



Service Quality and Customer Satisfaction in Banking Sector: A Study on Selected Private Sector Banks in Haryana

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Abstract

After privatization and globalization in the financial area of the economy, it has become hard for them to hold existing clients while drawing in new ones. A solid client base must be work by offering quality types of assistance to the clients. Thus, this study measures the relationship of service quality variables i.e. empathy, reliability, assurance, tangibility and responsiveness with customer satisfaction in the banking sector of Haryana. The population of the study is the customers in the banking sector and the sample size consist of 50 respondents. The discoveries demonstrate that help quality factors are altogether connected with consumer loyalty in chose Private Sector Banks in Banking Industry.

Keywords: *Service quality, Customer Satisfaction, Banking sector*

Introduction

A financial framework is a blend of a different associations, markets, rules and guidelines, cash supervisors, examiners, liabilities and so on The financial framework goes about as a fundamental connection in by channelizing reserve funds into speculations and upgrading the effectiveness of assets of a nation accordingly advancing monetary development. The financial business is functioning as a middle person between people, monetary establishments, government and different partners who straightforwardly and in a roundabout way get impacted by the business.

Today banks assume a significant part in the monetary and financial improvement of a country. A powerful financial framework extraordinarily impacts the development of a country. The changing financial area changes with their push on straightforwardness, proficiency and maintainability have established a serious climate for Indian banks. To accomplish these, banks in India have obliged to change the target of expanding benefits to foster long haul relationship with the clients.

The general requests for banking items and administrations has prompted the advancement of new items and a more client agreeable methodology through the presentation of modified items by the banks. This supported interest has

additionally prompted expanding strain on the banks to be more aggressive to hold clients.

An excellent service quality delivered to the customers will of course improve customer satisfaction. A satisfied customer will continue to deal with the bank over a period of time. During this time period if there is consistent delivery of goods quality product and service, the customer strength his relation with the company by being more loyal to the bank. This becomes the starting point for developing long term relations with the customer, which is exhibited by mutual trust and commitment.

Review of Literature

Khan, Lalitha & Omonaiye(2017). The review recognizes the impression of representatives of Nigerian bank about the reasonableness and adequacy of internet banking administrations in the Nigerian perspective. The outcomes uncovered that there is a huge requirement for fit, gifted and experienced experts in its banking area. It is seen that regardless of whether there are a few blocks with respect to the conveniences and foundation in the country, workers care for a reasonable assessment on the plausible advantages of web based banking.

Mehedi, Kuddus & Maniruzzaman (2017). The study demarcates the perceptions of middle-level banker's about green banking. For this study a sample of 30 customers were taken from the banks of Bangladesh. The study also points out that organizational pressure, environmental policies and regulatory frameworks have influential authority.

Alwan & Al-Zubi(2016). The aim of the study is to investigate the adoption of Internet banking by customers of commercial banks. The results show that the unique independent variables together account for the website's quality, client's trust and professed privacy and security. According to the results, Commercial banks in Jordan should focus towards the subject matter of security. For the quality aspect, banks are advised to make the customer to feel that the online services offered by their bank is better than the face-to-face services and make them feel that the online services are better than conventional channels.

Kotarba, M. (2016). The purpose of the article is to show key paradigm shifts in Customer Relationships Management (CRM) on the financial market and their exploration by the FinTech industry. The conclusion contains proposed strategic actions that need to be undertaken in order to prepare the financial services industry for managing customer relationships in the increasingly techno social environment.

Giannakis, Bompolis & Boutsouki (2014). The review assesses the level of adequacy of customary CRM rehearses reproduced on the client execution, influence the conceivable outcomes of Customer responsibility. The outcomes uncovered that the Overall Customer Satisfaction, Customer Affective commitment to the bank and the energetic Social Media Presence of the bank be estimated as significant determinants of client's status to begin another kind of relationship with the bank.

Hakimi,(2014). The point of this review is to distinguish the best factors for dividing retail banking markets and recognizing gatherings of clients that have a similar reaction to a showcasing program. Expanded rivalry in the financial business today, the financial business has followed an engaged technique. The initial move toward growing such systems is market division.

Banks According to their workplace picked various measurements for division.

Khan, B., & Rizwan, M. (2014). The paper researches how much a client is happy with the apparent assistance quality, trust, exchanging expenses and inclusion of clients affecting unwaveringness in the financial area. A huge perspective in the upkeep of rivalry in the help area is Customer steadfastness on which a company's presentation is altogether reliant. It expands the business esteem as well as permits to help costs lower than the one drawing in new clients.

Koushalya, P. R., & Manonmani, M. (2014). This paper features the utilization of cutting edge insights and software engineering to quantify, moderate, and oversee different dangers related with bank business with its clients and different banks. Subsequently By planning and introducing basic, free from any and all harm innovation, banks can arrive at the doorstep of clients with pleased fulfillment.

Rao (2014). This review features the expectations and the possible job of Retail Banking in the financial improvement of India. Retail banking is a comprehensively known variable for the advancement of the country. The new retail banking systems are going through a vital change as banks have begun taking on blend techniques like natural development securing. This has lead to a change in outlook in the promoting systems of the banks.

Yousuf, Islam, & Islam (2014). The study inspects the important concepts of Islamic banking. It examines its history in the world i.e from the establishment of first Islamic bank in 1983, to till now it has eight Islamic banks. It was found that most of the banks showed remarkable profitable growth except one individual bank (ICBIBL) in the last decade and that is also due to frequent change in ownership.

Malik, S. (2014). The review centers around the change that innovation has gotten the financial area of India. In the previous many years, there has been a few significant monetary developments India's banking structure that has lead to extraordinary upgrades in financial administrations and tasks. The paper likewise features that how the banks are vigorously embracing the developments bringing the advantages just as difficulties of changing financial patterns.

Nayak, N., Nath, V. I. K. A. S., & Goel, N. (2014). The fundamental issue of this paper is to recognize the variables adding to client's aim to utilize the portable financial administrations. The thought behind this exploration paper is to research the elements impacting the reception of conduct of customers utilizing versatile financial administrations. Further, it additionally recommends different advances that the versatile financial suppliers should take to add to their portable financial administrations client's information base..

Arora, Deepika, & Saxena. (2013). The current review centers around tracking down the connection between administration quality viewpoints and consumer loyalty and besides client dependability and consumer loyalty in the retail banking area in Delhi. The review infers that client maintenance is especially significant in light of the fact that presenting new client costs banks more when contrasted with the holding of old client.

Budale, D., & Mane, D. (2013). Banks are attempting to make upgrades in their associations with the clients in this manner holding their current clients and furthermore making compelling promoting instrument. There are more possibilities of clients exchanging banks whenever gave more advantages and offices as per their requirements. Many financial organizations are utilizing prescient investigation to beat the requirements of clients.

Dabone, Addiyah & Petershie (2013). The vitally basic guideline of this review is to distinguish factors influencing clients' decision of retail counts on Ghana. The investigation discovered that occupation and security stores were imperative considers that clients the district search for while constructing retail banking choices. Additionally there were proposals that the banks need offering types of assistance to their customers.

Devadevan, V. (2013). The major aim of this study is to recognize the mindset and examine the issues regarding security on Mobile Banking among the Indian banking customers. Mobile banking is a new emerging alternative channel for rendering banking services in India. India is now the second largest telecom market in the world, having high potential for growing banking services using mobile phones.

Gupta, A., & Gupta, M. (2013). In this paper specialist has been attempted to inspect the advancements with respect to ICT based installments and settlement frameworks in the Indian financial design and investigate it. The significant focal point of this article is to improve installment and settlement framework dependent on optional information sources

Meena, R. (2013). The fundamental reasoning of this review is to make mindfulness inside inward and outer sub frameworks in the midst of target gatherings. Its point is to achieve reasonable improvement to bestow through green banking. Moreover, an endeavor has been made to list down viable ways for green banking. Along these lines, immediately, a fitting plan of action should be embraced for green banking to accomplish maintainable banking..

Conceptual Framework

The conceptual framework is presented in the figure 1. The literature support for the relationships depicted in the conceptual framework as discussed in the following sections:

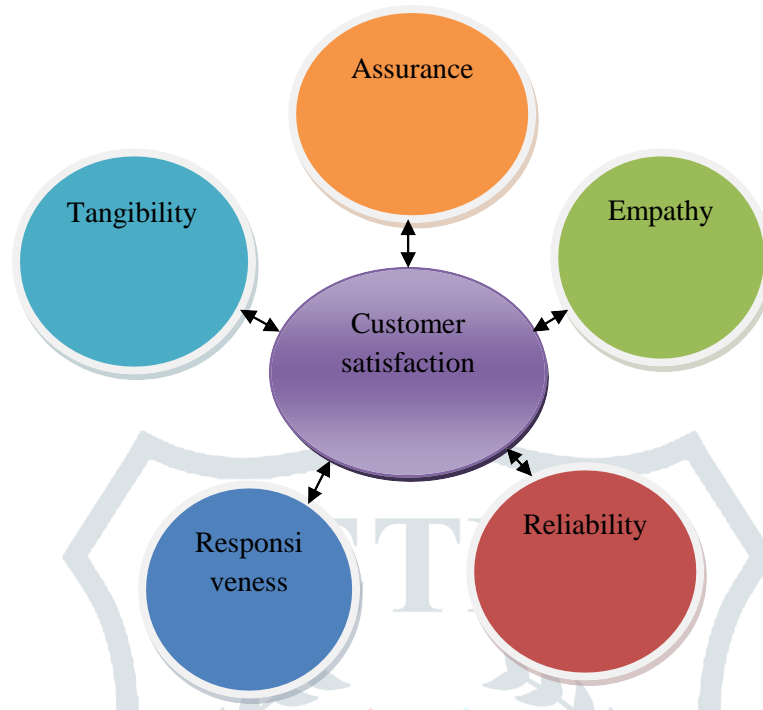


Fig. 1 Conceptual Framework

- **Assurance and Customer Satisfaction**

Assurance includes all the factors such as communication, courtesy and facilities that make customers confident and secure that the service commitment is fulfilled. While providing services when an employee extends courtesy, they are indirectly providing assurance of solving all the problems. There is a positive relationship between trust and customer satisfaction as it leads to higher customer satisfaction level and affect purchase intentions.

- **Reliability and Customer Satisfaction**

Reliability refers to the confidence that the service is provided accurately and consistently as promised to the customer. Customers prefer those firms in which the promises are fulfilled efficiently. It is found to be an important aspect for timely delivery of services and higher level of satisfaction. Adoption of new technologies will provide an edge to firms for offering reliable services. This would probably make the customers more satisfied.

- **Responsiveness and Customer Satisfaction**

Responsiveness refers to the speed and willingness with which service is provided to customers. It indicates how professionally and efficiently a bank addresses queries of customers and offers instant solutions to their problems. It is mandatory for a firm to understand the needs of a customer and make them satisfied in terms of daily operations. It makes a positive impact on customer satisfaction level. Responsiveness is highly dependent on the behaviour and attitudes of employees and that would lead to better relationship with the customers.

- **Empathy and Customer Satisfaction**

Empathy refers to factors that indicate that employees are caring, approachable and sensitive to the needs of customers

and are fully engaged with them in every interaction. Therefore, it is imperative for the banks to be empathetic with the customers while resolving the problems. Empathy positively affects customer satisfaction level and if empathy lacks in the behavior of employees firms will no longer be able to improve their financial health. Thus, individual attention must be provided to every customer with diverse needs. It has been found that if empathy affects service quality and in turn it will affect loyalty.

- **Tangibility and Customer Satisfaction**

Tangibility includes factors related to the appearance of the physical facilities, equipment, personnel and communication materials that could be seen touched and felt. Ambience of branches is also included in the technological equipments in the banking perspective. It is a significant amount of customer satisfaction in the banking sector. Customers tend to switch from one bank to another and the major reason is that banks don't pay attention towards the tangible aspects. Customer satisfaction and retention majorly depends on tangibility. Banks must improve its both tangible and intangible aspects. It will enhance customer satisfaction and help in fostering long term relationships with the clients.

Research Gap

The above review presents a treasure of knowledge and information in respect of the earlier studies based on evolution, management, working, prospects and challenges of banking in India and abroad. The above studies have made use of various parameters to measure the impact of service quality on customer satisfaction in selected banks. However, the relationship among perceived service quality and the satisfaction levels of the respondents towards banking has not been studied in selected Private Sector Banks. This study therefore sought to investigate the association between perceived service quality dimensions and customer satisfaction in the banking sector using the dimension of service quality.

Objectives of the study

The study has been undertaken to contribute towards the following broad objectives.

- To decide the elements influencing Service Quality in the Banking Sector.
- To concentrate on the connection between Service Quality Variables and Customer Satisfaction in the Banking Sector.

Hypothesis of the Study

In order to examine the perception of the customers towards service quality dimensions in commercial banking services, the following hypotheses have been formulated and tested.

H₀1: There is no significant relationship between service quality variables and customer satisfaction in the Banking Sector.

Research Methodology Sample Unit

Sampling unit was the customers of 2 Private Sector Banks i.e. ICICI and HDFC having an account in any branch located in Ambala.

Sample Size

50 randomly selected respondents

Sampling Procedure

Convenient Simple Random Sampling Method

Research Design

Present study is an empirical analysis of “Service Quality and Customer Satisfaction in Banking Sector: A Study on Selected Private Sector Banks in Haryana”. Questionnaires are used for primary data collection on five point Likert scale for assessing service quality and customer satisfaction in banking sector.

The examination and factual instruments utilized in this review are Exploratory Factor Analysis and Correlation Analysis. SPSS 22 was used to perform statistical analysis. Correlation analysis was utilized to observe the critical relationship which will decide the general relationship of services quality with consumer loyalty.

Findings

Above investigation presumed that there is a genuinely huge effect of all recognized factors of administration quality on consumer loyalty. In other word it can say that assuming private area retail banking upgrades their nature of administrations so proportion of fulfillment level of client can likewise elevate appropriately on the grounds that there is positive connection come in the investigation.

Conclusion

Banks in India, particularly private area banks need to impressively upgrade their administrations to satisfy the needs and difficulties of the changing industry and banking climate. Consumer loyalty is a basic business necessity. While, administration quality is fundamental in the present serious market. The target of this review was to discover the relationship of administration quality aspects with consumer loyalty. Concentrate on uncovered that all recognized factors of administration quality for example Affirmation, Empathy, Reliability, Responsiveness and Tangibility have measurably critical low certain connection with consumer loyalty. It is observed that substantial quality, affirmation and compassion have high Pearson connection esteem with critical impact. It implies that in Private Sector banks clients are

Exceptionally fulfilled as far as Tangibility, Assurance and Empathy. While Reliability and Responsiveness have low Pearson Correlation esteem with critical impact. The review assists in building long haul beneficial connection with the clients consequently shaping a superior agreement, offering ideal items and administrations as per the necessities and

accomplishing life time an incentive for clients

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