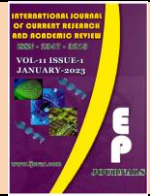




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A Comparative Study on Customers Perception towards Service Quality of Public and Private Sector Banks in Southern Districts of Tamil Nadu, India

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Abstract

The aim of the present study is to assess the perception of customers towards service quality of public and private sector banks in Southern districts of Tamil Nadu. In the current scenario banking area of India is running in a dynamic task concerning both customer base and performance. Service quality is an essential competitive strategy to retain customer base. Customer satisfaction hang on Service quality of banks. This study to be utilized a quantitative survey design and the five dimensions of service quality tangibility, reliability, responsiveness, empathy and assurance were considered as variables for this study. The researcher has selected five districts from Southern districts of Tamil Nadu such as, Thoothukudi, Tirunelveli, Kanyakumari, Tenkasi, and Ramanathapuram. Purposive sampling method was espoused to select the respondents. Customers who are availing banking services from the select banks are selected for the study. The total sample size is 846 out of which 423 samples are from the selected public sector bank and 423 from the selected private sector bank in Southern districts of Tamil Nadu. Customer's perception differences towards service quality of private sector and public sector banks is thoroughly analyzed in the research work. The mean score of perception on service quality is high in private banks compared with public banks. Hence, the study suggested that, the public sector banks have to concentrate more on providing quality services. The study concluded that, both public and private sector banks are instructed to enhance their service quality, thereby customer's satisfaction can be increased.

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Customers Perception, Private Sector Banks, Public Sector banks, Service Quality Dimensions, Customer satisfaction.

Introduction

Service sector is the life line for the social economic growth of a country and includes activities which help in the development of the primary and secondary sectors. The financial services sector affords financial services to public and corporations. This sector of the economy is made up of a variety of financial firms including banks, investment houses, lenders, finance companies, real estate brokers, and insurance companies. The Banking

sector plays a pivotal role in the economic development of our country in the service sector. The banking sector came into force to compete in a market driven by environment measuring service quality in the service sector. Therefore, there is a challenge for Indian public and private sector banks to cater to the changing needs of their customers. It is not only to attract new customers but also emphasise on retaining the loyal customers which is only possible with providing quality services to the customers.

Statement of the Problem

Service Quality of the banks referred as requirement of all banks to fulfill the objectives and wishes of the customers. In General, it is perused that, service quality in private sector banks is good when compared to the public sector banks. The various issues raised by the general public includes: no immediate response to customers, service time duration is more, long queue to deposit and withdraw the money, waiting for longer time, staff deeds is not good, especially public sector banks are not providing mass services like payment of bills, payment of tax, bank assurance etc. and problem relating to banking service such as bank statements, error in the statements are not solved immediately.

Moreover, parking facility in banks is very poor compared to private sector banks. The biggest challenge today for the bank is to establish customers intimacy without which all other efforts towards operational excellence are meaningless. The present necessity of banks is to have good relationship with customers by providing quality services to retain the existing and generate or acquire new customers. Thus, this research attempts to study the perception of service quality of public and private sector banks in the present scenario.

Review of Related Literature

Jitendra Kumar Sahu and Manabhanjan Sahu (2016) in their research paper titled “Service Quality of Public Sector Banks in India: A Gap Between Perception and Expectation” described a conceptual framework of service quality of selected public sector banks in the city of Berhampur. The researcher used SERVQUAL questionnaire having two parts i.e., Expectation and Perception. There were 22 questions under five dimensions of service quality. This research had some limitations as the results showed the perceived service quality of customer of one city only.

Kakouris and Finos (2016) in the study article with the caption, “Applying SERVQUAL to the Banking Industry” surveyed the service quality perceptions of customers of the leading bank in the Serbian market.

Moreover, comparison between SERVQUAL findings and customer satisfaction surveys was conducted along with an attempt to prove correlation between customers’ perceptions regarding service quality. The study recommendation was not to abandon SERVQUAL measurements but to remove limitations and adapt it to

better correspond to each case. Keshav Raj Bhatta and Bhanu Pratap Durgapal (2016) in their article entitled, “Service Quality Perceptions and Customer Satisfaction in Nepalese Banking Sector” investigated the association and relationship between service quality and customer satisfaction. Service quality was measured using SERVPERF approach.

The questionnaire included 27 questions relating to the five dimensions of service quality viz. reliability, assurance, tangibility, empathy and responsiveness. The result of regression analysis revealed reliability, tangibility, empathy and responsiveness as statistically significant predictors of customer satisfaction.

Karthihai Selvi and Vimal Priyan (2017) in their research paper entitled, “Perception of Customers towards Service Quality of Canara Bank towards Deposit Schemes”, found that age, marital status and income of the respondents determine the preference of various deposit schemes. The study has informed that the banks were an important social organization rendering various financial services to its customers. Realizing the importance of customer service in banks, recommendations were made by various committees to improve the service quality of Banks.

Neelotpaul Banerjee and Santosh Sah (2012) in their research titled “A Comparative Study of Customers’ Perceptions of Service Quality Dimensions between Public and Private Banks in India” concluded that private banks had been successful to a greater extent in achieving such relationship with customers than the public sector banks. In case of private banks, the service gap was lowest in reliability dimension and it might imply that customers felt these banks to be sincere and keep their promises.

Significance of the Study

Banking industry has undergone many changes in the recent past. Technological development and competition among banks have made banks to think of new strategies to attract more customers and retain the existing customers. With the increased competition among banks, quality of service rendered and customer satisfaction play a crucial role in sustainability and profitability of banks. Measuring service quality and level of satisfaction of bank customers becomes inevitable in the present scenario. So, the present study examines perception of service quality among the public and private sector banks.

Scope of the Study

The scope of this research is to identify perception of service quality of banks. This research is constructed on primary data and secondary data. This study focuses on the dimensions of service quality i.e. SERVQUAL. In the present study, an attempt has been made to explore the relationship between the demographic variables of customers and their perception of service quality dimensions. The study was carried out in the Southern districts of Tamil Nadu.

Objectives of the Study

The study has the following objectives

To know the demographic profile of the customers and to study the details about holding account profile of customers in selected public and private sector banks in southern districts of Tamil Nadu.

To analyze the customers perception towards service quality of public sector banks and private sector banks in Southern districts of Tamil Nadu.

Hypotheses of the Study

H_0^1 : There is no significant difference between in the various service quality dimensions among the respondents in public and private sector banks.

H_0^2 : There is no significant difference among classification of selected bank with respect to service quality dimensions.

Materials and Methods

Eloquent research design has been used for this study and an assessment has done for fact finding inquiries of different kinds. The data is collected through the questionnaire. The survey is conducted among the banking customers of public and private sector banks in Southern districts of Tamil Nadu.

The researcher has selected five districts from Southern districts of Tamil Nadu such as, Thoothukudi, Tirunelveli, Kanyakumari, Tenkasi, and Ramanathapuram. The total sample size is 846 out of which 423 samples are from the public sector banks and 423 from the private sector banks in Southern districts of Tamil Nadu. Such categorisation of selected sample respondents is given in the following table:

The service quality model established by Zeithmal, Parasuranam and Berry (1988) has been used in the current study. The main assumption of the model is that service quality is multidimensional concept. These dimensions contribute to the assessment of the service quality in any setting. The 30 statements have been grouped under five dimensions. In order to ascertain the perception of service quality, Likert's five point scale has been used for its fitness to estimate the range and variations in the perceptions. The scale 1-5 denotes '5' as strongly agree and '1' as strongly disagree.

Results and Discussion

The above table shows demographic profile of the respondents concern to gender, age, marital status, type of family, size of the family, place of the residence, educational qualification, unemployment category, occupation and monthly family income. A major portion of the sample respondents are male both in public sector banks (68.8 per cent) as well as in private sector banks (71.6 per cent). A majority of the sample respondents belonging to the age group of 26-35 years both in the public sector banks (44.7 per cent) as well as in private sector banks (38.3 per cent). A majority of the sample respondents belong to the married group both in the public sector banks (70.2 per cent) and private sector banks (77.8 per cent).

A majority of the sample respondents lead the joint family both in the public sector banks (70.7 per cent) and private sector banks (73.5 per cent). A majority of the sample respondents have a family size of above 5 members both in the public sector banks (61.0 per cent) and private sector banks (68.3 per cent). A majority of the sample respondents belong to the Tirunelveli both in the public sector banks (44.7 per cent) and private sector banks (45.4 per cent). A major portion of the sample respondent's is UG degree holders in public sector banks (29.8 per cent) and Diploma holders in private sector banks (26.5 per cent). A major portion of the sample respondents in public sector banks (23.5 per cent) is retired and job seeker category and unable to work category in private sector banks (35.3 per cent).

It is inferred that majority of the respondents are business people in public sector banks (24.9 per cent), and government employee in private sector banks (27.6 per cent). It is inferred that majority of the respondents' monthly family income of above Rs. 45, 000 in both public sector banks (45.6 per cent) and private sector banks (44.0).

The above table shows holding account profile of the respondents concern to number of bank account hold, classification of selected banks, kinds of account and number of years using banking services. It is inferred that in public sector banks majority (48.7 per cent) holding account in two banks and in private sector majority (45.6 per cent) customers are holding the account in one bank. In case of Public Sector Banks out of 423 respondents, each 141 respondents from Public Sector Bank-1, Public Sector Bank-3 and Public Sector

Bank-2. In case of Private Sector Banks out of 423 respondents, each 141 respondents from PRIVATE SECTOR BANK-1, PRIVATE SECTOR BANK-2 and Private Sector Bank-3 Bank. A majority of the sample respondents are having saving bank account in both public sector banks (44.7 per cent) and private sector banks (48.0 per cent). It is inferred that majority of the respondents have been availing services with bank for a period of more than 8 years both in public sector banks (67.8 per cent) and private sector banks (71.9 per cent).

Table.1 Classification of Sample Respondents

S. No.	Type of Bank	Name of the Bank	No of Respondents
1.	Public Sector	Public Sector Bank-1	141
2.		Public Sector Bank-2	141
3.		Public Sector Bank-3	141
4.	Private Sector	Private Sector Bank-1	141
5.		Private Sector Bank-2	141
6.		Private Sector Bank-3	141

Table.2 Demographical Analysis

Demographic Details of the Respondents					
Variable	Category	Public Sector Banks		Private Sector Banks	
		No. of Respondents	Percentage	No. of Respondents	Percentage
Gender	Male	291	68.8	303	71.6
	Female	132	31.2	120	28.4
	Total	423	100	423	100
Age	Below 25	34	8.0	17	4.0
	26 - 35	189	44.7	162	38.3
	36 - 45	119	28.1	105	24.8
	46 - 55	59	13.9	99	23.4
	Above 55	22	5.2	40	9.5
	Total	423	100	423	100
Marital Status	Single	96	22.7	65	15.4
	Married	297	70.2	329	77.8
	Widow	24	5.7	22	5.2
	Divorced	6	1.4	7	1.7
	Total	423	100	423	100
Type of Family	Nuclear Family	124	29.3	112	26.5
	Joint Family	299	70.7	311	73.5
	Total	423	100	423	100
Size of the Family	Below 3 Members	124	29.3	112	26.5
	3 - 5 Members	41	9.7	22	5.2
	Above 5 Members	258	61.0	289	68.3

	Total	423	100	423	100
Place of Residence	Thoothukudi	83	19.6	95	22.5
	Tirunelveli	189	44.7	192	45.4
	Kanyakumari	43	10.2	40	9.5
	Tenkasi	63	14.9	49	11.6
	Ramanathapuram	45	10.6	47	11.1
	Total	423	100	423	100
Educational Qualification	Illiterate	1	.2	1	.2
	Up to Primary level	40	9.5	47	11.1
	HSC level	24	5.7	27	6.4
	UG degree	126	29.8	106	25.1
	Diploma Holders	118	27.9	112	26.5
	PG degree	71	16.8	89	21.0
	Doctoral	25	5.9	14	3.3
	Professional Degree	18	4.3	27	6.4
	Total	423	100	423	100
Unemployed category	Student	2	5.9	2	11.8
	Job seeker	8	23.5	2	11.8
	Unable to work	7	20.6	6	35.3
	Retired	8	23.5	4	23.5
	Home maker	6	17.6	2	11.8
	Others	3	8.8	1	5.9
	Total	34	100	17	100
Occupation	Agriculture	58	14.9	76	18.7
	Daily wage earner	40	10.3	51	12.6
	Business	106	27.2	63	15.5
	Professional	17	4.4	26	6.4
	Government Employee	71	18.3	112	27.6
	Private Employee	97	24.9	78	19.2
	Total	389	100	406	100
Monthly Family Income	Below Rs.25,000	43	10.2	45	10.6
	Rs.25,001 - Rs. 35,000	171	40.4	162	38.3
	Rs. 35,001 - Rs. 45,000	16	3.8	30	7.1
	Above Rs. 45,000	193	45.6	186	44.0
	Total	389	100	406	100

Source: Primary data

Table.3 Holding Account Profile Analysis

Holding Account Profile of the Respondents					
Variable	Category	Public Sector Banks		Private Sector Banks	
		No. of Respondents	Percentage	No. of Respondents	Percentage
Number of Bank Account	One	136	32.2	193	45.6
	Two	206	48.7	173	40.9
	Three	47	11.1	44	10.4
	More than three	34	8.0	13	3.1
	Total	423	100	423	100
Classification of Selected Banks	Public Sector Bank-1	141	33.33	-	-
	Public Sector Bank-3	141	33.33	-	-
	Public Sector Bank-2	141	33.33	-	-
	PRIVATE SECTOR BANK-1	-	-	141	33.33
	PRIVATE SECTOR BANK-2	-	-	141	33.33
	Private Sector Bank-3 Bank	-	-	141	33.33
	Total	423	100	423	100
Kind of Account	Savings A/C	189	44.7	203	48.0
	Current A/C	98	23.2	107	25.3
	Loan A/C	13	3.1	17	4.0
	Both savings and Loan Account	57	13.5	63	14.9
	Both Current and Loan Account	37	8.7	19	4.5
	Recurring Deposits A/C	14	3.3	9	2.1
	Demat A/C	15	3.5	5	1.2
	Total	423	100	423	100
Number of years	Below Two Years	20	4.7	11	2.6
	2 - 4 Years	6	1.4	3	.7
	4 - 6 Years	23	5.4	12	2.8
	6 - 8 Years	87	20.6	93	22.0
	Above 8 Years	287	67.8	304	71.9
	Total	423	100	423	100

Source: Primary data

Table.4 Perception on the Quality of Banking Services

S. No	Service Quality of Banks	Type of Banks	
		Public Sector banks	Private Sector banks
	TANGIBILITY	22.21	24.75
1.	The banking companies will have modern looking equipment	3.43	3.70
2.	The physical facilities at banks will be visually appealing	3.60	3.90
3.	The Bank's employees who have a neat in their appearance	3.74	4.24
4.	Communication materials in banking company are visually appealing, easy to read, Informative and useful	3.74	4.39
5.	Bank Location easily accessible	3.78	4.23
6.	ATM machines are always in working condition to withdraw money	3.91	4.29
	RELIABILITY	23.29	25.91
7.	When banks promise to do something by a certain time, they do	3.73	4.13
8.	Doubts regarding banking services were cleared	3.59	4.24
9.	The bank safeguards customer data confidentially	4.26	4.30
10.	Prompt communication of transaction information	3.97	4.37
11.	Service reminders are provided on the time without any delay	3.71	4.47
12.	Banks will insist on error free records	4.02	4.41
	RESPONSIVENESS	24.63	26.51
13.	Staff is willing to help anytime	4.30	4.44
14.	Staff are prompt in responding to questions and queries	3.81	4.31
15.	Bank keeps customers informed about when services will be performed	4.41	4.56
16.	Employees are work at organised time table	3.70	4.36
17.	Personals of the bank are benevolent and cooperative to the customers	4.16	4.43
18.	All interventions and transactional services are understandable.	4.27	4.42
	ASSURANCE	23.68	24.88
19.	All the services provided by the bank are authentic	4.13	4.42
20.	Safe and secure with the transaction of the bank	4.19	4.34
21.	Bank is unique compared with others	3.94	4.37
22.	The behavior of employees in banks instill confidence in customers	4.15	4.39
23.	Bank staff give assurance with regard to their efficient service	3.55	3.69
24.	Employees in banks have knowledge and competence to solve customer's problem	3.72	3.67
	EMPATHY	23.46	24.51
25.	Equal importance is given to the customers	4.07	4.23
26.	The customers are provided with the clock service	3.77	3.92
27.	In case of loss of cards, immediate block of access and replacement of duplicate card provided	4.03	4.18

28.	Consistency of charges comparing others banks is reasonable	3.75	3.98
29.	System of pin security is reliable	4.08	4.23
30.	Giving caring and individual attention to customers by having the customer's best interest in mind	3.76	3.96

Source: Computed Primary Data

Table.5 Measures of Perception of Customers on Various Dimensions of Service Quality (Both Public and Private Sector Banks)

S. No	Dimensions	Public Sector Banks		Private Sector Banks	
		Mean	S. D	Mean	S. D
1.	Tangibility	22.21	3.52	24.75	2.59
2.	Reliability	23.29	3.22	25.91	2.30
3.	Responsiveness	24.63	2.71	26.51	2.10
4.	Assurance	23.68	2.98	24.88	2.54
5.	Empathy	23.46	3.145	24.51	2.58

Source: Computed Primary Data

Table.6 Assessment of service quality dimensions among Public and Private Sector banks

Service Quality Dimensions	Public Sector Banks					Result
	No. of Respondents	Mean	Standard Deviation	t-value	P-value	
Tangibility	423	22.2128	3.51869	112.300	.000**	Significant
Reliability	423	23.2861	3.21666	129.707	.000**	Significant
Responsiveness	423	24.6288	2.71241	164.002	.000**	Significant
Assurance	423	23.6761	2.97646	142.869	.000**	Significant
Empathy	423	23.4586	3.14463	133.807	.000**	Significant
Private Sector Banks						
Tangibility	423	24.7541	2.59439	172.455	.000**	Significant
Reliability	423	25.9102	2.29185	205.595	.000**	Significant
Responsiveness	423	26.5106	2.09587	230.712	.000**	Significant
Assurance	423	24.8842	2.54035	177.177	.000**	Significant
Empathy	423	24.5130	2.58215	171.352	.000**	Significant

Source: Computed Primary Data

The p-value of all the service quality dimensions is less than 0. 01 and statistically important at 1 per cent level.

Table.7 Classification of selected bank with Respect to Service Quality Dimensions

Service Quality Dimensions		Public Sector Banks					Result
		Sum of Squares	DF	Mean Square	F-value	P-value	
Tangibility	Between Groups	57.291	2	28.645	2.328	.002**	Significant
	Within Groups	5167.560	420	12.304			
	Total	5224.851	422				
Reliability	Between Groups	5.196	2	2.598	.250	.779	Not Significant
	Within Groups	4361.191	420	10.384			
	Total	4366.388	422				
Responsiveness	Between Groups	1.225	2	.612	.083	.920	Not Significant
	Within Groups	3103.504	420	7.389			
	Total	3104.728	422				
Assurance	Between Groups	35.948	2	17.974	2.039	.013*	Significant
	Within Groups	3702.681	420	8.816			
	Total	3738.629	422				
Empathy	Between Groups	21.338	2	10.669	1.079	.341	Not Significant
	Within Groups	4151.688	420	9.885			
	Total	4173.026	422				
Private Sector Banks							
Tangibility	Between Groups	40.941	2	20.470	3.071	.047*	Significant
	Within Groups	2799.489	420	6.665			
	Total	2840.430	422				
Reliability	Between Groups	.459	2	.229	.043	.957	Not Significant
	Within Groups	2216.128	420	5.276			
	Total	2216.586	422				
Responsiveness	Between Groups	2.440	2	1.220	.277	.758	Not Significant
	Within Groups	1851.262	420	4.408			
	Total	1853.702	422				
Assurance	Between Groups	33.991	2	16.995	2.654	.027*	Significant
	Within Groups	2689.333	420	6.403			
	Total	2723.324	422				
Empathy	Between Groups	17.721	2	8.861	1.331	.265	Not Significant
	Within Groups	2795.957	420	6.657			
	Total	2813.678	422				

Source: Computed Primary Data

It is evident from table that the customers of both public and private sector banks selected for the study are satisfied with 'Responsiveness' dimension of service quality which occupies the first place.

In public sector banks, the P-value of tangibility factor is less than 0.01 and statistically crucial at 1 per cent level.

And assurance factor is less than 0.05 and statistically important at 5 per cent level. Hence the research concluded that there is significant difference among the classification of selected bank of the respondents and Service Quality Dimensions concerning towards these two factors such as tangibility and assurance. Among the private sector banks, the P-value of tangibility and

assurance is 0.047 and 0.027. It is less than 0.05 and concluded that there is a significant difference among the classification of selected bank of the respondents concerning towards tangibility and assurance in the study area.

Suggestions

The customer's perception of Tangibility dimension of service quality is lower in public sector banks. Hence, it is suggested that public sector banks may take steps to improve their physical facility, ATM centers and alter the banking environment. ATM services must be provided within the accessibility of the customers. When ATM centers are available within a short distance, it will improve the quality of services.

The customer's perception of Empathy dimension of service quality is lower in private sector banks. Hence, it is suggested that private sector banks equal importance is given to the customers, giving caring and individual attention to customers by having the customer's best interest in mind.

Private sector banks deliver a variety of services to meet every need of the customer with operational efficiency, while the services are offered at affordable rates by public sector banks. The major insight gained from this study suggests that the banking sector, both private and public need to stick on to the best standards of service quality which can produce a positive sequential impact on satisfaction. Thus, the perception of service quality is influenced by several factors which are discussed factors in the study and are influential in determining the

customer satisfaction, which the banks need to concentrate and can culminate development.

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