

**Monika Klimontowicz**

University of Economics in Katowice

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## QUALITY OF BANKING SERVICES AS A SOURCE OF COMPETITIVE ADVANTAGE

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**Summary:** Owing to increased competition of the financial service industry, internationalization and globalization, implementing new products, changes in consumer needs and technological progress, banks find themselves faced with the necessity of specifying the determinants of competitive advantage and banks' strategy redefinition.

Undoubtedly the service quality is the item that creates the loyalty of customers and competitive advantage in a long-term perspective. Focusing on the service quality results in an improvement of bank's image and an increase of incomes.

The purpose of this paper is to present the role of service quality among other competitive advantage factors and its place in banks' strategy focused on gaining consumer's satisfaction and advantage.

**Keywords:** service quality, intangible assets, banks' competitive advantage.

### 1. Introduction

As a result of changing economic environment on the financial market, increased competition of the financial service industry, internationalization and globalization, implementing new products, rate competition for deposits and loans, changes in consumer needs and technological progress, banks find themselves faced with the necessity of specifying the determinants of competitive advantage. All these factors have accelerated the shift toward knowledge-based or innovation-driven activities which rely largely on human capital and knowledge. Knowledge embodied in intangible assets is becoming crucial for firms' competitiveness and growth. Competition is forcing many banks to accumulate intellectual assets and use them effectively to produce profitable innovations and to implement effective marketing strategies.

Marketing, over the last two decades, has become a crucial factor which is directly involved in charting bank's future in Poland. Strategies oriented towards defining the target mix of future consumers have become a routine topic of discussion. At the same time a better product, convenience and lower fees are not enough to make consumers be loyal. The consumer's satisfaction has become the most important category in marketing theory. Research continually confirms a significant correlation

between satisfaction and repeated buying, greater brand loyalty and spreading positive opinion of the product.

Undoubtedly the intangible assets are the items that create the loyalty of customers, competitive advantage and banks' value in a long-term perspective. Tangible assets such as property, branches and equipment continue to be important factors of competitiveness but their relative importance has decreased. On the contrary the importance of intangible, knowledge-based assets has increased in developing and maintaining competitive advantage, value creation and competitiveness. Competitive intangibles directly impact effectiveness, productivity, wastage, and opportunity costs within an organization and finally the general financial results. Recent studies have found intangible assets to be large and important but rather difficult to be measured. It is very important today to understand how specific intangible assets or a combination of these assets affect consumer decisions and increase or decrease the market value of a bank. It is a challenge for banks to set their growth strategies with the recent economic market. Nowadays it is significant not only to determine factors which influence competitive advantage but to find the way how to use them effectively as well.

The service quality is created by all competitive intangibles and additionally it has established the linkage between tangible and intangible assets in achieving excellence.

This paper presents banks' competitive advantage factors, the role of service quality as one of competitive intangibles, in the process of gaining competitive advantage and its influence on consumers' decision at the banking market in Poland.

## 2. Banks' competitive advantage factors

Over the last decades a situation of the banking sector in Poland has changed remarkably. The new Banking Act of 1998 introduced a regulation that enabled the establishment of non-state banks in Poland. Today the banking sector in Poland is mainly dominated by foreign-owned institutions. Among almost 70 commercial banks (data from November 2009), most are fully or partially privatized. Their privatization was realized by the biggest financial institutions in Europe and the world. As a result, a considerable part of Polish banks' equity is in the hands of foreign investors. Apart from the ownership structure the crucial factors which influence banks' competitive behaviour are: changes in consumer needs and technological revolution, implementing new products, deregulation, liberalization, internationalization and globalization. Additionally banks have to compete with non-bank financial institutions. The sum of all changes which have appeared in market environment makes the banking sector highly competitive<sup>1</sup>.

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<sup>1</sup> J. Pietrzak, *Czynniki przewagi konkurencyjnej na rynku bankowych usług detalicznych*, Wydawnictwo Uniwersytetu Gdańskiego, Gdańsk 2003; J. Harasim, *Strategie marketingowe w*

Owing to increased competition in the banking service industry banks find themselves faced with the necessity of specifying the determinants of competitive advantage which is the primary purpose of management and marketing strategy.

The competitive advantage is defined in very different ways. Generally it is an ability or circumstances which let a bank gain the advantage over other banks and financial institutions<sup>2</sup>. According to M. Porter, the three methods for creating a sustainable competitive advantage are:

- cost leadership – cost advantage occurs when a firm delivers the same services as its competitors but at a lower cost;
- differentiation – differentiation advantage occurs when a firm delivers a better quality of services for the same price as its competitors. They are collectively known as positional advantages because they denote the firm's position in its industry as a leader in either superior services or cost;
- focus (economics) – a focused approach requires a firm to concentrate on a narrow, exclusive competitive segment (market niche), hoping to achieve a local rather than industry wide competitive advantage. There are cost focus seekers, who aim to obtain a local cost advantage over competition and a differentiation focuser who is looking for a local difference.

It is worth noticing that this conception was created in banks' perspective and did not take into account consumers' needs and expectations. Further research among the sources of competitive advantage appointed: corporate culture, economies of scale, brand worth, new technology, ability of its implementation and other functional abilities. Table 1 shows the researchers and potential competitive advantage factors appointed by them<sup>3</sup>.

Taking into account consumers' behaviour and opinion not all factors mentioned above create a sustainable competitive advantage. A firm possesses a sustainable competitive advantage when its value-creating processes and position have not been able to be duplicated or imitated by other firms<sup>4</sup>.

According to Kay the maintenance of competitive advantage depends on two groups of firms' capability:

- distinctive capability – attributes which others do not have and cannot duplicate, such as a structure of relational contacts within or around organization with employees and with customers and suppliers, reputation and innovation;
- reproducible capability – attributes which can be created (or purchased or leased) by any company with reasonable management skills, skills of observation

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*osiąganiu przewagi konkurencyjnej w bankowości detalicznej*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2004; D. Korenik, *Innowacyjne usługi bankowe*, Wydawnictwo Naukowe PWN, Warszawa 2006.

<sup>2</sup> J. Harasim, *Bankowość detaliczna w Polsce*, CeDeWu Wydawnictwa Fachowe, Warszawa 2005.

<sup>3</sup> Ibidem.

<sup>4</sup> M.E. Porter, *On Competition*, Harvard Business Review, Cambridge 1998.

and financial resources, thus by themselves cannot be a source of competitive advantage. Many technical, financial and marketing capabilities are of this kind.

**Table 1.** The Potential Sources of Competitive Advantage in Finance Sector

Researcher	The potential sources of competitive advantage
J. Canals (1993)	bank's personnel, finance management, bank's tangible and intangible assets
S.G. Bharadway, P.R. Varadarajan, J. Fahy (1993)	corporate culture, economies of scale, brand worth, new technology and the ability to its implementation
J. Devlin, C.T. Ennew (1997)	product quality and characteristics, service quality, price, bank's image and reputation
J.B. Howcroft, J. Lavis (1986) J. Devlin (1995)	distribution
E.K. Clemons, M. Row (1991) C. Wiseman (1988) M. Colgate (1998)	new technology

Source: J. Harasim, *Bankowość detaliczna w Polsce*, CeDeWu Wydawnictwa Fachowe, Warszawa 2005.

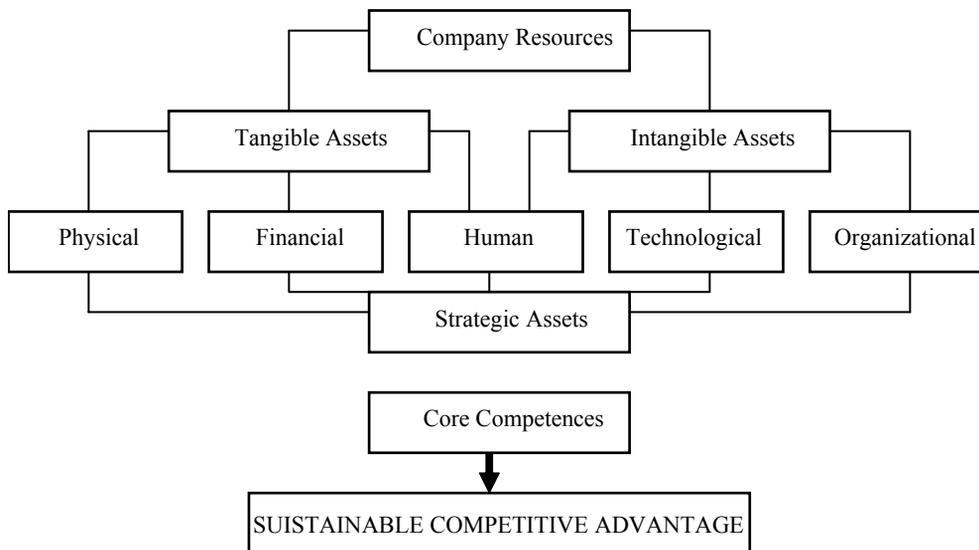
A sustainable competitive advantage is achieved by continuously developing existing resources and capabilities and creating new ones in response to rapidly changing market conditions. Distinctive capabilities need to be supported by an appropriate set of complementary reproducible capabilities to enable a company to sell its distinctive capabilities on the market it operates (see Figure 1). Among these resources and capabilities intangible assets are the most important value-creating assets.

There is a wide variety of intangible assets in today banks' environment. All of them have the following attributes:

- are not physical in nature,
- have specific identification and recognizable description,
- are subject to private ownership and transferability,
- generate some measurable amount of economic benefit in the form of an income increase or a cost decrease which may be measured in any of the several ways including net income, net operating income or net cash flow, etc., and
- enhance the value of other assets with which it is associated with<sup>5</sup>.

Intangible assets are particularly important in building bank's competitive advantage. Most of them are unique and firm-specific which means that they cannot

<sup>5</sup> A. Green, *Intangible Assets in Plain Business Language*, "Journal of Information and Knowledge Management Systems" 2007, Vol. 37, No. 2.



**Figure 1.** Company resources in achieving competitive advantage

Source: J. Harasim, *The Role of Intangible Assets in Bank's Competitiveness and Effectiveness*, "Journal of Economics and Management" 2008, Vol. 4.

be used outside bank<sup>6</sup> and can add value to bank's services. They can be divided into the following categories:

- market assets,
- human assets, and
- processes assets.

Other intangible assets include contracts, which become a more-critical management area as outsourcing increases, and statutory-based assets, more commonly known as intellectual property: patents, copyrights, trade name, trade dress (the visual characteristics of websites, products, branches, etc.), trade secrets, certain proprietary methods of doing business and the human capital of owners and employees<sup>7</sup>.

Service quality is created in each mentioned above category and in one of the market intangible assets which additionally has established the linkage between tangible and intangible assets in achieving excellence.

<sup>6</sup> J. Harasim, *The Role of Intangible Assets in Bank's Competitiveness and Effectiveness*, "Journal of Economics and Management" 2008, Vol. 4.

<sup>7</sup> C.G. Wagner, *Making Intangible Assets More Tangible*, "The Futurist" 2001, World Future Society, <http://www.highbeam.com/>.

### 3. Service quality as a part of bank's competitive strategy

Only two decades ago banks were reluctant to follow and implement a marketing concept. According to Kotler banks were slow at adopting marketing concepts and they did not adopt marketing as a business philosophy, but merely as a concept of advertising and sales promotion. Banks, however, have faced numerous changes during the past decades. One of the most important trends in general was the deregulation of the banking sector which increased different risks and market competitiveness. Other important trends such as rapid information technology development and increasing non-banking competition also put pressure on the market efficiency of the banks, while customers become more active and empowered. Banks were forced to be more flexible, more innovative and more market oriented to respond efficiently to these trends. Due to these rapid changes on the banking market, marketing orientation is considered as a strategic approach<sup>8</sup>. Banks are forced to find new basis for competition and explore trade-off between winning new customers and retaining the old ones. The focus of marketing has shifted to managing relationships with customers. The key factor of establishing and maintaining a customer relationship are when<sup>9</sup>:

- the relationship reflects the dynamic nature of today's market environment,
- the involved partners have mutual positive expectations from such a relationship,
- the interdependence is an important condition,
- the emphasis on the adaptation is also an important factor; and
- the quality and nature of the relationship depends on the quality of the interaction process and its contents (e.g. social, financial and information).

Relationship management emphasizes the organization of marketing activities around cross-functional processes as opposed to organizational functions or departments. This results in a stronger link between the internal processes and the needs of customers and in a higher level of customer satisfaction.

A consumer's overall satisfaction with a bank is closely determined by the satisfaction derived from every individual interaction with the bank because every individual encounter aggregates to form the consumer's overall satisfaction with a bank. This interaction can occur in a number of ways, from seeing a teller face-to-face, using an Automated Teller Machine (ATM), or conducting business online. Thus the quality satisfaction determinants can be divided into two categories: instrumental (the performance of a physical product) and expressive (the psychological performance of a product) – and that both have to be achieved to satisfy the consumer. The

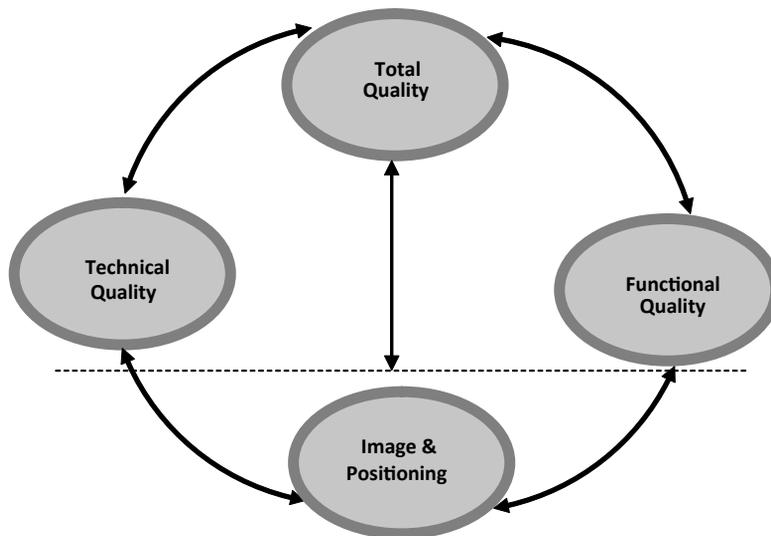
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<sup>8</sup> T. Kolar, *Benchmarking Market Orientation of Banks in Transitional Markets. Exploring a Modified Approach*, "International Journal of Bank Marketing" 2006, Vol. 24, No. 2.

<sup>9</sup> M. Zineldin, *Quality and Customer Relationship Management (CRM) as Competitive Strategy in the Swedish Banking Industry*, "The TQM Magazine" 2005, Vol. 17, No. 4.

satisfaction will tend to be associated with expressive outcomes above or equal to expectations and the dissatisfaction will tend to be related to performance below expectations for instrumental outcomes. Also, to be satisfactory a product has to meet expectations in both instrumental and expressive outcomes. The dissatisfaction may occur from either type of performance<sup>10</sup>. Taking into account both mentioned categories, customers' satisfaction and the maintenance of the customer relationship, in fact depends on how well a product and service measure up to the customer's original expectations of quality. According to Skinner the total quality can be divided into three dimensions (see Figure 2). These are:

- technical quality of products and services (level of quality) – what a customer buys and whether it fulfils its technical specifications and standards; the technical elements concern the manufacturing interface,
- functional quality of the product (level of quality) – the functional quality concerns how the company delivers products and services and what the relationship between the company and its customers is,
- image and positioning or corporate quality – the image of a company may also influence customers' perceptions of the total quality and in turn the strategic position.



**Figure 2.** Three quality dimension and positioning

Source: C. Skinner, *Technology: Shaping Tomorrow – Fundamentally Flawed Thinking – It is High Time That Retail Banks Stopped Thinking of Electronic Channels as Extensions of the Branch and Started Thinking About the Electronic Structure as the Foundation upon which All the C*, “The Banker” 2008, <http://www.highbeam.com/>.

<sup>10</sup> R. Johnson, *The Determinants of Service Quality: Satisfiers and Dissatisfiers*, “International Journal of Service Industry Management” 1995, Vol. 6, No. 5.

It worth noticing that for the half of the last millennium banks have offered similar products and worked on the basis of physical distribution. At this time the personal relationship between the customer and bank's employee has been crucial for service quality. Owing to new technical solutions banks were able to improve the quality of their operations, improve settlement procedures and speed up the turnover of money. Nearing the end of the first decade of the new millennium an electronic distribution has worked properly and has been proven. Bankers have added automated teller machines, call centres, the Internet and the mobile phones as an extra layer on the foundation of the branch distribution system. Today the instrumental determinants of service quality become more and more important for customers. Focusing on technical and functional quality concentrated on the multichannel sales strategy and transformation project banks want to improve branch sales<sup>11</sup>. Effective usage of banks' databases enables banks to identify consumers' needs and to prepare the customer-oriented strategy, to develop better information about clients, to serve clients' needs better and reap profits through increased cross-selling and up-selling. However, still all of these have to be combined with the development of personnel skill.

The exemplification of corporate quality is bank's image which is related with people attitudes, feelings and expectations and it is influenced by many factors<sup>12</sup>. One of the most competitive and the best known image factors is a good brand because it makes the bank and its services recognizable and memorable on the market<sup>13</sup>.

Thus the total quality is a function of technical, functional and corporate quality dimensions. The competitiveness depends upon customer satisfaction. Customer satisfaction is created through a combination of responsiveness to the customer's views and needs and it continuous the improvement of products or services, as well as a continuous improvement of the overall customer relationship. The quality is just a fundamental customer requirement<sup>14</sup>.

The importance of measuring consumers' expectations is paramount especially in the context of banking and financial services. Recent service developments, particularly with respect to the electronic delivery of these services, have resulted in a continuous increase in customer expectations and the consumer's subsequent demands as the quality of service improves. Any previous experience with traditional or electronic services, word-of-mouth, or advertising will have an influence on the expectations of the consumer.

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<sup>11</sup> C. Skinner, *Technology: Shaping Tomorrow – Fundamentally Flawed Thinking – It is High Time That Retail Banks Stopped Thinking of Electronic Channels as Extensions of the Branch and Started Thinking About the Electronic Structure as the Foundation upon which All the C*, "The Banker" 2008, FT Business, <http://www.highbeam.com/>.

<sup>12</sup> A. Jagelaviciene, and J. Stravinskiene, A. Rutelione, *Image Factor which Determines Choice of the Bank*, "Engineering Economics" 2006, No 4.

<sup>13</sup> K. Opolski, *Monitorowanie jakości w banku*, CeDeWu, Warszawa 2004; J. Harasim J., *The Role...*, op. cit.

<sup>14</sup> M. Zineldin, op. cit.

One of the service quality models which accounts for both expectations and perceived performance is the SERVQUAL model<sup>15</sup>. That model highlights the main requirements for delivering high service quality. This researcher have found five dimensions of service quality. These are presented in order of their importance as follows:

- *Reliability* – the ability to perform the promised service dependably and accurately,
- *Responsiveness* – the willingness to help customers and to provide prompt service,
- *Assurance* – the knowledge and courtesy of employees and their ability to convey trust and confidence,
- *Empathy* – the provision of caring, individualized attention to customers,
- *Tangibles* – the appearance of physical facilities, equipment, personnel, and communication materials.

The perceived service quality is thus measured from the differences in degree and direction between the perceptions of service performance and expectations for each of these dimensions<sup>16</sup>.

In the Bain benchmarking survey banks acknowledge that managing the customer experience is the most important factor of success. They admit that there is still a lot to do, especially taking into account that on researched banking market the willingness of customers to recommend their bank to friends or family is the lowest in any industry. Loyalty leaders in that survey experienced better retail-consumer growth and far lower consumer defection rate. Their excess returns on equity were 50 per cent higher then for the rest of the survey sample. They approach three customer elements simultaneously:

- They *design* the right propositions for the right customers, a task that involves identifying target segments of the market and crafting propositions and experiences to delight them.
- They *deliver* these propositions by focusing the entire company on them, from boardroom to front line, with an early and ongoing emphasis on cross-functional collaboration.
- They continually develop their capabilities to delight customers again and again. That ability – the most difficult to realize, and the rarest – entails measures such as creating closed feedback loops that establish direct dialogue with the customer and accountability for the ongoing improvement of the customer experience based on that discipline.

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<sup>15</sup> A. Parasuraman, V.A. Zeithaml, L.L. Berry, *SERVQUAL: a Multiple-item Scale for Measuring Consumer Perceptions of Service Quality*, “Journal of Retailing”, Vol. 64 No. 1; K. Opolski, *Monitorowanie...*, op. cit.

<sup>16</sup> D.H. Wong, N. Rexha, I. Phau, *Re-examining Traditional Service Quality in an E-banking Era*, “International Journal of Bank Marketing” 2008, Vol. 26 No. 7; G. Yukl, R. Lepsinger, *Capital Ideas Enhancing the Power of Human Assets*, LIA, 2008.

Each of these “Three D’s” reinforces the others. When wielded together, they can effectively transform a bank into an organization that is continually – and profitably – led by its customers<sup>17</sup>.

The next necessary condition for the realization of quality and the creation of added value is quality measurement and control. This is an important function to ensure the fulfilment of given customer requirements. The purpose of the marketing quality control is to determine whether the quality system is performing at optimum levels from an operational point of view. Ishikawa states that quality control is carried out to realize the quality that conforms to customer requirements. This includes:

- identifying the true quality characteristic, e.g. the customers’ actual need or perceived benefit and deciding to measure it to determine the quality standard for it,
- identifying the substitute characteristics of the production processes, which are likely to have an effect on the true characteristic, by the use of cause-and-effect analysis and diagrams,
- determining the relationship between these substitute characteristics and the true characteristic by test and experiment.

This also means that management control systems (MCS) have to be present and able to produce the data required for the analysis. MCS play an important role in the measurement process and have to be designed to match the requirements of the organization. Through formalized routines and reports various stakeholders within and outside the organization get their information about what is going on and how well the company is performing<sup>18</sup>.

#### **4. The role of service quality in gaining consumer satisfaction and competitive advantage**

A primary purpose of banks’ management and marketing strategy is to develop a competitive advantage. A competitive advantage provides customers with superior value compared to competitive offerings. There are two generic ways of establishing a competitive advantage: the low-cost supplier or by differentiating the offer in a unique and valuable way. Banks in Poland have already realized that no bank can offer all products at lower price and be the best/leading bank for all customers. They are forced to find a new basis for competition and they have to improve the quality of their own products/services.

Banking in Poland has traditionally operated in a relatively stable environment for the last decades. However, today it is facing a dramatically aggressive competition in a new deregulated environment. Competition will undoubtedly continue to be a more

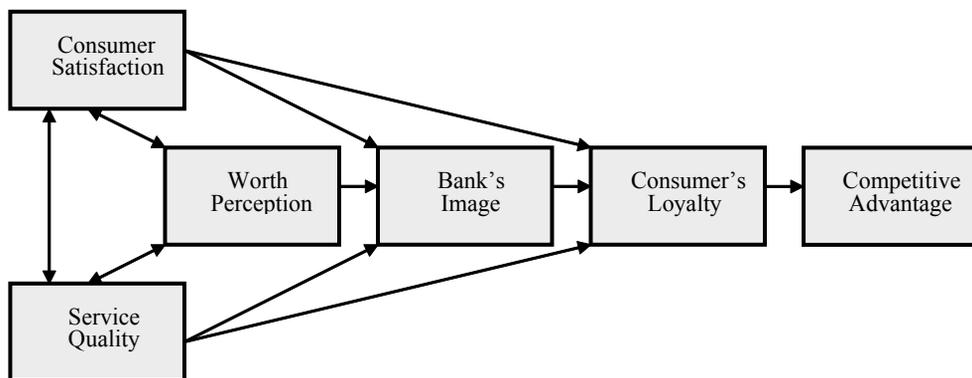
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<sup>17</sup> M. Symonds, T. Wright, J. Ott, *The Customer-Led Bank: How to Retain Customer and Boost Top-Line Growth*, “Journal of Business Strategy” 2007, Vol. 28, No. 6.

<sup>18</sup> M. Zineldin, op. cit.

significant factor. Those banks that are not considering the new market conditions to build and protect their competitive position will likely lose on the Polish banking market<sup>19</sup>.

The research continually confirms a significant correlation between a competitive advantage and consumers' satisfaction which leads to repeated buying, greater brand loyalty and spreading a positive opinion of the product. In the banking sector, Loveman found that higher customer satisfaction causes the increased cross-selling at the branch level, and Ittner and Larcker found that customer satisfaction was a leading indicator of revenue, and growth in the customer base, in bank branches. A consumer's overall satisfaction is closely determined by the satisfaction derived from each individual interaction with the bank (technical and functional quality) and consumer's opinion on the bank (corporate quality). Figure 3 shows consumer satisfaction leads to the bank's competitive advantage.



**Figure 3.** The process of creating a competitive advantage

Source: T. Żyminkowski, *Kształtowanie wizerunku banku*, Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań 2003.

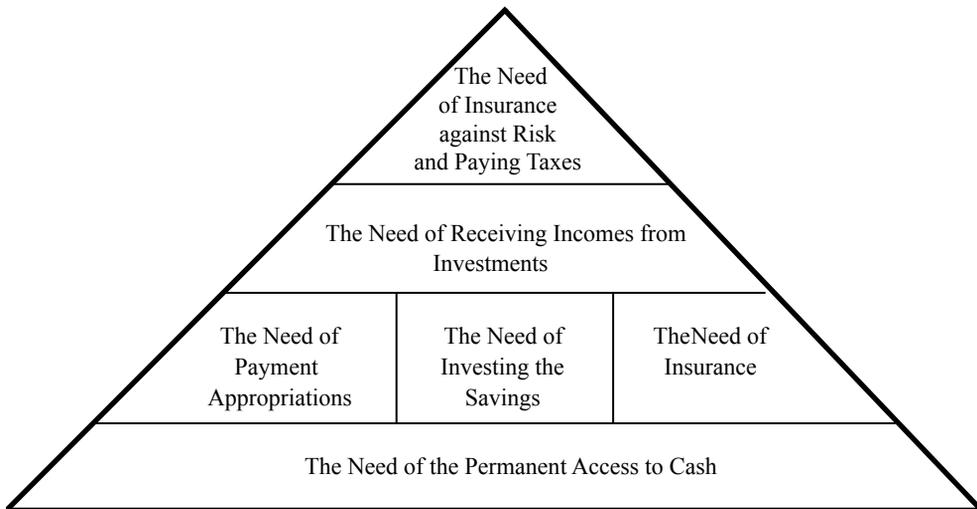
Using consumers' satisfaction in the process of achieving a competitive advantage requires from banks to comprehend the satisfaction concept.

The consumer's satisfaction category is based on the premise that the profit is made through the process of satisfying consumers' needs. The character of financial needs is economic which means that they can be satisfied by financial services. It must be stressed that one financial need can be satisfied by diverse products and concurrently one financial product can satisfy diverse financial needs. All financial needs are hierarchical. Consumers first fulfil lower needs and next start to fulfil the higher levels of needs<sup>20</sup>. It must be noticed that the hierarchy of financial needs is

<sup>19</sup> Ibidem.

<sup>20</sup> S. Smyczek, *Modele zachowań konsumentów na rynku usług finansowych*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2007.

a schema. That kind of needs can be partially fulfilled at lower and higher levels. Inversions or reordering of needs for particular individuals is also possible. So this concept is a framework for understanding and action rather than a rigid prescription governing all human activity on the banking market. The hierarchy of financial needs is shown in Figure 4.

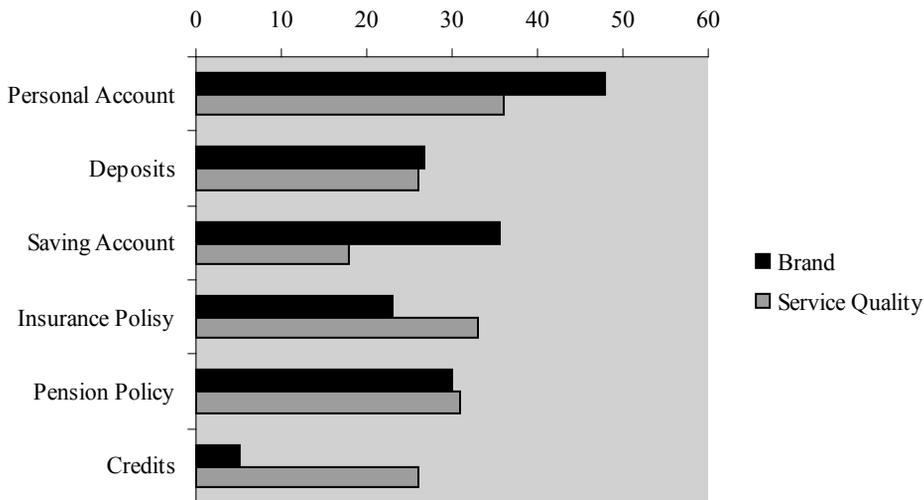


**Figure 4.** The hierarchy of consumers' financial needs

Source: S. Smyczek, *Modele zachowań konsumentów na rynku usług finansowych*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 2007.

Polish consumers take into account economic and uneconomic factors in the process of satisfying their financial needs. The range of factors depends on product, consumer's level of wealth, education degree, the place of living, age, etc. Fulfilling the lower needs they mostly focus on the price of banking products. According to the research conducted by Smyczek the main factors which influence consumer decision at this level are: interest rates, commissions, charges and fees what is definitely connected with the level of Polish society's wealth. Satisfying the higher needs consumers consider brand, confidence, reliability, trust and quality factors as service quality and simply procedures. All these factors are determinants of a competitive advantage. Despite the greater role of price other competitive advantage factors are similar to competitive advantage factors specified in other European countries although they can be interpreted differently. The competitive advantage gained by lower prices is usually short-term and not sustainable. The lower price policy can be effectively used in attracting new clients in Poland but banks have to use another factors to maintain them as clients and achieve sustainable advantage. Due to the research, among the factors of crucial importance there are valuable and well-known

brand and high service quality. They are taken into account by Polish consumers in the process of choosing financial products just after price factors (see Figure 5). These are two of three dimensions pointed by Skinner as crucial for high service quality.



**Figure 5.** The influence of brand and service quality on the buying decision

Source: S. Smyczek, *Modele...*, op. cit.

The next factor (and third Skinner's dimension) pointed by customers are distribution channels<sup>21</sup>. This factor should be considered together with technology and processes. In the last decade, technical solutions, including the development of IT and the Internet, have become one of the key internal factors enabling banks to improve their management systems. In addition, as mentioned before, they contributed to the development of banking products and their distribution channels. The customers, especially individuals and small enterprises, take a growing interest in telephone banking, which includes account services and the purchase of banking products through the phone, as well as in mobile banking, which combines telephone banking with Internet banking, with the use of access to the Internet via the WAP protocol<sup>22</sup>. Taking into account a web culture which creates a generation of people who live and work differently from previous generations, the next generation of clients will be the most influential factor in the future of banking technology. Apart from other intangibles, trade names and trademarks current technology is often the

<sup>21</sup> J. Harasim, *Bankowość...*, op. cit.

<sup>22</sup> M. Pawłowska, S. Kozak, *Efficiency and Competition in the Polish Banking Sector – Would Euro Adoption Change Them?*, "Bank i Kredyt" 2008.

primary intangible asset identified and valued<sup>23</sup>. Thus the true sustainable advantage will only be created by those banks that successfully integrate their use of client information, sales process across all channels and their technology platforms into a complete and comprehensive solution for clients<sup>24</sup>.

In the nearest future banks in Poland will have to examine to what extent technological encounter influences the overall service satisfaction. Although technology may increase the number of clients the human element is not to be ignored. With the prevalence of online communication and transactions the importance of the dynamic relationship between employees, customers and technology still plays a significant role. However, rising dependence on technologies will increase the importance of satisfaction with technological interactions on the overall satisfaction with the bank. Currently banks should continue to train these employees who have direct contact with their customers in order to improve their customers' overall satisfaction. However, satisfaction with technological communication is an indispensable and a significant predictor of overall satisfaction. Offering both types of service encounters, technologically or interpersonally based, is critical to ensure the overall satisfaction of customers. Next, customers contact these service organizations through multiple channels so a plan for integrating service across channels is necessary. Technological advances have allowed banks to offer their customers the convenience of self-service technology in addition to the personalized service of an employee. By enabling customers to select the type of service encounter they prefer, technological or interpersonal, they can experience the service as they desire, improving overall service satisfaction. However, to gain competitive advantage in that field it is necessary to understand the consumer preferences for human versus online interaction<sup>25</sup>.

## 5. Conclusions

Over the last decades a situation of the banking sector in Poland has changed remarkably. The changes in the ownership structure, technological revolution, deregulation, liberalization and globalization, the competition with non-bank financial institutions are the crucial factors which influence banks' competitive behaviour. The sum of all the changes which have appeared in market environment makes the banking sector highly competitive.

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<sup>23</sup> J.A. Cohen *Intangible Assets. Valuation and Economic Benefits*, John Wiley & Sons Inc, New Jersey 2005.

<sup>24</sup> L. Ptak, *Measuring Client Value*, CMA Management, 2001.

<sup>25</sup> D.L. Haytko, C.S. Summers, *What's your Preference? An Exploratory Examination of the Effect of Human vs ATM vs Online Interactions on Overall Consumer Satisfaction with Banking Services*, "Management Research News" 2009, Vol. 32, No. 4.

Banks in Poland use both tangible and intangible assets to gain competitive advantage, but their potential for sustainable advantage is diverse. Elements connected with tangible assets, such as a bank's capital, economies of scale, distribution systems (branch network, electronic channels), new information technology or telecommunication systems are relatively easy to copy or purchase on the market. Thus the advantage gained by them is temporary and difficult to sustain. Despite that fact they are still considered, especially by traditional banks, to be very important elements in creating the bank's market position and the solid base to build competitive advantage. Banks are experienced in managing these factors and the results achieved can be evaluated quickly and easily.

Factors connected with intangible assets, such as organizational culture, brand, image, quality of services, high qualifications, and personnel skills have much greater potential for creating competitive advantage. They belong mostly to so-called distinctive capabilities. They are not separately identifiable in Polish banks, but it is realised that they are becoming crucial for their competitiveness and growth.

The service quality is one of the competitive factors that are identified by banks in Poland. It is created in each mentioned in the paper intangible category and in one of the market intangible asset which additionally has established the linkage between tangible and intangible assets in achieving excellence. The total quality is a function of technical, functional and corporate quality dimensions. Owing to the new technical solutions banks in Poland have been able to improve the quality of their operations and settlement procedures and to speed up the turnover of money. Nearing the end of the first decade of the new millennium an electronic distribution has worked properly and has been proven. During the last few decades banks have also paid attention to develop personnel skills of employees and human relationships with customers. The exemplification of corporate quality is bank's image which is related with people attitudes, feelings and expectations. Both, the service quality and the bank's brand, are important factors taken into account in the process of choosing banking products.

Taking into account technology the bank should examine to what extent technological encounter influences the overall service satisfaction. The sustainable advantage will be created by those banks that successfully integrate their use of information on clients, sales process across all channels and their technology platforms into a complete and comprehensive solution for clients and that create customer relationships involving added tangible and intangible elements in the core products.

## Literature

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## **JAKOŚĆ USŁUG BANKOWYCH JAKO ŹRÓDŁO PRZEWAGI KONKURENCYJNEJ**

**Streszczenie:** W rezultacie zmian zachodzących na rynku usług finansowych, w tym rosnącej konkurencji, globalizacji, pojawianiu się nowych produktów, zmian w potrzebach klientów oraz rozwoju technologicznego, banki będą musiały zdefiniować na nowo źródła trwałej przewagi konkurencyjnej. Niewątpliwie jednym z nich jest jakość obsługi klienta, dzięki której tworzą się długoterminowe więzi pomiędzy klientami i bankiem. Wpływają ona na poprawę wizerunku banku i przyczyniają się do wzrostu jego dochodów.

Niniejszy artykuł prezentuje miejsce jakości obsługi klienta wśród trwałych źródeł przewagi konkurencyjnej i jej rolę w strategiach banków.