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SERVICE QUALITY INDEXING (SQI) FOR FINANCIAL INSTITUTIONS

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ABSTRACT

Service Quality Index (SQI) is a globally recognized and prestigious customer service quality measurement and indexing method used by global banks as well as other financial institutions. Bottom of Form

Service quality has become an important factor for success and recognition for the financial service providers all over the world. In order to survive in this intensively competitive sector, financial services industry needs to identify factors that ensure its long-term success by maintaining the coveted higher service level of service quality. This paper is an attempt to justify the factors those directly contribute toward attaining a higher service quality index for financial institutions.

KEYWORDS: *Service Quality Index (SQI), Financial Institutions, Relationship Marketing*

Article History

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INTRODUCTION

Service Quality Index (SQI)

With SQI, financial service providers can have a distinct marketing edge, since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention and expanded market share. Likewise, provision of high-quality services enhance customer retention rates, helps attract new customers through positive word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability. In today's financial services industry profitability levels have been compressed due to increased competition and spread reductions. Banking as well as non-banking financial service providers once relied upon products to make their profit margin in this highly regulated industry, and the customers basically were on the sidelines, but today the whole financial services industry is driven by customers who demand high level of service quality. As a part of attaining customer satisfaction with a higher SQI the financial service providers can provide its customers with the benchmark of optimum level of customized financial services at the delivery stage through their branches and sales centers.

SQI's Research Framework

Weighted average method can be applied to assess the dimensionality of the service quality index. The framework of this research will identify the integral factors of service delivery within the business context of financial services companies. The main objective of this paper is to identify and justify the importance of the nine globally recognized customer service quality factors within the value framework of financial institutions. Therefore, the research framework can look like:

Figure 1: Factor Service Quality for Financial Institutions.

Reliability

Reliability is one of the factors that can facilitate your company to develop its corporate figure which will eventually result in mounting the profit it gets from the market. Reliability can be used to measure how prompt your services delivery process is. In reality reliability refers to the promptness of delivering the requested service in an accurate way and in line with advertised attributes. Among the factors we have selected for developing the service quality index for capital management companies, reliability is considered as the most important factor that can have positive relation with customer satisfaction. Among the five SERVQUAL reliability is found to be significant predictors of customer satisfaction. Also, reliability concerns the ability with which financial service provider scan deliver the service dependably and accurately. In the financial consumer industry reliability means the aptitude to perform the promised service consistently and precisely. The major reason for customers to choose your products and services is because of the loyalty and reputation of the company.

Responsiveness

Responsiveness upholds the corporate figure of any organization and helps it stay behind the spirited market. Modern day financial service providers redefine their corporate figure to emphasize service quality as it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations thus enhancing the responsiveness. In addition to these, responsiveness also measures the level of convenience and timeliness you provide to your customers. Cheung & Lam (2013) said that responsiveness represents the enthusiasm to help customers and provide punctual service. Responsiveness refers to delivering services and dealing with problems in a timely and convenient way (Jun and Palacios, 2016). The willingness of financial service providers to assist and provide prompt services to customers is very important to their service evaluation. Customers are satisfied with the financial services provided and service personnel who understand their needs (Cheung& Lam, 2013). Also, “responsiveness is the preparedness of the service provider to assist customers and render as quick or prompt service as possible” (Mensah & Mensah, 2018).

Assurance

Another significant factor that has optimistic impact on the service quality in financial services industry is assurance. Assurance is considered to be the key factor that guarantees confidence among the customers. The statement can be backed up by a famous writer as he said, “Assurance is in connection with the knowledge and the courteous attitude of staff and their ability to instill trust and confidence on customers" (Mensah & Mensah, 2018). Also, the degree of trust and confidence that customers feel about the financial services providers greatly depends on the services quality provided by the employees of the service provider. Besides, it describes employees who make customers feel safe in their service acceptance, employees who are consistently courteous, employees who have the knowledge to answer customers' questions. Assurance is the acquaintance and politeness of employees and their ability to encourage trust and self-assurance (Cheung & Lam, 2013).

Empathy

Empathy basically refers to the facilities that are provided to individual customers to improve business efficiency and how they are being better affiliated with the actual delivery of the services within the financial industry domain. This can be supported by the statement made by Mensah & Mensah (2018), "Empathy is about the special care and attention given to individual customer when being served". Empathy is also a significant factor that upholds the financial service provider's willingness to design, develop and deliver their customer driven service and ultimately enhancing their relations with customers. It is stated that giving customers individual attention, employees who deal with customers in a caring fashion, having customers best interest at heart, employees who understand the needs of their customers (Balaji et al; 2016). It represents the individualized attention that financial service providers provide to its customers besides; employees who show understanding of customer needs and are knowledgeable to solve customer problems are success factors for the modern-day financial service providers.

Tangibles

Tangibles are basically the tangible factors (e.g. store ambience & logistical infrastructure) that help customers to have a positive or negative customer experience regarding a service store in whole and help them to make positive or negative evaluation. This above is supported by customer impressions of tangible factors in terms of physical facilities, equipment and appearance of personnel. Customers may assess the facilities and designs, sufficiency and visibility of equipment and the appearance of the employees in any organization. These aspects are important for a customer-oriented financial service provider, because there are extensive face-to-face contacts between a customer and an employee (Lau et al.; 2013). As said by Mensah & Mensah (2018), "Tangibility refers to the physical environment in which the service provider operates. It comprises physical facilities available, workers, and equipment and communication material". At present tangibles is illustrated with the help of modern looking equipment, visually appealing facilities, employees who have a neat, professional appearance, visually appealing materials associated with the service, convenient business hours etc. (Balaji et al; 2016).

Systemization of Service Delivery

Systematic and orderly arrangement of service delivery through effective standardized and simplified procedures and processes (Abdulla et al; 2011)) can play a crucial role in ensuring the quality of service delivered by the capital management companies. A successful financial organization must acquire new customers and get existing customers to continue consuming the products and services provided rather than turning to competitors (Lau et al; 2013). Akiko Ueno (2010), talks about the importance of service delivery with quality. His study found out the features that are fundamental in supporting service quality. In addition to these secondary researches found out the human resource functions like recruitment, team work etc. in maintaining service quality within a financial retail domain.

Communication

Every modern-day financial service provide rare aware of the potentials offered by modern technologies to achieve more efficient means of communication; internet and mobile app services being recent examples (Camilleni et al; 2014). It was also pointed out that face-to-face communication cannot be exclusively replaced through technological interfaces; for instance, when designing and offering service advice, discussing business needs and business cases (Camilleni et al; 2014). Communication should also be reliable, empathetic and confidentially transmitted (Abdullah et al., 2011) when a customer visits a financial service providers office or service center with the hopes and expectations of getting high quality services.

Access

Fenech (2014) said that access refers to the means through which customers can avail themselves of services provided by financial service providers. Providing access entails restraining service delivery time and making services available as conveniently as possible on a twenty-four—seven basis. Jun and Palacios (2016) extended the concept to comprise availability for help, and access to services booking and other information even when abroad. Twentieth century financial service providers aim to facilitate access to face-to-face and IT/app-based services which permit convenient delivery on a continuous basis. They also design user interfaces which are simple to use (Camilleni et al; 2014).

Security

Parasuraman et al., (1985) characterized security as the independence from peril, hazard, risk or doubt. Researches stated that this is one of the most important service-quality dimensions in financial service industry which continuously upgrades their system supports to protect consumer databases and other operational features, and this is particularly important when considering that cyber-crimein the consumer level has become more prevalent (Camilleni et al; 2014). Participants suggested that there is a trade-off between quick service and enhanced security; professional service givers challenge is to increase physical security as well as virtual security without compromising convenience (Camilleni et al; 2014).

CONCLUSIONS

The ideas of the variables influencing the service quality in the financial management industry has properly centered around the client side, anyway capital management organizations need to figure out what activities it needs to attempt to guarantee that it conveys higher service quality. While the ongoing worldwide monetary emergency will have critical ramifications on the homegrown budgetary scene, each financial foundation should have the option to plan separated systems to adequately react to these powers in a key way. Hence, the capacity to definitely evaluate the quality of the delivered services is vital to progress.

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