



A Comparative Study on Service Quality Aspects of HDFC and AXIS Bank Vis a Vis SBI and PNB: With Reference to Delhi Capital Region.

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ABSTRACT

With the advent of RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share. Banks have to deal with many customers and render various types of services to its customers and if the customers are not satisfied with the services provided by the banks then they will defect which will impact economy as a whole since banking system plays an important role in the economy of a country.

The purpose of this research proposal is to compare the public sector banks and private sector banks in terms of customer satisfaction and to study the various variables of service quality using SERVQUAL model. As Customer Satisfaction ultimately leads to the Customer Loyalty, this research also includes examining the relationship of service quality and customer loyalty.

KEYWORDS : SERQUAL, Banking sector, Customer satisfaction

Introduction

Banking Sector play a crucial role in the development of the nation. But now a days, only the institutions that can adopt strategies to compete better are likely to survive in the long run. For the banking sector, customer loyalty to banks is one way of keeping banking business competitive.

It is very costly and difficult to recover a dissatisfied customer. It has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers by fulfilling their needs. Many a times banks fail to satisfy their customers which can cause huge losses to banks and there the need for this study arises. The purpose of this study is to compare the public sector banks and private sector banks in terms of customer satisfaction and to study the various variables of service quality using SERVQUAL model. As Customer Satisfaction ultimately leads to the Customer Loyalty, this research focus on finding the gap between the customer's Expectation and Perception and also the relation between customer satisfaction, Service Quality and Customer Loyalty in the Delhi Capital Region.

Brief on previous Literature to identify appropriate variables

In order to have deep insight about the concepts, theories and its various applications in different environment set up and to prepare a Questionnaire and to discuss the analysis, good amount of Literature is analyzed.

Literature review is categorized in the research work like Review on Customer Satisfaction, On Service Quality, Customer Loyalty, SERVQUAL model, Inter relation between Customer Satisfaction Service Quality and Loyalty.

Few Examples are:

a) Service Quality Gap

In previous service research, meeting and the expectations of customers is a perspective that has gained most attraction.

A gap is the difference or imbalance which is determined to exist between customers' perception of firm performance and their prior expectation.

Sudesh (2007) revealed that poor service quality in Nationalised banks is mainly because of insufficiency in tangibility, lack of responsiveness and most important empathy. Private sector banks, on the other hand, were found to be more improved in this regards.

b) Service Quality, Customer Satisfaction and Customer Loyalty

Study by Vinita Kaur and Saroj Kumar Datta in their paper Impact of Service Quality on Satisfaction in the Indian Banking Sector attempts

to know the relationship between the service quality and customer satisfaction through the help of two public sector banks in Rajasthan. They have considered three aspects of service quality—people, process through technology and physical evidence—are considered for the study. Findings indicate that the service quality has a significant impact on customer's satisfaction.

Study by Biranchi Narayan Swar in their paper entitled A Study of Customer Satisfaction & Service Quality Gaps in Selected Private, Public & Foreign Banks (SIES Journal of Management, March 2011, Vol.7(2): 62-73), the requirement in the Indian Banking sector is to build up competitiveness through service quality, for making the banks more market oriented and customer friendly. That is why service quality is a vital concern for banking services.

Need of Study

Banks have to deal with many customers and render various types of services to its customers and if the customers are not satisfied with the services provided by the banks then they will defect which will impact economy as a whole since banking system plays an important role in the economy of a country. It has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers by catering to their explicit as well as implicit needs. The purpose of this study is to compare the public sector banks and private sector banks in terms of customer satisfaction and to study the various variables of service quality using SERVQUAL model. As Customer Satisfaction ultimately leads to the Customer Loyalty, this research also includes examining the relationship of service quality and customer loyalty.

Objectives of study

- 0.1 To explore the dimensions of customer perceived service quality in the context of Indian banking industry with respect to Public and Private banks namely HDFC, AXIS, SBI, and PNB in Delhi.
- 0.2 To measure the gap between Customer Perception and Expectation using SERVQUAL model.
- 0.3 To examine the relationship of Service Quality dimensions on Customer Satisfaction.
- 0.4 To examine the relationship of Service Quality dimensions on Customer Loyalty

Research Methodology

a) Scope Of The Study

Scope of the Study is limited to 400 respondents having saving or current account in the banks namely HDFC, PNB, SBI and AXIS. The data collected from various area of Delhi. Sample size of 400 is divided in to 100 each respondents of each of the four banks.

b) Research Design

Descriptive Research Design is used

c) **Sampling Design** - Stratified Random Sampling is used.

d) **Sources of Data Collection** : Primary as well as Secondary.

e) **Tools For Data Analysis** - Tools used is MS Excel for data entry. The completely filled questionnaires would subject to analysis using SPSS 19.0. Cronbach Alpha test performed to check the reliability of data. Other tests include t test, F test, correlation and ANOVA.

Findings and Conclusion

The hypotheses test confirms that all the service quality attributes are positively correlated with customer satisfaction. Empathy shows the highest positive correlation (0.574) with customer satisfaction and Assurance (.546) demonstrates the second highest positive correlation with customer satisfaction. Tangibility (.495) reveals the least positive correlation with customer satisfaction. A large positive relationship between customer satisfaction and customer loyalty (.73) was demonstrated in the hypotheses test.

Empathy (0.56) is having maximum gap as compared to other dimensions as well it is having maximum correlation with Customer Satisfaction. So, both public and private sector banks are required to work upon minimizing the gap in Empathy.

Maximum gap exist in Public sector banks in all five dimensions. This shows that private sector banks are now giving very strong competition to the public sector banks as far as the customers responses are concerned. Public sector banks are required to overcome these limitations, otherwise it would be very difficult for these banks to capture more and more market share and to attract more customers.

Bank wise Gap measurement shows as tangibility is concerned maximum gap exist in case of SBI (.1724), and as far as Reliability (.1127) is concerned maximum gap exist in case of PNB, and as far as Assurance (.1168) is concerned maximum gap exist in case of SBI, and again in case of Responsiveness (.1422), maximum gap exist in SBI and again at last, maximum gap in Empathy (.1420) exist in SBI.

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