



# AN EMPIRICAL INVESTIGATION OF SERVICE QUALITY DYNAMICS IN THE DIGITAL ERA: PERSPECTIVES FROM GUANGDONG'S FINANCIAL SERVICES SECTOR

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## Abstract

**Purpose:** This research aims to understand how financial institutions in Guangdong are improving quality of service to aid themselves and customers in getting on with new expectations after COVID-19. It seeks to generally outline the digital transformation impacts and behavior shifts brought on by the pandemic, providing insight into the upcoming challenges regarding aligning technological advances with service delivery to customers.

**Methodology/Approach:** The research follows the interpretive paradigm for a qualitative approach. Semi-structured interviews were conducted with 12 customers and 8 practitioners. Thematic analysis was used to develop four main themes-digital efficiency, trust and transparency, personalized service, and agility to dynamic market changes.

**Originality:** The study gives a new twist regarding the interplay between digital transformation and customer expectations within the financial services sector, especially characterizing the post-pandemic phase, and challenges around that, faced by the institutions in Guangdong. It poses the crucial upholding harmony of innovative technologies and humanness in service.

**Value:** The recommendations contained in this study would offer financial institutions the possibility to enhance their current approaches to business on channels for quality service delivery. Future research is ultimately expected to uphold this work by addressing the empirical argument regarding financial service retailing. The research findings thus support the ongoing attempts to promote digital finance investment as a contributory factor towards enabling this modernization.

**Keywords:** Digital Transformation, Guangdong Financial Sector, Service Quality, Customer Expectations

## 1.0 Introduction

The financial services sector in Guangdong Province plays a critical role in the landscape of the Chinese economy, which is characterized by rapid growth and digital innovation, as pointed out by the 2019 Global Financial Centres Index, with Guangzhou being ranked fourth in the world in fintech (Guangdong Political Consultative Conference Network, 2021). Guangdong, a home to over 126 million people and contributing around 11% to the national GDP, acts as a financial cortex with immense influence on the larger economy (National Bureau of Statistics of China, 2024). Proximity to international trade has incorporated financial innovation into integration with technology. That, however, has steepened customer expectations post-COVID-19, an event that has hastened the digital transformation across industries. Digital banking transactions in Guangdong between 2019 and 2021 leapt by 53%, which in turn displays behavioral changes in consumer behavior over that time period (NFRA, 2022). That has since exerted development pressure on financial institutions to provide friction-less, effective, and secure online services. Service quality is a major determinant of customer satisfaction, which in its turn has assumed new shapes in the age of the digital.

While the five facets, originally proffered in the model after the work of Parasuraman, Zeithaml, and Berry (1988), still serve as fundamentals, these dimensions themselves have changed. Henceforth, using digital interfaces to facilitate information and reliability will concern secured transactions while customer service responsiveness will entail the speed of the online response. Assurance and empathy refer to the clearness and security of managing the customer's data. Institutions should avail themselves of such a changed conception of the dimensions for being and staying competitive. It has been demonstrated that 70% of the consumers in China would rather go for digital banking, even though they call upon high security coupled with personalized experience (Accenture, 2021). In tech-savvy Guangdong, balancing these complex expectations with competitions from fintech platforms is quite interesting, such as WeChat Pay and Alipay. Traditional banks and financial technology disruptors involved in Guangdong's finance are met with stiff competition between each other, and digital payment developments have raised the ante for customer service. Surveyed on ease of use and quick service in financial services, Daqar, Arqawi and Karsh (2020) noted the preference of the respondent base. This means that traditional banks must increase the quality of their service in order to meet those standards. But this opens a door of opportunity to the institutions, as long as they invest in the central digital architecture in infrastructures, employee training, and more advanced technologies like artificial intelligence and blockchain. A personalized service approach is key to closing the customers and building customer loyalty. (Rane, Achari and Choudhary, 2023).

This study fills a research gap by exploring how Guangdong financial institutions can leverage service quality to meet customer expectations in the post-pandemic era. Existing frameworks (e.g., SERVQUAL) provide the foundation. This study adopts a qualitative approach, conducting semi-structured interviews with customers and industry experts, and will provide comprehensive insights and practical recommendations. It is expected that this study will add new content to the literature base and provide a basis for policymaking to help financial institutions adapt to the customer-oriented digital market.

## 2.0 Research Objectives and Research Questions

### 2.1 Research Objectives

RO1: To explore how service quality expectations among customers in Guangdong Province's financial services sector have evolved, particularly in the wake of digital transformation and the COVID-19 pandemic.

RO2: To identify and analyze the key factors influencing customer satisfaction and trust in the digital financial services context.

RO3: To investigate the strategies that financial institutions are employing to enhance service quality and ensure alignment with evolving customer expectations.

## 2.2 Research Questions

RQ1: What are the primary service quality expectations of customers in the financial services sector of Guangdong Province, and how have these expectations evolved due to digital transformation and the post-pandemic environment?

RQ2: How do factors such as reliability, responsiveness, and personalization influence customer satisfaction and trust in digital financial services?

RQ3: What strategies are financial institutions adopting to meet and exceed the evolving service quality expectations of customers, and how effective are these strategies in fostering customer loyalty and competitive advantage?

## 3.0 Research Methodology

### 3.1 Philosophical Framework

In this research, the interpretivist paradigm is employed for giving access to subjective experiences and perceptions amid the complexities of social contexts. Interpretivism focuses on understanding the meanings that individuals give to phenomena in their contexts (Pervin et non Mokhtar, 2022). The research allows for a profound exploration of how customers and professionals perceive service quality in the financial sector of Guangdong Province. The interpretive approach, since service quality comprises aspects perceived to be intangible such as trust, satisfaction, and responsiveness, captures such intricacies and realizes in-depth insights. Here the study recognizes the view of reality as a socially constructed process with perceptions largely shaped by individual experiences and wider socio-economic factors including COVID-19's impact and the transformation to the digital.

### 3.2 Research Design

The study adopts a qualitative design through semi-structured interviews to collect data. This study design will provide an indepth explanation of complex issues by capturing the substance of individual experiences and perceptions (Dunn, 1983). Both the semi-structured and the unstructured interviews allowed for a wide-ranging discussion while ensuring proper coverage of the principal issues pertaining to efficacy, trust, personalization, and flexibility. They lastly allowed the researcher the ability to make follow-up queries when needed; hence the information gleaned would be thick and rich. Qualitative methods thus provide a profound inroad into interpreting and making sense of service quality change rather than quantitatively measuring experiencing subjects.

### 3.3 Population

There are two groups of people that make up the target population of the study: customers with some degree of financial services and industry professions based in Guangdong Province. The customer group consists of individuals who actively use banks and digital financial platforms selected to reflect a diverse demographic in terms of age, income, and digital skills. All these demographics help foster a comprehensive understanding of expectations of service quality across the various segments. The industry professionals selected for this purpose are managers, customer service representatives, and digital transformation specialists who bring in their expertise to enhance service quality management and strategize decision-making. It is very much critical for comprehending how financial institutions respond to the changing desires of customers.

### 3.4 Sampling

Purposive sampling is a qualitative method whereby participants are selected according to some characteristic shared in common with others in the study in order to provide particular insight against the stated objectives of the research. It emphasizes depth rather than representativeness (Campbell et al., 2020). Customers targeted in this category should also have been users of digital financial services for not less than six months so that they are able to relate good experience with the services. Industry professionals should be operating in quality management of services or some closely related strategic initiatives. This will involve 10 to 15 customers and 5 to 10 industry professionals,

consistent with standards of qualitative research, focusing on data saturation where no further themes can be extracted from the data (Braun and Clarke, 2019).

### 3.5 Data Collection

The data collected through semi-structured interviews will have an intermediary character between the structured and flexible inquiry approaches. The interview guide-that will be based on the SERVQUAL model-will be refined to assess digital and post-pandemic service quality. For the tangibility ones, the consults will cover digital interface accessibility, while for reliability, the issues at stake will revolve around consistency and security. They will last 15-60 min. according to the preference of the participant and will take place either in person or online. Recorded with the consent of participants, audio recordings will capture nonverbal cues and contextual factors in field notes.(Rutakumwa et al, 2019). Participants will be duly informed and sensitized, rights of withdrawal assured, and confidentiality promised as per ethical protocols( Petrova,Dewing,and Camilleri, 2014).

## 4.0 Analysis

### 4.1 Participant Overview

Table 1 provides a summary of the demographic and professional characteristics of the participants, who included a broad range of customers, from young digital natives to older people adapting to digital banking, as well as industry experts with expertise in digital transformation, customer service and security.

Participant Group	Number of Participants	Age Range	Average Interview Duration	Key Roles/Profiles
Customers	12	25-65	25mins	Young professionals, entrepreneurs, retirees
Industry Professionals	8	30-65	40mins	Young professionals, entrepreneurs, retirees

Table 1: Participant Overview

### 4.2 Coding Methodology

Data analysis was done using the qualitative data-analysis software NVivo, which allowed an organized yet efficient grouping of similar ideas to develop themes. The broad overview provides a three-phase analysis: open coding, axial coding, and selective coding.

- **Open Coding:** In this phase, the researcher thoroughly examined each interview transcript line by line with a view to revealing repetitive concepts and phrases. Some of the codes that appeared both in customer and

professional interviews included: "speed", "data security", "trust", "AI personalization", and "digital transformation". More than 150 initial codes were produced, reflecting concerns and expectations about service quality. Transaction speed and protection of customer information were among concerns raised frequently by customers, while digital investments were raised by the industry professional as a strategic tool. Such broad categorization became a beginning for some intense exploitation (Romero-Saldaña, 2016).

- **Axial Coding:** The second stage establishes relationships between the initial codes. The outcome is an elaboration and connection with codes into coherent categories to reflect relationships among the various elements of service quality. The participant described how speed was linked with digital efficiency and data security with trust. These interlinkages illustrated the multiple dimensions of customer expectations. For instance, fast, reliable transactions raised by participant C2 were echoed by participant P1 in respect to optimizing the digital platforms to avoid downtime. This phase highlighted the importance of balancing technological enhancements with traditional service quality considerations.
- **Selective Coding:** Towards the close of this coding, the analysis identified core themes that addressed the research question and were the most representative of the data. This steady move became that of trying to pull a narration into a brief summary wherein categories were integrated with broad themes of "Digital Service Expectations" and "Trust and Transparency". The insights by participant P5 into striking a balance between AI-driven personalization and human empathy were tied in with participant C7's worries around narrowed possibilities surrounding automation responses. This has made the analysis more crisp and ensured that all aspects related to a theme were comprehensively analyzed in view of the intricacies of service quality expectations.

### 4.3 Theme Generation

#### Digital Service Expectations

In the present-day digitalized society, the demand has ever become one of simple, convenient, and reliable digital services. Customers in Guangdong are getting quite intolerable towards failures of one form or another in digital banking and demand to be able to get their services as rapidly and seamlessly as possible, with all forms of service disruption leading to high dissatisfaction. Participant C1, a 29-year-old marketer, expressed his frustration by saying; "Any delay in payment processing or accessing account information makes me lose trust on the part of the bank in terms of its technology." In much the same breath, Participant C3, a 34-year-old technical consultant, stressed that digital banking should be "seamless and smooth."

The leap toward digital banking has risen sharply since the COVID-19 pandemic accelerated the virally accepted adoption of other forms of financial services. Meeting such expectations has risen to become a strategic goal for banks. Participant P2, who happens to be a digital infrastructure manager, said, "We've invested quite a bit in upgrading our digital systems because even the smallest of technical hiccups can have a huge outcome on customer satisfaction." Approaches to digital performance have been shifting towards creating a mutually acceptable means of distinguishing between differentiation between speed and accessibility. Yet professional insight reflected in the literature about the ability to uphold a system's reliability has changed since the tech revolution developed at rapid speeds, which reflects on the digital performance sometimes seemingly at odds with the customer experience (Zeithaml, Bitner, & Gremler, 2017).

#### Trust and Transparency

Trust remains the backbone of customer relationships in the financial services industry; this is even more true as transactions shift online. Common fears include data security and privacy, and some customers are taking increasingly obscure measures to protect personal and financial information. Participant C8, a small business owner aged 45 years, illustrated worries around "cybersecurity" by stating, "It is just not about the app, I have to have faith in the app that my financial data is protected from breaches." The 52-year-old teacher, Participant C10, stressed the importance of open communication around service fees, noting, "I don't need to be taken by surprise with hidden costs; this sort of transparency is very important."

Practical awareness of the need to create and sustain trust which is building rapport in this field is widely known by industry professionals. Participant P4, a cybersecurity expert, spoke lengthily of safeguards against breaches covering customer data: "We are constantly updating the security protocols to counter the upcoming perils." Transparency has also become quite important, where institutions have exerted themselves to verbally describe terms of service. The balance between the harsh but secure systems and user comfort is a challenge since lengthy protocols will cause dissatisfaction for users. This theme is consistent with research on the role of trust and transparency in building relationships in the digital financial world (Royo-Vela, Frau and Ferrer, 2024).

### **Personalization and Empathy**

Customers are increasingly in search of financially guided personalized solutions for their distinct oriented needs. Digital banking does not reduce the market for human-centered interaction; it only strengthens the demand for empathetic customized technology. Participant C5, a 38-year-old entrepreneur, voiced that there was need for bespoke advice, saying, "Generic recommendations simply don't work for me; I need advice suited to my specific business needs." C7, a 60-year retiree, noted the requirement for empathetic support, saying, "Automated replies are a pain when you really want help; I do appreciate when banks have staff who genuinely understand my concerns."

Industry professionals attempt to respond to these demands by using technologies like AI and data analytics. Participant P6, customer experience manager, talked about the personalization of AI-driven services, noting, "Using AI helps us analyze customer behavior and provide them with customized solutions, though creating an interaction that feels truly human is a challenge." In spite of these progressions, the human touch is all-important, especially with the older clientele or complicated issues. It defines the changing role of personalization and the closely tied relevance of empathy (Parasuraman, Zeithaml, & Berry, 1988).

### **Adaptability and Resilience**

The last theme deals with the very ability of the financial sector to cope with external disruptions and the dynamic customers' demands. The COVID-19 pandemic was a trigger for innovation in a way, as it forced institutions to ramp up their attempts at digital transformation. The remarks of participant P3, a strategic operations director, on remote banking were captivating, "We had to introduce digital features that had been in our long-term plans almost overnight. The ability to adapt quickly became a competitive advantage." This adaptability really did not just stop with technology, but it progresses with establishing newer customer service strategies. Participant P8, a financial advisor, remarked on how virtual consultations became pivotal in ensuring quality delivery while lockdowns were going on.

Customers have appreciated these adaptive efforts but have since set the bar higher, expecting special attention on continuous innovation. Participant C12, a 41-year-old freelancer, commented: "I was really impressed with how quick my bank was at adapting to the pandemic, but I hope they keep on innovating and don't just slope back down into old habits." Resilience carries the undeniable message that a foresighted financial institution must be equally nimble and proactive: in response to crises that have abated, but preparation for future challenges. This way of continuing to innovate matches perfectly with the need outlined in dynamic capability theories, pointing toward flexibility and responsiveness that help achieve competitive advantage (Fabrizio et al., 2021).

## **5.0 Conclusion**

This research thus investigates the transformation in expectations of service quality in the financial services sector within the Guangdong province resulting from the impacts of digital transformation and possible strategic responses of institutions. The results underscore how important factors such as digital efficiency, customer trust and data security, personalized service, and institutional adaptability combine and reflect on customer satisfaction and loyalty. The dynamics being explored here support the fact that the challenges of balancing the advancements of technological progress with human-centered aspects of service provision are a major challenge for financial institutions. Thus, the knowledge gained from this study offers practical recommendations for service quality

augmentation while calling for a more savored approach toward merging state-of-the-art technology and strong customer relationship management.

Moreover, this study undoubtedly adds to the existing literature by encapsulating the contextual domain concerning post-pandemic service quality in a market that is rapidly going digital and hence so paving way for future research. Future studies could re-confirm these findings again by working in a different market in various other geographic regions or sectors and exploring the consequences of digital innovations impacting the customer experience and strategies of institutions in the long run.

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