The Study on the Assessment of Customer Satisfaction in Banking Sector through Servqual Scale

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Abstract:
Introduction of liberalization policy and RBI's norms brings a cut throat competition amongst banks to hold customer base and build market share. Banking sector has been renowned for the various types of services provided to customer in spoilt of choices and herculean task for retaining their customers. As the competitive environment become more demanding in the banking sector too, it is the need of time to ensure customer satisfaction and in order to enjoy privilege in competitive edge. Quality of services plays a major role in customer satisfaction and builds loyalty of customer towards particular sector. Customer satisfaction and service quality have emerged as one of the vital aspects to cater the explicit as well as implicit needs.th purpose of this research is to examine the customer satisfaction among group of customers towards the public sector banking industries in India. The study is based on the primary data which has been collected through a structured questionnaire. The study is confined to the public bank. The data has been collected from 160 respondents through the simple random sampling method. The data were analyzed by one sample t-test and regression analysis. The result shows that all the dimensions which have been used in the study are positively related to customer satisfaction. The service quality SERVQUAL scale developed by Zeithamal, parsuraman and Berry (1988) has been used.

Keywords: *Banking, Customer satisfaction, Service quality, SERVQUAL scale*

1. Introduction
A woman walked up to the branch manager of a bank. "Are you hiring any help?" she asked. "No," he said. "We already have all the staff we need." "In that case, would you mind trying to find someone to help me in the safe deposit area?" she asked.

Traditionally, banks have derived limited income from fee based services such as wealth management, credit card services, treasury services, investment banking and advisory services. However, as the economy is showing signs of slowdown and the demand for credit is slowed banks are struggling to keep their margins intact. Also, with changing times, consumer needs have changed with various avenues of investment available. This is likely to increase banks focus on offering fee based services as the earnings from such services are more stable than interest bearing products and it also helps in mitigating risk via diversification of products and services. Banking in India originated in the first decade of 18[th]century with The General Bank of India coming into existence in 1786. This was followed by Bank of Hindustan. Both these banks are now defunct. After this, the Indian government established three presidency banks in India. The first of three was the Bank of Bengal, which obtains charter in 1809, the other two presidency bank, viz., the Bank of Bombay and the Bank of Madras, were established in 1840 and 1843, respectively. The three presidency banks were subsequently amalgamated into the

Imperial Bank of India (IBI) under the Imperial Bank of India Act, 1920 – which is now known as the State Bank of India.

Banks are ranked 11 different region based on overall customer satisfaction across six factors:
- account information
- channel activities
- facility
- fees
- problem resolution
- product offerings

"Many of the big banks have made great strides in listening to what their customers are asking for-reducing the number of problems customers encounter and, more importantly, improving satisfaction with fees," Miller added. "Consumers today are likely to find banks of all sizes offering the level of convenience, technology and personal service they have come to expect."

2. Review of literature

Customer satisfaction is often considered the most important factor thriving in today's highly competitive business world. Services have unique characteristics that distinguish them from the physical goods (Zeithaml and Bitner, 1996).

Table 1. Review Summary

Authors	Description
Prema dawar(2013)	factors affecting the customer satisfactions are staff knowledge, behavior, online banking, e-channel management and amount charges and language information
Kotler and Armstrong (2012)	satisfaction is the pos-purchase evaluation of products or services taking into consideration the expectations
Veloutsou (2006); Sulieman (2011), and Buttle (1996)	Suggest service quality leads towards the satisfaction.
(Zeithaml and Bitner, 1996)	Services have unique characteristics that distinguish them from the physical goods. Satisfied customers are central to optimal performance and financial returns.
Heskett	Longer a company keeps a customer, the more money it stands to make.
E. Boone and Kurtz David L (1999)	Evidence was mounting that places a high priority on CS was critical to the improvement of organizational performance in a global marketplace.
Davidow & Uttal.	Maximizing customer satisfaction through quality customer service has been described as the final weapon
Weekes(1996)	believed that SERVQUAL main strength, over other measures of service quality such as SERVPERF is its capability to successfully taken
Thomas, Dan R. E.,(1978)	service separation is necessary for the growth of service businesses
Chase, Richard B, (1981)	holds that the potential competence of a service system is a function of the degree of customer contact entailed in the formation of the service product
Oliva Pue, Rogelio,(1996)	service quality could not be measured and experienced in as straightforward a manner as quality could be calculated and experienced in manufacturing

3. Definition

SERVQUAL or RATER is a service quality framework. SERVQUAL was developed in the mid-1980s by Zeithaml, Parasuraman & Berry. SERVQUAL means to measure the scale of Quality in the service sectors. In later work, these ten elements were collapsed into 5 factors: (1) Reliability. The ability to perform the promised service dependably and accurately (2) Assurance. The knowledge and courtesy of employees and their ability to convey trust and confidence (3) Tangibles. The appearance of physical facilities, equipment, personnel and communication materials (4) Empathy. The provision of caring, individualized attention to customers (5) Responsiveness. The willingness to help customers and to provide prompt service. By the early 1990s, the authors had refined the model to the useful acronym RATER:

Table 2. Demographic Objectives

1980s (10 parameter are framed)	1990s (10 parameter were merged to 5)	Objectives
Reliability	Reliability	The ability to perform the promised service dependably and accurately
Responsiveness		
Competence	Empathy	The knowledge and courtesy of employees and their ability to convey trust and confidence
Access		
Courtesy	Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence
Communication		
Credibility	Responsiveness	The willingness to help customers and to provide prompt service.
Understanding/ knowing the customer		
Tangibles	Tangibles	The appearance of physical facilities, equipment, personnel and communication materials
Security		

Fig. 1 Consumer's Satisfaction

4. Research Methodology

4.1 Hypotheses

Ho: Positive relation between Customer satisfaction and Service quality

Data collection: Data have been collected from questionnaire for which Likert's 5-point scale have been used for its suitability and to estimate the variations in perception of customer feedback in depth. And personal contact approach, as to get the fair and frank responses from the respondent and regression has been evaluated to get the relation between the two variables. A survey of 160 people has been conducted irrespective of one bank, customers are being approached of public sectors banks only i.e. Punjab national bank, OBC bank, union bank, state

bank of Patiala. For Likter scale assessment 1 stands for strongly agree,2-agree,3-neutral,4-disagree,5-strongly disagree.

4.2 Independent variable

Customer satisfaction, Dependent Variable: Service qualities (which have been judged by the SERVQUAL scale (Cronin An d Taylor, 1992) had incorporated.

Descriptive research design has been used for the respective study and a survey has done for fact finding inquiry.

5. Objective of study

- To determine the perception of various customers regarding the service quality in public banks in a competitive world.
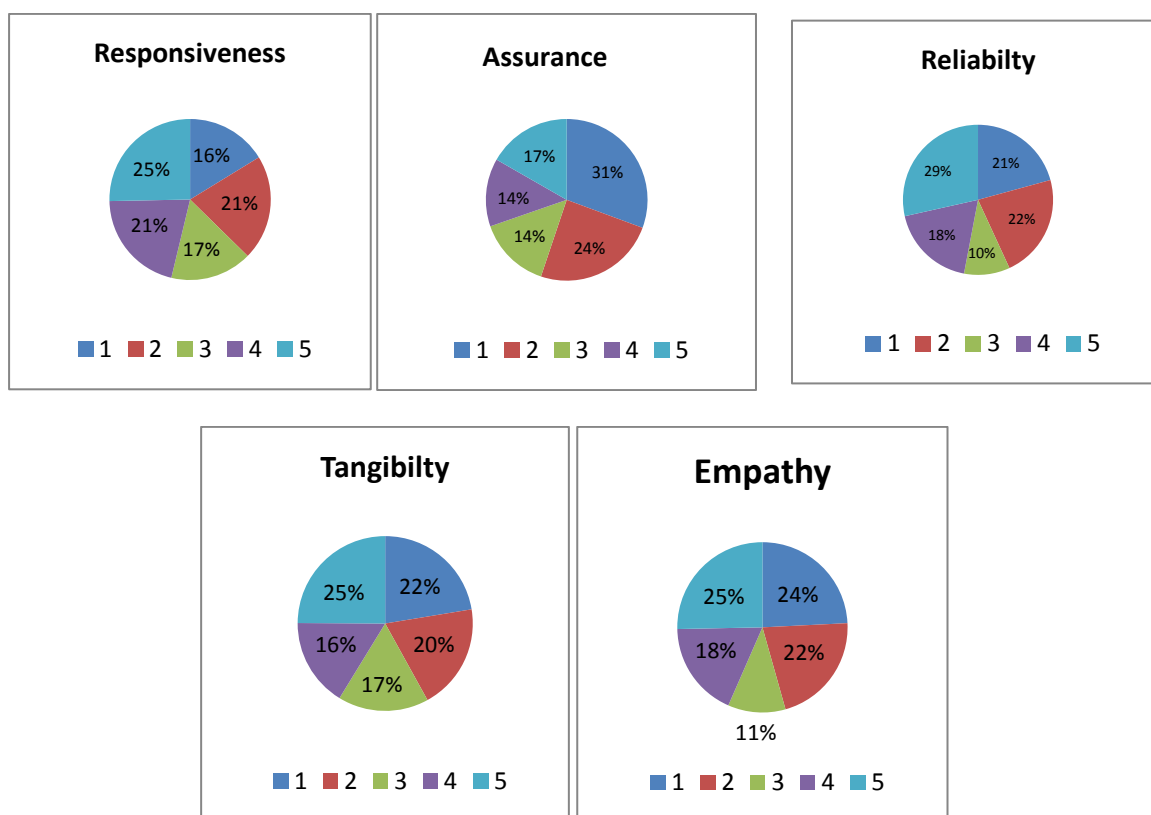- Role of customer satisfaction in enhancing the service quality.

Fig. 2 Analyses of questionnaire through pie chart

Through that pie chart we can examine the customer feedback:

Responsiveness: public sector bank has disheartened the customer since the quality services are not up to the mark and timely information, waiting time, promptness of service are being mostly delayed.

Assurance: Since public bank shows a positive response in this heading as customers feel more and money loss possibility is comparatively less as compare to the private sector due to the role of the government and recovery of money.

Reliability: employees in public sector are not being considered as reliable and performance are always doubtful, record keeping is also suspected due to the neglect of the number of customer at a point of time in a bank.

Tangibility: Facility provide as like innovative equipments, tidiness, iiternet services, ATM efficiency, availability of material for are not that much satisfied as comparison of private sector banks.

Empathy: due to the various factors and ignorance behavior customer don't feel the connected with the public sector banks and behavior of the employees play a significant role in building the image of the banks.

6. Challenges & Opportunities before the Banking Sector

Rural Markets, Increased competition, Management of Risks, Global & Domestic Environment, Compliance with International Requirements, Increased competition: Profits of banks are being affected by increased competition, with different public and private sector banks vying for increased share of customers. But increased competition has also resulted in increased efficiency, improved customer services and profitability in terms of returns on both equity and assets. Banks now have to continuously innovate their practices to stay ahead in the market. Increasing competition, however, might also induce the banks to higher risk taking strategies

Dimension wise Analysis:

Table 3. SERVQUAL dimensions & Respondents(suggestion)

SERVQUAL dimensions	Respondents(suggestion)
Responsiveness	Focus on timely assessment, management
Assurance	Behavior development of employees
Reliability	Performing service at right time
Tangibility	Improvement in physical facility
Empathy	Understand the customer requirements

7. Source of Data on Banking Statistics

Reserve Bank of India (RBI): Most of the Banking Sector Statistics flow from Reserve Bank of India, RBI. The database maintained by RBI includes weekly information on Forex reserve, Reserve Money & Bank Money, fortnightly information on Scheduled Banks statement of position in India, quarterly information on Balance of Payments, Banking Statistics – deposits & credits , Statewise & Region wise deployment of ATM's , Annual accounts data of scheduled commercial banks, branch banking statistics, profile of banks etc besides other occasional subjects. RBI brings out various reports on annual (Trend & Progress of Banking in India, Currency & Finance etc) , half yearly (Financial Stability Reports, Macro Economic & Monetary Developments and Report on Forex reserves),quarterly, monthly (RBI Bulletin) & weekly Basis(Weekly Statistical.

8. Conclusion

1. To justify, the outcome of the research shows us the following conclusion and guiding principal for the implications in public sector banks.
2. To be successful, banks must provide at least needs or should if exceeds their expectations, and the study light to take appropriate decision to improve the quality of services in Indian Banking to compete with the private banks, foreign banks.
3. The customer satisfaction in terms of service quality is a relational marketing dimension. The customer relationship management is viewed from the side of the firm providing services. For service sector, building strong relationship is required for improving service quality.
4. The development and enhancement of new product should be according to the customer need. A regular service should be enclosed to the stakeholders through updating the websites, brochures and other strategy by conducting regular survey, thus the results can be framed for new qualitative products or documentation for delighting the customers.
5. Although the difference between the perception and views due to the customer expectations which differ by age, gender, income, demographic region etc. so banks should concentrate on their weak area.

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