



Study on Service Quality of Indian Banking with Special Reference to Kerala.

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Abstract

One of the determinants of the *success of* banking organizations is how the customers perceive the service quality of the banks. This is because it is the perceived service quality that is the key driver of perceived value. It is this perceived value which determines the strength of the banks. Every customer has an ideal expectation of the service they want to receive when they go to a bank. Service quality measures how well a service is delivered compared to customer expectations. Bank that meet or exceed the expectations are considered to have high service quality. The concept of service quality is helpful in sustaining the customers' confidence and thereby maximising profits of a banking organization. This research postulates on the present level of service quality of banking organizations and also tries to explore the factors that lead to service quality of the banking services.

Key words: Banking Services, Customer, Service quality, Public Sector Bank, Private Sector Bank.

Introduction

Service quality measures how well a service is delivered compared to customer expectations. Banks that meet or exceed the expectations are considered to have high service quality. . In banking industry, there is a continuing relationship between the service provider and the customer. Satisfaction is based on an evaluation of numerous interactions. A positive relationship between the service quality and loyalty has been found in the banking sector. The concept of service quality is helpful in

- Sustaining the customers' confidence in a service provider's service delivery.
- Maximising profits of an organisation
- Attracting more new customers and increasing business with existing customers.
- Increasing customer satisfaction.

There are different dimensions for assessing service quality. Zeithaml, Parsuraman and Berry have identified five dimensions for assessing service quality and named as SERVQUAL. Such dimensions are:

- Reliability
- Tangibility
- Empathy
- Assurance
- Responsiveness

Reliability is the capability to execute the assured service consistently and accurately. Tangibles are the physical features of the service being provided by the banks, such as the appearance of the building, cleanliness of the facilities, adoption of modern technology, reputation and the appearance of the employees sitting at the reception desk. Empathy is the caring and giving individual attention to the customers. Assurance is the awareness and politeness of employees and their skill to convey trust and confidence among the customers. Responsiveness is the readiness to assist customers and provide on time service to the customers.

Quality is sought by all organisations, especially in the service sector. This is particularly true in the banking sector. However the bank had no recognised scale to measure the perceived service quality. In general, available instrument had included either a scale contextually developed specifically to cope with occasional problems or an instrument not specifically designed for banking services but rather to measure service quality across a broad spectrum of services. Among such general instrument, the most popular was SERVQUAL, a well developed by Parasuraman, which had been used both original and adopted version by a variety of banks.

Need and Importance of the Study

In the current era of hyper-competition, marketers are forced to be more concerned with customer retention and loyalty. As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new ones. Customer expectations have rapidly changed over the last two decades. Fuelled by new technology and growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Customers are less willing to make compromises in product and service quality. In this context, Service Quality of Indian Banking assumes considerable attention.

Scope of the Study

The study is confined to making an analysis of the Service Quality of Indian Banking with reference to Kerala. Among the banks in Kerala three banks each of public sector and private sector are considered. For the purpose of the study various aspects of Service quality are analysed from the perceptions of the customers of the banks. The customers selected for the study includes SBI, PNB and Canara bank from public sector and HDFC bank, Axis bank and ICICI bank from private sector banks with equal representation. Moreover, the customers of the above said banks include customers of both urban and rural areas from the three districts selected.

Objectives of the study

The objectives of the study are:

- (1) To examine the perception of customers regarding the service quality in banks.
- (2) To study and compare the service quality perceived by the customers on district wise.

Hypotheses

In this study the researcher has formulated and tested the following hypotheses:

1. HO₁: The level of service quality in banks is excellent.
2. HO₂: There is no significant difference in the level of service quality perceived by the customers on different districts.

Results of the Analysis and Discussion

One of the objectives of the study is to examine the perceptions of customers regarding the Service Quality in banks. For this the respondents are asked 21 questions on five point Likert scale regarding service quality of banks, out of which 20 are remaining after convergent validity test. The responses are scored as 1 for 'Strongly disagree', 2 for 'Disagree', 3 for 'Neither - agree nor disagree', 4 for 'Agree' and 5 for 'Strongly agree'. The total score of the 20 questions for all 540 respondents is found out, based on which, researcher calculates the mean % score of level of Service Quality in banks.

District Wise Service Quality Evaluation

Following hypothesis is framed.

H₀: The mean Score of Service quality are similar for all districts considered.

ANOVA is used to compare the mean scores of different districts and the result is exhibited in Table given below:

Table Showing

Mean, Standard Deviation and F Value for District

Variable	District	N	Mean	Standard Deviation	F	P Value
Service quality	Kozhikode	180	73.67	7.43	0.014	0.986
	Ernakulam	180	73.73	7.62		
	Thiruvananthapuram	180	73.80	7.62		

Source: Primary Data

Table reveals that the mean score of service quality is slightly high in Ernakulam District (73.80), followed by Kozhikode district (73.73) with a SD of 7.62 and 7.62 respectively. Value of F is 0.014. Since the calculated value is more than 0.05, the test is found to be not significant and hence the hypothesis H₀ is accepted. Therefore it can be concluded that no significant difference in the mean score of service quality among the districts.

To study the elements of service quality with district of respondents, F test is applied.

District wise reliability evaluation

Table Showing

Mean, Standard Deviation and F value of Reliability - District Wise

Variable	District	N	Mean	Standard deviation	F	P value
Reliability	Kozhikode	180	14.94	2.59	0.045	0.956
	Ernakulam	180	14.96	2.54		
	Thiruvananthapuram	180	14.88	2.67		

Source: Primary Data

Table shows that that the mean score of the reliability is faintly high (14.96) in Ernakulam District with a SD of 2.54 followed by Kozhikode District (14.94) with a standard deviation of 2.59. Value of F is 0.045. Since the calculated value of P is more than 0.05, the test is found to be not significant. It can be concluded that there exists no significant difference in the mean score of reliability among the districts.

District Wise Tangibility Evaluation

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Mean, Standard Deviation and F value of Tangibility – District Wise

Variable	District	N	Mean	Standard deviation	F	P value
Tangibility	Kozhikode	180	18.88	2.85	0.014	0.986
	Ernakulam	180	18.93	2.92		
	Thiruvananthapuram	180	18.92	2.96		

Source: Primary Data

Table discloses that the District wise customers' perception of the service quality as regard to tangibility. It shows that the mean score of the tangibility is a little high in Ernakulam District (18.93), followed by Thiruvananthapuram District (18.92) with a standard deviation of 2.92 and 2.96 respectively. Value of F is 0.014. Since the calculated value of P is more than 0.05, the test is found to be not significant. It reveals that the perception of customers of service quality as regards to tangibility in banks remains similar among the respondent irrespective of the district to which they belong.

District Wise Empathy Evaluation

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Mean, Standard Deviation and F value of Empathy - District Wise

Variable	District	N	Mean	Standard deviation	F	P value
Empathy	Kozhikode	180	10.63	2.04	0.372	0.690
	Ernakulam	180	10.50	1.98		
	Thiruvananthapuram	180	10.68	2.08		

Source: Primary Data

Table 5.18 reveals that the mean score of the empathy is high in Thiruvanthapuram District (10.68), followed by Kozhikode District (10.63) with a standard deviation of 2.08 and 2.04 respectively. Value of F is 0.372. Since the calculated value of P is more than 0.05, the test is found to be not significant. Hence it can be concluded that there is no significant difference among the respondents of districts under study as to the empathy evaluation.

District Wise Assurance Evaluation.

Table Showing

Mean, Standard deviation and F Value of Assurance - District Wise

Variable	District	N	Mean	Standard deviation	F	P value
Assurance	Kozhikode	180	14.38	2.65	0.130	0.878
	Ernakulam	180	14.50	2.78		
	Thiruvananthapuram	180	14.52	2.68		

Source: Primary Data

Table reveals that the mean score of the assurance is faintly high in Thiruvanthapuram District (14.52), followed by Ernakulam District (14.50) with a standard deviation of 2.68 and 2.78 respectively. Value of F is 0.130. Since the calculated value of P is more than 0.05, the test is found to be not significant. Hence, It can be concluded that there is no significance difference among the respondents of the three districts relating to assurance evaluation.

District Wise Responsiveness Evaluation.**Table Sowing****Mean, Standard deviation and F value of Responsiveness – District Wise**

<i>Variable</i>	<i>District</i>	<i>N</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>F</i>	<i>P value</i>
Responsiveness	Kozhikode	180	14.82	2.45	0.008	0.992
	Ernakulam	180	14.84	2.43		
	Thiruvananthapuram	180	14.81	2.48		

Source: Primary Data

Table reveals that the mean score of the responsiveness is a little high in Ernakulam District (14.84), followed by Kozhikode District (14.82) with a standard deviation of 2.43 and 2.45 respectively. Value of F is 0.008. Since the calculated value of P is more than 0.05, the test is found to be not significant. Hence it can be concluded that the perception of customers of service quality as regards to responsiveness in banks remains same among respondent in the districts under study.

Bank Wise Service Quality Evaluation

For measuring the bank wise service quality, the following hypothesis is framed.

H1: The mean Score of Service quality is same for all the banks.

For the purpose of the study, ANOVA is applied and the result is exhibited in Table 5.86.

Table Showing**Mean, Standard Deviation and F Value for Ban**

Variable	Bank	N	Mean	Standard Deviation	F	P Value
Service quality	SBI	90	72.14	4.45	174.616	<0.001
	Canara Bank	90	66.06	4.97		
	PNB	90	68.30	6.10		
	HDFC	90	83.38	3.74		
	Axis	90	73.57	4.31		
	ICICI	90	78.96	4.06		

Source: Primary Data

Table shows the bank wise customers' perception on the service quality. It shows that the mean score of service quality is high in HDFC Bank (83.88), followed by ICICI Bank (78.96) with a standard deviation of 3.74 and 4.06 respectively. The mean score of Axis bank is 73.57, SBI is 72.14 and PNB is 68.30 with a SD of 4.31, 4.45, and 6.10 respectively.

The results of the ANOVA test depicted in Table 5.83 also reveals that a statistical value of P is less than 0.05 for the variables, hence, the hypothesis H_1 rejected. So it can be concluded that the mean score of service quality perceived by the respondents differ with Banks.

Since the ANOVA test indicate that the significant difference exist among the different type of banks for service quality, researcher conducts post hoc test for identifying which among the bank type differs significantly and the result is exhibited in the Table 5.87.



Table Showing

Bank Wise Service Quality Post Hoc Test

Dependent Variable		Mean Difference (I-J)	Std. Error	Sig.	
Service Quality	SBI	Canara Bank	6.08889*	0.696	0.000
		PNB	3.84444*	0.696	0.000
		HDFC	-11.23333*	0.696	0.000
		Axis	-1.42222*	0.696	0.041
		ICICI	-6.81111*	0.696	0.000
	Canara Bank	SBI	-6.08889*	0.696	0.000
		PNB	-2.24444*	0.696	0.001
		HDFC	-17.32222*	0.696	0.000
		Axis	-7.51111*	0.696	0.000
		ICICI	-12.90000*	0.696	0.000
	PNB	SBI	-3.84444*	0.696	0.000
		Canara Bank	2.24444*	0.696	0.001
		HDFC	-15.07778*	0.696	0.000
		Axis	-5.26667*	0.696	0.000
		ICICI	-10.65556*	0.696	0.000
	HDFC	SBI	11.23333*	0.696	0.000
		Canara Bank	17.32222*	0.696	0.000
		PNB	15.07778*	0.696	0.000
		Axis	9.81111*	0.696	0.000
		ICICI	4.42222*	0.696	0.000
	Axis	SBI	1.42222*	0.696	0.041
		Canara Bank	7.51111*	0.696	0.000
		PNB	5.26667*	0.696	0.000
		HDFC	-9.81111*	0.696	0.000
		ICICI	-5.38889*	0.696	0.000
ICICI	SBI	6.81111*	0.696	0.000	
	CanaraBank	12.90000*	0.696	0.000	
	PNB	10.65556*	0.696	0.000	
	HDFC	-4.42222*	0.696	0.000	
	Axis	5.38889*	0.696	0.000	

* The mean difference is significant at the 0.05 level.

Post-hoc test on bank wise service quality analysis reveals significant difference exists in the mean score of service quality between all the individual banks concerned.

Findings of the study

1. The district wise service quality evaluation shows that the mean score of service quality is slightly high in Ernakulam district followed by Kozhikode district. The F test applied reveals that there is no significant difference in the mean score of service quality perception among the districts under study.
2. The district wise elements of service quality analysis reveals that the mean score of reliability, tangibility and responsiveness perceptions are high in Ernakulam district while empathy and assurance perceptions are high Kozhikode district. The F test applied reveals that there are no significant differences in the mean scores among the respondents of districts under study as to the elements of service quality.
3. The level of service quality evaluation reveals that the mean score of service quality is 73.73 (73.73%). The Z test applied reveals that the level of service quality in banks is medium level.
4. Bank wise service quality evaluation shows that the mean score of service quality is high in HDFC bank (83.38) followed by ICICI bank (78.96). The mean score of Axis bank is 73.57, SBI 72.14, PNB is 68.30 and Canara Bank is 66.06. The F test applied reveals that there exists significant difference in the mean score of service quality among the respondents of different banks. The post-hoc test reveals that significant difference exists in the mean score of service quality between all the individual banks considered.

Conclusion

The banking scenario in India is at the turning point and is continuing developing but the progress has been notable over the decade. With the level of competition increasing in the banking industry, banks are trying with each other to persuade customers more and more personalised services. The present study on Service Quality in Banks concludes that the mean score of service quality is high in HDFC bank followed by ICICI bank. The Study also reveals that there exists significant difference in the mean score of service quality among the respondents of different banks.

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