



EXPECTANCY DISCONFIRMATION OF CUSTOMERS TOWARDS THE SERVICES RENDERED BY COMMERCIAL BANKS IN BANGLADESH: A STUDY ON SELECTED BANKS

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ABSTRACT

Commercial banks are financial intermediary which provide different types of services to their customers. In business to business situations when large accounts are involved customer-oriented research is highly effective as it involves eliciting the expectations of the client at a specified time of the year and then following up later to determine whether the expectations were fulfilled. The aim of the study is to explore the disconfirmation of customers towards services provided by banks. Quota sampling method has been used in selecting four commercial banks. Convenience sampling method has been used in selecting fifty respondents from each of the bank. Nine (9) point-SERVQUAL scale has been used which has 5 dimensions. By summing the scores of individual perception items, aggregate score of each dimension as well as average score has been developed. Disconfirmation is determined as the difference between perceived level score and minimally acceptable service level. The study finds that all the four banks shows slightly positive disconfirmation in reliability dimension. The most responsive bank is Prime Bank Ltd. while negative disconfirmation is shown at State Bank of India in responsiveness dimension. Scores of perceived service level of each bank in assurance dimension is much more than minimum acceptable score. The study also finds that although Social Islamic Bank Ltd. customers' perception about empathy is negative, other bank's case is somewhat tolerable. The appearances of physical facilities of all the sampled banks are more than expected level of customers.

Keywords: Disconfirmation, expectation, perception, servqual

INTRODUCTION

Expectation Disconfirmation Theory (EDT) is a prominent theory from marketing that can predict and explain consumers' satisfaction with products or services (Patterson *et al.* 1997). EDT has been used to explain users' information technology satisfaction (Bhattacharjee and Premkumar 2004). The theory proposes that users first form expectations or belief probabilities of attribute occurrence. They then form post-usage perceptions about performance and a comparison between initial expectations and performance known as disconfirmation of expectations (Bhattacharjee and Premkumar 2004; Spreng and Page 2003). A positive disconfirmation means performance was better than expected, and a negative disconfirmation means performance was worse than expected. According to EDT, the better performance is, or the more positive the disconfirmation, the greater the satisfaction (Yi 1990). The main objective of the study is to explore the disconfirmation of customers towards services provided by banks. Beside the main objective the study also measure the importance level of each service dimension of Servqual; to determine the score of perceived service level as well as gap between minimally acceptable and perceived

service level at each service dimension; to determine the weighted average gap at each service dimension.

MATERIALS AND METHODS

This study was basically descriptive in nature. Quota sampling method was used in selecting commercial banks. Private commercial banks operating in Bangladesh are divided into three strata: a) conventional private commercial banks b) Islamic private commercial banks and c) foreign banks. Two banks were selected from conventional private commercial bank strata, one bank from each of the other two strata. The selected banks were Eastern Bank Ltd. (EBL), Prime Bank Ltd. (PBL), Social Islami Bank Ltd. (SIBL) and State Bank of India (SBI). 250 customers from four commercial banks were selected by using convenience sampling method. Primary data were collected through conducting intercept interview, questionnaire survey and conversation with the officials of commercial banks. Nine (9) point-SERVQUAL scale was used. It contains 21 perception items in five dimensions (Tangibles, Reliability, Responsiveness, Assurance, and Empathy). Middle point (5) was considered as minimally acceptable service level score. By summing the scores of individual perception items,

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aggregate score of each dimension was developed. Then average score was determined. Aggregate scores of 5 dimensions were summed to obtain grand total score. To develop weighted average score, the score of each dimension was multiplied by the corresponding weight of the dimension and then summed. Gap and weighted average gap was determined by taking the difference between perceived score and minimally acceptable score.

RESULTS AND DISCUSSION

The major objective of the study is to find out the

customers expectancy disconfirmation towards services of banks.

To find out the customer expectancy disconfirmation first need to find out whether the services of bank are able to meet minimum acceptable level of customers. To determine the customer position they were provided the questionnaire. Each attributes were given points by the customers and these are used to take the mean of attributes and compare this with minimum acceptable level to find out the gap. The average perceived scores are given in the following tables.

Table 1. Scores of Perceived Service Level of Five Service Quality Dimensions

Reliability <i>Factors</i>	Scores of Perceived Service Level			
	<i>EBL</i>	<i>PBL</i>	<i>SBI</i>	<i>SIBL</i>
Act according to promises	6.2	7.16	8.30	7.10
Sincere interest in problem solving	6.7	6.60	5.00	7.36
Performs the service right the first time	6.06	7.02	4.76	6.24
Insists on error free records	6.78	6.92	6.00	6.72
Aggregate	25.74	27.7	24.06	27.42
Average	6.44	6.93	6.015	6.85
Responsiveness				
Informs exactly when service will provide	6.56	7.12	5.20	6.4
Gives prompt service	7.12	6.88	5.40	6.58
Employees are always willing to help	6.7	7.12	5.04	6.58
Never too busy to respond customer requests	5.84	6.82	4.12	6.72
Aggregate	26.22	27.94	19.76	26.28
Average	6.56	6.99	4.94	6.57
Assurance				
Employees behavior instill confidence in customers	6.82	6.50	5.80	6.20
Customers feel safe in transaction	7.14	7.06	8.40	7.50
Consistent courtesy of employees	5.64	7.10	6.30	7.50
Employee’s have the knowledge to answer the	7.04	6.52	7.50	7.36
Aggregate	26.64	27.18	28	28.56
Average	6.67	6.80	7.00	7.14
Empathy				
Gives customers individual attention	6.42	5.52	6.20	4.80
Has convenient operating hours for customers	5.36	5.50	5.10	4.5
Product designed to meet personal financial need	4.8	4.66	6.35	5.16
Has best interest of customers at heart	4.78	4.66	4.46	5.22
Employees understand specific need of customers	5.7	4.68	5.38	4.52
Aggregate	27.06	25.02	27.49	24.2
Average	5.41	5.004	5.498	4.84
Tangibles				
Modern looking equipment	7.36	6.18	5.30	6.54
Visually appealing physical facilities	7.41	5.90	5.90	6.98
Neat appearance of employees	6.38	7.36	7.90	7.70
Appealing appearance of materials	6.42	5.02	7.78	7.82
Aggregate	27.57	24.46	26.88	29.04
Average	6.90	4.89	6.72	7.26

Source: Field survey-2015

Table 2. Disconfirmation with minimally acceptable service level (Gap Analysis)

Reliability Factors	Gap			
	EBL	PBL	SBI	SIBL
Act according to promises	1.2	2.16	3.30	2.10
Sincere interest in problem solving	1.7	1.60	0.00	2.36
Performs the service right the first time	1.06	2.02	(0.24)	1.24
Insists on error free records	1.78	1.92	1.00	1.72
Aggregate	5.74	7.7	4.06	7.42
Average	1.44	1.93	1.015	1.85
Responsiveness				
Informs exactly when service will provide	1.56	2.12	0.20	1.4
Gives prompt service	2.12	1.88	0.40	1.58
Employees are always willing to help	1.7	2.12	0.04	1.58
Never too busy to respond customer requests	0.84	1.82	(0.88)	1.72
Aggregate	6.22	7.94	(.24)	6.28
Average	1.56	1.99	(0.06)	1.57
Assurance				
Employees behavior instill confidence in customers	1.82	1.50	0.80	1.20
Customers feel safe in transaction	2.14	2.06	3.40	2.50
Consistent courtesy of employees	0.64	2.10	1.30	2.50
Employee's have the knowledge to answer the customers	2.04	1.52	2.50	2.36
Aggregate	6.64	7.18	8.00	8.56
Average	1.67	1.80	2.00	2.14
Empathy				
Gives customers individual attention	1.42	.52	1.20	(0.2)
Has convenient operating hours for customers	0.36	.50	0.10	(0.5)
Product designed to meet personal financial need	(0.20)	(.34)	1.35	0.16
Has best interest of customers at heart	(0.22)	(.34)	(0.54)	0.22
Employees understand specific need of customers	0.70	(.32)	0.38	(0.48)
Aggregate	2.06	.02	2.49	(.80)
Average	0.41	.004	0.498	(0.16)
Tangibles				
Modern looking equipment	2.36	1.18	0.30	1.54
Visually appealing physical facilities	2.41	.90	0.90	1.98
Neat appearance of employees	1.38	2.36	2.90	2.70
Appealing appearance of materials	1.42	.02	2.78	2.82
Aggregate	7.57	4.46	6.88	9.04
Average	1.90	1.12	1.72	2.26

Note: Minimally acceptable score is 5 in 9-point scale. Above scores are derived by deducting 5 from scores of table 1. Scores within parenthesis indicates negative figure.

Weighted average score of minimally acceptable service level and perceived service level:

Table 3 shows weights (in %) which have been assigned to different dimensions of servqual by the customers of different banks according to their level of importance. Minimally acceptable score of each question on any dimension is 5 in a 9-point scale. Weighted average score of minimally acceptable service level based on weights of table- 3 are shown in table- 4. Weighted average score of perceived service level based on weights of table 3 are shown in table 5.

Table 3.Weights of dimensions

Banks/Dimensions	Reliability	Responsiveness	Assurance	Empathy	Tangibles	Total
Eastern Bank Ltd.	23	26	20	16	15	100
Prime Bank Ltd.	22	22	21	16	19	100
Social Islami Bank Ltd.	35	18	20	15	12	100
State Bank of India	33	27	17	13	10	100

Source: Field survey-2015

Table 4. Weighted average score of minimally acceptable service level

Dimensions	EBL Calculation	PBL Calculation	SIBL Calculation	SBI Calculation
Reliability	$5 \times 4 \times 0.23 = 4.6$	$5 \times 4 \times .22 = 4.4$	$5 \times 4 \times .35 = 7$	$5 \times 4 \times .33 = 6.6$
Responsiveness	$5 \times 4 \times 0.26 = 5.2$	$5 \times 4 \times .22 = 4.4$	$5 \times 4 \times .18 = 3.6$	$5 \times 4 \times .27 = 5.4$
Assurance	$5 \times 4 \times 0.20 = 4.0$	$5 \times 4 \times .21 = 4.2$	$5 \times 4 \times .20 = 4$	$5 \times 4 \times .17 = 3.4$
Empathy	$5 \times 5 \times 0.16 = 4.0$	$5 \times 5 \times .16 = 4$	$5 \times 5 \times .15 = 3.75$	$5 \times 5 \times .13 = 3.25$
Tangibles	$5 \times 4 \times 0.15 = 3.0$	$5 \times 4 \times .19 = 3.8$	$5 \times 4 \times .12 = 2.4$	$5 \times 4 \times .10 = 2$
Weighted average	20.8	20.8	20.75	20.65

Source: Derived from table 3, Note: Minimum score (5) is multiplied by no. of questions in each dimension.

Table 5. Weighted average score of perceived service level

Dimensions	EBL Calculation	PBL Calculation	SIBL Calculation	SBI Calculation
Reliability	$25.74 \times 0.23 = 5.92$	$27.7 \times .22 = 6.09$	$27.42 \times .35 = 9.56$	$24.06 \times .33 = 7.94$
Responsiveness	$26.22 \times 0.26 = 6.82$	$27.94 \times .22 = 6.15$	$26.28 \times .18 = 4.73$	$19.76 \times .27 = 5.33$
Assurance	$26.64 \times 0.20 = 5.33$	$27.18 \times .21 = 5.71$	$28.56 \times .20 = 5.71$	$28 \times .17 = 4.76$
Empathy	$27.06 \times 0.16 = 4.33$	$25.02 \times .16 = 4$	$24.2 \times .15 = 3.63$	$27.49 \times .13 = 3.57$
Tangibles	$27.57 \times 0.15 = 4.13$	$24.46 \times .19 = 4.65$	$29.04 \times .12 = 3.48$	$26.88 \times .10 = 2.69$
Weighted average score	26.53	26.6	27.11	24.29

Source: Derived from table 1 and 3

Table 6. Weighted average gap

Banks\Dimensions	Reliability	Responsiveness	Assurance	Empathy	Tangibles	Total
Eastern Bank Ltd.						
Perceived level	5.92	6.82	5.33	4.33	4.13	26.53
Minimum Acceptable level	4.6	5.2	4	4	3	20.8
Gap(P-M)	1.32	1.62	1.33	.33	1.13	5.73
Prime Bank Ltd.						
Perceived level	6.09	6.15	5.71	4	4.65	26.6
Minimum Acceptable level	4.4	4.4	4.2	4	3.8	20.8
Gap(P-M)	1.69	1.75	1.51	0	.85	5.8
Social Islami Bank Ltd.						
Perceived level	9.56	4.73	5.71	3.63	3.48	27.11
Minimum Acceptable level	7	3.6	4	3.75	2.4	20.75
Gap(P-M)	2.56	1.13	1.71	(.12)	1.08	6.36
State Bank of India						
Perceived level	7.94	5.33	4.76	3.57	2.69	24.29
Minimum Acceptable level	6.6	5.4	3.4	3.25	2	20.65
Gap(P-M)	1.34	(.07)	1.36	.32	.69	3.64
Average Gap	1.73	1.16	1.48	.13	.94	5.44

Source: Derived from table 4 and table 5, Note: P-M means Perceived score – Minimum score

From the Table 6, it is seen that all 5 dimensions show positive disconfirmation. Weighted average gap including all dimensions and all sampled bank is 5.44 which indicates moderate positive disconfirmation. Dimension where most

improvement is much needed is empathy because it shows gap score of only 0.13 which is very low. Table- 6 also indicates that the dimension where least improvement is needed is reliability. Sampled banks score well in assurance dimension also but

service quality should be improved on tangible dimension. The most important dimension to the customer is responsiveness and least important dimension is tangibles. Sampled bank's services are in a position, where it can meet the minimum acceptable level of its customers. The gap between minimally acceptable service level and perceived level is positive. That means banks meet the minimum expectation of all its customers and have greater chance to delight the customers by providing better service. But in SBI among five attributes responsiveness has negative disconfirmation but all other dimensions have positive disconfirmation. Positive gap is very narrow in tangible and empathy dimension.

CONCLUSION

A country's economic area largely is captured by banking service. Bank's activities are conducted for betterment of customers wants. All above bank wants to satisfy their customers' needs. If banking service activities can be more automated and updated procedurally, customer service will be more prompt and fast. This study tries to figure out most of the indicators of problems and strengths of sampled banks in the competitive banking sector of Bangladesh. A severe cut throat competition is going on currently in this sector and that's why banks have to work out with different dimensions of customers' satisfaction and customers' expectancy disconfirmation towards banking services by eliminating the negative gaps and enhancing positive gaps between customers perceived quality of the banking services and their expected quality of banking services. As the number of banks are increases so does the competition. People are now-a-days more concern about receiving diversified services from banks. A bank has only one way to attract customer that is to satisfy customer according to their desire through creating positive gaps. Several important aspects have come out from this study which the bank must handle with great care.

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