

A Study On Measuring The Service Quality Gap of Banking Sector

¹Dr. S. Saravanan & ^{*2}M. Madhunica Priyadarshini

¹Head of the department, Anna University (BIT Campus), Thiruchirappalli, Tamilnadu (India)

^{*2}PG Student [Final Year], Anna University (BIT Campus), Thiruchirappalli, Tamilnadu (India)

ARTICLE DETAILS

Article History

Published Online: 02 June 2018

Keywords

Customer expectation, perception, service quality, dimensions, gap analysis

*Corresponding Author

Email: mmadhunica[at]gmail.com

ABSTRACT

Service quality in banking sector is the most important criteria and asset for evaluating the satisfying customers. This study was carried with the objective of understanding the gap exist between the customer expectation and perception. This paper attempts to make comparative analysis of customer satisfaction between the public and private bank in Thanjavur district. To compare the service quality between customer perception and expectation, SERVQUAL modal is used to analysis the gap by using the various dimensions in service quality. The statistical tools are used to find the relationship between the variables in service quality dimensions. Hence this study on customer service quality of public and private bank was measured and the gap exist between them was analysed.

1. Introduction

The banking sector in India plays a significant role and its rapidly growing from few decades. Banks will provide a variety of services ranging from opening a savings account, current account, internet banking, retail banking, financial consulting, providing loans, locker facility, money exchange 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 quantitative and qualitative estimate of their services as perceived by their customers. For services, the assessment of quality is made during the service delivery process. Each customer contact is referred to as a moment of truth, an opportunity to satisfy or dissatisfy the customer. Customer satisfaction with a service can be defined by comparing perceptions of service received with expectations of service desired.

When expectations are exceeded, service is perceived to be of exceptional quality and also to be a pleasant surprise. When expectations are not met, however service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory. The customer will have an expectation of service determined by the factors such as recommendations, personal needs and past experience. The expectation of service and perceived service may not be equal, thus leaving a gap. As this model incorporates all five determinants of service quality as tangibility, reliability, responsiveness, assurance, empathy. These five identical dimensions that customers use to judge quality of service. Measuring the gap between expected service and perceived service is a routine customer feedback process that is practiced by leading service companies.

2. Statement of the Problem

- The banking sector in India plays a significant role. The banks have to satisfy the customers belonging to all different classes.

- Customer satisfaction depends on their degree of closeness of perceived performance and the service delivered relative to their expectations.
- If the service delivered falls short of expectation, the customer is dissatisfied.

3. Need of the Study

- The comparative analysis of service quality of public & private sector bank will helps to know the gap between the customer perception and expectation.
- By determining the gap exist will helps to increase and improve customer satisfaction.

4. Objective of the Study

- To study the effect of various dimensions in service quality.
- This study is to understanding the level of gap exist between customer expectation and customer perception.
- To examine the service quality between the public and private banking sector in thanjavur district.

5. Literature Review

(Jandryle Trondillo ,2016) Predicting Service Quality in Local Banks: A Structural Equations Modeling Approach.

This study determined service quality indicators of government bank consumers in the Municipality of Monkayo. Specifically, this study identified the attributes of service quality with three factors comprising 11-items statements from the original 44 items author-developed survey instrument with an acceptable explained variance of 69 percent (KMO=>0.7, Barlett's Test of Sphericity=p<0.05). The three components namely Technology, Reliability, and Employees were found out to be a critical parameters of service quality in banking institutions as perceived by the respondents of this study.

(W. P. W. Anjalika, H. M. S. Priyanath, 2018) Effect of Service Quality on Customer Satisfaction: An Empirical Study of Customers who have Bank Accounts in both Public and Private Banks in Sri Lanka: This study tested five hypothetical relationships between five dimensions of service quality of commercial banks and customer satisfaction. Results revealed a significant positive relationship between tangible and customer satisfaction as well as responsiveness and customer satisfaction of both public and private banks. It was also found that, assurance has a low positive correlation with customer satisfaction regarding private banks, while there was no relationship among assurance and customer satisfaction regarding public banks.

(Davood Gharakhani , Javad Eslami ,2012), Determining Customer Needs Priorities For Improving Service Quality Using Qfd: According to the statistical procedures used in the third chapter, selected sample of clients were 150. Second statistical community or better said, decision team consisted of 4 managers and senior employees of the hotel whose opinions were applied when completing the quality house. The results show that from the view point of consumers, offering qualified food, existence of sauna and swimming pool, friendly behaviour and attitude of employees and their proper look are more important.

(Bitta Martha Awuor,2014), Service Quality And Customer Satisfaction In The Banking Sector In Kenya: Only then can they effectively optimize their returns from the service and stay ahead of competitors. The study acknowledged the possible expectations that customers have on the quality of service. The study adopted expressive design with inhabitants of interest being customers of commercial banks in Nairobi CBD. The result from the study recognized a positive relationship between service quality and customer satisfaction in Kenyan banks. The conclusion from this study is that Customer satisfaction can lead to higher rates of retention of the Kenyan bank customers.

(Sai Akhilesh P and Vinay CV, 2015), Comparative Analysis of Public and Private Sector Banks in India : In this paper they attempts to make a comparative analysis between UCO bank and YES bank, they measure the gap between the service quality of five dimensions. They concluded that highest gap exist between all the attributes. They observed that the more gaps are identified in empathy dimensions in the UCO bank and the gaps more in responsiveness for YES bank. They suggest to reduce the gap by giving individual personal attention to understand the customer needs. Authors suggest that servqual model helps better to reduce the gap.

(Usman Ahmad Qadri, 2015) Measuring Service Quality Expectation and Perception Using SERVQUAL:A Gap Analysis In this paper, they indulgent the level of gap exists involving excellent bank and experience bank among the banking customer in Pakistan. In this study , SERVQUAL modal is used to measure the gap exist between them. They took five dimensions to measure the service quality with the scaling rate of 1 to 7.From their analysis, they concluded that there was a gap exist. Their expectations were higher than the experience of service quality from the existing bank in Pakistan. They suggest

to develop and implement new strategy that would minimize the gap.

(Selvaraj N, 2016) , Service Quality Gap in Public Sector Banks in Madurai: Service quality is a judgmental issue relating to the different between an individual's expectation of a service and the actual service performed. Many definitions are presented to the concept of service quality. In the present paper the customers' service quality gap in public sector banks is measured for each of the service items under the ten broad dimensions. A close checking of the data provided in the table indicate that among the six broad categories, the average score for the service quality on the tangibility dimension was establish to be the highest for the perceived level for "availability of bank stationery" and desired level for "adequacy of space and layout of counters.

(J. Joshua Selvakumar,2015), Impact of Service Quality on Customer Satisfaction in Public Sector and Private Sector Banks Service Quality in banking sector is the generally main criterion and asset for evaluate and pleasing customers and thereby raise the customer loyalty and average retention rate of customers. along with the service quality determinants, reliability, assurance and empathy have forever played a central role. Hence, this paper examine the result of service quality determinants on the point of customer satisfaction in public and private banks in India. By realize the gap between the perceived and actual service quality, customer satisfaction can be exceptionally improved.

(Selvaraj N, 2016) Relationship between Perceived and Desired Levels of Service Quality of Private Sector Banks in Madurai: Private banking in India was practiced from the time when the beginning of banking system in India. The first private bank be place in India was the IndusInd Bank. It was one of the fastest growing banks, among private sector banks in India. The study entitled customer perception to the services of commercial banks in Madurai city is carried out in the Temple city which is the second largest one in Tamil Nadu. Twenty four public sector banks and fifteen private sector banks function in Madurai district.

6. Factors measuring Service Quality

(i) Reliability

The ability to perform the promised service both dependably and accurately. Reliable service performance is a customer expectation and means that the service is accomplished on time, in the same manner without errors every time.

(ii) Responsiveness

The Eagerness to help customers and to provide timely service. Keeping customers waiting, particularly for no noticeable reason, creates unnecessary negative perception of quality.

(iii) Assurance

The knowledge and courtesy of employees as well as their capability to transmit trust and confidence. The assurance

dimension includes the following features, competence to perform the service, politeness and respect for the customer, efficient communication with the customer and the common attitude that the server has the customer's best interests at heart.

(iv) Empathy

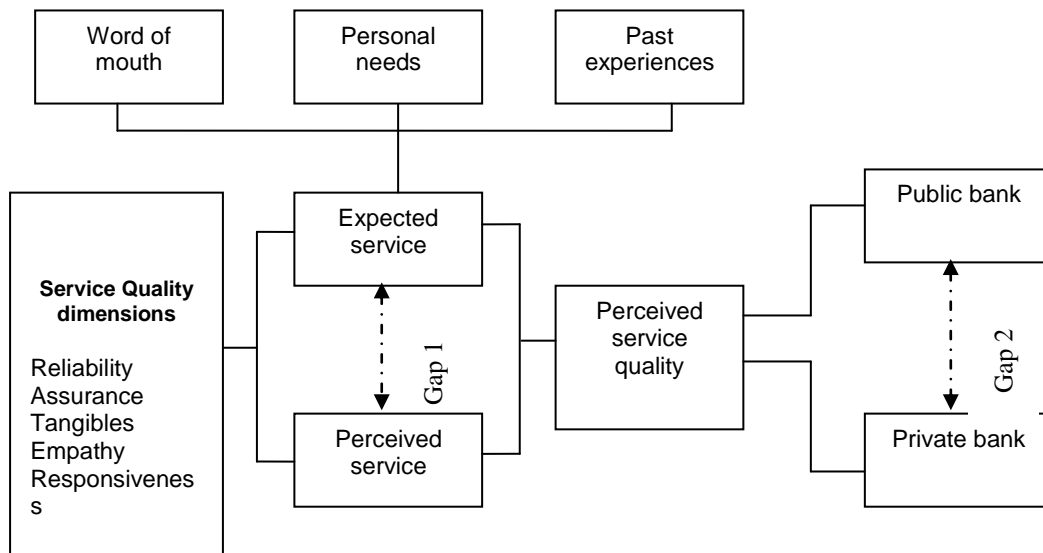
The provision of caring, individualized attention to customers. Empathy includes the following features:

approachability, sensitivity and effort to understand the customer's needs.

(v) Tangibles

The appearance of physical facilities, equipment, personnel and communication material. The condition of the physical surroundings is tangible evidence of the care and attention to detail that are exhibited by the service provider.

7. Conceptual Framework



8. Methodology

This study is based on the primary data. The data are collected by the convenient sampling method. In this study, the service quality measurement, gap analysis is used to find the difference between customers' expected service performance and actual service performance. SERVQUAL model is used to determine the gap between the perceived and expected service.

9. Analysis

The standard questionnaire of Servqual modal was used to find out the expectation and perception of customers belongs to both public and private bank. This questionnaire helps to determine customer satisfaction level to get the gap exists in the service quality of the banking sector. The data was collected through survey method to the 200 customers where 100 belongs to the private banks and 100 belongs to the public bank in the area of Thanjavur. The questionnaire consist of 21 Servqual questions which includes the five dimensions as reliability, responsiveness, assurance, tangibility and empathy.

The respondents were asked to fill their expectations and perceptions of their respective bank. Likert 5 point scaling were used to measure the quality.

The collected data were entered in the Ms Excel. The mean was founded for every individual attributes. The each attributes were tabulated. The mean was separately entered for expectation and perception of private bank and the difference were formed as a gap for variables. Gap analysis score for the private bank was entered in the table 1.1. The average gap score was tabulated in the table 1.2. The highest gap score among the variables will be measured and tabulated separately in the table 1.3 which also includes the attribute of the dimension.

Gap analysis score for the public bank was entered in the table 2.1. The average gap score was tabulated in the table 2.2. The highest gap score among the variables will be measured and tabulated separately in the table 2.3 which also includes the attribute of the dimension.

Table 1.1. Gap Analysis Score – Private Bank

Statements	Exception	Perception	Service Gap
Reliability			
Q1	4.66	3.95	0.71
Q2	4.66	3.87	0.79
Q3	4.49	3.88	0.61
Q4	4.66	4.15	0.51
Q5	4.5	3.56	0.94
		Average Gap Score	0.712

Assurance			
Q1	4.67	3.64	1.03
Q2	4.67	3.68	0.99
Q3	4.66	3.62	1.04
Q4	4.67	3.52	1.15
		Average Gap Score	1.0525
Tangibility			
Q1	4.5	3.68	0.82
Q2	4.66	3.59	1.07
Q3	4.66	3.67	0.99
Q4	4.66	3.61	1.05
		Average Gap Score	0.9825
Empathy			
Q1	4.67	3.63	1.04
Q2	4.34	3.84	0.5
Q3	4.7	3.63	1.07
Q4	4.33	3.69	0.64
Q5	4.33	3.7	0.63
		Average Gap Score	0.776
Responsiveness			
Q1	4.83	3.63	1.2
Q2	4.83	3.7	1.13
Q3	4.5	3.71	0.79
Q4	4.5	3.96	0.54
		Average Gap Score	0.915

Table 1.2. Average Gap Score –Private Bank

S.No	Dimension	Gap Score
1	Reliability	0.712
2	Assurance	1.0525
3	Tangibility	0.9825
4	Empathy	0.776
5	Responsiveness	0.915
Total		4.438

Table 1.3 Highest Gap Score –Private Bank

S. No	Attributes	Dimension	Gap Score
1	The exact time when the services will be performed	Responsiveness	1.2
2	The knowledge to answer the questions	Assurance	1.15
3	The bank gives the prompt service.	Responsiveness	1.13
4	Physical facilities which are visually appealing	Tangibility	1.07
5	The bank understand the customer’s specific needs.	Empathy	1.07

Table 2.1. Gap Analysis Score – Public Bank

Statements	Exception	Perception	Service Gap
Reliability			
Q1	4.66	3.76	0.9
Q2	4.76	3.48	1.28
Q3	4.47	3.71	0.76
Q4	4.76	3.39	1.37
Q5	4.52	3.54	0.98
		Average Gap Score	1.058
Assurance			
Q1	4.64	3.38	1.26
Q2	4.82	3.67	1.15

Q3	4.76	3.14	1.62
Q4	4.64	3.46	1.18
		Average Gap Score	1.3025
Tangibility			
Q1	4.36	3.53	0.83
Q2	4.6	3.59	1.01
Q3	4.48	3.59	0.89
Q4	4.76	3.78	0.98
		Average Gap Score	0.9275
Empathy			
Q1	4.64	3.56	1.08
Q2	4.52	3.62	0.9
Q3	4.93	3.55	1.38
Q4	4.7	3.35	1.35
Q5	4.32	3.41	0.91
		Average Gap Score	1.124
Responsiveness			
Q1	4.88	3.57	1.31
Q2	4.76	3.67	1.09
Q3	4.54	3.47	1.07
Q4	4.64	3.51	1.13
		Average Gap Score	1.15

Table 2.2. Average Gap Score –Public Bank

S.No	Dimension	Gap Score
1	Reliability	1.058
2	Assurance	1.3025
3	Tangibility	0.9275
4	Empathy	1.124
5	Responsiveness	1.15
	Total	5.562

Table 1.3 Highest Gap Score –Public Bank

S. No	Attributes	Dimension	Gap Score
1	Feel safe in your transactions	Assurance	1.62
2	Bank understand the customer's specific needs	Empathy	1.38
3	Interested in solving problem	Reliability	1.37
4	The best interest at heart	Empathy	1.35
5	The behaviour of employees in the bank instils trust	Assurance	1.26

10. Findings

- The table 1.1 shows the average gap score of the private bank and the table 2.1 shows the average gap score of public bank. From the gap score it shows, the gap exist between the customer expectation and perception.
- From the average gap score, the highest gap exist in the dimension of responsiveness in the public bank and in the dimension of assurance in the private bank.
- The comparison of both the sector shows that, the gap exist more on public bank than the private bank.
- In public bank, responsiveness gap is highest followed by assurance, empathy, reliability and tangibility.
- In the private bank, assurance gap is highest followed by tangibility, responsiveness, empathy, reliability.

11. Suggestions

The expectations of the customers are on the increases especially those customers who belong to this generation. In the public bank, the gap on the responsiveness should be reduce by the employees. They should improve more by mentioning the exact time they performing. The public bankers should try to understand the customer's specific needs. In the private bank, the gap on the assurance can be reduced by giving the safe transactions. They should be shows some interest in solving problems of the customers.

12. Conclusion

This paper concluded that the customer satisfaction plays a vital role in retention of customers. In order to improve the service quality of the banking sector, this study helps to measure the gap between the expectation and the perception by the servqual modal. By knowing the gap and the bankers can improve the dimension where they lack and increases the customer satisfaction. This study will explore the comparison analysis between the public bank and the private bank.

References

1. Kazi Omar Siddiqui (2011), *Interrelations between Service Quality Attributes, Customer Satisfaction and Customer loyalty in the retail banking sector in Bangaladesh*, *International Journal of Business and Management*, vol.6, No 3; March 2011.
2. Dr.Manasa Nagabhushanam, Analyz Research Solutions Pvt.ltd, Bangalore, *A Study on customer service quality of Banks in India*.pg.no:315-363.
3. Mei Mei lau and Ronnie Cheung, (2013) *Measuring Service Quality in the Banking Industry: A hong Kong Based Study*, *Contemporary Management Research*, pg:263-282, Vol.9, No:3
4. *Customer Service Quality in Indian Banking Industry*.pg:179-255.
5. Soleyman Iranzadeh and Farzam Chakherlouy (2012), *Service Quality Dimensions in the Banking Industry and its effect on Customer Satisfaction*, *Intechopen Science* (88-100).
6. J.Joshua Selvakumar (2015), *Impact of Service Quality on Customer Satisfaction in Public Sector and Private Sector Banks*, SMS, Purushartha Vol.VIII, No:1, Mar 15.
7. Faisal Talib, Zillur Rahman and Qureshi.M.N (2012), *Impact of Total Quality Management and Service Quality in the Banking Sector*, Telecommunications system and management.
8. Selvaraj.N (2016), *Relationship between Perceived and Desired Levels of Service Quality of Private Sector Banks in Madurai*, *Journal of Global Economics*, Vol.4 No:1 2016.
9. Selvaraj.N (2016), *Service Quality Gap in Public Sector Banks in Madurai*, *Journal of Global Economics*, Vol.4 No:1 2016.
10. Selvaraj.N (2016), *Personal Variables and Perception of Customers on Service Quality of Commercial Banks in Madurai*, *Journal of Global Economics*, Vol.5 No:2 2016.
11. Machayi J and Ahmed EM (2016) *Finance Bank Zambia Plc Retail Customers Perceptions of Service Quality*, *Journal of Business and Financial Affairs*, Vol 5 No :3, 2016.
12. Usman Ahmed Qadri (2015), *Measuring Service Quality Expectation and Perception using SERVQUAL: A Gap Analysis*, *Business and Economics Journal*, Vol:6:3 2015.
13. Sai Akhilesh P and Vinay CV (2015), *Service Quality Gap analysis: Comparative Analysis of Public and Private Sector Banks in India*, *Journal of Accounting and Marketing*, Vol 4:2, 2015.
14. Al-hawari, M. (2008). The Influence of Traditional Service Quality Factors on Customer Satisfaction: A Practical Study within the Context of Australian Banking. *The Business Review, Cambridge*, 11(2), 114-119
15. Anderson et al. (1998). *Multivariate Data Analysis*. 5th ed. London: Upper Saddle River Angur, M. G., Natarajan, R, and Jahera, J. S. (1999). Service Quality in the banking industry: an assessment in a developing economy. *International Journal of Bank Marketing*, 17(3), 116-123.
16. Babakus, E., and Boller, G. (1992). An Empirical Assessment of the SERVQUAL Scale. *Journal of Business Research*, 24(3), 253.
17. Angur, M. G., Natarajan, R. & Jahera, J. S. (1999). Service quality in the banking industry: An assessment in a developing economy. *International Journal of Bank Marketing*, 19(3), 1116-1123.
18. Arasli, H., Smadi, S. M., and Katircioglu, S. T. (2005). Customer Service Quality in the Greek Cypriot banking industry. *Managing Service Quality*, 15(1), 41-56.
19. Dedek, A., 2003. Service quality: A fulfillment-oriented and interactions-centered approach. *Managing Service Quality*, 13: 276-289.
20. Kang, G.D., 2006. The hierarchical structure service quality: Integration of technical and functional quality. *Managing Service Quality*, 16: 37-56.