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Service Quality and Technology as an Effect on Customer Satisfaction – A Study with Reference to Public and Private Sector Banks at Nellore Region

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ABSTRACT

Economic development of a country relies on the contribution of banking sector. The financial service is the backbone of service sector. A quality service by banking sector is the key element to gain customer satisfaction. It is an asset for evaluating average retention and increases customer loyalty towards the bank. The paper mainly investigates on customer opinion on the services provided by banks, which are classified into convenience, cost, facilities and social factors. This investigation also examines the effect of service quality elements: Convenience, cost, facilities and social factors; on the level of customer satisfaction in public and private sector banks in India. Administering the gap between actual and perceived opinions will results in high satisfaction levels of customers.

Keywords: Technology, service quality, customer satisfaction, public sector banks, private sector banks.

1. INTRODUCTION

Banking sector plays a significant role in contributing to the trade and industry development of a country. The financial service is one among the service sector and it is considered to be the vital elements of service sector, which can be strengthen Indian economy on whole. To maintain stability in the business the customers were become most important. Today the customer expectations are increased in many folds. All the customers particularly in urban areas, customers want to lead convenient and comfortable life and unable to spend longtime in banking transactions. To avoid this spending their valuable time by the customers, the banks adopted green banking methods viz. ATMs, mobile and net banking facilities, which

are available at customer door steps. The rigid competition among banks has modified the concept of the whole banking system. Despite the position neither public sector nor private sector are rendering their services at the level of convenience of consumer to attract and retain the customers and also to win over the competitors. Competitive advantage leading the banking sector to go with innovative methods with lots of incentives and points. To satisfy the customer's various requirements and expectations there is a need to implement universal banking system with an intention to provide all banking process and schemes, services offer at one place with quality.

In today's marketing era customer satisfaction is believed that understanding the consumer behaviour. Customer satisfaction is always influence the reuse or repurchase of a particular product or service. Dissatisfied customer spread negativity among other customers regarding product, which may benefit competitors to grab the market of potential customers. After demonetization banks are playing key role in many aspects and their qualitative services are matter to stand on top among. Private and public sector banks started operating competitively to grab the attention of the customers by providing expanded services by initiating green banking strategies to promote the aim of demonetization 'go cashless'.

2. REVIEW OF LITERATURE

Sudhakar and Selvam(2007), in their research examined thirty four determinants in retail banking sector about service quality scale development in India. Findings of this study is more determinants are correlating with customer satisfaction

Keerthe and Vijayalakshmi (2009), examined the level of perception of customer with the respondents' demographic and socio-economic profile on banking services. They found that educational qualifications and work experience have more effect on customer satisfaction..

Balakrishna (2010), viewed that the value of services provided by the banking sector calculated in terms of quality and quantity. The success of banks to be depends up on not only being hi-tech maintenance but also the banks has to stay in touch with customers through betterment of services.

3. OBJECTIVES OF THE STUDY

- To study the demographic profile of the customers.
- To examine the level of satisfaction of customers on the services accessible by the public and private sector banks.
- To offer suggestions for the enhancement of services providing by banking sector to retain customer satisfaction.
- To compare the satisfaction level of customers between public and private sector banks.

4. RESEARCH METHODOLOGY

The present study is descriptive in nature. The primary data collected in the form of experiential evidences of data. The data collected from 250 customers, who is currently availing banking services. The systematic random sampling method adopted for study, where every third visitor of bank was approached after availing the services. Nellore district has five revenue divisions Atmakur, Naidupet, Gudur, Nellore and Kavali.

The respondent was selected from each revenue division equally. For comparing the services between private and public sector Union bank of India, Syndicate bank, AXIS bank and HDFC bank branches are considered. For analysis and interpretation IBM SPSS package used to administer the results. The questionnaire distributed to respondents and explained the purpose of study.

Data Analysis and Findings

	<i>Specification</i>	<i>Frequency</i>	<i>Percentage</i>
Gender of the respondent	Male	170	68
	Female	80	32
	Total	250	100
Age group of the respondent	Less than 25 years	55	22
	26 to 35 years	65	26
	36 to 45 years	85	34
	Above 45 years	45	18
	Total	250	100
Qualification of the respondent	Under Graduate	55	22
	Graduate	90	36
	Post graduate	65	26
	Others	40	16
	Total	250	100
Marital Status of respondent	Single	110	44
	Married	132	53
	Others	8	3
	Total	250	100
Employment status	Self-employed	80	32
	Professional	70	28
	Service sector	85	34
	Others	15	6
	Total	250	100
Monthly income	Below ₹10000	70	28
	₹10000 to ₹15000	85	34
	₹15000 to ₹20000	60	24
	Above 20000	35	14
	Total	250	100

From the above table it is observed that 68% male respondents, highest respondents are between 36 to 45 years, qualified respondents are given their opinion, which can be expected a quite customer satisfaction in problem of demonetization. Higher number of respondents from employees from service sector, professionals and self-employed people, very few are from others like students, unemployed, illiterate.

The following table describes the mean values for each factor and its variables. This analysis describes that the higher value of mean will be the level of satisfaction. Lower value of standard deviation is the higher level of satisfaction. Similarly the lower value of coefficient of variation is the higher level of satisfaction.

<i>Factor</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>CV (in %)</i>
<i>I. Convenience</i>			
Procedure to open account	3.78	1.323	35.0
System of depositing cash	3.76	1.201	31.9
Working hours of bank	3.89	1.370	35.2
Location of branch	3.76	1.097	29.2
Procedure to apply for loan	3.08	1.324	43.0
System to repay loan	3.36	1.229	36.6
<i>II. Costs</i>			
Interest rate on SB account	2.65	1.329	50.2
Interest rate on FD account	2.74	1.285	46.9
Processing charges on loan	3.21	1.243	38.7
Interest on new deposit scheme	3.09	1.274	41.7
Fees for collecting outstation cheque	3.40	1.192	35.0
Interest on loan	3.33	1.349	40.5
Pre-closure charges	3.24	1.408	43.5
<i>III. Facilities</i>			
Loan facility	2.93	1.306	44.6
O/D facility	3.28	1.320	40.2
Cash credit	3.34	1.387	41.5
ATM	4.31	1.065	24.7
Mobile banking	2.79	1.275	45.7
Credit card	3.84	1.294	33.7
Internet banking	3.20	1.342	41.9
Bill payments	3.3	1.315	39.9
NEFT/RTGS	2.86	1.349	47.2
EFT/ECS	2.96	1.378	46.5
Demat account	3.08	1.440	46.8
Lockers	4.18	1.090	26.1
<i>IV. Social factors</i>			
Courtesy at the counter	2.94	1.377	46.8
Promptness in transaction	3.29	1.366	41.5
Prompt redress of grievances	3.13	1.332	42.5
Modernization	3.65	1.352	42.5
Communication	3.4	1.378	40.5
Guidance	3.41	1.408	41.3

Gap analysis performed to know the actual acceptable quality with desired or potential quality to get highest customer satisfaction. Gap score determines the various factors performing in private and public sector banks to yield customer satisfaction. Gap score evaluates that neither public sector banks, nor private sector banks are providing best and quality services.

Gap Analysis Between Public Sector and Private Sector

<i>Factor</i>	<i>Mean value</i>		<i>p-value</i>	<i>Gap score</i>
	<i>Public sector</i>	<i>Private sector</i>		
Convenience	2.81	3.06	0.000	0.25
Costs	3.3	3.06	0.000	0.24
Facilities	3.15	3.26	0.000	0.11
Social factors	2.91	3.28	0.000	0.37
Customer satisfaction	2.82	3.04	0.000	0.22

From the above table with the *p*-value there is significant difference between the factors pertaining to customer satisfaction. Lower the gap score will be the customer satisfaction achieved. Higher the mean values are the highest acceptance levels of the customers. Except various costs between public and private sector banks the other factors has been accepted by private sector when compared with public sector banks.

From the above analysis it is observed that private sector banks are providing good services when compared to nationalized banks. But with regard to cost private banks are charging more than public sector banks. Private bank branches are offering more facilities and working conditions, availability of those services leads to customer satisfaction. The facilities have lowest gap score, maximum technological changes occurred due to demonetization.

Among all the main factors influencing the customer satisfaction in the study area, facilities have the least gap score than convenience and costs by the banks. All the banks are providing their services as they promised and assured, which has an importance to yield customer satisfaction.

5. CONCLUSION

Based on the findings of the study, all the banks are contributing to improve the service to attain the customer satisfaction. However, the following are some suggestions for the banking sector, which can help them to retain the customers. In this study most of the customers are not satisfied with regard to services like loan facility, NEFT, RTGS and courtesy at the counter. Hence, the banks have to compensate particular notice to provide these services. The bank officials should keep up good association with the customers by providing social banking environment.

All the information about new banking services must be communicate through display boards in the banks and also should kept the printed brochures. The loan applying procedure should be made simple and it can be easy to understandable to the customers. The banks should develop innovative and modern advanced technology required in the services of banks to face the competition of other banks. Nearly 65% of the total population lived in the rural areas, which needs support to get better services. All the banks has to concentrate to grab the rural market by expanding the wings of services by increasing the new branches and new schemes full information.

The banks success mainly depends up on its customer services. Customer satisfaction is integral part of business to run the business for long term and to retain the potential customers. Fast increasing of number of customers and stiff competition among public and private sector banks enhance the demand for quality banking service. In this speed century technology, service quality and customer satisfaction are the

key elements for each banks credible success. Banks should satisfy customer needs through quick access of services by proving maximum quality features in their services.

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