

# Banking Technology Services Quality Gap between Public and Private Sector Banks

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**Abstract:** The key objective of the paper is to draw out the association between the quality of services rendered by banks and the satisfaction of the customer in public and private sector banks. To identify the gap of these two factors, gap analysis performed and the finding are disclosed. The study also aims at bringing out the most important attributes of the service quality that distinguish one bank from another. A comparative analysis was performed between the customers of public sector and private sector banks with the factor perceived quality. The SERVQUAL tool is the most effective tool to assess the service quality in banks all over the world. The survey adopted the five dimensions of the service quality (Tangibility, Responsibility, Reliability, Assurance and Empathy) to measure their effect on satisfaction of customer. The structured questionnaire was distributed to 420 customers of different public and private sector banks and preferred 418 completely filled questionnaires, analyzed the data and interpreted the results

**Keywords:** Servqual, Public Sector, Private Sector, Customer Satisfaction, Banking Sector, Perceived Quality, Gap analysis

## I. INTRODUCTION

The banking industry in a developing country like India plays a key role in improving the economy. India is a country with population growing greater than that of the world's population growth. It is estimated that by 2025, India will be the highest populated country in the world. With the growing population, the need for banks where people can save their money is also growing. With the increase in number of banks, the competition also is increasing. The banks, in order to attract more customers, need to know what aspects of a bank the customers like the most. The banks can then concentrate on those aspects more and achieve greater customer appreciation. Our project here helps us to find the different factors which the customers like most and the gap of perceived quality of customer with the services provided by the bank. Services quality of banks are positively influencing customer satisfaction and directs the banks towards profitability. There are numerous reimbursements to the banking industry through excellent quality of services such as visible corporate image, development in customer gratification - which leads to long relationship, mouth-to-mouth marketing – through which they can grab the market. In competitive and contemporary business trends of banking system, long term customer relationship is a key element to expand the market. In banking industry, SERVQUAL is the most familiar instrument to analyze the quality of services in five dimensions.

Revised Manuscript Received on October 15, 2019

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The research primarily focuses on the quality of services of bank customers and their satisfaction level through perceived quality and perceived satisfaction. The adopted tool, SERVQUAL, consists of five dimensions, which includes 20 items.

## II. 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. G.Uma Maheswari et.al. (2017) found that there is correlation between service quality and customer satisfaction. This study 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 result in high satisfaction levels of customers.

## III. RESEARCH OBJECTIVES

- 1.To examine customers' perceived quality of services provided by public and private sector banks.
- 2.To elevate the priority of services preferred by the customers'
- 3.To inspect the difference between the quality of services provided by public and private sector banks
- 4.To perform the gap analysis between the expected and perceived quality of services from bank in the view of customer

## IV. RESEARCH METHODOLOGY

Parasuraman et al. (1988) questionnaire was adopted to measure the perceived service quality, which comprises into two part, one is expectation and the other is perception, which is of 20 questions each and 40 questions in total. Each part has five dimensions measured on 5 point like scale ranging from 1= "strongly agree" to 5="strongly disagree".



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Sources of data: The questionnaire has been administrated to 418 people of which 250 are online and the remaining 168 are self-administered.

Sampling: As the survey is expected to gather more responses, the survey is done both online and offline. The sampling techniques used for both are different. For online data collection, Snowball sampling technique is used and for offline method, Snowball sampling technique is used.

The survey requires us to use a variety of software tools to complete the project. Some of the tools used are Google Forms for administering questions online, Excel for recording responses and sorting data and SPSS for analysis and testing

### V. ANALYSIS AND INTERPRETATIONS

**Table- I : Demographic Profile of respondents**

Variable	Category	Count	Percentage (%)
<b>Gender</b>	Male	219	52.4%
	Female	199	47.6%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>
<b>Age Groups</b>	18-24	222	53.1%
	25-34	122	29.2%
	35-44	24	5.7%
	45-54	45	10.8%
	55-64	5	1.2%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>
	<b>Educational Qualification</b>	Illiterate	3
High School		15	3.6%
Intermediate		13	3.1%
Graduate		243	58.1%
Post Graduate		143	34.2%
<b>Total</b>		<b>418</b>	<b>100.0%</b>
<b>Marital Status</b>	Single	286	68.4%
	Married	132	31.6%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>
<b>Occupation</b>	Government Employee	30	7.2%
	Private Employee	109	26.1%
	Business	14	3.3%
<b>Type of the Bank</b>	Student	205	49.0%
	Self Employed	35	8.4%
	House Wife	15	3.6%
	Farmer	6	1.4%
	Retired	4	1.0%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>
<b>Duration of Use</b>	Public	291	69.6%
	Private	127	30.4%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>
<b>Duration of Use</b>	1-4	257	61.5%
	5-9	115	27.5%
	10-14	26	6.2%
	15-19	16	3.8%
	Above 20	4	1.0%
	<b>Total</b>	<b>418</b>	<b>100.0%</b>

**Interpretation:** Out of total responses 52% are from male respondents and 48% are from female. According to the data received from the survey, 33% of the male population are using a Public sector bank account and from the same, women accounts to 36% of the total population. It is observed that 19 % male and only 11% female respondents used a private sector bank account. From the survey, we can infer that there are more people using a public sector bank account rather than a private sector bank account and in the respondents most of the account holders are female.

An observation of the survey reveals that most of the respondents are of the age group 18-24. 174 respondents scaling to a whopping 59% of the total respondents are youngsters. Among the collected data most youth prefer a Public sector bank to a Private sector bank. The reasons for this favoritism may be unveiled at the end of this survey.

The percentage of graduates participated in this survey accounts to 58% followed by post graduates. Here also it is observed that the number of people using public sector bank accounts are more in number than that of the private sector. 68% of the Graduates and 72% of the Post Graduates preferred a Public Sector bank account to a private sector one.

We can interpret from the above that most of the students own a bank account from a public sector bank. The students constitute about 49% of the total respondents in the survey among which about 78% of them own a Public Sector bank account and the remaining own a Private Sector bank account. It is also clear that most of the Government and private employees use a public sector bank account for their regular salary transactions.

Of all the respondents, 68% are unmarried and the remaining 32% are married. Almost 71% of the Public Sector Bank account holders and 61 % of the private Sector bank Account holders are unmarried. In this survey, 70% of the respondents own a Public Sector Bank Account and only 30% own a Private Sector Bank Account. We can observe that most of the respondents are using Savings bank account both in public and private sector banks. 84% of the total Respondents use a Savings Bank Account. Most of the respondents are using this account less than 5 years. 61% of the respondents were using their bank accounts for less than 5 years. 27% were using for almost 10 years. Only a meagre number of respondents constituting to just 1% have been using bank accounts for more than 20 years. Among these users, most of them are using public sector bank accounts. Among the online banking users, though the number of Public sector bank users are more in number, Private sector bank account users are the most to avail the online services. It is observed that almost 82% of the private sector bank users are using the Online banking services whereas only 73% of the total public sector bank account users use the online services.

#### A. Gap Analysis:

**Table II : Expectations and Perceptions of respondents of public sector bank**

	Expectations	Mean	Perceptions	Mean	Difference	Average
					in Means	Difference
Tangibles	E1	4.113	P1	3.464	0.649	0.746
	E2	4.082	P2	3.337	0.745	
	E3	4.110	P3	3.216	0.894	
	E4	3.921	P4	3.227	0.694	
Reliability	E5	4.031	P5	3.096	0.935	0.840
	E6	3.928	P6	3.089	0.839	
	E7	3.890	P7	3.113	0.777	
	E8	3.942	P8	3.134	0.808	
	E9	3.962	P9	3.120	0.842	
Responsiveness	E10	4.027	P10	3.361	0.666	0.803
	E11	3.938	P11	3.113	0.825	
	E12	3.928	P12	3.048	0.880	
	E13	3.952	P13	3.082	0.870	
Assurance	E14	4.203	P14	3.540	0.663	0.813
	E15	4.003	P15	3.278	0.725	
	E16	4.186	P16	3.192	0.994	
	E17	3.918	P17	2.990	0.928	
Empathy	E18	4.007	P18	3.234	0.773	0.832
	E19	4.000	P19	3.199	0.801	
	E20	3.931	P20	3.107	0.824	

From the analysis of means, we observe that the means on the expected side are more than those from the perceived side. The difference in means of expected and perceived values are all positive indicating that the expected is more than what is perceived by the customers in public sector banks. A considerable amount of gap is seen in the reliability segment and the tangibles segment has the least gap.

**Table III: Expectations and Perceptions of respondents of private sector bank**

	Expectations	Mean	Perceptions	Mean	Difference	Average
					in Means	Difference
Tangibles	E1	4.150	P1	3.386	0.764	0.837
	E2	4.031	P2	3.228	0.803	
	E3	4.047	P3	3.165	0.882	
	E4	4.118	P4	3.220	0.898	
Reliability	E5	4.102	P5	3.165	0.937	0.897
	E6	3.795	P6	3.236	0.559	
	E7	4.165	P7	3.016	1.149	
	E8	4.031	P8	3.087	0.944	
	E9	4.079	P9	3.276	0.803	
Responsiveness	E10	4.142	P10	3.394	0.748	0.855
	E11	4.220	P11	3.165	1.055	
	E12	3.906	P12	3.094	0.812	
	E13	4.024	P13	3.134	0.890	
Assurance	E14	4.134	P14	3.346	0.788	0.880
	E15	4.181	P15	3.087	1.094	
	E16	3.969	P16	3.220	0.749	
	E17	4.102	P17	2.795	1.307	
Empathy	E18	4.008	P18	3.102	0.906	1.180
	E19	4.189	P19	2.866	1.323	
		3.969		2.787	1.182	

From the analysis of means, here also we observe that the means on the expected side are more than those from the perceived side. The difference in means of expected and perceived values are all positive indicating that the expected is more than what is perceived by the customers in private sector banks. The average difference indicating the Gap is more in Empathy segment and least in tangibles.

**VI. CONCLUSION AND FUTURE SCOPE**

From the above survey, we can arrive at some conclusions on various aspects of services and quality of services provided at public and private sector banks. The conclusions are as follows

- i. Private sector bank customers are expecting more from the bank and the services and the quality of services provided at the banks are not up to the expectations of the customers.
- ii. Customers are expecting less with the services of the public sector bank and the banks are meeting the customer’s expectations.
- iii. In both public and private sector banks, Empathy is almost the common main dimension lagging in the banks as it is observed that the gap between expected and perceived service quality is more. Public sector banks are more empathetic though, when compared to the private sector banks.
- iv. In providing tangible dimension relating to that of technology and physical facilities, both the banks are doing a good job. This can be concluded by observing that there is a very less gap between the differences of means.

By observing the above conclusions, some suggestions can be provided for the banks:

- i. Banks should concentrate more on being empathetic towards its customers rather than spending valuable money on physical ambience.
- ii. Private sector banks should concentrate more its customer’s needs than public sector banks as people are not expecting more from public sector banks.

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Dr G Uma Maheswari has three years of industry experience as Team Manager – Sales and twelve years of experience in academics. Her Ph.D. is in the area of Human Resource and Organizational Behaviour. Her published work is in the areas of Human Resource, Marketing and Entrepreneurship. She presented 18 papers in India and Abroad, published 8 papers in peer-reviewed and SCOPUS indexed journals. She acted as Resource person at IITM for ‘Regional Level Training Program’. She got certification on “Business Analytics for Management Decision”. She is holding editorial positions in two journals. Her Area of expertise is Human Resource Management, Industrial Relations and Labour Laws, Business Statistics, Business Ethics and Corporate Governance.