Innovations

Service Quality Dimensions in Banking Sector – A Study with Reference to HDFC and SBI Banks in West Godavari District, Andhra Pradesh

J. Deva Mani

Lecturer, Department of Commerce, Sir C R Reddy College for Women, Eluru., India

Abstract:
In this modern era of global competition, factors such as customer expectation and customer satisfaction vitally contributes towards the success of any industry and the Indian banking industry is not an exception. The role of customers is the existing Indian banking landscape customers play a vital role. It is the responsibility of banks to satisfy the customers in order to retain them for their very survival and success. Customer's expectations, customer satisfaction, and service quality are highly related. The banks should be able to minimize and eliminate the gap between perceived service quality of customers and the actual service provided. The study also attempted to ascertain the dimensions of service quality in banks. It is suggested to the banking sector that apart from ensuring the trust of customers, it should improve their operations in providing highly advanced technological services to the customers with easy access and instant delivery features. Thus, by providing enhanced quality in the banking services, the banks would be able to create a whole gamut of satisfied customers which would ultimately lead to further the efficiency and performance in the banking landscape. Banking sector, one of the core sectors of service economy is fiercely competitive. Service quality measure is based on modified version of SERVQUAL as proposed by which involve five dimensions of service quality namely Reliability, Responsiveness, Empathy, Assurance and Tangibles. The purpose of this study is to review the literature survey on service quality in banking sector. The customers expect a high level of service quality factors, which influences the performance of bank.
Keywords: Service Quality, Customer Loyalty, Customer Satisfaction, Indian banks

Introduction

India has experienced significant economic growth in the past decade, thanks in part to banking sector reforms that began in 1991. A sound and evolved banking system is essential for sustained economic development, and India has made great strides in this area. The country's banking system is now considered one of the best among developing nations. The process of globalization and liberalization has had a strong impact on the Indian banking sector, leading to the emergence of new private sector banks and the opening of branches of foreign banks in India.

Evolution of Indian Banks

Banking has played a crucial role in the growth and development of the Indian economy. However, the banking sector has undergone numerous twists and turns since India gained independence. Today, Indian banks are customer-oriented, innovating to provide new, more customer-friendly facilities. The objectives of Indian banks have shifted towards developing long-term relationships with customers and achieving higher market penetration, rather than simply maximizing profits.

Recent Developments in the Banking Sector

In recent years, the Indian banking industry has witnessed the rollout of innovative banking models like payments and small finance banks. India has also focused on increasing its banking sector reach through various schemes like the Pradhan Mantri Jan Dhan Yojana and Post payment banks. These schemes, coupled with major banking sector reforms like digital payments, neo-banking, a rise of Indian NBFCs and fintech, have significantly enhanced India's financial inclusion and helped fuel the credit cycle in the country.

Digital Payments System in India

The digital payments system in India has evolved the most among 25 countries, with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII). India's Unified Payments Interface (UPI) has also revolutionized real- time payments and strived to increase its global reach in recent years.
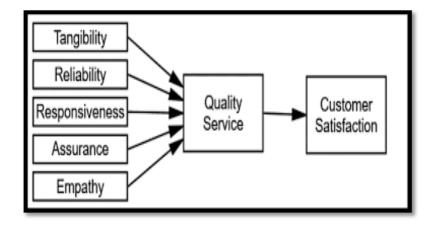
Market Size

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks, and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of June 2023, the total number of ATMs in India reached 266 thousand.

Service Quality Dimensions (Servqual)

Managers in banking industry are under increasing pressure to demonstrate that their services are customer – focused and that continuous performance improvement is being delivered. Given the financial and resources constrains under which banks must manage it is essential that customer satisfaction are properly met and measured and that from the customer satisfactions, any gaps in services quality are identified. This information the assists a manager in identified cost – effective ways of closing services quality gaps and of prioritizing which gaps to focus on – a critical decision given scare resources. SERVQUAL Model which is a popular model of quality research of services and the most common application in the marketing research as well as other industries such as hospitality and economy. Parasuraman and Zeithamal has given a five-point Service Quality Dimensions Namely Reliability, Responsiveness, Tangibility, Assurance and Empathy which is popularly known as ServQual Model.

Five Service Qualuty Dimensions

Reliability

Reliability shows the ability to provide services accurately, on time, and credibly (Parasuraman,Zeithmal and Berry, 1985). This requires consistency in the implementation ofservices and respects commitments as well as keeps promises to customers.

Responsiveness

This criterion measures the ability to solve the problem fast, deal with customers' complaint effectively and the willing to help customers as well as meet the customers' requirements. In other words, responsiveness is the feedback from banks to what customers want.

Tangibles

Tangibles are the images of the facilities, equipment, machines, attitude of staffs, materials, manuals, and information systems of the bank. In others words, the tangibles refer to the effect of physical facility, equipment, personnel and communication materials on customer. The atmosphere also called service scapes influences directly both employees and customers in physiological, psychological, sociological, cognitive and emotional ways.

Assurance

This element creates credibility and trust for customers, which is considered through professional services, excellent technical knowledge, attitude courtesy, and good communication skills, so that customers can believe in the quality of firm's services.

Empathy

Empathy is the caring, consideration, and the best preparation for customers, so that they can feel as 'guests' of the firm and are always welcome at any times, anywhere. Human factors are the core of this success and the more caring the bank gives to customers, the more customer understanding increases.

Objectives

1. To explore the various services offered by selected Banks

2. To establish a relationship between the service quality dimensions and satisfaction of customers

3. To establish a relationship between customer satisfaction and loyalty of customers towards private banks.

Hypotheses of the Studies

1: Service quality dimensions is not significantly related with customer satisfaction.

2: Overall service quality is not significantly related with customer satisfaction in banking services.

3: Customer satisfaction is not significantly related with loyalty in banking services

Review of Literature

1. Potluri et al. (2016) measured and analyzed the quality of services offered by the top three public- and private-sector banks in India and to attempt to know how bank services quality affects customer satisfaction. B All the public-sector banks chosen for the study lead in the satisfaction index over the private-sector banks by demonstrating differences in the dimensions of credibility, influence, and geographic spread

2. The studies (Gronroos, 1982); lewis and Booms, 1983)suggested that service quality stems from a comparison of customers expectations with seller's actual service performance. Abroad-based study conducted by Parasuramanet.al. (1985) reinforced the idea that service quality is a function of customers' expectations and performance gap. Several authors have also articulated different attributes that the customers use as criteria in evaluating quality of services.

3. Lehtinen (1982) found three kinds of quality: physical quality i.e. physical aspects associated with the service such as equipment and building; corporate quality i.e. firm's image or reputation in rendering services; and interactive quality, which indicates interaction between service personnel and customers.

4. Berry et.al. (1997) suggested four essential approaches of quality of services. It includes: transaction surveys, customers' complain comments and inquiry, total market survey and

employee survey. East (1997) opined that the customer satisfaction is a major out-come of marketing activity where by it serves as a link between the various stages of consumer buyingbehaviour. Realizing the role played by public sector commercial banks in regard to the service quality, SaraiyaCommittee (1972) suggested seventy seven recommendations

5. Parasuraman (2000) opined that superior customer service and marketing excellence are the two sides of the same coin

6. Kumar (2008) observed that the main driver is changing customer needs and expectations. The customers in urban India no longer want to wait in long queues and spend hours in banking transactions.

7.Lenka, Suar, and Mohapatra (2009) in a case study of Orissa state analysed service quality of Indian commercial banks fosters customer loyalty. Paul et al. (2016)

8.Paul.et.al(2016) inspected the effect of different quality factors related to services on the general fulfillment of clients and think about the private and public banks utilizing a sample from India.

9. Joshi and Sankaranarayanan (2019) revealed that there was a significant difference in the expectation and perception level of the customers on various dimensions of service quality across various categories of banks. The private sector banks have the least gap and were in a better position to satisfy their customers followed by multi state coop banks and finally publicsector banks.

10. Kumari and Singh (2018) examined the relationship between customer satisfaction with service quality(Tangibility, Reliability, Responsiveness, Assurance and Empathy). The finding suggested that all the dimensions of service quality were significantly related with customer satisfaction. Also, all the dimensions of service quality were found to be good strategy to enhance the customer satisfaction, simultaneously retain the customer for long term bankingbusiness and relate new customer

Data Analysis

Tangibility:

Table 1: Modern Looking Equipment

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
HDFC	10	65	90	90	60	315
SBI	20	85	90	60	60	315
TOTAL	30	150	180	150	120	630

Source: Primary Data

Table 1 reveals the opinions of the respondents on equipment's at Bank. It is found that majority of the respondents from HDFC bank opined that equipment are modern clean and

good looking. Among SBI it is found that majority of respondents opined that equipment aremodern looking neat and good appeal.

Reliability:

Table 2: Staff performing service at the first instance

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
HDFC	75	90	15	75	60	315
SBI	60	30	30	105	90	315
TOTAL	135	120	45	180	150	630

Source: Primary Data

Bank Staff/Employees are giving immediate services to the customers as per their requirements It is observed that only 47.6 % of HDFC respondents are given positive responsive. Among SBI 71.4 respondents opined that the service is immediate by staff .

Responsiveness:

Table 3: Staff are responding to customer's needs immediately

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
HDFC	30	45	90	45	105	315
SBI	60	60	30	75	90	315
Total	90	105	120	120	195	630

Source: Primary Data

Table 3 reveals that majority of the respondents from HDFC bank opined that even the staff is busy they respond to the customers needs as they need which constitute 76.2% and the same is found in SBI respondents constituting 62% .

Assurance

Table 4: Staff having knowledge and being competent to answer questions

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
HDFC	0	30	135	75	75	315
SBI	15	45	105	105	45	315
Total	15	75	240	180	120	630

Source: Primary Data

Table 4 reveals that majority of respondents from HDFC bank opined that the staff are having good knowledge about the services at the bank and giving proper answers to the question by customers at the bank which constitutes90.5% and the same is found in SBI respondents

which constitutes 80.9%. that the staff are having good knowledge about the services at the bank and giving proper answers to the question by customers at the bank.

Empathy

Table 5: Special attention given by the staff

	Strongly Disagree	Dis agree	Neutral	Agree	Strongl y Agree	Total
HDFC	15	15	75	120	90	315
SBI	15	60	120	105	150	315
Total	30	75	195	225	105	630

Source: Primary Data

Table 5 shows whether special attention is given by the staff to the customers or not. It is found that majority of the respondents from HDFC bank opined that the staff is giving special attention to the customers which constitute 90.4% and the same is found even in case of SBI respondents constituting 76.2 %. It is evident that the special attention is given to the customers by staff.

Conclusion

Service quality should be used as a strategic tool to get a competitive advantage over the competitors. With the increasing levels of globalization of the Indian banking industry, and adoption of universal banks, the competition in the banking industry has intensified. Any where' and 'any time banking now become a reality. Recognition of service quality now acts as a competitive weapon. Analysis of gap score reveals that in banks 'Empathy' has maximum average score of 3.240 among all five dimensions. The factor analysis clearly indicates that among five dimensions 'Reliability', 'Responsiveness', 'Empathy' and 'Tangibility' are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by banks. Thus based on the percent level of customer satisfaction, the banks have scope to improve the quality of the service rendered to its customers to ensure their loyalty.

References:

1. Aashish Shashikant Jani (2012), "A study of Customer Perception on the use of E Technology in the Retail Banking Sector: A Comparative study of Public Sector and Private Sector Banks", Indian Journal of Marketing, Vol: 42, No: 1, PP. 46-58

2. Dharmalingam, Senthil and Kannan (2012),"Assessing service quality dimensions of new private sector banks in Tamilnadu – An empirical study", Institute of Technology and Management, Vol.6, No.2 PP: 1 - 14

3. Kamble Sachin, Dhume Sudheer, Raut Rakesh, Chaudhari Ranjan (2011), Measurement of service quality in banks: a comparative study between public and private banks in India, International Journal of Services and Operations Management 2011 -Vol. 10, No.3 pp. 274 –293

4. Khurana Sunayna (2010) Service quality gap and customers' satisfaction of private sector banks: an empirical study Int. J. of Electronic Customer Relationship Management, 2010 Vol.4, No.1, pp.87 – 95

5. Ravichandran K., Arun Kumar S., Prabhakaran S., (2010) Influence of Service Quality on Customer Satisfaction Application of Servqual Model, International Journal of Business Research ISSN 2277- 3622, Vol.2, No. 6, June (2013) 176.

6. Samli, A. Coskun, Frohlich, Cheryl J. "Service: the competitive edge in banking" The Journal of Services Marketing.

7. Santa Barbara: Jan 1992.Vol. 6, Iss. 1; pg. 15Veerabhadrappa, H. Jayanna, S (2013) Prioritizing Service Quality Dimensions in Private Sector Banks, International Journal Of Marketing, Financial Services & Management

8. Parasuraman, A., Berry, L.L., Zeithaml, V. A., "Understanding Customer Expectations of Service," Sloan Management Review, Vol. 32, no. 3, 1991, p. 39

9. Selvaraj, N. (2016). Relationship between Perceived and Desired Levels of Service Quality of Private Sector Banks in Madurai. Journal of Global Economy 4(180), 2.

10. Sharma, G., & Sharma, D. (2016). X-Efficiency of Indian Commercial Banks and their Determinants of Service Quality :A Study of Post Global Financial Crisis. Data Envelopment Analysis and its Applications , 181-186

11. Rana, M. L. T., Mahmood, A., Sandhu, M. A., & Kanwal, S. (2015). Customer's perception about Service Quality of Private and Public Banks in Pakistan. Pakistan Journal of Social Sciences (PJSS) ,35 (2). Retrieved from www.bzu.edu.pk

12. Arora, S., & Neha. (2016). Determinants of Customer-based Brand Equity: A Study of Public and Private Banks. Global Business Review , 17 (4), 905-920.

13. Chakrabarti, S., Trehan, D., & Makhija, M. (2018). Assessment of service quality using text mining evidence from private sector banks in India. International Journal of Bank Marketing ,36 (4), 594-615.