



THE RELATIONSHIP OF CUSTOMER SERVICE QUALITY AND CUSTOMER TRUST IN PRIVATE BANKS

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Abstract- In today's world, everyone in the bank will need a convenient promise-tracking system. Moreover, bank managers will want to know if any promise is about to go unfulfilled in order to fix it before the customer notices. High-trust companies need high levels of accountability. Accountability requires a shift in everyone's mindsets from performing tasks to fulfilling promises. The objective of this paper is to investigate the relationship between of service quality and customer trust on private banks. Samples size for this study is 247. These sample respondents are selected by systematic random sampling technique. Descriptive statistics, ANOVA, multiple regression and correlation statistical tools were used to analysis of variance between determinants, the statistically significant differences and relationship between variables. Its shows that the independent variable such as tangibility, reliability, responsibility, assurance and empathy are significantly influenced the trust of customer with the private bank.

Keywords: Service Quality, Customer Trust, Private Banks, Promises

I. INTRODUCTION

Banks in the last twenty years have moved away from this position to become centralised, manufacturing, product-oriented organisations whose only interest in customers was the selling and cross-selling of new products. Rewards, targets and metrics have introduced competition among product lines and among channels (branch versus call centre versus online), all of which confuse and frustrate both customers and staff who want to do the right thing for the customer. Branch managers probably suffered even more than customers as they saw their authority increasingly eroded by headquarters, although they do remain loyal to their bank. Customers in contrast became disloyal and showed their distrust by diversification. With all the focus on cross sales, customer product holdings (a key measure of profitability) have stubbornly stayed below two. The average customer has less than two active products with his or her bank. Without trust, customers spread their business among many banks.

Customers extend robust trust to a business when they believe the business puts their interests first. Banks have worked instead to reduce complaints. Fewer things are being done to irritate customers: ATMs work; lines are short; records are more accurate; fees are well publicised; staff are helpful. In short, banks have become more reliable and friendly. But that does not yield robust trust. The number of customers who will recommend their bank to family and friends has fallen. It is as though the customer is saying: "The bank treated me efficiently, conveniently, even fairly. But the bank does not really think about me as a person, as a consumer, Those companies put my interests first when it really matters. Businesses that I recommend to friends and family do that." Customers hanker after the attributes they associate with a small town banker; the trust in fairness, practicality and reciprocity is embedded in the national psyche. Of course customers also want the accessibility, convenience and efficiency of the new digital consumerism. They want to be communicated to as they themselves communicate.

Service quality plays a vital strategic role and helps bank managers to gain competitive advantage and to take wise management decisions. If it will be analyzed properly, it will give appropriate long time impact on customer purchase decisions. When a bank has high customer satisfaction it is a very precious asset. It makes a positive difference influence that knowing the bank name has on customer reaction to the product or service. High customer satisfaction provides many competitive advantages to the organisation.

This study aims to identify the key dimensions of service quality affecting consumers' purchase decision and examine whether any association exists between dimensions of service quality and customer trust Bank is a customer oriented services industry. A bank depends upon the customers for their survival in

the market. The customer is the focus and customer service is the differentiating factors (Guo *et al.*, 2008). A bank can differentiate itself from competitors by providing high quality customer service (Naeem & Saif, 2009). Efficacy of customer service is related with progressive operation. In the competitive banking industry, customer trust is considered as the essence of success. Organizations operating in service industries should consider service quality a key strategic issue for the business success (Spathis *et al.*, 2004).

II. RESEARCH METHODOLOGY

The objective of this paper is to investigate the relationship between of service quality and customer trust on private banks. Chengalpattu District, Tamilnad ,India. Various literatures and reviews are collected and identified the variables. In 1988, Parasuraman studied five dimensions of service quality with 22 statements. Parasuraman,et.al (1988) tool has been adopted for this study. This tool consists of 22 statements which are classified as five dimensions namely, tangibility, reliability, responsiveness, assurance and empathy. For customer trust Johnson (1998) is used a five items scale to measure the customer satisfaction. This tool is considered for this study. The required samples size for this study is 247. These sample respondents are selected by systematic random sampling technique. The data analysis procedure is conducted through survey questionnaire method. Responses are coded and data entered statistical package for social science (SPSS). Descriptive statistics, ANOVA, multiple regression and correlation statistical tools were used to analysis of variance between determinants, the statistically significant differences and relationship between variables.

III. RESULT AND ANALYSIS

Table: 1 Customers opinion towards Trust

Statements	Mean	S.D
Bankers treated us conveniently and fairly	4.94	1.63
Bank support During important requirement	4.89	1.39
Bankers performs the tasks professionally	4.81	1.40
Always honest	4.89	1.50
Bankers promises made to our firm	4.41	1.63

Source: Primary data computed

Table 1 explains the respondent's opinion towards trust of the banks. Trust has been measured with the five statements. The respondent are asked to rate their opinion for each statements. Mean and standard deviation values are calculated for each statement. The mean values are lies between 4.41 to 4.94. From mean score, it is observed that the customers are stated that the bankers are highly treated them very convenient and fairly. The customers are felt that the bank is given more support doing their important requirement. The customers are having least level of variation with this statement. And also the bank employees are always honest. They are performed their tasks professionally. But, they are doing services as they promised at moderate level only.

Table-2 Customers opinion towards Service quality based on customers trust

Service Quality	Mean	S.D	(ANOVA) Trust	
			F-value	p-value
Tangibility	3.30	1.48	1.477	0.001*
Reliability	3.41	1.45		
Responsiveness	3.43	1.37		
Assurance	3.59	1.42		
Empathy	3.51	1.42		

Primary data computed, *significant at 1% level

Customer's opinion towards service quality of private banks based on trust is displayed in table-2. Tangibility, reliability, responsiveness, assurance and empathy are the various factors of service quality. The respondents rate their opinion towards these factors. The mean value is ranged from 3.30 to 3.59. Based on the mean value, it is inferred that the respondents suggested about service quality is at average level. The corresponding standard deviation values indicate that there is no much deviation within the group of customers.

H₀: service quality factors does not influence the customer trust

In order to test the above stated hypothesis ANOVA test is applied. The mean value lies between 3.30 to 3.59, p-value is 0.001 which is significant at one percent level. Hence the hypothesis is rejected. So the service quality factors influence the customer trust and it to be identifying the highest contributing factor to the service quality is assurance. It is found that the service quality factors are significantly influence the customer trust in banking services.

Table: 3 Service quality and Trust

Service Quality	Trust	
	r-value	p-value
Tangibility	0.291	0.001*
Reliability	0.477	0.001*
Responsiveness	0.597	0.001*
Assurance	0.462	0.001*
Empathy	0.605	0.001*

Primary data computed, *significant at 1% level

Table -3 explains the relationship between service quality dimensions and trust

H₀: There is no relationship between service quality dimensions and trust.

In order to examine the above stated hypothesis, pearson correlation is applied. From the correlation value, it is observed that the service quality dimension, empathy is secured highest r-value (0.605) with

trust of the banks. Followed by responsibility (0.597), reliability (0.477), assurance (0.462) and tangibility (0.291) Hence, it is inferred that the service quality dimensions and trust are having significant relationship with trust. So, the stated hypothesis is rejected. The secured R-values are lies between 0.639 and 0.291. However, the R-values are found to be positive. It shows that service quality dimensions are positively related with trust. Here, empathy and responsibility are having higher level of correlation value than the other service quality dimensions. Hence, empathy and responsibility are the dimensions have the strong relationship with trust.

Table: 4 Effect of Service quality on trust

R-Value	R-Value	Square	Adjusted R- Square Value	F-Value	P-Value
0.757	0.573		0.565	77.937	0.001

Service Quality	B	Std. Error	Beta	t- Value	P-Value
Constant	2.921	1.304		2.239	0.026
Tangibility	0.000	0.056	0.000	-.005	0.996(N.S)
Reliability	0.159	0.045	0.142	3.529	0.001*
Responsiveness	0.232	0.058	0.203	4.028	0.001*
Assurance	0.088	0.057	0.066	1.564	0.119(NS)
Empathy	0.106	0.051	0.108	2.070	0.039**

Source: Primary data computed* Significant at five percent level; Ns-Non - significant

Table -4 explains the effect of service quality dimensions on trust

Ho: Service quality dimension do not have influence on trust.

In order to examine the above stated hypothesis, multiple linear regression has been applied. Here, the service quality dimensions namely, tangibility, reliability, responsiveness, assurance and empathy are considered as independent variables and trust is treated as dependent variable. Further, the analysis has been done. From the model summary, the p-value is found to be (0.001) significant at one percent level. Its shows that the independent variable such as tangibility, reliability, responsibility, assurance and empathy are significantly influenced the trust of customer with the bank. Hence the stated hypothesis is rejected. Further the R-Square value is found to be 0.57. It is inferred that the service quality dimensions, are influenced at 57 percent level on customer trust towards the bank. The standardized co-efficient beta value indicates the relative importance of predictors of customer satisfaction is expressed by the equation.

$$\text{Trust} = 2.921 + 0.232(\text{responsiveness}) + 0.555(\text{reliability}) + 0.159(\text{empathy})$$

The equation is explained that the responsiveness, reliability and empathy are having positive impact on trust. It shows that, to have one unit increase in trust, the responsiveness has to be increased by 0.232 levels while other factors remain constant. And like, if reliability increases by 0.159, one unit of customer trust, increases as independent. It is clearly indicates that the service dimension are having

significant effect on the trust. However responsiveness, reliability and empathy are the predictors of trust.

IV. CONCLUSION

The above analysis clearly concluded that the private banks are highly satisfied their customers' requirements. The customers trust level was very high based its service quality. It also influences the trust among private banks customers. Rebuilding trust in private banking is not just a case of creating a better relationship with the customer an emotional level. It directly translates into the ability to earn sustainably higher margins and better bottom line performance. Brands like Nike, Coca-Cola, Apple, Target, Nordstrom, Starbucks, Amazon and FedEx typically earn above industry margins because their customers trust them. Customers financially reward trustworthy organisations, especially one that show they trust their customers.

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