

# Development of Service Standards in State Owned Commercial Banks in Sri Lanka

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Thesis for Master's Degree in Business Administration (UAS) - Service Design

Turku 2023



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Degree Title: MBA.

Specialization: Service Design

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Title : Development of Service Standards in State-Owned Commercial Banks in Sri Lanka

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Date: 25.11.2023 Number of pages: 55 Appendices: 1

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### **Abstract**

This study focused on the development of service standards within two prominent state-owned commercial banks in Sri Lanka, with the aim of examining the impact of three critical attributes on the service quality of these banks: responsiveness to customer queries, efficiency of service delivery, and documentation processes and guidance. The service design method was used in the study, with the double diamond model and the discover, define, develop, deliver framework.

Data was gathered using a variety of approaches, including online surveys, interviews, and mystery shopping, as well as service design tools including service blueprints, value proposition canvases, business model canvases, and stakeholder maps. The data analysis found that the emphasized variables had significant impacts on the service quality of Sri Lanka's state-owned commercial banks. The findings highlight the importance of service standardization in improving service quality and increasing market share for state-owned banks..

The research suggests that standardized services be implemented through a service-level agreement to enhance awareness of the roles of both bankers and clients.

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Language: English

Key Words: service standards, service quality, responsiveness, efficiency, guidance

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## **1.Introduction**

Service standards establish clear expectations for consumers regarding the level of service they may expect to get and give instructions for service providers on how to deliver that service. Service standards outline the specifications that a service must achieve in order to be regarded as fit for purpose. As in the standard on handling customer complaints, the standard could include definitions, measures of quality of service and their levels, or a time frame for delivery (European Commission, n.d.).

There is an abrupt change from service standards in general to when the banks in Sri Lanka began to flourish.. Following the country's liberalization in 1948, the Central Bank of Sri Lanka was founded in 1950, signaling the beginning of the country's financial industry's expansion. New economic policies were implemented in 1977, resulting in Sri Lanka's liberalization. Private commercial banks joined the country's financial industry as a result. The banking system in a country provides all of a country's financial services, and it contributes a larger portion of the country's GDP. The banking, insurance and real estate industries have been contributed 14 % of GDP in 2019. The Sri Lankan financial system is mainly dependent on banks, which serve as a critical source of liquidity for the whole economy (Wanninayake et al., 2019).

According to the most recent updates, as of June 2023, Sri Lanka has six licensed specialized banks along with 24 licensed commercial banks. There are only two public sector banks while all others are private sector commercial banks.(Central bank of sir Lanka,2023)

### **1.1 Background of the study**

The study focuses on the influence of service standards on service quality, emphasizing the standards that must be developed to achieve exceptional service and customer satisfaction at two prominent state-owned commercial banks in Sri Lanka.

### **1.1.1 Service standards**

Customer service standards provide clients with a clear idea of what they may expect from the bank. At the same time, they give the bank employees with a uniform set of standards for client interactions. Establishing standards based on essential customer service concepts such as responsiveness and accountability conveys to clients that their pleasure is the top priority of the bank (Autus Consulting - CRM & Glasgow Marketing Agency ,2022).

Customer service standards are more important than ever in today's world. In comparison to earlier years, the availability of social media and review sites provides consumers with a more influential voice. Individuals may now easily discuss their good and bad purchase experiences on a worldwide scale. Establishment of proper service standards ensure customers have positive experience with the bank.

### **1.1 .2 Problem area**

Service quality and service standards have a significant influence on bank performance in Sri Lanka. As a result, assessing the degree of service quality and identifying opportunities for improvement, both in public and commercial banks, are critical, since the banking industry has substantial repercussions for the country's economy.(Asanka et al., 2022).

There is fierce competition among private and public sector commercial banks. As a result, customers have ample options when it comes to choosing a bank to meet their financial needs. However, according to Hasan & Albar (2022) private sector commercial banks have a higher market share of 52.6% compared to the market share of state owned banks at 47.4 % in terms of total deposit value, where this difference would have probably increased in favour of private sector commercial banks in updated figures.

Public sector banks play a vital role in the financial system as they perform functions that private banks do not, provide financing for projects that benefit the economy as a whole, and lend more when the economy is weak. It is critical to identify and implement service standards that public sector banks must maintain in order to attract quality customers.

Public sector banking institutions appear to fall behind in terms of service marketing characteristics in a competitive market. As a result, the highlighted research issue area is the formulation of service standards for state-owned commercial banks in order to improve customer satisfaction.

## **1.2 Commissioner**

The banking industry is the foundation of a country's economy, and strict rules and compliance are essential owing to its high sensitivity. Banking authorities are reluctant to share detailed information with external parties. The researcher's aim in this study was to evaluate service standards in state-owned commercial banks in Sri Lanka, with a focus on two government-owned banks. Despite the fact that the researcher has not received formal clearance from either bank, the research proceeded without revealing the identities of the individual banks.

Throughout the study, Bank 1 will be referred to as ABC Bank, and Bank 2 as XYZ Bank. This thesis can be used for corporate management in any commercial bank in the country to establish or develop customer service standards in order to increase client satisfaction. The researcher played an independent role, similar to that of an investigator, and conducted this study for academic purpose only.

## **1.3 Scope and limitation of the study**

The study was conducted independently, without the involvement of a commissioner, partly due to the reluctance of many bank officials to share sensitive bank information, emphasizing compliance regulations and regulatory frameworks inherent in the banking business.

The study was done remotely from Finland, making direct participation in the data gathering procedure difficult due to geographical restrictions. To overcome the distance barrier, the researcher sought the assistance of carefully selected representatives to gather interview data and to carry out mystery shopping.

The study was centred in Sri Lanka's capital, the country's second-most populous district. Given the sensitive nature of financial facts, the majority of respondents were wary about disclosing them with outside parties.

## 1.4 The Process chart

The process chart was designed to correspond to the four critical steps of the service design process: discover, define, develop, and deliver. Each of these stages' actions is a critical component of the service design process, each of which contributes considerably to its success.



Figure 1 . The Process chart

## 1.5 Aims and objectives

Banks are fundamental institutions that provide a wide range of financial services essential to a country's economic functioning. Local activities such as money acceptance and payments, loans, and bank guarantees extend to global operations such as letters of credit,

international remittances, and foreign currency exchange. The standardization of each service category appears as a critical approach for reducing unnecessary delays and inconveniences experienced by both clients and bankers.

Service standards include specific and qualitative requirements for the service as well as organizational procedures designed for uniform application. These standards are applied iteratively or continually to ensure that established service levels are met. An obvious example is the standardization of procedures for dealing with customer complaints, which ensures a methodical approach to maintaining and improving service quality (European Commission, n.d.). Another example is the implementation of a consistent time allotment for the resolution of an Auto Teller Machine (ATM) breakdown. With a set timeline for restoration of the ATM, it may be returned to a functional state within an acceptable period of time, minimizing delays in client service delivery.

The primary objectives of this research were to evaluate the services provided by state-owned commercial banks in Sri Lanka. Furthermore, the research intends to develop service standards within the Code of Banking Practices, allowing for the implementation of a service level agreement (SLA) when clients acquire services from particular banks. The incorporation of SLA reduces the potential for misunderstandings between the bank and the consumer, encouraging a clear awareness of the roles that each party performs. This, in turn, improved the bank's overall quality of customer service, finally elevating the user experience to a degree of delight for the consumers.

Furthermore, the study looked into the variables that contribute to customer turnover from state banks.

## **1.6 Research questions**

The research will address following questions which are considered as the main research questions.

**What are the service standards to be developed in State owned commercial Banks in Sri Lanka to delight the consumers?**



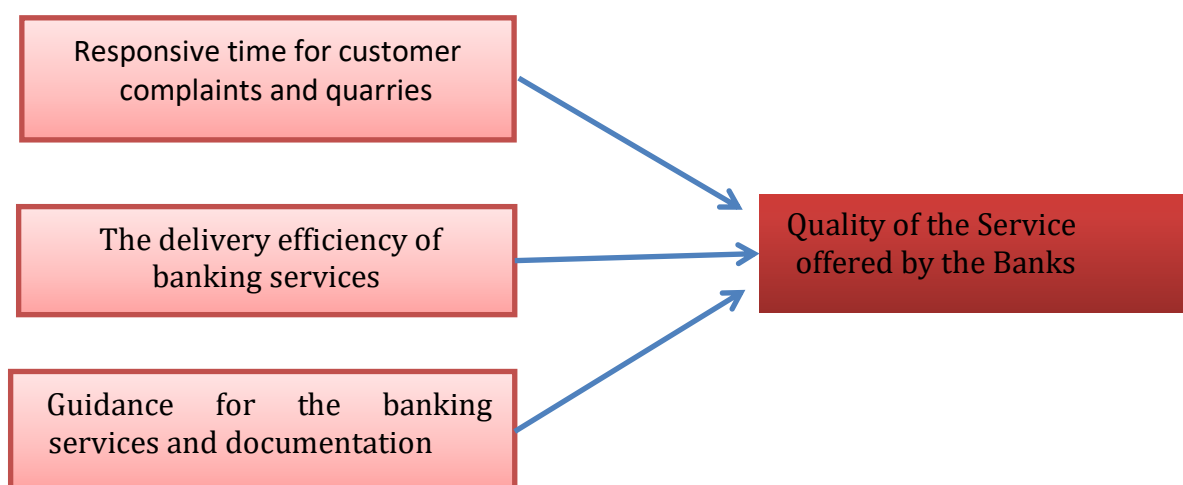
Furthermore, the following sub - question will be addressed in a detailed analysis of the research findings

**What are the factors that detract the customers from State banks?**

## 1.7 Conceptual Framework

A conceptual framework, also known as a conceptual model or research model, is a visual representation of the anticipated relationships between cause and effect in research. This framework includes many variables and displays the expected relationships between them, indicating the study's assumptions (Mulder ,2023).

The researcher carefully developed a conceptual framework in this study to systematically analyze the relationship between the quality of the service offered and three major variables responsive time for customer complaints and queries, delivery efficiency of banking service and guidance for baking services and documentation.

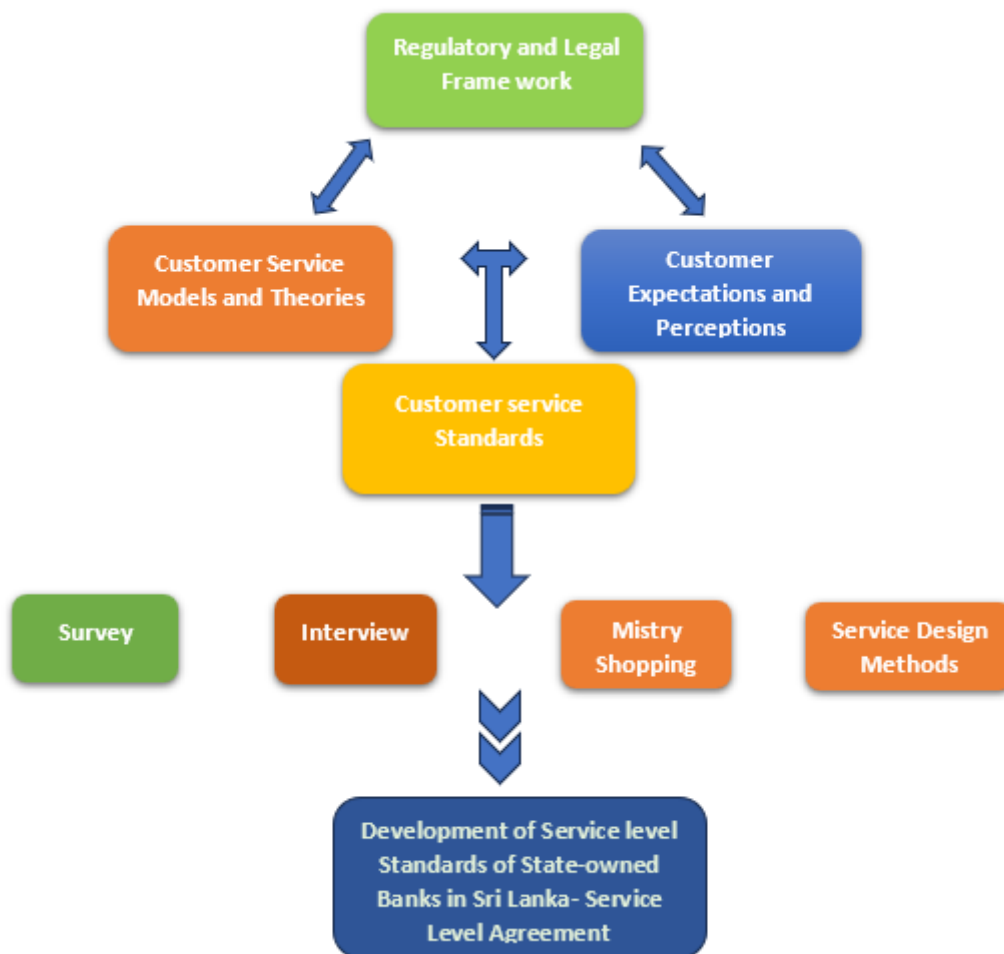


**Figure 2 . The conceptual framework**

## 1.8 The Frame of reference

As indicated in the frame of reference (figure 3) , Customer service standards in state-owned commercial banks in Sri Lanka are established by taking into account regulatory and legal frameworks, customer service models and theories, as well as consumer expectations and perceptions. These stated requirements are tested using methods of surveys,

interviews, mystery shopping, and service design methods to develop service design standards.



**Figure 3. The frame of reference**

## 2. Empirical study

Despite the fact that there were few private and international banks in Sri Lanka, the banking system was controlled by three public sector banks until the late 1980s. After the 1980s, private sector banks aggressively incorporated information technology into the

banking business. This event drastically altered the financial sector's perspective. (Asanka et al., 2022)

Following that, the commercial banking industry rose to new heights in the Sri Lankan financial market. Then comes a competitive In this area, a marketing environment has emerged, and commercial banking organizations are implementing unique service marketing tactics to keep up with this new trend. In all, 24 commercial banks are accessible in Sri Lanka, with nearly 22 of them controlled by the private sector and only 02 owned by the state sector as per the latest updates on June 2023(Central bank of sir Lanka,2023).

Customer satisfaction is determined by comparing a customer's perception of a company's performance with their actual expectations, whereas service quality compares perceptions to what customers should expect from the company's service.According to Razak & Shamsudin (2019) Customer satisfaction reflects the extent to which the product usage experience aligns with the buyer's anticipated value expectations.

According to Terziev et al. (2018), standards are critical in describing the essential conditions, methods, and operations for a firm as well as negotiating long-term contracts with frequent clientele. Service standards define the intended quality of service for consumers, as well as the precise processes and techniques that employees must follow. They also set criteria for assessing the quality of employee work, which is done by comparing actual outcomes to the requirements indicated in the standards.Further they revealed the organization's establishment and execution of standards need a precise identification of customer service categories, an understanding of the costs linked to providing alternative services, and the development of procedures for assessing and managing these services. At the heart of these criteria is the formulation and implementation of a customer service policy, which should commence with a thorough understanding of consumer demand analysis.

According to Hoffman and Bateson (2018), The company should utilize an outline of its processes when setting standards for defining each point of interaction among the company and its clientele. Detailed standards for (1) the operation of the system and (2) the behavior of contact employees at every location throughout the system can be written. For example, restaurant waitstaff may be required to welcome clients, bring water to the table, take drink orders (excluding water), serve beverages quickly, properly take meal

orders, and deliver meals within a certain time frame. In essence, these criteria serve as instructions for personnel to follow in order to achieve or surpass the client expectations indicated in the service standards.

## **2.1 Relevant theories and models**

The researcher has identified four theories and models pertinent to the research, each of which provides useful perspectives and frameworks for understanding the subject matter.

### **2.1.1 The value precept theory**

The value precept theory is one of the popular theory in customer satisfaction. This theory applies in many cases such as brand switching, product failures and cases involved in purchase of services (Rana, 2022).

According to value perception theory, customer assesses the benefits of a product or a service against the cost incurred. Customers in the banking industry have specific expectations in terms of efficiency, service quality and responsiveness. Establishment of standards in efficient problem resolution, courteous interactions and prompt responsive times that align with the customer expectations will lead to maintain higher customer satisfaction levels par with the industrial standards.

Further this theory determines the most influential elements in consumer's value perception. This might include like service accessibility, transaction convenience, personalized service and financial transaction security. Establishment of customer service standards that highlight these essential value drivers, for example, that employees are well-trained to provide personalized support and that online banking systems are user-friendly and safe will ultimately escalate the customer satisfaction at the next level.

Moreover the value perception theory emphasize on Implementation of systems to monitor customer satisfaction and response. Monitor consumer experiences on a regular basis using surveys, reviews, and feedback platforms. Gathered data can be used to identify the areas to be improved and adjust the customer service standards as needed.

Use the data gathered to identify areas for improvement and to alter customer service standards as needed. If certain attributes regularly lead to a favourable opinion of worth, highlight and uphold those standards.

### **2.1.2 Equity theory**

According to Equity theory in the domain of consumer satisfaction, Individuals want consistency between their expectations and actual experiences, . Harmony between these two aspects is critical for creating excellent customer experiences. Mastering the art of expectation management and regularly giving experiences that not only meet but exceed those expectations builds goodwill and trust, which leads to high levels of customer satisfaction(Rana, 2022).

In the context of Service standards in banking industry,the Equity theory can be related considering the fairness and balance in the relationship between the consumers and the service they receive.

According to equity theory, people judge fairness by comparing their inputs (e.g., money, time) and outputs (e.g., services, benefits) with those of others. Ensure that clients are treated fairly and politely in all dealings in the banking business.

It is important to make sure that the terms, conditions, and fees connected with financial services clear. Any hidden fees or confusing regulations might generate an unfair sense and lead to frustration.

If a consumer obtains a given quality of service during one transaction, they will anticipate a similar level of care in subsequent contacts. Therefore maintenance of uniformity in service delivery is a vital aspect in banking industry. Service level deviations from expectations may be seen as unfair.

The timing of inputs and outputs is essential, according to equity theory. In the banking industry, providing timely and efficient services fosters a sense of fairness. Inequity can be attributed to delays or inefficiency.

Establishment of a robust system for dealing with client complaints and feed backs will address them in a timely and equitable manner that display a commitment to resolving difficulties and preserving a balanced customer-service provider relationship.

### **2.1.3 Evaluative congruity theory**

The extent of alignment among a consumer's emotions and the evaluative thoughts and views they have about their consuming experiences is referred to as evaluative congruity (Rana, 2022).

The Evaluative Congruity Theory realize that both automatic and purposeful processes in attitude building. In the banking business, this means that certain components of the service may generate spontaneous emotional responses, while others may need deeper cognitive processing. Understanding this difference can aid in tailoring service standards accordingly.

The theory Concentrate on aspects of the banking experience that might elicit beneficial automatic ratings. User-friendly interfaces, effortless transactions, and clear communication are examples of this. pleasant automatic assessments help to lead to a pleasant overall mindset.

It is essential to keep an eye out for elements that might contribute to bad social comparison ratings. Customers may experience dissonance if they believe that others are obtaining superior services or advantages. Providing of transparency and equity in service offerings are crucial facts in order to reduce unfavourable social comparisons.

Ensure that service standards meet or exceed client expectations because Evaluative Congruity encompasses the matching of emotions and evaluative attitudes. Clearly state what services consumers may expect and strive to keep those promises on a regular basis.

Monitor and collect feedback on clients' emotional reactions to different areas of the banking experience. This can reveal which aspects elicit favourable or negative feelings, allowing for more focused changes in service standards.

Recognition that everyone has different tastes and expectations let bankers to offer personalized or customized services might help boost automatic assessments by making clients feel as if their individual demands are being understood and fulfilled.

It is essential Consider the general environment of the banking experience in addition to specific offerings. Factors such as branch physical environment, and communication tone all contribute to the emotional side of the client experience.

When negative emotions occur, deal with them quickly and efficiently is vital. Whether it's a service issue or a misunderstanding, prompt settlement can prevent unfavourable attitudes from persisting and contribute to overall good Evaluative Congruity.

#### **2.1.4 SERVQUAL model**

This model help to bridge the gap between customer expectations and needs. There are five dimensions to measure the quality of a service. The five components dealing with the SERVQUAL model are Responsiveness, Assurance, Tangible, Reliability and Empathy (Bhasin, 2023). In order to apply the SERVQUAL model to the formulation of service standards in the banking industry, each dimension must be aligned with particular features of banking services.

##### **Tangibles**

Tangibles in the banking business refer to physical structures, assets, and the appearance of staff. In terms of service standards, this may entail ensuring that bank branches are well-maintained, ATMs are operational, and staff present a professional image.

##### **Reliability**

In the banking industry, reliability refers to the accuracy and consistency of services. Service requirements should emphasize offering trustworthy services such as precise transaction processing, prompt cash transfers, and dependable online banking systems.

##### **Responsiveness**

The willingness of the staff to assist clients and deliver quick service is referred to as responsiveness. Quick response times to client questions, rapid issue resolution, and a proactive attitude to resolving customer demands may all be emphasized in service standards.

##### **Assurance**

Assurance refers to a bank's expertise, civility, credibility, and security. Service standards should guarantee that employees are competent, that clients are treated with respect, and that the bank provides a secure environment for financial activities.

## **Empathy**

Understanding and caring about the requirements of consumers is required for empathy. Service standards should encourage employees to actively listen to client issues, demonstrate understanding, and give personalized support when needed.

## **3 Methodology**

The research challenge is the designing factor whether the qualitative or quantitative method is to be used. When attempting to objectively quantify variables such as number, amount, intensity, or frequency, it is best to employ the quantitative technique. Here in this research, the qualitative methodology was implemented by the researcher which focusing on “Why” as well as it focused on the characteristics of the qualitative perspectives.

### **3.1 Research methods**

The service design thinking was applied to perform the research which normally consists of a number of steps that guide the creation and enhancement of services in order to successfully fulfil client expectations. Discover, Define, Develop, and Deliver are the steps of one popular framework for service design.

#### **Discover**

The focus of the discovery phase is on comprehending the existing status of the service and the context in which it functions. This entails acquiring information through a variety of research approaches such as user interviews, surveys, mystery shopping and ethnographic studies.

#### **Define**

Following the collecting of insights, the define step entails framing the issues and challenges that must be solved. It aids in refining the focus and establishing clear objectives for service development.

#### **Develop**



Designers and teams work on new service concepts and tactics throughout the development period. This involves creating customer journeys, service plans, and detailing touch points.

### Deliver

The deliver step involves implementing the finalized service design. It entails implementing changes and improvements throughout the organization

### Double diamond model

This paradigm sees the design process as two successive stages of divergence and convergence, as the name implies. The first step includes "discover" and "define," with the goal of exploring a problem domain to gather insights and then defining the problem to be handled. In the second step, the words "develop" and "deliver" come into play, with the identified problem being used to generate a number of potential solutions. These alternatives are then evaluated for viability, and the best ones are presented to an audience. Their input is critical for arriving at a single chosen option.

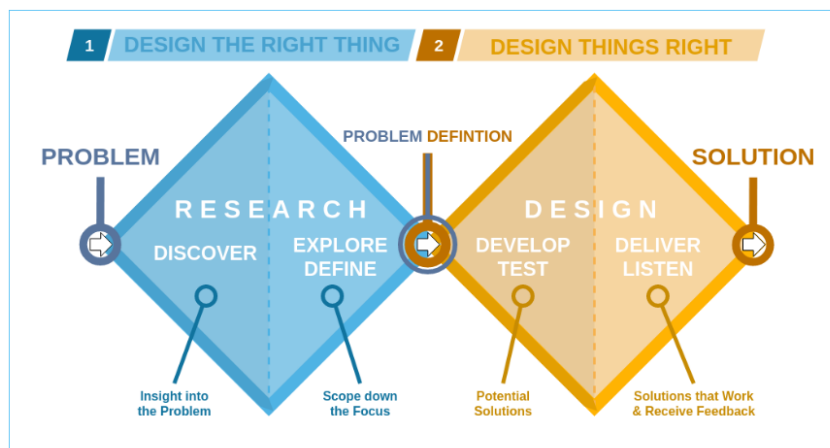


Figure.4 The double diamond model

## 3.2 Primary data collection

A combination of survey, interview and mystery shopping methodologies were used to collect primary data. The researcher conducted the survey directly, sharing a well structured questionnaire via digital platform. Interviews and mystery shopping campaigns

were assigned to representatives chosen by the researcher where they had substantial expertise in the banking industry as well as a solid grasp of data collecting techniques. These data gathering strategies are intended to provide insights and answer the study topic under consideration(Wagh, 2022).

### **a) Interviews**

An interview is a type of discourse in which the researcher aims to obtain insight into a certain issue from the interviewee's point of view. This is a deliberate dialogue with a specific research goal in mind. As a result, an interview may be thought of as an interactive conversation in which the interviewer asks questions in order to extract particular information from the interviewee.(Adhabi & Anozie, 2017).

The research design initially planned for a minimum of 20-25 interviews, however the study was finally completed with 15 interview sessions owing to several variables such as time constraint and insufficient resources.The Interviews were conducted during 25th September 2023 to 28th September 2023 in different locations at Colombo.Interviews were performed exclusively with respondents who had relationships with state-owned banks, aligning with the primary objective of evaluating the services offered by these institutions. The focus on this particular group was intended to gain specific insights, despite the fact that the number of participants was limited owing to inherent limitations also to ensure a comprehensive assessment of the service quality offered by state-owned commercial banks as the study prioritized in-depth thoughts from this limited group.

The interviews were conducted by a team of three representatives carefully selected by the researcher. Their selection was based on their extensive banking sector knowledge, which likely helped them to engage interviewees more successfully and elicit useful information. These reps not only had banking business expertise, but they also had a strong foundation in data gathering procedures when engaging with the general population.

To ensure respondents' privacy, each respondent has been allocated an alphabetical letter.As a result, the 15 participants were labeled as "Respondent A", "Respondent B", and continuing so until "Respondent O". In addition, the three representatives who conducted the interviews were referred to as "R1", "R2", and "R3".To safeguard the privacy and

secrecy of the respective financial institutions, two state-owned commercial banks have been designated as ABC Bank and XYZ Bank.

The purpose of the interview was to evaluate the influence of three key attributes on service standards, as specified in the conceptual framework.

### **I .Responsiveness to the customer queries and complaints**

some interview questions are focused on the banks' responsiveness to customer queries and complaints. This includes determining how fast and efficiently banks respond to consumer concerns, ensuring a positive experience. Respondent insights would emphasize strengths and limitations in this domain. Positive comments would show that the particular banks are attentive and fast to respond to consumer demands, whilst any complaints raised would identify areas for development.

### **II. Delivery efficiency of banking service**

Questions on the efficiency of banking service delivery would aim to assess the speed and efficacy of various banking processes. These questions were designed to gather insights regarding the time it takes to execute transactions, rectification of system and machinery failures, and the general speed with which services are delivered. Positive feedback indicates that banks are meeting or surpassing client expectations in terms of efficiency, whilst negative feedback may indicate areas where improvements or streamlining are required.

### **III.Guidance for banking services and documentation**

It is critical to get the respondents' thoughts on the guidance provided for banking services and documents. This attribute is most likely to explore the simplicity and usefulness of information offered to clients, particularly in the context of documentation for various financial services. Positive experiences indicate that banks are effective at assisting clients through processes, but obstacles or uncertainty mentioned by interviewees indicate areas that require development.

Furthermore, some question seeks to elicit respondents' perspectives on the service quality of the bank and the use of Service Level Agreements (SLAs) to build robust service standards. This would entail determining if respondents see SLAs as a useful tool for creating and

sustaining service standards, as well as setting expectations for both customers and the bank.

## Interview questions

### Questions

1. What are your expectations in terms of service quality of the banks?

2. Can you recall a specific time when you complained or an inquiry? How would you rank the responsiveness and effectiveness of the resolution?

3. In your opinion, how well does the bank respond to and handle consumer complaints?

4. Can you describe a time when you required a speedy turnaround on a financial service? In terms of speed, how well did the bank match your expectations?

5. How would you describe the bank's overall efficiency in providing timely and accurate services?

6. Can you think of an instance when you struggled to comprehend or complete needed documentation? How helpful was the bank in this situation?

7. How effective, in your opinion, is the bank in assisting consumers through the appropriate documentation and processes?

8. What are your thoughts on implementing a Service Level Agreement (SLA) to establish clear service standards?

### Attributes

**Responsiveness to the customer queries and complaints**

**Delivery efficiency of banking service**

**Guidance for banking service and documentation**

## b ) Mystery shopping

Mystery shopping is a technique used to evaluate the quality of services or employees' performance. In this method, a person is appointed as a mystery shopper in

order to evaluate the quality of the services in a covert manner. To give an honest and unbiased assessment of service quality, the mystery shopper plays the role of a regular customer, ensuring that their presence is unnoticed. (Clickworker, 2022).

The mystery shopping method was deliberately designed by the researcher to assess the influence of three main attributes: responsiveness to client inquiries, efficiency of service delivery, and the documentation process and guidelines. The aim of this research was to thoroughly examine how these attributes contribute to and impact overall on quality of the service in the tested scenarios.

There were four branches visited by the mystery clients and to ensure the confidentiality of both bank branches and mystery clients, a coding system was implemented. These branches were anonymized and referred to as Branch "X," "Y," "Z," and "C." Similarly, two mystery clients were identified using the codes "MS1" and "MS2." The mystery shopping was conducted from 08.10.2023 to 11.10.2023 within the Colombo region.

Two mystery clients were engaged in the mystery shopping procedure to collect data on behalf of the research. These mystery shoppers were chosen based on their past mystery shopping experience, particularly in the service improvement research across several industries. Their knowledge of the subject made them well-suited to carry out the mystery shopping duties.

### **Selection of Mystery clients**

The two mystery clients were chosen because of their experience with mystery shopping activities, particularly in the field of service development research. This past experience gave them the abilities they needed to assess service quality, client interactions, and adherence to specified study criteria.

### **Online Sessions**

The researcher performed many online meetings with the mystery clients to shorten the data gathering procedure and maintain consistency in approach. These meetings most likely included a briefing on the study objectives, an explanation of the precise criteria to assess, and instructions on how to perform mystery shopping.

### **Guidelines for success.**

During the online sessions, the researcher provided direction and instructions to ensure the success of the mystery shopping activities. This counsel most certainly included instructions on how to remain anonymous, communicate with bank workers, and correctly record observations.

### **c ) Survey method**

The survey method is the process of acquiring information from a group of individuals by asking them a series of questions. This study employs a variety of strategies for choosing people, collecting data, and utilizing several forms of instrumentation technologies. Survey research can use for both quantitative research methods, (such as surveys with numerical scoring) qualitative research methods (such as open-ended questions) or both (mixed methodologies).(Ponto, 2015).

A well-structured questionnaire with 21 questions was designed in Microsoft forms and delivered via an electronic platforms like “whatsapp” groups and personal e - mails that provided an easy and fast means to gather data from a target group.The set of 21 questions was designed to examine the influence of three essential attributes: customer response, service delivery efficiency, and documentation and advice. It simplifies data gathering and processing, making it a desirable approach for a variety of research and survey objectives.A total of 78 respondents provided their feedback by completing the online questionnaire and those 78 responses were taken in to consideration for the research study.

### **3.3 Sampling method**

A simple random sampling method was used in the research to collect the primary data from the respondents. Simple random sampling is a method in which each item in the population has an equal probability of being chosen. The selection of items in this methodology is solely reliant on chance or probability, making it a probabilistic sampling method(Fleetwood ,2018).

### **3.4 Secondary data collection**

Secondary data are commonly obtained by using pre - existing data created by government institutions or other organizations as part of their routine record-keeping operations. This

information is frequently taken from various data sources for further investigation (Wagh, 2022). In addition technical and trade journals, reports of various businesses and banks, statistical and historical documents also can be considered as secondary data sources.

### **3.5 Service design method**

Service design is a deliberate process that actively shapes and delivers ideal experiences rather than depending on their occurrence. It adopts a "customer-centric" attitude, designing strategies based on customer demands rather than just matching with company objectives. This strategy fosters robust services and products, eventually meeting long-term company demands. The method takes into account elements such as brand identification, environmental design, staff training, digital technology, and service operations. These numerous factors that influence the overall client experience are smoothly integrated into a cohesive and strategic framework. (How to Use Service Design to Engage Banking Customers, 2022)

The researcher used a range of service design approaches and tools in this study, including service blueprints, value proposition canvases, business model canvases, and stakeholder maps.

#### **3.5.1 Business model canvas of the state owned banks in Sri Lanka**

The Business Model Canvas is a beneficial tool for improving standardized services throughout Sri Lanka's state-owned commercial banks. This tool was critical in the research

since it aided in the identification of distinct features within client groupings. These qualities include improved service quality, streamlining processes for both bank branches and customers, and specific identification of channels such as online platforms, mobile banking, and physical bank branches.

### The Business Model Canvas

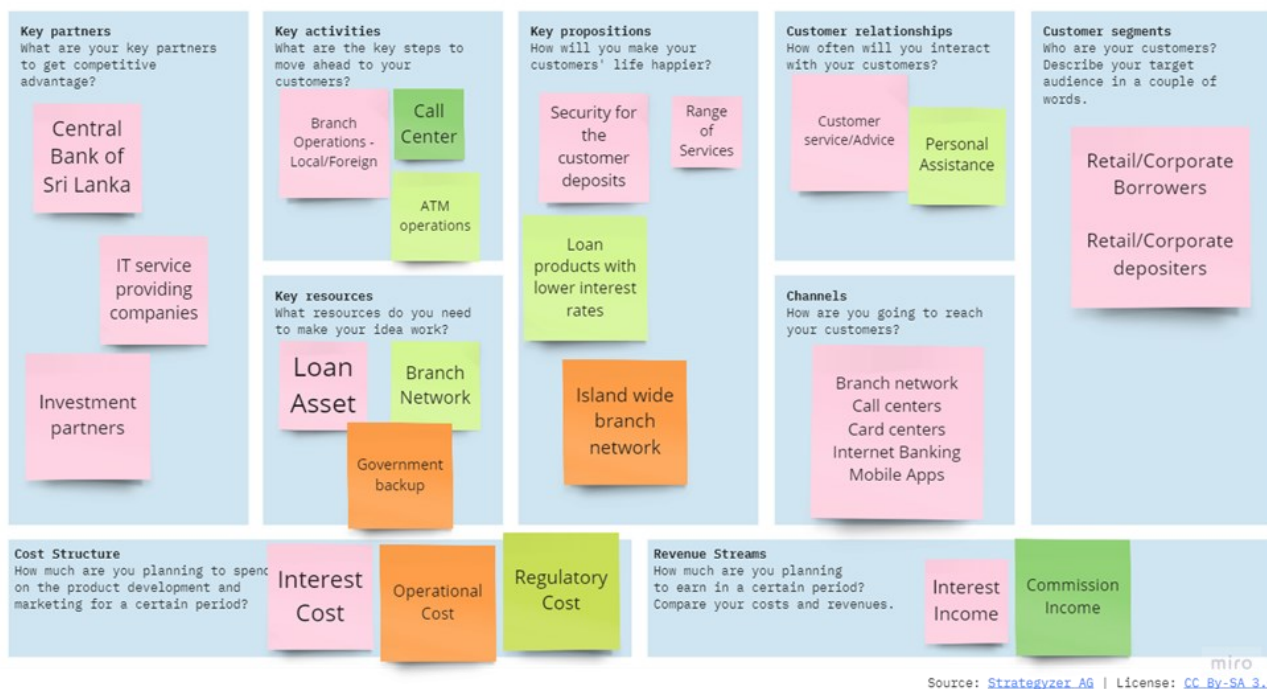


Figure 5 . The Business model canvas

### 3.5.2 Service blue print for the state owned banks in Sri Lanka

The service blueprint is useful in visualizing the complete service process within the bank, which includes both interactions with customers and internal activities. This approach is critical for assessing service delivery efficiency and understanding the elements that influence responsiveness and documentation procedures. Furthermore, the service blueprint is a useful tool for identifying possible failure areas in financial services.



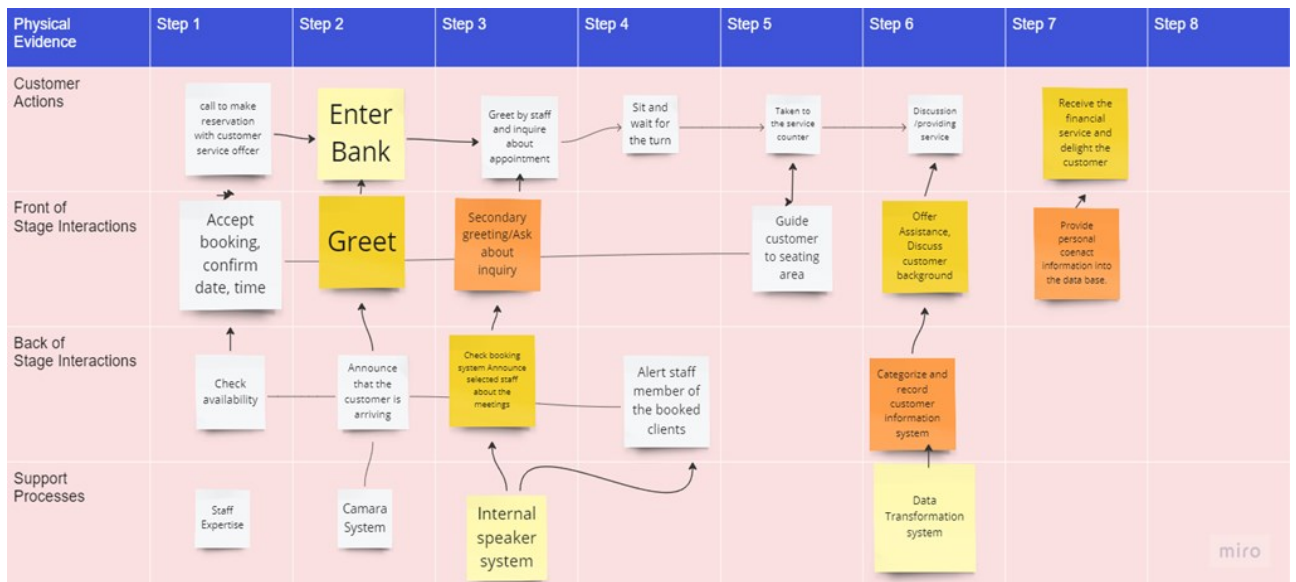


Figure 6. The service blueprint

### 3.5.3 Value proposition canvas of the state owned banks in Sri Lanka

The Value Proposition Canvas is useful in defining the exact activities that consumers want to complete while dealing with Sri Lanka's state-owned commercial banks. This tool assists in resolving customer pain points and improving service delivery efficiency, eventually leading to a better customer experience. Through this value proposition canvas the researcher was able to identify the gain creators and pain relievers in order to improve the banks products and services.

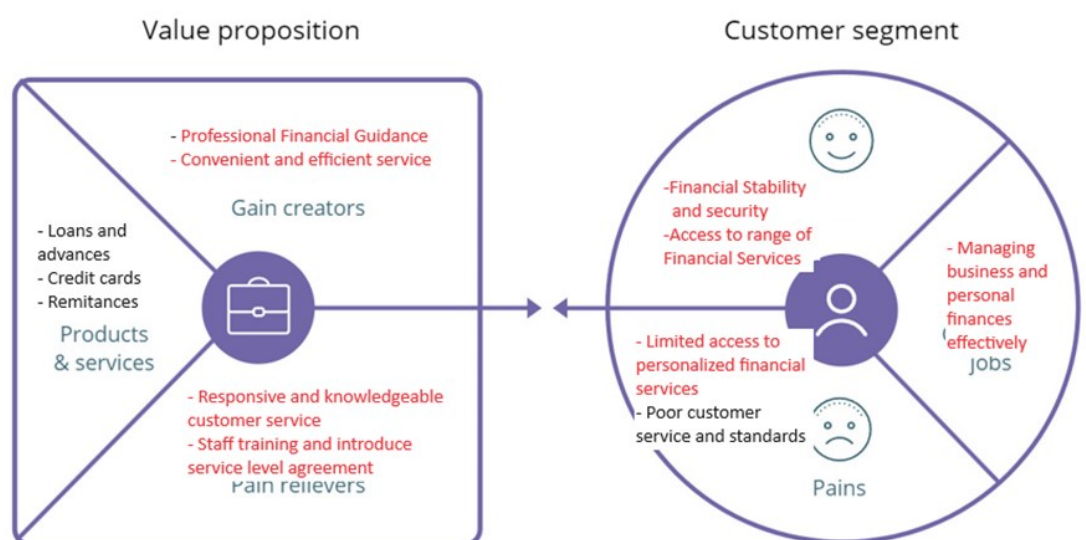


Figure 7. The value proposition canvas

### 3.5.4 Stakeholders' map

The Customer Stakeholder Map is another useful tool that the researcher used to acquire a better knowledge of the relationships between various stakeholders connected with Sri Lanka's state-owned commercial banks.

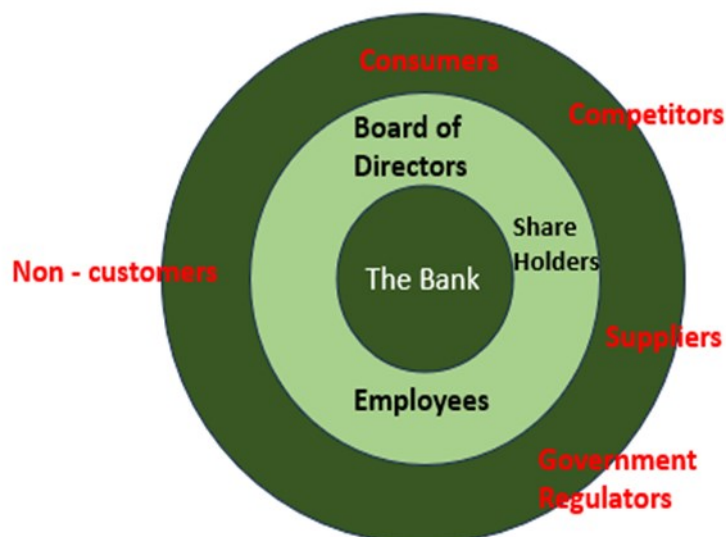


Figure 8. The stake holders' map

## 4. DATA analysis

### 4.1 Survey method

The questionnaire includes 21 questions, including two basic demographic questions targeted at assessing each participant's relevant age group and gender. It was distributed using WhatsApp groups, resulting in the gathering of 78 replies to carry out the survey.

#### Link for the Survey questionnaire

<https://forms.office.com/Pages/ResponsePage.aspx?id=GUjiPPqpSkmlQ4a2kn1OjVJnLCvPrIHnwW5uABn4OFURTVSWFRPTkNOSVITMjIIWFc3VEhDM0M5VC4u>

The majority of the respondents constituting 38% were between the age of 31-45 years where as 29% were between 18-25 years. 23% of the respondents were between the age of 45- 60 years and the balance 9% is above 61 years. Furthermore, 53% of participants

identified as male, while the remaining 47% identified as female, highlighting the attainment of gender equality across the entire survey.

### 1. How Old are you ?

[More Details](#)

● 18 - 30 yrs	23
● 31 - 45 yrs	30
● 46 - 60 yrs	18
● 61 and above yrs	7



### 2. What is your Gender ?

[More Details](#)

● Male	41
● Female	36
● Other	0



Figure 9. The age and gender distribution of the participants for the survey

The majority of participants, 60%, chose private-owned both national and international commercial banks. This might indicate a preference for or more trust in private banks. On the other hand, 40% preferring state-owned commercial banks suggests a significant proportion of participants who put their faith on state owned banks.

### 3. Which bank are you dealing with?

[More Details](#)

● State owned commercial bank	31
● Local private commercial bank	38
● Foreign private commercial bank	9



Figure 10. The distribution of the bank category dealt by the participants

Responding to emails or letters within 12-24 hours was reported by 51% of the total population, demonstrating a positive trend across all banks. Notably, almost 100% of respondents who work with private commercial banks stated that their banks frequently reply to inquiries within 48 hours at most. In contrast, 6% of respondents who interacted with government sector banks voiced frustration, claiming that they do not obtain solutions to their concerns within 48 hours. This insight emphasizes the need of timely communication in ensuring customer satisfaction.

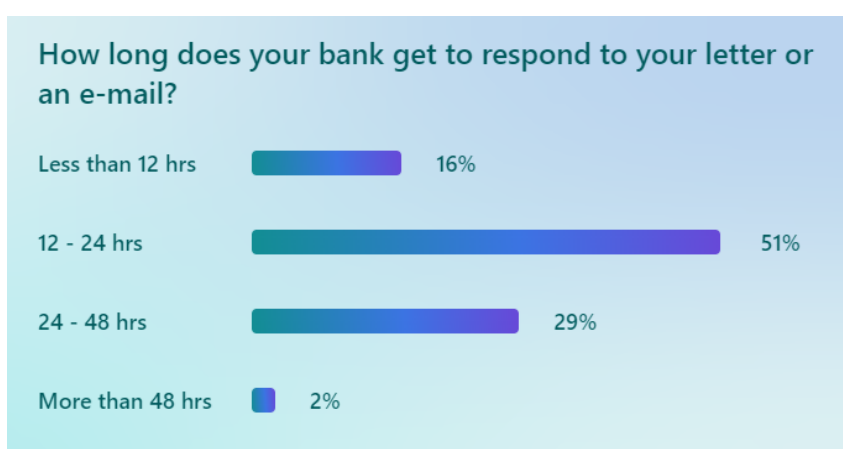


Figure 11. The time frame distribution for the response to emails and letters

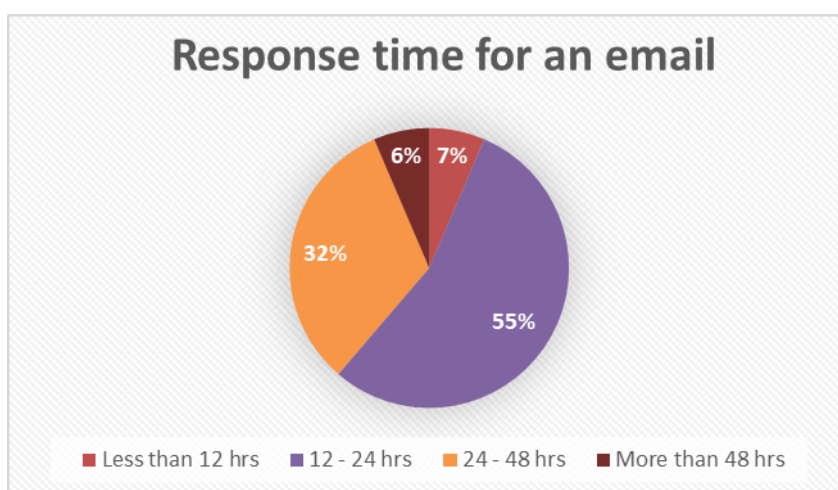


Figure 11. Response time for an e mail for state owned commercial banks

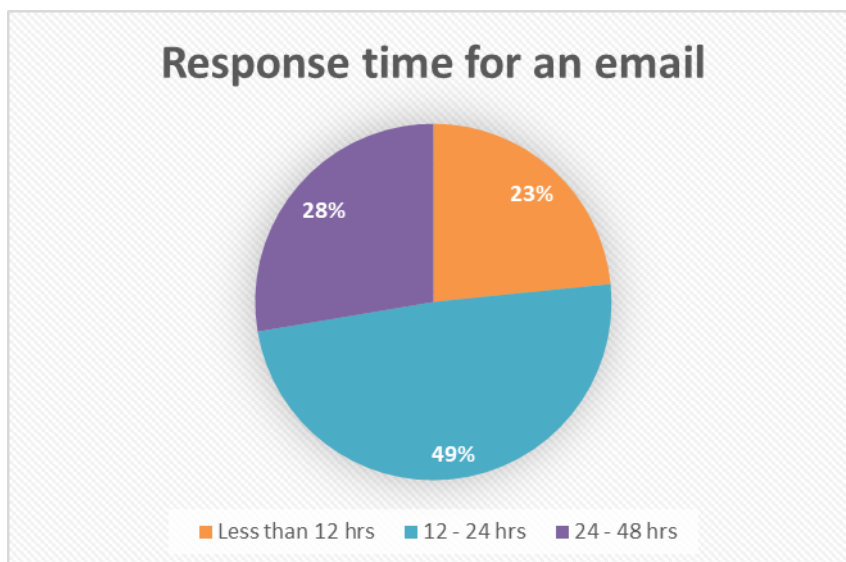


Figure 12. Response time for an e mail for private commercial banks

The fifth question, intended at assessing banks' response to client requests or complaints, indicated that 82% of those surveyed believe their banks are "very responsive" or "somewhat responsive." This implies that, while these clients may not receive all of the information they want, they are typically pleased with the degree of feedback supplied by their individual banks.

Interestingly, both state-owned and private commercial banks have an equal presence in this category, accounting for 85% of the total. This shows that, regardless of ownership form (public or private), banks appear to provide a generally sufficient degree of detail in answer to their individual clients' requests.

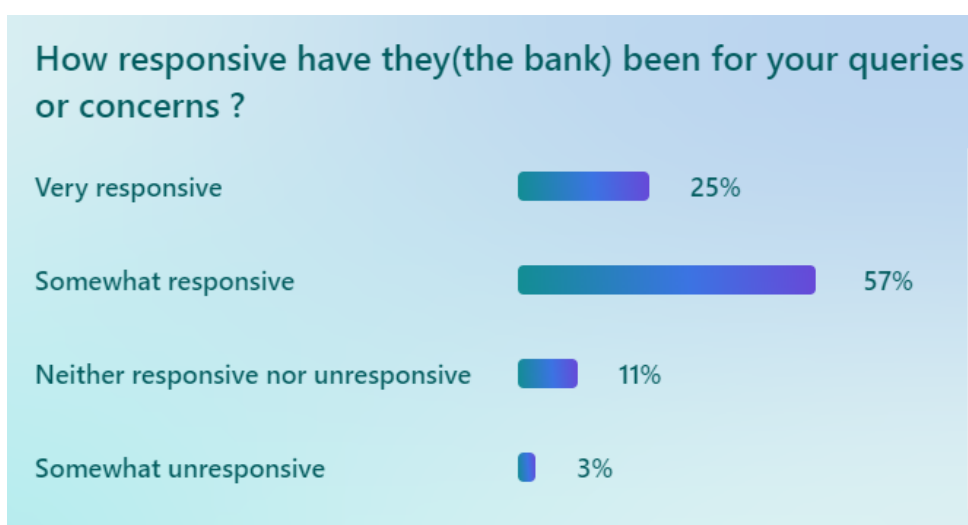


Figure 13. All banks response to client requests or complaints

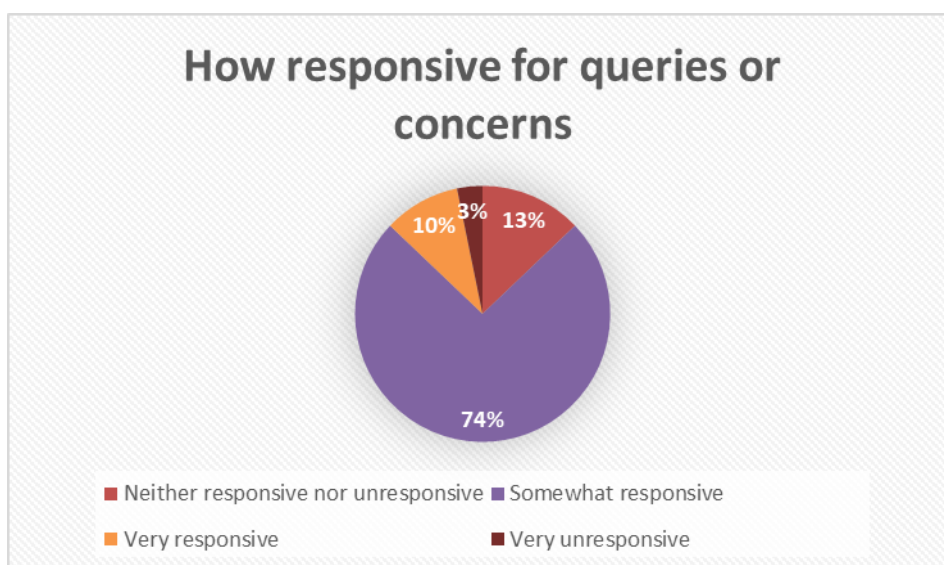


Figure 14. State - owned banks response to client requests or complaints

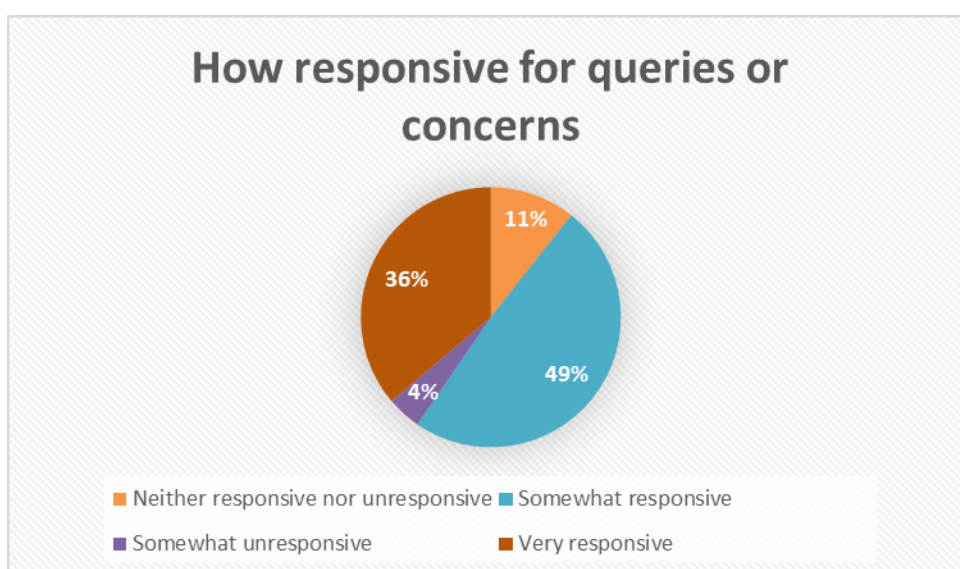


Figure 15. Private banks response to client requests or complaints

In response to query, "Have you ever complained to your bank due to non-responsiveness or lack of attention to your query?" 48% of clients responded in the negative, indicating that they had no concerns. On the other side, 43% admitted to filing complaints.

Further investigation of the survey data indicated a significant difference between state-owned and private-sector banks. In particular, 51% of clients associated with state-owned banks reported experiencing non-responsiveness. In contrast, a lesser amount, 38%, of clients from private sector banks reported filing complaints for similar reasons. The

difference suggests that clients of state-owned banks are more likely than their counterparts in private sector banks to express their dissatisfaction with non-responsiveness.

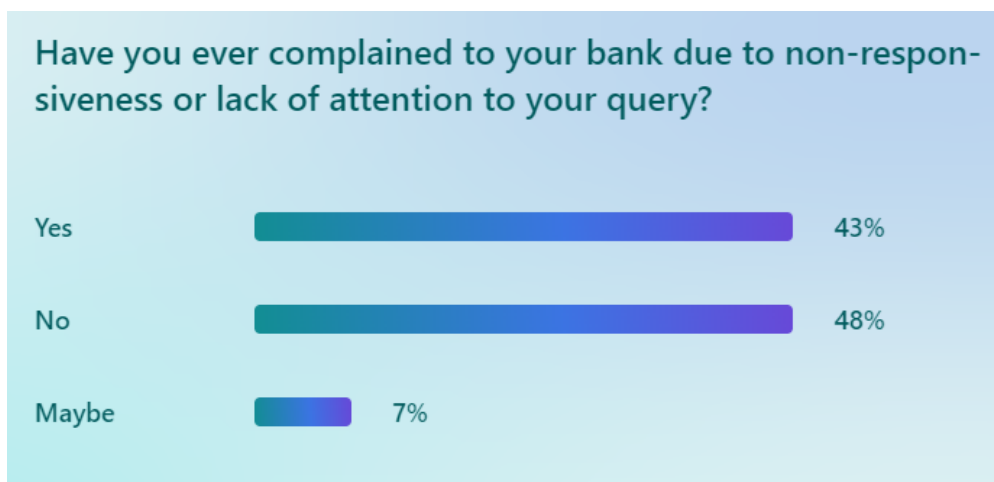


Figure 16. All banks customer complaints breakdown due to non responsiveness

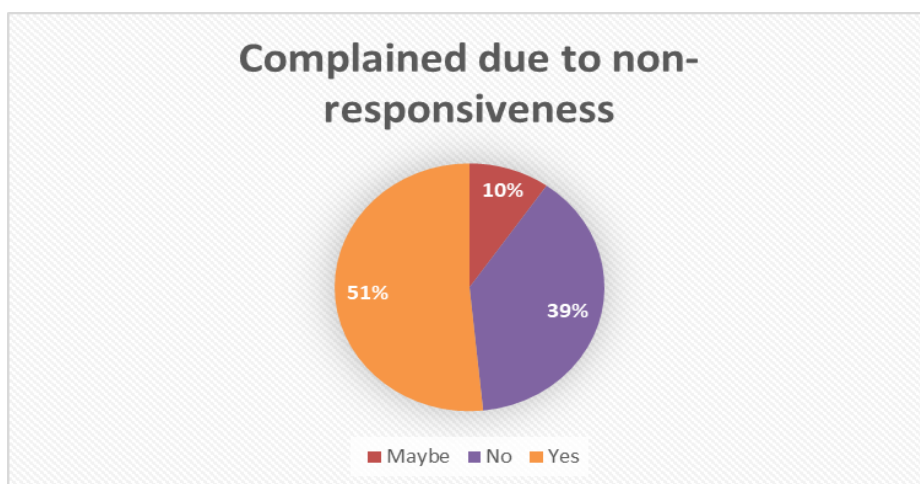


Figure 17. State-owned commercial banks customer complaints breakdown due to non responsiveness

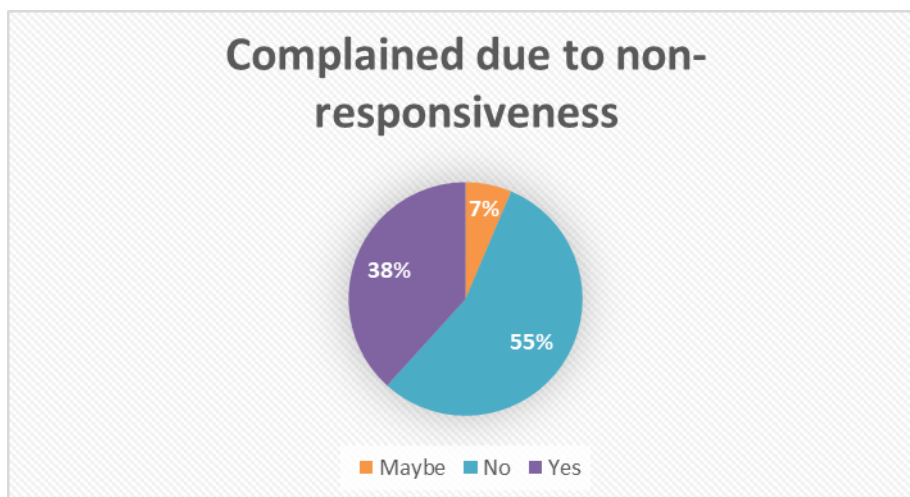


Figure 18. Private commercial bank customer complaints breakdown due to non responsiveness

The researcher sought to evaluate the efficacy of complaint handling processes at two types of institutions. The results clearly show a considerable difference in performance. In particular, 60% of private sector banks proved the ability to handle complaints within 48 hours, but just 37% of state-owned banks met the same standard. This striking discrepancy clearly shows that private sector banks outperform state-owned banks in terms of complaint resolution effectiveness and timeliness.

#### 7. How long did it take to handle your complaint?

[More Details](#)

[Insights](#)

24 hrs	17
48 hrs	25
72 hrs	12
More than 72 hrs	1
I don't have an idea	22



Figure 19. All bank customer complaints handling time breakdown



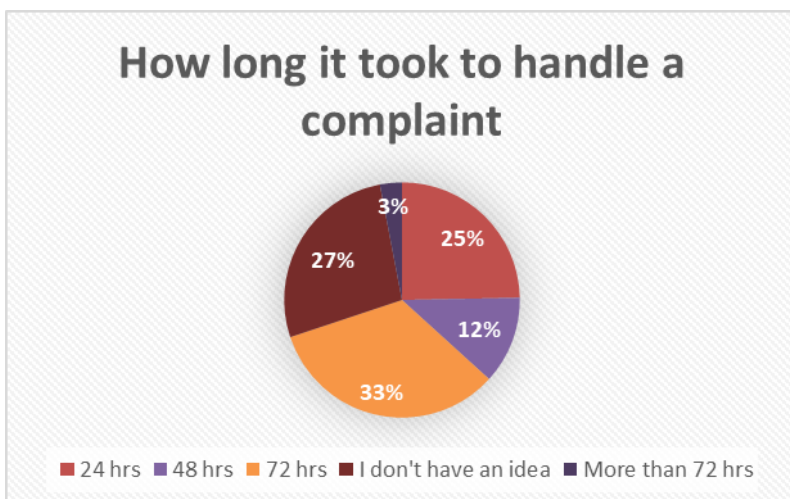


Figure 20. State-owned commercial bank customer complaints breakdown due to non responsiveness

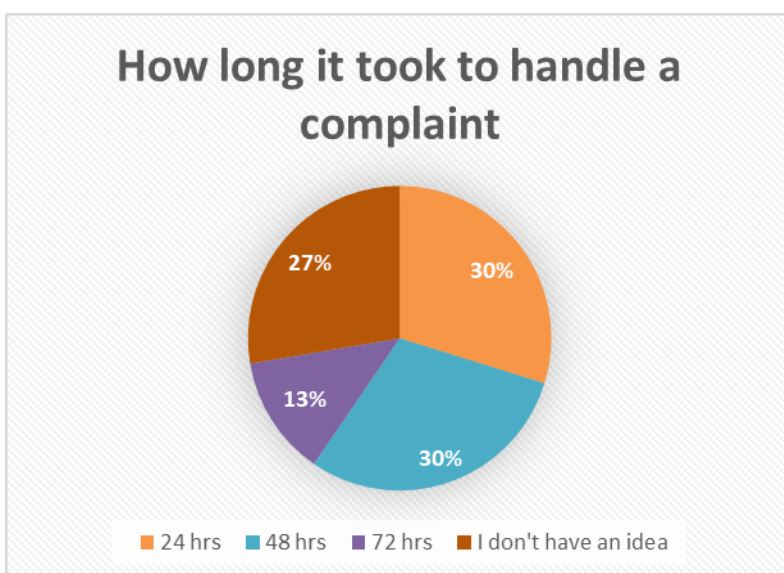


Figure 21. private commercial banks customer complaints breakdown due to non responsiveness

It's interesting to note that 46% of the general community is aware of the bank's guidelines for responding to client inquiries. The method by which they learned about these criteria, however, remains unsolved.

8. Do you have any idea about your bank's standards for responsiveness to customer queries? Ex: "Maximum Responsive time for a customer query."

[More Details](#)

● Yes I have clear idea	6
● Yes in some extent	36
● Neutral	9
● No I don't have any idea	27



Figure 22. Customer awareness for standards of responsiveness to customer queries

Clients of state-owned banks are 42% more likely to quit the bank in the future than clients of private banks, who are 36% more likely. This indicates that clients of state-owned banks are more dissatisfied with the stated attribute and are more likely to leave than clients of private banks.

9. Do you have any idea about leaving your bank in the future due to a lack of responsiveness or attention to your queries made by the bank?

[More Details](#)

● Yes, indeed	7
● Maybe yes	19
● Neutral	22
● Maybe not	19
● Never	10
● Other	1

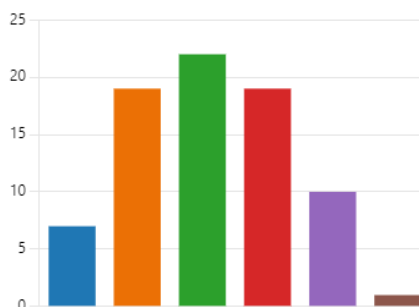


Figure 23. Distribution of customers who suppose to leave the bank due to non responsiveness for customer queries

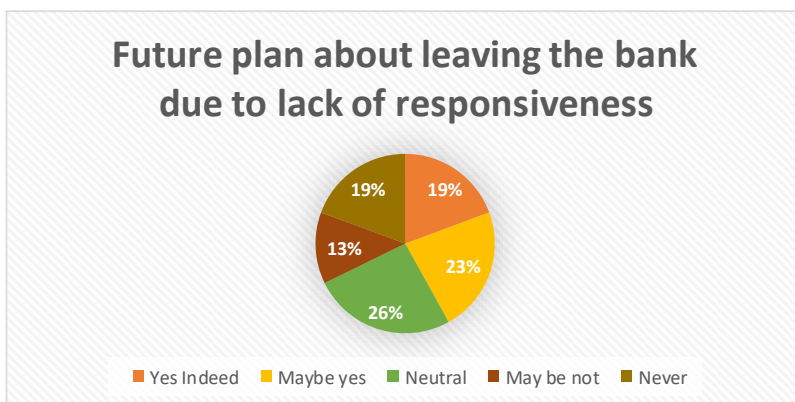


Figure23. Distribution of customers who suppose to leave the bank due to non responsiveness for customer queries

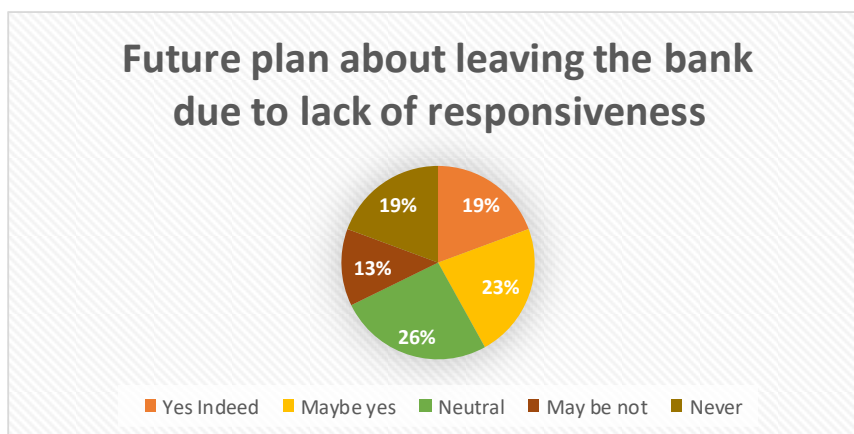


Figure 24. Future plan about leave the bank due to lack of responsiveness - State-owned banks

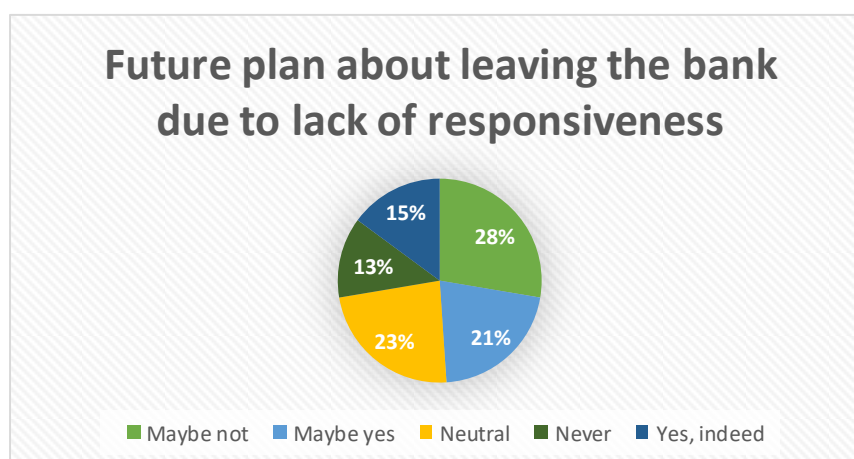


Figure 24. Future plan about leave the bank due to lack of responsiveness - State-owned banks

A significant 92% of the sample confirmed that the inter - bank fund transfer time is less than 30 minutes. In comparison, a greater number of private bank clients, namely 98%, acknowledged completing the identical transactions in less than 30 minutes. However, 13% of state-owned bank customers indicated that equivalent processes take more than 30 minutes. This delay appears to be at contrast with current expectations, indicating possible areas for improvement in the efficiency of fund transfer operations inside state-owned structures.

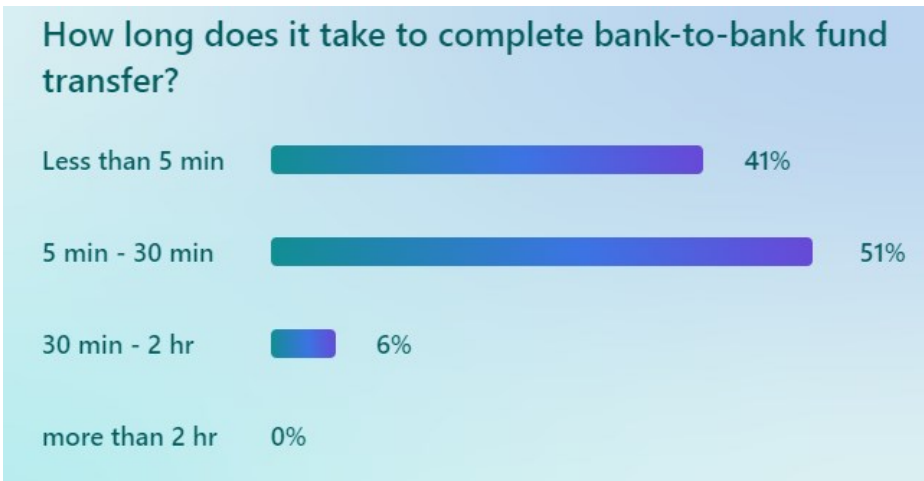


Figure 25. All bank time distribution for effect bank to bank fund transfer

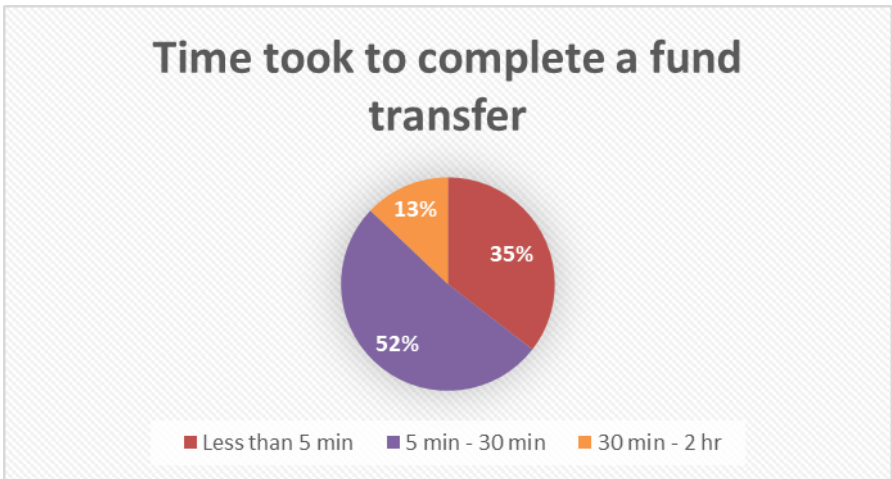


Figure 26. State-owned commercial banks time distribution for effect bank to bank fund transfer

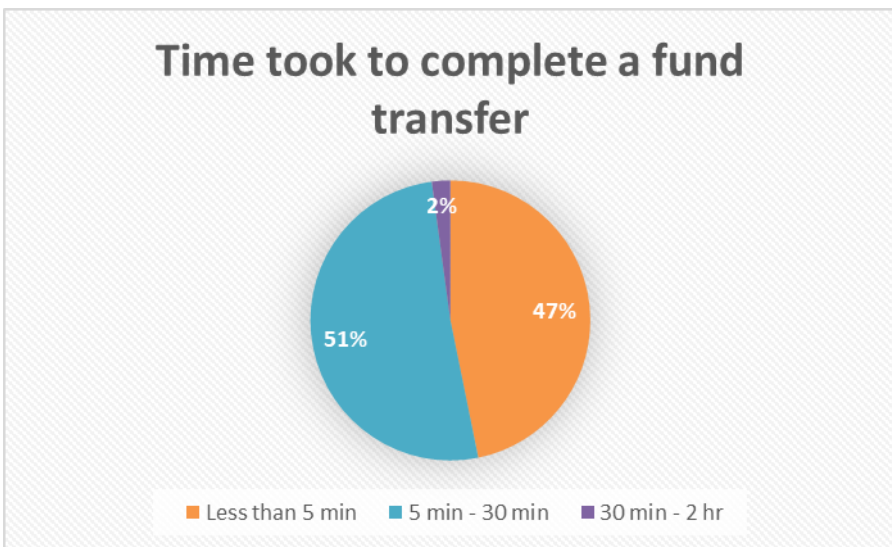


Figure 27. Private commercial banks time distribution for effect bank to bank fund transfer

In the study population, 44% of respondents said they were able to successfully open a bank account within 30 minutes. Notably, the data shows a distinction between state-owned and private-sector banks. Only 31% of clients with state-owned banks completed the procedure within the same time spectrum, whereas 55% of customers with private sector banks completed the process within the same time frame. This disparity shows that the two types of banks' account-opening procedures differ in terms of efficiency and speed.

### 11. How long they took to open your bank account?

[More Details](#)

<span style="color: blue;">●</span> 10 min	8
<span style="color: orange;">●</span> 10 min - 30 min	27
<span style="color: green;">●</span> 30 min - 1 hr	31
<span style="color: red;">●</span> More than 1 hr	11
<span style="color: purple;">●</span> Other	1



Figure 28. Time Duration to open a bank account - all banks

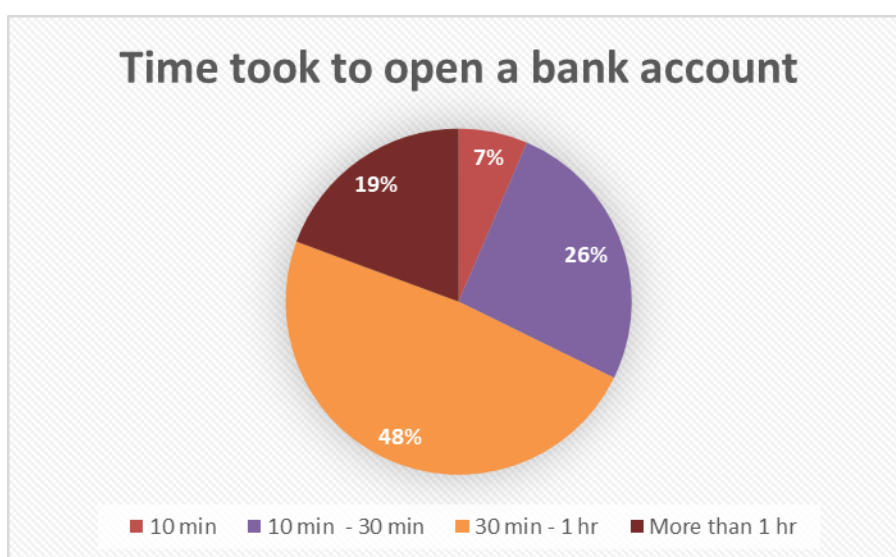


Figure 29. Time Duration to open a bank account State-owned commercial banks

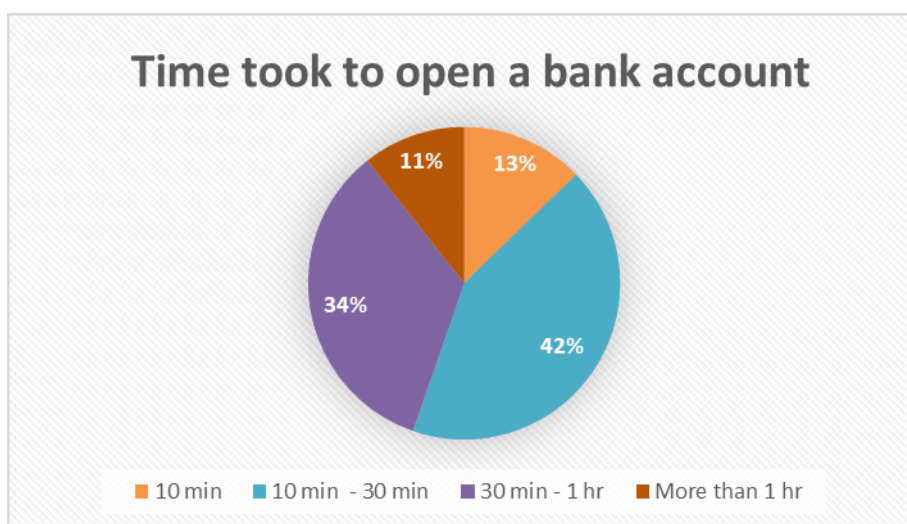


Figure 30. Time Duration to open a bank account private commercial banks

According to the survey, 78% of private sector bank customers evaluated the services they received as good or excellent. In comparison, 64% of clients of state-owned banks indicated an equal level of satisfaction with the services given to them. However, when the total sample population is taken into account, which includes both private sector and state-owned bank clients, 73% of respondents are happy with the services they have been offered.

This implies that, despite differences in satisfaction levels between private and state-owned banks, a significant proportion of the entire surveyed population had a favourable opinion of the services provided by banks in general. The data emphasizes the necessity of taking into account the total satisfaction rate when capturing a full picture of consumer sentiment across all types of banks.

#### 12. How well do your bank services meet your needs?

[More Details](#)

● Excellent	15
● Good	42
● Neutral	13
● Not satisfied	8
● Exceptionally poor	0



Figure 31. How well the bank service meet the customers needs- all banks

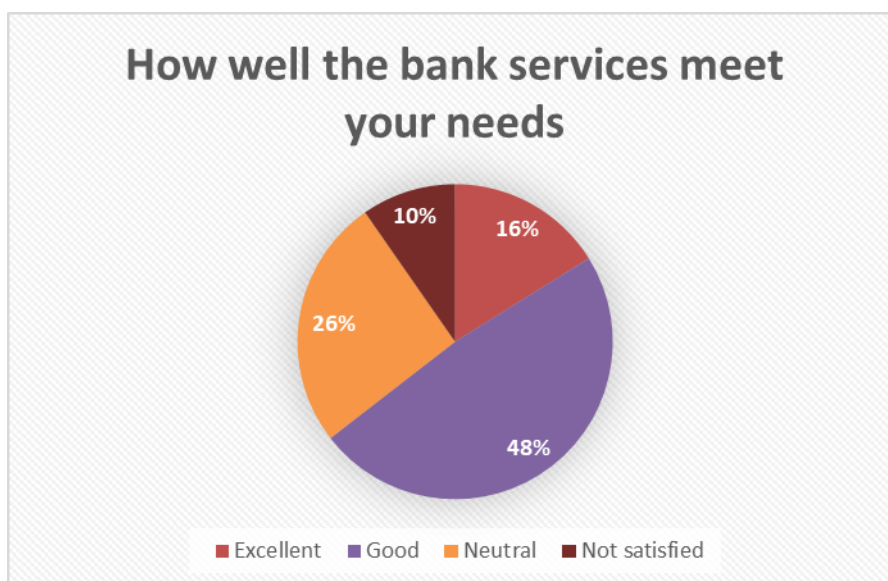


Figure 32. How well the bank service meet the customers needs state-owned commercial banks

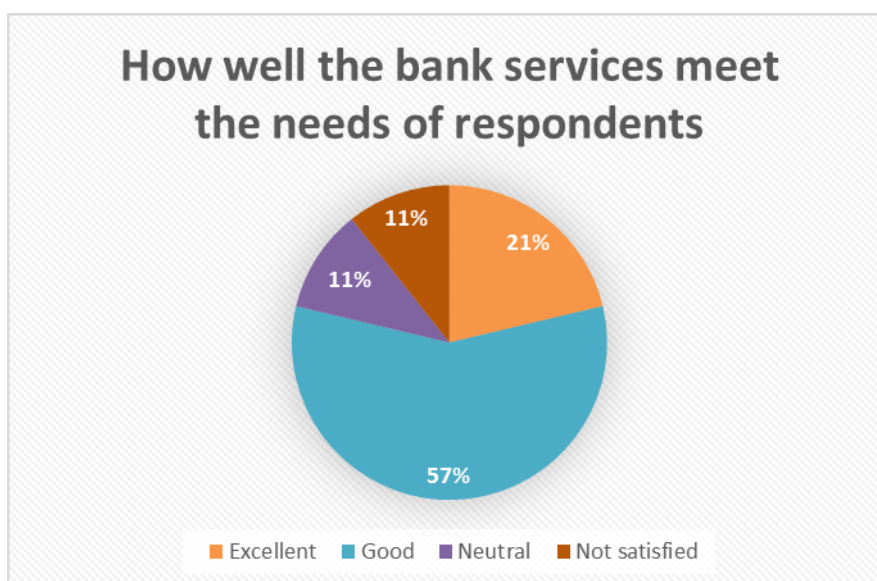


Figure 33. How well the bank service meet the customers needs Private commercial banks

The data reveals significant variations between state-owned and private banks in the loan approval and distribution procedure. Specifically, 35% of customers from state-owned banks reported obtaining loans within 10 days, but 58% of clients from private banks saw the same rapid approval and payment schedule. This significant disparity reveals a noticeable difference in the efficiency and quickness with which the two types of banks provide loans. It implies that, on average, private banks process and approve loans faster

than their state-owned equivalents, possibly impacting consumer satisfaction and banking service choices.

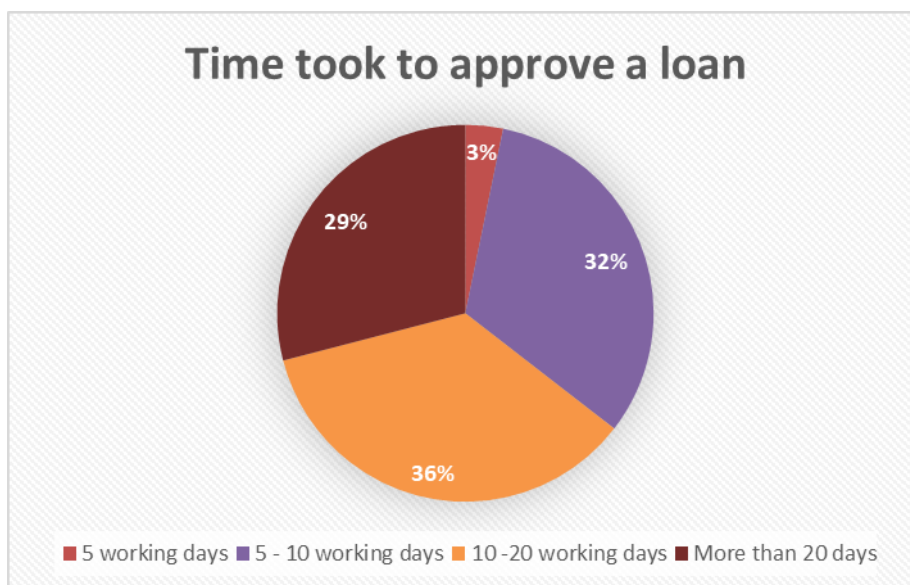


Figure 34. Time take to approve a loan facility state-owned commercial banks

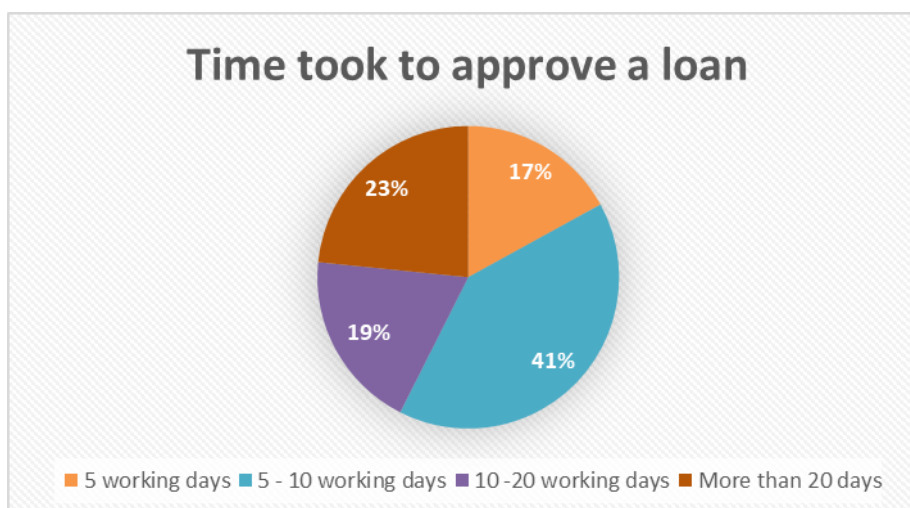


Figure 35. Time take to approve a loan facility private commercial banks

There is a distinct difference in the degree of assistance offered to clients regarding necessary documents, eligibility criteria, and the specific timing for loan approval, according to the survey. Based on the study, 68% of state-owned bank customers recognize receiving adequate guidance, whereas 87% of private bank customers claim the same. This mismatch shows a possible communication gap between state-owned and private-sector banks, implying that the private sector may be more effective in communicating loan approval information to clients.



The larger percentage in private banks emphasizes the significance of developing and adhering to clear communication standards with customers. Addressing this communication gap might be critical in improving overall client satisfaction, since educated and led clients are more likely to have a beneficial loan application experience. Establishing and adhering to strong communication standards might help to enhance customer relations and perhaps reduce dissatisfaction among customers of state-owned banks.

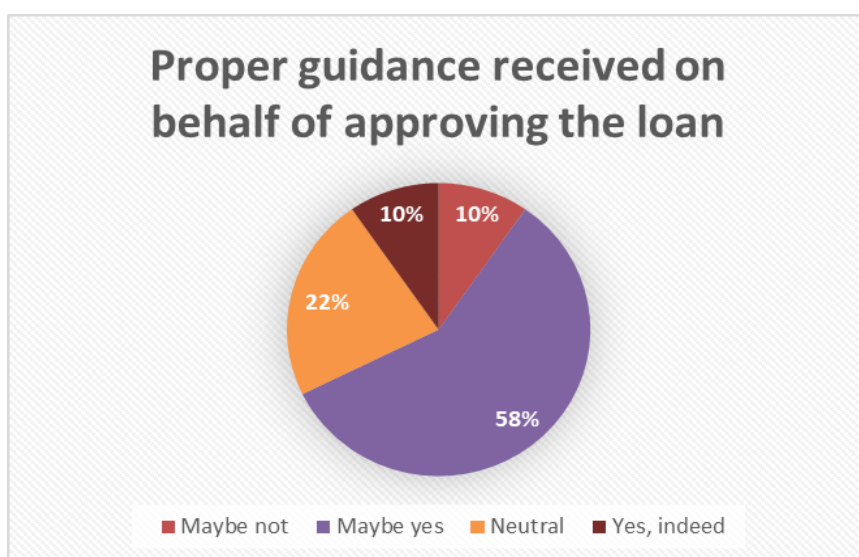


Figure 36. The distribution of guidance received on behalf of approving loan facilities state-owned commercial banks

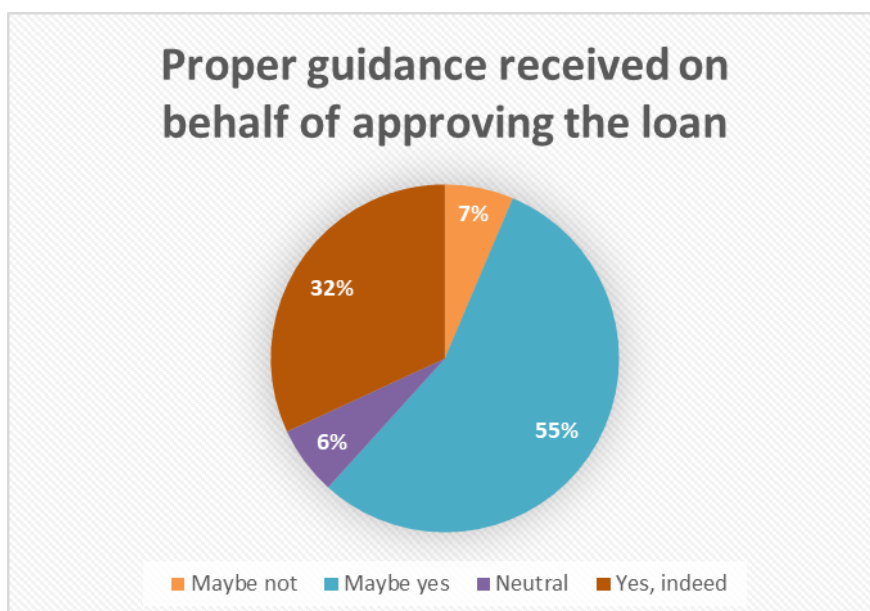


Figure 37. The distribution of guidance received on behalf of approving loan facilities state-owned commercial banks

According to the statistics, there is a significant disparity in the guidance offered by bank employees to consumers filling out bank forms. In particular, 68% of state-owned bank customers reported obtaining adequate advice, however 90% of private sector bank customers reported receiving proper guidance. This significant difference suggests that private banks provide more personalized and attentive services to their customers, assuring detailed and helpful assistance when it comes to completing required documentation. The larger percentage in private sector banks reflects a stronger emphasis on customer care and personalized assistance, which might contribute to increased consumer satisfaction. This component of personalized service may have a significant impact on the whole banking experience and client perception, emphasizing an area in which private banks may outperform their state-owned rivals.

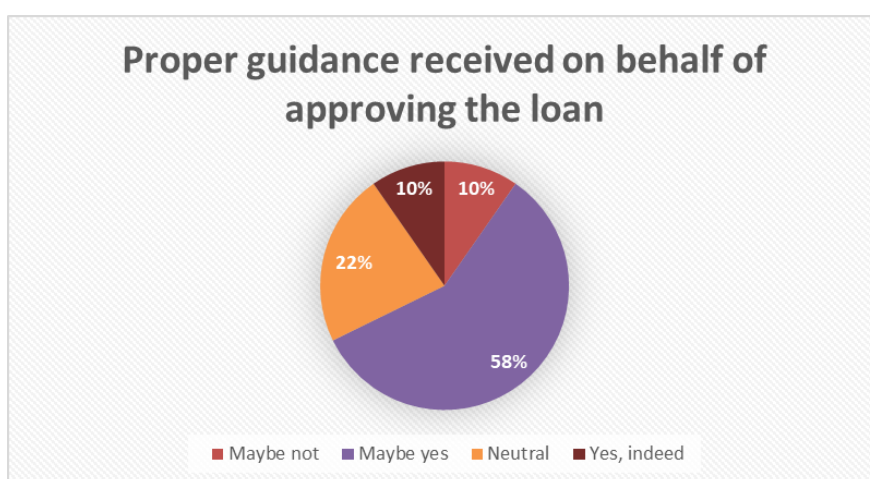


Figure 38. The distribution of guidance received on behalf of filling out documents state-owned commercial Banks

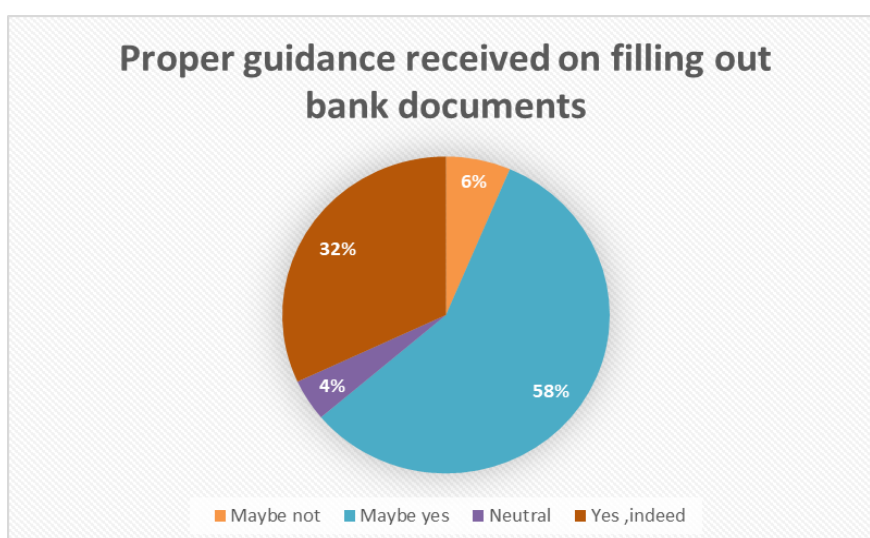


Figure 38. The distribution of guidance received on behalf of filling out documents private commercial banks

Surprisingly, the study data shows that 51% of overall respondents believed that customer service standards offered by state-owned banks in Sri Lanka are superior to those supplied by private commercial banks. 41%, on the other hand, believe that private commercial banks provide better customer service. Only 6% of the sample population considers both groups' service standards to be equivalent.

17. As per your experience, the customer service level of Government banks compared to the private and foreign commercial banks in Sri Lanka?

[More Details](#)

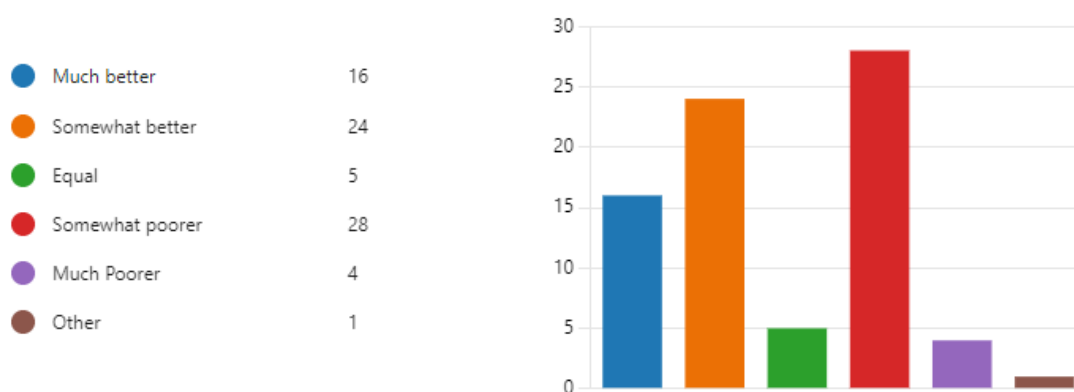


Figure 39. Customer experience on service level of the government banks compared to private commercial banks

As previously noted, 71% of consumers in state-owned banks report receiving such counsel, but 87% of clients in private banks indicate the same.

This reoccurring trend emphasizes the need of state-owned banks to establish and uphold excellent communication standards in their dealings with consumers, particularly in giving comprehensive and precise details about legal requirements. Private banks had a greater proportion, indicating a more extensive attempt to educating consumers on the complexities of signed papers. Addressing this communication gap is critical for state-owned banks in order to improve customer satisfaction, create confidence, and guarantee that consumers are well-informed about legal elements of their banking activities.

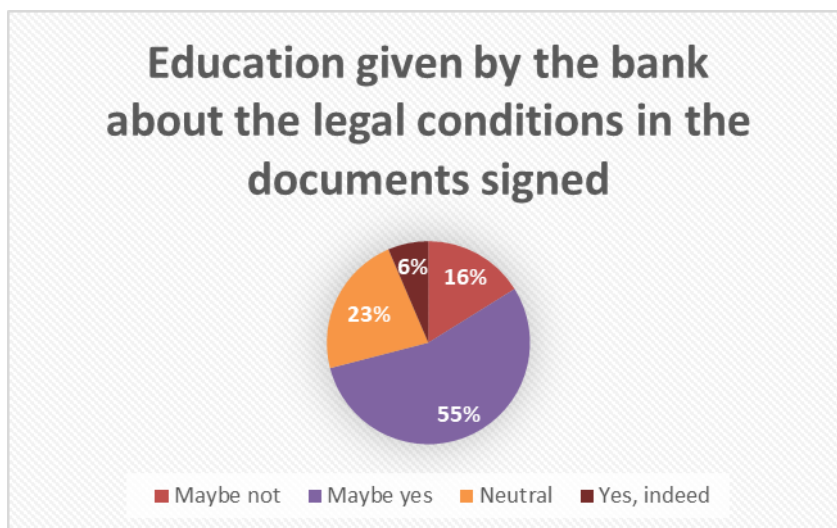


Figure40. Education given by the bank about the legal conditions in the document signed state-owned commercial banks

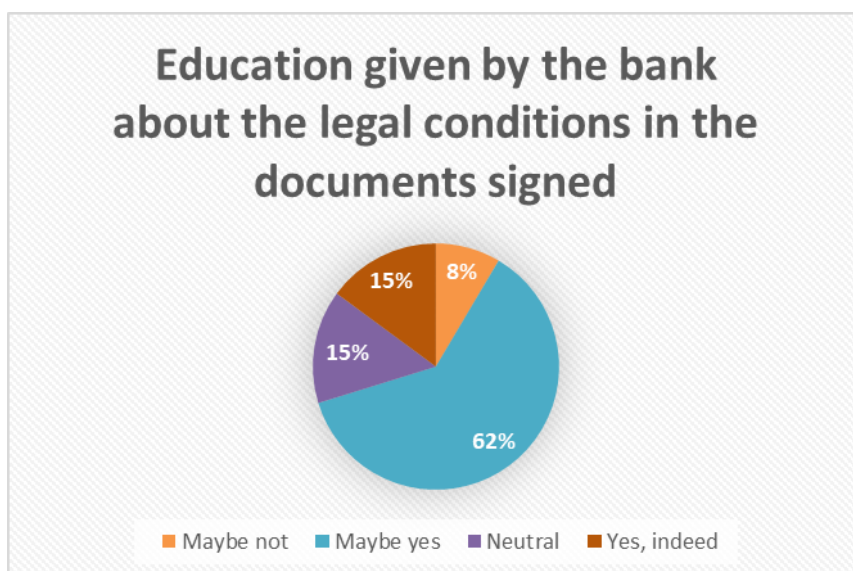


Figure41. Education given by the bank about the legal conditions in the document signed private commercial banks

Customers of both private and public sector banks see their respective banks as customer-oriented, notably in terms of the simplicity of documentation, loan eligibility requirements, and other associated banking services.

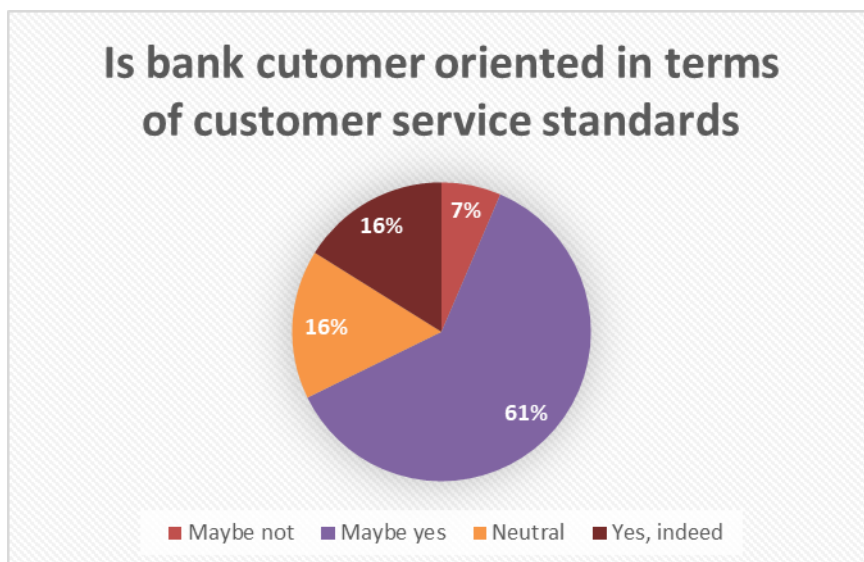


Figure 42. Customers' idea about the banks' service standards state- owned banks

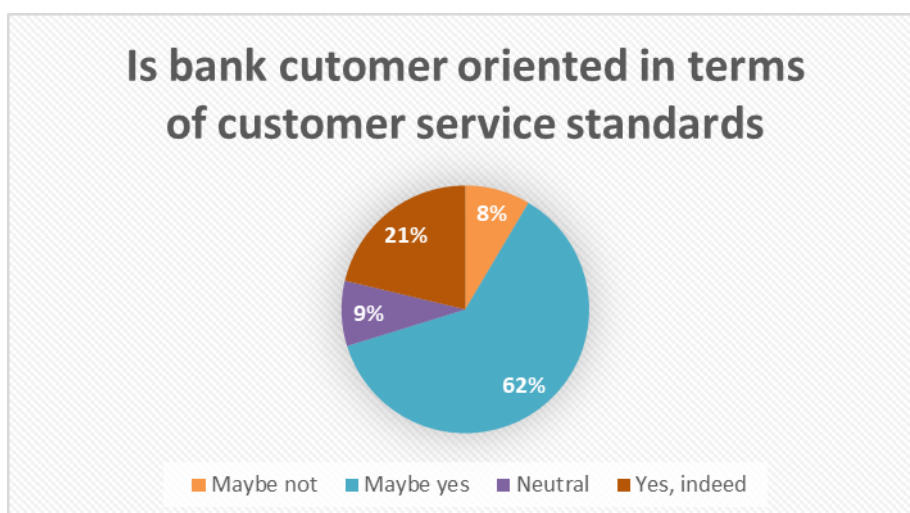


Figure 43. Customers' idea about the banks' service standards private commercial banks

In terms of customer service standards awareness, data show that 70% of consumers in private commercial banks have some comprehension of their bank's service standards. In contrast, a lesser number, 48%, of state-owned bank customers express similar awareness of their local bank's customer service standards.

This disparity in information shows that, as compared to their counterparts in state-owned banks, a greater proportion of clients in private commercial banks are informed or have some insight into the service standards imposed by their bank. This highlights the necessity of state-owned banks potentially improving communication or engagement tactics to increase consumer knowledge and comprehension of the service standards they strive to

maintain. Improving awareness can help to manage consumer expectations and may lead to higher satisfaction with the services offered by state-owned banks.

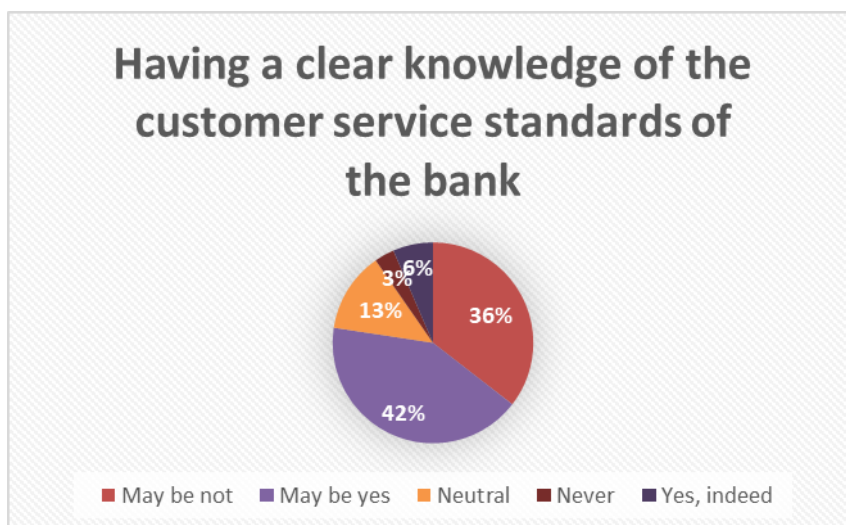


Figure 44 .Customers' knowledge about the banks' service standards state- owned commercial banks

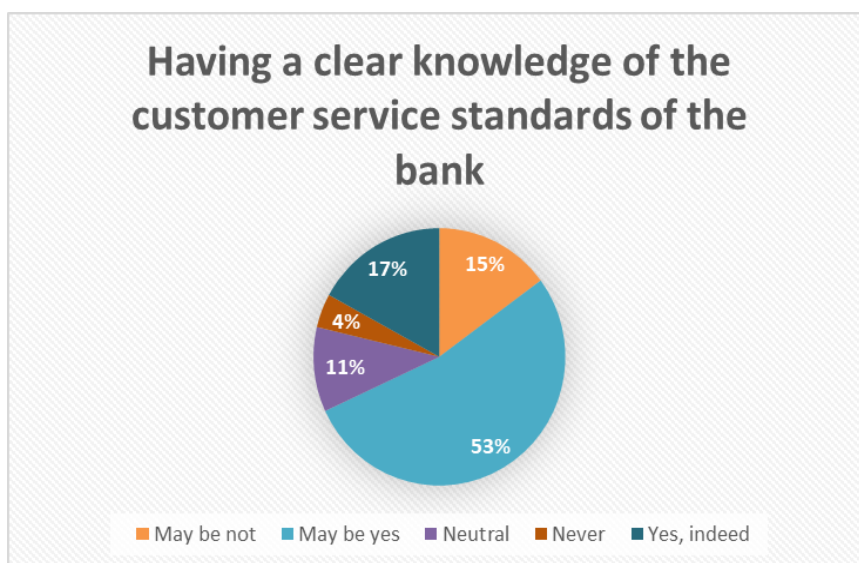


Figure 45 .Customers' knowledge about the banks' service standards private commercial banks

Almost 94% of survey respondents agreed on the need of service standards and advocated for their implementation in the form of service level agreements (SLAs).

This substantial agreement among respondents highlights the critical relevance of well established service standards. The acceptance of service level agreements demonstrates a widespread demand for open and measurable criteria that may guide and assure the delivery of high-quality services. Implementing strong SLAs based on specified service

standards might boost responsibility, client satisfaction, and overall efficiency in a variety of service-oriented industries.

21. Do you think that clear customer service standards should be established in your bank in a way of "Service level agreement"?

[More Details](#)

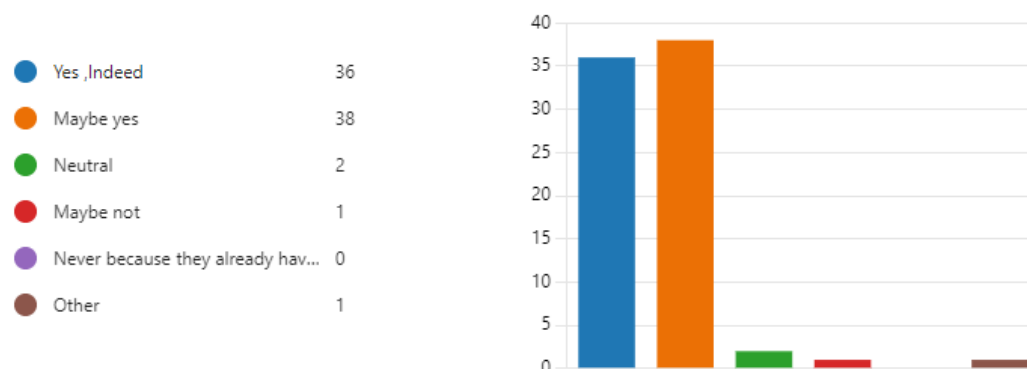


Figure 46 .Customers' idea about the implementation of service level agreement

## 4.2 Interview method

The table below summarizes interview results, hosting information based on respondent codes, corresponding banks, and respondents' summarized views on three key attributes: responsiveness to bank queries, service delivery efficiency, and the documentation procedure and guidance provided by the bank. **"Satisfied"** is assigned for positive feedback, **"Dissatisfied"** for negative feedback, and **"Neutral"** if no comments were expressed by the respondents. Following an extensive review of the interview data enables a clear and concise explanation of each respondent's opinion on these critical parts of the banking experience.

Respondent	Corresponding Bank	Responsiveness	Efficiency	Documentation and Guidance
A	ABC Bank	Satisfied	Satisfied	Satisfied
B	ABC Bank	Dissatisfied	Dissatisfied	Neutral
C	ABC Bank	Satisfied	Satisfied	Satisfied
D	XYZ Bank	Dissatisfied	Dissatisfied	Satisfied
E	ABC Bank	Satisfied	Dissatisfied	Dissatisfied

F	XYZ Bank	Neutral	Dissatisfied	Neutral
G	XYZ Bank	Satisfied	Satisfied	Satisfied
H	XYZ Bank	Dissatisfied	Neutral	Neutral
I	XYZ Bank	Satisfied	Satisfied	Satisfied
J	XYZ Bank	Satisfied	Dissatisfied	Dissatisfied
K	ABC Bank	Satisfied	Neutral	Dissatisfied
L	ABC Bank	Dissatisfied	Satisfied	Satisfied
M	ABC Bank	Dissatisfied	Satisfied	Neutral
N	XYZ Bank	Neutral	Neutral	Neutral
O	ABC Bank	Neutral	Dissatisfied	Neutral

### **Responsiveness for customer queries**

When evaluating the customer service responsiveness of ABC Bank, "Respondent A" expresses satisfaction with the quick and convenient service, reporting no major issues. Despite being disappointed by the issue with long waiting time in the queue and bank refused to accept the deposit out of the line, "Respondent B" generally appreciated the bank's services. After an initial delay on the fund transferring counter, "respondent C" continued to receive personalized service and appreciated the bank for prompt action on resolving problems. While receiving responses on a regular basis for the time to time queries she made, "Respondent E" expressed worry over long queues in the service counters, indicating a possible need for efficiency improvements."Respondent H" has planned to move away from the ABC bank in the future due to the poor service, specially in weaknesses of responsiveness for the queries and communication habitat of the bank. On the other hand "Respondent D" expresses frustration with the XYZ bank due to poor responsiveness habit for the email inquiries.

### **Service Delivery Efficiency**

In the assessment of the delivery efficiency of banking services at ABC Bank, "Respondent A" appreciated the bank for its prompt handling of inquiries, expressing no complaints regarding service delivery efficiency. "Respondent B", on the other hand, expressed a general dissatisfaction with the efficiency of financial services, emphasizing that the entire



time taken to deliver a service is significantly longer. However, “Respondent C” finds no problems with service efficiency but mentioned regular and extended failures of ATMs and CDMs that remain unattended, indicating a possibility for diluting the service delivery efficiency at ABC Bank. “Respondent E”, on the other hand, emphasized the critical need for overall service efficiency improvement, particularly among front-line employees.”Respondent O” expresses dissatisfaction with the frequently occurring of large queues at ABC Bank which indicate low efficiency of the service delivery process of the bank.

According to “Respondent D”, XYZ Bank is inefficient in delivering services because many inefficient middle-aged employees are assigned to the front lines, making the entire service delivery process inefficient. “Respondent G”, on the other hand, is pleased with the service delivery efficiency and prioritized service received. “Respondent G” also appreciated XYZ Bank for its great customer service, particularly in the international operations section. “Respondent J” suggested utilizing advanced technology to solve significant ATM and CDM breakdowns and enhance service delivery efficiency. “Respondent N”, on the other hand, reports no unfavorable experiences with service efficiency. Moreover “Respondent F” proposes that implementing standard time allocations for different service categories would enhance the service delivery efficiency of the bank. For example, the maximum time allocation for opening an account should be 30 minutes, provided that all necessary documents are provided by the customer.

### **Documentation and guidance**

When evaluating the documentation and guidance provided by ABC Bank, “Respondent A” explained that it is challenging for beginners to cope with the bank's documentation requirements. However, he is pleased with the assistance offered by the bank staff in navigating these difficulties. “Respondent E”, on the other hand, expressed unhappiness with the procedure of requesting many additional documents for her “home loan” facility, which caused her to struggle because she had to take unplanned leave from her job to attend to the unexpected requests. She also mentioned a lack of clear instructions for the needed documents.”Respondent K” is concerned about the lengthy loan approval process and suggests that providing regular deadlines for the approval of each loan type, together with appropriate communication with applicants, will reduce disputes between the bank and consumers.

Respondents "D," "G," "I," and "N" are generally pleased with the documentation procedure and guidance provided by XYZ Bank. "Respondent J", on the other hand, expresses regret since his loan request was denied by the bank due to failure to meet the eligibility criteria. He argues that the bank never showed or notified clients about the loan qualifying conditions. He feels that if the bank had adequately disclosed these criteria to its clients, he would have made an extra effort to meet the requirements and receive the loan.

### **Insights of the respondents for implementation of Service Level Agreement (SLA) for establish Service Standards**

Customers at both ABC Bank and XYZ Bank are generally pleased with the implementation of Service Level Agreements (SLAs). They recognize the potential benefits of SLAs, emphasizing the possibility of more transparency in banking procedures. The focus on transparency implies that customers want a better awareness of the regulations and expectations set by banks, resulting in a more straightforward and predictable banking experience.

Furthermore, the positive perception of SLAs is connected to the idea that such agreements relieve both consumers and bankers who suffer from disputes. This reduction of this discomfort suggests a more efficient and smoother transaction procedure, addressing worries about service delays or uncertainty. Finally, the overall customer experience is expected to improve as a result of establishing and carrying out SLAs, reflecting an expectation expressed by respondents from both banks.

## **4.3 Mystery shopping**

### **Responsiveness to the customer queries**

The mystery shopping reports show that the responsiveness of the branches visited varies significantly. MS 1 encountered poor reaction at the X branch of XYZ Bank, having to wait four days for an email answer, which is considered poor responsiveness and displays a lack of professionalism. Branch Z of ABC Bank, on the other hand, displayed exceptional response, giving a pleasurable user experience in both the cash and accounts opening departments, and demonstrating quality service in responding to client inquiries.

According to MS 2's observations on the responsiveness of XYZ Bank's Y branch, clients were sufficiently and clearly replied to, notably in the accounts opening department, where

product activation time frames were successfully explained. Furthermore, the branch displayed attention to detail by recognizing and assisting elderly people who were waiting for help at the counters. Despite the effective activation of the SMS facility in ABC Bank Branch C, reaction to customer inquiries was judged poor due to a lack of communication from the bank regarding the activation. This shows a fundamental shortcoming in the bank's communication strategy, since clients should be notified of such service activation as soon as possible.

While some branches thrive the area of responsiveness to customer queries, others need to improve, highlighting the importance of consistent and enhanced customer communication practices throughout all branches.

### **Efficiency of the service delivery**

According to MS 1's reports, the X branch of XYZ Bank is inefficient, particularly with one malfunctioning and unattended ATM, which reflects negatively on the branch's service and maintenance practices. The unclean ATM cubicles reflect a lack of efficiency in maintaining the branch's infrastructure. However, the cash department displayed speed in processing transactions on time, which contributed to a great client experience.

In contrast, the cash department at ABC Bank's Z branch was efficient, ensuring fast transaction processing within a short duration. However, the accounts opening section experienced efficiency issues, notably with two new employees. The presence of inexperienced workers may influence service delivery, and the branch manager must devise a strategy for allocating and training these new trainees without affecting overall service quality. Inefficiencies in service delivery have the potential to negatively impact overall service quality, emphasizing the importance of proactive management efforts to resolve training and allocation issues in the branch.

According to MS2's assessment on ABC Bank's Y branch, the efficiency of the accounts opening department was significantly low, incorporating to a busy and congested atmosphere. The biggest issue highlighted was the reliance on manual documentation, which resulted in lengthy processing delays for client requests. This inefficiency in the accounts opening department raises issues regarding the bank's overall operational efficiency, since lengthy service delays can lead to client unhappiness and have an influence on the branch's overall service quality.

Similarly, in MS2's mystery report on XYZ Bank's C branch, inefficiency was obvious owing to one out-of-service ATM that remained unattended. Confusion occurred at both the ATM cubicles and the branch counters, affecting the entire cash deposit and withdrawal area. The observation highlights the interconnections of different service points within a branch, emphasizing that inefficiencies in one area can have a cascading effect on related divisions. It emphasizes the need for prompt repairs and attention to service points to provide a smooth and efficient client experience across the branch.

### **Documentation and guidance**

According to MS1, the X branch of XYZ Bank has shown shortcomings in providing quality service, especially in the documentation and guidance procedures. Officers in the credit department appeared to lack proficiency, demonstrating a knowledge gap that affected their ability to properly counsel consumers. Notably, in the instance of a brand-new car lease, the appropriate officer gave inaccurate information, showing a lack of experience on the team's part. This disinformation has the potential to have a substantial influence on overall service quality and customer experience.

In contrast, the accounts opening department at the same X branch displayed professionalism in handling documents and instructions. They gave consumers clear directions, anticipating the need for extra documents and ensuring they were delivered in advance for completion in the presence of a third party. However, it is worth mentioning that the officials in this department were under pressure due to client queues and the presence of two trainee staff members with inadequate subject expertise. This circumstance emphasizes the significance of ongoing training and assistance for new employees to maintain service quality at peak hours.

The variety of experiences among branches emphasizes the significance of establishing and executing service standards. This includes addressing concerns like responsiveness, efficiency, documentation, and guidance. Creating standardized training programs and standards can help to improve the consistency and quality of the customer experience. Furthermore, quick attention to infrastructure maintenance, such as defective ATMs, is critical to avoiding service interruptions. The primary objective is to create a structure that assures a high level of service quality throughout all branches, encouraging customer happiness and loyalty in the long run.

## 5. Discussion

Answers to the research questions

The main research question was

### **What are the service standards to be developed in State owned commercial Banks in Sri Lanka to delight the consumers?**

Based on the research findings, researcher identified ,the standards to be developed in state owned commercial banks in Sri Lanka in order to delight the customers and to acquire more customers towards the banks. Each standard has described follows.

#### **Timely Responsiveness Standards:**

Ensure that the customer's concerns and queries are addressed to within a specific time range. According to the research, delays in replying to consumer inquiries lead to dissatisfaction. Setting time limits, such as responding within 24 hours, will increase customer satisfaction by delivering prompt and effective service.

#### **Efficiency Standards in Service Delivery:**

Establish benchmarks for efficient transaction processing, such as ATM services and account opening procedures. The research reveals inefficiencies at various branches, particularly in ATM maintenance and account opening. Establishing standards for speedy and seamless service delivery will improve the entire customer experience

#### **Protocols for Documentation and guidance:**

Develop clear and standardized documentation procedures for diverse services, together with detailed guidance for customers. Documentation and instruction gaps were discovered, particularly in the credit department. Setting clear instructional standards, anticipating extra document needs, and assuring staff competency will improve the customer's knowledge and experience.

#### **Consistent communication Channels:**

Establish consistent and clear communication methods with consumers, particularly during service activation or adjustments. In some branches, poor communication about service

activation led to consumer dissatisfaction. Building confidence and satisfaction will be enhanced by standardizing communication methods and guaranteeing timely alerts.

#### **Standardization of Staff Training programs:**

Implement continuous training programs for employees, with a focus on customer service, efficient procedures, and product expertise. The presence of new and inexperienced employees, as mentioned in the analysis, highlights the importance of continued training. By standardizing training methods, you can ensure that all workers are prepared to manage client inquiries and deliver quick service.

#### **Standards for infrastructure maintenance:**

To prevent interruptions, establish standards for frequent repair of ATMs and other service points. Inefficient ATMs have been highlighted as a cause of inefficiency. Establishing regular maintenance standards ensures that service points remain active, contributing to a seamless client experience.

#### **Service level agreements (SLAs):**

Establish SLAs based on developed service standards to guide and ensure the delivery of high-quality services. Consumer adoption of SLAs emphasizes the importance of clear agreements. SLAs establish quantifiable criteria for both consumers and the bank, encouraging responsibility and customer satisfaction.

#### **Initiatives for customer education:**

Develop campaigns to educate customers about documentation requirements, eligibility criteria, and expected timelines for specific banking services. Lack of customer awareness was identified as an issue in the data analysis. Setting educational requirements will empower clients, minimize unhappiness, and contribute to a delightful banking experience.

Implementing these service standards will help to foster a customer-centric approach by delivering uniform and pleasurable experiences across all branches of Sri Lanka's State-Owned Commercial Banks.

#### **The sub question of the research was**

## **What are the factors that detract the customers from State banks?**

Based on the research findings the researcher identified and described the main factors that detract the customers from state banks.

### **Poor Responsiveness to the customer queries**

Delayed or inadequate responses to customer queries and inquiries have made the detraction of customers from the banks.

### **Inefficiencies in Service Delivery:**

Inefficient processes in ATM services, cash departments, and accounts opening procedures have huge effect on the customer dissatisfaction and detraction from the banks.

### **Documentation and guidance Challenges:**

Lack of proficiency in providing accurate information and guidance as well as the complexity of the documentation procedure have detracted the customers from the banks.

### **Infrastructure Issues:**

Malfunctioned and unattended ATMs will obviously frustrate the customer and make them detract from the particular banks.

## **6 Conclusion**

Based on the analyzed data from surveys, interviews, and mystery shopping, different branches respond differently to client concerns. It is critical to implement standard communication channels and response timelines.

There are efficiency gaps, with certain branches exhibiting inefficiencies, notably in service delivery and maintenance procedures. Proactive management efforts are essential to address training, allocation, and infrastructure issues. It is critical to emphasize the importance of quick response times, efficient transaction processing, and timely issue resolution.

There are gaps in documentation and guiding processes, particularly within the branch network. Standardized staff training programs and clear communication standards are required to improve documentation processes.

A service level agreement (SLA) should be introduced by the bank based on the standardized standards and the same should be signed by the customer and the bank at the time when a customer initiates the contract with the bank. This will make both parties informed of their respective roles in order to succeed in any financial contract.

## **7 Recommendations for service standard development**

Development and implementation of comprehensive staff training programmes that emphasize client communication, effective service delivery, and standardized documentation practices.

Establishment of clear and consistent communication methods to enable fast replies to consumer questions and issues.

Regular maintenance of infrastructures such as ATMs and other service points should be prioritized to minimize interruptions in service delivery.

Formalization of SLAs based on specified service standards to guide and assure the delivery of high-quality services.

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## Appendices

### Interview Summary with each respondents.

To ensure respondent privacy, each interviewee has been allocated an alphabetical letter. In addition, the three representatives who conducted the interviews were referred to as R1, R2, and R3. To safeguard the privacy and secrecy of the respective financial institutions, two state-owned commercial banks have been designated as ABC Bank and XYZ Bank.

Respondent Code	A
Interviewed Date	25.09.2023 at 10.00a.m
Interviewed location	Borella
Age of the respondent	38 Years
Gender	Male
Profession of the respondent	Businessman - Textiles
Highest Education	G.C E Advanced Level
Respondent's Bank	ABC Bank
Customer Since	2013
Interviewed By	R3

As a long-term customer of ABC Bank, "respondent A" expect quick and convenient service that fits into his demanding schedule. He hasn't had any major issues with the bank through out the period. There were instances, when he inquired about delays in the clearing of certain checks, but the bank has promptly credited them on the same day. He appreciated the bank's timeliness in dealing with such concerns.

In one particular instance, he needed to issue a Letter of Credit (LC) immediately in order to purchase textiles from China. The bank had gone beyond its regular procedures, performing the facility in an hour and demonstrating its quick and convenient service. He has no complaints about the bank's service delivery efficiency.

“Respondent A” has been with this bank for over ten years and was familiar with all of the essential documentation. However, it has not as simple in the beginning. The bank officials were quite helpful him during that time, and he offered his gratitude for the bank officials for their assistance.

Respondent Code	B
Interviewed Date	25.09.2023 at 2.30p.m
Interviewed location	Borella
Age of the respondent	30 Years
Gender	Female
Profession of the respondent	Teacher - Government School
Highest Education	Deploma in Education
Respondent's Bank	ABC Bank
Customer Since	2020
Interviewed By	R 3

Primary concern of the “Respondent B” in terms of service quality focuses on having respectful customer service and being offered greater interest rates on her savings. However, an incident emphasized a negative experience. On one occasion, she found herself in a long wait while rushing to catch the next train. In response to her inquiry regarding the extended waiting time, the bank informed that one Cash Deposit Machine (CDM) was out of functioning and a teller operator was on the lunch break. Despite her

urgency, the bank refused to take her deposit from the front of the queue, causing her disappointment. She was upset with the perceived lack of responses to her situation.

However, her general dissatisfaction with the service delivery efficiency of the bank is caused by the long time it takes her to obtain a service on many occasions when she visits the bank.

She claims that as a government employee, she does not need assistance from bank staff with documentation processes; she is well aware of the appropriate documentation for her banking activities.

In her overall evaluation, she feels that establishing a service level agreement would be a great approach to relieve hassles between clients and the bank, therefore improving the entire customer experience.

Respondent Code	C
Interviewed Date	26.09.2023 at 1.15 p.m
Interviewed location	Gothatuwa
Age of the respondent	54 Years
Gender	Male
Profession of the respondent	Medical Officer - Government
Highest Education	MBBS Degree
Respondent's Bank	ABC Bank
Customer Since	2008
Interviewed By	R 1

As a government professional, "respondent C" anticipates personalized service and convenient banking solutions. Because of the time sensitivity of their occupation, medical officials are given priority service in many institutions. However, in the early days of his tenure with this bank, he experienced a 30-minute delay for a bank-to-bank fund transfer

that should have taken no more than 10 minutes. He had reported his concerns via email, and the branch manager apologized within 10 minutes. He has continuously gotten personalized service from the bank after that occurrence, with no complaints regarding non-responsiveness to inquiries or inefficient services.

According to "respondent C," the bank has always provided him with exceptional service. A bank official has taken him through the whole documentation procedure for his personal loan and home loan facilities.

In terms of his opinions on the implementation of a service-level agreement, he expresses a significant interest. He has observed that Auto Teller Machines (ATM) and Cash Deposit Machines (CDM) of the bank are occasionally out of service for a significant amount of time without prompt rectification. He believes that establishment of appropriate service standards will enhance the service quality of the bank and the same will benefit both the bank and the customers.

Respondent Code	D
Interviewed Date and Time	26.09.2023 at 4.08 p.m
Interviewed location	Maradana
Age of the respondent	25 Years
Gender	Male
Profession of the respondent	Clerk - Private Company
Highest Education	Deploma in IT
Respondent's Bank	XYZ Bank
Customer Since	2021
Interviewed By	R 2

Accessing quality service, according to "respondent D," entails addressing banking needs using sophisticated technology such as online applications, ATMs, and CDMs, and the

availability of ample service points in the vicinity. In this regard, XYZ Bank is recognized to give quality service, providing all of the aforementioned aspects.

“Respondent D” became frustrated when XYZ Bank took three days to respond to his email after submitting an online inquiry regarding home loan facilities. As a client of a well-established local private commercial bank, he feels that state-owned commercial banks, such as XYZ Bank, must enhance their customer service level to meet private bank standards.

“Respondent D” was dissatisfied with XYZ Bank's efficiency, stating that many middle-aged personnel do not perform at their peak when servicing consumers. Despite this, he acknowledged the documentation procedure and the assistance offered by bank staff in completing the appropriate bank documents.

“Respondent D” suggests that XYZ Bank consider creating a service level agreement in order to enhance customer satisfaction. An agreement of this type would establish the service level standards to which the bank agrees, eliminating customer annoyance and maintaining transparency in the services offered. Overall, Respondent D feels that a service level agreement would be advantageous to the consumer's point of view.

Respondent Code	E
Interviewed Date and Time	26.09.2023 at 1.30 p.m
Interviewed location	Pettah
Age of the respondent	46 Years
Gender	Female
Profession of the respondent	Administrative Officer - Government Institution
Highest Education	Bachelor of Commerce Degree
Respondent's Bank	ABC Bank
Customer Since	2012
Interviewed By	R 2



“Respondent E” emphasized that quality customer service not only meets the needs of customers but also makes them delighted when they leave the bank. She has regularly received responses to her inquiries as a loyal client of ABC Bank. She does, however, mention a regular issue of lengthy lines at cash deposit counters, implying that the bank has to prioritize and improve overall service efficiency in order to compete with other private commercial banks.

Respondent E stresses the necessity of enhancing the efficiency of the front-line staff of the bank, notwithstanding her preference for interpersonal connections over technology alternatives such as ATMs, CDMs, or online applications. She expresses satisfaction with the present documentation processes at ABC Bank. However, she emphasizes difficulties encountered during the completion of documentation for her home loan, as the bank requested for various documents in sudden without prior communication hence she was pressurized as she had to take unplanned leave from her job to attend the bank requests.

SLAs, according to her, are a way to clearly define standard procedures and guidelines for commencing certain interactions with the bank. This strategy, in her opinion, would reduce unnecessary discomfort for both customers and bankers, resulting in a smoother and more transparent transaction process.

Respondent Code	F
Interviewed Date and Time	26.09.2023 at 10.20 a.m
Interviewed location	Rajagiriya
Age of the respondent	21 Years
Gender	Male
Profession of the respondent	Three Wheel Driver
Highest Education	Grade 11
Respondent's Bank	XYZ Bank
Customer Since	2022

Interviewed By	R 1
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“ Respondent F” describes quality customer service as providing bank clients with a warm and courteous experience. Despite never lodging a complaint about the bank's response to inquiries, he recalls a frustrating experience of waiting for more than an hour to open an account. This delay caused him to miss an important appointment with one of his a key clients , which was inconvenient.

He proposes implementing a standardized time allocation for creating accounts, and other bank services emphasizing that such a move will allow clients to better organize their schedules and avoid uncomfortable circumstances.

“Respondent F” recognizes that a Service Level Agreement (SLA) might be an effective tool in emphasizing consumers' awareness of expected time limits and procedures for different services and activities with the bank hence improving the overall customer experience with the bank.

Respondent Code	G
Interviewed Date and Time	27.09.2023 at 11.40 a.m
Interviewed location	Battaramulla
Age of the respondent	52 Years
Gender	Female
Profession of the respondent	Housewife
Highest Education	G C E Advanced Level
Respondent’s Bank	XYZ Bank
Customer Since	2018
Interviewed By	R 1

“Respondent G” believes that XYZ Bank provides excellent customer service, especially in the prompt processing of overseas remittances provided by her husband in Dubai. She appreciates the bank's counter personnel for their polite service. On a few occasions, she asked about delays in her payments, she discovered that the delays were caused by the remitting bank, not XYZ Bank. She is really pleased with the services provided by her bank.

“Respondent G” has become a familiar customer to the bank personnel as a regular recipients of remittances over the years. Because of this rapport, she has received prioritized service, which has contributed to her excellent experience with the bank. She also mentions the simple documentation procedure while creating fixed deposits, thanking the bank staff for handling it without causing any difficulty.

Despite her satisfaction with the existing service quality, “Respondent G” agrees that the establishment of a Service Level Agreement (SLA) might simplify operations for both the bank and its clients in the long run. While she may not see an urgent need for a SLA given her favorable experiences, she recognizes its potential to improve transaction effectiveness and ease over time.

Respondent Code	H
Interviewed Date and Time	27.09.2023 at 09.35 a.m
Interviewed location	Malabe
Age of the respondent	23 Years
Gender	Female
Profession of the respondent	University Student
Highest Education	G C E Advanced Level (To be Graduated in B.Sc.Eng)
Respondent's Bank	ABC Bank

Customer Since	2021
Interviewed By	R 1

Quality customer service in a bank, according to "Respondent H," comprises providing efficient and convenient financial solutions within a reliable and sophisticated environment, ensuring consumers are in a comfortable position. Despite being a demanding client, she was dissatisfied with the bank's service when she inquired about a student loan scheme online and got no response. As a result, she chose a private commercial bank for her loan requirements, emphasizing the importance of competent and responsive workers in servicing the bank's clients.

Remaining with ABC Bank Due to monthly remittances for her studies from her father in Italy, "Respondent H" plans on moving to a private commercial bank upon graduation, seeking a higher level of service. While she is not involved in significant documentation procedures with the bank, she strongly believes in the adoption of a Service Level Agreement (SLA). She feels that an SLA would be very helpful to customers by setting specific standards for the many services provided by the bank, eventually improving efficiency and service quality.

Respondent Code	I
Interviewed Date and Time	27.09.2023 at 09.05 a.m
Interviewed location	Narahenpita
Age of the respondent	28 Years
Gender	Female
Profession of the respondent	Nurse - Private Hospital
Highest Education	Deploma of Nursing
Respondent's Bank	XYZ Bank
Customer Since	2021

Interviewed By	R 3
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According to “Respondent I”, the assessment of quality of service is subjective and differs from person to person. She argues that because individual preferences differ, one client considers to be exceptional service may not match the expectations of another. “Respondent I” claims that determining quality service in general is difficult. Instead, she says that if a service provider can genuinely delight the person gaining the service, it could be considered quality service in that person's eyes.

“Respondent I” previously had an account with ABC Bank but transferred to XYZ Bank owing to what she considered poor customer service at ABC Bank. Despite the fact that she never complained about XYZ Bank's lack of response or poor service delivery, her choice to move was impacted by her general dissatisfaction. Notably, she did not face complicated documentation requirements with XYZ Bank as she simply kept a savings account and two fixed deposits, none of which required sophisticated documentation.

Respondent I, in general, favors standardized services, believing that they constantly improve the overall service experience.

Respondent Code	J
Interviewed Date and Time	27.09.2023 at 12.45 a.m
Interviewed location	Pettah
Age of the respondent	42 Years
Gender	Male
Profession of the respondent	Businessman (Lights and electric equipment)
Highest Education	G C E Ordinary Level
Respondent's Bank	XYZ Bank
Customer Since	2015

Interviewed By	R 2
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“Respondent J” emphasizes the excellent customer service he receives, notably the timely clearance of his business cheques, which contributes to the smooth functioning of his business operations. Quality customer service, in his opinion, is linked with obtaining everything one expects from a bank. He appreciates the bank for recognizing his business and responding to his inquiries, which were never neglected or left unanswered.

Despite having accounts with other private commercial banks, Respondent J feels that XYZ Bank's service efficiency could have improved. He specifically mentioned a significant incidence of malfunctions in ATMs and CDM machines when compared to other banks. He recommends that the bank explore adopting advanced technologies to improve the efficiency of the service delivery and prevent equipment problems.

While “Respondent J” was pleased with many parts of his banking experience, he was disappointed when his application for a loan was denied owing to failure to meet eligibility requirements. He claims that he was not fully informed about the lending facility's criteria. He claims that if the bank had provided him with early notice of the qualifying criteria, he might have made efforts to fulfill those requirements through his business operations. He recommends the adoption of a Service Level Agreement (SLA) to alert consumers about the eligibility requirements for various facilities, increasing transparency and allowing for greater customer preparation.

Respondent Code	K
Interviewed Date and Time	28.09.2023 at 3.45 a.m
Interviewed location	Dematagoda
Age of the respondent	36 Years
Gender	Female
Profession of the respondent	Accountant (Government Institution)
Highest Education	Accountancy and Management Degree

Respondent's Bank	ABC Bank
Customer Since	2019
Interviewed By	R 3

“Respondent K” , who has a background in accounting, benefits from personalized banking services since she is familiar with financial activities. She is pleased with the level of service she gets, including value additions such as higher credit card limits and higher interest rates on deposits that exceed the industry average. Quality customer service, according to “Respondent K”, entails pleasing clients based on their evaluated value, emphasizing the need to prioritize and personalize services depending on the customer's importance.

Her positive experience includes the bank never ignoring her requests, and promoting delight with the entire service offered. She does, however, express worry about the credit policy, notably the lengthy approval procedure especially for personal and home loans. Respondent K suggests that a standard time frame be implemented for each loan category to notify clients about the expected waiting period for loan approvals.

She believes that signing an SLA while requesting a loan would be acceptable. Customers would be informed about many conditions, such as eligibility criteria, the length of the loan processing period, and the expected timing for notification in the event of facility refusal, under such an agreement. She claims that this would increase transparency and offer clients clear expectations about the loan application process.

Respondent Code	L
Interviewed Date and Time	26.09.2023 at 11.20 a.m
Interviewed location	Rajagiriya
Age of the respondent	60 Years
Gender	Male
Profession of the respondent	Retired Principle

Highest Education	Bachelors Degree in Arts
Respondent's Bank	ABC Bank
Customer Since	2008
Interviewed By	R 1

According to Respondent L, quality customer service comprises providing consumers with a reliable, efficient, and pleasant experience. He values the security of his assets as a loyal customer of ABC Bank, owing to the bank's exclusive ownership by the Sri Lankan government. His satisfaction with the bank, however, is not without reservations.

“Respondent L” expresses his unhappiness by recalling a time when he sent a letter to the bank about the delay in crediting his pension payment to his account. He did not receive a reply, but his pension was credited the next day. He emphasizes that the bank should have noticed his query with a response in a professional manner.

Despite this, “Respondent L” agrees that he obtains prioritized prompt service from the bank, benefiting from the priority given to senior citizens. He recalls having a good experience obtaining a pension loan, incorporating that the bank employees gave tremendous help during the entire loan approval procedure.

“Respondent L”, who agrees with the idea of maintaining standards in the service business, says that having clear standards might help both service providers and consumers by offering a more streamlined and efficient experience for all parties involved.

Respondent Code	M
Interviewed Date and Time	28.09.2023 at 2.35 p.m
Interviewed location	Bambalapitiya
Age of the respondent	41 Years
Gender	Female
Profession of the respondent	HR Assistant - Private Company



Highest Education	Deploma in HR
Respondent's Bank	ABC Bank
Customer Since	2016
Interviewed By	R 3

“Respondent M” has been a loyal client of ABC Bank for seven years, and she is pleased with the services she receives. According to her, delivering exceptional customer service involves utilizing modern technologies to save consumers time and money. She particularly appreciates the convenience provided by online banking services and the common availability of ATMs and CDMs, which allow her to meet her monetary needs without being to visit a branch.

“Respondent M” shared an event in which she had difficulties after locking an online user when discussing non-responsiveness to customer inquiries. It took a few days to resolve the problem. She suggests establishing a contract, such as a Service Level Agreement (SLA), that clearly states the usual time range for resolving technical issues. Customers can then consider alternatives in advance if necessary.

“Respondent M”, who mostly uses electronic tools for her financial requirements, conveyed satisfaction with the bank's efficient service. She states that she has had no serious concerns with the bank's documentation and guidance processes. Her overall excellent experience stems from the bank's embracing of technology, which has made banking services more accessible and time-efficient for her.

Respondent Code	N
Interviewed Date and Time	28.09.2023 at 4.00 p.m
Interviewed location	Timbirigasyaya
Age of the respondent	52 Years
Gender	Male

Profession of the respondent	Manager-Life Insurance - Private Insurance Company
Highest Education	Bachelor of Commerce Degree
Respondent's Bank	XYZ Bank
Customer Since	2022
Interviewed By	R 3

According to "Respondent N", quality customer service entails providing professional and reliable services in an efficient way. Despite being a long-term client of a well-known local commercial bank, he recently chose to investigate services offered by a state-owned commercial bank. His reason for this decision comes from a desire to invest in a pension plan, where the state-owned commercial bank provides more perceived protection for his money.

"Respondent N", as a beginner to the government banking system, was delighted to find the state-owned bank's technology capabilities, such as online banking solutions and mobile applications that are equal to those provided by private commercial banks. He recalls no negative experiences with the state-owned bank's services, such as non-responsiveness to inquiries or inefficiency of service.

Standardization in banking services, in his opinion, is critical to avoid excessive delays without sufficient explanations, which may have financial consequences for clients. Respondent N believes in the importance of setting clear standards and requirements through a Service Level Agreement (SLA) when beginning any partnership with a bank. He recommends that signing a SLA when opening a bank account, applying for a loan, or obtaining a credit card will offer clients specific details on how the bank delivers its services and maintains standards. This might lead to a more open and accountable banking relationship.

Respondent Code	O
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Interviewed Date and Time	27.09.2023 at 12.30 p.m
Interviewed location	Battaramulla
Age of the respondent	29 Years
Gender	Female
Profession of the respondent	Management Assistant - Government Institution
Highest Education	Bachelor of Degree in Arts
Respondent's Bank	ABC Bank
Customer Since	2020
Interviewed By	R 1

“Respondent O” manages her banking activities with ABC Bank, where her pay is deposited on a regular basis. While she continues to use this account, she believes that private commercial banks provide better customer service than state-owned banks. Quality customer service, in her opinion, provides speedy and personalized service with courtesy.

“Respondent O” is dissatisfied with the bank's efficiency despite having no negative remarks concerning non-responsiveness to her requests. She specifically mentions long waiting queues in the counters and delayed service delivery as common challenges. These difficulties have led to her opinion that ABC Bank's service falls short of her expectations.

“Respondent O” also believes that standardizing services might considerably enhance the state-owned banking sector, ultimately contributing to industry growth. She believes that by removing inefficiencies and simplifying procedures, would enhance the entire banking experience for clients.

### **Mystery shopping summery**

Date and Time	08.10.2023 at 2.30p.m
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Bank	XYZ Bank
Branch Identification Code	Branch X
Mystery Shopper Code	MS 1

Reported by MS 1

#### Branch Atmosphere

Two ATMs and two CDMs and a Cheque deposit machine were located in a well-built cubicle outside the bank. The cleanliness inside the cubicle is poor, with receipts all over the floor. One ATM was out of operation due to maintenance. The ground floor of the two-story bank building was dedicated to the cash department, account opening, and travel departments. Of the four cash counters, only two are operational, with a manageable queue of three customers at each counter. The bottom level also includes the account opening and travel department, which has four front line employees. The credit department, which is led by the branch manager and backed by four officers, is located on the first floor.

#### The service quality of the branch

I (MS 1) initiated a cash deposit transaction at the second counter, where I discovered all applicable vouchers neatly arranged on a client's desk. Despite the bank officer's lack of greeting or eye contact, the deposit form was simple, allowing for a rapid 10-minute transaction completion. The officer handled the deal efficiently.

I visited the accounts opening department to inquire about fixed deposit interest rates. I was greeted pleasantly by the accounts opening officer, who was friendly in demeanor. I inquired about 1-year fixed deposit rates, expressing interest in a LKR 2 million deposit at a 1% interest rate above the market par value. The officer indicated that higher authority permission was required and promised to confirm the decision by email within the day. Even after three days, I had not received the appropriate email even after 4 days.

Further I proceeded to the credit department on the first floor to investigate the possibilities and details of acquiring a brand-new car with a leased facility from the bank. It

was observed that on numerous occasions, the officer performing the interview seemed confused with the subject, generating uncertainty. Furthermore, the officer demanded irrelevant documents, such as a valuation report for a brand-new car. Despite my request regarding a brand-new car not requiring a valuation report, the officer's confusion suggested a failure on the part of the bank to provide proper information and guidance at the time.

Date and Time	11.10.2023 at 10.25a.m
Bank	XYZ Bank
Branch Identification Code	Branch Y
Mystery Shopper Code	MS 2

Reported by MS 2

#### Branch Atmosphere

There were 2 ATMs , a CDM machine and a Cheque deposit machine positioned in a cubicle in front of the "Branch Y" and all those machines were operational, and a line formed. Two security guards were stationed inside the branch, with one extra guard stationed outside on duty. The guards assisted in guiding individuals to the appropriate departments based on their needs. Furthermore, despite the fact that a queue had developed at the main door, a bank officer controlled the flow of individuals.

#### The service quality of the branch

The first department visited was the accounts opening department, which was operated by three officers and had more than ten customers seated waiting for the requirements to be met. The processes were relatively slow, requiring a significant amount of manual work, and the documentation process was slowed by the completion of multiple forms. Most clients who inquired about the activation of online banking received instructions from officers, who assured them that the necessary measures would be taken within a maximum of one day. Some clients demanded rapid action, which appeared difficult to meet. Despite the officers' efforts, efficiency looked to be poor owing to the lengthy documentation

process. Manually filling out the documentation for any bank request increased the time it took to complete each customer's request.

The cash department was visited next, there were four counters but and two counters were operating hence the large number of customers waiting to complete their transactions. A transaction appears to take between 5 and 10 minutes on average. People do not get queue numbers and must stand in the queue in the order in which they arrive. It was discovered that few senior citizens sought assistance from one of the officials, despite their lack of expertise about banking operations and processes. Security guards and the officer guided them with the processes. But seems more time consuming. Overall cleanliness were seems to be good.

The credit department was the final department visited, and it looked to have more staff members and fewer customers than the previous departments. Consumers were seated for their requirements in the credit department, implying that more documentation processes were involved. The majority of consumers came to inquire about credit facilities, while some presented documentation for their continuing facilities and related activities. Credit department officers were instructing new clients on the documentation process for new credit facilities such as house loans and vehicle loans. A substantial amount of the employees were committed to the documentation process, with only a few interacting directly with clients.

Date and Time	09.10.2023 at 9.15a.m
Bank	ABC Bank
Branch Identification Code	Branch Z
Mystery Shopper Code	MS 1

Reported by MS 1

The branch atmosphere

The branch has two ATMs and two CDMs and a Cheque deposit machine in a well-maintained cubicle outside the branch premises. The cubicle was clean and well-organized, with all equipment working and no queues for either deposits or withdrawals. Every client entering the bank was met and welcomed by a security officer stationed at the front door.

The service quality of the branch

During the visit, two cash counters were operating, and there was an extra standby counter that was not in use. All cash transaction vouchers were prominently displayed on a client table, each clearly labeled based on its function. The cash withdrawal procedure was quick, taking only five minutes, and when I inquired about my transaction history, the counter personnel conveyed the information properly and immediately.

The account opening counters were quite busy, with approximately five people waiting in the lobby while four were being served by the front liners. Despite the congestion, I had to wait for my turn for more than 30 minutes. During my conversation with the officer, I questioned about the documentation needed to withdraw monies from a deceased relative's account. The officer who interviewed me gave me clear instructions on the appropriate documents and handed me an affidavit to be signed in front of a "justice of the peace" and another form to be signed by the dead customer's close relatives. It was evident that two of the four officers working at the counters were new, and they frequently sought assistance from their superiors, indicating that the department's effectiveness was low.

Customers were being served in the credit department, and it was clear that one client was frustrated since his personal loan had been rejected owing to inadequate income. He expressed displeasure, claiming that he had waited two weeks for the loan and that the bank should have informed him about the inadequate income at the beginning of the facility, or at the very least within a reasonable time. The department did not appear to be busy, with two personnel immersed in documentation tasks, both with large files on their desks. The manual paperwork procedure looks to be significant in the credit department.

Date and Time	11.10.2023 at 2.10p.m
Bank	ABC Bank
Branch Identification Code	Branch C

Mystery Shopper Code	MS 2
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Reported by MS 2

#### Branch Atmosphere

There were two ATMs, two CDMs, and a cheque deposit machine outside the branch, in a cubicle. All of the machines were jammed with customer queues, and the machines were running slowly, taking approximately 2-5 minutes to process a single transaction. The cubicle was disorganized, with filled trash bins and receipts all over the floor. A security guy at the front door, greeted all clients that entered the branch.

#### The service quality of the branch

The credit department was visited first, and it appeared to be unoccupied because the branch was due to close for the day. When I inquired about a home loan, the appropriate officer presented me with a list of documents to prepare, although not asking about my employment, income, or age. Furthermore, he stated that certain further documentation might be required as the approval process is going on. When I inquired about such documents, he stated that further needed facts or documents depend on the approving authority's requirement. Extra documentation or information seemed to be collected as a practice during loan processing.

The cash department consisted of two counters, with an extra counter that was not currently working. Both cash counters were quite busy, with around 8 to 10 clients queues at each. Cash transaction vouchers were placed on a client table, organized in different compartments, and correctly labeled. Because the teller operators were not efficient enough to complete transactions quickly, it took me 30 minutes to finish my cash deposit.

The bank was almost closed for business, but there were about 15 clients inside waiting for services at cash counters and account opening counters. I filed an online request to activate the SMS function for my account because all of the service counters in the accounts opening department were filled. However, I did not receive a response as to whether or not they had processed it. Surprisingly, while I was withdrawing money after two days, I received an SMS notification.





