Service Quality Perception Towards Public Sector Banks- An Empirical Study On Selected Banks In Visakhapatnam District

Mr. Sidhardha.D, Researchh Scholar, Acharya Nagarjuna University, Guntur, India.

Dr. P.Purna Chandra Rao,Coordinator, Dept. of Tourism and Hospitality Management, Acharya Nagarjuna University, Guntur, India.

Mr.T.Narayana Rao, Assistant Professor, MVGR College of Engg, Vizianagaram, India.

Abstract - The financial system is an integral tool for the development of any economy. Financial system facililiattes in mobilization of saving and investment. At the same time financial system helps in wealth creation. A financial system consists of financial institutions, financial markets and financial transactions. Financial institutions includes banks and non-banking entities The role of banking sector in any economy is significant. In service industries especially in banking sector, the subject of service quality remains a critical to maintain a proportional advantage in the marketplace. Since financial services, predominantly banks, contend in the same marketplace through largely undifferentiated products, and hence service quality becomes a crucial competitive armament. Changing pace of technology has made the banks to rethink their customer service strategies. Excellence in customer service can be achieved through service quality which ensures high retention ratios coupled with increased revenue and customer loyalty. The present study is an analytical study based on primary data of 300 samples of customers throws a focus on service quality by understanding the perceptions of customers among the banks under public sector in Visakhapatnam district. Two major banks SBI and Andhra Bank were chosen for the study

Keywords- Service, service quality, dimensions, quality gap, Customer satisfaction.

I. INTRODUCTION

As never before, the service sector around the globe is expanding. In addition to this, technology development, quality in the services sector has gained considerable value. Indian banking industry operates with a wide range of segments and contributes a wide range of products and services. It is regarded as an important attribute for facilitating the Indian economy's development. The banking services sector provides consumers with both tangible and non-tangible services. Initially, there was a little growth in the banking sector with few banks functioning to cater for people in India. After independence, banks 'function and activity with rationalization of banks. The nationalization of banks was initiated due to the implementation of various government regulations, and many new commercial banks began to emerge on the market. As a nation's central bank, Reserve Bank of India has extensive powers to control the entire banking sector across the country.

After Liberalization, Privatization and globalization, the scenario in banking sector has been changed. With the advent of LPG, new banking licensed were issue and as a result, banking sector was opened to private and global. New age private sector banks were initiated. To stay competitive by using sophisticated technology, Private sector banks delivering door step services to the customers. Off late Public sector banks also have started using technology oriented products to reach the customers all the way. Now a days a customer can sit at the home and can do banks transactions right from opening the bank account to transfer the funds. Many public sector banks even appointing relationship managers and establishing special customer service desks.

II. LITERATURE REVIEW

Banks shall have to be more innovative in terms of the product offers to the customers and compete aggressively in the market. According to Ghalib Sanjuq(2014), customer value is an asset to the organization and gaining the competitive advantage by providing high service quality is the basis for the survival of the banks According to Singh F and Kaur, D. (2011), Customer satisfaction is a very important construct in today's market and it is directly influenced by service quality. The study was conducted on customer perception of service quality in rural and urban bank branches by identifying six dimensions of service quality and revealed that service quality in rural areas is much higher than in urban areas. Bhat and Mustaq (2005) opined that in order to be stronger than the opposition in

the market, Service quality is the key element. According to Vibhor Jaain and Sonia Gupta(2012), in the banking sector it is the HDFC bank which is perceived to be offering better quality of services followed by the other private banks. The study was performed in 4 major private sector banks with a sample of 100 concluded that in order to be more successful in the market, the private. Rahman (2005) try to explore the differences among different dimensions of service quality. The study revealed that among all service quality dimensions reliability is found more prominent. Sharma at el. (2005) examined the customer service quality among 4 major banks, State bank of India, UTI bank, J & K Bank and Corporation Bank. In reliability dimension public sector banks (State bank of India and corporaiton bank) predominate private sector banks and in case of 'tangibility' UTI was leading other banks. Vasanthi and Gowri(2013), have examined service quality among public and private sector banks of Coimbattore with a sample of 500 customers using stratified sampling method. The study found that the elements of service quality in public sector and independent. The study also found that if any technology related problem arises, it will influence transactional quality and procedural service quality. The study concluded that there is a significant difference in service quality between pubic and private sector banks. Ranganathan and Jambulingam(2010), in their study on service quality in retail banking in Trichy city with a sample of 560 customers using convenience sampling method found that that post-graduate level educated customers, mainly students and lower and high income group customers also have higher level perception towards the service quality of the banks. In the words of R.Srinivasan(2012), customer satisfaction is the difference between what customer expects and perceives in the process of service encounter. Anne J. Broderick and Supattra Vachirapornpuk (2002) in his study on service quality in internet banking perspective explains that the extent of level of participation of customers in service delivery process will influence the service quality.

III. NEED FOR THE STUDY

Banking is a customer driven service industry which has witnessed a radical shift in the market power. With the entry of new players in the form of private and foreign banks, the banks will have to face pronged challenges to retain the existing customers and to create new customers. An efficient or effective service is one which is extended appropriately by identifying and understanding the needs of the individual customer from time to time. The products offered by the banks are similar and hence there is no scope for differentiation except service quality. Success in banking sector depends on identifying customer expectations and designing the strategies to meet the expectations and requirements of customers. Satisfaction of customer depends upon service quality and service

quality is increasingly offered as a strategy by marketers to position themselves more effectively in the market place. Many service firms are channeling more efforts to retain existing customers rather than to acquire new ones since the cost of acquiring new customer is greater than the cost of retaining existing customers. It is necessitated the banks to continuously assess the expectations, delivering quality services to its customers and transforming the superior service to generate better financial performance.

IV.OBJECTIVES OF THE STUDY

The Proposed study is performed with the following objectives

- To understand the perception on various parameters of service quality by using RATERPACT scale
- To evaluate the gaps in quality in service of the selected banks under different dimensions.
- To identify the relationship between the dimensions of service quality in the selected banks.

V.METHODOLOGY OF THE STUDY

This study is an empirical study to analyze the service quality gaps in selected Visakhapatnam district Public sector banks. Two banks such as SBI and Andhra Bank were selected for the study. In terms of branch network, SBI and Andhra bank are standing in the first and second positions respectively in the district Visahapatnam among all commercial banks.. Initially 30 bank branches of each brank are considered for the study on a convenience basis covering all areas of the population. Afterwards, a sample of 5 customers from each branch were collected on random basis. As a result 150 samples from SBI and 150 samples of Andhra bank were collected. Hence the final sample collected was 300. A structure tool RATERPACC was designed using Likert's five-point scaling from highly dissatisfied (01) to highly satisfied(05). The tool comprising of 36 elements to evaluate the service quality in the selected banks under the areas viz., Reliability, assurance, tangibility, Empathy, Responsiveness, Pricing, Accessibility, Competency and Communication. The respondents were asked to rate their perceptions on the scale. Afterwards, gap scores were calculated by identifying the gap between the perceptions and expectations on service quality. According to the expectancy theory, among all the expectations, ideal expectations i.e maximum expectations(05) are considered for the study. Then Relative gap scores are so calculated.

Dimensions of service quality

For the present study nine dimensions are considered for the study which can determine the service quality of the selected banks. These dimensions include Reliability, Assurance, Tangibility, Empathy, Responsiveness, Pricing, Accessibility, Competency, and Communication.

VI. DISCUSSION OF RESULTS

The table presents the discussion of each parameter and the relative perception of customers towards service quality.

Table1-Mean Gap scores

S.No	Parameters	Mean gap	SD	Coeffcient of variance
1	Premises & ambience	2.413	1.401	0.580
2	Seating arrangements	1.430	1.321	0.924
3	Professional appearance of staff	1.230	1.229	0.999
4	Tech. application in services	2.333	1.415	0.606
5	Promised service delivered	1.297	1.114	0.859
6	Right service at first time visit	1.210	1.154	0.954
7	Promised service delivered on time	1.153	0.964	0.836
8	Error free records	1.287	0.989	0.769
9	Immediate attention to customer problems	2.440	1.426	0.584
10	Having Better communicative employees	1.653	1.553	0.940
11	Regular customers recognition	2.320	1.434	0.618
12	Updated info. to customers	1.313	1.120	0.853
13	Instill confidence in customers	1.437	1.110	0.773
14	Customer safety prioritization	1.277	1.123	0.879
15	Emp. Behavior towards customers	2.383	1.406	0.590
16	Emp. are highly knowledgeable	1.287	1.177	0.914
17	Best interest of the customers	1.403	1.096	0.781
18	Customer issues taken with personal attention	2.337	1.450	0.621
19	Customer specific needs considered while design products	1.823	1.351	0.741
20	Customers advised by perceive their needs	1.673	1.349	0.806
21	Branch location is appropriate	1.373	1.263	0.919
22	Convenient Operating hours	0.940	1.121	1.192
23	Complaint redressal system	2.427	1.448	0.597
24	ATM are located properly	1.493	1.358	0.909
25	Interest rates on deposits	1.843	1.240	0.673
26	Reasonable Service charges	2.140	1.454	0.679
27	Loan documentation charges	1.687	1.132	0.671
28	Lending interest rates	1.713	1.142	0.667
29	Innovative services	2.350	1.459	0.621
30	Competency in Solving customer issues	2.420	1.471	0.608
31	Operating Computers	1.360	1.310	0.964
32	Quick transaction	1.207	1.303	1.080
33	Receiving Complaints patiently	2.247	1.540	0.686
34	Updated info. on services	1.213	1.187	0.978
35	Communication within branch	1.370	1.134	0.828
36	External communication	1.337	1.156	0.865

Source-Compiled from Primary data

Relative mean gap of each parameter is tabulated in Table1. From the table, it is notice that the parameter immediate attention to customer needs is found with higher gap(2.440). It means, the perception of the customers in relation to immediate to customer problems is found low. It resembles the sense of dissatisfaction in this element. Banks under study needs to attention to the requirements of the customers immediately whenever a customer is approaching the bank. Next to this element, **Survey analysis**

complaint redressal system(2.427) and competency in solving customer issues(2.420) are the elements with high gap scores with in which the perceptions of the customers doesn't met the expectations. Accordingly operating hours of the banks was perceived positively by the customers. Gap in this arena is found low (0. 940). It explains that majority of the customers are happy with the operating hours of the bank.

Sample Characteristics					
Characteristic	SBI (%)	Andhra Bank(%)	Characteristic	SBI (%)	Andhra Bank(%)
Age			Branch Association		
Up to 29 yrs.	39.33	26.0	Less than 1Year	4.67	6.00
30-39	30.67	40.0	1-2 Years	15.33	12.00
40-49	18.00	20.7	2-3 Year	29.33	28.67
Above 50	12.00	13.3	3-4 Year	16.67	30.00

Total	100.0	100.0	Above 4Years	34.00	23.33
Gender			Total	100.00	100.00
Male	72.67	64.0	**Branch visiting frequency**		
Female	27.33	36.0	Daily	5.33	3.33
Total	0.00	100.0	Weekly once	17.33	18.67
Education			Monthly	33.33	50.00
UG	20.00	22.7	As and when required	44.00	28.00
Graduation	42.67	35.3	Total	100.00	100.00
Post Graduation	14.67	20.7	**Reason for choosing bank**		
Others	22.67	21.3	Easily accessible	30.67	19.33
Total	100.0	100.0	Better service	21.33	18.67
Customership			Reputation	20.67	32.67
SB a/c holder	68.00	52.7	Own interest	19.33	23.33
Current account holder	10.67	22.7	Others	8.00	6.00
Fixed deposit holder	15.33	14.7	Total	100.00	100.00
Borrower	4.67	6.7	**Having account with other banks**		
Others	1.33	3.3	Yes	34.67	50.67
Total	100.0	100.0	No	65.33	49.33
			Total	100.00	100.00

Source-Compiled from Primary data

Tests of Significance

Further to test the overall significant difference in gap in service quality between the selected banks, Z-test is calculated. Likewise null hypothesis H_0 is "There is no significant difference in gaps in service quality between the selected banks". And the alternative hypothesis(H_1) is "There is significant difference in gaps in service quality between the selected banks. Accordingly the resultant test statistic value (-0.913) is smaller the z-critical value (1.959). Hence the null hypothesis that there is no significant difference in gap in service quality between SBI and Andhra Bank is accepted which shows that there is no much difference in quality offered by two banks under study.

Dimensional wise gap among the selected banks

This Table shows the dimensional wise gaps among the selected banks. On a comparative basis, it results that the mean gap in Andhra bank is slightly higher than the gap in SBI.

Table2-Dimensional wise gap among the selected banks

Dimension	SBI	AB
Tangibility	6.77	7.78
Reliability	4.58	5.30
Responsiveness	7.67	7.62
Assurance	6.17	6.26
Empathy	7.05	7.27
Accessibility	6.23	6.37
Pricing	7.92	7.44
Competency	7.36	7.20
Communication	5.89	6.51
Mean gap	6.63	6.86

Source-Compiled from Primary data

At the same time the gaps among the dimensions such as Reliability, Assurance, Accessibility and Communication found low in SBI. It means that quality in service with reference to these dimensions is perceived positively by the customers. Accordingly in the areas such as Tangibility, Responsiveness , Empathy, Pricing and Competency, a higher gap is perceived by the customers in SBI. Similarly with in Andhra Bank, low gap is found in the dimensions Reliability, Assurance, Accessibility and Communication which reflects high quality. Similarly slightly higher gaps are found in Tangibility, Responsiveness, Empathy, Pricing and Competency dimensions. It means that customers in Andhra bank perceive low quality these dimensions.

Statistical significance

To examine the significant difference in service quality gaps between the banks in terms of dimensions take, ANOVA is applied. Accordingly, the null hypothesis(H_0) is "there is no significant difference in gap in service quality between SBI and Andhra bank in terms of dimensions taken. Accordingly, the alternative hypothesis(H_1) is " A significant difference in gap in service quality between SBI and Andhra Bank in terms of dimensions taken".

Anova: Single Factor						
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
SBI	9	59.638	6.626444	1.074454		
AB	9	61.75714	6.861905	0.649974		
ANOVA						
Source of Variation	*SS*	*Df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	0.249487	1	0.249487	0.289356	0.598037	4.493998
Within Groups	13.79543	16	0.862214			
Total	14.04491	17				

Source-Compiled from Primary data

Accordingly the F value is less than F critical value, we accept the null hypothesis and conclude that there is no significant difference in gap in service quality between SBI and Andhra Bank in terms of dimensions taken. It means, both the banks are delivering quality in service with no difference in terms of dimensions taken.

ap in service quality through sample characteristics

Demographic information of the respondents plays an essential role in defining service quality. In this study,the gaps in service quality are also assessed through sample characteristics. In order to assess the relationship between the sample characteristics and gap in service, Chi square test is applied. Accordingly H_0 is" There is no significant difference in gap in service quality between the selected banks in terms of sample characteristics such as Age, Gender, Education, Income, Occupation, Customer ship, Association with the bank, branch visiting frequency and having account with other banks."

Table-3 Sample characteristics and gap in service quality

Sample characteristics and gap in service quality			
Sample characteristic	**Cal.value**	**Tab.Value**	**Test Result**
Age	0.097	7.815	Accepted
Gender	0.106	3.841	Accepted
Education	0.411	7.815	Accepted
Customership	0.023	11.07	Accepted
Income	0.079	11.07	Accepted
branch Association	0.048	9.488	Accepted
Branch visiting frequency	0.011	7.815	Accepted
Reason for choosing bank	0.057	9.488	Accepted
Having account with other banks	0.005	3.841	Accepted

Source-Compiled from Primary data

The calculated values of all sample characteristics viz.,Age, gender, education, customer ship, income, branch association, branch visiting frequency, reason for choosing bank, having account with other banks are lesser than the tabulated values. And hence null hypothesis is accepted and alternative hypothesis that there is no significant difference in gap in service quality between the selected banks in terms of sample characteristics. It means influence of sample charectertics on gap in service quality between the banks is statastically negligible.

VII.FINDINGS AND DISCUSSION

The study on service quality in the selected banks in the selected banks under public sector banks in Visakhapatnam district, presents the findings which gives significant scope for the improvement of quality in the selected banks. Quality in service with reference to Reliability, Assurance, Accessibility and Communication are found good in both the banks under study i.e SBI and Andhra bank. Accordingly the customers of the selected banks found more gap in quality in immediate attention to

customer needs and better quality is perceived in the element operating hours of the banks. And it is also found that the banks under study shows no significant difference in quality delivery. Both the banks are relatively delivering better quality. According to the study, the influence of demographic variables is very low on quality in service delivery by both the banks. Both SBI and Andhra bank should improve themselves in the areas such as Tangibility, Responsiveness, Empathy, Assurance and Competency. More focus should be laid on the subplots in these areas.

VII. CONCLUSION

Within the increase in the competition, banks need to rethink their strategies in customer service delivery. According to the present study, more gap between expectations and perception of the customers found in Andhra bank in comparison with SBI. The influence of dimensions considered for the study on the gap in service quality is negligible. Irrespective of the parametres considered, both the banks are competing each other to deliver quality in service. More over the sample characteristics such as Age, gender, education etc. also have no influence on service quality. Delivering service quality is a continuous expedition from identifying a strange customer to retain the customer. In the banking sector where there is no standardization in delivering service though there is standardization of service products, to ensure viability of the business, it is imperative for the banks especially under public sector which now a days under consolidation process.

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