INTERNATIONAL JOURNAL OF RESEARCH – GRANTHAALAYAH

A knowledge Repository
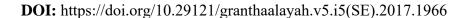
Management

SERVICE QUALITY OF PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT

Dr. C. Eugine Franco [*1], G. Bright Jowerts [2]
[*1] Associate Professor, PG & Research Department of Commerce, St. Xavier's (Autonomous) College, Palayamkottai, India
[2] Assistant Professor in Commerce, St. Xavier's (Autonomous) College, Palayamkottai, India

Abstract

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. Service quality in private sector banks is good compare to public sector banks. The various issues the banks are not able to provide immediate response to customers, service time duration is more, long queue deposit the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. The scope of this research is to identify the service quality of public and private sector banks in Tirunelveli district. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The study was done taking two types of banks such as public and private sector banks in Tirunelveli district into consideration. The survey was restricted to the bank customers in Tirunelveli district only. As the population size is infinite, 672 respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 528 from public sector bank customers and 144 from private sector bank customers in Tirunelveli district.

Keywords: Service Quality; Reliability; Assurance; Tangibility; Empathy And Responsiveness.

Cite This Article: Dr. C. Eugine Franco, and G. Bright Jowerts. (2017). "SERVICE QUALITY OF PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT." *International Journal of Research - Granthaalayah*, 5(5)SE, 42-52.

1. Introduction

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions. SERVQUAL has been proposed as a useful instrument for diagnostic purposes. It has been found to effectively identify

the gaps in the dimension and thus help the service organization to assess service quality and do the needful to bridge the GAP. Service quality is an approach to manage business processes in order to ensure full satisfaction of the customers which will help to increase competitiveness and effectiveness of the industry. Quality in service is very important especially for the growth and development of service sector business enterprises.

2. Statement of the Problem

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. In General it is perused that, service quality in private sector banks is good compare to public sector banks. The various issues the banks are not able to provide immediate response to customers, service time duration is more, long queue deposit the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. Parking facility in banks is very poor compared to private sector banks. The biggest challenge today for the bank is to establish customers intimacy without which all other efforts towards operationed excellence are meaningless. The present need of banks is to have good relationship with customers by providing quality services to retain the existing and generate or acquire new customers. Thus, this study attempts to study the service quality of public and private sector banks in the present scenario.

3. Scope of the Study

The scope of this research is to identify the service quality of public and private sector banks in Tirunelveli district. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The study was done taking two types of banks such as public and private sector banks in Tirunelveli district into consideration. The survey was restricted to the bank customers in Tirunelveli district only.

4. Objectives of the Study

The study has the following objectives
  i.   To study the demographic profile of customers of public and private sector banks in Tirunelveli district.
 ii.   To study and compare the existing service quality dimensions in the Public and Private sector banks.
iii.   To find out the problems faced by the customers in availing banking services.

5. Methodology

The methodology of the study is based on both primary data and secondary data. The primary data collected through well-framed and structured questionnaire to elicit the well-considered opinion of both public sector and private sector bank customers. Stratified random sampling method has been used to collect the responses from the customers of both public and private sector banks.

6. Sampling Design

As the population size is infinite, 672 respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 528 from public sector bank customers and 144 from private sector bank customers in Tirunelveli district.

Table 1: Sampling of the Study

Public Sector Banks					
Sl. No	Area	No. of Banks	Sample	Sub Total	Total
1	Rural	54	3	162	
2	Semi-urban	66	3	198	
3	Urban	56	3	168	
TOTAL		176	3	528	528
Private Sector Banks					
Sl. No	Area	No. of Banks	Sample	Sub Total	Total
1	Rural	19	3	57	
2	Semi-urban	19	3	57	
3	Urban	10	3	30	
TOTAL		48	3	144	144
Total Sample size					672

7. Limitations of the Study

In this research, 672 respondents are considered to suggest the five dimensions of service quality of banking in Tirunelveli district. Large sample of respondents may produce better results.
The service quality is a vast subject consisting of a number of dimensions. The most common five service quality dimensions namely, Tangibility, Reliability, Responsiveness, Assurance, and Empathy only were analyzed in the present study.

8. Data Analysis and Interpretation

Table 2: Age wise classification of Respondents

Sl. No	Age	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below 20 years	59(11.2)	-	59(8.8)
2.	20-30 years	172(32.6)	65(45.1)	237(35.3)
3.	31-40 years	111(21.0)	49(34.0)	160(23.8)
4.	41-50 years	73(13.8)	14(9.7)	87(12.9)
5.	51-60 years	89(16.9)	14(9.7)	103(15.3)
6.	Above 60 years	24(4.5)	2(1.4)	26(3.9)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary data
(Parentheses indicates percentage)

Table 2 shows that of the total 672 respondents, majority i.e 237 respondents (35.3 per cent) are in the age group of 20 to 30 years and the next majority 160 respondents (23.8 per cent) are in the age group of 31 to 40 years. Bank wise analysis reveals that among the customers of public sector banks, majority (32.6 per cent) of the respondents are in the age group of 20 to 30 years and in private sector banks, majority (45.1 per cent) of the respondents are in the age group of 20 to 30 years.

Table 3: Gender wise classification of Respondents

Sl. No	Gender	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Male	300(56.8)	80(55.6)	380(56.5)
2.	Female	228(43.2)	64(44.4)	292(43.5)
	Total	**528 (100)**	**144 (100)**	**672 (100)**

Source: Primary data
(Parentheses indicates percentage)

From table 3 it could be inferred that of the total 672 respondents, 380 respondents (56.5 per cent) are male and the remaining 292 respondents (43.5 per cent) are female. Bank wise analysis reveals that among the customers of public sector banks, majority (56.8 per cent) of the respondents are male and in private sector banks, majority (55.6 per cent) of the respondents are male.

Table 4: Kind of account maintain in the bank

Kind of account maintain in the bank	Type of Banks		Total
	Public Sector Banks	Private Sector Banks	
Savings	432(81.8)	104(72.2)	536(79.8)
Current	25(4.7)	18(12.5)	43(6.4)
Loan account	9(1.7)	2(1.4)	11(1.6)
Both savings and loan account	7(1.3)	3(2.1)	10(1.5)
Both current and loan account	41(7.8)	14(9.7)	55(8.2)
Credit card	7(1.3)	2(1.4)	9(1.3)
Demat account	7(1.3)	1(0.7)	8(1.2)
Total	**528 (100)**	**144 (100)**	**672 (100)**

Source: Primary data
(Parentheses indicates percentage)

Table 4 clearly reveals that out of the total 672 respondents, 536 respondents (79.8 per cent) have savings account and 55 respondents (8.2 per cent) have both current and loan account. Bank wise analysis reveals that among the customers of public sector banks, majority (81.8 per cent) of the respondents have savings account and in private sector banks, majority (72.2 per cent) of the respondents have savings account.

Service quality Gap in Public Sector Banks in Tirunelveli District

The following table shows the service quality gap in public sector banks in Tirunelveli district.

Table 5: Service quality Gap in Public Sector Banks in Tirunelveli District

Statements	Expectation Mean	Perception Mean	Service quality gap
Tangibility	**3.8885**	**2.8645**	**1.0240**
Adequate infrastructural facilities	4.3144	2.9931	1.3213
Physical appearance of the staff is professional	3.9261	2.6875	1.2386
Visually appealing features	3.7292	2.8333	0.8959
Location is easily accessible	3.8958	2.5486	1.3472
Location is free from pollution	3.9931	2.8889	1.1042
Bank uses latest technologies in providing services	3.7639	2.9028	0.8611
Vehicle parking facility is available	3.8403	2.7431	1.0972
Information is easily available	3.8731	3.0972	0.7759
Company is having a memorable advertisement	3.7847	3.0833	0.7014
Beautiful elevation of the office building	3.7652	2.8681	0.8971
Reliability	**3.8653**	**2.9680**	**0.8973**
Get things right at the first time	3.9186	2.9375	0.9811
Provide services at time promises to do so it	3.8056	2.9306	0.875
Insists on error free records	3.8333	3.0278	0.8055
Bank has competitive pricing compared to others	3.8542	3.0139	0.8403
Provision of documentary evidences for banking services	3.9148	2.9306	0.9842
Responsiveness	**4.0369**	**2.8694**	**1.1675**
Staff tell exactly when the services will be performed	4.2708	3.0833	1.1875
Staff are prompt in responding to questions and queries	4.0069	2.6944	1.3125
Front office staff responding to phone calls instantaneously	3.9318	2.8472	1.0846
Staff is willing to help anytime	3.9583	2.7778	1.1805
Organised time table	4.0170	2.9444	1.0726
Assurance	**3.9863**	**2.9999**	**0.9864**
Employees are trustworthy and honest	3.9931	2.8611	1.132

Employees in banks have knowledge and competence to solve customer's problem	3.9489	2.9722	0.9767
Bank is widely known	3.8681	3.1875	0.6806
Bank is well liked	3.8689	2.8194	1.0495
Bank is unique compared to others	3.9394	2.9444	0.995
Bank Staff give assurance as to deliverance of the services	4.1477	3.1181	1.0296
Data revealed by customers are kept confidential	4.0000	3.0208	0.9792
Bank staff give assurance with regard to their efficient service	4.1250	3.0764	1.0486
Empathy	**3.9920**	**3.0097**	**0.9823**
Customers get individual attention	4.0455	3.0556	0.9899
Bank has its customer's best interest in heart	3.9583	2.9306	1.0277
Client friendly service hours	4.2197	3.3056	0.9141
Bank staff have concern and they understand customer problems	3.8655	2.9931	0.8724
Seek to understand customer's need and their problem	3.8712	2.7639	1.1073

Source: Computed data

It is clear from the table 5 that among the customers of public sector banks in Tirunelveli district, the mean scores of expectations are high and ranged from 3.7292 for (item 3: Visually appealing features) to 4.3144 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the responsiveness dimensions (dimension's mean score = 4.0369) and the lowest expectation related to the reliability dimension (dimension's mean score = 3.8653).

The mean score of the perceptions ranged from 2.6875 for (item 2: Physical appearance of the staff is professional) to 3.3056 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.0097) and the lowest perception related to the tangibility dimension (dimension's mean score = 2.8645).

The gap score for each item and dimension was computed by subtracting the expectation score from the perception score. Table shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score =1.1675), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.8973).

Service quality Gap in Private Sector Banks in Tirunelveli District

The following table shows the service quality gap in private sector banks in Tirunelveli district.

Table 6: Service quality Gap in Private Sector Banks in Tirunelveli District

Statements	Expectation Mean	Perception Mean	Service quality gap
Tangibility	**3.7223**	**3.2159**	**0.5064**
Adequate infrastructural facilities	4.2986	3.5170	0.7816
Physical appearance of the staff is professional	3.6597	3.1174	0.5423
Visually appealing features	3.6136	2.8864	0.7272
Location is easily accessible	3.5227	3.3030	0.2197
Location is free from pollution	3.7045	2.9299	0.7746
Bank uses latest technologies in providing services	3.7481	3.1553	0.5928
Vehicle parking facility is available	3.4867	3.2860	0.2007
Information is easily available	3.8333	3.4091	0.4242
Company is having a memorable advertisement	3.5928	3.2822	0.3106
Beautiful elevation of the office building	3.7639	3.2727	0.4912
Reliability	**3.7956**	**3.3204**	**0.4752**
Get things right at the first time	3.8542	3.4167	0.4375
Provide services at time promises to do so it	3.6913	3.2140	0.4773
Insists on error free records	3.7443	3.1856	0.5587
Bank has competitive pricing compared to others	3.8201	3.3333	0.4868
Provision of documentary evidences for banking services	3.8681	3.4527	0.4154
Responsiveness	**3.9332**	**3.2026**	**0.7306**
Staff tell exactly when the services will be performed	4.1117	3.3125	0.7992
Staff are prompt in responding to questions and queries	3.7633	3.2102	0.5531
Front office staff responding to phone calls instantaneously	3.9028	3.0038	0.899
Staff is willing to help anytime	3.9508	3.2367	0.7141
Organised time table	3.9375	3.2500	0.6875
Assurance	**3.8699**	**3.3167**	**0.5532**
Employees are trustworthy and honest	3.8239	3.2595	0.5644

Employees in banks have knowledge and competence to solve customer's problem	3.9296	3.1534	0.7762
Bank is widely known	3.5811	3.4375	0.1436
Bank is well liked	3.8111	3.3295	0.4816
Bank is unique compared to others	3.7986	3.5379	0.2607
Bank Staff give assurance as to deliverance of the services	4.0000	3.1951	0.8049
Data revealed by customers are kept confidential	3.9878	3.3466	0.6412
Bank staff give assurance with regard to their efficient service	4.0278	3.2746	0.7532
Empathy	**3.9920**	**3.4583**	**0.5337**
Customers get individual attention	4.0455	3.1970	0.8485
Bank has its customer's best interest in heart	3.9583	3.3030	0.6553
Client friendly service hours	4.2197	3.8049	0.4148
Bank staff have concern and they understand customer problems	3.8655	3.5739	0.2916
Seek to understand customer's need and their problem	3.8712	3.4129	0.4583

Source: Computed data

It is clear from the table 6 that the mean scores of expectations are high and ranged from 3.4867 for (item 7: Vehicle parking facility is available) to 4.2986 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the empathy dimensions (dimension's mean score = 3.9920) and the lowest expectation related to the tangibility dimension (dimension's mean score = 3.7223).

The mean score of the perceptions ranged from 2.8864 for (item 3: Visually appealing features) to 3.8049 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.4583) and the lowest perception related to the responsiveness dimension (dimension's mean score = 3.2026).

The gap score for each item and dimension was computed by subtracting the expectation score from the perception score. Table shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score =0.7306), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.4752).

Table 7: Ranking of problems faced by customers of public sector banks while availing banking services

Sl. No	Problems	Total Score	Average	Rank
1.	Waiting for a long time	29976	56.77	I
2.	Unsatisfactory services	28095	53.21	II
3.	Inadequate staff	27845	52.74	III
4.	Unfriendly staff	26337	49.88	V
5.	Lack of proper direction by bank staff	26822	50.79	IV
6.	Inadequate infrastructure	25977	49.19	VI
7.	Exaggeration of benefits	24223	45.88	IX
8.	Imprompt service by the staff	24400	46.21	VIII
9.	No proper and timely reminders	20275	38.39	X
10.	No complete information about banking transactions	24930	47.22	VII

Source: Primary data

It is observed from the Table 7 that "Waiting for a long time" has been ranked as the first problem faced by customers of public sector banks while availing banking service, unsatisfactory services has been ranked as second, inadequate staff in third position, lack of proper direction by bank staff is ranked as fourth, unfriendly staff is ranked as fifth, inadequate infrastructure is ranked as sixth, no complete information about banking transactions is ranked as seventh, imprompt service by the staff is ranked as eighth, exaggeration of benefits is ranked as nineth followed by no proper and timely reminders ranked as tenth position.

Table 8: Ranking of problems faced by customers of private sector banks while availing banking services

Sl. No	Problems	Total Score	Average	Rank
1.	Waiting for a long time	7480	51.94	III
2.	Unsatisfactory services	7674	53.29	I
3.	Inadequate staff	6896	47.89	IX
4.	Unfriendly staff	7645	53.09	II
5.	Lack of proper direction by bank staff	7361	51.12	IV
6.	Inadequate infrastructure	6946	48.24	VII
7.	Exaggeration of benefits	6974	48.43	VI
8.	Imprompt service by the staff	7011	48.68	V
9.	No proper and timely reminders	6929	48.12	VIII
10.	No complete information about banking transactions	6606	45.87	X

Source: Primary data

It is observed from the Table 8 that "Unsatisfactory services" has been ranked as the first problem faced by customers of private sector banks while availing banking service, unfriendly staff has been ranked as second, waiting for a long time in third position, lack of proper direction

by bank staff is ranked as fourth, impromt service by the staff is ranked as fifth, exaggeration of benefits is ranked as sixth, inadequate infrastructure is ranked as seventh, no proper and timely reminders is ranked as eighth, inadequate staff is ranked as ninth followed by no complete information about banking transactions ranked as tenth position.

9. Suggestions

- The customer's perception of tangibility dimension of service quality is lower in public sector banks. So the public sector banks may take steps to improve latest technologies in providing services, adequate infrastructural facilities and location is easily accessible.
- The customer's perception of responsiveness dimension of service quality is lower in private sector banks. So the private sector banks staff should be prompt in responding to questions and queries of customers, staff should be willing to help anytime and may follow organised time table.
- Banks must train all the employees in the areas of customer care, customer approach, body language, customer communication, customer need assessment and compliant management. This will help to pave the way for maintaining cordial relationship and improve the quality of services.
- Bank should maintain good relationship with customers by providing necessary and needed services to the customers.
- ATM services must be provided with accessibility of the customers, that is ATM centers should be within a short distance and it will improve the quality of services.
- Bank employees have to be trained especially in the rural branches to improve the quality of banking services.

10. Conclusion

Banks are providing voluminous services to their customers' in an effective and efficient way due to heavy competition among banks and to sustain their business in the banking industry. The performance of bank always depends on quality of services they provide to their customers. This study has focused to assess and evaluate quality aspects in various banking services and their approaches to the customers. Universally accepted instruments to assess the service quality in SERVQUAL were the base to frame variables to assess the service quality in banks on those five dimensions (Tangibles, Assurance, Reliability, Responsiveness and Empathy). This study brought to light the fact that the customers were very much satisfied on the service quality of the banks in the region but at the same time they expect a lot more from the banks in the present scenario of technological developments in banks. Hence, this study will pave way to further research to explore this mechanism in depth to provide quality banking services to facilitate the customers, the society and the economy as a whole.

References

[1] Cronin, J.J. and S.A. Taylor, "Measuring Service Quality: A Re-Examination and Extension", Journal of Marketing, 1992, Vol. 56.

[2] Golden, S. A. R., & Regi, S. B. (2015). Satisfaction of Customers towards User Friendly Technological Services offered by Public and Private Sector banks at Palayamkottai, Tirunelveli District. International Journal of Research, 2(3), 775-787.

[3] Golden, S. A. R. (2015). Regional Imbalance affecting quality of e-banking services with special reference to Tuticorin District- An Analysis. International Journal of Research, 2(3), 788-799.

[4] Parasuraman,;V. A. Zeithaml,; and L.L. Berry., "Reassessment of Expectations as a Comparison Standard in Measuring Service Quality – Implications for Further Research", Journal of Marketing, 1994, Vol. 58, No.1.
     Ananth, A. and Ramesh, R., "Service Quality Gap Analysis in Private Sector Banks a Customers Perspective", Internationally Indexed Journal, 2011, Vol.II, Issue.1.

[5] 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.

[6] Regi, S. B., Golden, S. A. R., & Franco, C. E. (2014). A STUDY ON IMPACT OF INFORMATION TECHNOLOGY (IT) IN MODERN BANKING SECTOR. Golden Research Thoughts, 3(9), 1-4.

[7] Regi, S. B., Golden, S. A. R., & Franco, C. E. (2014). EMPLOYEE PERCEPTION TOWARDS EFFECTIVENESS OF HR PRACTICES IN PUBLIC SECTOR BANKS IN TIRUNELVELI DISTRICT. Tactful Management Research Journal, 2(6), 1-4.

[8] Zeithamal, V.A., A. Parasuraman and L.L. Berry, "Delivering Quality Service: Balancing Customer Perceptions, and Experiences", Free Press, New York, 1990.