ANALYSIS OF ATM SERVICE QUALITY
IN AGRIBANK
(CASE STUDY OF LANG HA BRANCH)

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This thesis entitled “ANALYSIS OF ATM SERVICE QUALITY IN AGRIBANK (CASE STUDY OF LANG HA BRANCH)” prepared and submitted by Bui Trung Hieu in the partial fulfilment of the requirement for the degree of Bachelor of Banking and Finance in the Faculty of Economics has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 16/1/2013

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DECLARATION OF THE ORIGINALITY

I declare that this thesis entitled “ANALYSIS OF ATM SERVICE QUALITY IN AGRIBANK (CASE STUDY OF LANG HA BRANCH)” is to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, January, 16, 2013

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The panel of examiner declares that the thesis entitled “ANALYSIS OF ATM SERVICE QUALITY IN AGRIBANK (CASE STUDY OF LANG HA BRANCH)” that was submitted by Bui Trung Hieu majoring in Banking and Finance from the Faculty of Economics was assessed and approved to have passed the Oral Examination on January 16, 2012.

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ABSTRACT

This thesis is about ATM service quality from saving customer point of view related with their customer satisfaction in Agribank Lang Ha Branch. This is motivated in a service company that has some problems measuring customer satisfaction in a quality of service. The writer believes that customer satisfaction is related with the quality of service, and measuring can be used like an advantage for quality improvement. To archive this we present some theoretical background about quality, some tools for quality improvement and some tools for measuring customer satisfaction.

To know whether Agribank has a good service quality towards customer satisfaction, this research uses SERVQUAL and descriptive analysis. Some tips about how to measure the customer satisfaction and other recommendations are given. By combining the SERVQUAL and descriptive analysis, we can get information and analyse customer satisfaction. It will tell what we should act to improve the quality of service toward the customer satisfaction.

Results indicate that five dimensions of service quality (Tangibles, Responsiveness, Reliability, Assurance and Empathy) in Agribank Lang Ha Branch have high percentage for customer satisfactions.

Keywords: descriptive analysis, tangibles, reliability, responsiveness, assurance, empathy.
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CHAPTER I
INTRODUCTION

1.1 Background of the Study

A company built or established with the goal to be sure you want to receive the benefits that a large company and developed more advanced. With a big advantage, it will provide benefits for all stakeholders. The problem is the strategies use by the company to operate and achieve the goals. One of them should win the competition with our business competitors, the minimum percentage of the market share.

It is very clear that there is a different relationship between quality, customer service, and customer satisfaction. The differences are more evident when consider the quality and service is determined by the perception that the expectation has been met. Therefore, if the bank and provided quality service that fit the above definition, then customer satisfaction will follow. In addition, the satisfied customers will bring more customers to the bank, which leads to numerous customers. Customers have individual character, and everyone will see things differently from other people, even in the same situation.

Service quality depends on three things, namely the system, technology and people (Quality Services - Guide I - Client Consultation). The human contribution is holding around 70%. Not surprisingly, satisfaction with the quality of services usually difficult imitated. The formation of attitude and behaviour in line with the company’s desire is not easy work. Improvement must be made from the process of recruitment, training, workplace culture.

This research is conducted to evaluate how far customer satisfaction against quality services of Agribank is. The study used service quality as the approach. The value of service quality was measured by counting the differences between evaluation which has been done by customer against a pair of consumer statement against hope and consumer perception as the doer of the mentioned banking services. Furthermore, the results of analysis with service quality method were
used to set up marketing strategy based on banking quality service of Agribank. The result of the survey is in the form of characteristics on each segment of consumers who used banking services, the main variable to be improved and marketing strategy based on banking services. The result of service quality on each branch of Agribank showed up the existence of some variable which need to be improved. Besides, queuing against five dimensions responsiveness has become first priority to be improved. Profile or characteristic of the customer of Agribank were influenced by sex, age, and education.

Based on the description, researcher decided to choose “Analysis of ATM Service Quality to Customer Satisfaction in Agribank Lang Ha Branch”

1.2 Company Profile

Agribank was founded in 26th March, 1988. It is the largest bank in Viet Nam in terms of capital, assets, workforce, operating network and customer base. As of October 2012, the leading role of Agribank has been confirmed by:

Total asset: VND 560,000 billion
Total fund resource: VND 513,000 billion
Equity: VND 29,605 billion
Total outstanding loans: VND 469,000 billion
Operating network: 2,400 branches and transaction offices nationwide
Personnel: 42,000 staffs

Agribank has always focused on the innovation and application of banking technology in favour of business administration and the development of an advanced banking services network. Agribank is the first bank to accomplish the Project “Intra Payment and Customer Accounting System” (IPCAS) funded by the World Bank. The finalised IPCAS has enabled Agribank to provide local and foreign customers with modern banking products and services with extensive
safety and accuracy. At present, Agribank is serving millions of households and enterprises.

Agribank is one of the banks in Viet Nam who have the largest number of correspondent banks with 1,033 correspondent banks in 92 countries and territories.

Agribank is currently taking the Chairmanship of Asia Pacific Rural and Agricultural Credit Association (APRACA) in term of 2008-2010, and also a member of International Agricultural Credit Confederation (CICA) and Asian Bankers Association (ABA). Agribank has hosted a number of big international conferences, i.e., FAO Conference in 1991, APRACA Meeting in 1996 and 2004, CICA International conference on agricultural credit in 2001, APRACA Meeting on fishery in 2002.

Agribank is the leading bank in Viet Nam in receipt and implementation of foreign projects. In the context of economic volatility, Agribank has received 136 projects from the World Bank (WB), Asian Development Bank (ADB), French Development Agency (AFD), European Investment Bank (EIB), etc. with the total fund of over USD 5.1 billion. Apart from this, Agribank has continuously got accessed to and attracted new projects: Financing Agreement with European Investment Bank (EIB) phase II; Rural Finance Project III funded by World Bank, Biogas Project funded by ADB; JBIC Project by Japan; Small rubber farming project funded by AFD.

Apart from business activities, as a big enterprise, Agribank has shown its corporate social responsibilities towards the nation’s social welfare program. Resolution 30a/2008/NQ-CP by the Government on rapid and sustainable poverty reduction supporting program for 61 poor districts in 20 provinces, Agribank has sponsored VND 160 billion to Muong Ang and Tua Chua districts of DienBienProvince. Agribank provided 2,188 gratitude houses in 2009, as of August 2010, Agribank also funded 41 blocks of 329 rooms, 40 sanitary quarters, 40 water supplies, 40 kitchens, 9,000 m2 of concrete yard and other equipments for 38 schools of these two districts. In addition, Agribank funded
the building up of hundreds of gratitude houses over the country; provided passbooks for late - servicewomen solders with hard life; also funded for surgery of heart-disease children, funded for Hospital construction and historical monuments embellishment. Annually, Agrbank’s employees support salary of 04 working days to welfare funds such as: Fund for the poor, Fund for Children Saving, … . In 2011, Agribank has sponsored over VND 200 billion for charitable activities.

On the occasion of 21 years of Agribank anniversary (26 March 1988 – 26 March 2009), Agribank was of great pleasure to welcome the visit of His Excellency Mr. Nong Duc Manh. He highly appreciated the great effort of Agribank and emphasized that the bank should be fully aware and well done the Decision 26-NQ/TW in the direction “Strongly change on mechanism, Improve the spirit and material life for the farmer”.

With the position of a leading commercial bank in Viet Nam, Agribank has shown its great efforts, reaching encouraging achievements, and contributing greatly to the nation’s industrialisation and modernisation as well as economic development.

1.3 Problems Identified

Understanding the customer satisfaction is very important for the company. The reasons why people buy and consume a product or service are varied. Customer satisfaction is not just making a purchase decision or the act of purchasing, but it also includes the using of products and services and satisfaction derived from using them.

Based on the introduction mentioned earlier, the basis problem that could be stated here is the influence of service quality toward customer satisfaction in Agribank.

Service quality is an empirically derived method that may be used by a services organization to improve service quality. The method involves the development of an understanding of the perceived service needs of target customers. These
measured perceptions of service quality for the organization inquisition, are then compared against an organization that is “excellent”. Service quality takes into account the perceptions of customers of the relative importance of service attributes. This allows an organization to prioritize and to use its resources to improve the most critical service attributes.

E-Banking technology in which customers can access easier, quicker, accurate and rapid banking services such as Online Banking, Automated Teller Machines (ATMs), SMS and Net Banking Services but ATM is a fruit and effort from experts what they did and traditional brick-and-mortar bank branch offices continues to expand across Vietnam and in many other countries as well, it has becomes a friendly system which everyone can use it. But sometimes ATM may be cause of customers’ uncomfortable about its service quality, for example there were a lot of grievances over withdrawals and delay in processing. Time is money but the customers have to wait for a long time of their turn in the ATM service or security at ATM terminals so Agribank recognized recent problems and they decided to extend more branch to help customers an easy to access ATM (1). Previous researchers have found that banks’ customer service performance and maintaining the quality customer service are importance aspects to avoid churn and prevent customers from changing banks such as ATM services (Linask, Erick, 2010)

However, The researcher thinks that the presence of clients is a crucial part and existing of companies - corporations and Agribank has known values and important of customer benefits since it was established so the researcher think it should be a good topic and an interesting to investigate the present problems of ATM service quality of Agribank and the researcher would like to find the dimensions that may cause customers be dissatisfaction with ATM of Agribank Lang Ha Branch.

1.4 Statement of the Problem
The research will attend to focus on customer satisfaction in Agribank. The problem as follows: Do tangibles, reliability, responsiveness, assurance, empathy have high percentage for customer satisfaction in Agribank. What is the dimension that may cause customers be dissatisfied with ATM services.

1.5 Research Objective
The objectives of this research are to analyse whether the dimension of satisfaction such as tangibles, empathy, assurance, responsiveness, reliability have effect on customer satisfaction in Agribank and to examine the essential dimensions of ATM service quality

1.6 Significance of the Study
This research is expected to be functioning to the company, the researcher and the student. Help the company in monitoring their internal control especially for customer satisfaction. High level of satisfaction could be translated into a good promotional campaign. Highly satisfied person recommends the brand toward another people, or use it again when it is needed. It will be important for any company that faces the competition atmosphere, where competitor may produce the bank price service. That issue important since Agribank could build some strategies to improve customer satisfaction by understanding customer values. Obtaining more insights knowledge of customer satisfaction by applying theories learned into real practice. Give as an additional guidance or reference on customer satisfaction strategy for further search. To learn and find out how the level of customer satisfaction at Agribank

Motivational research of ATM service quality to customer satisfaction in Agribank

a. It helps Agribank know more about factors effect of ATM service quality to customer satisfaction.
b. It is a perspective for bank information technology (IT) managers to increase their competition with other banks through a system that will work effectively and to facilitate all transactions.

c. To show the relationship between customers' perceptions on ATM service of Agribank and their profitability via customer satisfaction.

d. Finally, study will be a reference for other researchers who have the same interest in examining or similar from topics for bachelor degree.

1.7 Theoretical Framework

The factors (variables) of customer satisfaction are tangible, reliability, responsiveness, assurance and empathy.

a. Reliability: the ability to perform promised service dependably and accurately.

b. Responsiveness: the willingness to help customers and to provide prompt service.

c. Assurance: the knowledge of employees and their ability to convey trust and confidence.

d. Empathy: the provision of caring, individualized attention to customers.

e. Tangibles: The appearance of physical facilities, equipment, personnel, and communication material.

Oliver (2003, p.42) made a conceptual definition customer satisfaction as the customer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption related fulfillment, including level of under or over fulfillment.
The level customer satisfaction framework (2)

Figure 1: Theoretical Framework

Relationship between service qualities to customer satisfaction

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1.8 Scope and Limitations of Study

Research to customers who have saving accounts on Agribank branch. This research is intended only to customer perspective. This research is done in systematic from the problem formulation, research purposes, data collection, data processing and interpretation results research. This is for all of the entries in order to identify management problems and decision making for problem solving.

The research scope is customer at Agribank and the features which are created for the customer. Service quality is a measure of how the bank services (as received) match with expectations (as preconceived)( Zeithaml 2003, p.56). Truly successful firms are those that consistently exceed this customer satisfaction.

The researcher limits discussion of the problem with savings in the influence of systems and procedures in order to increase service quality. In this research, the writer made several restrictions, namely the problem: the data used are primary data from customer branch of Agribank and secondary data that come from Agribank publication or publication on the development of savings banks.
1.9 Research Hypothesis

A statistical hypothesis test is a method of making decision using experimental data. According to Fisher (3) for test of hypothesis is “Critical tests of this kind may be called test of significance and when such tests are available we may discover whether a second sample is or is not significantly different from the first”. The main hypothesis of this study are:

a. Tangible has high percentage for customer satisfaction.
b. Reliability has high percentage for customer satisfaction.
c. Responsiveness has high percentage for customer satisfaction.
d. Assurance has high percentage for customer satisfaction.
e. Empathy has high percentage for customer satisfaction.

1.10 Definitions of Terms

Some terms used in this research are as follow:

a. Service: every action or performance offered by a party to another party which is in principle intangible and does not bring about any transfer of ownership whatsoever. Its product may and may not be bound to physical product

b. Service quality: The level of excellence expected and control over excellence level to fulfil customer satisfaction

c. Customer satisfaction: The extent to which a product perceived performances matches buyer expectation.

d. Quality is the degree to which all the services delivered meet the expectation of the customers as a result of promise from service communicated.

e. ATM (also known as automated banking machine (ABM) or cash machine or bank machine and cash point) is a computerised telecommunications device that provides the clients of a financial institution which access to

f. Financial transactions in a public space without the need for a cashier, human check or bank teller.

g. Tangibles: Appearance of physical facilities, equipment, personnel and communication materials.

h. Reliability: ability to perform the promised service dependably and accurately

i. Responsiveness: Willingness to help customers and provide prompt service

j. Assurance: Knowledge of employees and their ability to convey trust and confidence.

k. Empathy: The firm provides care and individualized attention to its customer.
CHAPTER II
LITERATURE REVIEW

2.1 Bank

2.1.1 Definition of Bank

According to the Law of the Socialist Republic of Viet Nam number 46/2010/QH12 year 2006 dated June 16, 2006 about banking, which is a bank is a business entity which collects funds from the public in the form savings and distribute it to the public in the form of credits or other forms in order to improve the living standard many people.

In United Dominions, Lord Denning deferred to these words to define a bank: "An establishment for the custody of money received from, or on behalf of, its customers. Its essential duty is to pay their drafts on it: its profits arise from the use of money left unemployed by them."

Banks are financial institutions whose main activity is to collect funds from the community and distribute those funds back into the community and provide other banking services (4). Based on some understanding of banks above mentioned by experts, the research concluded that the bank is a financial institution that plays a role in collecting funds, disbursing funds, and launch any form of transaction to facilitate the customers in their financial activities.

2.1.2 Function of Bank

In the function of bank in Viet Nam, can be explained in the two functions as follow:

a. Intermediary function, which is provides convenience for the flow of funds from those who have funs to the parties that requires the borrower to meet its shortcomings.

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4 www.newagepublishers.com/.../001636.pdf
b. Transmission function, associated with the role of banks in payment traffic and circulation of money, by creating the Viet Nam currency by banks and demand deposit and other instruments like currencies, such as card-shaped product (credit card, debit card, smart card, and so forth).

Bank present is needed in the economic development of a State. Based on the understanding and explanation of the bank according to experts, the bank has a function as a financial traffic to raise and channel funds to and from the community, transaction services and ease the circulation of money.

2.2 Activity of Bank

a) Funding
Based on the functions of the bank, the bank has major activities to collect and distribute public. Activities to collect data called as funding activity, activity to purchase fund from the public by offering various types of deposits.

b) Loans
Loans are divided into three on the period of time, which is short-term loans, medium-term loans, and long-terms loans. Based on above functions of the bank, the bank also distributes or makes loans. Loan also called as credit.

c) Other Service
Beside above two activities, based on the function of the bank, the bank also has a duty as a financial traffic to facilitate customer transactions through service provided by banks. Service is meant as a course of financial traffic, including remittance (transfer), clearing, collection, safe deposit box, credit card, serving payments (paying salary, pension, and bonus), etc.

2.3 The Functions of ATMs
There are things in our lives that are so common, so obvious, that we no longer think about them. We use them as the tools of daily life. For business that are responsible for providing these tools. Nowadays, ATMs exist in a world like this.
Agribank provides more than 1702 ATM locations in Vietnam. However ATM is designed to perform the most important functions of bank, it helps banks reduce operation cost and increasing high effective and efficient – volume transactions to customers and lower the per – unit fee costs. “The traditional ATM functions: cash withdrawal, transfers, deposits, statements and the like. These ATM functions automate branch teller activities from which they were derived and have a value in speed and convenience of customers” Robert Usner (2002,p.25) but previous research proposed by Jonathan Kalstrom, (2000,p.46) to implement more functions of ATMs like sells tickets, postage stamps and long distance telephone minutes. They can be customized to individual customers to provide news headlines while the machine processes the transaction, or they may print monthly checking – account statements and allow users to recorder checks.

2.4 Service

2.4.1 Definition of Service
Kotler & Armstrong, (2008, p.168-169). Service is a form of product that consists of activities, benefits, or satisfactions offered for sale that are essentially intangible and do not result in the ownership of anything.

A general definition identifies services as intangible tasks that satisfy the needs of customer and business users. But you can’t hold a service in your hand the way you can hold goods, which are tangible products that customers can see, hear, smell, taste, or touch (Krurtz and Boone 2011, p.345)

Service has different perspective on the different customers; it may rise from different needs and wants of customers. Today, customers are demanding more delighted services provide by the product provider or service provider.

2.4.2 Characteristic of Service
Hoffman and Bateson (2006) described that there are four special service characteristics which are:
A. Services are intangible

When customers say that services are intangible, it means that they cannot be touched or seen, felt, heard, or smelled in the same manner as goods. Because of the intangibility of the services, it is difficult for service to measure and understand how customers perceive their services as well as evaluating service quality since the consumers’ judgments about them tend to be more subjective than objective.

B. Services are inseparable from the service providers

Service are sold first and then produced and consumed at the same time, simultaneously, it cannot be separated from their provider.

![Figure 2.2 Four Service Characteristics](http://www.e-thuvien.com/forums/showthread.php?t=45800)

C. Heterogeneity of services (Service is Variability)

Service quality may vary greatly, from one service transaction to the next, depending on who provides them, when, where and how. Service is produced by people; consequently, variability is basic in the production process. The

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combination of the intangibility nature and customer as a participant in the service delivery system result in variation of service from customer to customer. This lack of consistency cannot be eliminated as it frequently can be with goods.

D. Services are perishable

Services cannot be stored for later sale or use. Service must be consumed by the time service provider and service consumer meet. Therefore, characteristics of the service are very unique and the result is customized or individualized to measure about products and services. It also leads to difficult challenges relating to the balancing of supply and demand.

2.4.3 Service Quality

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001, p. 58). Service quality has a number of different “definitions” as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers’ needs or expectations (Lewis and Mitchell, 2007, p.30). Edvardsson, Thomsson & Ovretveit (2008, p.89) indicated that service quality is service meet customer expectations and satisfy their needs. Service quality can thus be defined as the difference between customer expectations of service and perceived service. (Parasuraman et al., 2005, p. 69)

In the long time, many researchers tried to define and scale of service quality. For example, Lehtinen & Lehtinen (2002, p.96) indicates service quality into 2 dimensions, (1) process quality, as judged by consumers during a service, and output quality judged after a service is performed. Gronroos (2007, p.135) identified two dimensions, the technical aspect (“What” service is provided) and the functional aspect (“How” the service is provided). Paeasuraman, Zeithaml, and Berry, (2005, p. 250) proposed 5 Gaps Analysis Model and service quality ten dimensions and finally they abridged become 5 dimension to measure service quality and this study will concentrate to service quality five dimensions analysis.
2.5 Multidimensional Characters of Service Quality

Rust & Oliver (2006, p.73) and Parasuraman, Zeithaml and Berry (2005, p.249) contribution to service quality led to the conceptualizations of five dimensions, that led to the development of service quality. According to A, Fitzsimmons and M, J Fitzsimmons (2008), dimensions of service quality are as follows:

a. Tangible (physical facilities, equipment, and appurtenance of personnel)
   Because of the lack of physical product, consumers often rely on the tangible evidence that surrounds the service in forming evaluations (Bateson and Hoffman, 2006, p. 80)

b. Reliability (ability to perform the promised service dependably and accurately)
   This dimension indicates the ability of the firms to perform the promised service both reliably and accurately (consistency and reliability of firm’s performance) because nothing can be more frustrating for customers than unreliable service providers.

c. Responsiveness (willingness to help customers and provide prompt service)
   Responsiveness reflects a service firm’s commitment to provide its services in a timely manner. Therefore this dimension concerns the willingness and / or readiness or employees of firm to help customers.

d. Assurance (knowledge and courtesy of employees and their ability to convey trust and confidence)
   This dimension consists of the competence of the firm. The courtesy that it extends to customers (politeness, respect), and the security of its operation. This is the point at which customers evaluate knowledge of employees, the ability to convey trust and confidence.
e. Empathy (caring, individualized attention, provide its customers favourable)

This dimension concerns the ability of firms to provide services with approachability, sensitively, and effort to understand customers. It requires firms to understand customer’s needs, and make the service accessible to customers, with individual attention to customers.

This instrument measures service between perceptions and expectations for each of the five dimensions

Quality (Q) = Perceptions (P) - Expectations (E)

One of the major ways to differentiate a service firm is to deliver consistently higher quality service than competitors. The key is to meet or exceed the target customers’ service quality expectations. Customer evaluates service quality by comparing what they expected with what they received from a particular supplier (Lovelock and Witrtz, 2007, p.91). Their expectations are formed by their past experiences, word of mouth, personal needs and advertising, this factors influences expected service.

a. Past experience will determine degree of expectation as well, customer will compare between currently service quality with past service quality. If the provider cannot responsive with their expectations. They will defect this service and company is lost like the measuring customer satisfaction because they cannot maintain the customer satisfaction

b. Word of mouth is the process by which one person informally influences the actions or attitudes of others, who may be opinion seekers or opinion recipients. ( face to face, communication)

c. Personal needs

Personal needs is to support and prove to company successes because they understand what customer needs and expects and organizations attempt to consistently exceed customer expectations for the purpose of
creating and maintaining customer loyalty (Steve Hoisington and Earl Nauman, 2003, p.137)

A recent study in the United Stated Kingdom asked customers which information sources would make them “more comfortable” with a company. The answer at the top of the list was “friend’s recommendation” (the response of 71 percent of respondents), whereas “past experience) was the response of 63 percent of respondents. Only 15 percent of the consumers mentioned “advertising” and another element

Finally we can see the importance perspective of word of mouth is greater with respect to the diffusion of new products and services.

Newman, (2006, p.34) defines service quality as perceived by the customer as the degree and direction of discrepancy between customer expectations and perceptions. Lehtinen & Lehtinen (2002, p.96) indicates service quality into 2 dimensions, (1) process quality, as judged by consumers during a service, and output quality judged after a service is performed. Gronroos (2007, p.135) identified two dimensions, the technical aspect (“What” service is provided) and the functional aspect (“How” the service is provided). The customers perceive what she/he receives as the outcome of the process in which the resources are used (technical or outcome quality of the process) and she/he also and often more importantly, perceives how the process itself functions.

a. Reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honours its promises. Specifically it involves:

i. Accuracy in billing

ii. Keeping records correctly

iii. Performing the service at designated time

b. Responsiveness concerns the willingness or readiness of employees to provide service. It involves timeliness of service:
i. Mailing a transaction slip immediately

ii. Calling the customer back quickly

iii. Giving prompt service (e.g. setting up appointments quickly)

c. Competence means possession of the required skills and knowledge to perform the service. It involves;

i. Knowledge and skill of the contact personnel

ii. Knowledge and skill of operational support personnel

iii. Research capability of the organization e.g. securities brokerage firm

d. Access involves approachability and ease of contact. It means;

i. The service is easily accessible

ii. Waiting time to receive service is not extensive

iii. Convenient hours of operation

iv. Convenient location of service facility

e. Courtesy involves politeness, respect, consideration, and friendliness of contact personnel (including receptionists, telephone operations, etc) it includes;

i. Consideration for the customer’s property

ii. Clean and neat appearance of public contact personnel

f. Communication means keeping customers informed in language they can understand and listen to them. It may mean that the company has to adjust its language for different consumers – increasing the level of sophistication with a well-educated customer and speaking and plainly with a voice. It involves:
i. Explaining the service itself

ii. Explaining how much the service cost

iii. Explaining the trade-offs between service and cost

iv. Assuring the consumer that a problem will be handled

g. Credibility involves trustworthiness, believability, and honesty. It involves having the customer’s best interests at heart.

Contributing to credibility is:

i. Company name

ii. Company reputation

iii. Personal characteristics of the contact personnel

iv. The degree of hard sell involves interactions with the customer

h. Security is the freedom from danger, risk or doubt. It involves:

i. Physical safety (will I get mugged at the ATM?)

ii. Financial security (Does the company know where my stock certificate is?)

iii. Confidentiality (Are my dealing with the company private?)

i. Understanding the customers involves making the effort to understand the customer’s need. It involves:

i. Learning the customer’s specific requirements

ii. Providing individualized attention

iii. Recognizing the regular customer
j. Tangibles include the physical evidence of the service:
   i. Physical facilities
   ii. Appearance of personnel
   iii. Tools or equipment used to provide the service
   iv. Physical representations of the service, such as a plastic credit card or a bank statement
   v. Other customer in the service facility

2.6 The Importance of Service Quality

Service quality has importance value in existence and competitions from companies and organizations to other competitors. Parasuraman, Zeithaml and Berry, (2005, p. 240) indicated that although service quality is that of the customer’s definition of quality, and not the organisation’s, it is still the organisation that survive in a very competitive environment. Service quality which is building and creating the company and organization’s reputations and famous, another hand, it helps company to earn the benefits from services and products, it helps to keep the customer loyalty to use services and products. The provision of high quality service is directly related to an increase in profits, market share and cost savings (Shohail, 2003, p. 270). An alternative model (SERVPERF) was later developed for the reasons, based on the finding that service quality does not depend on expectations and can be directly measured by simple performance based measures of service quality (Cronin and Taylor, 2004,p. 178).

Beside the advantages, the importance of service quality is seen in the effect that it has on the organisation as a whole. It is seen in the following ways:

Service quality has an effect on customer satisfaction. Satisfaction will be experienced by the customer should the perception (or actual experience) exceed the expectations of customers (Zeithaml, et al., 2003, p. 57)
Service quality has an effect on customer loyalty. This is perceived by the organisation when the perceived service quality experienced by the customer exceeds that which is offered by the competitors. The customers will stay loyal until proven wrong by continuous dissatisfaction. The delivery of service quality to customers is required in the long run if the organisation is to experience the benefit of customer loyalty.

Service quality creates competitiveness for organisations and is associated with successful organisations (Kandampully, 2008, p. 88). It has been said that many organisations sell a similar product of a similar quality, and that the differentiator between them is the superior service quality that is offered to the customer (Arsali, et al., 2005, p. 90).

Service quality affects relationships and relationship marketing as customers are willing to build relationships with organisations and their marketing liaison departments that provide service quality (A. Zeithaml, et al., 2003, p. 65).

Service quality affects customer satisfaction by comparing what they expected with what they received from a particular supplier (Lovelock and Wirtz, 2007, p. 75).

2.6.1 Customer Satisfaction

Word of satisfaction derived from the Latin “satis” (meaning good, enough, inadequate) and “facio” (do or make). Some experts have defined the customer satisfaction in a different way.

The Cambridge Advanced Learner’s Dictionary describes satisfaction as “a pleasant felling which you get when you receive something you wanted, in a way that a particular person can believe or accept”. Some experts have defined the customer satisfaction in a different way.

Kotler and Keller (2006, p. 101) has defined that, satisfaction is a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectation”. According to Leong G. Schiffman & Leslie Lazar Kanuk (2007, p. 47) customer satisfaction is
the individual’s perception of the performance of the product or service in relation to his or her expectations.

However understanding customer satisfaction will facilitate companies to maintain customer satisfaction to products or service and it has been building company’s reputation and increasing customer’s believe and loyalty.

2.6.2 Measuring the Customer Satisfaction
According to Kotler & Keller (2006, p.102) indicates customer satisfaction through customers by chooses providers on the basic dimensions and after receiving the service, they compare the perceived service with the expected service. Indicated that, if the perceived service falls below the expected service, customers lose interest in provide. If the perceived service meets or exceeds their expectations, they are apt to use the provider again and if the perceived service is higher than expected service, they will be satisfaction (delight).

Anderson and Srinivasan (2003, p.378) conduct the measurement with customer satisfaction categorized into five dimensions (priority option, customer favourite, customer loyalty, customer recommendation and priority option)

2.6.3 Relationship between Customer Satisfaction and Service Quality
Customer satisfaction is a generally concept which stated customer’s evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Zeithaml & Bitner, 2003, p.145)

So, if service quality and satisfaction is so important, how should you measure how your organization is doing on these dimensions? The first thing is to understand the relationship between service quality and customer satisfaction. This key indicated the difference between customer’s expectations and what they received from marketer. If their expectations are exceeded, the service quality is very high and the customer is very satisfied. If the expectations are not meet, then the service quality is good and the customer is satisfied, and if the expectations are not met, then the service quality is low and the customer is dissatisfied.
Continually, to examine the utility of separated measuring customer satisfaction from the perspectives of both technical and functional aspects of the service delivery process. And many previous researchers have investigated and explored technical and functional aspect of service delivery to customer satisfaction, such as Nguyen Thi Phuong Tram, 2008 researched about quality of E–Bank and comparing between service quality model and GRONROOS model.
CHAPTER III
METODOLOGY

3.1 Research Method

According to Bryman & Bell (2007, p. 81), there are two types of research methods, which are qualitative method and quantitative method.

Qualitative method is a naturalistic, interpretative approach concerned with understanding the meanings of certain observed phenomenon or action. It examines to analysis and interprets observations for the purpose of discovering underlying meanings and patterns of relationships in a manner that does not involve mathematical models.

Quantitative method uses numbers to prove or disprove a notion or hypothesis. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationship. Quantitative research uses data that are structured in the form of numbers or that can be immediately transported into numbers (Ross, 2008, p. 85).

This research applies the quantitative method by using descriptive analysis in analysis of ATM service quality to customer satisfaction in the Agribank Lang Ha Branch. The investigator – constructed questionnaire included questions that were developed to accomplish the objective of study. The questionnaire is attached (see Appendix)
3.2 Research Framework

These questionnaires are taken from thesis “Analysis of ATM Service Quality to Customer Satisfaction in BCA (Case Study of Rukothamin Lippo Cikarang Sub Branch)” by Nguyen Tien Thanh, President University.
3.3 Research Instruments

Survey can be defined as structured questionnaire given to a sample of population and designed to elicit specific information from respondents Schiffman & Kanuk (2007, p.55). Survey consists of personal interview, telephone interview, mail interview, online surveys.

By using online surveys with questionnaire, this research uses primary data. The questionnaire itself can be disguised or undisguised as to its true purpose. Questions can be open – ended (requiring answers in the respondent’s own words) or closed – ended (the respondent merely checks the appropriate answer from a list of options) Schiffman & Kanuk, (2007, p.56). This research uses closed – ended method.

Questionnaire which is used in this study measures five dimensions of ATM service quality and its effect on customer satisfaction which is tangible, assurance, reliability, empathy and responsiveness.

Questionnaire consists of 40 questions. (1) Tangible consists of 10 variables, (2) Reliability consists of 10 variables, (3) Responsiveness consists of 3 variables, (4) Assurance consists of 6 variables, (5) Empathy consists of 4 variables.

The research design used one scale to collect data. There is Likert Scale. The Likert Scale is the most popular form of attitudes scale because it is easy for research to prepare and to interpret, and simple for customer answer. They check and write the number corresponding to their level below. Likert Scale was used to approach to scaling responses in survey research, such that the term is often used interchangeably.
Figure 3.4 Likert Scale

Source: (Schiffman & Kanuk, 2007, p. 74)

3.4 Data Collection

Online survey is used to do data collection. The respondent is immediately asked and administered questionnaires by researcher from October 27th to December 4th, 2012 to get the primary data.

The researcher uses hyperlink in google drive to count the amount of the customers to the ATM service for using to.

All data after from respondents should be analysed by statistic software programme and several mythologies will accomplish the objective of study.

3.5 Sample Design

Cooper and Schindler (2006, p. 25) define sample as a group of cases, participant, events, records constituting a portion of the target population, carefully selected to represent that population. The population in this research are customers who use the ATM service of Agribank.

Researcher selected the sample by using convenience sampling method.

1 = Strongly agree
2 = Agree
3 = Neither agree nor disagree
4 = Disagree
5 = Strongly disagree
3.6 Analysis Tool

This research applies descriptive analysis by using percentage, pie charts and bar charts.

By simplify 5 Likert Scale to 3 categories, those are:

- Agree for strongly agree and agree
- Neutral for neither agree or disagree
- Disagree for strongly disagree and disagree
4.1 Analysis

4.1.1 Profile of Respondents

4.1.1.1 Gender

From Figure 4.1, it can be explained that from total 83 respondents, the results show that 61% are male and 39% are female.

Figure 4.1: Gender
Source: Self – constructed
4.1.1.2 Age

According to data collected, the age of respondents from 18 – 30 years take 79% of 80 respondents. The results also show that from 30 – 50 years is 19% and above 50 years is 2%.

Source: Self – constructed
4.1.1.3 Occupation

![occupation chart]

As following of Figure 4.3, it shows 60% of respondents are student and other 40% are employee.

4.1.2 Service Quality

Service quality variable consists of tangibility, reliability, assurance, empathy and responsiveness. These are the explanation of each respectively.

4.1.2.1 Tangibles

From tangibility which consists of 9 questions, respondents answer can be seen in Figure 4.4.
From Figure 4.4, it can be concluded that 58.7% of respondents agree or they are satisfied with receipt paper from ATM. 20% of them are neutral and 21.3% are disagree. In the survey of camera in ATM chamber, there are 62.5% agree that customers are satisfied. Both neutral and disagree are 18.8%. Figure 4.4 also shows that 49.9% of respondents realized the appearance of security guard during off-work hours. 26.3% of them are neutral and 23.8% disagree. There are 48.8% of respondents that agree with the function of ATM. 26.2% of them are neutral and 25% of them disagree. 47.5% of respondents agree with the features that ATM provide to them. There are 26.3% neutral and 26.2% disagree. 20% of customers cannot inquiry their balance by using ATM. But more than 50% are satisfied and 21.2% neutral. ATM chamber of Agribank has 45% of agreement, 27.5% of neutral and disagree. 57.5% of respondents judge the convenient of ATM position is qualified. 22.5% neutral and 20% disagree. Cheque book has less than 50% agree from respondents in deposit. In conclusion, figure 4.4 shows that customers are satisfied with tangibles of ATM with average agree are 50.75%.
4.1.2.2 Reliability

From reliability which consists of 10 questions, respondents answer can be seen in Figure 4.5.

![Reliability Graph](image)

**Figure 4.5: Reliability**

Source: Self–constructed

From Figure 4.5, it can be concluded that 48.7% respondents agree with withdraw cash. 22.5% neutral and 28.8% are not satisfied. In the second question, customers agree that they can easily access to ATM in Agribank with 57.5%. There are 22.5% neutral and 20% disagree. Almost 60% respondents agree that they are provided with quality cash from ATM. Only 16.2% disagree and 25% neutral. In the fourth question, 42.5% of respondents are neutral. 33.8% agree that they do not have to wait for a long time and 23.7% are opposite. In the fifth question, 40% agreement proves that ATM functions work properly. It also shows 31.3% disagreement and 28.7%. In the sixth question, 43.8% respondents have sufficient ATM options, 38.8% neutral and only 17.4% disagree. In the seventh question, respondents show the average 30% of each opinion. In the eighth
question, 52.5% respondents satisfied with the promise of Agribank’s service. 28.8% of them neutral and only 18.8% disagree. The last question shows 41.3% of agreement of system performance. There are also 33.8% neutral and 24.9% disagree.

4.1.2.3 Responsiveness

From responsiveness which consists of 3 questions, respondents answer can be seen in Figure 4.6.

From Figure 4.6, it can be concluded that 52.5% of respondents agree that Agribank has been listening and responding to customers complains to ATM services. 10% neutral and 37.5% of them disagree. The passionate of Agribank’s employees is judged as good with 61.3% agree. There are 16.3% neutral and
22.4% disagree. It also shows 45% agree in third question. There are 37.5% neutral and 17.5% disagree.

### 4.1.2.4 Assurance

From assurance which consists of 6 questions, respondents answer can be seen in Figure 4.7.

![Figure 4.7: Assurance](image)

According to Figure 4.7, 51.2% respondents admitted that their information is safe after transaction, 21.3% of the respondents are neutral and 27.5% of them disagree with that. 56.3% of the respondents agree that the ATM system is not freeze or invalid after continually access, 22.5% of the respondents are neutral and 21.2% of them disagree with that. 45% of the respondents agree that Agribank have provided enough safety and trustworthy in their services, 31.3% of the respondent are neutral and 23.7% of them disagree with that. 48.8% of the respondents agree that they have a fear of losing ATM card, 27.5% are neutral and 23.7% of them disagree with that. 38.8% of the respondents agree that have
not perceived risks in using the ATM, 35% of them are neutral and 26.3% disagree with that. 48.8% of the respondents agree that the ATM service should improve the security, 22.5% are neutral and 28.7% of the respondents disagree with that.

4.1.2.5 Empathy

From empathy which consists of 4 questions, respondents answer can be seen in Figure 4.8.

![Empathy](image)

In the following of Figure 4.8, 32.5% of the respondents agree or they are not angry or hopeless with service deliver while ATM breaks down, 20% are neutral and 47.5% of them disagree. 47.5% of the respondents agree that they will contact to bank's staffs when the ATM machine go out of service, 21.3% neutral and 31.2% of them disagree. There are 48.8% of the respondents agree that when their credit card is swallowed in ATM machine, bank's maintainer helps to get the credit card, 33.7% neutral and only 17.5% of them disagree with that. 43.8% of
the respondents agree with the advanced technology in Agribank, 36.2% of them are neutral and 20% disagree with that.

4.1.2.6 Customer Satisfaction

From customer satisfaction which consists of 6 questions, respondents answer can be seen in Figure 4.9.

![Customer Satisfaction](image)

**Figure 4.9: Customer Satisfaction**

Source: Self – constructed

According to Figure 4.9, 36.3% of the respondents agree or they are satisfied with products and services provided by Agribank, 26.3% neutral and 37.4% of them disagree with that. 45% of the respondents agree or they are satisfied with the convenient locations of ATM, 31.3% neutral and 23.7% of them disagree with that. 52.5% of the respondents agree or they are satisfied with ATM functions, 22.5% neutral and 25% of them disagree with that. 48.8% of the respondents agree or they are satisfied with ATM chamber, 28.7% neutral and 22.5% of them disagree with that. 35% of the respondents agree or they prefer to use Agribank ATM compare with other ATM service, 38.8% neutral and 26.2% of them
disagree with that. 41.3% of the respondents agree or they feel safe in transactions with ATM in Agribank, 30% neutral and 28.7% of them disagree with that.

### 4.2 Interpretation of Results

According to the results, researcher believes that Agribank Lang Ha Branch has been able to adapt customer needs. In addition, the average percentage of tangibles show 51.9% of agreement which means Agribank Lang Ha Branch has provided properly facility to customers. From reliability, the percentage of agreement also higher than neutral or disagreement which means Agribank Lang Ha Branch has given a good ATM services. From responsiveness, Agribank Lang Ha Branch has listened to customers. From assurance, Agribank Lang Ha Branch has provided enough secure for customers. From empathy, Agribank Lang Ha Branch has received customer’s empathy. In the other hand, results also point out some difficulty in providing ATM services which are reflected in respondents. So Agribank should improve their services in order to offer their best ATM services to customers. After all, Agribank has gained customer satisfaction about ATM services which are indicated in Figure 4.9 (customer satisfaction research).
Chapter V

Conclusions and Recommendations

5.1 Conclusions

Based on the discussion and analyse in the previous part, conclusion can be generated as followed

1. Base on tangibles result, the researcher concluded that Agribank Lang Ha Branch have provided an effective facility to customers.

2. From reliability, Agribank Lang Ha Branch has a quality ATM services and its function.

3. According to responsiveness results, it shows that Agribank Lang Ha Branch be responsible to their customers.

4. For assurance, Agribank Lang Ha Branch makes sure their customers feel safety while using ATM services.

5. For empathy, Agribank Lang Ha Branch received sympathy from customers.

6. By using descriptive analysis, the researcher has succeed in analyse whether the dimension of satisfaction such as tangibles, reliability, responsiveness, assurance and empathy have high percentage for customer satisfaction in Agribank.
5.2 Recommendation

According to the findings of this study, the researcher would like to give some recommendations for the institution researched, especially for management to improve the service quality.

First of all, Agribank should improve the variables that have unsatisfying answers in order to improve its service quality in generals, for example:

a. Agribank Lang Ha branch should improve ATM services like ATM machine work accurately and providing many features for customers convenient like transfer to other banks or draws money from other bank.

b. Agribank Lang Ha Branch should also improve advance technology and solving problems when customers met it.

c. Finally, Agribank Lang Ha Branch should reduce the ATM fees.
REFERENCES

Books


Website


Robert Usner, Director of Product Planning and Marketing with an indication about The ATM as a Customer Focused Services Channel from http://www.banktech.com/showArticle.jhtml?articleID=14701279