



Consumer Perception on Service Quality in Banking Sector

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ABSTRACT

Service quality has become an increasingly important factor for success in the banking sector. It has become an important research topic because of its relationship with marketing and its performance. The main aim of this paper is to study the customers' perception of service quality in private sector banks and to identify the areas in which bank has to improve the quality of services. For this purpose, the 4 branches of HDFC bank have been selected and structured questionnaire were built and 100 respondents were selected. Demographic factors were represented by age, gender, profession and income influences the quality of services among the customers. Service attributes like location of ATM, availability of cash, availability of cheque drop box, internet banking, customer care, account balance enquiry, printed statement of enquiry, availability in website and credit card information were the tested attributes to study the service quality. Anova was used to study the customers' perception about the service quality of the banks. The findings from the study are discussed in detail below.

KEYWORDS: Customer Perception, Perception, Service Quality, Customer satisfaction

I. Introduction

Banking sector in India is currently passing through an existing and challenging phase. The purpose of a bank would get defeated in case they are unable to create more customers on an ongoing basis and more importantly to retain their customers. This leads for effective marketing which comprises understanding customers and their financial service needs, predicting their behavior and ultimately influencing their decision making. Customer satisfaction is dynamic and to be studied regularly, increasing awareness, living standards and urbanization has led to increase in the changing preferences and the same has forced the marketers to change their product features, packaging styles and distribution channels.

Banks need to be customer focused and provide innovative products, convenience banking with Anytime, Anywhere and Anyway access and informed relationship management to the customer needs. Technological innovation in banking services is an opportunity to create a different market. These technologies can be used by the customers independently without interaction of an employee.

II. Review of Literature

A definite need to do an extensive review on literature is required to pursue with further research in this context of customers' perception and so the researcher has made this attempt to study about it in the HDFC banks in Chennai. The basic guiding reviews are discussed below.

Berry et al., (1985) says that service quality is defined as how well the service meets or exceeds the customer expectations on a consistent basis.

Parasuraman et al., (1988) reveals that service quality is determined by the differences between customer expectations of service providers performance and their evaluation of the services they received.

Oliver (1989) reveals to explore the contention that service quality influences among other things, levels of customer satisfaction.

Asubonteng et al., (1996) says that service quality is the difference between customer's expectations for service performance prior to the service encounter and their perceptions of the service rendered.

Gefan (2002) conducted that service quality is the subjective comparison that consumers make between the quality of service that they want to receive and what they actually get.

Joshua A J and Moli P Koshi (2005) that expectation and perception of service quality in old and new generation banks observed that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks.

Sandip Gosh Hasra and B L Srivatsava (2009) in their study indicated

that the bank should pay attention to these dimension of service quality and pay more attention to dimension of assurance - empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust.

The above discussed literature has tested the services quality with respect to several attributes, wherein this is a study with respect to the most predominant metropolitan city named Chennai in India. This study will be a value addition to the literature of Customer perception in service industry.

III. Research Methodology

A sample of 100 respondents from 4 branches of HDFC banks were selected according to the convenience and 25 respondents from each branch respectively. A structured questionnaire with two sections was designed (Shamsher Singh 2011). Section A consists of demographic analysis and Section B was designed to measure the service attribute values being delivered by banks. The 9 statements were measured on a Five point Likert scale, 5 indicates strongly agree and 1 indicates strongly disagree. SPSS 15.0 version of one way ANOVA and percentage analysis were exploited for this study.

3.1 Objectives of the Study

The purpose of this study is mainly to focus on the customer perception of service quality of the private sector bank by the following.

1. To study the customers' perception about service quality in the private sector banks.
2. To identify the areas that bank needs to improve the quality of services.

IV Analysis and Discussion

Demographic Representation

Table (4.1) Frequency distribution of socio-demographic variables (n=100)

Variables	F	%
Gender		
Male	54	54%
Female	46	46%
Age		
<20 years	5	5%
21-30 years	25	25%
31-40	40	40%
>40	30	30%
Profession		
Student	5	5%
Employed	50	50%
Business	40	40%
Others	5	5%

Monthly Income		
<10000	5	5%
10001-20000	17	17%
20001-30000	35	35%
>30000	43	43%
Period of banking		
< 1 year	5	5%
1-2 years	25	25%
2-3 years	40	40%
>3 years	30	30%

Table 4.2: To study the banking sectorial facilities provided to the customers.

Service Attributes	Mean Square	F	Sig.
Location of ATM	1.425	1.908	0.154
	0.747		
Availability of Cash	1.434	2.795	0.066
	0.513		
Availability of Check Drop box	0.122	0.143	0.867
	0.852		
Credit Card Information	4.528	7.638	0.001
	0.593		
Internet Banking	0.487	0.789	0.457
	0.616		
Customer Care	1.161	1.777	0.175
	0.653		
Account Balance Enquiry	0.292	0.39	0.678
	0.751		
Printed Statement Of Transaction	0.415	0.653	0.523
	0.635		
Availability In Website	0.378	0.677	0.51
	0.558		

Hypothesis

There is no satisfaction for customers about the services provided by the HDFC banks.

Table 4.2 shows that the customers were satisfied with facilities like "Location of ATM", $f = 1.908$ and $P = 0.154$, the value of $P = 0.154 > 0.05$. They also expressed their happiness about "Availability of cash" $f = 2.795$ and $P = 0.666$, the value of $P = 0.666 > 0.05$; in comparison to other ATMs in the city. "Availability of cheque drop box" $f = 0.143$ and $P = 0.867$, the value of $P = 0.867 > 0.05$ was a real delight to the customers of HDFC banks. It is hardly provided by many banks in the city. The facility of "Internet banking"; $f = 0.789$ and $P = 0.457$, the value of $P = 0.457 > 0.05$, was appreciated by the customers although several

banks are providing the same service. Customer care taken by the sector" was sincerely appreciated by the customers of HDFC; $f = 1.777$ and $P = 0.175$, the value of $P = 0.175 > 0.05$. "Account balance enquiry" $f = 0.390$ and $P = 0.678$, the value of $P = 0.678 > 0.05$, is a unique facility provided by the bank and the customers were happy about the services with respect to the same. "Printed statement of enquiry" $f = 0.653$ and $P = 0.523$, the value of $P = 0.523 > 0.05$, was also preferred by the customers and the customers expressed that the services staffs were very friendly in delivering this service. "Availability in website" $f = 0.677$ and $P = 0.510$, the value of $P = 0.510 > 0.05$, with regard to this the customers expressed that the bank site was very user friendly. The last exceptional service about "credit card information" $f = 7.638$ and $P = 0.001$, the value of $P = 0.001 < 0.05$, was also preferred by customers.

The study reveals that customers were satisfied in services like location of ATM, availability of cash, availability of cheque drop box, internet banking, customer care, account balance enquiry, printed statement of transaction and availability in website were used by statistical tool by applying one way ANOVA. Credit card information has to be improved by the bank. Demographic analysis like gender, age, occupation and monthly income highly influence the customers' perception about the bank services. For better service quality banks has to improve in order to attract a new customer. Hence the hypothesis is rejected as the customers were satisfied with all the services provided by the HDFC banks.

V Conclusion

Banks must pay attention on their functioning to compete with other banks. The banking sector in India is undergoing major change due to competition among the private and the public sector banks. The customer has high expectations for quality of services that the bank is providing to him to get satisfied. This study reveals that the customer service quality of the HDFC Bank is satisfactory; however the credit card information has to be improved further was the personal suggestion of certain customers. Today is a scenario of not just customer satisfaction but customer delight. Customer awareness has increased a very great extent compared to past when it was very less. Keeping this in mind the present organizations are in a need to keep running faster to remain in the same position and even faster to be on par with competitors.

Recommendations and future scope

Further research should make several extensions of the current study. The research needs to use more diversified random samples and should employ a factor analysis. The research can be undertaken in rural area for understanding the overall satisfaction on all India bases.

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