A Study on Dimensions of Service Quality Public Sector Banks with Special reference to State Bank of India in Ambasamudram Taluk

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Abstract

In this global competitive era, a bank has the responsibility to satisfy the customer to survey and succeed in our society. The customer satisfaction and service quality is highly related. This study aims at service quality dimensions of State bank of India in Ambasamudram taluk. The main objective of the study is to know the interrelationship between various service quality dimensions. For this purpose, the SERVQUAL model has been used. A sample of 100 bank customers was selected by convenience sampling technique from SBI in Ambasamudram taluk. The finding reveals the strong relationship between different service quality dimensions. The study provides guidance for bankers to offer quality service.

Keywords: *Service Quality, Dimensions of Service Quality, Customer Satisfaction and Banking Services.*

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Introduction

Customers have become more quality conscious all over the world, resulting in a rise in consumer demand for higher quality service. This latest wave of quality recognition and focus has an effect on service operations all over the world. As a result, service-based businesses, such as banks, are obligated to provide excellent customer service in order to maintain a competitive edge, particularly given the current trend. Today the customer demands the banking services for 24 hours. In the banking industry, customer's loyalty and retention has become a major concern, and service quality has been described as a key factor. However, there are differences in what banks consider to be quality service and what consumers demand from banks.

Review of literature

Vivek Agarwal, Vikash Tripathi et al., (2018) have identified ten dimensions if service quality namely tangibility, Reliability, Responsiveness, Assurance, Empathy, Access to service, ensure safely by web literature review followed by expert's opinions. Interaction among these dimensions was analyzed using ISM technique followed by MICMAC analysis. ISM analysis showed that security and trust are the most significant dimensions and must not ignore by top management. MICMAC analysis revealed that tangibility, Reliability, Responsiveness, Assurance, and Empathy.

In an attempt to understand the constructs of service quality in public **sector Rheea Seung-Kyu and Rhab June-Young (2009)** have established significant relationship between service quality and customer satisfaction. It has been found that there are certain attributes which leads to satisfaction & dissatisfaction of customers. The customers benefitted at large by service delivery tend to be satisfied than that of those who could not be benefitted completely. The study on attributes of outcome quality, design quality as well as relationship quality have

shown important links to customer satisfaction as end customers view process quality and outcome quality as the most important qualities, on other hand others have found design quality and relationship quality as most important factors.

Conceptual framework

Banking Services in India

Banks in India need to be admired on the enclosure of technology in a large way in their day-to-day operations. The last two decade has seen many constructive developments in the Indian banking sector. The banking industries are mostly customer driven and their survival in competitive environment large depends on new technological services provide them. Technology plays a vital role in improving the service quality provided by the banking sector. Banking sector in India has emerged as one of the most important drivers of the country's economic development. Even during times when the rest of the world was undergoing a financial meltdown, the Indian banking industry has made considerable progress in recent years. Today, Indian banking is at a fork in the path of an unknown movement.

Concept of Service Quality

According to Lewis and Booms (1983), service quality is calculated by contrasting what consumers expect from a service provider with the provider's actual performance. “Service quality is a measure of how well the standard of service offered meets consumer expectations,” Delivering quality service entails consistently meeting customers’ expectations.’

Dimensions of Service Quality

According to A. Parasuraman, V.A. Zeithaml, and L.L. Berry, the quality of services is measured during service delivery, and each customer interaction means a chance to please or dissatisfy the customer, a "moment of fact." Furthermore, Parasuraman, Zeithaml, and Berry (PZB's1988) introduced five dimensions that led to the creation of SERVQUAL.

- **Tangibles:** These considerations include the appearance of staff, the physical facilities provided, and the equipment used in the service experience.
- **Reliability:** How the service is given, i.e., the capacity to provide the promised service precisely and consistently.
- **Responsiveness:** Willingness to assist customers, responds to their inquiries, and provides timely service.
- **Assurance:** Staff courtesy and understanding, as well as their ability to inspire faith and confidence.
- **Empathy:** Helpful, conscientious about the needs of consumers, and caring in delivering individualized attention to customers.

State Bank of India -Overview

Introduction State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. On 1st April, 2017, State Bank of India, merged with five of its Associate Banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) and Bharatiya Mahila Bank with itself. This is the first ever large scale consolidation in the Indian Banking Industry. With the merger, State Bank of India will enter the league of top 50 global banks with a balance sheet size of Rs.33 trillion, 278,000 employees, 420 million customers, and more than 24,000 branches and 59,000 ATMs. SBI's market share will increase to 22 percent from 17 per cent. It has 198 offices in 37 countries; 301 correspondents in 72 countries. The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016. State Bank of India is a banking behemoth and has 20% market share in deposits and loans among Indian commercial banks.1 History The evolution of State Bank of India can be traced back to the first decade of the 19th century. It began with the establishment of the Bank of Calcutta in Calcutta, on 2 June 1806. The bank was re-designed as the Bank of Bengal, three years later, on 2 January 1809. It was the first ever joint-stock bank of the British India, established under the sponsorship of the Government of Bengal. Subsequently, the Bank of Bombay (established on 15 April 1840) and the Bank of Madras (established on 1 July 1843) followed the Bank of Bengal.

State Bank of India provides following product & services to its customers. Payments/Transfer, Funds Transfer, Intra-Bank Transfer, RTGS/NEFT, Credit Card (VISA) ,IMPS Payments, NRI eZ Trade Funds Transfer, E –

Deposits,E-TDR/e-STDR,E-TDR/e-STDR under Income Tax Savings Scheme , SBI Flexi Deposit, E-Annuity Deposit Scheme ,E- Recurring Deposits ,Smart Cards, Personal Banking ,SBI Term Deposits, SBI Loan For Pensioners, SBI Recurring Deposits Loan Against Mortgage Of Property ,SBI Housing Loan ,Loan Against Shares & Debentures ,SBI Car Loan Rent Plus Scheme , SBI Educational Loan Medi-Plus Scheme Other Services , Agriculture/Rural Banking, NRI Services, ATM Services, Demat Services, Corporate Banking , Internet Banking, Mobile Banking.

Statement of the Problem

This research identifies important quality dimensions that banks can use to establish strategies for enhancing service quality. This will strengthen the Bank's competitive position in the banking industry and ensure the bank's survival, especially in this era of fierce competition. Banks should create customer-centric service approaches to deal with customers by monitoring customer satisfaction levels in order to prevent current customers moving to a rival bank by determining what consumers want and how they feel about the quality and banks can customize their service operations by revising, redesigning, or repackaging them to meet customer needs. In recent years, there have been major core banking and investments in the field. Most banks provide a range of services to their customers, including mobile banking, SMS banking, online banking, and ATMs. Banking has been complete freedom to experience with all of these tools and systems. It also faces challenges such as customer retention, the implementation of tech-savvy facilities and investments in such facilities, security issues, Knows Your Customer (KYC) regulations, credit assessment regulations, and so on. Hence the researcher has chosen the study entitled "**A Study on Dimensions of Service Quality Public Sector Banks with special reference to State Bank of India"**

Objectives of the Study

The following are the objectives of this research:

1. To understand the socio-economic profile of the customers of State bank of India in Ambasamudram taluk.
2. To identify the motivating factor to avail banking services from State bank of India in Ambasamudram taluk.
3. To analyze the service quality of State bank of India in Ambasamudram taluk.

Scope of the Study

The study aims to analyze the service quality dimensions of State Bank of India in Ambasamudram taluk. It covers the demographic profile of customer, motivational factors to open an account in SBI and service quality dimensions in SBI bank in Ambasamudram taluk.

Research Methodology

An empirical research approach has been chosen for the study. The service quality model has been importance in last few decades to measure the overall service standard of the firms. In order to analyze customers' perception of service quality in banks 100 respondents were selected through convenience sampling method from the study area and the primary data collected by well-structured interview schedule and the secondary data was collected from books, journals, website, etc. After the data collection is over, the researcher has analyzed the data with the help of statistical tools like percentage analysis and T-test to draw the interpretation.

Analysis and Interpretation

Classification on the basis of Demographic

The following table explains the percentage analysis classification on the basis of demographic profiles**.**

Table: 1 - Percentage Analysis on the basis of Demographic Profile

Demographic variable	Categories	No. of respondents	Percentage
Gender	Male	35	35
	Female	65	65
	Total	**100**	**100**
Age	Below 30 years	25	25
	31-40 years	40	40
	41-50 years	20	20
	Above 50 Years	15	15
	Total	**100**	**100**

Educational qualification	Up to high school	18	18
		21	21
	Higher Secondary	32	32
	Graduate	16	16
	Professional	13	13
	Diploma/Technical		
	Total	**100**	**100**
Marital status	Unmarried	25	25
	Married	75	75
	Total	**100**	**100**
Occupation	Student	08	8
	Private Employee	24	24
	Government employee	25	25
	Business	26	26
	Professional	08	8
	Daily wages	09	9
	Total	**100**	**100**
Place of residence	Urban	38	38
	Rural	49	49
	Semi Urban	13	13
	Total	**100**	**100**
Monthly Income	BelowRs.20,000	36	36
	Rs.20,001-Rs.30,000	40	40
		15	15
	Rs.30,001-Rs.40,000	09	9
	Above Rs.40,000		
	Total	**100**	**100**

Source: Primary Data

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.605
Bartlett's Test of Sphericity	Approx. Chi-Square	1546.886
	Df	300
	Sig.	.000

Source: Computed Data

High value of Kaiser-Meyer -Olkin (KMO) test of sample adequacy (0.605) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be appropriate in this model. The findings of the rotated factor analysis on the motivating factor for using core banking services SBI bank are presented in the following table

Table: 2- Motivating factors for using banking services- Factor wise classification

S. No	Factors	Eigen value	Percentage of variance	Cumulative Percentage of Variance
1	Avoid waiting time in branch banking	4.912	19.649	19.649
2	Quick service & Tension free	3.810	15.242	34.891
3	Preferred technology & self-service	2.692	10.768	45.660
4	Trust (Belief) and secure(safe)	2.253	9.014	54.673
5	Anywhere and anytime banking through ATM.	1.611	6.443	61.116

Source: Computed Data

Relationship between Customer Expectation, Perception and Gap towards Service Quality of SBI

Table -3 explains the customer expectation, perception and gap of service quality of State Bank of India in Ambasamudram taluk.

Table: 3 – Relationship between Customer Expectations, Perception and Gap towards Service Quality of SBI

Variables		Expectation	Perception	Gap
Tangibility	N	100	100	100
	Mean	2.91	3.87	0.96
	S.D.	0.98	1.37	0.39
Reliability	N	100	100	100
	Mean	3.12	4.10	0.98
	S.D.	1.24	1.87	0.63
Responsiveness	N	100	100	100
	Mean	3.48	4.32	0.84
	S.D.	0.97	1.58	0.61
Assurance	N	100	100	100
	Mean	3.33	4.27	0.94
	S.D.	1.19	1.88	0.69
Empathy	N	100	100	100
	Mean	2.89	3.67	0.78
	S.D.	0.79	1.34	0.55
Total	N	100	100	100
	Mean	3.55	4.47	0.92
	S.D.	1.29	1.98	0.69
F – value		4.187	2.846	1.034
'p' – value		0.000*	0.002*	0.061

Source: Computed from Field survey

Relationship between Demographic Profile of Customers, Expectation and Perception towards Service Quality of State Bank of India

The table 4 explains that the relationship between demographic profile of customer and expectation and perception of service quality of State Bank of India in Tirunelveli district.

Table: 4 – Relationship between Demographic Profile of Customer, Expectation and Perception of Service Quality of State Bank of India

Demographic Profile	One-way ANOWAY	
	Expectation	Perception
Gender	3.208*	2.214*
Age	2.964*	3.201*
Educational Qualification	2.814	2.317
Marital Status	2.845*	3.210*
Occupation	2.920	3.321
Monthly Income	2.102	2.548
Residential Area	3.148*	3.103*

Source: Computed from Field survey

Note: *Significant value

Correlation between Customer Perceptions of Service Quality of SBI

The following table explains the correlation of attributes of customer's perception of service quality of SBI.

Table: 4 - Correlation between Customer Perceptions of Service Quality of SBI

	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Tangibility	1.00				
Reliability	0.813**	1.00			
Responsiveness	0.724**	0.613*	1.00		
Assurance	0.532*	0.506*	0.628**	1.00	
Empathy	0.556*	0.511*	0.538*	0.684*	1.00

** Correlation significant at 0.01 levels

* Correlation significant at 0.05 levels

Table 3 shows correlation of between service quality offered by State Bank of India relationship with tangibility, reliability, responsiveness, assurance and empathy for measuring customer service quality.

FINDINGS

- Majority 65 percent of the respondents are female.
- It is found that majority 40 percent of the respondents are 31-40 year's age group.
- It is observed that 32percent of the respondents are graduate.
- It is witnessed that majority 75 percent of the respondents are married.
- It is confirmed that 26 percent of the respondents are doing business.
- Majority 49 percent of the respondents belong to urban area.
- It is perceived that majority 40 percent of the respondents are earning Rs.20, 001- Rs.30, 000 per month.
- It is observed that 64 percent of respondents are savings account holder.
- It is found that majority 40 percent of the respondents are using core banking services for 3-5 years.

- It is reveal that avoiding waiting time is the most influencing factor for core banking services
- It is clear that the variable responsiveness have secured higher mean scores, which shows that their customer expectation in service quality of SBI is more than other variables and it is implied from this result that the gap in between expectation and perception is slightly more for the variable reliability of service quality of SBI in these variables.
- It is observed that three variables namely educational qualification, occupation and monthly income are more influencing the customer expectation towards service quality of SBI in the study area.
- The study revealed that all the five factors like tangibility, reliability, responsiveness, assurance and empathy are correlated with perception of service quality of SBI.

SUGGESTIONS

✓ It is found that avoiding waiting time is the most influencing factor to avail core banking services. Hence the banks should try to reduce the operating time as much as possible

✓ It is suggested that the bank should concentrate on the factor responsiveness, since the study reveals the highest mean score in percetion of service quality.

✓ It is revealed that the educational qualification, occupation and monthly income are more influencing the customer expectation towards service quality, the banks should focus the educated and high income people while implementing their policy so as to motivate them

✓ Since all the five factors like tangibility, reliability, responsiveness, assurance and empathy are correlated with perception of service quality; the banks should consider all the factors in their operation to improve their service quality.

CONCLUSION

The main objective of the study is to measure the customers' service quality of State Bank of India. The service quality of the bank determines the customers' satisfaction and loyalty. The study reveals the service quality gap of different dimensions by comparing the expectation and perception of service quality. The bank has to take necessary action to reduce the negative service quality gap so as to build the relationship. It concludes that the public sector banks provide maximum quality of customer's service at a minimum cost in the day-to-day banking transactions to improve the image of the bank.

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