

Commercial Bank Service Quality: Chonburi Province, Thailand.

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Abstract

The objective of this research is to find the variables which affect bank service quality in Thailand's Chonburi Province. The bank service quality identify in 2 difference bank sizes, large and small as the service quality variables must be different. The results show that large bank customers ranked the importance of service quality variable in this way: customer trust was first, then, how well the bank recognized customer needs, having confidence in the bank's service quality, the bank's staff team work, the ability to provide quick service, the bank's physical appearance and finally, the bank's advertising. The large banks needed to improve the speed of service delivery because some customers complained their branch was so crowded they had to wait too long to be served. New service methods had to be implemented. Employee product knowledge also needed to be improved because a big bank's business was not limited to offering loans. It also sold insurance. Customers also noted the importance of the bank's physical appearance, which not only measured the quality of the building itself, but also the quality of the appearance of staff uniforms.

Small bank customers prioritized the importance of service quality variables as follows: quick service delivery was first, followed by teamwork. Since small banks have fewer customers this can allow them to provide faster service. Customers also noted that fewer staff also seemed to allow staff to coordinate with each other better.

Key Words: Service quality, Bank, Customer satisfaction, Customer trust, Thailand

Introduction

Since Thailand's current business environment is changing very fast, Thai banks need to keep up by offering excellent customer service to retain a competitive advantage.

Many banks are responding to this competitive environment by focusing on improving customer service to keep customers satisfied. This includes considering the quality of the bank's products, regulations and the bank's ethics. New technologies are helping banks to implement excellent customer service. This research focuses on banks that are operating in Thailand's eastern Chonburi Province, which will become a strategic location for logistics business when the AEC (Association of Southeast Asian Nations Economic Community) is fully implemented in 2015

Methodology

This is an exploratory research study that focuses on variables that affect bank service quality in Chonburi Province, Thailand. Quantitative methods were applied through questionnaires, which were qualitative contextual tools. Secondary data included a literature review to confirm the research findings.

The research process started with a literature review. This set up the parameters to create tools to measure bank service quality. Part of this process involved consultations with supervisors and experts. When the questionnaires were finished, we conducted the initial surveys with bank customers. The responses were used to revise the survey for the final version. The survey results were analyzed using a Mean and SD model. The conclusions were drawn from the study's findings. Answers to the final questionnaires were received from 115 customers of large banks and 114 customers of small banks. The questionnaires were separated into four different component parts, depending on the research parameter measurements.

The first questionnaires focused on the tangible benefits that customers received.

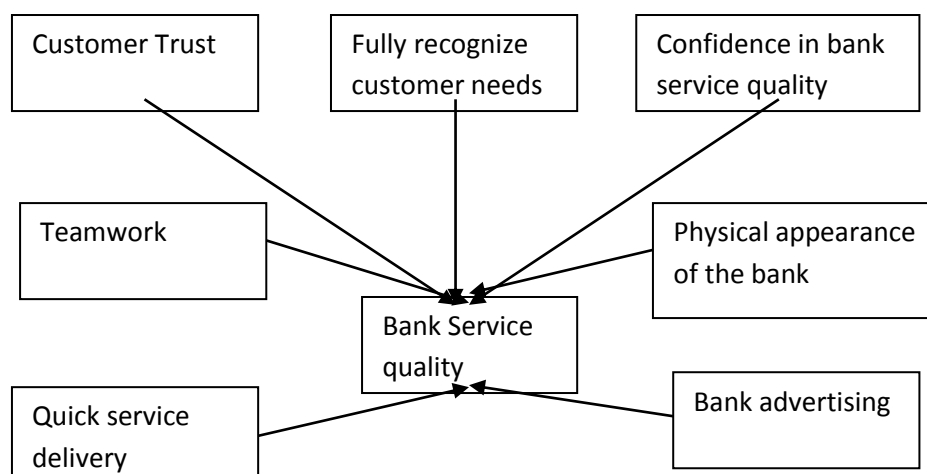
The second questionnaires focused on customer perceptions of trust and loyalty.

The third questionnaires focused on how fast customer service was provided.

The last questionnaires focused on how well the bank recognized the needs of its customers.

Conceptual Framework of the Study

Figure 1 Conceptual framework of the study



Literature Review

Customer trust is a critical element of bank business. Customers and banks need to trust each other more, since mutual trust can reduce the customer's perception of risk. The bank would also have more opportunities to reduce risk as both sides receive the effects of risk outcomes (Dahlstrom, et al., 2014).

Knowing your customers is a requirement for banks and financial institutions, so they must monitor, audit and analyze customer satisfaction related information before offering financial services to them. Policies should not only prevent fraud, theft and money laundering but also help to give the customer the right solutions and proper regulations (Bilali, 2012).

Currently modern bank customers are busy people, so they need speedy service. Customer dissatisfaction increases when customers wait too long to receive service. The customer needs to feel that the bank respects the customer's time, so this is important to retain a competitive advantage (Solomon, 2011).

The most important variables that determined customer confidence in a bank's service quality were the bank's service guarantee, security with value added service, the dependability of the bank's facility and compassion from staff. Customers seemed to have confidence in bank service quality when the bank showed concern for customer safety through standard transaction methods (Panda & Kondasani, 2014).

The percentage of knowledge workers had a positive correlation with team performance and project team responsibility was influenced by knowledge workers which-by project schedule, operational cost and project scope. Large companies need to manage their knowledge workers well since they provide excellent customer service (Water & Beruvides, 2012).

Internet banking provides many opportunities for continuous high quality bank service as it is very easy and provides quick banking service, cost minimization tools for customer communication, new bank products and service channels and it offers an effective way to monitor any bank system mistakes. On the other hand internet banking needs to improve to gain customers' trust and improve employee participation (Al-Weshah, 2013).

When a service failed to satisfy a customer, customers were willing to receive a tangible compensation package such as a price reduction. Since price reduction reduces company profit then the company must consider the cost of customer service (Huang & Lin, 2011).

Good branding dramatically influences customer satisfaction, behavior and attitudes toward service provision. The communication element control has a direct effect on customer perceptions of many brand dimensions, such as service quality and loyalty. This means the communication elements, advertising and promotions must be carefully implemented (Krystallia & Chrysochou, 2014).

Results

Table 1 Service quality of the large banks

Variables	Mean	S.D
1. Customer trust	3.95	0.85
2. Fully recognize customer needs	3.89	0.96
3. Confidence in bank service quality	3.87	0.73
4. Teamwork	3.86	1.02
5. Quick service delivery	3.72	0.86
6. Physical appearance of the bank	3.71	0.74
7. Bank advertising	3.70	0.97
Average	3.81	0.87

Table 1 shows the Mean and S.D results for these variables: customer trust, fully recognize customer needs, confidence in bank service quality, teamwork, quick service delivery, the physical appearance of the bank and bank advertising. The results found that the customer responses were at the agreed level in which the mean=3.81 and S.D=0.87. The Mean of customer trust was 3.95. The Mean of fully recognize customer needs was 3.89. The Mean of confidence in bank service quality was 3.87. The Mean of teamwork was 3.86. the Mean of quick service delivery was 3.72. The Mean of physical appearance of the bank was 3.71, and the Mean of bank advertising was 3.70.

The critical factors that had the most influence on the goal achievement of internet banking services were customer trust and loyalty. Customer trust depended on many factors such as customer satisfaction, customer loyalty, employees' competency and the bank's integrity (Raisian, et al.,2014).

Patient perceptions of hospital service quality have become increasingly important in developing countries, when the perception shapes confidence and creates a concern for facility improvement. Patients voicing concerns must play a significant role in healthcare service delivery and improvement. In one study (Andaleb, 2001), service quality variables consisted of responsiveness, assurance, communication and the discipline of hospital and service providers.

Table 2 Service quality of small banks

Variables	mean	S.D
1. Quick service delivery	3.75	0.94
2. Teamwork	3.74	0.85
3. Fully recognize customer needs	3.70	0.97
4. Confidence in bank service quality	3.68	0.92
5. Customer trust	3.65	0.87
6. Bank advertising	3.54	0.77
7. Physical appearance of the bank	3.52	0.93
Average	3.65	0.89

Table 2 shows the Mean and S.D results for these variables: customer trust, fully recognize customer needs, confidence in bank service quality, teamwork, quick service delivery, physical appearance of the bank and bank advertising. The results found that the customer responses were in the agreed level in which the Mean=3.65 and S.D=0.89. The Mean of quick service delivery was 3.75. The Mean of teamwork was 3.74. The Mean of fully recognize customer needs was 3.70. The Mean of confidence in bank service quality was 3.68. The Mean of customer trust was 3.65. The Mean of bank advertising was 3.54 and the Mean of physical appearance of the bank was 3.52.

Table 3 Average service quality of the bank

Variables	mean	S.D
1. Customer trust	3.80	0.86
2. Teamwork	3.80	0.96
3. Fully recognize customer needs	3.79	0.82
4. Confidence in bank service quality	3.77	0.93
5. Quick service delivery	3.73	0.90
6. Bank advertising	3.62	0.83
7. Physical appearance of the bank	3.61	0.87
Average	3.73	0.88

Table 3 shows the Mean and S.D results for these variables: customer trust, fully recognize customer needs, confidence in bank service quality, teamwork, quick service delivery, physical appearance of the bank and bank advertising. The results found that the customer responses were in the agreed level in which the mean=3.73 and S.D=0.88. The Mean of customer trust was 3.80. The Mean of teamwork was 3.80. The Mean of fully recognize customer needs was 3.79. The Mean of confidence in bank service quality was 3.77. The Mean of quick service delivery was 3.73. The Mean of bank advertising was 3.62 and the Mean of physical appearance of the bank was 3.61.

Over the last ten years, bank regulations aimed at counter-terrorism and money laundering have intensified in the financial service industry. It has become very important for bank managers to know their customers well to protect the bank against risks and build up good relationships with customers (Vanessa, 2010).

Welcoming customers is very important because customers always remember the first and last minutes of a service encounter and this is what determines their level of customers satisfaction. Bank parking lots and bank property should be well maintained because customers develop their first impressions there, so the physical appearance of the bank plays a role in the customer's perception of the service experience (Solomon, 2011).

Customer value factors in terms of bank service were customer costs, service quality of the bank, customer brand perception and relational benefits for the customer. Confidence in service quality, operational costs, financial costs and brand perception have been ranked as the highest priority of customer values (Ghandehary, et al., 2014).

Customer feedback on free mobile banking applications showed that they were very satisfied with new services provided by the bank. They observed that service was very fast when they needed to know their bank balance or pay bills. The responses also showed how recognizing customer needs can contribute to a real competitive advantage in the marketplace (Close-Up Media, 2013).

Providing excellent service quality has a significant influence on customer satisfaction and also creates customer loyalty. Researchers (Bernardo, et al., 2013) have also confirmed that providing excellent service quality the first time around must be a better service strategy than using a recovery service strategy.

Bank advertising plays a critical role when effective advertising campaigns can inspire customer confidence even in a financial crisis. The right advertising

elements can significantly create customer loyalty and reduce further risk from a financial crisis; it also is associated with loyalty and relationship building (Ioannou, et al., 2014).

Conclusions and Suggestions

The overall service quality of large and middle-sized banks showed a good service quality level, with a Mean of 3.73. The service quality variables were customer trust, teamwork, fully recognize customer needs, confidence in bank service quality, quick service delivery, bank advertising and the physical appearance of the bank.

Customer trust was the priority for customers in their decision-making about bank service quality. Banks need to create more trust with customers, particularly regarding the transparency of banking operations. Customers measured their service satisfaction by comparing their service expectations with the actual service they received. The quality of teamwork turned out to reflect service quality according to customers. Customer needs must be considered since banks can provide products and services that directly address customer needs by implementing the right solutions.

Large bank customers ranked the importance of the following service quality variables; customer trust, fully recognize customer needs, confidence in bank service quality, teamwork, quick service delivery, physical appearance of the bank and bank advertising. Large banks need to improve by delivering faster service. If the bank is too crowded with customers, new service methods should be implemented to make sure customers do not wait too long. Employee product knowledge also needs to improve since a bank's business relies on more than just offering loans, and includes products such as insurance. The physical appearance of the bank can refer to the building itself and space for service delivery. It can also refer to employees' uniforms.

Small bank customers prioritized the importance of service quality variables as first, quick service delivery and good teamwork among staff, The bank's smaller size means it has fewer customers. This allowed staff to focus more attention on each customer by delivering faster service and a higher quality of service through good teamwork.

For better service quality, banks must seriously consider the quality of their products or customer service and accept that the needs of customers are always changing and customers have high expectations. The competitive advantage of the bank relies on delivering excellent customer service and good quality product.

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