Assessing the Quality of Bank Services by Using the Gap Analysis Model

Tooraj Sadeghi and Atefeh bemani

Department of Business Management, Islamic Azad University-Neyshabur Branch, Pajohesh Avenue, Zip code: 9319613668, Neyshabur, Khorasan Razavi, Iran

Abstract: In recent years, banks have had to present more various services with higher quality due to the increase in competition and keeping the durability and their profitability. Indeed in these years the increasing trend of competitive environment in the banking industry of the country attracted banks to the field of offering banking services expected by the customers more than before. In this issue paying attention to the effective factors on customers’ expectations and its relationship with services quality is one of the important issues of the evaluation of services quality. This research tries to investigate customers’ understandings and five dimensions of services quality and its relationship with customers’ understanding of services quality besides paying attention to this issue, since based on the researches performed by Parasuraman et al, services quality is derived from the difference between customers' understandings and expectations which is shown by gap No. 5 in gap analysis model. Therefore customers' understandings and expectations must be measured in order to investigate services quality. For this purpose, the recent research was performed based on gap analysis model with the purpose of investigating the quality of banking services on the level of Eghtesad-e-Novin Bank. It was concluded after determining the desirable services from the standpoints of the customers (investigating customers' expectations) and its effective factors and also the examination of the current status of services quality (customers' understandings) that Eghtesad-e-Novin Bank responses to customers' expectations in all of the branches under investigation and the understood services quality has been always more than services quality expected by the customers. The method used in this research is cohesion or cooperation method for which a questionnaire was prepared and distributed among the customers. The sample under investigation consisted of 200 customers of Eghtesad-e-Novin Bank in Mashhad. Finally this paper analyzes the information obtained in order to conclude and present suggestions.

Key words: Services quality %Gap analysis model %Expectations %Understanding

INTRODUCTION

In today's variable/dynamic environment many organizations ought to perform and utilize competitive advantages/ application, efficacy and profitability methods in order to separate themselves in encountering with increasing growth of competition.

In some organizations such as tour industry, travel agencies, food stuff and banking whose activities are based on services, offering services with high quality is often considered as a key factor effective on the performance of the organization. Therefore it is not without reason that measuring services quality is the main subject of various conceptual/practical studies in services marketing [1].

The fundamental point is that the place/role and performance of the customer should be correctly defined in the culture of any country paying attention to servicing the customer as a value so that organizations can be placed in their correct circuit. The researches done by Zeithaml et al. confirm their declaration about the positive effect of services quality improvement on behavioral trends [2].

Today paying attention to the subject of presenting services quality to customers for the continuation of organizations' durability, especially the banks is considered as a registered principle. In this respect considering the effective factors on expectations and perception identifying their relationship with customers' investigation of services quality is specially important,
since the services quay obtained is defined as the difference between customers' expectations and understandings and therefore correct knowledge of these factors and the progress of the organizations' activity based on this issue can help organizations in reaching their goals, big programs and customer-oriented culture.

**Definition of Services Quality:** Quality has no concept/meaning except what the customer really wants. In other words, a product is qualified when it agrees with customers' wants/needs. Quality us defined as the agreement of product with customer's needs [3].

Grifvi, 2001 says that services quality is the amount of difference between customer's perceptions from services and his/her expectations. Services quality and Boomse, 1983 say services quality is the amount of agreement of various levels of services with customers' expectations.

Zeithaml, 1987 says services quality is the all-dimensional judgment about the superior principle of services in relation with similar services with its good advantages [4].

At last parasuraman's definition is presented whose model is used as the quality measurement criterion:

Understood quality is customer's judgment about total superiority or advantage of an object. It is a form of viewpoint related to satisfaction, but is not the same as that. It is obtained performance from the comparison of expectations with understandings [5].

**The Relationship Between Services Quality and Satisfaction:** It is simply declared that the relationship between services quality and customer's satisfaction is an interesting subject among titles related to marketing. There are three situations. First services quality is introduced as a satisfaction predictor. According to this relation, satisfaction is described as an "investigation after quality consumption", Roset and Oliver (1994) supported this situation suggesting that quality "is one of the dimensions of services which is mentioned to in customer's satisfaction declaration" agreed with Parasuraman's declarations who has specially suggested that services quality is a suitable predictor of customer's satisfaction.

However some researchers said that satisfaction is the predictor of services. In 1990 by concluding from Oliver's understanding (1980), Bitner assumed from the relationship between customer's satisfaction, services quality and consumer's behavior that services which attract customers' satisfaction are suitable predictors of services quality. Finally Bitner and Houbert (1994) supported satisfaction knowing services quality depending on a total behavior.

The third concept assumes from the relationship between satisfaction and services quality that neither customer's satisfaction, nor services quality is another predictor. Generally if there is the lack of general agreement about the relationship between customer's satisfaction and services quality, it is assumed that services quality exceeds satisfaction [6].

**Satisfaction:** Satisfaction/non-satisfaction is an affectional response to the evaluation of a product or service consumed or presented which has the key elements declared below:

C Expectations: customer's satisfaction seed is planted at the pre-purchase stage when customers receive "expectations" or beliefs about what they expect from the product or service in which these expectations are transferred to the post-purchase stage when they are reactivated at the time of consumption.

C Performance: during consumption, we experience the real product from the standpoints of utilization and receiving performance about the dimensions which are important for us.

C Confirmation/non-confirmation: the comparison of the real performance with consumer's expectations either results in the "confirmation" of consumer's expectation (when expected and real levels are the same), or "non-confirmation" of the expectations (when the real performance is higher or lower than the expected level).

C Difference: if performance level is not equal, measuring the difference of the expected and real levels determines the performance. For negative non-confirmations which are lower than the expected levels, more differences result in a higher level of non-satisfaction.

Therefore customer's satisfaction is obtained when real levels of performance satisfy the expected levels or are higher than that (notation that satisfaction is finally made both with confirmation and positive non-confirmation).

Non-satisfaction is obtained when there is a negative non-confirmation in which the real results are lower than the expectation levels of the real performance [7].
Importance of Quality and Presenting Services to the Customers: Interest in present quality services plays an important role in industries such as insurance services, banking, etc., since services quality is a fundamental issue for the survive of and profitability of the organization. Indeed today customer's satisfaction and services quality are considered as vital issues in most servicing industries, especially in relation to financial services in which the separation of services is generally difficult [8].

Presenting a service with superior quality and presenting services continuously on excellent level to the customers make competitive advantages for the bank such as making competitive barriers, customers' loyalty, presenting separated products, decreasing marketing costs, etc. some of which are described below:

Customers' Loyalty: The banks that pay attention to customers' loyalty consider the importance of keeping a customer exceeding every reference. They know customers valuable asking all of their staff to do their best to keep their customers satisfied. It should be mentioned that customer's return to the bank during his/her life is valuable as much as thousands or even millions of dollars. In marketing activities, “relational marketing” philosophy considers keeping customers in long/term instead of immediate/short-term selling for making long-term loyalty in customers.

Different Products: Today many banking services became increasingly similar to each other. How can you convince the customers to select your product if you present a product that is completely similar to competitors' products? Presenting quality services to customers is an effective way for separating a product, since it makes your product more valuable.

Decreasing Marketing Costs: Presenting quality services to customers may considerably decrease marketing/selling costs. First the cost of obtaining a new customer may be up to 5 times higher than keeping an existing one, since fewer selling activities are done in order to keep current customers. Secondly satisfied customers can be the best advertisement resources in order to suggest to their relatives, friends and neighbors, since the influence of customers' advertisement is more than advertisements to which the bank pay money. Potential customers trust more the people who they know and this decreases unreliability while purchasing a product or buying from a provider.

The third reason is the reversal of the previous one. Unsatisfied customers can destroy a business. The customers, who are not satisfied of the presented services, transfer their experience to the others. Potential buyers who hare about presenting undesirable services to customers have sufficient reasons not to buy other products of the company. Researches done in this field showed that probably unsatisfied customers transfer their bad experiences to 10-20 people which is three times more than the number of people receiving good experiences of satisfied customers [9].

Advantages of Services Quality: Besides the above-mentioned issues, advantages of services quality are other factors encouraging organizations to present quality services. One of he direct effects of presenting quality services is increasing the organizations' ability to offer services to customers in an effective way, since the organization has understood what needs/demands its customers have. Therefore it decreases unwanted services or eliminates then. In addition, presenting better services to customers leads to repeat the purchase and extending positive oral advertisements [10].

Result of Services Quality on Profit: The managers of organizations should know that services quality is a profitable strategy. They must believe that investment in services quality results in the organizations' profitability, but it should be considered that the relationship between quality and profit is not a simple one.

Researchers separate attacking effects (such as obtaining more market share) and defensive effect (keeping the customers, decreasing improvement costs) in order to response to the influence of services quality on profit. Figure 1 shows the relationship between services quality and profit which includes both effects. Improving services quality results in attracting new customers enabling the organization to keep its current customers [11].

The results of the researches indicate the positive relationship between understood quality and financial performances of the organization. Indeed companies with high understood quality has typically more market share, higher return and more turnover in comparison with companies with lower understood quality.
Fig. 1: Services quality leads to profit

Services quality can help an organization separate itself from other organizations and obtaining stable competitive advantages. High services quality is considered as the main factor in long-term profitability not only for servicing companies, but also for productive organizations. Even in some productive industries, services quality has more importance in comparison with product quality. Therefore it can be concluded that the most important factor on commercial performance is the quality of goods and services being offered by the organization in comparison with its competitors in long-term [12].

**Dimensions of Customers' Satisfaction of Services Quality:** In a valid classification, customers' needs consist of three layers in terms of the expected quality and the performance of each of these quality layers is effective depending on performing the quality of the previous layer in order to increase continuously customer's satisfaction. These layers are:

**Basic Quality:** They are minimum values preventing the appearance of non-satisfaction some of which are safety issues, stability and product's durability. These needs are combinational and the customer assumes that these properties are considered in the product.

**Performance Quality:** Shows a group of customers' needs constituting performance necessities of the product whose non-performing leads to customers' non-satisfaction.

**Excitement Quality:** They Are properties that are hidden from the customer before presenting the service as a need or want so if they don’t delivered they wont cause to customers' on satisfaction, but its commitment by the producer of the product results in customer's appearance satisfaction. The specification of these wants is that although not declared by the customer, if identified, their design and presents competitive advantages for the related service.

The progressive trend of customers' wanted is such that presenting excitement quality properties transform them to performance and even fundamental ones after a while [13].

**Gap Analysis Model:** Conceptual model of services quality was first introduced in 1985 by presenting a concept called services quality gap in terms of "gap analysis" model by Parasuraman *et al*.

They defined services quality as the distance/gap between customers' expectations from their services and their understandings from the qualities received. Gap analysis model is the cooperation between the organizations' activities and the link between these activities and the satisfactory level of the quality offered from the standpoint of the customers [5].
Fig. 2: Gap analysis model [14].

Among these links, the gaps are investigated, i.e. the existence of gaps and their progress prevents reaching satisfactory level of services quality. In this model, existing gaps between the effective factors on services quality and customers' expectations after investigating them. This research uses gap No. 5 of gap analysis model in order to investigate statistical assumptions based on customers’ opinions the gray part of which is considered in order to perform the research.

Before customers buy a service, they have expectations about services quality based on personal needs, previous expectations, suggestions heard and the advertisements of the service providing institute. After buying and consuming services, customers compare the quality expected with what they have really received (figure 3). If offering the services is in the tolerance range, they would feel that the service is suitable, but if the real quality is lower than proper services level being different from customers' expectations, there would be a difference/gap between the performance of the service provider and customer's expectations [15].

Decreasing the distance with the customer via presenting quality services is a complicated task necessitating different organizational jobs and various staff's skills [16].

On decision-making level, managers tend to provide a frame with the help of which the presented services quality to the customers can be investigated accordingly [17].

For a long time, the managers of servicing organizations have been confused in the field of encountering with how to cope with organized performance of this issue. Parasuraman, Zeithmal and Berry (PZB) made a trend to consider presenting services quality in a comprehensive/organized way, i.e. "distances model" of services quality.

Distances model located key concepts, procedures and decisions in presenting rich contexts that begin with the customer basing organizational tasks around what is necessary for decreasing the distance between customers' expectations and their understanding from the services received.

Gap #1: the Difference Between Customers’ Expectations and Management’s Conclusion from Customers’ Needs: This gap is due to lack of sufficient knowledge of the management of the organization in relation to customers' expectations. If managers who have complete responsibility and empower in policy-making and determining the trend of the organization do not have...
correct customers' expectations in relation to their services, chain selection of improper decisions results in non-optimum devote of resources and facilities of the organization whose logical results is non-satisfaction of customers from the security of services offered [18].

The size of gap #1 is largely dependant upon the amount of marketing researches performed. Documents show that servicing companies are exceeded by goods-selling companies in terms of using marketing researches and other aspects of customer-orientation. The second factor is the lack of upward relationship. Front staff often obtain many things in contact with the customers, but the management may not be in contact with these staff not knowing what they know. The third factor is the lack of leadership of the company in the direction of maintaining customers and reinforcing relationships with them. The forth factor is insufficient attention to services improvement, i.e. understanding why they complain, what do they expect when complaining and how to make effective procedures for encountering with incredible break-outs [16].

**Gap #2: Non-agreement of Quality Specifications of the Products Presented with Customers' Expectations from Services Quality:** Gap #2 assumes that the management of the organization has a correct understanding of customer's expectations. Now if managers cannot transform their conclusions into proper performance standards, customer's satisfaction inevitably would not be obtained. On the other hand, many managers believe that determining performance standards in relation to customer's expectations is almost impossible for which many reason are offered. For example, in many cases, customers' expectations are irrelative or illogical or various, but the main reason of making this gap is the lack of previous commitment of the management for offering quality services [18].

**Gap #3: Lack of Reaching Service Criteria:** Assume that the two gaps mentioned at first are solved, i.e. first the organization's management knows customers' priorities considering them in presenting his/her services and secondly he/she has prepared standards for these priorities [18].

Gap #3 is the difference between development and making customer-oriented servicing criteria and the real performance by the staff of the company [16].

Losco and Mc.Dogul (1996) showed in recent studies that service presenting performance at the core and relational dimensions is an important guidance for customer's satisfaction in banking [19].

Now what will happen if staff responsible for presenting these services does not obey the standards? One of the important challenges the managers are encountered with is the lack of ability of the organization in satisfying the standards determined in presenting the services.

**Gap #4: Non-agreement of Performance and Commitments and Promises:** So far we concluded that first the managers of the organization should identify customers' needs/priorities and then prepare standards for them and finally try to perform them by choosing proper procedures.
Now after all, what will happen if the presented service to the customers is weaker than commitments made by the company via advertisements in the minds of the customers? Gap #4 is the result of this event.

Promises presented by servicing companies via media advertisements, selling staff and other communications may increase customers’ expectations being evaluated as a criterion based on which the customers examine quality services.

Not only advertisements can lead to improvement/success of the organization, but also can make non-satisfaction among customers and finally the organization’s breakdown. The difference between real services and the promised ones has a reversed effect on distance from the customer.

The fundamental reason of this problem is non-conformity among the people who are busy advertising and describing the service to the customers with the ones who are responsible for presenting the services. When the first group does not have exact knowledge of the presented service, exaggerated commitments and unreal advertisements would be the result which finally leads to a gap between customer’s expectations and the services presented [18].

**Gap #5: the Difference Between Customers’ Expected Services and the Presented Ones:** It is obvious that each of the four above-mentioned gaps leads to the non-satisfaction of the customer or the fifth gap. The fifth gap is indeed the result of the existence of gaps No. 1-4 such that the fifth gap decreases or is eliminated with decreasing or eliminating each of the four gaps.

Therefore the management of the organization can decrease the fifth gap by trying to decrease or eliminate each of the gaps 1-4 improving the quality of the products of the organization. An active management knows that eliminating gap #5 is not possible; since customers’ needs change repeatedly and on the other hand, the quality services presented by the competitors become better and better day by day. Therefore first the management should identify the reasons of the non-satisfaction of its customers trying to conform customers’ needs to quality specifications of the products presented. In addition, this process must be performed repeatedly by the manager whose result is continuous improvement which is undoubtedly one of the important reasons in the success of leading organizations throughout the world [18].

**Procedures for Decreasing the Distances:** Procedures used for decreasing the distances and improve quality services are:

**Determining What the Customers Expect:** In order to decrease gap #1, companies should use various research methods among different groups customers so that they are sure that companies must implement continuous hearing systems so that services quality information are obtained, organized and distributed in order to support decision-making.

These issues are dealing examinations and studies, professional purchases, focal group interviews, research about new customers, decreasing customers and also servicing investigations.

**Establishment and Development of Customer-oriented Schemes and Criteria:** In order to reduce gap #2, service provider should conform servicing innovations to new services and real schemes of service process to customers’ expectations. Researches show that the conformation of the process of designing a new product can make services presentation clearer preventing breakdowns.

The initial scheme of services is a useful/ effective way in new process of services development whose key properties is insisting on the customer.

Development of quality performance is another for communicating customers’ demands/needs with internal components of service schemes. The other key procedure necessary for reducing gap #2 is making customer-oriented servicing criteria which can be in the forms of operational (hard) or conceptual (soft) criteria.

**Improving Services Performance:** Since most services are immediately presented by a person to another one, decreasing the servicing performance gap is extensively dependant on the procedures of human resources. Researches show that both satisfaction of the customer and the employee have positive relationships with each other and as seen in figure 4, staff have a direct effect on customers’ services and satisfaction [20].

The reaction of the staff especially in relation to weaknesses and disabilities of the system of presenting services and demands and needs of the customers and their independent behaviors/tasks in order to help the customers is responsible and the basis of investigating customers from the services.

Considerable researches have been done in the field of the procedures of combining human resources methods to servicing companies among which are: referring to operational ambiguities and paradoxes, optimization of career and staff’s technical knowledge, improving the evaluation and proper salary systems, supervisor’s
communicative methods, enabling, team-work, organizational abeyance, organizational learning and developing servicing culture.

The purpose of these procedures is to provide an opportunity for the staff to be effective in satisfying the customers and the career.

Management and Servicing Commitments: One of the most important procedures in implementing servicing commitments includes setting all internal and external messages such that "continuous marketing communications" are obtained. Among issues related to obtaining continuous marketing communications are implementing servicing commitment, managing internal marketing communications, improving customer's training and providing customers' expectations.

Evaluations of Banking Quality Services and Determining the Priorities and Procedures of Their Improvement via Gap Analysis Model (Gap #5) from the Standpoint of the Customers of Eghtesad-e-Novin Bank in Mashhad

Research Method: The research method used in this paper is of applied type. For this purpose, it was distributed among the customers of the branches of Eghtesad-e-Novin Bank via a questionnaire.

Research method: the present research is done in the territory of customer's satisfaction in terms of subject. This research evaluates the quality of banking services of Eghtesad-e-Novin Bank on the level of Mashhad.

Statistical community: the community under study in this research is consisted of the customers of the whole branches of Eghtesad-e-Novin Bank on the level of Mashhad.

Sample's size: this research consists of 198 people from the customers of Eghtesad-e-Novin Bank. in addition, sampling method is of cluster type with the probability related to the size of each (one-step) cluster.

Research tool: this research uses questionnaire tool which consists of 14 questions.

Research Purpose: The goals of this research are abstracted as below:

The evaluation of the quality of banking services of Eghtesad-e-Novin Bank's branches based on two variables of expectations and understandings from the standpoints of the customers.

The determination of a meaningful level between expected services and the level of services received by the customers

C. The investigation of the most important effective predicting factor on the quality of customers' services of Eghtesad-e-Novin Bank

Research Assumptions: First assumption: there is a meaningful relationship between customers' expected services (expectations) and the quality of services present in the bank.

Second Assumption: there is a meaningful relationship between services received (understandings) and the quality of services present in the bank.
Methods of Assumptions Examination: In order to examine the assumptions of the research first the normality of data distribution was investigated by Kolmogorov-Smirnov Spearman correlation coefficient was used due to the non-normality of data distribution which was analyzed by SPSS software.

Results of Statistical Assumptions Test: Spearman meaningful correlation coefficient test on meaning level of 5 shows that there is a meaningful relationship between customers’ expectations and the quality of banking services whose value is 0.305 and our first assumption is accepted.

Spearman meaningful correlation coefficient test on meaning level of 5 shows that there is a meaningful relationship between customers’ understandings and the quality of banking services whose value is 0.894 and our second assumption is accepted.

Finally all assumptions were accepted the existence of a relationship between each of the independent and dependant variables, i.e. services was confirmed. In this respect, it can be concluded that according to effective issues on expectations (previous experiences of customers from receiving services, personal needs of the customer and his/her oral communications in respect to services quality), customers’ understanding of the services received is higher than the expected limit. Results show that the most important predicting effective factor on services quality is the “understanding factor”. In general, organizations and companies which concentrate on customers or customers' needs – in other words pay attention more to the quality of the services presented to the customer- are more successful in competition.

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Managerial Suggestions:

C Staff are important effective factors on the quality of the presented services in bank's branches and therefore issues related to staff must be considered in order to improve bank's services quality such as attending training courses, continuous different workshops for training how to teach customer-oriented behavior, considering their needs so that they cooperate with customers with sufficient incentive.

C Presenting exact definitions and operations related to the expectations of the bank's customers and considering staff in relation to customer's expectations
C Preventing commitments to customers higher than the ability of the organization.
C Targeting in the field of quality and standardization of the duties of the organization.
C Including properties/responsibilities in order to have high flexibility and movement in order to update the organization with all internal and external conditions.

Applied Suggestion:

C Implementing marketing researches and receiving customers' opinions in order to have correct knowledge of their expectations.
C Services correlated to customers' demands/expectations from the bank are extended.
C The evaluation of services quality during definite periods in order to identify new demand/needs of the customers is measured permanently/repeatedly.
C Using/attracting experienced/active forces (bank's staff) and utilizing deserved, responsible, effective and dynamic managers

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