

A Study on Service Quality of Private Banks- Literature Review

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Abstract- Service quality has become an important tool in the service industry. The concept of customer satisfaction is widely recognized as a key differentiator which occupies a position in marketing thought and practice and is the major outcome of any marketing activity. This study focuses on customer satisfaction with the services provided by private bank in trichy district the study located that customer is satisfied with the services provided by bank. But, still there is a scope to enhance the satisfaction level of customers with the banks services.

Keywords- Service Quality, Customer Satisfaction and Banking Services

I. INTRODUCTION

Gronroos (1984) defined service quality as perceived by customers and items from a comparison on their expectations of the services they will receive with their perceptions of the performance of the service provider. Expectations are the wants of customer, i.e., what they feel a service provider should offer, while perceptions refer to the customers 'evaluation of the service provider. They formulated a service quality model that highlights the main requirements for delivering the expected service Quality. The purpose of this paper is to evaluate the quality of private banks services provided to the customers and to measure the customers' satisfaction. Customers' needs are always evolving, an aftermath of shrinking world borders and a free access to competitive brands of products or services that are often comparable to global standards. There are multiple factors impacting the service industries like globalization, competition and volatile market dynamics.

II. RESEARCH METHODOLOGY

This is a descriptive research study focusing on the quantitative analysis. The survey method was being used and a cross section of the population was selected. Questionnaires were used to collect data within the specified population. The bank customers constitute the population for this study. The sample frame refers to the customers of the banks in

Bangalore's CBD. The sample size was determined by the sample size calculator formula sourced through internet. Secondary data has been made use of for review of literature and to identify the research gap. The sample size of the customers is 500. SPSS 16 has been used to analyses the data. Multiple regression analysis has been used to analyses the purpose of the study was to determine the degree to which service quality has its implications on customer retention in the banks of CBD (Commercial Business District) of Bangalore

RATER Model

Commercial businesses like to be able to assess in advance what their customers expect from the product and/or services they buy. The RATER model is a convenient method to measure customer expectations. It was created by **valarie Zeithaml**, A Parasuraman and Leonard Berry for services quality they mentioned the **RATER** model in their book delivering quality service from 1990, companies can use the **RATER** model to improve their individual services. They need customer information that they can obtain using the RATER model.

The RATER model is the result of further refinements within the **SERVQUAL**. Model after carrying out several tests, the designers of the model concluded that there were overlaps within the dimensions of the **SERVQUAL model**. Where the **SERVQUAL** model works with 10 dimensions of measure the quality of services. The RATER model works with 5 dimensions.

The model emphasises 5 areas that customers generally find important when they use services such as education, energy, telecommunications, banking, insurance, air travel, transport etc. The focus is on the difference between customer experiences and customer expectations. RATER in an acronym of five factors; Reliability, Assurance, Tangibles, Empathy and Responsiveness all five factors are explained below.

Reliability

Is the organization able to deliver the agreed upon services consistently, accurately and on time? This concerns the quality of the reliability and the way in which the customer can rely on it. If it turns out that a provider is not able to deliver internet services without issues, the organization's reliability will decline.

Assurance

Are employees able to strongly communicate their knowledge to the customers? Does the customer trust what the employees have to say and do they feel the employees can give them helpful advice? When the information about an interest tax deduction for an expensive loan turns out to be in precise, both the bank's and its employee's credibility will diminish rapidly the customer might even go to a different bank for his loan.

Tangibles

Are the physical aspects of the services appealing? Think for instance of the office website, equipment and employees looking reliable if a customer is selecting a health insurance plan. But ends up on a website that looks unprofessional, that customer will maybe choose for a different insurance company health insurance plan, but ends up on a website that looks unprofessional, that customer will maybe choose for a altered insurance company.

Empathy

Are employees able to empathise well with the customer and given them individual attention? How is the relationship between employees and their customers? If a customer has a complaint about a considerable delay at an airline, he wants to feel heard by the employee. If there is not even a piece of empathy in the employee's reply, the customer will be disappointed and decide never to fly the airline in question again.

Responsiveness

To what extent can the organization offer quick service and to what extent is the company willing to help customers? Quality services are paramount. If a profitable training institute does not pay sufficient kindness to a customer who requested more information about a specific study programme, chances are the customer will look for a different school. After all, the customer wants to start the programme within a month. If it takes a month just to get a response. He is likely to have found another study programme.

III. LITERATURE REVIEW

Joseph et al., (2005)¹ "An exploratory study on the use of banking technology" defined that there were six dimensions of internet banking service quality i.e., convenience and accuracy, feedback and complaint, management efficiency, queue management, accessibility and customization in service organization.

Joshua A J and Moil P. Koshi (2005)² indicated in his study "Expectations and perceptions of service quality in old and new generation banks, *Indian Journal of Marketing*," that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks in India.

In the research study of **AI-Fazwan (2005)³** founded in his study "Assessing service quality in a Saudi Bank, *Journal of King Saudi University*" that the bank should concentrate on the accessibility dimension of service quality. He indicated that the particular bank should make as possible efforts to raise the level of services to meet the customer expectations and provide customer satisfaction.

Seth and Deshmukh (2005)⁴ paper titled "Service quality models: a review, *International Journal of Quality & Reliability Management*" through their research had developed a service quality model based on gap analysis. These gaps included customer expectation, management gap, management perception-service quality specifications gap, service quality specification service delivery gap, service delivery-external communication gap, and expected service perceived service gap in a service industry. It helped to improve service quality in service industries

Af-Tamini and Iabnoun (2006)⁵ had compared service quality and bank performance between national and foreign banks. The paper "Service Quality of Bank Performance: A Comparison of the National Foreign Banks, *Finance India*", also compared the importance of the dimensions of the instrument between the two sets of the banks to know their actual efficiency and performance of banks. The financial performance is compared using the Whitney nonparametric test in the study. The results of this study served as a benchmark for UAE bankers for future research purpose.

The research of **Sudesh (2007)⁶** "Service quality in banks- A study in Haryana and Chandigarh", *NICE Journal of Business* provided that the poor service quality in public sector banks was mainly because of deficiencies in tangibility,

lack of responsiveness and empathy. The more reforms were found in the private sector banks. Foreign banks were relatively close to the expectations of their customers with regard to various dimensions of service quality in respect of other banks. He suggested that the management of banks should pay attention to potential failure points which are mostly responsive to customer problems in the service industry.

The research study of **Hasra Gosh, Sandip and Srivastava, B.L. (2009)**⁷ explained in his paper “**Impact of service quality on customer loyalty, commitment and trust in the Indian Banking Sector, ICFAI Journal of Marketing Management**” that the bank should pay attention to the dimensions of service quality. The dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust was most important for service organizations.

The research of **Rahman (2010)**⁸ “**A relational study on service quality dimensions and overall service quality in the context of Standard chartered Bank**” explained that corporate image was not only ensuring desire service quality but also made customers satisfied and loyal towards the service providers in the service industry.

The study of **Akhtar (2011)**⁹ defined in his paper titled “**Determinants of service quality and their relationship with behavioural outcomes: an empirical study of the private commercial banks in Bangladesh, International Journal of Business and Management**” that there were seven factors of service quality for customers which were as behavior, attitude, accessibility, appearance, customer contact, internal relationship and service-mindedness.

The research of **Gupta K. Kamal and Dr. Ipshita Bansal, (2012)**¹⁰ explained in their paper “**Development of instrument to measure internet banking service quality in India, Journal of Arts, Science & Commerce**” that it was necessary to develop a reliable and valid instrument of measuring service quality in banking sector. It examined the impact of internet banking service quality dimensions on the internet banking service quality and customer satisfaction of the banking industry. There were five dimensions of service quality such as security, reliability, efficiency, responsiveness and site aesthetics in banking industry. The impact of service quality and customer satisfaction had been examined on the customer loyalty.

IV. CONCLUSION

In this paper, we have shown that it is important in the analysis of service quality to use the SERVQUAL as a technique necessary to explore the most important strength and weaknesses in a service provider. To survive in this competitive scenario all public sector banks are forced to introduce innovative services, schemes in order to retain existing customers and attract new customers. Customers' expectation of private banks is more than the public banks in case of all the service dimensions. This indicates that customers expect better services in private banks than in public banks, and as a result may be more interested in conducting transactions with the private banks.

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