⁰¹

Consequently, the banking services can be understood as activities or range of activities (the banking activities) that offer benefits, satisfying the consumers' needs. The service provider is, in this case, the banking institution, and the service beneficiary, the bank client, the consumer of banking products and services. The banking services are placed among those with reduced possibilities of personalization (through the very nature of the products and services). However, the degree in which the contact provider-client ensures personalization is very high. One distinction can be made between: quality as a consequence of the service characteristics and quality as a consequence of the lack of flaws²⁰². Another distinction is made between the technical quality and the functional quality²⁰³ of services. While technical quality expresses the result of the performance (what the client stays with after the interaction with the provider), the functional quality refers to the way in which the service is provided.

3. CASE STUDY – THE ANALYSIS OF THE QUALITY OF THE BANKING SERVICE „THE CREDIT FOR STUDIES”

3.1. GENERAL PRESENTATION OF THE CASE STUDY

199 Olteanu V., Marketing financiar – bancar, Editura Ecomar, București, 2003, p.38.

200 Kotler P., Managementul marketingului, Editura Teora, București, 1997, p.580.

201 Lendrevie J., Lindon D., Mercator, Editura Dalloz, 2000, p.667.

202 Kotler P., Bowen J., Makens J., Marketing for Hospitality & Tourism, Prentice-Hall, 1996, p.354.

203 Kotler P., Bowen J., Makens J., op. cit., p.355.

Starting from an external method for quality evaluation („**mystery shopping**”), we can evaluate the technical and functional quality of the service „the credit for studies”, which is present in 5 versions on the banking services market from Romania, eventually identifying adequate improvement strategies. The 5 services analysed are: „Academic Extra/Super” – credit BCR, „The credit for studies”–BANCA TRANSILVANIA, „The credit for studies”–BANCPOST, „The credit for studies”–UniCredit Tiriatic Bank and „Student Plus” credit –BRD-Groupe Société Générale.

The need that is to be found for the analysed service is covering the costs generated by study improvement: tuition, living expenses, transport expenses, expenses for purchasing study materials. The beneficiaries of the credit are often young people admitted in the study programme of certain Romanian or foreign universities.

In the case of the „Academic Extra/Super” credit – BCR²⁰⁴, the destination allowed is the payment of the tuition fee, living expenses, expenses for purchasing study material, transport expenses and other expenses related to studying. The credit can be granted in RON, EUROS or US dollars.

„The credit for studies” – BANCA TRANSILVANIA²⁰⁵ is granted to all Romanian citizens, residing in Romania, students or graduates of high education. The object of the credit is covering the tuition fee or other expenses such as: transport, accommodation, taxes, food, (in the case of studying abroad). The crediting period is between 1 and 5 years, being correlated with the study period.

„The credit for studies” - BANCPOST²⁰⁶ is granted for paying the tuition fees of a certain educational form or professional training, for the borrower or a member of their family. The eligibility conditions that the borrower should fulfill are: to be a Romanian citizen with permanent residence in Romania; to be of age, to prove that they have an income; to present the required collaterals; not to have debits or other unpaid obligations to the bank at deadline when they apply for the credit; to achieve the minimum score imposed by the risk evaluation system - Credit Scoring.

„The credit for studies” – UniCredit Tiriatic Bank²⁰⁷ can be granted in RON, US dollars or EUROS, having a minimum value of 3000 EUR. The crediting period is between 1 and 10 years. For sums up to 10.000 EUR inclusively, the maximum crediting period is 5 years.

The „Student Plus” credit- BRD-Groupe Société Générale²⁰⁸ is granted to persons between 21 and 40 years old, admitted in a post-graduate study programme of a Romanian university approved by BRD. The destination of the credit is financing post-graduate studies (master, PhD) in Romania.

3.2. THE DESCRIPTION OF THE EVALUATION METHODOLOGY

For measuring the quality of the services above, the chosen technique is „mystery shopping”. Concentrating on the interactions between employees and clients, that is on the so-called „truth moments”, the applied technique will evaluate the functional quality of services. Because of practical impediments, there are however differences between the theoretical version of the method and the way in which this is applied. Firstly, from the theoretical point of view, the method involves buying the tested services, „the mystery client” being allocated a budget for this purpose. In this study we tested just the „pre-shopping” stage. Secondly, the method implies making repeated tests in the same bank with more „fictitious clients”. In the present study, we tested services belonging to different banks (one for each), with just one „fictitious client”.

For applying the method the next stages were followed:

- Choosing the services to be tested ;
- Identifying and defining the dimensions of the functional quality which is to be evaluated; the elaboration of the assessment paper for functional quality;
- Establishing an assesment scale for the identified dimensions;
- Planning the application process (setting up the testing schedule and the routine to be followed);
- Centralising and interpreting the data .

The limits of the study:

- a considerable limit is subjectivity: its first form of manifestation is linked to the process of defining the quality of a service that greatly depends on personal experience and the exigency degree that characterizes the „researcher”; another form of manifestation for subjectivity is linked to the service perception. „The mystery client” is subjective, filtering the service through their own personality and comparing it to previous experience;
- another limit is the circumstantial character of testing, the results obtained after the simulation of the purchasing acts depend on the place, the hour, the employee and the service which is the object of testing, the generalization possibilities being reduced;

204 http://www.bcr.ro/irj/portal/?site=bcr_ro .

205 <http://www.bancatransilvania.ro/index/142.html>.

206 <http://www.mybank.ro/persoane-fizice/pentru-studii>.

207 <http://www.unicredit-tiriatic.ro/persoane-fizice/persoane-fizice/credite/credite-pentru-studii>.

208 <http://www.brd.ro/special-tineri/produsele-pentru/studenti/creditul-studentplus/>.

- there are limits generated by the inaccuracy of the accounts as it is impossible to record all the details observed, the questions asked and the answers received during the performance;
- the results of the study must be looked upon also from the perspective of the service development stage that was tested: we studied the quality that can influence the buying decision and not the repeated purchase (for which it is necessary to consume the service).

3.3. THE EVALUATION OF TECHNICAL QUALITY

According to theory, the technical quality expresses the result of the performance (what the client stays with after the interaction with the supplier), excluding the way in which the interaction provider-client takes place. Taking into account the analysed service, we considered the following elements which do not depend on the employee's or the client's performance: the interest, the maximum borrowed sum, the maximum crediting period, the required collaterals and the way of granting the credit. We excluded such elements as: the value of the taxes and commissions or the number of documents required, which are considered less important in making the buying decision. Next, we established the assessment scale that is to be used. For the majority of elements we set a score from 1 to 5, 5 being granted to the most favourable value existing on the market, and 1 – to the least favourable value. For intermediary grades, the intervals were established mathematically. In the case of non-valorical elements, grade 5 was granted for the most favourable situation on the market and grade 1 for the least favourable situation. For a better relevance of the results we also used importance coefficients. (see Table 3.2)

3.4. THE EVALUATION OF FUNCTIONAL QUALITY

While technical quality expresses the result of the performance, the functional quality refers to the way in which the service is performed (the way in which the interaction with the supplier takes place). The functional quality is specific to services and clearly linked to the „truth moments”. In order to identify the elements of the functional quality we took into account the 5 dimensions identified by A. Parasuraman, Valarie A. Zeithaml și Leonard L. Berry: tangible elements, seriosity, responsiveness, safety and empathy. These were decomposed in components, taking into account traditional definitions, but also introducing new elements, in order to ensure the possibility of their manifestation in the „pre-shopping stage”. In this case we also established an objective assessment scale. If in the case of technical quality, the assessment scale was established by reference to the market situation (the evaluation of the characteristics of a bank's service is made by referring to the most favourable offer or the least favourable one on the market), in the case of functional quality the assessment scale was established by referring to the ideal situation.

3.5. OBTAINED RESULTS

Table 3.1. The elements of technical quality

Credit characteristics	BCR	BT	BANCPPOST	UniCredit Tiriac Bank	BRD
Interest value	14,5%	16%	24,5%	6,95%	9,5%
The maximum borrowed sum (RON)	105.468	27.527	13.763	nu se impune o limită	36.156
The maximum crediting period (years)	10	5	3	10	5
Collaterals	Not requested	mortgage	mortgage	mortgage	Not requested
Granting method	Transfer in the account of the educational institution ; 50% - transfer in the personal account	transfer in the personal account	Transfer in the account of the educational institution	Transfer in the account of the educational institution ;	Transfer in the account of the educational institution

Table 3.2. Evaluation paper of the service technical quality of the service

The assessed element	The importance coefficient	The assessed bank				
		BCR	BT	BANCPOST	UniCredit Tiriac Bank	BRD
The interest	3	3	3	1	5	4
The maximum borrowed sum	1	4	2	1	5	2
The maximum crediting period	2	5	2	1	5	2
Requested collaterals	5	5	1	1	1	5
Granting modality	4	3	5	1	1	1
Balanced total		60	40	16	39	47

Table 3.3. Assessment paper for the service functional quality

The assessed element	The assessed bank				
	BCR	BT	BANCPOST	UniCredit Tiriac Bank	BRD
Tangible elements					
Modern endowment	5	2	4	5	5
Pleasant environment	4	2	4	5	5
Staff appearance	4	4	3	5	5
Space organization	4	2	5	3	3
Total	17	10	16	18	18
Seriousness					
Transparency	1	3	3	5	4
Sufficient resources	1	3	3	5	5
Interest in solving problems	2	4	3	5	4
Total	4	10	9	15	13
Responsiveness					
Waiting time	1	4	4	4	4
Staff presence	1	3	2	5	5
Availability to help	3	3	2	4	5
Total	5	10	8	13	14
Safety					
Polite staff	2	5	5	5	5
Staff competence	2	3	2	5	4
Information provided	2	2	2	4	4
Total	6	10	9	14	13
Empathy					
Visual contact	2	2	4	5	5
Active involvement	3	3	3	5	5
Flexibility	4	4	4	5	5
Total	9	9	11	15	15
Maximum possible score	80	80	80	80	80
Score effectively obtained	41	49	53	75	73
Score effectively obtained	51%	61%	66%	93%	91%

3.6. CONCLUSIONS AND PROPOSED STRATEGIES

In the case of the service provided by BCR it is noticed that the score is maximum for technical quality, but minimum for functional quality. The strong points of the service are the borrowed sum and the long crediting period, but mainly not requesting collaterals and the possibility of transferring a part of the borrowed sum in the personal account.

In the case of the service provided by BANCA TRANSILVANIA, the total technical quality is medium, the weak point being the request of important collaterals and the strong point the transfer in the client's personal account (increased flexibility for the client concerning the use of the credit).

For the service provided by BANCPOST, we notice the minimum score for functional quality. From this point of view, the service is obsolete. It is recommended either to abandon it or to update it. In the case of functional quality, most of the scores are medium, especially the lower degrees for staff presence at working points, availability to help, staff competence and information provided.

The service provided by UniCredit Tiriac Bank registers the biggest number of maximum grades. The functional quality is very close to perfection. Obviously, the client's expectations were exceeded. The weak points refer to

technical quality, through the considerable collaterals requested and the transfer of the whole sum in the account of the educational institution.

In the case of the service provided by BRD-Groupe Société Général, we can remark the interest for solving the clients' problems quickly, the pleasant environment for discussion, the sustained visual contact and the employee's interest to find the product that best suits the customer's needs.

4. FINAL REMARKS

Why do quality problems appear? The main cause is that the service provided does not live up to the client's expectations. There is a discrepancy between the client's perception and their expectations. This difference is produced also by other causes: the bank's management does not know which the client's expectations are; the management knows what the client wants but it does not establish adequate quality specifications; the bank's employees do not observe the quality specifications imposed by the management; the advertising presents the services in a hyperbolic way.

Which is the situation on the banking services market? The practical study we made offers a comprehensive answer to this question. There are negative surprises (2 h waiting time and carelessness from employees in a bank with tradition; insufficiently informed staff in three banking institutions), but also positive ones (the ability and the care of the staff would make the client return only for „the sake” of interaction). It is intriguing that the negative events which impressed most (the so-called „critical incidents”) have obvious, easily identifiable solutions. By simply recording the clients' complaints and replacing the non-functional systems identified by them would lead to a substantially improved service.

The personal impression, after researching on the concepts referring to quality and making the practical study, is a contradictory one because there are two poles. On one hand we recognize the multiple difficulties that the problem of service quality rises, the degree of subjectivity that cannot be eliminated. Obviously, the quality in the field of services is a delicate theme, hard to define and to manage. However, the provider that obtained the highest performance did not do anything else but observe the requirements of the quality book, that is conform to standards. We consider this is a clue that until now the specialized literature has correctly identified the significance of quality for clients.

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