

Customer Service in Private and Public Sector Banks

M. Narmadha¹, G. Lalithakumari², J. Selvakumar³

¹Research Scholar, Department of Management, Bharthiar University, Coimbatore, India

²Research Supervisor, Department of Management, Bharthiar University, Coimbatore, India

³Professor, Department of Computer Science and Engineering, Sri Ramakrishna Engineering College, Coimbatore, India

Abstract: In recent times, provision of better and quality services to customers has become one of the focal points in the service agenda of banks and it is only the quality of the services provided that could help the banks to attract more and more of customers in a competitive banking environment. This research is based on the quantitative questionnaire. Both private and public sector banks were selected to have a total of 600 sample customers at random. The collected data were analyzed by using the modified version of Service Quality Model (SERVQUAL.). After comparing the services of the public sector banks with that of the private sector banks, it was found that the service quality performance of both desired and perceived levels of quality are higher in the case of private sector banks when compared to the public sector banks.

Keywords: Quality services, SERVQUAL, Desired level, Perceived level.

1. Introduction

The banking industry in India has been undergoing a tremendous change in their operations in recent times. The growing demand for services of the banking industry resulted in the increasing competition among the public sector banks & private sector banks. The major strategy of withstanding the stiff competition is not only to retain the old customers but also to attract the new customers through provision of better services. The expectations of the customers from the banking industry are numerous and ever increasing. Customer service and the need for providing better customer service in the Indian banking industry is important in the present scenario.

2. Review of literature

Aravindhan et. al, (2000) viewed Service Quality as “Customer Satisfaction” as the definition of Service Quality. This is based on the logic that, measuring customer satisfaction gives a strategic advance in knowing where an organization stands in the market in terms of service quality. It provides an impetus the organization to act and to improve its position in the competitive environment.

Arvind Brahme (2000-01) says customer complaint is a universal phenomenon. Handling of complaints is the core activity for successful development. The author has drawn a

clear distinction between verbal and written complaints and found that 68 per cent of the customers are lost due to short comings in Customer Service. He concluded by stressing that there is a need for awareness and positive attitude and approach among the staff to win the customer and to curb growing complaints.

Rohini Gupta Suri (2002) in her study concluded that the services available in the bank are not being fully utilized by the customers and the available services are not supplied by the bank employees effectively. Hence she suggested for an effective service provision by the bank officials.

RBI (2003) In the report on trends and progress of banking in India, RBI says commercial Banks have to redefine their position with the financial industry. New ways and methods have to be determined in order to successfully response to the new challenges, particularly the growing demands from customers for high quality service.

Sharad Kumar (2005) says the success of the banking institutions of the west is due to the innovative methods used by them like, the customer-friendly approach. The establishment of a 24-hour customer service centre to respond not only to queries and complaints of the customers but also to promote and sell the bank’s products and services are some of the causes for the success of the banks in West and adaption of such services in the Indian context, would go along way in satisfying the customers of the banks.

Parthasarathi BR (2005) says apart from the actual services rendered by the banks, there is always a certain level of expectation from the customers on the banks services. There exists a gap between the two. Wider these gaps, the more the customer dissatisfaction and resultant customer complaints about bad services. If the gap is very narrow, the client feels satisfied or happy with the bank. Hence, it is always necessary for the bank to bridge the gap between what the customers expect and what the bank offer.

3. Research methodology

A. Type of Research

The research is based on the quantitative method using the

quantitative questionnaire. The measurement of service quality using a modified version of Service Quality (SERVQUAL.)

B. Sample size

Both private and public sector banks were selected. 10 banks were selected from each of the categories which gave 10 public sector banks and 10 private sector banks. From these banks, 30 customers were selected randomly from each of the banks to arrive at 300 customers from public sector banks and 300 private sector banks, to have a total of 600 sample customers selected at random.

C. Data Collection Method

Primary data were collected from 600 bank respondents. A pre-tested questionnaire was prepared and entrusted and the necessary data pertaining to opinion on service quality variables were collected.

D. Tools used

The collected data were analyzed by using the modified version of Service Quality Model (SERVQUAL.). The simple tools like, percentage method, simple arithmetic mean, t test, full log multiple regression technique and the chi square test were used.

4. Objective of the study

- To examine the level of satisfaction of the customers of public and private sector banks on the services provided by these banks.
- To analyze the significant differences in the customer satisfaction level between the private and public sector banks.

5. Analysis & interpretation

A. SERVQUAL

There are a number of definitions for service quality. A commonly used definition of service quality is the one provided by Parasuraman. He defines service quality as the extent to which as service meets customers' needs or expectations. Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs.

SERVQUAL is an empirically derived method that may be used by a service-based organization to improve service quality. The method involves developing an understanding of target customers' perceived service needs and measuring their perceptions of service quality for the organization. The resulting gap analysis may then be used as a driver for service quality improvement.

B. Process of SERVQUAL

SERVQUAL takes into account customers' perceptions of

relative importance of service attributes, allowing an organization to prioritize and to direct resources at improving the most critical. Data is collected via surveys of a sample of customers who are asked to respond to a series of questions.

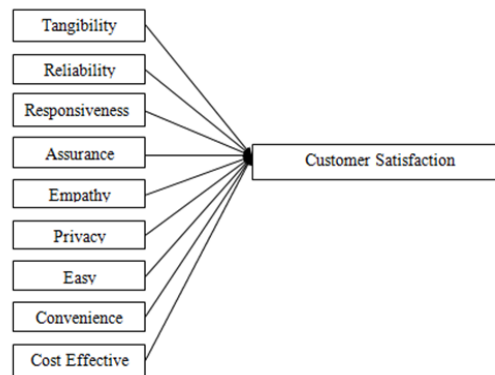


Fig. 1. SERVQUAL model

C. Benefits of SERVQUAL

- Provides an invaluable approach to improving service quality.
- Provides detailed information about Customer perceptions of service and performance levels as perceived by customers
- Provides customer comments and suggestions from employees with respect to customer's expectations and satisfaction.

D. Application of SERVQUAL:

- It widely used within service industries to understand the perceptions of target customers of their service needs and to provide a measure of the service quality of the organization.
- It is applied internally to understand employees' perceptions of service quality with the objective of achieving service improvement.
- It tells the level of satisfaction of the customers of public and private sector banks on the services provided by the banks.
- It examines the information pertaining to the type of account holdings, the operation of these accounts by the customers and the various other services.

E. Analysis on Customer Service Utilization

Table 1
Distribution of respondents by years of customership

S.No.	Customer ship in Years	No. of Samples	Percentage
1.	Less than 2 years	94	15.67
2.	2-4 years	86	14.33
3.	4-10 years	162	27.00
4.	10-15 years	167	27.83
5.	15-20 years	30	5.00
6.	Above 20 years	61	10.17
Total		600	100.00

Around 600 sample customers of account holdings position are considered. The details include the type of account, years of

customership, reason for becoming customer of the bank, respondents by source of awareness, the frequency of operation, the purpose of the business, ATM facility, E-Banking, Credit Card etc.

It is inferred from the above table that around 27.83% of customers are having 10 to 15 Years of customership with bank. 27% of customers having 4 to 10 years of customership with bank. Around 5% of customers having 15 to 20 years of customership with bank. Thus from the analysis provided above it can be concluded that a maximum of the respondents are between 4 to 15 years of customership with bank.

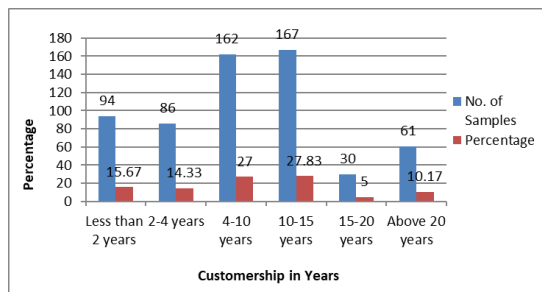


Fig. 2. Distribution of respondents by years of customership

F. Significance of difference between public and private sector banks in easy & convenience dimension: Service Quality gap

Among the various Factors on Easy & Convenience dimension, the factor on Digitalization of Business Information" has recorded the highest difference of -1.1. This is being followed by the declining difference in the service provision between the public and private sector in the order of: Easy to use and functioning ATM, Mobile Banking, Internet Banking, Credit Card, Debit Card. " (-0.03), Appropriate Language support " (0.04), User friendly System " (0.05) and Information content and time saving " (0.11). The overall difference under the Easy & Convenience dimension stood at -0.47.

Table 2

Significance of difference between public and private sector banks in easy & convenience dimension: service quality gap

Factors on Easy & Convenience	Public Sector Banks	Private Sector Banks	Difference	t Value
Digitalization of Business Information	-3.28	-0.30	-2.98	-1.10
Appropriate Language support	-1.00	-1.10	0.10	0.04
Easy to use and functioning ATM, Mobile Banking, Internet Banking, Credit Card, Debit Card.	-0.36	-0.30	-0.06	-0.03
Information content and time saving	-0.08	-0.30	0.22	0.11
User friendly System	-0.30	-0.40	0.10	0.05
Easy & Convenience	-1.00	-0.48	-0.52	-0.47

Thus from the above analysis it can be concluded that in the case of service quality gap, the difference between the public

and private sector banks, the difference is found to be the highest with -1.1 registered in the case of the factor on Digitalization of Business Information.

G. Significance of difference between public and private sector banks in Efficiency Dimension: Desired level

Among the various Factors on Efficiency dimension, the factor on Performance of Plastic cards (ATM, Debit/Credit)" has recorded the highest difference of -0.26. This is being followed by the declining difference in the service provision between the public and private sector in the order of: Clearing Services (ECS-Credit/Debit) " (-0.14), Transfer of Funds (NEFT, RTGS) " (-0.13), Availability of global Network " (-0.12) and Faster Log in facility " (-0.06). The overall difference under the Efficiency dimension stood at -0.29.

Table 3

Significance of difference between public and private sector banks in efficiency dimension: desired level

Factors on Efficiency	Public Sector Banks	Private Sector Banks	Difference	t Value
Faster Log in facility	6.00	6.10	-0.10	-0.06
Performance of Plastic cards (ATM, Debit/Credit)	6.00	6.50	-0.50	-0.26
Transfer of Funds (NEFT, RTGS)	6.00	6.20	-0.20	-0.13
Clearing Services (ECS-Credit/Debit)	6.50	6.80	-0.30	-0.14
Availability of global Network	3.90	4.20	-0.30	-0.12
Efficiency	5.68	5.96	-0.28	-0.29

Thus from the analysis it can be concluded that the factor on "Performance of Plastic cards (ATM, Debit/Credit) " has recorded the highest difference of -0.26.

H. Significance of difference between public and private public sector banks in Efficiency dimension: Perceived level

Table 4

Significance of difference between public and private sector banks in efficiency dimension: perceived level

Factors on Efficiency	Public Sector Banks	Private Sector Banks	Difference	t Value
Faster Log in facility	5.00	5.50	-0.50	-0.30
Performance of Plastic cards (ATM, Debit/Credit)	4.00	4.51	-0.51	-0.28
Transfer of Funds (NEFT, RTGS)	5.00	6.00	-1.00	-0.74
Clearing Services (ECS-Credit/Debit)	5.50	6.50	-1.00	-0.52
Availability of global Network	3.00	4.00	-1.00	-0.56
Efficiency	4.50	5.30	-0.80	-0.96

In the present paragraph it is attempted to discuss the significance of the difference between the public sector and private sector banks on the item wise perceived level of service quality under the efficiency dimension. The efficiency is the

effectiveness of the service provided by the human resource as well as the technical resources. The effective service saves the time of customers.

Among the various Factors on Efficiency dimension, the factor on Transfer of Funds (NEFT, RTGS) " has recorded the highest difference of -0.74. This is being followed by the declining difference in the service provision between the public and private sector in the order of: Availability of global Network " (-0.56), Clearing Services (ECS-Credit/Debit) " (-0.52), Faster Log in facility " (-0.3) and Performance of Plastic cards (ATM, Debit/Credit) " (-0.28). The overall difference under the Efficiency dimension stood at -0.96.

Thus from the analysis it can be concluded that in the case of efficiency dimension under perceived level of service quality, the factor on Transfer of Funds (NEFT, RTGS)" has recorded the highest difference.

6. Conclusion

A comparison of the services of the public sector banks with that of the private sector banks indicated that the service quality performance of both desired and perceived levels of quality are higher in the case of private sector banks when compared to the public sector banks and hence in terms of the majority of the dimensions, the service quality gaps are also found to be more in the case of public sector banks than the private sector banks.

The rank correlation coefficient worked out indicated that there is a significant relationship between the perceived and the desired level of service quality on the individual dimension.

References

- [1] Arvind Brahme, "Customer Complaints", Vinimaya, Vol. 21, (2), 2000-01, pp.13-21.
- [2] M. Narmadha, and G. Lalithakumari, "Customer satisfaction in Private & Public Sector Banks", International Journal of Engineering Science and Management, 2020.
- [3] M. Narmadha, and G. Lalithakumari, "Understanding the Role of Private Sector Banks in India", International Journal of Advanced Research in Management, Architecture, Technology & Engineering, vol. 2, no. 3, pp. 59-66, Feb. 2016.
- [4] M. Narmadha, and G. Lalithakumari, "Impact of Social Media in Banking", International Journal of Business and Administration Research Review, vol. 3, no. 5, pp. 151-154, April - June, 2014
- [5] M. Narmadha, and G. Lalithakumari, "An Understanding of Private Sector Bank Role in India", International Conference on Transformation for Business Sustainability, Page.10, 26th & 27th Feb. 2016.
- [6] Parthasarathi, BR "Customer Service in Banks and its Importance", Professional Banker, Vol. 5, No. 10, Nov. 2005, pp. 17-22.
- [7] Raghavachari, M. and Ramani K. V, "Delivering Service Quality", Macmillan Indian Ltd. New Delhi, 2000, pp.104-10.
- [8] RBI Report "Banking – A Snapshot", The Hindu, Nov.29, 2003.
- [9] Rohin Gupta Suri, "Services Marketing", Ammal Publications Pvt., Ltd., New Delhi, 2002.
- [10] Sharad Kumar, "Innovation in Customer Service in Banks", Professional Banker, vol. 5, No.8, 2005, pp. 31-35.