

CUSTOMER SATISFACTION AT X BANK – AN APPLICATION OF SERVQUAL MODEL

* J. Joshua Selvakumar

**P Varadharajan

***Dr. V. Kumaravel

ABSTRACT

Research findings show that banking sector has turned out to be the most profitable source of income throughout the world especially on the last decade of the second millennium. Interestingly, this phenomenon holds clear promises for many countries which have suffered from the dwindling and erratic functioning of the oil market. As such Banking industry is playing a very significant role in the economy of countries in the modern era. Consequently, the present research aims to investigate the customer satisfaction, in application of SERVQUAL model in a particular bank whose name is kept confidential for obvious reasons. To achieve this end, this study has enlisted a field-descriptive survey design. The instrument for collecting the data was a researcher-developed questionnaire containing fifty questions. SPSS software was utilized for analyzing the obtained data at both descriptive and inferential statistical levels. The results revealed that customers perception of service offered was below the expectation and that gaps exist in the five dimensions of quality.

INTRODUCTION

Banking in India originated in the last decades of the 18th century. The oldest bank in existence in India is the State Bank of India, a government-owned bank that traces its origins back to June 1806 and that is the largest commercial bank in the country. Central banking is the responsibility of the Reserve Bank of India, which in 1935 formally took over these responsibilities from the then Imperial Bank of India, relegating it to commercial banking functions. After India's independence in 1947, the Reserve Bank was nationalized and given broader powers. In 1969 the government nationalized the 14 largest commercial banks; the government nationalized the six next largest in 1980.

In the early 1990s, the government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks (1994, the Reserve Bank Of India issued a policy of liberalization to license limited number of private banks). Currently, India has 96 scheduled commercial banks (SCBs) - 27 public sector banks (that is with the Government of India holding a stake), 31 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges) and 38 foreign banks.

They have a combined network of over 53,000 branches and 17,000 ATMs. According to a report by ICRA Limited, a rating agency, the public sector banks hold over 75 percent of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

Earlier banks were conservative in their approach but the liberalization of the banking sector has resulted in an enhanced efficiency: With a growth in the Indian economy especially in its services sector, the demand for banking services has grown strong. There has been an expansion/ greater competition and diversification of ownership of banks. Today, easier access to knowledge, increased and broad based use of Technology and rapid introduction of innovative customized products to meet the customer demands are the key features of the changing banking scenario.

*Faculty, PSG Institute of Management, Coimbatore. The author can be reached at Joshua@psgim.ac.in

**Faculty, PSG Institute of Management, Coimbatore. The author can be reached at sktrajan@rediffmail.com

***Professor & Head, Vivekananda Institute of information and Management studies, Tiruchengodu, Tamilnadu.

LITERATURE REVIEW

If the product or service does what the supplier says it will do and what the customer wants it to do, then it is a "quality" product or service. That's meeting requirements. The degree to which a service satisfies customer by consistently meeting their needs, wants and expectations (love lock, Wirtz, Chatterjee, 2007). Quality is the ongoing process of building and sustaining relationships by assessing, anticipating, and fulfilling stated and implied needs (Richard E. and Judd, Daniel K, 1996). Quality in a product or service is not what the supplier puts in. It is what the customer gets out and is willing to pay for. A product is not quality because it is hard to make and costs a lot of money, as manufacturers typically believe. This is incompetence. Customers pay only for what is of use to them and gives them value. Nothing else constitutes quality." (Peter F. Drucker, 1909) Quality is meeting the customer's needs in a way that exceeds the customer's expectations. Quality is a perceived degree of excellence with a minimum usually set forth by the customer (H.L. Gilmore, 1974). If you think of quality or excellence as the best that you know today, but which is to be improved tomorrow; you get somewhere heights (Henry Ford 1863-1947, American Industrialist, Founder of Ford Motor Company).

Quality is remembered long after the price is forgotten (Gucci, 1948). Quality is a system of means to economically produce goods or services which satisfy customers' requirements. (Japanese Industrial Standards Committee, 1981) Quality means that the organization's culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques, and training. (Sashkin & Kiser, 1993). Quality is achieving or reaching for the highest standard as against begin satisfied with the sloppy or fraudulent." (B.W. Tuchman, 1980). "Quality consists of the capacity to satisfy wants." (C.D. Edwards, 1968). "Quality is fitness for use." (J.M. Juran, 1988).

"Quality is any aspect of a product, including the services included in the contract of sales, which influences the demand curve." (R. Dortman and P.O. Steiner, 1954). "In the final analysis of the marketplace, the quality of a product depends on how well it fits patterns of consumer preferences." (A.A. Keuhn and R.L. Day, 1954).

"Quality is the degree to which a specific product conforms to a design or specification. Quality is the ability of a product or service to meet a customer's expectations for that product or service." (H.L. Gilmore, 1974) "Quality means conformance to requirements." (P.B. Crosby, 1979)

"Quality refers to the amount of the un priced attributes contained in each unit of the priced attribute." (K. B. Leifler, 1982)

Differences in quality amount to differences in the quality of some desired ingredient or attribute." (L. Abbott, Quality and Competition, pp.126-127).

"Quality is the degree of excellence at an acceptable price and the control of variability at an acceptable cost." (R. A. Broh, 1982)

"Quality is neither mind nor matter, but a third entity independent of the two, even though Quality cannot be defined, you know what it is." (R. M. Pirsig, 1974)

"Quality is achieving or reaching for the highest standard as against begin satisfied with the sloppy or fraudulent." (B.W. Tuchman, 1980)

OBJECTIVES:

- Indication of difference between provided services and customers expectation in terms of **tangible** in X bank.
- Indication of difference between provided services and customers expectation in terms of **reliability** in X bank.
- Indication of difference between provided services and customers expectation in terms of **responsiveness** in X bank.
- Indication of difference between provided services and customers expectation in terms of **assurance** in

X bank.

- Indication of difference between provided services and customers expectation in terms of **empathy** in X bank.

RESEARCH METHODOLOGY:

The effectiveness of a research is primarily inclined on the data collected. For getting the relevant information out of the collected data it is mandatory to have a sound research design backing the whole process.

RESEARCH DESIGN:

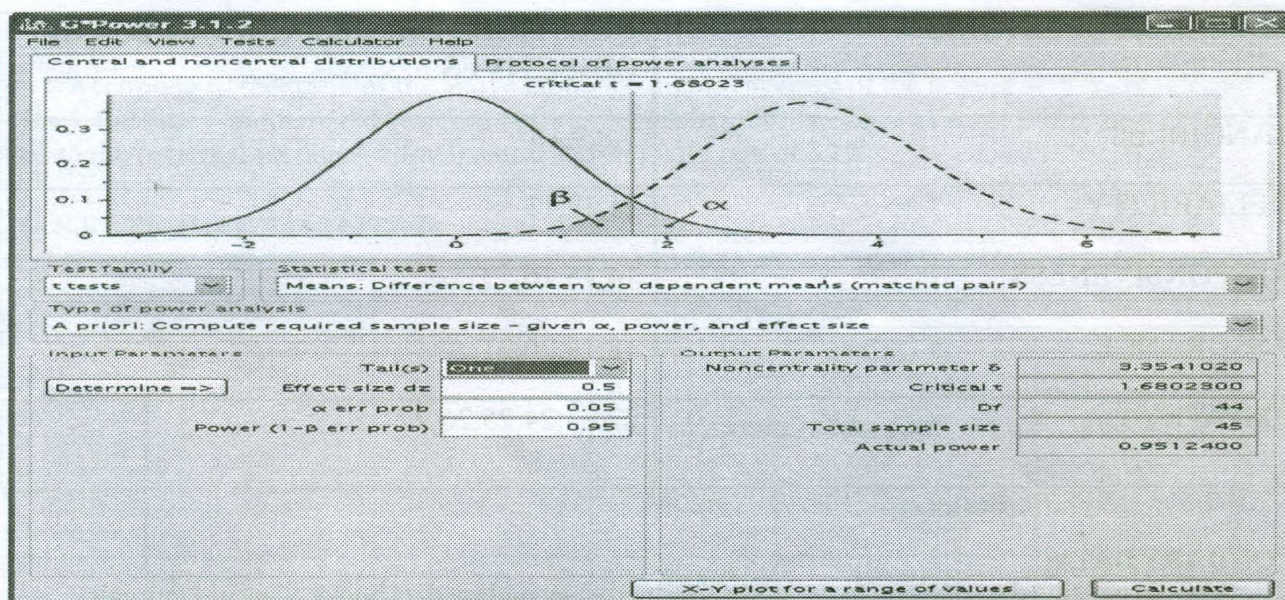
The research here used descriptive researches it is research on existing present environment and can report only when happen and what is happening.

TARGET POPULATION:

The customers of YES BANK are the population (960, account holders of this branch) considered for the study.

SAMPLE SIZE:

The survey was conducted on 50(G*power analysis) respondents from the boundary to frame a sample.



SAMPLE SIZE CALCULATION:

$$\begin{aligned} \text{New sample size} &= \text{sample size}/1 + ((\text{old sample} - 1)/\text{Population}) \\ &= 45/1 + ((45-1)/960) \\ &= 43 \end{aligned}$$

The sample size was determined as 45 and 43 respectively using G power calculator and Manual calculation using formula, for more accuracy the sample size was taken as 50.

PERIOD OF STUDY:

The study duration was around 8 weeks and the data was collected during this period itself.

STATISTICAL TOOLS:

Percentage analysis (DEMOGRAPHI VARIABLES)

Paired T-Test

Hotelling's T-Squared test (to measure the factors as a group)

RESEARCH INSTRUMENT:

This study the research have used structure undisguised questionnaire is used as the research instrument is the most common instrument for collecting primary data.

SAMPLING DESIGN:

A sample design is a definite plan for determining a sample from a given population.

SAMPLING METHOD:

The sampling method used is random sampling.

SAMPLING UNIT:

The target populations are people who were randomly selected from the customers of yes bank.

SOURCES OF DATA:

Data for research purpose will be classified as follows

PRIMARY DATA:

For this research, the primary data was collected from the respondents through questionnaires. Intercept method of questioning was followed.

RESEARCH QUESTIONS	QUESTIONS CORRESPONDING TO THE OBJECTIVES
TANGIBLES	7,8,9,10
RELIABILITY	11,12,13
RESPONSIVENESS	14,15,16,17
ASSURANCE	18,19,20,21
EMPATHY	22,23,24,25,26,27

SECONDARY DATA:

Already existing data relevant to the study is termed as secondary data books, websites journals.

ANALYSIS

TANGIBLES : Distribution of the frequency and percentage related expectations of tangibles:

		Very little	little	Some what	Much	Very much	Average
external facilities: before	Frequency	3	10	18	16	3	3.12
	Percentage	6	20	36	32	6	

Beauty banks interior design Before	Frequency	1	10	15	20	4	3.32
	percentage	2	20	30	40	8	
staff appearance & tidiness- expectation	Frequency	4	9	11	24	2	3.22
	percentage	8	18	22	48	4	
Bank Facilities-modern before	Frequency	3	8	13	18	8	3.4
	percentage	6	16	26	36	16	

According to the result of the above table, the highest average of the answer scores are referred to the (Bank Facilities- modern, did you find before), which has 3.4. The least average of the answer scores are related to the (external facilities: attractiveness before) with rate of 3.12.

BANKS EXTERNAL FACILITIES

Paired Samples Test				
		Paired Differences		Sig. (2-tailed)
		Mean	Std. Deviation	
	external facilities: attractiveness before coming in - external facilities: attractiveness after coming in	-.20000	1.04978	.184

INTERPRETATION

Null hypothesis (H0) : There is no significant difference between attractiveness expectation and perception.

Alternate hypothesis (H1) : There is significant difference between attractiveness expectation and perception

CONCLUSION

Since the Sig. (2-tailed) is more than .05, we accept the null hypothesis. That means there is no significant difference between attractiveness expectation and perception.

THE QUALITY OF PROVIDED SERVICES AND THE EXISTING GAP WITH RESPECT TO 5-DIMENSIONS:

3.4.1 GAP ANALYSIS (EXPECTATION-PERCEPTION)

	E-P		
	P		
	GENDER	EDUCATIONAL LEVEL	OCCUPATION
TANGIBLES	-0.1526	0.2112	-0.2701
RELIABILITY	-0.2631	-0.2278	0.6649
RESPONSIVENESS	-0.303	0.4115	0.6368
ASSURANCE	0.1073	-0.1604	0.0761
EMPATHY	0.1522	-0.8125	0.2522

GENDER:

The negative sign of the scores shows that gender plays a role when it comes to tangibles, reliability and responsiveness. While in terms of assurance and empathy there is no gap between expectation and perception, whether it is male or female respondents.

EDUCATION LEVEL:

The negative sign of the scores, shows between the provided services and expectations of the customer, there is a significant difference in reliability, assurance and empathy with respect to education.

OCCUPATION:

The negative sign of the scores, shows between the provided services and expectations of the customer, there is a significant difference in tangibles with respect to occupation of customers

FINDINGS AND INFERENCE:

TANGIBLES: EXPECTATIONS AND PERCEPTIONS

- EXTERNAL FACILITIES:
- BANKS INTERIOR DESIGN:
- STAFF APPEARANCE AND TIDINESS
- BANK FACILITIES

As far as external facilities, banks interior design, staff appearance and bank facilities are concerned, these were quite satisfactory in the view of the respondents. Thus it can be inferred that the bank meets the expectations of respondents in terms of tangibles.

RELIABILITY:**EXPECTATIONS AND PERCEPTIONS**

- TIMELY SERVICES DELIVERED BY STAFF
- BANKING SERVICES DELIVERED
- FACILITIES IN THE BANK

As far as timely services delivered by staff, banking services delivered and facilities in the bank are concerned, these were quite satisfactory in the view of the respondents. Thus it can be inferred that the bank meets the expectations of respondents in terms of reliability.

RESPONSIVENESS: EXPECTATIONS AND PERCEPTIONS:

- REQUEST PROCESSING DONE BY STAFF
- STAFF WELCOMING
- GIVING INFORMATION FOR OFFERING BETTER SERVICE

As far as request processing done by staff, staff welcoming and giving information for offering better service are concerned, these were quite satisfactory in the view of the respondents. Thus it can be inferred that the bank meets the expectations of respondents in terms of the above factors of responsiveness.

- REQUEST RESPONDED BY STAFF

As far as the above factor under responsiveness is concerned, it is unsatisfactory as most of the respondents feel that there is room for improvement.

ASSURANCE: EXPECTATIONS AND PERCEPTIONS:

- STAFF EXPERIENCE & PROFESSIONALISM ❖ STAFF POLITENESS
- EFFORT DONE BY STAFF ON SECURITY

As far as staff experience & professionalism, staff politeness and effort done by staff on security are concerned, these were quite satisfactory in the view of the respondents. Thus it can be inferred that the bank meets the expectations of respondents in terms of assurance.

- PRICE OF THE SERVICES

As far as the above factor under responsiveness is concerned, it is unsatisfactory as most of the respondents feel that there is room for improvement, since they feel there is instability in this factor.

EMPATHY: EXPECTATIONS AND PERCEPTIONS:

- STAFF AVAILABILITY AT THE COUNTER
- ATTENTION PAID BY STAFF INFORMING ABOUT SERVICES
- BANKS PRE-VISION

As far as staff availability at the counter, attention paid by staff informing about services and banks pre-vision for necessities are concerned these were quite satisfactory in the view of the respondents. Thus it can be inferred that the bank meets the expectations of respondents in terms of empathy.

- BANK ATMOSPHERE
- BANK ACCESSIBILITY

- **STAFF FLEXIBILITY TO REQUEST**

As far as banks atmosphere, banks accessibility and staff flexibility under responsiveness is concerned, it is unsatisfactory as most of the respondents feel that there is room for improvement.

FACTOR 1: TANGIBLES:

EXPECTATIONS ~ PERCEPTIONS:

While comparing the expectations and perceptions with respect to tangibles the average of expectations lies towards good while that of perception almost corresponds to neutral. Hence a gap between expectation and perception exists, though very small.

FACTOR 2: RELIABILITY:

EXPECTATIONS ~ PERCEPTIONS:

While comparing the expectations and perceptions with respect to reliability the average of expectations lies towards good while that of perception almost corresponds to neutral. Hence a gap between expectation and perception exists, though very small.

FACTOR 3: RESPONSIVENESS:

EXPECTATIONS ~ PERCEPTIONS:

While comparing the expectations and perceptions with respect to responsiveness it can be inferred that both the average values lie in the interval between 'neutral' and 'good'. But comparatively the average of expectations lies towards good while that of perception almost corresponds to neutral. Hence a gap between expectation and perception exists, though very small.

FACTOR 4: ASSURANCE:

EXPECTATIONS ~ PERCEPTIONS:

Comparing the expectations and perceptions with respect to assurance it can be inferred that both the average values lie in the interval between 'neutral' and 'good'. But comparatively the average of perceptions lies towards good, so In fact the perception exceeds the expectations which mean that the customer is delighted.

FACTOR 5: EMPATHY:

EXPECTATIONS ~ PERCEPTIONS:

While comparing the expectations and perceptions with respect to empathy it can be inferred that both the average values lie in the interval between 'neutral' and 'good'. But comparatively the average of expectations and perceptions are equal and lies towards good, which mean that the customer is delighted.

RECOMMENDATIONS / SUGGESTIONS:

The findings from the present study have few important implications for experts. The analysis of this work includes implications for bank's managers as far as the satisfaction level of their customers with different aspects of the banking services is concerned. Showing with which features of the online services the customers are really satisfied and with which highly dissatisfied, can be used by banks' managers as a guideline for necessary actions leading to improvements of the quality of the online services they offer, In this chapter while stating the answers of the research it is also important to describe the current weak points of five dimensions of the SERVQUAL model which affects the satisfaction of the customers and suggests way to overcome it.

- It is recommended to recruit staff who possess adequate soft skills in dealing with people and also good in hospitality management.
- A fully dedicated team of customer care personnel should be appointed in order to monitor customer needs inside the bank premises.
- The HR Department should train the employees with more standards and reduce the obstacles of communication between the employees to establish an organizational structure so that all would comply with service quality standards and rules.
- An architect or interior designer can be roped in temporarily to revamp the appearance of the bank. This is mainly because of the fact that when it comes to services, tangibles play an important role.
- Reliability has to be one of the core competencies of any bank. Hence utmost care should be given to timely delivery of the services which in turn would enhance the reliability of the services.
- There might be price instabilities in the services offered which cannot be avoided by the management. But it is recommended that such fluctuations in prices should be promptly intimated as well as explained to the customers. Utter care should be given to this so that the customers do not feel inconvenient about the prices.
- The ambience in the premises of the bank is perceived to be quite disturbing. Hence it is recommended that space management in the premises shall be reconsidered by the management so that the ambience is satisfying and pleasant.
- The number of customer touch points should be increased in par with those of the competitors. This is mainly because accessibility is one major factor which plays a role in customer retention.
- It is recommended that the bank must understand the customer's expectations and standardize the relevant services with their expectations to meet the normal standard and go beyond.
- According to the table of gap analysis it is recommended that bank must evaluate the quality and quantity in timely based manner to know the deficiencies of the respondent's expectation and perceptions, enabling them to remove deficiencies and improve the quality.
- Service quality is not a stable and it is a changeable aim which may take different shapes according to different customers so it is recommended that banks must consistently concentrate on their improvisation in products and services to meet the satisfaction of customers to retain customers with them.
- In the view of theoretical research, the banking industry is affected by the bilateral relations of the customers and bank staffs which make the experience an unforgettable one, for this reason the role of staff is important so it is recommended that these staffs should be trained in personnel.
- Since it's a bilateral relation it is important to consider the job satisfaction level of personnel and improve their interest in work. If not it may affect the quality of services provided and results in unsatisfied customers.
- The Management of X bank should conduct more product & services awareness campaign.
- They should increase the level of providing personal attention to individual customers.
- In delivery of quality service in banks, factors that matter are speed, accuracy, promptness, reliability, individualized attention, etc. Better results can be achieved through proper use of relevant banking technology. These are the areas where X bank is still slightly lagging behind.
- X bank 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 ratification and refinement which will go a long way to improve the service quality in banks. Conclusively, the aspects connected with these dimensions can also be improved so that the expectations of customers are not only met, but exceeded, because in the contemporary competitive business environment, banks as service providers should strive for excellence.

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