“Young clients’ attitudes to service quality at retail banks in a developing country”

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Young clients' attitudes to service quality at retail banks in a developing country

Abstract

The aim of this paper is to investigate service quality as perceived by younger customers of retail banks in a developing country. The objectives include identifying customers' levels of satisfaction and loyalty to their banks and to identify the levels of service quality associated with such satisfaction and loyalty.

The instrument used to collect data via a survey of retail bank customers was an adaptation of the SERVQUAL questionnaire. A total of 448 students were surveyed, using a mix of systematic and quota sampling, with data being collected on university campuses. Data were analyzed using descriptive statistical techniques.

The main conclusions were that most young customers are reasonably satisfied with, and loyal to, their banks. There was little difference, on all the service quality constructs, between the different banks, and between expectations and perceptions of service quality. However, there was no evidence of any bank providing a service that delighted their customers or exceeded their expectations and so all banks are at risk from a competitor who adopts strategies to meet these goals.

The study has contributed to knowledge by focusing on attitudes to service quality of young bank customers in a developing country, an aspect that has been under-researched.

Keywords: service quality, retail banking, expectations, perceptions, customer satisfaction, loyalty, SERVQUAL, South Africa.
JEL Classification: G21, L84, M31.

Introduction

Harris (2003) maintains that to be successful in business today requires a commitment to excellence in customer service. He also makes it clear that many companies, including retail banks, talk about the importance of providing excellent customer service and yet do little to initiate its offering. In addition, Ferrell and Hartline (2005) reported that companies pay little attention to discovering customer needs and finding better ways to solve customer problems. Each year, retail banks send their staff to canvass at universities, asking students to open a student account with them. The literature does not show whether students receive what they are promised by the retail banks. The objective of this paper is to create an understanding of the attitudes of young customers towards levels of service provided by retail banks in a developing country.

1. Literature review

1.1. Retail banking and the youth in South Africa. The retail banking industry in South Africa is dominated by four banks, namely Absa, First National Bank (FNB), Standard Bank and Nedbank. All banks have basic chequeing account packages for young customers. One of the reasons why the retail banks are now specifically targeting younger people is because it is this target market who will underwrite the future of their business. According to Ernst and Young (2011), it costs retail banks as much as six times more to attract a new customer as it does to retain an existing one. Since it is not as easy to attract a customer away from another bank, it makes sense to target potential customers who have not yet opened a banking account. And once that customer is signed up, good service quality is necessary to ensure that the young customer, then, remains with the bank.

The study's focus is thus on banking for younger customers, namely those aged 18 to 26 years old, who fall within the Generation Y cohort, the phrase for people born between 1980 and 2003 (also known as Millennials) (Broadbridge et al., 2009; Hurst & Good, 2009). This group have confidence, self-reliance and passion, and want to achieve work-life balance and fast success in their jobs (Broadbridge et al., 2007; Mokhlis, 2014). However, because of the socio-economic inequalities in South African society (UNDP, 2015), South African Millennials may be different to those of Western Millennials (Dicey, 2016). Deloitte (2016) identified the opportunity for career progression as the strongest driver for South African Gen Ys. Gen Ys have been raised in a consumption-driven society and have more money at their disposal than any similar group in history (Morton, 2002). With their ambition and wealth, they are an important target market for retail banks, and thus, at this influential age, understanding their attitudes is critical. Their varying attitudes towards retail banking are important for marketers, as these attitudes can give an indication of behavioral tendencies. However, the attitude-behavior link may not al-

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ways be accurate, as there are other variables which may affect behaviour, such as which bank to choose (Sarker, Bose and Khan, 2012).

1.2. Reasons for choosing a bank. Jantan, Kamaruddin and Hoe (1998) reveal that a customer's bank selection may include size of waiting lines, bank employees' friendliness, speed of processing, parking facilities, ATM, availability of credit, and interest on savings, whereas Awan and Shahzad Bukhari (2010) found that the main reasons for customer's selection of a bank is a location convenient to home or place of business, length of bank-customers relationships, and quality of services. Factors such as size of bank's assets and availability of a large branch network also influence customers' choices (Maiyaki, 2011). Attractiveness of bank's branches and loan charges tend to be less influential. Meyer (cited in Anani, 2010) identified that retail banking customers wanted to be treated as valued customers, wanted convenient branches, were influenced by the level of fees, and that quality of services provided by retail bank drives customer contentment with the bank.

Clearly there are many factors that convince customers to remain loyal to a bank once they have made an initial commitment. Thus, understanding loyalty and the key factors influencing new, young customers is important.

1.3. Customer loyalty. Marshall (2010, p. 71) describes loyalty as "a means of maintaining or increasing a customer's patronage over the long term, thereby increasing the value of the customer to the firm", while Bose and Rao (2011, p. 545) described it as "a customer's intention to continue to carry out business with the organization of their choice by means of repeat purchasing". Van Tonder (2016) adds that due to the importance of customer loyalty in organisational prosperity, knowledge of its antecedents becomes critical to ensure that customers are maintained.

Loyal customers generate competitive advantage through on-going purchasing and word-of-mouth recommendations (Thomas, 2013). Loyalty has both behavioral and attitudinal dimensions. The behavioral repurchase consists of repeated purchase of services, while attitudinal loyalty refers to attitudinal commitment or favorable attitude toward a product resulting in repeat purchasing behavior (Auka, Bosire and Matern, 2013). Tong (2015) maintains that when customers' feelings, or attitudes, about their expressed demand or expectation have been fulfilled, customer satisfaction has been achieved.

1.4. Customer satisfaction. Harris (2007, p. 2) states that "customer satisfaction recognizes the difference between customer expectations and customer perceptions". Customer satisfaction can be improved by generating an enjoyable customer experience, whilst also helping to solve customers' problems. According to Kotler & Keller (2006), in order to improve the lifetime value of a customer, focus should be placed on customer satisfaction. Bruhn & Georgie (2006) state that customer satisfaction is the customer's appraisal of a service in terms of whether the firm is capable of providing the service that will meet the customers' desires and expectations.

Customer satisfaction measurement allows a retail bank to understand the issues that cause contentment or discontent with a service occurrence. Once a retail bank is able to understand how satisfied their customers are, and why, it can focus its time and resources more successfully. Measuring customer contentment assists the retail bank to focus on their customers, better understanding their needs (How to measure customer satisfaction, 2007).

As shown in Figure 1, satisfaction and service quality are inter-related. Satisfaction is viewed as a broader concept, whereas service quality focuses on the dimensions of services. Satisfaction is influenced by perceptions of service quality, product quality and price, as well as situational and personal factors (Zeithaml, Bitner and Gremler, 2006). To achieve customer satisfaction, all these factors need to be taken into consideration.

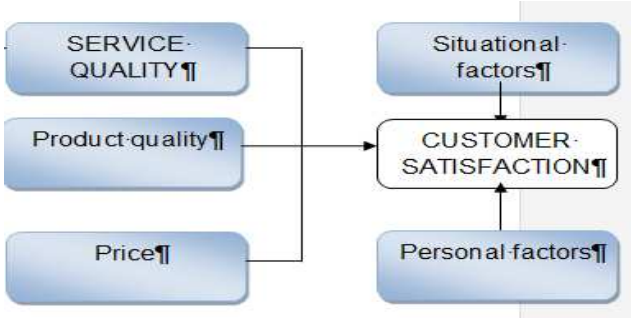

Fig. 1. Factors leading to satisfaction

Adapted from Brink and Berndt (2005, p. 60).

In this light, the importance of high-quality customer care becomes obvious. When customers consider that a retail bank has treated them poorly, they may take public actions aimed at hurting it (Tripp and Gre'goire, 2011). This emphasizes the importance of the banks' employees to customer satisfaction. Anani (2010, p. 33) stated that the linkage between the retail bank employees and the retail bank verifies the linkage of the customer to the retail bank. In other words, "unhappy employees are not likely to make a customer feel valued".

1.5. Service quality. Olaleke (2010) states that service quality is a focused evaluation that reflects the customer's perception of elements of service, such as interaction quality, physical environment quality, and outcome quality. Machado and Diggines (2012) defined service quality as a customer's evaluative judgement about the degree of superiority of service

performance. Wilson, Zeithaml, Bitner and Gremler (2013) stated that service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibles – this approach is adopted in this paper.

Clearly banks cannot compete on bank charges alone. They have to differentiate themselves and quality of customer services is a way that is difficult to imitate. Brink and Berndt (2009, p. 55) also stated that "High-quality customer service is the key to improving relationships with customers, and an enhanced relationship with one's customers can ultimately lead to greater customer retention, customer loyalty and, more importantly, profitability". Stevens (2011) states that customer service is imperative, because once customers receive superior customer service, they refer other people via word-of-mouth. High morale and efficiency of employees is reflected in happiness shown to their customers, which makes each customer feel genuinely special and valued, thereby building a long term relationship.

1.6. Service quality in retail banking. The quality of service offered by retail banks to their customers can vary enormously. There is, however, an accumulation of facts showing that quality programs can lead to real improvements in customer satisfaction, business growth and profitability.

Grace and O'Cass (2004, p. 451) and Arasli, Mehtap-Smadi and Katircioglu (2005) state that outstanding service quality leads to improved customer satisfaction, improved customer retention and a favorable overall image for the retail bank (Al-Hawari, 2006). Moreover, the provision of outstanding service quality is considered a top priority by all retail banks, as a means of responding to both customers' desires and increased competition, and establishing a competitive advantage (HowCroft, 1991).

It also improves financial performance of the retail bank in terms of interest margins, return on assets, profit per employee and capital sufficiency (Bates, Bates and Johnston, 2003). Machado and Diggines (2012) confirm that good service quality increases revenue and enhanced organizational reputation. According to Venetis and Ghauri (as cited in Möller, 2007), service quality is a technique used to entice new customers and increase market share (Stafford, 1996). Moreover, service quality is one of the most important ingredients of customers' contentment in the banking industry (Cohen, Gan, Yong and Choong, 2006). On the other hand, Ernst and Young (2011) reveal that poor service quality is the major foundation of customer attrition.

In conclusion, the outcomes of the KPMG 2009 customer satisfaction survey on banking corroborate that service delivery is the principal factor influencing customers to build a long-term relationship, and, thus, loyalty, with a bank (Lamikanra, 2009).

1.7. Measuring customer service. As highlighted above, retail banking should prioritize the provision of high quality service to its customers (Sarker et al., 2012). Wilson et al. (2013) define service quality as a comparison between the service quality the customer expects to receive and the service quality they perceive that they have received, in terms of the dimensions of reliability, assurance, responsiveness, empathy and tangibles, as illustrated in Figure 2.

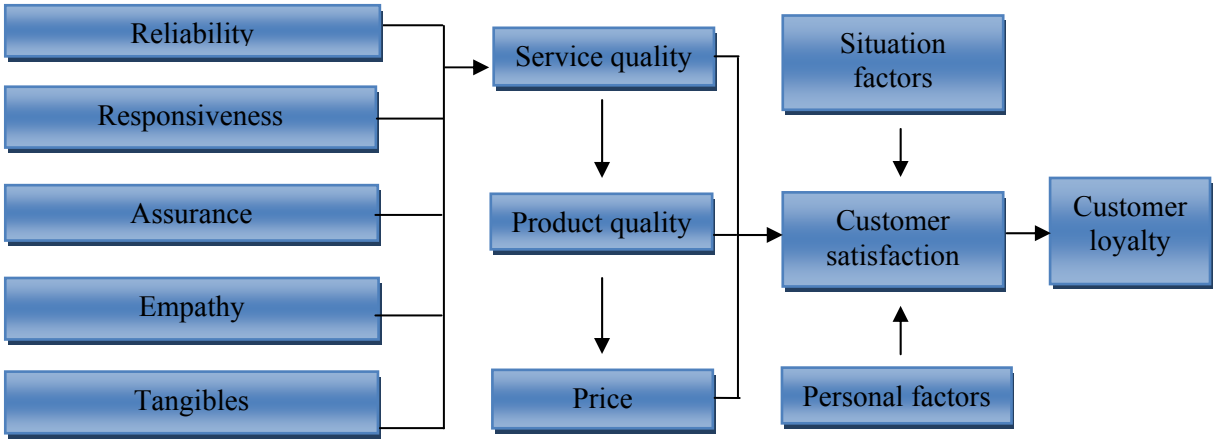

Fig. 2. Customer perceptions of superiority and customer contentment

Source: Zeithaml, Bitner and Gremler (2006, p. 107).

1.7.1. Customer expectations and perceptions of service. In general, expectations are what customers want: for example, what customers wish for, what they expect from an excellent service provider, and what they think should happen in the next service encounter (Lotz, 2009). Customers perceive service quality in terms of multiple factors rather than in a one-dimensional way (Zeithaml et al., 2006). The SERVQUAL model is probably the most accepted method of assessing service quality, measuring the 'Gap' between the expectations and perceptions of service quality in service organizations (Parasuraman, Zeithaml and Berry, 1985). SERVQAL measures service quality in terms of five dimensions.

1.7.2. The Dimensions of service quality.

Tangibility. Tangibles relate to the appearance of facilities, equipment, personnel, and communication materials (Bateson and Hoffman, 2011). Since the tangible and visual elements will be critical to efficiency, as well as to overall perceptions of the firm and the brand, service companies use tangibles to enhance their image and convey quality service to customers.

Reliability. Lovelock and Wirtz (2011) define reliability as the ability to perform dependably, accurately and consistently. Reliability is also about performing the service right the first time. This component is the most important to customers.

Responsiveness. Responsiveness reflects a service firm's commitment to provide its services in a timely manner. As such, the responsiveness dimension concerns the willingness and readiness of employees to provide a service (Bateson and Hoffman, 2011).

Assurance. Arasli, Mehtap-Smadi and Katircioglu (2005) identify assurance as an employee's knowledge, courtesy and ability to inspire trust and confidence in the customer in situations where the customer faces high level of risks or feels uncertain about their ability to evaluate the service.

Empathy. Empathy involves treating a customer as an individual; being able to experience another's feeling as one's own. It includes features such as approachability, sensitivity and an effort to understand others' needs (Zeithaml et al., 2006). It includes access at any time, honest communication and understanding of the consumer's problem.

There has been extensive support for, and use of, the SERVQUAL instrument in the field of banking. For example, as far back as the 90's, Cronin and Taylor (1996) and Cowling and Newman (1996) applied SERVQUAL to the banking sector. More recently, for example, SERVQUAL has been applied in ban-king sector research by Varadi, Mavaluri and Boppana (2006), Mesay (2012) and Ndikubwimana and Berndt (2016).

2. Research methodology

The purpose of the study was to investigate service quality at four retail banks in Durban, South Africa, with specific emphasis on service quality, satisfaction with customer service and customer loyalty. This exploratory research employed a cross-sectional, descriptive survey to collect quantitative data to measure the three constructs in a retail banking environment.

2.1 Sampling. A mix of quota and systematic sampling was used in order to achieve a degree of representativeness. The characteristics required in the sample (young customers, university campus, bank and an equal spread by gender) were ensured by sampling respondents from undergraduates on university campuses until adequate representation of each category was achieved. Based on a random starting point, interviewers selected every seventh member (both male and female) of the population that entered a campus. Once the interviewer had completed an interview, they would then select the next seventh person, in order to spread selections to avoid interviewing a group of friends (Maylor and Blackman, 2005).

According to Cavana, Delahaye and Sekaran (2001), a sample size of 384 is suitable for a population up to 1 million. Diamantopoulos and Schlegelmilch (1997) suggest a minimum sample of 20 to 50 for minor sample breakdowns. A quota matrix, as in Table 1, was developed based on these requirements and the sample characteristics (campus – 56, bank – 112, gender – 224).

Table 1. Quota sample for study

University campus	Retail banks	Female	Male	Total	University campus	Retail banks	Female	Male	Total
DUT-ML Sultan-Campus	Standard	7	7	14	UKZN-Westville Campus	Standard	7	7	14
	ABSA	7	7	14		ABSA	7	7	14
	FNB	7	7	14		FNB	7	7	14
	Nedbank	7	7	14		Nedbank	7	7	14
DUT-City Campus	Standard	7	7	14	UKZN-Howard Campus	Standard	7	7	14
	ABSA	7	7	14		ABSA	7	7	14
	FNB	7	7	14		FNB	7	7	14
	Nedbank	7	7	14		Nedbank	7	7	14
DUT-Steve Biko-Campus	Standard	7	7	14	UKZN- Edgewood Campus	Standard	7	7	14
	ABSA	7	7	14		ABSA	7	7	14
	FNB	7	7	14		FNB	7	7	14
	Nedbank	7	7	14		Nedbank	7	7	14
DUT-Ritson Campus	Standard	7	7	14	MUT-Umlazi Campus	Standard	7	7	14
	ABSA	7	7	14		ABSA	7	7	14
	FNB	7	7	14		FNB	7	7	14
	Nedbank	7	7	14		Nedbank	7	7	14
Sub-total - DUT		112	112	224	Sub-total – UKZN/MUT		112	112	224
					TOTAL		224	224	448

2.2. Data collection. A questionnaire was developped from the standard SERVQUAL questionnaire, adapted from the literature to also cater for satisfaction and loyalty measures. The questionnaire started with a brief introduction, with a Letter of Informed Consent. Thereafter, the questionnaire consisted of four sections, covering 'satisfaction', 'expectations', 'perceptions' and 'loyalty'. Prior to data collection, ethics approval

was sought and granted by the Durban University of Technology Institutional Research Ethics Committee. Data were collected on eight campuses (see Table 1) by interviewers, trained and supervised by the researchers, who questioned the respondents and collected their responses via face-to-face interceptions.

2.3. Data analysis. The collected data were analyzed with the Statistical Package for Social Sciences (SPSS) version 17.0 for Windows. A descriptive analysis of the expectations and perceptions was done as per the standard SERQUAL approach, as well as descriptive analyses of the demographic data and the responses to the satisfaction and loyalty constructs. The reliability of the scales was measured using Cronbach's coefficient alpha, with a reliability coefficient of 0.7 or higher being considered acceptable (SAS class notes, 2007).

3. Results

3.1. Sample profile. The profile of the achieved sample is presented in Table 2.

Table 2. Profile of sample

Gender	n	%	Campus	n	%
Female	181	50.4	DUT City	23	6.4
Male	177	49.3	DUT- Ritson	46	12.8
Missing	1	.3	DUT ML Sultan	51	14.2
Total	359	100.0	DUT Steve Biko	58	16.2
Years with current bank			DUT sub-total	178	49.6
	n	%	UKZN – Edgewood	50	13.9
< 1 year	83	22.6	UKZN Westville	56	15.6
1 - 3 yrs	176	47.8	UKZN – Howard	39	10.9
4 - 6 yrs	93	25.3	UKZN sub-total	145	40.4
7 - 10 yrs	13	3.5	MUT	34	9.5
> 12 yrs	3	0.8	Missing	2	.6
Total	368	100.0	Total	359	100.0
Account held with:					
Bank	n	%	Bank	n	%
Standard	131	35.6	Nedbank	78	21.2
ABSA	86	23.4	First National	73	19.8

Of the 448 questionnaires distributed, 359 were completed and returned, giving an excellent response rate of 60.1%. Table 2 indicates a reasonable spread of respondents with an almost even split by gender, and a spread across universities and campuses that is approximately representative of the population. The spread of years that a bank account has been held appears to make sense considering the population was essentially young people who are mostly likely to have opened an account quite recently. The spread of respondents across the four banks also appears to be representative of the population, with Standard, the market leader, showing the most respondents.

Considering that three quarters of the respondents had held an account for longer than a year, it can be assumed that they are reasonably knowledgeable about, and have sufficient experience of, their banks to be able to comment sensibly on the service they receive and their level of satisfaction with this service. This plus the apparent representativeness of the population gives us confidence that the sample is adequate for the needs of this study.

3.2. Reliability. In order to achieve the objectives of the study, four constructs were measured, namely customer satisfaction, service expectation, service perceptions and customer loyalty. To assess the reliability of the findings, Cronbach's coefficient alpha was calculated, with a reliability coefficient of 0.70 or higher being considered as "acceptable" (SAS class notes, 2007). The results are presented in Table 3, indicating the overall reliability of these constructs for the different sections of the study.

Table 3. Overall reliability

	Cronbach's Alpha
Customer satisfaction	.958
Service expectation	.875
Service perceptions	.926
Customer loyalty	.819
Overall	.909

3.3. Consumer behavior. To understand the attitudes of the respondents towards their banks, they were questioned with regard to reasons for selecting their specific bank, how satisfied they were with the services provided and to what extent they were loyal to their bank.

3.3.1. Bank selection factors. Some of the reasons given for why respondents chose their respective banks are given in Figure 3.

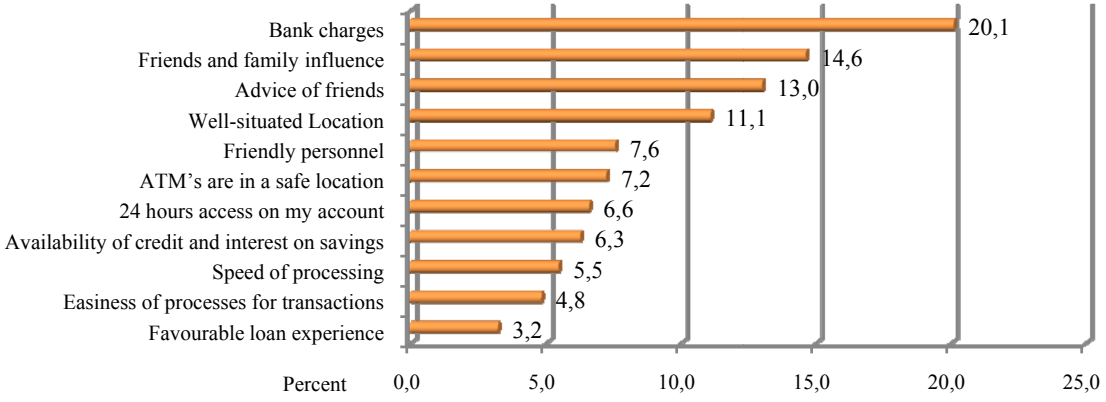

Fig. 3. Respondent determinant factors of selecting the bank

The primary single reason for choosing the bank was financial. Approximately one-fifth (20.1%) indicated that low or reasonable bank charges was the primary factor.

Family and friends (27.6%) also played an important role in choosing a bank. Only 18.2% of respondents confirm that they selected their bank because of the ATM's or the bank being well-situated. According to Figure 3, easiness of processes for transactions (4.8%), speed of processing (5.5%) and favorable loan experience (3.2%) confirmed that these three factors are not the main determinant of selecting the bank. This further shows that customer service levels do not play a direct role in selecting a bank. However, issues like 'family and friends influence' and 'friends advice' could well be the result of good quality service.

3.3.2. Customer loyalty. Customer loyalty (also known as devotion) can be influential on banks keeping their customers. As shown in the literature review, loyalty, or devotion, can be strongly influenced by the quality of customer service. Therefore, it is important to identify the critical factors of relationship banking that can influence customer devotion. Figure 4 presents a summary of the loyalty results.

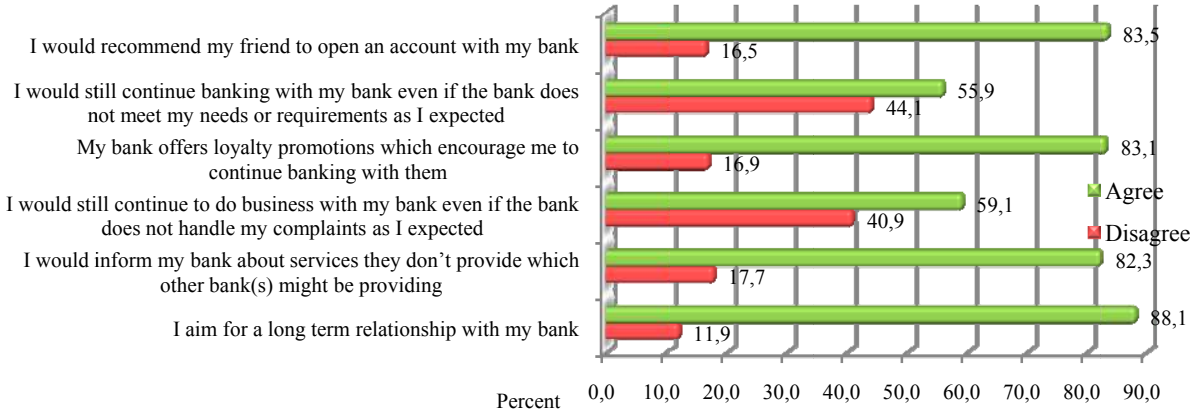

Fig. 4. Customer loyalty measures

Four of the statements show high levels of agreement (> 80%). However, the level of agreement to continue with the same bank if the respondent's requirements are not met, or if complaints are not handled well, falls to 56% and 44.1%, respectively. This supports the importance of quality customer service.

3.3.3. Customer satisfaction. The construct 'level of satisfaction' that the respondents had with their banks was measured via thirteen questions on a scale of 1 to 4, which is reflected in Table 4.

With a total weighted average of 3.09, it appears that most respondents are satisfied with their banks. This satisfaction level ranges between 2.96 and 3.2 for the four banks. With a midpoint in the scoring system of 2.5, this indicates that customers of all four banks are mostly satisfied, and that there is not much difference between the banks' levels of satisfaction. Overall, the areas of greatest weakness (less than 3, although still above the mid-point) are 'Length of time taken to get right person in your bank' (2.92), 'Effectiveness of queuing system in operation' (2.93), 'Your bank responds to problems quickly' (2.97) and 'Ability to conduct business in private' (2.99). This indicates that there might be areas where the quality of customer service could be improved so as to improve a bank's competitive situation.

Table 4. Customer satisfaction measures

	* Rating	Std	ABSA	Ned	FNB	Average
General atmosphere of your bank	**WS	137	88	81	73	379
	Mean	3.15	3.3	3.4	3.16	3.24
Availability of tellers when required	WS	133	88	80	73	374
	Mean	3.04	3.1	3.4	3.05	3.13
Attitude of staff when approached with queries	WS	137	88	79	73	377
	Mean	3.19	3.2	3.4	3.03	3.2
The ability of staff to explain bank services	WS	134	86	79	73	372
	Mean	3.24	3.1	3.3	3.03	3.19
Treat you as a valued customer	WS	135	84	77	69	365
	Mean	3.12	3.2	3.2	2.94	3.11
Being greeted with a smile when you visit your bank	WS	136	88	79	73	376
	Mean	3.08	3.2	3.4	2.99	3.14
Listen effectively to your needs	WS	136	86	77	71	370
	Mean	3.04	3.1	3.2	3	3.09

Table 4 (cont.) Customer satisfaction measures

	* Rating	Std	ABSA	Ned	FNB	Average
Tidiness and appearance of staff working area	WS	129	87	79	72	367
	Mean	3.23	3.3	3.3	3.17	3.23
Length of time taken to get right person in your bank	WS	136	86	78	72	372
	Mean	2.85	2.9	3.1	2.88	2.92
Speed of service in your bank	WS	130	88	76	70	364
	Mean	2.95	3.1	3.2	2.9	3.01
Ability to conduct business in private	WS	132	87	76	71	366
	Mean	2.94	3.1	3.2	2.8	2.99
Effectiveness of queuing system in operation	WS	133	87	79	72	371
	Mean	2.87	2.9	3.1	2.82	2.93
Your bank responds to problems quickly	WS	135	84	81	72	372
	Mean	2.98	3	3.1	2.72	2.97
WEIGHTED AVERAGE PER BANK		3.05	3.1	3.2	2.96	3.09

*Rating on scale from (1 = Poor to 4 = Excellent)/n **WS = Weighted score= Σ(Response frequency).

3.3.4. Perceptions and expectations of service quality. In order to investigate the respondents' opinions of service quality further, the SERVQUAL instrument was used to compare expectations and perceptions of the five constructs making up service quality (Zeithaml et al., 2006). The scores for each of the questions for each of the five dimensions, and the gaps between expectation and perception, are given in Table 5. It is interesting to note that eighteen of the 22 questions, and four of the five dimensions resulted in negative gaps, but these gaps are so small that it can be implied that overall the respondents' expectations were met. This implies that the banks are mostly providing a service that satisfies these younger customers.

Table 5. Expected and perceived scores per question

Dimension	Question	E	P	Gap score	Average gap
TAN1	An excellent bank must have modern-looking equipment	3.2841	3.3580	-0.07	-0.07
TAN2	Self-service machines like ATM, self-service terminal (SST) must be easily usable	3.3362	3.4159	-0.08	
TAN3	Ordinary people must be able to read and understand bank statements, and deposit slip	3.3048	3.3853	-0.08	
TAN4	All staff members must appear professionally dressed	3.3295	3.3879	-0.06	
REL5	Communicate effectively	3.3229	3.3664	-0.04	-0.03
REL6	Listen effectively to my needs	3.3517	3.3837	-0.03	
REL7	Excellent bank will insist on error free records	3.2933	3.3423	-0.05	
REL8	Employees in an excellent bank will tell customers exactly when service will be performed	3.2486	3.2784	-0.03	
REL9	When a customer has a problem, an excellent bank will show a sincere interest in solving it	3.3112	3.3174	-0.01	
RESP10	Employees in an excellent bank will tell customers exactly when services will be performed	3.3631	3.2946	0.07	-0.01
RESP11	Employees in an excellent bank will give prompt service to customers	3.2406	3.2679	-0.03	-0.01
RESP12	Employees in an excellent bank will always be willing to help customers	3.2886	3.3155	-0.03	
RESP13	The behavior of employees in an excellent bank will instil confidence in customers	3.2421	3.3015	-0.06	
ASSU14	Employees show consideration and respect	3.2870	3.3363	-0.05	-0.04
ASSU15	Employees treat all customers as a valued customer	3.2841	3.3049	-0.02	
ASSU16	Employees in an excellent bank will be consistently courteous to customers	3.2171	3.2689	-0.05	
ASSU17	Employees in an excellent bank will have knowledge to answer customers' questions	3.2507	3.2913	-0.04	
EMP18	An excellent bank will give customers individual attention	3.2951	3.2333	0.06	0.03
EMP19	Excellent bank will have operating hours convenient	3.2312	3.2356	0.00	
EMP20	An excellent bank will have employees who give customers personal attention	3.2277	3.2394	-0.01	
EMP21	Employees in an excellent bank will understand the needs of their customers	3.2155	3.1875	0.03	
EMP22	An excellent bank will offer a queuing service such as Q-entertainment service and Q-education	2.9222	2.9313	-0.01	

4. Discussion and implications

From the above findings, it can firstly be seen that service issues account for a large proportion of the reasons for choosing a bank, even though 'bank charges' is the most frequent single reason given. 'Well situated location', 'Friendly personnel', 'ATMs in a safe location', '24 hour access', 'Speed of process', 'Easiness of processes and 'Favorable loan experience' can all be seen as related to the quality of service that customers receive. These issues account for 46% of reasons, and 'Friends and family influence' and 'Advice from friends' could also be related to good service levels. Thus, it is not unreasonable to assume that quality service accounts for about half the reasons for choosing a specific bank.

As shown by the gaps between expectations about, and perceptions of, service quality, there is very little difference between what customers expect to receive in terms of service quality, and what they actually get. When looking at the findings of the 'satisfaction' measures, it can also be seen that there is little difference in satisfaction levels between the different banks.

They all scored much the same, slightly under or slightly over a 'good' score, with none scoring 'excellent', which we are sure most banks would wish for. Overall, therefore, customers can be assumed to be satisfied with their banks – this finding is supported by the overall finding of a relatively high level of loyalty by the respondents towards their banks. However, the one area of risk for banks is that over 40% of respondents would not continue to do business with their bank if it did not handle a complaint as expected or if it did not meet their expectations.

The result of these findings is that customers are quietly satisfied with their banks, but that they are not 'delighted', which is often stated as the goal of good quality service (Weinstein, Clasen, Lorenzo and Roberson, 2015). It appears as if all banks are offering much the same level of service, with none going out of their way to be exceptional and to delight customers. Customers' expectations are very rarely exceeded, which is what is required to 'delight' customers. Thus, there is a potential risk of easily losing customers to a competitor who does, in fact, outperform them by providing exceptional service, which exceeds customers' expectations, leaving them thrilled and delighted. Such a high level of satisfaction could result in the changing of loyalties, increased sharing of positive experiences through word-of-mouth and switching of banks, with the resultant gaining of market share by the 'exceptional' bank.

Considering the above scenario, it is, therefore, essential for a bank that wants to gain market share to be dissatisfied with their current service quality levels. Service strategies should be aimed not at just matching customer expectations, but at exceeding their expectations, and at the same time, performing customer services at levels higher than their competitors. Such a competitive strategy would require service quality and satisfaction levels to be significantly higher than those of their competitors.

Although most service quality gaps were slight, the gaps analysis in Table 5 does provide some guideline for such service quality improvement strategies. The most obvious area for improvement is in queueing (EMP22), which scores below 3 (good). Customers obviously dislike queuing, especially in an era of instant gratification, and when such queuing is unnecessary when doing Internet banking. Over and above the queuing issue, all aspects need to be improved, with the aim being to get the perception scores significantly above the expectation scores, i.e., gap scores of +0.5 or higher should be aimed for on all the constructs. This will mean a review and improvement of all facilities, systems and processes to improve tangibles, reliability and responsiveness, and training and development and introduction of staff motivational systems to improve reliability, responsiveness, assurance and empathy.

Some specific aspects of customer service that could be considered to ensure younger customers are 'delighted' with the service they receive are:

- Customize services to younger clients specific needs.
- Ensure staff understand the differing needs of younger customers, e.g., few younger customers pay sufficient attention to saving.
- Employees need to increase their ability to show empathy for young customers, showing that they are interested and concerned with young customers' growth, e.g., when young customers open a student account, the retail bank employee should also advise the new customer about the importance of investments and other product/services offered.
- Retail banks should ensure that their employees have the social skills needed to serve young customers, who may not yet have built loyalty to their bank, so being mistreated can easily cause a young customer to immediately switch banks.

Limitations

The main limitations of this study are geographic and demographic. Firstly, it only studied respondents in the greater Durban area and second it focused only on university students who are by definition better educated and can be expected to have different knowledge, awareness and attitudes to banking than their less educated colleagues. These limitations are not fatal, as the study was essentially exploratory and has established a benchmark for young, educated retail bank customers. Further research can build on this class of customer.

Recommendations for further research

As mentioned in Limitations, further research with a wider scope should be considered, especially broadening the study to a national base. Since this study focused only on university students, who are obviously better educated than the general population, future research should look at whether the perceived and expected service quality levels differ between more educated and less educated young customers. Future studies could also investigate service quality according to other types of young customer characteristics, e.g. rural versus urban upbringing.

Qualitative research is also recommended that will explore, in depth, service delivery and its impact on young customers at retail banks. It was noted that some of the respondents wanted to elaborate more about the service delivery they receive and, thus, greater understanding of the phenomenon could be achieved.

The study hinted that the empathy dimension may be relatively more important than reliability, responsiveness, assurance and tangibles in retail banking, which may highlight the fact that care and individual attention is the most important factor in service delivery for retail bank young customers. This should be studied further.

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