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A Comparative Study Of Service Quality In The Retail Banking Sector With Reference To Select Public And Private Sector Banks In Tiruchirappalli

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ABSTRACT

Customer's service quality is very important in the banking sector. The services offered by the banking sector should be satisfied to the customer. The result shows that the dimensions of service quality such as Empathy and Accessibility have more gap, as the customer expectations are high to their actually derived services. Empathy, Reliability and Assurance have a positive effect on service quality. The private sector should improve its service quality by offering services which satisfy the customers. The study concludes that the bank should satisfy the customer's needs by delivering superior service quality to retain existing customers as well as to attract new customers.

Key words: service quality, Tangibles, Reliability, Responsiveness, Assurance

1. INTRODUCTION

In India, the banking industry has undergone drastic changes after liberalization and globalization measures undertaken since 1991. In India banking industry, which is one of the largest in the world today, there has been a great surge in efficient customer service. A highly satisfied and delighted customer is an important non-financial asset for the banks in the emerging information technology era. But due to increased competition in retail banking sector, the banks are in need of formulating a strategy to compete effectively with others. In recent times, particularly after globalization, as in the past, banks largely pursued undifferentiated marketing that was aimed at a broad spectrum of customers rather than particular segments. Making a full range of services available to all customers and development of the one-stop financial centre is an attractive strategy. At the same time, quality of service is of much importance for a bank to attract new customers and retain the existing customers in its fold. In any bank, customers would continue their transaction only if they are satisfied with service quality.

Service quality is a very important component in any business related activity without any doubt. This is especially so, to a marketer, to whom a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success, including customer loyalty. According to the service quality theory, it is predicted that customers will judge quality as 'low' if performance does not meet their expectation and quality as 'high' when performance exceeds expectations. Closing this gap might require toning down the expectations or increasing the perception of what has actually been received by the customer.

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2. REVIEW OF LITERATURE

AditiBaghla and Dr.AmandeepGarai. (2016**)** Economic prosperity has changed consumer demographics and technological factors have made consumers demand for better quality and efficient service. The service industry is becoming major contributor to the economy of many countries which were earlier dependent on the manufacturing sector. Service industry particularly the banking sector is not left behind in the competition. Banking industry has been highly commoditized. To be in business, every retail bank should have competitive difference that can be realized to a great extent through customer service excellence. The aim of retail banking industry is to satisfy customers and deepen their relationships. This can be achieved by taking the benefits of every cross-selling and up-selling opportunity. The availability of advanced technologies will help in boosting the cross-selling, increase customer retention and differentiate the brands in the retail banking sector. This empirical study assesses the current status of retail banking in service sector with special references to Banking Sector. The study focuses on service quality parameters and customer satisfaction. On the basis of an empirical study which was conducted in Malwa Punjab, the study concludes that all the service quality parameters play a vital role in customer satisfaction. The service quality has a significant influence on customer satisfaction.

Nidhi Singh &NeenaSinha. (2016) In India, we have more than 900 million mobile users but still mobile banking is used by 40 million customers approximately. There can be various reasons behind this, such as need of active collaboration between banks and Telecom Company, lack of accessibility to customers, cost, awareness about the mobile banking app etc. Banks have to create creating mobile banking awareness among its customers. They need to promote the benefits of mobile banking and its effectiveness. In this paper, we aim to determine customer perception about mobile banking services of banks. Customers have different views on mobile banking services provided by the service providers. We examine the expectations of customers from banks towards mobile banking system. In this paper we also evaluate the impact of mobile banking on customer experience after using mobile banking. This paper reflects the change in transactions mode of customers through mobile banking. This paper also shares the initiatives taken by customers in their banking usage after switching to mobile banking. For the survey, we have selected ten banks (five Public Sector and five Private Sector Banks) and tried to identify the characteristics of mobile banking system of these banks.

RETAIL BANKING

Retail banking is when a bank executes transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards and credit cards.

SERVICE QUALITY

Service quality is a comparison of expectations with performance. Customers form service expectations from their past experiences, word of mouth and advertisement. In general customers compare perceived service with expected service in which if the former falls short of the latter, the customers are disappointed.

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DIMENSIONS OF SERVICE QUALITY

Tangibles: Physical facilities, equipment and appearance of personnel.
Reliability: Ability to perform the promised service dependably and accurately.
Responsiveness: Willingness to help customers and provide prompt service.
Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.
Empathy: Caring and individualized attention that the firm provides to its customers.

STATEMENT OF THE PROBLEM

Among the various service industries, retail banking is in a way critically related to customers. This is more so with either private sector or public sector bank whose customers come from all walks of life. They normally approach their banks with the expectation of availing themselves of services of one kind or the other. In case of their expectation is not fulfilled, they are very much disappointed. This situation may tend to hurt his ego and the customer becomes psychologically affected. Both private and public sector bank may happen to encounter such situations, which may leave a section of its customers' expectations unfulfilled. The situation like this may lead to very bad word of mouth, adversely affecting the image of the bank. It is noteworthy to know the differences exist between public and private sector banks with regard to providing quality of services to customer.

3. SCOPE OF THE STUDY

This study generalized the measurement of service quality and its impact on overall service quality satisfaction of Public and Private sector bank customers. This is confirmatory in nature because various models were already proposed to measure the service quality of banks in the western countries. The dimensions applied in foreign countries are used to evaluate the customer perception of service quality in Indian situations.

4. OBJECTIVES OF THE STUDY

1. To study the various services offered by public and private sector banks.
2. To assess the influence of various factors on the service quality in the retail banks.
3. To analyze the perception of the customers towards the service quality dimensions of public and private sector retail bank.
4. To offer suggestions to improve the service quality based on the finding of the study.

5. METHODOLOGY

SAMPLING FRAMEWORK

Sample Design And Sampling Method – This exploratory research measures the retail banking service quality gap between public and private sector bank located. It sample size is 50. It is classified into two categories, as public sector bank and private sector bank, which contain 50 respondents each. Among these two categories 50 respondents are customers of one separate public sector bank (SBI) and 50 respondents are customers of one separate private sector bank (KVB).

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COLLECTION OF DATA

Both primary and secondary data have been collected for the research study.

PRIMARY DATA

This is a survey method. The primary data was collected through an interview schedule.

SECONDARY DATA

The secondary data was collected from various sources such as journals, books, reports, magazine and articles.

6. LIMITATIONS OF THE STUDY

The present study is based upon the results of survey conducted among 50 customers of selected public and private sector bank. The implications of the study are subject to the limitations of sample size, psychological and emotional characteristics of surveyed population that is customers of bank in various locations of bank as well as various branches in other district may vary. The main limitation is that the scope of the researcher's study was limited only in the urban branches. The information given by the respondents regarding their income and other personal details can be biased.

DATA ANALYSIS AND INTERPRETATION

Table 1

Promoting factor to use new techniques

S.NO	PARTICULARS	Frequency			
		SBI	%	KVB	%
1	Reduced time of transactions	5	10	15	30
2	Cost effectiveness	10	20	12	24
3	Ease of use	20	40	18	36
4	Technology saving	15	30	05	10
Total		50	100	50	100

The above table shows that promotions of new techniques in banking. Majority of 40% of respondents are ease to use the technology introduced by public sector bank and 36% of respondents are ease to use the technology introduced by private sector bank. In public sector bank, 30% respondents are in the technology saving. In case of private sector bank, 30% respondents are in the reduced time of transaction. In case of public sector bank, the majority of respondents 20% cost effectiveness and 24% out of respondents are cost effectiveness in private sector bank.

Majority of 40% of respondents are ease to use the technology introduced by public sector bank Majority of 36% of respondents are ease to use the technology introduced by private sector bank.

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Table 2
Customer level of usage of technology

S.NO	Usage of technology	FREQUENCY			
		SBI	%	KVB	%
1	Connected to the Internet at home or work to do their financial transactions	20	40	15	30
3	ATM / Debit card service	10	20	15	30
4	Credit card service	12	24	10	20
5	Online banking services	08	16	10	20

The above table shows about customer level of usage of technology. Majority of 40% of respondents is connected to the internet at home or work to do their financial transaction by public sector bank and 30% of respondents are connected to the internet at home or work to do their financial transactions and ATM/Debit card service by private sector bank. In public sector bank, out of 24% respondents are credit card service. In case of private sector bank, 20% respondents are credit card service and online banking service.

Majority of 40% of respondents is connected to the internet at home or work to do their financial transaction by public sector bank.

Majority of 40% of respondents is connected to the internet at home or work to do their financial transaction by public sector bank.

Majority of 30% of respondents is connected to the internet at home or work to do their financial transaction and ATM/Debit card service by private sector bank.

Table 3
Bank employee Satisfaction on Technology usage

Technology	Extremely Satisfied		Satisfied		Neutral		Dissatisfied		Extremely Dissatisfied	
	SBI	KVB	SBI	KVB	SBI	KVB	SBI	KVB	SBI	KVB
ATM Services	5	10	10	10	8	5	10	6	15	10
E-banking	20	15	15	15	12	10	13	15	10	10
Mobile Banking	15	15	10	15	15	20	12	15	15	15
Security	10	10	15	10	15	15	15	14	10	15

CHI- SQUARE TEST
Overall Service Quality
Null Hypothesis (HO)
There is no significance between the overall customer's attitudes towards bank service quality. .
Hypotheses
H_1: There is significant difference between customer personal demographic attributes and their satisfaction over the retail banking service quality.
H_2: There is significant difference between public and private sector customer satisfaction over the retail banking service quality.

H_3: All attributes of retail banking service quality create significant impact between public and Private Sector Banks.

OBSERVED FREQUENCY

Service Quality Dimensions	Public Sector Bank (SBI)			Private Sector Bank (KVB)		
	Expectation	Perceived	Total	Expectation	Perceived	Total
Tangibility	8	6	14	7	3	10
Reliability	6	6	12	4	2	06
Empathy	4	3	07	3	6	09
Assurance	8	3	11	7	6	13
Responsiveness	3	3	06	6	6	12
Total	29	21	50	27	23	50

Expected Frequency

Service Quality Dimensions	Public Sector Bank (SBI)			Private Sector Bank (KVB)		
	Expectation	Perceived	Gap	Expectation	Perceived	Gap
Tangibility	8.12	5.88	0.29	5.4	4.6	0.83
Reliability	6.96	5.04	0.16	3.24	2.76	0.33
Empathy	4.06	2.94	0.62	4.86	4.14	0.86
Assurance	6.38	4.62	0.60	7.02	5.98	0.32
Responsiveness	3.48	2.52	0.42	6.48	5.52	0.21

The calculate value of chi square (7.96) is less than the table value (21.03). Therefore, the null hypothesis is accepted.

The overall customers' attitude towards bank services is that they are satisfied with the services provided by the private sector bank rather than the public sector bank. Still customers expectations are more and better services should be provided. Customer's expectation of service quality in banks is high and perceived quality of service is quite lower across public sector bank. In case of public sector bank the most prominent gap is empathy and assurance. In case of private sector bank, the most prominent gap is empathy, tangibility, reliability and assurance dimensions of the service quality. Bank has to understand the shifting needs of customers, their objectives and opportunities to create value. Bank should have a strong customer relationship management system that would specify the importance of the customer and make them aware of their needs.

7. FINDINGS

- Majority of 40% of respondents are ease to use the technology introduced by public sector bank.
- Majority of 36% of respondents are ease to use the technology introduced by private sector bank.
- Majority of 40% of respondents is connected to the internet at home or work to do their financial transaction by public sector bank

- Majority of 30% of respondents is connected to the internet at home or work to do their financial transaction and ATM/Debit card service by private sector bank.
- In case of public sector banks, respondents in the e-banking of 20 employees extremely satisfied.
- In private sector banks, respondents in the mobile banking of 20 employees neutral.
- Customer's expectation of service quality in banks is high and perceived quality of service is quite lower across public sector bank. In case of public sector bank the most prominent gap is empathy and assurance.
- In case of private sector bank, the most prominent gap is empathy, tangibility, reliability and assurance dimensions of the service quality

8. SUGGESTIONS

- The analysis indicates the widening gap between the desirability and availability of the service quality in retail bank. This gap is alarming for some bank, particularly, the public sector bank. The bridging of this gap is the need of the hour. Bank must think about the service they promise to customers versus what they actually deliver and address deficiencies.
- It is noticed from the study that customers are less satisfied with the quality and nature of services provided by bank employees. The bank employees should pay high attention to their customers and provide personalized service with a smiling face. Bank must upgrade the level of advisory skills for staff dealing with customers to maximize relationship with individuals.

9. CONCLUSION

The service quality with reference to customers' judgment about a bank superiority should be regarded as a source of competitive advantage in the retail banking, as it constitutes the major driving factor of customer satisfaction. Service quality can be seen as a competitive advantage, because in contrast to service range this can easily be replicated, the service quality dimensions are more difficulty to imitate and may represent a sustainable advantage. While improving service quality is no doubt a difficult task for retail banks to take on, it is worth the trouble, since it can bring great benefit to the banks in the long run.

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