



## DIMENSIONS OF SERVICE QUALITY FOR CUSTOMER SATISFACTION IN INDIAN BANKING

Ch. Siva Kumar \* Dr. B. Rajeev Kumar\*\* Dr T N Murty\*\*\*

\*Research Scholar in Commerce & Business Administration, Acharya Nagarjuna University, Nagarjuna Nagar.

\*\*Asso. Professor in Management Studies, Sri Mittapalli College of Engg, Thummalapalem, Guntur

\*\*\*Director, Nimra College of Business Management, Vijayawada.

### Abstract

In India, the banking industry has entered several new activities in the areas of merchant banking, leasing housing finance, venture capital and financial services in general. The range of services provided by the banks stretches from rural finance at one end to international banking at the other. The banking scenario worldwide is now undergoing a rapid diversification and technological change and Indian banking is not an exception with the changing policy of the Government of India in the areas of industrial, trade and exchange rate policies. The Indian banking has seen momentous changes in the post-liberalization era. It has witnessed a remarkable shift in its operating environment during the last decade. The market has changed drastically and has become largely customer centric. Rendering quality service to satisfy and retain customers is the key to success in banking business.

**Key Words:** Service, Quality, Banking.

### Introduction

In India, the banking industry has entered several new activities in the areas of merchant banking, leasing housing finance, venture capital and financial services in general. The range of services provided by the banks stretches from rural finance at one end to international banking at the other. The banking scenario worldwide is now undergoing a rapid diversification and technological change and Indian banking is not an exception with the changing policy of the Government of India in the areas of industrial, trade and exchange rate policies. The Indian banking has seen momentous changes in the post-liberalization era. It has witnessed a remarkable shift in its operating environment during the last decade. The market has changed drastically and has become largely customer centric. Rendering quality service to satisfy and retain customers is the key to success in banking business. In India, the PSB's and old private sector banks realized their new role and also welcomed the new generation banks – HDFC bank, ICICI bank, IDBI bank, Axis bank, etc. These new banks had the advantage of starting with a clean slate, adequate capital resources, well trained and professional manpower, handful of branches in chosen centers, new variety of products and services etc. The customer acts as a propagandist in revealing the goodness of banking with a particular bank.

### Objectives of the Study

1. To outline the importance of services and their role in the Indian economy and the various services offered by Indian banking sector
2. To know the demographic variables of customers and their perception towards service quality, level of satisfaction in private and public sector banks.
3. To assess the level of customers' satisfaction on the services rendered by the private and public sector banks and also establish a relationship between service quality and customer satisfaction.
4. To construct an empirical model to establish the internal relationship among service quality, level of satisfaction and loyalty.

### Methodology of the study

The study is based on the primary as well as secondary data. The secondary data were collected from Books, Journals, periodicals, websites and bank manuals, files and records. The primary data collected through well-framed and structured questionnaire to elicit the well considered opinion of both public sector and private sector bank customers. Convenient random sampling method has been used to collect the responses from the customers of both public and private sector banks. The study has been conducted among the customers of 15 public sector banks and 15 private sector banks having their branches in Chennai city. Based on the pilot study results, 790 questionnaires were distributed to the customers of 15 public sector and 15 private sector banks. The numbers of responses collected, after consistent follow up, were 250 questionnaires from public sector banks and 160 from private sector banks. All the 300 questionnaires from public sector banks customers and only 204 questionnaires from the customers of the private sector banks, including pilot study, were completed in all respects. Therefore the total sample size for the study was 504; 300 from public sector banks and 204 from private sector banks.



### Findings of the Study

1. 35 percent of the respondents in the public sector banks and 41.2 percent of the respondents in the private sector banks are in the age group below 25 years and 1.3 percent in public sector banks and 2 percent in private sector banks respondents fall in the age group of above 55 years.
2. 100 percent of customers of private sector banks and 96 percent of customers of public sector banks have recorded that their banks offers ATM facility to their customers.
3. The customers of private sector banks have complete awareness regarding savings/recurring/fixed/current deposits and are aware of ATM facility being accepted and offered by their banks. This implies that the customers of private sector banks have learnt to use ATMs at various situations more than the customers of the public sector banks.
4. Sending statement of account to the customers by public sector and private sector was found to be an important determinant of quality of services offered by the banks and issue of demand draft is found to be a determinant of quality of service in private sector banks and it not a determinant in case of public sector banks.
5. The results of the present study shows that from tangibility aspect of service quality is concerned, both the customers of public sector banks and private sector banks have strongly agreed that their banks are easily accessible. The customers of private sector banks have strongly agreed that their banks show sincere interest in solving problems from reliability point of view of service quality. As far as assurance is concerned both the customers of public sector and private sector banks have reported that their banks assure safety of transactions and the customers of private sector banks have strongly agreed that their bank employees have complete knowledge about bank products.

### CONCLUSIONS AND SUGGESTIONS OF THE STUDY

Therefore it is concluded that the customers of private sector banks are more satisfied than the customers of public sector banks and there is a strong bondage between expectations, level of satisfaction and customer loyalty in banks. The customer satisfaction of bank services depends upon the service quality, technology and customer relationship management between bankers and customers. The demographic variables of customers are very crucial in determining the quality of services offered by the public and private sector banks. It is concluded that the prospective customers in both public and private sector banks expect maximum service quality at a minimum cost in the day-to-day banking transactions.

1. Usage of ATM must be recommended by the public sector banks for their customers in order to avoid long queues in banks. The bankers must take necessary steps to make understand the use of ATM and how it can be used for various purposes to their customers.
2. In the present competitive world, the use of internet and mobile banking has become a vital one. It is necessary that the banks, both public sector and private sector, must create greater awareness among their customers for the use of funds transfer technology for easy transfer of funds and how payments via internet is made very easy and convenient.
3. The expectations of the customers pertaining to various services which are highly sensitive must be fulfilled by the banks in the way it is much expected by the customers viz. counter services and reply to queries.
4. Disagreements with the customers should be avoided and the employees must apologies for their mistakes.
5. The banker, both public sector and private sector, must keep in touch with their customers always and a good and strong customer relationship must be maintained in order to satisfy their customers and create a strong bond of confidence in all respects.
6. More self service technologies can be introduced in banks to help customers carrying out bank transactions quickly and easily without much waste of time and advertisements regarding retail sale of gold coins/bars can be made in popular media.
7. The banks must conduct survey at frequent intervals to know about the expectations of the customers, prevailing market conditions and trends, technological developments and perceptions of the customers and feed back about the quality of service rendered in all respects regarding the functioning of banks.

### Scope for Further Study

Banks, as a service provider, has various facets. The functions and coverage of banks in general is very wide. Research pertaining to functions, customer satisfaction and CRM are considered vital ever as these lead to the overall growth of any organization. In connection with this, future research can be carried out in the topics- . A study on customer relationship management in public sector banks. An empirical study on the functioning of Regional Rural Banks and Cooperative banks. A comparative study on customer relationship management in private sector and foreign banks. A study on the various financial assistance programmes offered by the development banks.



### **Bibliography**

1. Adi Godrej, (1993) “The Indian Consumers wakes up”, Business India, 15<sup>th</sup> Anniversary Issue.
2. Baker, Michael J. “Marketing- An Introductory Text” 6<sup>th</sup> Edition Macmillan press Ltd.
3. Bennett, Peter D and Kassarian Marold H, (1988), Consumer Behaviour, Prentice Hall of India Pvt. Ltd., 5<sup>th</sup> Edition September, New Delhi.
4. Cundiff, Edward W. Still, Richard Norman R, Govani, A.P., Fundamentals of Modern marketing, Prentice Hall of India, Private Ltd, New Delhi.
5. Darden, W.R. and Ashton, D. (1974) “Psychographic profiles of patronage preference Groups”, Journal of Retailing Vol.50.
6. David A Aakar, (1996), “Building Strong Brands”, The Free Press, New York,
7. William, Stanton J. (1981). Fundamentals of Marketing, McGraw – Hill International Book Co, 6<sup>th</sup> Ed., Tokyo.
8. Gandhi J.C. Marketing — A Managerial Introduction, (New Delhi, Tata Mc Graw — Hill publishing company limited 2008) P. 87.
9. Keval J. Kumar Mass Communication in India, Jaico publishing house eighteenth Impression P. 202-211
10. Keval J.Kumar, Mass communication — “A critical analysis” a second edition 2008 Vipul Prakasam, Bombay. P.53-56