



Service quality of state bank of India in Kottayam district

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Abstract

The banking and financial service sector in India is in a stage of rapid transformation. In order to withstand in this competitive era, bank marketers need to be attentive about the service dimensions that are used by customers in selecting banks. If the bankers are successful in understanding this service dimensions, then the bankers can make the gap between the expectation and perception to minimum. In the present study, for measuring the service quality, SERVQUAL Model is used to analyze the difference between service quality expectation and service quality perception of dimensions like assurance, tangibility, reliability, responsiveness and empathy. The present study measures the service quality of State Bank of India in Kottayam District. The study period covered four months starting from October 2020 to January 2021. The study revealed that customers of State Bank of India has higher gap with empathy dimension and lower gap with tangibility dimension.

Keywords: expectation, perception, service quality, servqual

Introduction

The banking industry has been undergoing through revolutionary changes. In today's intensely competitive economy, providing excellent customer service plays a vital role in the success of banking industry. For that banks are giving greater emphasis on delivering quality services to the customers. Customers who experienced discontent with the quality of service will automatically switch over to the competitors. Increased competition, highly educated consumers and increased standard of living are forcing the banks to give greater emphasis on quality. When banking business gives greater emphasis on quality dimensions, then they can retain existing customers and also acquire new ones and also such banks can differentiate itself from its competitors. Hence Banks need to provide consistent service quality to maintain their market share and it is deemed as the crucial success factor that influence the existence of any organization particularly banks.

Service quality is considered as researchable areas in all service oriented industries such as banking, tourism, hospital etc. In the service industry particularly banks, the concept of service quality tends to focus on meeting customers needs and requirements and to found out how well the service delivered meets their expectations. For that purpose, the banking organization must first identify what it is that constitutes quality to those whom it serves. Quality is defined as the discrepancy between perception and expectations of customers. It is the key factor that influences the formation of perception, expectations and level of satisfaction of the customer with regard to any product and service.

Service quality is the degree and direction between customer service expectations and perceptions. Perceived service quality is defined as the evaluation of the service across the episodes when compared to some explicit or implicit standard.

Further, it can be seen as how well a service satisfies the expectations of customers. Thus service quality is considered as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs. The organizations particularly banks must try to lower the service quality gap. When there is lower gap, it implies that the experience of customers regarding various service attributes meet the expectation of customers and vice versa. Hence the bank must take adequate steps to lower the service quality gap.

Various researchers have developed different models for measuring the service quality. They are: Gronroos Model of Technical and Functional quality, GAP Model by Parasuram, Zeithami, Berry, Haywood Farmers Attribute Service Quality Model, SERVQUAL Model of Service Quality, Synthesised Model of Service Quality, SERPERF Model of Service Quality, Attribute Service quality Model, The P-C-P service attribute Model of Philip and Hazlett, BSQ Model, BANKQUAL Model and so on. In the present study the researcher has employed SERVQUAL model for measuring service quality.

Rationale of the paper

Service quality is one among the foremost attractive and researchable areas for researches over the last decade in the banking sector. As India is moving towards greater economic liberalization, meeting customer expectation in all areas relating to customer service has been of prime importance for the banking sector in India. As a result of significant growth of banks in India, customers in the banking sector have strong bargaining position. Hence banks should be very vigilant while providing services because of this cut throat competition within the banking industry.

To exist in the competitive era, banks must identify and implement new strategies which will satisfy and delight their customer. Thus customer satisfactions as well as customer delightment are viewed as the essence of success of any service organization. High customer satisfaction is pre requisite for having a loyal customer base. Hence both the concepts customer satisfaction and customer delightment can be attained by rendering quality services to its customers. Thus, customer satisfaction is the outcome of service quality. Banking sector in India has made phenomenal development since independence. It has witnessed a major transfiguration from class banking to mass banking. The banking institution which are keen for providing effective customer service at lowest possible costs have been undergone through drastic development in innovation and information technology. IT based services such as Automated Teller Machines (ATM), EFT, anywhere-anytime banking, smart cards, net banking, mobile banking and swift etc are no longer alien concepts to Indian banking customers. The banks have had to respond with an array of digitization and innovation initiative. These initiative employ cutting edge technologies to ensure a customer centric perspectives rather than traditional focus on products. The various technologies are Augmented reality, Block chain, Robotic process automation, Quantum computing, Artificial intelligence, API platform, Prescriptive security, Hybrid cloud, instant payments and smart machines. This all technologies have forced Indian banking institution to enter the trade-off between winning new customers and retain old ones.

In order to sustain and grow on the face of stiff competition, issues concerning with maintaining service quality in Indian banking sectors have to be studied extensively and widely. The successful banker must have the ability to anticipate and satisfy their customer needs. For providing faster and more efficient services, the Indian banking institution have to see the importance of customer care and satisfaction. Service quality and customer satisfaction are two sides of a single coin. Service quality has become a very important competitive weapon in the banking industry. The banks should give prime importance to improve and innovate the service level on a continuous basis as there is no guarantee that what is excellent service today is also applicable for tomorrow. In addition to it, Knowledge about the perception of the customers about quality concerns would definitely help the bank to alter their operations in line with the expectations of the customer. Thus present customers as well as potential customers; rate the bank on quality parameters thereby the concept of service quality assumes greater significance.

State Bank of India is an Indian multinational, public sector banking and financial services statutory body. It is the India's largest bank its headquarters is in Mumbai and also the largest public sector bank providing banking and financial services to its customers. State Bank of India had a network of its subsidiary banks formed earlier in various province of the country. All of these subsidiaries were merged with State Bank of India gradually. But the biggest merger in the history of Indian banking sector took place recently when State Bank of India merged itself with its five associate banks which include State Bank of Bikaner & Jaipur, State bank of Mysore,

State Bank of Hyderabad, State Bank of Travancore and State Bank of Patiala and with the Bharatiya Mahila Bank, which had been considered as the bank exclusively for women. State Bank of India is regarded as one of the responsible and trustworthy bankers by the general public of India. It is the need of the hour that State Bank of India should give prime importance for delivering services to its customers. Against such a backdrop, the scope for studying the service quality of State Bank of India has its own significance

Objectives of the study

1. To assesses the Service Quality Gap with respect to tangibility, assurance, reliability, responsiveness and empathy dimension of customers of State Bank of India.
2. To give suggestions on the basis of findings of the study.

Literature review

The present study is an attempt to study the service quality of State Bank of India. The studies pertaining to service quality are reviewed in this section. The sources are included from relevant scholarly research studies, journals, publications etc.

Nitin Seth and S.G. Deshmukh (2005) ^[1]: attempted to study various service quality models covering the aspects of conventional services to web interacted services. The study concluded that service quality outcome and measurement is dependent on type of service setting, situation, time, need etc. In addition, even the customer's expectations towards particular services are also changing with respect to factors like time, increase in the number of counters with a particular service, competitive environment, etc

Mamta Brahmhatt and Dharmendra Panelia (2008) ^[2]: measured and compared service quality and customer satisfaction among private, public and foreign banks. The study concluded that public sector banks and private sector banks have more service quality than foreign banks and all three sector banks perform well in Tangibility factors. In terms of Assurance, the public sector is performing better than private sector. The study also concluded that service quality is at the root of customer satisfaction.

Santhiyavalli (2011) ^[3]: evaluated the service quality of State Bank of India by identifying the major factors responsible for customer satisfaction. The factor analysis clearly indicates that, among the dimensions 'Reliability', 'Responsiveness', 'Empathy' and 'Tangibility' are the key factors responsible for customer satisfaction. The study concluded that State Bank of India has to improve their customer service in order to improve their customer loyalty.

Anand, Ramesh and prabaharan (2011) ^[4]: evaluated the service quality perceptions of customer in selected Private Sector Banks. The result showed that the service quality dimension such as Empathy and Accessibility has more gap, as the expectations of customer are high to their service perception. The result also indicates that service quality of banks is positively influenced by Empathy, Reliability and Assurance.

Sowmya and Panchanatham (2011) ^[5]: identified the factors influencing job satisfaction and the result revealed that job Satisfaction is dependent on Supervisor Behaviour, Co-Worker Behaviour, Pay and Promotion, Job and Working Condition and Organizational Aspect. The study further indicated that, if less job satisfaction is not cared for then, it would automatically lead to job dissatisfaction and therefore it would further lead to negligent behaviour and turnover of employees.

Snehalkumarh (2013) ^[6]: tried to find out various factors affecting customer satisfaction in banks and analyze their effects on the level of customer satisfaction. Among various SERVQUAL dimensions, customer gives highest importance to Reliability dimension and gives second importance to Responsiveness. The study concluded that bank should give more focus on increasing Reliability, Responsiveness and Assurance.

Sabitha (2013) ^[7]: in her research work “An Assessment of Service Quality of Commercial Banks in Odisha” aimed to analyze the service quality of State Bank of India (SBI). The findings show that the ‘Responsiveness’ and ‘Empathy’ are two most important dimensions determining the service quality of SBI.

Evangelos Tsoukatos and Bhavesh Vanparia (2013) ^[8]: studied the applicability of the SERVQUAL, SERVPERF, BSQ and BANKQUAL for measuring service quality of public and private banks in India. The study found out that, different models of service quality have different psychometric properties of measurement model. Finding of the study revealed that SERVQUAL scale has highest reliability followed by BANKQUAL, SERVPERF and BSQ. Whereas Content validity was high in SERVQUAL model and BANKQUAL has high Predictive and convergent validity than the other models.

Ragavan and Mageh (2013) ^[9]: examined the influence of service quality dimensions on overall satisfaction of customer. The results revealed that the service quality dimensions of Tangibility, Responsiveness, Reliability and Assurance are positively and significantly influencing the satisfaction, while the Empathy is negatively and significantly influencing the customer’s satisfaction. Thus, research paper concluded that service quality is the basic and most important factor that influences the overall customer satisfaction.

Vijay, Agarwal and Tyagi (2013) ^[10]: established relationship between service quality and customer satisfaction towards commercial banking industry in India. The results revealed that service product is significantly and positively related to customer satisfaction than service delivery and service environment. Further result shows that customer satisfaction will be better if they recognise that there is favourable service product.

Joshua Selvakumar (2015) ^[11]: examined the perception of service quality of banking services provided to customers in

Coimbatore. It is found out that five dimension viz., Assurance, Tangibility, Empathy, Reliability and Responsiveness have a significant impact on Customer Satisfaction. The study concluded that public sector banks have more gaps in providing the desired customer services and hence the level of customer satisfaction is very low than the private sector banks.

Rajalakshmi (2016) ^[12]: in her research study tried to find out the most important attributes of service quality of commercial banks in Chennai city and found that Empathy and Responsiveness plays the most important role followed by Tangibility, Assurance, and finally the Reliability.

Rishi and Deepak (2017) ^[13]: aimed to determine the dimensions of perceived service quality and investigate their impact on customer satisfaction in the Indian banking. The results revealed that Tangibility, Reliability, Assurance, Responsiveness, Empathy, and Image were identified as perceived service quality dimensions. Further the results also indicate that Responsiveness was found to be the most significant predictor of customer satisfaction. On the other hand, Image has a positive but the least significant relationship with customer satisfaction followed by all constructs.

Ashraf and Venugopalan (2018) ^[14]: compared the quality of service, from the perspective of customers, between public and private sector banks in Kerala. The results of this study indicated that there is no significant difference between public sector and private sector banks in service quality dimensions and level of customer satisfaction and Further, the study concluded that both banks have high level of service quality in all its dimension namely include: Assurance, Empathy, Reliability, Responsiveness, and Tangibility.

Research methodology

The present study measures service quality on banking services of State Bank India. The population of the present study is the total customers of SBI in Kottayam District. As it is large in number, the researcher has delimited the respondents to 100 samples. For that 20 samples are taken from 5 branches of State Bank of India in Kottayam district. These samples are collected by convenient sampling method. Primary data is collected by distributing the questionnaire and secondary data has been collected from different sources such as journal magazines, book, E-book, E-journals. SERVQUAL Model is used for measuring the service quality.

Servqual model

Servqual is an expectation-performance scale model. Parasuraman offer the most widely reported set of service quality dimensions. Parasuraman, suggested ‘Ten dimensions’ that are important in finding the gap between their expectations and perceptions of delivered services. Parasuraman, Zeithaml and Berry posited that Expectation-Performance Scale (Gap Analysis) is necessary to examine level of customer satisfaction in service industry. They argued that if expected quality of service and actual perceived

performance is equal or near about equal customers can be satisfied. A negative discrepancy between perceptions and expectations leads to customer dissatisfaction and a positive discrepancy leads to consumer delight. They suggest that the criteria used by consumers that are important in moulding their expectations and perceptions of delivered service fit into ten dimensions:

1. Tangibles
2. Reliability
3. Responsiveness
4. Communication
5. Credibility
6. Security
7. Competence
8. Courtesy
9. Understanding/knowing the customer and
10. Access.

These 'ten dimensions' were subsequently condensed into 'five dimensions' of service performance (RATER) known as SERVQUAL:

1. Reliability
2. Assurance
3. Tangibility
4. Empathy and
5. Responsiveness.

The organizations particularly banks must try to lower the service quality gap with respect to above dimensions. When there is lower gap, it implies that the experience of customers regarding various service attributes meet the expectation of customers and vice versa. Hence the bank must take adequate steps to lower the service quality gap.

There are five core components of service quality;

Tangibility

Tangibility of service quality includes the things which can be observed physically which include ATM network, physical facilities, materials and appearance. Tangibles are represented by skilled personnel, the quality of products and service of banks, and cards.

Reliability

Reliability indicates the trust held by the banking customers towards the bank. In banking industry reliability indicates ability to providing desirable level of working and without significant failures, upcoming latest technology. The absence of malpractice from the side of the banker like the misuse of the cardholder information will all comes under reliability dimension.

Responsiveness

Responsiveness of service quality indicates the willingness of banker in customer support and providing prompt service. It can be measured by identifying by estimating the time required to clarify customer reported problems and the duration of response.

Assurance

Assurance refers to the courtesy of employees, their knowledge and their ability to imbibe confidence and trust. It can be attained by acting courteously and by providing essential knowledge that help in guiding the problems of customers.

Empathy

Empathy refers to the individualized attention given to the customer from the service provider. Since the customers are coming from various social backgrounds, the banker could emphasize particular care and attention should be given to identify the specific needs of customers based on their requirements.

As there are various models for measuring the service quality, researcher found that SERVQUAL is the best model as it logical and straight forward concept. The questionnaire is pre-described and can be adapted as required. SERVQUAL is statistically valid instrument as a result of extensive field testing and refinement. As it is completely tested one, it can be used comparatively for benchmarking purpose.

SERVQUAL model can be used to track perceptions of service quality of a particular bank on continuous basis. It Provides opportunity for a bank to assess its service quality performance which helps the banks to measures the service quality gap with respect to each dimension individually as well as overall dimensions. In addition to it, SERVQUAL model can used to segregate the customers into different segments based on their individual SERVQUAL scores.

Results and disussion

The main objective of the study is to measure the service quality of State Bank of India. Before measuring the service quality, it would be worthwhile to examine the socio-economic profile of the respondents. Accordingly in the present section, efforts have been made to throw light on their socio-economic characteristics by using certain general indicators such as gender, marital status, age, educational qualifications and frequency of transactions. The composition of the demographic variables of the respondents is given in the following table 1.1.

Table 1: SOCIO- Economic profile

Socio personal trait	Percentage	Socio personal trait	Percentage
Age		Account wise classification	
18-25	2	Savings	68
26-30	44	Others	32
31-40	14		
41-50	20		
51-60	10		

Above 60	10		
Sex		Frequency of transaction	
Male	38	One time	0
Female	62	Upto 3 time	36
		Upto 4 time	40
		Upto 5 time	8
		Above 5 times	16
Educational status		No. of years as customers	
intermediate	8	0-1	28
Graduation	46	2-4	32
Post-graduation	34	5-9	30
profession	10	10 above	10
other	2		
Monthly income		Profession	
Below 10000	4	Govt employee	10
10001-20000	30	Private employee	60
20001-30000	56	Business	6
30001-40000	8	Student	10
Above 40000	2	Others	14

The next section discuss with the average mean score of expectation and perception of the customers on various service quality dimensions such as assurance, reliability, responsiveness, tangibility and empathy.

The expectation and perception of customers were asked on the basis of likert scale which is asked to rank on strongly agree, agree neutral, disagree, strongly disagree. Based on the score of expectation and perception, the service quality gap is calculated

Service Quality Gap = Service Quality Expectation – Service Quality Perception/Experience

The following table present the service quality gap with assurance, reliability, responsiveness, tangibility and empathy.

Table 2: Service quality GAP

Dimensions	Expectation	Perception	Service Quality Gap
Tangibility	31.85	26.71	5.14
Empathy	33	24.23	8.77
Reliability	32.27	24.48	7.79
Responsiveness	31.72	24.6	7.12
Assurance	32.41	24.47	7.94

The table 1.2 revealed that major part of the customers of State Bank of India expect from the dimension empathy (33), followed by assurance (32.41), reliability (32.27), tangibility (31.85) and responsiveness (31.72). Customers of State Bank of India are getting higher perception/experience from the dimension tangibility (26.71), secondly from responsiveness (24.6), followed by reliability (24.48), assurance (24.47) and empathy (24.43). When service quality gap is considered, the gap is lower in the case of tangibility (5.14), followed by responsiveness (7.12), reliability (7.79), assurance (7.94) and then empathy (8.77). It indicates that customers of State Bank of India expect more from the dimension empathy but in contradictory they are getting least from empathy while compared to other dimension.

Suggestions

1. State Bank of India is having higher gap with respect to empathy dimension, so the bank should take necessary step to give proper individual attention towards customers. For that banks should take steps to inform customers exactly when service due to them will be performed.
2. Employees have to be trained to give individual attention to customers and also to understand their specifications.
3. Regular customer satisfaction checking is to be carried out to find out discrepancies and should try to improve the perception level.
4. State Bank of India should try to avail the services of external agencies to conduct customer surveys and must be conducted frequently.
5. Bank should provide services when it promises to do so without any delay. As long delay may erode credibility and goodwill as well as the customer confidence.
6. State Bank of India should also take necessary steps to reduce the service quality gap with respect to reliability and assurance dimension.
7. Strategic plans must be decided by State Bank of India to improve the trust and confidence of customers.

Conclusion

The study is conducted on the Service Quality of State Bank of India in Kottayam District. For that the researcher has used SERVQUAL model to identify the service quality of the bank as it provides Expectation - Perception difference which is called as Service Quality Gap. The organizations particularly banks must try to lower the service quality gap. When there is lower gap, it implies that the experience of customers regarding various service attributes meet the expectation of customers and vice versa. Hence the bank must take adequate steps to lower the service quality gap

By knowing the service quality gap, the bank can identify the dimension which the bank can concentrate to meet the expectation of its customers. In the present study, the researcher measured service quality gap of assurance, tangibility, reliability, responsiveness and empathy dimensions.

The study revealed that customers of State Bank of India has higher gap with empathy dimension that means bank have to give customers individual attention, should provide convenient opening hours, should have a customer best interest at heart and bank should understand the specific needs of customers. Whereas it have lower gap with tangibility dimension it reveals that the bank is having modern equipment, physical facilities are visually appealing and the employees are neat in appearance.

The study also revealed that the banks have to develop little more integrative approach which focus on customer needs and deliver it.

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