# INFLUENCE OF BANK'S RELIABILITY SERVICES ON THE CUSTOMER SATISFACTION

*- A Study on the Selected Public and Private Sector Banks of East Godavari District, Andhra Pradesh, India*

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## ABSTRACT

This study was an attempt to examines the impact of banks various reliability quality service factors on the level satisfaction of customers of selected leading private and public banks in the east Godavari district market. A self-prepared questionnaire was used as a measuring tool and distributed to 260 bank customers in equal sample number located in the rural parts of selected scope. The statistical measurement was conducted on the level of satisfaction varies with the respect to type of bank, gender, age, type of account, and frequency of visit for the factors of reliability service only. Moreover, comparison between the findings and customer satisfaction surveys was conducted along with an attempt to prove correlation between customers' perceptions regarding tangible service quality. The Findings of the study revealed there are gaps between expectations and perceptions among customers of selected banks which implied that there are some factors in the service quality shortfalls that need to be taken care off. Appropriate utilisation of resources and man power related to reliability service makes this work regarded as pioneering.

## KEYWORDS:

Reliability services - Security and credibility service services, Service quality, Private and Public Sector Banks, Customer satisfaction, East Godavari, Retention, Banking services

## INTRODUCTION

Quality of service can be understood as an in-depth customer evaluation on a particular service and the extent to which it meets their expectations result in the level of satisfaction. Mualla stated that, banks amend, develop and, create effective strategies to determine the different parameters influencing service quality, in order to increase the number of their customers based on the competitive market situation by evaluating customer satisfaction with respect to the various dimensions that influence service quality. Due to the important role played by the banking sector in the country being one of the sectors that contribute to the national economy and organizations need innovative solutions to improve the value delivered to stakeholders and customers in order to gain and maintain a competitive advantage as well as to avoid negatives from the banking sector. Managing reliability service integration is a solution that has become recently popular. The SERVQUAL model is mainly used as a multi-dimensional research instrument for customer satisfaction, and consists of the following dimensions: reliability, empathy, responsiveness, assurance, and security and credibility service. Three other dimensions were added to this model in our study, which are financial aspect, access and employee competences. This study attempts to address this gap in the literature by investigating customer satisfaction with reliability service quality in Rural banks. Some research has clarified the relationship between customer satisfaction and service quality with service quality dimensions. This indicates that there is a need for further studies in this area.

This study aims to identify reliability service quality dimensions, which can be used to measure customer satisfaction, and evaluate the effect of service quality dimensions (empathy, assurance, reliability, access, financial aspect, and employee competences) on customer satisfaction in the Rural-banking sector.

The question had been structured to explore the research objective. The research question is which tangible service quality subscales have the most significant impact on customer satisfaction in the Rural banking sector? Finally, this is the first study to investigate these proposed relationships in Rural sector. Therefore, it contributes to the existing literature by filling these apparent gaps, providing insights for both researchers and practitioners.

## BACKGROUND AND SIGNIFICANCE OF THE STUDY

Banking sector is the driving force for the economic growth of a country. Every commercial bank act as a financial intermediary whose main aim is to earn profit through borrowing and lending funds in the profitable sectors and issuing diverse types of credit instruments. Therefore, the banking system occupies an important place and plays significant role in a nation 's economy building process. Necessarily, banking sector also ensures commendable contribution in the economic development of a country and forms the core of the money market in an advanced country. This sort of financial intermediary accepting deposits and granting loans; offers the widest menu of services for different business ventures. Commercial banks have significantly expanded their financial services to the clients and governments around the world. The current business environment is very dynamic and fast changing.

Furthermore, improving service delivery in the banking business is expected to affect the quality of service and customer satisfaction. On the other hand, the client will use a variety of dimensions or attributes that are important to banks to identify the quality of service through the customer satisfaction. These service dimensions or attributes play a significant role within service measurement, since they serve as indicators of service quality and customer's satisfaction. As described before, service quality was found to influence the customer satisfaction. This study attempts to investigate the impact of service dimensions or attributes on perceive service quality and customer satisfaction.

The aim of this study is to find out the impact of service quality on customer satisfaction. Customers are the main variable at all of industry also in banking industry. Beside the tendency on profit enhancing, banks also focus on customer satisfaction. Since, service quality impacts directly on customer satisfaction, the banks should focus on service quality or service product, introduce new packages for customers and all researches should focus on customer satisfaction or service quality. This research finds out the effect of service quality on customer satisfaction and will give some suggestions that can be used as strategies for improving the customer satisfaction. Banks may adopt these strategies and took advantage from these strategies.

## REVIEW OF LITERATURE

Many Research works on customer satisfaction has conducted to and try to fill the gaps idenfied. But still as the work goes still find some gaps in services as customer mind set changes. The few studies that look at the financial services industry are mainly concerned with retail banking (Caruana, 2002). Improved service quality leads to customer satisfaction which results in word of mouth communication (Berry and Parasuraman, 1991). Therefore, in strategy formulations customer satisfaction and customer retention play an important role.

According to Taylor and Baker (1994), the antecedents of customer satisfaction are the variables underlying satisfaction, which are global rather than specific to a brand. Demographic factors affect the general mindset of individuals, with each unique combination of demographic characteristics differentially shaping an individual's perspectives. Such perspectives influence expectations, perceptions, and behaviour. In a study on factors influencing bank selection of Islamic banking products in South Africa, Saini et al. (2011) found that many variables of Service Quality determine the selection of banking institution, and that these determinants vary between people with different demographic characteristics (Naser et al., 1999).

Demographic subgroups of gender and age have significantly different expectations for many unique dimensions of banking service, indicating that demographic characteristics shape service standards (Stafford, 1996). Demographic differences in perceptions of banking service, satisfaction, and customer loyalty are evident across age groups and education levels (Caruana, 2002). According to findings from a study on service quality and demographics of customers of private sector banks in Chennai, India, by Balaji and Babbu (2012), customers differ in dimensions of service quality perceptions across income, occupation, education level, age, gender, and marital status.

Banking has devoted increased attention to quality of service and greater efforts have been made to reach a high level of service quality in order to satisfy clients. The definition of service differs from one person to another. It is an ambiguous and complex concept, owing to the characteristics of services being heterogeneous, intangible, and perishable in terms of production and consumption. There is no agreed definition, but the quality of service can be understood as a comprehensive customer evaluation of a particular service and the extent to which it meets their expectations and provides satisfaction. The rapid growth of the Rural banking sector has created a competitive environment and new thinking for banks to understand customer perceptions of quality of service in order to attract customers in a competitive market. Banks support different types of services, which include corporate banking, individuals, investments, treasury, and electronic services. In order to develop service standards and techniques, managers have to be willing to understand the gap between the perceptions and expectations of customers. Because of their increased awareness, customers are concerned about service quality—should they continue with their current

bank or switch to other banks—depending on their level of satisfaction. Kotler & Keller, 2009 define service as "any intangible act or performance that one party offers to another that does not result in the ownership of anything. According to Parasuraman *et al.* (1988), service quality can be defined as an overall judgment similar to attitude towards the service and generally accepted as an antecedent of overall customer satisfaction (Zeithaml and Bitner, 1996). Parasuraman *et al.* (1988) have defined service quality as the ability of the organization to meet or exceed customer expectations. It is the difference between customer expectations of service and perceived service (Zeithaml *et al.*, 1990). Providing the quality service to attract and retain customers has been recognized as a strategic requirement in highly competitive business environments (Parasuraman et al. 1985; and Zeithaml et al., 1990). Perceived service quality. Parasuraman etal.(1985; 1988) initially described five dimensions of service quality: reliability, tangibles, responsiveness, assurance and empathy. The customers not only the judge the accuracy and dependability (i.e. reliability) of the delivered service but they also judge the other dimensions as the service is being delivered (Parasuraman et al., 1991a). Customer satisfaction can thus be based on the judgement of customers' experiences with the service delivery process

## RESEARCH GAP

There is demand for information on how the banks have delivering the reliability service quality; to withstand in the competition in banking business. An important contribution of this study is derived to measure the difference in reliability quality of service in both private and public sector banks in rural context. The aim of proposed study work is to established, the link between dimensions of reliability services and customer satisfaction empirically. Since the studies on reliability service dimensions are also related with demographic factors which otherwise not studies yet, so it is worthwhile to have new insight between the relations among the dimension of services and demographic factors.

## RESEARCH OBJECTIVE:

The research objectives of this study are: -
1. To determine the level of customer satisfaction on the services provided by the selected commercial banks of east Godavari in terms of reliability service dimension.
2. To measure the customer's standard expectation and perception regarding reliability service dimension provided by private and public sector banks.
3. To put forward some possible recommendation to improve customer satisfaction.

## RESEARCH VARIABLES

### Independent Variables
Service quality includes a number of dimensions of reliability services that have an influence on customer satisfaction from a customer's perspective.

### Dependent Variable
Customers' decisions are affected by the reliability service available after delivery of the service. Delivery of high-quality services will help to build and maintain long-term relationships with bank customers.

## METHODOLOGY OF THE STUDY

### Sampling Method and Sample Size
As the study is about measuring security and credibility service quality of banks, the sample size included mainly customers of selected public sector banks like SBI, BOB and private sector banks ICICI and HDFC which are located in the rural areas of east Godavari. In this study 260 respondents of selected banks have been selected equal in number by using convenience sampling method.

### Data Collection and analysis
A survey was conducted in various public and private commercial banks in rural parts of east Godavari to collect primary data by using structured questionnaire. A convenience sampling process has been used to collect data for this research. All questions are closed-ended because all possible answers were given to the respondents. The five-point Likert scale (where 1= strongly disagree to 5 = strongly agree) has been used for the main research questions. After data collection, by using SPSS software (21.0 versions), correlation and multiple regressions analysis have been conducted to test the strength of associations between the study variables

## DATA VALIDATION

In order to prove the internal reliability, this study has performed CFA Test and master validated in spss amos by Applying this test specifies whether the items pertaining to each dimension are internally consistent and whether they can be used to measure the same construct or dimension of reliability service quality. The values are more the standard value, but, some of studies below 0.6 also considered acceptable (Gerrard, et al, 2006).. Thus, it can be concluded that the measures used in this study are valid and reliable. The following table
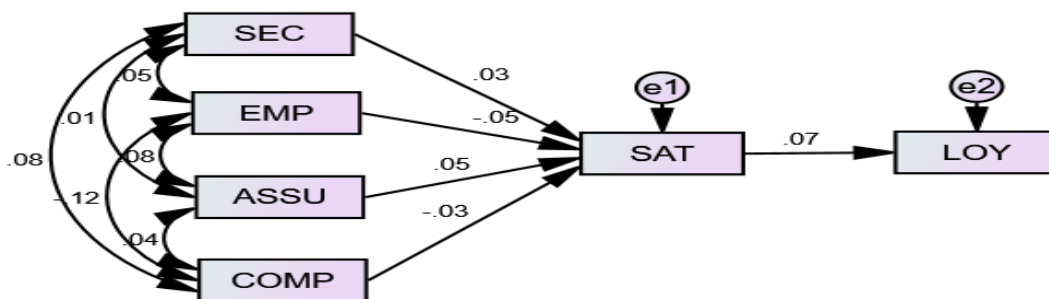
### TABLE: 1.0 MASTER VALIDITY

| | CR | AVE | MSV | MaxR(H) | ASSU | EM | COM | SE | SA | LO | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ASSU | 0.849 | 0.531 | 0.003 | 0.856 | **0.729** | | | | | | |
| EM | 0.85 | 0.591 | 0.014 | 0.894 | 0.059 | **0.769** | | | | | |
| COM | 0.872 | 0.578 | 0.014 | 0.878 | 0.045 | -0.120† | **0.761** | | | | |
| SE | 0.872 | 0.578 | 0.012 | 0.879 | -0.002 | 0.043 | 0.084 | **0.76** | | | |
| SA | 0.875 | 0.584 | 0.005 | 0.88 | 0.058 | -0.029 | -0.025 | 0.024 | **0.764** | | |
| LO | 0.839 | 0.566 | 0.012 | 0.845 | 0.048 | 0.108 | 0.012 | 0.11 | 0.074 | **0.753** | |

### TABLE: 2.0 MODEL FIT ANALYSIS

| MEASURE | ESTIMATE | THRESHOLD |
|---|---|---|
| CMIN | 385.293 | -- |
| DF | 335 | -- |
| CMIN/DF | 1.15 | Between 1 and 3 |
| CFI | 0.984 | >0.95 |
| SRMR | 0.043 | <0.08 |
| RMSEA | 0.024 | <0.06 |
| P Close | 1 | >0.05 |

### FIG :1 : RESEARCH MODEL



## RESULTS AND ANALYSIS

The sample taken from the selected banks to understand the opinion regarding Statements on Security and Credibility Services are equal to Average level. The master validation test value was taken to conduct the validation test and is shown in table-1. Denotes level of significance (0.729, 0.769,0761,0761,0.764 and 0.753) are acceptable and comparable the other values lower than the highlighted value in table 1. The model fit analysis show that values are fit and the accepted model to analyse further and result is shown in table :2 whereas in the research model consists of security, empathy assurance and competitive were have dependent on the satisfaction which lead to loyalty.
From the analysis non-parametric kruska-wallis test the respondent responses that they are have the positive opinion. In the table 3.0 the total number respondents have high satisfaction loyalty with 143.01 mean rank which is significant. The follows the remaining reliability factors.

**Table :30 Kruskal-Wallis test for significant difference between Mean Rank of level of satisfaction with respect to Factors of reliability Services**

| FACTORS | SATISFACTION | | | | |
|---|---|---|---|---|---|
| | LOW | MEDIUM | HIGH | Chi-Square | P-Value |
| ASSU | 127.85 | 127.19 | 139.30 | 1.227 | .054 |
| EMP | 139.62 | 119.76 | 133.79 | 3.642 | .016 |
| COMP | 126.49 | 139.02 | 123.30 | 2.178 | .021 |
| SEC | 133.04 | 128.92 | 129.29 | 1.171 | .043 |
| LOY | 124.75 | 127.65 | 143.01 | 2.562 | .0278 |

The mean scores of completive factor have the 139.0 factor with 0.21 value of reliability is high and empathy is at low (119.76) among the factors taken. It means the banks are providing equality at nominal level. The P-Value (0.16) is significant.  In the selected sample the opinion on the reliability may vary among the respondents with low influence on empath and low impact on loyalty.

## REGRESSION

Dependent variable: Satisfaction (Y)
Independent variables: assurance (X1), empathy (X2), competitiveness (X3), Security(X4), Loyalty (X5)
Multiple R value: 0.910
R Square value: 0.828
F value: 202.698
P value: <0.001**

**Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| 1    (Constant) | .820 | .320 | | 5.693 | .000 |
| ASSU | .110 | .012 | .561 | 0.894 | .072 |
| EMP | .171 | .015 | .682 | 1.078 | .082 |
| COMP | .032 | .011 | .181 | 0.279 | .001 |
| SEC | .051 | .012 | .252 | 0.403 | .037 |
| LOY | .182 | .014 | .843 | 1.338 | .018 |

Dependent variable: Satisfaction

The value has the impact of satisfaction with the assurance, empathy and loyalty. With multiple value 0.910 and multiple R value 0.828 and the p-value is significant 1 per cent level.

## RECOMENDATIONS

Customer and employee awareness on every product and is necessary to enhance the customers satisfaction and would get maximum information will be disseminated to customers so that loyalty of the employee and customer. This work would suggest carrying out customer awareness programs. Since a many of customers do not know about updates of the products and services of the bank, it would be a great place to start for rural banks to develop customer awareness campaigns so that awareness could guide customers about recent changes in products and services. One of the major problems the work shows is the low level of satisfaction about the loan conditions provided by the bank. Beneficial programs for customers such as more attractive interest rates could change the situation. Awareness campaign could also be advantage to the bank.  It is hard to imagine in the modern world without gadgets and yet customers have to visit the bank branch again and again to use some of its products and services. Improving the secure technical services could increase customer satisfaction as people would be able to use services and products on their secured devices. The result of the research conducted in the Rural banking sector, it is recommended to evaluate the relationship between reliability service quality factors and customer satisfaction. Referring to earlier research results, it is advisable to consider the concept of sustainable marketing when examining consumer satisfaction, especially in relation to empathy. Service processes change over time, so the quality and features of the service can be better understood through long-term data collection and analysis.

## CONCLUSION

Despite the banks are providing more services, with the continuous increase of services, unfortunately there is a total neglect in the quality of reliability services. Today the customers have become smart and demand quality services. It is tough to tap the behaviour of the customers irrespective of demographic factors. Hence the selected banks aimed increased in total Customer Satisfaction. A serious effort was practiced to reach the customer by giving awareness to customers and quality of product and services. Advantageous business behaviour and improved consumer satisfaction help to boost the prosperity. Higher spending on infrastructure, speedy implementation of projects and continuation of reforms will provide further impetus to the growth of Indian economy. However, the gap scores on reliability, assurance and empathy dimensions seem to be more or less the same. It is advisable that the banks should focus more on "Responsiveness" dimension to win the customers. Banks also have to look into aspects like reliability, empathy and assurance in delivering their services. Banks have created enough tangible cues to impress upon the customers.

## SCOPE FOR FURTHER RESEARCH

The present paper is an analysis of reliability services influencing customer satisfaction and loyalty, by the means finding the gap. But this is specific to the public and public sector banks of rural areas, the research has further scope to explore to urban areas by including non-banking financial corporations, regional rural banks etc.

## ACKNOWLEDGEMENT

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