

## Reviewing the Quality of Banking Services in Jordanian Commercial Banks

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**Abstract:** Banking service characterized by its importance in various fields, economic, social and civilization...etc. So it had to be interest in the quality of this service. As the bank was not able to achieve competitive advantage in the market by its multiple services it provides, but by the quality and style of providing these services. Opinions of beneficiaries affected by the level of quality banking service provided by the bank to its customer satisfaction that are affected by the level of received service quality. This study was conducted in the Jordanian banking market, because this sector has a key role in the Jordanian economy, and the challenging facing because of the openness of the market and the possibility of the foreign banks entry and what consequent competition.

**Keywords:** Banking service, economic, social, civilization.

### Importance of the Study

Jordanian banking market has witnessed in the late second millennium many studies that dealt with the services quality which is provided by Jordanian banks in one hand and opinions of the beneficiaries from the quality of these services in the other hand.

The importance of this study can be summarized as follows:

1. Provision of modern field of study; which is may benefit the Jordanian banks in the development of its services and give them the necessity importance.
2. This study can be considered as a starting point for Research Project to study the quality of the Jordanian Banking services according to the latest technology development.
3. Provide sufficient amount of information that may help decision-makers in the Jordanian banks to take appropriate decision that achieve the level of quality which ensures competitive advantage in the Jordanian and international market.

### Problems of the Study

Banks are making great efforts in order to deliver its messages customers through various communication methods that guarantee the highest degree of persuasion which is based on the provision of high quality services to customers because the customer often assesses banks based on the quality of banking services, and based on that assessment, the decision made on how to deal with the bank concerned. The evaluation process and trade-off between banks has culminated in the Jordanian banking after entering

Jordan in the GAT by leaving room for the entry of foreign banks to the Jordanian market.

### Problems of the study can be summarized by asking the following questions

1. What are the banking services and quality standards that are followed by the Jordanian banks?
2. What are the opinions of the beneficiaries from the quality Of Jordanian banking services?

### Objective of the Study

This study aims to investigate the opinions of the beneficiaries from the quality of Jordanian banking services, and the possibility of using services between banks as a competitive advantage. It can be summarizes as follows:

1. Measure the quality level of the Jordanian banking services.
2. Investigate the opinions of the beneficiaries from the quality of Jordanian banking services.
3. Provides a number of recommendations and conclusions of the Jordanian the Jordanian banks to upgrade the quality of services they provide and how to improve it for the satisfaction of the beneficiaries of these services.

### Hypothesis of the Study

With the multiplicity of options offered to the beneficiaries of the Jordanian Banking Services, but they prefer to deal with local Jordanian banks, as a reaction of the positive opinions towards the quality of services provided by the banks of Jordan.

### **First: service concept and importance**

There are so many definitions for "services" concepts such as; any form of assistance that would make it easier for the consumers to achieve their goals. Or as defined by the American Marketing Association (A.M.A): "Activities, benefits and satisfactions which are offered for sale or are provided in connection with sale of goods." This definition has a clear signal to the interaction between the seller and the buyer for the services, whether singly or in connection with the goods, the requirement that the service has achieved satisfaction and utility of the customers [1]. As for [2] service is any activity of benefit that one party can offer to another that is essentially intangible & doesn't result in the ownership of anything. Its production may or may not be tied to a physical product.

### **Second: Marketing mix Services**

Lovelock, C [21] sees the incompetence of the traditional marketing mix elements (4ps) in the service sector, which make marketed different from the marketing material goods. Which added new elements to the mix to the traditional mix to become (8ps) to include this product, place, price, promotion of people, processes, and physical evidence? (8ps) It became known as the integrated management of service, because of inability to work in the marketing department services organizations in isolation from the rest of functions, such as management, productions, operations, and human resources management, which play central role and interconnected with each other, to achieve its customers' needs and desires [3].

The following figure (1) illustrates the marketing relations; organization's relations with its clients represented by (External marketing), the relations with staff (production), and the inevitability of interaction with them to appease them (interactive marketing), which is achieved through the organization's relations with its employees (Internal marketing) [4].

So pleasing the customer and improve the services provided to them are the most prominent priorities, because the dissatisfied customers don't complain, but they tell (10) others for receiving not so good services.

### **Third: Concept of Banking Service**

We can define "banking service" a range of activities and processes of substance utilitarian from tangible and intangible elements which are provided by the bank, which is the source for the provision of the needs of beneficiaries, in addition it's a source of banking profits through the reciprocity relations between the parties (Alavichat,2001,41).

### **Marketing concept is dealing with banking services on three sides**

**1. The essence of service:** it is a group of utilities which is the customers seeks to achieve through the required service.

**2. Real service:** it is a collection of special dimensions of services quality.

**3. Subsidized service:** it refers to the essence of the services and its reality integrally.

Al-Namer and Murad 2002, 98-94, points that the characteristics are generally applicable to the Banking service as follows:

**A. Intangibility:** which means that the bank's success in settling its services, depends on its capabilities and skills to explain and clarify the advantages and benefits that offered the banking services offered to the customer, relying on effective and convincing communication methods by offering a special and attractive services to the customers.

**B. Inseparability:** banking services are focusing on providing their services in the right place and time; therefore, it is necessary that the bank pursues a policy of buying and selling because it is considered the best way for banking services marketing. Banks seek to overcome the inseparability property, through transport services and fragment it. The most prominent methods used in this field, Credit Card, that guarantees transfer the banking services, in addition to activate other services and processes.

### **C. Lack of Special Identity:**

For customers, the services offered by the banks are similar, because the customer is dealing with a particular bank because of its geographical proximity or the fact that the bank which is provides the customer is comfort and convenience. As banks are competing mostly on banking products and service, so banking focusing should be on service, not on the product. The services means locations, staff and reputable, advertisement, and the new services because of the major competitors offer similar services, in other word the focus is on the promotional aspects.

### **D. Wide range of Services:**

The banks faces requests and needs of different institutions, whether industrial or services needs, so the bank needs more than a marketing mix to meet the divers needs of various customers sectors.

### **E. Geographical Dispersion:**

To achieve a great success for the bank, it should be able to reach customers everywhere, so it has to owned integrated subsidiaries that geographically dispersed to suit the customer's needs.

**F. Growth must be balanced with risk:**

When banks sell loans, it will be at risk. Therefore it is necessary to find a balance between growth and activity and the degree of risk.

Alavichat 2001, p. 40) added the following characteristic:

**G. Credit Responsibility:**

The protection of customers' deposits.

**H. higher adapt of marketing system.**

**I. the intensity of work:**

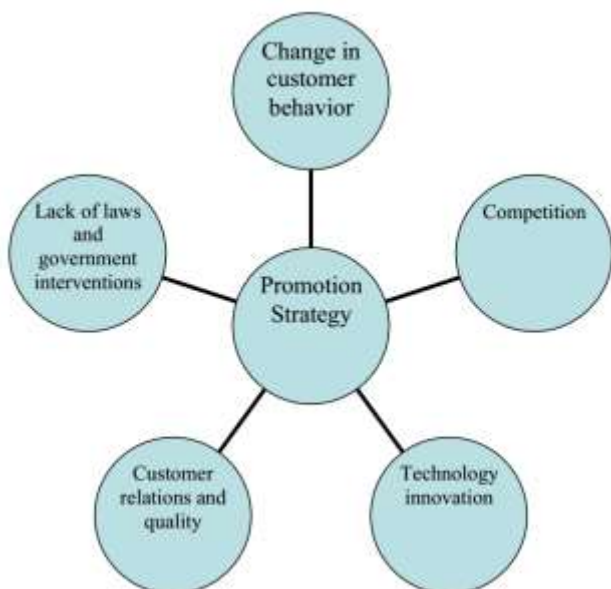
Banking is a high intensity factor, which increases the coast of production and affects the price of products.

**J. fluctuations in demand:**

Fluctuations may occur at the request of certain varieties of services for emergency reasons or seasonal conditions such as, the demand for loans for tourism projects for agricultural credit in certain reasons. That's what resulting a significant pressure on the functions of the banking marketing.

**Fourth: factors which is influencing the marketing of banking service:**

Lee, M. C [22] pointed to five factors affecting the marketing of banking services. These factors are presented in Figure (1):



**Fig-1: Factors affecting the marketing of banking services.**

**Fifth: quality of banking service:**

Quality according to the American Society for Quality (ASQ) was defined as: the characteristics of a product or service that bear on its ability to satisfy stated or implies needs. In addition, quality is considered as a way to support the competition, and it's

the marketing strategy for banking services maker. So the quality of service is the main objective of the bank, because it is considered a critical point for the bank's success or failure. Thus, research has revealed that the high quality services are the major cause of achieving profits and minimize costs. In addition, studies have found that the increase in profits belonging to several factors:

1. The low rate in the loss of customs, and their strong loyalty.
2. Furthermore, contributing to the sale of goods and services.

The quality Banking services are often associated with the customers satisfaction, but there is a clear difference between the two terms; customer satisfaction (CS) it is a measure of how products and services supplied by a company meet or surpass customer expectation (SQ) an assessment of how well a delivered service conforms to client's expectations.

Payne found that the quality of service has two main elements:

1. Technical quality.
2. Functional quality.

So the department of banking service should ask the following question in order to evaluate its' services: did the customer get the requiring service? How long the customer spent time? Did the customer satisfied with the service? ...etc

There are five levels for the service quality:

1. Quality expected by the customer.
2. Standard quality.
3. The actual quality.
4. Promoter quality of customer.

**Sixth: customers' opinions toward banking service.**

Attitudes are varying from one person to another; it could be positive or negative. So determining the customers' attitude depends on the customer answers on the directed questions to him. These opinions are consisting of the following elements (allduyuh ji, 2001, p. 75):

First: Knowledge.

Second: Feeling or the influence.

Third: Insisting and activities.

**First: Knowledge:**

Knowing Customers' opinions toward various services offered by the banks, will determine the policies that should be pursued by the banks to the customers.

**Second: Feeling and the influence:**

It refers to the customer's opinions by answering; approval or rejection (want or don't want).

**Third: Insisting or activities.**

It shows the customer opinions toward services and their expectations by answering (Yes or NO).

In general, we can say that the opinions shown the customers preference toward certain service in a particular bank.

**Seventh: Field study:**

It was polled a sample of beneficiaries of banking services to determine their opinions about the quality of services at Jordanian banks , so they have been asking several questions as follows :

Q1. Do you deal with banks and take benefits from its services?

The answers, as shown in the Table (1):

**Table (1): The answers of dealing with banks and taking benefits**

The answer scale	Frequencies	%
Yes	148	61.33
No	116	38.67
Total	300	100

The study was conducted on who deal with banks and take benefits from its services, who accounted for (61.33%) and their number (184).

Q2. Do you deal with the Arab or foreign banks?

The answers, as shown in the Table (2):

**Table (2): The answers of dealing with Arab and foreign banks**

The answer scale	Frequencies	%
deal with the Arab banks	163	88.58
deal with the foreign banks	21	11.42
Total	184	100

It notes that there is a high turnout for the Jordanians on the Jordanian banks, who accounted for (88.58%) and their number (163).

Q3. Do Jordanian banks offering a high quality services as in the foreign banks in the Jordanian market?

The answers, as shown in the Table (3):

**Table (3): The answers of offering a high quality services as in the foreign banks in the Jordanian market**

The answer scale	Frequencies	%
Very similar	23	14.11
similar	41	25.15
Similar to a certain extent	55	33.74
unlike	29	17.79
Not quite similar	15	9.21
Total	163	100

It notes from Table (3) that (29.26%) of customers believe that the services of Jordanian banks are similar or very similar to those provided by foreign banks. While (33.74%) sees that the services are Similar to a certain extent. Furthermore (27%) sees that the Jordanians banks services are not quite similar to those provided by foreign banks.

Q4. Do the Jordanian banks characterized by accuracy in its dealings, and make statements?

The answers, as shown in the Table (4):

**Table (4): The answers of Jordanian banks characterized by accuracy in its dealings, and make statements**

The answer scale	Frequencies	%
Very accurate	76	46.62
accurate	33	20.24
Accurate to some extent	40	24.53
Inaccurate	17	10.42
Not very accurate	7	4.29
Total	163	100

It notes from table (4) that (66.86%) of customers believe that the services of Jordanian banks are accurate in its dealings, and make statements, while (14.71%) sees that these banks are inaccurate .

Q5. Do Jordanians banks offer their services on time and care about customers' needs?

The answers, as shown in the Table (5):

**Table (5): The answers of Jordanians banks offer their services on time and care about customers' needs**

The answer scale	Frequencies	%
Totally agree	103	63.21
Agree	40	24.53
Neutral	15	9.20
disagree	3	1.84
Totally disagree	2	1.22
Total	163	100

It notes from table (5) that the majority of customers agree that Jordanians banks offer their services on time and care about customers needs.

Q6. Do the staff of Jordanians banks are characterizes by the requiring skills to provide the banking services?

The answers, as shown in the Table (6):

**Table (6): The answers of Jordanians banks are characterizes by the requiring skills to provide the banking services**

The answer scale	Frequencies	%
Totally agree	17	10.42
Agree	37	22.70
Neutral	52	31.90
disagree	40	24.53
Totally disagree	17	10.42
Total	163	100

Table (6) refers to mixed views; where (33.12%) believed that the staff of Jordanians banks are characterizes by the requiring skills to provide the banking services. While (31.90%) take a neutral stance. Furthermore, (34.95%) confirming that the staff in these banks do not have the requiring skills.

Q7. Does the bank officials characterized by high skills and can easily to communicate with him?

The answers, as shown in the Table (7):

**Table (7): The answers of bank officials characterized by high skills and can easily to communicate**

The answer scale	Frequencies	%
Totally agree	21	10.42
Agree	86	22.70
Neutral	32	31.90
disagree	27	24.53
Totally disagree	17	10.42
Total	163	100

It is notes from Table (7) that most of customers are agree that bank officials characterized by high skills and can easily to communicate with him.

Q8. Are ATM provides the necessary services with high quality?

The answers, as shown in the Table (8):

**Table (8): The answers of ATM provides the necessary services with high quality**

The answer scale	Frequencies	%
Totally agree	24	14.72
Agree	71	43.55
Neutral	50	30.69
disagree	18	11.04
Totally disagree	0	0
Total	163	100

It is notes from Table (8) that (58.27%) believed that ATM provides the necessary services with high quality. While (11.04%) are disagree. And (30.69%) are Neutral.

Q9. Does the Bank have subsidiaries in the kingdom which is contributed to provide the service?

The answers, as shown in the Table (9):

**Table (9): The answers of Bank have subsidiaries in the kingdom which is contributed to provide the service**

The answer scale	Frequencies	%
Totally agree	18	11.04
Agree	89	45.62
Neutral	38	23.31
disagree	10	6.13
Totally disagree	8	4.90
Total	163	100

It is notes from Table (9) that most of customers are agree that the Bank has subsidiaries in the kingdom which is contribute to provide the service, who accounted for (65.66%). While (11, 03%) are disagree.

Q10. Does the bank is characterized by a high level of confidentiality in the handling and safety?

The answers, as shown in the Table (10):

**Table (10): The answers of bank is characterized by a high level of confidentiality in the handling and safety**

The answer scale	Frequencies	%
Totally agree	46	28.22
Agree	95	58.28
Neutral	6	3.68
disagree	6	3.68
Totally disagree	0	0
Total	163	100

It is notes from Table (10) that most of customers are agree that the bank is characterized by a high level of confidentiality in the handling and safety, who accounted for (86.5%).

#### Conclusions:

The study concluded the following conclusion:

1. Banking services focuses on quality.
2. Jordanian banks offering a high quality services as in the foreign banks in the Jordanian market.
3. Jordanian banks characterized by accuracy in its dealings, and make statements.
4. Jordanians banks offer their services on time and care about customers needs.
5. The staff of Jordanians banks are characterizes by requiring skills to provide the banking service.
6. ATM provides the necessary services with high quality in the Jordanian banks.

#### Recommendations:

1. It is supposed that the Jordanian banks to provide higher quality services than the services provided by foreign banks.
2. Give developmental training courses for the staff; to improve their skills in order to get high quality services.

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