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# QUALITY-OF-SERVICE IMPROVEMENT IN PUBLIC BANKING SECTOR OF RATLAM

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## ABSTRACT

The Banking and financial sector is a major sector of the development of the economy and the nation as a whole, which helps to provide required finance for the different sector of the economy. As a service sector the efficiency of employee has got a bearing on the quality of service offered. The aim of this study target on the customer's awareness in service quality among the public and private sector banks in Ratlam District. . A sample of 400 customers encompasses four major indigenous and foreign banks. SERVQUAL dimensions of service quality were used to structure the questionnaire. William L. Boyd, Myron Leonard, and Charles White's Standard Instrument for weighting of rating of service quality attributes was the sampling procedure adopted. Data collected was analyzed using one sample T- test of the mean weighted differences between perception and expectation of customers. This, in an attempt to determine whether there is a significant gap between expectation and perception at 5% level of significance. Empirical findings from this study show that gaps exist between customers' expectations and perceptions of service delivery in all the banks even though the banks performed better on the tangibility dimension. Despite this observation, the banks retained their customers. This study, therefore, concludes that where a gap exists between customer expectation and perception of service delivery, service quality is perceived as low and customer dissatisfaction results.

**KEYWORDS**: service quality, SERVQUAL, customers' expectations and perceptions E-banking Services Quality, Customer Satisfaction, Customer Attitude.

## INTRODUCTION

Technology has played a vital role in today's world. Internet has made this world a Global village and the same has revolutionized the banking industry. Conversion from the manual based ledger system to systemized processes and the overture to internet based facilities has given a new facet to the banking sector. The competition in banking sector augmented over the last few years and to stay competitive, banks are espousing novel tools and techniques to attain customer retention and satisfaction and EBanking is one tool towards it.There was a comfort among the bankers when approval, guidance or confirmation of actions taken was received from the higher authority. The banking personnel have completely lost their vigour and stopped thinking and operating like business organization. A country without efficient and profitable financial markets suffers from multiple disadvantages in a more open world.

Satisfaction is a sum of the expressions of quality of service expressed by customers and relies on consumer perceptions and expectations. Service Customer satisfaction is an important asset for the unique competitive edge of banking institutions. It helps establish long-term and brand equity connections. A high degree of client satisfaction leading to strong consumer loyalty is the greatest strategy to client retention. In today's industry, customer satisfaction is a very significant building. Unless its consumers are happy, a company cannot thrive in the long term. Customer in the market is a highly significant individual. He is really the market king. Therefore, banks have the greatest obligation to protect their interests and to fulfill their expectations with the provided products/services. If the client anticipates a particular degree of service and really sees more than he anticipated, he will be pleased and he will be unhappy if he sees less than he expects. For the survival and development of a services sector such as banks, customer happiness is increasingly essential since supply is intangible. This expansion relies on the capacity of such institutions to generate and attract new consumers and to retain pleased customers that will contribute to their long-term existence. Public sectors compete to please their clients with private and international banks, therefore attracting and retaining loyal consumers, which will eventually enable public sector banks to make greater profit. The results of resources and efforts extended to provide services in line with users' expectations are service quality satisfaction. Unsuccessful customer service will raise the rate of client switching.

"The defining, describing and measurement of quality in services is particularly challenging. While standards for the quality and quality control of physical products have long been in place, few metrics for services have typically existed. Quality is mostly influenced by inaccurate variables, perceptions, expectations and experience of consumers and suppliers. A team of researchers – Parasuraman, Zeithaml and Berry – conducted a thorough test in one of the first efforts to solve the riddle of service quality. In their research, consumers focused in four services on quality issues: retail banking, credit cards, security brokerage, as well as product repairs and maintenance. The criteria for evaluating service quality were the most evident and most distinctive insights that emerged in this study.

## LITERATURE REVIEW

Rahul Shidhaye (2015) the proportion of individuals with mental disorders receiving evidence-based treatments in India is very small. In order to address this huge treatment gap, programme for improving mental health care is being implemented in Ratlam district of Madhya Pradesh, India. The aim of this study was to complete the situational analysis consisting of two parts; document review ofratlam district mental health programme followed by a qualitative study. The findings suggest that there are major health system challenges in developing and implementing the mental health care plan to be delivered through primary health care system in Ratlam district.

Dr. R. Velmurugan (2015) One of the main difficulties facing public sector banks in a period of strong competition is how to manage excellent service that is a requirement for customer happiness. Thanks to the enhanced ICT, consumers have become highly aware, sensitive and sensitive to value. They also have a variety of private and foreign bank options. Public Sector Banks must enhance their quality of service to survive in a competitive age to understand the customer's requirements. This research has thus tried to determine the quality of service of public sector banks in the district of Kanchipuram. The outcome of the research shows that the tangibility component of service quality and reliability, assurance, empathy and reactions are important to consumers.

Dr. G.Ramu (2017) India's bank situation in terms of size, goods and services is highly developed, even if it is still a long way from meeting global standards. Indian banks have recognized that in order to compete against other companies on the market, along with organic development there is a need to expand inorganically. Banking has been the emphasis of the banking sector in this situation. Gronross, an expert in service marketing, said that a service provider should improve its service quality in order to achieve simultaneous success. Firstly, it must explain how customers perceive quality of service and, secondly, how quality of service is affected. Consumers across the globe are more aware of quality; thus, demand for a better-quality service has been increasing. This new wave of quality awareness and focus is affecting service operations across the globe. Service-driven businesses such as the banks are thus forced to offer their clients with outstanding services to achieve a lasting competitive advantage, particularly in the present trend. In this research, qualitative aspects are identified that are important for banks to create strategies to improve service quality. The current research shows that the Karur district public sector banks lose market share in private and international banks. All banks of public sector are obliged to offer novel services, systems to maintain current customers and to attract new consumers to survive in this competitive situation.

Bauer, Hans H. et al. (2005) empirically studied the properties of a website, which is converted into comprehensive e Banking Portals and analyzed in order to develop a Service Quality Model, various aspects of the quality of services provided via e-Banking Portals. The measuring model used in this research was based on several aspects, including security and trust, basic service quality, buying-in quality of service, additional value, supporting transactions and responsivity. The aspects described here were categorized as core services, supplementary services, and issue solving services based on their nature.

**RESEARCH METHDOLOGY**

Thestructuredquestionnairesplitintotwosectionsinordertocollectstatefromrespondentsregarding expectations and perceptions of banking service in India. A five points likert's scale was employed to collect data with 20 sets of question statements grouped under 5 dimensions (4 each), 30respondents from each bank (SBI, Indian Bank, ICICI bank and AXIS bank) in Chennai district werepersonally met and get the questionnaires filled by them.Samples were selected using a grouping ofconveniencesamplingandclusterysamplingmethods.Therespondentsarechosenfromthecustomerscomingout ofthebanks, whereit wouldbeeasyto invitethemto takepartintheresearch.

**OBJECTIVES**

1. Demographic factors of customers accessing banking services
2. Service quality of the Technical and Functional services provided by the banks

**DATA ANALYSIS**

**Table 1: Demographic Profile**

| **Parameters** | | **Public** | |
|---|---|---|---|
| | | **f** | **%** |
| Age | Below 30 years | 110 | 58.82 |
| | 30-40 years | 61 | 59.80 |
| | 40-60 years | 52 | 78.79 |
| | 60 years and above | 19 | 59.38 |
| Education | UptoHSC | 31 | 81.58 |
| | Graduate | 67 | 62.62 |
| | PostGraduate | 66 | 54.10 |
| | Professional | 78 | 65.00 |
| Gender | Male | 191 | 64.31 |
| | Female | 51 | 56.67 |
| Occupation | Salaried | 134 | 59.56 |
| | Self-employed | 6 | 75.00 |
| | Professional | 12 | 48.00 |
| | Business | 21 | 87.50 |
| | Student | 42 | 77.78 |

| | | | |
|---|---|---|---|
| | Retired | 17 | 56.67 |
| | Housewife | 10 | 47.62 |
| Income | Lessthan Rs.1 lakh | 97 | 66.90 |
| | Rs.1–2 lakh | 92 | 54.12 |
| | Rs.2–3 lakh | 31 | 73.81 |
| | Rs.3-4 lakh | 16 | 80.00 |
| | Rs.4 lakh and above | 6 | 60.00 |
| All Samples | | 242 | 62.53 |

Taking into account the occupation of the customers,salariedpersonsdominatethesample.The professionals and house-wives have shown more preference for private banks compared to theother groups (52% and 52.38% respectively); while almost all the businessmen have chosen to transactwith public sector banks (87.50 %). Students and self-employed persons have a clear preference forpublic sector banks. The value is significant at 1 per cent level of significance, implying thatcustomers with occupational variations have a preference for a bank. Similarly, for different incomegroups public sector banks are more preferred. The value is significant at 1 per cent level, indicatingtheinfluence of levels ofincome for choice of a bank.

**Table 2. Average Gap Score on Responsiveness**

| **Parameters** | Expectation (E) | Perception (P) | Gap (E-P) |
|---|---|---|---|
| Cooperation of employees | E10 = 6.264 | P10 = 3.688 | 2.567 |
| Knowledge and capacity of employees | E11 = 6.552 | P11 = 2.544 | 4.008 |
| Willingness and attitude of employees | E12 = 6.744 | P12 = 3.424 | 3.320 |
| Time bound and punctuality of employees | E13 = 5.104 | P13 = 3.808 | 1.296 |
| Total | 24.664 | 13.464 | 11.200 |
| **Average Gap Score (Total of E-P / 3 )** | 6.166 | 3.366 | **2.800** |

Reliability refers to the trust in company’s ability of performing service in a proper way, such as acting according to promises and declarations. A reliable service means the banker is able to provide internet connection that is working at desired level throughout the day without significant failures; banker should not misuse the cardholder information and there should be frequent update of new technologies.

**Table 3 Average Gap Score on assurance**

| **Parameters** | Expectation (E) | Perception (P) | Gap (E-P) |
|---|---|---|---|
| Confidence level of employees | E14 = 6.528 | P14 = 3.176 | 3.352 |
| Safety of transactions | E15 = 5.296 | P15 = 4.200 | 1.096 |
| Knowledge of employees on different schemes | E16 = 5.136 | P16 = 3.3.976 | 1.160 |
| Security of credit and debit card information | E17 = 5.176 | P17 = 4.504 | 0.672 |
| total | 22.136 | 15.856 | 6.280 |
| **Average Gap Score (Total of E-P / 3 )** | 5.534 | 3.964 | **1.570** |

It refers to service provider’s willingness to help customers and provide prompt service. It can be measured by the amount of time needed to deal with customers’ reported problems and the response duration once the customer filed a service request.

**Table 4. Average Gap Score on Empathy**:

| **Parameters** | Expectation (E) | Perception (P) | Gap (E-P) |
|---|---|---|---|
| Individual attention | E18 = 6.344 | P18 = 3.312 | 3.032 |
| Convenience of operating hour | E19 = 6.328 | P19 = 4.880 | 1.448 |
| Banking atmosphere | E20 = 6.520 | P20 = 2.656 | 3.864 |
| Interest and attitude to assist | E 21 = 6.312 | P21 = 2.760 | 3.552 |
| Ability to understand specific needs | E22 = 6.272 | P22 = 1.968 | 4.304 |
| total | 31.776 | 15.576 | 16.200 |
| **Average Gap Score (Total of E-P / 3 )** | 6.355 | 3.115 | **3.240** |

It refers to the caring, individualized attention the service provider gives to its customers. Furthermore, customers in the bank may come from different social background and hence the banker could emphasize personalized attention on customers and understand specific needs of customers based on their requirements.

With the small sample size, the validity and reliability of the scale were not assessed using SEM. So, reliability was examined using the Cronbach's alpha (α) value. A measure of construct reliability (Cronbach's Alpha) was computed for each dimension to assess the reliability of the set of items forming that dimension. (See Table given below). These coefficients range from 0.8647 to 0.7962. As a rule; 0.70 and above as an indicator of reliability.

**Table 5: Reliability Measure for SQ Dimensions**

| **Dimensions** | **Cronbach's alpha (α)** |
|---|---|
| Tangibles | 0.8647 |
| Reliability | 0.8279 |
| Responsiveness | 0.8436 |
| Assurance | 0.8125 |
| Empathy | 0.7962 |

From the below table of Mean, Standard Deviation GAP scores of public sector banks, we can say that the public sector bank and private sector banks have more service quality gap than Foreign Banks. we can also conclude that all three sector banks perform well in Tangibility factors, because in all five dimensions tangibility has less gap score and the people are more reliable on public sector banks because the public sector banks have less service quality gap. The public sector is performing well compare to private sector in only one dimension and it is assurance. So finally, we can conclude from the above table that Foreign Banks is better than public sector banks and private sector banks.

**Table 6: Mean and standard Deviation in Public Sector Banks**

| Factors | | Public Sector Banks | | |
|---|---|---|---|---|
| | | E | P | Gap |
| **Tangibility** | Mean | 4.08 | 2.01 | **2.07** |
| | S.D. | 1.58 | 1.70 | |
| **Reliability** | Mean | 4.24 | 2.25 | **1.99** |
| | S.D. | 1.02 | 1.45 | |
| **Responsiveness** | Mean | 4.51 | 1.98 | 2.53 |
| | S.D. | 1.01 | 1.65 | |
| **Assurance** | Mean | 4.41 | 2.13 | **2.29** |
| | S.D. | 1.08 | 1.63 | |
| **Empathy** | Mean | 4.52 | 1.94 | 2.58 |
| | S.D. | 1.14 | 1.80 | |

Here overall satisfaction of customer depends on five dimensions Tangibility, Reliability, Responsiveness, Assurance and Empathy, so five dimensions are taken as an independent variable and overall satisfaction as a dependent variable.

## CONCLUSION

Banks are special, and so is the corporate governance of banks and other financial institutions as compared with the general corporate governance of non-banks. Empirical evidence, mostly gathered after the financial crisis, confirms this. Banks practicing good corporate governance in the traditional, shareholder-oriented style fared less well than banks having less shareholder-prone boards and less shareholder influence.The special governance of banks and other financial institutions is firmly embedded in bank supervisory law and regulation. Starting with the recommendations of the Basel Committee on Banking Supervision, many other supervisory institutions have followed the lead with their own principles and guidelines for good governance of banks. In the European Union, this has led to legislation on bank governance under the so-called CRD IV (Capital Requirements Directive), which has been transformed into the law of the Member States. The legal literature dealing with this is mostly doctrinal and concerned with the national bank supervisory law. But there are also more functional legal as well as economic contributions, these addressing primarily, but not exclusively, and systemically important financial institutions. The latter are under a special regime that needs separate treatment.

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