Analysing Service Quality In Banking Sector With Special Reference To Thiruvallur District

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Abstract

The study illustrates the influence of service quality and customer satisfaction on banking sector. A vivid description of service quality and customer satisfaction is described to present the significance of the study. The study is developed with the help of secondary qualitative data. All that information and data collected are based on journals and articles. The data presented in developing this research study is critically analysed to explain the importance of the topic of research. Every detail is provided with respect service quality and customer satisfaction on banking sector with valid data and information. The researchers have developed the study in accordance with factual knowledge and theories that provide further illustration of the topic. All the information presents the importance of service quality and customer satisfaction on banking sector.

Keywords: Service quality, SERVQUAL, customer satisfaction, banking sector, customer loyalty

INTRODUCTION

Service quality is considered one of the main factors that are behind customer satisfaction in commercial banks. It is observed that service quality has a decisive role to play in Irving customers with a good experience and converting them to loyal customers. High service quality influences the loyalty of customers and their engagement with the services of both private and public banks. The chapter illustrates the background of the study with relevant statistical information. Based on the information, research objectives are presented to highlight the significance of the study. The research questions are formulated and are well addressed to complete the study further.

Objectives of the Research

i. To identify level of importance of different parameters of service quality by the customers of retail branches of the Bank.

ii. To evaluate performance retail branches of public, private and foreign banks on the basis of expectations and perceptions of service quality.

iii. To understand gaps between expectations and perceptions of the service quality of retail branches of public, private and foreign banks.

iv. To understand perception of management and employees of these banks to know their challenges in delivering expected services.

LITERATURE REVIEW

The chapter presents a vivid description of service quality and customer satisfaction in the banking sector. Both customer satisfaction and service quality are linked to each other and influence the customer engagement with the banks. Service quality depends on differences like time management, and customer service and affects customer intentions to adopt loyalty programs of a bank. Service quality in the banking sector

Service quality is defined as the measure of "how well the services provided" by the banks meet the expectation of the customers. Banking services include digital services, "commercial credit cards", drawing services and automated payments. All the loan packages facilitated by the banks for adverse situations need to be formulated in a way that enhances customer engagement. All the packages need to meet the customer's expectations and provide a better experience such that they recommend the services to their families and friends.

According to Tee, Preko & Tee (2018), customer expectation and customer satisfaction are highly related to service quality. It is observed that accurate responsiveness by the customers is important for improvising of the bank services. Proper engagement from customers and their feedback help banking sector to enhance quality of services. Service quality is measured with the help of a modified version of SERVQUAL that involves five dimensions. it can be understood that the dimensions include "Reliability, Responsiveness, Empathy, Assurance and Tangibles".

Hypotheses of the Research

The following hypotheses are taken for testing.

H10 : There is not a significant relationship between age, occupation, account duration, banking product and income of a customer of a customer and the scores of customer service quality.

H1a: There is a significant relationship between age, occupation, account duration, banking product and income of a customer and the scores of customer service quality.

H20 : There is not a significant relationship between Region, Bank sector and type of Bank where the customer is serviced and the scores of customer service quality.

H2a : There is a significant relationship between Region, Bank sector and type of Bank where the customer is serviced and the scores of customer service quality.

Number of partcipants from each banking sector

Type Of Bank	Percentage(%)	participants
Public Sector Bank	30	256
Private Sector Bank	45	382
Foreign Sector Bank	25	212
Total	100	850

Banks chosen for the Research from Public sector, Private Sector and Foreign sector banks. They were State Bank of India, Punjab National Bank, Bank of Baroda and IDBI Bank from Public sector banks. ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank from Private sector banks and HSBC Bank, Citi Group, Standard Chartered Bank and Deutsche Bank from Foreign sector banksBanks chose for research under each sector

	Name of the bank	
Public sector bank	Private sector banks	Foreign sector banks
State Bank Of India	ICICI Bank	HSBC Bank
Punjab National Bank	HDFC Bank	Citi Group
Bank Of Baroda	Axis Bank	Standard Chartered Bank
IDBI Bank	Kotak Mahindra Bank	Deutsche Bank

Research Design

Inferential statistics have been used for the questionnaire analysis on 5 point Likert scale. Inferential statistics address the conclusions drawn and, in some cases, predict the properties of a population based on information obtained from a sample and allows making broader statements on the relationship between data (Texas State Auditor's Office).

Inferential statistics are often used to answer questions of cause and effect and predict (Lowry, 2014). They are also used to examine differences between and among groups (Lowry, 2014). Hence, the researcher has used this methodology as it provides more comprehensive information, detailed insight into relationship between SERVQUAL variables, reveals causes and effects to make predictions and generates persuasive support assistance for stated hypotheses and has high probability of being readily accepted by the banks for assessment of their service quality and customer satisfaction (Bingham, Arbogast, Guillaume, Lee, & Halberg, 1982).

Data Collection

In this research both primary and secondary data were utilized. The secondary data was extracted from the research papers, Reserve Bank of India publications, websites of banks, academic journals, books, periodicals and newspaper articles. To get the primary

data, a structured questionnaire was designed to collect data from 91customers and bankers.

The questionnaire for customers consisted of 27 statements measuring SERVQUAL dimensions of reliability, empathy, responsiveness, assurance and tangibility. Apart from this 10 questions related to demographic parameters of location, primary banking, products availed, significant feature of bank, preferred banking sector, age, gender, income, occupation and account duration were also recorded. The questionnaire for bankers consisted of statements related to job satisfaction, differentiation techniques deployed by their bank, support provided by bank, complaint resolution and available infrastructure. Apart from these general questions pertaining to branch footfall, training provided, customer awareness and branch level service parameters were also recorded. All the SERVQUAL related responses were measured on a 5 point Likert Scale for data analysis.

Sampling

For this research, convenience sampling method was selected. Convenience sampling enables obtaining information readily from customers who were accessible for research (Etikan, Musa, & Alkassim, 2016). The total samples selected were 850 out of which 300 were in Avadi, 200 in ambattur, 200 in pattabiram and 150 in thiruninravur. This sampling is beneficial for banks as it helped to obtain original primary data on specific issues of expectation and perception of service quality and customer satisfaction levels of each bank (Kumar, Kee, & Manshor, 2009).

Perception based analysis of Customer Service Quality . A more deep evaluation revealed that ambarttur based customers in the pattabiram are most satisfied in avadi . The customers reason was the ability of staff to talk avadi rather than English. The One Sample T– Test carried out (twin tailed at 0.05 significance level) demonstrated a value of t as 1.963 and p as 0.0497, making the relationship between customer service and customer service quality a significant one

PERCEPTION BASED ANALYSIS OF SERVICE QUALITY

SERVQUAL	PUBLIC SECTOR BANKS	PRIVATE SECTOR BANKS	FOREIGN SECTOR BANKS
RELIABILITY	3.51	3.44	3.55
ASSURANCE	3.66	3.41	3.64
TANGIBILITY	3.57	3.44	3.61
EMPATHY	3.50	3.42	3.53
RESPONSIVENESS	3.40	3.45	3.58

**PERCEPTION BASED ANALYSIS OF SERVICE QUALITY**
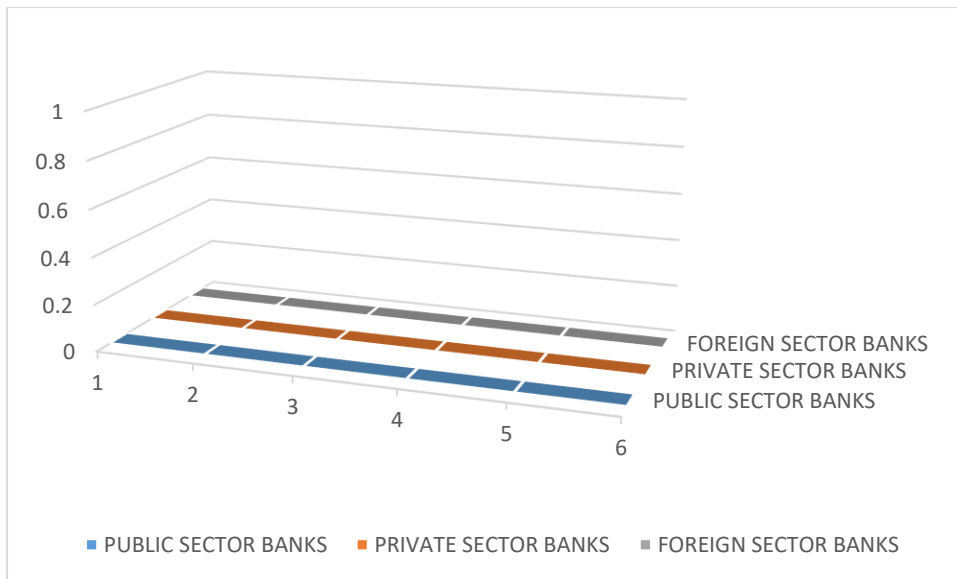
Reliability based analysis of customer perception Among all parameters of reliability, it is interpreted that customers have a strong perception of internet reliability regardless of bank type. In Foreign sector banks, the highest rated parameter was online reliability as it was deemed to be safe and lowest parameter was work efficiency as well. Reliability based analysis of customer perception Banking Product based analysis of Customer Service Quality Scores shows that FCNR and NRI Account holders have expressed greater satisfaction as these are deemed to be premium accounts and High Net Worth individuals by the Banks.

Banking product based analysis of customer service quality scores

Type of account	Mean	N	Std.Deviation
Account			
Savings Account	3.56	198	0.93
Current Account	3.69	61	0.88
NRI Account	3.89	23	0.86
FCNR Account	4.02	5	0.86
Deposit	3.65	76	0.92
DEMAT Account	3.15	14	0.91
Loans			
Home loan	3.63	98	0.85
Jewel loan	3.65	32	0.92
Personal loan	3.56	57	0.87
Business laon	3.54	32	0.91
Car loan	3.58	66	0.87
Education loan	3.87	34	0.91
Overdrafts	3.47	31	0.86
Loans Against property	3.60	23	0.84
Cards			
Travelers card	3.14	34	0.81

Credit card	3.25	66	0.83
Total	3.58	850	0.88

Banking product based analysis of customer service quality scores
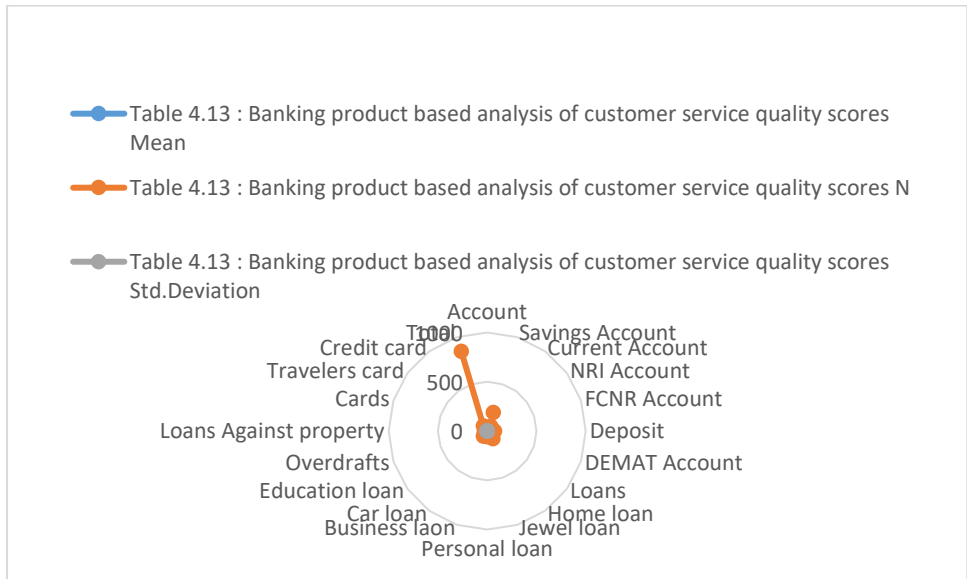
Hence, for all the above given demographic segmentation components, we reject the null hypothesis and acknowledge that there is a significant relationship between age, occupation, income, account duration and type of banking product held by a customer and the scores of customer service quality

Specific Bank based analysis of Customer Service Quality Scores clearly shows the standardization of most services by banks in India.

Correlation Analysis amongst all demographic parameters Correlation analysis helps to analyze strength of relationship between variables which in this case were the demographic variables. It can be observed in that rating of the quality of customer service varies with these categorical variables namely age, gender, occupation, income, region, specific banking sector, specific bank, account duration and type of account. The strongest positive correlation exists between types of Bank sector with other variables at 0.7073 (age), 0.6088 (occupation), 0.8770 (income), 0.9951 (region) and 0.8488 (specific bank). The weakest negative correlation exists for gender with other variables at -0.9866 (occupation), -0.8372 (income), -0.5567 (region), -0.9991 (account duration) and -0.7718 (type of account). This proves that service is independent of gender stereotypes and all variables need to be reinforced in conjunction to provide a customer delight

Correlation analysis amongst all demographic parameters

CORRELATION ANALYSIS AMONG ALL VARIABLES BASED ON SATISFACTION SCORES

	Age Group	Gender	occupation	Annual income	region	Specific bank	Bank sector	Time account held	Type of account
Age Group	1								
Gender	0.2900	1							
Occupation	-0.6084	-0.9866	1						
Annual Income	0.6424	-0.8371	-0.0737	1					
Region	0.5825	-0.5567	0.4532	0.9169	1				
Specific Bank	0.6847	0.0662	-0.0900	0.7210	0.6844	1			
Bank Sector	0.7073	-0.4714	0.6088	0.8770	0.9951	0.8488	1		
Time Account Held	0.3273	0.9991	0.0746	0.5790	0.4592	-0.3152	0.4346	1.0000	
Type Of Account	-0.2205	-0.7718	0.2061	0.5310	0.7444	0.1902	0.9246	0.8908	1
		Strong Positive Correlation							
		Strong Positive Correlation							

Correlation analysis of demographic parameters
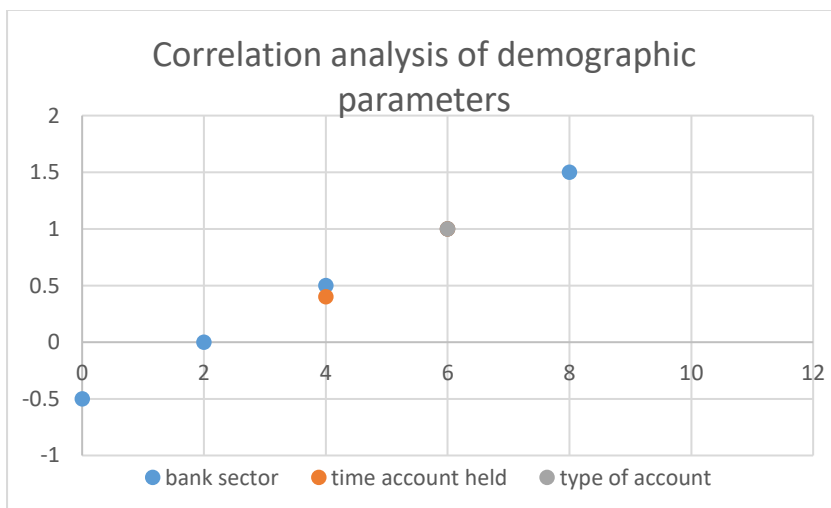
Discussion It can be well understood that customer satisfaction is important for the banking sector to retain its customers. Quality services and effective customer services

help the customer with a better experience. A highly satisfied customer is likely to return and engage with other services of the bank (Vencataya et al. 2019). A customer that is engaging with additional services becomes loyal to a specific bank. However, lack of customer satisfaction among the population does not make customers loyal and reduces engage of the services.

Thus it can be concluded from the study that service quality and customer satisfaction are interconnected to each other. It is extremely important for banks to provide customers with quality services that enhance their level of satisfaction. However, ineffective and poor services reduce the engagement of the customers in the banking sector.

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