

Union Bank Service Quality Case Study

Posted on August 20, 2019

View this essay online:

<https://academic-master.com/union-bank-service-quality-case-study/>

Introduction

Union Bank's service-quality problems are best understood as failures in a connected delivery system rather than as isolated complaints about employees, customers, or technology. The case describes slow loan processing, unreliable ATMs and deposit services, long waits, uneven training, heavy workloads, low morale, and perceptions of favoritism. These conditions reinforce one another. When systems fail, customers move to counters and queues increase; when employees lack training or adequate staffing, transactions take longer and errors become more likely; when customers become frustrated, frontline staff experience additional pressure; and when managers respond only to individual complaints, the underlying causes remain unchanged. Service-quality theory helps organize these problems through reliability, responsiveness, assurance, empathy, and tangibles, but the bank also needs to examine employee experience and operational resilience because customers receive service through people, processes, and systems working together (Parasuraman et al., 1988; Zeithaml et al., 2018). A sustainable improvement plan should therefore focus on dependable operations, fair capability development, transparent workflows, effective complaint recovery, and management accountability rather than on cosmetic customer-service messages alone.

Diagnosing the Service Chain

Reliability and responsiveness should be the first priorities because customers cannot trust a bank that performs routine services unpredictably or fails to explain delays. Union Bank should map key customer journeys for deposits, withdrawals, account opening, statement requests, loan applications, complaints, and digital support. Each journey should identify handoffs, duplicate approvals, system dependencies, waiting points, and the employee or unit responsible for the next action. Operational measures can then show where problems recur: ATM uptime, failed transaction rates, average queue time, processing time, error correction, complaint recurrence, and the proportion of requests completed within a stated service level. These measures are more useful than general claims that staff should "work harder" because they reveal whether delays originate in staffing, technology, policy, or workflow. Service recovery should also be designed into the process. Customers need acknowledgment, realistic timelines, and regular updates when a problem cannot be resolved immediately. Grönroos (2007) argues that perceived service quality reflects both what customers receive and how the service process is experienced, making communication during delays part of operational performance rather than a separate courtesy.

Employee Capability, Fairness, and Assurance

Customer assurance depends on employees who understand products, account rules, lending documentation, fraud controls, privacy obligations, complaint procedures, and the limits of their authority. Unequal or selective training therefore creates both a service problem and a risk problem. Union Bank should establish a competency matrix for each role, assess current capability, and provide structured onboarding, refresher training, coaching, simulation, and supervised practice according to job requirements rather than favoritism. Management should also examine workload, scheduling, overtime, compensation, absenteeism, turnover, and employee feedback because exhausted or discouraged staff are more likely to make mistakes and less able to provide patient explanations to customers. Empathy toward customers cannot be sustained if the organization routinely ignores employee conditions. At the same time, fair treatment does not mean lowering performance expectations. Training should be followed by assessment, clear standards, coaching, and accountability. Zeithaml et al. (2018) emphasize that service quality is shaped by gaps between expected standards and actual delivery. Closing those gaps requires both capable employees and systems that give them enough time, information, and authority to perform correctly.

Technology, Digital Channels, and Operational Resilience

Frequent ATM and deposit-system failures require a formal resilience plan rather than repeated temporary fixes. Union Bank should identify critical services, single points of failure, vendor dependencies, capacity constraints, backup connectivity, recovery procedures, and ownership for each recurring incident. Technology performance should be reviewed at senior-management level because digital reliability now affects nearly every banking interaction. When an outage occurs, employees need clear scripts explaining what is known, which alternatives are available, and when the next update will be provided. Failed transactions that debit an account without completing the intended service should have a simple and time-bound dispute process. Mobile and online banking can reduce branch congestion and improve convenience, but digital migration should not be used to abandon customers who lack smartphones, stable internet, accessibility tools, or digital confidence. Secure digital services should include strong authentication, fraud monitoring, privacy protections, transaction alerts, and practical education about phishing and social engineering. The strategic goal is a resilient channel mix in which branches, ATMs, mobile services, and online banking reinforce one another rather than transferring unresolved problems from one channel to another.

Loan Processing, Complaints, and Service

Recovery

Loan delays often result from cross-functional handoffs among sales, documentation, credit assessment, valuation, compliance, legal review, approval, and disbursement. Union Bank should define service-level targets for each stage and give every application an identifiable owner so files do not disappear between departments. Customers should be told which documents are missing, which stage is in progress, and when they can expect the next decision or update. Speed must not weaken responsible lending, affordability checks, fraud controls, or legal compliance; the objective is transparency and disciplined flow rather than indiscriminate acceleration. Complaints should be managed through one coordinated register across branches, call centers, email, digital channels, and social media. Each case should be categorized by cause, product, severity, location, response time, and outcome so management can identify repeated failures. Frontline staff can be given limited authority to correct simple errors, while complaints involving fraud, discrimination, privacy, or material financial harm should escalate to specialists. A useful apology explains what happened, what has been corrected, and how recurrence will be prevented.

Management Accountability and Implementation

Improvement will fail if responsibility remains vague. Branch managers should own staffing, coaching, local service standards, and recurring complaint patterns; operations leaders should own workflow performance; technology leaders should own uptime and incident recovery; human resources should own fair training and employee relations; and compliance teams should monitor conduct, privacy, and regulatory risk. Senior leadership should review a balanced scorecard combining customer, operational, employee, risk, and financial measures rather than rewarding one metric in isolation. For example, reducing average handling time may appear efficient while actually worsening service if employees rush customers or create repeat contacts. Implementation should also be phased. During the first month, the bank can stabilize critical systems, analyze the most common complaints, and identify urgent staffing gaps. The next stage can introduce training matrices, queue analysis, service-level targets, complaint tracking, and maintenance schedules. Longer-term work can redesign lending workflows, strengthen digital channels, and improve leadership development. Parasuraman et al. (1988) and Grönroos (2007) both support the principle that consistent service depends on measurable systems, not slogans.

Conclusion

Union Bank's customer-service decline reflects interconnected weaknesses in technology, workflow, training, staffing, communication, and management accountability. The problem cannot be solved by telling employees to be friendlier, replacing one age group with another, or launching a mobile application while basic processes remain unreliable. Sustainable improvement requires a service

chain in which systems work consistently, employees receive fair and role-based development, customers understand what will happen next, and managers can trace recurring failures to an accountable owner. Reliable ATMs and digital platforms, transparent loan processing, realistic staffing, effective complaint recovery, clear escalation rules, and balanced performance measurement would strengthen both customer trust and organizational stability. Customers are central to the bank's existence, but employees and operational systems are the means through which the bank fulfills its promises. Service quality therefore improves when internal and external experience are managed together. A bank that measures reliability, supports competent staff, learns from complaints, and corrects root causes is more likely to retain customers than one that treats each service failure as an isolated event (Zeithaml et al., 2018).

References

Grönroos, C. (2007). *Service management and marketing* (3rd ed.). Wiley.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12–40.

Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm* (7th ed.). McGraw-Hill.