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PHILOSOPHICAL FACULTY

SERVICE QUALITY IN RETAIL BANKING

MASTER'S THESIS

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DECLARATION

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

Olomouc, November 22, 2013   Signature ....

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1. INTRODUCTION

This chapter aims to introduce motivation and purpose of this thesis, formulate hypotheses and research questions and also pose the structure and methodology of this work.

1.1. Research motivation and purpose

Even though service is an inseparable part of any business, it usually remains in its background. However, it is service that makes the first impression on customers and represents the name of the company. As Zeithaml pointed out in one of her books (1990), "service is the power engine in the company's development." Although she made this statement a decade ago, it could not be more pertinent today. Companies cannot solely rely on their products and their innovation as service is the motor of the company development that creates added value and competitive advantage in today's rival commercial world. Moreover, high quality products with brilliantly performed service lead to customers' satisfaction which is reflected in their recommendation, trust and loyalty. Excellent service pays off as it creates a true customer – a customer who sings the company's praises to others.

However, far too little attention is being paid to service quality as the majority of people often pay attention to tangibles, such as products, and the side of intangibles is passed unnoticed. The main reason for choosing this topic is personal interest. As I have gained wide experience with service abroad, I dare say service quality in the Czech Republic is rather insufficient, sometimes even degrading the customer. Therefore, I consider service as inseparable and highly important part of any business. As a full discussion of service quality in general lies beyond the scope of this study and also on account of conceiving this project during my time working for an unnamed Czech bank as a trainee, this thesis will be solely focused on the issue of service quality in banking institutions.

Furthermore, with the arrival of new banks, implementing new ways of banking processes, particularly focusing on virtual banking without having a physical walk-in premises, excellent personal attitude and service from still very popular brick banks becomes rapidly a key figure to obtain new and not lose their clients. At present, it is

primarily personal contact, helpfulness and ability to elicit trust that can compete with tempting lower interest rates offered by internet banks.

1.2. Hypotheses and Research Questions

The following paragraphs introduce two hypotheses and the same number of research questions that were created based on the discussions over various stakeholders' perspectives.

H1: <u>There is no difference between the promised and perceived quality.</u>
H2: <u>AC[1] bank has a very advanced level of the measuring process of service quality.</u>

This study aims to address the following research questions:

Q1: What processes are used by AC bank for measuring promised service quality?
Q2: What is general customer's perception of individual levels of service quality?

The first research question refers to the objective approach including the perspective of AC bank; the second research question centres on the subjective approach dealing with subjective customer's perception of service quality

1.3. Methodology

The following points aspire to expound shortly the structure of the thesis itself and various approaches that are to be used in the thesis.

➢ **Academic and scientific literature** such as magazines and articles, results of scientific investigations and discussions with experts will be used to obtain necessary facts, figures and findings to be presented in this work.

➢ **Discussion over various stakeholders' perspectives** has been run between the author and the supervisor of this thesis to create suitable hypotheses. The author brought herself to examine different points of view of particular stakeholders and decided to focus only on the customer's and bank's perspective to narrow down the research as will be described more closely in the following chapters of the thesis.

➢ **The two questionnaires** will be conducted to obtain necessary results for the research. The first questionnaire will concentrate on the bank's service quality

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[1] In order to use internal banking information, *AC* nickname will be used for the purpose of this thesis.

> perspective (the questionnaire will be conducted in AC branch), the second one, in contrast, will be asking the customer's perspective of service quality (respondents will be addressed through social networks).

➢ **The face-to-face interview** with the branch manager of AC bank and additional interviews with the branch employees, if necessary, will be done in order to immerse deeper in the research problem.

➢ **Tables** will be used to analyze the obtained results from the questionnaires and interviews.

➢ **Conclusions** will be derived from the results and the author will formulate open questions for further research.

➢ **A proposal for AC bank** serving also as **a report for university** students will be created, presented to the Olomouc branch manager and also published on the DAE[2] online platform. This report will shortly introduce the issue of service quality, present closer specification and results of the research and provide suggestions for improvement.

The time schedule of the whole process of writing the thesis will range from April 2013 to November 2013.

1.4. Structure

The thesis will not be in general divided according to traditional custom into theoretical and practical part. The first chapter describes the general introduction of the thesis, hypotheses, research questions and the structure of this work.

The second major chapter called "Retail Banking" can be, however, considered as the theoretical part focusing on the description and narrowing down the topic of the thesis. At first, the different perspectives of participating stakeholders will be displayed. Then the author will introduce AC bank, its vision, mission, strategies and particularly values and bank etiquette because these two aspects build the stepping stones for high quality service delivery. Also a general classification of banks, customers and products accompanied with sub-chapters exampling real practices in the AC Olomouc branch will be included. The first theoretical section will be summed up with a conclusion recovering the results of the narrowing down of the topic.

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[2] DAE = Department of Applied Economics, Palacky University in Olomouc, Czech Republic

The third chapter called "Service Quality" will mingle theoretical aspects with practical ones. Primarily, it will focus on service quality in general and service quality measuring based on academic literature review interfacing the real practices used in the AC Olomouc branch. All the observations will be again reflected in the closing conclusion.

The following chapter will be solely interested in explorative studies by questionnaires, more specifically in two questionnaires done with the retail employees of the AC Olomouc branch and then the questionnaire for the general public. Each sub-chapter will provide the reader with the results of the questionnaires and also with a general conclusion.

The next-to-last chapter will summarize the whole work, looking back on the hypotheses providing and explaining their verification or falsification. Also recommendations through the AIM model will be developed and created together with a proposal for AC bank.

The final conclusion will summarize all outputs derived from the whole work.

2. RETAIL BANKING

The principal task of this chapter is to focus on retail banking that represents mass-market banking making transactions directly with customers, introduce the main characteristics of this area based on the different perspectives of stakeholders, narrow each field connected with retail banking down for the purpose of this work and most importantly, present AC bank as the crucial representative of retail banking in this thesis.

2.1. Stakeholders' Perspectives

Service should be considered as a key facet contributing to successful business. However, to deliver high quality service is a very demanding and in many cases subjective issue as service itself can be looked at from different angles and points of view of all participating stakeholders. Regarding banking institutions, it is possible to look at service quality form five different perspectives:

- **Perspective of Banks / Management** – the principal aim of bank management, as of any other businesses, is to achieve profitability. This aspect is, of course, reached via customers and especially via those who are preferably both loyal and valuable bank customers. Banks differentiate various types of customers from those who are clients just because they have to be (they need a bank account because of the salary to be sent somewhere), or they want to increase the value of their money slightly having it on saving accounts, or in most desirable cases they want to use and invest a significant amount of money into bank's products and so to establish a business-like relationship with the bank. Every customer is different and every bank promises different service quality and products to their customers appealing them via product description, commercials, flyers, adverts and other marketing tools. Various types of customers will be closely described later in this paper.

- **Perspective of Bank Employees** – the key figures delivering service. As we speak about human factor in this case, provided quality depends on the ability of the employees to communicate, identify themselves with customers and also on their business and selling skills as the success of giving a pitch and selling the

product goes hand in hand with the satisfaction on both sides, of the management and of the customer.

- **Perspective of Customers / Clients** – the major question about service quality from customers' point of view arises mainly from their expectations that are derived by several factors. First, banks themselves can be considered and the way they communicate their products and services towards potential customers using various tools such as advertising, mouth-to-mouth communication with the customer and other written, electronic or discussion platforms that are influencing the image of a particular bank in customers' eyes. However, not only banks themselves create customers' perspective. As another element can be counted external environment in which the customer lives denoted by interaction among other people transmitting personal good and bad experience, recommendations and observations to one another, including various discussion and chat platforms. And last but not least, customers' perspective is also influenced by their own internal world, their social roles they stand for, their level of education, type of personality, knowledge about and attitude towards financial institutions and others.

- **Perspective of Government** – considering the third parties, government and its rules, standards, laws and other integrity and quality codes must necessarily be included in these perspectives as they all create the platform for financial institutions to build their own and elevated standards and codes leading to higher service quality.

- **Owners / Shareholders –** the last perspective belongs to the creators of banks. It can be suggested that they are not really interested in bank's reputation, integrity or customer's satisfaction. The principal issue that matters, according to their perspective, are the rate of return and profit ratio. Simply said, they focus on numbers and the higher the numbers are, the higher their satisfaction climbs.

To discuss all of these perspectives in the thesis would reach very high complexity of the research. Therefore, only two major perspectives will be discussed. Firstly, the focus will be put on banks themselves and its employees who will be examined with respect to service quality they promise to their customers. At this point, the only branch of AC

bank in Olomouc, where the author was gaining her work experience for seven month, will be targeted. Then, the second perspective will be aimed at the point of view of customers and their expectations and perception of service quality in general in retail banking institutions.

2.2. AC Bank Introduction

AC bank belongs to the most significant banking groups in Central and Eastern Europe. The group altogether comprises more than 160 thousands employees and 9 500 branches with total assets of nearly EUR 1 trillion. In the Czech Republic it has 2005 employees, 135 branches, and about 240 000 customers pushing the bank to the forth place on Czech market (AC bank 2013, Presentation and Strategy).

The group consists of a universal AC bank, and then of a universal leasing company, consulting company in the area of mergers, acquisitions and equity offerings, and serves as an IT solution provider and card solutions provider.

2.2.1. AC Vision, Mission, Strategies

For every organization or company, having a vision and mission are essential features to realize who they are and where they are aiming to. And of course, the strategy is the key tool to obtain it. The upcoming paragraphs will, therefore, introduce both vision and strategy of AC bank. All the following information comprising bank's vision, mission and strategy are to be either cited or paraphrased from internal documents by AC bank called *Strategy* and *Company Profile* (AC bank 2013).

AC vision

AC vision is to become:
- "The 1st choice for the clients in our tradition key segment as well as in new strategic ones (i.e. Private Banking, Affluent, Freelancers...),
- the bank with most satisfied clients on the Czech market,
- innovative bank on the Czech market, being a first mover rather than a follower,
- very attractive employer on the market,
- integrated part of the AC group strongly committed and contributing to group strategy,
- a benchmark of dynamic organic growth in our group."

AC Mission

- "We AC people are committed to creating sustainable value for our clients.
- As a leading European bank we support the development of local communities in which we live and work.
- We want to be a great workplace for our employees.
- Our goal is perfection, will lead us where continuous efforts to maximize the ease in trading and dealing with us.
- These commitments will allow us to create sustainable value for our shareholders."

AC Strategy

The AC five-year strategy to 2015 sets initiatives how to achieve the bank vision. The first step is to increase the number of branches dramatically and cover the territory of the Czech Republic which will be done by creating franchise branches and focusing on retail mass-market and smaller towns while keeping corporate, private and affluent clients also as the key segments. The next step is to establish itself in the consumer credit market; improve the service radically, enlarge sales and acquisition of small business, private and corporate clients and the last but not least, to raise brand awareness and AC position.

AC bank adopted already in 2009 new comprehensive expansion strategy called *Investing to the Future* that builds on a unique combination of several branches formats such as setting up franchises in small towns with up to 20 thousand inhabitants, making partnership contracts with consultancy agencies and launching AC online shop that is to be available to customers 24/7.

2.2.2. AC Values

All the values are described in so called *Integrity Charter* (AC Bank 2013, Charta Integrity). These values include Fairness, Transparency, Respect, Reciprocity, Freedom and Trust. This charter refers to all employees in the bank as they represent the bridge between the organization and the general public. The notion of integrity as an important cohesive link helps build and strengthen the image of AC bank. To encourage sustainable development, good relationships and overall integrity of everyone within the group needs to take these values into account when dealing not only with clients, but

with all other parties such as co-workers, suppliers, investors and public who are crucial for making profit.

In the following lines, all the six values will be briefly introduced in a form of instructional manual, pinpointing the usage of the values in practice as they create the basis for providing quality service to all parties included.

Fairness

AC bank forbids discrimination based on sex, race, age, political views or activities, and employees, investors or other parties selection. Employees should always strive for customer's satisfaction and dedicate appropriate attention to all of the clients. Also the bank should support local development through various activities that pay attention to real needs of particular target groups.

Transparency

Firstly, all employees within the AC group should share their knowledge, should not keep important information just for their own use and should always provide well timed and truthful information about products and services. Then, the group should inform the public about its practises and always choose the appropriate communication channel regarding what party they are talking to. Last but not least, transparency should be kept in the career advancement process.

Respect

Every employee knows their roles and responsibilities. It is necessary to listen and respect other people's values, feelings and moral attitudes, therefore any kind of offense, insult or inappropriate pressure should be used. All the information obtained from clients or about the organization must be kept in secret. All employees should follow codes of banking ethics and social values. Moreover, AC bank tends to support projects socially and ecologically oriented projects.

Reciprocity

The main aim is to share everybody's knowledge and experience to create visible outcomes that will bring appreciation by other parties, and also by colleagues who can sustainably keep improving the working environment through this sharing. Listen

carefully and with no prejudice to clients and their needs and also to investors and other parties to create suitable ambience for open discussion and dialogue during which the bank can enhance its repute.

Freedom

AC bank creates such cultural environment in which nobody fears to express their ideas and positive or negative opinions aloud referring both to cultural diversity and career development area. No aggression in communication or acting is used; interpersonal relationships are based on freedom and equality in every case.

Trust

Trust means that AC bank will keep its word and will admit mistakes that were made. Only through continuous demonstration of the bank's good reputation rising from the behaviour of its employees, reliability of the products and services, admitting mistakes and willingness to change the performance and decision will bring trust. The group must adjust its medium and long-term interests to interests of its clients so they know that the bank is always on their side and it aim at developing of firm and permanent relationships with clients, investors, and other parties.

All these values reflect in all banking activities, increasing added value for customer, social responsibility and of course and more importantly it contributes mainly to interpersonal relationships.

2.2.3. AC Bank Etiquette

In terms of bank etiquette, there exists a highly regarded *Ethical Code* of the Czech Banking Association (2012) that each bank must follow. Nonetheless, in all probability, every bank has its own personalized standards that basically copy the Ethical Code but are custom made in order to satisfy individual features of each bank. AC back applies an internal document reflecting the ethical code and general requirements called *The Principles of Client Service* (AC Bank 2012, Zásady poskytování služeb klientům). These principles are collected in a manual that is available to every employee of AC bank. To describe all the principles is beyond the scope of this thesis. For that reason, only the essential principles are to be mentioned:

The client always comes first

> We pay appropriate attention to every client; the first impression plays a crucial role; we never get the client to wait; during the conversation we pay exclusive attention only to the client; we don't promise anything we cannot fulfil.

Greetings, smile and direct look are taken for granted

> A smile is a powerful tool; we shake hands; we speak intelligibly; we know how to use body language; we control our mood and will not let it influence the meeting.

Our services are characterized by individual approach to our clients

> We understand the specific needs of our clients; we know our clients personally; we regularly collect information about developments in the financial services industry; we organize social events for our clients.

We create a long-term relationship with our clients

> The acquisition of a new client is not the end, it is the starting point; we actively and regularly contact our clients to modify their portfolios and be able to provide them with suitable products and services; in the case of client's satisfaction we ask him for references.

We always stand by our bank

> We are loyal and we identify ourselves with the bank; we speak in plural *"we, our"*; in the presence of a client we never criticize the bank, colleagues, products and other things connected with the bank, we never speak about other clients, we never speak about our competitors in a negative sense of meaning; we share information, experience and knowledge with our colleagues and within the whole Group.

These were the essential principals which every employee should be identified with. The second half of the manual speaks about communication with clients at a professional level.

The focus here is placed on the first impression including behaviour of employees, cleanness and tidiness of the whole branch and offices, and dress code. All the leaflets and brochures should be displayed at visible and accessible places; also every employee should have their identification nameplates displayed on their desks and wear identification tag with their name. It is very important to make eye contact with every client who enters the branch and to greet them appropriately.

Other points in the manual refer to the communication between clients and bank employees during a meeting, during a phone call, principals for e-mail communication and how to deal and solve problems.

All these principles pointed out above represent the desirable state and promised quality. Later in the thesis, it will be examined whether this promise is genuinely fulfilled or not.

2.3. Classification of Banks

As the scope of financial institutions is overly broad, in this subchapter, another specification to narrow this topic down will be presented. In general, several types of banks can be distinguished based on their purpose. Among the most frequent ones belong:

- ➢ **Retail banks** – providing basic banking services to the general public (current, saving accounts, mortgages, loans, etc.)
- ➢ **Commercial banks** – handling with needs of small and large businesses (saving and current accounts for businesses, real and capital loans)
- ➢ **Online banks** – working exclusively on the Internet, providing their customers with flexibility, offering the same as some retail and commercial banks
- ➢ **Investment banks** – focusing primarily on the investment markets helping organizations use these markets
- ➢ **Central banks** – organizations for managing banking activities, having several roles and functions, i.e. monetary and banking supervision, currency issuance, "banker's bank', "banker's clearing house', etc. (Pritchard 2013)

2.3.1. Classification of AC bank branch in Olomouc

In essence, banks do not focus on one specific product or service assigned to one specific type of customers as described above; they want to cover as wide portfolio of customers, products and services as possible. To provide a rather detailed example, the following figure (1) shows the division of the AC bank branch in Olomouc where the products and services are designed for both natural and legal persons.

Figure 1: AC Olomouc Branch Division
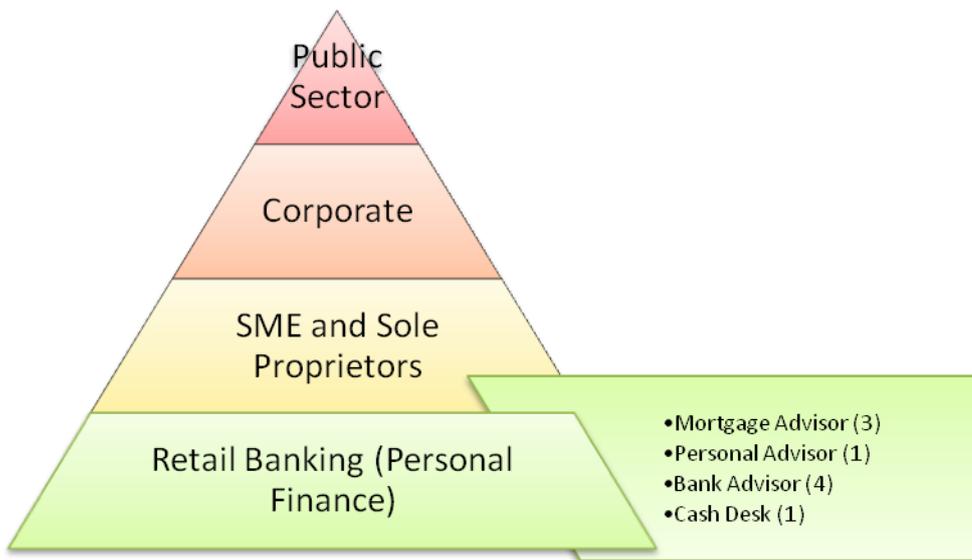
Source: Author's own

The picture above introduces AC branch division with the prominent positions of retail banking (in green). Within retail banking can be distinguishes employees that, in principal, provide customer care, deal with current accounts, saving accounts, internet banking, loans, mortgages, deposits and withdrawals and credit cards. As it is visible from the pyramid graph, retail banking division is the largest one in the hierarchy dealing mainly with personal finance. The higher of the pyramid we are, the larger turnover of the business is required, the more specific the customer's expectations and requirements are and so are those of the bank. To add, SME and Sole Proprietors are so called having two hats on their heads in the AC branch hierarchy, meaning they deal both with natural and legal persons and consequently they could be also counted as a part of retail banking in AC branch.

For the purpose of the first explorative study based on questionnaire for employees of the AC Olomouc branch, employees belonging to both retail and SME and Sole

Proprietors will be included in the study. The reason for that is the number of samples. In the case of addressing only retail employees, it is expected to receive nine questionnaires based on the number of employees in retail division. Including SME and Sole Proprietors will be increased by two more employees.

For the purpose of the second explorative study regarding customer's points of view and their expectations, the thesis will mainly concentrate on the retail banking sector as it will serve as a rich source to target the masses of people with respect to the research questionnaire for the general public.

2.4. Classification of Clients

Secondly, the classification of clients (anyone who comes to a bank with any intention) needs to be specified as well. Each bank has various clients which various products and services are developed for. The general classification (based on the author's observation of various websites of Czech banks) would consider a natural person (Retail Individual), sole proprietor (Entrepreneur) and legal person (Company). This classification, of course, corresponds to the branch division. Different customers would belong to different bank levels. Natural persons and their personal finance are usually managed by retail sector, those of sole proprietors and legal persons having small companies (depending on the company's year turnover) belong to SME sector, and large businesses and institutions are handled by corporate and public sector.

2.4.1. Classification of AC Bank Customers

Each client can be differentiated according to several aspects. The first aspect is "the life cycle" or in other words the use of a client:

- **potential clients,**
- **active clients,**
- **former clients**.

Each client is marked automatically with a particular status depending on any already existing link (link to a product, right of disposal to somebody else's product, etc.) or will be given a new link.

The second aspect will namely centre retail individuals and their segmentation (AC Bank 2012, Theory of Clients).

- **Retail Employee** - referring only to the AC bank employees
- **Retail Mass Market** – comprising the majority of retail individuals/clients further divided according to total assets or gross income per month
  - Retail Lower Mass Market – total assets up to 75.000 CZK **or** gross income from 9.500 to 15.000 CZK per month, bank advisors in charge
  - Retail Upper Mass Market - total assets from 75.000 CZK **or** gross income from 15.000 to 25.000 CZK per month, personal advisors in charge
- **Retail Affluent** - all affluent clients are under the care of personal banker
  - Retail Assets Affluent – total assets from 300.000 CZK to 3 mil CZK
  - Retail Income Affluent – gross income from 25.000 CZK per month
- **Retail Private** – under the care of private banker
  - Private **–** total assets from 3 mil to 10 mil CZK
  - Private HNWI – total assets above 10 mil CZK

2.5. Classification of Banking Products

Lastly, banking products can be classified depending on the customer type and the level of branch division where the particular products are offered. As it was already mentioned above, this thesis will pay attention to the mass market, meaning retail customers, for which banks usually offer products such as current (checking) and savings accounts, safe deposit boxes, mortgages, loans, and unsecured and revolving loans such as credit cards. To be even more precise, for each segment of clients the bank has customized accounts with specific parameters.

2.6. Summary

This chapter has explained the central importance of narrowing the topic of retail banking down. First, it provided various points of view of participating stakeholders, and then followed by the presentation of AC bank that was crucial for succeeding general classifications of banks, customers and products completed with the specific uses in the certain AC bank branch. All these classifications will be reflected in two

explorative researches in forthcoming chapters concentrating on the two selected perspectives: the perspective of the AC Olomouc branch (primarily based on the AC Olomouc branch employees working in retail, SME and sole proprietors division in order to obtain higher number of completed questionnaires) and the perspective of customers and their expectations of service quality (focusing solely on natural persons, in other words, on the general public or the mass market using services and products of retail banking)

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3. SERVICE QUALITY

The following significant chapter aims to bring information about quality and particularly service quality in general via linking theory with real examples based on AC bank. The concentration will be applied especially on service quality indicators in banking providing examples of service quality indicators in the AC Olomouc branch, including mystery shopping, calling, and others. Then, the attention will be paid to service quality measuring and introducing the traditional SERVQUAL model.

3.1. Definition of Service Quality

Quality and especially service quality can be perceived from various viewpoints as it embodies different features for everyone. Some people might not be even able to say what quality represents to them. Here are some examples that were found within the academic literature review.

First definitions are by a well-known actor and talk show interviewer who describes quality from three perspectives in a magazine of Czech Chamber of Commerce (Kraus 2008, 17):

> Quality is frequently understood and interpreted somewhat differently by each of us. But still, there are certain pillars of quality, especially those proven over time, that are hardly ever questioned. And if they are, public opinion and general opinion is not affected. These pillars are the symbols of quality, whether we speak about premium brands of German car manufacturers, Pilsner beer, French wine, or anything else. This is the area representing particular quality - the products, the history of their brands, of specific tests, etc.

> Quality is also the art of leading people, co-workers, and employees. This is very demanding. It requires empathy, higher internal culture, etc. But those who can really build a good team have even a chance to create quality in their domain.

> Quality. It is also quality of life, often mentioned in connection with our health. But even a completely healthy individual determines their perception of quality by purely personal criteria....Quality tends to be mostly beautiful. At least, we look at it from this perspective...

Service quality can be also defined as "an attitude or global judgement about the superiority of a service" (Greenland et al. 2012, 4). Service organizations, within which banking institutions can be included as well, "frequently regard service as the Holy Grail that will provide distinct competitive advantages. Effective service quality evaluation and identifying ways to improve it are therefore paramount and significant resources and ploughed into these activities," add Greenland et al. (2012, 4).

However, the most respected definition of quality is according to ISO 9000 (Český normalizační institut 2006, 19) that "describes fundamentals of quality management systems and specifies the terminology for quality management systems", and defines quality as "degree to which a set of inherent characteristics fulfils requirements", where inherent characteristics represent some permanent features of service or product, and "the term 'quality' can be used with adjectives such as poor, good or excellent". Furthermore, ISO norms have universal characteristics that can be used in any manufacturing or service organization regardless its size and serve as a set of minimal requirements that should be applied in every organization.

Even though service quality shares some identical characteristics with quality management of manufacturing organizations, still there are some unique features typical for services, especially the feature of intangibility and abstractness. According to Nenadál (2002, 168-170), theses features bring high complexity with respect to its measuring. Also, the price is not the most determinative aspect that influences customers in their decision making. For high quality service, that fully satisfies customer's needs, the customer is willing to pay even the very top price. Moreover, positive references emerging from the full satisfaction of other customers play more important role in choosing services than in tangible products. Such references can help the company find new clients and customers. On the other hand, the loss of good image can lead to bad references that spread rather more quickly and have power to discourage customers from buying a product or service. Therefore, to avoid bad references and surpass them with the positive ones, companies demand professional performance from their employees as service quality is primarily about the human factor. The interaction between customers and service suppliers, though, bears some risk. Service suppliers may be unpredictable and mercurial in various situations which can have a negative influence on customers and this can reflect in their evaluation of the company. Companies, therefore, should employ professionals who are aware of customer's

expectations such as customer care, individual interest and approach, polite and professional behaviour, and are able to fulfil them. In many cases, fulfilling these expectations can have bigger influence on customers rather than high-tech equipment. And so, to run marketing research focusing on customer's satisfaction is very desirable and the results should provide companies with a real state of service quality they deliver. Companies should then take either preventative or in better case maintaining and enhancing steps.

3.2. Customer Benefit Package

Today's customers, nevertheless, according to Evans and Lindsay (2008, 157) "no longer buy solely on the basis of price. They compare the total package of products and services that a business offers with the price and with competitive offerings". The customer benefit package (CBP) represents the combination of tangibles and intangibles that comprise a service and it could be compared, for instance, to employees' packages of benefits, holidays and other perks through which they are allured to their employer. Customer benefit package has a parallel function but aimed for enticing customers.

The package influences the perception of quality including the physical product and its quality dimensions; pre-sale support, such as ease of ordering; rapid, on-time, and accurate delivery; and post-sale support, such as field service, warranties, and technical support. If competitors offer better choices for a similar price, consumers will rationally select the package with the highest perceived quality. (Evans and Lindsay 2008, 157)

The package consists of primary good or service. This represents the core that attracts customers and responds to their basic needs. In the bank, the primary service of a personal current account would be, for example, the ability to do convenient financial transactions. However, the primary goods and services are accompanied with the peripheral ones that are not as essential as the primary ones but provide the added value that might be the deciding factor for the customer. Again, with the example of the current account, it would be the possibility to carry out financial transactions online, via mobile banking, or obtaining a credit card with the account. (Collier and Evans, 2007)

Therefore, it is very important to the management to understand customers' wants and needs to be able to create a good service with added value to their customers and so meet or more desirably exceed their expectation in order to make their customers

satisfied. According to Collier and Evans (2007), 21st century is the era of value maximization, mass customization, information-based technology, focus on services and global markets. These factors, then, should be born in business leaders' minds.

3.3. Indicators of Service Quality in Banking

As the banking market is becoming more and more competitive, rapid growth is not possible only through new acquisition of clients. According to Kopecsni (2010, 7), what bears more importance today is to sell more products to already existing customers and maintaining customer retention. Fulfilling this plan is possible only through high service quality. Banks are aware of this and they put emphasis on this issue. The fact is that when branch employees know their clients well and can arouse trust in them, they will easily encounter what their customers' needs and interests are and consequently they can sell more appropriate products to them. And so it can be assumed that clients will be satisfied and will show their loyalty towards the bank via their returning. In other words, the more products a client have in one bank, the less probable will he leave the bank.

Banks have various ways and measurements how to control and increase service quality. As Kopecsni (2010, 7) adds, among the most frequent ones, according to his study on Czech commercial banks, are ranked Service Quality Index which consists of *customer service, mystery shopping* and *mystery call* and Client Information Index. The following paragraphs will zoom in on the three most important aspects building up the certain indicators providing firstly the general introduction of each aspect and then the particular practices of AC bank.

3.3.1. Customer service

Customer service is a term than can be used for any kind of meeting between a client and a branch employee during which the bank tends to maintain the customer relationship and to identify customer's needs and interests. This meeting plays a very significant role in the whole process of the product selling as the first impression and communication skills of a bank employee can determine the future relationship with potential or already existing clients.

3.3.1.1.   Customer service in AC bank

In order to get as much available information as possible from the client and be able to offer them proper products, AC bank uses so called "compass". A tailored made cart board that is divided into five main parts asking for already existing products either at AC bank or any other financial institution, and also inquiring client's satisfaction and expectations. The five categories are: basic information about the client and his visit at the branch (date, name, occupation, client's identification number if applicable, contact details), client's expectations (with current products and services with AC or other bank they use, fees), information about current account (number and volume of incoming and outgoing transactions, of withdrawals and deposits), saving account, its appraisal and future expenses.

As clients usually come to the bank with a more or less specific idea whether they would like to get a loan, mortgage, or just to set up a new bank account, the former information helps bank employees to identify the best product available in bank's portfolio for the client. The described process regards those clients who either do not have any products at AC bank or those who already have some but did not make an appointment with their bank advisor. In other cases, hand in hand with customer service comes the continual care of client's portfolio. AC branch Olomouc, as far as the author could observe, still keeps a personal dash of communication with most of their clients. This means that the bank advisors know how much affluent clients they have in their portfolios, they check their account balance and make appointment with selected customers to introduce them to new products or novelties that particular clients could use. In this case, the bank advisor is perfectly prepared for the meeting, knows what the aim is and is eager to make the business. Of course, more meetings mean higher chance to fulfil the branch plan, therefore the bank advisors are given a number of calls and a number of meetings per week they should be able to arrange with clients and so to encourage the branch sales results. Therefore, pro-activity must definitely be included among bank advisors' crucial characteristics.

3.3.2. Mystery Shopping

Mystery shopping (Kopecsni 2010, 7), the second part of service quality index, is evaluated by a mystery shopper posing as a customer. The mystery shopper comes to a branch in order to receive information about certain types of products and services (i.e.,

loans, mortgages, accounts, internet banking, etc.). During the conversation with the bank employees he evaluates according to a specific form all aspects that may influence clients in their decision making process. Among these aspects Kopecsni (2010, 7) ranks:

> ...quality and correctness of provided information and ability to communicate well with a customer. In advance, the mystery shopper is educated on what high-service quality looks like, correct answers, and what he can and cannot do. After the visit, he fills out an evaluation form indicating which tasks were fulfilled and which were not. Based on these figures, a branch receives another quality score. Each time the mystery shopper visits, he focuses on a different topic, product need, or client officer's seniority level.
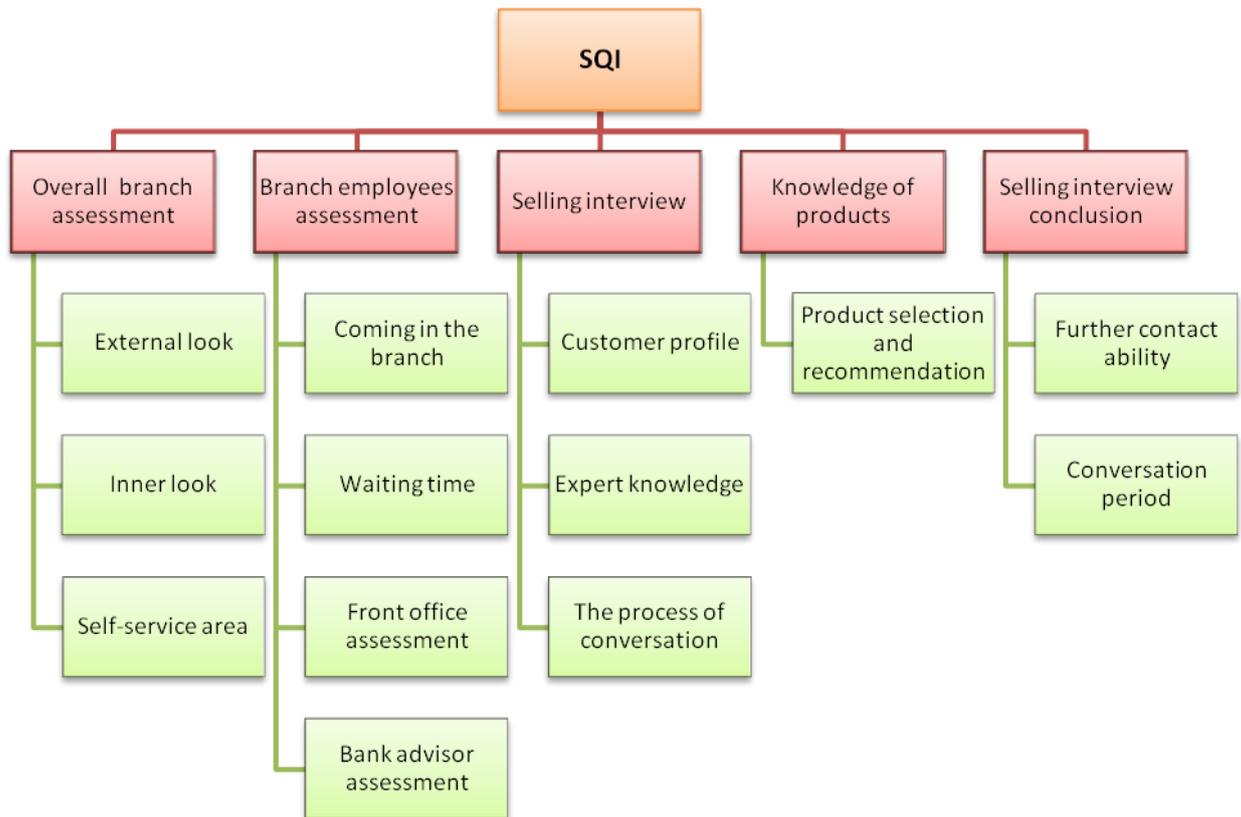
3.3.2.1. *Mystery Shopping in AC Bank*

Mystery shopping represents one of the standard ways to evaluate promised service quality at every AC branch. The whole process is divided into several steps following ordinary customers' steps. To evaluate the service quality, AC bank uses quality indicators, described in the internal AC bank document (2012, Mystery Shopping), that are given either one point when the indicator is "fulfilled" or zero point when "unfulfilled". This brings objectivity to the evaluation. The received points are multiplied by particular scale according to the importance of quality level providing the evaluator with the result of Service Quality Index counted within the interval of $0 - 100$. In AC bank, there are altogether three mystery shopping visits always aimed at a different product: a current account, investments or a small business account, done in three independent days. The Service Quality Index is count for each of the products. The highest possible quality of service is reached when the points range from 80 points and up, $55 - 79$ points says that the service quality was not that bad, though, there are some spaces for improvement and 64 points and less clearly notify the branch manager needs to take immediate steps to improve service quality. Some of the questions are not assessed with the index, but with a descriptive explanation. Therefore, for the purpose of this thesis, only the index statements will be used in the chapter dedicated to promised quality of AC branch.

The following chart will provide the clearer idea of individual key indicators. The orange colour represents the Service Quality Index. The red colour, the middle line, stands for macro-components and the green colour for details belonging to particular

macro-components. To conclude, the assessment of all macro-components can be called Overall Assessment consisting of two main groups: the impression of the meeting and selling skills.

Figure 2: Service Quality Index Chart

Source: Author's development based on AC Bank 2012, *Mystery Shopping*.

3.3.3. Mystery Call

The last component of customer service is a mystery call. Mystery calling is very similar to mystery shopping described above. The only difference is that the mystery client calls the branch and evaluates whether the bank advisor is capable of answering their questions and makes an appointment with them at the branch.

3.3.3.1. AC Mystery calling

According to the manager of Olomouc branch, mystery calling does exist but not on a regular basis. However, a kind of mystery calling is done towards the clients verifying if the client was or wasn't contacted by a certain employee of the bank and if the client

was or wasn't satisfied. Again, a feedback is provided only very generally on a meeting for all branch managers, not focused on particular branches.

Additionally, there is also a call centre that calls the customers and then delivers results of customer's satisfaction with overall bank products and services.

3.3.4. Client Information Index

The second major part controlling service quality according to Kopecsni (2010, 7) is the client information index. This index comprises information about each client that is entered by a bank employee into the internal system. Among such information Kopecsni ranks *"phone numbers, emails, ID cards, education, job, incomes, and expenses"*.

3.3.4.1. AC bank client information index

AC bank uses so called C4 (the branch manager was not able to explain where this name comes for), a parallel programme used for customer relationship management to enter necessary data about each client and also to record every communication with the client. This helps every bank employee find out at what stage every particular communication with the particular client is and what the following necessary steps are to be done. Every employee is obliged to enter correct and truthful information, adding their comments if necessary. To make this process easier, C4 has a default selection of activities form general to specific ones from which each bank employee choose. The manager of the branch can check and track the communication between clients and employees; that keeps her informed in every case and enables her to see the activity of the branch employees. The only restraints here are that not all employees dedicate their time to fulfil C4 accurately and after each client who comes to the bank. In most of the cases, this happens during the peak hours when the employees face the lack of time or their forgetfulness.

3.3.5. Other Indicators of Service Quality in Banking

Not only have the aspects mentioned above contributed to the overall service quality performance of the branches. According to the AC Olomouc branch manager's interview (June 4, 2013), it is also branch observation and listening sessions done by a the branch manager or entrusted employee who examines how well the AC Olomouc

branch employees can master their communication, selling skills and customer approach.

> In the case of new product offering, we practise mock meetings with employees through which we can get feedback and refine places that are not quite right... There is so called training card which serves this purpose, but I use it only as a tool because every meeting with a client is different and individual so the card is useful but I also employ my common sense when assessing the employees and their performance... After every listening session I have a meeting with the employee and we go through the points that were both either well or badly performed, what can be improved and so on. It is more like a conversation pinpointing strengths and weaknesses and I use so called evaluation card that is very similar to the training card and it serves as a tool for the employee to assess themselves and their performance. (Extract form the interview with the AC Olomouc branch manager. June 4, 2013, see Appendix I)

The author was given a chance to have a look at collected training (see Appendix II) and evaluation cards. Both cards are basically identically with only some minute differences. The evaluation card works as a matrix having four vertical columns defying the level of satisfaction with the performance: (0) Unsatisfactory, (1) To be improved, (2) Good, (3) Excellent performance; crossing with seven areas that are observed during the listening session. They are: **Preparation** (including Dress Code, Compass, information from C4), **Elegant Opening** (greeting, smile, eye contact, ice-break, meeting outline, duration and purpose of the meeting), **Diagnosis** (questions continuity, logical connectedness, listening to client's comments, conclusion), **Initiative** (knowledge of products and its parameters, usage of leaflets, selling materials, verification of client's understanding and interest, visualization), **Target** (commitments, information about contract details, clear information about further steps in communication), **Lasting Care** (making a deal, clear commitment with future outline, client personal data update, references), and **Compass** (examining whether or not the employee can use this use efficiently and if this tool is really used during the meetings).

Below the matrix, there is a space for comments and written evaluation of certain performance. During the interview with the certain employee who was evaluated, the employee is given a training card (that looks the same as the evaluation card) where

they, based on their best judgement and good sense, evaluate their own performance. There is a conversation over areas where manager's and employee's evaluation differ. Then, an employee writes down three aspects that should be improved but also pinpoints three positive aspects in which they have improved form the last listening session. This process also serves as a motivational facet for the employees.

3.4. Promised Quality by AC Bank

To be able to verify or falsify the first hypothesis, it is necessary to define what promised quality by AC bank actually is. The various indicators of service quality used in AC banking have already been described on previous pages of this paper. However, mystery shopping remains the most important indicator ensuring the high quality of service delivery to clients of the bank. To identify promised service quality, the aspects creating the overall mystery shopping assessment will be mentioned. If all the following points are fulfilled (see the promised quality column), the branch and more importantly its employees deliver the desired service quality that is to be promised to the clients.

Table 1: Mystery Shopping Assessment Tool

Service Quality Statements	Promised Quality
Overall impression of the branch	
• Clean and tidy entrance	Yes
• Up-to-date posters are clearly visible in the bank windows	Yes
• Opening hours are clearly visible on the entrance door	Yes
• Clean and tidy interior of the branch (walls, floors)	Yes
• Organized interior of the branch (everything is on its place)	Yes
• Orientation system is clearly visible	Yes
• Up-to-date posters are clearly visible inside the branch	Yes
• There are leaflets available (on the table, in stands)	Yes
• The leaflets are up-to-date	Yes
• The leaflets in leaflet stand are organized correctly	Yes
• Employees greeted the MS[3] within 4 minutes	Yes
• Self-service machines, if any, work properly	Yes
• Clean and tidy surroundings around ATM	Yes
First impression of people at the branch	
• The MS was greeted	Yes
• Desks of the employees were clean and tidy	Yes
• Employees' attire was neat and accurate	Yes
First impression of a particular employee who talked to the MS	

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[3] MS = Mystery Shopper

• If there as a queue, employees reacted on it	Yes
• The employee's desk was clean and tidy	Yes
• The employee's attire was neat and accurate	Yes
• The employee had her/his name badge on a visible place	Yes
• There were other clients' documents on the table	No
Business conversation	
• The employee introduced him/herself	Yes
• Other clients could listen to the conversation	No
• The employee focused only on the MS's needs	Yes
• The employee asked you questions about your personal profile (name, address, phone number, email address, family, existing accounts....)	Yes (at least 60%)
• The employee made notes about the MS's answers	Yes
• The employee introduced the product sufficiently	Yes
• The employee made efforts to comply with the MS's needs	Yes
• If offering a specific product, the employee spoke about real advantages of this product (if yes, what advantages)	Yes
• If the MS expressed scepticism (e.g. *I have heard that other banks offer better conditions.*), the employee reacted correctly.	Yes
• The employee asked specific questions about the personal profile of the MS in order to understands the MS's needs better	Yes
• Regarding the previous questions, the employee while asking disturbed the MS's privacy	No
• The employee engaged the MS into the conversation (it was not just a monologue)	Yes
• The employee focused on the MS priorities instead of just trying to sell something	Yes
• The employee listened carefully to the MS without interrupting	Yes
• The employee behaved convincingly	Yes
Knowledge of product	
• The employee actively informed about prices, fees and interests	Yes
• The employee compared external and/or internal products stating reasons why is the offered product the most suitable for the MS	Yes
• The employee's explanation was intelligible	Yes
• The employee used promotional leaflets during the product presentation	Yes
• The employee used other internal tools during the presentation (PC, ...)	Yes
• If the employee used promotional leaflets, he/she knew how to use them	Yes
• If the employee used promotional leaflets, he/she used them actively (not just handing them over to the MS)	Yes
• The employee spoke naturally and intelligibly	Yes
The end of the conversation	
• The employee offered a specific solution to the MS's needs	Yes
• The employee offered another product than the primal one	Yes
• The employee offered to help with account mobility	Yes
○ If yes, he said what documents will be needed	Yes

o If yes, he introduce the process of mobility	Yes
• The employee invited the MS to make the deal	Yes
o If yes and the MS rejected this invitation, the employee asked the question: "*What obstructs you to do it today?*"	Yes
• The employee offered/suggested the use of different communicational channels (e.g. internet banking, phone banking, call centre, ...)	Yes
• The employee asked the MS to take time to think over all of these possibilities at the end of the conversation	Yes
• The employee summed up all the main points of the conversation	Yes
• The employee clearly explained to the MS the following steps in case the MS agreed with the employee's previous offer	Yes
• The last employee's questions were *"Do you need any more information to make your decision?"*, *"Do you have any other questions?"*	Yes
• Another meeting was set (if yes, what date and time)	Yes
• The employee offered to call the MS	Yes
• The employee called the MS within 14 days	Yes
• The employee offered to send an email with other information/offers	Yes
• The employee sent the email within 5 workdays	Yes
• The employee gave his/her business card to the MS	Yes
• The employee gave leaflets and other selling materials to the MS	Yes
• The employee mentioned other activities of the bank (e.g. loyal program: *"Suggest a new client and get some benefits."*)	Yes
• The employee asked the MS for a contact on a person to whom the MS would recommend the bank	Yes
• The employee shook hands with the MS at the end of the conversation and wished a good day	Yes
Additional questions for "current account" scenario	
• The employee offered the possibility of no fee current account	Yes
• If yes, the employee mentioned all the conditions needed for no fee current account	Yes
• The employee mentioned advantages of current account (ATM in the CR and abroad, ...)	Yes
Overall evaluation	
• There was a queue at the branch	Yes
• If the mystery shopper were a casual client, he would choose to deal with this employee	Yes

Source: AC bank 2012, 7110_AC_Olomouc.

Additional descriptive questions for the mystery shopper relate the time the mystery shopper had to spend waiting to be served, the time the employee dedicated to the conversation with the mystery shopper, the mystery shopper's satisfaction with the employee's performance and last but not least, the mystery shopper is obliged to assess the overall service quality including all of the aspects.

As it can be seen from the table (1), even though the statements do not entirely copy SERVQUAL statements, the core representing the five dimensions can be found there. Tangibles are represented by cleanness, functionality and attire of branch employees; reliability with the ability to keep promises; responsiveness to provide quick service and find enough time to communicate with the client; assurance is included in the employee's good knowledge of the product and confident behaviour, also showing good manners when meeting and saying good bye to clients; and empathy covers the ability to show interest in clients' needs. Even though all five dimensions are covered in the mystery shopping assessment tool, it can be observed that AC bank put more emphasis on the very first impression comprising physical equipment, environment, employees and the way they represent AC bank as a whole and also on their good manners towards the customers. This creates the core of business meeting and ensures clients that they are in good hands. Afterwards, the focus is put on perfect knowledge of all products that are offered and sold by particular employees. Obviously, very important part here is also the proper pitching and emphasising all the advantages and benefits of the product to the client.

All these acts, represented by the statements in the table (1) above, should provide customers with promised service by the bank. However, with every customer, with every signed contract arises loads of extra work that is not visible to laymen clients coming to the bank. Based on the author's observation, it can be claimed that most of the work awaits the employee when the client leaves. Even though AC bank employees are professionals, still they are only human beings with moods, worries and concerns that unfortunately can influence their service performance and delivery.

3.5. Measuring Service Quality

Although providing high service quality is one of the ways to reach customer's satisfaction and also to increase economic competitiveness, to measure service quality itself is a very difficult task. Service can be characterized as intangible, reliant on customer perception and having different meaning for different people. All this contributes to the fact that the measuring service quality and its efficacy often remains a challenge. Cochran (2008) suggests that we can proceed to service quality measuring from two approaches: the subjective and the objective one. The subjective approach is related to the subjective measures of service quality. This is to say we focus on

somebody's and in the case of this thesis customer's opinion of how services are performed. However, the problem is that the bank can satisfy all the requirements on service quality delivery and still fail to fully satisfy the customer. At the instance of the bank, customers must be asked what they think about the services. A survey can serve to solve this issue starting with simple questions on general satisfaction with the quality of bank services and then move further asking if the customer would recommend bank services to somebody else. The second approach is the objective one. The most common sorts of measures in managing service quality are as follow:

- **On-time delivery** – similarly to products delivery, each provider commits to deliver its service within a certain time frame. Failing to fulfil the time limit can cause serious problems. Therefore, the time delivery and its deviations are easily tracked and so they represent an excellent measure.

- **Responsiveness** – in other words the ability to respond to the customer within a reasonable amount of time. Responses can relate to customer's questions, problems, inquiries, etc.

- **Effectiveness** – an objective measure of effectiveness is proceeded by ability of accomplishing various services as providing information, processing a transaction, clear and comprehensible message delivering to the customer, effective communication with the customer, quick problem solving and decision making processes.

- **Availability** - provided services must be available anytime, everywhere. The availability of bank services can be threatened by cut of electricity, programmes and bank systems breakdowns or even the lack of staff. As the time and demands change, many banks move their services and products online which provides customers with 24/7 access.

- **Audit results** – services are usually described by processes which can be audited either by observation or by examining records. The audit can show whether or not the service was performed as planned, fulfilled at time, how effectively was planned, etc.

- **Cost control** – means adhering to established budgets and spending plans. (Cochran 2008)

Altogether, these two approaches create the most effective way to measure service quality. This thesis will be rather focused on the subjective side of measuring as there will be carried out two questionnaire surveys reflecting the subjective point of view of the respondents. However, also the objective part will be included represented by the mystery shopping assessment tool where some of the features above are included.

3.5.1. SERVQUAL

The concern of product and service quality became highly popular in the 1980s. Since then goods as tangible items have been measured by marketers without any bigger problems. In their paper, Parasuraman et al. (1985) argue that "when purchasing goods, the customer employs many tangible cues to judge quality: style, hardness, color, label, feel, package, fit...", on the other hand, "when purchasing services, fewer tangible cues exist. In most cases, tangible evidence is limited to the service provider's physical facilities, equipment, and personnel". Therefore, measuring service quality is not as clear as measuring goods. "Quality in services is largely undefined and unresearched" were the words of Parasuraman (1985) who together with his team developed a general model for measuring service quality throughout the eighties called SERVQUAL. As Khan (2013, 6) points out in his systematic review of literature on this topic, there was a lot of criticism accompanying the launch of the model. The authors, though, were always able to handle the assailants and it has been proved via numerous empirical (done in both public and private sectors all around the world) that the model is versatile and can be really used across various countries and service sectors. Later, the former authors (Zeithaml et al., 1990) refined the SERVQUAL model in early 1990s changing its name to RATER that represents the five major dimensions of the model (Reliability, Assurance, Tangibles, Empathy and Responsiveness). Still, SERVQUAL name is more popular and used rather than RATER. Even today, "SERVQUAL emerges as the most acclaimed, researched cited instrument in marketing literature with the most widespread use in industry... SERVQUAL is recommended not only for improving service quality but also organizational performance and customer satisfaction. Validity of scores was vindicated." (Khan, 6)

The name SERVQUAL as visible represents a blend of SERVICE and QUALITY. It is "a 22-item instrument for assessing customer perceptions of service quality in service

and retailing organization", as described by Parasuraman et al. (1988). And they continue:

> Service quality unlike goods quality cannot be measured that easily because of three features unique to services: intangibility, heterogeneity, and inseparability of production and consumption. In the absence of objective measures, an appropriate approach for assessing the quality of a firm's service is to measure consumers' perceptions of quality. As yet, however, no quantitative yardstick is available for gauging these perceptions.

Originally, SERVQUAL comprised ten key categories: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer and tangibles (Parasuraman et al. 1985). Three years later, Parasuraman et al. (1988) narrowed the categories one half down presenting the following set of dimensions.

Table 2: Five Key SERVQUAL Categories

Tangibles	Physical facilities, equipment, and appearance of personnel
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring, individualized attention the firm provides its customers

Source: Parasuraman et al. 1988.

While the seven original dimensions: communication, credibility, security, competence, courtesy, understanding/knowing customers and access were embedded into the last two categories of assurance and empathy.

The SERVQUAL instrument, thus, sets 22 statements (see Appendix III) that measure customer's expectations of particular service quality and their genuine perception of delivered quality. This performance is measured across the given five categories

tangibles (questions 1 – 4), reliability (questions 5 – 9), responsiveness (questions 10 – 13), assurance (questions 14 – 17) and empathy (questions 18 – 22).

> A seven-point scale is ranging from "Strongly agree" (7) to "Strongly disagree" (1). The raw data used in computing coefficient alpha (and in subsequent analyses) were in the form of difference scores. Specifically, for each item a difference score Q (representing perceived quality along that item) was defined as $Q = P – E$, where P and E are the ratings on the corresponding perception and expectation statements, respectively. (Parasuraman et al. 1988)

The SERVQUAL model, as it has been stated above, remains a popular tool among researches mainly by its ease of use and by its adaptability to diverse service sectors. And as Nyeck et al. (2012) add "the SERVQUAL model remains the most complete attempt to conceptualize and measure service quality".

3.5.2. Model of Service Quality Gaps

SERVQUAL method searches for customers' expectations and perceptions resulting in the quotient of service quality described as the difference between perceptions and expectations. This difference is called a gap and therefore it is claimed that SERVQUAL model is based on so called GAP model. Parasuraman, Zeithaml and Berry (1985) developed altogether five major gaps that can be found within quality service concept.

> A set of key discrepancies or gaps exists regarding executive perceptions of service quality and the tasks associated with service delivery to consumers. These gaps can be major hurdles in attempting to deliver a service which consumers would perceive as being of high quality. (1985)

Gaps description according to Parasuraman et al. (1985):

Gap 1: Consumer's expectation versus management perception: the difference between expected service by a consumer and service marketer's perceptions of the customer's expectations. "In essence, service firm executives may not always understand what features connote high quality to consumers in advance, what features a service must have in order to meet consumer needs, and what levels of performance on those features are needed to deliver high quality service."

Gap 2: Management perception versus service quality specification: the difference between management perception and the actual specification of the customer experience. This gap may occur due to constraints such as a lack of trained service personnel, wide fluctuation, absence of total management commitment to service quality.

Gap 3: Service quality specifications versus service delivery: the difference between customer's service quality specifications and actual service delivery. What influences this gap most is the pivotal role of contact personnel. Even though there are guidelines for performing services and treating customers correctly, the employee performance cannot be always standardized.

Gap 4: Service delivery versus external communications: the difference between what is promised in communication and what can really be delivered to the consumer. "Media advertising and other communications by a firm can affect consumer expectations. Promising more than can be delivered will raise initial expectations but lower perceptions of quality when the promises are not fulfilled."

Gap 5: Expected service versus perceived service: the final gap representing results of previous discrepancies. "It appears that judgments of high and low service quality depend on how consumers perceive the actual service performance in the context of what they expected. $Gap5 = f(Gap1, Gap2, Gap3, Gap4)$."

To sum up, the gaps model illustrates the discrepancies within service quality that need to be closed in order to offer excellent service.

Figure 3: Service Quality Model
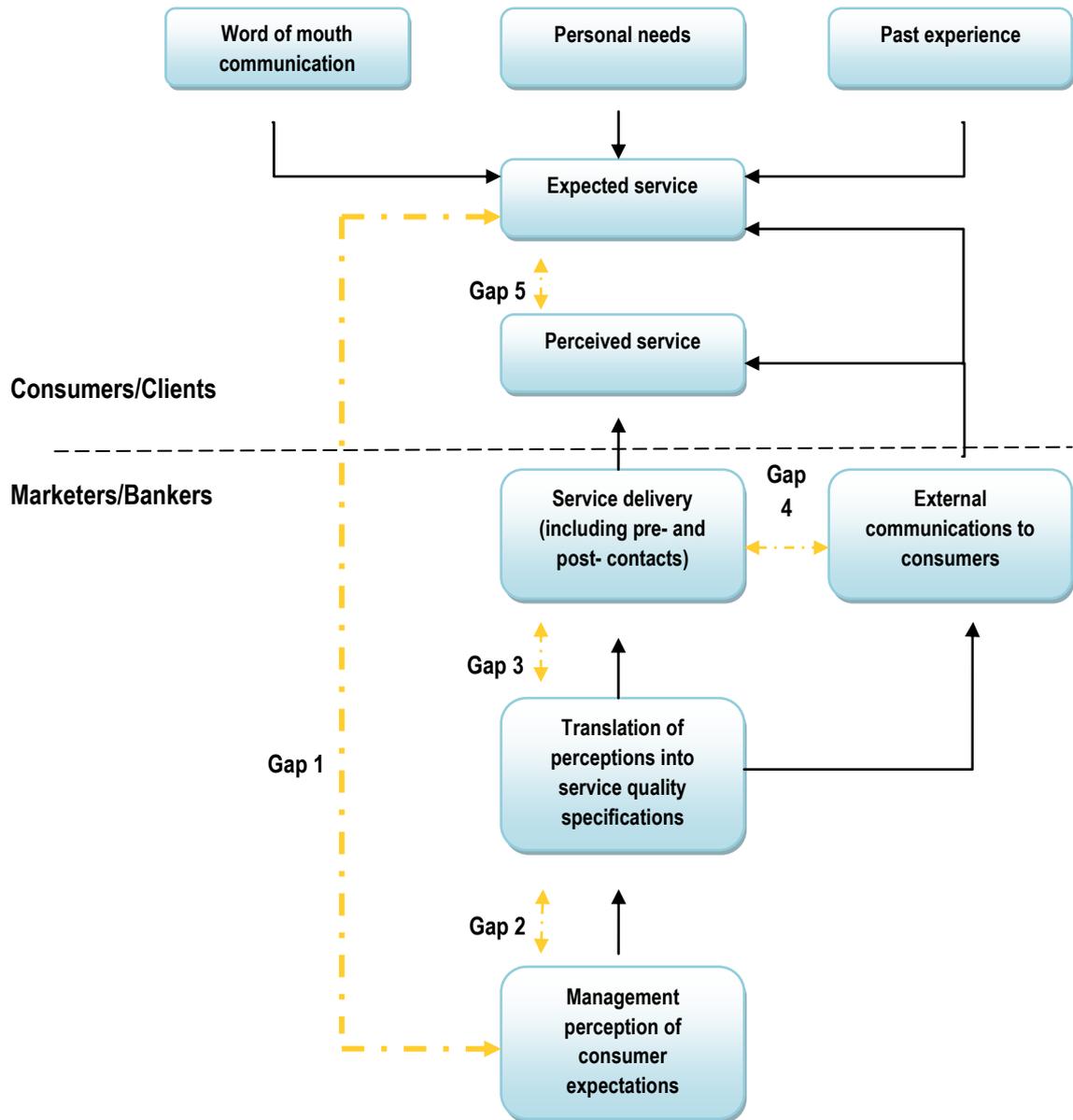
Source: Parasuraman, A., Zeithaml, V., and L. Berry. 1985.

Hertel in his publication (1996, 65) adds two more gaps 6 and 7. According to him, the GAP 6 represents the discrepancy between the customers' evaluation of service quality and the evaluation of the provided service by the management. Such ratings can be sometimes significantly different and so some companies speak about the "lie factor". The seventh GAP indicates the difference between the evaluation of the customer loyalty by the management and the real customer loyalty, in other words, this gap describes the level of customer's genuine judgement the service quality. Hertel (1996,

64) follows that through these two gaps the original model becomes more customized. Parasuraman's Service Quality Model would therefore look like as follows:

Figure 4: Service Quality Model – expanded
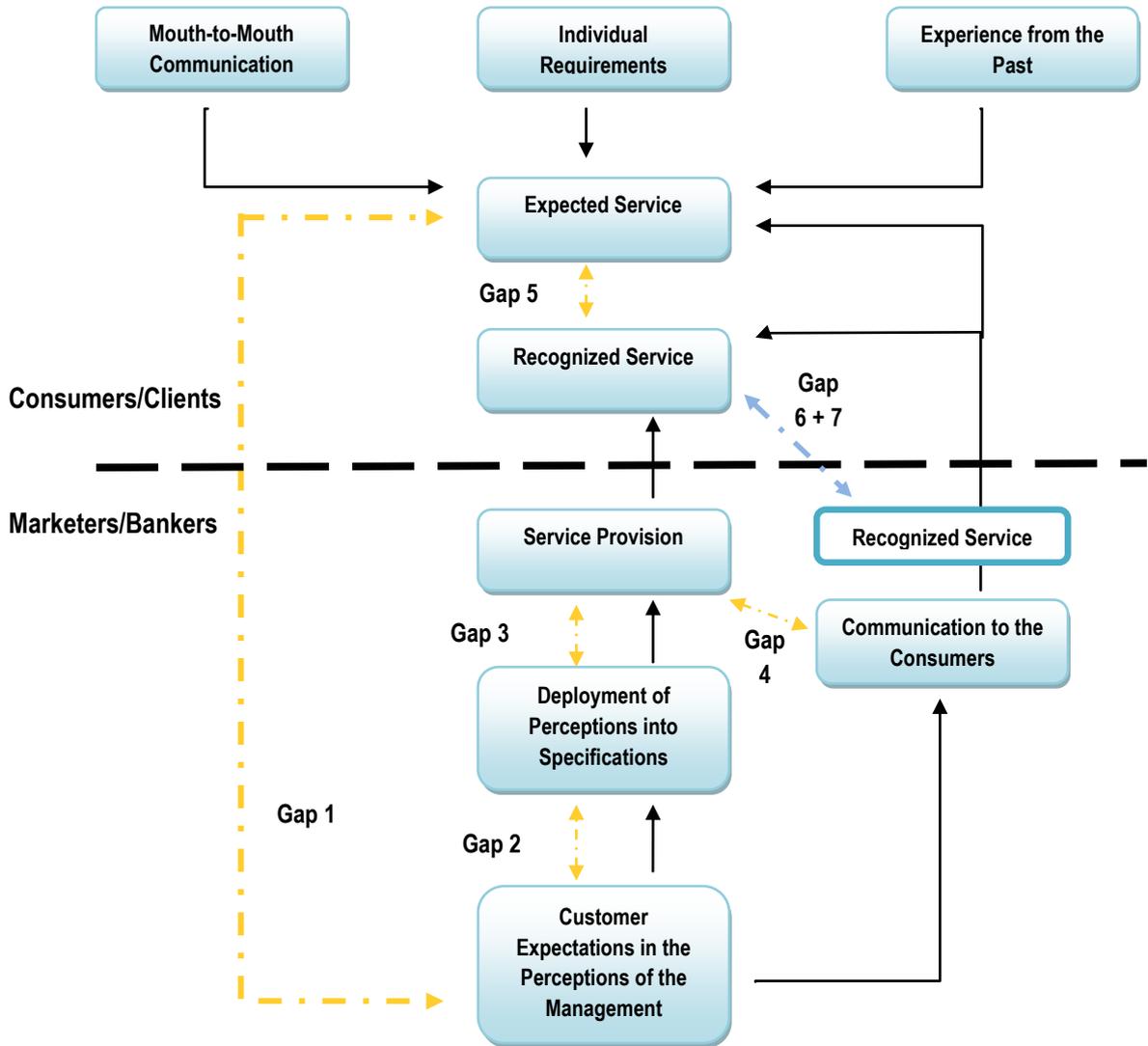
Source: Hertel, G. H. et al. 1995.

3.6. Summary

The chapter three and its subsections blended the academic literature reviews about service quality with practical aspects and real practices such as the introduction of various indicators of service quality in general and in AC bank, customer benefit package, followed by the examples of possible ways used for service quality measuring.

Regarding the various indicators of service quality, there were among all presented customer service, mystery shopping and call, and client information index together with other specific indicators used in AC bank, i.e. listening sessions. Moreover, tightly connected with the introduced mystery shopping is its mystery shopping form used, supposedly, as the only tool for genuine service measuring in AC bank. Via this tool, it has been revealed what level of quality is promised by AC bank, and what aspects the management put focus on.

Finally, service quality measuring was introduced presenting the SERVQUAL and GAP models that will serve as a basis for upcoming explorative research in the upcoming chapter of the thesis.

4. EXPLORATIVE STUDIES BY QUESTIONNAIRES

Chapter four intends to carry out two explorative researches. The first survey's aim is to obtain the perspective of AC bank employees and their perception of service quality. The second survey, on the other hand, is targeted on customers' expectations and perception of service quality obtaining their opinions through a questionnaire based on the SERVQUAL instrument. The aim of the first explorative research is to obtain rather descriptive results of current knowledge of employees and situation at the branch regarding service quality provision. On the other hand, the second explorative research aims to achieve the numerical results of each SERVQUAL field and explicitly express which field or fields comprise the major gap between customers' perceptions and expectations.

4.1. Questionnaire for AC Retail Employees

This questionnaire was created for employees of retail division of the AC Olomouc branch. The retail division of the Olomouc branch comprises altogether nine employees. There are two employees who belong both to the retail and corporate division. In order to obtain a larger sample of answers, these two employees were also asked to answer the questionnaire. Each employee received the questionnaire via email and was also personally asked by the author and the manager of AC bank to fill it in. As a result, from total of 11 sent questionnaires, 9 questionnaires were obtained.

The structure of the questionnaire consisted of three parts. The first part was dedicated to general knowledge of vision, mission, strategies and bank values and also relevant banking documentation where information about these elements is included. Moreover, the structure of questions was elevated to the personal level asking whether the employees identify themselves with these elements, whether they act and follow the given roles on a daily basis and if they feel any pressure or pushing from the management. Then, the employees were asked to assess their performance at the level of their communication, negotiation, problem solving skills and fulfilment of their targets. The last part asked open questions in order to obtain detailed and more descriptive answers. In general, all questions provided the respondent with a space to make further and detailed comments on particular answers. Although the employees

were personally asked to be as open and expansive as possible, only few of the respondents made further comments.

4.1.1. Summary of the First Part: General Knowledge

1. Do you know the vision, mission, strategies and values of the bank?

All of the respondents are familiar with vision, mission and strategies; only one respondent claimed that they know it only partially. In the comments, three employees pinpointed that the bank's vision is to keep the position among the best four banks in the Czech Republic, and they also mentioned that one of the main objectives is to satisfy the customer. Two respondents also mentioned the bank's strategic steps leading to covering the country with franchise branches and focusing on mass-market in particular. Only one respondent stated another mission point and so that AC bank should act as a trustful employer.

2. Do you believe that you are personally identified with the vision, mission, strategies and values of the bank?

All respondents answered that they are personally identified. Nevertheless, one respondent added that to deliver a desirable performance is highly dependent on technology and internal bank IT programmes that does not work properly every time the bank employee needs, and so it makes the performance of all employees very unpleasant.

3. Do you know what internal bank documents speak about vision, mission, strategies and values?

Surprisingly, only three employees of the Olomouc branch knew or could remember the documents speaking about vision, mission, strategies and values, naming for example *Integrity Charter* and *New Mission of AC*. From the rest of the employees who did not know where this information is written, one respondent mentioned that the values are also mentioned on every employee's card.

4. Do you know what internal bank documents speak about codes and standards regarding service quality provided to bank customers?

In contrast to the former question, this one was dedicated specifically to everyday contact with customers and delivering service to them. All the respondents manage to name several documents regarding this topic without any difficulty, i.e., *The Principles of Client Service*, various codes related to complaints, accepting presents, dress code. One respondent also mentioned e-learning where there are a number of educational slides, materials and also tests regarding every important topic that each employee should and most of the cases must know.

5. Do you personally think that you observe these rules every day at work?

Five out of nine employees responded that they observe these rules completely. The rest was not so sure with themselves and chose the "somewhat" option.

6. Do you feel to be pushed by your manager / or other superior to observe these rules?

Two respondents feel to be completely pushed by their manager, four only somewhat. One respondent said they do not feel any pushing from the side of their superior and the last two employees inclined more to the option that they are pulled by themselves to behave in agreement with all the values and simply follow natural good manners.

7. How would you rate your performance when dealing with customers?

The vast majority rated their performance as very satisfactory leaving a comment that there is always a space for improvement. Only one employee evaluated their performance as so far average as they lack full knowledge of all products.

8. How would you rate your communication skills with customers?

Again, the vast majority evaluated their communication skills as very satisfactory, one person as superior and another one as about average. One of this majority added that they are aware of their occasional stammering.

9. How would you rate your problem solving skills when dealing with customers?

Eight employees would evaluate these skills as very satisfactory, only one as about average. One respondent left a comment that they try to deal with customers in a way to preferably prevent any problems, and two respondents admitted that they can rely on their colleagues if they are not able to handle the problem.

10. Do you report the continuous fulfilment of targets to your boss and to co-workers?

For all the employees apply the same rules, therefore, there is no surprise that the answers were almost identical. First, every employee has an individual meeting with the manager of the branch where they discuss so called "pipeline" that includes the percentage of profitability for the particular branch, percentage of already realized business within a quarter, what is missing to fulfil the quarter plan and the number and volume of running business, the number of realized and missed calls to customers, and last but not least, the fulfilment of individual task from the previous meeting. Other respondents also pinpointed the every morning *Rozjezdy (pro hvězdy)* which is a very short meeting done every day fifteen minutes before the opening hour where everybody is informed about their colleague's day tasks and aims and the meeting is usually ended up with a joke to cheer the employees up. Moreover, an employee who comes late to this meeting has to usually buy a piece of cake or any other treat for their colleagues that day.

11. Do you report the continuous fulfilment of targets to yourself (self-assessment)?

Two respondents claimed they did not need any self-assessment because they know what they are doing. Only one employee considers the pipeline meeting as a part of self-assessment, which in my opinion, is a process within which each employee needs to evaluate the last week, their results and be ready to be answerable to their boss and explain their successes and failures. Furthermore, every session should lead to self-enhancement which should be proved by the results the following week. This kind of meeting, thereby, serves as a managed tool for self-assessment. Only two people said they practise self-assessing but usually in case when a business goes wrong or is not realized so that they start asking themselves why and what was the reason and they intend to learn from their mistakes. Although the four remaining employees are aware of the importance of self-assessing, they only mentioned the morning meeting *Rozjezdy* which, in my point of view, is not a self-assessing process as it does not comprise any traces of evaluation of their work but only rather a planning for the future.

12. How do you cooperate with your co-workers on fulfilling the targets?

All nine employees were very optimistic regarding their colleagues and work environment; they help each other with dealing with customers, share contacts and important information about the customers within themselves, and they are always very helpful and willing to provide advice. One of the respondents believes that Olomouc success among other branches is the strong work team they have.

The second part was in its structure and also in some questions based on the SERVQUAL instrument. The employees were asked to rank 11 questions with a point from the scale from 1 (strongly agree) to 7 (strongly disagree). The questions regarded employees' responsiveness, reliability, speed of service delivery, willingness, knowledge and understanding of customer's needs, problem solving and dress code.

4.1.2. Summary of the Second Part: Self Assessment

In this section, the respondents had to evaluate each statement on a scale from 1 (strongly disagree) to 7 (strongly agree).

For a better illustration, a table (3) below includes statements that were evaluated by every employee and in the right hand side column there is an overview first showing the evaluative mark, followed by the number of respondents choosing the mark.

Table 3: Second Part Answers Summary

Strongly Disagree						Strongly Agree
1	2	3	4	5	6	7

STATEMENT	SCORE
1. When you promise to do something by a certain time to the customer, you do it.	7 – 3x 6 – 4x 5 – 2x
2. When a customer has a problem, you show a sincere interest in solving it.	7 – 7x 6 – 1x 5 – 1x
3. You always give prompt service to customers.	7 – 4x 6 – 1x 5 – 4x

4. **You are always willing to help customers.**	7 – 6x 6 – 3x
5. **You are never too busy to respond to customer's requests.**	7 – 3x 6 – 3x 5 – 3x
6. **You feel safe in transactions, know exactly what to do.**	7 – 1x 6 – 4x 5 – 3x 3 – 1x
7. **You have appropriate knowledge to answer the customer's questions.**	6 – 6x 5 – 2x 3 – 1x
8. **You give customers individual attention.**	7 – 4x 6 – 3x 5 – 2x
9. **You always have the customer's best interest at heart.**	7 – 4x 6 – 4x 5 – 1x
10. **You understand the specific need of your customers.**	7 – 1x 6 – 7x 5 – 1x
11. **You think you are every day neatly dressed (following the bank dress code).**	7 – 4x 6 – 4x 5 – 1x

In general, the vast majority usually selected the numbers from the second half of the scale. It can be, therefore, claimed that they feel confident in all the steps and activities they do in their job and in dealing with customers. Only in the sixth and seventh statement, there are numbers from the first half of the scale. As the author had a chance to meet the employees personally, even though the questionnaires were anonymous, it can be suggested that these numbers were chosen by a new employee who started working at AC branch Olomouc in May and therefore after a month, when this questionnaire was fulfilled, still did not have satisfactory knowledge of all products, services and transactions that are run in AC bank. As it can be supposed, every bank has very complex systems and to learn it all would take more than just one month. Therefore, the employee evaluated their security while doing transactions and their knowledge to answer customer's questions with number three.

The third statement was also accompanied with a comment by one of the employees who evaluated their performance by number 5 instead of 6 only because they considered the worse situation in which a customer has not made an appointment in advance and must wait until the employee or one of their colleagues has time.

The third part covered six open questions asking about employees' desired image of an employee of AC bank and their personalization with this image, also their motivation and level of satisfaction of their professional performance. The last question asked for ideas for any improvement of current working conditions and processes at AC Olomouc branch.

4.1.3. Summary of the Third Part: Open Questions

1. **Imagine yourself being a customer coming to AC branch Olomouc, how would you depict the behaviour of AC branch employees?**

Five respondents imagine and depict a branch employee as a person who is the first one to say hello or at least to nod their head towards the customer entering the bank, a person who has a pro-active attitude and serves everyone equally, is always willing to help and creates a positive feeling in the customer. On the other hand, one of these five respondents admits that this behaviour is, unfortunately, not always a standard. Two other respondents continued in a similar negative sense of meaning giving an example of two particular employees sitting at the bank counter usually pretending to be heavily busy and so avoiding the eye contact with the customer who is waiting. Another respondent approached this question rather from their real point of view (not the point of view of the desirable state) and expressed their dissatisfaction with occasional behaviour of employees who speak, sometimes rather loudly, about working or private issues, nevertheless, this respondent adds that even though they are aware of this unprofessional behaviour, they are usually carried on with the discussion and they join it as well. Moreover, the same respondent also states that the offices are not kept clean and in order. The last respondent pinpointed that not all clients are served equally saying that those clients who are expected to do business are served more willingly, faster and politely than those from whom the bank cannot expect any profit.

2. Honestly, do you really perform such standard as you wish it should be performed if you were the customer of AC branch or do you lack anything?

All nine employees would agree on the fact that they all serve clients in a way they would imagine being served themselves in a bank, meaning politely, fast, willingly and helpfully, providing the maximum to satisfy the client.

3. What motivates you to deliver the best service quality possible to the customers?

The majority claimed that the biggest motivation is the customer's satisfaction because it goes hand in hand with a good reputation of the bank, particular branch and supposition that a satisfied customer will return to the bank to do another business. So, the customer's satisfaction is projected into the customer's retention, new businesses, new contracts and, of course, highly motivating perks for the employees. One of the respondents states they are motivated via bad behaviour of employees of rival institutions or any other institution delivering services whose employees are not focusing on their job and do rather something which is not appropriate. Among others factors, there were once mentioned keeping the job and one respondent pleasingly answered that they actually really like their job which is the motivation for them.

4. How do you measure the level of satisfaction/loyalty of your customer? Explain in some words.

All the employees agreed that the major indicator of satisfaction and loyalty is a client who leaves or comes into the bank in a good mood, treats the staff of the bank nicely (and in return the customer is nicely treated as well), and gives references and recommendations to other potential customers. One employee claimed that they can check the satisfaction of customers on their growing portfolio of clients and businesses that have been done with them.

5. Are you satisfied in your job?

According to answers, all the employees like their job, even though one respondent admitted that sometimes it is really difficult. They all pinpointed particularly the very good team they have at the branch, helpful colleagues, very interesting perks and performance bonus, and the vision of AC bank as a perfective employer.

Only one respondent of all nine mentioned negatives of their job such as fulfilling the plans, stress and continuous fulfilling various tables that are necessary for employees' tracking, creating new plans, evaluating, etc.

6. Do you have any ideas for improvement of current working conditions and processes at your branch/bank?

Several ideas have been collected from the employees within this question. The first respondent would like to have at least one or two back office workers at the branch so the branch employees would really work only 8 hours for which they are paid and would not stay at work two or three hours overtime. Another two employees would like to see a change in the office layout and equipment and organize their tables and computers in a way that clients cannot see the screen of the computer. Other ideas were for example keeping tables and all the documentation on the tables in order by all the employees at the branch, lowering the number of meetings, informing about changes before the changes really happen, and last but not least, two respondents highlighted their dissatisfaction with IT system and internal bank programmes that frequently suffer connection failure or get frozen which leads to service delivery failure or in a worse case that a client leaves and goes to the rival financial institution. The last respondent mentioned their point of view of a new comer suggesting that they would rather gain professional knowledge and experience during the first three months and then being integrated into the business plans of the whole branch, not before this period as one month to learn and experience everything is a very limited time. The remaining respondents didn't provide any ideas or recommendations for improvement.

4.2. Questionnaire for the General Public

In order to answer one of the research questions regarding individual levels of service quality perceptions by customers, a questionnaire for the general public was created. The SERVQUAL model was used as the main guide for the questionnaire structure to collect customers' expectations and perceptions of service quality in banking institutions.

The questionnaire, as stipulated by the SERVQUAL model, comprises two sets of corresponding questions. The first set of the questions inquires about the respondents' expectations of banking services whereas the second set of the questions asks the

respondents about their genuine perception of services they encounter within the banking institutions they use. For this purpose, before answering the second set of the questions, the respondents were asked to select one of the suggested banks that operate in the Czech Republic. Moreover, all of the questions in each set can be clustered into five dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy. The second set of the questions is further followed by additional three custom-made questions related to the respondents' general satisfaction with quality of product/service delivery, care and attention given, and whether they would recommend their bank to their friends or family. These questions tackle the issue of transformation from a buyer relationship to a partnership.

The next-to-last part of the questionnaire focuses closely on the five dimensions, asking the respondents to rank each of the statement with an importance weight. The respondents were asked to assign always only one importance weight to one statement at a time, the weights were not supposed to be repeated as the aim of this part was to find out which dimension is the most and the least important one for the respondents.

At last, there is also demographic part that provides general information about respondents on gender, age and occupation. After each part of the questionnaire, the respondents were given an optional space for their comments. The whole questionnaire was pre-tested for wording, layout and comprehension before launching.

The questionnaire in the Czech language was launched online on a social network (namely Facebook). From this step, it can be deduced that the majority of demographic representatives would be students at the age of 22 – 26. As one of the respondents made a comment that this fact can actually distort the results of the questionnaires as young people are not usually considered by banks as lucrative and profitable customers and so the behaviour of the bank employees will be different to them than to more lucrative clients. Nevertheless, this questionnaire was aimed to obtain a bird's perspective without favouring any demographic group. Service is service and whoever comes should be served equally. Just as a matter of interest, there was another questionnaire in the English language sent directly to the author's friends and former colleagues who do not live in the Czech Republic. Sixteen people were addressed, only nine answered.

Regarding the major quantitative questionnaire in the Czech language, there were collected 119 responses. The total number of respondents, thereby, is 128. To make sure

that this number is sufficient as a representative sample, the quotient comprising average and standard deviation was counted. The quotient was calculated for every question in both sets (E1 – 22, P1 – 22) following the formula $Vx = Sx/Ax$, where Vx is the variable, Sx represents the standard deviation and Ax is the average. All the results from the first set (E1 – 22) fluctuated between the quotient of the minimum of 0,04 and maximum 0,23; the second set of questions (P1 – 22) based on the genuine experience recorded oscillation from the minimum of 0,19 to the maximum of 0,36. Based on the communication with the supervisor, a quotient ranging between 0,1 and 0,5 stands for a sufficient sample. Therefore, it can be sum up that 128 respondents are a sufficient number to carry out the final analysis of the questionnaire.

4.2.1. Measuring

The SERVQUAL model is used to assess consumers' expectations and perceptions covered by two sets, each of 22 statements. All the statements are measured using a 7-point Likert scale to rate the level of disagreement (1 = strongly disagree) or agreement (7 = strongly agree).

There are several forms to obtain the needed gaps. As Ahuja et al. (2011) specify in their paper, it can be achieved by item-by-item analysis (e.g. P1 – E1, P2 – E2, ...); dimension-by-dimension analysis (e.g. P1 + P2 + P3 + P4/4) – (E1 + E2 + E3 + E4/4), where P1 to P4 represents the first dimension of perceptive tangibles and E1 to E4 expected tangibles, and the final computation of the single measure of service quality ((P1 + P2 + P3 + ... + P22/22) – (E1 + E2 + E3 + ... + E22/22)) resulting in the SERVQUAL gap. In general, it can be said that service quality scores are the difference between the perception and expectation scores (P – E). These scores show the gap or in other words the degree to which expectations exceed perceptions. The more positive P – E scores are, the more satisfied the customers are, adds Fitzsimmons (2006). This thesis will use the first mentioned example – item-by-item analysis – where all the figures will be shown already divided by the number of respondents (128) and rounded off to one decimal place.

Table 4: Personal Profile of the Respondents (128)

CHARACTERISTICS		PERCENTAGE (%)
Gender	Male	33%
	Female	67 %
Age	17 and under	0 %
	18 - 24	34 %
	25 – 34	36 %
	35 – 44	13 %
	45 – 54	13 %
	55 – 64	0 %
	65 – more	4 %
Occupation	Employed	63 %
	Retired	3 %
	Student	31 %
	Unemployed	3 %
Banks[4]	Česká spořitelna	32%
	Komerční banka	22%
	ČSOB	17%
	UniCredit Bank	8%
	mBank	7%

Regarding the demographic figures, the majority of respondents were women (67%), twice bigger than man (33%). The major age group were respondents at the age of 25 – 34 (36%) and 18 – 24 (34 %) which was supposed as mentioned above. Employed public created the majority of respondents (63%), followed by students (31%). And finally, representation of five most selected banks by the respondents. Even though this sample is rather small in comparison with huge national surveys, the results speak directly in favour of general knowledge putting in top four Czech four major bank institutions (Česká spořitelna 32%, Komerční banka 22%, Československá obchodní banka 17% and UniCredit bank 8%).

4.2.2. Gap Scores Analysis

The following table (5) shows the results of the Gap Scores Analysis in all five dimensions: Tangibles, Reliability, Responsiveness, Assurance and Empathy. Each question within every dimension is given the expectation average expectation score, average perception score and finally the difference between perception and expectation

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[4] Only the first five banks based on the results of the questionnaire are mentioned.

scores. Each category is closed up with the overall SERVQUAL score that will have determinative impact on further research.

Table 5: Gap Scores Analysis (128 respondents)

Dimension	Statements	Ø E Score	Ø P Score	Ø Gap Score (P – E)
Tangibles	E1, P1	6,2	5,3	-0,9
	E2, P2	5,9	5,0	-0,9
	E3, P3	6,2	5,8	-0,4
	E4, P4	5,9	5,5	-0,4
	Average Tangibles SERVQUAL scores			**-0,65**
Reliability	E5, P5	6,9	5,6	-1,3
	E6, P6	6,8	5,5	-1,3
	E7, P7	6,9	5,8	-1,1
	E8, P8	6,9	5,8	-1,1
	E9, P9	6,9	5,5	-1,4
	Average Reliability SERVQUAL scores			**-1,24**
Responsiveness	E10, P10	6,6	5,4	-1,2
	E11, P11	6,5	5,4	-1,1
	E12, P12	6,7	5,9	-0,6
	E13, P13	6,6	5,5	-1,1
	Average Responsiveness SERVQUAL scores			**-1,0**
Assurance	E14, P14	6,7	5,6	-1,1
	E15, P15	6,8	5,8	-1
	E16, P16	6,8	5,8	-1
	E17, P17	6,5	5,5	-1
	Average Assurance SERVQUAL scores			**-1,1**
Empathy	E18, P18	6,3	5,4	-0,9
	E19, P19	5,6	4,8	-0,8
	E20, P20	6,1	5,4	-0,7
	E21, P21	6,2	5,2	-1
	E22, P22	6,3	4,6	-1,7
	Average Empathy SERVQUAL scores			**-1,02**
OVERALL AVERAGE SERVQUAL SCORE				**-1**

The gap score analysis enables to find out the way consumers perceive service quality in banking institutions. According to Parasuraman et al. (1985), *"(a) When ES > EP, perceived quality is less than satisfactory and will tend toward totally unacceptable quality, with increased discrepancy between ES and PS; (b) when ES = PS, perceived quality is satisfactory; (c) when ES < PS, perceived quality is more than satisfactory and will tend toward ideal quality, with increased discrepancy between ES and PS,"* and they continue that the overall service quality is measured by obtaining an average gap score of the SERVQUAL dimensions.

As it is apparent from the table (5), in general, it can be concluded that customers' perceptions of service quality offered by various banking institutions do not meet their expectations as every average dimensional gap score was negative. The smallest gap (-0,65) can be observed within the dimension of tangible items that comprise physical facilities, equipment, and appearance of personnel. On the contrary, the biggest gap (-1,24) is encountered within the dimension of reliability which represents the ability to perform the promised service dependably and accurately. The next three dimensions responsiveness, assurance and empathy are all around the gap of -1.

From these results it can be suggested that today's customers are most satisfied with the physical facets contributing to the image of a bank. Nevertheless, it might be logically supposed that all customers' expectations would be naturally at the highest level possible (in this case about number 7 within Likert's scale), though, this dimension was in average evaluated by the respondents' by number 6, which is the lowest average expectation value from all five dimensions. Therefore, it might be suggested that the clients do not require the latest technological devices to do business with banks. Their perceptions were more or less at the same level as the other dimensions but due to the small expectation number it resulted to the benefit of tangible items. The losing dimension, reliability, recorded the major gap (-1,3) especially in the following issues: **acting according to promises** and **showing sincere interest in problem solving**. These two issues of service quality were ranked among the highest; however, the customers' perception is rather dissatisfactory. The major gap (-1,7), though, was recorded within E22 (6,3) and P22 (4,6). The customers would evidently like to **find understanding of their specific needs** by their bank and not to be treated as one of the crowd.

The total average SERVQUAL score resulted in number 1 which may be evaluated as a very good result meaning that the sample of the Czech population responding in this survey is highly satisfied with entire service quality in banking institutions, apart from some exceptions mentioned above.

To find out which of the five dimensions is the most and the least important to the respondents, they were asked to assess verbally five statements, each of them representing one dimension, using again the Likert's scale ranging from the unimportant, of little importance, moderately important, important to very important level. In general, the importance weights are collected by allocating 100 points among the five dimensions (Landrum et al. 2009). During the pre-test, it had been found out that the respondents misunderstood this task and were not able to divide 100 points (more points = higher importance) among five dimensions. Therefore, the structure was changed into the Likert's scale where the respondents were asked not to repeat the same level at a time, meaning that each level must be used only once for one statement. Some of the respondents, however, commented that it is impossible for them to do it because usually more than just one dimension is the most important to them. The majority of respondents were able to assess this part correctly. To obtain an average score for each dimension, each verbal value was given a numeral from 1 (unimportant) – 5 (very important).

Table 5: Importance Weights

Dimension	Ø Importance Score	Verbal Score
Tangibles	2,15	Unimportant
Reliability	4,34	Very Important
Responsiveness	3,75	Important
Assurance	3,65	Moderately Important
Empathy	2,87	Of Little Importance

These importance weights confirmed the previous survey results. The dimension of reliability (4,34) recording the major gap, is considered by the respondents as the most important dimension of all. The second most important dimension is responsiveness

(3,75), on the third place stands assurance (3,65), then empathy (2,87) and the lowest score (2,15) and the least important dimension is represented by tangibles.

4.3. Summary

In chapter 4, there were two major explorative questionnaires carried out. The first questionnaire for employees of AC bank was sent by email and personally introduced to eleven employees of retail division in AC Olomouc branch. The questionnaire consisted altogether of three parts, the first part asked about general cognition of vision, mission, strategies, values and documentation where information about these business pillars are stated. The second part was about subjective evaluation of each employee's performance regarding their communication, problem solving skills, service delivery and others. The respondents were asked to evaluate their performance on a scale from 1 (strongly disagree) to 7 (strongly agree) scale. The third part was dedicated to open questions providing space for employees to express their attitudes and points of views. Nine questionnaires were received and processed. From the obtained answers, it can be concluded that the employees have the necessary information about the bank in general; they know what main business priorities are and they assess their performance of service as above average, most of them claiming that high service provision and good manners should be natural to all of us, though, their performance can also spring from the fact that they stated they like their job and are motivated mostly by very good perks and a very good team of co-workers. However, they also pinpointed necessary things they would like to see being changed, such as the internal software, office ergonomics and welcoming new back-office employees.

The second and biggest questionnaire was for the general public examining the difference between their expectations and perceptions of banking services provided by banks in general and then by the banking institution they use and most importantly, the difference between perceptions and expectations provided us with the gap from which it can be claimed in which area the banks fail most. The results have proven that the major gap (-1,24) recorded reliability, then assurance (-1,1), empathy (-1,02), responsiveness (-1) and finally tangibles (-0,65), the overall gap representing the average gap was -1. Another part of the questionnaire comprising the importance weights aimed to verify the obtained results from the first part. It has been confirmed that the most important to the respondents is reliability (4,34), then responsiveness (3,75), assurance (3,65),

empathy (2,87) and the least important are tangibles (2,15). From these results it can be claimed that the respondents were in their answers stable. Without knowing which questions belonged to which area they assigned reliability as the most important area and tangibles as the least important in both cases.

To sum up, the first explorative study provided an inner insight into promised quality by bank from the point of view of the employees and the second study provided us with the results of perceived quality by customers. Thus, these outputs will consequently serve as the foundation for verification of the two hypotheses that will be discussed in the following chapter.

5. VERIFICATION OF HYPOTHESES & AIM MODEL

This chapter aims to conclude the whole work, verify its two hypotheses and use the AIM Model in order to summarize existing outcomes and create a proposal of suggestions for the AC Olomouc branch. However, it is difficult to say confidently whether a hypothesis is entirely true or entirely wrong as the result of hypotheses is not only black or white. Thus, each hypothesis will be accompanied by a visualization that will present various aspects representing the result of the hypothesis.

5.1. Hypothesis 1

H1: <u>There is no difference between promised and perceived quality.</u>

Figure 5: Visualization H1
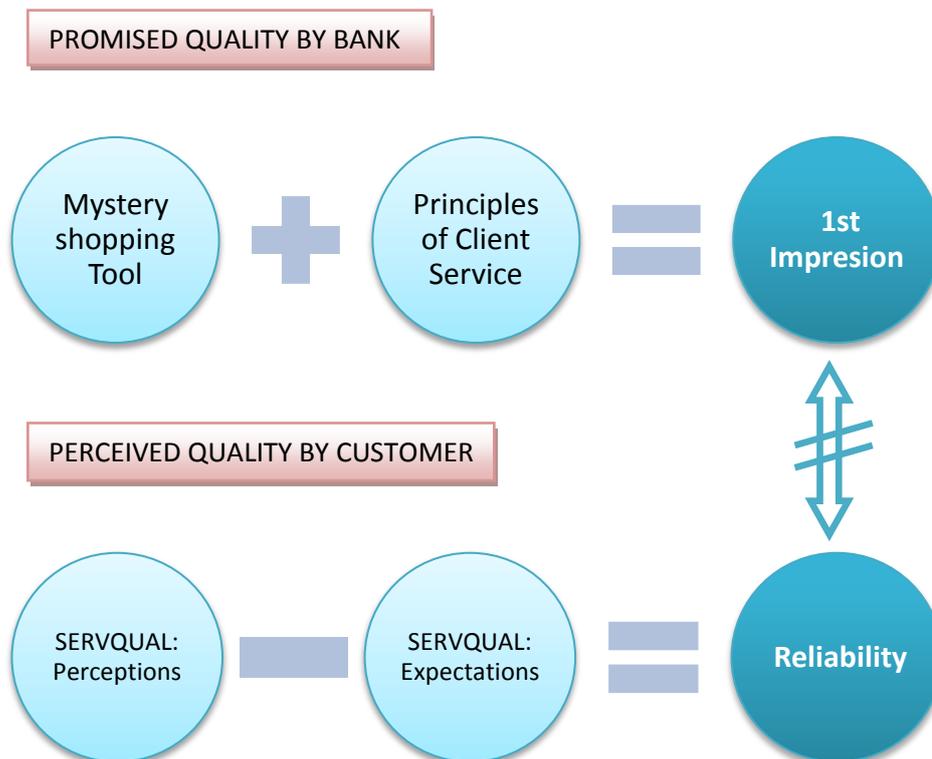
Source: Author's own

As the visualization suggests, promised quality in this thesis was represented mainly by AC bank mystery shopping assessment tool interconnected with *The Principles of Client Service* ethical code that more or less stands in the background of the mystery shopping assessment tool. It has been shown what promised quality is called by the bank and how it is fulfilled. The perceived quality was observed from the bird's

perspective using the SERVQUAL model in order to obtain a representative sample of responses regarding service quality. It has been proved that promised quality by the bank is focused mainly on the first impression customers gain when they enter the branch, employees' behaviour, accurate manners and precise wording in selling speech in order to reach success as it can be found in the subchapter 3.4, whereas for the respondents, according to the survey, it is reliability that is the most important dimension to them (obtaining the deepest gap of -1,24 between perception and expectation) emphasising particularly the ability to keep promises, show sincere interest in solving their problems and find understanding of their specific needs.

Thus, in this case, the hypothesis can be clearly declared as **wrong**. It has been shown the branch focuses particularly on creating the best first impression on customers and provides them with a great customer service during the meeting; however, the customers would rather see banks, in general, become more personal and individual in the issue of solving particular problems and fulfilling their specific needs.
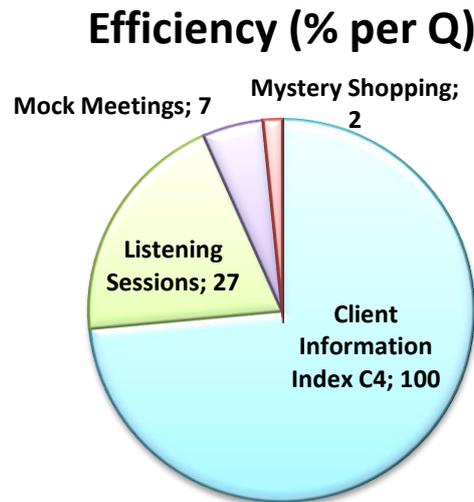
5.2. Hypothesis 2

H2: AC bank has a very advanced level of the measuring process of service quality.

Figure 6: Visualization H2 – Regularity (x per Q)
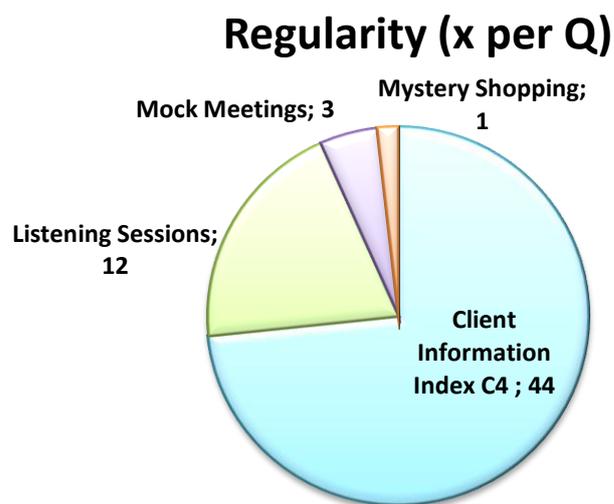
Source: Author's own

Figure 7: Visualization H2 – Efficiency (% per Q)
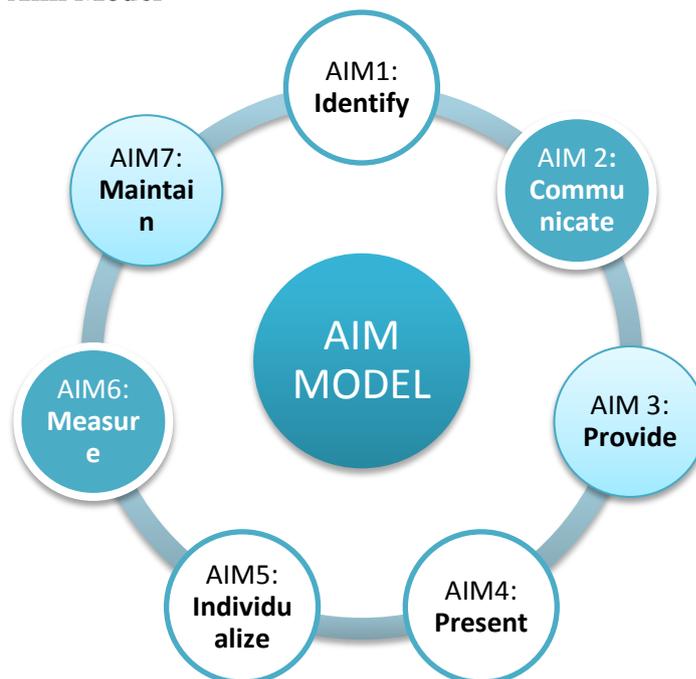

Source: Author's own

The second hypothesis can be declared as **moderately right** as the average efficiency of the measuring processes of service quality in the branch is reached by 34%, provided that the Client Information Index is the most efficient tool carried out with the highest frequency. This percentage represents the average efficiency of Client Information Index, Listening Session, Mock Meeting and Mystery Shopping per one quarter derived from the number of sessions of particular measuring tool per quarter. Speaking only about measuring then mystery shopping is used to provide the bank manager with clear numbers and outcomes about employees' performance and service delivery. The mystery shopping is done officially only twice a year which might be considered as insufficient and it does not guarantee a lot of credibility as service is delivered eight hours every day. However, there are two more unofficial mystery shoppings. According to the branch manager, the author of the thesis was convinced that such number of mystery shoppings is statistically sufficient. Moreover, if we include continuous tracking and monitoring by the branch manager which also gives evidence of the level of service quality, it must be claimed that the Olomouc branch has various highly-developed methods to check their employees on daily basis that contribute to service quality delivery improvement. Therefore, from the perspective of tracking, the processes are at a very advanced level and they really do work, even though the average dropped to 34% (due to the lack of mystery shopping and mock meeting regular performance). The proof of effective tracking can be seen within the result of mystery

shopping (AC Bank 2012) where the employees usually fulfil the requirements from 70 – 90% which is considered as a very good result and also the fact that the Olomouc branch stands among the first three best branches in the north Moravia region.

5.3. AIM Model

As the gap model represents rather negative approach, the AIM model has an opposite attitude focusing on the positive site of the gap. Based on the e-mail conversation and the materials provided by Günter H. Hertel (2011), it is more suitable to approach service quality from the positive viewpoint, employing the AIM model that concentrates on sites that should be improved and guides its user to improve the service step by step. The following text will summarise already gained information and knowledge throughout the process of writing this thesis, some new aspects will be observed (based on the AIM model) and finally, a report about current state and summary of recommendations will be created and given to the AC Olomouc branch management.

Figure 8: Aim Model

Source: Author's own, based on Hertel, G. H. et al. 1995.

AIM 1: Identify the real wishes of customers

As it was discovered via the general questionnaire aimed at the public; customers' wishes mostly focused on reliable service, fulfilling the promises, delivering service at the promised time and without any errors. For broader and more specific examples,

banking institutions' social networks have been searched focusing on their clients' comments, wishes, questions and needs. Among the most common wishes and needs were found:

- o fully functioning and well arranged internet banking,
- o contactless smart cards,
- o possibility to design one's credit/debit card,
- o helpful personnel being able to offer and explain particular products, providing prompt service and not releasing any pressure when selling the products
- o safe but at the same time easy access to online banking (for example AC bank clients claimed their dissatisfaction with highly demanding security system requiring a security SMS every time they want to enter and being charged for each SMS. According to the author's experience, AC clients have two options: either to buy a set of a number of SMS for a particular amount of money or a token which generates the security key to enter the internet banking, though, the clients are obliged to buy the token as well),
- o personal banker (preferably no fluctuation),
- o new products information only via post or e-mail,
- o no fees,
- o simplicity, no paperwork complexity.

AIM 2: Communicate

As this work deals at a specific level with AC bank, the following paragraphs will introduce the bank's most visible and common communicational channels from the customer's point. They are TV spots, official web pages, Facebook page and leaflets obtained at the branch or directly sent to clients' post boxes.

At the turn of the years 2012 and 2013, the bank launched its big campaign aimed at retail customers promoting programmes of optimization of loans and credits, and mortgage refinancing. Even today (September 2013) these two programmes stand in the bank's focal point, especially via TV commercials and leaflets. And the truth is that the bank came to the market with this product among the very first ones with competitive interests which brought them competitive advantage.

Regarding the Facebook page, AC bank characterizes its customers as demanding, goal-oriented and responsible people, entrepreneurs and society. However, the Facebook

profile of AC bank looks rather as a profile of a sports club. The bank is a benefactor of one of the greatest football championships which obviously uses to its profit to appeal current or new clients.

Nevertheless, any of these ways do not directly cover any of the customers' needs stated above. Of course, banks generally create products to solve a problem or to bring the best practice from foreign banks or maybe sometimes are also influenced by clients' needs, however, this is always done with the perspective of profitability.

For example, in the Czech Republic, the fully functioning and clearly arranged internet banking has been under the combat of discussion for several months, especially regarding one of the major banks in the country. AC bank should have taken that bank's flaw as its advantage and react quickly presenting its internet banking to appeal dissatisfied customers. On the other hand, each bank has its own marketing strategy and cannot change it or come up with new ideas and novelties from day to day. Though, the wishes and needs mentioned above could be taken as an inspiration for the AC bank management to see which way to go in the future.

AIM 3: Provide

To provide high service quality does not only depend on management's requirements but more importantly on service providers – people. Banking institutions have been facing a high fluctuation of personnel throughout several past years. When a client goes to a bank, they are usually always served by somebody else, by a person who has the background knowledge but has no idea who the client is. Of course, there is a record about every client's steps they have ever done within the bank. Still, the personal contact is missing and without the personal contact also diminishes trust and further loyalty. And exactly loyalty is the word that the management of the bank should bear in mind. However, to create confidence in clients is a long term run but definitely worth it. Moreover, when clients confide and are satisfied, they can recommend services of their bank to the others which will bring primarily new customers and also good reputation of the bank. Unfortunately, employee care is probably not as important as product selling and so majority of employees can stand working in a bank only a few years and then because of unbearable pressure they leave. As a proof can be shown incessant job offers for bank advisor positions. Secondary and tertiary education graduates take is for granted nowadays that if they cannot find a job they desire, they can always start their

career as a bank advisor. Sadly, due to this fact that bank advisor positions serves as a leap job, puts a bad reputation on bank employees and in any sense does not increase trust in clients.

The aim, therefore, for all banking institutions should be trying to create such working environment for their employees, where they will respect and follow banks' requirements if these requirements are reasonable, sustainable and the employees can personalize with them. Otherwise, the management can hardly deal with high employees' dissatisfaction and fluctuation. Furthermore, every new employee cost horrendous money to be educated and also time until they start making profit. Wouldn't it be easier and financially favourable to tend more to current employees and increase their recognition of importance as a bank's employee?

AIM 4: Present

This aim will be directly targeted at the AC Olomouc branch and will introduce several recommendations for improvement at the branch.

<u>Work Environment</u>

The bank management should enhance the work environment for their employees in order to get the best performance from them. First of the suggestions is to hire one or two people providing back office tasks helping retail employees with paper work that sometimes take a lot of time and then the employees have to work several hours overtime every week to do it without being paid. Of course, objections would be that the bank saves money. As Olomouc is full of university and secondary education students, it would be recommended to employ some of the students to work for the bank in order to gain some experience. AC bank has already started doing this practice; supposedly successfully as every quarter hires more students. Still, it would be recommended to introduce the new hired students in the work two weeks before their internship starts and ask the current trainee to explain and teach the newcomer how it works in the bank, what processes the trainee will do, what systems they will use and so on. Nowadays, one trainee finishes and a new one comes without any adaptation time which brings repeated load on the employees as they have to explain and teach every newcomer what to do again and again.

Privacy

Another way to improve the service and contribute to higher privacy is reorganization of desks and computers. Nowadays, there are three desks one behind another and so it is very easy to overhear other clients' conversation if somebody wants to. As the Olomouc branch does not dispose of a large space, big reorganization of tables would probably not be possible. Nevertheless; at least some plastic desks could define the space for each employee's desk so even the customer has the feeling of speaking just to the bank advisor and not to everybody. Also, what could be considered as incorrect is the fact that incoming clients can see everything what is happening of advisors' computer screens as they are turned towards them. Employees can use special black screen protectors; however, they make the whole screen darker and sometimes impossible to see necessary information and so the employee must take time to take the screen off and then put it on again. Also, unconstructive music might be used first to contribute to the feeling of privacy as more noises prevents from overhearing other clients' conversation. Wisely selected melodies can even have impact on personal mood and so to influence their decision making. Or there is a possibility, as it has been used by many banking or other institutions, to put a screen in the entrance hall with running bank commercials and current offers to fill in time of waiting clients.

Ticket Machine

It has been observed that clients who come to the branch especially for the first time are not familiar with the environment and do not know which table they should go to. It might be objected that the bank advisors should immediately greet the client after entering the branch but it can happen that the advisors are just occupied with finishing work after the former client and do not notice the entering customer. Moreover, when clients enter and there are many people waiting, it can be stressful and confusing to them as they do not know when it is their turn. It has been suggested several times (even from the mouth of customers) to install a ticket machine where everybody would receive a ticket with a number and so prevent potential problems and misunderstandings. Also employees would have a little bit more time to make order on their tables before inviting another client.

<u>IT system</u>

Last but not least, several complaints have been recorded about frequent internal bank programme connection failure. This can seriously influence the meeting with the client as the advisor is not able to work with necessary data and furthermore, such unreliable state contributes to stress and uncertainty of the employees worrying that something will go wrong again. Many employees, also, make complaints about high complexity of all commands that are needed to be done during any transaction and overabundance of clicking. Therefore, it would be desirable if AC bank IT department could encounter solution to these problems and try to benchmark the best practices of other internal bank systems or other companies.

Another recommendation to administrators of internal ES programme[5] – "Fyzická osoba" should be translated as Natural Person. As far as it is considered that ES programme uses English expressions in 80% and the majority of bank employees do not speak English properly, translation as "Phisical Person" makes without doubt more sense to employees than "Natural Person", however, the spelling should be definitely changed to "Ph**y**sical Person".

AIM 5: Individualize

Primarily, employees should build trust in their clients not only by representing the name of the bank but also by their own performance especially by their accurate and polite manners towards the customers. Obviously, every customer should be treated equally, though, there are some customers about whom the bank advisors know they could spend more money in the bank (whatever product clients choose) and these clients should be naturally pampered a little bit more.

Nevertheless, as a standard practice, any client who comes to visit a bank advisor should be offered a glass of water. To omit wasting time getting the water, there should be one or two boxes near the bank advisors desk with plastic cup which will take twenty seconds and the client will have a while to sit comfortably in a chair and also to break the ice between the client and the employee. In the case the employee has an arranged meeting with a more affluent client from who is expected to get more money; such a client should be offered a cup of coffee together with water.

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[5] ES represents the acronym of existing internal programme used in AC bank

Also every client should obtain their personal advisor who will administrate the client's issues. This point, however, is closely related to the employees' fluctuation described above. The service can never become really individualized if the bank advisors changes every year.

Additionally, various personalities of clients should not be neglected, as well. Every person represents a different personality type that can influence the whole negotiation process. Although the employees are trained and educated with professional knowledge, the soft skills and client psychology training are usually omitted. The ability to attract, retain and made connection with clients is one of the most important factors to reach the success in business. Once the employee connects with a new client on an emotional level they will feel comfortable, trustful and do business easily. The employees, therefore, should be offered training on soft skills including particularly body language and personality types. As a result, the employees should be able to recognize with whom they are going to do business and what kind of strategy is necessary to choose in order to reach particular goal.

AIM 6: Measure

After the implementation of changes, the employees and management themselves should see, hear or even feel some change in the client's behaviour and their attitude towards the bank. Also the consequences of the recommendations would reflect on satisfaction of the employees as they should feel more comfortable and less under stress in their adjusted work environment.

AIM 7: Maintain

Following, connecting and fulfilling all the aims should provide AC bank clients with confidence in the bank and their employees which should lead to their satisfaction, recommendation to the others and loyalty from their side as there would be no reason to leave the bank. Sure, some clients might be, for example, dissatisfied with interest rates, but today's banks are aware of strong competition among banking institutions and exactly the precise service, trust and flawless former experience gives the bank the added value that should prevent clients from changing the bank.

To sum up, a two page proposal was created to be presented to the AC Olomouc branch manager (see Appendix IV). The proposal intends to present the essential points of the research such as the results of two explorative questionnaires and provide suggestions and recommendations. It will also serve as a final document for DAE online platform.

5.3.1. Proposal Presentation to the Branch Manager

The proposal was presented to the branch manager on October 8th, 2013. First, the global overview of the results from the questionnaire for the branch employees and then from the questionnaire for the general public were presented. Later, the proposed suggestions were discussed in more details in order to find out whether the suggestions are reasonable and applicable.

Suggestion no. 1: AC branch should change the office space layout and ergonometrics

The suggestion was considered reasonable; however, due to the technical layout of the office space, many changes are not possible to be done, according to the branch manager. The problem lies in the distribution of sockets and wires that are necessary for the fully functioning office environment and also the office space that does not allow to make great changes in the desk positioning. The idea of unobtrusive music was welcomed warmly, though, the manager was uncertain about the employees' perception of this change as some prefer working in a quiet place whereas some prefer music.

Suggestion no. 2: AC branch should hire one or two back-office administrators

The branch manager would love to accept this possibility but the problem, as usual, is the budget, even though it would be enough to employ only one part-time back-office administrator who would be able to work four hours a day. The advantage of having a part-time paid employee is stability with no fluctuation every three months and competences that would assign such an employee with more important and serious tasks to be carried out. In current situation there are secondary or tertiary education students who change every three months during which they obtain some set of knowledge and competencies, however, they leave and the bank employees must give initial training to newcomers. Regarding the insufficient transition, the brand manager claimed that she does not wish trainees to provide trainings for newcomers. This situation is perfectly understandable, even though at least some basic tasks that are connected with administration (copying, scanning, mailing etc.) should be welcomed and explained between the experienced and a new coming student in order not to bother the branch employees.

Suggestion no. 3: AC branch should implement a ticket machine

This suggestion was very contradictory. The branch manager strongly disagreed with this idea as the branch tends to have personal contact with their clients and not to become another "ticket organization" that are very frequent nowadays in the Olomouc region. On the other hand, she quickly pointed out that the non-existence of a ticket machine at the branch puts stress on the initial service quality regarding the eye contact between clients and back advisors during the very first moments when a client enters the branch. On the contrary, she also admitted that the situation when bank advisors are not able to keep the eye contact and salute incoming clients lead to confusion and stressful state of clients. In this case, to avoid such undesirable moments, a ticket-machine would be a proper option to solve this problem. Nevertheless, she hopes that she puts enough emphasis during her managing on this issue and so no ticket machine would be necessary. Also, she understands that for big branches ticket machines are a good choice, still, at her own branch she would like to keep building a personal approach towards their clients.

Suggestion no. 4: AC bank should simplify and improve the internal bank software

The branch manager, in this issue, has no capabilities to change it as it is the problem of the central bank headquarters IT department. She can only make constant comments about improper functioning and wait whether it will improve or not.

Suggestion no. 5: AC bank should individualize the advisor-client relationship

The branch manager claimed that the suggested cup of water should be a standard for every incoming client. She also agreed that soft-skills training, especially on time management should be obligatory for every new employee as particularly during the first weeks there are many tasks, a lot of information and new employees do not usually know how to organize their time and fulfil all the tasks in deadlines and so they usually fulfil their tasks at the expense of time they would dedicate to clients. Hand in hand with many tasks and requirements comes stress, therefore, stress handling training should be highly recommended to all positions in the bank, as well.

To conclude, all of the suggestions were accepted positively and were considered as constructive and logical, some points were taken into consideration. However, many of the suggestions are out of power area of the branch manager and are usually dependent

on the budget. The only thing the branch manager can do when he/she wants to make some changes is to put forward a proposal to the central headquarter and wait what will happen.

Also the employees were asked how they would feel if the work environment was changed, particularly regarding the office layout and ergonomics. The answers were, as expected, fifty-fifty but in the end the employees stated that they would get accustomed to anything.

5.4. Summary

The final chapter served as a pre-conclusion chapter summing up all the outputs from the thesis focusing on verification of the two hypotheses. Then, this chapter introduced the AIM model that allowed the author to brainwrite various aspects referring to the AC branch and so create suggestions for the AC bank branch. All the suggestions – in the form of a proposal (see Appendix IV) - were presented to the branch manager who provided the author with her feedback, also included in this chapter.

6. CONCLUSION

The whole thesis opens up an issue of service quality that is involved in every area of business. Due to its intangible characteristics, however, service quality usually remains neglected and passed unnoticed. Nonetheless, in today's intensely competitive economic environment it is the quality of service that adds a dash of advantage to business. Therefore, it is highly recommended to tackle this area and contribute to service quality improvement.

As the author has had a chance to work in various domestic and foreign industries, she chose this topic because it seems to her that Czech companies still do not realize that personal attitude, relationship and good manners lead to high service quality and customers' satisfaction which can be further converted into loyalty and partnership. To be more specific, this thesis paid the attention to banking sector because the author spent seven months working in one of the Czech major banking institutions and this sector was, thereby, the most interesting to focus on at that moment.

The work aimed to verify two hypotheses. The first hypothesis regarded the difference between promised and perceived quality and the second hypothesis intended to find out whether or not AC bank has a very advanced level of the measuring process of service quality.

The first research, targeting customers' perceptions, was rather general and used the SERVQUAL model for the analysis focusing on five main dimensions of tangibles, reliability, responsiveness, assurance and empathy. From the results of the questionnaire, it was discovered that the sample of 128 respondents consider the area of reliability as the most important dimension which was reflected in the major gap of -1,3 and later confirmed again with the importance weight obtaining the highest score of 4,34 from all the five dimensions. The most important issues for the respondents are namely acting according to promises and showing sincere interest in problem solving. Also, the respondents would like to encounter better understanding of their specific needs by their bank and not to be treated as one of the crowd as it was proved by the gap of -1,7 within the dimension of empathy. Promised quality by the bank, on the contrary, concentrates particularly on the first impression made on the customer. Thus, the first hypothesis was declared wrong.

Regarding the second hypothesis and the level of service quality measuring in AC bank, it was discovered that there are various tools to measure and more importantly track service quality. The most efficient tool carried out with the highest frequency is the Client Information Index, followed by Listening Sessions and Mock Meetings. Speaking explicitly about measuring, then the mystery shopping assessment tool is used to provide the bank manager with clear numbers and outcomes about employees' performance and service delivery. The mystery shopping is done both officially and informally four times a year which is considered sufficient. However, considering regularity of individual tools performance and their efficiency, the second hypothesis was declared as moderately right as the average efficiency of the measuring processes of service quality in the branch was reached by only 34%.

Last but not least, the AIM model revealed some crucial suggestions for AC Olomouc branch in order to reach the best performance from the employees and so to improve service quality at the branch. It has been suggested changing the office space layout and ergonometrics, hiring one or two back-office administrators, implementing a ticket machine, and modifying and improving the internal bank software. Additionally, to individualize the whole process of service quality, every customer should be offered a small refreshment depending on their preference, have an assigned personal advisor in order to create a closer professional relationship and finally, the bank employees should be provided with soft skills trainings including particularly body language, time management, stress handling and definition of various personality types they can encounter so that they know what communication strategies should be used to obtain desired results.

To conclude, service quality is becoming increasingly important in every industry and should deserve more attention from the side of management, employees and all other interested parties in order to strive for excellence, develop to better future and make the client their partner.

RESUME

Práce s názvem *Service Quality in Retail Banking* (Kvalita služeb v retailovém bankovnictví) otevírá problematiku kvality služeb, která je obsažena v každé sféře jakéhokoliv podniku. Bohužel, z důvodu svého nehmatatelného charakteru, je často opomíjena a není jí věnována dostatečná pozornost. Přitom je to ale právě kvalita služeb, která hraje v dnešním silně konkurenčním ekonomickém světě jednu z hlavních rolí a přispívá ke konkurenční výhodě podniku. Jelikož i samotné retailové bankovnictví je široký pojem, práce se bude v tomto ohledu věnovat a opírat o jednu z českých bank, respektive olomouckou pobočku této banky, kde autorka práce získala několikaměsíční pracovní zkušenost a proto jí právě tato sféra byla při zpracovávání diplomové práce nejbližší.

První kapitola je věnována stanovení dvou hypotéz a následně dvou podporujících výzkumných otázek, které udávaly vývoj celé práce za účelem tyto hypotézy potvrdit či vyvrátit.

Druhá kapitola se již zabývala představením retailového bankovnictví jako takového se zaměřením zvláště na konkrétní fungování AC banky, její strukturu, vize, mise, hodnoty a také bankovní etiketu, která v poskytování služeb hraje důležitou roli.

Třetí kapitola propojila teoretické poznatky z oblasti kvality služeb s reálnou praxí v AC bance, především v části představení jednotlivých indikátorů kvality služeb v bankovnictví. Mezi hlavními indikátory byl zmíněn klientský servis, mystery shopping a calling, zákaznický informační index a další indikátory užívané v praxi v AC bance jako například náslechy či obchodní jednání nanečisto. Následující podkapitola se soustředila na představení měření kvality služeb a modelů, které se za účelem měření používají. Prvním nástrojem je SERVQUAL, který byl sice vytvořen již před dvěma desítkami let, ale i dnes je tím nejpoužívanějším nástroje. Jeho podstata vězí ve zjištění rozdílu mezi vnímáním a očekáváním zákazníka v oblasti služeb. Tento model se opírá o další model, tzv. model mezer, který popisuje mezery, které vzniknou, když porovnáme hodnotu vnímání zákazníka s jeho očekáváním. Čím větší rozpor vznikne, tím neúplnější kvalita služby je a tím se definuje prostor pro zlepšení pro daný podnik.

Čtvrtá kapitola již zcela uvedla předchozí teoretické poznatky do praxe díky dvěma dotazníkovým šetřením. První dotazník obsahující tři části (obecné znalosti, vlastní ohodnocení, otevřené otázky) ukázal, že zaměstnanci jsou více méně obeznámeni s platnými požadavky a pravidly týkajících se poskytování kvalitních služeb zákazníkům, a sami své dovednosti a schopnosti ohodnotily nadprůměrně. I přesto se zde ukázaly slabší stránky, které by se měly stát podnětem pro zlepšení a které se také následně odrazily v doporučení pro manažera pobočky. Druhé dotazníkové šetření, vytvořené na základě modelu SERVQUAL, bylo naopak zaměřeno velmi zeširoka na celou veřejnost s cílem zjistit očekávání a skutečnou realitu vnímání kvality služeb zákazníkem. Dosažené výsledky představují vzorek 128 respondentů. Za nejdůležitější oblast a také tu, která zaznamenala největší propad mezi vnímáním a očekávání, považují respondenti spolehlivost služeb, především co se týče dodržování slibů a termínů a také projevování upřímné snahy vyřešit klientův konkrétní problém. Respondenti by také rádi viděli změnu v přístupu bank ke své osobě v podobě lepšího pochopení svých specifických potřeb, a ne aby byli považováni za ovce z davu.

V případě skutečného měření kvality služeb, bylo zjištěno, že hlavním nástrojem je mystery shopping, který je prováděn čtyřikrát do roka oficiálně i neoficiálně. Tedy hypotéza proklamující vysoký stupeň měření kvality služeb byla prohlášena za částečnou pravdu. K tomuto tvrzení přispěl průměrný výpočet percentuální efektivnosti (34 %), kterou mají jednotlivé indikátory užívané pro měření kvality za jedno čtvrtletí. Za velmi efektivní a fungující se projevil systém monitorování zaměstnanců manažerem pobočky, který probíhá velmi pravidelně a zahrnuje zákaznický informační index a náslechy. Na druhé straně, daný průměr výrazně snížil mystery shoppping a obchodní jednání nanečisto, které jsou prováděny spíše málokdy, mystery shopping pak jednou za čtvrtletí.

Pátá kapitola se vrací k formulovaným hypotézám na začátku práce a vysvětluje jejich výsledky. Posléze následuje tzv. AIM model, který se skládá ze sedmi cílů, které se odráží od modelu mezer, ale přistupují k daným mezerám z pozitivního hlediska s cílem najít doporučení pro daný podnik, v tomto případě banku. Hlavní prostor pro zlepšení byl shledán v ergonomice pracovního prostředí, nedostatku soukromí jak pro klienty, tak pro zaměstnance v rámci jednání, nadmíra administrativy, vyžadující, aby pracovníci pracovali přesčas, což jim ubírá dobu, kterou by mohli věnovat klientům, časté výpadky interního systému, což znepříjemňuje či znemožňuje provést potřebné

úkony a v neposlední řadě také nejasná a pro klienty často matoucí organizace přijímání klientů k přepážkám, především v případě, že klient nenavštěvuje pobočku často.

Na základě všech získaných poznatků byl vytvořen návrh na zlepšení kvality služeb pro olomouckou pobočku AC banky, který byl prezentován manažerce pobočky a jednotlivé návrhy byly prodiskutovány a vyhodnoceny.

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APPENDIX

Appendix I: The Interview with the AC Olomouc Branch Manager

1st PART – TARGETS

1. **What are the bank targets and who set them?** *The major bank targets are business targets set by executive board. These business targets are projected into business planning of particular regions and further on particular branches. In detail it means that the central headquarters in Prague pass the targets and the plan to regional directors and they divide it among branches belonging to their regions.*

2. **Can you as a branch director or the branch itself participate on creating the bank targets?** *We can contribute to creating of targets by offering inducement but 99% is based on executive board, so we cannot really do much about this.*

3. **For how long term are the targets set?** *The entire branch is always assessed annually and the most significant aspect in it is continuous fulfilment of business targets. However, these targets are set divided into quarters and employees can get money reward for the quarterly fulfilment.*

4. **As a branch manager, do you focus only on these quarterly targets or do you divide them into even smaller time units, such as two-week targets?** *We always set a prediction for one upcoming month and then we track and discuss these predictions every week at the meeting.*

5. **How do you track them?** *Usually every week or once in two weeks we have a longer morning meeting where every employee points out their prediction and their current performance. I also have a brief meeting with individual employees every week during which we discuss in detail their plan fulfilment and try to focus on possible implementation barriers. Moreover, every day before the branch opens we have a short briefing with all the employees where everyone tells their daily plans, arranged meetings, what businesses will be completed that day and what are the targets of that day. All this contribute to the fact, that I, as a branch manager, have a clear picture whether all the employees are aware of their targets, whether they*

implement them systematically and consistently and not at the very last week of the quarter.

6. **How are the targets divided according to the hierarchy of employees, i.e., does every employee have its own targets to fulfil?** *Every employee fulfils the objectives that are addressed to them, i.e., loan advisors' aim is to obtain a particular volume of mortgage loans, banks advisors' need to get a certain volume of consumer loans etc. Of course I try to make our branch work as a team. This means, for example, that when a loan advisor has a client for whom a customer loan would also be suitable, the loan advisor will pass the contact to our bank advisor. In this case, employees are forthcoming and willing to help other employees who are behind their plan.*

7. **Does fulfilment of targets represent a motivational factor for you branch?** *Definitely, especially because of money as I have mentioned before.*

8. **How do you motivate your employees to fulfil the targets?** *Well, this is probably the most difficult task for a manager as it is difficult to estimate what method and in what situation will pay off. For example, I am trying to heckle them saying 'Let's go, we'll wipe the floor with other branches," we announce various competitions, sometimes it is necessary to raise my voice on someone. It really depends. However, as we are at the top of all branches in North East Moravian region I bet it works and I guess I'm good at it.*

9. **Does service quality play any role in fulfilment of targets?** *Certainly, primarily dealing with clients or external partners[6] plays a great role as they bring up to 70% of business to us and the bank is reliant on them to a certain degree. The fact that we respond well, fast and with quality is reflected in the fact that our clients and external partners keep coming to the bank.*

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[6] External partners = financial consulting companies such as Partners, Broker Consulting, Fincentru that have a partnership deal with AC bank.

2nd PART – HIERARCHY

1. **What kind of hierarchy exists at your branch?** *The hierarchy represents a typical model where I, as a main manager, stand at head of the branch and below me are individual sections of mortgage loans, personal loans, bank and personal advisors.*

2. **What does hierarchy mean to you?** *That in the case of conflict situations, it is me who is responsible and has decision making power.*

3. **At the headquarters there is a department of quality management, what is the importance of this department for the Olomouc branch?** *Not that important, I suppose. Once in a while I get an email with an output of Mystery Shopping results, for example, or at the meeting of directors we are shown very brief statistics regarding customer's satisfaction with our services but it is mostly just a sample of how we're doing overall as a bank, not the exact data about the satisfaction with our branch.*

4. **Are these outputs available? Can I see them?** *The Mystery Shopping output is available, I can show it to you, but the rest is shown to us just at the meetings so I don't have it.*

3rd PART – SERVICE QUALITY

1. **Could you describe the processes for measuring service quality used in the bank and in your branch, if there are any?** *I can't say directly that there are some specific processes for measuring service quality, but I can definitely include listening sessions in this category which are done by me or entrusted employee. In the case of new product offering, we practise mock meetings with employees through which we can get feedback and refine places that are not quite right. And as another element we can include C4[7], where each employee records every contact with the client as soon as it is made (phone, offer, information about new products, changes, emails...) and adds some notes to indicate the most accurate information so every employee when they have a look at the certain client are familiar with overall communication with the client. Well, and there is also, of course, the call centre to gather information on customer satisfaction. I usually don't get any output*

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[7] similar to CRM

from these surveys, though. Only the statistics or final graphs regarding the entire bank are shown to us at the meeting of directors as I already mentioned.

2. **How often do you carry out these methods of tracking the branch employees?** *It depends on my time. Preferably, it should be done every week with every employee which I usually manage. Even though, sometimes happens that I am not able to do it with everyone, but at least I monitor their meeting on daily basis without using the tracking card. Then I check C4 every day in the morning just to see if there are some important meeting on the agenda, but I track the employees and their actions usually twice a week just to make sure that they phone the clients and have enough number of meetings. About the mock meetings, they are done usually with the newcomers or when a new product or service is launched, about once a month. Mystery shopping is done officially twice a year.*

3. **You spoke about listening sessions and mock meetings. Is there a manual according to which you assess these activities?** *Yes, there is so called training card which serves this purpose, but I use it only as a tool because every meeting with a client is different and individual so the card is useful but I also use my common sense when assessing the employees and their performance.*

4. **Do you review the assessed performance with the particular employee after the listening session? Is there any manual for it?** *Yes, after every listening session I have a meeting with the employee and we go through the points that were both either well or badly performed, what can be improved and so on. It is more like a conversation pinpointing strengths and weaknesses and I use so called evaluation card that is very similar to the training card and it serves as a tool for the employee to assess themselves and their performance.*

5. **Do you have the documentation of these listening sessions and its results? Can I see it?** *Definitely, it is good to keep it as it helps me track the development and improvement of individual employees. There is no problem to show you the file with it.*

6. **Do you have any other documentation regarding the service quality measuring process?** *Except for these training cards I have nothing. As I said, once in a while, usually once a year, I get an email with Mystery Shopping results. Some information*

I receive at the meetings with other directors and my boss. And in C4 I can see and check how my branch communicates with our clients.

7. **When you learn the results of service quality measuring, what steps do you take as the branch manager?** *Once I get some results I, of course, inform the branch about it, usually at the morning meeting when I tell them what we did well and what we, on the other hand, lacked.*

8. **Do you have any manual for discussing and analysing the results with the branch?** *No, there is nothing like that.*

9. **Do you have any manual for the process of service quality improvement based on the results?** *No.*

10. **How important are the received results from the service quality measuring for you decision making considered as the essential leadership skill?** *As the branch manager I must know how my staff are able to communicate with clients, providing them with information, offering our services, so the listening sessions and mock meetings are essential and very important. And from the Mystery Shopping (MS) we can learn where we make biggest mistakes and more importantly, MS represents the external and objective point of view so we can detect and realize errors that we cannot see as we work in familiar environment.*

11. **What do you think about the level of received quality measures (MS)?** *I think the level is good. There are some areas that irritate me, for example the assessment whether the mystery shopper was greeted by our security employee.... however, from the overall assessment this area covers very small percentage so the overall result of measuring can hardly be affected by it. On the other hand, it is obvious that during MS every detail is assessed in the form, which is probably good as the bank should represent itself well as a whole in all aspects.*

12. **How do the results influence the branch, what are the consequences?** *So far we were not influenced by it anyhow as the results were good. But if the results would be completely negative, we would definitely have to sort it out, we would probably start doing more listening sessions, mock meetings, trainings, and also the regional director of our subsidiaries would get involved in this as well.*

13. **Are you convinced that you and your branch learn from the results of service quality measuring?** *Sure, the branch is warned about the things that were wrong and we try to eliminate these mistakes. And actually, in the annual assessment, the branch is assessed not only according to the implementation of quarters per year and revenues of portfolios, but also the results of Mystery Shopping are included.*

14. **Can you and do you redesign the current state of service quality process of measuring based on the results to eliminate deficiencies?** *I can only intervene in the listening sessions on the branch. For example, when we have a new employee, it is obvious that I will not assess him according to all of the criteria in the training card, at first only the ability to diagnose the client will be sufficient. As for Mystery Shopping and Call Centres I cannot do anything.*

15. **What freedom do you have, as a branch manager, to change processes in general within the branch?** *I don't have any freedom. Everything is set and fixed based on internal rules and regulations that are available for all employees. I think, though, that all of these rules and regulations are rather complicated and contain a great volume of information and especially for newcomers it is very difficult to make themselves oriented in all these rules and regulations.*

16. **What freedom do you have in terms of decision / making changes in the management structure of the branch?** *No freedom again, or more precisely in terms of cash desk operation, for example, depends on the agreement among me and other employees who will operate it on what day, but all processes and procedures in general are strictly given by rules and regulations which we have to power to interfere in.*

17. **Who is your immediate supervisor and who gives you direct regulation?** *My boss, the Regional Director for North East Moravia.*

AC Branch Manager

Date: June 4, 2013

Time: 15:00 – 16:00

Appendix II: Training Card - Matrix

	(0) Neuspokojivý výkon	(1) Potřeba zlepšit	(2) Dobrý výkon	(3) Vynikající výkon
PŘÍPRAVA	□ Bankéř není oblečen v souladu s Dress Code □ Informace o klientovi jsou povrchní, nejsou zaznamenány (KOMPAS) □ Chybí informace o předchozích jednáních □ Není stanovena struktura jednání a konkrétní cíl □ Bankéř nezná rozhodovací pravomoci účastníků jednání	□ Známé informace o klientovy nejsou připraveny – zaznamenány do KOMPASU □ Informace o minulých jednáních jsou povrchní □ Pouze velmi obecný cíl □ Bankéř neví, kdo ještě může ovlivnit rozhodování □ Schůzka je domluvena jen obecně (chybí přesný čas)	□ Bankéř je oblečen v souladu s Dress Code □ Bankéř má připraveny kvalitní, strukturované poznámky □ Bankéř má stanoven konkrétní cíl □ Zná přesně rozhodovací pravomoci ve firmě □ Schůzka je domluvena včetně konkrétního času □ Bankéř má připraveny prodejní poznámky (1. str.KOMPASU)	□ Bankéř má připraveny klientovy výpisy a další podklady pro rekapitulaci již založených produktů □ Schůzka je před konáním potvrzena/připomenuta
Elegantní zahájení	□ Chybí pozdrav, úsměv nebo oční kontakt □ Chybí ověření času □ Účel schůzky je nejasný, není formulován jako přínos pro klienta □ Klient nedostal prostor vyjádřit se k programu schůzky	□ Icebreak nepřirozený, nevhodně umístěný □ Není představena struktura jednání nebo ověřen čas	□ Příjemné přivítání klienta □ Vhodný icebreak □ Je ověřen čas □ Bankéř představí průběh schůzky, z formulace je jasný přínos pro klienta □ Klient má prostor vyjádřit se k plánovanému průběhu schůzky	□ Bankéř působí přirozeným zájmem o klienta (o jeho podnikání apod.) □ Proběhla aktualizace údajů na obou stranách
Diagnóza	□ Přechází rovnou k nabídce produktů □ Vždy po zjištění dílčí oblasti probíhá nabídka □ Otázky nemají logickou návaznost □ Klient nedostal prostor k vyjádření svých potřeb □ Bankéř se nezeptal na osobní potřeby □ Neshrnuje výsledky diagnózy	□ Většina uzavřených otázek – dojem „výslechu" □ Chybí zjištění určité oblasti □ Otázky mají logickou návaznost, ale chybí naslouchání novým informacím □ Bankéř neřeší klientovu (ne)spokojenost □ Nedostatečné shrnutí zjištěných informací	□ Přirozený dialog □ Bankéř nepřeskakuje bez důvodu mezi diagnózou a iniciativou □ Jsou zjištěny všechny oblasti kl. potřeb, včetně osobních □ Otázky mají logickou návaznost □ Bankéř reflektuje klientovy odpovědi – aktivně naslouchá □ Bankéř nepředpokládá za klienta □ Proběhlo konkrétní shrnutí výsledků diagnózy	□ Oslovuje klienta během rozhovoru jménem
Iniciativa	□ Prezentuje klientovi parametry produktů UCB, aniž by je navázal na jeho potřeby □ Nereaguje na nákupní signály □ K představení vůbec nepoužívá vizualizaci □ Na námitky vůbec nereaguje □ Přehnaný bankovní jazyk □ Projev není přizpůsoben klientovi □ Není navrhnuta schůzky s OB	□ Na základě identifikovaných potřeb prezentuje pouze parametry/výhody □ K představení omezeně používá základní názorných pomůcek (např. letáky) □ Neadekvátní reakce na klientovy námitky	□ Na základě identifikovaných potřeb doporučuje konkrétní užitek pro klienta □ Představení produktů je srozumitelné (použita vizualizace, apod.) □ Bankéř průběžně ověřuje srozumitelnost □ Adekvátní reakce na klientovy námitky □ Projev bankéře je přizpůsoben danému typu klienta □ Je sjednána schůzka s OB	□ Průběžné ověřování zájmu □ Motivace pro využívání UCB v oblasti SB i Individuals
Cíl	□ Není navrženo uzavření obchodu (pokud je to možné) □ Uzavření obchodu zahajuje bez ohledu na klientovy potřeby/nákupní signály □ Není sjednán závazek (podpis, schůzka, telefon)	□ Návrh obchodu neodpovídá předchozí reakci klienta □ Nekonkrétní závazek	□ Navrhne uzavření obchodu ihned nebo navrhne konkrétní dohodu o dalším postupu (jasný čas a forma dalších kroků pod kontrolou bankéře) □ Přehledně seznámí klienta s detaily smlouvy, popř. co se bude dít dále	□ Jednoznačně dohodnuta další forma komunikace, znám klientovy preference, jakým způsobem jej kontaktovat
TRVALÁ PÉČE	□ Po uzavření obchodu nechává klienta odejít bez jakékoli další informace □ Chybí adekvátní rozloučení a příslib další spolupráce	□ Informace o dalším postupu nejsou konkrétní □ K předaným materiálům klient neobdržel jasné informace □ Neověří/neaktualizuje kontakty na klienta v Eurosigu	□ Rozloučí se s klientem v pozitivním duchu □ Informuje klienta o následném postupu, vše je konkrétní a srozumitelné □ Informuje o dalších možnostech spolupráce s UCB □ Ověří/aktualizuje tel./e-mailové kontakty na klienta v Eurosigu	□ Připomenutí, jakým způsobem budeme postupovat v budoucnu (delší časový horizont) □ Bankéř požádá o reference
KOMPAS	□ Nepoužívá Kompas k zapisování poznámek během diagnózy	□ Po rozhovoru má v Kompasu zaznamenány pouze některé informace, nemohou sloužit jako podklad pro další nabídku □ Poznámky z jednání jsou na papíře bez struktury	□ Detailně, účelně a čitelně zaznamenává všechny zjištěné informace o klientovi do KOMPASU – poznámky jsou ucelené □ Stručný záznam o výsledku schůzky do MISu	

Source: AC Bank. 2011. *Tréninková Karta*. AC Bank Internal document. Prague.

Appendix III: 22 statements of the SERVQUAL instrument

The set of forty-four questions was taken from the original version by Parasuraman et al. (1988) and modified for the specific purpose of this thesis.

DIRECTIONS**:** This survey deals with your opinions of banking services. Please show the extent to which you think firms offering banking services should possess the features described by each statement. Do this by picking one of the seven numbers next to each statement. If you strongly agree that these firms should possess a feature, circle the number 7. If you strongly disagree that these firms should possess a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers. All we are interested in is a number that best shows your expectations about firms offering banking services.

Tangibles:

E1. Banks should have up-to-date equipment.

E2. Their physical facilities should be visually appealing.

E3. Employees of banks should be well dressed and appear neat.

E4. The appearance of the physical facilities of banks should be in keeping with the type of services provided.

Reliability:

E5. When banks promise to do something by a certain time, they should do so.

E6. When clients have problems, banks should show a sincere interest in solving it.

E7. Banks should be dependable.

E8. Banks should provide the service at the time they promise to do so.

E9. Banks should keep their records accurately and error free.

Responsiveness:

E10. Employees of banks should tell customers exactly when services will be performed.

E11. Employees of banks should provide prompt service to customers.

E12. Employees of banks should always be willing to help customers.

E13. Employees of banks should never be too busy to respond to customers' requests.

Assurance:

E14. The behaviour of employees of banks should instil confidence in customers.

E15. Customers should feel safe in their transactions with banks.

E16. Employees of banks should be polite and courteous with customers.

E17. Employees of banks should have the knowledge to answer customer's questions.

Empathy:

E18. Banks should give customers individual attention.

E19. Banks should have operating hours convenient to all their customers.

E20. Employees of banks should give customers personal attention.

E21. Employees of banks should understand the specific needs of their customers are.

E22. Banks should have their customers' best interests at heart.

DIRECTIONS: The following set of statements relate to your feelings about **XYZ**. For each statement, please show the extent to which you believe **XYZ** has the feature described by the statement. Once again, circling a 7 means that you strongly agree that XYZ has that feature, and circling a 1 means that you strongly disagree. You may circle any of the numbers in the middle that show how strong your feelings are. There are no right or wrong answers. All we are interested in is a number that best shows your perceptions about XYZ.

Tangibles:

P1. XYZ bank has up-to-date equipment.

P2. XYZ bank's physical facilities are visually appealing.

P3. Employees of XYZ bank are well dressed and appear neat.

P4. The appearance of the physical facilities of XYZ bank is in keeping with the type of services provided.

Reliability:

P5. When XYZ bank promises to do something by a certain time, it does so.

P6. When you have problems, XYZ bank shows a sincere interest in solving it.

P7. XYZ bank is dependable.

P8. XYZ bank provides its services at the time it promises to do so.

P9. XYZ bank keeps its records accurately and error free.

Responsiveness:

P10. Employees of XYZ bank tell customers exactly when services will be performed

P11. Employees of XYZ bank provide prompt service to customers.

P12. Employees of XYZ bank are always willing to help customers.

P13. Employees of XYZ are never too busy to respond to customers' requests.

Assurance:

P14. The behaviour of employees of XYZ bank instils confidence in customers.

P15. Customers feel safe in their transactions with XYZ bank.

P16. Employees of XYZ are polite and courteous with customers.

P17. Employees of XYZ have the knowledge to answer customer's questions.

Empathy:

P18. XYZ bank gives customers individual attention

P19. XYZ bank has operating hours convenient to all their customers.

P20. Employees of XYZ bank give customers personal attention.

P21. Employees of XYZ bank understand the specific needs of their customers are.

P22. XYZ bank has its customers' best interests at heart.

As the SERVQUAL model's questions are based on five key elements (tangibility, reliability, responsiveness, assurance and empathy) the following survey will determine the level of importance (Importance Weights) of these elements.

Importance Weights (Landrum et al. 2009)

Below you can see 5 statements referring to different areas in providing banking services. Please, assign each statement with only one value (unimportant, of little importance, moderately important, important, very important on a scale); the same value CANNOT be used twice!

IMPORTANCE WEIGHTS

Below you can see 5 statements refering to different areas in providing banking services. Please, assign each statement with only one value, the same value CANNOT be used twice!

STATEMENTS

1. The appearance of the bank's physical facilities, equipment, personnel, and communication materials.
2. The bank's ability to perform the promised service dependably and accurately.
3. The bank's willingness to help customers and provide prompt service.
4. The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence.
5. The caring, individualized attention the bank provides customers.

How important are the following statements for you? *
Please, assign each statement with only one value, the values CANNOT be repeated.

	Unimportant	Of Little Importance	Moderately Important	Important	Very Important
Statement 1	○	○	○	○	○
Statement 2	○	○	○	○	○
Statement 3	○	○	○	○	○
Statement 4	○	○	○	○	○
Statement 5	○	○	○	○	○

Source: Author's Google Questionnaire Form Print Screen

Appendix IV: Proposal

Service Quality in Retail Banking

Author: Bc. Eva Tajchmanová
Supervisor: Prof. Dr.-Ing. habil. Günter Hertel

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1. Abstract

This paper intends to:
- present the essential points of the research
- present the results of the explorative questionnaires
- provide suggestions

2. Research Focus Specification & Results

Service represents inseparable part of any business. Due to its intangible characteristics, however, service quality usually remains neglected and passed unnoticed. Nonetheless, in today's intensely competitive economic environment, it is quality of service that adds a dash of advantage to business. Therefore, it is highly recommended to tackle this area and contribute to service quality improvement.

➢ **Explorative Questionnaire for the Bank Employees**
Three parts:
- general knowledge (mission, vision, strategies, bank etiquette)
- employee's self-assessment of their skills and abilities
- open questions

Results:
- employees have the necessary information about the bank
- sufficient knowledge of business priorities
- self-assessed their performance of service as above average
- motivation: job itself, very good perks and an excellent team of co-workers

➢ **Explorative Questionnaire for the General Public**
- SERVQUAL instrument based on the Gap Model
- examining the difference between perception and expectation of the customer
- 5 examined dimensions (tangibles, reliability, responsiveness, assurance, empathy)
- 128 respondents

Results:
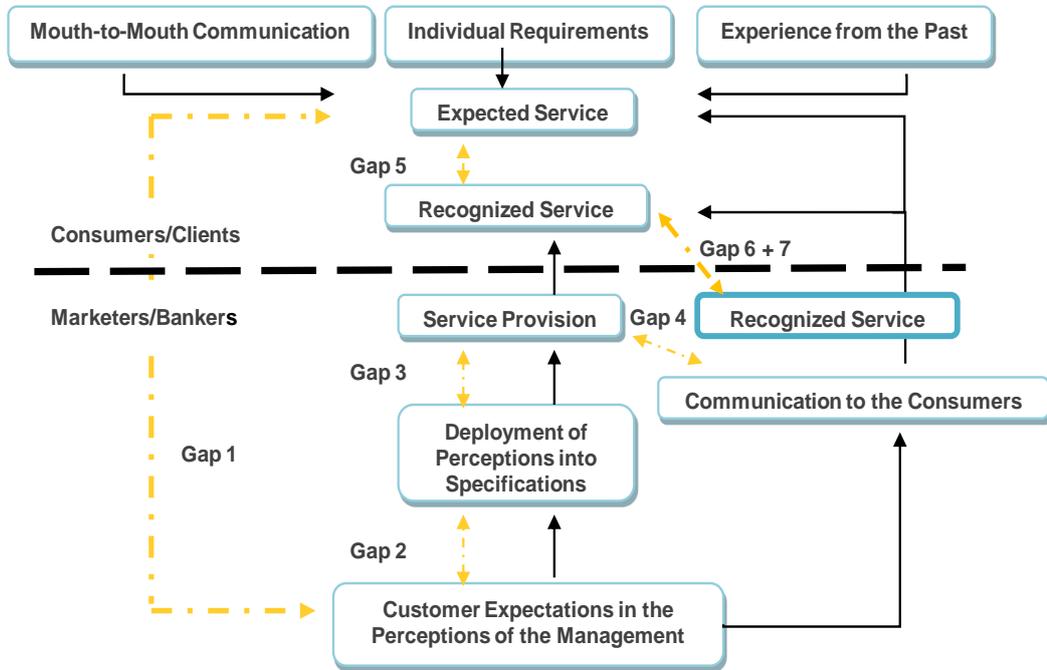- reliability recorded the major gap

Details:
- banks do not act according to promises
- banks do not show sincere interest in problem solving
- banks do not understand customers' specific needs
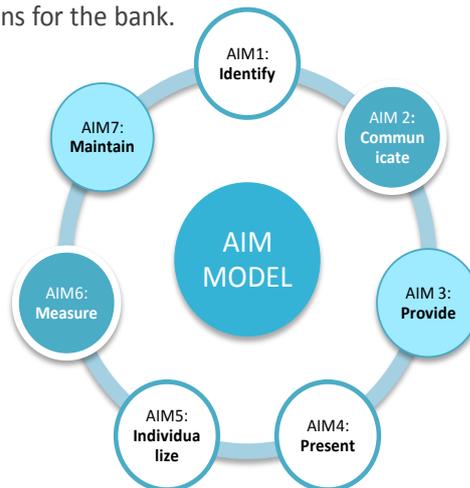
Service Quality in Retail Banking

Figure 1: Service Quality Model - extended

Source: Hertel, G. H. et al. 1995. *Qualitätssicherung in Dienstleistungsprozessen. Theoretische Grundlagen für die strategische Planung von Qualitätszielen im Dienstleistungsbereich.* Forschungsbericht. FQS-DGQ-Schriftenreihe 85-04. Beuth-Verlag Frankfurt/Main, Berlin u.a. Dezember 1995. (ISBN 3-410-32871-8)(ISSN 0949-7439), Frankfurt am Main: FQS, pp. 65, 76.

3. AIM MODEL

The aim model helped summarize the results of the two explorative researches and step by step revealed suggestions for the bank.

Source: Author's own, based on Hertel, H. 1996. *Qualitätssicherung in Dienstleistungsprozessen*. Frankfurt am Main: FQS, pp. 76.

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4. Suggestions

In order to get the best performance from the employees and so to improve service quality at the branch, the following suggestions and recommendations are to be introduced:

- **AC branch should change the office space layout and ergonometrics**
  - reorganization of desks and computers, or
  - use of plastic sheets between the desks in order to create privacy
  - unobtrusive music, or
  - screen with commercials and current offers

- **AC branch should hire one or two back-office administrators**
  - tertiary and secondary education students
  - already practiced but lack of transition
  - improve the transition and adaptation period

- **AC branch should implement a ticket machine**
  - preventing clients from a stressful and confusing situations
  - more time for the advisors to make order on their desks and finish paper work after each client
  - enough time to fill in client information index for the future use

- **AC bank should simplify and improve the internal bank software**
  - connection failures elimination
  - simplification of high complexity of all commands needed to be done in order to proceed a transaction, overabundance of clicking
  - renaming "Fyzická osoba" to "Physical Person" rather than using the current "Phisical Person" in ES Programme

- **AC bank should individualize the advisor-client relationship**
  - every client has an assigned personal advisor
  - a small refreshment for every client
  - Soft-skills training for the employees particularly on body language and personality types, time management and stress handling

4. Reference

**Contact Person:
AC Olomouc Branch
Manager (2013)**

Source: Author's own

ANNOTATION

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Master's Thesis Topic in English	Service Quality in Retail Banking
Master's Thesis Topic in Czech	Kvalita služeb v retailovém bankovnictví
Abstract in English:	Service Quality represents an inseparable part of any business, though, sometimes it is neglected. In today's competitive world, however, high quality of service plays the decisive role. Therefore, this work aims to introduce and apply methods to assess and measure service quality with focus on retail banking.
Key words in English:	Service Quality, SERVQUAL, Retail Banking, Customers / Clients
Abstract in Czech:	Kvalita služeb představuje nedílnou součást jakéhokoliv obchodu, i přesto je někdy zanedbávána a přehlížena. V dnešním vysoce konkurenčním světě je to ale právě kvalita služeb, která hraje rozhodující roli. Tato práce má tedy za cíl představit a aplikovat metody, které hodnotí a měří kvalitu služeb se zaměřením na retailové bankovnictví.
Key words in Czech:	Kvalita služeb, SERVQUAL, retailové bankovnictví, Zákazníci / Klienti
Attachments included in the thesis:	1 CD
Scope	98 p.
Language	English