INFORMATION TECHNOLOGY INSPIRATION IN SERVICE QUALITY TOWARDS PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO VELLORE DISTRICT OF TAMIL NADU – INDIA

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Abstract

The quality of service is the degree of superiority in the performance. The service quality in customer service is the only way a firm can differentiate itself from various competitors. It is considered as a strategic organizational weapon. This study aims to determine the significant elements of service quality, in public sector banks, as perceived by customers and tries to measure and compare the quality of service among public banks, based on customer perception of desired quality of services. The service quality measure is based on the modified version of SERVQUAL, which involves five measurements, namely, Reliability, Responsiveness, Empathy, Warranty and Tangible. This study, on the quality of customer service of public sector banks, seeks to highlight the differences between customer observations of banks. This study is descriptive, and data were collected from 400 respondents and average scores of various SERQUAL dimensions, for both perception and desired were obtained. The study could add value to the quality of banking services, for development and also open up new areas of research.

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1. 1. Introduction

Customer choice and awareness have increased tremendously during this decade, due to greater transparency in the economy, the advent of information technology, the media revolution and in addition, to the fierce competition for resources between banks. As markets become increasingly competitive, customers can switch to another bank that offers better service. A continuous improvement to gain competitive advantage, greater market share, greater profits, is possible only when companies can find new ways to maintain the loyalty of existing customers.

Above all, banks have also realized that the main strategy for meeting tough competition is not only by retaining old customers but also attracting new customers, through the offer of better services. Therefore, in recent times, the offer of better and quality services to customers has become one of the key issues in the bank's services agenda. Only the quality of services provided could help banks to attract more and more customers in a competitive environment. Service quality is a critical issue, related to the difference between an individual's expectation of a service and the actual service received.

2. Review of Literature

The study by **D.Srinivas and Prof.N. HanumanthaRao (2018)** focuses on the role of classifying customers as satisfied and dissatisfied, for the evaluation of customer satisfaction in banking services. This study discusses the evolution of literature on the relationship between customer satisfaction and service quality, measuring the quality of service by the modified SERVQUAL model, gap of research and the conceptual framework. One of the main contributions of the study to the advancement of knowledge was the investigation of the service quality process from a comparative perspective and expectations of commercial bank customers. The study was carried out with the objective of determining customer satisfaction, with the quality of banking services based on different constitutive factors. The study by **Parag Rijwani, Ritesh Patel and Nikunj Patel (2017)** was conducted with the sample of 384 respondents using factor analysis and the research found that all factors of service quality exercised significant and positive impact on customer satisfaction. This study by **Selvaraj N. (2016)** has administrative implications, as it can be used by banks to improve service quality, by focusing more on the important criteria. In this research study, the customer service quality gap in public sector banks was identified for each of the elements in the ten general dimensions and among the six general categories and it was found that the average score, for the quality of service in the tangibility dimension, was the highest for the perceived level of "bank stationery availability" and the desired level for "Adequacy of the space and arrangement of the counters. This study of the banks' performance **T.Meharajan, P.S. Venkateswaran, S. Aravind (2015)** was carried out on the basis of perception of the quality of service, which influenced the public sector banks. Further, this disclosure of the gap between expectations and perceptions of responders, regarding the quality of services provided, should act as a motivation to increase the reputation and achieve customer loyalty. Banks have to prepare their marketing plans and strategies based on the customer perception, to gain competitive advantages. The article by **Dr.Bhagwan Singh** and **Devendra, K (2014)** examined the gap score of public sector banks. The study, 'Analysis of customer satisfaction in the Delhi metro service', identifies the components of the quality of service of the Delhi metro railways. This also discovers the relationship between the attributes of service quality (tangibility, responsiveness, reliability, guarantee and empathy) and customer satisfaction in the Delhi metro. This study, descriptive in nature,

was carried out through a survey and concluded that the delivery of the quality of service complies with the perception of travellers. The study also revealed that there was positive relationship between reliability and customer satisfaction. In the study on the customer satisfaction of banking services in Pakistan, total number of 306 respondents was surveyed, using the 22-point questionnaire, based on SERVQUAL. Researchers have applied the t-test of paired samples and have revealed that the quality of service affected the customer satisfaction, but satisfaction differed on the gender dimension **(Ilyas, A., Nasir, H., Malik, M. R., Mirza, U. E., Munir, S.,** and **Sajid, A 2013)**. In her article entitled, "An empirical analysis of customer satisfaction in the adoption of Internet banks in Pakistan", **Nadia Asghar (2012)** established that in Pakistan, especially in the Twin Cities. customers were satisfied with internet banking adoption and felt comfortable processing their daily business, through the online banking service. **Islam S.** and **Ali M.B. (2011)** had surveyed 222 respondents, who had availed banking services from public and private sector banks. While applying the correlation and confirmatory factor analysis, the researchers revealed a positive relationship between the quality of service and customer satisfaction. In addition, the study revealed that customer satisfaction led to an increase in the level of loyalty to the bank. **Culiberg** and **Rojsek (2010)** studied the customer satisfaction of the retail banking service in Slovenia. The researchers developed the SERVQUAL scale, based on 28 items and conducted a survey of 150 respondents. Researchers applied factor analysis and regression analysis. The results of the study revealed that the quality of service significantly affected the customer satisfaction of the retail banking service in Slovenia.

3. Statement of the Problem

In the search to improve their services and in the process, retain and attract customers, commercial banks have introduced innovative measures such as extended business hours, ATM network, internet banking and improved banking services, for improving the comfort of the clients. Customer preferences and expectations do not seem to match the banks' initiatives. There is incessant complaint of long waits in the bank room, network system failures and defection to other banks. The emerging situation requires the evaluation of service quality in relation to customer expectations. Commercial banks have to develop strategies, to improve the quality of service provision and improve satisfaction to ensure retention of customers. In addition, this will improve the bank's competitive position in the banking industry and ensure the bank's survival, especially in this era of great competition.

4. Need of the Study

Increased competition, highly educated customers and increased standard of living are forcing many businesses to review their customer service strategy. Many business firms are channelling more efforts to retain existing customers rather than to acquire new one since the cost of acquiring new customer is greater than cost of retaining existing customers. There is enough evidence that demonstrates the strategic benefits of quality in contributing to market share and return on investment. Maximising satisfaction of customer, through quality customer service, has been described as "the ultimate weapon".

5. Objectives of the Study

i. To assess the detailed use of various dimensions of service quality in the public sector banks.

ii. To evaluate customers' perception of the quality of service in public sector banks.

iii. To examine the main factors responsible for achieving customer satisfaction.

iv. To determine the service gaps and make inferences from them.

6. Hypotheses of the Study

NH-1: Opinion of gender does not differ for satisfaction level towards customer care services.

NH-2: Level of understanding of e-banking services is not the same for customers of all age groups.

7. Research Methodology

7.1 Sample Selection

An intentional sampling technique was adopted and 400 respondents formed the sample for the assessment.

7.2 Sources of Data

Research was based on a survey in the Vellore District, with the help of primary and secondary data. Primary data were generated by structured questionnaires. Secondary data were collected from several possible records, such as books, magazines, periodicals and websites.

7.3 Period of the Study

This study was based on the qualitative type of data. Data were collected through a questionnaire. The questionnaire was administered to the customer of the listed public sector banks, during the period 2018- 2019.

7.4 Tools used in the Study

The questionnaire was a SERVQUAL, consisting of 36 factors, specifically on tangible, reliability, responsiveness, security, empathy and technology dimensions. The customer classified and qualified the grade of service qualities, based on alternative service proportions, to ascertain the status of all facility attributes.

8. Data Analysis

8.1 Demographic Profile of Respondents

The results of **Table-1** revealed the demographic details of the sample of 400, from different bank branches.

8.2 Service Quality Gap in Tangibility Dimension:

The results of **Table-2** indicated perceived and desired levels of quality gap of the public sector banks, in the case of tangibility dimension. The average score, for the service quality on the tangibility dimension, was found to be the highest, for the perceived level for 'adequacy of space and arrangement of counters (0.677)' and desired level for indicating 'signs the times at the appropriate counters (0.515)'. The next highest score was attained by the factor on 'Parking space in the bank grounds (1.148)', at the perceived level and 'upholstery and convenience (0.819)' at the desired level. The minimum score was reported on the factor, 'adequacy of bank staff (0.14)'.

8.3 Service Quality Gap in Reliability Dimension:

The **Table-3** displays perceived and desired levels of average scores and the resultant service quality gap of the public sector banks, in the case of reliability dimension, The average score for the service quality, on the reliability dimension was found to be the highest at the perceived level, for 'clarity of entries in the passbook (0.425)' and at the desired level, for 'fast services (0.54)'. The next highest score was attained by the factor on 'provision of service promised (0.805)' at the perceived level and 'uniform service level at all times (0.787)' at the desired level. The least score was recorded by the factor on 'secure banking transactions (0.158)'.

8.4 Service Quality Gap in Responsiveness Dimension

The results of **Table-4** indicated the perceived and desired levels of average scores and the resultant service quality gap of the public sector banks, in the case of Responsiveness dimension. The average score, for the service quality on the responsiveness dimension, was found to be at the highest for the perceived level for 'attitude of bank staff if the client does not meet a scheduled appointment (0.23)' and at the desired level, for 'emergency response and seriousness (0.147)'. The next highest score was attained by the factor on 'sttention of complaints and follow-up actions (0.774)' at the perceived level and 'interest and willingness of bank staff to clarify doubts and queries (0.727)', at the desired level. The least score was reported by the factor on 'provision of services in focus (0.22)'.

8.5 Service Quality Gap in Assurance Dimension

The **Table-5** indicated perceived and desired level of average scores and the resultant service quality gap, in the case of assurance dimension. The average score for the service quality, on the assurance dimension, was found to be the highest at the perceived level for 'staff response to complaints (0.24)' and at the desired level, for 'continuous service during business hours (0.117)'. The next highest score was attained by the factor on 'inculcate customer trust (1.17)' at the perceived level and 'ability of bank staff to use computers and other modern technical devices (0.128)' in the desired level. The least score was recorded by the factor on 'attitude and courtesy of staff (0.086)'. Hence, **NH-1: Opinion of gender does not differ for satisfaction level towards customer care services,** was rejected.

8.6 Service Quality Gap in Empathy Dimension

The results of **Table-6** indicated the perceived and desired level of average scores and the resultant service quality gap, in the case of empathy dimension. The average score for the service quality, on the empathy dimension, was found to be the highest, at the perceived level, for 'individualized attention to customers (0.528)'. The next highest score was attained by the factor on 'bank's efforts to know the client and his needs (0.732)' and the least score was reported by the factor on 'courteous approach of staff with customers (0.118)'.

8.7 Service Quality Gap in Technology Dimension:

The results of **Table-7** indicated the perceived and desired levels of average scores and the resultant service quality gap, in the case of technology dimension. The average score, for the service quality on the technology dimension, was found to be the highest, at the perceived level, for 'mobile banking (0.052)'. The next highest score was attained by the factor on 'E-banking (0.11)' and the least score was reported by the factor on 'ATMs (0.002)'. Hence the **NH-2: Level of understanding of e-banking services is not the same for customers of all age groups**, was rejected.

9. Findings of the Study

Customers' expectations about the quality of service in banks were high and the perceived quality of service was much lower in public sector banks. For public sector banks, the most prominent gap was reliability, empathy and responsiveness of service quality. Banks have to understand the changing needs of customers, their goals and opportunities and create appropriate values. Banks must have solid customer relationship management system, that specifies the importance of the customer and they must be aware of their needs.

10. Suggestions

Physical facilities of the bank such as water facilities, parking facilities, have to be improved. Station checks and demand drafts must be collected within the stipulated time. They should maintain customer records, without errors. The deposit interest rate can be increased and the loan interest rate can be reduced, to the maximum extent possible. Bank employees must receive training, to resolve customer problems, voluntarily. Appropriate training programs could be offered, to keep bank staff efficient so that they can answer questions posed by customers. Employees should be instructed to serve customers with courtesy. Banks must take necessary steps, to increase online transactions more securely.

11. Conclusion

The banking business is becoming increasingly multifaceted as a result of liberalization and globalization. With hostile marketing strategies to create business opportunities, banks have developed innovative products, taking into account the needs of different classes of individual customers. Banks can look for a feedback system, to meet customer expectations, to improve the level of customer satisfaction to the fullest. Feedback on the reliability of the service must be obtained continuously from the customers. This will improve greatly the quality of their service.

12. Limitations of the Study

The study was based only on the perception of customers from public sector banks. The study focused only on qualitative aspects. The non-probabilistic sampling technique was applied in the selection of respondents.

13. Scope and Further Research

Further studies can cover wider geographical area or other sectors. Researchers can compare the private and public sector banks, quality of service and researchers can identify the gap. The sample can also be increased, by including some other factors, related to the research.

14. Acknowledgement

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Table-1: Results of Demographic Profile

Aspects	Dimensions	F	Total	Percentage	Cumulative %
Gender	Male	292	400	73	100
	Female	108		27	
Age	18-24	73	400	18.25	100
	25-34	102		25.5	
	35-44	125		31.25	
	45-54	81		20.25	
	Above 55	19		4.75	
Education Level	Illiterate	45	400	11.25	100
	School	96		24	
	Degree	259		64.75	
Marital Status	Married	267	400	66.75	100
	Single	133		33.25	
Occupation	Students	90	400	22.5	100
	Salaried Employee	148		37	
	Businessman	103		25.75	
	Retire Person	59		14.75	
Income	Below -10,000	77	400	19.25	100
	10,001- 20,000	93		23.25	
	20,001-30,000	125		31.25	
	Above - 30, 001	105		26.25	
Bank	State Bank of India	119	400	29.75	100
	Indian Bank	89		22.25	
	Canara Bank	56		14	
	Indian Overseas Bank	34		8.5	
	Punjab National Bank	29		7.25	
	Bank of India	09		2.25	
	Central bank of India	10		2.5	
	Bank of Baroda	24		6	
	Union Bank of India	12		3	
	Andhra Bank	18		4.5	

Sources: Primary Data (2019)

Table-2: Results of Service Quality Gap between Public Sector Banks

Description of Factor on Tangibility	Perceived		Gap	Desired	
	Total	Average	Score	Average	Total
Parking space in the bank grounds.	1777	4.443	1.148	3.295	1318
Adequacy of space and arrangement of counters.	1579	3.947	0.677	3.27	1308
Availability of bank stationery.	1469	3.672	0.447	3.225	1290
Signs indicating the times at the appropriate counters.	1514	3.785	0.515	3.27	1308
Upholstery and convenience.	1427	3.569	0.819	2.75	1100
Adequacy of bank staff.	1428	3.57	0.14	3.43	1372
Average Gap Score (Total of P-D / 6)	3.831		**0.624***	3.206	

Source : Calculated from primary data (2019)
Note : Figures in interpolations indicate the individual factor score.

Table-3: Results of Service Quality Gap between Public Sector Banks

Description of Factor on Reliability	Perceived		Gap	Desired	
	Total	Average	Score	Average	Total
Uniform service level at all times.	1586	3.965	0.787	3.178	1271
Provision of service promised.	1572	3.93	0.805	3.125	1250
Clarity of entries in the passbook.	1427	3.568	0.425	3.143	1257
Secure banking transactions.	1469	3.673	0.158	3.515	1406
Fast services.	1571	3.928	0.54	3.388	1355
Adaptation and update of account statements.	1438	3.595	0.292	3.303	1321
Average Gap Score (Total of P-D / 6)	3.777		**0.502***	3.275	

Source: Calculated from primary data (2019)
Note: Figures in interpolations indicate the individual factor score.

Table-4: Results of Service Quality Gap between Public Sector Banks

Description of Factor on Responsiveness	Perceived		Gap	Desired	
	Total	Average	Score	Average	Total
Interest and willingness of bank staff to clarify doubts and queries.	1602	4.005	0.727	3.278	1311
Emergency response and seriousness.	1572	3.93	0.147	3.783	1513
Attitude of bank staff if the client does not meet a scheduled appointment.	1482	3.705	0.23	3.475	1390
Attention of complaints and follow-up actions.	1569	3.922	0.774	3.148	1259
Provision of services in focus.	1437	3.593	0.022	3.615	1446
Service without bad mood.	1418	3.545	0.297	3.248	1299
Average Gap Score (Total of P-D / 6)	3.783		**0.359***	3.424	

Source: Calculated from primary data (2019)
Note: Figures in interpolations indicate the individual factor score.

Table -5: Results of Service Quality Gap between Public Sector Banks

Description of Factor on Assurance	Expected		Gap	Perceived	
	Total	Average	Score	Average	Total
Ability of bank staff to use computers and other modern technical devices.	1452	3.63	0.128	3.053	1221
Attitude and courtesy of staff.	1395	3.488	0.086	3.403	1361
Transfer of information in the client's known languages.	1405	3.513	0.16	3.683	1473
Inculcate customer trust.	1499	3.748	1.17	2.578	1031
Continuous service during business hours.	1457	3.643	0.117	3.76	1504
Staff response to complaints.	1423	3.558	0.24	3.798	1519
Average Gap Score (Total of P-D / 6)	3.57		**0.191***	3.379	

Source: Calculated from primary data (2019)
Note: Figures in interpolations indicate the individual factor score.

Table-6: Results of Service Quality Gap between Public Sector Banks

Description of Factor Empathy	Perceived		Gap	Desired	
	Total	Average	Score	Average	Total
Understand the specific needs of customers.	1368	3.42	0.285	3.705	1482
Individualized attention to customers.	1376	3.44	0.528	3.968	1587
Convenient bank work schedule.	1663	4.158	0.37	3.788	1515
Customer discrimination.	1656	4.14	0.297	3.843	1537
The Bank's efforts to know the client and his needs.	1830	4.575	0.732	3.843	1537
Courteous approach of staff with customers.	1577	3.943	0.118	3.825	1530
Average Gap Score (Total of P-D / 6)	3.946		**0.214***	3.732	

Source: Calculated from primary data (2019)
Note: Figures in interpolations indicate the individual factor score.

Table-7: Results of Service Quality Gap between Public Sector Banks

Description of Factor on Technology	Perceived		Gap	Desired	
	Total	Average	Score	Average	Total
Application of computer technology to provide service.	1506	3.765	0.062	3.703	1481
ATMs.	1585	3.963	0.002	3.965	1586
E-banking.	1710	4.275	0.11	4.165	1666
Core banking.	1666	4.165	0.015	4.18	1672
Mobile banking.	1848	4.62	0.052	4.568	1827
Online banking security.	1606	4.015	0.06	3.955	1582
Average Gap Score (Total of P-D / 6)	4.133		**0.044***	4.089	

Source: Calculated from primary data (2019)
Note: Figures in interpolations indicate the individual factor score.