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A STUDY ON CUSTOMERS' PERCEPTION INDEX ABOUT SERVICE QUALITY OF PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT

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Abstract

Quality of service is very important, especially for the growth and development of service sector business enterprise. Due to the increasing importance of the service sector in the economy, the measurement of service quality became important. Undoubtedly owing to the belief that delivery of high service quality is a must for attaining customers' satisfaction and a number of other desirable behavioural outcomes, recent years have incensed a flurry of research exploring the interrelationship between service quality, satisfaction and behavioural outcomes. 400 sample respondents were selected from Public and Private Sector Banks. This study was undertaken to know study the Customers' Perception towards Service Quality of Public and Private Sector Banks in Tirunelveli District.

Keywords: Service Quality; SERVQUAL; CPI; Public and Private Sector Banks.

1. Introduction

Service sector is the life line for the social economic growth of a country. At present, the largest and fastest growing sector which is 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 service plays a vital role for the well-being of the economy. The Indian service sector covers a wide range of activities, such as transportation, communication, trading, finance, 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.

2. Statement of the Problem

Service has become a strong force now-a-days. Of service sector, the banking services play a vital role to satisfy the varied requirements of customers, both the government on one side and the public on the other. Banks, either public sector banks or private sector banks, are highly competitive with each other with their own objectives and attaining their objectives and targets. There are given information are some of the positive aspects of both the public sector and private sector banks. As these banks have their own objectives and way of attaining those objectives are different, the quality of services rendered may also vary. Formalities in processing credit applications and availing loans, interest rates for deposits and loans, spacious layout, adequate staff at counters, visible display of information, coverage of geographical area, individual attention, attractive advertisements, creative plans and policies and the friendly approach of staff towards the customers are some of the common areas where the degree of satisfaction of customers may vary in case of public sector and private sector banks. As a result, need to study the customer satisfaction and the level of satisfaction of customers becomes inevitable as these factors affect the working of the industry in rendering fruitful and quality services and also for the up-liftment of the industry in general. Thus, it is the need of an hour to identify the customers' satisfaction level towards banking services and their perception on service quality aspects of banks. Hence, the present study made an attempt to the study the service quality perception of customers about select public and private sector banks in Tirunelveli District.

3. Objectives of the Study

The objective focused on the study is
   1) To analyse the service quality perception of customers using SERVQUAL Customers' Perception Index.

4. Methodology

Sample Design
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 select banks' 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 select bank are selected for the study.

Sample Size

> **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

Hence, Sample size = n = $(ZS/E)^2$

$$= (1.96*0.509/0.05)^2$$

$$= 398.11$$

Hence, Sample Size n= 400

The 400 respondents who were selected for the study are belonging to the following eight banks (i.e. 4 Public Sector Banks and 4 Private Sector Banks) which have been taken for the study. The banks were chosen based on the top public and private sector banks in India. Such categorisation of selected sample respondents is given in the following table:

Table 1: Classification of Sample Respondents

S.No.	Type of Bank	Name of the Bank	No. of Respondents
1	Public Sector	State Bank of India	50
2		Canara Bank	50
3		Indian Bank	50
4		Indian Overseas Bank	50
5	Private Sector	ICICI	50
6		AXIS	50
7		HDFC	50
8		Karur Vysya Bank	50
		Total	400

Customers' Perception Index

Perception of customers as measured through Customers' Perception Index (CPI) in different categories of banking services in Tirunelveli District is presented in the table.

Table 1.1: Customers' Perception

Customer Perception (as measured through CPI in scores)	Type of Customers		Total Customers
	Public	**Private**	
Below 50	41 (20.5)	30 (15.0)	71 (17.8)
50-70	97 (48.5)	65 (32.5)	162 (40.5)
71-90	37 (18.5)	81 (40.5)	118 (29.5)
91-110	25 (12.5)	24 (12.0)	49 (12.2)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data

(Figures in Parenthesis indicate percentage)

The above table shows the level of perception of different type of customers with regard to banking service in Tirunelveli District. Out of 400 respondents in Tirunelveli District, 162 respondents (40.5 per cent) have perception scores of 50 to 70 points, 118 respondents (29.5 per cent) have perception to the scores of 71 to 90 points, 71 respondents (17.8 per cent) have satisfied in between to the scores of below 50 points and 49 respondents (12.2 per cent) have perception to the score level of 91-110 points.

Table 1.1 also shows that among the public sector banks' customers, 97 respondents (48.5 per cent) have satisfied in between to the scores of 50 to 70 points, 41 respondents (20.5 per cent) have satisfied in between to the scores of below 50 points, 37 respondents (18.5 per cent) have satisfied in between to the scores of 71-90 points and 25 respondents (12.5 per cent) have satisfied in between to the score level of 91-110 points.

Table 1.1 further shows that among the private sector banks' customers, 81 respondents (40.0 per cent) have satisfied in between to the scores of 71-90 points, 65 respondents (32.5 per cent) have satisfied in between to the scores of 50-70 points, 30 respondents (15.0 per cent) have satisfied in between to the scores of below 50 points and 24 respondents (12.0 per cent) have satisfied in between to the score level of 91-110 points.

For an in depth analysis on the basis of the level of perception, the customers is categorized into three categories given below:
  i.   Customers with high level perception
  ii. Customers with moderate level perception
  iii. Customers with low level perception

In order to categorise the customer into three categories, the mean (x) and standard deviation (σ) has been used. The mean and standard deviation of the scores of perception of customers are calculated for each category separately. The boundary levels for categorization are worked out accordingly by using the mean and standard deviation. The boundaries for three groups are fixed as below $x+\sigma$.

Thus, the upper boundary for lower level of perception is worked out as $z-\sigma$ and the lower boundary for higher perception is worked out as $z\pm\sigma$. Those customers with scores in between these two boundaries are regarded as customers with moderate level of perception. The following table presents the boundary for categorization of customers into three categories.

Table 1.2: Boundary for categories of Customers

Type of customers	Mean	SD	Level of scores for Perception		
			Low	Moderate	High
Public Banks' Customers	97.22	10.82	<75	75-100	>100
Private Banks' Customers	103.17	11.13	<80	80-110	>110

Table 1.2 fixes the boundary levels for three categories of customers. The different types of customers are categorized into three categories on the basis of their perception scores and the details are furnished in table 1.3.

Table 1.3: Level of Perception

Level of Perception	Type of Customers		Total Customers
	Public Banks' Customers	Private Banks' Customers	
Low	55 (27.5)	47 (23.5)	102 (25.5)
Moderate	111 (55.5)	128 (64.0)	239 (59.7)
High	34 (17.0)	25 (12.5)	59 (14.8)
Total	200 (100)	200 (100)	400 (100)

Source: Computed Data
(Figures in Parenthesis indicate percentage)

From table 1.3 it could be understood that 239 (59.7 per cent) customers are moderately satisfied with the service quality of banking services offered by public and private sector banks. 102 respondents (25.5 per cent) are satisfied at low level and 59 respondents (14.8 per cent) have satisfied with the service quality of banking services at high level.

Among the public sector banks' customers of 200 respondents, 111 respondents (55.5 per cent) have moderately satisfied with the service quality of banking services, 55 respondents (27.5 per cent) are in the low satisfaction level and 34 respondents (17.0 per cent) are satisfied with the service quality of banking services at high level.

Out of 200 respondents of private sector banks' customers, 128 respondents (64.0 per cent) have moderately satisfied with the service quality of banking services, 47 respondents (23.5 per cent) are satisfied with the service quality of banking services at low level of satisfaction about banking services and 25 respondents (12.5 per cent) are satisfied with the service quality of banking services at high level.

5. Conclusion

The results of the present study shows that from tangibility aspect of service quality is concerned, both the customers of public sector banks and private sector banks have strongly agreed that their banks are easily accessible. The customers of private sector banks have strongly agreed that their banks show sincere interest in solving problems from reliability point of view of service quality. As far as assurance is concerned both the customers of public sector and private sector banks have reported that their banks assure safety of transactions and the customers of private sector banks have strongly agreed that their bank employees have complete knowledge about bank products.

Therefore it is concluded that the customers of private sector banks are more satisfied than the customers of public sector banks and there is a strong bondage between expectations, level of satisfaction and customer loyalty in banks. The customer satisfaction of bank services depends upon the service quality, technology and customer relationship management between bankers and customers. The demographic variables of customers are very crucial in determining the

quality of services offered by the public and private sector banks. The general conclusion indicates that the service charges are fluctuating between public and private sector banks. It is concluded that the prospective customers in both public and private sector banks expect maximum service quality at a minimum cost in the day-to-day banking transactions.

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