A Comparative Study On Customer' Satisfaction In Service Quality Dimensions Among Public Sector Banks And Private Sector Banks In Hyderabad City

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ABSTRACT:

Customer satisfaction measures how a customer feels about a brand interaction. It's a measurement use to quantify the degree to which a customer is satisfied with a product, service, or experience. Service is an activity that creates value and provides benefits for customers at specific time. Service quality seems to be a moral string for every organization. In today's competitive scenario, service quality, customer satisfaction and loyalty are becoming principal challenges for banking sector. This paper attempts to make a comparative analysis of level of customer satisfaction towards the services provided by **public sector banks (Andhra bank and SBI) and private sector banks (HDFC bank and ICICI bank).** The study has been conducted in Hyderabad city based on questionnaire method and a sample of **120 customers of each 30 customers** of respective banks has been selected using convenient sampling method. The **SERVQUAL** model analysis is conducted with its all five service dimensions and Gap analysis. SERVQUAL Model is chosen in our study to assess the service quality and customer satisfaction. Servqual can be used to measure service quality in variety of service settings and can be used to compare with the competitors. This model of service quality identifies the reasons for any gaps between customer expectations and perceptions. The banks are chosen to identify the service quality gaps and customer perception and satisfaction in which SERVQUAL model will fit to do the better gap analysis and to identify the factors for poor quality service.

KEYWORDS: Service Quality dimensions, SERVQUAL Model, Private Bank, Public Bank, GAP analysis

1. INTRODUCTION:

Banking Sector plays an important role in economic development of a country. The banking system of India is featured by a large network of bank branches, serving many kinds of financial services of the people. Banking sector in India has made outstanding progress since independence. Banks will provide a variety of services facilitate through innovation and communication aided by information technology ranging from opening a savings account, current account, internet banking, retail banking, financial consulting, providing loans, locker facilities, foreign money transfer etc. The banks have to satisfy the customers belonging to all different classes. A study on the comparative analysis of services of private and public sector bank and customer' satisfaction is very important. Such analysis will provide the banks with a quantitative and qualitative estimate of their services as perceived by their customers. SERVQUAL Model is chosen in our study to assess the service quality and customer satisfaction. SERVQUAL can be used to measure service quality in variety of service settings and can be used to compare with

the competitors. This model of service quality identifies the reasons for any gaps between customer expectations and perceptions.

The banks are chosen to identify the service quality gaps and customer perception and satisfaction in which SERVQUAL model will fit to do the better gap analysis and to identify the factors for poor quality service.

1.1 Recent developments in banking service in India

As per the **Reserve Bank of India (RBI),** India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level 5 in the Faster Payments Innovation Index (FPII). The Indian banking system consists of **18 public** sector banks, **22 private** sector banks, **46 foreign** banks, **53 regional rural** banks, **1,542 urban cooperative** banks and **94,384 rural cooperative** banks as of September 2019.

1.1.1 Investments/developments

Key investments and developments in India's banking industry include:

- In **October 2019**, the Department of Post launched the mobile banking facility for all post office savings account holders of the CBS (core banking solutions) post office.
- Deposits under **Pradhan Mantri Jan Dhan Yojana (PMJDY)** stood at Rs 1.06 lakh crore.
- In **October 2019**, Government e-Marketplace (GeM) signed a Memorandum of Understanding (MoU) with Union Bank of India to facilitate a cashless, paperless and transparent payment system for an array of services.
- Transactions through **Unified Payments Interface (UPI)** stood at 1.15 billion in October 2019 worth Rs 1.91 lakh crore.
- In **August 2019**, the government announced the major mergers of public sector banks which included United Bank of India and Oriental Bank of Commerce to be merged with Punjab National Bank, Allahabad Bank will be amalgamated with Indian Bank and Andhra Bank and Corporation Bank will be consolidated with Union Bank of India.
- The **NPAs (Non-Performing Assets)** of commercial banks has recorded a recovery of Rs 400,000 crore in last four years including record recovery of Rs 156,746 crore in FY19.
- As of September 2018, the Government of India launched **India Post Payments Bank (IPPB)** and has opened branches across 650 districts to achieve the objective of financial inclusion.

1.1.2 Government Initiatives

- As per **Union Budget 2019-20**, the government has proposed fully automated GST refund module and an electronic invoice system that will eliminate the need for a separate e-way bill.
- Under the Budget 2019-20, government has proposed **Rs 70,000 crore** to the public sector bank.
- Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight.
- **As of September 2018**, the Government of India has made the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme an open ended scheme and has also added more incentives.
- The Government of India is planning to inject Rs 42,000 crore (US$ 5.99 billion) in the public sector banks by **March 2019** and will infuse the next tranche of recapitalisation by mid-December 2018.

1.1.3 Achievements

• As on **March 31, 2019** the number of debit and credit cards issued were 925 million and 47 million, respectively.

• As per RBI, as of **October 25, 2019**, India recorded foreign exchange reserves of approximately US$ 442.58 billion.

• India ranks among the top seventh economies with a GDP of US$ 2,73 trillion in 2018 and economy is forecasted to **grow at 7.3 per cent in 2018**.

• To improve infrastructure in villages, 204,000 Point of Sale (PoS) terminals have been sanctioned from the Financial Inclusion Fund by **National Bank for Agriculture & Rural Development (NABARD).**

• The number of total bank accounts opened under Pradhan Mantri Jan Dhan Yojana (PMJDY) reached **333.8 million as on November 28, 2018**.

1.2 Banking and Hyderabad City

Hyderabad as a growing Metropolitan city in a developing country. Hyderabad confronts it features performances around and a special economic zone for Banking, Health care etc. The special feature outline the evidence on the relationship between different bank characteristics. Almost all major bank of India have branches in Hyderabad city SBI bank has 220 branches and it has 159 ATMs and Andhra bank has 152 branches, respectively 263 ATMs, same as ICICI bank has 104 branches, 70 ATMs and HDFC bank 119 branches 206 ATMs in Hyderabad city.

2. LITERATURE REVIEW

Puja K and Yukti A reveals that Private Banks have more satisfied customers due to good services. Private sector banks are successfully maintaining level of quantity of its customers by providing better banking services than Public sector Banks. **Susesh (2007)** revealed that poor service quality in public sectors banks is due to deficiency in tangibility, lack of responsiveness and empathy but this is not the case in private sectors banks. **Sureshchandar & Rajendran C., 2002** Made attempts to throw a more light on the distinctiveness of constructs of service quality and customer satisfaction and relationship between them. **Mualla & Deeb, 1997** Measured Banking Service Quality provided by Jordanian Commercial Bank and argued that the Service quality as perceived by customers definitely indicates what is left of their past perception of the service quality and the extent of their satisfaction with the current performance of the service. **Chris Manolis & Lasser, 2000** through his article made an attempt to study the Service Quality Perspectives & Satisfaction in Private Banking and defined service as a set of characteristics that meet the clients' needs and desire, strengthen the connective links between the organization and them, and enrich the clients' value as well. The Expectation and perception of service quality in old and new generation banks was observed by **Joshua and Koshi** in their research study that the performance of all service quality dimensions of the new generation banks are better than old generation banks.

3.SERVQUAL MODEL

The main instrument in analyzing the service quality is **"The gap model"** of service or SERVQUAL model which is developed by **Parshuraman** et al. This model is mainly used to determine average gap score (between customer's perceptions and expectations) for each service attribute and also to evaluate the company's service quality. The **SERVQUAL model** assumes that service quality is multidimensional concept and in turn contributes to the assessment of the service quality in any setting originally ten dimensions of service quality were proposed namely reliability, responsiveness, competences, access, courtesy, communication, credibility, security, understanding the consumer, and tangibles. Later these were reduced to five such as tangibles, responsiveness, assurances and empathy.

The five SERVQUAL dimensions are:

• **Tangibles**-Appearance of physical facilities, equipment, personnel, and communication materials.
• **Reliability**-Ability to perform the promised service dependably and accurately.
• **Responsiveness**-Willingness to help customers and provide prompt service.
• **Assurance**-Knowledge and courtesy of employees and their ability to convey trust and confidence.
• **Empathy**-Caring, individualized attention the firm provides its customers.

4. RESEARCH METHODOLOGY:

Sl. No.	Parameter	Description
1	Type of research	Analytical Research
2	Nature of Research	Qualitative and Quantitative
3	Research Instrument	Structured Questionnaire (A five points likert's scale was employed to collect data with 20 sets of question statements grouped under 5 dimensions (4 each))
4	Survey period	1st Jan to 1st Mar 2020
5	Sample Size	30 respondents from each bank (SBI, Andhra Bank, ICICI bank and HDFC bank) in Hyderabad City were personally met and get the questionnaires filled by them.
6	Sampling Method	Non-Probability Convenience Sampling
7	Sources of data collection	Primary and Secondary sources
8	Primary sources	Structured questionnaire and field survey
9	Secondary sources	Book, Journal, Articles, Magazines and websites

4.1 Objectives of the Study:

1. To identify the expectations (E) of customers regarding bank services in public sectors banks & private sectors bank in Hyderabad city.

2. To ascertain perceptions (P) of customers regarding service quality in public sector bank and private sectors banks.

3. To analyze and compare service gap (P-E) of customers in public sector banks and private sectors banks in Hyderabad city.

4.2 Demographic Profile of the Respondents:

Gender	Frequency	Percentage
Male	63	52.5%
Female	57	47.5%
Total	120	100
Age (in Years)		
21-30	21	17.5%
31-40	37	30.8%
41-50	33	27.5%
51-60	29	24.16%
Total	120	100
Academic Qualification		
Post Graduate	38	31.66%
Graduate	64	53.33%
Higher Secondary	18	15.00%
Secondary	00	0%
Total	120	100
Status		
Student	08	6.7%
Employed	64	53.33%
Self Employed	16	13.3%
Housewife	16	13.3%
Retired	16	13.3%
Total	120	100

The demographic profile of the respondents is given in table 1 as follow in order to show the diversity of respondents.

4.3 Research Results:

Table 2 reveals the analysis of the expectations of public sector banks customers are higher than private sector banks customers. The perception of actual service experienced is also greater among public banks customers. The service gap is minimum in private sectors banks which clearly denotes that the private bank customers were highly satisfied when compared with public sectors bank customers regarding the dimensions of tangibles, assurance and empathy. Responsiveness is the only dimension in which the expectation perception and service gap were better in public sector bank than private sectors banks which denotes that public sectors bank employers are highly capable. The service gap in the dimension of reliability is almost equal in both the banks.

Table – 2 Overall service Quality

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation (E)	Perception (P)	Gap = P-E	Expectation (E)	Perception (P)	Gap = P-E
Tangibles	23.74	18.46	-5.28	20.36	18.28	-2.08
Reliability	25.35	22.35	-3.00	24.84	22.08	-2.76
Responsiveness	22.66	18.14	-4.52	20.78	15.37	-5.41
Assurance	23.58	19.22	-4.36	19.51	18.51	-1
Empathy	21.71	16.04	-5.67	19.75	15	-4.75
TOTAL	117.04	94.21	-22.83	105.24	89.24	-16.00

4.3.1 Dimension-wise analysis and interpretation

4.3.1.1 Tangibles: Table 3 compare the expectation, perception and service gap among customers of public sector banks and private sectors banks respectively. The private sectors bank have lower service gap as compared with public sectors bank. This clearly reveals that private sector banks provide better tangible services. It is found that, the service gap in public sectors banks is very high in all the elements as against private banks. The physical facilities visually appearing are poor in private sector bank as compare to public sector bank.

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Modern Looking equipment	6.8	5.57	-1.23	6.82	5.7	-1.12
Physical facilities visually appearing	5.86	4.68	-1.18	3.26	3.16	-0.1
Employers have neat appearance	5.83	4.5	-1.33	5.2	4.57	-0.63
Materials associated visually appearing	5.25	3.71	-1.54	5.08	4.85	-0.23
TOTAL	23.74	18.46	-5.28	20.36	18.28	-2.08

Table 3 : Tangibles

4.3.1.2 Reliability: The table 4 indicates the service gap regarding reliability dimension is almost equal among public sector and private sectors banks. According to the survey, the parameters likes fulfillment of promise in time and maintaining error – free record is done well by public sector banks. On the other side, Private sector banks were better in ease of showing interest in solving customers' problems and performing right service at the first time. On the whole perceived services of private banks is greater than that of public sector bank which indicate the private banks were rendering better reliable services.

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Promises to do in time fulfilled	5.26	4.73	-0.53	6.01	5.37	-0.64
Sincere interest in solving customers problems	6.56	5.31	-1.25	6.24	5.7	-0.54
Perform the right service at the first time	6.33	5.5	-0.83	5.2	4.88	-0.32
Error free record	7.2	6.78	-0.42	7.39	6.85	-0.54
TOTAL	25.35	22.32	-3.03	24.84	22.8	-2.04

Table 4 : Reliability

4.3.1.3 Responsiveness: The table 5 clearly shows that private sector banks exceed the level of satisfaction of their customers when compared to public sectors banks in respect of responsiveness. Even though the private sector banks have not totally meet all the expectations of its customers, all the four elements pertaining to this dimension of its customers, all the focus elements pertaining to this dimension reflects the superiority of private sector banks over public sector banks. The overall service gap as per the respective customers point of view, the private sector bank satisfy them well as against public sector banks.

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Bank tell exactly when service will be performed	6.52	4.69	-2.13	4.76	4.46	-0.36
Prompt service	5.55	4.2	-1.35	5.79	4.37	-1.42
Willing to help customers	6.23	5.88	-0.35	4.88	2.98	-1.09
Never be too busy to respond	4.36	3.67	0.69	5.35	4.52	-0.83
TOTAL	22.66	18.14	-4.52	20.78	15.37	-4.45

Table 5 : Responsiveness

4.3.1.4 Assurance: The table 6 indicates the service gap regarding assurance dimension is almost equal among public sector and private sectors banks. When element-wise analysis made, Private sector banks customers feel very safe than the public banks customers. On the other hand to clarify customers' enquires employees have enough knowledge least in private sector bank. The service gap is less in public sector banks for the employee behavior instill the confidence in customers as compared to private sector banks.

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Employee behavior instill confidence in customers	5.27	4.72	-0.55	5.3	4.28	-1.02
Feel safe in transaction	5.72	3.82	-1.9	6.43	5.07	-1.23
Consistently courteous with customers	6.72	5.68	-1.04	5.85	4.12	-1.73
Employees have knowledge to answer customers questions	5.87	5	-0.87	5.44	5.04	-0.4
TOTAL	23.58	19.22	-4.36	23.02	18.51	-4.38

Table 6 Assurance

4.3.1.5 Empathy: Analysis of table 7 shows that private sector bank employees provides better services to customers than public sector banks. When the element wise analysis made, it is found that private sector banks have contributed much to their customers than by public sector banks in all the elements and in all perspective.

Service Quality Dimensions	Public Sectors Banks			Private Sectors Banks		
	Expectation	Perception	Gap	Expectation	Perception	Gap
Individual attention to customers	4.22	3.22	-1	5.39	4.05	-1.34
Convenient operation hours	5.92	4.55	-1.37	4.29	2.98	-1.31
Give customers personal services	5.82	4.12	-1.7	5.59	4.8	-0.79
Understand the specific needs of their customers	5.75	4.51	-1.24	4.48	3.17	-1.31
TOTAL	21.71	16.4	-5.31	19.75	15	-4.75

Table 7: Empathy

5. CONCLUSION

 Customers expectations perceptions and service gap of public sector banks is better than that of private sector banks in case of all the service dimensions expect the dimensions of responsiveness in which private sector banks exceeds public sector banks. The more expectation in public sector banks is may be due to greater interest in transaction which them than with private sector banks. Customer's expectations reveals that they believe better satisfaction can be arrived with public sector banks than with private sector banks. As the service gap regarding the dimensions of tangibles, responsiveness and empathy were comparatively lower than public sector banks they provide greater satisfaction to their customers.

 In case of public sectors banks the service gap regarding assurance is comparatively lower than private banks. Which reveal that the public banks enjoy confidence among customers in Chennai city. The service gap is very high in dimensions of responsiveness and empathy which exhibits the lack of employees responsiveness especially in providing prompt services. It is very important for the public sector banks to improve responsiveness among employees which is one of the major concerns for customers.

 In case of private sectors banks, it is important to generate and improve confidence among customers and to give utmost safety to their customers. Even though service gap is comparatively better than public sector banks, the private sector banks should be very careful because the public sector banks are being privatized and gaining market share in India. The expectations of customers are rising in a very high rate, hence banks should give greater effort to meet it.

Findings

1. From the customers' response, the researcher found that Private bank's physical facilities are above customers' expectations and employees understand customers' specific needs.

2. Material associated with the service (such as pamphlets or statements) visually appealing at a Private bank.

3. Researcher found that when Private bank promises to do something by a certain time, it does so.

4. Solving customers' problems are always at highest priority in service sector. In this survey, the researcher found that when customers are having problems, Private bank shows sincere interest in solving those problems.

Recommendations

1. Modern equipments add value in terms of tangible parameters from customers' perception. Private bank should keep modern equipments as researcher found that customers' perception is less than their expectations.

2. Private bank should improve at neatness appearing at receptions desk. Researcher found that customers' perception is less than the expectations.

3. Keeping commitments as it promises is most important to achieve customer satisfaction. In this survey, the researcher found that private bank should improve in this particular area.

4. Researcher found that there is a communication gap between customers and bank employees which needs to be minimized. This gap is of 'communicating customers about service which will be the time when performed.

5. Researcher found that employees in private bank have less knowledge than customers' exceptions to answer customers' queries or question.

6. Customers expect working hours of their bank to be as per their convenience.

7. Here, in survey, the researcher found that private bank has operating hours which are not as per customers' expectations.

8. Researcher found that customers seek personal attention from employees of the bank. In this area employees need to improve.

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