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**Evaluating Banking Service Quality From Customer Perspective In
Pondicherry**

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Abstract

In recent years, banks have had to present more services with higher quality due to an increase in competition, keeping durability, sustainability and their profitability. In this issue paying attention to the effective factors on customers' expectations and its relationship with services quality is one of the important issues of analyzing the evaluation of banking services quality by the customers. In this research aimed to assess customers' expectation and perception of service quality in the banking service in Pondicherry using SERVQUAL and identifying the gap of service quality in different dimensions. The target population of the study is customers of the selected banks in Pondicherry. 100 customers of different banks were selected as the sample size for the study. The expectations and perceptions of the respondents were evaluated under tangibility, reliability, responsiveness, assurance and empathy mentioned in SERVQUAL model. After analysis customers' perceptions fall short of their expectations. Demographic characteristics such as age, income, occupation and qualification of the customers have significant influence on customers' perception of banking service quality. Responsiveness and followed by reliability were found to be higher service gap among the five dimensions.

Keywords: Service quality, service gap, expectation, perception

Introduction

Customer is the King in the present day banking. Customer services preference is changing rapidly. Kotler (2006) observed that business organizations are now striving to understand their customers so that they could build long-term profitable relationship with them. Sevansson (2004) stated Consumers all over the world have become more quality conscious; hence there has been an increased customer

demand for higher quality service. Service operations worldwide are affected by this new wave of quality awareness and emphasis.

Statement of the problem

The service providers' perception of service quality may be quite different from what customers perceive as service quality. If the banks are to compete in providing quality service to customers, it is important to understand the customer perception and expectation of quality service. Banks introduced modern banking in India to improve its services, retain and attract customers. Banks have introduced innovative measures like extended business hours, ATM network, internet banking and other comforts for their customers. Customers' preferences and expectations seem not to match up with the bank's initiatives. In Pondicherry, many customers voice concerns about inefficiency and lack of quality excellence in the banking sector. Therefore, assessment of service quality in relation to customer expectation and service performance will help the banking sector to improve its service quality.

Objectives of the study:

- To evaluate service quality from customer perspective.
- To measure five dimensions of customers' expectation and perception using SERVQUAL instrument.
- To determine the gap in customers' perceptions and expectations of service quality.
- To analyze the effects of customer background characteristics on customers' expectations and perception of service quality in the banking sector.

Review of Literature

Czepiel (1990) defined service quality as customer perception of how well a service meets or exceeds their expectations. Parasuraman (1985) defined service quality is the degree of discrepancy between customers' normative expectation for service and their perception of service performance. Kandampully (1998), stated customer's perception of quality of service is based on the degree of agreement between expectations and experience. According to Parasuraman (1988) service quality is the simple or weighted average of the gap between the expectations of customers and customers' perceived performance along these five dimensions. The researcher has observed that all the five dimensions of Parasuraman (1988) are relevant to all service firms but more particularly to the banking sector. For instance, reliability pertains to good reputation of the bank; safety and assurance are relevant for customers' trust and use ATM and credit card; communication ensures that customer complaints and banks efforts to address them is exchanged between management and customer; and Empathy is crucial in facilitating customers access and dealing with the bank.

Table 1 : Five Broad Dimension of Service Quality

Dimension	Description
Tangibles	Appearance of physical facilities, equipment, personnel and written materials
Reliability	Ability to perform the promised service dependably and accurately
Responsive	Willingness to help customers and provide prompt service
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence
Empathy	Caring, easy access, good communication, customer understanding and individualized attention given to customers

Source: Zeithaml, 1990

Research Methodology

The population of the study consists of customers of ten banks in Pondicherry. The samples were selected from the population from different background characteristics in terms of gender, age, level of education and occupation. This research identified 100 as a sample size for the study. The study use primary and secondary data to gather relevant information for the study. The primary data were collected from the selected customers of different banks. The study employed mainly questionnaire in collecting the primary data. This study has selected State Bank of India, Indian Bank, Canara Bank, Indian Overseas Bank, Syndicate Bank, HDFC Bank, ICICI Bank and AXIS Bank for data collection. The secondary data were collected from existing literature. The sources of the secondary data included books, journals, articles, etc., Parasuraman (1993) developed the most widely used measuring service quality. They termed their instruments SERVQUAL. The SERVQUAL scale contained items tapping five different components of service quality construct. The SERVQUAL consists of 22 items for measuring customer' expectations of service quality. There are 22 items for measuring customers' perception of service. The items of SERVQUAL are ranked on a Likert scale and customers responds to the items by choosing a number between 1 to 5 scales that reflects their expectation and perception of a service. The customers' responds about their expectations and perception of the service are compared to obtain a gap score which indicates the level of customers' perceived service quality.

Data Analysis and Interpretation

Based on SERVQUAL, a questionnaire was prepared and field work was conducted by the researcher.

Table 2: Background of the Respondents

Variable	Category	Frequency	Percentage	Cumulative Percentage
Gender	Male	68	68	68
	Female	32	32	100
	Total	100	100	
Age	Below 20 years	2	2	2
	20 to 29 years	35	35	37
	30 to 39 years	30	30	67
	40 to 49 years	31	31	98
	50 and above	2	2	100
	Total	100	100	
Occupation	Government employee	24	24	24
	Student	2	2	26
	Business person	28	28	54
	Public enterprise employee	46	46	54
	Total	100	100	
Income	Below Rs.5000	16	16	16
	Rs.5001 to 10000	47	47	63
	Rs.10001 to 15000	19	19	82
	Above 15000	18	18	100
	Total	100	100	
Education	Below Diploma	25	25	25
	Diploma	30	30	55
	Degree	22	22	77
	P.G.	20	20	97
	Phd	3	3	100
	Total	100	100	

Source: Field survey

From table 2, 68 % are male and 32 % are female. The majority of the respondents are in the age group of 20 to 29 years, followed by 40 to 49 years old and 2 % of the respondents are in the age group of 50 and above. Second variable is 3% of the

respondents are PhD holders, 20% holds Masters degree, 22% holds degree, 30% holds Diploma and rest of the 25% of the respondents studied below Diploma. Next variable is occupation. 24% belongs to government employees, 2% belongs to students, 28% belongs to business person and rest of the 46% are public enterprise employees. Next variable is Income. 16% earns below Rs.5000, 47% earns between Rs.5001 to 10000, 19% earns between 10001 to 15000 and 18% earns above Rs.15000.

Table 3: Overall Service Quality

Dimension	Expected Mean	Perceived Mean	Gap Score
Average Tangible Score	4.72	4.45	-0.27
Average Reliability Score	4.86	4.43	-0.43
Average Responsiveness Score	4.82	4.31	-0.51
Average Assurance Score	4.81	4.68	-0.13
Average Empathy Score	4.66	4.41	-0.25
Average = Total/5	4.78	4.45	-0.33

Source: Field survey

To find out the service delivery of both the expectations and perceptions of the respondents is one objective of this paper. From the above table the largest service quality gap is responsiveness with -0.51 followed by reliability gap score is -0.43. Next tangible gap score is -0.27, empathy gap score is -0.25 and assurance gap score is -0.13. The overall SERVQUAL cumulative gap is -0.33. This score helps us to see the performance of the bank with respect to each factor. More negative scores indicate that the banks are not successful in meeting customers' expectations and more positive score shows that the bank exceeds expectations. The above analysis based on the five dimensions indicates that customers' perceptions fall short of their expectations.

Table 4: Ranking order of Customers Expectations and Perception

Dimension	Expected		Perceived	
	Mean	Rank	Mean	Rank
Tangible Score	4.72	4	4.45	2
Reliability Score	4.86	1	4.43	3
Responsiveness Score	4.82	2	4.31	5
Assurance Score	4.81	3	4.68	1
Empathy Score	4.66	5	4.41	4

Source: Field Survey

The descriptive statistics of Mean (M) of the overall service quality dimensions of customer expectation and perception ranking are explained in this table. Reliability expected mean ranked as 1, followed by responsiveness mean 4.82, assurance mean 4.81, tangible mean 4.72 and empathy mean 4.66 as rank 2,3,4 and 5 respectively. Assurance perceived mean 4.68 ranked as 1, followed by tangible mean 4.45, reliability mean 4.43, empathy mean 4.41 and responsiveness 4.31 ranked as 2,3,4 and 5 respectively. The assurance dimension which ranked the highest in terms of perception does not rank first in terms of customers' expectations. This score helps us to see the performance of the bank with respect to each factor.

Findings of the study

Tangible has a gap score of -0.27. Convenience of the location of branch and ATM has comparatively high gap score of -0.33. Reliability has a score of -0.43 which indicates that the branches fail to meet customers' expectation. Responsiveness has a highest gap score of -0.51 among the five dimensions. Assurance scored the gap score of -0.13. The last dimension empathy has average gap score of -0.25 indicating bank's deficiency. Average expectation score minus from the study. All the five dimensions scored negative service quality gap. This shows banks do not meet

their customers' expectation. The customers ranking sequence is different with customers' expectation and perception. This study observed background characteristics except gender made significant impact on bank's service quality. Banks should provide customized services to their customers to meet their customers' expectation.

Conclusion

It is very important to make correct transactions at first time in the banks. Then only we can retain the customers. Bank employees training are important to provide better services to their customers. Bank should effectively solve the customers' problem shows their responsiveness. Better physical environment with satisfy their customers' expectation. Easy accessible services, neatness and help desks show positive sign in the customers' mind. The average scores of the respondents customers' expectation scores high then customers' perception. This study shows customers are not satisfied with the services of the banks at Pondicherry. Best feedback system will improve service quality of banks in Pondicherry.

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