The role of reliability and tangibility in increasing the competitiveness of commercial banks in Algeria
- Case study at commercial banks in Algeria

houssameddine abdelhafid [1], hacene boubaya [2]

[1] University of M'sila (Algeria), Laboratory of economic strategies and policies in Algeria, houssameddine.abdelhafid@univ-msila.dz,

[2] University of M'sila (Algeria), Laboratory of economic strategies and policies in Algeria, hacene.boubaya@univ-msila.dz,

Abstract:

The aim of this study is to emphasize the important role of the reliability and tangibility dimension, which are considered to be one of the most important dimensions of the quality of the banking service in terms of impact and increase of competitiveness in Algerian commercial banks, by caring for the customer who is the most important and dynamic element in commercial banks, We tested reliability and tangibility by doing two hypothesis tests based on a questionnaire that was answered by 128 customers in several banks located in Algeria. Finally, we found that reliability, tangibility has a positive impact on the competitiveness of Algerian commercial banks.

Keywords: Reliability ; Tangibility ; Customers ; Competitiveness.

Jel Classification Codes: **:** L84 ; G29 ; M31 ; D41

_____

houssameddine abdelhafid, houssameddine.abdelhafid@univ-msila.dz.

1. INTRODUCTION

The global economy is growing at an accelerated pace in all sectors. And this is all kinds of organizations to keep pace with the products have become increasingly sophisticated, and this is evident through modern technology.

Therefore, it should be stressed that financial institutions in general and banking in particular must adopt all methods that have been developed, such as the deep dimensions of high-quality banking services, which will help them to meet future challenges.

Banking service quality is one of the gateways with various dimensions and multiple entries, in order to chart the main trends of banking institutions.

Customer is the most important component in all economies of the world in general. It is the focus of financial banking operations, and it is the main source of capital through the provision of incentives and facilities to attract capital. Therefore, the customer must be genuinely interested and nurtured by banks. Otherwise, opportunities to stay in markets dominated by competition of all kinds will be lost.

We ask the following question:

What is the effect of reliability and assurance on the competitiveness of banks?

Hypotheses Study

Hypothesis 1: H01: There is no positive impact of reliability on the competitiveness of banks.

Hypothesis 2: H02: There is no positive impact of tangibility on the competitiveness of banks.

Objectives of the study

- Studying the relationship between bank reliability and competitiveness;
- Studying the relationship between tangibility and the competitiveness of banks;
- Clarify the concept of two dimension and competitiveness of commercial banks;
- highlighting the importance of dimensional reliability and tangibility;
-Emphasizing the relationship between (reliability, tangibility) and the competitiveness of commercial banks.

Previous study

- In this study (Ma., 2012, pp. 1601-1608), entitled "**Assessing Serviceability and Reliability to Affect Customer Satisfaction of Internet Banking**", The author reviewed many variables, the most important of which is that reliability consists of (privacy, safety and assurance).

- In this study," **Measuring consumer satisfaction in internet banking: a core framework**" (Ziqi Liao & Cheung., 2008, p. 47), The researcher has developed a hypothesis that reliability is an essential part of the quality of service by studying online banking services.

- In this study under the title: "**Mobile banking service quality and customer satisfaction (application of servqual model)** (Amiri Aghdaie & Faghani, 2012, pp. 351-361), the researcher hypothesized that reliability has a lot to do with satisfying Iranian customers with Mobile Bank services.

- In this study, entitled: "**An Evaluation of SMEs Satisfaction Toward Jordanian Islamic Banks Service Quality**" (Sana, 2015, pp. 86-94), the following hypothesis was developed: There is no perceptible that satisfies the Jordan Islamic Bank (SMEs) customers.

- Izah Mohd Tahir's study, "**Service quality gap and customers 'satisfactions of commercial banks in Malaysia**" (Izah Mohd Tahir & NM., 2007, pp. 327-336), a questionnaire was used, in which the researcher asked questions explaining modern equipment and the elegant appearance of the staff that paints a good image of the bank.

1.THEORETICAL FRAMEWORK

Reliability:

For the researchers community, reliability is directly determined by the customer's perception of the degree of service (Sansò Brunilde, André Girard, & Florent., 2005, pp. 45-48).

Reliability is the ability of a service provider to provide the service in an accurate and reliable manner (Korda; & Snoj., 2010, p. 187).

And Reliability in service performance directly affects customer loyalty (Bloemer, 1998, pp. 276-286)

Reliability means that all transactions submitted to clients are successfully completed by service providers (Abualsauod & Othman, 2019, pp. 1-7).

It is therefore the ability to properly perform the promised service (Ma., 2012, pp. 1601-1608; Omar Muhamad Saufiyudin, Ariffin Hashim Fadzil, & Ahmad., 2016, pp. 384-392).

It is a measure of the bank's ability to perform the service as promised and without error (Parasuraman, Zeithaml, & Berry, 1988, p. 12; Torres Fragoso & Luna Espinoza, 2017, p. 1301).

The term reliability in relation to the provision of the service indicates that the service must be provided as expected and correct in the promised time (Iberahim, Mohd Taufik, Mohd Adzmir, & Saharuddin, 2016, pp. 13-20).

They also notes (Wolfinbarger & Gilly, 2003, pp. 193-198) ,that the strongest thing that can predict customer satisfaction is reliability.

Tangibility:

It is all the material in the bank of facilities and equipment that help employees to carry out their work (Manshor Amat Taap, Siong Choy Chong, Kumar Mukesh, & Kee., 2011, pp. 822-840).

tangibility is the material aspect of the service, i.e. it represents all the tools and equipment used in the process of obtaining customer satisfaction (Hennayake, 2017, pp. 156-161; Korda; & Snoj., 2010, p. 187).

The services are intangible and the proof is that the customer does not use his five senses, which makes the intangible aspects difficult to describe and accurately clarify the service provided.

According to (Booms & Bitner, 1982, pp. 35-40; Bose Sunny & Nitin., 2013, pp. 59-66), the elements of the marketing mix consisting of (product, price, promotion, advertising, place, individuals, material evidence, process) work together to enhance the good image of the service.

Competitiveness:

The concept of competitiveness is a broad concept that is determined by the sector in which it is applied, so researchers have made attempts to define the concept of competitiveness according to the conditions of their studies. Accordingly(Mamiko & Naoyuki, 2006, p. 2), the concept of competitiveness is divided into three parts:

Definition of competitiveness by financial institutions;

Clarifying the relationship between competition and competitiveness;

Focusing on competitiveness in terms of quantity or quality.

There are several theories that attempt to define the concept of competitiveness, such as the oligopoly theory, but a SCP paradigm, He studied market performance and market structure and determined the structural measures of competition through formal approaches and informal approaches(Kheng, Mahamad, & Ramayah, 2010, p. 57).

There is no clear definition of banking competition due to the fact that many measures have been taken to reach excellence. However, many indicators have emerged to measure banking competition, such as the Herfindahl-Hirschman index (which measures the concentration in the banking market) and the Lerner Index (Which measures the market power of banks and and the statistic (Measures banking competition)(Lapteacru, 2014, pp. 41-50).

As for measuring it and giving it the mathematical form, we find that there are three methods for measuring competitiveness (Claessens, 2009, pp. 5-7) :

Market structure and associated indicators;

Organizational indicators that measure competitiveness;

Rules for determining the degree of competition.

2. RESULTS AND DISCUSSION

We targeted the study community (bank customers in Algeria). Then, the study sample was determined by a random stratified sample from the study community, 155 questionnaires were distributed to bank customers under study (four banks), 144 were retrieved and 128 accepted, accounting for 80.62% of the total surveys.

We found that males represented 80 individuals, 62.5%, and females, 37.5%. The age group of 30 years - 40 years of bank customers being studied was the overwhelming proportion, which was estimated at 54%.

Also, we have noticed that the percentage of workers in economic institutions and companies that own bank accounts in these banks is the largest category, as it was estimated at 51.5%.

Table 1. Characteristics of the respondents (Gender)

Categories	Frequency	Percentage
male	80	62,5 %
female	48	37,5 %
total	128	100 %

Source: Prepared by the researchers based on the SPSS.

Table 2. Characteristics of the respondents (Age)

Categories	Frequency	Percentage
- 18 to 30	31	24 %
- 30 to 60	69	54 %
- 60 and above	38	30 %
total	128	100 %

Source: Prepared by the researchers based on the SPSS.

Table 3. Characteristics of the respondents (Professional position)

Categories	Frequency	Percentage
Representatives of companies and institutions	20	15,6 %
Worker	66	51,5 %

free businees	30	23,4 %
Unemployed	2	1,5 %
Student	10	8 %
total	128	100 %

Source: Prepared by the researchers based on the SPSS.

Study tool: For scientific research tools, it was based on the questionnaire. Where the questionnaire was designed on the basis of the relevant literature.

Statistical methods: These methods were used to obtain general indicators about the characteristics of the study population and describe study variables, including frequency distribution, percentages, average, and standard deviation, as shown in our study.

A. **Alpha Cronbach Lab**: Alpha Cronbach was used to find the validity and consistency of paragraphs and topics of the questionnaire among them in order to determine the validity of this study. We found Alpha Kronbach 87.6% which means we can use this data to answer a study of our problem.

B. **Correlation coefficient**: We used the correlation coefficient to find out the extent to which the questionnaire paragraphs relate to each other, and to find real and influencing variables in our study.

2.1. The Independent variable is reliability and tangibility

Table 4. Results of correlation Paragraphs Reliability and tangibility

paragraphs	reliability	tangibility
P1	1 128	,542** ,000 128
P2	,542** ,000 128	1 128
P3	,456** ,000 128	,498** ,000 128

Source: Prepared by the researchers based on the SPSS.

Correlation values, as seen above in the table 4, were all statistically significant α (0,01), and thus the independent variable, the banking service quality, was confirmed and validated.

2.2. The Dependent variable is competitiveness

Table 5. Results of correlation paragraphs competitiveness

paragraphs	P1	P2	P3
P1	1	,366**	,482**
		,000	,000
	128	128	128
P2	,522**	1	,721**
	,000		,000
	128	128	128
P3	,251**	,279**	1
	,000	,000	
	128	128	128

Source: Prepared by the researchers based on the SPSS.

Correlation values, as seen in Table 5, were all statistically significant at α (0.01), and thus the dependent variable, the competitiveness, was confirmed and validated.

2.3. Hypotheses test results:

2.3.1. The first hypothesis: "There is no positive impact of reliability on the competitiveness of banks.".

Table 6. Results of the mean and standard deviation

Paragraphs	Mean	Standard deviation
Reliability		
P1	4,0352	,93449
P2	2,5431	,96322
P3	3,6448	,94327
Tangibility		
P1	3,4432	1,12001
P2	3,5982	1.01321
P3	3,7874	1,01833
competitiveness		
P1	3,5630	1,0811
P2	3,5462	,97113
P3	3,5210	,85440

Source: Prepared by the researchers based on the SPSS.

The first paragraph with an average of 4,03, the second paragraph with an average of 2.54, and the third paragraph with an average of 3,64, we note that the means are limited between 2.54 and 4.03 and with a standard deviation was between 0.96 and 0.93. The first paragraph was ranked first because of its importance for the respondents concerned with:" Service providers perform the promised service".

Table 7. Results of the correlation between reliability and competitiveness

	P1	P2	P3	Competitiveness
P1	1	,544**	,329**	,226**
		,000	,000	,010
	128	128	128	128
P2	,544**	1	,465**	,341**
	,000		,000	,000
	128	128	128	128
P3	,329**	,465**	1	,288**
	,000	,000		,003
	128	128	128	128
competitiveness	,226**	,341**	,288**	1
	,010	,000	,003	
	128	128	128	128

Source: Prepared by the researchers based on the SPSS.

Likewise, the above correlation values in Table 4, which were all statistically significant at α(0.05). Thus, we reject the first zero hypothesis, and this indicates a positive impact between reliability and competitiveness.

2.3.2. The second hypothesis:"There is no positive impact of tangibility on the competitiveness of banks".

In Table 7, we show the average of the study sample on the questionnaire paragraphs in the second axis that relate to the second hypothesis as follows:

The first with an average of 3,44, the second with an average of 3,59, and the third with an average of 3,78. We note that the means are limited between 3,44 and 3,78 and a standard deviation was between 1,01 and 1,12, and that the third paragraph ranked first because of its importance for the respondents concerned, "the internal structure of the bank is comfortable and attractive". Table 3 also shows that the means of the second axis of the questionnaire for the second hypothesis were higher and greater than average 3.

Table 8. Results of the correlation between tangibility and competitiveness

	P1	P2	P3	Competitiveness
P1	1	,426**	,486**	,314*
		,000	,000	,020
	128	128	128	128
P2	,426**	1	,388**	,611**
	,000		,000	,000
	128	128	128	128
P3	,486**	,388**	1	,617**
	,000	,000		,000
	128	128	128	128
competitiveness	,314*	,611**	,617**	1
	,020	,000	,000	
	128	128	128	128

Source: Prepared by the researchers based on the SPSS.

Correlation values in Table 8, all of which were statistically significant at the alpha level α (0,05) we reject the first zero hypothesis, and this indicates a positive impact between tangibility and competitiveness, which indicates that banks should The physical equipment in the bank is attractive.

3. CONCLUSION

The main objective of the study was the banks in question are distinguished in their ability to implement the dimensions of banking quality, which are reliability and tangibility, which confirmed the great role these dimensions play in achieving advantage and competitiveness.

It was also clear that when the bank performs the service it promised to do in a timely and appropriate manner, it is the best that customers prefer and increases their reliability towards the bank's management and thus the increase in competitiveness.

It also turned out that the time waiting for the customer is necessary in response to the increase in the quality of banking services, which was already reflected on the customers. The responses that employees have raised to customers have had a real and significant impact on competitiveness. The customer also wants to guarantee all personal information and things he does not want to share with others. This is reflected positively in competitiveness.

Clients have paid great attention to how employees interact with them by listening to all questions on their minds and interests. This allowed their satisfaction and reliability to be captured, which is sought by banking institutions, which confirms that the reliability dimension has had a positive role in competitiveness.

We also suggest that banks emphasize the importance of human composition in terms of understanding all customer interests and providing a sufficient number of employees. Priority must also be given to competencies and skills to deal with the program to ensure confidentiality of customer information with the bank, and commercial bank departments must be equipped with modern technological means to ensure the provision of services quickly.

We provide our research perspectives as much as possible, with customer interest as it represents the main profits and the most important link for banks. We also believe in the need to conduct in-depth customer studies and compare clients of each bank to explain the fundamental difference for each bank in building its competitiveness.

4. Bibliography List :

• Abualsauod, E. H., & Othman, A. M. (2019). A study of the effects of online banking quality gaps on customers' perception in Saudi Arabia. *Journal of King Saud University - Engineering Sciences.*

• Amiri Aghdaie, S. F., & Faghani, F. (2012). MOBILE BANKING SERVICE QUALITY AND CUSTOMER SATISFACTION (APPLICATION OF SERVQUAL MODEL). *INTERNATIONAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH, 2*(4), 351-361.

- Bloemer, J. (1998). Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction. *International Journal of Bank Marketing, 16*(7), 276-286.

- Booms, B. H., & Bitner, M. J. (1982). Marketing services by managing the environment. *Cornell Hotel and Restaurant Administration Quarterly, 23*(1), 35-40.

- Bose Sunny, & Nitin., G. (2013). Customer Perception of Services Based on the SERVQUAL Dimensions: A Study of Indian Commercial Banks. *Services Marketing Quarterly, 34*(1), 49-66.

- Hennayake, H. (2017). Impact of service quality on customer satisfaction of public sector commercial banks: A study on rural economic context. *International Journal of Scientific and Research Publications, 7*(2), 156-161.

- Iberahim, H., Mohd Taufik, N. K., Mohd Adzmir, A. S., & Saharuddin, H. (2016). Customer Satisfaction on Reliability and Responsiveness of Self Service Technology for Retail Banking Services. *Procedia Economics and Finance, 37*, 13-20.

- Izah Mohd Tahir, & NM., A. B. (2007). Service quality gap and customers' satisfactions of commercial banks in Malaysia. *International Review of Business Research Papers, 3*(4), 327-336.

- Kheng, L. L., Mahamad, O., & Ramayah, T. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. *International journal of marketing studies, 2*(2), 57.

- Korda;, A. P., & Snoj., B. (2010). Development, validity and reliability of perceived service quality in retail banking and its relationship with perceived value and customer satisfaction. *Managing Global Transitions, 8*(2), 187.

- Lapteacru, I. (2014). Do more competitive banks have less market power? The evidence from Central and Eastern Europe. *Journal of International Money and Finance, 46*, 41-60.

- Ma., Z. (2012). Assessing Serviceability and Reliability to Affect Customer Satisfaction of Internet Banking. *JSW, 7*(7), 1601-1608.

- Manshor Amat Taap, Siong Choy Chong, Kumar Mukesh, & Kee., F. T. (2011). Measuring service quality of conventional and Islamic banks: a comparative analysis. *International Journal of Quality & Reliability Management, 28*(8), 822-840.

- Omar Muhamad Saufiyudin, Ariffin Hashim Fadzil, & Ahmad., R. (2016). Service Quality, Customers' Satisfaction and the Moderating Effects of Gender: A Study of Arabic Restaurants. *Procedia - Social and Behavioral Sciences, 224*, 384-392.

- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual: A multiple-item scale for measuring consumer perc. *Journal of Retailing, 64*(1), 12.

- Sana, M. (2015). An Evaluation of SMEs Satisfaction Toward Jordanian Islamic Banks Service Quality. *Procedia Economics and Finance, 23*, 86-94.

- Sansò Brunilde, André Girard, & Florent., M. (2005). Integrating reliability and quality of service in networks with switched virtual circuits. *Computers & Operations Research, 32*(1), 35-58.

- Torres Fragoso, J., & Luna Espinoza, I. (2017). Assessment of banking service quality perception using the SERVPERF model. *Contaduría y Administración, 62*(4), 1294-1316.

- Wolfinbarger, M., & Gilly, M. C. (2003). eTailQ: dimensionalizing, measuring and predicting etail quality. *Journal of Retailing, 79*(3), 183-198.

- Ziqi Liao, & Cheung., M. T. (2008). Measuring consumer satisfaction in internet banking: a core framework. *Communications of the ACM, 51*(4), 47.

 Claessens, S. (2009). *Competition in the financial sector: Overview of competition policies*. Paper presented at the IMF Working Paper

- Mamiko, Y.-A., & Naoyuki, Y. (2006). *Concept of competitiveness in the financial sector*. Paper presented at the Financial Research and Training Center, Tokyo, Japan.