

EMPERICAL VIEW OF CUSTOMER'S PERCEPTION ON SERVICE QUALITY PROVIDED BY PRIVATE SECTOR BANKS IN CHENNAI CITY

K.A. Sheebha*

Ph.D Research Scholar, Department of Commerce, Annamalai University, Annamalai Nagar,
Chidambaram – 608002

Dr. K. Sundar

Professor, Department of Commerce, Annamalai University, Annamalai Nagar, Chidambaram – 608002

ABSTRACT

Today's competitive world makes the banking sector more customer oriented to survive. The service provided by the banks at right time and satisfies the needs of the customers makes them to retain in the bank as a loyal customer. The aim of this research study is to analyse the satisfaction level of banking customers regarding quality of different services provided by their bank and their loyalty with the respective bank. The study also aims to determine the factors of bank service quality. Customer expectations and satisfaction play a critical role in the success of any industry in the current era of global competition. Customers' perception on service quality in private sector banks is analysed in the present study. The data is collected through well-structured questionnaire from customers in private sector banks and analysed to find out the impact of service quality in customer satisfaction. The findings of the study escalate the need and importance of service quality which will be useful for the bankers as well as policy makers. Among the five dimensions of service quality, Reliability contributes to a greater extent for the customer satisfaction with a high beta score. Further the factor record maintenance occupies a predominant place in the reliability factor, gives an eye opening to the management of private sector banks. The efficiency directed toward reliability factor derives higher satisfaction from the customers point of view.

Key words: Service Quality, Customer satisfaction, Private sector bank, Empathy, Reliability, Responsiveness and Assurance

INTRODUCTION

Customer expectations and satisfaction play a critical role in the success of any industry in the current era of global competition. Banking Industry though service-oriented industry, the very survival of the bank hinges on efficient and effective customer service. Any deficiency in the service delivery has a lethal impact on longevity of the banks. The practice of CRM has reservoir of potential to tone up the performance of the bank on various dimensions like profit growth, growth of customers, innovative products, lesser grievances higher volume of business, consumer delight etc. Over the years, the banks were focusing on customer acquisition. They seldom understand the significance of enhancing profitability by creating loyalty among the customers. It is only very recently public sector banks and old generation private sector banks have realised

**Autora de correspondencia / Corresponding author.*

the potential of CRM in achieving all-round efficiency.

The banking sector changes have had a significant impact on India's competitiveness across all industrial sectors. The entry of foreign banks into the Indian banking sector considerably heightened the level of competition. In today's banking, only successful businesses can thrive and expand their market share. The modern Indian banking system depends heavily on its customers. The ability of banks to keep customers depends on their performance and survival. Customer satisfaction, customer expectations, and service quality are all closely related. Banks should be able to narrow and ultimately erase the gap between what clients expect from the quality of the services they receive and what they actually receive. The study also aims to determine the factors of service quality in the private sector banks in Chennai city.

SERVICE QUALITY

Any service rendered on time commands value like consuming a ripe fruit. Similarly, service not rendered on time by any service industry will disconnect the customers. Banks essentially a service organisation should take all effort to upgrade the service quality constantly and consistently. Bank employees facing the customers on the frontline should extend courtesy to all customers irrespectively of the size of the deposits, economic background, location of customers and literacy levels. Banks have to develop sharp ears to understand the requirements of the customers and render correct, complete and accurate information and advice to customers. Some of the leading private sector banks in India go out of the way to lend helping hand to customer even after the regular banking hours. In this context service quality is examined under five dimensions viz Tangibility, Reliability, Responsiveness, Assurance and Empathy.

1. **Tangibility:** This refers to the components that can be physically perceived by customers in a bank branch, such as the extensive ATM network, staff, physical space, building materials, and outside design. Personnel who are capable and skilled, the quality of banking services and goods, brochures, and cards may be seen as tangibles. These qualities give customers explicit indicators to assess the service provider's competence
2. **Reliability:** Private sector banks are viewed with suspicion with respect to including many hidden changes for the services. A reliable service requires that the banker can provide an internet connection that is operational at the required level throughout the day without facing significant defects, that the banker will not misuse cardholder information, and that new technologies will be updated often. In short, the private banks can command higher degree of reliability by pleasing service rendered by them. Reliability dimension is investigated by including three variables namely hidden charges, record maintenance, and perfect service.
3. **Responsiveness:** It refers to the service provider's willingness to help clients and give prompt service. It can be measured by how quickly a client receives a response after filing a service request as well as how long it takes to address consumer complaints.
4. **Assurance:** Employee skill, attitude, and the ability to inspire confidence and trust are the elements that go into assurance. Bankers can assure the clients by being courteous and providing pertinent information to assist with client issues.
5. **Empathy:** It refers to the attentive, individualized attention that the service provider extends to each of its customer. Customers at the bank could also come from various social backgrounds, therefore the

banker should emphasis giving each client personalized attention and comprehending their specific needs in light of their wants.

REVIEW OF LITERATURE

Customer Satisfaction in public sector banks and private sector banks in Bangladesh; A comparative study was researched by Sajun Saha, Hillol Fouzder and Razua Ahmed Shuvro (2020) by interviewing 150 customers of public and private sector banks in Bangladesh to figure out the satisfaction gap. The study reported that the service gap is least in the case of private sector banks rather than by public sector banks. The investigators attributed the satisfaction. Gap of public sector to pursuit of out-dated technology adopted by public sector banks.

Nayab Bahir (2017) made a study of Private Sector Banks of Sialkot Punjab to access the 'Impact of Customer Relationship Management on Customer Retention' the study was conducted among 330 customers of selected private banks (Habib Bank limited, United Bank limited, Faysal Bank limited) with the help of a structured questionnaire. The study concluded that there is a high positive relationship between Customer Relationship Management practices and customers satisfaction. In other words, effective implementation of executing Customer Relationship Management will enhance the customer satisfaction and build up long term healthy relationship with long term potential relationship to communication of relevant information to customers and effective customer service.

Shaik Sharifuddin et al. (2017) made a base study of Private Sector Banks in Krishnagiri District in Andra Pradesh with reference to Customer Relationship Management. The author views that the success of Customer Relationship Management process depends on the active involvement of all managers and employees in the banking field so that a unique relationship exist between the customer and the banker. In their view the bank under survey was following conventional method of relationship building under survey method. They advocated the case for absorption of Customer Relationship Management concept in the functioning. According to reaches, for Customer Relationship Management to be successful, both bank employees and customers have to be educated about nitty-gritty of implementation of Customer Relationship Management.

Ashfaq Ahamed (2016) highlighted the importance of Islamic banks the established that Customer Relationship Management implement at significantly impacted on bank's customer-banked profit performance. Ahmed further stated that Islamic banks could easily segment in terms of Customer Relationship Management practices and achieve of Customer Relationship Management practices and achieve highest impact on Islamic Bank's customer-based profit performance by effectively developing customer profit and marketing banking products according to the information mined from customer data base of Customer Relationship Management mechanism.

Love Kumar Patwa and Kush (2014) studied in CRM practices in Uttar Pradesh. They concluded that private sector banks are well poised to implant CRM practices more effetely than their Public Sector counterparts through Public Sector Banks commuted higher reliability and assurance.

It is evident from the review of literature that the study on impact of customer satisfaction on service quality is carried down in the various time periods and across the various State of India. The gamut of literature manifests the importance of service quality in banks but a specific study concentrating in the metropolitan city

like Chennai is scanty. All the earlier researchers claim that offering quality services give a sustainable competitive advantage to any business. The present study is undertaken to bridge this research gap.

OBJECTIVES

1. To investigate the perception of customers on the service quality of private sector banks in Chennai city.
2. To analyse the various factors of service quality which provides customer satisfaction in private sector bank in Chennai city.

SAMPLE SIZE

The study applies primary data to analyse the perception of the customer through a questionnaire which is pilot studied and pre tested. More than 300 questionnaires sent online to the customers and received 200 questionnaires. Fewer questionnaires were incomplete and not attached properly. Hence the researcher utilised 158 completed questionnaires for the purpose of analysis. The also depends on the secondary sources like journals, magazines unpublished doctoral thesis, books, conference papers, newspapers, websites, articles and from RBI issues for further clarification and support documents.

ANALYSIS AND INTERPRETATION

Table 1
Perception of Customers on Tangibility factor in Service Quality

Tangibility	Private Sector Bank						Mean & SD
	Excellent	Very Good	Good	Poor	Inferior	Total	
Visibility All the transactions are made visible	50 (31.6)	63 (39.9)	38 (24.1)	6 (3.8)	1 (0.6)	158 (100.0)	M=3.98 SD=0.87
Updated Information The Changes in rate of interest, schemes and new schemes are updated on right time	42 (26.6)	58 (36.7)	48 (30.4)	8 (5.1)	2 (1.3)	158 (100.0)	M=3.82 SD=0.92
Information Efficacy All information reaches the customers by message or mail	67 (42.4)	47 (29.7)	36 (22.8)	7 (4.4)	1 (0.6)	158 (100.0)	M=4.08 SD=0.94
Display Up to date information, pamphlets and banners are well displayed in the bank for reference	38 (24.1)	70 (44.3)	41 (25.9)	5 (3.2)	4 (2.5)	158 (100.0)	M=4.00 SD=0.91

Source: Computed from primary data

Tangibility is considered as an indispensable factor for the measurement of service quality as per SERVQUAL model. Table 1 unveils the perception of the customers in the tangibility factor like visibility,

updated information, information efficacy and display. The close observation on the values and percentage makes a result to understand that information efficacy and display plays a vital role with the highest mean score of 4.08 and 4.00 respondents. The visibility mean score of 3.98 and updated information mean score of 3.82 closely followed displays the importance derived by the customers. Hence, it can be concluded that most of the factors in the tangibility give high importance. This conveys the predominant position of tangibility factor in evaluating the service quality of private sector banks.

Table 2
Perception of Customers on Reliability factor in Service Quality

Reliability	Private Sector Bank						Mean & SD
	Excellent	Very Good	Good	Poor	Inferior	Total	
Hidden Charges The bank does not have any hidden charges	19 (12.0)	42 (26.6)	36 (22.8)	33 (20.9)	28 (17.7)	158 (100.0)	M=2.94 SD=1.10
Record Maintenance Records of customers are maintained properly	42 (26.6)	69 (43.7)	36 (22.8)	10 (6.3)	1 (0.6)	158 (100.0)	M=3.89 SD=0.89
Perfect Service Performance of perfect service at all time	28 (17.7)	63 (39.9)	54 (34.2)	11 (7.0)	2 (1.3)	158 (100.0)	M=3.66 SD=0.89

Source: Computed from primary data

Reliability is reliable in the questions raised by the study to the private sector banks customers through the questionnaire, the answers are presented in table 2. To divulge into the perception, shows the hidden charges are hidden in the view of the customers. They don't give so much importance for that (mean score of 2.94). However, record maintenance is the main factor commanded by the customers in understanding the reliability factor of service quality with a mean score of 3.89. Private sector banks can chalk down plans to give priority to the record maintenance factor in the reliability of service quality.

Table 3
Perception of Customers on Responsiveness factor in Service Quality

Responsiveness	Private Sector Bank						Mean & SD
	Excellent	Very Good	Good	Poor	Inferior	Total	
Approachability The employees are easily approachable	51 (32.3)	65 (41.1)	30 (19.0)	9 (5.7)	3 (1.9)	158 (100.0)	M=3.96 SD=0.95
Connectivity Net transaction and its connectivity is efficient	52 (32.9)	63 (39.9)	34 (21.5)	8 (5.1)	1 (0.6)	158 (100.0)	M=3.99 SD=0.89

EMPERICAL VIEW OF CUSTOMER'S PERCEPTION ON SERVICE QUALITY PROVIDED BY PRIVATE SECTOR
BANKS IN CHENNAI CITY

Assistance on Time Employees ensures completion of work on time	32 (20.3)	70 (44.3)	40 (25.3)	11 (7.0)	5 (3.2)	158 (100.0)	M=3.72 SD=0.97
---	--------------	--------------	--------------	-------------	------------	----------------	-------------------

Source: Computed from primary data

Responsiveness factor of service quality is measured through three factors namely approachability, connectivity and assistance on time. All the factors of responsiveness can consider equally important is evident from the mean scores. Miniscule customers only underestimate these factors. More than 80 per cent of the customers gave top most priority for this factor gives a signal to the policy makers for their attention to this factor.

Table 4
Perception of Customers on Assurance factor in Service Quality

Assurance	Private Sector Bank						Mean & SD
	Excellent	Very Good	Good	Poor	Inferior	Total	
Technical Accessibility The technology used by the bank is easily accessible	53 (33.5)	65 (41.1)	30 (19.0)	7 (4.4)	3 (1.9)	158 (100.0)	M=4.00 SD=0.93
Ideas and Suggestions The employees are ready to listen to new ideas and suggestions	25 (15.82)	31 (19.62)	41 (25.95)	33 (20.89)	28 (17.72)	158 (100.0)	M=2.95 SD=1.04

Source: Computed from primary data

Technical accessibility and ideas and suggestions constitute the assurance factor of service quality. The views of customers presented in table 4 unveils the fact that technical accessibility has gained more momentum in the views of present-day customers. Smart mobile applications and access to internet makes the customers to think the technical aspects as their priority with good mean score of 4.00. Even though the ideas and suggestions be a part of Assurance factor doesn't give high weightage. In fact, moving world doesn't provide time for customers to give ideas and suggestions is visible through table.

Table 5
Perception of Customers on Empathy factor in Service Quality

Empathy	Private Sector Bank						Mean & SD
	Excellent	Very Good	Good	Poor	Inferior	Total	

Individual Attention Bank Employees provides individual attention to all customers	66 (41.8)	66 (41.8)	13 (8.3)	9 (5.6)	4 (2.5)	158 (100.0)	M=3.87 SD=0.99
Time Span Employees provides services even after the working hours of the bank	27 (17.1)	34 (21.5)	45 (28.5)	33 (20.5)	19 (12.0)	158 (100.0)	M=3.34 SD=1.08
Understandability Employees understand specific needs of the customer	66 (41.8)	56 (35.4)	23 (14.6)	9 (5.7)	4 (2.5)	158 (100.0)	M=3.76 SD=0.89
Attentive Customers are given appropriate importance	48 (30.4)	71 (44.9)	23 (14.6)	10 (6.3)	6 (3.8)	158 (100.0)	M=3.66 SD=0.96

Source: Computed from primary data

Empathising through individual attention, time span, understandability and attentive plays a key role for the customers of private sector banks. The expectation to receive individual attention understand their problems as they state and receiving attentive and getting importance is a virtue expected by the experienced customers to evolve satisfaction from a bank, is understandable by the mean score. Employees should be given training to give personal attention to attract more customers in the private sector banks. A notable factor to be noted by the policy makers for the successful retention of customers with a good service quality

Correlation Analysis of Factors of Service Quality Dimension:

Table 6

Pearson Correlation Coefficient between factors of Service Quality in Public Sector Banks

Service Quality	Private Sector Bank				
	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Tangibility	1.000	0.631**	0.576**	0.674**	0.627**
Reliability	-	1.000	0.553**	0.568**	0.703**
Responsiveness	-	-	1.000	0.658**	0.569**
Assurance	-	-	-	1.000	0.702**
Empathy	-	-	-	-	1.000

** . Correlation is significant at the 1 per cent level.

Table 6 shows output of Pearson correlation coefficient worked for intercorrelation among the factors constituting service quality dimensions. As regards PVTs customers Tangibility is connected with the Reliability to the extent of 63.1%; with Responsiveness to the extent of 57.6 percentage, Assurance to the

extent of 67.4 percentage and Empathy to the extent of 62.7 per cent at 1% level of significance. In short Empathy factor significantly corrected with the Assurance to the higher extent as in the case of Empathy factor of PVTsBs. Reliability factor is connected with Responsiveness factor to the extent of 55.3 percentage, Assurance to the tune of 56.8 percentage and Empathy to the extent of 70.3 percent at 1% level of significance. Assurance factor is highly correlated with the Empathy factor to the extent of 70.2 per cent at 1% level of significance.

Multiple Regression Analysis on Customer Satisfaction on Service Quality factors

Dependent Variable : Customer Satisfaction (Y)

Independent Variable : Tangibility X₁, Reliability X₂, Responsiveness X₃, Assurance X₄, Empathy X₅

Table 7

Variables in the Multiple Regression Analysis of Customer Satisfaction on Service Quality factors

Customer Satisfaction	Private Sector Banks					
	Variables	Unstandardized Coefficients		Standardized Coefficients	t value	P value
		B	Std. Error	Beta		
Constant	3.736	1.058	-	3.531	0.001**	
X ₁	0.023	0.063	0.027	.363	0.717	
X ₂	0.146	0.026	0.420	5.659	<0.001**	
X ₃	0.065	0.027	0.136	2.414	0.017*	
X ₄	0.119	0.033	0.272	3.583	<0.001**	
X ₅	0.161	0.027	0.338	6.003	<0.001**	
R value	0.731					
R ² value	0.535					
F value	58.882					
P value	<0.001**					

Table 7 presents the multiple regression analysis made by taking four independent variables listed in the table and one dependent variable Customer satisfaction. As regards PVTsB customers, the customer satisfaction is explained by five independent variables namely Tangibility, Reliability, Responsiveness, Assurance and Empathy to the extent of 53.5% (R² = 0.535). In other words, Customer satisfaction of PVTsB customers is accounted for by a combination of five independent variables mentioned above to the tune of 53.5%. Reliability produces a significantly high beta coefficient among the other variables. Thus, one standard deviation increase in reliability leads to 0.420 change in customer satisfaction which is also significant at 1 per cent level of significance (p value <0.001). Hence, among the independent variables, reliability variable significantly influences the customer satisfaction. The following regression equation is arrived at $Y = 3.736 + 0.023X_1 + 0.146X_2 + 0.065 X_3 + 0.119X_4 + 0.161X_5$

CONCLUSION

Service quality should be used as a tactical weapon to gain a competitive advantage over competitors. Due to the introduction of universal banks and the growing levels of globalization of the Indian banking industry, the competitiveness in the banking sector has increased. Quality service recognition is evolving into a tool for competition. In order to keep their loyalty, banks are therefore able to improve the quality of the service they offer to their clients based on their level of satisfaction at the moment. Customers' perception on service quality in private sector banks is analysed in the present study. The data is collected through well-structured questionnaire from customers in private sector banks and analysed to find out the impact of service quality in customer satisfaction. The findings of the study escalate the need and importance of service quality which will be useful for the bankers as well as policy makers. Among the five dimensions of service quality, Reliability contributes to a greater extent for the customer satisfaction with a high beta score. Further the factor record maintenance occupies a predominant place in the reliability factor, gives an eye opening to the management of private sector banks. The efficiency directed toward reliability factor derives higher satisfaction from the customers point of view.

It is not the reliability alone that matters for the customer satisfaction nevertheless empathy stands second in adding satisfaction to the private sector banks. This is an important information to the HR department that the training programme for the bank employees may be prominently be given for emphasizing the customer perspective. Technical accessibility also counted to evaluate the efficiency of a bank. Thus, reliability, empathy and technical accessibility counted to the customer satisfaction of service quality in a significant way. The result of the study suggested to the policy makers to concentrate on these three areas to escalate customer satisfaction to retain the existing customers and add new customers extensively.

REFERENCE

1. Anbuoli and Thiruvencat Raj (2013), "A Study on Customer Relationship Management in Banks" International Research Journal of Business and Management, Vol .6, Issue1, pp: 1-10.
2. Angamuthu, "Impact of Customer Relationship Management on Customer Satisfaction and its Role towards Customer Loyalty and Retention Practices in the Hotel Sector", BVIMSR's journal of Management Research, Vol. 7, Issue 1, pp
3. Arokiasamy Geetha Doss (2017), "A Study on Customer Response towards ATM services of selected Banks in Chennai", International Research Journal of Management & Humanities, Vol. 4, Issue 1, pp 509-515.
4. Ashfaq Ahmad, 2010, 'Islamic Banking Experience of Pakistan: Comparison between Islamic and Conventional Banks', International Journal of Business and Management, vol.5, No.2, pp.137-143.
5. Ganesamurthy, K. Amilan, S. & Jothi, M 2011, 'The Customer's Attitude on CRM Practices of Commercial Banks in India: An Empirical Study (With Special Reference to Sivagangai District, Tamilnadu)', Global Management Review, vol. 6, No. 1, pp. 15-23
6. Gayathri (2016), "Customer Relationship Management Model for Banks", Journal of Internet Banking and Commerce, Vol. 21, Issue 5, pp 1-12.

7. Harshitha Sharmili, Dharmesh Motwani and Kushbu Agarwal (2012), "An Empirical Study on Customer Services of selected Public Sector Bank with reference to Udaipur City", *Indian Journal of Applied Research*, Vol. 2, Issue 3, pp 129-131
8. Jabnoun, N. & Al-Tamimi, H 2003, 'Measuring Perceived Service Quality at UAE Commercial Banks', *International Journal of Quality and Reliability Management*, vol.20, No.4, pp. 458-472.
9. Jagadeesan D and Chinnadurai P (2015), "A Study on e-banking services offered by Public and Private sector banks in Tamilnadu, GE- *International Journal of Management Research*, Vol.3, issue 8, pp 66-79.
10. Kotler Philip, Kevin Lane Keller, Abraham Koshy and Mithileshwar Jha (2013), "Marketing Management", Pearson Dorling Kindersley (India) Pvt. Ltd., pp 107-129.
11. Love Kumar Patwa and Kush Kumar Patwa (2014), "An Analytical Study of CRM Practices in Public and Private Sector Banks in the State of Uttar Pradesh", *Pacific Business Review Journal*, Vol. 6, Issue No. (7), 60-61.
12. Muhammad Anshari and Syamimi Ariff Lim, (2016), "Customer Relationship Management with big data enabled in banking sector", *Journal of Scientific Research and Development*, Vol3, Issue 4, pp 1-7.
13. Muthukumaran C K and Ponmanikandan S (2018), "Adaptation of Technologies based Banking Services and its impact on Customer Satisfaction", *International Journal of Management Studies*, Vol. 5, Issue 4(1), pp 36 – 39.
14. Nayab Bashir (2017), "Impact of Customer Relationship Management on Customer Retention (A case study of Private Banks of Sialkot, Punjab)", *International Journal of Scientific & Technology Research*, Vol.6, Issue 8, pp 48-57
15. Nirmaljeet Virk and Prabhjot Kaur Mahal (2012), "Customer Satisfaction: A Comparative Analysis of Public and Private Sector banks in India", *Information and knowledge Management*, Vol. 2, Issue 3, pp 1-8
16. Osunde C (2014) "A Study on Customer Relationship Management Practices in Selected Commercial Banks with Reference to Nigeria" *The International Journal of Interdisciplinary Social Sciences* Volume. No. 5, Issue. No.9, pp 7-16.
17. Sailesh Arpit and Taruna (2015), "An empirical study on Implementation of CRM practices in Private sector banks and customer satisfaction", *Journal of Multidisciplinary Research and Development*, Vol.2, Issue 9, pp742-748
18. Sajan Saha, Hillol Fouzder and Razuan Ahmed Shuvro (2020), "Customer Satisfaction in Public Sector and Private Sector Banks in Bangladesh: A Comparative study ", *International Journal of Research in Human Resource Management*, Vol.2. Issue 1, pp 45-49.
19. Satya Narayana Chary T & Ramesh, R 2012, 'Customer Relationship Management in Banking Sector- A Comparative Study', *KKIMRC IJRHRM*, vol.1,No. 2,pp. 20-29.
20. Saxena Rajan (2016), "Marketing Management", McGraw Hill Education (India) Pvt Ltd., New Delhi, pp 550-562

21. Seyed Mehdi Mousavi Davoudi, Meysam Allahyari (2013), “Effect of Customer Relationship Management on Organisational Performance in Banksing Industry of Iran”, *Asian Journal of Management*, Vol.4, Issue 1, pp1-7
22. Shaik Sharifuddin and Talluri Sreekrishna (2017), “Customer Relationship Management in Banks: A Case Study of Krishna District, Andhra Pradesh”, *International Journal of Management & Business Studies*, Vol.7, Issue 1, pp 117-126
23. Shailja Paul (2020), “Customer Relationship Management Practices in Banking Sector: A Comparative Study of Private and Public Sector Banks”, Unpublished Doctoral thesis submitted to University of Allahabad, Prayagraj.
24. Sherly Mary and Joseph T (2017), “Customer Relationship Management of selected Public Sector Banks in India”, *International Research Journal of Management & Humanities*, Vol. 4, Issue 1, pp 456-464 .
25. Shilpa D and Veena K P (2018), “Bankers challenges in e-banking adaption: with reference to Private Sector Banks in Mysore city”, *International Journal of Management Studies*, Vol. 5, Issue 4(2), pp 44-52.