Analyze the Progress of Quality Service Offered by Public Sector Banks

Megha Batola

Department of Commerce, Graphic Era Hill University, Dehradun, Uttarakhand, India 248002

Abstract

The banking sector has been crucial to the expansion and diversification of the Indian economy. The primary goal of this research is to use the SERVQUAL model to compare the actual quality of service provided to a subset of the public with their expectations of that same quality. Banks essentially provide the same suite of services and products. What makes this company stand out is the high standard of service it provides. Many studies have examined the correlation between service quality and satisfied customers in retail banking. Nevertheless, it indicates that not enough research has been done to determine the effect of human and non-human factors on consumer satisfaction with regard to rural economic environments. In addition to the above research backdrop, The major purpose of this research was to identify the factors that contribute to consumer satisfaction with a service. A total of 210 residents in the Karur district were surveyed for this study. The conceptual framework was built using a deductive method, and hypotheses were developed as a result. Data were collected using a survey format, and were analyzed using the SPSS 20 suite of statistical programs. Co-Relations were used to test the hypotheses.

Keywords: service quality, customer satisfaction, Public Bank, SERVQUAL

Introduction

The services industry in India has three main areas of competition: quality/delivery, adaptability, and price, with quality/delivery being the most important. In today's highly competitive market, when customers have more options than ever before, the quality of a company's services may make all the difference in attracting and retaining clients. Quality, on the other hand, is the extent to which a product or service meets the consumer's expectations. Because services seem to be more like abstract entities with behaviors than physical things. Separately defining "service" and "quality" has helped clarify the concept of "service quality." SERVQUAL is a technique used to evaluate and control service quality. It is also proposed that the model be used to evaluate service quality from the customer's point of view. The major goal of SERVQUAL is to provide a valid and useful tool for evaluating service quality in various service industries. Security, Competence, Access, Reliability, Courtesy, Communication, Credibility, Tangibility, Responsiveness, and Customer Understanding were originally introduced as 10 dimensions of service quality but were later whittled down to the current five dimensions of "Empathy", "Reliability", "Assurance", "Responsiveness", and "Tangibility". Commercial banks prioritize rapid and effective service in order to win and keep new clients. The Reserve Bank of India has made customer service a primary emphasis, including making banking easier for the general public.

Literature Review

J. Praveen Paul (2021) If you're looking to gauge the quality of a bank's customer service, the tried-and-true SERVQUAL could be all you need. Our study, however, sought to take a more realistic approach by evaluating banks based on the actual services they provide. The level of satisfaction clients have with the services provided by private banks was investigated. Among the clientele of private banks, a total of 112 are randomly selected. Customers were polled using a predetermined questionnaire designed to elicit responses regarding their experiences with the banks' standard customer service, the safety of their assets and investments, the returns on their money, the availability of services beyond banking, such as loans and storage lockers, and the banks' overall competitiveness. Using percentages of the sample, we describe the data that was analyzed using linear regression and analysis of covariance (ANCOVA). The majority of private bank clients are content with the services they get, according to the results. Customers' perceptions of their overall satisfaction with the services provided by these banks do not vary significantly by gender or country of residence, and the criteria taken into account have a major influence on this opinion. It was also discovered that consumers' opinions of overall satisfaction vary widely across demographic categories such as age, education, marital status, and household income.

Prateek Laddha (2020) In today's times, commercial and public banks alike recognize that providing excellent customer service is a key to retaining their clientele and attracting new ones. The purpose of this study is to compare and contrast the quality of service provided by public and private banks. We also sought to establish a connection between client happiness and other aspects of service, such as promptness, confidence, empathy, dependability, and physical manifestation. Previous studies have shown that consumer expectations and actual experiences vary among industries. Customer satisfaction in the banking business may be raised through bridging the gap between customers' expectations and what they get.

G. Uma Maheswari (2019) The primary goal of this article is to differentiate between public and private sector banks with regards to the relationship between service quality and customer satisfaction. This report details the results of a gap analysis conducted to determine the degree to which these two elements differ. One further goal of the research is to highlight the most salient features of service quality that set certain banks apart. With regard to the variable "perceived quality," a comparison was made between the clientele of public and private sector banks. There is no better way to measure customer satisfaction with banking services than using the SERVQUAL tool. In order to ascertain the impact on customer satisfaction, the poll used the five aspects of service quality. We surveyed 420 clients from both public and private sector banks using a standardized questionnaire, narrowed the pool of responses down to 418 fully completed surveys, then analyzed and interpreted the findings.

Kesavapriya R (2018) Due to the importance of customer satisfaction to the continued success of any business, it is critical to identify the variables that contribute most to providing excellent customer service. A bank's success and longevity depend on the quality of its customer service, which determines how well the bank and its customers get along. During this study, an effort was made to quantify the amount of client satisfaction with India's banking system. The

services that banks provide to the general public and to business are invaluable. Service quality, cost effectiveness, and the security of public funds are just as important as the variety of services provided and the profits earned. Several difficulties, both financial and otherwise, have surfaced as a result of this investigation. The purpose of this study is to compare and contrast private and public sector banks in terms of customer satisfaction with regard to service received.

Shruti Agrawal et.al (2017) The health of a country's banking system is crucial. The banking industry in India is now experiencing intense competition and dynamism. Building a sizable client base is crucial for banks to keep their current market share. Consumers nowadays are not only well-informed about their options when it comes to financial institutions and services, but they are spoiled for choice. Hence, the only way to keep them is to consistently provide excellent service. Relationship between private and public sector banks in India on customer service quality is investigated. It also aims to assess the extent to which actual banking experiences live up to customers' expectations. Based on the data, private sector banks have a smaller service gap than their public sector counterparts. Relationship between private and public sector banks in India on customer service quality is investigated.

Banking Services In India

India's banking sector is highly developed, albeit it lags behind the rest of the globe in terms of size, products, and services. Indian financial institutions have come to understand the need of inorganic expansion in order to remain competitive in the face of rising competition. When put in this context, the banking sector naturally becomes interested in banking. Several reasons have contributed to the banking industry's revival, but the creation of new economies and their fast expansion have been particularly crucial. Banking services have expanded in nations like India that are expanding at a quick rate due to factors such as changing lifestyles, significant developments in information technology, and other service industries, and rising levels of wealth. Ten years ago, it hurt to put your fingers anywhere near a bank. Yet, this is now a viable option. The most cutting-edge method of doing financial dealings is through mobile phones and their Internet connections. Banking now seems more like a liberating adventure thanks to all these advanced systems and instruments. For centuries, tangible bank checks were used for accounting, money transfers, and payments. Yet, the time spent waiting in line at the ATM and the cashier for withdrawals are not based on reality. Indian banks are competing for a slice of the lucrative financial services market, which may have a significant impact on the country's GDP. Issues include customer retention, the introduction of cutting-edge facilities, and investments in such facilities, as well as security concerns, Know Your Customer (KYC) Norms, credit evaluation standards, etc., all present difficulties.

Customer Service Quality Of Banking Industry In India

The Indian banking sector has seen significant transformation since India's independence. Throughout the course of the previous decade, it has seen a dramatic change in the service environment. The Indian banking industry has to be revitalized via a number of quantitative and qualitative reform events if it is to rise to the challenges that lie ahead. Customer service, credit management, source mobilization, asset-liability management, human resource

development, investments, and front-office administration are all areas of the banking business in India that are undergoing significant transformation as the reform movement gains momentum. Customers of Indian banks are no longer unfamiliar with the concepts of ATMs, 24/7 banking, online banking, and smart cards, among other innovative IT-based services. The marketplaces have shifted significantly and are now focused almost entirely on the needs of consumers. Banks have been driven into a buyer's market despite the fact that we've just entered a seller's market. The consumer is now a king thanks to the changes made.

Customer Services

As capturing large accounts is so crucial to banks' success, customer service has become an emphasis across the whole banking industry's marketing process. So most banks provide essentially the same services with little variations in categorization. That's why it's crucial to focus on providing excellent service to your customers if you want to encourage more individuals to open bank accounts with you. Bankers are being pushed to the brink of innovation as clients' rising expectations need both innovative approaches to banking and the development of novel financial services. As a result of the transparency brought about by the efficiency strategy, consumer satisfaction has taken on new significance. Not only are consumers' tastes in goods and services always evolving, but their worry is Turing-insatiable. Banks need to provide individualized services in order to survive in an industry with a lot of stiff rivals and customers with varying needs. Customers require up-to-the-minute information in order to make well-informed choices, and they are not willing to wait for service fee delivery to be delayed. Hence, satisfying customers' needs has risen beyond the provision of just chargeable services.

Need for Service Quality in Banks

The Indian financial market's competitive landscape has shifted significantly in recent years. Companies used to specialize in other areas are now providing financial services. The public sector banking industry has branched out to create mutual fund trusts and other financial service companies. These offshoots have flooded the market with innovative new items that give them an advantage over their rival banks' offerings. Innovation in banking services is widespread, even among private and international financial institutions. Virtually all banks in India have been experimenting with innovative services, such as the 24-hour availability of the Automatic Teller Machine (ATM). Customers today have different requirements than in the past. Many clients have very high standards for the banking industry as a whole. Many contemporary families would rather take out consumer durable loans or purchase an instant credit replacement for a desired consumer durable than save up for it over many years.

Data Analysis Procedure

The information was analyzed using both descriptive and inferential statistics. Graphs, pie charts, and the Statistically Significant Difference.

Table 1 Reliability Testing

Variable	Cronbach's alpha	Number of items
Reliability	.792	5
Responsiveness	.799	5
Empathy	.746	5
Assurance	.886	5
Tangibility	.723	5
Perceived customer satisfaction	.731	5

Correlation Analysis

The correlation between service quality and customer happiness in Karur district state commercial banks was calculated using Pearson's Correlation Coefficient.

Table 2: Correlation

Variables	Pearson correlation	Significance (2-tailed)
Human Related Factors	.320**	.000
Non- Human Related Factors	.282**	.000

Human Related Factors are significantly correlated with customer satisfaction in state commercial banks in the Karur region, as shown by the statistics. (r =.320, p 0.01). Hence, H1 may be considered as a valid hypothesis. Customer satisfaction at state commercial banks in the Karur area is favorably correlated with non-human-related factors (r =.282, p 0.01). In addition, A statistically significant relationship is shown if the P value is less than 0.005. Hence, H2 may be accepted.

Table 3 Individual independent variables vs. dependent variable

Variables	Pearson correlation	Significance (2- tailed)
Reliability	.309**	.000
Responsiveness	.284**	.000
Assurance	206*	.000

All of the Human Related Factors variables are significantly related (P<0.05) to customer happiness, as seen in the above table. Nevertheless, the data also shows that Assurance has a less impact on client satisfaction than reliability and responsiveness.

Conclusion

According to the results of the aforementioned research, customer satisfaction is much more influenced by human-related aspects of service quality than by non-human-related aspects of perceived service quality. It was also determined that the two most important factors affecting retail banking customers' happiness are the banks' reliability and responsiveness. Public sector

banks in the Karur area are losing ground to private and international banks, according to the current research. All public sector banks need to constantly innovate new services and programs to keep up with the competition and keep their current clients while also attracting new ones.

Reference

1. Prateek Laddha, Comparative Analysis of Elements of Quality Offered in Private Sector and Public Sector Banks of India, International Journal of Management, 11(11), 2020, pp 1291-1299.

2. J. Praveen Paul "A Study On Service Quality In Private Banks – An Alternate Approach" Intact Journal On Management Studies, February 2021, Volume: 07, Issue: 01

3. G. Uma Maheswari "Banking Technology Services Quality Gap between Public and Private Sector Banks" International Journal of Engineering and Advanced Technology (IJEAT) ISSN: 2249 – 8958, Volume-9 Issue-1, October 2019

4. Kesavapriya R "A Comparative Analysis On The Service Quality Of Private And Public Sector Banks In India" International Journal of Pure and Applied Mathematics Volume 120 No. 5 2018, 3493-3500

5. Shruti Agrawal et.al "service quality in public and private Sector banks of india" International Journal on Customer Relations Volume 4 Issue 1 March 2016

6. Bitner, M.J. and Hubbert, A.R. (1994), "Encounter satisfaction versus overall satisfaction versus quality: the customer voice", in Rust R.T. and Oliver, R.C.(Eds), Service Quality, New Directions in Theory and Practice, Sage publications, London, 72-94.

7. Bolton, R.N. and Drew, J.H (1994), "Linking customers satisfaction to service operations and outcomes", in Rust, R.T. and Oliver, R.C (Eds), Service Quality, New Directions in Theory and Practice, Sage publications, London, 173-201.

8. Dutta, K. and Dutta, A. (2009), "Customers expectation and Perception across the Indian Banking Industry and the resultant financial implications", Journal of Services Research 9(1), Sage publications, 31-49.

9. Geiger, H. (1975),"Standard Surveys for Analyzing Local Bank Competition". The Use of Market Research in Financial Field', ESOMAR, 85-95.

10. Hallowell, Roger (1996),"The relationships of customer satisfaction, customer loyalty, and profitability: An empirical study", International Journal of Service Industry Management 7(4), Emerald, 27-42.

11. Huu, Phuong Ta; Kar, Yin Har (2000). "A study of bank selection decisions in Singapore using the Analytical Hierarchy Process", The International Journal of Bank Marketing, 18(4), Emerald,170 - 180.

12. Laroche, M., Rosenblatt, J. A. and Manning, T. (1986), "Services Used and Factors Considered Important in Selecting a Bank: An Investigation Across Diverse Demographic Segments", International Journal of Bank Marketing 4(1), Emerald, 35-55

13. Liang, Chiung-Ju and Wang, Wen-Hung (2004), "Attributes, benefits, customer satisfaction and behavioural loyalty- Integrative research of financial services industry in Taiwan", Journal of Services Research, 4(1), April-September, Sage publications, 23-57.

14. Meidan, A.(1976), "Branch Manager's Attitude on Bank Objectives and Operations", Proceedings of the European Academy of Advanced Research in Marketing Conference: Insead, 215-228.

15. Sarin, Anil (2007), "Contemporary Issues in Services Marketing." Prabandhan: Indian Journal of Marketing 37, 40-44.