

An Impact of Service Quality and Customer Satisfaction in Public and Private Sector Bank - Reference to Coimbatore City

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Abstract: The banking sector has various dynamic approaches in the current trends such as internet banking, 24*7 services, anywhere banking system, E-Cheques, Mobile banking, Electronic Transfer Fund, Electronic Clearing Services (ECS). So, every bank is in cut-throat competition in providing best service to their customer. Service quality is the key factor for the success of banking sector. The banking sector has been more liberalized and restructured. Technology has made tremendous impact in banking. Satisfying the customer is the touchstone for the Success of the Service industries.

Keywords: Banking, Customer Satisfaction, Public sector banks, Private sector Banks.

Introduction

The Indian Banking Industry is rapidly moving fast towards growth in the world. Banking Sector has attained most important place in the economy of India. Banks are in the position to gain the satisfaction of the customer through service quality and customer retention. The banks are in the circumstance to fulfill the needs and demands of the customer. The satisfaction of customer is the main factor for Customer retention. The banking sector is in the phase of progressive shift due to the inception of Fin-Tech and other technologies.

Functioning Branches of Commercial Banks in India

| S.No | Bank Group | Branches |
|--------------|------------------------|-----------------|
| 1. | SBI and its Associates | 22,106 |
| 2. | Nationalized Banks | 65,934 |
| 3. | IDBI Banks | 1,998 |
| 4. | Private Banks | 32,378 |
| 5. | Regional Banks | 21,840 |
| 6. | Foreign Banks | 300 |
| 7. | Local Area Banks | 86 |
| 8. | Small Finance Banks | 3,150 |
| 9. | Payments Banks | 795 |
| Total | | 1,46,601 |

Review of the Literature

| S.no | Author Name & Year | Objectives | Methodology | Findings/ conclusion |
|------|--|---|---|---|
| 1 | Ms.Veronica Dr.Shilpi Khandelwal 2020 | To examine the impact service marketing and customer satisfaction | Descriptive research and analytical research has been used Sample size: This study has 349 respondents Date Source : Primary and secondary source of data Tools used: Research model with correlation | It clearly indicates that 7's p of service marketing in the banking industry impacted the satisfaction of the bank customers |
| 2 | Monishal 2018 | To understand the consumer's perception and to analyse the impact of various attributes on overall satisfaction | Sample size: This study has 417 respondents Date Source : Primary and secondary source of data Tools used: Factor analysis | The factor responsible for customer satisfaction is varied into ten dimensions. And found out that 24*7 banking, Easy loan approval, Customer friendly, accessibility are most important factors |
| 3 | Dr.G.Ramu V.Anbalagan 2017 | To evaluate the level of satisfaction of the customer towards banking services | Theoretical Frame Work | Service quality gaps in all dimensions exist. The expectation of customer on factor measuring service tangibility yielded various averages scores. The customers were most interested in the efficiency and effectiveness of the equipment used to deliver service. |
| 4 | Neena Prasad 2017 | To determine the variables of customer services quality which have an implication on customer satisfaction and customer retention | Sample size: This study has 100 respondents Date Source : Primary and Secondary source of information Tools used: Regression analysis | The result of data analysis pertaining to that of the bank customer perception of service quality attributes is needed by the bank employees to enhance their customer retention abilities. The customer satisfaction is coupled with tangibles and empathy. |
| 5 | Parag Rijwani, | | A descriptive research design has been used in | The result of correlation analysis depicted the |

| | | | | |
|----|--|---|---|---|
| | Ritesh Patel Nikunj Patel 2017 | This study is conducted with the purpose to determine the customer's satisfaction from banking services as important factors. Further, the research is to undertaken to assess the impact of each service quality dimension on the customer satisfaction. | this study Sample size: This study has 384 respondents Date Source : structured questions Primary and Secondary source Tools used: correlation, regression, reliability analysis and Factor Analysis | positive correlation among the customer satisfaction and each selected variable. The regression analysis has drawn a result showing positive and significant impact of service quality of customer satisfaction. Among all the factors, the customer satisfaction was highly depending on Assurance and least depends on the reliability. Moreover, all the five aspects are accepted which reveals the significant impact of service quality on the customer satisfaction. |
| 6. | Gaura Nautiyal 2014 | To measure the impact of the service quality on customer satisfaction | Sample size: The sample size for the study is 225 respondents. Date Source: Structured questions Primary and Secondary source Tools used: Regression Method | The result of the five dimension correlation with customer satisfaction is positive. Three dimensions Assurance, Responsiveness and Empathy indicates with high positive beta and had significant p values |
| 7. | Abednego Feehi Okoe Judith Serwa Adjei Aihie Osarenkhoe 2013 | To investigate the role played by service quality in Ghanaian Banking Sector and its impacts on Service delivery. | Sample size: 490 samples has been collected Date Source: Primary and Secondary Data Tools used: One Sample T Test | The study reveals that individual variable recommend that banks do well on the tangible aspects of service delivery. The respondents were least comfortable with the reliability variable and nearly to the responsiveness. And they are satisfied in the assurance variable. |
| 8. | Neena Prasad 2015 | The objective of the study is to determine the degree to which service quality has its implications on customer Satisfaction in the bank | Sample size: The sample size of the study is 500. Date Source: Structured questions Primary and Secondary source Tools used: Multiple Regression tool is used in this study | The result of the regression analysis in service quality and customer has the positive significance on the factors of SERVQUAL tangibles and Reliability. |

| | | | | |
|-----|----------------------|---|---|--|
| 9. | Carlo 2005 | The relationship between Customer satisfaction and Service quality | Sample size: The sample size of the study is 150. Date Source: Structured questions Primary and Secondary source Tools used: T Test and Regression analysis | The study presents a framework focusing on quality of banking services, resulting in the creation of five elements (customer relationship, business transactions, information technology, branch and its image) which can lead to quality in services targeting customer satisfaction. |
| 10. | M.Iqbal Saif 2009 | To study the service quality level in nationalized and foreign banks in Pakistan. To examine the customer satisfaction level in nationalized and foreign banks in Pakistan. To test the relationship if any between the two variables i.e. service quality and customer satisfaction. | Sample size: The sample size of the study is 200. Date Source: Structured questions Primary and Secondary source Tools used: Regression Analysis and T test | The study reveals that service quality is a strong forecaster of customer satisfaction in case of foreign bank whereas the nationalized banks handles the reverse situation. |

Objective of the Study

1. To find out the problem faced by the customer while utilizing the service offered by Banking Sector
2. To study Customer's perception and their expectations levels provided by the banks

Research Methodology

To pursue the above-mentioned objective, the study of services offered in banking sector has been undertaken. The data required for the present study has been collected from primary as well as secondary sources. The primary data has been collected mainly through interview schedule, discussions and observations.

Sample Size

The Sample Size is 200 respondents. All the respondents will hold accounts in public or Private Sector bank in different areas in the city.

Research Tools

The tools used in this study is rank analysis, Mean, Kruskal Wallis Test to analyze the satisfaction level of the respondents

Customer Satisfaction/Dissatisfaction

Table 1.1

| S.No | Satisfaction/ Dis Satisfaction | Respondents | % |
|------|------------------------------------|-------------|-----|
| 1 | Satisfied with bank service | 124 | 62 |
| 2 | Dissatisfied with the Bank service | 76 | 38 |
| | Total | 200 | 100 |

From the above table only a few 38%, respondents were dissatisfied with the services provided by the banks and maximum of the respondents 62% are satisfied with the services offered by their bank .

Table 1.2

Measuring the SQ of satisfied customers

| S.No | Service quality Dimensions | .Expected | .Actual |
|------|----------------------------|-----------|---------|
| 1. | Tangibility | 75.12 | 55.52 |
| 2. | Reliability | 80.6 | 45.12 |
| 3. | Responsiveness | 82.42 | 39.52 |
| 4. | Assurance | 74.64 | 51.83 |
| 5. | Empathy | 71.5 | 37.87 |

The above table in case of satisfied customers on the subject of tangibility the expected rate is 75.12% as against 55.25% actual rate. About 80.6% are satisfied with the reliability of bank employees, where as the actual rate is 45.12%. Likewise, the rate of other types of expected and actual service qualities are 82.42% and 39.52% in case of responsiveness, 74.64% and 51.83% in case of assurance and finally, 71.5% and 37.87% in case of empathy.

Rank analysis

Table 1.3

| S.No | Problems Faced by the customer | Mean Value | Rank |
|------|---|------------|------|
| 1 | Inadequate Safety lockers | 41.23 | 10 |
| 2 | Communication problem | 55.43 | 5 |
| 3 | Hidden Service Charges | 45.23 | 8 |
| 4 | Lack in execution of Standing Instructions | 42.53 | 9 |
| 5 | Lack of upgraded in Technology and Mobile app | 57.66 | 4 |
| 6 | Poor Customer care Service | 47.48 | 7 |
| 7 | Delayed in Transactions(NEFT/RTGS) | 62.33 | 3 |
| 8 | Poor Customer care Service | 66.60 | 1 |
| 9 | Long time waiting in queues | 64.33 | 2 |
| 10 | Lack of SMS and E-mail alerts | 50.21 | 6 |

It is revealed that majority of the respondents faces problems in customer Care Service, followed by long time waiting in queues, Delayed in Transactions (NEFT/RTGS) and lack in upgraded in technology and mobile app.

KRUSKAL WALLIS TEST

The following factor is considered for Kruskal Wallis Test

- Personal Profile of the bank Customers
 - Reasons for holding account in Particular bank
 - Comparison between demographic factors and reasons for holding account in Particular bank
- H₀: There is no relationship between selected personal factors such as gender, marital status and type of family with the reasons for holding account in Particular bank

The table portrays the outcome of Kruskal Wallis Test in term of demographic factors, mean rank, chi-square value and their significant value with the reasons for holding account in Particular bank

- **Kruskal Wallis test - Comparison between demographic variable and reasons for holding account in Particular bank**

Table 1.4

| S. No. | Factor | Group | N | Chi square value | Sig | S/NS |
|--------|----------------|---------|----|------------------|-------|------|
| a. | Gender | Male | 86 | 0.515 | 0.040 | S |
| | | Female | 14 | | | |
| b. | Marital status | Single | 69 | 1.289 | 0.140 | NS |
| | | Married | 31 | | | |
| c. | Type of family | Nuclear | 74 | 1.262 | 0.000 | S |
| | | Joint | 26 | | | |

Note: s-significant @ 5% level (p-value < 0.05), NS- No significant @ 5% level (p-value >0.05)

There is a relationship between demographic variable such as gender (0.040) and type of family (0.000) towards the reasons for holding account in Particular bank as the significant value is less than 0.05 and there is no relationship between marital status (0.140) and reasons for holding account in Particular bank as the level of significant value is greater than 0.05. Further it reveals that male respondents and respondents in the nuclear family have reason of holding account in particular bank.

Conclusion

The study is conducted to analyze the customer satisfaction in banking services on the basis of SERVQUAL. The research also helps to find out problems that are faced by the customer while utilizing the services. The bank should enhance service quality tool as competitive weapon for the competitors. The customers are satisfied with banking but for the retention of the customers the bank should implements innovative steps in banking products and services that are offered by them.

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