Strategies and Models of Quality Standards in Banks

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Abstract

The purpose of this article is an attempt to discuss the importance of high quality services offered by financial institutions such as banks. Presented issues such as specificity of banking services, direct customer service standards or models of behavior in banks are the results of a research and observations made in the three bank branches of leading banks in Poland and on the basis of available internal materials of these banks.

Keywords: management, quality, banks

The specificity of banking services

In recent years, banking institutions have been subjected to intense competition and increased customer expectation. Factors that have contributed to the competition include globalization, advances in technology and changes in government regulations. Quality management is a mechanism that can be used by banks to gain competitive advantages1.

Quality of services is the most important aspect in banking. Business success can be reinforced if you conscientiously search for newer and more effective ways of improving the quality of your ways of serving your customer. Your organisation

becomes more useful to the society as a whole. As far as banking is concerned, effective TQM measures bring in a transition form the good old good to the novel better or best from the bank’s internal department to its front-line employees. Marketing a bank is not just the same as marketing an FMCG company. TQM, if effectively formulated and practiced, provides extreme ease and clear direction to a bank marketeer in understanding what makes his bank the first choice to its customers before other banks\(^2\).

Rapid changes in the economic environment, deregulation, development of IT and increase of competition in the financial services market have changed the orientation which evolved from the distribution theory (focusing on the banks’ products) to marketing approach (focusing on customer). The bank is therefore no longer an institution in which relationship with the customer is with the approach strictly towards the interest of the bank, regardless to the inconvenience that may arise. Modern bank, which in the long run he wants to be successful in the market, focus on the customer - their need sand wishes\(^3\).

The role of consumption of services and increase of buyers’ requirements when it comes to the quality issue, results in the adoption of Total Quality Management (TQM) principles of business management, and above all the general canon of this philosophy, which is the constant focus on the actual and potential customer and the need to meet the current and future needs\(^4\).

The issue of quality in the banking management is now the subject of great interest in theoretical considerations, as well as in banking practice. All market competitors know how much the success of any project depends on the quality of goods and services that the organization sells. The main reason for this is the increasing competition and globalization of markets. New entrants to the market have begun to use quality as a distinctive feature of their products/services from the products of existing competitors\(^5\).

The purpose of this article is therefore an attempt to discuss the importance of high quality services offered by financial institutions such as banks. Presented issues are the effects of research and observations made in the three bank branches of leading banks in Poland and on the basis of available internal materials of these banks.

**Direct customer service standards\(^6\)**


\(^3\) A. Klopocka, Oczekiwania klientów a jakość detalicznych usług bankowych , *Bank i Kredyt* 8 (2002), s. 25.


Below there is a set of features that direct customer service employee should have. They constitute a personality model, to be pursued and referred to it. This is the way employees should understand the criteria of high quality of services described below. High degree of personal culture and other professional features that an employee should have are often obvious, is should not be a subject of discussion. However, in specific situations they might be understood differently, so it’s quite important to define them in the first place.

**Kind and polite attitude towards the customer**

Kindness and courtesy is essential to establish good contact with the customer. Kindness is closely connected with a positive approach to the customer. Direct service worker should demonstrate their interest to the client, try to fully analyze it and provide extensive, comprehensive explanations. Customers and their individual problems, should be considered in their favor, of course without prejudice to the interests of the bank. Customer must feel a friendly atmosphere, which can eliminate the discomfort caused for example by long queue. All honorifics, greetings and farewells, showing by the staff are very helpful is such cases. Smile is a basic gesture in all situations. When coming to the bank, the customer is often overwhelmed by the external and internal appearance of a bank branch and the complexity of procedures. Therefore the responsibility of the bank employee is to create a friendly atmosphere, which satisfy the concerns of the client and make him feel comfortable.

**A careful look**

The appearance is also important issue when it comes to quality management in bank. The looks of employees is significant, so their clothes should be clean and well maintained. Recommended outfit for women is:
- Costume or a skirt and blouse.
- Long skirt or just above the knee, depending on individual preferences and profiles.
- Hairstyle: neat, homely, showing the face.
- Makeup should be subtle.

Recommended for men:
- Suit or trousers and jacket, light shirt, a tie is mandatory.
- Hairstyle: short hair.

In addition, direct service workers should pay special attention to the appearance of their hands.

**The ability to hold a conversation**

The customer is often not familiar in banking matters, and therefore expects that the employee will be able to give him a clear and understandable answers to all his enquires. Therefore, special attention should be paid to the culture of speaking. Explanations provided to the client should be well understood. During the conversation, employee should speak loudly and clearly and keep eye contact with
the customer. The employee should listen patiently to the client, refer to the presentation of the documents and then proceed to explain or implement them.

Importance of listening is in this case enormous. Direct service worker should not interrupt the customer statements. He/she should, as far as possible, allow the client to present his issues and point of view, so he can feel appreciated. The client draws attention to the following conversation elements:

• 55% body language (facial expressions, gestures and, attitude).
• 30% voice tone.
• 15% content of the speech.

When a customer speaks, an employee can take notes, and then confirm the contents with the client. The customer wants to be well understood, and therefore body language plays a very important role in all contacts with clients (eye contact, nodding his head etc.), which reflects the commitment of the staff to fully understand the client which helps him to solve his problem. Very helpful in understanding the client’s case can also be a non-verbal behavior and facial expressions, gestures and posture. The employee may, therefore, possess a lot of information just by observing the client.

Competence and professionalism

Employee competences, providing professional information, make a customer’ feel confident and at the same time, it might have huge impact on the bank’s reputation. Therefore, it is essential that staff have in-depth knowledge of the products offered by the bank. The customer should not hear the answer: ‘I do not know’. It is important to give customer access to the complete information. Moreover, it is necessary to be open to new knowledge and have a desire to expand its training and self-education.

Inquisitiveness

Customer coming to the bank often has difficulties with the expression of his/hers needs. The employee should seek and gather all relevant information that may have been missed by the client who might be unaware of their importance. Full knowledge makes it easier to provide the correct answer. The ability to asking the right questions is also very important in this case. Inquisitive employee can be a kind of customer advisor, to all clients that seem to be confused and uncertain.

Discretion

The information provided by the client can be used by front-line staff only for business purposes. Customers are very sensitive to the confidentiality. That’s why employees should avoid:
• Loud conversation with another employee about particular customer.
• Aloud information about the status of account – it should be written on the paper.
• Sharing the confidential information and details about a client with third parties.
Models of behavior in banks

Standards applied by banks also include situations and behavior which is unacceptable in the workplace. These are:

● Eating at the customer service desk.
● Serving bank employees out of queue.
● Inappropriate and incomprehensible greetings and farewells used during the conversation with the customer or total lack of them.
● Aversion and nervousness in relations with the customer; irreverent and inappropriate tone of voice.
● Showing disrespect to customers who have difficulties with understanding of banks procedures.
● Leave the customer with no information why the employee leaves the service desk and expected time of return.
● Impolite and rude phrases such as: ‘You may do it by yourself’ or ‘You have to...’.
● Unintelligible information provided to the customer; the use of obscure words.
● Quiet and vague praise.
● Breaking of a conversation with the client in a tactless manner without any apology.
● Leaving the client without full information.
● Untidy and sloppy appearance or/and hairstyle, sharp makeup, high-contrast, sharp or too bright/ neon colors of clothing, too bold look, sports clothing such as: jeans, leggings, shorts, t-shirts, mini.
● Conversations between employees in the operating room.
● Conversations between employees during serving a client at the service desk.
● Lack of interest of client needs, who is expecting to resolve his/hers problem or issue.
● Activities unrelated to customer service which do not refer to a client without explaining the reason for such a behavior or inability to solve the problem.
● While corresponding - using rude phrases such as: ‘We urge ... ‘ (except for the correspondence granted). The relevant wording is such as ‘Please report to the Department of...’.

The impression that the client will have during a conversation with the employee, his attitude and commitment to the issue will decide whether the client come back to the particular bank branch and make a cooperation with the bank in the future. So therefore predispositions of employees make a very important role here while working as a direct customer service employee.

Customer when coming to the bank branch expects to be treated with respect to himself and the time he has in his disposal. Therefore, the time in which the employee should recognize and welcome the customer standing at the desk is about 5 seconds. The customer should be greeted in a warm, but not too familiar way. The absolute rule is that an employee has to greet the client before he does that.

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7 Ibidem.
The employee should greet the customer in polite and loud enough way and offer his help, for example using a phrase: ‘Can I help you?’.

All information provided to the customer should be spoken loudly and clearly, using words and phrases understandable to the customer, while maintaining eye contact with him.

If in the course of settling the matter it is necessary to leave the service desk in any case, customer should not be left without any information about the reason for leaving. It is important to apologize to the client, give him a reason for leaving the service desk and give an approximate time of return. However, if the resolving the case will require a longer time, it is important to ask a client to re-visit the bank branch in a specified period of time.

When the particular service desk is closed, an information about it must be visible for all customers. If an employee of the nearby service desk sees a client at the service desk which is not open at this time, he should, if possible ask the client in polite way to come over to his desk to resolve a problem he may have or just give an information why the next desk in not open at the moment. The employee should also inform a client about the approximate time of opening the service desk which he’s interested in.

The same situation is when a customer approaches to the service desk which is not appropriate when it comes to a particular issue that the client might have. The employee should identify the problem and show the customer appropriate desk to solve him problem. The employee must never say that he’s unable to solve customers’ problem because of lack of competences in this particular matter. The customer does not know what are each employees responsibilities. This is an internal matter of the bank.

After taking care of client business it is important to thank him for choosing this particular bank, say goodbye at the same time with the invitation for the next visit.

There is also a model of behavior in an emergency cases. There might be situations such as computer system failure. When an employee sees customers standing it the queue to the service desk which is closed because of that, he should inform all the customers of the problem. It is unacceptable, when the customer is not informed of the cause of inactivity of particular service desk. This causes confusion and makes a customer feel disrespected. The employee should, if possible, to inform customers when particular service desk will operate again and apologize to them for the difficulties this might cause.

There is also the model behavior in a conflict situation. If during the service customer experienced misunderstandings and conflicts which are employee’s fault, the customer should be allowed to express their discontent. Employee should recognized the issue as an important problem and apologize to the customer. Every error while dealing with customers should be taken seriously. An employee respond like: ‘Well, you know, it happens’ should not occur in any situations or circumstances.

It is also important to know how to refuse a client in some situations. It is obvious that such unpleasant conversations must be reduced to a minimum, however,
they might take place. An employee who chooses to hold such a conversation must be completely sure of his position and knowledge of the issue. It should be aware of the responsibility for taken decision. At the same time an employee should make sure that in fact there are no other possible solutions to the issue. When all the steps have been taken, and the answer is still negative, a specific course of action is recommended:

● Do not delay in sending the decision to the customer.
● Present a decision by phone or make an appointment with a client if he expects further explanation.
● During the meeting it’s important to make substantive summary. Outlining the arguments that led to make a negative decision.
● Propose new solutions which are needed to achieve a positive decision.
● Ensure client that negative decision does not apply to a person, but only the case.

When a customer comes to the bank to close the account and withdraw all deposits, the direct service employee shall, if possible, ask the client about the reasons for the closure. Sample questions in this situations are:

● ‘Do You have any objections towards our bank account policies and procedures’.
● ‘Is Your decision based in any way on deficiencies of the bank procedures?’.
● ‘Are You dissatisfied with the existing cooperation with our bank?’.

These are closed questions with a positive answer ‘yes’ or negative – ‘no’. These questions primarily indicate the respect that the bank gives to a client. Knowing answers to these questions can also be used in the future to eliminate situations because of which the customer ceases to use the services of the bank.

Frequently repeated reasons for the resignation of the bank services should be a signal for the bank management to take steps to eliminate deficiencies. In case of closing an account is unnecessary to comment on or judge the decisions taken by the customer.

There are also standards of behavior in the case of phone conversations with the customer. The quality of conversation is a factor which creates customers’ opinion about a bank. Proper and professional phone conversation creates a good image of a bank which is efficient, always ready to help and friendly to customers. Conversation with a customer should be conducted with polite tone. Also, during a phone conversation with the client, it is important to use following rules:

● Answering the phone after third ring at the latest.
● While temporarily leaving the service desk the designated phone line should be, as far as technically possible, redirected to another employee and made him aware of that.
● If there are few desks in the customer service department, every incoming call should be answered, even if it rings at the desk of the absent employee.
● While answering a phone call an employee has to provide all the crucial and initial information such as: name of the bank, department and name and surname of the employee. It is unacceptable to start a phone conversation with the words such as only plain ‘Hello’, ‘Hi’ or ‘Bank’.
The client should not be waiting too long on the hold. If it is unavoidable, the client should be informed about the reason of why he needs to be put on hold and approximate time of waiting.  
If the phone call needs to be redirected, the employee who initialize the redirection has to make sure that the redirection was successful.  
It's unacceptable to have a phone conversation with two clients at the same time, 
At the end of the conversation with the client, if it applies, the client should next steps of the procedure leading to solve his issue.  
If the phone call was interrupted, the bank employee should try to call back.  

The customer should be given all the information, so it's important to be sure to eliminate an ambiguity in the answer. There are also certain ways of communication with the customer when making a quality valuation of the bank by the customer. A customer pays an attention on the received correspondence. Ability to write letters to customers consists primarily of: 
Accurate and clear presentation of the problem, or the description of the situation. 
Avoidance of ambiguity and use of accessible vocabulary. 
Use of short, tightly focused and logically structured sentences. 
Avoid too formal tone.  

Please note that the time of the response is counted from the date of the letter was sent by a client, not after reading a letter by an employee of the bank. When there is an expected delay in response, the client must be notified of the reasons for the delay.  

The form of letter is no less important than its content. It's important to keep the right look of correspondence, paying attention to the quality of paper and printing, and transparent visibility of the content of the letter.  

There are also standards for ways of informing the customers. Customer who goes to the bank often doesn’t know at which service desk his issue will be settled. Therefore, he might feel confused and not feel comfortable in unfamiliar environment. In such cases, it’s well seen by the customers when entering a bank branch there is an employee who will indicate the direction and proper service desk. There should be information desks in every bank branches. A proper information is a very important issue when it comes to the quality management of banks or other financial institutions. It might raise the prestige of the bank. Moreover, employees at the information desks should be well trained, experienced and competent.  

The customer must obtain a full information about the services and products offered by the bank and be able to explain their doubts and misunderstandings that have arisen when settling the case. Moreover, there are also standards which refer to customer feedback. Employees who have to deal with customer complaints should learn a few basic procedures about how to deal with them:  
The majority of dissatisfied customers do not bother making a complaint. Those who choose to do so, generally want to be helpful. A bank should be grateful to them for that. 
The applicant who wish to file a complaint wants a procedure to be simple and effective.
Complaints are usually expressed using inappropriate language, which does not mean that persons is aggressive. The majority of applicants only want to have their voices heard, so explanations an apologies should be made and assurance given that the errors will be corrected and never happen again. Is it inappropriate for the employee to lose self-control when talking to customers and hearing complaint, he should responds positively and settle the claim as quickly as possible to satisfy the customer.

Conclusions

Increasing competition in the banking market is the reason for continuous fight for each potential customer. Banks and their offers, due to the significant similarity, are no longer part of the outstanding bank advantage. The only way to gain the market is striving to improve the quality of offered products and services. That’s why the quality management and high level of service is such an important issue in every bank.

References


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