2015

Competition, efficiency and productivity in Cyprus banking system

Pasiou, Dido

Bachelor in Accounting Banking and Finance, School of Business, Neapolis University Pafos

http://hdl.handle.net/11728/6942

Downloaded from HEPHAESTUS Repository, Neapolis University institutional repository
COMPETITION, EFFICIENCY AND PRODUCTIVITY IN CYPRUS BANKING SYSTEM

By
PASIOU DIDO
Bachelor in ACCOUNTING BANKING AND FINANCE
Neapolis University Pafos
Pafos, Cyprus
2015

Submitted to the Faculty of BUSINESS SCHOOL
in partial fulfillment of
the requirements for
the Degree of
BACHELOR OF ACCOUNTING, BANKING AND FINANCE
Acknowledgements

First of all I would like to thank my tutor, for the invaluable guidance and support throughout my studies, but also the drafting and completion of this dissertation. I would also like to thank my family and friends, who have supported me both financially and psychologically all these years. I would definitely not have gone through without their continuous support. Last I am grateful to the many individuals that contributed their insights and experiences to this study.
Abstract

The banking system today is at the core of various changes and rapid developments. The liberalization of markets, offering a variety of products and services, the expanded use of technology and the globalization of activities increased competitive pressures and led banks to adopt quality practices in their efforts to maintain market share and increase profits. The need to attract new customers and retain the existing ones, has necessitated the implementation of policies focusing on the needs and expectations and improving the degree of satisfaction.

This thesis aims to identify the factors that contribute to customer satisfaction and to examine the criteria on which the banking organization is based. On the other hand, an attempt is made comparing the factors they consider banks as important to achieve the quality and analysis of the initiatives implemented to achieve efficiency and competitive advantage.

For the writing of this thesis articles and books were collected on service quality, efficiency, competition and customer satisfaction and an effort was made to place all research carried out to date and concern in the quality of banking services in Cyprus and abroad.

The main findings of the study were that the crucial factor determining the development of services and public banking is the quality that characterizes them, since there is fierce competition in the banking sector. This makes it important to provide quality services.
# Table of Contents

Chapter One................................................................................................................................1

1.0 Introduction ..........................................................................................................................1

1.1 Rationale of the Study .......................................................................................................3

1.2 Aims of the Study .............................................................................................................4

1.3 Method and Outline of the Study ....................................................................................4

Chapter Two................................................................................................................................6

Literature Review.........................................................................................................................6

2.0 Definition of Quality of Services......................................................................................6

2.1 The Concept of Quality ...................................................................................................7

2.2 Competitive Advantage And its role ................................................................................8

2.3 Factors That Increase Competitiveness .........................................................................11

2.4 Quality Dimensions .......................................................................................................11

2.5 Application of the quality dimensions in the Banking Sector ....................................13

2.6 Problems In Promoting Services ....................................................................................15

2.7 Reasons for failure of providing quality services ........................................................17

2.8 The Banking System of Cyprus .....................................................................................18

2.9 Bank Products ..................................................................................................................20
List of Figures

Image 1: Continuum from Goods to Services (1978) 7
Figure 1: Family Status of the Customers 27
Figure 2: Age of the respondents 28
Figure 3: Educational level of the respondents 28
Figure 4: Taxable Income of participants 29
Figure 5: The competition in the banking environment 30
Figure 6: Main Competitors 31
Figure 7: Difficulty of Survival of the Banks 32
Figure 8: What strategy your bank has adopted to do banking business effective in competition 33
Figure 9: According to the importance, rank the resources being used in your bank for business activities 34
Figure 10: What are the functions being performed by performance management in your bank? 35
Figure 11: Who does play important role in performance management process in your bank? 36
Figure 12: Is management interested to improve productivity of every employee in your organization 37
Figure 13: Does the performance appraisal is regularly carried by the responsible manager or supervisor? 38
Figure 14: Which method is being used for performance appraisal? 38
Figure 15: Do you feel performance appraisal is beneficial for whole organization? 39
Figure 16: The factors that affect employees’ productivity 40
Figure 17: Type of Bank Account 42
Figure 18: Frequency of visits to the bank 43
Figure 19: Feelings when visiting the bank 44
### List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Productivity Questions</td>
<td>41</td>
</tr>
<tr>
<td>Table 2</td>
<td>Employees’ performance and attitude</td>
<td>46</td>
</tr>
<tr>
<td>Table 3</td>
<td>Productivity of employees</td>
<td>48</td>
</tr>
</tbody>
</table>