



## EVALUATION OF SERVICE QUALITY IN INDIAN COMMERCIAL BANKS

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### Abstract

The changing preferences of customers have become the biggest challenge for organization. The competition in environment has created various challenges and opportunities for competitors. Generally the diversification in banking sector and introduction of variety of schemes has made the bankers more aware towards the fulfillment of customer needs. Moreover, the banking sector is expanding and providing more customized service. This is resulting increase in the level of competition. The quality of service given by banks is the basic parameters of evaluating the performance of banks. Through providing good quality service, a business can grow very fast, as it will make more consumers satisfied and the satisfied customers are the source of success of organization. The customer will satisfy, when they get the quality oriented service. Thus, service quality is activity that is formed through a long term effort and this leads to the complete evaluation of any business.

The present paper intends to analyze the service quality provided by Private and Public sector banks in Rohtak, Haryana. The perception and expectations of customers for services offered by banks has been evaluated in the present study. The concept of service quality in banking and various dimensions of service quality have been highlighted in the paper.

**Key words:** Banking services, Customer expectation, Perception, Service quality, public and private banks.

### I. Introduction

The service quality is the value of service provided by any organization. The quality of the services given by any business can be measured through some dimensions. The quality of service can be judged on the basis of satisfaction level of customers, efficiency of employees, proper utilization of resources, accurate and safe service, responsive towards the problems of customers, better infrastructure and physical facilities are the basic factors of measuring the quality of service offered by any organization.

### Determinants of service quality

The determinants of service quality mean the factors that determine the quality of services on the basis of some dimensions. There are generally five dimensions and determinants of service quality that are applied everywhere to examine the quality of service. These are explained as under

The following are the determinants of service quality mentioned below:

1. **Reliability:** Reliability means the consistency in performance and having dependability in services. This ensures the reliable parameters to measure the service quality. It can be said that business are fulfilling its promises and performing well. Business is providing service at right time. Generally, these parameters are involved in the reliability. These are as follows:
  - a. Accuracy in service
  - b. Maintaining records correctly
  - c. Offering the service at the specified time
  - d. Error free service
  - e. Quick and prompt service
  - f. Consistent behave and service
2. **Responsiveness:** this means the responsive behave of organization showing to customers every time. The willingness to do fulfill the need of customers is concerned. The readiness of employees to resolve the issues of customers comes under the responsiveness. This includes the following parameters are explained as under:
  - a. Timeliness of service
  - b. Mailing immediately
  - c. Calling the customer quickly whenever necessary
  - d. prompt in providing service
  - e. Quick in eliminating error
3. **Tangibility:** this involves the physical existence of business and facilities in the organization. This is tangible means the items which can be seen and touched. These all create an image in the mind of customer and increase the attraction level of customers towards the services provided by organizations. These are ensuring the level of customer satisfaction. These are as:
  - a. Physical facilities
  - b. Appearance of staff



- c. Tools used to offer the service
  - d. Physical representation of the service
4. **Empathy:** this means the personal attention and concerning behavior of organization and its employees towards the customers. These include:
- a. Helping nature
  - b. Understand need of customers
  - c. Suitable working hour
  - d. Less waiting time
5. **Assurance:** it means to take someone in confidence and create a feeling of trust. Assurance is concern about the taking customer in confidence and encouraging them to build trust with the business. This includes following:
- a. Security in transaction
  - b. Secure personal information of customer
  - c. Trust
  - d. Confidence
  - e. Assured behavior

### **Customers Perception and Customer Expectations**

The word customer perception means the perceiving quality of customers. The customer perception for service is what the customer is getting actually and what customer finds in organization.

The customer expectations are the desires of customers for various services. The desired level of the customers depends on the need of the customers. Sometimes, the expectations of customers are more from the service provider. The customer perception and expectations are important component of deciding the level of satisfaction of customers. When the customer perception is more than the expected level of customers for a particular service this means customer satisfaction is high in this case.

When the desired level of customers is more than the perceived level of service quality, then customers are dissatisfied. The expectations of customer and the perception of customers create a difference in the both terms. The difference is called customer satisfaction or dissatisfaction for service.

### **II. Review of Literature**

**Najat Abdullrahim (2010)** the author inspected the quality of services in Islamic banks. This has been intended to help the managers of Islamic banks based in England to estimate their service quality and focus their attention on the service quality dimensions that was going to become important for Muslim customers. **Ahmad and Muhammad (2011)** examined the relationship between service quality and customer satisfaction in context of Islamic banks and conventional banks in Pakistan. It has been shown that how service quality will affect the minds of customers by examining the volume of the relation of other factors. **George and Sajeew Abraham (2012)** authors presented the concepts regarding the study for service quality and performance of the public sector banks in India. It has been informed that the period of the economic reforms and new regulations in the public sector banks in the country has been faced a cut throat competition from the private sector banks and the other foreign banks. **Snehalkumar (2013)** made an attempt to explore the factors that have been affected the customer satisfaction in Banks and have been analyzed the impact on the level of customer satisfaction. Banks included the private sector bank and public sector bank they have to consider some factors such as increase the items of reliability, responsiveness and assurance. **Kaura and Vilakshan (2014)** made an attempt to identify the relation between service quality, customer satisfaction and loyalty of customers by taking the two public sector banks in Sikar district of Rajasthan. Findings have been indicated that service quality was showing the proper impact on the level of customer satisfaction and customer loyalty, and customer satisfaction were shown the stronger effect on loyalty. **Singh (2015)** reported that customer satisfaction towards the service delivery of top banks in India. It has been explored that the enhancement of service quality will depend on customer relationship and human touch or interaction.

### **III. Objectives of the Study**

The main objectives are:

- a. To explain the concept of service quality in banking and various dimensions of service quality.
- b. To analyze the service quality provided by Private and Public sector banks in Rohtak, Haryana.

### **IV. Research Methodology**

The study is Descriptive in nature. For the present study, responses were collected from customers of three major banks of public sector and private sector. These banks are: SBI, PNB, BOB, ICICI, HDFC and Axis banks. A total of 300 customers have been contacted (150 from customers of private banks and 150 from public sector banks). The questionnaire was



designed with the help of altered SERVQUAL model which was introduced by Parasuraman et al., 1991. All the items included in service quality dimensions were the standard questions evolved by Parasuraman et al. (1988) to explore the service provided by organizations.

## V. Data Analysis

### 1. Demographic Profile of Customers

In this present section, an attempt has been made to analyze the details of the customers of the both the banks: public sector banks and private sector banks.

#### Age wise distribution of respondents

The age factor of the respondents has been taken in the study.

**Table: 1.1**

Sample	Public sector banks (Frequency)	Private sector banks (frequency)
< 25	30	25
25-35	45	35
35-45	30	35
45-55	30	35
>55 years	15	20
Total	150	150

Source: Primary data

**Interpretation:** as given in the above chart, the total respondents were 300 taken 150 from each sector that is public and private sector banks. In public sector banks, the majority of the respondents have been belonged to the age group of 25-35. The very less respondents belong to the category of age group of more than 55 in both the banks. In the private banks, it has been seen that the more respondents were from the category of 25-35, 35-45 and 45-55.

**Table: 1.2, Gender profile of respondents**

Sample	Public sector banks (Frequency)	Private sector banks (frequency)
Male	90	85
Female	60	65
Total	150	150

**Interpretation:** the total number of respondents of private sector banks and public banks has been selected for the analysis was 300. Out of them, 90 were male and 60 were female in the public banks. In private sector banks, 85 respondents were male and 65 respondents were female.

**Table: 1.3, Distribution of Respondents by service accounting in banks**

Sample	Public sector banks (Frequency)	Private sector banks (frequency)
<1 year	30	35
1 – 5	45	35
5 – 10	20	25
10 – 15	20	30
15 – 20	25	10
>20	10	15
Total	150	150

Source: Primary data

**Interpretation:** the above chart shows the total service time of the respondents in the banks. In public sector banks, 45 respondents have taken the services of their bank for the last 5 years. Out of the 150, 30 respondents have availed the service for less than 1 year. 20 respondents have an account in bank for 5-10, the number of respondents were same in the category of 10-15 years. Only the 10 respondents have taken service more than 20 years.



**Table: 2.1, Comparison between Perception and Expectations,**

Factors	Perception (PUB)	Expectation (PUB)	Perception (PVT)	Expectation(PVT)
Online reliability	3.5	3.4	3.6	3.2
Data security	3.4	3.2	3.1	3.0
Quick & prompt	3.7	3.1	3.2	3.1
Error free service	3.3	3.1	3.1	3.0
Consistent behave	3.2	3.0	3.0	2.9

Source: Primary data

**Interpretations:** the above chart is showing the comparison of mean score of perceived service with the desired level of service quality. All parameters of reliability have been found greater in perceived level than desired level of customers in case of both public and private sector banks. In the selected public banks, the perceived parameters were categorized as online reliability at 3.5, data security 3.4, quick and prompt (3.7), error free services at 3.3 and consistent behave (3.2) and the desired parameters of reliability as shown here online reliability stood at 3.4, data security found was at 3.2, quick and prompt scored (3.1), error free services measured at 3.1 and consistent behave (3.0).

**Table: 2.2, Customer Perception and Expectations Of Empathy**

Factors	Perception (PUB)	Expectation (PUB)	Perception (PVT)	Expectation(PVT)
Suitable operating hour	3.1	2.9	3.2	3.0
Waiting time for service	3.4	3.1	3.3	3.1
Convenient location	3.7	3.4	3.0	2.9
Helping attitude	3.2	3.0	3.5	3.1
Understanding need	3.0	2.9	3.2	3.0

Source: Primary data

**Interpretations:** the above chart is expressing the customer perception and expectations towards empathy. It has been observed that the perception level was greater than the expectations level of customers of both the private and public banks, it means banks were providing more empathetic service. It has been seen that perceived and desired level of customers for empathy in public banks as perceived suitable operating hours 3.1 and desired at 2.9, perceived waiting time for service 3.4 and desired at 3.1, perceived convenient location (3.7) and desired level as at (3.4), perceived helping attitude 3.2 and desired at 3.0, perceived understanding need at (3.0) and desired understanding need (2.9).

**Table: 2.3, Customer Perception and Expectations of Responsiveness of Banks**

Factors	Perception (PUB)	Expectation (PUB)	Perception (PVT)	Expectation (PVT)
Quick response	3.5	3.1	3.6	3.2
Support to customers	3.4	3.3	3.1	3.2
concerned to problems	3.7	3.5	3.2	3.1
Overall staff courtesy	3.3	3.1	3.1	3.0
Quick in removing error	3.2	3.1	3.0	2.9

Source: Primary data

**Interpretations:** the following graph is presenting the comparison of customer perception and expectations for the responsiveness parameters of service quality. For the selected private banks the parameters of responsiveness for the perceived level of the concerned to the problems 3.2 and expected at 3.1, perceived quick response (3.6) and desired at (3.2), perceived support to customers at 3.1 and desired at 3.2, perceived overall staff courtesy at 3.1 and desired at 3.0, perceived level of quick in removing error at 3.0 and expected at 2.9.

**Table: 2.4, Customer Perception and Expectations of Assurance**

Factors	Perception (PUB)	Expectation (PUB)	Perception (PVT)	Expectation (PVT)
Customer confidence	3.8	3.3	3.6	3.2
Trustworthy	3.5	3.2	3.1	3.0
Assured safety	3.2	3.0	3.2	3.1
Security of customer information	3.3	3.1	3.1	3.0
Security in transaction	3.1	3.0	3.0	2.9

Source: Primary data



**Interpretations:** the graph is presenting the comparison of customer perception and expectations for the dimension of assurance. It has been observed that the perceived level of assurance parameters was more than the expected level in case of both sectors of banks. The perceived and expected parameters of assurance in public sector banks were as perceived customer confidence (3.8) and expected (3.3), perceived trustworthy (3.5) and expected (3.2), perception of assured safety (3.2) and expectation was at (3.0), perception towards security of customer information (3.3) and desired level at (3.1) and perception of security in transaction (3.1) and desired at (3.0).

**Table: 2.5, Customer Perception And Expectations Of Tangibility**

Factors	Perception (PUB)	Expectation (PUB)	Perception (PVT)	Expectation (PVT)
External appearance	3.9	3.3	3.7	3.3
Infrastructure	3.7	3.2	3.4	3.1
Physical facilities	3.5	3.1	3.2	3.1
Properly Dressed staff	3.3	3.0	3.2	3.1
Printed material	3.1	3.0	3.0	2.9

Source: Primary data

**Interpretations:** the comparison of perception and expectations of customers towards tangibility has been defined in the above graph. It was seen that perceived level of tangibility was more than the expected level in public and private banks. The five parameters of tangibility has been calculated as the perception for external appearances (3.9) and expectation was at (3.3), perceived level of infrastructure (3.7) and expected at (3.2), perception of physical facilities (3.5) and expectations at (3.1), perception for properly dressed staff found at (3.3) and desired at 3.0 and perceived level for printed material at (3.1) and desired at (3.0).

**Table: 2.6, Gap Analysis of Perception and Expectation**

Dimensions	Perception	expectation
Reliability gap	6.5	3.0
Empathy gap	6.8	3.0
Responsiveness gap	5.9	2.0
Assurance gap	6.4	3.0
Tangibility gap	9.5	6.3

Source: Primary data

**Interpretations:** the analysis of gap in perception and expectation has been revealed in the graph. For both sector of banks, the overall analysis of gap was being analyzed in all dimensions. For customer perception, the reliability, empathy, responsiveness, assurance and tangibility as 6.5, 6.8, 5.9, 6.4 and 9.5 respectively have been examined. The desired level and expectations of customers has been observed in reliability 3.0 empathy 3.0, responsiveness 2.0, assurance 3.0 and tangibility 6.3.

**Table: 2.7, Overall Service Quality Dimensions Gaps**

Dimensions	PUBSB GAP	PVTSB GAP
Reliability gap	1.2	1.1
Empathy gap	1.1	0.6
Responsiveness gap	1.1	1.6
Assurance gap	1.5	2.0
Tangibility gap	2.4	1.6

Source: Primary data

**Interpretations:** the overall service quality dimensions gaps are presenting in the graph. The overall dimensions gaps were being observed in reliability 1.2, empathy 1.1, responsiveness 1.1, assurance 1.5 and tangibility gap 2.4 in public sector banks. For private banks, the reliability gap was 1.1, empathy gap was 0.6, responsiveness gap was 1.6, assurance gap was 2.0 and tangibility gap was 1.6 has been calculated. The highest gap was being shown in assurance in private banks and in tangibility in public banks.

## VII. Conclusions

The perception and expectations on all dimensions of service quality has been analyzed. The perceived level of service was more than the expected level of service. The analysis was showing that customers were getting more, more assured, got more response from banks and bankers were showing empathetic behave towards customers. Thus, on the basis of this analysis,



banks are suggested to fill the gap. The public sector and private sector banks must focus on reliability, assurance and responsiveness. All selected Banks should make efforts to reduce the gaps found in various parameters.

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