# CONCEPTS OF SERVICE QUALITY MEASUREMENT
# IN BANKS

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*The major aim of the research paper is to measure the quality of service offered by Raiffeisen Bank in Romania. Moreover, it tries to investigate the relationship between service quality, customer satisfaction and loyalty. The five dimensions of SERVQUAL model i.e. reliability, assurance, tangibility, empathy and responsiveness were used to measure the quality of service offered by the private banks. In order to achieve the aims, both primary and secondary sources of data were used.*

## 1.Introduction

Undoubtedly, in the beginning of this century customer satisfaction defines very clearly the meaning and significance of today's real economic activities. In this sense, extensive production and consumption of products and services is not today the sole purpose of economic activities, the main purpose of companies. From a certain perspective, the main purpose of companies is to "sell" products or services, respectively to produce and deliver those products or services that meet in a very high degree requirements and needs of consumers or users .

Thus, the importance of customer satisfaction, in general, consists in recognizing the mode and the way in which organizations generate and create "pleasure" so in the consumers of products or services and among suppliers of such services or products. Numerous studies have shown the importance of customer satisfaction for these organizations by highlighting the link between customer satisfaction and financial results, customer satisfaction and maintaining or attracting customers. Benefits they can have an organization by measuring customer satisfaction they are indisputable; between them, we remember that (Wagenheim &Reurink, 1991):

- contribute to improving the quality of products and services;
- helps to reduce costs and expenses;
- increase and boost personnel employed spirits.

Concerning the role of customer satisfaction, this can play many roles for an organization, whether private or public. As an overview and synthesis, customer satisfaction can affect many organizational processes, being used as a tool in many areas posed by an organization.

## 2.Literature review

There is still no consensus on a definition for quality. For this paper, that of Parasuraman et al. is adopted: "*Service quality as perceived by the customer is the degree and direction of discrepancy between customer service perceptions and expectations*" (Parasuraman et al., 1985).

It is this gap between perceptions and expectations that underpins the formulation of SERVQUAL, the service quality measuring instrument of Parasuraman et al. (1988) and its subsequent refinements (1990, 1993, 1994).

The instrument is based on the idea of the disconfirmation model, in other words on the comparison of customers' expectations with their experiences from the service. Usually, the five dimensions of the instrument are described through the use of 22 attributes an "respondents are

asked to state (on a seven-point scale from "Strongly disagree" to "Strongly agree") what they expected from the service and how they perceived the service."

Since its formulation, SERVQUAL has been used in a variety of service industries and countries. Several authors of SERVQUAL-based studies have questioned its psychometric soundness and its usefulness. Principal among these are criticisms of its reliance on two scales measuring perceptions and expectations when one scale (that of perceptions or a simple performance measure) would be shorter, simpler and more easily understandable and ultimately more effective.

The use of expectations is questioned by Babakus and Mangold (1992) and Cronin and Taylor (1992), who in measuring service quality in banking conclude that the disconfirmation approach has little support either theoretically or empirically. Similarly, Teas (1993) questions the interpretation and operationalisation of expectations and Avkiran (1999) notes a tendency to set expectations higher than perceptions thus making a gap between perceptions and expectations inevitable.

Moreover on practical grounds the use of two scales and the negatively worded question items are both time consuming and too complex for most respondents (Avkiran, 1999).


## 3. Data and methodology

In the comparative analysis of customer satisfaction and service quality analysis offered by Raiffeisen Bank we used SERVQUAL method. This will follow the 5 dimensions research contained in a set of 22 questions. We will also summarize additional data such as the interviewee's personal issues and general aspects of its banking relationship with the bank feedback.

The final study will aim to identify the positive / negative bank gap analysis results of customer perception of quality management and marketing Raiffeisen Bank and expectations taken before receiving the services of the bank, to become familiar with the customer and the bank .

The research questionnaire contains a set of 22 questions, grouped on five dimensions, each containing thus a set of 4 or 5 questions.

The five dimensions are:
- *tangibility*: physical facilities, equipment, personnel and advertising materials (physical evidence of service): Set 1-4;
- *reliability*: ability to provide service in a fair, safe and always promised level of performance: set 5-9;
- *responsiveness*: willingness to assist customers and provide them with prompt service: set 10-13;
- *assurance*: the ability to inspire trust and confidence clients and competence, respect and honesty of employees: 14-17 set;
- *empathy*: treat with due attention to each client, ease of contact and communication with the client: set 18-22.

Based on a large number of experiments performed and data collected from practical service delivery, was determined relative importance of each dimension of service quality, as follows: tangible elements 18.2%, reliability 20.9%, responsiveness 21.3%, assurance 21.7 % and empathy 17.9 %. Respective weights are approximate and were obtained as average values of experiments conducted by the authors of SERVQUAL. Depending on the type of service and experience of evaluators assessed in covered service, the weights may have different values. Moreover, even the authors recommend that in assessing the weight to be established by a group of experts and / or evaluators.

We consider a sample of 250 people - Raiffeisen Bank customers, and after completing the questionnaire we will analyze customers' opinions and perceptions about the characteristics

above, then interpret and correlate the results with the intention of highlighting affect or bank marketing objectives - customer satisfaction.

### 3.1. First steps in the relation with bank - general information
Following the centralization of data, it appears that most customers prefer the ATM banking service (62%), followed by retail service (24%). The service of internet banking is chosen only 14% of people, which probably caused Romanian distrust, especially those aged over 46 years, the safety of payments and transactions online (Fig. 1).
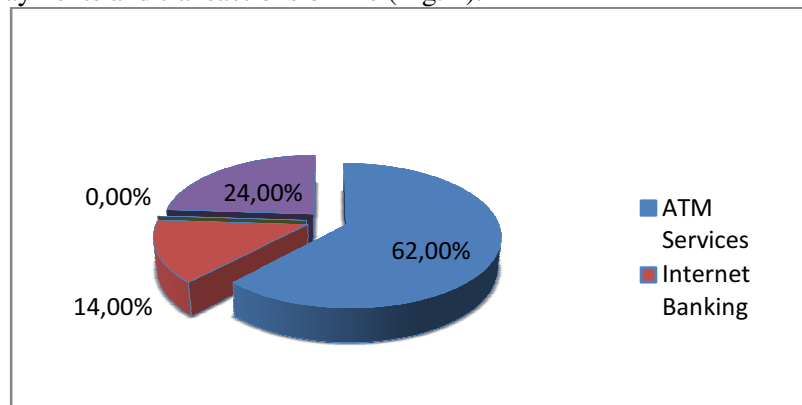


**Fig. 1. Most Preferred Banking Service by the customers of Raiffeisen Bank**
*Source: Made by author*

Banking decisions are influenced by the market research 46% of personal knowledge and intuition 34%, brokers 18%, and by relatives 2% (Fig. 2).
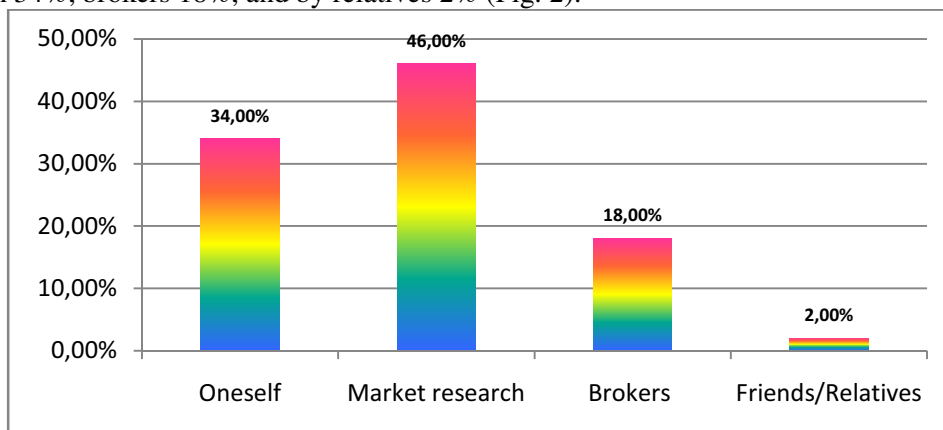


**Fig. 2. Influence of account services**
*Source: Made by author*

### 3.2. Evaluating the Raiffeisen Bank characteristics by customers
The questions from the questionnaires used by reviewers are grouped by service quality dimensions in total SERVQUAL contains 22 questions that are adjusted according to the type of service evaluated. When completing the questionnaire client should consider the extent to which the service should meet specified quality attributes, respectively, to appreciate what it means for that service quality based on its own experience as a user of the service. The answers reflect customer expectations and perceptions of Raiffeissen Bank service quality.

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Customer responses consisted in of two marks each attribute grant, on a Likert scale with 7 degrees of intensity. If the respondent believes that the service meets attribute when given high note 7 ("total agreement"), or on the contrary minimum grade 1 ("strongly disagree").

After being collected all the answers it starts the proper calculation, determining for each statement in the questionnaire a score that is calculated as follows:

a. It is determining the average values perceived (P) and expected (E) by customers for each dimension of quality, depending on the number of existing statements in the questionnaire. For example, to determine the mean size of tangibility perceived. The same applies for tangibility average expected and for the other dimensions of service quality.

b. Determine the final scores or gaps for each question, by making the differences between perceived and expected average values (P-E), and then calculated the average GAP for each of the 5 dimensions of quality, both in unweighted form and in the weighted form shares of importance given to each of the five categories of questions.

The interpretation of results is done after the calculation, that if the value difference is positive, the perceived service quality is better than expected service quality. When the difference is zero, then the perceived service quality is the same as the expected service. When the difference is negative, perceived service quality is below the expected service.

This method of service quality analysis is considered to be an efficient and quite complex, but not always the most accurate and relevant as customer responses are subjective and are influenced by their own previous experience, social status, age, sex, life style and environment. Should therefore be a reasonable number of people interviewed, to be the most representative of the population.

After analyzing the questionnaires we found that for each question of the SERVQUAL scale scores given by respondents were above note 5, both in terms of expectations and perceptions. It also noted that the average scores corresponding perceptions, ie how they currently see bank are higher, which shows a better service than expected, that is a high banking service quality. Regarding GAP overall average we have a positive valuethat is 0.0412. We can conclude from this that most customers interviewed, regardless of the category in which they were involved in a positively charged services offered by the bank under review.

GAP values are ranging between 0.21 and -0.04 indicating that there is little difference between the perceptions and expectations. Bank wins customers' trust by offering them quality services expected even better.
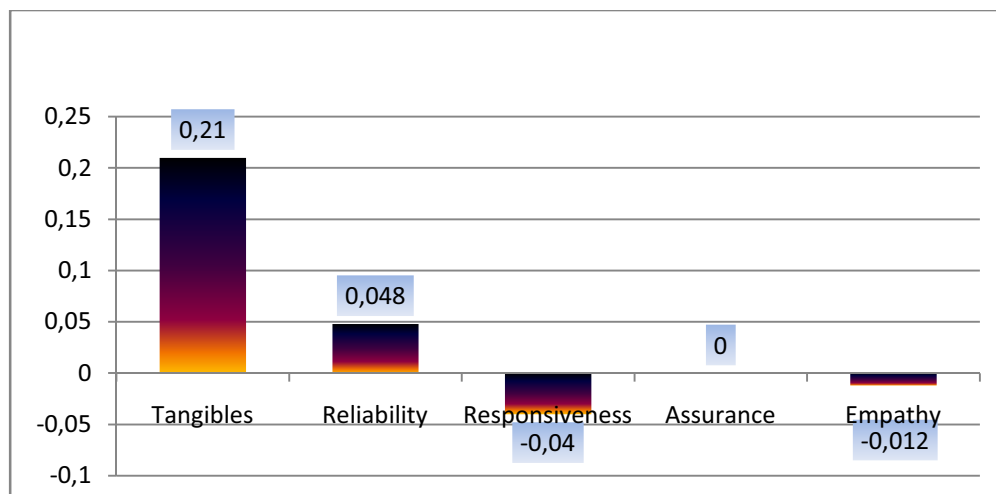


*Fig. 3. Average for each dimension*
*Source: Made by author*

Positive values of GAP correspond to size tangibles and reliability. Concerning the first dimension we can say that the bank customer fails to provide a space decorated in a welcoming and promotional material related bank services are attractive. Regarding the reliability, the bank notes a sincere concern to resolve customer issues promptly and timely service delivery. Responsiveness and Empathy dimensions recorded negative average scores. Negative scores on receptive bank employees are determined mainly by insufficient staff employee. There is dissatisfaction in terms of opening hours, the bank could therefore find convenient solutions to meet all kinds of customers.

Also by applying the questionnaire we calculated average weight for each dimension: Tangibles 18.2%, Reliability 20.9%, Responsiveness 21.3%, Asurance 21.7% and Empathy 17.9%. Customers surveyed attache the utmost importance transaction security and confidentiality, empathy and visual impression, registering percent lower.

We can notice that the weighted average score did not change in the situation of banking service quality dimensions, resulting in the overall average positive score of 0.00751, the minimum and maximum recorded size remains the responsiveness and tangibles.

## 4.Conclusions

The service sector is considered to be the most dynamic and innovative component of a functioning market economy, becoming the last decades the main "engine of growth" of developed economies. As part of this sector, banking market is a true "Gordian knot" of the economy where supply and demand meet monetary resources, with face to face two main actors: banks and their customers.

Although the two topics, marketing mix and quality banking services are often addressed in the literature, there is still no comprehensive study showing measurements of the two concepts in the Romanian banking market. SERVQUAL is the most common method for evaluating quality of service and was experienced in a variety of contexts (professional services, health services, tourism services, transport services, electronic library services, computer services, telecommunication services). In the present, the banking system imposes a more severe approach to quality services that Romanian banks to offer their customers. Thus, we used the SERVQUAL method to analyze customer banking service quality by Raiffeisen Bank.

The study was developed to determine perceptions of customer complaints about products and services that the bank provides them.

Following this analysis we can see that positive values correspond to GAP size impression and trust. The bank customer fails to provide a space decorated in a welcoming and promotional material related bank services are attractive. Regarding the trust, we can mention the sincere concern of the bank to resolve the customer's service delivery issues promptly and timely. GAP values are in the range of 0.21 and -0.04, indicating that there is little difference between the perceptions and expectations. Bank wins customers' trust by offering them quality services expected even better.

Responsiveness and empathy dimensions recorded negative average scores. Negative scores on receptive bank employees are determined mainly by insufficient staff employee. There is dissatisfaction in terms of opening hours, the bank could therefore find convenient solutions to meet all kinds of customers.

Following the study we found negative aspects too, that need to be highlighted once corrected by the bank to have a greater appeal and increased credibility among the population. A negative aspect in determining the results of the study can be considered focusing on certain segments of the population sample (net revenue between 900-1600 at 60% of the sample) and limiting it to a percentage below 10% for: income over 2700 RON sample aged over 46 years, employment in categories such as: retired, unemployed.

We believe that the results that express a note of customer dissatisfaction may be caused by the fact that consumers of banking services are not always well informed, not consulted in advance specialists before making a decision, or have made a more detailed market.

**5.References**

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