Research Paper Commerce

Service Quality and its Impacts on Customer Satisfaction in Banking Sector - An Overview

Dr.K.KALIDOSS Assistant Professor, PG & Research Department of Commerce, A.V.C.College (Autonomous), Mannampandal, Mayiladuthurai, Nagapattinam (DT), Tamilnadu, India

A.RAVIKUMAR Research scholar, PG & Research Department of Commerce, A.V.C.College (Autonomous), Mannampandal, Mayiladuthurai, Nagapattinam (DT), Tamilnadu, India

ABSTRACT

The quality of service is crucial to both the customer and the service firm. Today banks are facing tough competitions. The customers have a wide choice of brands to select from. In order to survive the competitions the banks have to do a better job meeting and satisfying customer need than their competitors. Banking service market could be evaluated in terms of the mutual relationship between banks and customers or in other words their loyalty to the bank. The primary duty of every bank to discover the customer's need and fulfilling their expectations. The main aim of the study is to find out the service quality influences the customer satisfaction in banking.

KEYWORDS Customer Satisfaction, Service Quality, Banking

INTRODUCTION

The financial service is the backbone of service sector. This is important not only for the banking sector but for the Indian economy as a whole. This is so because banking is a catalyst and life of modern trade and commerce. It is an integral part of all the business and social activities.

Now a day's customer satisfaction is a measure of how products and service quality by organizations meet the expectations of a customer. It varies from person to person and service to service. A customer can be defined carrying out casual business transactions with a bank. The efficiency of banking sector depends upon how best it can deliver services to its target customer. In order to service in this competitive environment and provide continual customer satisfaction the banking service providers are required to frequently increase the quality of service.

OBJECTIVES

The following are the main objectives of customer satisfactions and service quality.

- ✓ To determine the strength of relationship between service quality, and customer satisfactions.
- ✓ To ascertain the perceptions of customer regarding the service quality in banks.
- ✓ To find out the satisfaction level of customer towards service quality in banks.
- ✓ To make policy recommendations to improve the service quality in banks.

DIMENSIONS OF SERVICE QUALITY

Parasuraman, Zeithaml and Berry have identified five dimensions of service quality are as follows;

1. Reliability
2. Responsiveness
3. Assurance
4. Empathy
5. Tangible

CUSTOMER SATISFACTION AND SERVICE QUALITY

A satisfaction is an emotional state. The link between satisfaction and loyalty has received a great deal of attention from theorists. The measurement of customer satisfactions level is commonly used to monitor relationship quality. Satisfactions is a relatively short- lived and subjective state, and customer often find it difficult to judge about their own satisfactions levels, particularly in retrospect.

According to Philip Kotler "customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product perceived performance in relations to his or her expectations".

The importance of understanding customer requirements is so great that companies try innovative ways and means to get close to the customer and hear 'the voice of the customer'. When we talk of customer service in banks, one may expect the following types of services from banks and its staff. The following are the important factors to determine the customer satisfactions;

- ✓ A gentle behaviour of staff
- ✓ A positive attitude to serve customer
- ✓ Providing quick service
- ✓ Providing requisite information to customer
- ✓ Not getting angry while replaying customers
- ✓ Having patience and proper guidance to borrowers
- ✓ To guide customers correctly
- ✓ Making rules and regulations understandable
- ✓ Starting counters in time and extending service right up to closing time.

EVALUTION OF CUSTOMER SATISFACTION

Delighting the customer by doing a bit more than just satisfying the customer's expectations is an important first step for an organization to take build a positive relationship. Measuring customer satisfaction over time allows a company to determine whether customer believes the organization is continuously improving, losing ground to a competitor, or stagnating.

A more suitable reason for measuring customer satisfaction is to communicate a 'we care' message to customer. When organization contact customer and ask 'How are we doing' this

simple act tells the organization is committed to a long term relationship. Satisfaction measures declare that the organizations want an individual's business. There are many ways to measure customer satisfaction. Surveys of customer perception are the most common. An objective measure is considered to be hard data, such as number of units sold or time that customers spend in a queue waiting for service that is not affected by perceptions of people. Subjective measures of satisfaction attempt to measure people's perception of a brand process, or experience with the organization in relation to competitive offering. If done well, satisfaction surveys can be conducted quickly and inexpensively, and the organization benefits from the direct communication with customers or key constituents.

QUALITY MEASURES OF CUSTOMER SATISFACTION

In general, satisfaction is viewed as a comparison between what customers expect from a product or service and the actual performance received. If the organization delivers more than was expected, customers are delighted. If the organization delivers more than what was expected, customer delighted. If the organization falls short of its promise, customers are dissatisfied; a basic the organizational need then, is to understand satisfaction in terms of the many aspects of a product or service that could be important to different segments.

The best practice in assessing customer satisfaction may well involve an understanding of the drivers of customer perception of brands, value, and relationship retention equity. Value equity represents the objective appraisal of the brand (thing like perception of quality, price and convenience) brand quality is the subjective appraisal of the brand (thing like brand awareness and attitude towards the brand) and relationship equity involves the special relationship elements link the customer with the brand (e.g. frequently buyer programs)Satisfaction can be affected by customer response to tangible aspects of the product or store, tangible perception of the product, brand name or image, as well as the drivers of the strength of the relationship with the customer.

CUSTOMER SATISFACTION PROCESS

At the heart of any successful strategy to manage customer satisfaction is ability to 'listen to the customer' the following are the important process of customer satisfactions;

- ✓ Customer satisfaction indices
- ✓ Feedback
- ✓ Market Research
- ✓ Front- line personal
- ✓ Strategic activities

SERVICE QUALITY IN BANKING

Quality in service is very important especially for the growth and development of service sector business enterprise. It works as an antecedent customer's satisfaction. In the past, quality was measured only for the tangible products because of less dominance of service sector in the economy. Due to the increasing importance of service sector in the economy, the measurement of service quality became important. Undoubtedly owing to the belief that delivery of high service quality and a number of other desirable outcomes, recent years have incensed a flurry of research exploring interrelationship between service quality, satisfactions and behavioural outcomes.

MEASUREMENT OF SERVICE QUALITY

The measurement of service quality creates similar benefits and difficulties to that of satisfaction. According to accepted theory, satisfaction arises from the positive judgment of service quality received and cost incurred. Two major model of service quality exist.

1. SERVQUAL

The SERVQUAL instrument is a questionnaire designed by parasuraman and zeithaml and Berry based on two principles;

- Customer's judgement of service quality is comparing perception with their expectations.
- These judgements are made over five quality dimensions such as reliability, assurance, tangibles, empathy and responsiveness.

The questionnaire uses a Likert scale to gain customer rating of both expected service and perceived service on each of these dimensions. Quality scores are then derived by subtracting expected quality rating from perceived quality rating f scores may also be weighted to reflect the importance that customers place or each item.

2. SERVPERF

This completing model disputes the two key principles underpinning the SERVPERF. The inclusion of expectations in the measurement of service quality is at best necessary, and at worst it detracts from the reliability of quality rating. Furthermore, the five dimensions of quality overlap. They advocate the measuring perceptions of quality alone and also recommended that each industry develops its own understanding of the quality dimensions as perceived by its customers.

This methods underlying following themes can be suggested;

- ✓ Service quality perceptions result from a comparison of customer expectations with actual performance.
- ✓ Quality evaluations are not made solely on the outcome of a service; they also involve evaluation of the process of service delivery.

CONCLUSION

The banking companies can benefit from the fact of knowing how customers perceive the service quality and knowing the way of how to measure service quality. Therefore, the banking sector can use the specific data obtained from the measurement of service quality in their strategies and plan. The present study concludes that there is a close link between the customer's perceptions the service quality factors and the customer satisfaction. But the impact of service quality factors on customer satisfactions among the customer is not unique. Thus understanding customer satisfactions with service quality is very important and challenging.

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