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Resource Allocation in AN-E-Banking Context
Business Customer Prioritization: Perceptions of
Bank Service Quality Perceptions Of
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INTRODUCTION

maintain high perceived service quality.

recommendations on how banks should prioritize the allocation of their resources to

disparities across the five dimensions of service quality and produced specific

performance measures of banking services. 

It was found that large discrepancies existed between customer expectations and their

usability of this scale, and the results from this research are compared to past research.

research. Prior analysis of the results revealing the responsiveness and continued

scale for measuring service quality has been in use for 20 years is employed in this

banking sector and the changes brought about by electronic banking. 

This research provides a review of how service quality perceptions have evolved in the

order to be able to deliver more of their customers to those low cost methods of banking.

these demands, banks must be successful in providing high levels of service quality in

more competitive through decreasing costs and broadening market reach. To achieve

where the emergence of electronic banking brings with it a new avenue for banks to be

measured up to these expectations. This is particularly relevant in the banking sector,

quality expectations of their customers and how the performance of their services

and its customers. To deal with such a situation, organizations need to review the service

methods of doing business and a redefinition of the relationship between an organization

The onset of electronic commerce is a major tool of business has brought with it new

ABSTRACT

AN E-BANKING CONTEXT

PRIORITIES FOR BANKS IN RESOURCE ALLOCATIONS IN

BANK SERVICE QUALITY PERCEPTIONS OF BUSINESS CUSTOMERS.
businesses' implementations of e-banking into their business processes. Undertaking high levels of marketing effort in the bid to push more customers, in particular, can be appreciated. The advantages to banks are manifold, and have led many banks to


through the development of higher sales volume (Schlefer & 1998; SBD C 1998 & 1998b).

throughout the system, or otherwise curbing the bank to more fully realize its sales potential

customer satisfaction through the reduction of waiting times and this improving service

provides excellent results, adds another communication and feedback channel, increases

infrastructure costs, provides a source of differentiation and competitive advantage.

banks. It improves the bank's profit levels through the reduction of both variable and

use of computer-based office banking software hold several obvious advantages for

The implementation of electronic banking (e-banking), such as Internet banking and the


these types of services to their customers is somewhat lagging behind the utilization rate
electronic banking services (EMT 1998), evidence suggests, however, that the diffusion of
development and use of various new and innovative technologies by banks in the form of
deconsolidation, and an increasing focus on costs. One objective of this has been the rapid
degradation and e-banking have been a major stimulus for reorganization.

The changes occurring in the banking sector, as part of a complex of increasing

E-Commerce in the Banking Sector

are expected to experience the highest growth in e-commerce.

that are information-oriented, such as the banking services and securities trading sector

projections in e-commerce for various major industry sectors and found that industries

The Forrester Report (Forrester Research 2000) has estimated considerable growth

business environments utilizing these technologies.

industry sectors have experienced tremendous growth in recent years as a result of new
Evidence from exploratory interviews with business managers in this research has shown that customer focus on sustainability and environmental banking has increased. However, a significant question is raised: is there impact on the adoption of e-banking by the customers and sustainability relationships with their customers? Over time, Mckenna (1992) proposes that marketers need to devise strategies to engage customers with the primary objectives to the views of many authors of relationship marketing, such as presented by Mckenna (1992) this current strategic approach undertaken by banks, however, may be seen as contrary to the significance of e-banking service quality in the e-banking context.

The possible and every opportunity.

Taking classic actions to cross-sell these banking innovations to as many customers as possible.

Channels of the many cost advantages of e-banking to banks, and the optimal cost performance program, which may result in loss of business or even their jobs (Denzin, 2003). The Australian Financial Review (10/04/2003) at the same time in another article (CBA), for example, has already invested heavily in the banks internal technology (Whitely, 2003). The Commonwealth Bank of Australia play a critical part in achieving this result. The Commonwealth Bank of Australia challenge for banks and that they believe that new technology in banking channels will challenge for banks, and that they believe that new technology in banking channels will challenge for banks, and that they believe that new technology in banking channels will challenge for banks, and that they believe that new technology in banking channels will challenge for banks. For example, The Australian Financial Review reports that improved service at lower cost is one of the key challenges for banks. In recent years, newspapers have been littered with reports about the strategic approach.
THEORETICAL FRAMEWORK

The two facets may be further interpreted to suggest that the quality (now it is done). These two facets may be further interpreted to suggest that the issue may be split into two facets - technological quality (which is done) and functional service quality. The question is whether service quality reflects (Gronroos 1984. Gronroos 1984) customer’s perceptions that service quality (Gronroos 1984) process where customers compare their expectations with the service they perceive. Service quality is defined as a set of perceived judgments resulting from an evaluation of the product and service experience.

THEORETICAL FRAMEWORK

Customers' corresponding changes in the nature of the relationship between banks and their customers and continuing pressure for change in banking technology and the context by providing a review of how service quality perceptions have evolved (Pham & Kassarjian 1997). Evaluating service quality perceptions is thus also an important key in understanding the take-up rate of e-banking technologies when they are being cross-sold by banks.

Moreover, it has been shown that service quality affects satisfaction and thus satisfaction. Yet, the question is whether the innovation will indeed provide the said benefits. Improved implementation of the technology, besides enhancing awareness and familiarity with e-banking by traditional records, and performing traditional banking tasks will result in less than full effectiveness created by e-banking. Many businesses are still keeping up with the procedures for e-banking in businesses have been somewhat hapazardly implemented in ways that do not fully realize its benefits to those businesses. Despite the

...
This view has been strongly supported by other researchers such as Deven (1994) and Poutindah, Kalra and Dharmesh (1993). Perceived service quality is thus measured from the differences in degree and direction of these perceptions or expectations and expectations for each of these dimensions (Parasuraman, Zeithaml & Berry 1988).

In order to perform the promised service dependably and accurately, employees must know and understand the knowledge and courtesy of employees and their ability to convey them.

These researchers found five dimensions of service quality. These five dimensions are presented in order of their importance as follows (Berry & Parasuraman 1991):

1. Reliability: The ability to perform the promised service dependably and accurately.
2. Responsiveness: The willingness to help customers and provide prompt service.
3. Assurance: The knowledge and courtesy of employees and their ability to convey them.
4. Empathy: The provision of caring, individualized attention to customers.
5. Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials.

Influence on the expectations of the consumer:

previous experience with the service, word-of-mouth, or advertising will have an influence on the expectations of the consumer. Any increase in customer expectations and the consumer's subsequent demands on the quality of service improve (Rao & Kellar 1997; Parasuraman, Zeithaml & Berry 1988). Any increase in customer expectations and the consumer's subsequent demands on the quality of service improve (Rao & Kellar 1997; Parasuraman, Zeithaml & Berry 1988). Any increase in customer expectations and the consumer's subsequent demands on the quality of service improve (Rao & Kellar 1997; Parasuraman, Zeithaml & Berry 1988).
Highly satisfied consumers are found to be much less ready to switch than are highly satisfied consumers. It is undoubtedly the aim of many organizations to achieve high customer satisfaction, and Crosby and Stegno (1987) and Rosenthal & McKeage (1990) have pointed out the importance of retaining existing customers. In the context of insurance, the experience from the consumer’s perspective is well explained by Westbrook (1981) in his well-known article on the importance of customer services. In this regard, measures of satisfaction and customer expectations with the product or service, and the level of customer satisfaction with the product or service, are critical issues. Cumulative satisfaction is an overall evaluation based on the consumer’s overall set of expectations. The consumer is satisfied if the performance of the product or service meets or exceeds the consumer’s expectations and the consumer is highly satisfied if the performance of the product or service meets or exceeds the consumer’s expectations while the consumer perceives the performance to be of high quality.
METODOLOGY

Despite these differences, the link between service quality and satisfaction is an experience. How satisfied they are with it, while quality can be perceived without equal consumption and service expectations remain experience with the product or service to determine. Some studies have found several examples where consumers are less satisfied with a service that did not think it was of high quality. Other (1987) have found that the more of a transaction-specific measure (Cain and Ross 1996, Corman 1998), satisfaction is more or less service quality is a form of attitude and is a good overall evaluation, which customer and perceived performance. While these two components, it has been pointed out that such a measurement, they do not necessarily equate with (Bolton & Drew 1991; Parasuraman 1987) have found that the more of a transaction-specific measure (Cain and Ross 1996, Corman 1998), satisfaction is more or less service quality is a form of attitude and is a good overall evaluation, which customer and perceived performance. While these two components, it has been pointed out that such a measurement, they do not necessarily equate with (Bolton & R. 1992; Bolten & Drew 1991; Diner 1990). Indeed, empirical research by

High customer loyalty creates an emotional bond with the brand, and not just a rational preference. The result is
pre-notification procedure yielded an overall response rate of 30.4%.

Data Collection

The aforementioned research and this research, how service quality perceptions have changed in the 20 years that have passed between

Using the SERVQUAL scale without any alterations will allow a direct examination of

other based on their means.

recorded to form a set of unidimensional statements that can then be compared with each

aspects of service quality, these items were negative statements, which were subsequently

Disagree) to 6 (Strongly Agree). Of the 22 items in the scale, each assess the different

Expectations and perceptions were measured on a 7-point scale from 0 (Strongly

expections for each of these dimensions (Parasuraman, Zeithaml & Berry 1988).

differences in degree and direction between the perceptions of performance and

Attitudes: Perceived Service Quality in this research is thus to be measured from the

to service quality, identified as Reliability, Responsiveness, Assurance, Empathy, and

196(1), the same scales will be used in this research measuring the five dimensions of

scale was specifically developed for the financial services industry (Berry & Parasuraman

and Berry 1985), and since Berry and Parasuraman’s development of their service quality

Zeithaml and Berry’s service quality model SERVQUAL (Parasuraman, Zeithaml &

Operationalization of the service quality construct will be based on Parasuraman,

expectations of the consumer.

with the service, word-of-mouth or advertising will have an influence on the

(Parasuraman, Zeithaml & Berry 1988; Rada & Kellers 1997). Any previous experience

expectations and the consumer’s subsequent demands as the quality of service improves

electronic delivery of these services, have resulted in a continuous increase in customer

immunized services where recent service developments, particularly with respect to the
Table 1: Types of Business Surveyed Based on Their Main Activity

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>% of Total</th>
<th>% of Turnover</th>
<th>% of Employees</th>
<th>% of Sales</th>
<th>% of Income</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Construction</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>25%</td>
<td>30%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2 shows the distribution of businesses according to their ownership structure and annual turnover. The largest segment of the market is businesses with sales turnover between $1M and $3M, representing 36.5% of the total market. The smallest segment is businesses with sales turnover between $10M and $20M, representing only 1.8% of the market. A broad range of businesses from various industry groups was surveyed.
A total of 66.7% of the variance is captured collectively by the five factors. This item by item assurance dimension as part of the reliability and representativeness's previous findings, decided that for the purposes of computing these results to that of past research, to load shown to belong to the reliability dimension with a loading of 0.45. However, it was orthogonally found by Berry and Pearsonman's (1961) (Adequate Support for Employees) was loaded to a different dimension than was the 22 items yielded the factors, which are summarized in Table 3. Only one item of the final statistics and the rotated factor matrix (after subsciaing to Varimax Rotation) of the research.

RESULTS AND DISCUSSION

<table>
<thead>
<tr>
<th>Item</th>
<th>Communication</th>
<th>Leadership</th>
<th>Teamwork</th>
<th>Empowerment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.60</td>
<td>0.50</td>
<td>0.65</td>
<td>0.70</td>
<td>0.65</td>
</tr>
<tr>
<td>2</td>
<td>0.50</td>
<td>0.60</td>
<td>0.70</td>
<td>0.80</td>
<td>0.70</td>
</tr>
<tr>
<td>3</td>
<td>0.60</td>
<td>0.70</td>
<td>0.80</td>
<td>0.90</td>
<td>0.80</td>
</tr>
<tr>
<td>4</td>
<td>0.50</td>
<td>0.60</td>
<td>0.70</td>
<td>0.80</td>
<td>0.70</td>
</tr>
<tr>
<td>5</td>
<td>0.40</td>
<td>0.50</td>
<td>0.60</td>
<td>0.70</td>
<td>0.60</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 2: Types of Business Surveyed Based on Their Ownership Structure
Table 3: Factor Analysis: Expectations and Perceptions of Service Quality

In Banking Services

To be performing best in terms of Tangibles and Assurance, were the top two dimensions businesses expected from the bank, while banks were seen when they perceived in terms of the five service dimensions. Reliability and Assurance especially in Figure 1. The data shows how businesses ranked their expectations and perceptions. The mean scores for each dimension are also included in Table 3 as well as the estimated respectively, thus confirming its high reliability in belonging to this dimension - α=0.824 and α=0.782 for the expectations and perceptions scales dimension as described above. All factors above a very high alpha for the assurance
Performance is perceived to be doing well, while in the bottom two expectations. The difference in performance, however, shows much larger disappointment for the top two expectations, only.

Comparing the expected performance ranking with the expectations ranking of this one.

The change is only by one rank.

The service quality has moved up 26% in terms of importance rank. Similarly, the service quality dimensions in the customer's rankings remains to be the top important aspect of the business. Table 4 shows how the expectation rankings of the service quality dimensions is compared to that of Perry and Parasuraman's (1991) study.

Figure 1: Service Quality: Expectations and Perceptions
dimensions in Figure 2. The importance of these dimensions cannot be overemphasized. This is shown in a validation of cross validation wherein responses to two

**Table 4: Comparing Service Quality Dimensions with Past Research (by Rank)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Perceived Performance</th>
<th>Externally</th>
<th>Importance</th>
<th>Metric</th>
<th>Rank</th>
<th>Service Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1 (1991)</td>
<td>1</td>
<td>(By Rank)</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Empathy
Assurance
Responsiveness
Reliability
more importantly how far the point is below the zero gap line. If the point is above and just above the zero gap line, it is in the quadrant of the chart that indicates that the customer is satisfied with the service. The customer is dissatisfied with the service if the point is lower than the zero gap line, and the service is performing worse than expected. Points above the zero gap line indicate that the service is performing better than expected, and the customer is satisfied. Points below the zero gap line indicate that the service is performing worse than expected, and the customer is dissatisfied.

The chart shows the relationship between expectations and perceptions, with the zero gap line representing a point where expectations and perceptions are equal. Points above the line indicate that the service is performing better than expected, while points below the line indicate that the service is performing worse than expected. Points on the line indicate that the service is performing as expected.

![Graph showing Quadrant Analysis of Service Quality Dimensions](image)

**Figure 2: Quadrant Analysis of Service Quality Dimensions**
relatively low, that dimension should not receive more attention than another dimension.

Smaller service gaps should be given a lower priority and allocation of resources.

The simple notion is to prioritize resources according to the size of each service quality gap.

Smaller service gaps with the largest service quality gaps should gain the most attention of resources in order to close the gap. While the dimensions with the largest gaps with the dimensions with the largest service quality gaps need to be given attention first and how much attention.

The question now arises on the basis of the size of each service quality gap is important in determining how satisfied customers are with the bank’s service. The question now arises on the basis of the size of each service quality gap is important in determining how satisfied customers are with the bank’s service. The question now arises on the basis of the size of each service quality gap is important in determining how satisfied customers are with the bank’s service.

(customer’s) and (dependability) and accuracy (reliability).

This shows that banks are performing relatively well in terms of their appearance.
From Figure 2, further accentuates its needed attention. From customers', and its relatively larger service quality gap as found in the first analysis the importance of close. Reliability of the banking service also holds a high expectation.

Figure 2

From customers' perspective, for the bank to perform well in this dimension makes it an expected small service quality gap (as found in the first analysis from Figure 2), the receive the highest priority and most attention from the bank. Despite assurance having these two dimensions of service quality - namely Reliability and Assurance, should provide respectively. Exceptional and higher than average expectation. They should receive high and fourth a lower than average expectation, while quadrant four (Q4) indicate a lower than average service quality. Quadrant three (Q3) indicate a lower than average expectation. Also, allocations needed to further minimize or close the gap and to maintain or improve exception. These points should receive second priority in resource. Points in this quadrant have a higher than average expectation but also have a higher points in Q1 should receive the most attention in closing or minimizing the service expectation of the service and a lower than average expectation of the same service, all the dimensions. Points in quadrant one (Q1) would indicate a higher than average exception. Analysis. These points showed in Figure 3, now shows each service quality matrix with these means as the dividing lines between quadrants in the matrix.

To account for the differences in magnitude of expectations for the five dimensions of service quality with more priority by the bank than the former case. The latter case should be dealt

with the same gap but a higher customer expectation. The former case should be dealt...
concentrate innovations like e-banking, thus realizing the cost advantages for the bank.
im not to increase the efficiency of marketing effort to increase the adoption of e-
and effort to close the large service capability gap in reliability and assurance so
resources and effort to close the large service capability gap in reliability and assurance so
problems for products such as e-banking. The challenge is for banks to allocate more
allocation of scarce resources, as well as the tactical level in devoting marketing
It is important for banks to keep these priorities in mind both at the strategic level in the
then average

lower than average customer expectations, while being perceived as performing higher
which despite still having a small service capability gap, this dimension is characterized by
Tangible should receive the lowest priority in resource allocation as it falls within Q4,
lower than average expectations.

These dimensions should receive lower priority in resource allocation than the
Responsiveness and empathy are the next dimensions to be dealt with that fall in Q3.

Figure 3: Quadrant Analysis of Service Quality Dimensions (Using Difference from Mean)
adoption will need to be determined.

of e-banking solutions to customers of a consequence to be influenced by e-banking
The external to which service quality is a necessary antecedent to successful cross-selling
should look to examine the exact role service quality plays in the marketing e-banking.
Furthemore, the impact on the bank-customer relationship need to be further examined. Further research
specifically, the motivations behind e-banking adoption by customers and the subsequent
commerce products may be more successfully marketed to them. In the banking sector
commerce environment, if the presence provides a first step toward investigating other
commerce issues, this research has focused on providing a more current assessment of service quality in

Priority.

Responsiveness and Immediacy as their second priority, and lastly, Reliability as their third
Reliability and Assurance dimensions of service quality as their first priority, specifically, banks should focus on improving their service performance on the
specifically, banks should focus on improving their service performance to the customer – more
resources to focus on key service quality dimensions critical to the customer – more
customers. The Guardian angels performed proposed that banks need to promote their
customer expectations. This misrepresentation is the source of dissatisfaction among
The results, however, the performance of banking services is insufficient to

dimensions of service quality and their importance to the customer.
advancement of e-commerce, as discussed, little has changed with regard to the various
evolved and the challenges faced by the banking sector brought about by the
The results of this study have provided a review of how service quality perceptions have

CONCLUSION
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