



DIMENSIONS OF SERVICE QUALITY FOR COMMERCIAL BANKS-AN ANALYTICAL VIEW

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Abstract

The present study assesses and compares the various literatures on service quality dimensions to adapt perfect strategy and policy for service oriented organisations, especially in the commercial banking sector. It also indicates that the analysis of service quality dimensions were one of the most important factors which influence the organizations directly. The structure of any organization has its own roots to go forward and it can be shaped by identical change by top level management regarding service issues. It will not even become what most top level management thinks, rather it most analyse all the related development and generate a hybrid service quality dimensions model so that the organizations are able to provide best service to their customers. The present study solely indicates that the service of commercial banking sector will be more systematic, innovative and rich insight based on service quality dimensions.

Keywords: *Service Quality, Service Quality Dimensions, Indian Banking Service.*

INTRODUCTION

The banking industry plays an important role in the economic development of a country. All the financial institution was facing challenges of intense competition and increased customer's expectations over the last few years. Increasing competition and continuously evolving customer demands have led Indian banks to identify drivers of customer satisfaction. Customer satisfaction leads to retention of customer. Since cost of acquiring a new customer is much more than the cost of retaining a customer. Banks are giving top priority of providing better service quality to satisfy the customer. New marketing concepts and strategies are playing greater attention to identifying customer needs and expectations and offering high service quality to customers. The primary objective of an organization is to provide superior quality service and customer satisfaction with reduction in complaints and improved customer retention. Service quality is being describes as a form of attitude as the extent to which a service meets customers' needs or expectations. It is based on the difference between customer expectations of service and perceived service. If expectations are greater than the performance, than perceived quality is less than satisfactory and hence customer dissatisfaction occurs.

OBJECTIVE OF THE STUDY

The principal objective is to evaluate literature on service quality which has been given by different researchers that is applicable only on banking sector. To accomplish this, the specific objective of the study is to study different dimensions of service quality offered by selected banks.

SCOPE AND METHODOLOGIES OF THE STUDY

The study has covered various literatures on service, service quality and service dimensions. A Library research method (Archive) has been used in this study. Different books, journals, periodicals and online papers have been observed by the researchers to find out different issues in service quality dimensions in this connection. Mostly secondary data has been compiled in this study and this data has been collected from literatures, textbooks, e-journals, government publications etc. This study tried to focus service industry in general and banking services in particular. Moreover, some of the banks (operating in India) have been observed by the researchers to have idea about the practice related to service quality dimensions.



SERVICE QUALITY

In the service quality literature, it is generally agreed that different people understand different things regarding the service quality as a multidimensional notion. Bolton and Drew (1991); and Oliver (1980) defined customers' service quality as the difference between the actual service performance and their expectations. Similar to Bolton and Drew (1991); and Oliver (1980), Parasuraman *et al.* (1988: p19) characterized perceived service quality as "the degree and direction of discrepancy between customers' perceptions and expectations". The services marketing literature reveals that "service quality has been variously defined as focusing on meeting needs and requirements, and how well the service delivered matches customers' expectations" (Lewis 1993: p 22). They also proposed that "service quality is a global consumer judgment or attitude, relating to service and results from comparisons by consumers expectations of service with their perception of actual service performance" (Lewis, 1991; p 53). Service quality is the distinction between consumers' expectations for service performance and their perceptions of the service received. Zeithaml and Bitner (1996, p 45) defined perceived service quality as the judgment of a customer about the overall excellence or superiority of a product or service. They also defined service quality as, "the delivery of excellent or superior service relative to customer expectations".

According to the above definitions of service quality, it may therefore be concluded that service quality is an assessment of the customers about how well the service fulfils their expectations in terms of perceptions of the service.

DIMENSIONS OF SERVICE QUALITY

This section aims to identify the various dimensions of service quality proposed by different authors in the service marketing literature and to discuss these dimensions in relation to the banking sector.

Avkiran (1999) identified the following four discriminating factors of service quality in the banking sector.

- **Staff Conduct:** Responsiveness, civilised conduct and presentation of branch staff that will project a professional image to the customers.
- **Credibility:** Maintaining bank staff-customer trust by rectifying mistakes and keeping customers informed.
- **Communication:** Fulfilling banking needs to customers by successfully communicating financial advice and serving notices timely.-
- **Access to Teller Services:** The adequacy of number of branch staff serving customers throughout business hours and during peak hours.

Cornin and Taylor (1992) indicated that service quality could be best measured based on three factors namely expectations, performance and importance of several service characteristics such as equipment and service environment appearance and performances and service delivery. Service quality of a bank sometimes depends on the corporate image dimensions, such as, reputation as an employer, approach to social responsibility issues etc.

Gounaris *et al.* (2003) argued that the SERVQUAL model mostly assesses customer perceptions about employees and service environment while it does not account for the other critical elements of the service quality such as product innovativeness and price. Hence, Gounaris *et al.* (2003) suggested that perceived service quality based on SERVQUAL model in the context of the Banking sector should be consisted of six dimensions namely, Employee, Competence, Bank's Reliability, Product innovativeness, Value for Money, Physical Evidence and Proximity Convenience of the bank.

According to Lewis (1993), the dimensions of service quality focus on "interactions between a service firm and its customers, typically relates to:

1. **Technical dimensions**, i.e. the outcome of the service process to include systems and technology; for example; ATM machine of State Bank of India, Credit cards of HDFC, PNB and online and Internet banking of AXIS, SBI etc.



2. **Functional dimensions**, i.e. the way the service is delivered to include inter-personal interactions between employees and customers, appearance and personality of service personnel and approachability of personnel; for example; customer service department of Corporation Bank, service complain department of Central bank of India and trade services department of State bank of India, Bank of India, etc.,
3. **The corporate image dimensions** which is the result of how customers perceive the firm, and can be expected to be built up mainly by the technical and functional quality of its services, and will ultimately affect service perceptions ; for example; Vocational Training , Rural Development, Community welfare activities of Andhra Bank.

Most of the services (withdrawal of cash, preparing statements etc.) of a bank are now technology oriented. The quality of banking services also depends on the inter-personal interactions (functional dimensions) between the customers and the employees of the bank. For example, when a cashier addresses a customer in a familiar way, speaks to him/her in a professional manner and his/her transaction is completed as efficiently and quickly as possible, the customer is generally satisfied with the behavior and services offered by the cashier.

Sureshchandar *et al.* (2002) suggested that service quality is based essentially on five dimensions/factors critical from the customers' point of view.

These dimensions/factors are:

- Core service or service product;
- Human element of service delivery;
- Systematization of service delivery - non-human element;
- Servicescape (the environment in which the service is delivered and where the firm and the customer interact, that means tangible commodities that facilitate performance or communication of the service.
- Social responsibility.

Parasuraman *et al.* (1985) identified ten dimensions of service quality (e.g. credibility, security, accessibility, communication, understanding the consumer, tangibles, reliability, responsiveness, competence and courtesy). In subsequent research, however, Parasuraman *et al.* (1988) consolidated the above ten dimensions into five broad dimensions that are shown along with their definitions in Table 1.

Table 1: Five Broad Dimensions of Service Quality Dimension Definition

Tangibles	Appearance of physical facilities, equipment, personnel and written materials.
Reliability	Ability to perform the promised service dependably and accurately.
Responsiveness	Willingness to help customers and provide prompt service.
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence.
Empathy	Caring, easy access, good communication, customer understanding and individualized attention given to customers.

Source: Zeithaml *et al.* (1990).

All of the above dimensions are found relevant to banking sector (Zeithaml and Bitner, 1996). For example, Credibility is important to demonstrate the good reputation of the bank. Security is another important matter to articulate the safety for the customers to use the bank's ATMs anytime and to protect the credit card against unauthorized use. Empathy or accessibility is another key related factor that enables customers to deal with their banks more easily (Levesque and McDougall, 1996). Communication is also most important in the banking



sector. When customers complaint, the bank manger should be interested to listen to the customer regarding their complaints through proper communication channels. Understanding the customer is important for bank s to make the efforts to know customers and their needs. Tangibility is another important dimension for banks. For instance, "Customers make inferences about the service quality on the basis of tangibles of the bank (the buildings, the physical layout etc.), that surround the service environment because these can have a significant impact on customers' affective responses" (Jamal and Naser, 2002). Besides, the customers are happy when they can understand their bank statements easily. Reliability is also important in banking sector. When a bank officer, for instance, says he/she will call the customer back in 10 minutes to solve the problem, he/she should do so accordingly. Responsiveness is an important dimension for bank to resolve the problem of the customers quickly and which is rare in our banking sector. Competence or assurance is also an important factor to transact through the bank teller process without making any mistake. Courtesy is important for bank employees to have a pleasant behavior and to show the politeness consistently when answering the various questions of their customers.

Sureshchandar *et al.* (2002) also suggested that these five dimensions are relevant to the banking sector. For example, banks now have diversified range of product and services which includes deposits; ATM facilities, telephonic banking, loans for purchases of cars, houses etc., retirement accounts, issuing traveller's cheques, safe deposit lockers, etc. and service quality depends on how well these services/facilities delivered by the banks to their customers. The human element of service delivery in the banking sector includes providing banking services as promised by the bank staff, effectiveness of bank staff's skill and ability for actions whenever a critical incident takes place, willingness of bank staff to help customers and the readiness to respond to customers' requests, making customers feel safe and secure in their transactions, giving caring and individual attention to bank customers by having the customers' best interests at heart etc.

The systematization of service delivery (non-human element) in the banking sector includes having a highly standardized and simplified delivery process so that banking services are delivered within a minimum time without any hassles or excessive bureaucracy, enhancement of technological capability (e.g. telephone banking, internet banking, wireless banking service, etc.) to provide superior quality service to the customers more effectively, degree to which the banking procedures and processes are perfectly fool-proof, adequate and necessary bank personnel and facilities for good customer service etc.

Tangibles of service (servicescape) in the banking sector includes the ambient conditions such as temperature, ventilation, noise and fragrance prevailing in the bank's premises, extent of the physical layout of equipment and other furnishings being comfortable for customers to interact with bank staff, visually appealing signs, symbols, advertisement boards, pamphlets and other artifacts in the bank, bank staff who have a neat and professional appearance, visually appealing materials and facilities associated with the service etc. Social responsibility of the bank includes equal treatment stemming from the belief that every customer should be treated alike, having branch locations in most places convenient to all sections (e.g. villages, down town areas, etc.), a social responsibility characterized by "deserving service" to people belonging to all strata of society, a sense of public responsibility among bank staff (in terms of being punctual, regular, sincere and without going on strikes), extent to which the bank leads as a corporate citizen, and the level to which it promotes ethical conduct in everything it does etc.

According to the above discussion of various dimensions of service quality, it is found that different authors have proposed different dimensions of service quality. For having a quick look, all dimensions of service quality proposed by different authors mentioned above are shown in the following table.



Table.2: Possible Approach to Analyzing Quality Dimensions

Dimensions	Specific Elements	A *	C \$	G @	L #	P ¥	S €
Tangibles	Staff 's neat dress	×	×	□	×	□	□
	Staff 's professional appearance	□	□	□	□	□	□
	Equipment and service environment	×	□	□	×	□	□
	Leaflets	×	×	□	×	□	□
		□	×	□	×	□	□
Reliability	Credibility	□	×	□	×	□	□
	Timely service	□	×	×	×	□	□
	Accuracy of records	□	×	×	×	□	□
	Dependability	□	×	□	×	□	□
Responsiveness	Staff conduct	□	□	□	□	□	□
	Willingness of staff to help customers	□	□	□	□	□	□
	To provide prompt of service	□	□	□	□	□	□
Assurance	Staff 's knowledge	□	×	□	×	□	□
	Politeness of staff		×		□	□	
	Staff 's courtesy	□	×			□	□
	Trustworthiness and confidence	□	×	□	×	□	□
Empathy	Good communication	□	×	×	×	□	×
	Individual attention	□	×	×	×	□	□
	Customer understanding	□	×	×	×	□	□
	Access to teller services	□	×	×	×	×	×

Source: Avkiran (1999), Cronin and Taylor (1992), Gounaris et al. (2003), Lewis (1993), Parasuraman et al. (1988), Sureshchandar et al. (2002).

A*:- Avkiran (1999), C\$:- Cronin and Taylor (1992), G@ :-Gounaris et al. (2003), L# :-Lewis (1993), P¥ :- Parasuraman et al. (1988), S€ :-Sureshchandar et al. (2002)

Table 2 indicates that all authors mentioned above do not have the same opinion with every aforementioned specific element of quality dimensions. However, the authors of this study propose that all of the specific elements of quality dimensions may be used to measure service quality in the banking sector because most of them were used in banking sector previously to measure service quality (Zeithaml and Bitner, 1996; Levesque and McDougall, 1996; Avkiran, 1999; Sureshchandar et al., 2002; Jamal and Naser, 2002, Cronin and Taylor 1992, Gounaris et al. 2003).

Table 2, almost all of the specific elements of service quality of reliability, responsiveness, and assurance and empathy dimensions are included in the four dimensions of BANKSERV, an instrument that exclusively deals with the perceived service quality within the special context of banks, proposed by Avkiran (1999) except for the specific elements of tangibles dimension. The author, therefore, proposes that the BANKSERV instrument proposed by Avkiran (1999) should be modified by adding tangibles dimension because it is now considered as an important dimension in every country all over the world to measure service quality in all sectors and thus this instrument will be an appropriate battery to measure the service quality in the banking sector. As a result, the author proposes five dimensions in the BANKSERV instrument, which are listed in Table 3 and are used in this study to measure service quality in the banking sector because some problems are identified with SERVQUAL to



measure service quality. The main problem with SERVQUAL is to compare perceived performance with expectations in separate items (22-expectations items and 22- perceptions items), whereas the BANKSERV instrument captures the similar comparison of perceived performance with expectations in a battery of single statements (Avkiran, 1999).

Table 3: Dimensions of Service Quality in the BANKSERV Instrument & Dimensions Specific Elements

Dimensions	Specific Elements
Staff Conduct	Politeness, greeting, willingness to help customers, providing prompt service, to apologies for any mistake, expression of genuine concern always for any mistake etc.
Tangibles	Appearance of physical facilities, availability of leaflets, bank employees' neat dress and professional appearance etc.
Credibility	Rectifying mistake properly, maintaining security for customers dealings, keeping customers informed always about the matters of concern to them etc.
Communication	To communicate successfully to provide financial advice and timely service such as helping customers learn how to keep down their banking costs, having adequate knowledge of bank's services and products, telling customers about the actual time to perform the services etc.
Access to Teller Services	Adequacy of number of open tellers and staff during the busy hours of the day.

Source: Avkiran(1999)

Considering the above literature the following model can be developed which will encompass the most common quality instruments as well as widely used quality dimensions.

Table-4: Proposed Service Quality Dimensions and their Instruments.

Dimensions	Quality instruments
Tangibles	Location, Staff 's professional appearance
Reliability	Credibility, Timely service, Accuracy of records, Dependability.
Responsiveness	Staff conduct Willingness of staff to help customers To provide prompt of service
Assurance	Staff 's knowledge ,Courtesy and Politeness of staff Trustworthiness and confidence
Empathy	Individual attention, Customer understanding

Source: Compiled from secondary literature and observation.

CONCLUSION

The results of the study focused on service quality issues in India which can be a guideline for our fast growing banking sector, regarding assurance of service quality, customer perception evaluation, social responsibilities and other related issues. As service industry is growing very quickly, they have to give careful attention regarding discussed service quality dimensions in order to minimize the expectation-perception gap as well as to ensure better and quality service. The analysis of literature on service quality dimensions, Avkiran (1999), Cronin and Taylor (1992), Gounaris et al. (2003), Lewis (1993), Parasuraman *et al.* (1988), Sureshchandar *et al.* (2002) have enlightened the aforesaid issues of service quality. It is clear that those literatures are based on some elements which are directly related to the service quality issues. These issues are equivalently important for an organization for sustainable growth and profitability. This paper proposes a model of service quality dimensions along with their instruments on the basis of earlier research works, which can be followed by Indian banking sector. Moreover, this model can be a guideline for the top level managers to understand the different aspects of service



quality dimensions so that they can be able to choose the right dimensions and instruments to offer competitive service.

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