

USING SERVQUAL TO MEASURE THE SERVICE QUALITY OF COMMERCIAL BANKS IN CHINA

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ABSTRACT

The extant service quality of Chinese commercial banks literature has extensively investigated service quality among Chinese large commercial banks, joint-stock commercial banks and overall commercial banks. However, difference of service quality of different types of banks has rarely been examined. In this study, I investigate difference of service quality of joint-stock commercial banks and large commercial banks through comparison based on SERVQUAL. Based on an empirical study of 4 banks in Kunming City, I examined the hypothesized difference of service quality of the two types of banks. Using two-tails t-Tests, I found that service quality of joint-stock commercial banks is significantly difference from that of large commercial banks, not only in single dimension but also in overall aspects. I also found that customers' expectation is significantly difference from their perception of whichever the two types of banks, that is, banks didn't satisfy their customers. My empirical investigation suggests that no significantly difference exists in customers' expectation to service of the banks, and the most significantly different in service quality exist in tangibles of the two types of banks.

Keywords : Service quality; Large commercial banks; Joint-stock commercial banks; SERVQUAL

INTRODUCTION OF BACKGROUND

With financial market of China had been opened to the world market since 2006. Many world-famous commercial banks, which have the top technique and management in this world, have brought opportunities and competition pressure to Chinese national commercial banks. In addition, as the products of banks are no difference in substance but their name, and banking is one of service trades, service is to be the most important aspect in competition. Service

quality is the core to service marketing, also can improve core competitive power of bank. Customer evaluation to service quality of banks is based on comparison of their expectation and perception. Therefore, bank should improve service quality to satisfy its customers and increase their loyalty to bank.

Commercial banks are main part of Chinese banking institutions, and the major commercial banks, which include large commercial banks and joint-stock

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commercial banks, account for more than eighty percent of commercial banks in almost aspects such as the total assets, total liabilities or profit after tax but the numbers of institutions, which less than ten percent of commercial banks. Therefore, high service quality is asked from customersto the two types of commercial banks. However, advertisements of banks are all so beautiful that can make people believe they have the best service and service quality. However, is that true? Does all of them have really such good service quality that no difference between joint-stock commercial banks and large commercial banks? The past study of service quality of Chinese commercial banks has extensively investigated service quality among Chinese large commercial banks, joint-stock commercial banks, overall commercial banks and comparison of Chinese national banks to foreign banks. However, difference of service quality between Chinese joint-stock commercial banks and large commercial banks has rarely been examined. Therefore, this study focuses on difference of service quality between joint-stock commercial banks and large commercial banks, and tries to find it out. The result of the study shows

CONTRIBUTION OF THE STUDY

A bank improves service quality should to know not only their customers' needs and demands but also difference of service quality from other banks, through to compare its service quality with other banks'. This study can be a support for banks to know the difference is existence, and also can be a support for customers to know it isn't same service quality of banks whichever and they should choose banks but no matter to use service from banks whichever.

RESEARCH OBJECTIVE

The objectives of this study are :

- (1) To measure the quality of service of joint-stock commercial banks and large commercial banks.
- (2) To compare the quality of service of joint-stock commercial banks and large commercial banks.

RESEARCH QUESTION

As the objectives of this study, the research questions are :

- (1) What were the situations of service quality scores of joint-stock commercial banks and large commercial banks?
- (2) How was the performance of service quality in customers' assessment in each of joint-stock commercial banks and large commercial banks?
- (3) How was the difference of service quality between the joint-stock commercial banks and large commercial banks?

HYPOTHESIS

The hypothesis of this study as:

H0: The service quality of joint-stock commercial banks is not significantly different from that of large commercial banks.

H1: The service quality of joint-stock commercial banks is significantly different from that of large commercial banks.

FRAMEWORK

The framework of the study is based on SERVQUAL, which was presented by Parasuraman et al. in 1988. There are the same five dimensions in each of two parts, which are Expectation and Perception, as influence factors of service quality. The service quality is showed by the gap score between expected service and perceived service of customers through to

measure and compare it. The difference of service quality between joint-stock commercial banks and large commercial banks is showed through to compare gap scores of service quality. Service quality can be showed in each dimension not only in overall aspects, and the difference of service quality between the two types of banks also can be showed in aspects like this.

DATA COLLECTION

Questionnaire was designed based on SERVQUAL instrument, which was proposed by Parasuraman et al. in 1988. Questionnaires were sent to customers as respondents who use service of bank, which is the sample of the study, mostly at the counter but electronic bank, telephone bank or internet bank. Most respondents in survey are customers, who were waiting for transaction in banks or just leaving the bank, were selected to fill out questionnaires. I also sent questionnaires to people as respondent in the place, where has bigger pedestrian volume such as airport, crossroad and so on. The people was asked which bank in questionnaire as the sample of the study they most use service from and how they usually use service from banks, electronic banks, telephone bank, internet bank or counter service before sent questionnaire to them, and questionnaires were sent to the customers who used counter service of banks. These questionnaires had been collected when customers as respondents finished fill out the items in it. The samples of study are selected four banks, and two banks in each of types of banks. Finally, each bank was sent to 150 that total 600 questionnaires of the four banks, and were collected 405. Effective questionnaires are 400 that the questionnaire-reclaiming efficiency is 99%.

FINDING OF THE STUDY

All of the service quality in dimensions and overall aspects of joint-stock commercial banks are significantly different from those of large commercial banks, especially Tangibles of joint-stock commercial banks is the most significantly different from that of large commercial banks, and Reliability and Responsiveness are significantly different between the two types of banks but less. Customers' expectation to overall aspects of service quality of joint-stock commercial banks is not significantly different from large commercial banks, and their perception to overall aspects of service quality of joint-stock commercial banks is significantly different from that of large commercial banks except in Empathy, which is not significantly different.

DISCUSSION

Service quality of joint-stock commercial banks is significantly different from that of large commercial banks in each of five aspects and overall aspects whichever. This result is most identical with a survey report was published by Wen, (2009), which is result of service quality from to survey joint-stock commercial banks, large commercial banks and foreign banks in Beijing from 2007 to 2008. The result in single aspect of service quality is also identical with some exist literatures.

Service quality in Tangibles of joint-stock commercial banks is the most significantly from that of large commercial banks. Focusing on retail banking is a business strategy of consequence in competition of joint-stock commercial banks, therefore, up-and-date equipment and other items in Tangibles become the basic factor to run the retail banking efficiently. As the result of limited bank outlets, joint-stock commercial banks increased their bank outlets in recent

years, and at present, the rate of successfully promoting self-service equipment of banks such as ATM increased considerably. However, large commercial banks' equipment is behind the times, such as the ATM and other equipment are usually having problems of not maintained properly and customers cannot find bank everywhere, etc., are the current service problems of large commercial banks (Wen-ji, 2006), so that cannot satisfy customers' needs that affect the service quality estimated by customers. Service quality in Reliability and Responsibility of joint-stock commercial banks are less significantly difference from those of large commercial banks than the other dimensions are. Most of customers do not accept to pay the service fees and thought these service fees do not accord with the service quality that banks provide to them. Especially to the large commercial banks, customers even showed dissatisfaction on it (Wen, 2009). The problems in Responsiveness are such as customers waiting in queue for a long time, employees with no smile, voice and willingness (Xiang-Hong, 2009).

CONCLUSION

In this study, results shows customers' expectation is significantly different from their perception in all of dimensions, and all scores of service quality in dimensions and overall aspects are negative in large commercial banks and joint-stock commercial banks whichever. Service quality of joint-stock commercial banks is significantly different from that of large commercial banks in dimensions and overall aspects whichever.

Many exist literatures present the service quality have difference in several or overall aspects between joint-stock commercial banks and large commercial banks. The level of difference in the

result of this study might not absolutely the same as the other studies because of the sample selected, instrument selected or any other factors. As the roles of credit and payment intermediation, savings and income turned into capital, provide a variety of finance productions and so on, banking is a kind of service trade of importance in daily life to country and people's life so that it is required for higher quality especially. With the growth of economics, people's needs and demands are in the change of aspiring to tangible things to intangible value. Gradually, people's needs and demands change that follow with the growth of economics in China. They are not only satisfied that simple by traditional banks' service, but also to aspire to a worthwhile existence and self-fulfillment to themselves more and more. Service as a significant aspect of core competitive power of commercial banks, the honesty, safety and humanization are keys and bases of all activities to provide service with good quality. Therefore, banks should not get a short period effect from strengthen their competitive power but the long period, that is, banks should not only improve their service quality simply in the items such as receiving, equipment, the dress and appearance of their employees and so on in Tangibles and Responsiveness, but also these aspects cannot be perceived immediately such as Reliability, Assurance and Empathy. To use the experience of foreign banks for reference, who has the classic service quality and service management systems, to achieve the top-down reform, service quality will better and better that as their advertisements, and difference of service quality would be less and less between joint-stock commercial banks and large commercial banks at the time of they improve their service quality.

LIMITATION OF THE STUDY

The limitations of the study are :

- (1) The customers as the respondents of this study are excluded those who usually use electronic banks, telephone bank and internet bank, the counter service users only. They also are not sorted in difference group with different transactions or others.
- (2) The customers as the respondents of this study are all stipulated more than 25 years old, employed and owning bachelor's degree at least, therefore, respondents are selected in a limited scale.
- (3) This study involves service quality comparison into joint-stock commercial banks and large commercial banks. But into or with other types of banks, and research the causes which lead to the difference and the method to improve.
- (4) Every theory has defect exist inevitably. The study is based on SERVQUAL only that is also influenced by the inevitably existed defect from the theory.

RESEARCH IN THE FUTURE

The directions of future study are suggested as :

- (1) With the development of modern technology, electronic banks and internet banks also are used more and more often, so that to increase these aspects of bank's service to measure, determine and compare bank's service quality can widen people's realization to service scopes of banks and even improve the items and dimension of bank's service quality. They also can be widened in different group to be surveyed.
- (2) The demography items limited many customers to be respondents and its scale can be widened, so that wider scale can lead to more exact result of banks' service quality.

- (3) The study in the future also can research the result of comparison to service quality into or with other different types of banks, and research weight of dimensions of bank's service quality to find causes which lead gap between customers' expectation and perception, and find method to get use to different types of banks to improve their service quality.
- (4) Different theory and research instrument might lead to different result of this study. Researcher also can use different method to do this study, for example SERVPERF.

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