

SERVICE QUALITY: A CASE STUDY OF BANCA ROMANEASCA

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Abstract:

Scope of the study: *The study would try to throw some insights into the existing services provided by the banks and the gap between the customer expectations, perceptions and the actual state of performance. The results of the study would be able to recognize the lacunae in the system and thus provide key areas where improvement is required for better performance and success ratio.*

Research Objectives:

- To find out the level of expectation and the level of perception of the customers from the services offered by the banks.*
- To compare the level of perception and expectation of the services offered by the banks.*
- To know which service quality dimension the bank is performing well and in which dimension it needs improvement.*
- To address the importance of improving service quality in the banking industry.*

This study was structured in two directions: identify expectations of customers before using the services of Banca Romaneasca and their perception about the quality of banking services after becoming bank customers.

Data collection *was obtained using questionnaires and the collected data were summarized in a summary of the results grid, applying then calculations and analysis on them. They showed such attitudes, opinions and perceptions of customers about the quality of services are offered by Banca Romaneasca, and then were formulated recommendations clear and immediate on the quality of customer service provided to adapt SERVQUAL dimensions to the socio-cultural context specific to the Romanian banking market.*

A questionnaire was developed to identify underlying dimensions of bank quality and to asses consumers' perceptions of the importance of each of these dimensions.

Hypothesis- H₀: *There is a statistically significant difference between perceptions and expectations of Banca Romaneasca customers.*

The results of the service quality analysis show that reliability and empathy are the two most critical dimensions of service quality, and they are directly related to overall service quality.

Keywords: *SERVQUAL, dimensions, Tangibles, Reliability, Responsiveness, Assurance, Empathy*

JEL classification: *G21, M31*

1. Generally Introduction

Clearly, service quality is an issue that has engaged academics, leading to substantial debate over its conceptualization. In 1988, PZB developed SERVQUAL, a method to assess customer satisfaction for service industries, which started a stream of research on service quality measurement that continues to this day. Their measurement involved the difference between customers' perceptions and expectations based on five generic dimensions: tangibles, reliability, responsiveness, assurance and empathy.

Cronin and Taylor (1992) suggested that service quality can be predicted adequately by using perceptions alone. In addition, Carman (1990) suggested that in specific service situations it might be necessary to delete or modify some of the SERVQUAL dimensions. Teas (1993) argued that measuring the gap between expectations and performance can be problematic.

When SERVQUAL, consisting of the five original dimensions, was originally conceptualized by PZB (1988), it was used to assess four organizations – a bank, a credit card company, a repair and maintenance organization, and a long distance phone service carrier.

Much of the existing literature which critically evaluates SERVQUAL has focused attention on either the coverage of the items, the principles of measurement or issues in administration (Karin Newman, 2001). Despite these concerns, SERVQUAL has been widely used, not least in the financial services sector. However, adopting and implementing SERVQUAL in a business context may raise other issues about the value of this approach to monitoring and measuring service quality.

One stems from the mode of SERVQUAL's administration, which has raised fundamental questions about the composition of the sample, and its insensitivity to customer, product ownership and service encounter.

The second stems from the use of an unweighted SERVQUAL measure, which fails to gauge customers' priorities across the five quality dimensions let alone their associated elements.

The third practical issue is that of retrospection caused by both the construction of the questions and the length of time it takes to collect, process and analyze the data and disseminate the information. Internally, it is apparent that other concerns affected the value of SERVQUAL and these included the presence of information silos which meant that important information from a range of sources, including SERVQUAL, was not effectively disseminated. This may in part reflect a problem relating to the integration of aspects of the service quality improvement programme across the organisation as is evidenced by the lack of any clear linkages between SERVQUAL and the bank's strategy.

2. Applying the SERVQUAL method. Case study: Banca Romaneasca

The research was carried out over three weeks in the period 01.03.2013-22.03.2013, on a sample of 250 people, and within the next two weeks will take place development and presentation of conclusions. The main objective of this study to find out and to compare the level of perception and expectation of the services offered by Banca Romaneasca.

The proper method consists in analyze the determining factors of perceptions and expectations of customers. Most factors are developed in the form of questions addressed to customers on the basis of questionnaires, interviews or focus group

meetings. After analyzing the results, the service provider will find out what their customers want and if they are satisfied with the way they are served. The difference between customers' perceptions (P) and expectations (E) is the main purpose of measuring customer service quality. SERVQUAL is built on a response scale designed to include both customer expectations and perceptions regarding service. The method allows evaluation but at the same time it is a tool for improvement and comparison with other organizations of the sector (Droj, L., 2010).

SERVQUAL method was applied to Banca Romaneasca, among bank customers in order to delineate and confirm the extent to which services offer the bank meets quality standards or customer expectations and points where improvements can be made for a more favorable perception of services.

The sample was applied in 250 people, the results confirming its position in the market but the main guidelines that the bank has to its 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 Banca Romaneasca service quality.

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").

At four questions related to tangibility dimension of banking services quality, the results of the perception indicate a slight increase in the level perceived by customers to their expectations. In all discussions, registered gaps are positive, the highest level in terms of land bank in a recipient. Thus the values recorded visual impression given by bank customers around the level of agreement 5 from 7 (Table 1).

Table 1. Gap score for Tangibles Dimension

Statement	Expectation Score	Perception Score	GAP Score
Tangibles	Average for Dimension		0,19
1. Excellent banking companies will have modern looking equipment.			
2. The physical facilities at excellent banks will be visually appealing.			
3. Employees at excellent banks will be neat appearing.	5,72	5,88	0,16
4. Materials associated with the service (such as pamphlets or statements) will be visually appealing at an excellent bank.	5,64	5,88	0,24
	5,60	5,74	0,14
	5,52	5,74	0,22

Source: Made by author

Reliability became the prime focus of organisational activity. "Getting it right first time all the time" became the target for account accuracy, keeping promises, meeting deadlines and providing timely and accurate information to customers. Efforts to improve cash machines' availability and dependability received unprecedented attention. National operating standards were devised and a monitoring and measurement system put in place alongside a major programme of investments in information technology.

Regarding this size, the bank analyzed records results somewhat lower than tangibility dimension, the gaps it recorded was the lowest. But what is important is the bank register positive gaps again customer expectations are exceeded by their perception of service delivery by the bank. The lowest gap level is 0.06, in terms of readiness to perform the services required (Table 2).

Table 2. Gap score for Reliability Dimension

Statement	Expectation Score	Perception Score	GAP Score
Reliability	Average for Dimension		0,14
5. When excellent banks promise to do something by a certain time, they do.	5,36	5,56	0,20
6. When a customer has a problem, excellent banks will show a sincere interest in solving it.	5,34	5,50	0,16
7. Excellent banks will perform the service right the first time.	5,30	5,36	0,06
8. Excellent banks will provide the service at the time they promise to do so.	5,30	5,42	0,12
9. Excellent banks will insist on error free records	5,40	5,58	0,18

Source: Made by author

Analyzing the third dimension, the bank's responsiveness to customer needs, the willingness to assist customers and provide them with prompt service, we can see the best improvements in the perception of respondents towards their expectations. This is the best record in terms of availability of bank employees to help customers and to meet their demands. Gaps Media is the best of all 5 sizes (Table 3).

Questions related to assurance dimension for Banca Romaneasca recorded the highest levels of agreement, and a gap close to the maximum of the 5 dimensions. Thus the statement on confidence in the security of bank transactions, the answers of respondents recorded the highest level of agreement of 6.10, while the statement on confidence inspired by the behavior of employees, the level of agreement is high, even and the gap between perceptions tunes and one high, at 0.38 (Table 4).

Table 3. Gap score for Responsiveness Dimension

Statement	Expectation Score	Perception Score	GAP Score
Responsiveness	Average for Dimension		0,26
10. Employees of excellent banks will tell customers exactly when services will be performed.	5,38	5,48	0,10
11. Employees of excellent banks will give prompt service to customers.	5,38	5,58	0,20
12. Employees of excellent banks will always be willing to help customers.	5,38	5,74	0,36
13. Employees of excellent banks will never be too busy to respond to customers' requests.	4,72	5,12	0,40

Source: Made by author

Table 4. Gap score for Assurance Dimension

Statement	Expectation Score	Perception Score	GAP Score
Assurance	Average for Dimension		0,24
14. The behavior of employees in excellent banks will instill confidence in customers.	5,60	5,98	0,38
15. Customers of excellent banks will feel safe in transactions.	5,92	6,10	0,18
16. Employees of excellent banks will be consistently courteous with customers.	5,50	5,72	0,22
17. Employees of excellent banks will have the knowledge to answer customers' questions.	5,42	5,60	0,18

Source: Made by author

Regarding the empathy dimension we record low but positive size of gaps. We see that customer perception regarding the special attention provided to each client, there is one that exceeds all expectations. Also the statement "The bank's focus is the client's interests.", recorded the lowest level of perception of whole SERVQUAL model, but also among the lowest levels of expectations. In addition any banks ability to provide personalized support every customer is exceeding all expectations (Table 5).

Table 5. Gap score for Empathy Dimension

Statement	Expectation Score	Perception Score	GAP Score
Empathy	Average for Dimension		0,14
18.Excellent banks will give customers individual attention.	5,24	5,30	0,06
19. Excellent banks will have operating hours convenient to all their customers.	5,64	5,76	0,12
20. Excellent banks will have employees who give customers personal attention.	5,26	5,30	0,04
21.Excellent banks will have their customer's best interests at heart.	4,78	5,04	0,26
22. The employees of excellent banks will understand the specific needs of their customers.	5,34	5,58	0,24

Source: Made by author

Gap that's recorded scores for each of the 5 dimensions are positive, it is gratifying reason for the bank as proof exceed customer expectations in terms of services. However, considering the relative importance of the five dimensions, it was preferable that the gap size for confidence, the most important being the higher one, but it is better than the second dimension as important, namely responsiveness register highest level (Table 6).

As regarding the results data bank features you appreciate most respondents, we observe a very high close rates recorded. However of the 5 features that stand out on the bank's ability to perform the promised service certainty and accuracy, while the appearance of utilities, equipment, staff and the bank's promotional materials do not reach a level of 18.20% than the prospect of surveyed. However test results confirm previously recorded in this model, which gave confidence dimension utmost importance, and the lowest tangibility dimension (Table 7).

Table 6. Calculations to obtain unweighted servqual score

1. Average Tangible SERVQUAL score	0,19
2. Average Reliability SERVQUAL score	0,14
3. Average Responsiveness SERVQUAL score	0,26
4. Average Assurance SERVQUAL score	0,24
5. Average Empathy SERVQUAL score	0,14
TOTAL	0,97
AVERAGE (= Total / 5) UNWEIGHTED SERVQUAL SCORE	0,194

Source: Made by author

Table 7. The importance given to each dimension

Features	Percentage
1.The appearance of the banks physical facilities, equipment, personnel, and communication materials.	18,20%
2. The banks ability to perform the promised service dependably and accurately.	22,38%
3. The bank's willingness to help customers and provide prompt service.	19,16%
4. The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence.	20,40%
5. The caring, individual attention the bank provides its customers	20,06%

Source: Made by author

5. CONCLUSION

The GAP analysis can highlight many aspects of banking services. A negative GAP is a unfavorable aspect of the bank in question, because of a higher than current expectations of bank service offered. The existence of such a negative GAP should draw an exclamation point to that bank and taking action in a short time. Otherwise, the bank risks very much, which may reach the loss of customers. Fortunately Banca Romaneasca has recorded only positive GAP, the biggest GAP in Responsiveness (0,26), followed by Assurance (0,24).

The reliability had a relatively small average GAP (0.14), should be noted that this dimension recorded a positive GAP, so customer expectations were below perception, which we consider a good thing.

Although SERVQUAL model was criticized by many writers about either how to design and to operationalize the concepts of quality and satisfaction, or the predictability, reliability and validity of building size instrument, it remains a model for the analysis and measurement quality and customer satisfaction.

With regards to Banca Romaneasca, the results indicate applying SERVQUAL method exceed customer expectations in all categories of claims and in all 5 sizes, the largest degree of agreement being registered in terms of the safety of the bank. Well as level gaps recorded responsiveness and safety are two dimensions in which the respondents are exceeding expectations with a level above the average gap in sites with a level around 0.25.

Another improvement could be to extend opening hours, although there appear other variables such as increased staff costs due to extending working hours and their production of a certain discomfort. Bank should focus on training of its employees in understanding specific customer needs by providing individualized advice and banking products, attracting and maintaining customers in a permanent state of comfort.

The current difficult economic environment and the need to increase competitiveness of Romanian banks in terms of increased competition due to globalization of the economic process, accelerated in Romania joining the European Union, requires a more pragmatic and realistic approach to quality of services that banks offer Romanian. With maturation of the Romanian banking market, quality of

services tends to consist of a decisive competitive advantage for banks in the effort to increase sales and profitability.

Regarding the representativeness of the sample we can mention that the level of confidence is 95%.

The added value of this paper consists in providing an overview of the quality of services offered by the bank and identifying the bank dimensions that should be improved

This study is perceptible to improvements due to limitations such as small sample size, lack of a comparison with results that would have been obtained for other banks, which could surprise the more convincing the service quality bank offered the local banking market.

The future research directions aims on creating a comparative analysis of the quality of services offered by other concurrent banks with Banca Romaneasca.

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