



Application Of SERVQUAL Model To Measure The Customer Satisfaction: A Study Of Selected Commercial Banks

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ABSTRACT

This Paper is aimed at analyzing the customer expectation and perception of Union Bank of India Service Quality.

Banks play a significant role in the economic development and growth. They are the pillars of the economic system of the country.

In the paper, we analyzing the service quality of specification bank that is Union Bank to find out the gap between customer expectation and perception thought the SERVQUAL model. The Study includes mainly 5 dimensions i.e., Responsiveness, Assurance, Reliability, Tangibility and Empathy. This research gives useful information to specific bank where they are lacking, where improvement and focus needed.

Keywords: SERVQUAL, Service Quality, Customer Satisfaction, Banking Sector and Union Bank of India.

1 Introduction

In today's fast-paced world, banking has become an integral part of our lives. We rely on banks for various financial services, whether it's managing our savings, applying for loans, or simply checking our account balances. It's an industry that touches every one of us, and customer satisfaction is at the heart of it all. In this research paper we are talking about the SERVQUAL model. It's a tool designed to help us measure service quality, and in this case, it's being used to measure how well Union Bank of India is meeting those universal customer expectations. The SERVQUAL model breaks service quality down into five key dimensions - reliability, responsiveness, assurance, empathy, and tangibles. These dimensions help us assess the service experience from various angles. By applying the SERVQUAL model to Union Bank of India, we aim to gain insights into their strengths and weaknesses in these service dimensions. This can help the bank identify areas for improvement, enhance customer

experiences, and ultimately strengthen their position in the market.

2 SERVQUAL MODEL

SERVQUAL is designed to quantify the discrepancy between customer expectations and satisfaction levels. Organizations can identify areas for improvement and areas where their service delivery is deficient by using the SERVQUAL model. The SERVQUAL model is predicated on the notion that the best indicators of service quality are customer perceptions on five essential dimensions: tangibles, assurance, responsiveness, reliability, and empathy map. SERVQUAL measures service quality using a questionnaire consisting of paired statements for every category. Clients are requested to use a Likert scale, which typically ranges from 1 (extremely dissatisfied) to 5 (extremely satisfied), to score their expectations and impressions of the service. Information regarding what customers expected and received is gathered through the review.

Customer empathy entails understanding the customer's perspective and needs, allowing the service provider to properly relate to them. It is critical for developing trust and rapport. Assurance examines the service provider's ability to create client confidence, which is critical for retaining their loyalty in the face of competition. It focuses on delivering services as promised and continually maintaining performance. Tangible factors are the physical aspects of the service environment, such as furniture and technology, that influence client perceptions. Responsiveness refers to the speed and efficiency with which service providers respond to client requests and inquiries. Reliability is the regular and dependable delivery of promised services, ensuring consumer satisfaction and trust.

3 Literature Review

1. Kamboj, Bhatia & Bali (2022) Banking makes a substantial contribution to the growth of the Indian economy in a variety of areas. The purpose of this study is to measure perceived and expected service quality in selected public and private sector banks, and to identify service quality gaps using the SERVQUAL methodology. Based on primary data gathered through questionnaires, the study suggests that the empathy dimension has the greatest gap, followed by responsiveness, assurance, reliability, and tangibility.
2. Chi T. Do & Tam T. Le (2021) This paper suggests that SERVQUAL model is the most useful way to understand specific bank service. This paper aim at deposit service of specific bank. It suggests that if the deposit service quality increase it will increase the customer satisfaction.
3. Darmula & Rao (2018) This study investigates service quality and customer satisfaction in public sector banks, identifying gaps in the current literature and providing a comparative comparison of several commercial banks. It examines the roles of consumers in rating satisfaction in

financial services, as well as the evolution of the literature, the link between satisfaction and service quality, the updated SERVQUAL model, research gaps, and the conceptual framework.

4. Roshan, Nor & Wahab (2015) There are significant correlations between service quality and customer satisfaction, suggesting that using the SERVQUAL model can improve both service quality and client loyalty. However, limitations observed during the study include limited time for data collecting and difficulties in obtaining client involvement, which slowed the data collection process.
5. Kumar & Mittal (2015) this research based on technology-based banking service (TBBS) which helps to understand practical application to measure service quality within technology-based banking service. It also helps to understand customer satisfaction with the help of SERVQUAL model.
6. Karim & Chowdhury (2014) : This study explores consumer satisfaction with service quality components in Bangladesh's private sector banks, revealing that tangible aspects are rated highest, but responsiveness has to be improved. To meet changing consumer expectations, recommendations include ongoing employee training, hiring customer-focused employees, creative service offers, error-free transactions, addressing customer complaints, providing individualized attention, and doing regular research.
7. Islam & Ali (2011) The study deals with three things service quality, satisfaction and customer loyalty towards banks. Any service is the integral part of modern business. It helps to identify and measure relationship between customer satisfaction, loyalty with the help of service quality model.
8. Krishnamurthy, SivaKumar & Sellamuthu (2010) Financial liberalization encourages private banks in retail banking to priorities service quality in order to increase client happiness and loyalty. This article explores the relationship between perceived service quality and customer satisfaction, arguing that upgrading bank services can effectively maintain valued clients.

4 Research Methodology

4.1 Objectives of the Study

- To comprehend the concept of SERVQUAL model.
- To study the perception of customer of union bank toward service quality.

4.2 The research design which is used in this research paper is descriptive sampling. Convenient sampling is use for collection of data with the help of survey. 118 responses are collected. This research paper encompasses respondents who are customers of Union Bank of India. The research utilizes a structured questionnaire as the primary tool for data collection. The analysis of the gathered data is conducted using SPSS software.

5 Data Analysis

5.1 Demographic Profile:

	N	Minimum	Maximum	Mean	Std. Deviation
AGE	118	15	77	34.19	12.812
Valid N	118				

(listwise)

Table 1. Descriptive Statistics of Age

		Frequen cy	Percent	Valid Percent	Cumulativ ePercent
Occupation	Student	37	31.4	31.4	31.4
	Business	19	16.1	16.1	47.5
	Professional	36	30.5	30.5	78.0
	Service	26	22	22.0	100.0
	Total	118	100	100.0	
Monthly Income	Less than 20000	25	21.2	21.2	21.2
	20001 to 30000	25	21.2	21.2	42.4
	30001 to 40000	27	22.9	22.9	65.3
	40001 and above	41	34.7	34.7	100.0
	Total	118	100	100.0	
Gender	MALE	63	53.4	53.4	53.4
	FEMALE	55	46.6	46.6	100.0
	Total	118	100	100.0	
Education	Under Graduate	34	28.8	28.8	28.8
	Post Graduate	74	62.7	62.7	91.5
	Doctorate	10	8.5	8.5	100.0
	Total	118	100	100	

Table 2: Frequency Analysis

The age of the population which covers 35.6% is mostly 18-25 of the year range, succeeded by the 26-35 range (25.4%). Only 8.5% are aged 55 and above, reflecting a relatively younger demographic profile. The occupation status is students represent the largest part of 31.4%, followed by professionals at 30.5%, and jobs at 22%. Business roles constitute 16.1% of the sample. Approximately 21.2% make less than Rupees 20000, while an equal number earn between rupees 2000 and rupees 30,000. Furthermore, 22.9% belong to the 30001 to 40000 range, with the highest income group of 40001 and above accounting for 34.7% of the overall sample. There are 63 males (53.4% of the total), and 55 females (46.6%). There are 34 undergraduates, accounting for 28.8%. Postgraduates make up the majority at 74, accounting for 62.7% of the total. Ten responders have doctorates, representing 8.5% of the total. Vadodara has the highest frequency, with 104 people representing 88.1%. Six respondents are from different cities, accounting for 5.1%. Eight respondents provided unspecified city entries, accounting for 6.8%.

5.2 Nominal Questions

Descriptive Statistics of Perceived Means - Likert Scale on varied dimensions of SERVICE - QUALITY

	N	Perceived Mean	Std. Deviation	Variation (0-1= No Variation)
Reliability Dimension of Union Bank [Service provided by banks as promise]	118	4.25	.786	No Variation
Reliability Dimension of Union Bank [Problem handling Skills]	118	3.53	.940	No Variation
Reliability Dimension of Union Bank [Accuracy in the services given by bank]	118	3.56	.920	No Variation
Reliability Dimension of Union Bank [Time taken by bank to complete the task]	118	3.50	1.036	Variation
Reliability Dimension of Union Bank [No error while completing the task]	118	3.55	1.137	Variation
Responsiveness Dimension of Union Bank [Giving updates to you about the performed task]	118	3.88	.926	No Variation
Responsiveness Dimension of Union Bank [Promptness in service]	118	3.75	.826	No Variation
Responsiveness Dimension of Union Bank [Employee	118	3.61	.979	No Variation

willingness towards you]				
Responsiveness Dimension of Union Bank [Readiness to responds to your enquiries]	118	3.65	1.097	Variation
Assurance Dimension of Union Bank [Professional Behaviour of the employee]	118	3.92	.888	No Variation
Assurance Dimension of Union Bank [safety while making the transaction]	118	3.96	.910	No Variation
Assurance Dimension of Union Bank [Behaviour of the staff]	118	3.74	.910	No Variation
Assurance Dimension of Union Bank [Employee have complete knowledge of their field]	118	3.71	1.079	Variation
Empathy Dimension of Union Bank [Individual attention of the staff towards you]	118	3.81	1.064	Variation

Empathy Dimension of Union Bank [Employee's care towards you]	118	3.80	.992	No Variation
Empathy Dimension of Union Bank [Having the customer's best interest at heart]	118	3.77	.937	No Variation
Empathy Dimension of Union Bank [Understanding of your needs]	118	3.69	1.052	Variation
Empathy Dimension of Union Bank [Business hour is convenient]	118	3.88	1.006	Variation
Tangible Dimension of Union Bank [Modernization in the equipment]	118	4.47	.736	No Variation
Tangible Dimension of Union Bank [Professional appearance of employee]	118	4.07	.855	No Variation
Tangible Dimension of Union Bank [Quality of the overall services]	118	4.00	.867	No Variation
Tangible Dimension of Union Bank [Visual Appearance material associated with service]	118	4.23	.919	No Variation
Valid N (listwise)	118			

Table 3: Descriptive Statistics

The table 3 indicates Union Bank's consistent performance in reliability, responsiveness, assurance, empathy, and tangible dimensions, with the majority displaying "No Variation." Specifically, inequalities in reliability's "Time taken" and "No error" aspects, as well as empathy's "Individual attention" and "Understanding of needs," indicate areas for targeted improvement. Despite these differences, Union Bank's overall service quality is good, highlighting the need for targeted efforts to eliminate discrepancies and improve customer satisfaction.

5.3 Hypothesis Testing ANOVA test

Length of association and perception on service quality of different Dimensions Reliability

Dimensions

Ho: There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on reliability dimension of service quality

H1: There is a significant difference between means of at least one group of Length of Association of respondents with Union bank and their perception on reliability dimension of service quality

		ANOVA					
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
Reliability Dimension of Union Bank [Service provided by banks as promise]	Between Groups	8.706	3	2.902	5.196	.002	Rejected
	Within Groups	63.667	114	.558			
	Total	72.373	117				
Reliability Dimension of Union Bank [Problem handling Skills]	Between Groups	6.663	3	2.221	2.618	.054	Not Rejected
	Within Groups	96.701	114	.848			
	Total	103.364	117				
Reliability Dimension of Union Bank [Accuracy in the services given by bank]	Between Groups	.198	3	.066	.076	.973	Not Rejected
	Within Groups	98.887	114	.867			

	Total	99.085	117				
Reliability Dimension of Union Bank [Time taken by bank to complete the task]	Between Groups	2.353	3	.784	.726	.538	Not Rejected
	Within Groups	123.147	114	1.080			
	Total	125.500	117				
Reliability Dimension of Union Bank [No error while completing the task]	Between Groups	.938	3	.313	.237	.870	Not Rejected
	Within Groups	150.257	114	1.318			
	Total	151.195	117				

Table 4: Reliability Dimension

Hypothesis will not be rejected if Sig. value is greater than 0.05, overall basis we can say here the There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on reliability dimension of service quality, hypothesis formed is not rejected.

Responsiveness Dimension

Ho: There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on responsiveness dimension of service quality.

H1: There is a significant difference between means of at least one group of Length of Association of respondents with Union bank and their perception on responsiveness dimension of service quality.

		ANOVA					
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
Responsiveness Dimension of Union Bank [Giving updates to you about the performed task]	Between Groups	2.626	3	.875	1.021	.386	Not Rejected
	Within Groups	97.713	114	.857			
	Total	100.339	117				
Responsiveness Dimension of Union	Between Groups	.559	3	.186	.268	.849	Not Rejected

Bank [Promptness in service]	Within Groups	79.314	114	.696			
	Total	79.873	117				
Responsiveness Dimension of Union Bank [Employee willingness towards you]	Between Groups	3.208	3	1.069	1.120	.344	Not Rejected
Bank [Readiness to responds to your enquiries]	Within Groups	108.860	114	.955			
	Total	112.068	117				
Responsiveness Dimension of Union Bank [Readiness to responds to your enquiries]	Between Groups	4.803	3	1.601	1.343	.264	Not Rejected
	Within Groups	135.951	114	1.193			
	Total	140.754	117				

Table 5: Responsiveness Dimension

Hypothesis will not be rejected if Sig. value is greater than 0.05, overall basis we can say here the There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on responsiveness dimension of service quality, hypothesis formed is not rejected.

Assurance Dimension

Ho: There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on assurance dimension of service quality.

H1: There is a significant difference between means of at least one group of Length of Association of respondents with Union bank and their perception on assurance dimension of service quality.

		ANOVA					
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
Assurance Dimension of Union Bank [Professional Behaviour of the employee]	Between Groups	7.379	3	2.460	3.301	.023	Rejected
	Within Groups	84.935	114	.745			
	Total	92.314	117				
Assurance Dimension of Union Bank [safety while making the transaction]	Between Groups	.219	3	.073	.086	.968	Not Rejected
	Within Groups	96.570	114	.847			
	Total	96.788	117				
Assurance Dimension of Union Bank [Behaviour of the staff]	Between Groups	4.236	3	1.412	1.738	.163	Not Rejected
	Within Groups	92.620	114	.812			
	Total	96.856	117				
Assurance Dimension of Union Bank [Employee have complete knowledge of their field]	Between Groups	1.292	3	.431	.364	.779	Not Rejected
	Within Groups	134.911	114	1.183			
	Total	136.203	117				

Table 5: Assurance Dimension

Hypothesis will not be rejected if Sig. value is greater than 0.05, overall basis we can say here the There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on assurance dimension of service quality, hypothesis formed is not rejected.

Empathy Dimension

Ho: There is no Significant difference between means of varied Length of Association of respondents

with Union bank and their perception on empathy dimension of service quality.

H1: There is a significant difference between means of at least one group of Length of Association of respondents with Union bank and their perception on empathy dimension of service quality.

		ANOVA					Hypothesis
		Sum of Squares	df	Mean Square	F	Sig.	
Empathy Dimension of Union Bank [Individual attention of the staff towards you]	Between Groups	2.629	3	.876	.769	.514	Not Rejected
	Within Groups	129.888	114	1.139			
	Total	132.517	117				
Empathy Dimension of Union Bank [Employee's care towards you]	Between Groups	1.921	3	.640	.645	.588	Not Rejected
	Within Groups	113.198	114	.993			
	Total	115.119	117				
Empathy Dimension of Union Bank [Having the customer's best interest at heart]	Between Groups	2.565	3	.855	.972	.408	Not Rejected
	Within Groups	100.257	114	.879			
	Total	102.822	117				
Empathy Dimension of Union Bank [Understanding of your	Between Groups	2.873	3	.958	.863	.463	Not Rejected

needs]	Within Groups	126.525	114	1.110			
	Total	129.398	117				
Empathy Dimension of Union Bank [Business hour is convenient]	Between Groups	7.442	3	2.481	2.550	.059	Not Rejected
	Within Groups	110.897	114	.973			
	Total	118.339	117				

Table 5: Empathy Dimension

Hypothesis will not be rejected if Sig. value is greater than 0.05, overall basis we can say here the There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on empathy dimension of service quality, hypothesis formed is not rejected.

Tangible Dimension

Ho: There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on tangible dimension of service quality.

H1: There is a significant difference between means of at least one group of Length of Association of respondents with Union bank and their perception on tangible dimension of service quality.

		ANOVA					
		Sum of Squares	df	Mean Square	F	Sig.	Hypothesis
Tangible Dimension of Union Bank [Modernization in the equipment]	Between Groups	.729	3	.243	.443	.723	Not Rejected
	Within Groups	62.635	114	.549			
	Total	63.364	117				
Tangible Dimension of Union Bank [Professional appearance of employee]	Between Groups	1.167	3	.389	.526	.665	Not Rejected
	Within Groups	84.291	114	.739			
	Total	85.458	117				
Tangible Dimension of Union Bank	Between Groups	2.322	3	.774	1.030	.382	Not Rejected
	Within Groups	85.678	114	.752			

[Quality of the overall services]	Total	88.000	117				
Tangible Dimension of Union Bank [Visual Appearance material associated with service]	Between Groups	.334	3	.111	.129	.943	Not Rejected
	Within Groups	98.488	114	.864			
	Total	98.822	117				

Table 5: Tangible Dimension

Hypothesis will not be rejected if Sig. value is greater than 0.05, overall basis we can say here the There is no Significant difference between means of varied Length of Association of respondents with Union bank and their perception on tangible dimension of service quality, hypothesis formed is not rejected.

6 Findings

- The minimum age of respondents is 15 and maximum age is 77.
- 37 of the respondents are student which hold the highest percentage among all the other occupations.
- Only 19 of the respondents are doing business.
- 41 of the respondents earns more than 40,000 monthly incomes.
- 63 are the males and 55 are the females who are the customer of the union bank.
- 62.7% i.e., 74 of the respondents are having post graduate degree.
- We also found that Vadodara has the highest frequency of 104 respondents.

7 Conclusion

The study aims to examine Union Bank of India's service quality perceptions, using the well-known SERVQUAL model as an analytical framework. Recognizing the critical role banks play in economic development, the study focused on understanding the complexities of consumer expectations and experiences across multiple service dimensions. The study discovered significant gaps between expected and actual service delivery within the bank after conducting an extensive analysis that included reliability, responsiveness, assurance, empathy, and tangibility.

Hypothesis testing revealed that each service quality attribute has a significant impact on customer satisfaction. The findings demonstrated that dependability, responsiveness, assurance, empathy, and tangibility all have a substantial impact on consumer satisfaction levels. Such insights not only support the SERVQUAL model's applicability in the banking sector, but also highlight the need for Union Bank of India to priorities actions aimed at bridging identified gaps and improving service delivery across several dimensions.

In summary, this research acts as a wake-up call for Union Bank of India to embark on a road of continuous improvement, employing insights gained from the SERVQUAL model. By resolving the study's weaknesses and bolstering positives, the bank may strengthen its competitive edge and develop long-term client connections. Adopting a client-centric strategy and committing to excellence in service delivery will definitely establish Union Bank of India as a shining example of service quality and customer satisfaction in the financial environment.

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