

## CUSTOMERS' PERCEPTION TOWARDS SERVICE QUALITY OF PUBLIC SECTOR BANKS USING SERVQUAL

\* Dr. S. Anthony Rahul Golden,

*Assistant Professor of Commerce, St. Xavier's College (Autonomous), Palayamkottai  
affiliated to Manonmaniam Sundaranar University, Tirunelveli, Tamilnadu, India  
Email id: kvsrahul@gmail.com*

\*\*Dr. S. Bulomine Regi,

*Assistant Professor of Commerce, St. Mary's College (Autonomous), Thoothukudi  
affiliated to Manonmaniam Sundaranar University, Tirunelveli, Tamilnadu, India  
Email id: drregi23@gmail.com, <https://orcid.org/0000-0002-2040-9001>*

### **Abstract**

*Service sector is the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. For most countries around the world, services are the largest part of their economy. The real reason for the growth of the service sector is due to the increase in urbanization, privatization and more demand for intermediate and final consumer services. Availability of quality services is vital for the well being of the economy. The study is based on both primary and secondary data. The primary data were collected from customers having account with the selected four banks for the study. The secondary data were collected from bulletins of RBI and IRDBT, books, bank official websites, bank magazines, reports, newspapers, journals and websites. Details of customers from each bank could not be obtained from the banks due to banks' privacy issues and topic sensitivity. Therefore, the researcher decided to contact the respondents from the selected bank branches in the district. Simple random sampling method was adopted to select the branches and purposive sampling method was adopted to select the respondents. Customers who are availing banking services from the selected bank are selected for the study. 400 sample respondents were selected for the study from the selected four banks. This paper discussed on the consumers' perception towards service quality of public sector banks in Tirunelveli District, Tamilnadu, India.*

**Keywords:** *Consumers, Perception, Service quality, SERVQUAL, Public sector bank*

### **INTRODUCTION**

*"Customer service deserves an outlook that puts a check on targets sought to be achieved by customer service executives by way of a rigor of compliance with extant rules and regulations. Profit seeking is the basic ethos that governs any business entity but the same cannot and must not override the genuine demands and requirements of customers".*

*- Shri G Gopalakrishna*

Service sector is the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. For most countries around the world, services are the largest part of their economy. The real reason for the growth of the service sector is due to the increase in urbanization, privatization and more demand for intermediate and final consumer services. Availability of quality services is vital for the well being of the economy. The Indian Service sector covers a wide range of activities, such as transportation, communication, trading, finances, real estate and health, among others. Amongst these India's financial sector is diversified and is expanding rapidly. It comprises of commercial banks, insurance companies, non-banking financial companies, mutual funds and other smaller financial entities. Ours is a bank dominated financial sector and commercial banks account for over 60 per cent of the total assets of the financial system. Indian Banking sector forms the backbone of the country's economy.

### OBJECTIVE OF THE STUDY

The main objective of this study is to measure the customers' perception towards service quality of public and private sector banks in Tirunelveli District, Tamilnadu, India.

### METHODOLOGY

The study is based on both primary and secondary data. The primary data were collected from customers having account with the selected four banks for the study. The secondary data were collected from bulletins of RBI and IRDBT, books, bank official websites, bank magazines, reports, newspapers, journals and websites. Details of customers from each bank could not be obtained from the banks due to banks' privacy issues and topic sensitivity. Therefore, the researcher decided to contact the respondents from the selected bank branches in the Tirunelveli district, Tamilnadu, India. Simple random sampling method was adopted to select the branches and purposive sampling method was adopted to select the respondents. Customers who are availing banking services from the selected bank are selected for the study.

### SAMPLE SIZE

$$\text{Sample Size } n = (ZS/E)^2$$

Where

- Z = Standardized value corresponding to a confidence level of 95% = 1.96
- S = Sample SD from Pilot study of 80 sample = 0.509
- E = Acceptable Error = 5% = 0.05

$$\begin{aligned}\text{Hence, Sample size} = n &= (ZS/E)^2 \\ &= (1.96*0.509/0.05)^2 \\ &= 398.11\end{aligned}$$

**Hence, Sample Size n= 400**

The 400 respondents who were selected for the study are belonging to the following four banks which have been taken for the study. Such categorisation of selected sample respondents is given in the following table:

**Table No. 1.1**  
**Classification of Sample Respondents**

S.No.	Type of Bank	Name of the Bank	No. of Respondents
1	Public Sector	State Bank of India	100
2		Canara Bank	100
3		Indian Bank	100
4		Indian Overseas Bank	100

## **FINDINGS AND DISCUSSION**

- ❖ Equal weightage is given to male and female in both public and private sector banks.
- ❖ 37.50 per cent of the respondents are belong to the age group of Upto 25 years, 51.50 per cent of the respondents are belong to the age group of 26-50 years and 11 per cent of the respondents are belong to the age group of above 50 years .
- ❖ 72.50 per cent of the respondents are married and 27.50 per cent of the respondents are unmarried.
- ❖ 55.5 per cent of the respondents are graduates, 20.5 per cent of the respondents completed upto higher secondary, 14 per cent of the respondents did professional courses and one per cent of the respondents completed technical courses.
- ❖ 55.5 per cent of the respondents are employed, 20.5 per cent of the respondents are self-employed, 14 per cent of the respondents are professionalist and one per cent of the respondents are unemployed.

- ❖ 39.5 per cent of the respondents are earning upto Rs. 15, 000, 29 per cent of the respondents are earning Rs. 15, 001-30, 000, 16 per cent of the respondents are earning Rs. 30, 001-45, 000 and 15.5 per cent of the respondents are earning above Rs. 45, 000
- ❖ 67 per cent of the respondents are urban customers and 33 per cent of the respondents are rural customers
- ❖ 85.5 per cent of the respondents are having savings account and 14.5 per cent of the respondents are having current account.
- ❖ 30.5 per cent of the respondents are having account with the bank for 5-10 years, 28.5 per cent of the respondents are having account with the bank for 11-15 years, 26.5 per cent of the respondents are having account with the bank for above 15 years, 24.5 per cent of the respondents are having account with the bank for below 5 years.
- ❖ Based on the mean score, in public sector customers selected their banks for safety of funds; due to salary account and attractive interest rate which determines them to select the bank.

### SERVICE QUALITY GAP

The data have been collected using SERVQUAL tool from 400 samples for both expectation and perception regarding quality measurement of banking services. The service quality gap is described by the following equation  $SQ = E_{jk} - P_{jk}$ , where  $E_{jk} = E$  for expectation of service dimension,  $j$  for response to a service attributes and  $k$  for number of service attributes.  $SQ$  is service quality gap. The average means score for 5 dimensions and 22 statements of customers' expectation and perception.

**Table No. 1.2**  
**Service Quality Gap of Public Sector Customers**

<b>PERCEPTION</b>	<b>Mean (E)</b>	<b>Mean (P)</b>	<b>Gap (E-P)</b>
<b>TANGABLES</b>	<b>4.60</b>	<b>4.08</b>	<b>0.52</b>
The bank has modern looking equipment.	5.78	4.84	0.94
The bank's physical features are visually appealing.	4.35	3.94	0.41
The bank's reception desk employees are neat appearing.	4.02	3.68	0.34
Materials associated with the service (such as pamphlets or statements) are visually appealing at the bank.	4.24	3.84	0.40
<b>RELIABILITY</b>	<b>3.79</b>	<b>3.29</b>	<b>0.50</b>
When the bank promises to do something by a certain time, it does so.	4.13	3.68	0.45
When you have a problem, the bank shows a sincere interest in solving it.	4.43	3.74	0.69
The bank performs the service right the first time.	2.41	1.96	0.45
The bank provides its service at the time it promises to do so.	4.08	3.82	0.26

The bank insists on error free records.	3.89	3.24	0.65
<b>RESPONSIVENESS</b>	<b>4.18</b>	<b>3.74</b>	<b>0.44</b>
Employees in the bank tell you exactly when the services will be performed.	3.97	3.23	0.74
Employees in the bank give you prompt service.	4.39	3.91	0.48
Employees in the bank are always willing to help you.	4.35	3.87	0.48
Employees in the bank are never too busy to respond to your request.	4.02	3.96	0.06
<b>ASSURANCE</b>	<b>4.19</b>	<b>3.70</b>	<b>0.49</b>
The behaviour of employees in the bank instils confidence.	4.24	3.86	0.38
You feel safe in your transactions with the bank.	4.05	3.50	0.55
Employees in the bank are consistently courteous with you.	4.13	3.75	0.38
Employees in the bank have the knowledge to answer your questions.	4.43	4.01	0.42
The bank gives you individual attention.	4.08	3.35	0.73
<b>EMPATHY</b>	<b>4.08</b>	<b>3.77</b>	<b>0.31</b>
The bank has operating hours convenient to all its customers.	3.97	3.68	0.29
The bank has employees who give you personal attention.	4.06	3.88	0.18
The bank has your best interests at heart.	3.89	3.71	0.18
The employees of the bank understand your specific needs.	4.39	3.79	0.60

It is clear that the means scores of expectation are high and ranged from 2.41 (The bank performs the service right the first time) to 5.78 (The bank has modern looking equipment). Total mean score of customer's expectation is 4.17. Among the five dimensions, the highest expectation is related to the tangibles and assurance dimensions (dimensions' mean score: tangibles= 4.60, assurance = 4.08) and the lowest expectation is related to the reliability and empathy (dimensions' mean score: reliability= 4.60, empathy = 4.08).

The mean score of the perception ranged from 1.96 (The bank performs the service right the first time.) to 4.84 (The bank has modern looking equipment). The total mean score of customer's perception is 3.72. Among the five dimensions of quality, the highest perception is related to the tangibles dimension (dimensions mean score = 4.08) and the lowest perception is related to the assurance (dimension's means score = 3.70).

The gap score of each item and dimension was computed by subtracting the perception score from the expectation score. Table shows that the highest gap of the quality relates to the tangibles dimension (gap mean score = 0.52) and there is a considerable gap between the customer's expectation. The lowest gap of the quality relates to the empathy dimension (gap mean score = 0.31).

## CONCLUSION

Dissatisfied customers find responsiveness and empathy dimension as the twin concept that is lacked by the bank. So far as the satisfied customers are concerned, there exist a long gap between the expected service quality (what type of services the customers expect exactly from the bank) and actual service quality (what type of services they are getting from bank in real sense). Customer expectations and Customer Perceptions are subjective and are in a state of constant flux and change. The findings therefore can be generalized to a given period, a pre-defined market, and economic scenarios. A longitudinal study could probably

overcome or alleviate this limitation. The study also is confined to the Indian scenario. It could have a great deal of influence on the customer expectations and perceptions. The suggestion of the customers is that the bank should generate a strong confidence among the customers that its primary objective can be achieved through the provision of a good SQ level accurately and timely with a strong performance.

## REFERENCES

1. Alok Kumar Rai, "Service Quality Gap Analysis in Indian Banks: An Empirical Study", *Paradigm*, Volume 13, No.2, July-Dec 2009, pp.29-34
2. Andra Brige, "Building relationship with customers by using technological solutions in commercial banks of Latvia", *Baltic Journal of Management*, Volume 1, Issue 1, 2006
3. Golden, S. A. R., Regi, S. B., & Franco, C. E. (2014). A study on Impact of Information Technology (IT) in Modern Banking Sector. *Golden Research Thoughts*, 3(11), 1.
4. <http://journal-archieives30.webs.com/390-400.pdf> accessed on 08/04/2017
5. <http://www.diva-portal.org/smash/get/diva2:327600/fulltext01> accessed on 21/04/2017
6. Parasuraman A and Dhruv Grewal, "The impact of technology on the quality – value – loyalty chain: A research agenda", *Journal of the Academy of Marketing science*, Volume 28, No.1, 2000, pp.168-174
7. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, "A conceptual model of service quality and its implications for future research", *The Journal of Marketing*, Volume 49, No.4, 1985, pp.41-50
8. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, "Alternative scales for measuring service quality: A comparative assessment based on psychometric and diagnostic criteria", *Journal of Retailing*, Volume 70, No.3, 1994, pp.201-230
9. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, "Quality counts in services too", *Business Horizons*, May-June 1985, pp.44-52
10. Regi, S. B., & Golden, S. A. R. (2014). Attitude of Rural People Towards Technology Inclusion In Banking Services At Tirunelveli District. *IGJAE–Indo Global Journal Of Applied Management Science*, 2 (2).
11. Regi, S. B., & Golden, S. A. R. (2014). Customer Preference Towards Innovative Banking Practices Available In State Bank Of India At Palayamkottai. *Sankhya International Journal Of Management And Technology*, 3 (11 (A)), 31, 33.
12. Regi, S. B., & Golden, S. A. R. (2019). Measuring Public Sector Customers' Attitude Towards Technological Innovative Banking Services (IBS) Using Structural Equation Model (SEM). *International Journal of Hybrid Information Technology*, 12(2), 37-45.
13. Shri G Gopalakrishna, Executive Director, RBI at "Axis Champions Awards" on October 1, 2013 @ Mumbai  
[https://www.rbi.org.in/scripts/BS\\_SpeechesView.aspx?id=841](https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?id=841)

14. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, “Reassessment of expectations as a comparison standard in measuring service quality: implications for further research”, *Journal of Marketing*, Volume 58, Jan 1994, pp.111-124
15. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, “SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality”, *Journal of Retailing*, Volume 64, No.1, 1988, pp.12-40
16. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, “The nature and determinants of customer expectations of service”, *Journal of the Academy of Marketing Science*, Volume 21, No.1, 1993, pp.1-12
17. Parasuraman A, Valarie A Zeithaml and Leonard L Berry, “The service-quality puzzle”, *Business Horizons*, Sep-Oct 1988, pp.35-43