

Perception of Banking Services: A comparative study

Dr. Sukhjeet Kaur Matharu

Assistant Professor, Prestige Institute of Management & Research, Indore.

Ambuj Kumar Dutta

Student, Prestige Institute of Management & Research, Indore.

ABSTRACT

Academics and bank marketers are interested in understanding the antecedents of customer satisfaction. The aim of the present study is to evaluate the service quality of banking services in the city of Indore from the perspective of a customer. It also provides a framework of the factors which are taken to assess the banking services perception. The results of the study indicate that there is difference in the perception of customers on the basis of gender towards the satisfaction level attained from tangible banking services. The findings of the study will be helpful to the bankers to identify the areas for improvement as well as to prioritize different parameters for customer satisfaction. A structured questionnaire containing 22 quality items is administered to various target groups. In overall, the implication of this study is to highlight the importance in improving the service quality delivered by banking industry towards customer satisfaction.

Key words: internet banking, convenience, service quality.

INTRODUCTION

Customer satisfaction is a very significant criterion for the success of any service providing industry like the banking industry. As per the marketing approach customer is always right and therefore is the king of the market. High customer satisfaction will link to have a high customer retention and quality of service. In other words, the outcome of service quality influences customer satisfaction (Naeem & Saif, 2009). Customer satisfaction can be considered the essence of success in today's highly competitive world of businesses. Thus, the significance of customer satisfaction and customer retention in strategy development for a market oriented or customer focused firm cannot be understood (Kohli and Jaworski, 1990). In overall, it is important for the financial institutions like bank to understand the service level which is perceived by the customers for further improvement in the services offered by them. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. Customer satisfaction is affected by both psychological and physical variables. The extent of satisfaction may vary depending upon other options the customer may have as well as comparison of other products with the organization's products. A review of the literature also suggests that expectations for service quality and perceived value are likely to be based on perceptions of excellence, whereas satisfaction judgments are likely to be based on a board range of non-quality issues (Taylor and Baker, 1994; Fornell et al., 1996).

LITERATURE REVIEW

In their study (Boshoff and Gray, 2004) underline that satisfaction is not inherent in the product or the service itself but, instead, satisfaction primarily consists in the consumer's perceptions of the attributes of the product or service as they relate to that individual. The service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service they render (Zahorik and Rust, 1992; Rust et al., 1996). (Bank Customer Satisfaction, 2002). In an attempt to improve customer satisfaction, banks around the world are training and empowering employees directly involved in service delivery to undertake a broad range of tasks. The paper looks at what are the skills necessary to improve customer satisfaction, how to calculate the level of customer satisfaction, and methods of training employees to improve their ability to satisfy customers.

(Parasuraman, Zeithaml and Berry, 1985) formulated a model so called SERVQUAL model that for both expectations and perceived performance. The main requirement that the researchers highlighted was the bank customer's overall impression of their electronic banking services are to deliver high service quality. Five important dimensions of service quality these researchers found: reliability, responsiveness, assurance, empathy and tangibles. According to (Anderson, 1993), the convenience and competitiveness of the banks will be affected on customer's overall satisfaction and ongoing patronage. The major determinant of bank choice by customer is location. It is the customer benefits to have a convenience and accessibility location where it can make the customer easy to do business with the bank. The ability of bank to deliver these benefits will definitely give impact on customer satisfaction. Many banks are focusing to maintain a loyal customer base especially in the competitive business market now. Their strategies are set to increase satisfaction and loyalty through service quality. Businesses seeking to improve profitability are, thus, advised to monitor and make improvements to their service quality on an ongoing basis (Gerrard and Cunningham, 2005).

The definition of service quality is based on customer-led quality definition where quality is defined as satisfying customer's requirements. (Deming, 1995) relying on the ability of the organization to determine customers' requirements and then meet these requirements. Reliability is represents the customer getting what they feel that they have paid for. It is the level on the service delivered by banks towards the standard of expectation and promised to customers dependably and accurately. (Jamal & Naser, 2002) advised that it is interrelated on the reliability of the service delivered towards the customer satisfaction on their experiences on the service delivery process.

OBJECTIVE

The objective of the present study is to identify difference in the perception of customers on the basis of gender towards the quality of services offered by the banks

METHODOLOGY

A self-administered survey was conducted to analyze the perception of satisfaction level in banking services. 103 completed questionnaires were collected randomly among bank customers in the city of Indore, to obtain responses regarding satisfaction towards various banking services. The questionnaire comprises of three sections: Section A on respondents' socio-demographic characteristics, and Section B on experiences with the banking services on quality attributes namely assurance, reliability, responsiveness, tangibles and empathy where it is based on the work of (Chase, Aquilano, and Jacobs, 2001). The questionnaire was designed using multi-item scales on a five-point Likert scale ranging from 'strongly agree - (5)' to 'strongly disagree - (1)'. In order to investigate the impact of service quality dimensions on the demographic profile of the respondents, we conducted a independent sample t-test to examine whether the mean difference in the response rate of male and female for various professions is statistically significant or not.

HYPOTHESIS

- H₀₁: There is no significant difference between male and female respondents in their perception of tangibles variable of banking service quality.
- H₀₂: There is no significant difference between male and female respondents in their perception of reliability variable of banking service quality.
- H₀₃: There is no significant difference between male and female respondents in their perception of responsiveness variable of banking service quality.
- H₀₄: There is no significant difference between male and female respondents in their perception of assurance variable of banking service quality.
- H₀₅: There is no significant difference between male and female respondents in their perception of empathy variable of banking service quality.

RESULTS AND DISCUSSION

H₀₁: There is no significant difference between male and female respondents in their perception of Tangibles variable of banking service quality

Table 1.1

GENDER	N	Mean	T	Df	P
Male	64	0.427	1.071	101	0.033
Female	39				

Mean perception score of male and female respondents is 0.427. The impact of gender towards the perception of tangibles variable is statistically significant as ($P = 0.033 < 0.05$). Therefore the null hypothesis H₀₁ is rejected. i.e. There is significant difference between male and female respondents in their perception of tangible variable.

H₀₂: There is no significant difference between male and female respondents in their perception of Reliability variable of banking service quality

Table 1.2

GENDER	N	Mean	T	Df	P
Male	64	0.062	0.119	101	0.564
Female	39				

Mean perception score of male and female respondents is 0.062. The impact of gender towards the perception of Reliability variable is statistically not significant as ($P = 0.564 > 0.05$). Therefore the null hypothesis H₀₁ is accepted. i.e. There is no significant difference between male and female respondents in their perception of reliability variable.

H₀₃: There is no significant difference between male and female respondents in their perception of Responsiveness variable of banking service quality

Table 1.3

GENDER	N	Mean	T	Df	P
Male	64	0.714	1.546	101	0.268
Female	39				

Mean perception score of male and female respondents is 0.714. The impact of gender towards the perception of Responsiveness variable is statistically not significant as ($P = 0.268 > 0.05$). Therefore the null hypothesis H₀₃ is accepted. i.e. There is no significant difference between male and female respondents in their perception of responsiveness variable.

H₀₄: There is no significant difference between male and female respondents in their perception of Assurance variable of banking service quality.

Table 1.4

GENDER	N	Mean	T	Df	P
Male	64	0.671	1.571	101	0.729
Female	39				

Mean perception score of male and female respondents is 0.671. The impact of gender towards the perception of Assurance variable is statistically not significant as ($P = 0.729 > 0.05$). Therefore the null hypothesis H_{04} is accepted. I.e. There is no significant difference between male and female respondents in their perception of assurance variable.

H_{05} : There is no significant difference between male and female respondents in their perception of Empathy variable of banking service quality

Table 1.5

GENDER	N	Mean	T	Df	P
Male	64	0.099	0.174	101	0.225
Female	39				

Mean perception score of male and female respondents is 0.099. The impact of gender towards the perception of empathy variable is statistically not significant as ($P = 0.225 > 0.05$). Therefore the null hypothesis H_{05} is accepted. i.e. There is no significant difference between male and female respondents in their perception of empathy variable.

CONCLUSION AND IMPLICATIONS

Previous studies have shown that quality level of service provided has a significant impact on customer satisfaction. This paper examined the perception of customers on the basis of gender towards banking service quality dimension in Indore city. Questionnaires were filled by the customers availing banking services from various parts of the Indore city. To improve our understanding of customers' perceptions on the basis of gender about banking service quality, five factors of banking services quality viz tangibles, reliability, responsiveness, assurance and empathy have been analyzed. The results of the independent sample t-test indicate that there are gender based differences on the perception of tangibles factor of banking service quality comprising of bank has modern looking equipment, visually appealing physical facilities, neat appearing reception desk employees, visually appealing pamphlets or statements provided by the banks. Perceptions of the customers towards variables such reliability, responsiveness, assurance and empathy do not differ on the basis of gender.

These findings have several implications for bank managers. Managers should try to improve the quality of tangible services as well as they should improve the quality of services like time management, sincere interest in solving problems, maintaining error free records as well as keeping promises, reduction of waiting time, acceleration in providing service. Responsiveness to customer requirements leads to positive word of mouth about service providers and as a result, loyal customers. Bank employees can win the trust of the customers by providing correct solution to the customer problems, by being courteous and ensuring safety in transactions with the bank. Providing a customer satisfaction measure system in banking industry can help to identifying the shortages of service quality.

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ANNEXURE 1
QUESTIONNAIRE

Dear Respondent

We would like to have your responses regarding the quality of services offered by your bank. Your responses will be kept strictly confidential and will be used for academic purpose only.

Name:

Male:

Female:

S.No.		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Tangibles						
1	Bank has modern looking equipment.					
2	Bank's physical facilities are visually appealing.					
3	Bank's reception desk employees are neat appearing.					
4	Materials associated with the service (such as pamphlets or statements) are visually appealing at the bank.					
Reliability						
5	When bank promises to do something by a certain time, it does so.					
6	When I have a problem, bank shows a sincere interest in solving it.					
7	Bank performs the service right the first time					
8	Bank provides its service at the time it promises to do so.					
9	Bank insists on error free records					
Responsiveness						
10	Employees in the bank tell me exactly when services will be performed.					
11	Employees in the bank give prompt service.					
12	Employees in bank are always willing to help.					
13	Employees in the Bank are never too busy to respond to customers' request.					
Assurance						
14	The behavior of employees in the bank instills confidence in customers.					
15	There is a feeling of safety in transactions with the bank.					
16	Employees in bank are consistently courteous with customers					
17	Employees in the bank have the knowledge to answer customers' questions.					
Empathy						
18	Bank gives individual attention to customers					
19	Bank has operating hours convenient to all its customers.					
20	Bank has employees who give personal attention.					
21	Bank has customers' best interest at heart.					
22	The employees of the bank understand customer specific needs.					