

# A Structural Compendium On Service Quality And Customer Satisfaction: A Survey Of Public Sector Banks In India

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**Abstract:** The Indian banking sector has emerged as one of the strongest drivers of India's economic growth. Today, banking sector has been facing stiff competition among intra and inter-banks on one side and foreign banks on other side after economic reforms. Service Satisfaction of the customers is an invaluable asset for Banking Institutions providing unmatched competitive edge. It helps in building long term relationship as well as brand equity. The best approach to customer retention is to deliver high level of customer satisfaction that result in strong customer loyalty. Customer satisfaction is a very important construct in today's market. Therefore, it is the utmost duty of banks to safeguard his interests and meet his expectations with the products/services offered. The core aim of the research is to measure and analyze the quality of services offered by the selected public sector banks in India and to attempt to know how bank services quality affects customer satisfaction. By administering both questionnaires and personal interviews, researchers garnered the opinions of a total of 700 respondents with BANKQUAL statement. The authors applied Cronbach's alpha to test reliability and the selected hypotheses have been proven with Mann-whitney U test, Henry Garrett Ranking Method and Friedman Test. The research is most precious to diverse stakeholders of the Indian banking industry, particularly to banks who want to know about their existing service quality for further improvement. For the first time, the researchers introduced the comprehensive BANKQUAL statement to test out the quality of bank services in India.

**Keywords:** BANKQUAL, customer satisfaction, service quality, Public sector Banks, structural compendium, money lenders and financial services.

## 1. INTRODUCTION:

Sambasivan Srinivasan (2013) stated that banking system plays a very significant role in the economy of a country. It is central to a nation's economy as it caters to the needs of credit for all the sections of the society. Money-lending in one form or the other has evolved along with the history of mankind. Even in the ancient times, there are references to the money-lenders, in the form of sahuks and zamindars who lend money by mortgaging the land property of the borrowers. Towards the beginning of the 20 century, with the onset of modern industry in our country, the need for government-regulated banking system was felt. The British government began to pay attention towards the need for an organized banking sector in the country and the Reserve Bank of India was set up to regulate the formal banking sector in the country. Ever since they were nationalized in 1969, banks have been playing a major role in the socio-economic life of the country. India is not only the world's largest independent

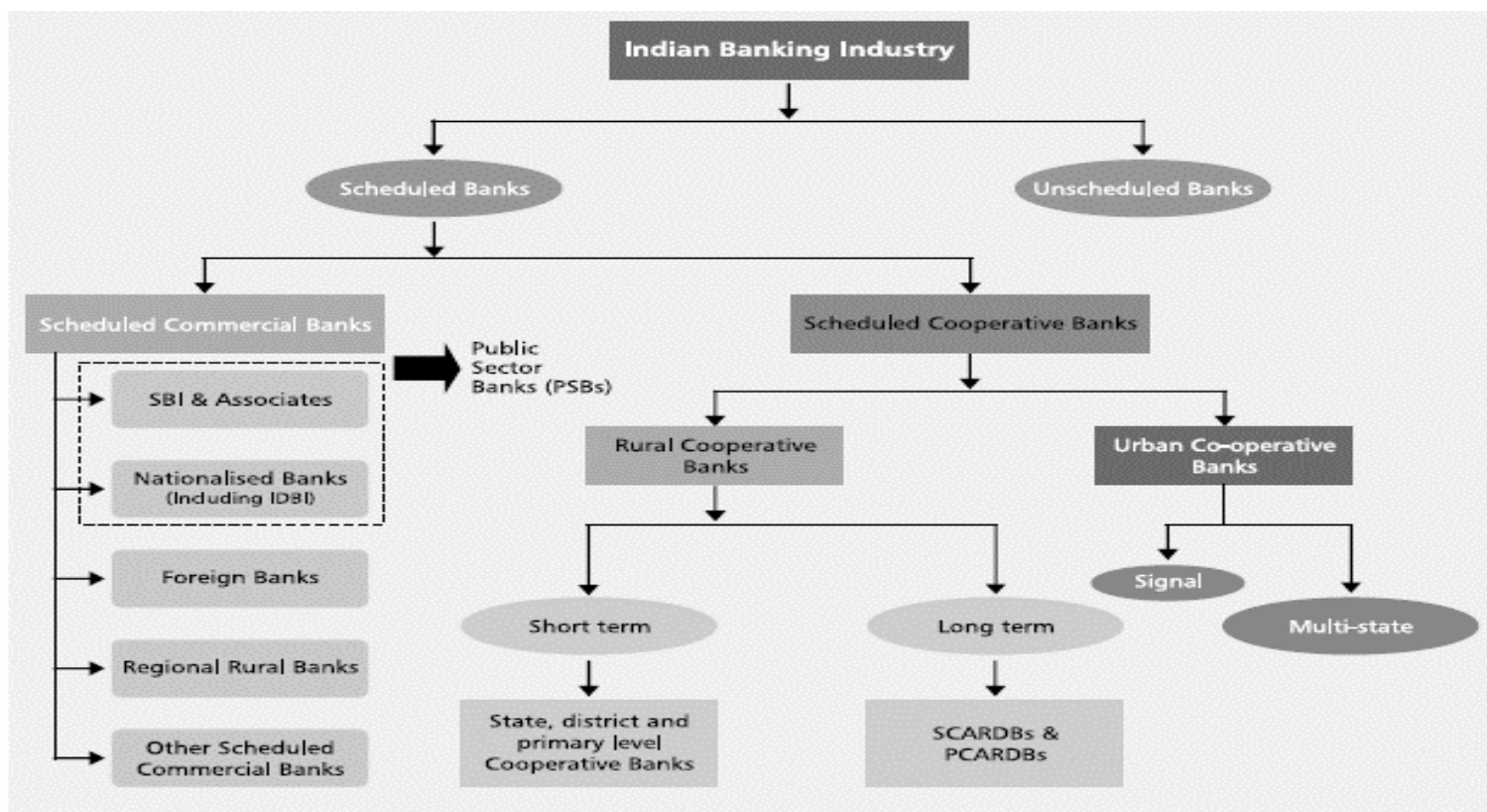
democracy, but also an emerging economic giant. Without a sound and effective banking system, no country can have a healthy economy. For the past three decades, India's banking system has several outstanding achievements to its credit. It is no longer confined to only the metropolitans, but has reached even to the remote corners of the country. This is one of the reasons of India's growth process.

### 1. CUSTOMER SERVICE IN BANKING SECTOR:

RBI has clearly stated in its Master Circular on Customer Service, Customer service has great significance in the banking industry. The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit for delivery of financial services. While the coverage has been expanding day by day, the quality and content of dispensation of customer service has come under tremendous pressure mainly owing to the failure to handle the soaring demands and expectations of the customers.

### 2. STRUCTURE OF THE ORGANISED BANKING INDUSTRY:

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Source: D&B Industry Research Service

### 3. REVIEW OF LITERATURE:

Serial No	Year	Author/ Authors	Contribution to the Body of Knowledge
1	1988	Parasuraman et al	Stated that variations in service performance may provide opportunities to influence customers' perceived value, satisfaction and loyalty. Thus, the relationships between these three aspects can provide bankers with insights into both tangible and intangible service improvements, especially to develop a competitive edge in the Hong Kong banking industry. This research employs the SERVQUAL scale to measure customer satisfaction and loyalty in the banking industry.
2	2008	Mamta Brahmhatt et al	Measured and compared service quality and customer satisfaction among private, public and foreign bank. Service quality is a multidimensional concept. It means different things to different people. The SERVQUAL instrument indicated five dimensions; tangibles, reliability, responsiveness, assurance, and empathy of service quality emerged across a variety of services. SERVQUAL and SERVPERF are equally valid predictors of Overall Service Quality.
3	2012	Chien-Lin Chen	an empirically based conceptual model of the process that has the potential for crossing cultural and sectoral boundaries and highlights the potential link between CRM and the establishment of long term customer value.
4	2016	Neny Fitria et al	The influence of relational benefits and bank brand image on customer loyalty through sharia bank customer satisfaction at PT Bank Syariah Mandiri Kediri Branch. He found that relational benefits have no influence to customer satisfaction, relational benefits have influence to customer loyalty, relational benefits have influence indirectly to customer loyalty through customer satisfaction, satisfaction has influence to customer loyalty, bank brand image has influence to customer satisfaction, bank brand image has influence to customer loyalty, and bank brand image has no influence indirectly to loyalty through customer satisfaction.
5	2018	Chowdari Prasad et al	Digital Banking: A New Frontier in Indian Business. Computerization and Automatic Teller Machines (ATMs) have made the life of customers easy for processing of their cash transactions and retail banking needs. Online banking has made the job further simplified in all kinds of transactions. With the advent of mobile technology and smart phones, M-banking is now the order of the day, making the traditional banks as 'virtual'. Interestingly, PSBs in India withstood the onslaught to give tough competition to their counterparts using technology, after a time period of two decades. Technology in banking sector also made the banks to think about lean and green management. Digital marketing became a strategy to attract Gen-Y customers even in the banking sector.

#### 4. STATEMENT OF THE PROBLEM

In recent times, there has been a growing importance of service sector worldwide and in the Indian context also this sector is gaining momentum. Of the various service industries that come under the ambit of service sector, the contribution of financial sector is one among the highest. This indicates the growing demand for the services of banking and insurance sectors. This is due to the effect of the Financial Sector Reforms which has resulted in the increased competition among the banks that include public sector, private sector and foreign banks. In order to survive in the fierce competition faced by the banks due to the entry of international players, it becomes essential for rapid innovation and introduction of new financial instruments, understanding of changing customers' needs and extensive use of information technology. However, with the availability of similar technology among almost all the banks, it is felt that a bank can survive in the market by only through the provision of better services to its customers; hence there is an imperative need for identifying their ability to satisfy the service quality requirements as per their customer's expectations. Segmenting the industry into different strategic groups and positioning themselves according to the consumer's mindset can help the banks to restructure their policy choices to compete in this dynamic business environment. This necessitated the banks to utilize the existing resources, process of delivering quality services to its customers and transforming the superior service to generate better financial performance. The public sector banks have responded to customer needs by paying more attention to enhancement of service quality in order to retain its market position. Therefore, service quality is becoming more critical for public sector banks to retain their customer base. Delivering quality service to customers is one of the ways for public sector banks to respond and compete for success and survival. The present study attempts to analyze the structural compendium on service quality and customer satisfaction: a survey of banks in India.

#### 5. SIGNIFICANCE OF THE STUDY

There are studies which have examined the structural compendium on service quality and customer satisfaction: a survey of banks in India. The present study bridges this research gap by estimating the customers' perceived and desired levels of service quality and the difference between the two namely, the service quality gap. Similarly, the studies carried out in the Indian context which attempted to identify the service quality failed to consider the socio economic background of the customers which plays a major role in determining customers' levels of satisfaction. The present study fills this research gap also by examining the relationship between the socio economic status and the customer perceived level of service quality.

#### 6. OBJECTIVES OF THE STUDY

- To know the awareness level of customers towards banking services in connection to financial and non – financial service offered by public sectors banks in India .
- To study the influence of customer relationship management on the service quality of selected public sector banks in India.
- To analyse the customer service quality maintenance of selected public sector banks in India.

#### 7. HYPOTHESES OF THE STUDY

The following hypotheses are framed based on the objectives of this study.

- There is no significant difference between the mean scores regarding the Customer Relationship Management on Service Quality with respect to the selected demographic variables.
- There is no significant difference between the mean scores regarding the Customer Service Quality Maintenance with respect to the selected demographic variables.
- The hypothesized model for Customer Service Quality Maintenance of selected Public Sector Banks has a good fit.
- The hypothesized model for Overall Relationship of selected Public Sector Banks has a good fit.

#### 8. RESEARCH DESIGN AND METHOD:

**Research Approach:** The research approach for the research study is "Descriptive Research". **Population:** For this present research, all customers of selected 11 banks are located in India were identified. **Sampling Frame:** For this paper, list of all branches of 11 banks in India was obtained. **Selection of Bank Branches:** Selection of 11 public sector banks which functioning in India i.e State Bank of India, Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Corporation Bank, Indian Bank, Indian Overseas Bank Punjab National Bank, Union Bank of India, IDBI Bank. In each public sector bank Customer database was used as a sampling frame. The population was then sorted from each public sector bank as the first strata. **Selection of Bank Customers:** The study involved this category of people because they are the respondents that are involved in receiving the banking services under study and are perceived to have the relevant information that would enable the researcher to investigate the Structural Compendium on Service Quality and Customer Satisfaction: A Survey of Banks in India. **Sample Size:** The sample sizes are totally 700.

**DATA ANALYSIS AND INTERPRETATION:**

**I. HENRY GARRETT RANKING METHOD**

**REASONS FOR AVAILING THE SERVICES OF BANKS OTHER THAN YOUR PRIMARY BANK**

Factors		Rank scale										Total	Total Score	Mean Score	Rank
		I	II	III	IV	V	VI	VII	VIII	IX	X				
		81	70	63	57	52	47	42	36	29	18				
Opportunity to earn income	f	63	55	44	98	68	58	69	61	49	135	700	32518	46.45	VIII
	fx	5103	3850	2772	5586	3536	2726	2898	2196	1421	2430				
Safety of Money	f	148	114	45	65	47	66	66	62	71	16	700	39405	56.29	I
	fx	11988	7980	2835	3705	2444	3102	2772	2232	2059	288				
Poor quality service of my bank	f	44	59	83	96	55	88	45	121	37	72	700	34006	48.58	VI
	fx	3564	4130	5229	5472	2860	4136	1890	4356	1073	1296				
Convenience	f	41	95	86	77	101	50	99	69	63	19	700	36191	51.70	III
	fx	3321	6650	5418	4389	5252	2350	4158	2484	1827	342				
Dissatisfaction with present banker	f	54	38	73	54	83	98	51	72	95	82	700	32598	46.57	VII
	fx	4374	2660	4599	3078	4316	4606	2142	2592	2755	1476				
Low interest of Loan	f	60	83	80	70	105	42	62	48	95	55	700	35211	50.30	V
	fx	4860	5810	5040	3990	5460	1974	2604	1728	2755	990				
Easy Procedures	f	86	94	116	63	33	50	61	88	43	66	700	36676	52.39	II
	fx	6966	6580	7308	3591	1716	2350	2562	3168	1247	1188				
Canvassing by other	f	61	64	95	62	92	98	74	64	48	42	700	35890	51.27	IV
	fx	4941	4480	5985	3534	4784	4606	3108	2304	1392	756				
Spread Risk	f	38	79	39	74	18	85	93	57	137	80	700	31585	45.12	X
	fx	3078	5530	2457	4218	936	3995	3906	2052	3973	1440				
Brand Image of the Bank	f	105	19	39	41	98	65	80	58	62	133	700	32420	46.31	IX
	fx	8505	1330	2457	2337	5096	3055	3360	2088	1798	2394				
Total Σf		700	700	700	700	700	700	700	700	700	700				

Note: x = Scale value, f = number of respondents, fx = score

**II. FRIEDMAN TEST**

**RESPONDENTS' OPINION ABOUT CUSTOMER SERVICE QUALITY MAINTENANCE**

	Mean	SD	Mean Rank
Commitment	3.5529	0.69850	3.06
E-Banking Facilities	3.5071	0.85999	3.01
E - CRM	3.5914	0.79262	3.16
Customer Care	3.4071	0.68602	2.72
Communication	3.5429	0.70123	3.05

It is identified from the above table that the reason for availing the services of banks other than your primary bank is 'safety of money' which had ranked first with a Garrett score of 39405 points. It is followed by the 'Easy Procedures', 'Convenience', 'Canvassing by other', 'Low

interest of Loan', 'Poor quality service of my bank', 'Dissatisfaction with present banker', 'Opportunity to earn income', and 'Brand Image of the Bank' was ranked second, third, fourth, fifth, sixth, seventh, eighth and ninth ranks with Garrett scores of 36676, 36191, 35890, 35211, 34006, 32598, 32518 and 32420 points respectively. The last rank is placed for the 'Spread Risk' with a Garrett score of 31585 points. From the above analysis that the majority of the customers' reason for availing the services of banks other than your primary bank is 'safety of money'. In order to identify the factor which is more influencing the respondent towards attitude the Friedman's test analysis was used and the results were given in below Table It could be noted from the above table that among the 5 factors "E - CRM" was rank first. It is followed by the "Commitment", was rank second, "Communication" was rank third, "E-Banking Facilities" was rank fourth, and "Customer Care" was rank fifth. Factor wise opinion regarding the Customer Service Quality Maintenance An attempt has been made to study the opinion of respondent towards the Customer Service Quality Maintenance. After converting the qualitative information of the opinion into a quantitative one



the average score was obtained from the respondents on various factors like "Commitment, E-Banking Facilities, E – CRM, Customer Care, and Communication" and obtained results are and presented in Table.

### III. MANN WHITNEY U TEST:

#### GENDER AND REASONS FOR AVAILING THE SERVICES OF BANKS OTHER THAN YOUR PRIMARY BANK

H<sub>0</sub>: There is no significant difference between the rankings of gender and reasons for availing the services of banks other than your primary bank.

H<sub>1</sub>: There is significant difference between the rankings of gender and reasons for availing the services of banks other than your primary bank.

Factors	Male				Female			
	N	Total Score	Mean Score	Rank	N	Total Score	Mean Score	Rank
Opportunity to earn income	433	156583.50	361.62	II	267	88766.50	332.46	IX
Safety of Money	433	151729.00	350.41	VI	267	93621.00	350.64	IV
Poor quality service of my bank	433	154254.00	356.24	IV	267	91096.00	341.18	VII
Convenience	433	153223.50	353.86	VI	267	92126.50	345.04	V
Dissatisfaction with present banker	433	158040.00	364.99	I	267	87310.00	327.00	X
Low interest of Loan	433	153827.00	355.26	V	267	91523.00	342.78	VI
Easy Procedures	433	155066.00	358.12	III	267	90284.00	338.14	VIII
Canvassing by other	433	149932.00	346.26	IX	267	95418.00	357.37	II
Spread Risk	433	135951.50	313.98	X	267	109398.50	409.73	I
Brand Image of the Bank	433	151676.00	350.29	VI	267	93674.00	350.84	III

It is noted from the above table that most of the male customers' reason for availing the services of banks other than your primary bank is 'dissatisfaction with present banker', which had ranked first with a total score of 158040 points. It is followed by the 'Opportunity to earn income', 'Easy Procedures', 'Poor quality service of my bank', 'Low interest of Loan', 'Convenience', 'Safety of Money', 'Brand Image of the Bank' and 'Canvassing by other' was ranked second, third, fourth, fifth, sixth, seventh, eighth and ninth ranks with total scores of 156583.50, 155066, 154254, 153827, 153223.50, 151729, 151676 and 149932 points respectively. The last rank is placed for the 'Spread Risk' with a total score of 135951.50 points. From the above analysis that the majority of the male customers' reason for availing the services of banks other than your primary bank

is 'dissatisfaction with present banker'. It is found from the above table that maximum of the female customers' reason for availing the services of banks other than your primary bank is 'Spread Risk' which had ranked first with a total score of 109398.50 points. It is followed by the 'Canvassing by other', 'Brand Image of the Bank', 'Safety of Money', 'Convenience', 'Low interest of Loan', 'Poor quality service of my bank', 'Easy Procedures', and 'Opportunity to earn income' was ranked second, third, fourth, fifth, sixth, seventh, eighth and ninth ranks with total scores of 95418, 93674, 93621, 92126.50, 91523, 91096, 90284 and 88766.50 points respectively. The last rank is placed for the 'Dissatisfaction with present banker' with a total score of 87310 points. From the above analysis that the most of the female customers' reason for availing the services of banks other than your primary bank is 'Spread Risk'.

### 9. DISCUSSION:

The bank customers are somewhat unconcerned of relationship promoting factors used by the bank owing to low education and small efforts created by the bank to enlighten customers at native level. In absence of this customers can be tempted to change banks. The bank managers of every bank in conjunction with their high level officers ought to develop and run a drive to communicate customers concerning its product so customers will keep loyal with them. This may improve customer's faithfulness and even appeal new customers. The connection between service quality and customer satisfaction (Caruana, 2002; Oh, 1999; Cronin et al., 2000; Parasuraman et al., 1988) has been the worry of numerous past examinations with regards to service industry. The motivation behind this examination is to explore the connection between Service Quality and Customer satisfaction. In the literature review survey segment of the paper five measurements (Tangibility, Reliability, Responsiveness, Assurance and Empathy) of service Quality are distinguished. In this investigation, having learning on these areas would help managers to address the difficulty of enhancing service quality in the managing a banking industry. This paper adds to the hypothetical introduction of banks service quality and customer's satisfaction in banking industry writing by deciding some real service quality levels. This examination likewise recognized five service quality dimensions and measurements, to be specific, tangibility, reliability, responsiveness, assurance and empathy, all of which include the criteria use to and thee valuate the service quality of banking industry. A comparative study could be led with a bigger example measure so results could be summed up to a bigger populace. This study can be completed in different regions contained various societies keeping in mind the end goal to discover the relevance of the service quality demonstrate in other service organizations.

### 10. CONCLUSION

The concentrate exactly inspected the structural compendium on service quality and customer satisfaction: a survey of banks in India. Client relationship Management on service quality (tangibles, dependability, certification, responsiveness and compassion) and Customer service quality maintenance (responsibility, E-Banking offices, E-CRM, client consideration, and correspondence) were

utilized to quantify Customer Service quality which is the needy variable. The study uncovered that there was a higher the level of service quality offered by the banks, the more noteworthy the level of devotion the clients have to their banks. Accordingly, it can be presumed that people in general division banks are applying the customer relationship management strategies in a decent way to enhance the customer service since it positively affects client reliability.

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