Independent University **Bangladesh (IUB)**

IUB Academic Repository

School of Business & Entrepreneurship Internship Reports

2012-05-01

The impact of Customer Service Quality on Customer Satisfaction in context of Standard Chartered Bank, Bangladesh

Lakhani, Karima

INDEPENDENT UNIVERSITY BANGLADESH SCHOOL OF BUSINESS

http://hdl.handle.net/123456789/110

Downloaded from IUB Academic Repository

A Research Proposal on

The impact of Customer Service Quality on Customer Satisfaction in context of Standard Chartered Bank, Bangladesh

Submitted by,

Karima Lakhani (ID# 07 30 294)

Independent University, Bangladesh

April 29, 2012

COMPANY OVERVIEW

Letter of Transmittal

April 26, 2012

To
Mr. Chowdhury Rajkin Mohsin
Lecturer of Finance,
Independent University, Bangladesh

Sub: **Submission of Internship Working Report.**

Dear Sir,
Here is my internship working report on "**Standard Chartered Bank (SCB)**." I am submitting this report as the part of my internship (BBA-499A) in **Standard Chartered Bank (SCB)**. While preparing this report, I tried my level best to follow your instructions and the instructions that have given to me by my organization supervisor.

The entire report is based on my practical experience in the Bank's Head Office, SCB house Gulshan-1. I have tried my level best to provide what I have learned during the internship program at Standard Chartered Bank, SCB house, Dhaka.

I shall be highly encouraged if you are kind enough to receive this report. If you have any further enquiry concerning any additional information I would be very pleased to clarify that.

Thanking you.
Sincerely yours,

_____
Karima Lakhani
ID: 0730294

Acknowledgement

At the very beginning, I would like to express my gratitude to my University supervisor **Mr. Chowdhury Rajkin Mohsin**, Lecturer of Finance, Independent University, Bangladesh, for his guidance and instructions in conducting the internship program successfully.

I would also like to thank my host organization supervisor **Mr. Luthful Arefin Khan,** Associate Director, Transaction Banking, Standard Chartered Bank (SCB) for providing me an opportunity to work in the Bank as an intern. I also like to extend my gratitude to **Ms. JishanShamshed,** Director of Products, Transaction Banking and **Mr. Farhan Adel and MrIstiaq Ahmed,** who helped me to learn many new things during my internship program.

During the preparation of the project work I have came to network with different individuals (respondents & seniors from SCB) and friends, who lend their ideas, time and guidance to amplify the report's contents. I must say that without their help it would be very hard for me to prepare such report.

Company Information

1.1 Background of the Company

The Standard Chartered Bank PLC is an international banking group that is incorporated in the UK, with headquarters in London. The group focuses its activities in Asia, Africa and the Middle East and its operation is segmented under six regions: LTK and Europe, Middle East and South Asia (MESA), South East Asia, and the Americas. The Standard Chartered Group was formed in 1969 through a merger of two banks: The Standard Bank of British South Africa founded in 1863, and the Chartered Bank of India, Australia and China, founded in 1853. Both companies were keen to capitalize on the huge expansion of trade and to earn the handsome profits to be made from financing the movement of goods from Europe to the East and to Africa.

1.2 The Chartered Bank

It was funded by James Wilson following the grant of a Royal Charter by Queen Victoria in 1853. Chartered Bank opened its first branches in Mumbai (Bombay), Calcutta and Shanghai in 1858, followed by Hong Kong and Singapore in 1859. The traditional business was in cotton from Mumbai (Bombay), indigo and tea from Calcutta, rice in Burma, sugar from Java, tobacco from Sumatra, hemp in Manila and silk from Yokohama. It played a major role in the development of trade with the East which followed the opening of the Suez Canal in 1869 and the extension of the telegraph to China in 1871.

1.3 The Standard Bank

Founded in the Cape Province of South Africa in 1862 by John Paterson, it commenced business in Port Elizabeth, South Africa, in January 1863. It was prominent in financing the development of the diamond fields of Kimberley from 1867 and later

extended its network further north to the new town of Johannesburg when gold was discovered there in 1885.In 1969, the decision was made by Chartered and by Standard to undergo a friendly merger. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. From the early 90s, Standard Chartered has focused on developing its strong franchises in Asia, the Middle East and Africa using its operations in the United Kingdom and North America to provide customers with a bridge between these markets. Secondly, it would focus on consumer, corporate and institutional banking, and on the provision of treasury services – areas in which the group had particular strength and expertise.

1.4 Key Resources of SCB

The key resources of SCB include: a network of over 1700 branches and outlets (including subsidiaries, associates and joint ventures) in 56 countries, a staff of about 80,000 people. Standard Chartered Bank's international businesses in Consumer Banking, Wholesale Banking, SME Banking, Islamic Banking and Standard Chartered Markets are its special strengths.

1.5 Corporate Profile in Bangladesh

The Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. Bangladesh is under the MESA region, with the controlling office in Dubai. Its correspondent relationship with IBBL Bank, one of the largest banks in Bangladesh,

gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business. Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services. The Bank presently has 18 outlets in 5 cities serving over 1, 25,000 customers in the country. The network of SCB Bank in Bangladesh includes:

- 10 Branches in Dhaka city
- 1 Branch in Savar EPZ (recently started with full banking operations)
- 1 Branch in Narayanganj
- Branches in Chittagong
- 1 Branch in Khulna
- 1 Branch in Sylhet.
- 1 Branch in Bogra

Core Business in Bangladesh

Wholesale Banking (WB) and Consumer Banking (CB)

1.6. Key Success Factor of Standard Chartered Bank in Bangladesh

- It has the widest distribution network among foreign banks through its own branches and correspondent banks.
- Provider of the highest range of products and strategic points of delivery.
- Its portfolio includes the biggest names.
- Long standing presence in the Asia, Africa and the Middle East and therefore longest standing relationships.

1.7 Corporate products

Banking provides credit cards, personal loans, mortgages, deposit taking and wealth management services to individuals and small to medium sized enterprises. Wholesale Banking provides corporate and institutional clients with services in trade finance, cash management, lending, securities services, foreign exchange, debt capital markets and corporate finance. In the following the corporate products descriptions are given:

Serial	Product Name	Description
1.	Web Banking	Online service; where a corporate customer can check his current account balance updated in every half-an-hour. This is very convenient as a customer can have opportunity to hold multiple accounts and at same time they can get the cash report trade report and everyday transaction detailed report.
2.	STS	Straight through service. This is an upgraded version of E-Banking, with more facilities. This is still in the process for developing
3.	E-Banking	By having high security off-line banking system a customer can transfer money round the clock and standing any parts of the world.
4.	i-Payment	This is a new module under the internet Banking. by this module using SMART card an authorized user can transfer the payment or issuing draft from any time and any corner of the world via Internet.
5.	Cheque Writer	Making sure that all the cheaque is being preformed and serially numbered, a corporate customer now having a better security checking in terms of issuing cheaques.

Fig 1: Corporate Product Description

Organizational Part

2.0 Organ gram of SCB

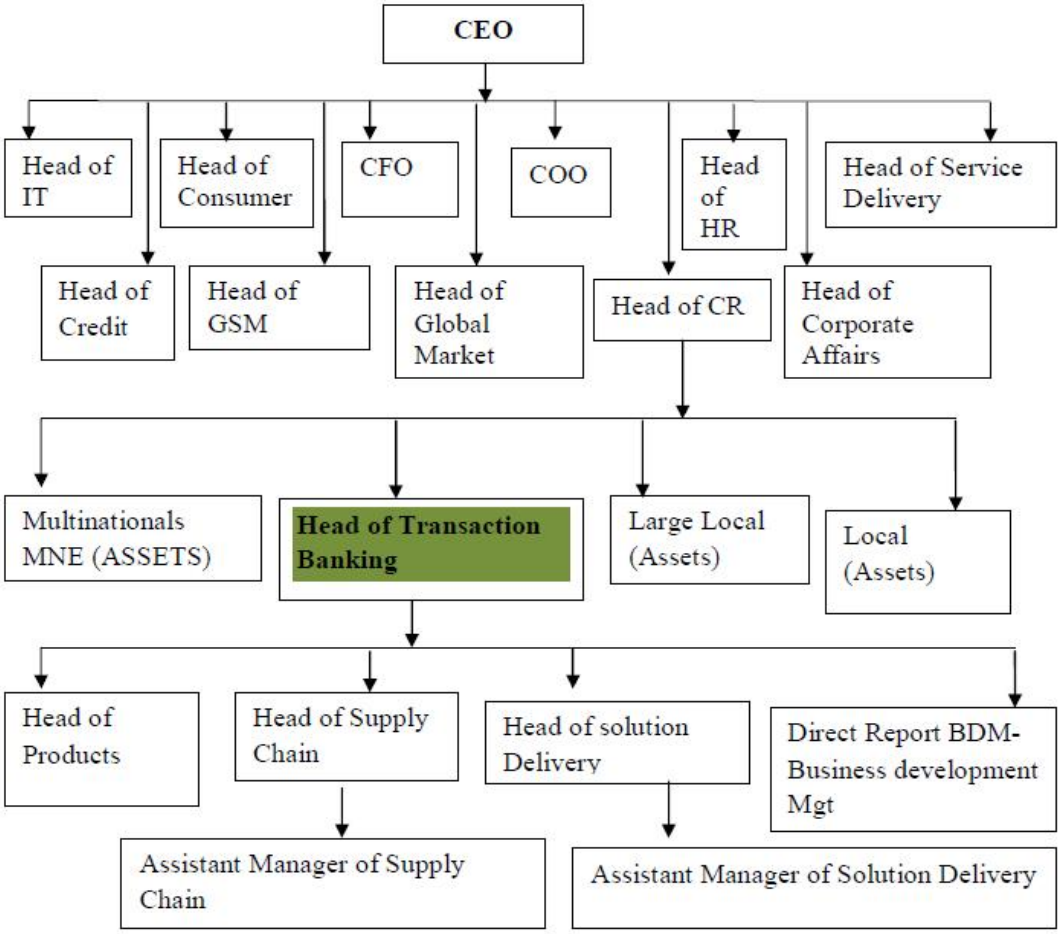


Fig 2: Chain of command of SCB

2.1 Organization Structure at Bangladesh

The Standard Chartered Bank in Bangladesh has its headquarters in Dhaka. While the full range of services is available at the headquarters, other branches offer specific services appropriate for the location. SCB's functional areas in Bangladesh are shown below

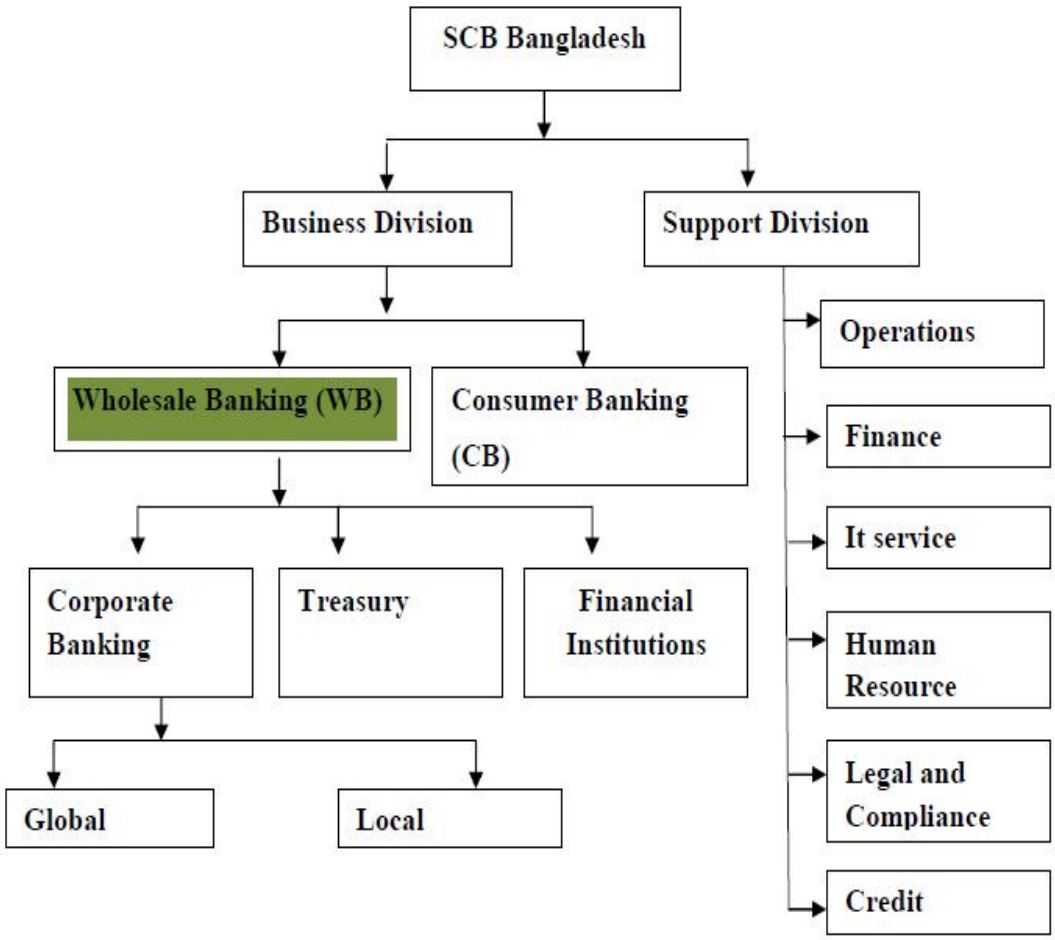


Fig 3: SCB functional areas of Bangladesh

2.2 Wholesale Banking

Its principal strengths are in supporting regional and international cross-border trade and investments. Products and services are focused primarily on these areas, notably trade banking, cash management and custody. Institutional Banking manages the Group's relationships with banks, investment companies and other financial institutions. It aims to be the 'Banker's Bank' operating in customers' time zones and providing network linkage between international

2.3 Operational Structure of Transaction Banking

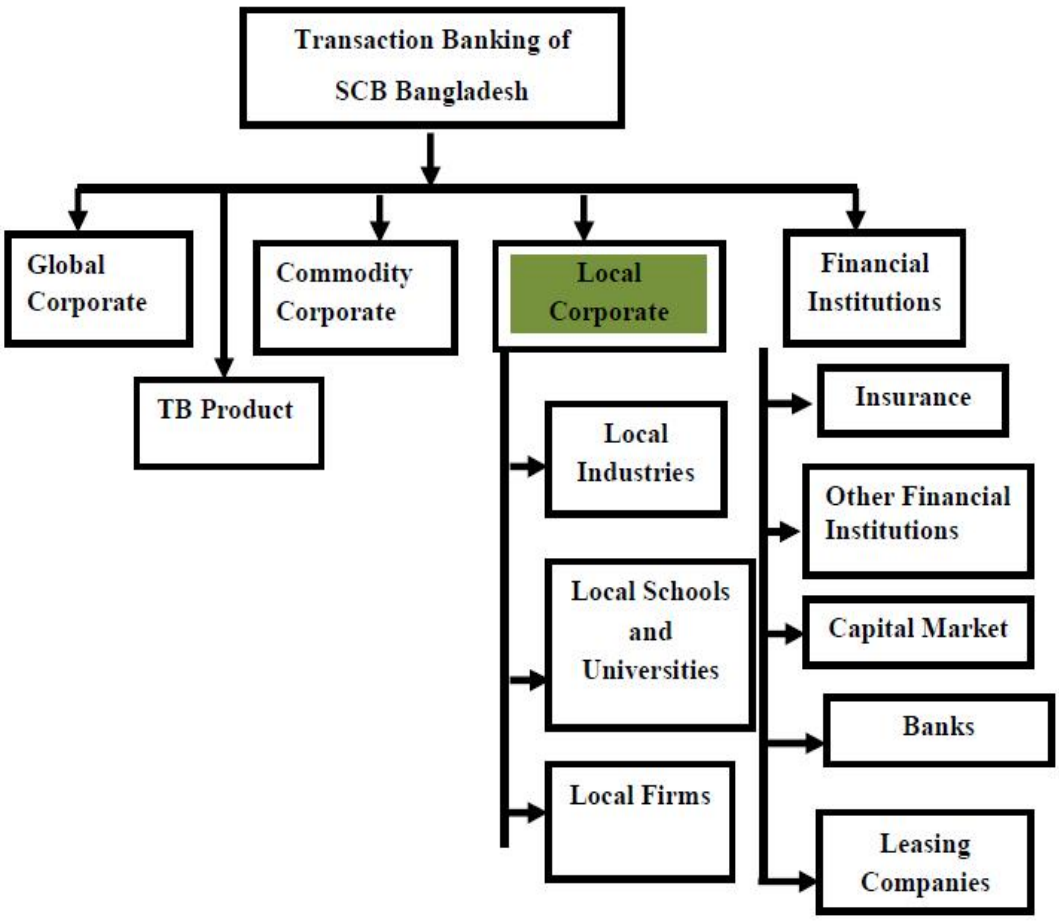


Fig 4: Transaction Banking of SCB

Transaction Banking of SCB Bangladesh has different segments, which are:

- Local Corporate (LC).
- Global Corporate (GC).
- Commodity Corporate (CC).
- Financial Institutions (FI).

The functional areas of these segments are described below:

Local Corporate

Focus: Local corporate clients.

Industries: Pharmaceutical, Technology, Chemical, Toiletries, shipping, steel etcetera.

Example: Renata limited, Square Group, Incepta, Opsonin, AbulKhair, Pacific motors, ACME.

Global Corporate

Focus: Multinational enterprises.

Types of service: Cash management, trade finance and security services.

Example: British American Tobacco, Grameen Phone, Telecom Malaysia International, Aventis

Commodity Corporate

Focus: Oil Marketing Company, countrywide divisional traders.

Example: Padma Oil Company, Kazi Farms and various consultancy firms and trader.

Financial Institutions

Focus: Financial institutions.

Industries: Banks, Leasing Companies, Insurance Companies, Non-government organization.

Example: Aparajeyo Bangladesh, United Leasing, Delta Brac housing, Lanka Bangla Finance

2.4 TB Product

Transaction Product deals with modification, coding, differentiation, customization of Transaction Banking, so that these products can offer solutions to the customer problems. Thus this segment made not on the basis of products offered to the customers rather on the basis of area of coverage, so that each customer's require can be fulfilled by a specialized team. Bangladesh Transaction Banking Team successfully manages a large relationship team and it is one of the major relationship revenue contributors. Their core knowledge and expertise helps them to understand customer's needs and problems and the quick resolution formula enable them to become the 'Right Partner' to their valued clients. TB is the core banker and market leader in managing business with Development Organizations (DOs), Airline Relationships, Shipping Industry. They enjoy 82% of DO business amongst the Foreign Bank and 92% market share in the Airlines Industry. Currently they are holding 72% market share amongst foreign shipping lines.

My Work Experiences at SCB

As an intern I started my internship program at Standard Chartered Bank from February 2012in Transaction Banking department, which is a part of Wholesale banking under the directed supervision of Mr. Luthful Arefin Khan. During my internship I have performed duties that are assigned my by supervisor. Throughout my internship program I performed many tasks that enriched my practical knowledge. Brief descriptions of my duties are given below:

***TB financial Reporting*:**

From the Wholesale Banking Balance sheet I used to prepare the TB financial update report every day. In Transaction banking (TB) department, individual employee deals with individual corporate customer. Some customer use over draft, trade loan, fixed loan, revolving loan or go for different kinds of deposits like saving account, custody call or fixed deposit, so for this reason TB department assigned me to prepare report on Daily Assets, Contingent and Liability Balance. I used to prepare it on excel sheets and all the instructions were provided by them. After that I used to prepare a summary report.

Summary of Bank statement:

Sometime customer of TB wants to know the total amount credited or debited from opening date to present date to a particular account. But SCB bank statement contains account information for one year. So to provide this information in case of those accounts that are maintained more than one year, couple of time I had to prepare summary of bank statement in an excel sheet. To do that SCB employee helped me to get the excess of individual transaction of a particular account and then I copy all the credited

or debited amount according to the request of customer and made an excel sheet so that my supervisor can mail it to the concerned account holder.

***Utilization Report*:**

Standard Chartered Bank's letter of credit gives its client's assurance when they are dealing with unfamiliar suppliers. As the transaction banking (TB) department of SCB deals with corporate clients, so they need to maintain a proper record of the flow of letter of credit among corporate clients. SCB every year gives a limit in letter of credit amount for their corporate clients. As an intern of TB I used to prepare a utilization report two or three times a week that sums up how much limit for letter of credit has been used by different corporate clients up to that specific date.

Letter writing

I had an experience of writing letters to 200 local organizations including Independent university Bangladesh regarding SCB's Short Notice Deposit (SND) Account. Lastly, I had an experience of doing photocopies, printing, organizing files, scanning, and arrange meeting rooms for my supervisor and my department.

PROPOSAL

Abstract

This research intends to analyze and investigate factors of customer service quality that could influence internet banking or e-banking usage of the corporate clients of Standard Chartered Bank, Dhaka, Bangladesh. It will be a causal study aimed to measure if the existence of or a change in one variable causes or leads to a change in the other variable. Moreover, the paper also tries to explain the relationship between customer service quality and customer satisfaction, and to find some major facts for keeping high level customer satisfaction in e-banking. The sample size of the research will be 352. Questionnaire containing 26 questions will be distributed among 352 corporate customers availing the e-banking facilities of SCB. Five customer service quality dimensions namely efficiency, reliability, responsiveness, fulfillment and privacy have been established based on the SERVQUAL model and the literature review. Factor analysis and regression analysis can be performed based on the SERQUAL model to analyze the collected data. The paper proposes a structural model for analyzing empirically the link between customer service quality and internet banking customer satisfaction of SCB Bangladesh.

Background

As an Internet based technology, e-banking is new and quite unfamiliar for some people in Bangladesh due to the digital divide and the different level of internet experience and environments. E-banking services have been available in Bangladesh since 1990s. As of 2009, 29 out of 48 banks have offered online financial services (Rahman, 2009). In Bangladesh, research has been done on electronic commerce issues (Azam, 2007), computer usage (Azam, 2005), Internet usage (Awal, 2004), telephone (Khan, 2001) and electronic banking (Bakta et al., 2007).

Bangladesh is still in the elementary stage of E-banking where the developed countries are in the stage of 'Virtual Banks' (No man Banks) that have no physical offices in the traditional sense. Internet banking can be seen as a truly global phenomenon that has made time and distance irrelevant to many transactions. This paper presents the factors that affect customer (corporate client) satisfaction and lays down the groundwork for future research that could be carried out by banks not only to calculate the level of satisfaction of their clients but also to gauge which dimensions they should put more emphasis on.

The objective of this paper is to propose a model that seeks and measure the level of customer satisfaction and services rendered in the Standard Chartered Bank (SCB). The nature of this research is descriptive and much of the data collected are from the secondary sources. Primary data are also collected through personal interview method conducting the persons who are supposed to have knowledge about the problem.

The scope of this research is on the corporate clients of Standard Chartered Bank (SCB), both local and global corporate. The Straight to Bank (S2B) facility of SCB was launched in Bangladesh with the aim to provide a single access to a working capital management solution that covers the complete trade cycle. The client will have access to cash management, securities services, lending, FX, trade, supply chain finance, receivables services, document preparation and Standard Chartered's award winning Marketplace / B2BeX, an Internet-based supply chain solution that simplifies and streamlines international trade.

However, SCB is not the only bank that provides such services. Citi N/A with CitiDirect and HSBC with HSBCnet are the pioneers in E-banking sector with a cluster of local private

commercial banks also joining the bandwagon. SCB lacks behind HSBC and Citi N/A as their solution package is not to the level of its contemporaries and it has some deficiencies that bar it from providing quality service to its clients. As of yet, SCB boasts cash management and trade financing services to many esteemed corporate clients in the country. So it is imperative that it delivers on quality and attain a desired level of customer satisfaction that will enable SCB to retain their clients and remain competitive. As a matter of fact, many banks subscribe to the fact that high customer satisfaction will lead to greater customer loyalty which, in turn, leads to future revenue. For that matter, many banks that resorted to having superior service quality have been found to be market leaders in terms of sales and long-term customer loyalty and retention.

Problem Statement

The researchers will investigate the impact of Customer Service Quality on the Customer Satisfaction in context of SCB in Bangladesh.SCB is a well-established multinational company but over the last few years, due to rise in customer complaints and customers preferring e-banking services of other banks, it has come to light that their e-banking service quality is not one of the best compared to their other top level services, reason being they follow pre-historic banking structure. From previous researches done it is clearly proven that service quality has an impact on the level of customer satisfaction. For such reasons researchers will analyze the factors that affect the customer satisfaction and can contribute in improving the service quality in e-banking services of SCB as SCB seeks to maintain its high position in the local market as it does in the global market. If the findings of the study indicate significant evidence to support the hypothesized model then the company will take initiatives to make changes accordingly.

Purpose of the study

The purpose of this study is to investigate if Customer Service Quality affects Customer Satisfaction. It will help the researchers to look into the causes of the problems that SCB is facing. SCB wants to maintain its high position in the Banking Industry of Bangladesh as well as in the global market and also ensure benefit to the shareholders, stakeholders, and the society at large. Therefore, research needs to be conducted on how Customer Satisfaction is affected by various service qualities such asefficiency, reliability, responsiveness, fulfillment and privacy.

The present study will determine different service qualities and measure which amongst them have the greatest as well as the least on Customer Satisfaction. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. To survive in the highly competitive internet banking industry, it is apparent that the banks need to provide customers with high quality services (Mefford, 1993). Customers liking is necessary for the banking sector to elevate profitability, business expansion and accomplishment. Now a day's banking sector is modernizing and expanding its hand in different financial events every day. At the same time the banking process is becoming faster and easier. In order to survive in the competitive field of the banking sector commercial banks such as SCB are looking for better service opportunities to provide their customer. The paper has been undertaken mainly to find out whether service quality affects customer satisfaction in context of SCB.

Literature Review

Electronic banking

Electronic distribution channels provide alternatives for faster delivery of banking services to a wider range of customers (Kaleem and Ahmad, 2008). E-banking is the newest delivery channel of banking services. The definition of e-banking varies amongst researchers partially because e-banking refers to several types of services through which a bank's customers can request information and carry out most retail banking services via computer, television or mobile phone (Mols, 1998; Sathye, 1999). E-banking can also be defined as a variety of the following platforms: Internet banking (or online banking), Telephone banking, TV-based banking, Mobile phone banking, PC banking (or offline banking) (Kolodinsky*et al.*, 2004).

Different forms of electronic banking

E-banking may be understood as a term that covers all these ways of banking business electronically (Leow and Bee, 1999):

• *Tele-banking*: Tele-banking service is provided by phone. To access an account it is required to dial a particular telephone number and there are several options of services.

• *PC-banking*: The increasing awareness of the importance of computer literacy has resulted in increasing use of personal computers through the entire world. The term 'PC-banking' is used for banking business transacted from a customer's PC, *i.e.*, customers can use their personal computers at home or at their office to access their accounts for transactions by subscribing to and dialing into the banks' intranet proprietary software system using password.

• *Internet banking*: Internet banking would free both bankers and customers of the need for proprietary software to carry on with their online banking transactions. Customer behavior is

changing rapidly. Now the financial service is characterized by individuality, independence of time and place and flexibility. These facts represent huge challenges for the financial service providers. So the internet is now considered to be a 'strategic weapon' for them to satisfy the ever-changing customers' demand and innovative business needs.

• *Mobile banking (m-banking)*: A more recent e-banking development is wireless internet applications of banking – sometimes called *m-banking*. With the combination of internet and mobile phone, a new service (mobile data service) is thus enabled and the first such wireless internet commercial transaction was performed by the banking industry (Barnes and Corbett, 2003).

Service Quality

Without any doubt, service quality is very important component in any business related activity. This is especially so, to marketer a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success (lacobucci et al., 1994). Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zrithaml et al., 1993); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuram et al., 1988). To some, service quality can also be defined as the difference between customer's expectations for the service encounter and the perceptions of the service received. According to the service quality theory (Oliver, 1980), it is predicted that customers will judge that quality as ` low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations. Closing this gap might require toning down the expectations or heightening the perception of what has actually been received by the customer (Parasuraman et al., 1985). According to Gronroos (1982), perceived quality of a given service is the result of an evaluation

process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He concluded that the quality of service is dependent on two variables: Expected service and Perceived service. Quality spells superiority or excellence (Taylor and Baker, 1994) (Zeithaml, 1988), or, as the consumer's overall impression of the relative inferiority / superiority of the organization and its services (Bitner and Hubbert, 1994; Keiningham et al., 1994-95). Consumer behavioural intentions are also influenced by the standards of service quality (Bitner, 1990; Cronin and Taylor, 1992, 1994; Choi et al., 2004).

Customer Satisfaction and Online Banking

The concept of "Customer or User Satisfaction" as a key performance indicator within the businesses has been in use since the early 1980s (Bailey & Pearson 1983; Ives, Olson, &Baroudi 1983). Similarly, the end user computing satisfactions have been studied since the 1980 (Bailey & Pearson 1983; Chin, Diehl, & Norman 1988; Ives et al., 1983; Rivard& Huff 1988). The user satisfaction can be seen as the sum of the user's feeling and attitudes toward several factors that affect the usage situation (Bailey et al., 1983). End user experience has become an important factor in internet-based businesses because the end user often pays for the majority of new products and services. Therefore, new product characteristics such as perceived ease of use, quality, aesthetics, appeal and value for money must be matched or exceeded with customer expectations toward the product (Wilson &Sasse 2004). Therefore, assessing customer satisfaction has become very important, especially for high tech products and services. In general, customer satisfaction has been measured using questionnaire scales for which either a Likert or a semantic differential scale have been used.

A study by (Picado, Gonzalez &Eckelman 2004) investigated customer satisfaction in the service industries using quality function deployment (QFD). They considered both external and

internal service management issues and subsequent service innovations based on the framework of QFD. The study also includes benefits and disadvantages of the QFD process as compared to service quality and customer paradigms, in addition to recommendations for future applications, with particular interest in the online banking service management issues. Various research studies on consumer attitude and adoption of internet banking have shown that there are several factors influencing the consumer's attitude towards online banking such as person's demography, motivation and behavior towards different banking technologies and individual acceptance of new technology. It has been found that consumer's attitudes toward online banking are influenced by the prior experience of computer and new technology (Laforet and Li 2005). As far as online banking adoption is concerned, security, trust and privacy concerns have been outlined as extremely important ones from the consumer's standpoint (Benamati and Serva 2007). Online banking requires perhaps the most consumer involvement, as it requires the consumer to maintain and regularly interact with additional technology (a computer and an Internet connection) (Jane et al, 2004). Consumers who use e-banking use it on an ongoing basis and need to acquire a certain comfort level with the technology to keep using it (Servon, and Kaestner 2008).

The service quality attributes that banks must offer to encourage consumers to switch to online banking are perceived usefulness, ease of use, reliability, security, and continuous improvement (Liao and Cheung 2008). In another study (2002), they also found that individual expectations regarding accuracy, security, user involvement and convenience were the most important quality attributes in the perceived usefulness of Internet based e-retail banking.

A study by (Ibrahim et al, 2006), revealed six composite dimensions of electronic service quality, including the provision of convenient/accurate electronic banking operations; the

accessibility and reliability of service provision; good queue management; service personalization; the provision of friendly and responsive customer service; and the provision of targeted customer service. Perceived usefulness, security and privacy are the most influencing factors to accept online banking (Qureshi et al, 2008).

Customer Satisfaction Measurement Model (SERVQUAL model)

Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive. Measuring service quality seems to pose difficulties to service providers because of the unique characteristics of services: intangibility, heterogeneity, inseparability and perishability (Bateson, 1985). Because of these complexities, various measuring models have been developed for measuring perceptions of service quality (Gro¨nroos, 1983; 1990; Parasuraman et al., 1985; 1988;, 1991; Stafford, 1996; Bahia and Nantel, 2000; Aldlaigan and Buttle, 2002).

There are many research instruments developed to measure the perceived service quality. Among such general instruments, the most popular being the SERVQUAL model, a well-known scale developed by Parasuraman et al. SERVQUAL has been widely acknowledged and applied in various services setting for variety of industries in the past decade. Examples include: health care setting, dental school patient clinic, business school placement centre, tire store, actual care hospital, large retail chains, banking, pest control, dry cleaning, and fast food restaurants (Babakus and Mangold, 1988: Babok and Garg, 1985; Bower el al., 1994; Carman, 1990; Cronin and Tayler, 1992; Teas, 1993). According to Nyeck, Morales, Ladhari, and Pons (2002), the

SERVQUAL measuring tool "remains as the most complete attempt to conceptualize and measure service quality"

The SERVQUAL model of Parasuraman et al. (1988) proposes a five-dimensional construct of perceived service quality: as efficiency, reliability, responsiveness, fulfillment and privacy – with items reflecting both expectations and perceived performance. Service quality has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzelland Gale, 1987; Rust and Zahorik, 1993; Zahorik and Rust, 1992), customer satisfaction (Bolton and Drew, 1991; Boulding et al., 1993), customer retention (Reichheld and Sasser, 1990), and positive word of mouth. Word has it that it has quite a number of benefits. Incidentally, the SERVQUAL measuring tool's main benefit is its ability that allows researchers to examine numerous service industries such as; healthcare, banking, financial services, and education (Nyeck, Morales, Ladhari, & Pons, 2002). The fact that SERVQUAL has critics does not render the measuring tool moot. Rather, the criticism received concerning SERVQUAL measuring tool may have more to do with how researchers use the tool. Nyeck, Morales, Ladhari, and Pons (2002) reviewed 40 articles that made use of the SERVQUAL measuring tool and discovered "that few researchers concern themselves with the validation of the measuring tool" (p. 106). Originally, SERVQUAL formulated by Parasuraman et al. (1985) showcased tenvarious components. Later in 1988, these ten components were collapsed into five different dimensions. They are efficiency, reliability, responsiveness, fulfillment and privacy.

Development of Conceptual Framework

Based on the narrowed down scope of literature review above, the relationship between service quality variables and customer satisfaction can be shown in the figure below. The five

servie quality dimensions have been selected from the study done by Zethaml et al (2000:;2002). These dimensions are also mentioned by different authors (Jun &Cai(2001; Yang and Fang (2004); Yang and Jun (2002); Liu and Arnett (2000);) in their studies to determine online service quality dimensions. This is the main reasons behind selecting these five dimensions.

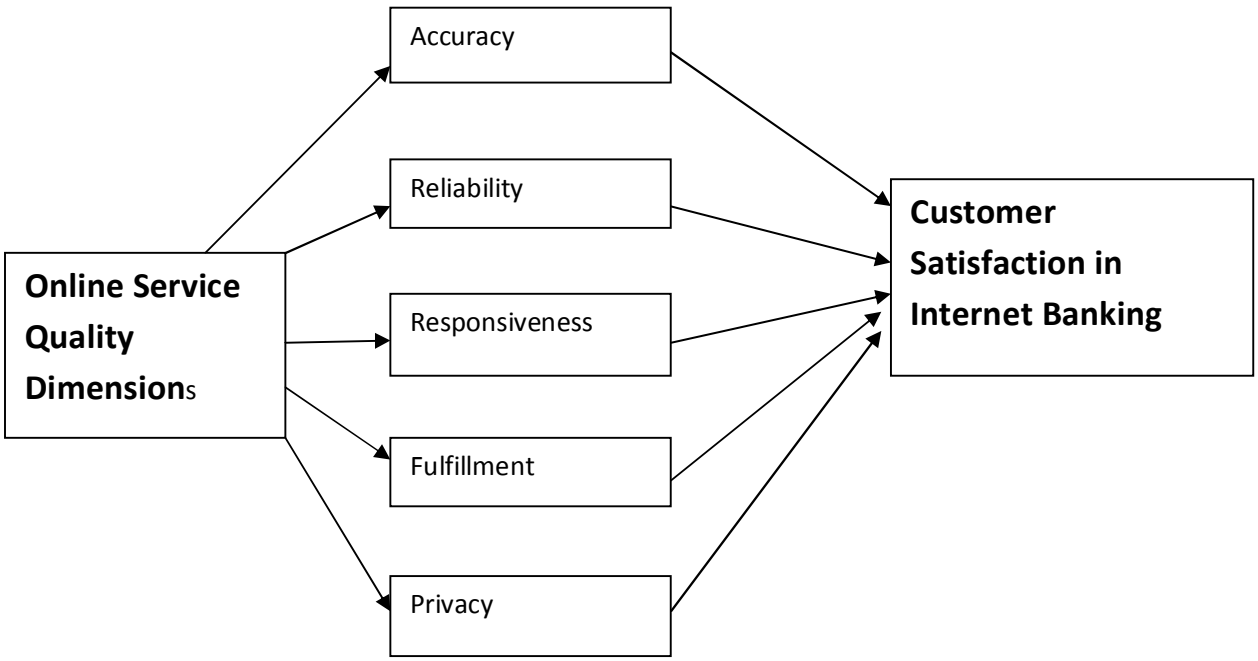


Figure: The conceptual framework for this study

Research Questions

1. Does Reliability affect Customer Satisfaction in context of SCB in Bangladesh?
2. Does Responsiveness affect Customer Satisfaction in context of SCB in Bangladesh?
3. Does Assurance affect Customer Satisfaction in context of SCB in Bangladesh?
4. Does Empathy affect Customer Satisfaction in context of SCB in Bangladesh?
5. Does Tangibles affect Customer Satisfaction in context of SCB in Bangladesh?

Hypothesis

1. Reliability affects Customer Satisfaction in context of SCB in Bangladesh
2. Responsiveness affects Customer Satisfaction in context of SCB in Bangladesh
3. Assurance affects Customer Satisfaction in context of SCB in Bangladesh
4. Empathy affects Customer Satisfaction in context of SCB in Bangladesh
5. Tangible affects Customer Satisfaction in context of SCB in Bangladesh

Methodology

Research Design

In order to find appropriate answers to the research questions and to test the hypotheses, the researchers will select a causal study which is applicable for this research. The earlier graphical representation of the proposed framework depicted the pattern and structure of causal study among the set of measured variables. The research that implies that the existence of or a change in one variable causes or leads to a change in the other variable is referred to as a causal study (Cooper & Schindler, 2009). That is why a causal study will be adopted to investigate the research questions and to examine the hypotheses.

To be more specific, the researchers will select an action study by purpose and a causal explanatory study by method. Explanatory research goes further than merely indicating that relationships exist between variables. It indicates the direction of the relationships in a causal relationship model and as it is an action research by purpose the researchers are also active participant with the team/company under which the research is being done.In this research, particular Service Quality is hypothesized to have an impact on the Customer Satisfaction of SCB. This research can thus be described as being action in nature. In this study the researchers

are going to investigate the relationships between, Service Quality such as Reliability, Responsiveness, Assurance, Empathy, Tangible and Customer Satisfaction in context of Standard Chartered Bank, Bangladesh, while being in the active team of the company. Here, Service Quality is the independent variables and Customer Satisfaction is the dependent variable. This study attempts to explain relationships among these variables and learn how one variable produces changes in another therefore it is a causal explanatory study.

This explanatory causal study will be carried out once for budget and time convenience. Therefore, this study will adopt a cross-sectional time dimension

Sampling Method

Firstly, probability sampling will be selected for the research; the reason behind choosing probability sampling is that, the researchers will have access to the sampling frame of Standard Chartered Bank, Bangladesh and from the list a sample of corporate clients using the e0banking services of SCB will be drawn. The main intentions of the researchers will be to investigate the relationship between Service Quality and Customer Satisfaction; specifically in context of "Standard Chartered" bank, Bangladesh. Because of the availability of the sampling frame from this specific context it is important to adopt probability sampling strictly for this study.

Secondly, stratified sampling technique will be chosen, because the corporate customers availing the services of e-banking of SCB can be divided by their type, i.e. local and global. To be clearer, the population can be segregated into certain exclusive sub-population or strata. A simple random sample will be taken from just corporate client strata and thus the results from the study can then be weighted and estimated into appropriate population estimates. Since the researchers' objective will be to collect sample from each type and compare the respondents' answers, stratified probability sampling is most applicable technique.

Thirdly, proportionate stratified sampling will be selected because it is much easier to carry out than other sampling methods and has higher statistical accuracy.

Sample Size

The population size of SCB is . The researchers will select a sample size of 352, which will be found by applying the formula –

Sample Size formula:

ss = (Z 2 * (p) * (1-p)) / c 2

Where:

Z = Z value

p = probability

c = confidence interval

If the researchers consider a 95% confidence interval at a 2% error limit, the sample size would be about 1,521. However, given the feasibility of this study, the researchers could increase the error limit to about 5%, which would bring the sample size down to 352 (a more practical sample size). The above sample size is large enough to enable tests of variance and significance. As any sample size over 120 permits "Z" tests at small significance levels, where there is a normal distribution in the population universe.

Instrument

A structured questionnaire will be selected for this study. The questionnaire will comprise of five sections. The first section will contain questions regarding accuracy, which will be measured using 6 items (section1, questions 1-6). The second section will contain questions regarding reliability, which will be measured using 6items (section 2, question 7-12). The third section will contain questions regarding responsiveness, which will be measured using 6items (section 3, question 13-18). The fourth section will contain questions regarding empathy, which will be measured using 3 items (section 4, questions 19-21). Lastly the fifth section will contain questions regarding tangibility which will be measured using 5 items (section 5, questions 22-26).

Each item is of 5 point Likert scale, that ranges from 1(strongly disagree) to 5 (strongly agree). This study tries to focus on 26 “Quality Characteristics” which were previously found significant by various studies with few uniquely appropriate characteristics. The respondents who are using e-banking 0-3 years are considered as sample. This using period is planned because if the consumers enjoy the services for the long time from any bank they may be biased to their banks. This period is enough for experiencing the e-banking services. Our total study population was 1575 and sample size of 352 was taken. The customers were selected by stratified probability sampling.

Pilot Test of Questionnaire

The survey instrument was proof read by employees of SCB including the operators of the S2B facility as well as the business development managers (BDM) and associate directors of

the Product Department of SCB and had to undergo numerous changes before settling onto the final form as presented in the appendix.

A pilot test is conducted to detect weaknesses in the research design and the survey instrument and to provide proxy data for the probability sample. So the researchers will perform a pilot test to evaluate the questionnaire for clarity. It is suggested that a pretest of 5-10 representatives is usually sufficient to problems with questionnaire. The researchers will distribute 10 questionnaires among 10 corporate customers of the e-banking.

Data Collection

Questionnaires will be distributed among 352 corporate customers using e-banking services of SCB to collect data. The reasons accounted for this choice are:

- There is an economy in data collection due to the focus provided by standardized questions. Only questions of interest to the researcher are asked, recorded, codified, and analyzed. Time and money is not spent on tangential questions.
- Because they are standardized, they are relatively free from several types of errors.
- They are relatively easy to administer.

Data Analysis

For research purpose, SPSS will be used as it provides in-depth investigation in data analysis and visualization. Stepwise regression analysis can be carried out to test hypotheses to find which independent variable(s) individually and collectively provide a meaningful contribution towards the explanation of the dependent variable noted that if an investigator wishes to determine whether some conceptually newer measures add anything to the depending variable. The researcher will investigate Service Quality and its relationship with Customer Satisfaction; in addition the researcher will use the SERVQUAL model to apprehend the overall

level of customer satisfaction of each corporate client by quantifying the dimensions of Service Quality

Limitations of the Study

Some limitations for conducting this research are as follows: Many corporate respondents have little knowledge about the whole S2B package of SCB that make them vulnerable to give inaccurate answers. There is high likelihood that users of the same company residing in different districts will have variable answers to the same questionnaire leading to distorted result of customer satisfaction. Only a selected sample of local and global corporate clients has been considered for the research. This leaves out scope for research decision to be based only on a selected few and may skew away from the optimal reality. Customer satisfaction of a particular bank has not been dictated in Bangladesh, which makes it first research of its kind leaving scope for margin of errors. Corporate clients also avails the services of competitor banks which will not be considered in this research.

Suggestion for further research

In future, research may be done through doing survey on larger number of customers of the SCB and try to understand their satisfaction level on the basis of proxy determinants as level of satisfaction is a cardinal approach. Moreover, currently transition period is going on due to the change of the system from the existing old framework to the much improved network with better connectivity. At least after 2/3 years if the level of satisfaction is measured then it will be better to identify whether any structural breakthrough has happened among corporate customers of the banks. Also it must be noted that this survey could be conducted between the corporate clients of various competing banks in order to rank and rate their level of customer’s satisfaction.

APPENDIX

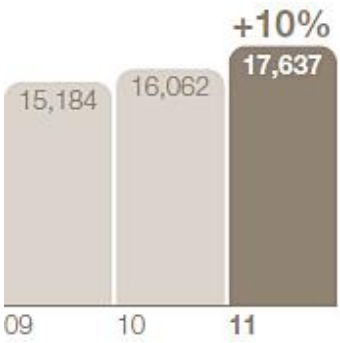
1) **Financial Performance**
2) **References**
3) **Questionnaire**

Financial Overview

Performance Highlights of 2011 (as per the annual report)

Operating income

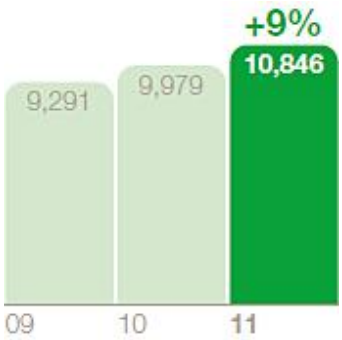
$m



Wholesale Banking

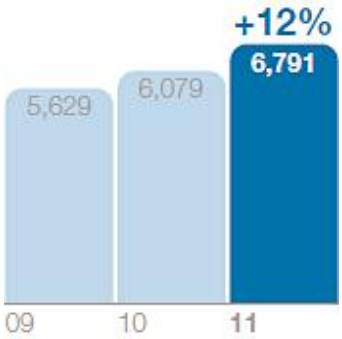
Operating income

$m



Consumer Banking

Operating income



Overall:

Key performance

Operating income

$17,637m

2010: $16,062m

Profit before taxation

$6,775m

2010: $6,122m

Wholesale Banking

Key highlights

Operating income

$10,846m

2010: $9,979m

Client income as

% of total income

82%

2010: 80%

Wholesale Banking

Core bank to more clients

$ income



Aim

To continue to grow the total number of client relationships that deliver income in excess of $1 million, $5 million and $10 million.

Analysis

We have consistently grown the number of leading clients that generate income in excess of $1 million, demonstrating our strong and consistent progress against our Wholesale Banking strategy of becoming the core bank to more clients.

Overall:

Operating income by region in 2011



Aim

To deliver diversified income growth.

Analysis

Our income stream remains highly diversified with 24 markets delivering over $100 million of income.

Operating income

$m



Aim

To sustain organic momentum, with growing revenue.

Analysis

Operating income grew by 10 per cent, with the sources of growth remaining well diversified by product and geography, with both businesses growing strongly.

List of references

1) Books and Theses

Kenova, V. & Jonasson P. 2006. *Quality Online Banking Service*. Jonkoping university.

Pallent, Julie. 2007. SPSS Survival Manual: *A Step by Step Guide to Data Analysis using SPSS for Windows*. England: McGraw.

Saha, P. &Zhoa, Y. 2005.*Relationship between Online Service Quality and Customer Satisfaction: A Study in Internet Banking*. Lulea University.

Sidat, S. 2008. *Measuring Service Quality using SEWRVQUAL Model: A Case Study of E-Retiling in Iran*.University Technology Malaysia.

Yang, Z. 2001.*Measuring E-Service Quality and its linkage to Customer Loyalty*.New Mexico University.

2) Articles

Bauer, Hammerschmidt. & Falk. 2004. “Measuring the quality of e-banking portals”. International Journal of Bank Marketing. Vol. 23 No. 2.pp. 153-175.

Cai. & Jun. 2003. “Internet users’ perceptions of online service quality: a comparison of online buyers and information searchers”. Managing Service Quality.Vol. 13. pp. 504-519.

Carlson. &O’Cass. 2008. “Exploring the relationships between e-service quality, satisfaction, attitudes and behaviours in content-driven e-service web sites”. Journal of Services Marketing.Vol. 24. pp. 112–127.

Han, Sang. & Beak, Seung. 2004. “Antecedents and Consequences of Service Quality in Online Banking: An Application of the SERVQUAL Instrument”. Advance in Consumer Research. Vol. 31. pp. 208-214.

Herington, C. &Weaven, S. 2008. “E-Retailing by Banks: E-Service Quality and its Importance to Customer Satisfaction”. European Journal of Marketing Vol. 43 No. 9/10, pp. 1220-123.

Jaiang&Rosenbloon. 2004. “Customer intention to return online: price perception, attribute-level performance, and satisfaction unfolding over time”. European Journal of Marketing. Vol. 39 No. 1/2, pp. 150-174.

Janda, S, J, Philip, Trocchia&Gwinner, P. 2002. “Customer Perceptions of Internet Retail Service Quality”.International Journal of Service Industry Management.Vol. 13. pp. 412-431.

Lee, G. & Lin, H. 2005.“Customer perceptions of e-service quality in online shopping”. International Journal of Retail & Distribution Management Vol. 33 No. 2, pp. 161-176.

Mekoves, R, Bubas, G. &Verck, N. 2007.“A METHOD FOR IMPROVEMENT OF OBJECTIVITY OF E-SERVICE QUALITY EVALUATION”.Journal of information and organizational sciences, Vol 31.

Mobarek, Asma. 2007. “E-BANKING PRACTICES AND CUSTOMER SATISFACTION- A CASE STUDY IN BOTSWANA”. Dpt. Accounting and Finance.University of Botswana.

Nupur, J. 2010. “E-Banking and Customers’ Satisfaction in Bangladesh: An Analysis”. International Review of Business Research Papers.Vol. 6.September. pp. 145-156.

Oju, Olu. 2010. “The Relationship between Service Quality and Customer Satisfaction in the Telecommunication Industry: Evidence from Nigeria”. Broad Research in Accounting, Negotiation, and Distribution.Vol. 1. pp. 88-100.

Osman, I, Ali, H, Zainuddin, A, Rashid, W. 2009.“Customers Satisfaction in Malaysian Islamic Banking”.International Journal of Economics and Finance.Vol. 1. pp. 197-202.

Parasuraman, A, Zeithaml, A. &Malhotra. A. 2005. “E-S-QUAL A Multiple-Item Scale for Assessing”.Electronic Service Quality Journal of Service Research, Vol. 7. pp. 1-21.

Rod, M, Ashill, N &Carruthers. 2008. “An examination of the relationship between service quality dimensions, overall internet banking service quality and customer satisfaction: A New Zealand study”. Marketing Intelligence & Planning.Vol. 27 No. 1. pp. 103-126.

Shang, T. & Liu, C. 2010.“An Empirical Study on the Effect of E-Service Quality on Online Customer Satisfaction and Loyalty”.Nankai Business Review International Vol. 1 No. 3. pp. 273-283.

Yang & Fang. 2004. “Online service quality dimensions and their relationships with satisfaction: A content analysis of customer reviews of securities brokerage services”. International Journal of Service Industry Management.Vol. 15 No. 3. pp. 302-326.

Yang, Z, Jun, M. &Petrson, T. 2004. “Measuring customer perceived online service quality Scale development and managerial implications”. International Journal of Operations & Production Management.Vol. 24 No. 11. pp. 1149-1174.

Survey Questionnaire

I, Karima Lakhani, an undergraduate student of IUB is carrying out a research on the topic- "Service Quality of E-banking and its impact on customer satisfaction: Study of corporate clients using S2B facilities of SCB". The purpose of this research is purely educational in nature and the identity and response of the client will be kept confidential. I would like to request you to take 3-4 minutes to fill up this questionnaire which would be very helpful for my research work.

Type of client: ☐ Local Corporate ☐ Global Corporate

How long have you been using S2B facilities of SCB? ☐ Less than 1 year

☐ 1-2 year ☐ 2-3 year

Are you using only one bank or different bank?

Name of the Bank (other):

	Strongly Agree (1)	Agree (2)	No opinion (3)	Disagree (4)	Strongly Disagree (5)
The speed of login of your account is fast.					
It is easy to find all the important information from the bank's website					
It is easy to find policy and notice statement					
The bank's site is easy to navigate and is simple to use.					
The bank's site does not get you lost.					
The speed of logout of your account is fast.					

	Strongly Agree (1)	Agree (2)	No opinion (3)	Disagree (4)	Strongly Disagree (5)
I can rely on the web pages functioning properly.					
The bank's site is up and running all the time.					
The bank's site pages don't freeze after you have put in all your information.					
Links are problem-free, accurate and the pages download quickly.					
Information that is provided is accurate.					
Information content and texts are easy to understand.					

	Strongly Agree (1)	Agree (2)	No opinion (3)	Disagree (4)	Strongly Disagree (5)
The bank provides appropriate information to customers when a problem occurs.					
The bank is willing to help customers and provide promt service					
The bank compensate for the problem they create.					
You are able to talk to a live person using a telephone number.					
The bank's site has online customer service representation.					
The bank takes care of problems promptly.					

	Strongly Agree (1)	Agree (2)	No opinion (3)	Disagree (4)	Strongly Disagree (5)
The bank's site provides quick confirmation of the service ordered.					
The bank's site performs the service right the first time.					
The bank's site provides quick confirmation.					

	Strongly Agree (1)	Agree (2)	No opinion (3)	Disagree (4)	Strongly Disagree (5)
The bank shows care in how it collects your personal information.					
The bank's site does not use cookies to collect information.					
The bank's site is secure for credit card information.					
You can rely on the information that you give not being misused.					
Information that is provided is accurate.					
You can rely on the information remaining in the register.					

Thank you for your co-operation.