

A COMPARATIVE STUDY OF SERVICE QUALITY AND CUSTOMER SATISFACTION BETWEEN PUBLIC AND PRIVATE SECTOR BANKS (A Case Study of Moradabad Region of U.P.)

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ABSTRACT

Due to intense competition and shifting banking reforms there is the importance to the banking industry and their customers. The purpose of this research article is to examine the customer satisfaction among a group of customers towards the public sector & private sector banking industries in Moradabad, India. This study is cross sectional and descriptive in nature. Businesses need to attract and establish a customer. The researcher tries to make an effort to clarify the Customer Service satisfaction in Indian banking Sector. Given the fierce competition between public and private sector banks in today's environment, this research is critical to determining which sector is performing best and what marketing strategies banks employ to attract new customers. This study looks at which of the many services provided by banks are most popular with customers. What kinds of services the public and private banks that are the subject of the current study provide? Everything from a debit card to a credit card to a home loan to a personal loan to a car loan to Internet Banking. are taken into account for gauging how satisfied customers are with the services provided by public and private banks. It is concluded that customer satisfaction and the services provided by both banks are significantly linked.

Keywords: Customer Satisfaction, Customer service

INTRODUCTION

In a globalized world, the banking industry is undergoing significant change, necessitating policy adjustments. The showcasing strategies which are embraced by the bank are connected with the offer of their items by the approach to talking with a client and giving data about the items. The banking sector's development is significantly influenced by marketing policies. Banks in both the public and private sectors employ a variety of marketing strategies to attract new customers and keep existing ones. However, banking marketing has changed over the past few years, necessitating the creation and implementation of new marketing strategies aimed at retaining customers. There are such countless players i.e., private, public, agreeable, and unfamiliar in the financial business. As a result, banks are utilizing a variety of marketing strategies to win over customers and keep them coming back for more. Customers are essential to any business, and the services sector's most important asset is contented clients. For the various service industries, such as banking, there are a variety of selling policies, such as pricing policies, communication policies, and place policies.

A company's marketing strategy can be a comprehensive plan for achieving its sales goals. A segmental marketing strategy can be altered to focus on selling activities in order to achieve structural goals. The policies of the organization are combined in an effort to bring the beacon home. To help the company stay in business and maximize profits, marketing research should focus on the right product and produce a good marketing strategy. A

selling arrangement is built on top of a marketing policy. It is a corporation's operating policy that also serves as a typical business policy. Banks use pricing policy to penetrate the market by applying it to prices and policies, selecting the best, evaluating the competition, and evaluating value. Any company's success will depend on its communication policies. The bank will inform customers about the bank's various products and services with the assistance of selling communication. This will build a positive image of the bank and can also build the organization's entire image in the eyes of customers who want to purchase its products. The purpose, simplicity, safety, speed, repetition, and surprise of the banks products and services are all part of its product policy. To create and market new products, businesses make use of marketing policy tools. However, integrated merchandise cannot be produced by marketers. The merchant needs to see and think about all parts of the outside climate to make selling arrangements that might arrive at the present and future business sectors. As a result, in order to formulate the organization's marketing policies, a number of businesses gather teams of specialists to frequently collect and evaluate data pertaining to businesses.

REVIEW OF LITERATURE

Talwar R.K. (1975) suggested that There was a lot of misinformation about the function's banks were expected to perform and the facilities and services they provided. The vast majority of bank customers are unaware of the various programs and services they provide. The group suggested that banks carry out illustrative educational campaigns and distribute a booklet outlining the variety of banking services to each customer. Kole A.W. and Hillebrand (2003), the elements of the development of banks are market-oriented products. Uppal R. K. (2007) went into more detail about the need for banks to improve service quality, add new delivery channels, develop more efficient marketing strategies and systems, and expand their product lines. A good promotional mix is one that a) takes into account the objectives of the bank and places emphasis on those services that are of current importance, b) reaches various customer segments very efficiently, c) creates a desire to seek out the services offered by the banks, d) builds a positive image for the bank in the mind of the customer, and e) strikes a balance between costs and effects, according to Chidambaram (1995). Mehta (2010) said that Indian banks lack marketing communication and recommended implementing a banking-appropriate marketing strategy for improved business. Additionally, he asserted that personal selling is one of the marketing methods for banking products that can help banks grow their operations. Nirmaljeet Virk and Prabhjot Kaur Mahal (2012) gave opinion about winning and keeping customers become more important in private sector. Dr. Manisha (2017) explained that marketing communication is a dynamic and continuous process. Banks that use a variety of communication channels should keep in mind their business objectives, customer expectations regarding products and services, and the social and business marketing environment at the time of the promotion. Goal S. (2010) discussed the strategies utilized by both public and private banks. They are unable to employ the practice of marketing at the branch level because the concept of marketing is equated with selling, advertising, or promotion. There is no showcasing division at a branch or territorial level. The showcasing division work for clients and take choices according to the clients. The researcher came to the conclusion that personal contact communication is the most effective method of communication between the bank and its customers. Satyendra Kumar (2021) discussed how the Indian banking industry is becoming more customer-focused, technologically advanced, and strategically focused in order to meet consumer expectations and maintain market share against a growing number of rivals. By analyzing the responses of bank customers and bank managers based on their banking experience, this study attempts to analyze the effectiveness of the marketing strategies, identify the perception gap, identify areas for improvement, and explain the significance and insignificance of each variable. A good promotional mix is one that a) takes into account the objectives of the bank and places emphasis on those services that are of current importance, b) reaches various customer segments very efficiently, c) creates a desire to seek out the services offered by the banks, d) builds a positive image for the bank in the mind of the customer, and e) strikes a balance between cost and effects. Chidambaram (1995). Kittiwat U. (2000) he said that

the powerful connections between serious procedure and data innovation based items and cycle developments in monetary administrations. Financial service providers are unable to sell their products on the market in the absence of information technology. The five IT-based innovations implemented by banks inter branch online service, credit card service, electronic fund transfer at point of sale service, and ATM service are the foundation of the study. Dwivedi R. (2007) found that the functions of finance are important, but not as much as the functions of marketing. Today, the primary function of banks is their marketing strategies, which contribute to the bank's growth. Any new strategy adopted by the organization must include finance objectives, such as maximizing shareholder value. However, it appears that this objective was overlooked amid the flurry of marketing efforts centered on market share. The missing core objective is avoided and sales are increased through various efforts.

RESEARCH METHODOLOGY

The data collected for this analysis is both primary and secondary in nature. The customers of the public and private sector banks were the sampling unit for the study. The data was collected from different bank customers of Moradabad region.

OBJECTIVES OF THE STUDY

- To determine the perceptions of customers regarding the service quality in banks.
- To study and compare the perceptions of the customers in and public (PNB) & private (HDFC) banks.
- The study provides a comparative analysis of the performance of PNB & HDFC banks in Moradabad Region.
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SCOPE OF THE STUDY

Present study has been restricted in Moradabad region, PNB & HDFC banks of Moradabad region has been taken as a representative unit of public sector banks and private banks respectively.

DATA COLLECTION

Primary data was collected personal contact approach. The respondents were approached personally in order to seek fair and frank responses on quality of service. Secondary data was collected from the internet, published reports and the fact sheets of PNB Bank and HDFC Bank. For analysis of the data, weighted Mean has been used.

CUSTOMER SATISFACTION IN BANKING

Financial liberalization and deregulation has increased the competition among banks to attract potential customers. Every banker tries to provide superior services to keep satisfied customers. In India, emergence and growing popularity of Indian banking products has raised competition among Indian banks. Indian banks have had to face numerous challenges in the recent age. Firstly, they are competing with their peers and secondly they have to cope with the conventional banks.

A satisfied customer is the real asset for any organization to ensure long-term profitability even in the era of great competition. It is found that a satisfied customer repeats his/her experience to buy the products and also creates new customers by communication of positive message about it to others. On the other hand, an unsatisfied customer may switch to alternative products/services and communicate negative message to others. So, organizations must ensure the customer satisfaction regarding their goods/services.

SERVQUAL Scale

SERVQUAL instrument to measure the dimensions of service quality that is frequently used by researchers. It consists of some items that are compiled into five dimensions: tangibility; reliability; responsiveness; assurance and empathy. This study applied five dimensions of service quality that are explained as under:

Reliability- This dimension shows the consistency of services towards performance and dependability.

Tangibles- This dimension shows the physical aspects of the services as physical facilities, appearance of personnel and tools & equipment used for provision of services.

Responsiveness- This dimension reflects the willingness or readiness of employees to provide quick services to customers.

Assurance- This dimension indicates the employee's knowledge, courtesy and their ability to incorporate trust and confidence.

Empathy- This dimensions shows the magnitude of caring and individual attention given to customers.

ANALYSIS AND INTERPRETATION

With reference to the objective of the study, the major areas of questioning and analysis are concerned with perceptions of service quality and its dimensions: responsiveness, assurance, tangibility, reliability and empathy. As declared, perceptions were considered on a five point “strongly agree” to “strongly disagree” scale.

OVERALL SERVICE QUALITY

The analysis of Table-1 shows that there exists a broad perceptual distinction in Indian (public sector) banks concerning the quality of service for their respective customers, whereas the said perceptual distinction in private banks is narrow. The mean of PNB (142.48) when compared to mean of HDFC (167) shows that there is a difference in the quality of service being delivered by PNB as compared to the quality of service expected by their respective customers. In other words, service quality delivered by banks such as HDFC is higher than that of PNB.

OVERALL SERVICE QUALITY

Dimension-Wise Analysis

1. Responsiveness: The data in Table-1 illustrates that there are important perceptual differences on the responsiveness dimension of quality of service of their customers. PNB (20.04) shows that the bank is far below the perceptions of their customers on the said dimension when compared with HDFC (27.08). The element wise analysis of this dimension shows that PNB is falling on the perceptions of their customers on communicating to them about performance of service, employees providing prompt services and willingness to help customers.

Table 1
Perceptions of Customers about banks Responsiveness

Seroquel Dimension	PNB Mean	HDFC Mean
1. Always willing to help customers	4.28	7.72
2. Never too busy to respond to customers requests	5.36	6.08
3. Telling customers exactly when service will be performed	5.12	7.52
4. Giving prompt service to customers	5.28	6.48
Responsiveness (1+2+3+4)	20.04	27.08

2. Assurance:

The perceptual variation between PNB (26.08) and HDFC (27.36) in table 2, customers are low as is evident from the mean. The respondents of PNB and HDFC have given almost equal rating on assurance dimension to both the banks. The factor wise analysis illustrates that HDFC is greater than the perceptions of their customers as far as trust worthiness and courteous with customers. The number of PNB customers is greater than HDFC customers in feeling safe while transacting with the bank and having sufficient knowledge in answering questions to the customers.

3. Reliability:

The breakdown of reliability dimension of service quality shows major variations in the observation of PNB from their respective customers. PNB (27.27) in table 3 shows that it falls below the expectations of their customers in delivering quality services, whereas HDFC (32.44) is greater than the perceptions of their customers in this dimension. The factor wise analysis of reliability explains that PNB is far below the perception of their relevant customers as far as keeping promise, interest in solving problems, and providing service at promised time are concerned.

Table 2
Perceptions of Customers about banks Assurance

Servqual Dimension	PNB Mean	HDFC Mean
5. Feeling safe in their transactions	7.28	7.04
6. Having knowledge to answer customers questions	6.16	5.76
7. Consistently courteous with customers	6.08	7.92
8. Behaviour of employee will instill confidence in customers	6.56	6.64
Assurance (5+6+7+8)	26.08	27.36

Table-3
Perceptions of Customers about banks Reliability

Servqual Dimension	PNB Mean	HDFC Mean
9. Performing service right the first time	6.4	6.68
10. Provide service at promised time	5.24	6.92
11. Promise to do in time	5.12	6.36
12. Interest in solving the problem	4.72	6.68
13. Error free records	6.24	6.0
Reliability (9+10+11+12+13)	27.72	32.44

4. Tangibility:

The data in Table-4 brings to light the distinction in the perceptions of the customers of banks PNB and HDFC on tangibles. The data tells us that banks such as HDFC (47.74) are exceeding the perceptions of their customers when compared to PNB. PNB with a mean of (46.32) falls below the perceptions of their customers on this dimension of service quality when compared to HDFC. The element wise breakdown of tangibility shows severe short fall of perceptions among banks like PNB on up to date equipment, physical facilities available in a bank, neat appearance, materials in banks and internet facility as perceived by their relevant customers. While PNB have outperformed HDFC regarding numbers of ATM's available.

5. Empathy:

The data analysis of Table-5 relates the factors that banks such as PNB (21.96) are distant from their customers regarding delivery of quality services when compared with HDFC (30.64). There exists a wide gap between the perceptions of banks such as PNB and their customers as is evident from there mean.

Table 4
Perceptions of Customers in relation to banks Tangibility

Servqual Dimension	PNB Mean	HDFC Mean
14. Tidy in appearance	6.04	7.02
15. Physical Facility	5.68	6.76
16. Innovative Equipment	7.00	7.08

17. Internet banking services	5.48	7.72
18. ATM Technically equipped	8.24	7.84
19. ATM's in sufficient numbers	7.56	4.08
20. Material in banks	6.32	7.24
Tangibility (14+15+16+17+18+19+20)	46.32	47.74

Table-5
Perceptions of Customers about banks Empathy

Servqual Dimension	PNB Mean	HDFC Mean
21. Giving customers personal attention	5.76	7.02
22. Giving customer individual attention	6.00	7.08
23. Convenient operating hours	4.24	8.24
24. Able to understand the specific needs of the customers	5.96	7.04
Empathy (21+22+23+24)	21.96	30.64

CONCLUSION

The researchers found in their research that the highest customer satisfaction is demonstrated in the responsiveness areas such as willingness to help customers and friendly attitude of staff, followed by the reliability areas such as customer guidance and customer support. On the other hand, satisfactions are moderate in the tangibles area, such as infrastructure facilities and decor, followed by empathy area such as banks business timing and return on investment. Due to the wide variation of responses, both public and private banks need to consider the weak areas in order to meet customer requirements. This study derives its basis from various research findings and is also in line with empirical findings with respect to customer satisfaction by other researchers.

To summarize, the outcome of the research lead us to the following conclusions and guiding principles of implication in both public sector & private sector banks:

- To be successful in banking sector, banks must provide service to their customers that at least meets or, exceeds their expectations. The present study will provide some sort of guidelines to the policy makers (managers) of banks to take appropriate decisions in improving the quality of services in Indian banking.
- The customer satisfaction in terms of service quality is a relational marketing paradigm. The relationships are mostly viewed from the perspective of the firm providing the services. For service firms (in our case the banks), building strong relationships is important for improving customer satisfaction through service quality.
- Public sector banks like PNB fall much below the perceptions of their customers on all dimensions of service quality. Private Banks such as HDFC bank are exceeding the perceptions of their customers on all dimensions of service quality.
- The development of new products should be according to the customer's need. A regular service should be given to the customer through the department website, brochures and other sources by conducting regular surveys. The result can be used by the department to come up with a new product such as a printed documentation for delighting their customers.
- Although, overall both public and private sector bank customers are satisfied with their banks, due to wide difference in responses both public and private sector banks should concentrate on their weak areas in order to meet their customer's expectations and this study provides some sort of guidelines to managers of banks for taking suitable decisions to give more satisfaction to their customers.

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