

**Neapolis University**

**HEPHAESTUS Repository**

<http://hephaestus.nup.ac.cy>

Department of Economics and Business

þý Master of Business Administration (œ'')

---

2012

# Service quality measurement in Hellenic bank

Tavros, Elias

Business Administration Programm, School of Economic Sciences and Business, Neapolis University Pafos

---

<http://hdl.handle.net/11728/8824>

*Downloaded from HEPHAESTUS Repository, Neapolis University institutional repository*



**SERVICE QUALITY MEASUREMENT IN HELLENIC  
BANK**

**By**

**ELIAS TAVROS**

**Master in BUSINESS ADMINISTRATION**

**Neapolis University Pafos**

**Pafos, Cyprus**

**2012**

**Submitted to the Faculty of SCHOOL OF BUSINESS**

**in partial fulfillment of**

**the requirements for**

**the Degree of**

**MBA**

*“The customer’s mind is still closed to us; It is a ‘black box’ that remains sealed. We can observe inputs to the box and the decisions made as a result, but we can never know how the act of processing inputs truly happens”*

*John F. G. Bateson*



## **Acknowledgements**

First of all I would like to express my sincere gratitude to my supervisor, Professor John Politis for his intelligent guidance and helpful advice during the whole process.

I would also like to thank all the participants who contributed to my work, not just for their responses but also for the good suggestions they made and their kind help.

Special thanks to my wife, family and friends for their consideration and support.

## **ABSTRACT**

The objective of the thesis is to study the level and differences of customer satisfaction in terms of expected and perceived quality service of Hellenic Bank through a survey by using the SERVQUAL model which was originally introduced by Parasuraman et al. (1985). Hellenic Bank is the third largest Bank operating in Cyprus and service quality is considered to be very important for the Bank to retain and increase customer retention.

The sample of the survey consists of sixty customers of the Business Services Division of the Hellenic Bank which offers banking services to customers all over Cyprus. Customers of this division were asked to complete a questionnaire which consists of two parts. The first part includes questions in relation with the ranking of the Bank according to customers' expectations, while the second part includes similar questions in relation with the ranking of the bank based on their experiences and perceptions. The participation in this survey was entirely voluntarily and customers were not required to identify themselves. The anonymity and confidentiality of the respondents were ensured.

The SERVQUAL model is based on five dimensions of service quality which are: tangibles, reliability, responsiveness, assurance, empathy. The results of the survey showed that there were imperative differences between customers' expectation and their perceptions regarding quality service in Hellenic Bank.

By having these gaps measured, we were in position to locate the level of customers' perceived service quality and to have a comparing data vis-a-vis with the satisfaction final level of customers. The determinants of Reliability, Responsiveness and Empathy have scored the highest gap scores with The determinants of assurance and tangibility have scored the lowest scores.

It was found out that these determinants have to do with the level of employees' training, personality, education, politeness, but also with the working environment and the quality and effectiveness of management. For each determinant ways and means were suggested so to improve those areas that customers expect to receive higher quality service than the one the Bank currently offers.

# TABLE OF CONTENTS

<b>CHAPTER 1 - INTRODUCTION.....</b>	<b>10</b>
1. Introduction.....	10
<b>CHAPTER 2 - HELLENIC BANK PROFILE.....</b>	<b>12</b>
2. Hellenic Bank profile.....	12
<b>CHAPTER 3 - LITERATURE REVIEW .....</b>	<b>14</b>
3. Literature Review.....	14
3.1 Definition of Quality.....	14
3.2 Service Quality.....	15
3.3 Customer Expectations.....	16
3.4 Customer Perceptions.....	16
3.5 Customer satisfaction.....	17
3.6 Measuring Service Quality.....	18
3.6.1 The Organization’s View of Quality.....	18
3.6.2 Customer’s view of quality.....	18
3.6.3 Matching the Organizations and Customer’s view of Quality.....	19
3.6.4 Service Quality Gap Concept.....	21
3.6.5 The SERVQUAL Model.....	22
<b>CHAPTER 4 - METHODOLOGY.....</b>	<b>27</b>
4. Methodology. ....	27
4.1 Research Design .....	27
4.2 Questionnaire Design.....	27
4.3 Data Analysis .....	28
4.4 Ethics .....	28
<b>CHAPTER 5 - FINDINGS.....</b>	<b>29</b>
5. Findings.....	29
5.1 Reliability Test .....	29
5.2 General Analysis.....	30

5.2.1	Expectations Mean Scores.....	31
5.2.2	Perceptions Mean Scores.....	32
5.2.3	Gap Analysis.....	33
<b>CHAPTER 6 – RESULTS ANALYSIS .....</b>		<b>37</b>
6.	Results Analysis .....	37
<b>CHAPTER 7 – DISCUSSION-CONCLUSION .....</b>		<b>39</b>
7.	Discussion - Conclusion .....	39
7.1	General Comments .....	39
7.2	Recommendations for further improvements .....	39
7.3	Future Work.....	41
7.4	Limitations.....	41
<b>REFERENCES.....</b>		<b>43</b>
<b>APPENDICES .....</b>		<b>48</b>

## LIST OF FIGURES

1.	<b>Figure 1:</b> Hellenic Bank Organizational Structure.....	<b>13</b>
2.	<b>Figure 2:</b> Gap between Customers' expectations and customers' perceptions..	<b>19</b>
3.	<b>Figure 3:</b> A conceptual model of service quality (Parasuraman et. al. 1985)....	<b>20</b>
4.	<b>Figure 4:</b> Customer assessment service quality (Parasuraman et. al. 1990).....	<b>22</b>
5.	<b>Figure 5:</b> Expectations/perceptions mean scores of the five quality dimensions	<b>31</b>
6.	<b>Figure 6:</b> Expectations mean scores of the five quality dimensions.....	<b>32</b>
7.	<b>Figure 7:</b> Perceptions mean scores of the five quality dimensions .....	<b>33</b>
8.	<b>Figure 8:</b> Mean and gap scores of the five quality dimensions.....	<b>34</b>
9.	<b>Figure 9:</b> Gap scores .....	<b>34</b>

## LIST OF TABLES

<b>1. Table 1:</b>	Seven Point Likert Scale.....	<b>28</b>
<b>2a. Table 2a:</b>	The reliability statistics for Expectation construct .....	<b>29</b>
<b>2b. Table 2b:</b>	The reliability statistics for Perception construct.....	<b>29</b>
<b>3. Table 3:</b>	Expectations & Perceptions mean & gap scores.....	<b>30</b>
<b>4. Table 4:</b>	Expectations & Perceptions mean & gap summary scores.....	<b>31</b>
<b>5. Table 5:</b>	Expectations mean & gap summary scores.....	<b>32</b>
<b>6. Table 6:</b>	Perceptions mean & gap summary scores.....	<b>33</b>
<b>7. Table 7:</b>	Tangibility means and gap score.....	<b>35</b>
<b>8. Table 8:</b>	Reliability means and gap score.....	<b>35</b>
<b>9. Table 9:</b>	Responsiveness means and gap score.....	<b>35</b>
<b>10. Table 10:</b>	Assurance means and gap score.....	<b>36</b>
<b>11. Table 11:</b>	Empathy means and gap score.....	<b>36</b>

# CHAPTER 1 - INTRODUCTION

## 1. Introduction

Nowadays, the banking system in Cyprus is facing a large and extensive competition impacted not only by the fast expansion of globalization, but mainly due to the international financial crisis, which forced the local banks to find drastic and efficient ways in order to continue their operations without financial constraints. In this competitive struggle, all banks are now focusing on service quality and customer satisfaction, as they are not at present in the financial position to offer cheaper products and/or to take the burden of expensive advertising campaigns, as they did in the past.

Admittedly in the banking business, service quality and customer satisfaction is possibly the most vital feature of the customers' experience. Organizations in the banking sector monitor these elements on a regular basis in their effort to retain their customers. SERVQUAL method developed by Parasuraman et al. (1985) is broadly used in this respect. SERVQUAL is based on the conception that service quality can be calculated and assessed by comparing customers' expectations against the corresponding perception of the service received through its five dimensions; tangibles, reliability, responsiveness, assurance and empathy.

In turn, Hellenic Bank which is the third largest bank operating in Cyprus is devoting much effort in customer quality service in order to obtain a differentiation advantage against the other banking institutions. The objective of this survey is to identify the level of service quality offered by the Business Services Division of the Bank to its customers and come forward with suggestions and recommendations regarding service quality.

In this study, we firstly present the theoretical background and then we explain and illustrate our research method and findings. The research method based on a questionnaire which was given to customers to this specific Division of the Bank to complete. Secondly, we evaluate the service quality offered by using and assessing the findings which came from this survey. The results of the survey show that there are imperative differences between customers' expectation and their perceptions regarding quality service in Hellenic Bank. Having analyzed the SERVQUAL model, it was revealed that the dimension of reliability has the largest quality gap whereas the dimension of tangibility has the lowest one. By having these gaps measured, we are in position to locate the level of customers' perceived service quality and to have a comparing data vis-a-vis with the satisfaction final level of customers. Finally, on the recommendation section we give our suggestions and recommendations for each one of the five

dimensions so the management of the Bank to take necessary and remedial action so to improve those areas and meet customers' expectations.

## **CHAPTER 2 - HELLENIC BANK PROFILE**

### **2. Hellenic Bank Profile**

The Hellenic Bank commenced operations in 1976. In a relative short period of time, it managed to establish itself as one of the largest banking and financial institutions in Cyprus. The group enjoys a network of 70 branches in Cyprus, 20 in Greece and 1 in Russia employing over 2000 people locally and abroad.

The success of the Bank is based on excellent customer service, the wide range of products and services on offer and the use of the latest technology in information and control systems. Alongside traditional banking operations the bank also provides a wide range of financial services that include leasing facilities, factoring, brokerage services, insurance, portfolio management, investing banking, mutual funds, private banking and custodian services.

The Bank has adopted a customer centric structure to enable it to meet the differing requirements of its wide and diverse client base. To this effect, a number of business divisions have been formed to cater for particular client segments, supported by a number of corporate support units:

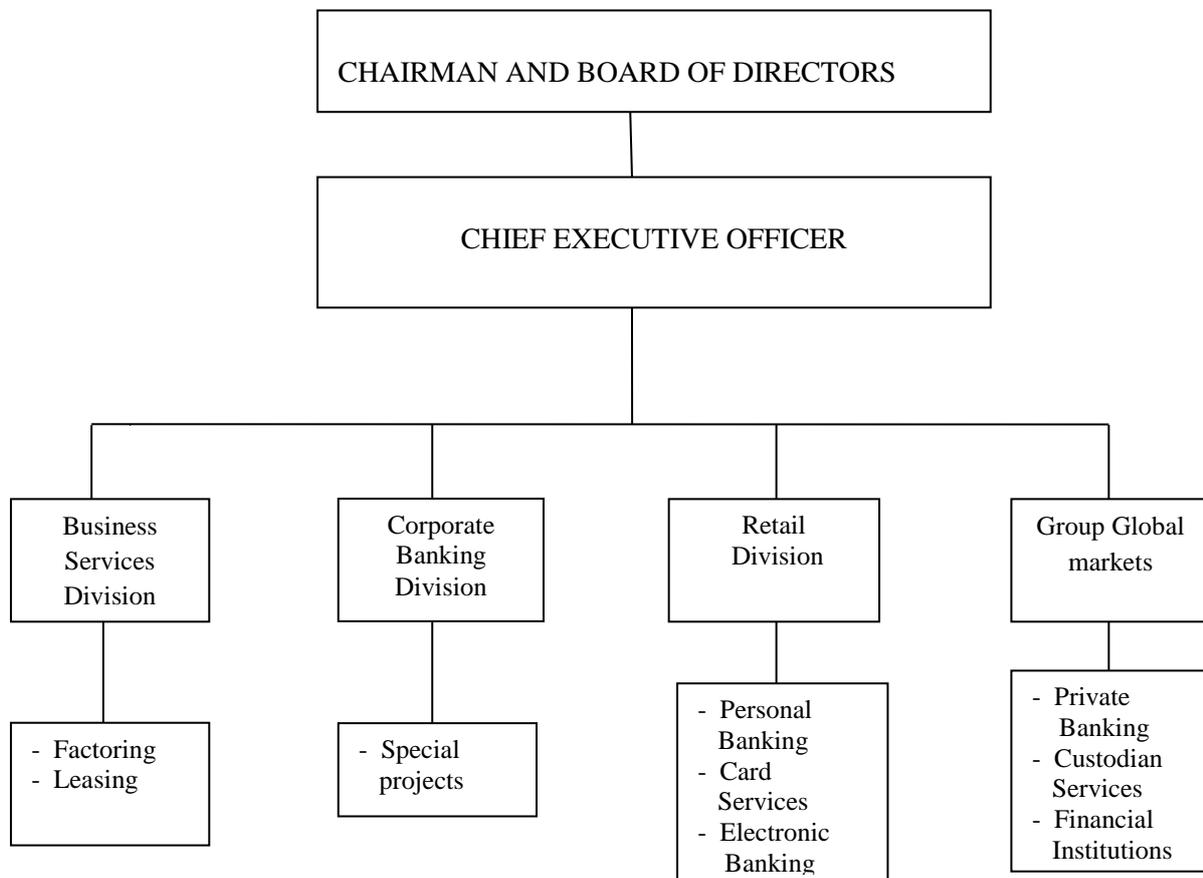
- 1) The Bank's Corporate Banking Division has as its primary aim fostering and strengthening the banking relationship with divisional customers, which include Large Corporations, Public Companies and Semi- Government Organisations.
- 2) The Business Services Division offers banking services to business, and their owners, operating in all the fields of the economy. The Division focuses on the particular needs of small and medium enterprises, owner managed businesses, associations and partnerships through a network of six business centers located in different geographical areas in Cyprus. The Division guiding principle is that of continued improvement in the quality of its customer service. Customers have direct access to Customer Relationship Officers who are thoroughly trained with wide experience in the field enabling them to offer comprehensive solutions to customer needs through wide range of tailor made products and services.
- 3) The Retail Division offers a wide range of products which have been developed to satisfy the individual needs of retail banking customers. At the same time a professional yet personal service is offered. The retail banking sector employs well trained personnel throughout its large branch network and uses state of the art technology. It thus has the ability to rapidly adapt to the ever-changing market needs nearby strengthening the relationship and confidence of the customers.

4) Group Global Markets Division aims to provide high quality service to local and international customers through a number of specialised units. Thus the International Business Division provides high quality service utilising state of the art technology combined with highly knowledgeable and trained staff. This division includes the following departments:

a) The Bank's Private Banking Department serves the needs of high net worth customers in Cyprus, Greece and abroad by offering a wide spectrum of investment products and services including mutual funds, structured products, international brokerage for shares and bonds, trading in precious metals, deposits and lending.

b) The Bank's Custodian Services Department offers a full range of custodian products that address the Cypriot and international market. The product range includes clearing and settlement, safe keeping, cash management, corporate actions, tax reclaim information services and escrow services.

c) The Financial Institution Department maintains close relations with a wide network of correspondent banks, numbering over 2000 worldwide. This is based on long term business relations, which are upgraded and updated continuously in order to serve the needs of the Bank's new programmes and services.



**Fig. 1** Hellenic Bank Organizational Structure

# CHAPTER 3 - LITERATURE REVIEW

## 3. Literature Review

Interest in service quality in the banking System began at a slow pace in the 1980s with increasing interest in the early 1990s. This growing interest is motivated by the banks' need to cope with an increasingly fiscal circumstances, and tremendous pressure from their customers to update and improve the quality of their services (Pariseau & McDaniel, 1997). The applicability of the service quality philosophy in the banking system attracted the interest of many theorists and practitioners. A number of studies, both theoretical and empirical, have also been conducted.

In this section we start with the concept of quality, service quality, customers' expectations and perceptions, customer satisfaction and finally followed by study on SERVQUAL approach, which is the most common method for measuring service quality.

### 3.1 Definition of Quality

The quest for quality has become very important and increasingly more vital nowadays. Many definitions of quality have been presented in past years:

- *The degree to which a set of inherent characteristics fulfills requirements* (Peach 2003).
- *Conformance to requirements* (Crosby 1979).
- *A dynamic state associated with products, services, people, processes and environments that meets or exceeds expectations and helps produce superior value.* (Goetsch & Davis 2010).
- *Those features of products which meet customer needs and thereby provide customer satisfaction* (Juran & Godfrey 1998).
- *The consistent conformance to customers' expectations* (Slack et al. 2010).

Slack's definition stresses the strong and continuous provider-customer relation. The word 'conformance' implies the need of meeting specific standards and specifications; while the word 'consistent', implies that the process to achieve quality is designed under specific requirements. In other words, the process itself has to incorporate quality requirements, to be continuous and always focused and tailored to the customers' expectations. The management of Hellenic Bank having realised the significant impact of the above two parameters have established a clear strategy regarding the level of quality to be offered to customers. With its

modern and innovative products and services and through continuous revamping and upgrading, Hellenic Bank offers a comprehensive and efficient service to customers according to their needs, attracting new customers and developing new products and services to meet the demand of modern life. As a result of this continuous and systematic effort, the services of the Bank have been awarded by internationally recognised institutions and publications for the quality of services offered and their continuous upgrading.

### **3.2 Service Quality**

Quality in a business environment can be divided into product and service. Parasuraman et al. (1985) gave a definition of service quality as “a measure of how well the service level delivered, matches customer expectations; delivering quality service means conforming to customer expectations on a consistent basis” while Zeithaml (1988, p. 12), defined service quality as “the consumer’s judgment about a product’s overall excellence or superiority” .

In service industry, companies try to increase their profitability by increasing their productivity and competitiveness. One way to achieve this is by offering high quality services. Delivering high quality service means conforming to customer expectations on a consistent basis (Parasuraman et al. 1985), and that appears to be a recipe for success, if not survival, of such businesses (Parasuraman et al. 1988). In this concept, organizations try to investigate and identify customers’ requirements and focus on processes and operations for meeting or even exceeding their expectations. In order to achieve the above mentioned goal, service companies need firstly to measure the quality of their service provided.

However, it is necessary to understand that service processes are different from manufacturing processes. Service processes have unique characteristics, since they are created and delivered at the same time and include the direct participation of the provider and the client. While product quality is quiet easy to be measured by indicators as durability and number of defects, service quality is rather more complicating issue.

Parasuraman et al. (1985) stress that service quality is an abstract and elusive construct, because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption. In addition, Reid & Sanders (2007) argue about the intangibility of the service processes and supports the opinion that quality of services is often defined by perceptual factors. A number of these factors are the responsiveness to customer needs, the ability to respond on time, courtesy and friendliness of staff, promptness in resolving complaints, etc. In Hellenic Bank interest in the measurement of service quality is understandably high in order to maintain a high level of customer satisfaction. This is a

strategy being offered as a key by the service providers to position themselves more effectively in the marketplace (Brown et al. 1989). However the problem inborn in the implementation of such a strategy has been extensively identified by researchers: service quality is an indefinable construct that is difficult to define and measure (Carman 1990). Unlike the quality of goods, which can be measured with some objectivity, the unique features of services, such as intangibility make measurement of service quality a very complex issue. In the absence of objective measures, Hellenic Bank relies on consumers' perceptions of service quality to identify quality problems that can be addressed by designing appropriate strategies.

### **3.3 Customer Expectations**

According to Wilson (2008), customer expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged. Customer expectations are of a great importance since they are closely correlated with satisfaction and satisfied customers are more likely to come again and/ or recommend the specific service to other customers. This knowledge is very important for companies because customers compare the quality of performance of the service received and verify this as the reference point when they experience and evaluate the service quality (Wilson 2008). Service organizations need this information to assess their provided service in order to identify the areas in which customers give more priority regarding the specific service. Finding out the service priorities, companies can focus in these specific areas in order to sustain or improve their provided service. Customer expectations rotate around their beliefs about the products and services that they receive from the various organizations.

### **3.4 Customer Perceptions**

Customer perceptions are shaped and developed following their experience of the services received from an organization. They result from how customers receive, recognize and interpret service quality. In addition, the level of past customer experience with various services offered by other firms can also have an impact on customers' perception of service quality. Researchers believe that perception and expectation are strong relative concepts (Parasuraman et al. 1985; Mersha 1992; Avkiran 1994) and it is recommended to be studied and analyzed together. Therefore, their relationship will be investigated in this thesis. The service quality being offered by the Business Services Division of the Hellenic Bank will be calculated and assessed by comparing customers' expectations against the corresponding

perception of the service received. By examining their relationship, it will be identified where the Bank needs to be improved in terms of service quality.

### **3.5 Customer satisfaction**

One of the significant parameters that are vital for the survival of any organizations is customer satisfaction. This is the main factor of most companies that show the way to the increase their market share and in turn revenues. Therefore, this notion has turned out to be a field of concern for marketers as well as for academic for many years. According to Mittal and Kamakura (2001), satisfaction is a major indicator for maintaining customer loyalty in the future. They consider that customers don't go elsewhere for products or services if they are satisfied with the existing provider. Moreover this notion is a precondition for customer loyalty. Some researchers consider that the final mission of customer satisfaction is the loyalty which derives from the service they obtain, which relates to the trend of a customer to select one service or product over another so to fulfil a certain need (Heskett 1997). This factor is very important and can assist the company to improve its trading performance and realize more profits (Reichheld 1993).

There is a great number of different meanings and definition of customer satisfaction. Westbrook (1981,p.69) describes customer satisfaction "as an emotional state that entails customer assessment of a service that he has received from a provider how it reacts to it and his response to it" . Another definition is given by Churchill and Surprenant (1982, p.493) which describes this notion as "the outcome of purchase and use resulting from the buyer's comparison of the results and cost of purchase in return to the anticipated consequences". It has also been regarded as a function after you obtain a service or /purchase and comparison. This function is assumed that it is the result and comparison between what you pay/charge and the response to the purchase with the forecast about service/services.

As far as the Hellenic Bank, customer satisfaction is a very crucial issue linked to the profitable operation and expansion. The Bank has realised the importance of customer satisfaction by studying and adopting the following criteria: (i) customers with problems usually do not react and only 4% of them complain; (ii) normally a person with a problem tells nine other people about it; (iii) while satisfied customers tell five other people about their good experience; and (iv) keeping a current customer costs about 1/7 of the cost of the acquiring a new customer. These facts highlight the crucial role of satisfying customers which bring the profit maximization of the Bank.

Overall, satisfaction is a general evaluation about products and services comparing the base on whole cost and understanding over time regarding utilization of these products and services (Parasuraman et al. 1994). Marketers consider that customers often wish to have high expectations on the products and services which are bought/obtained and consumed. Oliver (1981) argues that customer satisfaction begins from an overall psychological condition and in line with this, the feeling around the expectations is joined with the consumer's past feelings about their experience on consumption. As a result, customers achieve such a position in which the concept of satisfaction is described as the contrast between expectations against perception.

## **3.6 Measuring Service Quality**

### **3.6.1 The organization's view of quality**

Although there are many definitions of quality as presented in section 3.1 above, as far as the Hellenic Bank quality is defined to be as “consistent conformance to customers’ expectations” (Slack et al. 2010, p.498). The use of the word “conformance” implies that there is the need to meet a clear specification. Ensuring a product or service conforms to that specification is a key operations task. “Consistent” implies that the conformance to specification is permanent feature from the design to the final product or service. The use of “customers’ expectations” recognizes that the product or service should take into account the views of customers (customer voice) which may be influenced by price.

The measurement of service quality for Hellenic Bank is a vital factor for maintaining a high standard of service quality. Given that the measurement of service quality is a very complex issue due to the absence of objective measures, Hellenic Bank relies on consumers’ perceptions of service quality looking to satisfy in full the expectations of all customers. One of the tools which is widely applied in the Hellenic Bank is the Mystery shopping (Leeds 1992). This tool is used externally by market research companies based on contractual arrangement with the Bank in order to measure quality of service or to gather specific information about products and services. The mystery consumer's specific identity is generally not known by the establishment being evaluated. Mystery shoppers perform specific tasks such as purchasing a product, asking questions, registering complaints or behaving in a certain way, and then provide detailed reports and feedback about their experiences to the Bank for evaluation.

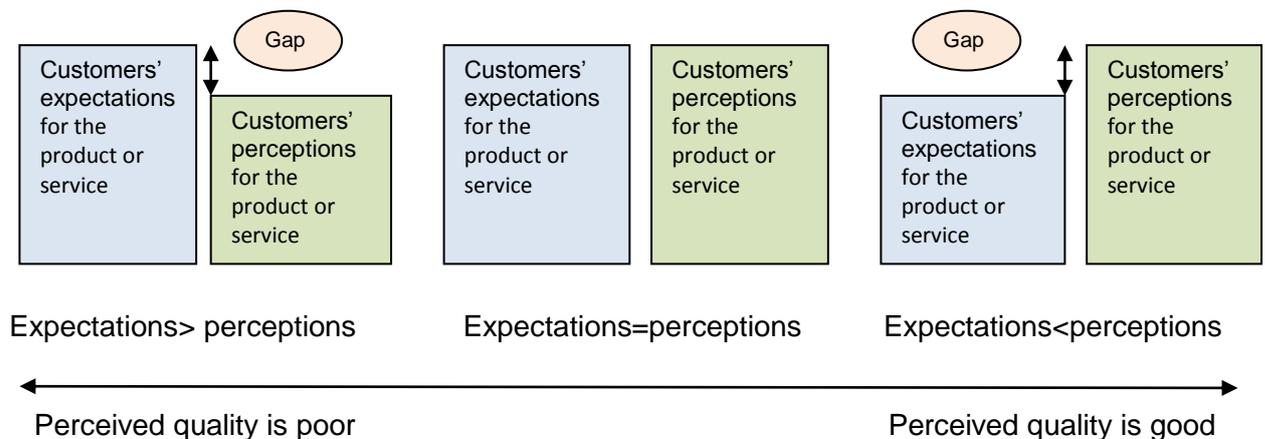
### **3.6.2 Customers' view of quality**

Customers may each perceive a product or service in different ways. Past experience, individual knowledge and history will all shape customers’ expectations (Slack et al. 2010). So

quality needs to be understood from a customer's point of view because, to the customer, the quality of a particular product or service is whatever he or she perceives it to be. This parameter is very important for Hellenic Bank because the higher the degree of customers perception, the higher the benefit from this product or service. The ability and the level to perform the promised service dependably and accurately are related to the organization's reliability. Reliability in Hellenic Bank reflects the consistency and certainty in terms of performance.

### 3.6.3 Matching the organization's and the customer's views of quality

The organization's view of quality is concerned with trying to meet customer expectations while on the other hand customer's view of quality is what he or she perceives the product or service to be (Slack et. al, 2010). To create a unified view, quality can be defined as the degree of fit between customers' expectations and customer perception of the product or service. If there is a mismatch between perception and the expectations, then the perceived quality is governed by the magnitude and direction of the gap between customers' expectations and their perceptions of the product or service. This is shown in figure 2.

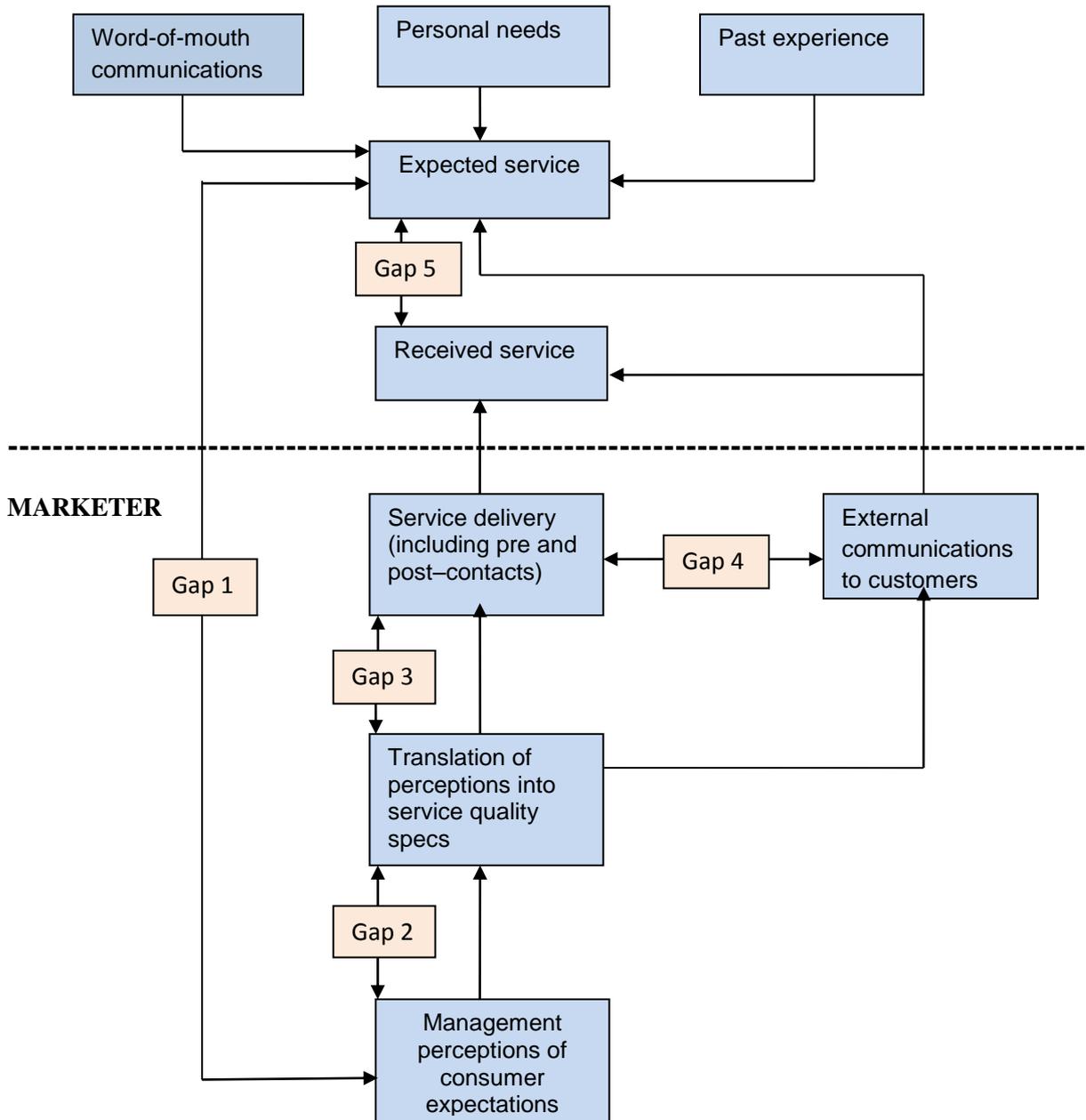


**Fig. 2** Gap between customers' expectations and customer perception

Source: Slack et al. (2010, p.498)

Also, according to Parasuraman et al. (1985) both customers' expectations and perceptions are influenced by a number of factors. Figure 3 below show the five gaps in the conceptual model of service quality and demonstrate the factors that will influence the final gap between expectations and perceptions. This model of customer - perceived quality show how the organization can manage quality and identifies some of the problems in doing so. The bottom part of the diagram represents the consumer's area of quality and the top part the consumer's area.

## CONSUMER



**Fig. 3** A conceptual model of service quality. The consumer's area and the marketer's area in determining the perceived quality, showing how the gap between customers' expectations and their perception of a product or service could be explained by one or more gaps elsewhere in the model.

*Source: Parasuraman et. al. (1985, p.44). A Conceptual model of Service quality.*

These two areas meet in the actual product or service which is provided by the organization and experienced by the customers and reveal how quality problems can be diagnosed through the five 'gaps of quality' presented below:

**Gap1: The customer's specifications-operation's specification gap.** Perceived quality could be poor because there may be a mismatch between the organization's own internal quality specification and the specification which is expected by customer.

For example, a deposit scheme in Hellenic Bank which was designed to pay interest once a year but customers may expect to receive interest every six months.

**Gap 2: The concept-specification gap.** Perceived quality could be poor because there is a mismatch between the product or service concept and the way the organization has specified quality internally.

For example, the concept of an insurance product offered by Hellenic Bank might have been inexpensive but the inclusion of a medical cover may have added to its cost and made it less attractive to its customers.

**Gap 3: The quality-specification-actual quality gap.** Perceived quality could be poor because there is a mismatch between the actual quality and the internal quality specification.

For example, internal specification for a loan to be processed and completed through internet banking must not exceed four working days. However because of inadequate technical support, the execution time of the process is in reality seven days.

**Gap 4: The actual-quality-communicated-image gap.** Perceived quality could be poor because there is a gap between the organization's external communications or market image and actual quality delivered to the customer.

For example, an advertising campaign for a new credit card show that a replacement when the card is lost, it could be delivered through a courier whereas as such a service may not be available should this happened.

The result of the above four gaps is the final gap 5 (Cox & Dale, 2001) which is defined as follows:

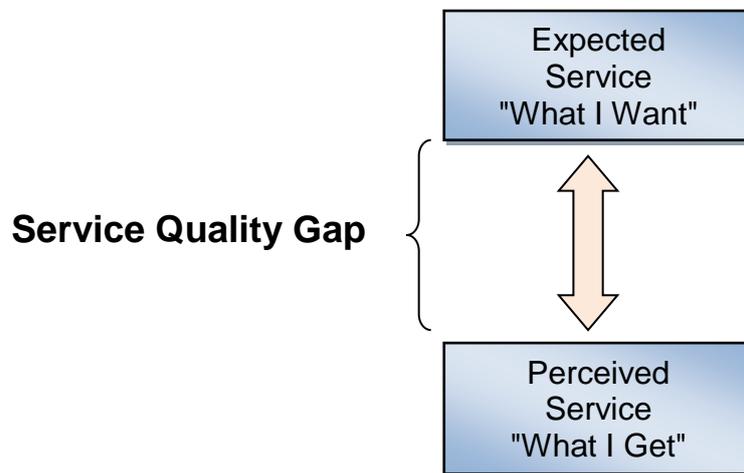
**Gap 5: Customer Gap. The difference between customer expectations and perceptions-the service quality gap.**

As shown in Fig 4, this is the gap between a customer's perception of the experience and the customer's expectation of the service. Customers' expectations have been shaped by word of mouth, their personal needs and their own past experiences. Routine transactional surveys after delivering the customer experience are important for an organization to measure customer perceptions of service. Unless Gap 5 is kept under check, it may result in lost customers, bad reputation and negative corporate image.

#### **3.6.4 Service Quality Gap Concept**

In the service quality literature, the SERVQUAL model developed by Parasuraman et al. (1985) has been widely used to measure service quality in various industries (e.g. Financial, Manufacture, Education, Health, etc). Parasuraman's research has found that customers

evaluate a firm's service quality by comparing service performance (perceptions) with what they think performance should be (expectations). In effect, customers' service expectations provide a context for their assessment of the service. When service performance falls short of expectations, a service quality gap results, as shown in Figure 3 (Parasuraman et al. 1990, p.35). According to Brown and Bond (1995), the gap model is one of the best received and most valuable contributions to the services literature.



**Fig 4** Customer Assessment of Service Quality

*Source: Parasuraman et al. (1990, p. 35)*

### 3.6.5 The SERVQUAL Model

SERVQUAL has emerged as perhaps the most popular standardized questionnaire to measure service quality. The instrument poses a set of structured and paired questions designed to assess customer's expectations of service provision and the customer's perceptions. SERVQUAL has proven useful in several types of service settings, such as hospitals e.g. (Reidenback and Sanderfer-Smallwood 1990), credit card companies e.g. (Zeithaml et al. 1990), banks e.g. (Jabnounand & Al-Tamimi 2003), university libraries e.g. (Nitecki 1996), international airline (e.g., Frost & Kumar 2001), information systems e.g. (Kettinger & Lee 1995), hospitality industry e.g. ( Saleh & Ryan, 1991), and the legal profession e.g. (Witt & Steward1996). Moreover, the number of SERVQUAL applications all over the world continues to increase e.g. (Lam & Woo 1997; Chaston 1995).

Many service quality models have been proposed (Moore 1987; Heywood-Farmer 1988; Beddowes et al. 1988; Nash 1988; Philip & Hazlett 1997; Robledo 2001). Of all these models, the most enduringly popular, widely cited and best researched method of assessing service quality is SERVQUAL (Asubonteng et al. 1996; Robinson 1999; Waugh 2002) developed by

Parasuraman et al. (1985). Thus an advantage of using SERVQUAL is that “it is a tried and tested instrument which can be used comparatively for benchmarking purposes” (Bryceland & Curry 2001, p. 389).

These authors derived a specific measure for quality especially designed for the service industry instead of referring to quality addressed in the manufactured goods industry. Their initial results identify ten dimension of service quality: Tangibles, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication and Understanding the Customer (Sureshchander et al. 2001). Parasuraman et al. (1988) further refines this research resulting in a 22 item scale which they called SERVQUAL. These scale rates service quality provided by a service provider based on dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy. These scales are measured through a questionnaire which identifies the perceptions and expectations of customers regarding this different aspect of the service quality construct. The total score is derived from the difference between perceptions and expectations scores. This shows the degree of discrepancies between customer’s expectations and for the service and their perceptions of the service actual performance. The SERVQUAL instrument is therefore based on the GAP model of service quality which states that there are five major gaps in the service quality concept. SERVQUAL addresses the fifth gap which refers to the discrepancy between customer expectations and their perceptions of the delivered service. Expectations are desired wants – the extent to which a customer believes a particular attribute is essential for an excellent service provider (Parasuraman et al. 1991) and perceptions are judgments of service performance. This approach implies that expectations are subjective and are neither static nor predictable (Blanchard et al. 1994) and is based on the disconfirmation theory which states that before using a service a customer has some expectations about his performance that are confirmed or disconfirmed after the service performance is assessed after consumption.

The SERVQUAL model consists of two parts: The first part is the “Expectations” section, which includes 22 questions capturing customers' expectations of firms in general within a service category. The second part is the “Perceptions” section, which also includes 22 corresponding questions measuring the customers’ perceptions of service quality of a particular company in that sector (SERVQUAL is shown in the appendix 1). The two sets of questions are paired so that each “expectation” question corresponds to a “perception” one. Thus, from each pair of question we can derive a gap score (G) which is the result based on the difference between perception (P) and expectation (E) [ $G = P - E$ ]. Both expectations and perceptions are measured on a 7 point Likert scale ranging from 1= “Strongly *disagree*» to 7 = “Strongly

*agree*». The 22 paired questions reflect to five generic service-quality dimensions. These five dimensions are described below (Bateson and Hoffman, 2010; Lovelock and Wirtz, 2010):

- ***Tangibility*** (4 items): the appearance of physical facilities, equipment and personnel. How are the service provider's physical installations, equipment, people and communication material? Since there is no physical element to be assessed in services, clients often trust the tangible evidence that surrounds it when making their assessment.

- ***Reliability*** (5 items): the ability to perform the promised service dependably and accurately. Is the company reliable in providing the service? Does it provide as promised?

Reliability reflects a company's consistency and certainty in terms of performance.

Reliability is the most important dimension for the consumer of services.

- ***Responsiveness*** (4 items): the willingness to help customers and provide prompt service. Are company employees helpful and capable of providing fast service? It is responsible for measuring company and employee receptiveness towards clients.

- ***Assurance*** (5 items): the knowledge and courtesy of employees and their ability to inspire trust and confidence. Are employees well-informed, educated, competent and trustworthy? This dimension encompasses the company's competence, courtesy and precision.

- ***Empathy*** (4 items): the level of caring and individualized attention the firm provides to its customers. This is the capacity a person has to experience another's feelings. Does the service company provide careful and personalized attention?

The SERVQUAL instrument is designed for use in a broad set of service businesses and provides a basic framework through its expectations/perceptions format. Despite the problems and criticisms related to SERVQUAL as a measure of service quality, it has now been applied to a wide variety of service industries, including retail banking (Parasuraman et al. 1988; Lam 1995; Sousa 1999; Newman 2001).

Offering high quality services is a required action in order to achieve a bank targets relating to customer satisfaction and loyalty, market share, financial performance and profitability. The growing competition and the current market environment have brought customer satisfaction in the center of the focus. It has become very important for the banks to enlarge and especially to retain their customer base if they want to survive and perform under the current economic conditions.

Since pricing in the Cypriot banking sector does not exhibit significant variations, service quality is one of the most important ways for the banks to attract and retain customers. Service quality generates customer satisfaction and customer loyalty as demonstrated by many research studies. There is also a strong link discussed in the literature between image, perceived quality,

satisfaction, commitment and loyalty (Veloutsou et al. 2004). Many research papers address this issue of service quality in the service industry and in the banking sector in particular.

The SERVQUAL model has been widely accepted and used as a tool in various service industries especially in banks in the United States and other countries. For Hellenic Bank it is very important to measure service quality and to identify quality related problems so to take appropriate remedial action. Given the small size of the Bank compared to the other two main leaders in the banking sector in Cyprus, the Hellenic Bank as people – centric Organization respects its customers. It has a humane and approachable relationship with its customers and therefore with the use of SERVQUAL model enables the management to identify where the bank lacks in quality service and to determine where problems exist.

Although it is widely used, the SERVQUAL model has also a lot of critics regarding varying issues: the logic behind the measurement of expectations (Cronin & Taylor 1992, 1994), the operationalization of expectations (Teas 1993), the reliability and validity of the difference score formulation of SERVQUAL (Babakus & Boller 1992, Brown et al. 1993) and its dimensionality across various service encounters (Carman 1990, Finn & Lamb 1991). The first point worth debating here is about the sustainability of its dimensions across cultural differences, countries and ethnicities (Furer et al. 2002). These investigations reported different dimensions and put a question mark regarding the universality of the SERVQUAL's five dimensions. They further show that customer values, beliefs and perceptions change from one culture to another and from one country to another. A number of authors agree that service dimensions are specific to each service industry and, by effect, the number of dimension and their stability across service industries are different (Babakus & Boller 1992). This is also true as we are speaking about countries and ethnic groups. Even Parasuraman et al. (1994) have moved from five dimensions to three, combining responsiveness, assurance and empathy into one single dimension. There are also other studies that suggest consolidation and rethinking of the SERVQUAL dimensions (Dabholkar et al. 1996).

The second point of criticism about the SERVQUAL model arises from the logic that is used to measure expectations. Some researchers are stating that perceptions scores alone explain more of the variation in service quality than the gap measure. They affirm that “questions about service expectations may be based on memory or biased by actual service received” and the difference between expectations and service perceptions may not measure quality (Babakus & Boler, 1992, Cronin & Taylor, 1992, 1994, Teas, 1993).

For Hellenic Bank, the use of SERVQUAL model has raised the following critics:

- It has not taken into account personal information (gender, age, education)
- No consideration for the type of customer (Depositor or borrower)
- The length of the relationship between customer and the Bank is not taken into consideration.

Despite the above critics in the banking industry, gap analysis has been accepted as a tool to measure current levels of service quality (Lewis 1991) although the points discussed earlier are applying also to this service setting. There have been a number of empirical studies that used SERVQUAL to evaluate service performance in the banking sector e.g. (Angur et al. 1999; Lee & Hwan 2005), hence it is possible to be used for assessing the quality gaps for Hellenic Bank.

# CHAPTER 4 – METHODOLOGY

## 4. Methodology

### 4.1 Research Design

The survey took place in the Business Services Division which offers banking services to customers all over Cyprus focusing on the particular needs of small and medium enterprises, owner managed businesses, associations and partnerships. The survey was conducted from the 23<sup>th</sup> of July 2012 until the 13<sup>th</sup> of August 2012.

The sampling method used in this study is probability sampling. In addition to this method we use unrestricted sampling technique to gather primary data because this technique gives each element an equal and independent chance of being selected. Sixty five (65) questionnaires were distributed in the six business centers via a face - to - face communication on a voluntary basis. The participants were asked to complete the questionnaires in a separate office that was given for this purpose by the bank. The responses were placed directly by the participants in an answer box which was located inside the premises. Sixty (60) questionnaires were answered by the participants and returned to the researcher (e.g. 92% thus consisting our sample for this study (N=60)).

### 4.2 Questionnaire Design

The questionnaire is based on the SERVQUAL model, developed by Parasuraman et al. (1985) and consists of two sections; the expectations and the perceptions. Each one has 22 comprehensive questions/items (APPENDIX 1) which are grouped under the five quality dimensions named, Tangibility, Reliability, Responsiveness, Assurance and Empathy (APPENDIX 2). The participants were asked to make a judgment of their expectations and their perceptions of the quality of the service they experienced. All of the items were answered using a Likert-type scale (e.g. strongly disagree to strongly agree) to indicate the strength of agreement with each statement. The Likert scale presents a set of attitude statements. Subjects are asked to express agreement or disagreement to a seven-point scale (see Table 1). Each degree of agreement is given a numerical value from one to seven. Thus a total numerical value can be calculated from all the responses.

**Table 1** Seven-Point Likert Scale

Strongly Disagree	Disagree	Disagree Somewhat	Undecided / Neutral	Agree Somewhat	Agree	Strongly Agree
1	2	3	4	5	6	7

### **4.3 Data Analysis**

After gathering the questionnaires, raw data was edited and coded in order to be put into a form suitable for analysis. Editing involves checking and adjusting for errors or omissions on the questionnaires to ensure completeness, consistency and readability of the data. Following editing process, coding is the process of identifying and classifying each answer with a numerical score or other character symbol (Zikmund 2000).

The analytical software that was used was SPSS 19.0 and MS Excel 2010 packages. Data analysis consisted of descriptive statistics (summarized in APPENDIX 4), including means with standard deviations. The data of the questionnaires were also displayed graphically through tables and bar-charts.

### **4.4 Ethics**

Ethical issues are very important for both the researcher and the respondent. It is crucial for the researcher to take unbiased true answers and for the respondent to remain safe and unknown to public. According to Zikmund (2000), ethical aspects can be managed if you concern matters of confidentiality/privacy, dignity, deception and the right of being informed. The participation for this survey was voluntary and the participants were not required to identify themselves. The participants were informed that all individual survey responses would remain confidential and that survey results would be reported in an aggregate form only. The questionnaire did not require the respondent's name or other personal details in order to secure anonymity and confidentiality. To this effect, an answer box had been placed in the separate office in order for the participants to place their questionnaires. Any information, personal judgments and/or evaluations that customers provided to us during the survey has been securely held by us in accordance to the processing of personal data (Protection of Individuals) Cyprus Law.

Research permission was asked and given by the central administration of the Bank in Nicosia.

## CHAPTER 5 – FINDINGS

### 5. Findings

#### 5.1 Reliability Test

The reliability test of the measurement shows how reliable the instruments that are used to measure the concepts and constructs of the research. Reliability of the measurement indicates that how stable and consistent the instrument is in order to analyze the variables involved in the researches. In order to test the reliability of the instrument used in this survey, the popular method of applying Cronbach Alpha ( $\alpha$ ) is used, offered in the SPSS package.

The reliability measurement of greater than 0.6 is deemed to be desirable for any concepts and constructs in the research (Nunnally 1987). Hence, the variables shown  $\alpha \geq 0,60$  considered reliable constructs.

**Table 2a:** The reliability statistics for expectation construct

Expectation Variable	No. of Items	Cronbach Alpha	Reliability Status
Tangibility	4	0,88	Reliable
Reliability	5	0,92	Reliable
Responsiveness	4	0,81	Reliable
Assurance	4	0,88	Reliable
Empathy	5	0,89	Reliable

**Table 2b:** The reliability statistics for perception construct

Expectation Variable	No. of Items	Cronbach Alpha	Reliability Status
Tangibility	4	0,83	Reliable
Reliability	5	0,89	Reliable
Responsiveness	4	0,81	Reliable
Assurance	4	0,86	Reliable
Empathy	5	0,92	Reliable

As it was shown in tables 2a and 2b, all the items included were reliable since all of them were measured to be greater than 0.6, which indicated the good reliability of the instruments being used for measuring the expectation and perception of quality at Hellenic Bank.

## 5.2 General Analysis

The 22-item questionnaire based on SERVQUAL model was the technique chosen to perform the research and obtain the answers required to satisfy the research objectives. The findings are illustrated by tables and different types of charts by using SPSS 19.0 and Microsoft Excel 2010 packages.

In the following table are presented the expectations and perceptions mean scores of the 22 parameters of the sample (N=60), categorized under the 5 dimensions of service quality (e.g. Tangibility, Reliability, Responsiveness, Assurance and Empathy).

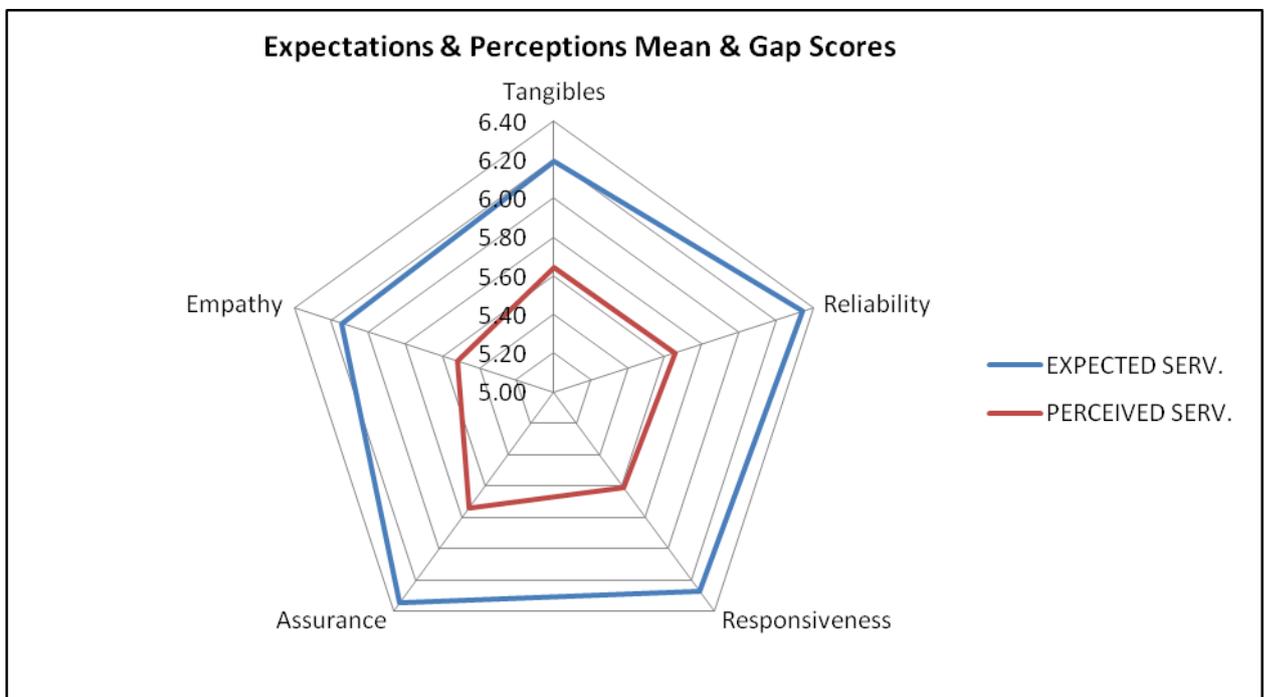
**Table 3:** Expectations & perceptions mean and gap scores

Quest. No.	Attributes	Mean Expectation (E)	Mean Perception (P)	Gap score (G=P-E)
<b>TANGIBILITY</b>		<b>6,19</b>	<b>5,64</b>	<b>(0,55)</b>
1	Having modern looking equipment	6,18	5,60	(0,58)
2	Appearance of physical facilities	6,20	5,48	(0,72)
3	Appearance of employees	6,27	5,87	(0,40)
4	Visual appeal of the materials associated with the service	6,12	5,62	(0,50)
<b>RELIABILITY</b>		<b>6,35</b>	<b>5,65</b>	<b>(0,69)</b>
5	Keeping promises to do something by a certain time	6,38	5,63	(0,75)
6	Interest shown in solving problems	6,28	5,52	(0,77)
7	Performing the service right the first time	6,33	5,53	(0,80)
8	Providing the services at the time promised	6,42	5,80	(0,62)
9	Accuracy of records	6,32	5,78	(0,53)
<b>RESPONSIVENESS</b>		<b>6,28</b>	<b>5,61</b>	<b>(0,67)</b>
10	Telling customers exactly when services will be performed	6,20	5,57	(0,63)
11	Giving prompt service to customers	6,32	5,73	(0,58)
12	Willingness of employees to help customers	6,47	5,73	(0,73)
13	Responding to customer requests	6,12	5,40	(0,72)
<b>ASSURANCE</b>		<b>6,35</b>	<b>5,74</b>	<b>(0,60)</b>
14	Trustworthiness of employees	6,33	5,72	(0,62)
15	Safety in transactions	6,43	5,87	(0,57)
16	Courtliness/politeness of employees	6,35	5,75	(0,60)
17	The knowledge of the personnel in answering customer questions	6,27	5,63	(0,63)
<b>EMPATHY</b>		<b>6,14</b>	<b>5,52</b>	<b>(0,63)</b>
18	Offering Individual attention	6,30	5,58	(0,72)
19	Having convenient operating hours	6,07	5,40	(0,67)
20	Personal attention given to customers by the employees	6,20	5,67	(0,53)
21	Having the customers' best interest at heart	6,10	5,55	(0,55)
22	Understanding the specific needs of the customers	6,05	5,38	(0,67)

**Table 4:** Expectations & perceptions mean and gap summary scores

	Dimensions	Mean Expectation (E)	Mean Perception (P)	Gap score (G=P-E)
1	<b>TANGIBILITY</b>	<b>6,19</b>	<b>5,64</b>	<b>(0,55)</b>
2	<b>RELIABILITY</b>	<b>6,35</b>	<b>5,65</b>	<b>(0,69)</b>
3	<b>RESPONSIVENESS</b>	<b>6,28</b>	<b>5,61</b>	<b>(0,67)</b>
4	<b>ASSURANCE</b>	<b>6,35</b>	<b>5,74</b>	<b>(0,60)</b>
5	<b>EMPATHY</b>	<b>6,14</b>	<b>5,52</b>	<b>(0,63)</b>

It is observed that both expectations and perceptions mean values of the 5 dimension model, score well above the average value of 4 in the 7-point Likert scale. Expectations and perceptions mean scores of the 5 dimensions are also presented in the polar diagram of Figure 5 as shown below:



**Fig. 5** Expectations/Perceptions Mean Scores of the five quality Dimensions

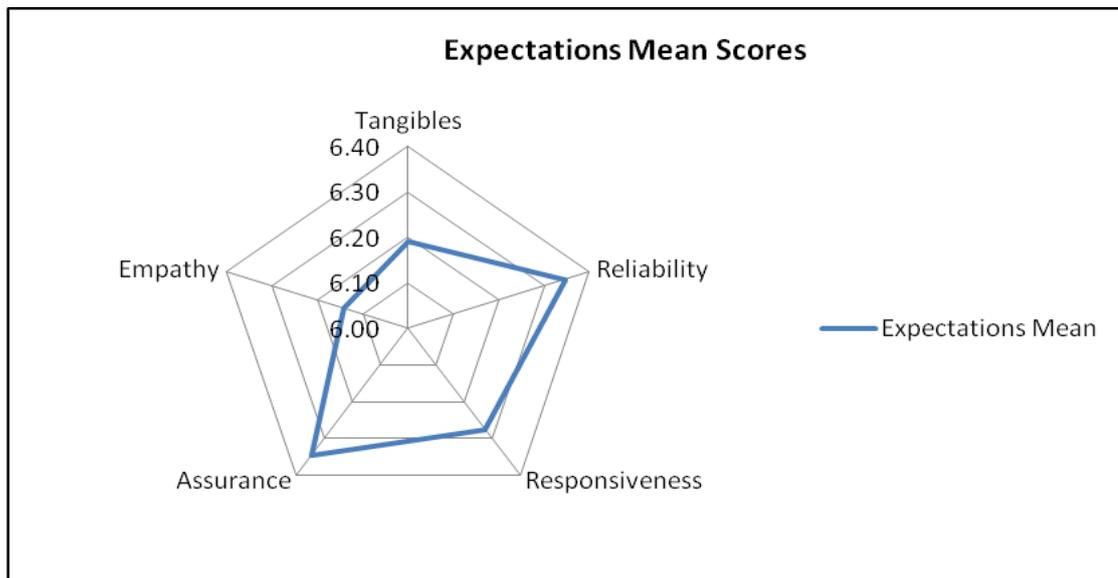
### 5.2.1 Expectations mean scores

The range of the mean values of the 5 dimensions regarding the customers' expectations is between 6,14 – 6,35 which corresponds to the answer “Agree” to “Strongly agree”. This observation shows that customers expect the overall quality of the bank to be very high. More specifically, they expect the highest rate of quality in the dimensions of Reliability and Assurance (E=6,35 for both), while they expect the less from the dimension of Empathy (E=6,14). However, the highest value (E=6,47) scores the parameter 12 - “Willingness of employees to help customers”, under the dimension of Responsiveness implying that customers

assume that employees will be more than willing to help them. The parameter with the lowest score is No. 23 – “Understanding the specific needs of the customers” under the dimension of Empathy, with a value of E=6,05.

**Table 5:** Expectations mean and gap summary scores

	<b>Dimensions</b>	<b>Expectations Mean (E)</b>
1	TANGIBILITY	6,19
2	RELIABILITY	6,35
3	RESPONSIVENESS	6,28
4	ASSURANCE	6,35
5	EMPATHY	6,14



**Fig.6** Expectations Mean Scores of the five quality Dimensions

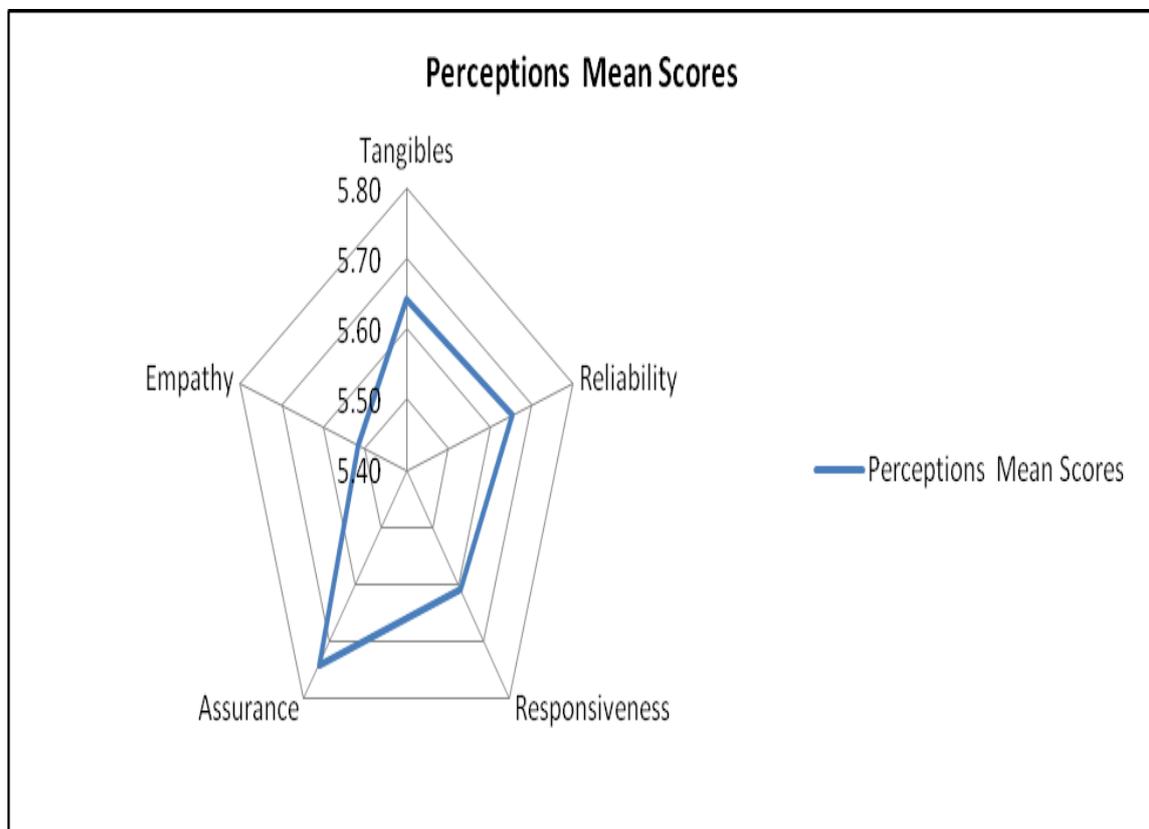
### 5.2.2 Perceptions mean scores

Regarding the perceptions mean scores, customers perceive the overall quality of the Bank over average, since the scores are well above the average value of 4 in the 7- point Likert scale. More particular, the perceptions mean scores of the 5 dimensions range between 5,52 and 5,74 which correspond between the value 5: “Slightly agree” and the value 6: “Agree” in the answering scale. Customers perceive that they get the best service quality from the parameters connected to the dimension of Assurance, since the highest mean perception score is achieved there (P= 5,74). The same customers rate the dimension of Empathy with the lowest mean score of the 5 (P=5,52) suggesting that they get the lowest degree of quality in this specific dimension compared with the other 4. Nevertheless, the highest perceptions mean value of all the 22 parameters is 5,87 and is observed in question No 3 “Appearance of employees” under the dimension of tangibility, and in No. 15 “Safety in transactions” under the dimension of

Assurance. In the same concept, the lowest mean perception score of the 22 questions is P= 5.38 which corresponds to the question 22: “Understanding the specific needs of the customers”.

**Table 6:** Perceptions mean and gap summary scores

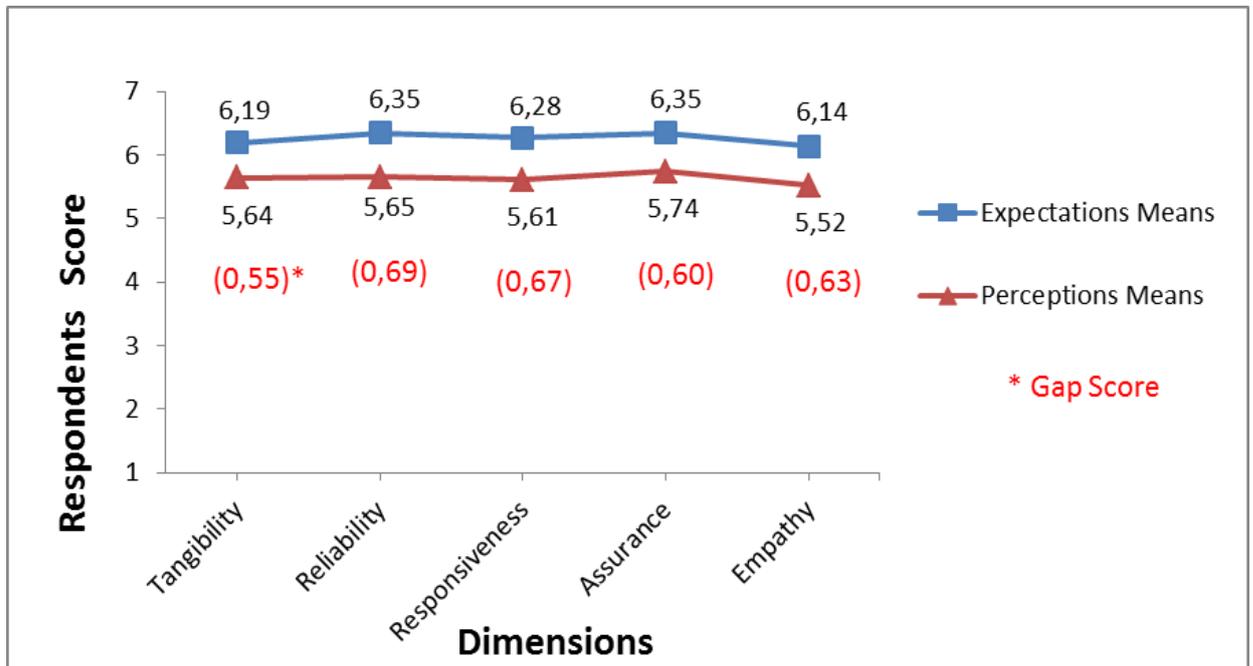
	<b>Dimensions</b>	<b>Perceptions Mean (E)</b>
1	TANGIBILITY	5,64
2	RELIABILITY	5,65
3	RESPONSIVENESS	5,61
4	ASSURANCE	5,74
5	EMPATHY	5,52



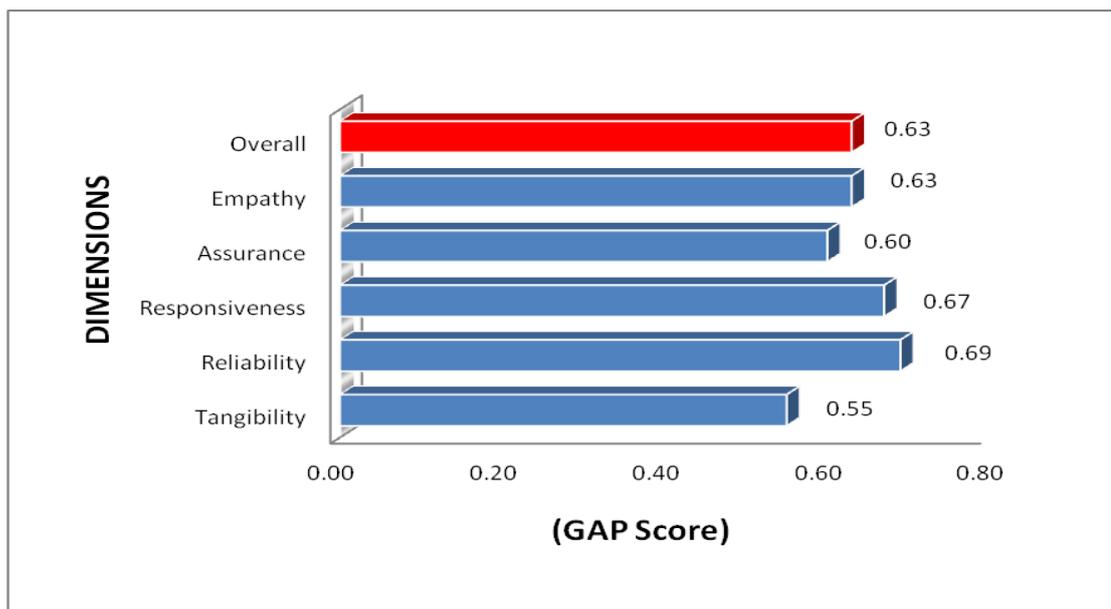
**Fig.7** Perceptions Mean Scores of the five quality Dimensions

### 5.2.3 Gap Analysis

Expectations and perceptions scores are more meaningful if they are studied together and not separately, since they are interdependent and interrelated. Therefore, a gap analysis has been conducted in order to identify the area of service which we have to focus and undertake improvement measures. The relative gap scores of the 5 quality dimensions are presented in Figures 8 & 9.



**Fig. 8:** Mean and Gap Scores of the five quality dimensions



**Fig.9 :** Gap Scores

As we can see in figures 8 & 9 the mean scores of the customers' perceptions are below of the relative expectations mean scores. The resulted negative gap implies that customers are not completely satisfied from the service quality of their bank. The quality of the service from all the respective areas/dimensions they have received is below their expectations. While the overall gap score is – 0,63, the degree of dissatisfaction varies between the dimension of “Reliability” which is the highest (-0,69) to the dimension of “Tangibility”, which scores the lowest value of dissatisfaction (-0,55).

An analytical report of each one of the 5 dimensions is given here below:

- **TANGIBILITY** (Mean GAP Score : - 0,55)

**Table 7:** Tangibility means and gap score

	Attributes	Mean Expectation	Mean Perception	Gap score
1	Having modern looking equipment	6,18	5,60	(0,58)
2	Appearance of physical facilities	6,20	5,48	(0,72)
3	Appearance of employees	6,27	5,87	(0,40)
4	Visual appeal of the materials associated with the service	6,12	5,62	(0,50)

In the Tangibility dimension, the negative gap score in all the parameters shows a degree of dissatisfaction on behalf of the clients, mostly regarding the parameter of “Appearance of the physical facilities”, which scores - 0,72. However the tangibles of the bank have the least degree of dissatisfaction compared with the other 4 dimensions.

- **RELIABILITY** (Mean GAP Score : -0,69)

**Table 8:** Reliability means and gap score

	Attributes	Mean Expectation	Mean Perception	Gap score
5	Keeping promises to do something by a certain time	6,38	5,63	(0,75)
6	Interest shown in solving problems	6,28	5,52	(0,77)
7	Performing the service right the first time	6,33	5,53	(0,80)
8	Providing the services at the time promised	6,42	5,80	(0,62)
9	Accuracy of records	6,32	5,78	(0,53)

Reliability of the bank is the area where customers are most dissatisfied. They are more unhappy regarding the parameter of “Performing the service right the first time”, which is related with the capability and skill of the employees to adopt the requirements and offer a new service right from the first time. The specific parameter is followed closely by No. 6 - “Interest shown in solving problems” and No. 5 question – “Keeping promises to do something by a certain time”. The above 3 parameters are the ones with the biggest gap scores in the survey.

- **RESPONSIVENESS** (Mean GAP Score : -0,67)

**Table 9:** Responsiveness means and gap score

	Attributes	Mean Expectation	Mean Perception	Gap score
10	Telling customers exactly when services will be performed	6,20	5,57	(0,63)
11	Giving prompt service to customers	6,32	5,73	(0,58)
12	Willingness of employees to help customers	6,47	5,73	(0,73)
13	Responding to customer requests	6,12	5,40	(0,72)

Negative gap scores are also observed in the Responsiveness dimension suggesting that customers are not satisfied. They are most dissatisfied with the “Willingness of the employees to help customers” (-0,73) followed closely by “Responding to customers’ requests” (- 0,72).

- **ASSURANCE** (Mean GAP Score : -0,60)

**Table 10:** Assurance means and gap score

	Attributes	Mean Expectation	Mean Perception	Gap score
14	Trustworthiness of employees	6,33	5,72	(0,62)
15	Safety in transactions	6,43	5,87	(0,57)
16	Courtliness/politeness of employees	6,35	5,75	(0,60)
17	The knowledge of the personnel in answering customer questions	6,27	5,63	(0,63)

Negative gaps are also presented in Assurance dimension implying a level of dissatisfaction. Customers are not so satisfied by the level of knowledge and courtesy of employees and their ability to inspire trust and confidence. The highest degree is observed in the question No 17- “The knowledge of the personnel in answering customer questions”.

- **EMPATHY** (Mean GAP Score : -0,63)

**Table 11:** Empathy means and gap score

	Attributes	Mean Expectation	Mean Perception	Gap score
18	Offering Individual attention	6,30	5,58	(0,72)
19	Having convenient operating hours	6,07	5,40	(0,67)
20	Personal attention given to customers by the employees	6,20	5,67	(0,53)
21	Having the customers’ best interest at heart	6,10	5,55	(0,55)
22	Understanding the specific needs of the customers	6,05	5,38	(0,67)

Finally, customers seem unsatisfied regarding the caring and the level of attention they receive from the employees. They believe that the bank doesn’t offer them the proper “individual attention” they would wish, since the specific parameter scores the biggest gap value (- 0,72).

# CHAPTER 6 – RESULTS ANALYSIS

## 6. Results Analysis

We have seen that the determinants of Reliability, Responsiveness and Empathy have scored the highest gap scores with -0, 69, -0, 67 and -0, 63 respectively and action on behalf of the Bank is needed to rectify the situation. The determinants of tangibility and assurance have scored -0.55 and -0, 60 respectively. Examining the variables that determine the quality determinants, we can say that they have to do directly or indirectly with the level of employees' training, personality, education, politeness, but also with the working environment and the quality and effectiveness of management. In more detail:

- **Reliability** (GAP Score: -0,69)

It refers to the extent that the customers trust the bank's ability to perform service effectively and efficiently and it has mainly to do with the level of training of the staff.

- **Responsiveness** (GAP Score: -0,67)

It refers to how willing the employees are to help customers and provide a prompt service. It has to do with the response time towards dealing with customers and meeting their needs. The time and quality of responsiveness depends on:

- i. The technology that is available for employees to use towards solving a particular problem or executing a simple transaction.
- ii. The freedom the employees have to act and take responsibilities.
- iii. The level of employees' education and professional background.
- iv. The leadership style in the Bank.
- v. The rewarding system.

- **Empathy** (GAP Score: -0,63)

It is the individualized attention of the bank to its customers. The individual attention is a crucial factor towards customer satisfaction. Because of the fact that bank employees communicate with customers from different social, educational, ethnical, and economical background very often service level is very low.

- **Assurance** (GAP Score: -0,60)

It refers to the knowledge and courtesy of employees and their capability to create a feeling of confidence for the bank's customers. Here, we also see that the human factor plays a major role towards creating and sustaining this capability.

- **Tangibility** (GAP Score: -0,55)

This is the area where the bank has scored the best result compared to the other quality determinants, although a negative one. When we talk about tangibility we simply mean the things that are physically available and observed by the customers. These include the appearance of the staff, the look of the branches, the furniture and equipment, the ATMs, etc.

# CHAPTER 7 – DISCUSSION - CONCLUSION

## 7. Discussion - Conclusion

### 7.1 General comments

We have observed that the customers' expectations threshold is high regarding the bank's service quality. This is expected, especially when dealing with a service sector like a bank. The particular sector of Hellenic Bank did not manage to score more in perceptions compared to expectations, even in one of the five quality determinants, and as a result, not to meet customers' basic expectations in any of the service quality determinants, as defined by Parasuraman et al. (1985).

We come to the conclusion, that there are minor problems with the specific sector as regards to the management, the employee attitude and the level of training. When people were asked to evaluate the bank, actually they evaluated this specific sector. However their evaluation reflects on the performance of the Bank as the participants are not seen as customers of the particular sector, but as customers of the whole bank. Customers expect to receive the same standard of service quality in any bank sector/department.

Today, the adoption of Total Quality Management from an organization reflects on all the branches of the organization and not to specific or selective branches or departments. Apart from this, nowadays, the operations and the services provided by any organization and therefore by any bank, are supported, enhanced and expedited through the use of sophisticated technology. The usage, anyway of this technology, is not given free but at a cost that consumers are asked to pay for. Thus, the consumers want to have the best return of their investment. Therefore, an enhanced and top quality service is a kind of compensation for their investment.

### 7.2 Recommendations for future Improvements

We have seen that the determinants of Reliability, Responsiveness and Empathy have scored the highest gap scores with -0,69, -0,67 and -0,63 respectively and action on behalf of the Bank is needed to rectify the situation. The determinants of tangibility and assurance have scored the lowest score with -0,55 and -0,60 respectively. Examining the variables that determine the quality determinants, we can say that they have to do directly or indirectly with the level of employees' training, personality,

education, politeness, but also with the working environment and the quality and effectiveness of management. In more detail:

- **Reliability**

We recommend that the upper management should pay attention to the training of its employees in order to increase their professional background. This could be achieved through seminars, job rotation and job enlargement. At the same time, attention should be given to Human Relations so that employees become more sensitive to customers' needs.

- **Responsiveness**

A good combination of an attractive retention plan with a sound training, and a creation of an ownership feeling of processes would help towards solving the problem. Moreover, the adoption of a reward system which will recognize achievements and provide status to make employees feel appreciated and valued will also help to this direction. This measure reinforces also less productive employees to try harder and become more efficient.

- **Empathy**

The management should provide employees with such training so that they will understand customers' needs and give the appropriate attention and service the customers may ask for. In addition to the training programs employees should be encouraged to undertake responsibilities and take initiative to this effect.

- **Assurance**

The improvement of the following parameters will assist to fill in the gap:

- a) The improvement of the rewarding system
- b) Establishment of a positive working environment
- c) Regular training programs
- d) Introduction of technological facilities.

- **Tangibility**

This is a field that has to do directly with the policy and the general regulations of the bank. In an effort for the bank to enhance its visual image the following actions should be considered:

- a) Refurbishment of the bank premises
- b) Redesigning of the banking halls
- c) Replacement of the electronic equipment

d) Introduction of staff uniforms

### **7.3 Future Work**

As a synopsis of the above, it could be mentioned that the real problems lie on the ability of the personnel and the management to cope with special circumstances and meet customers' needs. A good approach of the top management would be apart from what it has already mentioned and suggested, the encouragement and motivation of the employees. The application of Herzberg's Theory of Motivation could help in a great extent.

According to Herzberg's two-factor theory, there are two sets of motivating factors. In one set are dis-satisfiers, which are related to the job context (circumstances, conditions). The absence of these factors results in dissatisfaction. In the other set are the satisfiers, or motivators, which are related to the context of the job (Koontz & Weihrich 2004).

Herzberg and his associates have modified considerably the Maslow's need approach. Herzberg divided the needs into two groups. In the one group of needs he placed parameters such as company policies, salary, working conditions, job security, and personal life. These parameters or criteria were found to be only dissatisfiers and not motivators. In other words these parameters will not motivate people in an organization, but they must be present, or dissatisfaction will arise. These factors are called the Hygiene Factors.

In the other group of needs he placed parameters/factors such as responsibility, recognition, personal advancement, rewarding, and achievement. These factors are called satisfiers and therefore are motivators. Their existence yields a sense of satisfaction and motivates employees to do their best for better productivity, enhances quality service that definitely leads to improved and sustained customer satisfaction.

The primary task of managers is to get people to contribute activities that help achieve the mission and goals of an enterprise or of any department or other organized unit within it. Clearly, guiding people's activities in desired directions requires knowing, to the best of any manager's ability, what leads people to do things and what motivates them (Koontz & Weihrich 2004).

### **7.4 Limitations**

The survey reflects the specific sector of the Hellenic Bank in Cyprus. Even if the specific sector the largest and busiest in the whole bank, the findings of this research are limited

towards broader generalization. Some other limitations which have to be considered are the following:

- The study concentrates only on qualitative aspects.
- The questionnaire did not include sex, age, gender and educational background.
- The survey took place in a recession period something that could have influenced the judgment of the participants.
- In some situations due to lack of time or interest, the participants were very impatient and as a result it seemed that they answered the questionnaire superficially.

## **REFERENCES**

- Angur, M. G., Natarajan, R. & Jahera, Jr. J.S. (1999) "Service Quality in the Banking Industry: An Assessment in a Developing Economy". *International Journal of Bank Marketing*, 17 (3), 116-123.
- Arora, U. (2011) "Customer Service in Indian Commercial Banks: An Empirical Study". *International Journal of Management and Innovation*, Volume 3 Issue 1.
- Asubonteng, P., McCleary, K. J., & Swan, J. E. (1996) "SERVQUAL revisited: a critical review of service quality". *Journal of Service Marketing*, 10(6), 62–81.
- Avkiran, N. (1994) "Developing an Instrument to Measure Customer Service Quality in Branch Banking". *International Journal of Bank Marketing*; 12(6), 10-18.
- Babakus, E. & Boller, G. W. (1992) "An Empirical Assessment of the Servqual Scale". *Journal of Business Research*, 24, 253-268.
- Bateson, J. E. G. & Hoffman, K. D. (2010) "Services Marketing". South-Western, 4th Edition.
- Beddowes, P., Gulliford, S., Knight, M. & Saunders, I. (1988) "Service Success! Who Is Getting There?". *Operations Management Association*. Nottingham: University of Nottingham
- Blanchard, R.F. & Galloway, R. L., (1994) "Quality in Retail Banking". *International Journal of Service Industry Management*, 5 (4), 5-23.
- Brown, S.W. & Bond, E.U. (1995) "The internal/external framework and service quality: Toward theory in services marketing", *Journal of Marketing Management*, 12, 25-39.
- Brown, S.W. & Swartz, T.A. (1989) "A gap analysis of professional service quality". *Journal of Marketing*, 53, 92-98.
- Bryslant, A. & Curry, A. (2001) "Service improvements in public services using SERVQUAL". *Journal of Managing Service Quality*, 11 (6), 389-401.
- Carman, J. (1990) "Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions". *Journal of Retailing*, 66, 33-55.
- Chaston, L. (1994) "Internal customer management and service gap within the UK manufacturing sector". *International Journal of Operations & Production Management* 14(9), 45-56.
- Churchill. G. & Surprenant. C. (1982) "An Investigation into the Determinants of Customers satisfaction". *Journal of Marketing Research* 19, 491-504.
- Cox, J & Dale, B.G. (2001) "Service quality and e-commerce: an exploratory analysis". *Journal of Managing Service Quality*, 11, 121 - 131.
- Cronin, J. & Taylor, S. (1992) "Measuring Service Quality: A Re-examination and Extension". *Journal of Marketing*, 56(3), 55-68.

- Cronin, J. Joseph, Jr., & Taylor, Steven A. (1994) "SERVPERF versus SERVQUAL: reconciling performance based and perception-minus-expectations measurement of service quality". *Journal of Marketing*, 58, 55-68.
- Crosby, P. (1979), "Quality is free". *McGraw-Hill*.
- Dabholkar, P., Thorpe, D., & Rentz, J.(1996) "A Measure of Service Quality for Retail Stores: Scale Development and Validation". *Journal of the Academy of Marketing Science*, 24 (Winter), 3-16
- Finn, D. W., & Lamb, C. W. (1991) "An evaluation of the SERVQUAL scale in retail setting." in R. H. Solomon (Ed.). *Advances in consumer research*, vol. 18. Provo: Association of Consumer Research.
- Fornell, C. (1994) "A National Customer Satisfaction Barometer: the Swedish Experience". *Journal of Marketing*, Vol. 56, 6-12.
- Frost, A. & Kumar M. (2001) "Service quality between internal customers and internal suppliers in an international airline". *International Journal of Quality & Reliability Management*, Vol. 18, 371-386.
- Furrer, O., Ben S.C. & Sudharshan, D. (2002) "The Relationships Between Culture and Service Quality Perceptions: Basis for Cross-Cultural Market Segmentation and Resource Allocation". *Journal of Service Research*, 2 (May), 355-371.
- Goetsch, D.L. & Davis, S.B. (2010) "Quality Management for Organizational Excellence: Introduction to Total Quality". *Pearson, NJ*.
- Heskett, J., Sasser, E. & Schlesinger, L. (1997) "The service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and value". *Free Press*.
- Jabnoun, N. & Al-Tamimi, H. (2003) "Measuring perceived service quality at UAE commercial banks". *International Journal of Quality and Reliability Management*, Vol. 20, 458-472.
- Haywood-Farmer, J. (1988) "A Conceptual Model of Service Quality". *International Journal of Operations & Production Management*, Vol. 8, 19 - 29.
- Juran, J. & Godfrey, A. (1998) "*Juran's Quality Handbook*". 5th edition, McGraw-Hill.
- Kettinger, L. & Lee, M. (1995) "Perceived service quality and user satisfaction with the information service function". *Decision Sciences*, Vol. 25, 737-60.
- Koontz, H. & Weihrich, H. (2004) "*Essentials of Management*", McGraw Hill, p. 318.
- Lam, S.S. (1995) "Assessing the Validity of SERVQUAL: An Empirical Analysis in Hong Kong". *Asia Pacific Journal of Quality Management*, 4, 33-40.
- Lam, S. & Woo, K. (1997) "Measuring service quality: A test-retest reliability investigation of SERVQUAL". *Journal of the Market Research Society*, Vol. 39, 381-395.

- Lee, M. C. & Hwan, I. S. (2005) "Relationship among Service Quality, Customer Satisfaction and Profitability in the Taiwanese Banking Industry". *International Journal of Management*, 22 (4), 635.
- Leeds, B. (1992) "Mystery shopping offers clues to quality service". *Bank Marketing*, 24 (11), 24-26.
- Lewis, B.R. (1991) "Service Quality Measurement". *Marketing Intelligence and Planning*, Vol.11, No4, 4-12.
- Lovelock, C. & Wirtz, J. (2010) "Services Marketing". 7th Edition Pearson.
- Mersha, T. & Adlakha, V. (1992) "Attributes of SQ: The Consumers' Perspective". *International Journal of Service Industry Management*, Vol.3(3), 55-70.
- Mittal, V. & Kamakura, A. W. (2001). "Satisfaction, repurchase intent, and repurchase behavior: Investigating the moderating effect of consumer characteristics". *Journal of Marketing Research*, Vol.38 (February), 131-142.
- Moore, C. D. (1987) "Outclass the competition with service distinction". *Mortgage Banking* Vol. 47, No. 11, 2-12.
- Nash, C.A. (1988) "A Question of Service: Action Pack". Business Management Programme, Hotel and Catering Industry Training Board, National Consumer Council, London.
- Newman, K. (2001) "Interrogating SERVQUAL: A Critical Assessment of Service Quality Measurement in a High Street Retail Bank". *International Journal of Bank Marketing*, 19/3, 126-139.
- Nitecki, D. (1996) "Changing the concept and measure of service quality in academic libraries," *Journal of Academic Leadership*, Vol. 22, 181-190.
- Nunnally, J.C. (1987) "*Psychometric Theory*". McGraw Hill, New York, pp.23-45.
- Oliver, R.L. (1981) "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions". *Journal of Marketing Research* No. 17, 460-469.
- Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1985) "A Conceptual Model of Service Quality and Its Implications for Future Research". *Journal of Marketing* (Fall), 41-50.
- Parasuraman, A., Zeithaml, V.A. & Berry, L. L. (1988) "SERVQUAL: a multiple item scale for measuring consumer perceptions of service quality". *Journal of Retailing*, Vol. 64, Spring, 12-40.
- Parasuraman, A., Zeithaml, V.A. & Berry, L. L. (1990) "Guidelines for Conducting Service Quality Research". *Marketing Research*, Dec 1990, 34-44.
- Parasuraman, A., Zeithaml, V. A. & Berry, L. L. (1991) "Refinement and reassessment of the SERVQUAL scale". *Journal of Retailing* 67 (4), 420 – 450.

- Parasuraman, A., Zeithaml, V.A. & Berry, L.L. (1994) "Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research". *Journal of Marketing* 58(1), 111-124.
- Pariseau, S. & McDaniel, J. (1997) "Assessing service quality in schools of business". *International Journal of Quality & Reliability Management*, Vol. 14, 204-218.
- Peach, R., W. (2003) "*The ISO 9000 Handbook*", 4th Edition, QSU Publishing Company.
- Philip, G. & Hazlett, S. (1997) "The measurement of service quality: a new 'P-C-P' attributes model". *International Journal of Quality and Reliability Management*, 14(3), 260–286.
- Reichheld, F. & Sasser, L. (1990), "Defections: Quality comes to service," *Harvard Business Review*, September/October, 106-107.
- Reichheld, F. (1993) "Loyalty-based Management". *Harvard Business Review*, March-April, 64-73
- Reid, R.D. & Sanders, N.R. (2007) "Operations Management; An Integrated Approach", 3rd Edition, Wiley.
- Reidenbach, R.E. & Sandifer-Smallwood, B. (1990) "Exploring perceptions of hospital operations by a modified SERVQUAL approach". *Journal of Health Care Marketing*, Vol. 10 No. 4, December, 47-55.
- Robinson, S. (1999) "Measuring service quality: current thinking and future requirements". *Marketing Intelligence & Planning*, 17(1), 21–32.
- Robledo, M. A. (2001) "Measuring and managing service quality: integrating customer expectations". *Managing Service Quality*, 11(1), 22–31.
- Saleh, F. & Ryan, C. (1992) "Analyzing service quality in the hospitality industry using the SERVQUAL model". *Services Industries Journal*, vol. 11 No.3, 324-43.
- Slack, N., Chambers, S. & Johnston R. (2010) "*Operations Management*", 6th Edition Pearson, pp.497-499.
- Sousa, C. (1999) "Customer Expectations and Perceptions of Service Quality in Retail Banking: A Comparative Study of Macau and Guangzhou Banking Consumers", *Globalization and Emerging Economies*, International Conference Proceedings, Barcelona, Spain.
- Sureshchandar, G.S., Rajendran, C. & Anantharaman, R. N. (2002) "The relationship between service quality and customer satisfaction – a factor specific approach". *Journal of Services Marketing*, Vol.16(4), 363-379.
- Teas, R. K. (1993) "Expectations, performance evaluation, and consumers' perceptions of quality". *Journal of Marketing*, 57(4), 18–35.
- Veloutsou C., Daskou S. & Daskou, A. (2004) "Are the determinants of bank loyalty brand specific?" *Journal of Financial Services Marketing*, 9(2), 113-125.
- Wilson, A. (2008) "*Services Marketing*". McGraw Hill Higher Education, pp.54-72.
- Waugh, R. F. (2002) Academic perceptions of administrative quality at universities. *Journal of*

*Educational Administration*, 40(2), 172–188.

Westbrook, Robert A. (1981) "Sources of Consumer Satisfaction with Retail Outlets". *Journal of Retailing*, (Fall), 68-85.

Wilson, G. (2008) "Administration and Institutions". *Governance International Journal of policy* Vol. 21 No.2, 197-200.

Witt, C. & Stewart, H. (1996) "Solicitors and customer care". *Service Industries Journal*, Vol. 16, 21-34.

Zeithaml, V. A., Parasuraman, A. & Berry, L. L. (1990) "Delivering Service Quality: Balancing Customer Perceptions and Expectations", The *Free Press*, New York.

Zeithaml, V.A. (1988) "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence". *Journal of Marketing*, Volume 52, 2-22.

Zikmund, W.G. (2000) "Business Research Methods". *Dryden Press*, Harcourt College Publishers, 6th edition, Orlando, FL.

# **APPENTICES**

**APPENDIX 1 – QUESTIONNAIRE**

**APPENDIX 2 – QUALITY DIMENSIONS**

**APPENDIX 3 – EXPECTATIONS & PERCEPTIONS MEAN GAP  
SCORES**

**APPENDIX 4 – DESCRIPTIVE STATISTICS SUMMARY**

**APPENDIX 5 – RELIABILITY TEST SUMMARY**

## APPENDIX 1 – QUESTIONNAIRE

**The Survey:** The questionnaire below is in two sections. The first section asks you to rank **HB** according to your expectations i.e. what you expect **HB** to provide. The second section asks you to rank **HB** according to your experiences and perceptions.

**Expectations:** This section of the survey deals with your opinions of **HB**. Please show the extent to which you think **HB** should possess the following features. What we are interested in here is a number that best shows you expectations about institutions offering banking services. You should rank each statement as follows:

Strongly Disagree	Disagree	Disagree Somewhat	Undecided / Neutral	Agree Somewhat	Agree	Strongly Agree
1	2	3	4	5	6	7

Statement	Score
1. <b>HB</b> will have modern looking equipment.	
2. The physical facilities at <b>HB</b> will be visually appealing.	
3. Employees at <b>HB</b> will be neat in their appearance.	
4. Materials associated with the service (e.g. pamphlets will be visually appealing at <b>HB</b> ).	
5. When <b>HB</b> promise to do something by a certain time, it does.	
6. When a customer has a problem, <b>HB</b> will show a sincere interest in solving it.	
7. <b>HB</b> will perform the service right the first time.	
8. <b>HB</b> will provide the service at the time they promise to do so.	
9. <b>HB</b> will insist on error free records.	
10. Employees of <b>HB</b> will tell customers exactly when services will be performed.	
11. Employees of <b>HB</b> will give prompt service to customers.	
12. Employees of <b>HB</b> will always be willing to help customers.	
13. Employees of <b>HB</b> will never be too busy to respond to customers' requests.	
14. The behaviour of employees in <b>HB</b> will instil confidence in customers	
15. Customers of <b>HB</b> will feel safe in transactions.	
16. Employees of <b>HB</b> will be consistently courteous with customers.	
17. Employees of <b>HB</b> will have the knowledge to answer customers' questions.	
18. <b>HB</b> will give customers individual attention.	
19. <b>HB</b> will have operating hours convenient to all their customers.	
20. <b>HB</b> will have employees who give customers personal service.	
21. <b>HB</b> will have their customers' best interest at heart.	
22. The employees of <b>HB</b> will understand the specific needs of their customers.	

**Perceptions:** The following statements relate to your feelings about the particular bank you have chosen. Please show the extent to which you believe this bank has the feature described in the statement. Here, we are interested in a number from 1 to 7 that shows your perceptions about the bank. You should rank each statement as follows:

Strongly Disagree	Disagree	Disagree Somewhat	Undecided / Neutral	Agree Somewhat	Agree	Strongly Agree
1	2	3	4	5	6	7

Statement	Score
1. <b>HB</b> has modern looking equipment.	
2. <b>HB</b> physical features are visually appealing.	
3. <b>HB</b> reception desk employees are neat appearing.	
4. Materials associated with the service (e.g. pamphlets) are visually appealing at <b>HB</b> .	
5. When <b>HB</b> promises to do something by a certain time, it does so.	
6. When you have a problem, <b>HB</b> shows a sincere interest in solving it.	
7. <b>HB</b> performs the service right the first time.	
8. <b>HB</b> provides its service at the time it promises to do so.	
9. <b>HB</b> insists on error free records.	
10. Employees in <b>HB</b> tell you exactly when the services will be performed.	
11. Employees in <b>HB</b> give you prompt service.	
12. Employees in <b>HB</b> are always willing to help you.	
13. Employees in <b>HB</b> are never too busy to respond to your request.	
14. The behaviour of employees in <b>HB</b> instils confidence in you.	
15. You feel safe in your transactions with <b>HB</b> .	
16. Employees in <b>HB</b> are consistently courteous with you.	
17. Employees in <b>HB</b> have the knowledge to answer your questions.	
18. <b>HB</b> gives you individual attention.	
19. <b>HB</b> has operating hours convenient to all its customers.	
20. <b>HB</b> has employees who give you personal attention.	
21. <b>HB</b> has your best interests at heart.	
22. The employees of <b>HB</b> understand your specific needs.	

## APPENDIX 2 – QUALITY DIMENSIONS

Quest. No.	Attributes
<b>TANGIBILITY</b>	
1	Having modern looking equipment
2	Appearance of physical facilities
3	Appearance of employees
4	Visual appeal of the materials associated with the service
<b>RELIABILITY</b>	
5	Keeping promises to do something by a certain time
6	Interest shown in solving problems
7	Performing the service right the first time
8	Providing the services at the time promised
9	Accuracy of records
<b>RESPONSIVENESS</b>	
10	Telling customers exactly when services will be performed
11	Giving prompt service to customers
12	Willingness of employees to help customers
13	Responding to customer requests
<b>ASSURANCE</b>	
14	Trustworthiness of employees
15	Safety in transactions
16	Courtliness/politeness of employees
17	The knowledge of the personnel in answering customer questions
<b>EMPATHY</b>	
18	Offering Individual attention
19	Having convenient operating hours
20	Personal attention given to customers by the employees
21	Having the customers' best interest at heart
22	Understanding the specific needs of the customers

### APPENDIX 3 – EXPECTATIONS & PERCEPTIONS MEAN GAP SCORES

Quest. No.	Attributes	Mean Expectation (E)	Mean Perception (P)	Gap score (G=P-E)
<b>TANGIBILITY</b>		<b>6,19</b>	<b>5,64</b>	<b>(0,55)</b>
1	Having modern looking equipment	6,18	5,60	(0,58)
2	Appearance of physical facilities	6,20	5,48	(0,72)
3	Appearance of employees	6,27	5,87	(0,40)
4	Visual appeal of the materials associated with the service	6,12	5,62	(0,50)
<b>RELIABILITY</b>		<b>6,35</b>	<b>5,65</b>	<b>(0,69)</b>
5	Keeping promises to do something by a certain time	6,38	5,63	(0,75)
6	Interest shown in solving problems	6,28	5,52	(0,77)
7	Performing the service right the first time	6,33	5,53	(0,80)
8	Providing the services at the time promised	6,42	5,80	(0,62)
9	Accuracy of records	6,32	5,78	(0,53)
<b>RESPONSIVENESS</b>		<b>6,28</b>	<b>5,61</b>	<b>(0,67)</b>
10	Telling customers exactly when services will be performed	6,20	5,57	(0,63)
11	Giving prompt service to customers	6,32	5,73	(0,58)
12	Willingness of employees to help customers	6,47	5,73	(0,73)
13	Responding to customer requests	6,12	5,40	(0,72)
<b>ASSURANCE</b>		<b>6,35</b>	<b>5,74</b>	<b>(0,60)</b>
14	Trustworthiness of employees	6,33	5,72	(0,62)
15	Safety in transactions	6,43	5,87	(0,57)
16	Courtliness/politeness of employees	6,35	5,75	(0,60)
17	The knowledge of the personnel in answering customer questions	6,27	5,63	(0,63)
<b>EMPATHY</b>		<b>6,14</b>	<b>5,52</b>	<b>(0,63)</b>
18	Offering Individual attention	6,30	5,58	(0,72)
19	Having convenient operating hours	6,07	5,40	(0,67)
20	Personal attention given to customers by the employees	6,20	5,67	(0,53)
21	Having the customers' best interest at heart	6,10	5,55	(0,55)
22	Understanding the specific needs of the customers	6,05	5,38	(0,67)

## APPENDIX 4 – DESCRIPTIVE STATISTICS SUMMARY

	<b>N</b>	<b>Range</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Modern Equipment	60	2.00	5.00	7.00	6.18
Facilities Appearance	60	2.00	5.00	7.00	6.20
Employees Appearance	60	2.00	5.00	7.00	6.26
Materials Visual Appeal	60	3.00	4.00	7.00	6.11
Keeping Promises by Providers	60	2.00	5.00	7.00	6.38
Staff Concern in Solving Problems	60	2.00	5.00	7.00	6.28
Dependability of Staff Expectations	60	2.00	5.00	7.00	6.33
Commitment for Providing Service as Promised	60	2.00	5.00	7.00	6.41
Accuracy of Records	60	2.00	5.00	7.00	6.31
Giving Customers Exact Time of Performing a Service	60	2.00	5.00	7.00	6.20
Prompt Service	60	2.00	5.00	7.00	6.31
Staff Willingness to Help	60	2.00	5.00	7.00	6.46
Staff Ignorance of Customer Request	60	3.00	4.00	7.00	6.11
Trusting Bank Staff	60	2.00	5.00	7.00	6.33
Felling Safe Dealing with Bank	60	2.00	5.00	7.00	6.43
Politeness Of Staff	60	2.00	5.00	7.00	6.35
Staff knowledge to answer to customer questions	60	2.00	5.00	7.00	6.26
Individual Attention	60	3.00	4.00	7.00	6.30
Convenient Operating Hours	60	3.00	4.00	7.00	6.06
Personal Attention to Customers	60	3.00	4.00	7.00	6.20
Customers Best Interest at Heart	60	4.00	3.00	7.00	6.10
Understanding Spesific Needs	60	3.00	4.00	7.00	6.05
Valid N (listwise)	60				

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Modern Equipment	60	3.00	7.00	5.60
Facilities Appearance	60	2.00	7.00	5.48
Employees Appearance	60	4.00	7.00	5.86
Materials Visual Appeal	60	2.00	7.00	5.61
Keeping Promises by Providers	60	3.00	7.00	5.63
Staff Concern in Solving Problems	60	2.00	7.00	5.51
Dependability of Staff	60	2.00	7.00	5.53
Commitment for Providing Service as Promised	60	4.00	7.00	5.80
Accurancy of Records	60	3.00	7.00	5.78
Giving Customers Exact Time of Performing a Service	60	2.00	7.00	5.56
Prompt Service	60	4.00	7.00	5.73
Staff Willingness to Help	60	4.00	7.00	5.73
Staff Ignorance of Customer Requests	60	2.00	7.00	5.40
Trusting Bank Staff	60	3.00	7.00	5.71
Felling Safe Dealing with Bank	60	4.00	7.00	5.86
Politeness of Staff	60	3.00	7.00	5.75
Staff Knowledge to answer to Customer Questions	60	2.00	7.00	5.63
Individual Attention	60	2.00	7.00	5.58
Convenient Operating Hours	60	1.00	7.00	5.40
Personal Attention to Customers	60	2.00	7.00	5.66
Customers Best Interest at Heart	60	3.00	7.00	5.55
Understanding Spesific Needs	60	1.00	7.00	5.38
Valid N (listwise)	60			

		N	Minimum	Maximum	Mean
<b>EXPECTATIONS</b>	Tangibility	60	5.00	7.00	6.19
	Reliability	60	5.00	7.00	6.35
	Responsiveness	60	5.00	7.00	6.28
	Assurance	60	5.00	7.00	6.35
	Empathy	60	4.40	7.00	6.14
<b>PERCEPTIONS</b>	Tangibility	60	3.75	7.00	5.64
	Reliability	60	3.40	7.00	5.65
	Responsiveness	60	3.25	7.00	5.60
	Assurance	60	3.25	7.00	5.74
	Empathy	60	2.20	7.00	5.52
	Valid N (listwise)	60			

**APPENDIX 5 – RELIABILITY TEST SUMMARY**

<b>Reliability Test for Expectations</b>				
<b>Dimension</b>	<b>Cases</b>	<b>No of Questions (Items)</b>	<b>Valid Questions (Items)</b>	<b>Cronbach's Alpha</b>
<b>Tangibility</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,88</b>
<b>Reliability</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,92</b>
<b>Responsiveness</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,81</b>
<b>Assurance</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,88</b>
<b>Empathy</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,89</b>

<b>Reliability Test for Perceptions</b>				
<b>Dimension</b>	<b>Cases</b>	<b>No of Questions (Items)</b>	<b>Valid Questions (Items)</b>	<b>Cronbach's Alpha</b>
<b>Tangibility</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,83</b>
<b>Reliability</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,89</b>
<b>Responsiveness</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,81</b>
<b>Assurance</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,86</b>
<b>Empathy</b>	<b>60</b>	<b>4</b>	<b>4</b>	<b>0,92</b>

