

A Study on Customer Perception and Quality of Services in Banking Industry

S Sowjanya¹

K Pushpalatha²

^{1,2}*Department of Management Studies, Rajeev Gandhi Memorial College of Engineering & Technology,
(Autonomous) Nandyala, Andhra Pradesh, India*

Abstract

Particularly in service sector like banking industry, Business are important to know to deliver high quality services and perception of customers for maintaining a sustainable advantage. Because of financial liberalization, both private and public sector banks and foreign sector banks are continuously improving their strategies towards increasing in the level of quality of services and perception of customers and promoting customer satisfaction and customer loyalty. In this context, an attempt has been to study the customer perception and quality of services in public and private sector banks in Kurnool District.

Keywords- *Customer Perception, Quality Service*

I Introduction

Customers mind is a mystery and understanding the type of services will provide customer satisfaction and customer loyalty. It will be act as Integral part of banking industry: Therefore customer retention and customer satisfaction are very important in any business. Banking Industry plays an important role in the growth of countries economically. A quality of service is a powerful tool to attract new customers with low charges. Quality service can be used to fan word-of-mouth advertising. The factors such as Friendliness of bank staff, Fast and efficient service, Low service charges, Loan with favorable terms, Goodwill of bank, Payment of Interest on savings, Personal services. Understanding the Customers influences the quality of services towards perception level of the customers.

II Objectives of the study

- ❖ To study the quality of services in Public and Private sector banks in Kurnool District.
- ❖ To study and analyse the various services offered by Public and Private sector banks towards customer perception.

III Hypothesis of the study

H₁: There is significant association between the level of income and acceptance level of customer towards quality services of public and private sector banks.

H₀₁: There is no significant association between the level of income and acceptance level of customer towards quality services of public and private sector banks.

H₂: There is significant association between the banks and acceptance level of customer towards quality services of public and private sector banks.

H₀₂: There is no significant association between the banks and acceptance level of customer towards quality services of public and private sector banks.

H₀₃: There is no significant association between the type of account and acceptance level of customer towards quality services of public and private sector banks.

H₃: There is significant association between the type of account and acceptance level of customer towards quality services of public and private sector banks.

H₀₄: There is no significant association between the type of bank and acceptance level of customer towards quality services of public and private sector banks

H₄: There is significant association between the type of bank and acceptance level of customer towards quality services of public and private sector banks.

IV Review of Literature

Vanniarajan and Nainamohamed (2008) studies "Mapping Service Quality in the Indian Banking Industry" among the public and private bank customers in Madurai City. The study concludes according to their service quality dimensions by employing correspondence analysis effectively and evaluating service quality and displaying the banks.

MengiPooja (2009) studies "Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks of Jammu" by using SERVQUAL scale. The variables used in this study are tangibility, reliability, responsiveness, assurance and empathy on customers' satisfaction. The study concluded that the customers of public sector banks are more satisfied with the service quality than the private sector banks.

Trivedi Megha and Agrawal Nirmal (2009) studies "A Study to Find the Gaps in Services Offered by ICICI Bank with Regard to Customer Expectations and deliverables." The variables used in this study are tangibility, reliability, responsiveness, assurance and empathy. Performance of a bank may be evaluated with regard to a set of satisfaction parameters that indicate the strengths and weaknesses of an organization.

Ann Kumar, et al. (2010), explores the relationship between the customer satisfaction and attitudinal loyalty towards perceived service quality in Indian retail banking namely, ICICI Bank and HDFC Bank. The study recommends banking industry must have identify customers attitudinal loyalty for sustaining competitive advantages in the fast changing retail banking industry in India.

Jothi (2012) examined the different factors provides high level of satisfaction in the quality services of the banking industry. The study recommended to the banks must have to create awareness about the services offered by the banks and educating the customers, which leads to positive transformation in banking sector.

V Research Methodology

The sampling size of the study is taken as 270 customers from State Bank of India (SBI), Industrial Credit Investment Corporation of India (ICICI) and Andhra Bank in Kurnool region of Andhra Pradesh by using Surveying method. The variables used in this study are Friendliness of bank staff, Fast and efficient service, Low service charges, Loan with favorable terms, Goodwill of bank, Payment of Interest on savings, Personal services and the statistical tools used in this study are Mean, Median, Mode, Standard Deviation, IBM SPSS 22version

VI Data Analysis and Interpretation

Quality Service of the Banks towards Customers Satisfaction

The demographical variables of the respondents used in the study are 1. Income level 2. Bank which belongs 3. Type of Bank 4. Type of Account

Table 6.1 The factors influencing Respondents to Prefer Quality Services

Sl. No	Motivating Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean

1	Friendliness of Bank Staff	80 (29.63)	120 (44.44)	50 (18.5)	20 (7.4)	-----	270 (100.0)	2.83
2	Fast & Efficient Service	150 (55.55)	60 (22.22)	30 (11.11)	20 (7.4)	10 (3.7)	270 (100.0)	3.54
3	Low Service Charges	90 (33.33)	80 (29.6)	70 (25.92)	20 (7.4)	10 (3.7)	270 (100.0)	2.62
4	Loan with Favorable Terms	40 (14.8)	10 (3.7)	90 (33.33)	110 (40.7)	20 (7.4)	270 (100.0)	2.04
5	Goodwill of Bank	120 (44.44)	100 (37.00)	30 (11.1)	15 (5.5)	5 (1.85)	270 (100.0)	3.15
6	Payment of Interest on Savings	60 (22.22)	104 (38.5)	86 (31.8)	----	10 (3.7)	270 (100.0)	2.91
7	Personal Services	40 (14.8)	124 (45.6)	10 (3.7)	90 (33.33)	6 (2.22)	270 (100.0)	2.65
8	Overall	80 (29.62)	90 (33.33)	60 (22.22)	30 (11.11)	10 (3.7)	270 (100.0)	2.75

Source: Authors Compilation

From the above table 6.1, The overall influence of the seven factors is considered as, 29.62 %of the respondents is considered as strongly agree, 33.33% of the respondents is considered as agree, 22.22% of the respondents is considered as neutral, 11.11% of the respondents is considered as disagree, 3.7% of the respondents is considered as strongly disagree in motivating customers to prefer banking service. The average attitude score 3.74: Fast and efficient is considered as very important factor to prefer banking services for the respondents followed by the goodwill of the bank with 3.15 and least importance to loan with favorable terms with a mean value of 2.04.

Table 6.2 Income level and Quality Services of Banks towards Customer Satisfaction

Income level of the customer important factor towards purchasing of the product and determining the ability of the customer. Price differentiation is concerned with marketing of services and at lower brand prices for people having low level of income.

Sl.No	Monthly Income	No of Respondents	Mean Score	S.D	Co-Variation
1	Upto 20,000	40	118.2	8.25	6.84
2	20,000 to 30,000	50	120.80	6.94	5.61
3	30,000 to 40,000	120	120.15	9.42	7.63
4	Above 40,000	60	12.04	8.13	6.97
5	Total	270	119.95	8.09	6.64

Table 6.3 Association between Income level and Customer satisfaction

Sources of Variation	D.F	Sum of Squares	Mean Squares	Calculated Values	Table Values at 5%	Result
Between Groups	3	94.786	31.284	0.95	2.621	Not Significant
Within Groups	537	34816.488	62.246			
Total	540	34911.274	93.53			

Source:

Authors Compilation

From the above table 6.3: There is no significant association between the income level and acceptance of the respondents towards quality services of Public and Private sector banks towards customer satisfaction, because at 5% level of significance, the calculated F value is less than the table value, Therefore Null hypothesis (H_0) is accepted. The respondents average acceptance score of monthly income 30,000 to 40,000 is high and lowest in 20,000 – 30,000 towards quality services of public and private sector banks. The respondents acceptance level of variation is high (7.63%) having monthly income in between 30,000 – 40,000 and lowest in (5.61) among the 20,000 – 40,000.

Table 6.4 Bank and level of acceptance towards Satisfaction

Sl.No	Bank	No of Respondents	Mean Score	S.D	Co-Variation
1	ICICI	75	116.65	6.73	5.65
2	SBI	120	118.45	7.35	6.20
3	ANDHRA BANK	75	118.79	6.69	5.24
4	Total	270	120.17	8.06	6.65

Sources of Variation	D.F	Sum of Squares	Mean Squares	Calculated Values	Table Values at 5%	Result
Between Groups	04	6785.45	1679.12	29.98	2.62	Significant
Within Groups	536	29130.04	51.13			
Total	540	35915.5	1730.25			

Table 6.5 Association between bank and acceptance

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Source: Authors Compilation

From the above table 6.5: There is a significant association between the bank and respondents acceptance level towards quality services of public and private sector banks towards customer satisfaction, because at 5% level of significance, the calculated F value is greater than the table value, Therefore Null hypothesis (H_0) is rejected. The respondents average acceptance score of SBI bank is high and Andhra Bank is lowest level. The respondents variation in acceptance level is high (6.20%) in SBI and Lowest (5.24%) in Andhra Bank.

Table 6.6 Type of bank and acceptance towards Quality Services

Sl. No	Bank	No of Respondents	Mean Score	S.D	Co-Variation
1	Public Sector Bank	170	120.12	7.95	6.71
2	Private Sector Bank	100	122.23	8.74	7.06
3	Total	270	120.06	8.05	6.85

Table 6.7 Association between Income level and Customer satisfaction

Calculated T value	D.F	Table Values at 5%	Result
2.145	540	1.964	Significant

Source: Authors Compilation

From the above table 6.7: There is a significant association between the type of bank and acceptance level of respondents towards quality services of public and private sector banks towards customer satisfaction, At 5% level of significance, the calculated T value is greater than the table value, Therefore Null hypothesis (H₀) is rejected. The respondents average acceptance score in private sector bank is high and private sector bank is low. Thus, the consistency of the respondents of public sector bank is 6.71% towards Quality services.

Table 6.8 Type of Account and acceptance towards Quality Services

Sl.No	Type of Account	No of Respondents	Mean Score	S.D	Co-Variation
1	Savings A/c	180	120.45	8.12	6.75
2	Current A/c	90	120.80	7.95	6.55
3	Total	270	120.52	8.05	6.62

Source: Authors Compilation

Table 6.9 Association between Type of Account and acceptance towards Quality Services

Calculated T value	D.F	Table value at 5%	Result
0.652	540	1.964	Not Significant

Source: Authors Compilation

From the above table 6.9: At 5% level of significance, the calculated T-value is less than the table value. It means there is no significant association between the type of account and acceptance level of respondents towards quality services. Therefore Null Hypothesis (H₀) is accepted. The respondents average acceptance score in savings bank account holders are highest and current bank account holders are lowest. The variation in the acceptance level is high in savings bank account holders and lowest in current account holders in public and private banks.

VII Findings and Suggestions

7.1 Findings:

1. The factors influence the respondents to prefer quality services as
 - a) 29.62 % of the respondents is considered as strongly agree.
 - b) 33.33% of the respondents is considered as agree.
 - c) 22.22% of the respondents is considered as neutral.
 - d) 11.11% of the respondents is considered as disagree.
 - e) 3.7% of the respondents is considered as strongly disagree in motivating customers to prefer banking service.
 - f) The average attitude score 3.74: Fast and efficient is considered as very important factor to prefer banking services for the respondents followed by the goodwill.
2. In case of Income level: There is no significant association between the income level and acceptance level of respondents towards quality services of private and public sector banks. The respondents who are having income level in between 30,000 to 40,000 is highest in average acceptance and 20,000 to 30,000 is lowest in terms of average acceptance.

3. In case of Type of Bank: There is significant association between the type of bank and acceptance level of respondent's quality services of private and public sector banks. The respondents who are belonging to private sector banks is highest and public sector bank is lowest in terms of average level of acceptance. The respondents who are belonging to the public sector bank have much consistency towards quality services in terms of variation.

4. In case of Bank: There is significant association between the bank and respondents acceptance level towards quality services of private and public sector banks towards customer satisfaction. In case of average acceptance score and variation, SBI is highest and Andhra Bank is lowest.

5. In case of Type of Account: There is no significant association between the type of account and acceptance level of respondent's quality services of private and public sector banks. In case of average acceptance score and variation, Savings bank account is highest and current bank account is lowest.

7.2 Suggestions:

1. The customers' expectations and their needs changes from time to time and situation to situation such as innovative services, existing services refinements, convenience and flexibility. In order to maintain the quality services, the commercial banks have to prepare offers and discounts based in the needs of the customer.

2. For improving the banks relationship with the customer, the banks must establish "Customer Relationship Committee" and after their suggestions for improving the quality services of banks.

VIII Conclusion:

The study reveals that the customer's preference reasons are different in different types of variables. The customers of public sector banks are highly satisfied towards quality of services. In this competition world banks have to differentiate themselves and stays continue in the race through the efficiency and effectiveness in its business operations. The present study suggests certain measures such as training of employees, Innovativeness, Customer Complaint Cell, Customer Relationship Committee to improve the quality services of commercial banks.

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