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Quality status of automated banking service (Case study: Saman Bank in Iran)

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ABSTRACT

Competition intensity in marketplaces cause organizations to take gradually steps towards developing and maintaining long-term relationships with customers as well as promoting services. The purpose of the study is to Review of automated service quality status at Saman Bank. In this study to evaluate the quality of automated bank service, the tools suggested by AL- Hawari, Ward, and Hartley and also to measure customers loyalty, image and awareness, the tools suggested by Kayaman, Arasli, and Kim, are used. The present research is a descriptive study performed by survey method. The statistical population of the study includes all customers utilizing at least one of the Saman Banks' automated services in north provinces, and the sample is 266 people out of these customers. The data indicate that the Automated Service Quality affects directly customers' loyalty, all Automated Service Quality dimensions except core service affect directly customers' image and there is also no significant positive relationship between the Automated Service Quality and customers' Awareness. There is a mutual relationship between loyalty and image. Awareness has direct effect on image, Awareness has no significant positive effect on customers' loyalty. Finally the utilized compound model in the study has been improved by using obtained data.

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Introduction

Environmental dynamism and increasing competition cause organizations to be more strongly competitive towards their operations and also to retain their current customer's satisfaction they appeal new ones. In service organizations, the most important factor to gain and keep new customers would be service quality. This will allow bank administrators to gain a comprehensive understanding of the quality issues associated with Automated Services, thereby allowing them a better opportunity to improve customer satisfaction and help gain a competitive advantage [3]. From manager's perspective, creating customer satisfaction as well as customer loyalty become vital. Creating customer loyalty enable decreasing marketing costs both in current and future periods of establishments [2]. Meanwhile, banks are the most important financial service- provider organizations where allocate major part of fiscal/ monetary transactions. Saman Bank, as an intelligent bank, is the first electronic bank in Iran therefore it has been selected to study in the research.

Problem Statement

To avoid customer's tendency to rivals, now bank managers should understand customers' needs and demands to satisfy them as well as having long-term commercial relations with clients. Therefore, any approach which may better recognize these problems will be more attracted [6]. Following the trends observed in the manufacturing sector, Service companies are now preoccupied with quality because of the growing competition from globalization, and as a result of the constant increase in customers' expectations and needs. Some of this Research has focused on specific industries, such as health care, tourism and banking [11]. at decision- making level, managers tend to provide a framework to frequently review and assess offered service quality to their customers [8]. Those models currently available to measure Automated Service quality are

limited in their focus, encompassing only one electronic channel- the internet- thereby ignoring attributes of the other automated service channels. In relation to the banking sector, research has identified that bank customers tend to use a combination of automated service channels. This study attempts to review individual unique attributes of delivery channel and other dimensions that have a potential influence on quality as well as their impact on customers' loyalty, image, and awareness by providing a comprehensive model of bank automated service quality.

The study importance & necessity

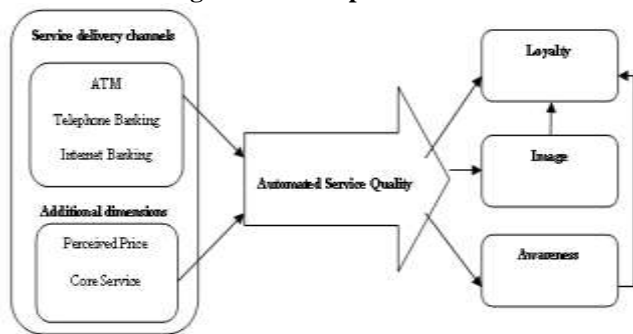
Banks should reinforce their competitive position. One of the ways of expanding it is to appeal and maintain customers and increasing their loyalty, because customers' awareness of provided service at competitor banks is advancing and they deposit their resources to the bank offering its service with better quality. This represents the importance of the issue about providing bank service [7]. In such competitive circumstance, the most appropriate strategy for banks may be to improve service quality [1] [4] [5]. It needs to develop service better than other rivals or acceptable price for factors such as opening markets, highly using of information technology, growing customer's awareness and knowledge, ... [12] [13].

Research Conceptual framework

Various service industries own unique features, therefore to measure service quality in an organization it needs to employ certain models relevant to its operations. There are some tools to measure service quality in bank system including measure of automated service quality which is utilized in this study as a tool to review automated service quality of Saman Bank in north provinces of Iran. In this study, to make a relationship between unique features of each delivery channel as well as other effective aspects on quality and customers' loyalty, image, and

awareness, the compound model of AL- Hawari and et al ,2005 and Kayaman and et al, 2007 [9] has been used.

Figure 1: Conceptual model



Research hypotheses

1. Automated service quality has a significant positive impact on customers' loyalty of Saman Bank.
2. Automated service quality has a significant positive impact on customers' image of Saman Bank.
3. Automated service quality has a significant positive impact on customers' awareness of Saman Bank.
4. There is a significant relationship between customers' awareness and loyalty of Saman Bank.
5. There is a significant relationship between customers' awareness and image of Saman Bank.
6. There is a significant relationship between customers' image and loyalty of Saman Bank.

Research methodology

This study purposefully, essentially and methodologically would be practical, descriptive (correlation type), and survey (cross- sectional type) respectively. In this study, to develop relevant questions upon automated service quality AL- Hawari, Ward, and Hartley's measurement tools, to measure loyalty and image variables, Kayaman & Arasli measurement tools, and to assess awareness variable, the tool developed by Kim [10] have been utilized. In the study all customers who have used at least one of the Saman Bank's automated services in north provinces have been selected as the statistical population. The questionnaires categorized by random method have been distributed by random to 266 customers who have similar condition based on statistical population definition in three provinces; Mazandaran, Gilan, and Golestan. Regarding sampling size and method, 162, 30, and 74 questionnaires have been distributed in Mazandaran, Golestan, and Gilan respectively.

Research findings

Pearson correlation coefficient test

To review the relationship of each automated service quality dimensions with customer's loyalty, image, and awareness, the correlation method (Pearson correlation coefficient test) has been used.

Hypothesis 1. Automated service quality has a significant positive impact on customers' loyalty of Saman Bank.

Table 1, in all cases the significance level is obtained less than 0.05 then H_0 will be rejected and there is a positive significant relationship between loyalty and automated service quality dimensions. The most relationship between Service delivery channels variable and loyalty could be observed and core service has the least relationship with loyalty. The positive sign of correlation coefficient represents direct relationship of variables.

Table 1: Pearson correlation coefficient test between automated service quality and loyalty

	loyalty				
	Correlation Coefficient	Sig	Error level	N	Test result
ATM	0/434	0/000	0/05	266	rejected H_0
Telephone Banking	0/412	0/000	0/05	266	rejected H_0
Internet Banking	0/468	0/000	0/05	266	rejected H_0
Perceived Price	0/355	0/000	0/05	266	rejected H_0
Core service	0/226	0/000	0/05	266	rejected H_0
Service delivery channels	0/533	0/000	0/05	266	rejected H_0
Additional dimensions	0/365	0/000	0/05	266	rejected H_0

Hypothesis 2. Automated service quality has a significant positive impact on customers' loyalty of Saman Bank.

Table 2: Pearson correlation coefficient test between automated service quality and image

	image				
	correlation coefficient	significance level	error level	number	test result
ATM	0/463	0/000	0/05	266	rejected H_0
Telephone Banking	0/446	0/000	0/05	266	rejected H_0
Internet Banking	0/484	0/000	0/05	266	rejected H_0
Perceived Price	0/288	0/000	0/05	266	rejected H_0
Core service	0/120	0/050	0/05	266	confirmed H_0
Service delivery channels	0/565	0/000	0/05	266	rejected H_0
Additional dimensions	0/304	0/000	0/05	266	rejected H_0

Table 2, in all cases except core service, the significance level is obtained less than 0.05 then H_0 will be rejected and there is a positive significant relationship between image and automated service quality dimensions (except core service). The most relationship between Service delivery channels variable and image could be observed.

Hypothesis 3. Automated service quality has a significant positive impact on customers' awareness of Saman Bank.

Table 3: Pearson correlation coefficient test between automated service quality and awareness

	awareness				
	correlation coefficient	significance level	error level	number	test result
ATM	0/005	0/935	0/05	266	confirmed H_0
Telephone Banking	0/054	0/392	0/05	266	confirmed H_0
Internet Banking	0/023	0/710	0/05	266	confirmed H_0
Perceived Price	0/026	0/668	0/05	266	confirmed H_0
Core service	0/001	0/983	0/05	266	confirmed H_0
Service delivery channels	0/037	0/555	0/05	266	confirmed H_0
Additional dimensions	0/016	0/801	0/05	266	confirmed H_0

Table 3, in all cases the significance level is obtained more than 0.05 then H_0 will be confirmed, that means there is no

significant relationship between dependent variable of awareness, with ATM, telephone bank, internet bank, customer's idea about the price, core service variables and with totally automated service quality.

4. There is a significant relationship between customers' awareness and loyalty of Saman Bank, there is a significant relationship between customers' awareness and image of Saman Bank and also there is a significant relationship between customers' image and loyalty of Saman Bank.

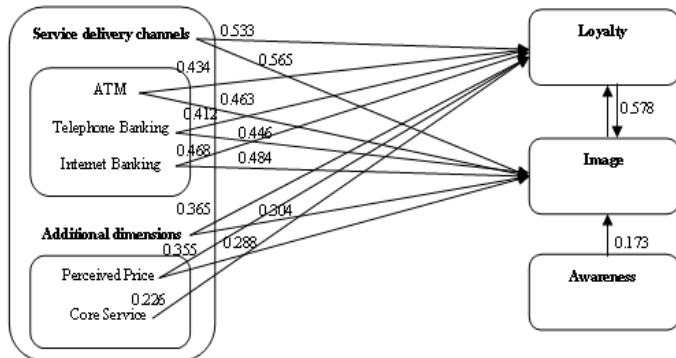
Table 4: Pearson Correlation Coefficient test between Loyalty, Image and Awareness

		Loyalty	Image	Awareness
Loyalty	Correlation Coefficient	1	0.578	0.069
	Sig		0.000	0.265
Image	Correlation Coefficient	0.578	1	0.173
	Sig	0.000		0.005
Awareness	Correlation Coefficient	0.069	0.173	1
	Sig	0.265	0.005	

Table 4 indicates that there is a positive significant relationship between loyalty and image as well as awareness and image, because the significance level is obtained less than 0.05 then H_0 will be rejected and H_1 , a significant relationship, will be confirmed. But there is no significant relationship between loyalty and awareness because the significance level is obtained more than the error level 0.05 then H_0 will be confirmed.

Considering the data resulted by pearson correlation test, the research model will be changed as follows:

Figure 2: Researcher's study data model by using pearson correlation test at Saman bank



This study tends to recognize the relationship among three variables, loyalty, image, and awareness, by using experts' opinion poll, as a result a pretest including collected questionnaires has been developed during opinion poll by 42 experts (managers & deputies) and its output, to the experts, indicates that there is an interrelationship between "loyalty, image", and also "awareness leading to loyalty and image".

Bifactor t-test

Bifactor t- test for various ATM factors: Considering the table 5, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and this indicates that the most gap between importance and satisfaction, to Saman Bank's customers about ATM factors, would be related to the second factor (Sufficient number of ATM at conveniently located), therefore this is the most important factor with the highest difference in terms of opportunities for customers is to improve the management and the least important one is the fourth factor (ATM has a user-friendly system).

Table 5: t-test for various ATM factors

series	ATM	mean difference	calculated T	calculated P_v
1	ATM functions	0/504	9/446	0/000
2	Sufficient number of ATM at Conveniently located	1/32	16/094	0/000
3	ATM assurance & security	0/53	10/60	0/000
4	ATM has a user-friendly system	0/35	5/975	0/000

Bifactor t- test for various telephone banking factors: Considering the table 6, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and the mean difference indicates that the most gap between importance and satisfaction, to Saman Bank's customers about various factors, telephone banking is related to the first factor therefore this is the most important factor with the highest difference in terms of opportunities for customers is to improve the management and the least important one is the third factor.

Table 6: Bifactor t- test for various telephone banking factors

series	various telephone banking factors	mean difference	calculated T	calculated P_v
1	Clear instruction	0/589	10/218	0/000
2	Telephone banking options	0/465	8/071	0/000
3	Reliability	0/438	5/578	0/000

Bifactor t-test for various internet banking: Considering the table 7, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and the mean difference indicates that the most gap between importance and satisfaction, to Saman Bank's customers about using the internet banking, is related to the fourth factor, with regard to the highest difference as the most important factor for in terms of opportunities for customers is to improve the management and the least important one is the second factor.

Table 7: Bifactor t- test for various internet banking factors

series	various internet bank factors	mean difference	calculated T	calculated P_v
1	Availability of information & easy to use	0/617	11/726	0/000
2	Up-to-date information	0/579	11/367	0/000
3	Assurance & Secure	0/609	13/321	0/000
4	Error-free transactions	0/842	14/332	0/000

Bifactor t- test for various Perceived Price factors: Considering the table 8, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and this indicates that the Saman Bank's informational system for service charges, with regard to the highest difference, would be as the most important factor in terms of opportunities for customers is to improve the management the least one is related to the second factor.

Table 8: Bifactor t- test for various Perceived Price factors

series	various customer's idea factors	mean difference	calculated T	calculated P_v
1	Saman Bank informational level for service charges	0/774	12/838	0/000
2	Receipt charges appropriation of Saman Bank compared with other banks	0/767	12/502	0/000

Bifactor t- test for various core service: Considering the table 9, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and the mean difference indicates that the most gap between importance and satisfaction, to Saman Bank's customers about various core service, is related to the second factor, with regard to the highest difference this is considered the most important factor in terms of opportunities for customers is to improve the management and the least one is the third factor.

Table 9: Bifactor t- test for various core service factors

series	various major service factors	mean difference	calculated T	calculated P_v
1	Wide range of services (retirement's accounts, loans for cars, foreign exchange, purchases of cars, etc.)	0/699	13/400	0/000
2	Diverse service features (different interest rates, wide choice of lone periods)	0/797	13/982	0/000
3	Follow the most advanced technology	0/530	3/274	0/001

Bifactor t- test for various loyalty factors: Considering the table 10, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and the mean difference indicates that the most gap between importance and satisfaction, to Saman Bank's customers about loyalty is related to the second factor, therefore this is considered the most important factor with the highest difference in terms of opportunities for customers is to improve the management and the least one is the fourth factor.

Table 10: Bifactor t- test for various loyalty factors

series	various loyalty factors	mean difference	calculated T	calculated P_v
1	I am satisfied with Saman Bank's operation	0/316	6/681	0/000
2	Saman Bank is my first choice compared with other banks	0/398	7/137	0/000
3	I intend to receive more service from the bank in the future	0/154	3/725	0/000
4	I would recommend Saman Bank to others	0/143	2/705	0/007

Bifactor t- test for various image factors: considering the table 11, the calculated P_v is less than 0.05 then there is a significant difference between the importance and satisfaction means and the mean difference indicates that the most gap between importance and satisfaction, to Saman Bank's customers about image factors, is related to the second factor

therefore, this is the most important factor with the highest difference for customers and the least one is the first factor.

Table 11: Bifactor t- test for various image factors

series	various loyalty factors	mean difference	calculated T	calculated P_v
1	Saman Bank would possess pleasant & elegant atmosphere	0/267	5/114	0/000
2	Saman Bank would suggest new service every time	0/650	9/961	0/000
3	Accountability speed & service presentation of Saman Bank would be high	0/455	8/143	0/001

Conclusion & Suggestions

1. Considering the positive signification relationship between ATM and Saman Bank's Customers' loyalty/ image the data collected from table 5, the mean difference for both customers' importance/ satisfaction level, indicate that the number of ATM and their availability with regard to the located would not be appropriate therefore high-ranking managers of Saman Bank could take steps for their customers' loyalty and image by increasing ATM at large branches where involve more request and use. At some branches the number of ATM is not adequate leading to huge crowds to use them. This creates either dissatisfaction among the people waiting in line or inappropriate image of the bank condition in customers' mind. It would be important to be convenient adequate number of ATMs considering customers' needs to accomplish some bank affairs such as receipt and fund transfer at unofficial time. It also too necessary to keep ATM updated and ready – to service, and to try resolve their defects as soon as possible. On the other hand user – friendly ATM should be realized.

2. Considering the positive signification relationship between the telephone banking and Saman Bank's Customers' loyalty/ image the data collected from table 6, the mean difference for both customers' importance / satisfaction level, indicate that telephone banking clear instruction compared with other factors would not be appropriate, therefore high – ranking managers could improve the situation and promote customers' loyalty and image by clearly training for telephone bank use and also by giving information through brochures , journals , and staff.

3. Considering the positive signification relationship between the internet banking and Saman Bank's Customers' loyalty/ image, the data collected from table 7, the mean difference for both customers' importance / satisfaction level, indicate that the quality of error – free transactions by using the internet bank would not be appropriate, therefore high – ranking managers should check this point as priority. Internet banking efficiency is too impressive to attract customer's assurance. Perhaps the reason of failing to expand customers' attraction to these facilities may be their uncertainty to manage bank affairs in this field. Bank should encourage not only particular clients but most customers to visit gradually these systems in which they do not need bank managers / authorities' credit verification; as a result banks will be able to expand other service fields. Customers should be confident that their monetary / commercial information through using electronic service will be confidential.

4. Considering the positive signification relationship between customer's idea about the price and Saman Bank's Customers' loyalty/ image, the data collected from table 8, the mean

difference for both customers' importance/ satisfaction, indicate that informative service about service changes with the highest difference compared with other factors would not be appropriate, therefore high – ranking managers should check this point as priority. Because of directive bank interest rate none of the state / private banking systems could suggest their own service charges to attract more customers. Although they could decrease account - opening charges to be more successful than other banks, the integration of these receipts and bank internet pay will not simply help it.

5. Considering the positive signification relationship between core service and Saman Bank's Customers' loyalty/ image the data collected from table 9, the mean difference for both customers' importance/ satisfaction level, indicate that the Diverse service features compared with other main service factors would be relatively feeble, therefore high– ranking managers should check this point as priority. What survives intense competition of serving customers is variety of service which satisfies vast customers' needs and on the other hand recognizes customers' potential needs through innovative approach. In bank service field the variety of loans payback duration, providing comprehensive facilities, issuing credit checks, developing different deposit funds and internet rates, would be accurate strategies to expand bank major service. What is important is to inform and train customers/ citizens to optimally use these facilities.

6. The more modern technology (ATM, telephone banking, internet banking) a bank uses, the better it could appeal customer's trust, as a result bank managers should try to develop more updated facilities and also by supporting new technology they are able to expand their customers' loyalty/ image.

7. According to the fourth hypothesis, there is no significant relationship between awareness and loyalty of Saman Bank's customers. It can be mentioned that customers' awareness of quality has not been excellent yet. By customer's understanding of high quality, the awareness of bank service will be increasing. The more understanding of customer about service, the more possible the service will be bought. Full positive awareness and image will advance the potential choice for the institute, as well as the customer's loyalty, on the other hand sensitivity or vulnerability for competitive marketing actions will decrease. Bank managers could improve customers' behavioral / attitudinal / cognitive aspects through in – service education for staff and directing them to customer – centered idea.

8. According to the fifth hypothesis, there is a significant relationship between awareness and image of Saman Bank's customers. Bank managers could improve customers' awareness through marketing efforts such as advertising, direct mail, trade press, word- of- mouth communication, and promotion activities, as a result by providing service with appropriate quality to customers; they may expand their loyalty and image like their bank's profitability. In addition, understanding customers' image to the bank will coordinate whole managers' decision – making upon strategies across the organization, finally the bank will be able to turn its reactive situation to the proactive situation.

9. According to the sixth hypothesis, there is a significant relationship between loyalty and image of Saman Bank's customers. One method that could be used by bank managers is to use physical features and clear atmosphere to provide modern service. In banking industries, developing and keeping market stock is only attracting new customers but retaining them.

Loyalty is one of the most important competitive means to survive, because loyal customers improve continuous trade, more market stocks, profit, and referrals. Considering the two – way relationship between loyalty and image, it is suggested both factors should be improved together.

10. Culture developing- perhaps one electronic banking problem is that Iran's culture is verbal and written and because of traditional culture in small towns, there is no effective request for electronic service, therefore it would be better to develop culture upon electronic service.

11. Satellite disturbance by governments and organizations may lead to electronic service failure, and also other reasons for this could be weather changes, thunder and lightning, traffic jam in telephone systems that disturb bank systems. These cases may be relatively out of bank's control.

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