Volume : 2 | Issue : 3 | March 2013 • ISSN No 2277 - 8160

Research Paper | Management

Customer Perception of Service in Banks

Ranjith P. V — Senior Lecturer SIES College of Management Studies, Sri Chandrasekarendra Saraswati Vidyapuram, Plot 1-E, Sector V, Nerul, Navi Mumbai – 400706

Dr.Subhash Kulkarni — Director Gahlot Institute of Management Studies, ,Vashi , Navi Mumbai

ABSTRACT

Service quality is an important area in the competitive world of today. Banks are now understanding the need to focus on service quality and maintaining it. The measuring instrument used in this study is a combination of the SERVQUAL questionnaire and BSQ questionnaire to understand the important parameters for service quality in banks and to classify the respondents based on the perceptions(using cluster analysis). An analysis covering a sample of 101 consumers revealed the perceptions of customers Design/Methodology-The study is done on a sample size of 101 consumers using a structured questionnaire consisting of 37 questions for the purpose of data reduction using cluster analysis and non parametric tests with respect to type of bank Practical Implications- This study will help to identify most important attributes and segmentation of people with respect to the attributes in banks

KEYWORDS: Service Quality, SERVQUAL, BSQ , Perceptions, ,cluster analysis

SERVICE QUALITY

Service quality can be defined as the difference between customer expectations and perceptions. Service quality is particularly important in banks and related organizations as service providers are competing with each other with same kind of product and so service is the factor of differentiation

LITERATURE REVIEW

1. Sunayna Khurana(2010)- This research paper finds out the level of customer satisfaction with the service quality of private banks. A survey was conducted in Hissar district, India, with a sample of 250 respondents who had at least one savings account in a private sector bank. The SERVQUAL questionnaire was used (Parasuraman et al., 1985, 1988, 1991). A descriptive statistics analysis (mean and paired t-test) was used to evaluate the level of service quality of India's private sector banks from the customers' perspective. This study found the service quality gap by comparing customers' expectations and actual perceptions. This study analysed customers' satisfactions towards the various service provided by private sector banks. The results of the study indicated that the overall service quality provided by the private banks was below customers' expectations

2. Uma Sankar Mishra, Kalyan Kumar Sahoo, Satyakama Mishra, Sujit Kumar Patra(2010)- The paper studies literature reviews and finds that as compared to public sector, private sector bank customers' level of satisfaction is comparatively more in India.. Public sector banks have to redefine the customer service parameter in order to compete with the nationalized private sector banks both in profitability and corporate image. This study helps in understanding the multi dimensional construct of service quality and its implications in competitive environment. This paper tries to extract few dimensions of service quality as perceived by bank customers and compares with five major dimensions already extracted in past literature. In factors like responsiveness, assurance and empathy the gap between perceptions and expectations is negative indicating dissatisfaction of the customers, which are also statistically significant as indicated from the t–values.

3. Vijay M. KUMBHAR(2011)- This study evaluates major factors (i.e. service quality, brand perception etc) affecting on customers' satisfaction in e-banking service settings. This study also finds out influence of service quality on brand perception, perceived value and satisfaction in e-banking. The A result indicates that, Perceived Value, Brand Perception, Cost Effectiveness, Easy to Use, Convenience, Problem Handling, Security/Assurance and Responsiveness are important factors in customers satisfaction in e-banking. Contact Facilities, System Availability, Fulfillment, Efficiency and Compensation are comparatively less important. Security/Assurance, Responsiveness, Easy to Use, Cost Effectiveness and Compensation are predictors of brand perception in e-banking and Fulfillment, Efficiency, Security/Assurance, Responsiveness, Convenience, Cost Effectiveness compensation etc are predictors of perceived value in e banking

4. Elmayar, Ashraf (2011)- This research assesses and compares the levels of service quality provided by the Libyan private and public banking sectors to identify if there are significant differences between the private and public banking sectors in terms of service quality levels, as perceived by bank customers. The research adopted a survey questionnaire based on the amended Banking Service Quality Scale which included six service quality dimensions(31 statements) . The research findings show that there are significant differences between the Libyan private and public banking sectors in terms of customer perceptions of service quality and the degree of importance attached to various dimensions of service quality. The results also projects the relationship between bank status and customers' age, occupation, number of branch visits, and period of relationship with a bank. The study reveals that there is no relationship between customer gender and bank status. The study may be useful for application in countries with a similar banking culture as Libya. This study contributes to the understanding of service quality in terms of the Libyan banking context

5. Rajiv Sindwani, Dr. Manisha Goel(2012) - The paper discusses generic e-banking service quality scales. On the basis of review, various studies on e-banking service quality have been classified into four categories. It was found that e-banking scales creates confusion for respondents. It is also found that there is no consensus among researchers on scales of e-banking service quality. The paper suggests the need for further research to develop a generally accepted scale and model of e-banking service quality

6. Aayushi Gupta, Santosh Dev, (2012)-– The paper finds the factors impacting customer satisfaction in Indian banks and finds out their effects on the level of customer satisfaction through regression. The questionnaire was given to current customers of 13 retail banks in India. In total, 400 accurate questionnaires were taken as sample . Five factors namely "service quality", "ambience/hygiene", "client participation/involvement", "accessibility" and "financial" that drives customer satisfaction. Subsequent multiple regression analysis revealed that "service quality", ambience and hygiene", and "client participation and involvement" in that order are the most important factors impacting client satisfaction.

RESEARCH OBJECTIVES

1. To find out reliability of the data
2. To segment the respondents based on the responses given to the above parameters by using K Means clustering
3. To study the association important parameters and type of bank

RESEARCH METHODOLOGY

The research is done using questionnaire which is an adaptation of Bahla and Nantel(2000) Banking Service Quality Scale.101 responses were taken from customers of different banks including ICICI,HDFC,SBI etc. The responses were collected by using convenience sampling method from Mumbai. The study is Descriptive in nature as it explains the perception of customers towards the banks.

The responses were analysed using Exploratory Factor Analysis to find out the components and the statements. Important statements were found out using Total Variance Table in the output. The statements selected and the analysis is given below

ANALYSIS AND INTERPRETATIONS

TABLE 1

Reliability Statistics	
Cronbach's Alpha	N of Items
.950	37

The Cronbach's alpha is 0.95 which shows high reliability of data

FACTOR ANALYSIS

Factor analysis is done to find out most important statements for the study.

CLUSTER ANALYSIS

The responses which are to be studied are found out using total variance explained table in factor analysis. The nine statements taken below are the most important statements which are included in the study using exploratory factor analysis. The results of hierarchical cluster analysis show that 2 clusters are most suited for this study. The final cluster centers' show their values (K-Means clustering) and the number of respondents in each cluster

TABLE 2

	Cluster	
	1	2
WORK ENVIRONMENT IS VERY EFFICIENT	3.74	5.51
BANK TRIES TO MAINTAIN KNOWLEDGE OF CLIENT ON PERSONAL BASIS	3.00	5.63
BANK TRIES TO GIVE RIGHT SERVICE FOR THE FIRST TIME ITSELF	3.79	5.65
BANK TELLS CUSTOMER WHEN SERVICES WILL BE PERFORMED	3.71	5.51
GRIEVANCE HANDLING MECHANISM OF BANK IS VERY EFFICIENT	3.29	5.29
THERE ARE NO DELAYS DUE TO BUREAUCRATIC FACTORS AND PROCEDURES	3.79	5.39
THERE IS NO CONTRADICTIONS BETWEEN EMPLOYEES AND MANAGEMENT	3.76	5.35
OVERALL SERVICES GIVEN TO CUSTOMERS IS GOOD	4.47	5.96
STAFF APPRECIATES CUSTOMERS FOR DOING BUSINESS WITH BANK	3.53	5.49

The K-Means cluster analysis shows the opinion given by respondents in each cluster and the no of respondents in each cluster. Second cluster gives more positive responses (values closer to maximum value 7) compared to first cluster and also we can see from second table that more respondents (51) are in the second cluster compared to the first cluster (34)

TABLE 3

The table below shows that for the most important parameters there is no significant difference between banks in terms of opinions which is proved by the hypothesis test

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of WORK ENVIRONMENT IS VERY EFFICIENT is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.052	Retain the null hypothesis.
2	The distribution of BANK TRIES TO MAINTAIN KNOWLEDGE OF CLIENT ON PERSONAL BASIS is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.272	Retain the null hypothesis.
3	The distribution of THERE IS NO CONTRADICTIONS BETWEEN EMPLOYEES AND MANAGEMENT is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.213	Retain the null hypothesis.
4	The distribution of STAFF APPRECIATES CUSTOMERS FOR DOING BUSINESS WITH BANK is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.104	Retain the null hypothesis.
5	The distribution of GRIEVANCE HANDLING MECHANISM OF BANK IS VERY EFFICIENT is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.235	Retain the null hypothesis.
6	The distribution of BANK TRIES TO GIVE RIGHT SERVICE FOR THE FIRST TIME ITSELF is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.208	Retain the null hypothesis.
7	The distribution of BANK TELLS CUSTOMER WHEN SERVICES WILL BE PERFORMED is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.073	Retain the null hypothesis.
8	The distribution of THERE ARE NO DELAYS DUE TO BUREAUCRATIC FACTORS AND PROCEDURES is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.322	Retain the null hypothesis.
9	The distribution of OVERALL SERVICES GIVEN TO CUSTOMERS IS GOOD is the same across categories of BANK ON WHICH RATING IS GIVEN.	Independent-Samples Kruskal-Wallis Test	.357	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

FINDINGS & CONCLUSION

The cluster analysis shows the segmentation of people based on opinion given to the most important statements. Non parametric tests show that the statements considered which are mentioned in the tables are not differetiated with respect to banks, ie, there is no difference in opinion given to these statements when we consider different banks.This clearly shows that in ebery bank these are considered as important though sample size might be a limitation in this conclusion.

REFERENCES

Aayushi Gupta, Santosh Dev, (2012) "Client satisfaction in Indian banks: an empirical study", Management Research Review, Vol. 35 Issue: 7, pp.617 – 636 Elmayar, Ashraf (2011) Assessing the Perceived Service Quality Levels in the Libyan Private and Public Banking Sectors: A Customer Perspective. Doctoral thesis, Northumbria University Rajiv Sindwani, Dr. Manisha Goel, Developments In Electronic Banking Service Quality, International Journal of Research in IT & Management, Volume 2, Issue 5 (May 2012),pp. 37-43 Sunayana Khurana(2010)Service quality gap and customers' satisfaction of private sector banks: An empirical study International Journal of Electronic Customer Relationship Management (IJECRM),Volume 4 - Issue 1,pp 87-95 Uma Sankar Mishra, Kalyan Kumar Sahoo, Satyakama Mishra, Sujit Kumar Patra(2010) Vijay M. Kumbhar, Factors Affecting on Customers' Satisfaction in E-Banking: Some evidences from Indian bank, Management Research and Practice Vol. 3 ,No 4 (2011) pp: 1-14