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**CUSTOMER SATISFACTION IN INDIAN BANKING SERVICES
(A STUDY IN ALIGARH DISTRICT)**

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ABSTRACT

The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges. Banking is a customer oriented services industry, therefore, the customer is the focus and customer service is the differentiating factors.

In the backdrop of all these developments the investigator makes an attempt to explain the Customer Service satisfaction in Indian banking Sector. For this study, descriptive research design is used where the data is collected through the questionnaire. The information is gathered from the different customers of the two banks, viz., State Bank of India and ICICI Bank located in the district Aligarh, Uttar Pradesh. Fifty bank respondents from each bank were contacted personally in order to seek fair and frank responses on quality of service in banks. The service quality model developed by Zeithamal, Parsuraman and Berry (1988) has been used in the present study.

The analysis clearly shows that there exists wide perceptual difference among Indian (public sector) banks regarding overall service quality with their respective customers, when compared to Private sector banks. Whereas the said perceptual difference in private banks is narrow.

Key words: Customer service, Banking, Service quality

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INTRODUCTION

The Financial Services 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 businesses and social activities. This rapid transformation of services in the banking system has led to the evolution of a highly competitive and complex market where there is a continuous refinement of services. Hence the increased role of banking in India's economic development on the one hand and the changes in the business climate on the other has put increased pressure on them. These changes are compelling the banks to reorganize themselves in order to cope with the present conditions.

With the current change in the functional orientation of banks, the purpose of banking is redefined. Now, the Financial Institutions are trying to provide all the services at the customer's doorstep. The customer has become the focal point either to develop or maintain stability in the business. Every engagement with the customer is an opportunity to either develop or destroy a customer's faith in the Bank. The expectations of the customers have also increased many folds. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage over their competitors. The banks like other business organizations are deploying innovative sales techniques and advanced marketing tools to gain supremacy. The main driver of this change is changing customer needs and expectations. Customers in urban India no longer want to wait in long queues and spend hours in banking transactions. This change in customer attitude has gone hand in hand with the development of ATMs, phone and net banking along with availability of service right at the customer's doorstep. With the emergence of universal banking, banks aim to provide all banking product and service offering under one roof and their endeavor is to be customer centric. With the emergence of economic reforms in world in general and in India in particular, private banks have come up in a big way with prime emphasis on technical and customer focused issues.

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In this paper, the main contention of the author is to highlight the customer satisfaction through service quality provided by the banks-SBI from the public sector banking and ICICI from the private sector banking.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

1. To ascertain the perceptions of customers regarding the service quality in banks.
2. To analyze and compare the perceptions of the customers in private (ICICI) and public (SBI) banks.

The study provides a comparative analysis of the performance of ICICI and SBI in Aligarh, district.

RESEARCH DESIGN

Research design is a master plan specifying the method and procedure for collection and analyzing needed information. The research design in this project is descriptive. Descriptive research includes surveys and fact-finding inquiries of different kinds. For this study, descriptive research design is used where the data is collected through the questionnaire. The information is gathered from the different customers of the two banks, viz., State Bank of India and ICICI Bank located in the district Aligarh, Uttar Pradesh. Fifty bank respondents from each bank were contacted personally in order to seek fair and frank responses on quality of service in banks. The service quality model developed by Zeithamal, Parsuraman and Berry (1988) has been used in the present study. The main assumption of the model is that service quality is multi-dimensional concept. These dimensions contribute to the assessment of the service quality in any setting.

The statements in the construct are one-dimensional and performance based, which incorporate the statements of 'SERVQUAL' model that can be used as measurement (Cronin & Taylor, 1992). The 24 statements have been grouped under five dimensions. In order to ascertain the perceptions of service quality, Likert's 5-point scale has been used for its suitability to estimate

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the range and variations in the perceptions. The scale 1-5 represents '5' as strongly agree and '1' as strongly disagree.

SCOPE OF THE STUDY

Present study has been restricted to time period from Jan 2011 to Feb 2011 in Aligarh, ICICI Bank of Aligarh, town has been taken as a representative unit of private banks and SBI Bank has been taken as a representative unit of public sector banks. A survey of 50 people each from both the banks has been conducted who are the general people of the banks. Doctors, businessmen, professors and persons from self employed category, etc, have been surveyed.

DATA COLLECTION

Primary Data were collected using the questionnaire and personal contact approach. The respondents were approached personally on order to seek fair and frank responses on quality of service. Secondary data has been collected from the internet, published reports and the fact sheets of SBI Bank and ICICI Bank. For analysis of the data, weighted Mean had been used.

REVIEW OF LITERATURE

A deliberate attempt to study services marketing and service quality issues dates back to the mid-1960s (Rathmell, 1966). However, interest on the topic has gained considerable momentum within the past two decades or so. On the one hand, delivery of high service quality to customers offers firms an opportunity to differentiate themselves in competitive markets. On the other hand, high service quality results in customer satisfaction and loyalty, greater willingness to recommend to someone else, reduction in customer complaints, and improved customer retention rates (see, for example, Bitner, 1990; Danaher, 1997; Headley and Miller, 1993; Levesque and McDougall, 1996; Magi and Julander, 1996; Zeithaml et al., 1996).

Today, service quality is considered a critical measure of organizational performance and continues to compel the attention of practitioners and academics (Lassar et al., 2000; Yavas and Yasin, 2001). Unlike goods quality, which can be measured with some objectivity, service

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quality is abstract and elusive. The unique features of services such as inseparability of production and consumption, intangibility, and heterogeneity make measurement of quality a very complex issue. In the absence of objective measures, firms must rely on consumers' perceptions of service quality to identify their strengths and/or weaknesses, and design appropriate strategies. This makes development of psychometrically sound and managerially useful instruments to measure service quality imperative.

Customer satisfaction is an important theoretical as well as practical issue for most marketers and consumer researchers. Customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used and is generally described as the full meeting of one's expectations. Customer satisfaction is a major outcome of marketing activity whereby it serves as a link between the various stages of consumer buying behaviour. For instance, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions. A study conducted by Levesque and McDougall confirmed and reinforced the idea that unsatisfactory customer service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. This would in turn lead to an increase in the rate of switching by customers.

To measure customer satisfaction with different aspects of service quality, Parasuraman, Valerie Zeithaml and Berry developed a survey research instrument called SERVQUAL. It is based on the premise that the customers can evaluate a firm's service quality by comparing their perceptions of its service with their own expectations. SERVQUAL is seen as a measurement tool that can be applied across broad spectrum of service industries. In its basic form, the scale contains 24 perception items and a series of expectation items, reflecting the five dimensions of service quality.

Their findings suggest that, in reality, SERVQUAL scores measure only two factors: intrinsic service quality (resembling what is termed functional quality) and extrinsic service quality (which refers to the tangible aspects of service delivery and "resembles to some extent what Gronroos refers to as technical quality"). Generic dimensions customers use to evaluate service quality

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are credibility, security, access communication, understanding the customer, tangibles, reliability, responsiveness, competence, courtesy.

SERVQUAL Scale

The SERVQUAL scale includes five dimensions: tangibles, reliability, responsiveness, assurance and empathy. Within each dimension are several items measured on a five -point scale from strongly agree to strongly disagree, for a total of 24 items.

SERVQUAL QUESTIONS

For actual survey respondents, instructions are also included, and each statement is accompanied by a seven-point scale ranging from "Strongly Agree--5" to "Strongly Disagree--1". Only the end points of the scale are labeled; there are no words above the number 2 through 4.

Tangibles

1. Excellent banks (refer to cable TV companies, hospitals, or the appropriate service business throughout the questionnaire) will have modern-looking equipments.
2. The physical facilities at excellent banks will be visually appealing.
3. Employees at excellent banks will be neat in appearance.
4. Materials (e.g., brochures or statements) associated with the service will be visually appealing in an excellent bank.
5. The ATM's of this bank are technologically well equipped
6. The ATM's of this bank are adequate in numbers
7. The internet banking services of this bank are widespread

Reliability

8. When excellent banks promise to do something by a certain time, they will do so.
9. When customers have a problem, excellent banks show a sincere interest in solving it.
10. Excellent banks will perform the service right the first time.
11. Excellent banks will provide their services at the time they promise to do so.
12. Excellent banks insist on error free records.

Responsiveness

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13. Employees of excellent banks will tell customers exactly when service will be performed.
14. Employees of excellent banks will give prompt service to customers.
15. Employees of excellent banks are always willing to help customers.
16. Employees of excellent banks are never too busy to respond to customer requests.

Assurance

17. The behavior of employees of excellent banks will instill confidence in customers.
18. Customers of excellent banks will feel safe in their transactions.
19. Employees of excellent banks are consistently courteous with customers.
20. Employees of excellent banks are having the knowledge to answer customer questions.

Empathy

21. Excellent banks will give customers individual attention.
22. Excellent banks will have operating hours convenient to all their customers.
23. Excellent banks will have employees who give customers personal attention.
24. Employees of excellent banks will understand the specific needs of their customers

These findings do not undermine the value of Zeithaml, Parasuraman, and Berry's achievement in identifying some of the key underlying constructs in service quality, but they do highlight the difficulty of measuring customer perceptions of quality. Anne Smith notes that the majority of researchers using SERVQUAL have omitted from, added to, or altered the list of statements purporting to measure service quality.

ANALYSIS AND INTERPRETATION

In line with the objective of the study, the main areas of questioning and analysis concerned perceptions of service quality and its dimensions: tangibility, reliability, responsiveness, assurance and empathy. As stated, perceptions were measured on a five point strongly agree to strongly disagree scale.

OVERALL SERVICE QUALITY

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The analysis of Table-6 clearly shows that there exists wide perceptual difference among Indian (public sector) banks regarding overall service quality with their respective customers, whereas the said perceptual difference in private banks is narrow.

The mean of SBI (71.24) when compared to mean of ICICI (83.5) shows that there is a significant difference in the quality of service being delivered by SBI with the quality of service as perceived by their respective customers. In other words, service quality delivered by banks such as ICICI is higher than that of SBI.

Table-6: Overall Service Quality

Servqual Dimension	SBI Mean	ICICI Mean
1. Tangibility	23.34	24.38
2. Reliability	13.86	16.22
3. Responsiveness	10.02	13.9
4. Assurance	13.04	13.68
5. Empathy	10.98	15.32
Overall Service Quality	71.24	83.5

DIMENSION-WISE ANALYSIS

Tangibility: The data in Table-1 brings to light the difference in the perceptions of the banks--SBI and ICICI with their respective customers on tangibles. The data reveals that banks such as ICICI (24.38) are exceeding the perceptions of their customers when compared to SBI. While SBI with a mean of 23.34 falls short below the perceptions of their customers on this dimension of service quality when compared to ICICI. The element wise analysis of tangibility shows serious short fall of perceptions among banks like SBI on up to date modern equipment, physical facilities available in a bank, neat appearance, materials in banks and internet facility as perceived by their respective customers. While SBI have outperformed ICICI regarding numbers of ATM's available.

Table-1: Perceptions of Customers about banks Tangibility

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Servqual Dimension	SBI Mean	ICICI Mean
1. Modern Equipment	3.5	3.9
2. Physical Facility	2.84	3.38
3. Neat in appearance	3.2	3.6
4. Material in banks	3.16	3.62
5. ATM Technically equipped	4.12	3.92
6. ATM's in adequate numbers	3.78	2.4
7. Internet banking services	2.74	3.86
Tangibility (1+2+3+4+5+6+7)	23.34	24.38

Reliability: The analysis of reliability dimension of service quality shows significant differences in the perceptions of SBI with their respective customers. SBI (13.86) shows that they fall below the expectations of their customers in delivering quality services, whereas ICICI (16.22) is exceeding the perceptions of their customers in this dimension. The element wise analysis of reliability shows that SBI is far below the perceptions of their respective customers as far as keeping promise, Interest in solving problem, and providing service at promised time are concerned.

Table-2: Perceptions of Customers about banks Reliability

Servqual Dimension	SBI Mean	ICICI Mean
8. Promise to do in time	2.56	3.18
9. Interest in solving the problem	2.36	3.34
10. Performing service right the first time	3.2	3.46
11. Provide service at promised time	2.62	3.24
12. Error free records	3.12	3.0
Reliability(8+9+10+11+12)	13.86	16.22

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Responsiveness: The data in Table-3 brings to light that there are significant perceptual differences on the responsiveness dimension of service quality with their customers. SBI (10.07) shows that the bank is far below the perceptions of their customers on the said dimension when compared with ICICI (13.9). The element wise analysis of this dimension shows that SBI is falling below the perceptions of their customers on communicating to the customer regarding performance of service, employees providing prompt services and willingness to help customers.

Table-3: Perceptions of Customers about banks Responsiveness

Servqual Dimension	SBI Mean	ICICI Mean
13. Telling customers exactly when service will be performed	2.56	3.76
14. Giving prompt service to customers	2.64	3.24
15. Always willing to help customers	2.14	3.86
16. Never too busy to respond to customers requests	2.68	3.04
Responsiveness(13+14+15+16)	10.02	13.9

Assurance: The perceptual difference between ICICI (13.68) and SBI (13.04) customers is low as is evident from the mean. The respondents of SBI and ICICI have given almost equal rating on assurance dimension to both the banks. The element wise analysis shows that ICICI is exceeding the perceptions of their customers as far as trust worthiness and courteous with customers. While SBI is exceeding ICICI in feeling safe in transacting with the bank and having adequate knowledge in answering questions to the customers.

Table-4: Perceptions of Customers about banks Assurance

Servqual Dimension	SBI Mean	ICICI Mean
17. Behavior of employee will instill confidence in customers	3.28	3.32
18. feeling safe in their	3.64	3.52

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transactions		
19. consistently courteous with customers	3.04	3.96
20. having knowledge to answer customers questions	3.08	2.88
Assurance(17+18+19+20)	13.04	13.68

Empathy: The data analysis of Table-5 discloses the fact that banks such as SBI (10.98) stand away from their customers regarding delivery of quality services when compared with ICICI (15.32). There exists a wide gap between the perceptions of banks such as SBI and their customers as is evident from there mean.

Table-5: Perceptions of Customers about banks Empathy

Servqual Dimension	SBI Mean	ICICI Mean
21. giving customer individual attention	3.00	3.9
22. convenient operating hours	2.12	4.12
23. giving customers personal attention	2.88	3.6
24. able to understand the specific needs of the customers	2.98	3.7
Empathy(21+22+23+24)	10.98	15.32

CONCLUSION:

The banking sector in India is undergoing major changes due to competition and the advent of technology. The customer is looking for better quality services which enhance his/her satisfaction. This study derives its basis from various research findings and is also in line with empirical findings with respect to customer satisfaction by other researchers.

To sum up, the results of the study lead us to the following conclusion and policy implication:

- The customer satisfaction in terms of service quality is a relational marketing paradigm. The relationships are mostly viewed from the perspective of the firm providing services. For service firm in our case the banks, building strong relationship is important for improving customer satisfaction through service quality.

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- Public sector banks like SBI fall much below the perceptions of their customers on all dimensions of service quality. Private Banks such as ICICI bank are exceeding the perceptions of their customers on all dimensions of service quality.
- The above findings suggest the need and relevance of heavy investment on tangibles particularly computer based banking, internet and intranet services, tele-banking, 'anywhere and anytime banking', etc., besides physical facilities and communication material. This will help in delivering quick and accurate services to customers as well as reducing the workload of frontline staff and thereby providing ways to employees to respond to customer requests. This investment will also ensure convenient banking hours on which the services of our banks are perceived by the customers to be very low.
- Customer service must match with marketing efforts, otherwise a customer would remain a dissatisfied soul and all marketing efforts will go down the drain. The process of fulfilling customer needs, therefore, requires tailoring bank services to what customers want, rather than making them accept whatever banks can conveniently provide. Today, customers are exposed to the standards of international banking and expect the same range of service quality from Indian banks. If public sector banks fail to regulate the quality and efficiency of their financial services to match or surpass those of private banks or foreign banks, time is not far away when they will lose substantial market share to private and foreign banks.
- Banks must pay attention to potential failure points and service recovery procedures, which become integral to employees' training. In other words, it amounts to empowering employees to exercise responsibility, judgment and creativity in responding to customers' problems.
- Banks should continually assess and reassess how customers perceive bank services so as to know whether the bank meets or exceeds or is below the expectations of their customers. Such an appraisal, however, is a tedious task because customer service is complex in nature and dynamic in action. Moreover, it can vary greatly from one branch to another. Also, what is 'good service' today may become 'indifferent service' tomorrow and 'bad service' the next day. Frequent customer surveys, therefore, throw light on

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ratification and refinement which will go a long way to improve the service quality in banks.

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