

CUSTOMER PERCEPTIONS OF PRIVATE BANKING PRODUCTS AND SERVICES IN A SOUTH AFRICAN BANK

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Abstract

The purpose of the study is to determine customers' perceptions of the quality of private banking products and services offered by X Private Bank (BPB). Private banking clients have attained a certain level of wealth along with definitive, uncompromising perceptions of service quality. The private banking clients under study are retail banking customers at Bank X. The decline in retail banking customers at Bank X has prompted the need to determine these private banking customers' perceptions of service quality. Customer attrition suggests that customers may hold specific negative perceptions of the service quality of the institution. The quantitative research method was used in this study. Quantitative data was collected that provides valid and reliable statistical analysis to prove or disapprove the set propositions. The adapted SERVQUAL instrument was used to conduct face-to-face interviews to gather insights into customers' perceptions. The study found that BPB clients hold positive perceptions of the quality of private banking services. The customers provided positive feedback on the number of dimensions of the SERVQUAL instrument, with the exception of responsiveness and empathy.

Key words: *Customer perceptions; service quality; customer value and customer satisfaction.*

Introduction

Hakim and Maamari (2017) concurred with Chea and Lou (2008) that outstanding service is considered to be a strategy for making profits in itself, since it brings in more customers, repeat business with current customers, fewer lost to competition, high resistance to price competition, and an improved learning curve of performing services, reflecting "happy" customers. Consequently, customers develop expectations that drive their perceptions of the quality of

products and services offered by banking institutions. Therefore, the assessment of customer perceptions prepares organisations to respond swiftly to customers' needs and to anticipate changes in their behaviour, thereby contributing to the development of key strategic success factors.

Fierce competition among private banks is always created as they jostle to obtain funds from third parties and consequently challenges the banking industry to maintain their customers' loyalty. (Hussein & Haspari, 2015). These authors maintained that service quality has been recognized as an important factor in maintaining loyal customers. In reality, service quality represents one of the main issues that determine the competitive environment scale due to the direct influence on customer satisfaction (Alafeshat & Alola, 2018).

Banks' customers pay for the banking services provided by their banks, and the value that customers extract from their purchases is the quality of service provided by the banking institution. Bank X Private Bank (BPB) faces stiff competition from its rival banks. Since 2014, BankX had been reporting an alarming loss of customers from their retail banking business unit that comprised customers from the bank's private banking division. Such loss suggested that customers could potentially have negative perceptions of the service quality provided at BPB. Currently, banking sector is threatening loss of jobs and Bank X is no exception. Hence the motivation of this study. According to Harshita (2015), banking products are also currently undergoing major changes due to extensive use of technology and changing demands of the customers.

Literature review

The literature review examines the concepts of customer perceptions together with customer expectations, customer satisfaction, customer service, private banking and service quality. Rouholamini and Venkatesh (2011) argue that customers' perception of service quality, influenced by their expectations, determines their satisfaction and ultimately organisations' customer retention and attrition in a fiercely competitive market environment. A link is therefore established between customers' perceptions and the concepts of customer expectation, customer satisfaction, customer service and service quality. There is therefore a need to discuss how the concept of customer perceptions functions in relation to the other aforementioned concepts.

Customer perceptions

Customer perceptions can be defined as the attitudes that customers form based on their judgement of the superiority of the service quality (Grigoroudis et al., 2002). The perception of service quality is a mere comparison of the expected and delivered service quality (Grigoroudis et al., 2002).

Customer perceptions of service quality are critical to customer retention or attrition because a customer who holds positive perceptions of an organisation's service quality is likely to remain a customer and promote that organisation through word of mouth (Zeithaml, Rust, & Lemon, 2001). Adverse perceptions of service quality are informed by customers' expectations that have not been met or exceeded, which equates to a lack of customer satisfaction and subsequent attrition (Siddiqui & Sharma, 2010).

The recorded loss of customers at BPB, published in company annual reports, suggests that BPB customers might hold negative perceptions of service quality. Indeed, Zeithaml et al. (2001) argue that attraction and retention of private banking customers should result from customers' perception that their expectations of the bank's service quality have been met. The assessment of customers' perceptions thus enables BPB to take remedial action, align service delivery with customers' expectations to improve customers' perceptions, and subsequently stem the loss of customers. Grigoroudis et al. (2002) argue that the key differentiator between service quality and customers' satisfaction is that service quality relates to the managerial delivery of the service, while satisfaction reflects customers' expectations of that service. Customer satisfaction occurs when customers' perception of the service meets their expectation. Thus expectation and positive perception of service quality are both crucial to customer satisfaction.

Customer satisfaction and centrality

According to Pattanayaka, Koilakuntla and Punyatoya (2017), customer satisfaction is considered a vital factor for organisational success. Customer satisfaction is achieved by organisations when customer centrality is central to the provision of customer service. There is a positive correlation between customer satisfaction and customer centrality through an organisational philosophy of excellent customer service that exceeds customer expectations (Gebauer, Anders & Witell, 2011). Customers' satisfaction relates to the successful delivery of excellent customer service (Clemes, et al., 2011); it centres on the value generated for the customer, thereby creating customer centrality.

Customer service and competitive advantage

Customer service is defined as the activities, processes and interactions with customers undertaken by an organisation to meet the expectations of customers, thereby forming customer perceptions (Rouholamini & Venkatesh, 2011). The propensity of the customer to switch to another organisation, and the retention of any customer, is dependent on the service quality difference that is provided by the organisation. Anderson et al. (2006) have determined that the service quality

relative difference is the difference of the service provided by the organisation compared to the next best alternative service as perceived by the customer. The competitive advantage of any organisation is dependent on the quality of customer service, and the competitiveness of any organisation in the 21st century is determined by its ability to deliver superior customer service. The ability to gain competitive advantages could result from an enhancement of the quality of the service offering with the intention of exceeding the desired service level (Ananth et al., 2011).

Private banking

Private banking is a division of retail banking within financial institutions that provides banking services for a niche market of individuals with determined earnings levels. Private banking offers wealth management services exclusively to high net worth individuals (HNWIs) who have attained a certain level of earnings and wealth (Hens & Bachmann, 2011). Private banks provide financial services to banking customers and are therefore seen as services companies. The banking industry uses the words banking ‘products’ and ‘services’ interchangeably to refer to all of their financial services. The definition of banking products and services is therefore critical to this study.

Private banking products and services

Edvardsson, Gustafsson and Roos (2005) define services as activities, deeds or processes, and interactions with customers to create valuable offerings. Service is considered a process of performance rather than an object; therefore, a service is not something tangible that can be seen, touched, tasted and physically felt (Edvardsson, et al., 2005; Lovelock, 1991). Products, on the other hand, are tangible objects, and tangibility is thus the critical distinction between products and services. However, Edvardsson et al. (2005) challenge this distinction, based on tangibility, between products and services, arguing that it is not important to distinguish between products and services because customers are buying an offering, not merely a service, which may include both goods and services.

Nonetheless Zeithaml et al. (1993) list tangibility as one of the quality dimensions of service because of the use of tangibles to provide services such as equipment, buildings and physical items. Branches have buildings, equipment and people that provide financial services, and all of these are classified as tangible because they can be seen, touched and felt.

As stated above, the terms ‘banking products’ and ‘banking services’ are used interchangeably to mean private banking services. Table 1 lists a non-exhaustive list of banking products and services

to demonstrate the distinction made by the banking industry. This is drawn from the author’s knowledge from working in BPB.

Table 1: Banking products and services

Products		Services	
✓	Home loans	✓	Account opening
✓	Vehicle Finance	✓	Account enquiries
✓	Personal Loans	✓	Balance enquiry
✓	Investment accounts	✓	Withdrawals
✓	Savings Accounts	✓	Deposits
✓	Share trading accounts	✓	Mobile Banking
		✓	Telephone Banking
		✓	Digital Banking
		✓	Branch transactions
		✓	Customer queries

It must however be acknowledged that in view of several developments since the 1990s, the entire banking products structure has undergone a major change. As a result of economic reforms, banking industry is totally deregulated and made competitive (Harshita, 2015). The same autor further explained that that was all due to more discriminating nature of of the users of banking services and that existing products need to be delivered in an innovative and cost-effective way by taking full advantage of emerging technologies.

BPB

BPB is a division of BankX, which offers banking and financial solutions to HNWI’s and their families. HNWI’s are a category of individuals who earn above a gross income of R750 000 per annum. BPB provides these individuals with services ranging across banking, finance and investments solutions. BPB customers have been switching to competitor banks, evident in BPB’s loss of customers. This loss has been attributed to customers’ perceptions of BPB products and services not meeting their expectations. Customer attrition suggests that BPB is failing to

determine its customers' perceptions that would, in turn, influence the banks offerings of products and services.

Service quality

Service quality is defined as customers' perceived quality of service, which means that it is defined by customers' judgements or attitudes about a service (Culiberg & Rojsek, 2010). Hanzaee and Salehi (2011) advance the notion that service quality is a multidimensional concept involving customers' views of the nature of service quality and its drivers. Service quality should always be seen from the customer's point of view and the determination of customer expectations is fundamental to meet customer service quality expectations (Abedniya et al., 2011). Yavas et al. (2004) characterise service quality as an antecedent of satisfaction, and customer satisfaction as an outcome of service quality.

Service quality dimensions

Parasuraman et al. (2002) have created a scientific tool to measure service quality formally called SERVQUAL, which measures the gap between customers' perceptions of the service transaction and their expectations of how the service transaction should have been performed.

The SERVQUAL tool identifies five dimensions of service quality that are used extensively in marketing and customer relations management (Parasuraman et al., 2002). These dimensions are as follows:

Tangibility

Tangibility relates to the physical facilities, equipment and appearances that enable the servicing of customers and their association with such physical facilities, equipment and appearances (Parasuraman et al., 2002). Private banking suites, for example, reflect, among other things, the service culture, brand and image of the bank, creating the impression of its ability to offer convenience and support to clients, a perception important in forming client relationships and thus providing quality customer service (Coetzee, 2009). Figure 1 represents the findings of Liao and Hsieh (2011) who have identified how customers strongly associate brand image with service quality and how this association affects customer satisfaction and loyalty.

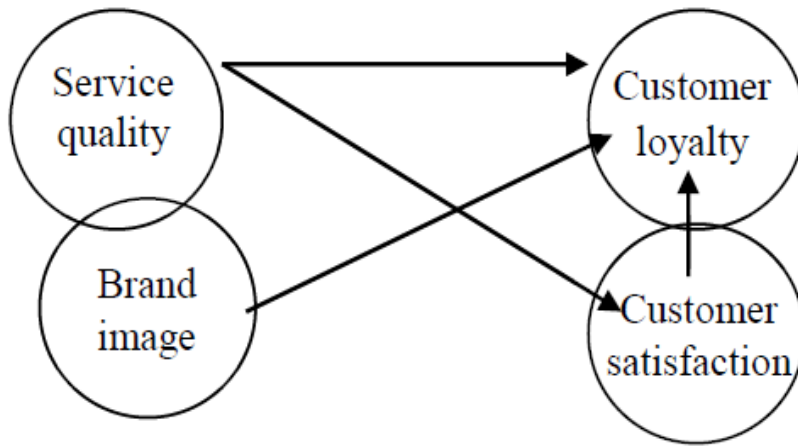


Figure 1: The linear structural relationship model

Source: Adapted from Liao and Hsieh (2011:507).

Proposition 1: The majority of BPB customers do not hold positive perceptions of the tangible infrastructure used to provide services.

Reliability

Reliability is the capacity to deliver the pledged service at the expected level of service quality (Parasuraman, et al., 2002). The private bank's ability to meet the needs of customers and, moreover, to provide an exceptional service that delights customers, as depicted by Figure 1, would fall into this category. *Proposition 2: The majority of private banking customers of BPB do not hold positive perceptions of the degree or reliability of service at BPB.*

Responsiveness

Responsiveness is the willingness of employees and promptness of the customer service that they provide (Parasuraman, et al., 2002). The speed at which the service is provided and the attitude of employees in providing such service is a critical dimension of the quality of service.

Private banking services are providing a prompt service with a helpful attitude that delights customers. Private bank employees that are well mannered, communicate with a friendly attitude, and revert to customers timely with precise responses to their requests, show good traits of responsiveness (Bick et al., 2010).

Assurance

The skills and knowledge of employees reflect the level of their competence in providing customer services, and the efficient use of these competencies in providing customer service ensures assurance (Parasuraman et al., 2002). Customers want to engage with employees who are polite and friendly, knowledgeable and well informed, and who know the customer, all of which

contributes to service quality, customer loyalty and customer satisfaction. Private banking employees should therefore use their expertise to tailor-make products and services to suit customers and their needs. *Proposition 3: Private banking customers of BPB do not hold positive perceptions of the level of assurance of the services provided by BPB.*

Empathy

Empathy is the due care shown by the organisation and its employees in providing services to customers (Parasuraman et al., 2002). The waiting times of customers at private banking suites or on the phone, for example, before they are ushered into the service process, should be considered by the organisation, as well as the clarity, relevance and implied care of the information provided (Grigoroudis et al., 2002). *Proposition 4: The majority of BPB customers do not hold positive perceptions of the empathy of BPB staff members towards the needs of customers.*

The above five dimensions used in the study to determine customer perceptions of the quality of service of BPB private banking products and services identify shortfalls and measure the level of customer satisfaction. The research study ultimately postulates, however, that the customers at BPB hold positive perceptions of the five dimensions of customer service quality.

Customer satisfaction strategies

Customer satisfaction strategies focus on customers' needs and contribute to the creation of a customer-centric private bank. Customers' satisfaction is attained when the products and services of the private bank meet or exceed customers' expectations. Figure 2.3 portrays the model for service that shows the necessity of matching the customer's needs through the strategic design of customer products and services (Tsai, Hsu & Lin, 2011).

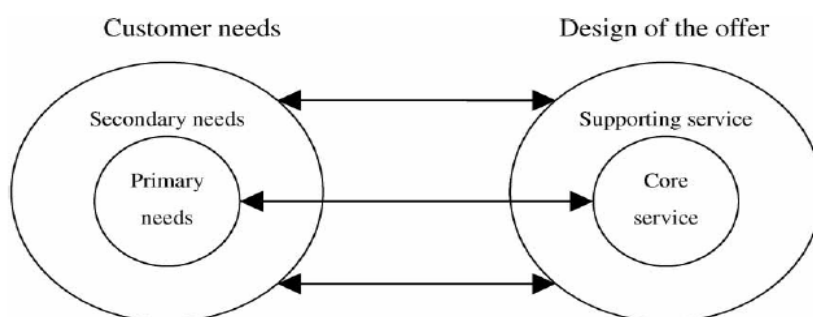


Figure 2: Model of the service concept

Source: Adapted from Tsai et al. (2011:216).

Customer satisfaction strategy aligns the provision of products and services with meeting and exceeding customers' needs in order to better position the bank's offerings relative to its

competitors (Fader, 2012; Akdag & Zineldin, 2011). Klimontowicz (2014) argues that customer satisfaction strategies need to deal with the most important customer need attributes: price, service quality, service personalisation, and brand integrity. Understanding the most important customer needs attributes through gauging customers' perceptions of service quality enables the creation of customer satisfaction strategies.

Research methodology

This research followed a positivist research paradigm, thereby employing a quantitative research method. The gathering of quantitative data on the perceptions of BPB customers thus formed the basis of this research study. Data was collected using an adapted SERVQUAL as the research instrument. A quantitative method was employed by which empirical data was collected through a survey of BPB customers' perceptions of the quality of BPB's products and services. The study used a structured survey questionnaire to collect the data on customers' perceptions.

Research design

The research design included the detailing of the central propositions, questions that the study intended to answer, the unit of analysis, and the procedure to collect and analyse data. The research design for this study was thus the central plan detailing the methods and procedures for the collection and analysis of customers' perceptions of service quality. The primary objective of the study was to determine BPB's customer perceptions of service quality. The determination of customers' perceptions was determined using the five dimensions of SERVQUAL.

Research Instrument

In their research, Parasuraman et al. (2002) found that customers consider five dimensions in their assessment of service and thus developed SERVQUAL to determine customers' perceptions and expectations by using these five dimensions: tangibility, reliability, responsiveness, assurance and empathy. The five SERVQUAL dimensions were relevant to the research measuring customer perceptions of service quality in financial services. Customers were requested to rate the quality of private banking services that they experienced at BPB. Their responses were on a five-point Likert scale, enabling them to rate their perception of service quality on the scales of one for strongly disagree, two for moderately disagree, three for neutral, four for moderately agree and five for strongly agree.

Population and Sampling

The population used in this study was the BPB private banking customers in Johannesburg. The questionnaire was administered to 207 respondents through face-to-face interviews with BPB private banking clients at BPB private banking suites in Johannesburg. Johannesburg is the richest city in Africa and private banking customers in the city are therefore among the most affluent; consequently, they may hold particular perceptions of private banking services. The population size was considered in the determination of the sample size and a well-distributed population response rate. The target sample size of 180 was determined by the number of questions of 36 multiplied by the rating scale of five. The survey collected data from 207 respondents, which was 27 higher than the target. The nature of the research of approaching customers to ask for their perceptions of service quality equates to random sampling. Each respondent in this survey was chosen randomly and entirely by chance.

Data collection

The data was gathered through face-to-face interviews with private banking customers of BPB who were approached at private banking suites in Johannesburg. The survey questionnaire used to conduct the interviews with BPB clients was adapted from SERVQUAL. This format is intrusive; therefore, non-cooperation was experienced in some instances. No clients were forced to participate in the survey. The interviews took place during working hours, which introduced bias because the survey could not reach those who were at work at the time and dates of the interviews.

Research findings

The research findings report on private banking clients' perceptions of service quality based on the data collected. The study data was analysed through multiple steps of validity and proposition testing. The demographic information and service dimensions data allowed for analysis of the groupings of service quality perceptions. Proposition testing and analysis of the service quality perceptions data was conducted to arrive at the research findings. The study findings reflect customers' perceptions of the service quality dimensions of private banking.

Descriptive statistics

The analysis of the demographic profile of the respondents who participated in the survey is presented in groups according to gender, age and employment status. The employment results represented the divide between employed and self-employed respondents in the survey. Employed clients were customers who earned a salary from employment and self-employed clients were those who received income from their own businesses. The employment results revealed that the

sample of 207 comprised 190 (91.8 percent) employed and 17 (8.2 percent) self-employed respondents. The sample suggests that the majority of private banking customers are employed individuals. The study proposed in Proposition 1 that the majority of customers did not have a positive perception of the service quality aspects of BPB.

Validity and reliability

Testing for reliability and validity determines the internal consistency of each dimension of the research instrument to demonstrate that the questionnaire data was adequate for an analysis testing the propositions. The SERVQUAL instrument has been used and validated in many studies before. A pre-test of the questionnaire was also done to validate the instrument. The dimensions of SERVQUAL the research instruments were tangibility, reliability, responsiveness, assurance, and empathy. The proposition related to the respondents’ perceptions of the service quality of private banking, based on the aforementioned dimensions. The reliability test results are indicated in Table 3 below.

Table 3: Cronbach's alpha coefficient

Dimension	Cronbach's	No. of items
Tangibility	0.683	6
Reliability	0.643	8
Responsiveness	0.438	6
Assurance	0.610	6
Empathy	0.660	5
Overall	3.034	31

Cronbach’s Alpha coefficient measures the consistency and reliability of the collected data, which determines the validity of the data. The individual dimensions of Cronbach’s Alpha coefficients ranged from the lowest, which was 0.610, to the highest, being 0.660. The score of 0.7 is preferable to prove validity, but any score above 0.5 is considered reliable (Norman, 2010). The total data Cronbach Alpha coefficient of the instrument is 2.596 thereby demonstrating that the overall instrument is very reliable.

Tangibility

Proposition 1: The majority of BPB customers do not hold positive perceptions of the tangible infrastructure used to provide services.

Table 4: Tangibility results

Tangibility			Strongly Disagree	Moderately Disagree	Neutral	Moderately Agree	Strongly Agree	Total	Mean	Std. Deviation
T1	BPB has modern equipment.	Count	3	33	21	114	36	207	3.71	0.982
		%	1.4%	15.9%	10.1%	55.1%	17.4%			
T2	BPB's physical installations are visually attractive.	Count	1	11	65	73	57	207	3.84	0.908
		%	0.5%	5.3%	31.4%	35.3%	27.5%			
T3	BPB's employees are well dressed and clean.	Count	2	18	46	101	40	207	3.77	0.895
		%	1.0%	8.7%	22.2%	48.8%	19.3%			
T4	The image of BPB matches the service offered.	Count	2	20	45	85	55	207	3.83	0.965
		%	1.0%	9.7%	21.7%	41.1%	26.6%			
T5	BPB online banking is easy to use.	Count	2	15	36	76	78	207	4.03	0.965
		%	1.0%	7.2%	17.4%	36.7%	37.7%			
T6	BPB mobile banking is easy to use.	Count	1	14	31	82	79	207	4.08	0.918
		%	0.5%	6.8%	15.0%	39.6%	38.2%			

Propositions 1 to 4 were tested using descriptive statistical analysis. The distribution of responses occurred across a five-point Likert scale, ranging from 'strongly disagree' rated at one, to 'strongly agree' rated at five. A rating of three or above indicated agreement with the statement. In a study of customers' perception of private banks, Saraswathi (2011) asserts that the mean score of 3.50 and above indicates a relatively positive perception of private banking services. Thus statements

that scored mean results above 3.50 in each dimension of the survey instrument indicate that the respondents agree with the statement. Each dimension's statement needs to be interpreted within the context of that statement. Table 4 details the results of the respondents' scores on the tangibility dimension statements on service quality. The smallest mean score was at 3.71, which was above the 3.50 mark, and the highest score was 4.08. The mean results of the score indicate that the respondents held positive perceptions of the facilities of BPB.

Proposition 1 was therefore rejected, because the majority of respondents showed positive instead of negative perceptions as had been proposed. As Table 4 reveals, the lowest mean score of 3.71 related to the statement regarding the modernity of BPB's equipment, which means that customers held positive perceptions of this aspect of the organisation, although their perceptions scored relatively lower than other tangibility statements. The second lowest score related to the statement of employees being well dressed and clean. The score in this regard is 3.77, which is above the neutral point, thus indicating that customers held positive perceptions of employees' dress code and cleanliness.

Statements T5 and T6 scored the highest, recorded at 4.03 and 4.08 respectively. These statements, attaining the highest ratings from the respondents, related to the mobile and online banking facilities of BPB. The ease of use of mobile and internet banking platforms relates to the design of the user interfaces of these platforms. Customers clearly had very positive perceptions of the design aesthetics of the mobile and internet banking platforms, perceptions reflected in the high scores of statements T5 and T6.

The overall mean score of the tangibility dimension was 3.88, well above the level of 3.50 to attain positive results on the dimension. Of the respondents, 70.6 percent (made up of 42.8 percent that agreed and 27.8 percent that strongly agreed) held positive perceptions of the tangibility of the BPB facilities, 19.6 percent were neutral, while only 9.8 percent disagreed. The statement T1 had a percentage of 15.9 percent in the disagree scale compared with the rest of the statements. The mean score and percentage of T1 was nonetheless the weakest compared with the rest of the statements' percentage and mean scores. The respondents held a positive perception of the modernity of the equipment used by BPB, but to a lesser extent compared with installations, employees, image and digital banking facilities. While the high percentage of respondents who held positive perceptions of the tangibility dimension, as presented in Table 4, indicates that the majority of the private bank's customers were content with the facilities, people and platforms, the

19.6 percent of customers who were neutral is too sizeable for BPB to ignore; efforts should therefore be made to move this customer statement from neutral to agree.

The results recorded customers who held neutral views of 31.4 percent on statement T2, 22.2 percent for T3 and 21.7 percent for T4. The percentage of the neutral scores is thus relatively high. BPB should be concerned that a relatively high percentage of the customers are neutral about their service. Analysis of these results would determine the main reasons and a strategy could then be devised to convert the neutral customers to a status of agree. Neutral customers might be persuaded by competitors to switch because they do not have brand loyalty to BPB. The neutral views of these customers thus suggest that they can either be swayed to establish a long-term relationship with BPB or that they fall into the category of those who may switch because they do not hold strong perceptions.

Nonetheless, the positive perception results of this dimension, based on the majority of respondents, indicated that the brand image of the private bank, represented by the private banking suites, employees and digital banking facilities, reflected the image with which the respondents would want to associate. The brand image thus represents a service culture of suitability and customer delight and therefore positively reflects the service quality of the private bank.

Reliability

Proposition 2 stated that the majority of private banking customers of BPB do not hold positive perceptions of the degree of reliability of service at BPB. Table 5 details the survey results of the reliability dimension of service quality. The mean scores of the reliability dimension results were all above the 3.50 point of reference, with the lowest score being 3.61 and the highest 3.99.

Proposition 2 is therefore rejected, because the majority of respondents show positive instead of negative perceptions as had been proposed. The results for the reliability dimension are presented in Table 5. The lowest mean score was for statement REL 3, regarding whether the private bank can be trusted. The REL3 score was close to the point of reference of 3.50 suggesting that some customers held positive perceptions about the trustworthiness of the private bank, while a sizeable number of respondents were neutral or in disagreement. The highest mean scores in this dimension were attained by statements REL7 and REL8, regarding mobile banking and ATMs respectively. REL7 recorded a mean score of 3.99 and REL8 recorded 3.93, which were coupled with comparatively high percentages of 'strongly agree' at 36.2 percent and 33.3 percent respectively.

67 percent of customers held positive perceptions of reliability compared to 13.8 percent who held negative perceptions and 19.2 percent who were neutral. Two-thirds of respondents thus held a positive view of the reliability of customer services. The percentage of respondents (13.8 percent) who held negative perceptions is nonetheless significant, particularly when 19.2 percent of respondents are neutral. Statement REL2, regarding the ability of BPB to resolve a problem and make customers feel secure, elicited a 27.1 percent response of neutrality. This high percentage of uncertain respondents is sizeable enough to require interventions concerning BPB’s ability to resolve problems satisfactorily for customers.

Table 5: Reliability results

Reliability			Strongly Disagree	Modestly Disagree	Neutral	Modestly Agree	Strongly Agree	Total	Mean	Std. Deviation
REL1	When BPB promises to do something in a certain time, it really does it.	Count	1	35	28	79	64	207	3.82	1.067
		%	0.5%	16.9%	13.5%	38.2%	30.9%			
REL2	When you have a problem with BPB, BPB is trusted to resolve the problem and makes you feel secure.	Count	1	24	56	89	37	207	3.66	0.920
		%	0.5%	11.6%	27.1%	43.0%	17.9%			
REL3	BPB can be trusted.	Count	3	28	54	83	39	207	3.61	0.988
		%	1.4%	13.5%	26.1%	40.1%	18.8%			
REL4	BPB provides	Count	2	30	44	86	45	207	3.69	1.001
		%	1.0%	14.5%	21.3%	41.5%	21.7%			

	their services in the time promised .									
REL5	BPB keeps its records correctly	Count	5	23	46	87	46	207	3.71	1.012
		%	2.4%	11.1%	22.2%	42.0%	22.2%			
REL6	The BPB online banking platform can be trusted.	Count	2	24	35	94	52	207	3.82	0.971
		%	1.0%	11.6%	16.9%	45.4%	25.1%			
REL7	BPB mobile banking is secure to use.	Count	2	24	24	82	75	207	3.99	1.017
		%	1.0%	11.6%	11.6%	39.6%	36.2%			
REL8	BPB automate d teller machines (ATMs) are always available to use.	Count	4	20	31	83	69	207	3.93	1.022
		%	1.9%	9.7%	15.0%	40.1%	33.3%			

The reliability of digital channels, in the form of ATMs, internet banking and banking mobile applications, attained the highest mean scores. Customers had relatively high positive perceptions of the reliability of BPB private banking digital channels. These channels enabled customers to transact at and in convenient times and locations. The respondents were trusting that transactions carried out on digital platforms would be effected as required. These positive perceptions of the reliability of services provided indicate to BPB that they are doing well in this regard. However, attention should be paid to the high percentage of customers who held neutral views on reliability. Analysis of these results and further studies need to be conducted to determine the cause of this pervasive neutrality. BPB should put operational plans in place to convert the neutral customers to loyal customers of the brand.

Responsiveness

The results for responsiveness were not analysed further due to the reliability score of 0,43 (Table 3), which is considered low. The reliability cut-off was 0.6.

Assurance

Table 6: Assurance results

Assurance			Strongly Disagree	Moderately Disagree	Neutral	Moderately Agree	Strongly Agree	Total	Mean	Std. Deviation
ASS1	You can trust BPB employees.	Count	1	34	31	105	36	207	3.68	0.963
		%	0.5%	16.4%	15.0%	50.7%	17.4%			
ASS2	BPB employees have enough knowledge and provide reliable advice.	Count	1	31	53	85	37	207	3.61	0.964
		%	0.5%	15.0%	25.6%	41.1%	17.9%			
ASS3	BPB employees are polite.	Count	1	28	35	100	43	207	3.75	0.951
		%	0.5%	13.5%	16.9%	48.3%	20.8%			
ASS4	BPB employees do not obtain adequate support from the company to perform their	Count	1	29	38	84	55	207	3.79	1.006
		%	0.5%	14.0%	18.4%	40.6%	26.6%			

	tasks correctly.									
ASS5	BPB provides secure online banking service.	Count	1	30	29	98	49	207	3.79	0.981
		%	0.5%	14.5%	14.0%	47.3%	23.7%			
ASS6	Mobile banking services of BPB are safe to use.	Count	0	19	36	94	58	207	3.92	0.905
		%	0.0%	9.2%	17.4%	45.4%	28.0%			

Proposition 3 stated that private banking customers of BPB do not hold positive perceptions of the level of assurance of the services provided by BPB. Table 6 presents the results of the assurance dimension of the survey. The mean average results in this dimension were all above 3.50, with the highest being 3.92 and the lowest being 3.61. The percentage of customers who held positive perceptions of the assurance dimension was 68 percent compared to 14.2 percent of those who held negative perceptions. Proposition 3 is therefore rejected because the majority of respondents show positive instead of negative perceptions as had been proposed.

Statement ASS1 referred to customers' trust in BPB employees. The results showed that 50.7 percent moderately agreed and 17.4 percent strongly agreed that BPB employees were trustworthy, which meant that 68.1 percent of respondents trust BPB employees. Fifteen percent of respondents were neutral, 16.4 percent moderately disagreed, and 0.5 percent strongly disagreed. These statements recorded an average mean of 3.68 and, in addition to the higher number of respondents who agreed, this shows that the respondents trust the employees of the private bank. Statement ASS2 concerned employees' knowledge and their ability to provide reliable advice. The results showed that 41.1 percent of the respondents moderately agreed and 17.9 percent strongly agreed with the statement, which represented 59 percent of respondents in agreement. The statement recorded an average mean of 3.61; in addition to the 59 percent of respondents who agree, the average mean shows that most of the respondents perceive the employees of the private bank as knowledgeable and offering reliable advice.

Statement ASS3 described employees' politeness at the private bank. The results indicated that 48.3 percent of the respondents moderately agreed and 20.8 percent strongly agreed with the

statement, which represented the agreement of 69.1 percent of the respondents. The mean score of 3.75 and the 69.1 percent of respondents agreeing indicated that most of the respondents believed that the bank’s employees were polite. Statement ASS4 was a negative statement about whether the bank’s employees received adequate support from BPB to perform their tasks. In response, 40.6 percent of respondents moderately agreed and 26.6 percent strongly agreed that employees did not receive enough support. The average mean score of 3.79 and 67.2 percent of the respondents agreeing suggested that respondents held a negative perception of the support provided to employees by BPB. Statements ASS5 and ASS6 related to the online banking and mobile banking services respectively; in particular, they referred to the security of the two digital channels. The majority of respondents, 71 and 73.4 percent for online and mobile banking respectively, agreed that these banking channels were secure and safe. The mean scores of 3.79 for online banking and 3.92 for mobile banking indicated the level of respondents’ positive perceptions of these banking channels. The respondents thus trusted the employees, considered that they had enough knowledge to provide reliable advice and felt that they were polite. They believed, however, that the private bank did not provide enough support for the employees to carry out their duties, which suggested that BPB management should consider this dimension carefully and implement the necessary interventions. The mobile banking application scored the highest mean score suggesting that customers perceived the channel as being safe to use. The use of this channel by BPB to improve overall customer service quality was therefore revealed as critical to improving customer service.

Empathy

Table 7: Empathy results

Empathy			Strongly Disagree	Moderately Disagree	Neutral	Moderately Agree	Strongly Agree	Total	Mean	Std. Deviation
E1	BPB does not pay individual attention to you.	Count	2	38	24	89	54	207	3.75	1.068
		%	1.0%	18.4%	11.6%	43.0%	26.1%			
E2	BPB employees do not give	Count	1	26	62	81	37	207	3.61	0.938
		%	0.5%	12.6%	30.0%	39.1%	17.9%			

	personal attention.									
E3	BPB employees do not know your needs.	Count	2	32	51	77	45	207	3.63	1.019
		%	1.0%	15.5%	24.6%	37.2%	21.7%			
E4	BPB does not have your best interests as its objective .	Count	2	26	34	91	54	207	3.82	0.993
		%	1.0%	12.6%	16.4%	44.0%	26.1%			
E5	BPB does not have convenient business hours for clients.	Count	3	24	42	82	56	207	3.79	1.015
		%	1.4%	11.6%	20.3%	39.6%	27.1%			

Proposition 4 stated that the majority of BPB customers do not hold positive perceptions of the empathy of BPB staff members towards the needs of customers. The results presented in Table 7, on the empathy dimension should be viewed in light of the statements with a negative character. The mean score of 3.72 was an indication that customers held negative perceptions on this dimension. Proposition 4 is therefore accepted, because the majority of respondents show negative instead of positive perceptions in agreement with the proposition. The results for the empathy dimension are presented in Table 7.

The E1 and E2 statements dealt with the ability of the private bank to pay individual and personal attention. The results indicated that 43 percent of respondents moderately agreed and 26.1 percent strongly agreed with statement E1 that the private bank did not pay individual attention. Statement E2 showed the same results as E1 with 39.1 percent of respondents moderately agreeing and 17.9 percent strongly agreeing that the private bank did not give personal attention. The average mean scores of 3.75 and 3.61 for E1 and E2 respectively display respondents' negative perceptions of insufficient individual and personal attention to customers. The nature of private banking services requires employees of private banks to pay personal and individual attention to customers, which differentiates private banking services from ordinary retail banking services.

Statement E3 referred to employees' knowledge of customers' needs. In response to the statement, 37.2 percent of respondents moderately agreed and 21.7 percent strongly agreed that BPB did not know its customers' needs. The percentage of 58.9 of respondents agreeing with statement E3 and an average mean score of 3.63 further enforced respondents' negative perception that BPB employees did not know their needs. With individual and personal attention to clients, employees could, however, identify these needs, which would allow employees a better understanding of how customer needs could be matched to the products and services offered. Statement E4 related to the private bank not having the customers' best interests as its objective. The results of 44 percent of respondents moderately agreeing and 24.1 percent strongly agreeing with the statement suggest that BPB does not have the best interests of customers as an objective. Statement E4's average mean score of 3.82 coupled with the higher percentage of respondents agreeing with the statement thus suggests that respondents hold negative perceptions of the private bank's apparent objective of looking after customers' best interests. The results of statement E4 therefore represented the accumulation of customers' views reflected in their responses to statements E1 to E3 because customers did not feel that due care was taken in the provision of products and services. Respondents felt that BPB did not have their best interests at heart because they did not see the empathy that should be displayed by employees through the personalisation of products and services in order to meet or exceed their expectations.

BPB's business hours recorded a negative perception from respondents as shown by statement E5's mean score of 3.79 and 56.7 percent of respondents agreeing with the statement that the private bank did not have convenient business hours. The demographic results noted that most respondents were employed persons; therefore, they found it difficult to receive services from BPB during working hours. It could be postulated from these findings that the availability of private banking services in non-working hours is important to the respondents. BPB needs to review their operational processes to determine the reasons for the negative results of this dimension. The inability to provide individual attention and understand customer needs should be of concern to BPB, as an indication of weaknesses in the operational processes of client-facing services. Private banking service quality relies on individual attention to and understanding of the needs of valuable customers. The improvement in customer service operational processes can reverse the views held by customers in this dimension.

The demographic results of the respondents indicated that most private banking customers were males between the ages of 36 and 45 years, and were employed. The study showed that there was no significant difference in the perceptions of the customers in the different gender and age groups.

The different demographic groups held largely similar perceptions and expectations of the service quality of private banking services. Customers held positive perceptions of service in most of its dimensions except for responsiveness and empathy. Their positive perceptions of service quality relate to their loyalty to BPB, and most customers have no intentions of switching private banks. The digital channels in the form of ATMs, internet banking and mobile banking scored very high means, which indicated that customers held very positive perceptions of these channels versus other service channels.

The purpose of the study was to determine the perceptions of private banking customers of the quality of products and services offered by BPB. The substance of the experience of private banking customers, regarding the quality of products and services, influenced their perceptions. The perceptions of private banking customers of the quality of services are critical to the success of BPB; therefore, there is a need to continuously measure such perceptions.

Summary of findings

The study found that customers held positive perceptions of service quality in most dimensions of service quality with the exceptions of responsiveness and empathy. Customers held positive perceptions of service quality, were loyal to BPB, and did not intend to switch private banks. Coetzee's (2009) study concludes that the private banking suites reflect the bank's brand and image as well as its service culture, as reflected in this study's findings on tangibility. The tangibility of the private bank's suites is associated with the convenience of service, and the professional and timely delivery of services. The internal design of private banking suites should facilitate an efficient and effective working environment. The respondents in this survey held very positive perceptions of the reliability to deliver promised services at the level of the service quality expected by the customer.

The digital channels, in the form of ATMs, internet banking and mobile banking applications, attained the highest mean scores. Customers had relatively high positive perceptions of the reliability of BPB's digital channels. These channels enable customers to transact at convenient times and locations. The respondents trusted that transactions carried out over these digital platforms would be effected as required. The negative perceptions held by customers on the empathy of employees towards customers' needs, coupled with the perceived lack of responsiveness, suggest that BPB needs to do more to empower employees to provide quality services. Customers believed that employees of BPB did not obtain adequate support to perform their tasks. They therefore held negative perceptions of the support provided to employees.

The quality of service in private banking is based on the relationship that develops between customers and employees, which creates the level of trust required to provide a quality service. Employees are the key to the delivery of customer service; they should therefore be polite, friendly, knowledgeable and well informed. The empathy service dimension was perceived negatively by customers, which demonstrated that BPB customers were looking for a timely service at the private banking suites, call centres, internet banking, mobile banking and ATMs. The number of manual forms and complexity of banking requirements created negative perceptions in the empathy dimension of service quality in BPB.

The research objectives were to determine whether BPB customers were satisfied with the quality of service rendered by BPB and to identify whether there were any shortfalls in providing quality customer service at BPB. The majority of the respondents held positive perceptions of customer service quality in most of the dimensions of the research instrument; therefore, customers in general held positive perceptions of service quality at the private bank. The shortfalls were in responsiveness and empathy. The digital channels performed better than the physical channels. The challenges in the physical channels, where interaction between clients and employees takes place, suggest that managerial strategies and operations are not geared towards quality customer service.

Discussion

The findings of this study suggested that customers broadly held positive perceptions of customer service quality, with the exception of the responsiveness and empathy dimensions, as represented by the mean scores of the different service quality dimensions. The study findings suggested that, apart from in the dimensions of responsiveness and empathy, BPB provided quality service. The results indicate that excellence in customer service has become the differentiator in the private banking industry where products and services are homogeneous, making private banks highly competitive and exposed to sensitive customers and their switching behaviour. The competitive advantage of any organisation is dependent on the quality of customer service as measured by customer perceptions. Customer attraction and retention are achieved by organisational strategies and operational models aimed at customer service quality, thereby influencing customer perceptions. Customers' perception of a company's products and services has become a priority for top management because it determines customer satisfaction.

Management recommendations

The private bank needs to adopt organisational strategies and operational designs that focus on the weak areas of customer service quality, to improve customers' perceptions. Customers' perceptions of products and service quality are a yardstick of the effectiveness of organisational strategies and operations. Responsiveness and empathy towards customers seem to be the challenges at BPB as per the findings of this study. The modernity of the equipment represented by statement T1 in the research instrument had 15.9 percent of responses in the disagree scale; this weak score should be of concern to management. Management needs to note that the respondents largely held positive perceptions of the modernity of the equipment used but that it was comparatively lower than the rest of the statements within tangibility.

Customer perceptions of the digital channels in the form of ATMs, internet banking and mobile banking were very positive. Customers believed that the digital channels were secure, reliable and easy to use. Management needs to take advantage of the positive perceptions of the digital channels through improving the security, usability and reliability of these channels. Management also needs to improve their focus on the migration of customers to digital channels to improve overall customer service quality. The customers that were neutral in their views of service quality need to be moved to having a positive perception of customer service. Management should therefore first analyse the aspects that scored high on neutrality. Migrating customers from neutrality to positive perceptions can be achieved through improved service delivery in the front and back office. The operational performance of the physical channels of service delivery should be monitored through key performance indicators that measure service quality.

Limitations

The study focused on BPB customers' perceptions of products and services; therefore, the findings of this study may not reflect the perceptions of other private banks' customers' perceptions. The study did not examine customers' perceptions of retail banking in general but was specific to private banking clients. This could be an area of further research.

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