



COMPARATIVE STUDY OF CUSTOMER SATISFACTION IN INDIAN PUBLIC SECTOR AND PRIVATE SECTOR BANKS

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ABSTRACT

With the advent of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share. Banks have to deal with many customers and render various types of services to its customers and if the customers are not satisfied with the services provided by the banks then they will defect which will impact economy as a whole since banking system plays an important role in the economy of a country, also it is very costly and difficult to recover a dissatisfied customer. Since the competition has grown manifold in the recent times it has become a herculean task for organizations to build loyalty, the reason being that the customer of today is spoilt for choice. It has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers by catering to their explicit as well as implicit needs. Many a times it happens that the banks fail to satisfy their customer which can cause huge losses for banks and there the need of this study arises. The purpose of this study is to compare the public sector banks and private sector banks in terms of customer satisfaction and to study the various variables of service quality using servqual model. The work has been carried out with the objective of understanding the reasons of customer dissatisfaction and what are the opportunity areas wherein these banks need to focus and strengthen their Customer Relationship Management practices. The research work uses both the sources of information, i.e. Primary and Secondary sources, and thereafter SERVQUAL model has been used to identify the discrepancy in the service delivery system. Finally the study concludes by giving some recommendations to improve in the area where these banks do not meet the expectation of their customers.

KEYWORDS: customer relationship management, private banks, public banks, servqual

INDIAN RETAIL BANKING ENVIRONMENT

The commercial Banks in India comprise both public sector as well as private sector banks. In an initiative towards bringing about reforms in the financial sector, overall development in the economy along with reforms in industry, trade, taxation, external sector, banking and financial markets have been carried out since mid 1991. It took almost 10 years for the Indian economy to strengthen its footing and bring about a sea change in the way financial institutions in the country work today. It is because of the sustained and gradual pace of reforms that has helped us in avoiding any crisis and has actually fuelled growth. As pointed out in the RBI Annual Report 2001-02, GDP growth in the 10 years after reforms i.e. 1992-93 to 2001-02 averaged 6.0% against 5.8% recorded during 1980-81 to 1989-90 in the pre-reform period. After almost 7% growth in 2008/09 fiscal year, in the first three months of 2010 India's economy expanded 8.6% boosted by industrial production and services.

According to a compilation of facts done by India Brand Equity Foundation, the RBI has the tenth largest gold reserves in the world after spending US\$ 6.7 billion towards the purchase of 200 metric tonnes of gold from the International Monetary Fund (IMF) in November 2009. The purchase has increased the country's share of gold holdings in its foreign exchange reserves from approximately 4 per cent to about 6 per cent. In the annual international ranking conducted by UK-based Brand

Finance Plc, 20 Indian banks have been included in the Brand Finance® Global Banking 500. In fact, the State Bank of India (SBI) has become the first Indian bank to be ranked among the Top 50 banks in the world, capturing the 36th rank, as per the Brand Finance study. ICICI Bank also made it to the Top 100 list with a brand value of US\$ 2.2 billion. Following the financial crisis, new deposits have gravitated towards public sector banks. According to RBI's 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks: September 2009', nationalized banks, as a group, accounted for 50.5 per cent of the aggregate deposits, while State Bank of India (SBI) and its associates accounted for 23.8 per cent. The share of other scheduled commercial banks, foreign banks and regional rural banks in aggregate deposits were 17.8 per cent, 5.6 per cent and 3.0 per cent, respectively. Foreign exchange reserves were up by US\$ 1.69 billion to US\$ 272.783 billion, for the week ending June 11, on account of revaluation gains.

In this era of mature and intense competitive pressures, it is imperative that banks maintain a loyal customer base. Increasing competition from both inside and outside the country is leading to compression of profits and forcing banks to work efficiently only with the available resources. One positive fallout of competition is the greater choice available to consumers, and the increased level of sophistication and technology in banks. In order to achieve this and improve their market and profit positions,

many retail banks are directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. As banks benchmark themselves against global standards, there has been a marked increase in disclosures and transparency in bank balance sheets with a greater focus on corporate governance. Though banks have become quality conscious in providing their services, they are still struggling with resisting to change. The seller market mindset is yet to be changed coupled with fear of uncertainty and control orientation. Acceptance of technology is slowly creeping in but the utilization is not maximized. In terms of workforce management, placing the right skill at the right place will determine success for the banks. For most of the public sector bank employees it is difficult to cope up with the customer requirements because they are yet to learn the customer centric orientation in work. The competency gap needs to be addressed simultaneously otherwise there will be missed opportunities. The focus of people will be on doing work but not providing solutions, on escalating problems rather than solving them and on disposing customers instead of using the opportunity to get more business. Once the service quality dimensions that lead to customer satisfaction are identified, service managers should be able to improve the delivery of customer perceived quality during the service process and have greater control over the overall outcome. It is for these reasons why practices of customer relationship management, assessment of customer lifetime value, relationship marketing are gaining ground. Along with it the measurement of quality which is provided at the banks is becoming the sole reason behind preferring one brand over the other.

Many of these new private sector banks have brought with them state-of-the-art technology, have built up on modern infrastructure, a wide network of branches, shown superior standards in productivity, encouraged several global practices. The most significant achievements have been in the field of recruiting, training the right set of individuals who possess the suitable skills for the jobs at bank and have created a place for themselves along with attaining a large share in the financial market within a short span of time. The success of most of the private sector banks can be attributed to their proactive measures with respect to their relationship with the customer. This has compelled the public sector banks to do some introspection and work towards understanding the changing demands of the customer and equip themselves in order to cater to the growing expectations of the customer. Some of the public sector banks having understood the urgency to mend their ways, have either changed or perished from the market. They have tried to incorporate superior standards in productivity and are making constant efforts to adapt to the changing environment with key focus on customer relationship management. This research mainly focuses on studying about both customer perception and expectation of services provided by public and private sector banks to draw a comparison between the two using the servqual model.

SERVICE QUALITY IN BANKS

Much of the research on service quality has been in the

developed countries (Herbig & Genestre, 1996), even though services are among the fastest growing sectors in emerging countries (Malhotra et al., 1993). In fact, the bulk of the research on service quality in banks has been in the context of US and European banking institutions. However with India now at the path of growth and aiming global integration has become a source of learning for many other economies. In fact, there exists a significant gap in the service marketing literature on how consumers evaluate service quality in contexts and cultures very different from the developed countries, even though research has begun to explore this area (Bolton and Myers, 2003). Most of the studies by Vyas and Dhade (2006), Raman and Srinivasan (2005), Ganesan P. (2001), Rayapati Vijaya Sree (2003), Gupta V. and Jain P. K. (2003) compared the performance of public, private and foreign banks by using measures of profitability, productivity and financial management. They found that public sector banks fared poorly on all measures when compared with the private and foreign banks. Better performance from commercial banks is possible only if it incorporates profit making as one of the responsibilities. Kantawala Amita S. (2004), Ketkar W Kusum et al., (2004) analyze the performance of banks from a profitability point of view by using various financial parameters. These studies mainly reveal the declining trends of public sector banks and increasing prominence of new private sector banks and foreign banks. Sathye (2003) measured the productive efficiency of banks in India. All commercial banks in the market try to sell mere products (Cross-selling), adopt new dynamic marketing strategies, to develop new innovative products and to place greater emphasis on both the tangible and intangible aspects of their service (Petridon and Glaveli, 2003). As a result of this heightened competition, bank service quality has become an increasingly important factor in determining market shares and profitability in the banking sector (Anderson et al., 1994; Spathis et al., 2002). Perceived service quality results from a comparison of consumer's expectation with their perceptions of the service actually delivered by the supplier (Kangis and Voukelatos, 1997). Gronross defined service quality as a mixture of three elements the quality of the consumption process itself; the quality of the outcomes of the process; and image of the provider of the service.

Public sector banks are also making efforts to stay in the league of modern tech savvy banks. There are online transactions, ATMs, host of products like special savings account and sweep-in-account, no frills accounts and easy receive account. Private sector banks may have appeared to be winning the race, but public sector banks, with their vast client base and unparalleled treasury of trust, are evolving their own brand of customer-friendliness. Public sector banks have also understood that in the era of competition, customer satisfaction is the key to success. Because satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed. Work done by Berry (Bart Allen) and Brodeur between 1990 and 1998 defined ten 'Quality Values' which influence satisfaction behavior, further expanded by Berry in 2002 and known as the ten domains

of satisfaction. These ten domains of satisfaction include: Quality, Value, Timeliness, Efficiency, Ease of Access, Environment, Inter-departmental Teamwork, Front line Service Behaviors, Commitment to the Customer and Innovation. These factors are emphasized for continuous improvement and organizational change measurement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model. Deirdre O'Loughlin et al (2004) studied the functional and emotional values that went into branding of retail financial services. The functional values included competitiveness, size, advice and expertise, customer service, flexibility, accessibility, efficiency and innovativeness. The emotional values included security and stability, familiarity, longevity, friendliness, caring and helpful, courtesy, comfort feeling and understanding. Singh (2004) identified that the level of customer service and satisfaction is determined by the branch location and design, variety of services, rates and changes, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal and very importantly the staff's attitudes and skills in banks.

Work done by Parasuraman, Zeithaml and Berry (Leonard L) between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by Parasuraman, Zeithaml and Berry as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation. According to Garbrand, customer satisfaction equals perception of performance divided by expectation of performance. Bahia and Nantel (2000) developed a specific new scale for perceived service quality in retail banking. The bank service quality model (BSQ) was an extension of the original ten dimensions of the model of Parasuraman et al., (1985). In addition, Bahia and Nantel (2000) incorporated additional items for courtesy and access, as proposed by Carman (1990).

Females have emerged as an important target segment for retail bankers because of their empowerment as well as recently acquired social role. Gender is the critical segmentation variable due to a number of reasons. There has been a dramatic increase in women investors in recent years (Philips et al., 1992). Significant difference among male and female consumption pattern was identified in financial goods and services (Burton, 1992). Variables leading to investment among the women have also been changing considerable in recent years (Kover, 1999). Although there is a strong body of research focused on measuring preferred service quality in services, and in banks particular (Alfred and Adams, 2000; urban and Pratt, 2000; Zillur Rehman, 2005; Bhat, 2005; Elango and Gudep, 2006; Gani and Bhat, 2003; Sharma and Mehta, 2004), only little attention has been paid to the role of gender bias in measurement of service quality of banks (Webster, 1989; Staffird, 1996; and Sapathis et al., 2004).

Service quality has been found to be important to women than to men when transacting business with a bank (Staffird, 1996). These differences result from the personality associated with gender (Palmer and Bejon, 1995; Lin et al., 2001).

The focus of quality centric researches has been to understand the working of the customer's mind and identify what makes him a satisfied customer. In the context of the banking industry this exercise will give us an insight into the parameters of customer satisfaction and their measurement. The nuances found through the study will help us to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business. There is a growing demand for banking services; speed, service quality etc. that is why it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking if they want to outsmart their competitors.

The Hypothesis considered for this study are:

H₁: there will be a significant difference between respondents of public sector and private sector banks as regards different variables of quality

H₂: there will be a significant difference between male and female respondents of public sector and private sector banks as regards different variables of quality

H₃: there will be a significant difference between group of people who had positive referral and group who did not refer their bank to others as regards different variables of quality

RESEARCH METHODOLOGY

The objective of this descriptive research is to explore the dimensions of customer perceived service quality in the context of the Indian retail banking industry. A set of service quality parameters, drawn from servqual model (Parasuraman et al., 1984, 1988) have been used to understand customer satisfaction with respect to public and private sector banks. The SERVQUAL method from Valarie A. Zeithaml, A. Parasuraman, and Leonard L. Berry is a trusted technique that can be used for performing a gap analysis of an organization's service quality performance against customer service quality needs. SERVQUAL takes into account the perceptions of customers of the relative importance of service attributes. This allows an organization to prioritize and to use its resources to improve the most critical service attributes.

The methodology is based around 5 key dimensions:

1. Tangibles- Appearance of physical facilities, equipment, personnel, and communication materials.
2. Reliability- Ability to perform the promised service dependably and accurately.
3. Responsiveness- Willingness to help customers and provide prompt service.
4. Assurance- Knowledge and courtesy of employees and their ability to convey trust and confidence.
5. Empathy- The firm provides care and individualized attention to its customers.

In the "age of customer" delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Dawkins and Reichheld,

1990; Parasuraman et al., 1985; Reichheld and Sasser, 1990; Zeithaml et al., 1990)

The paper seeks to identify the areas where initiatives can be taken by the banks in order to instill a customer-centric culture, therefore GAP between customer's expectation and perception related to public and private sector banks has been studied. The research is undertaken to study and understand the applicability of servqual model to private and public sector banks and identify the critical variables that customers seek from a quality service delivery. At the end some measures have been suggested to banks to improve customer satisfaction through good use of CRM Practices. This study will be helpful for professionals working in banks, academicians and students of management courses. For the study, Primary Data has been collected from the field with the help of a Questionnaire which uses Likert scale for measuring the responses. A structured direct survey method has been followed for data collection. The total number of respondent surveyed was 122 and the sampling technique used is Judgmental sampling in Delhi and NCR. Prior research and analysis was conducted to decide upon the sample as the objective was to determine the Customer satisfaction level in public sector and private sector banks. The secondary data has been collected from

the sources like Books, magazines, marketing journals, research articles, internet search engines. The limitation of this study is that the survey and field research for this study has been done only in Delhi, NCR. The likert scale used for the study is:

- ⇒ Strongly Disagree - 1
- ⇒ Disagree - 2
- ⇒ Can't Say - 3
- ⇒ Agree - 4
- ⇒ Strongly Agree – 5

DATA ANALYSIS AND DISCUSSION

The respondents were contacted on a personal basis as well as through email. Their experience was captured through the questionnaire. Analysis of the information has been done by using the statistical package SPSS version 15. Different tools like Mean, Standard Deviation and T-Test have been used. Conclusion and findings have been derived from analysis and interpretation of data.

Descriptive analysis has been done to depict the perception of the respondents to study their perception on the variables of service quality. The analysis of the means & the standard deviation of these variables are depicted in the table below:

Table 1: Perception of respondents of private and public banks as regards different variables of service quality

Group Statistics					
	Private or Public	N	Mean	Std. Deviation	Std. Error Mean
Your queries and complaints are handled immediately by the customer care department at your bank.	public sector bank	60	2.90	1.411	.182
	private bank	62	3.45	1.224	.155
Your bank gives you individual attention.	public sector bank	60	2.90	1.481	.191
	private bank	62	3.42	1.300	.165
Instant response to its customers	public sector bank	60	2.53	1.420	.183
	private bank	62	3.26	1.280	.163

As given in table 1 above, the respondents of private sector banks were more happy regarding handling of queries and complaints by the customer care department at their bank (m=3.4, sd=1.2) than their public counterparts (m=2.9 , sd=1.4). Respondents felt that private banks were more prompt in handling queries than the public banks. This can be attributed to the high standard of customer orientation in the corporate culture which still is in the nascent stage and needs to be developed further in the public sector. Also, most of the respondents favored private sector banks (m=3.4, sd=1.3) over the public sector banks (m=2.9, sd=1.4) when they were asked about whether they are given individual attention at the bank. The initiatives taken for the customers in terms of providing them with personalized consideration by the private sector banks can not be ignored. They consider each customer with due attention and handle each

customer complaint as a unique case, these are the few reasons why they get an edge over the public sector banks. The banking sector has finally realized the need to acknowledge and fulfill the expectations of all their customers. Another question posed to the respondents is whether the bank gives an instant response to its customers and the responses to this were more inclined towards the private sector banks (m=3.2, sd=1.2) in comparison with the public sector banks (m=2.5, sd=1.4). The reason behind this could be the private sector environment which makes it essential for employees to be on their toes every moment and provide instant help or service in accordance with the requirement of the customer. The customers of private sector banks seem to be more satisfied with the quality of services variables under study.

Table 2: T-test for difference of means between respondents of private sector banks and public sector banks

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	T	df	Sig. (2- tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Your queries and complaints are handled immediately by the customer care department at your bank.	Equal variances assumed	1.635	.203	-2.309	120	.023	-.552	.239	-1.025	-.079
	Equal variances not assumed			-2.304	1.165E2	.023	-.552	.239	-1.026	-.077
Your bank gives you individual attention.	Equal variances assumed	2.550	.113	-2.060	120	.042	-.519	.252	-1.018	-.020
	Equal variances not assumed			-2.056	1.169E2	.042	-.519	.253	-1.020	-.019
The website of your bank is interactive and user-friendly.	Equal variances assumed	.390	.533	-3.355	120	.001	-.465	.138	-.739	-.190
	Equal variances not assumed			-3.355	1.199E2	.001	-.465	.138	-.739	-.190
Clarity of Policies	Equal variances assumed	3.742	.055	-.251	120	.802	-.055	.219	-.488	.378
	Equal variances not assumed			-.250	1.154E2	.803	-.055	.219	-.489	.379
Schemes and offers.	Equal variances assumed	1.518	.220	-.426	120	.671	-.084	.197	-.474	.306
	Equal variances not assumed			-.425	1.149E2	.672	-.084	.197	-.475	.307
Value added products and services	Equal variances assumed	18.586	.000	-.307	120	.759	-.056	.182	-.416	.305
	Equal variances not assumed			-.305	1.016E2	.761	-.056	.183	-.419	.308

To test the hypothesis H_1 that there exists a significant difference between respondents of Public and Private sector banks as regards different variables of quality provided by the banks, we have applied Independent sample t-Test for Equality of Variances and found out that there exists a significant difference between respondents of public and private sector banks regarding their perceptions of queries and complaints being handled immediately by the customer care department at their bank ($t=.552$, $p<.05$). With primary focus on catering to the queries and complaints almost all banks now have a 24x7 customer care centre operating to tackle customer issues at any time of the day. This has been a successful initiative since during their busy schedules it is almost impossible for customers to go to banks to seek information, clear their doubts or get their complaints registered. The respondents also see a difference between the response rates of public and private sector banks. Significant difference also exists between customers of the two banks regarding perception about whether the bank gives individual attention to the customers ($t=.519$, $p<.05$). This can be attributed to the fact that though public sector banks have made immense progress in understanding day to day customer requirements of the customers they still need to work on the customization of their processes. Private sector banks having adopted the new mantra are

able to provide personalized attention to each customer which leads to utmost satisfaction.

There also exists a significant difference in the respondents perception about the website of the bank as to whether it is interactive and user-friendly ($t=.465$, $p<.01$). Probable reason behind this could be the technical advancement by the private banks. They have started using technology in all their operations right from entering the bank where there is an electronic token machine to payments and transactions made online. It is because of these reasons that an interactive and friendly website is essential where customers can get an access to their accounts, make and receive payments just at a click of a button.

However, there exists no difference in respondents perception as regards value added services, schemes and offers, clarity of policies etc. The reason behind this could be the growing competition which compels even the public sector banks to constantly work on schemes, offers and other products. Hence, the hypothesis that there will be a significant difference between respondents of public sector and private sector banks as regards different variables of quality is partially accepted and partially rejected.

Table 3: Perception of respondents of male and female respondents as regards different variables of service quality

Group Statistics					
	Gender of Respondent	N	Mean	Std. Deviation	Std. Error Mean
Your bank takes care of confidentiality and privacy of its customer	Male	74	4.11	.900	.105
	Female	48	3.75	.978	.141
Clarity of Policies	Male	74	3.73	1.089	.127
	Female	48	2.71	1.110	.160
Behaviour of employees	Male	74	3.51	1.088	.127
	Female	48	2.62	1.196	.173

Table 4: Perception of respondents of male and female respondents as regards different variables of service quality

Independent Samples Test											
		Levene's Test for Equality of Variances		t-test for Equality of Means				95% Confidence Interval of the Difference			
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
Your queries and complaints are handled immediately by the customer care department at your bank.	Equal variances assumed	.044	.835	3.202	59	.002	1.053	.329	.395	1.711	
	Equal variances not assumed			3.206	49.472	.002	1.053	.328	.393	1.713	
Your bank gives you individual attention.	Equal variances assumed	2.396	.127	3.398	59	.001	1.163	.342	.478	1.848	
	Equal variances not assumed			3.299	44.386	.002	1.163	.353	.453	1.874	
would you recommend your bank to your friends and family	Equal variances assumed	14.619	.000	-2.666	59	.010	-.311	.117	-.544	-.078	
	Equal variances not assumed			-2.527	40.583	.016	-.311	.123	-.559	-.062	
Instant response to its customers	Equal variances assumed	.653	.422	4.426	59	.000	1.418	.320	.777	2.059	
	Equal variances not assumed			4.555	53.803	.000	1.418	.311	.794	2.042	
Clarity of Policies	Equal variances assumed	.098	.756	3.521	59	.001	1.021	.290	.441	1.602	
	Equal variances not assumed			3.504	48.449	.001	1.021	.291	.435	1.607	
Behaviour of employees	Equal variances assumed	.343	.560	2.970	59	.004	.889	.299	.290	1.487	
	Equal variances not assumed			2.908	45.747	.006	.889	.306	.273	1.504	

The table shows the responses of male and female respondents regarding their perception of bank's concern for confidentiality and privacy of its customers with males ($m=4.11$, $sd=.9$) giving more weight to the variable as compared to the females ($m=3.75$, $sd=.978$). This can be attributed to the general tendency of men being more concerned about the confidentiality of their money matters. When asked about the clarity of policies the male respondents ($m=3.73$, $sd=1.089$) answered in affirmative for this variable of service quality where as the female respondents ($m=2.71$, $sd=1.11$) gave a neutral response. The table shows that males ($m=3.51$, $sd=1.08$) lay more emphasis on the variable of employee behavior as compared to the females ($m=2.62$, $sd=1.196$).

As we can see from the table that there is a significant difference between the male and female responses on different variables of service quality. These differences result from the personality associated with gender (Palmer and Bejon, 1995; Lin et al., 2001). Devlin and Ennew (2005) analysed the choice criteria for a range of financial services. They listed that the interest rates, reputation and location of the bank were important criterion for choosing the bank. Among the females, the important choice criterion were location, convenience speed of service and access to service whereas among the males, these are competence/ professionalism, product range, professional advice, friendliness and service charges. The literature on gender differences in financial services has focused primarily on behavior outcome.

Vanniarajan, T.; Manimaran, S. in his research on "Managing service quality in commercial banks: a gender focus" has tried to examine the gender differences in their perception of bank service quality variables. In 24 of the 31 BSQ (Bank Service Quality) items, male customer perceived a higher level of quality than did females. The significant difference among the male and female customers is identified in 23 BSQ items out of 31 BSQ items which included confidentiality among the customers on the bank employees; delivery of the products and services what they have promised; reputations of the bank;

self confidence to deal with bank; innovations in bank's products and services; communication quality in banks etc.

There exists a significant difference between males and females respondents regarding their perception about the clarity of policies ($t=1.021$, $p<.01$). Significant difference also exists between male and female customers of the two banks regarding perception about the behavior of employees at the bank ($t=.889$, $p<.05$). There also exists a significant difference between the male and female responses on the variable of queries and complaints being handled by the customer care ($t=.002$, $p<.01$), individual attention to the customers ($t=1.163$, $p<.01$), whether they will recommend their bank to friends and family and banks ($t=.311$, $p<.05$), efficiency in providing instant response to customers ($t=.1.148$, $p<.01$). The significant difference among the male and female customers regarding their perception may be caused by several reasons. These are the male customers who may be more experienced in dealing with the banks because they have been rating financial decisions in their family for a very long period (Volger and Rahl, 1993). Males are an aware and informed set in all banking related issues hence they give more weightage to factors like clarity of policies, confidentiality and privacy, employee behaviour. The recent involvement of female customers in the banking activities makes them more demanding (Kover, 1999). Female customers however have become an important market segment for the financial institutions. The interpersonal relationship maintained by the male and female customers might be one of the reasons for such difference (Hofstede, 1991). The female customers are highly dependent on the word of mouth more than the male customers. The role played by the female customers may place an additional stress on them which may lead to poor accomplishment of the existing system. Hence, the hypothesis H_2 that there will be a significant difference between male and female respondents of public sector and private sector banks as regards different variables of quality is accepted.

Table 5: Perception of respondents who referred their bank to others and those who did not do so as regards different variables of service quality

	Group Statistics				
	would you recommend your bank to your friends and family	N	Mean	Std. Deviation	Std. Error Mean
Your bank gives you individual attention.	positive referral	84	3.40	1.407	.153
	no referral	38	2.63	1.282	.208
Instant response to its customers	positive referral	84	3.17	1.438	.157
	no referral	38	2.32	1.093	.177
Branch Coverage across NCR Delhi	positive referral	84	4.31	.969	.106
	no referral	38	3.53	1.289	.209
Schemes and offers.	positive referral	84	3.71	.939	.102
	no referral	38	2.84	1.151	.187
Behaviour of employees	positive referral	84	3.48	1.167	.127
	no referral	38	2.47	1.006	.163
Value added products and services	positive referral	84	3.48	.938	.102
	no referral	38	2.89	1.034	.168

The table shows the responses of the question whether the respondents will recommend their bank to friends and family on the variables of positive and no referral. On the variable of whether the bank provides individual attention to its customer the mean value for positive referrals (m=3.40, sd=1.407) is more in favor of agreement with the variable however the mean value for no referral (m=2.63, sd=1.282) is skewed towards a neutral response. When

asked about the behaviour of employees the positive referrals (m=3.48, sd=1.167) were more inclined towards agreement as compared to no referral (m=2.47, sd=1.006) who gave a neutral response. The table also depicts that in terms of schemes and offers responses are swayed in favor of the positive referrals (m=3.71, sd=2.84) as compared to the no referrals (m=2.84, sd=1.151).

Table 6: T-test for difference of means between group of people who had positive referral and group who did not refer their bank to others

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Your queries and complaints are handled immediately by the customer care department at your bank.	Equal variances assumed	5.833	.017	2.824	120	.006	.721	.255	.215	1.226
	Equal variances not assumed			3.155	94.481	.002	.721	.228	.267	1.174
Your bank gives you individual attention.	Equal variances assumed	.738	.392	2.888	120	.005	.773	.268	.243	1.303
	Equal variances not assumed			2.991	77.951	.004	.773	.259	.259	1.288
Instant response to its customers	Equal variances assumed	4.162	.044	3.245	120	.002	.851	.262	.332	1.370
	Equal variances not assumed			3.593	92.381	.001	.851	.237	.381	1.321
Clarity of Policies	Equal variances assumed	3.841	.052	2.748	120	.007	.629	.229	.176	1.082
	Equal variances not assumed			2.931	83.943	.004	.629	.215	.202	1.056
Branch Coverage across NCR Delhi	Equal variances assumed	5.928	.016	3.717	120	.000	.783	.211	.366	1.200
	Equal variances not assumed			3.343	56.690	.001	.783	.234	.314	1.252
Schemes and offers.	Equal variances assumed	2.247	.137	4.421	120	.000	.872	.197	.482	1.263
	Equal variances not assumed			4.094	60.172	.000	.872	.213	.446	1.298
Behavior of employees	Equal variances assumed	1.269	.262	4.580	120	.000	1.003	.219	.569	1.436
	Equal variances not assumed			4.843	82.125	.000	1.003	.207	.591	1.414
Value added products and services	Equal variances assumed	.301	.584	3.071	120	.003	.581	.189	.207	.956
	Equal variances not assumed			2.959	65.579	.004	.581	.197	.189	.974

“Positive referrals” in our study stands for any recommendation that the respondents would make about their banks to others and “no referrals” represent the case in which they will not recommend their bank to others. There exists a significant difference between respondents perception of positive referrals and no referrals regarding the queries and complaints being handled immediately by the customer care department (t=.721, p<.01). Significant difference also exists between referrals and no referrals regarding perception about the behavior of employees at the bank (t=1.003, p<.01). There also exists a significant difference in the respondents perception of positive referral and no referral about whether the bank takes care of individual needs of the customers and provides them individual attention (t=.773, p<.01). Significant difference also exists for the variables like value added products and services, schemes and offers, clarity of policies, branch coverage across Delhi and NCR, instant responses given to

the customer. According to a research conducted on the topic “the influence of customer-perceived service quality on customers’ behavioural intentions”, the researcher has worked with four variables namely customer-orientedness, competence, tangibles and convenience. The results of his study offer strong support for the intuitive notion that improving service quality can increase favorable behavioural intentions, namely, WOM (Word-of-Mouth) communications and purchase intentions and decrease unfavourable intentions, namely, complaining behavior, which is also what our research is trying to reinstate. The research done shows an intricate pattern of service quality-behavioural intentions relationship along with the individual dimensions. In his study, the service quality factor of customer-orientedness was found to be the most important for influencing WOM about the bank and customers’ complaining behaviour, followed by competence, tangibles and convenience. The results thus

provide evidence of the usefulness of service quality research, since WOM communications and purchase intentions have been suggested as important dimensions of the concept of service loyalty. Our research also depicts similar patterns in which positive referrals have been strong for the variables of employee behavior, branch coverage, individual attention. Since word of mouth can be positive, negative and customers therefore may or may not refer their bank to others, investigating the influence of the dimensions of service quality on customers' behavioural intentions should help to measure, control and improve customer perceived service quality. The customers who are not referring their bank to others are most likely dissatisfied with the quality of service offered by the bank. Hence, these issues should be a central concern for retail bank managers as well as service management academics and practitioners.

Hence, the hypothesis that there will be a significant difference between group of people who had positive referral and group who did not refer their bank to others as regards different variables of quality is accepted.

CONCLUSION

The Indian banking sector has witnessed heightened competition with so many banks coming up with all their potential and using their global strength to their advantage in order to establish themselves in the market. Private Banks seem to have satisfied its customers with good services and they have been successful in retaining its customers by providing better facilities than Public sector Banks. But, still Private Banks need to go a long way to become customer's first preference. In an economy of innovative technologies and changing markets, each and every service quality variable has become important. New financial products and services have to be continuously introduced in order to stay competent. Success mantra could be customer centric orientation, where the organization builds long term strategic relationships with its customers and Private sector Banks have been successful in achieving such relationship with customers however public sector banks have to improve in this area. Private Banks need to concentrate more on their credit facilities and insurance services since customers do not have a very good opinion about these facilities being offered by Private Banks. Public sector banks enjoy the trust of the customers, which they have been leveraging to stay in the race however they need to improve their service quality by improving their physical facility, infrastructure and giving proper soft skill trainings to their employees. The efforts have to be made in the direction of enhancing the retail banking experience. That is why a well-performed service encounter may even overcome the negative impression caused by poor technical quality as well as generate positive word-of-mouth, particularly if customers witness that employees have given their best in order to satisfy them during a contingency. Employees are part of the customer service process, which is the key to success for any bank. It is these encounters with customers during a service that are the most important determinants of overall customer satisfaction, and a customer's experience with the service will be defined by the brief experience with the firm's personnel and the firm's systems. Any laxity at the end of the employees can lead

to customer defect. According to Zeithaml et al. (1990), service providers' apologies start to wear thin when a company is careless in performing the service, when it makes frequent mistakes and when it is casual about keeping its service promises. Any such incident can force the customer to break his ties with the bank. Hence, it is quintessential to provide ace service, individualized attention, instant response and constant support whether it is a public or a private sector bank. Although Indian consumers have become more and more technology savvy, they also have been demanding more and more of quality and personalized service from the service providers. But since latest technology has been adopted by almost all banks it is no more a factor for differentiation, however the human factor at every touch point has become critical not only for customer acquisition but also customer retention.

Although in this study it was attempted to cover all aspects of service quality, there may be certain aspects that may have been omitted or that may become relevant as new trends in banking evolve. In future research, customers may reveal new aspects of service quality in retail banking that are important to them, and these would have to be incorporated in the scale so as to further explore the concept of service quality in the retail banking arena.

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