

A STUDY ON SERVICE QUALITY PERCEPTION AND SATISFACTION OF E-BANKING WITH SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN CHENNAI DISTRICT

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Abstract:

The Banking and financial sector is a major sector of the development of the economy and the nation as a whole, which helps to provide required finance for the different sector of the economy. As a service sector the efficiency of employee has got a bearing on the quality of service offered. The aim of this study target on the customer's satisfaction in service quality scope among the public and private sector banks in Chennai district. The prime objectives of this paper find the expectations of customers concerning bank service, to ascertain to perception of banking customers about the service quality of banks and service quality caps in the both sector banks in Chennai district. Observed method adopted with the basic structures of SERVQUAL method to measure the service quality of banks. The sampling methods were used to select respondents from customers of 2 public sectors banks (SBI & Indian Bank) and 2 private sectors (Axis and ICICI banks) in Chennai district. Public sectors banks in particular improve their performance in order to maintain its market share in Chennai city.

Keywords: service Quality, Banking Industry, SERVQUAL, Customer Satisfaction, etc.

Introduction

Service quality is a critical determinant of competitiveness from establishing and sustaining satisfying relationships with customers. Service marketers have realized that competition can be well managed by differentiating the quality. A customer minded corporate culture, an excellent service-system design, and effective use of technology and information are crucial to superior service quality. Technological developments have empowered the world is providing quick and access to information and services to consumer in all industries including banking. In the recent past, banking industry has invested substantial resources in bringing ICT to customer (Vijay. M. Kumbhar 2009). For a developing country like India, it is inevitable to modernize and computerize banking Industry in order cope up with current scenario in the globe.

The Indian banking industry I mixed with public sectors banks and private sectors banks, there exist a staff competition between them. Due to this competitive nature, banks were forced to the customer-centric in order to retain their existing customers and to acquire new ones. Banks has to satisfy its customers to retire them. The technological development has also increased the customers' expectations on banking services. This study attempts to identity whether there is a significant difference between the public sectors banks and private sectors banks situated in Chennai city in terms of customers satisfaction. The customer satisfaction is measured with the help of 'SERVQUAL' model developed by Parasuraman, Zeithamal and Berry (1985).

Banking and Chennai City

Chennai as a growing Metropolitan city in a developing country, Chennai confronts it features performances around and a special economic zone for apparel and footwear manufacturing. The special feature outlines the evidence on the relationship between different bank characteristics. Almost all major bank of India have branches in Chennai city SBI bank has 196 branches and it has 194 ATMs and IB bank has 127 branches, respectively 223 ATMs, same as ICICI bank has 73 branches, 105 ATMs and Axis bank 57 branches 88 ATMs in Chennai city.

Literature Review

Customers' expectations: Each and every customer has their own experience regarding a product or service these experiences can be termed as customer's expectations. This is more relevant when it comes to services industry like banking. The SERVQUAL model developed by Parasuraman, Zeithaml and Berry begins with customer's expectation on services and then compare it with the actual perceived experience of customers to find out the level of customers satisfaction (V.A. Zeithaml et al 1985). Expectations are subjective and are neither static nor predictable (Blanchard et al, 1994).

Customer's perception of experiences It refers to customer's impression, awareness and / or consciousness about a company or its offerings. Customer's perception can be defined as the judgement about the quality of product / service consumed by them. Perceived quality means consumers judgement towards products / service overall excellence or superiority (Lewin 1936). Perceived service quality determinants tend to play an important role in high skill and technology – involving industry like banking service (Abu Baker Siddique, et al 2011).

Customer satisfaction A customer satisfaction is an important and relevant concept. The level of satisfaction will vary from person to person, product to product and service to service. There may be some possibilities of gaps between customers expectations and actual perception of experience in any service. Which leads to customer dissatisfaction. Hence all the service industry should try to narrow down this gap to increase customer satisfaction. The relationship between expectation perceived service quality and customers satisfaction have been investigated in a number of researches (Zeithaml, et al 1988). Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perception (Abu Bakar Siddique, et al 2011). Many researches agreed that consumers satisfaction and service quality are conceptually distinct (Bitner, 1990), but these two are the major factors influencing purchase intention of customers (Prasante K. Padhy, et al 2009).

Suresh (2007) revealed that poor service quality in public sector banks is due to deficiency in tangibility, lack of responsiveness and empathy but this is not the case in private sector banks. The performance of privatized state owned banks when compared with other banks has increased by 95% after their privatization. This resulted in greater market share for privatized state – owned banks than before (Ikhodaei et al 2012). Service quality is an important feature of customer's satisfaction in Indian banking industry irrespective of public sector banks and private sector banks and found to be strongly associated with propensity to recommend (Monica Bedi 2010). M.J. Vidhyaa (2009) concluded that both SBI and ICICI banks are competing equally with each other but SBI is slightly below the line in customer complaints handling when compared to ICICI bank.

Research Methodology

The structured questionnaire split into two sections in order to collect state from respondents regarding expectations and perceptions of banking service in India. A five points likert's scale was employed to collect data with 20 sets of question statements grouped under 5 dimensions (4 each), 30 respondents from each bank (SBI, Indian Bank, ICICI bank and AXIS bank) in Chennai district were personally met and get the questionnaires filled by them. Samples were selected using a grouping of convenience sampling and clustery sampling methods. The respondents are chosen from the customers coming out of the banks, where it would be easy to invite them to take part in the research.

Objectives of the Study

1. To identify the expectations of customers regarding bank services in public sectors banks & private sectors bank in Chennai district.
2. To find out perceptions of customers regarding service quality in public sector bank and private sectors banks.
3. To analyze and compare service gap (P-E) of customers in public sector banks and private sectors banks in Chennai district.

DEMOGRAPHIC PROFILE

| Gender | | | | |
|--------|--------|-----------|---------|---------------|
| | | Frequency | Percent | Valid Percent |
| Valid | Male | 62 | 51.7 | 51.7 |
| | Female | 58 | 48.3 | 48.3 |
| | Total | 120 | 100.0 | 100.0 |

| Educational Qualification | | | | |
|---------------------------|------------------|-----------|---------|---------------|
| | | Frequency | Percent | Valid Percent |
| Valid | Post Graduate | 36 | 30.0 | 30.0 |
| | Graduate | 76 | 63.3 | 63.3 |
| | Higher Secondary | 8 | 6.7 | 6.7 |
| | Total | 120 | 100.0 | 100.0 |

| Monthly income | | | | |
|----------------|-----------------|-----------|---------|---------------|
| | | Frequency | Percent | Valid Percent |
| Valid | Less than 10000 | 32 | 26.7 | 26.7 |
| | 10,001 – 20,000 | 71 | 59.2 | 59.2 |
| | 20,001 – 30,000 | 7 | 5.8 | 5.8 |
| | 30,001 – 40,000 | 5 | 4.2 | 4.2 |

| | | | | |
|-------------------|-----------------|-----------|---------|---------------|
| | 40,001 – 50,000 | 5 | 4.2 | 4.2 |
| | Total | 120 | 100.0 | 100.0 |
| Occupation | | | | |
| | | Frequency | Percent | Valid Percent |
| Valid | Student | 6 | 5.0 | 5.0 |
| | Employed | 83 | 69.2 | 69.2 |
| | Self employed | 18 | 15.0 | 15.0 |
| | Retired | 13 | 10.8 | 10.8 |
| | Total | 120 | 100.0 | 100.0 |

Age

| | | | | |
|-------|-------|-----------|---------|---------------|
| | | Frequency | Percent | Valid Percent |
| Valid | 18-25 | 27 | 22.5 | 22.5 |
| | 26-40 | 37 | 30.8 | 30.8 |
| | 41-50 | 30 | 25.0 | 25.0 |
| | 51-60 | 26 | 21.7 | 21.7 |
| | Total | 120 | 100.0 | 100.0 |

The above table reveals that out of 120(100%) respondents Male 62 (51.7%) of response the answer regarding the service quality on private and public sectors banks in Chennai district. Out of 120 respondents 76(63.3%) of majority respondents are only graduates, and major responds is from 10,001 – 20,000 of salary group of people 71(59.2%) is under the answering regarding perception of satisfaction and service quality of banking. The above survey reveals maximum 83 (69.2%) of respondents are only are employed category, Out of 120 respondents 37 (30.8%) of respondents under 26 – 40 age holder are responds the related survey.

Results and Discussion

Service quality in public sector banks and private sector banks in India: The examination of table reveals that the expectations of private banks customers are higher than public sector banks customers. The perception of actual service experienced is also greater among private banks customers. Even though the expectations are lofty, the service gap is minimum in private sectors banks which obviously indicate that the private bank customers were highly satisfied when compared with public sectors bank customers regarding the dimensions of tangibles reaction and empathy. Assurance is the only dimension in which the expectation perception and service gap were better in public sector bank than private sectors banks which denotes that public sectors bank employers are highly capable. The service gap in the dimension of reliability is almost equal in both the banks. But the private banks were comparatively better because it covers more expectations. On the whole private banks have lower service gap and generates greater satisfaction to customers.

| Service Quality Dimension | Public Sector Banks | | | Private Sector Banks | | |
|---------------------------|---------------------|------------|------|----------------------|------------|-------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| Tangibles | 25.35 | 18.46 | 6.89 | 24.84 | 18.51 | -6.33 |
| Reliability | 22.33 | 19.22 | 3.11 | 20.78 | 15 | -5.78 |
| Responsiveness | 21.71 | 16.04 | 5.67 | 19.75 | 22.08 | 2.33 |
| Assurance | 23.74 | 22.35 | 1.39 | 23.02 | 18.28 | -4.74 |
| Empathy | 22.66 | 18.14 | 4.52 | 20.36 | 15.37 | -4.99 |
| | 115.79 | 94.21 | 21.6 | 108.75 | 89.24 | 19.51 |

Source: Primary data

Tangibles: Table compare the expectation, perception and service gap among customers of public sector banks and private sectors banks respectively. The private sectors bank have lower service gap (-2.94) when compared with public sectors bank [-5.48]. This clearly reveals that private sector banks provide better tangible services. When element-wise analysis made, it is found that the service gap in public sectors banks is very high in all the elements which reflects the poor visually appearing services as against private banks.

| Service Quality Dimension | Public Sector Banks | | | Private Sector Banks | | |
|---|---------------------|------------|------|----------------------|------------|------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| New Looking tools | 6.98 | 4.68 | -2.3 | 6.95 | 5.63 | 1.32 |
| Material facilities | 5.83 | 4.5 | 1.33 | 3.86 | 3.26 | -0.6 |
| Employers appearance | 5.23 | 3.71 | 1.52 | 5.62 | 4.96 | 0.66 |
| Materials associated visually appearing | 5.26 | 4.93 | 0.33 | 5.09 | 4.73 | 0.36 |
| | 23.3 | 17.82 | 5.48 | 21.52 | 18.58 | 2.94 |

Source: Primary data

Reliability: The table service gap concerning reliability measurement is almost equivalent among public sector and private sectors banks in Chennai district as depict by regarding table. According to the examination, fulfilment of assure in time and maintaining error – free record is done healthy

by public sector banks as its service gap is lesser than private sector banks. This may be due to enormous expectations on private banks regarding fulfilment of promise in time. Private sector banks were better in ease of showing interest in solving customer's problems and the stage right service at the first time. On the whole perceived services of private banks (19.7) is greater than that of public sector bank (25.88) which indicates the private banks were rendering better reliable services.

| Service Quality Dimension | Public Sector Banks | | | Private Sector Banks | | |
|---|---------------------|------------|-------|----------------------|------------|-------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| Timing response | 5.89 | 3.87 | -2.02 | 6.28 | 5.73 | -0.55 |
| Genuinely Interest in solving customers issue | 6.5 | 4.87 | -1.63 | 5.26 | 4.98 | -0.28 |
| Execute the right service at mean time | 5.62 | 3.98 | -1.64 | 6.89 | 5.50 | -1.39 |
| False free record | 7.87 | 6.98 | -0.89 | 7.54 | 6.23 | -1.31 |
| | 25.88 | 19.7 | -6.18 | 25.97 | 22.83 | -3.14 |

Source: Primary data

Responsiveness: Analysis of table obviously shows that private sector banks exceed the level of satisfaction of their customers when compared to public sectors banks in respect of responsiveness. Even though the private sector banks have not totally meet all the expectations of its customers, all the four elements pertaining to this dimension of its customers, all the focus elements pertaining to this dimension reflects the superiority of private sector banks over public sector banks. The overall service gap as per the respective customers point of view, the private sector bank (-6.01) satisfy them well as against public sector banks (-4.62).

| Statement | Public Sector Banks | | | Private Sector Banks | | |
|---|---------------------|------------|-------|----------------------|------------|-------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| Bank precisely when service will be performed | 5.82 | 4.26 | -1.56 | 4.28 | 4.16 | -0.12 |
| Proper service | 5.42 | 4.13 | -1.29 | 5.89 | 4.37 | -1.52 |
| Ready to help of customers | 6.53 | 5.78 | -0.75 | 4.58 | 2.68 | -1.90 |

| | | | | | | |
|------------------|-------|-------|-------|------|-------|-------|
| | | | 5 | | | |
| Nothing too busy | 4.26 | 5.28 | 1.02 | 5.35 | 2.88 | -2.47 |
| | 22.03 | 19.45 | -2.58 | 20.1 | 14.09 | -6.01 |

Source: Primary data

Assurance: The data derived from this survey reveals that public sector banks were comparatively better than private sector banks regarding one of the SERVQUAL dimension named assurance. It is found that assurance is the only dimension in which public sector banks exceeds the private sector banks in all perspective (Expectation, perceptions and service gap). When element-wise analysis made, the major contribution for this is given by the customers safety feeling while transacting with banks. Public sector banks customers feel very safe (Service gap is (-1.25) than the private banks customers (Service gap (-2.01). The service gaps for employee behaviour and courteous with customers are minimum in private sector banks. On the other hand the services gaps for safety feeling and employers knowledge to clarify enquire are least in public sector bank.

| Statement | Public Sector Banks | | | Private Sector Banks | | |
|--|---------------------|------------|-------|----------------------|------------|-------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| Employee behaviour hope in customers | 5.47 | 4.82 | -0.65 | 5.2 | 4.38 | -0.82 |
| Feel secure in transactions | 5.82 | 3.72 | -2.1 | 6.23 | 4.98 | -1.25 |
| Consistently respect to customers | 6.82 | 5.78 | -1.04 | 5.78 | 4.02 | -1.76 |
| Customers desires will know to Employees | 5.78 | 4.98 | -0.8 | 5.34 | 5.02 | -0.32 |
| | 23.89 | 19.3 | -4.59 | 22.55 | 18.4 | -4.15 |

Source: Primary data

Empathy: When the data in table is analysed, private sector bank employees were comparatively better than public sector banks in understanding the customer's needs and requirements. This is going because their total service gap for this dimension is comparatively better than public sector banks. When the element wise analysis made, it is found that private sector banks have contributed much to their customers than by public sector banks in all the elements and in all perspective.

| Statement | Public Sector Banks | | | Private Sector Banks | | |
|---|---------------------|------------|-------|----------------------|------------|-------|
| | Expectation | Perception | Gap | Expectation | Perception | Gap |
| Personally attention to customers | 5.22 | 4.22 | -1 | 5.89 | 4.05 | -1.84 |
| Flexible working hours | 6.92 | 5.56 | -1.36 | 3.98 | 2.89 | -1.09 |
| Focused customers services | 5.82 | 4.26 | -1.56 | 5.59 | 4.89 | -0.7 |
| Delegates the customer's specific needs | 5.85 | 4.51 | -1.34 | 4.78 | 3.27 | -1.51 |
| | 23.81 | 18.55 | -5.26 | 20.24 | 15.1 | -5.14 |

Source: Primary data

Conclusion

Customers expectations perceptions and service gap of private sector banks is better than that of public sector banks in case of all the service dimensions expect the dimensions of assurance in which public sector banks exceeds private sector banks. The more expectation in private sector banks is may be due to greater interest in transaction which them than with public sector banks. Customer's expectations reveal that they believe better satisfaction can be arrived with private sector banks than with public sector banks. As the service gap regarding the dimensions of tangibles, responsiveness and empathy were comparatively lower than public sector banks they provide greater satisfaction to their customers.

In case of public sectors banks the service gap regarding assurance is comparatively lower than private banks. Which reveal that the public banks enjoy confidence among customers in Chennai district. The service gap is very high in dimensions of responsiveness and empathy which exhibits the lack of employee's responsiveness especially in providing prompt services. It is very important for the public sector banks to improve responsiveness among employees which is one of the major concerns for customers.

In case of private sectors banks, it is important to generate and improve confidence among customers and to give utmost safety to their customers. Even though service gap is comparatively better than public sector banks, the private sector banks should be very careful because the public sector banks are being privatised and gaining market share in India. The expectations of customers are rising in a very high rate; hence banks should give greater effort to meet it.

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