

The Reviews of Gap Between Customer Expectations and Perceptions of Electronic Service Quality Saderat Bank in Zahedan

Mohammad Ghasemi and Nahid Sami Moghadam
Department of Management, University of Sistan and Baluchestan, Zahedan, Iran

Abstract: Bank as an institution in the service of society and of great sensitivity in relation to the elements of the above discussion is the area of customer satisfaction, since success of the institution depends on identifying customer requirements, internal recruitment and training of customer's needs in terms of programs, implement and improve measures is earlier. Therefore, this research intends to study the gap between the expectations from and perceptions of customers of the quality of electronic services of Zahedan Saderat Banks. In other words, it aims at investigating the relationship between the expectations from and perceptions of customers of the quality of e-Services of Saderat Bank, Iran. Banks as organizations functioning for public welfare are responsible for equipping and distributing credits, credit operations, financial operations, buying and selling currency, transfer of money, collection of documents receivables, paying loans, trust fund and keeping stocks, bonds and valuable assets of the customers. Nowadays, banks can offer most of these services using electronic banking (e-Banking).

Key words: Quality services, banks, gap analysis, electronic services, equipping

INTRODUCTION

Survival in today's competitive environment has made it essential for the organizations to accept change. Change emerges outside the boundaries of the organization and affects the organization. It will not lead to excellence without planning, determining strategy and long-term goals, structured implementation of plans in various areas, evaluation of plans and removing shortcomings, enhancing strengths, using opportunities and fighting threats for improving the performance of the decision-making system (Avkiran, 2010).

Banks are considered a service institute in the society and are of great importance for customer satisfaction. The reason for this is that the success of this institution depends upon the identification of the needs of the customers, internalization the needs within the framework of customer attraction programs and implementation and improvement of the above activities. According to Kano Model, the services provided by service organizations such as banks can be classified based on customers' satisfaction in three groups of basic services, performance services and attractive services. However, since this model alone does not help planning and strategy development, the existing opportunities and challenges confronting the identification of customer needs and obstacles to the fulfillment for their satisfaction can be analyzed using models such as gap analysis. Thus, the

main objective of the present study is to analyze the gap between customers' expectations from and conceptions of e-Services of Saderat Bank in Zahedan Province, Iran on the basis of Kano Model's dimensions. In today's world, competition requires managers to pay attention to increasing customers' satisfaction and reducing expenses of production and providing services with a high quality. Identifying the indices of customer satisfaction is important as it finally determines the success and failure of organizations. Satisfied customers are sources of company's profit. Companies that cannot satisfy their customers will not survive in the long run in the market. Offering high quality products and service constantly creates competitive advantages to the company such as creating competitive barriers, customer loyalty, production and offering distinctive products, reducing marketing expenses and setting higher prices. In addition, it can be argued that quality has an ethical issue as customers pay us money to meet their expectations and we are responsible against them.

Since, customers play a central role in the process of organizational activities and affect the organization by their thoughts and policies not only identifying their obvious needs but also predicting, determining and guiding their latent needs and developing appropriate plans and offering services to meet those needs are bases of the organization.

Paying attention to customers' opinions makes them loyal to the organization. This satisfaction is the key to bank's success, because a satisfied and happy customer is more than a financial plan and profitable investment for the bank, because providing market for the bank is much better than a marketing system. Bank managers should necessarily know that nothing is more important than customer satisfaction. Therefore, management must identify the needs of the customers using various means of data collection and application of information systems (Azar and Momeni, 2003).

Today, one of the major Methods Banks use for satisfying their customers is e-Banking. e-Banking is the use of advanced hardware and software technology based on network and telecommunication for exchanging financial information and resources electronically. This can eliminate the need for physical presence of the customers in bank branches. In other words, it is the use of modern tools for offering monetary and banking services to customers so that they get satisfied with the speed, accuracy, ease and security of the services without the need to attend the bank

Research objectives:

- To measure satisfaction of the customers of the services provided by the bank
- To identify expectations of the customers from the services that must be electronically offered by Saderat Bank
- To evaluate perceptions of the customers of the services of Saderat Bank
- To investigate the relationship among the dimensions of service quality and customer satisfaction
- To prepare the ground for improving organization's performance in service provision process by identifying strengths and weaknesses, opportunities and threats confronting the organization from the perspectives of the customers

Research hypotheses:

- There is a significant difference between customers' expectations from the bank's basic services and their perception of this dimension
- There is a significant difference between customers' expectations from the bank's performance services and their perception of this dimension
- There is a significant difference between customers' expectations from the dimension of bank's attractive services and their perception of this dimension

Measuring service quality: Quality in service organization is a measure of the degree to which the

service offered meets the expectations of customers. The nature of such services requires the presence of the customers in service process. This means that customer's perception of the quality is not only affected by the service output but by the service provision process as well. The perceived quality can be shown as a continuum. At one end of the continuum there is unacceptable quality and at the other end, there is ideal quality and the points in between show different degrees of quality.

Since, service quality is defined as acting beyond the expectations of the customers, perceived quality can be shown as following:

$$\text{Perceived quality} = \text{Prior customer expectations} + \text{Actual process quality} + \text{Actual output quality}$$

$$PQ = PCE + APQ + AOQ$$

Prior expectations of customer: Is what they think will get when buying the services.

Actual quality: Is the actual level of service quality determined and controlled by service provider. It must be mentioned that service quality is determined by customer's perception not that of the provider.

Perceived quality: Is the customer's perception about service quality (Gobadian, 2003).

Service quality, the gap between expectations and performance: In contemporary studies, Olsen and Wyckoff (2004) and Parasuraman *et al.* (1988) support the idea that consumer perceived quality of services originates from comparing what they feel against the company offers.

Customers' perceptions and factors affecting it: Figure 1 shows the primary factor which affects customers'

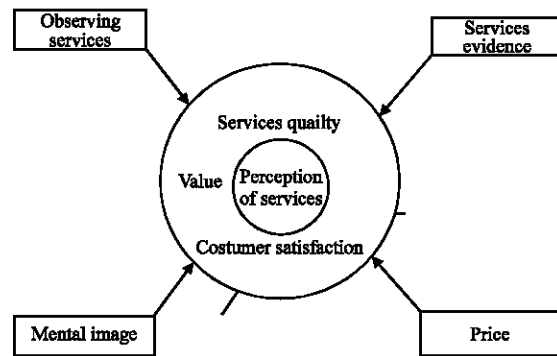


Fig. 1: Factors affecting customers' perceptions (Zeithaml, 1999)

perception of the services. When one refers to customer perceptions it is assumed that the dimensions of the services and methods based on which customers evaluate the services are similar, whether the evaluator is a domestic customer or foreign customer.

Kano Model: Dr. Nooriaki Kano, professor of Rika university of Tokyo and one of the most outstanding scholars of quality management, proposed a model which is now used in most models of customer satisfaction. In his model, he classified customer's needs or qualitative characteristics of products into three groups and show the three types of needs in a two-dimensional diagram. The vertical access of diagram shows the degree of customer's satisfaction and the horizontal axis shows the degree of quality expected by the customer. The highest and lowest points of the vertical axis respectively show customers' satisfaction and dissatisfaction. The point these axes cross each other is where the customer is at balance of satisfaction and dissatisfaction. The right hand of horizontal axis shows the point where the expected quality is completely offered and the left hand of horizontal axis is where the products do not have the expected quality.

Basic quality: The first group refers to basic qualities which according to Kano, if completely included in a product, only prevent customers' dissatisfaction and do not lead to their satisfaction. That is to say, providing basic quality in a product only makes it possible for the product to attend enter market. It does not help us overcome competitors and gain the market. Basic quality includes factors related to security, stability and durability of the product. The important point about this group of qualities is that the customer takes them for granted, i.e., this group is implicit. In general, there are some standards for every product and service which is the primary condition for their entry into the market and if those standards are violated, the given product will fail to attract purchasers and will face severe dissatisfaction of customers.

Performance quality: The second group of quality features is performance quality which leads to customer dissatisfaction if not met while completely meeting them leads to customer satisfaction. The performance quality is important because recognizing and including them in the product is the least attempt for maintaining commercial position of the organization in competitive market. With respect to identifiability this quality, compared to the two others is simpler and more tangible as most of the features of products mentioned in commercials, newspapers, media

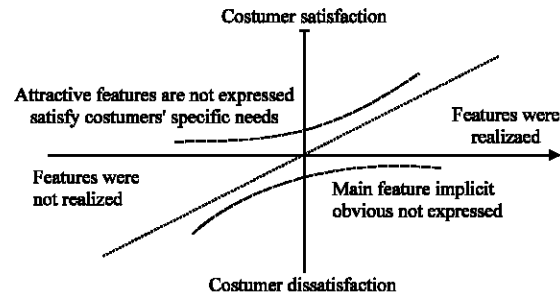


Fig. 2: An image of Kano's Model

and daily conversations are of this type. In addition, these requirements in contrast to the first group are verbal and are mentioned directly by the customers (Fig. 2).

Attractive quality: The third group of qualitative features in Kano's Model is attractive quality which is not considered a necessity on the part of the customer. Thus, not meeting this group of quality requirements does not lead to customer dissatisfaction but including them in the design of the product quickly replaces the product with other similar products in the market and gains a very good position for the organization offering it. It must be mentioned that subsuming this quality in a product and offering it in a large volume to the market makes competitors copy it, so the quality becomes a performance and even basic quality after a short time.

Gap analysis model: One of the quality gap analysis models has been proposed by Parasuraman. In this model, the outstanding activities of a service organization and the relations and interactions among them (which affect quality perception and provision of a pleasing quality of service) are specified. Such relations are described by gaps or contradictions as "a gap is an important barrier for achieving a satisfying level of service quality".

Different gap analysis models have different foci. Also, each model is appropriate for a specific field but in general, conceptual models of quality are important because of reasons such as determining factors affecting quality of organization's series, determining the type of qualitative faults and setting a framework for quality improvement programs. An appropriate quality model should help management in identifying resources, detecting problems, specifying the causes of problems, and offering practical solution (Lavak and Write, 2006). The levels of gaps in Parasuraman's model are:

Gap (1) customer expectation-management perception: The management might have a wrong perception of actual expectations of customers. The cause of this gap is lack

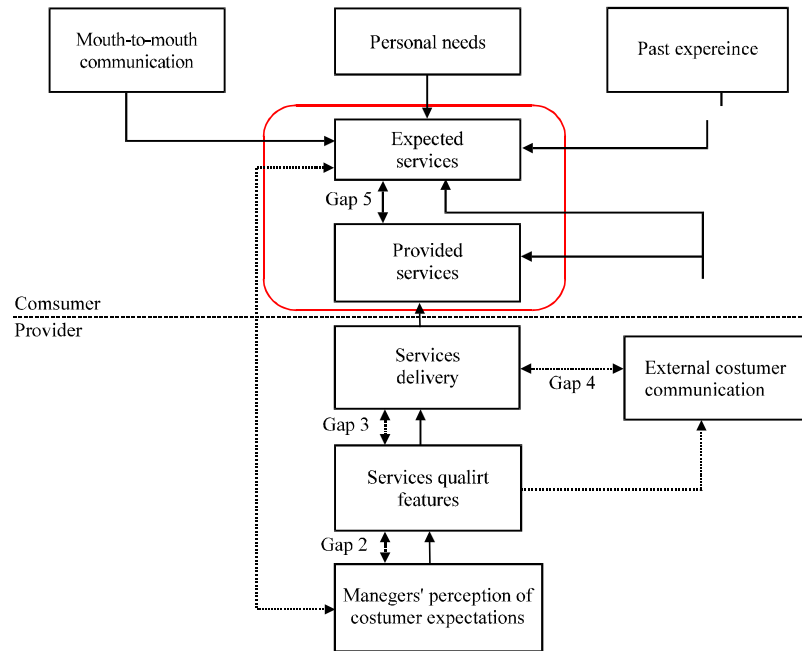


Fig. 3: Service gap analysis model (Gobadian, 2003)

of focus on customer or market. Presence in one marketing sector does not necessarily guarantee market focus; rather there is a need for appropriate management process, tools and attitude of market analysis.

Gap (2) service quality features: The organization might be unable to translate customer expectation into service quality features. This gap is related to aspects of service design.

Gap (3) service provision: Instructions about provision or performance of service do not guarantee high quality services. The reasons are lack of sufficient support from frontline personnel, process problems, changeability of frontline personnel and communicative problems.

Gap (4) external relations: Customer's expectations are formed by external relations of an organization. A realistic expectation promotes positive perception of service quality, thus, marketing unit of a service organization must accurately describe services and the way they are offered.

Gap (5) expected service-perceived service: Perceived quality of the service depends on the degree and direction of the difference between expectation and perception. A negative difference between customer's expectations and perceptions shows a level of service quality below the

expectations of customer and vice versa which is totally related to the nature of marketing gaps, design and provision of services.

It can be argued that the major gap of this model is the customer gap or the fifth gap (the gap between expectation and perception of the customer from service quality) and the key to bridging it is eradicating the four other gaps (Katler and Armstrong, 2000) (Fig. 3).

MATERIALS AND METHODS

The present study is an ex post facto descriptive study because its goal is to explain and investigate the gap between customers' expectations and perceptions of e-Banking services of Saderat Bank. It is an applied research since using a theoretical model customers' behaviors are analyzed for measuring the quality of services and customers' satisfaction. The research period was two 1st months of fall. It was conducted in all branches of Saderat Bank in Zahedan.

Data collection was conducted through interviews, library research and questionnaires (Hafeznia, 2009). In order to get more knowledge about e-Banking services and specifying quality features from the perspective of customers and factors affecting their satisfaction, 10 customers of one branch and 5 personnel were interviewed. To study theoretical issues related to research area and background studies on this topic,

references like books on service quality, marketing journals and papers and relevant theses and dissertations were reviewed. The instrument for measuring qualities and features was questionnaire. The questionnaire of this study was developed for measuring satisfaction and characteristics of the respondents. A symmetric range was used for developing the questionnaire. The questionnaire was investigated by the experts and by piloting it with 30 respondents, its reliability was estimated. To estimate the reliability SPSS and Cronbach's alpha test were utilized. The alpha reliability of the questionnaire was estimated to be 0.72 and since this value is greater than 0.7, it can be argued that the questionnaire enjoys a high reliability.

Statistical population and sample size: The statistical population of this study included all customers of Saderat Bank in Zahedan from all age groups. Random sampling was used in this study and the interviewees were selected by cluster random sampling. In this study to determine sample size, Cochran's formula was employed. The ideal sample size was 384. To decrease potential errors, 5% was added to this number and 410 questionnaires were administered from which 400 questionnaires were completed and returned.

Data analysis and testing hypotheses: In this study, the data were analyzed in two descriptive and inferential ways. In descriptive level, using statistical features such as frequency, percentage, mean and standard deviation, the population was described and at inferential level to confirm or reject the hypotheses and finding specific relations among variables, binomial t-tests were used in SPSS.

RESULTS AND DISCUSSION

Testing the hypotheses

The results of testing the first hypothesis: By testing the first hypothesis (Table 1) it was found that there was a

significant difference between customers' expectation from basic quality services of the bank and their perception of this quality ($t = -11/77, p > 0/05$).

Analysis of hypothesis 1: Although, there are a few numbers of basic e-services in Saderat Bank, the findings show a significant difference between the expectations and perceptions of customers from this dimension. That is what the organization offers in this area is not in line with what customers expect. In other words, the bank ignores customers' expectations in this area and there is a gap between customers' expectation and what the bank offers.

Testing the second hypothesis: The results of testing the second hypothesis indicate that there is a significant difference between customers' expectation from performance quality services of the bank and their perception of this quality ($t = -12/54, p > 0/05$).

Analysis of hypothesis 2: Performance services are those services which lead to customer satisfaction if present but their absence causes customer dissatisfaction. In this test too, there is significant difference between customers' expectations and perceptions. That is what the bank offers in performance quality aspect of services is not congruent with that what customers expect in this area. In other words, bank's performance in this area is not in line with customers' expectation, thus creating a gap.

Testing the third hypothesis: The result of testing the third hypothesis is that there is a significant difference between customers' expectation from attractive quality services of the bank and their perception of this quality ($t = -11/20, p > 0/05$).

Analysis of hypothesis 3: The number of attractive services of Saderat Bank is significant. However, the results indicate that there is a significant difference between customers' expectation from attractive quality

Table 1: The results of hypotheses testing

Variables	Hypothesis	Mean of perceptions	Mean of expectations	Z-values	Test result
Basic quality	H ₁ : there is a significant difference between customers' expectations from the bank's basic services and their perception of this dimension	1/98	2/38	-11/77	Confirmation of H ₁
	H ₀ : there is no significant difference between customers' expectations from the bank's basic services and their perception of this dimension				
Performance quality	H ₁ : there is a significant difference between customers' expectations from the bank's performance services and their perception of this dimension	1/39	2/36	-12/54	Confirmation of H ₁
	H ₀ : there is no significant difference between customers' expectations from the bank's performance services and their perception of this dimension				
Attractive quality	H ₁ : there is a significant difference between customers' expectations from the bank's attractive services and their perception of this dimension	1/72	2/09	-11/20	Confirmation of H ₁
	H ₀ : there is no significant difference between customers' expectations from the bank's attractive services and their perception of this dimension				

services of the bank and their perception of this quality. The services of this group, if present, lead to high satisfaction of customers and if missing, make no difference. It was observed that what the bank offers in this area is not in line with what customers' expectation, creating a gap in attractive quality services.

CONCLUSION

This study is an applied research using ex-post facto method. The data were collected using questionnaires and interviews in winter 2016. The findings indicate that there is a significant difference between the expectations and perceptions of the customers in three major dimensions of basic, operative and motivational.

SUGGESTIONS

In this study, considering the findings of data analysis, suggestions are made for improving the performance of Saderat Bank of Zahedan. It must be mentioned that the findings of this study are not without limitations. There might be other factors affecting customers' satisfaction beyond what was stated in the study. In some cases to practically use the findings of a study, there is a need for supplementary studies. Hence, the following administrative recommendations are offered for increasing service quality and bridging the gap between customers' expectations and perceptions:

- Selection of bank managers based on their familiarity with quality of banking services and modern e-Banking
- Holding training courses for bank managers involved with e-Services
- Establishing a network for exchanging customers' opinions and evaluating their satisfaction of the services provided
- Since, performance quality is the most important factor from the perspective of customers, the banks are recommended to pay more attention to this aspect for making their customers satisfied and loyal

- One solution for regulating working processes and satisfying the customers is running service quality standard systems like ISO as well as modeling advanced banks
- To reduce the gap between customers' perceptions and expectations of attractive quality, managers are recommended to pay special attention to persuasive and attractive activities like rewarding every 10 electronic bills with one free bill or registering the individual's name for lottery. Or playing music in ATMS or thanking the clients with nice messages

REFERENCES

- Avkiran, N.K., 2010. Developing an instrument to measure customer service quality in branch banking. *Int. J. Bank Marketing*, 12: 10-18.
- Azar, A. and M. Momeni, 2003. *Statistics and its Application Management (Statistical Analysis)*. SAMT Publication, Tehran, Iran.
- Gobadian, P.K., 2003. Internal marketing and mediating of organizational competencies. *Eur. J. Marketing*, 37: 1221-1241.
- Hafeznia, M.R., 2009. *An Introduction to Research in Humanities*. SAMT Publication, Tehran, Iran.
- Katler, P. and G. Armstrong, 2000. *Marketing Principles*. Adabestan Publication, Tehran, Iran.
- Lavak, Ch. and L. Write, 2006. *Principles of Marketing Management*. Amookhteh Publication, Tehran, Iran.
- Olsen, M. and J. Wyckoff, 2004. Patient perceptions of service quality. *J. Manage. Med.*, 14: 239-365.
- Parasuraman, A., V.A. Zeithaml and L.L. Berry, 1988. Servqual: A multiple item scale for measuring consumer perceptions of service quality. *J. Retailing*, 64: 12-40.
- Zeithaml, V., 1999. The relationship of customer loyalty and profitability: An empirical study. *Int. J. Serv. Industry Manage.*, 7: 27-42.