

SERVICE QUALITY EXPECTATIONS AND PERCEPTIONS OF PUBLIC AND PRIVATE SECTOR BANKS: A COMPARATIVE STUDY

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Abstract

Quality in service is very important especially for the growth and development of service sector business enterprise. It works as an antecedent of customer's satisfaction. In the past, quality was measured only for the tangible products because of less dominance of service sector in the economy. Due to the increasing importance of service sector in the economy, the measurement of service quality became important, Because Indian banking industry has suddenly witnessed a major boom. Being a globalized market, the customers seek and demand world class products. In today's global market, the competitive advantage lies in delivering high quality service to the customers. This paper is a survey of public and private sector bank customer response toward service quality of banking sector. The objective of this paper is to measure the customer's awareness, and the level of satisfaction with regard to service quality of public and private sector banks in the city of Tirunelveli.

Keywords: *Service quality, Reliability, Responsiveness, Assurance, Empathy, and Tangibility*

Introduction

Quality is a concept which requires a concern both in products as well as in services. Various experts have defined it as "fitness for use", "conformance to requirements", "freedom from variation" etc. The Gandhian concept of customer was accepted by banks and is being exhibited in their customer orientation. Transition of banks from class banking to mass banking has led them towards customer orientation. Now the bankers accepted the principle of customer as "King" in service industry in the present era of cut-throat competition. Customer service is what our business delivers to achieve customer satisfaction. Some business deliver physical products and may not see themselves as being a service business. However to deliver better quality services to the customers, it is required that services must be standardized and for standardizing the quality of a service, the delivery of the service must be substituted with machines wherever possible.. Measuring service quality in the service sector particularly in the banking sector is more difficult than measuring the quality of manufactured goods. The service sector as a whole is very heterogeneous and what is heterogeneous may hold true for one service and may not hold for another service sector. For example, the nature of banking services is very different provided by a hospital and hotel. In fact, in banking industry there are a variety of

services like retail banking, corporate banking, investment banking, commercial banking, personnel banking, wholesale banking, internet banking etc.

Five dimensions of service quality

- **Reliability**

Reliability refers to the trust in company's ability of performing service in a proper way, such as acting according to promises and declarations. A reliable service means the banker is able to provide internet connection that is working at desired level throughout the day without significant failures; banker should not misuse the cardholder information and there should be frequent update of new technologies.

- **Responsiveness**

It refers to service provider's willingness to help customers and provide prompt service. It can be measured by the amount of time needed to deal with customers' reported problems and the response duration once the customer filed a service request.

- **Assurance**

Assurance is related to the knowledge and courtesy of employees and their ability to inspire trust and confidence. Banker may demonstrate assurance to customers by behaving courteously and by providing essential knowledge to guide customer's problems.

- **Empathy**

It refers to the caring, individualized attention the service provider gives to its customers. Furthermore, customers in the bank may come from different social background and hence the banker could emphasize personalized attention on customers and understand specific needs of customers based on their.

- **Tangibility**

It means the things which are physically observed by the customers in the bank branch including large ATM network, personnel, physical facilities, materials and appearance. Able and skilled personnel, the quality of banking products and services, brochures and cards may represent tangibles. These qualities provide concrete cues for customers to evaluate the capability of the service provider.

Objective of the Study

The following are the objectives focused in this study

- To analyse the level of satisfaction of the customers while using banking services.
- To findout the relationship between type of bank and overall satisfaction of the respondents regarding banking service quality.

Collection of Data

Both primary and secondary sources have been used for the purposes of data collection. For secondary data books, research papers, journals, magazines and internet were referred. Primary data has been collected with the help of a structured questionnaire.

For the purpose of this analysis, a structured questionnaire was developed in two stages. In the first stage, an exploratory study was carried out using personal and focus group interviews. This was done to understand the factors influencing customers preferences. In the second stage, based on the findings of the exploratory study, a 5-point Likert scale was developed. Items of the questionnaire covered five important service quality i.e Reliability, Responsiveness, Assurance, Empathy and Tangibility

Sample Technique

Simple random sampling method was used to collect data from customers of various public and private sector banks. State Bank of India, Indian Overseas Bank, Indian Bank and Canara Bank each bank from 50 respondents totally 200 respondents from public sector bank. Whereas Tamil Nadu Mercantile Bank, Karur Vysya Bank, ICICI , Axis Bank were taken from private sector banks, each bank from 50 respondents totally 200 respondents from private sector banks The questionnaire was administered near the bank branches in the city of Tirunelveli

Satisfaction of Public Sector Bank Customers toward Service Quality

Table 1: Level of Satisfaction with Reliability aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Online Reliability	24	36	45	62	33	644	1000	64.4
2.	Reliable information	25	30	52	54	39	652	1000	65.2
3.	Consistent performance	32	40	42	48	38	620	1000	62.0
4.	Quick and prompt service	25	36	40	48	51	664	1000	66.4
5.	Error free service	30	37	50	44	39	625	1000	62.5

As per the above calculation a total of 66.4 percentile shows better overall quick and prompt services. Reliable information is also fine with 65.2 percentile points

Table 2: Level of Satisfaction with Responsiveness aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	My banks give me prompt service	24	32	35	52	57	686	1000	68.6
2.	Less waiting Time	38	45	48	38	31	579	1000	57.9
3.	When I have a problem, my banks shows sincere interest in solving it	40	46	38	41	35	585	1000	58.5
4.	Banks employees always have the time to provide service	30	38	45	47	40	629	1000	62.9
5.	Bank employees able to give good advice	36	45	38	44	37	601	1000	60.1

Above calculation as a Responsiveness aspects 68.6 percentile points are satisfied banks give prompt services 62.9 percentile points satisfied banks employees provide time to service.

Table 3
Level of Satisfaction with Assurance aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Employee in my bank will tell me exactly when the service will be performed	30	36	43	47	44	639	1000	63.9
2.	Employees at my bank address complaints in a friendly manner	38	32	50	44	36	608	1000	60.8
3.	Employees at my bank treat me as a valued customer	28	36	51	48	37	630	1000	63.0
4.	Employees in my bank gives prompt services	30	37	46	52	35	625	1000	62.5
5.	Employees in my banks are always willing to help me	32	38	41	48	41	628	1000	62.8

Above calculation as a Assurance aspects 63.9 customers believe employee in my bank will tell me exactly when the service will be performed. 62.8 customers satisfied employees in my banks are always willing to help me.

Table 4: Level of Satisfaction with Empathy aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	My bank has convenient opening hours	17	23	36	72	52	719	1000	71.9
2.	My bank takes my safety very seriously	24	30	40	56	50	678	1000	67.8
3.	My bank keeps my waiting time to a minimum	40	37	52	38	33	587	1000	58.7
4.	My bank takes the confidentiality of my data very seriously	32	38	45	48	37	620	1000	62.0
5.	My bank takes my privacy very seriously	18	24	56	52	50	692	1000	69.2

As per the Empathy aspect of service quality 71.9 percentile shows bank has convenient opening hours. 69.2 percentile points shows privacy very seriously.

Table 5: Level of Satisfaction with Tangibility aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Centrally located	16	18	32	78	56	740	1000	74.0
2.	Employees professionally dressed	14	18	38	71	59	743	1000	74.3
3.	Attractive printed material	24	30	48	56	42	662	1000	66.2
4.	Availability of equipment	17	25	45	60	53	707	1000	70.7
5.	Visually appealing layout	22	28	47	56	47	678	1000	67.8

Above table Tangibility aspects of service quality shows 74.3 percentile shows better overall employees professionally dressed. 74.0 percentile customers feel banks are centrally located.

Satisfaction of Private Sector Bank Customers Toward Service Quality

Table 6: Level of Satisfaction with Reliability aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Online Reliability	20	32	44	68	36	668	1000	66.8
2.	Reliable information	23	27	56	56	38	659	1000	65.9
3.	Consistent performance	26	38	46	54	36	636	1000	63.6
4.	Quick and prompt service	21	31	37	56	55	693	1000	69.3
5.	Error free service	20	25	57	58	40	673	1000	67.3

As per the above calculation a total of 69.3 percentile shows better overall quick and prompt services. Error free service is also fine with 67.3 percentile points

Table 7: Level of Satisfaction with Responsiveness aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	My banks give me prompt service	18	26	38	59	59	715	1000	71.5
2.	Less waiting Time	35	38	42	46	39	616	1000	61.6
3.	When I have a problem, my banks shows sincere interest in solving it	28	37	40	50	45	647	1000	64.7
4.	Banks employees always have the time to provide service	23	32	53	50	42	656	1000	65.6
5.	Bank employees able to give good advice.	25	35	43	47	50	662	1000	66.2

As per the Responsibility aspects a total of 71.5 percentile shows banks gives prompt services. 65.6 percentile shows bank employee provide time service

Table 8: Level of Satisfaction with Assurance aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Employee in my bank will tell me exactly when the service will be performed	22	30	46	54	48	676	1000	67.6
2.	Employees at my bank address complaints in a friendly manner	26	30	44	50	50	668	1000	66.8
3.	Employees at my bank treat me as a valued customer	21	28	55	57	39	665	1000	66.5
4.	Employees in my bank gives prompt services	20	30	45	60	45	680	1000	68.0
5.	Employees in my banks are always willing to help me	24	31	46	58	41	661	1000	66.1

Above table assurance aspects clearly shows 68 percentile shows bank employee provide prompt services. 67.7 customers feel bank employee provide exactly services performed.

Table 9: Level of Satisfaction with Empathy aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	My bank has convenient opening hours	13	20	35	76	56	742	1000	74.2
2.	My bank takes my safety very seriously	20	26	36	64	54	706	1000	70.6
3.	My bank keeps my waiting time to a minimum	27	30	42	65	36	653	1000	65.3
4.	My bank takes the confidentiality of my data very seriously	24	30	40	58	48	676	1000	67.6
5.	My bank takes my privacy very seriously	14	20	45	64	57	730	1000	73.0

Above calculation Empathy aspects shows a total of 74.2 percentile shows customers satisfied convenient opening hours. 73.0 percentile customers feel bank take privacy very seriously.

Table 10: Level of Satisfaction with Tangibility aspects of Service quality

No	Particulars	Respondent's Response					Likert Scale		
		SDA	DA	NI	A	SA	Weighted Score	Tot Score	Percentile Points
1.	Centrally located	24	28	45	52	51	678	1000	67.8
2.	Employees professionally dressed	12	15	30	80	63	767	1000	76.7
3.	Attractive printed material	20	26	44	65	45	689	1000	68.9
4.	Availability of equipment	13	23	36	75	53	732	1000	73.2
5.	Visually appealing layout	15	24	40	64	57	724	1000	72.4

Above table shows Tangibility aspects of service quality 76.7 customers satisfied employees dress code. Availability of equipment is also fine with 73.2 percentile points.

Comparison of Public and Private Sector Banks Customers Toward Service Quality

The following tables shows the comparison of customer's level of satisfaction of service quality between public and private sector banks by combining their Likert scale percentile together.

Table 11: Level of Satisfaction with Reliability aspects of Service quality

No.	Particulars	Public	Private
1.	Online Reliability	64.4	66.8
2.	Reliable information	65.2	65.9
3.	Consistent performance	62.0	63.6
4.	Quick and prompt service	66.4	69.3
5.	Error free service	62.5	67.3

The customers of private sector banks are more satisfied in all the above mentioned factors related to Reliability aspects of service quality.

Table 12: Level of Satisfaction with Responsiveness aspects of Service quality

No.	Particulars	Public	Private
1.	My banks give me prompt service	68.6	71.5
2.	Less waiting Time	57.9	61.6
3.	When I have a problem, my banks shows sincere interest in solving it	58.5	64.7
4.	Banks employees always have the time to provide service	62.9	65.6
5.	Bank employees able to give good advice	60.1	66.2

The customers of private sector banks are more satisfied in all the above mentioned factors related to Responsiveness aspects of service quality.

Table 13: Level of Satisfaction with Assurance aspects of Service quality

No.	Particulars	Public	Private
1.	Employee in my bank will tell me exactly when the service will be performed	63.9	67.6
2.	Employees at my bank address complaints in a friendly manner	60.8	66.8
3.	Employees at my bank treat me as a valued customer	63.0	66.5
4.	Employees in my bank gives prompt services	62.5	68.0
5.	Employees in my banks are always willing to help me	62.8	66.1

The above table shows private sector banks are more satisfied in all the above mentioned factors related Assurance aspects of service quality.

Table 14: Level of Satisfaction with Empathy aspects of Service quality

No.	Particulars	Public	Private
1.	My bank has convenient opening hours	71.9	74.2
2.	My bank takes my safety very seriously	67.8	70.6
3.	My bank keeps my waiting time to a minimum	58.7	65.3
4.	My bank takes the confidentiality of my data very seriously	62.0	67.6
5.	My bank takes my privacy very seriously	69.2	73.0

The customers of private sector banks are more satisfied in all the above mentioned factors related to Empathy aspects of service quality.

Table 15: Level of Satisfaction with Tangibility aspects of Service quality

No.	Particulars	Public	Private
1.	Centrally located	74.0	67.8
2.	Employees professionally dressed	74.3	76.7
3.	Attractive printed material	66.2	68.9
4.	Availability of equipment	70.7	73.2
5.	Visually appealing layout	67.8	72.4

For satisfaction of Tangibility aspects of service quality too the private sector bank customers have shown their optimal satisfaction. Only for the Centrally located has shown more satisfaction in public sector bank.

Conclusion

This study shows, quality parameters such as responsiveness, reliability, tangibles, assurance and empathy, of customers' expectations and perceptions of banking sector service, quality. When the private sector banks are compared with public sector banks, Private Banks score more in all the 5 dimensions of service quality considered for this study. Most of the respondents felt that the employees of the private banks are very keen to satisfy their customers. On the other hand customers of public banks felt that the employees were least bothered about their customers. Private Banks customers feel that their banks take due consideration about their convenience and are ready to cope up with their preferences of working hours. Although in this study it was attempted to cover all aspects of service quality, there may be certain aspects that may have been omitted or that may become relevant as new trends in banking evolve. To this end, public sector banks should continually assess and re-assess how customers perceive their services to know whether these banks meet or exceed or fall short of the expectations of their customers.

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