Union Bank Service Quality Case Study

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Union Bank's service-quality problem is not caused by one defective ATM or one unfriendly employee. The case describes a system in which customers experience slow loan processing, delayed account services, unreliable technology, repeated deposit problems, and discouraged staff. Employees, meanwhile, report inadequate pay, long hours, unequal training, favoritism, and limited recognition. These conditions reinforce one another. When management trains only selected teams, understaffs service points, tolerates system failures, and ignores workload, employees lack the competence and energy required to serve customers consistently. Customers then complain, staff face additional pressure, morale falls further, and the bank risks losing business to competing banks, savings and credit cooperatives, fintech services, and microfinance institutions. The original case therefore should be analyzed as a service-delivery system rather than a dispute over whether customers or employees are at fault. A sustainable solution must improve reliability, responsiveness, assurance, empathy, technology, fairness, and accountability simultaneously.

Case Diagnosis: A Broken Service Chain

Banking service is produced through a chain of interactions among technology, policy, employee skill, workload, internal communication, and customer expectations. In the Union Bank case, each part of that chain shows weakness. An ATM that frequently becomes unavailable creates queues at counters. Employees who have not received equal training take longer to complete transactions and must ask colleagues for assistance. Long working hours increase fatigue and error. Customers who have already waited become impatient, making interactions more difficult. Managers then focus on complaints rather than underlying causes. This pattern is a classic service-recovery failure: the organization responds to individual incidents without correcting the system that repeatedly creates them.

Reliability: Performing the Promised Service Correctly

Reliability is the ability to deliver the promised service accurately and consistently. For a bank, this includes processing deposits correctly, making ATMs available, issuing statements, updating balances, handling loan applications within communicated timeframes, protecting records, and completing transfers without avoidable errors. Union Bank's repeated ATM failures and delays in simple account or mortgage inquiries undermine reliability. Customers cannot plan their finances when the system works unpredictably. The first priority is therefore not a marketing campaign but operational stabilization. Management should measure ATM uptime, failed transaction rates, average system outage duration, error correction time, and completion time for major services. Each recurring failure should have an assigned owner and root-cause analysis. (Parasuraman et al., 1988; Zeithaml et al., 2018)

Responsiveness: Reducing Unnecessary Waiting

Responsiveness concerns willingness and speed in helping customers. A bank may produce a technically correct result but still provide poor service if customers wait without information. Union Bank should map the customer journey for deposits, withdrawals, loan applications, account opening, statement requests, complaints, and digital support. The map should identify duplicate forms, unnecessary approvals, unclear handoffs, and bottlenecks. Queue data can guide staffing by hour and day rather than relying on intuition. Customers should receive realistic timelines and updates when a process is delayed. Responsiveness does not mean promising immediate resolution to every complex problem. It means acknowledging the request promptly, explaining the next step, and meeting the stated commitment.

Assurance: Competence, Security, and Trust

Customers entrust banks with money, identity information, and confidential records. Assurance therefore depends on employee knowledge, ethical behavior, communication, cybersecurity, and regulatory compliance. Unequal or selective training creates a direct assurance risk. A staff member who does not understand account rules, lending documentation, fraud controls, or complaint procedures may give incorrect advice or expose the bank to loss. Union Bank should establish role-based competency standards and provide training to every employee whose work requires those competencies. Completion should be recorded, assessed, and refreshed periodically. Favoritism in access to training should end because competence is an organizational requirement, not a reward reserved for preferred teams.

Empathy Without Sacrificing Professional Boundaries

Empathy means recognizing the customer’s situation and communicating respectfully. It does not mean violating policy or approving every request. A customer seeking a mortgage may be anxious about deadlines; a person whose ATM card is retained may fear fraud; an elderly or disabled customer may need accessible support. Employees should listen, summarize the issue, explain options, and avoid blaming the customer for system failures. At the same time, management must show empathy toward employees. Staff who are exhausted, underpaid, or publicly blamed for problems beyond their control will struggle to display patience. External customer care begins with internal working conditions.

Tangibles and the Visible Service Environment

Although banking is increasingly digital, physical evidence still shapes trust. Tangibles include branch cleanliness, signage, seating, accessibility, staff appearance, equipment, forms, ATMs, and the usability of online platforms. Broken machines and confusing instructions communicate neglect. Union Bank should standardize branch signs, provide clear queue information, ensure forms are available, maintain privacy at service counters, and inspect ATMs regularly. Digital tangibles include readable interfaces, mobile responsiveness, security alerts, transaction receipts, and accessible design. A polished appearance cannot substitute for reliable service, but visible disorder can intensify doubts about the bank's competence.

Employee Experience as the Foundation of Customer Experience

The case links poor service with remuneration, long hours, stress, and management treatment. That connection is plausible, but management should verify it through data rather than assume every complaint has one cause. Employee surveys, interviews, turnover records, absenteeism, overtime, error rates, and exit feedback can identify patterns. Compensation should be compared with market rates and job demands. Work schedules should protect rest and comply with labor standards. Recognition should reward accuracy, teamwork, ethical conduct, and service improvement rather than only sales. A bank that pressures staff to meet targets without adequate resources can create mis-selling and compliance risk.

Fair and Inclusive Training

Selective training damages both equity and performance. Union Bank should create a training matrix listing the skills required for each role, each employee's current competency, and the date for development. New staff need structured onboarding, while existing staff need updates on products, systems, regulation, fraud, data protection, complaint handling, and communication. Training should combine classroom explanation, supervised practice, simulations, job aids, coaching, and assessment. Access should be based on role and development need rather than personal favoritism. Employees who struggle after training should receive targeted coaching, not humiliation. Managers should also be trained because technical skill does not automatically produce good leadership.

Technology Failure and Operational Resilience

Frequent ATM and deposit-system failures require an operational-resilience plan. The bank should classify critical services, identify single points of failure, maintain vendor service agreements, test backup connectivity, monitor capacity, patch systems, and establish incident-response procedures. When an outage occurs, staff need a script explaining what is known, what alternatives exist, and when the next update will be provided. Customers should not be told to keep trying indefinitely. If a failed ATM transaction debits an account without dispensing cash, the dispute process should be simple and time-bound. Technology metrics should be reviewed at senior-management level because digital reliability is now central to banking reliability.

Mobile and Online Banking

The original case recommends mobile banking, and that can reduce branch queues and improve convenience. However, digital migration should not be treated as a way to abandon customers who lack smartphones, stable internet, digital literacy, or accessible devices. Union Bank should introduce secure mobile functions based on customer needs: balance checks, transfers, bill payment, card controls, statement access, loan updates, alerts, and complaint tracking. Strong authentication, encryption, fraud monitoring, privacy notices, and recovery procedures are essential. Staff and customers should receive education about phishing and social engineering. Digital channels should complement rather than simply replace branches.

Rejecting Age-Based Management Assumptions

The original essay suggests recruiting young people to lead because younger managers are assumed to adopt technology more readily. That recommendation is discriminatory and operationally weak. Age does not determine digital competence, openness to change, judgment, or leadership. Some experienced managers adapt rapidly, while some younger managers lack banking knowledge or people skills. Union Bank should select leaders through evidence-based criteria: competence, integrity, learning agility, service orientation, regulatory understanding, communication, and performance. Succession planning should combine experienced institutional knowledge with new technical expertise. The solution is development and accountability, not replacing one age group with another.

Loan Processing as a Cross-Functional Service

Loan delays often occur because applications pass through sales, documentation, credit analysis, valuation, compliance, legal review, approval, and disbursement. Union Bank should define service-level targets for each stage and show customers which documents are outstanding. A case-management system can assign ownership and prevent files from disappearing between departments. Standard applications can be automated, while unusual cases receive expert review. Speed must not undermine responsible lending, fraud controls, affordability assessment, or legal compliance. The goal is a transparent process in which customers understand why time is required and staff know who must act next.

Complaint Management and Service Recovery

Complaints are operational intelligence. Union Bank should create one register across branches, call centers, email, mobile channels, and social media. Each complaint should be categorized by product, cause, severity, location, and outcome. Management should track first-response time, resolution time, recurrence, escalation, and customer satisfaction after closure. Frontline employees should have limited authority to correct simple errors or waive appropriate fees without seeking multiple approvals. Serious complaints involving fraud, discrimination, privacy, or financial harm require specialized escalation. A sincere apology should describe what happened, what has been corrected, and how recurrence will be prevented.

Management Accountability

The case correctly places responsibility on management for planning, organizing, controlling, and coordinating. Accountability should be specific. Branch managers should own staffing, local service standards, coaching, and complaint patterns. Operations leaders should own processing workflows. Technology leaders should own uptime and incident recovery. Human resources should own fair training, workload, and employee relations. Compliance should monitor legal and conduct risk. Senior leadership should review a balanced scorecard rather than focusing only on profit. When targets conflict—for example, rapid sales versus careful suitability—leaders must establish which standards take priority.

A Balanced Service-Quality Scorecard

Union Bank can evaluate improvement through a small group of connected measures. Customer measures may include satisfaction, complaints per thousand transactions, repeat-contact rate, waiting time, and digital completion. Operational measures may include ATM uptime, processing time, transaction errors, and system recovery. Employee measures may include turnover, absenteeism, overtime, training completion, engagement, and internal fairness. Risk measures may include fraud losses, compliance breaches, data incidents, and audit findings. Financial measures may include retention, cost per transaction, deposit growth, loan performance, and profitability. No single measure should dominate. For example, reducing average handling time could worsen quality if staff rush customers.

Phased Implementation Plan

During the first thirty days, Union Bank should stabilize critical systems, investigate the most common complaints, communicate with employees, and identify immediate staffing gaps. During the next ninety days, it should introduce the training matrix, queue analysis, complaint register, service-level targets, and ATM maintenance schedule. Over six to twelve months, it should redesign loan workflows, strengthen digital channels, update performance management, and implement management development. Pilot projects should be tested in selected branches before wider rollout, with results compared against baseline measures. Change should be communicated clearly so employees understand that measurement is intended to improve systems rather than create a new method of blame.

Conclusion

Union Bank's customer-service decline is the visible result of weaknesses in management, employee experience, training, technology, workflow, and accountability. The bank cannot repair the problem by asking tired employees to smile more, replacing older managers with younger ones, or launching a mobile application while core systems remain unreliable. It must create a dependable service chain. Reliable technology, fair training, realistic staffing, transparent loan processing, respectful communication, effective complaint recovery, and balanced performance measurement will improve both customer satisfaction and organizational stability. Customers are central to the bank's existence, but employees are the people and systems through which promises are fulfilled. Service quality will improve when Union Bank treats those two realities as connected rather than competing. (Grönroos, 2007)

References

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