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## "To Study the Quality of Service Provided by the Banks in India"

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### **ABSTRACT**

The progress of Indian Banks over a period of time has seen a great competition, due to which there is a need for all such institution mainly commercial banks to ensure maintenance of high service quality standards. Thus, this study examined the effect o customer service quality on customer satis-faction in Indian Banks. It looked to decide the segment attributes of customers that impact their degree of observation, decide the impression of customers about the nature of administration given by the banks, and to set up the connection between administration quality and consumer loyalty. The questionnaires developed for this study was based on a SERVQUAL model that identified the influence of five dimensions (i.e. tangibility, responsibility, reliability, assurance and empathy) in banking service environments on customer satisfaction. A descriptive study was taken place and around 104 randomly selected customers of various Indian Banks were analyzed using both the de-scriptive and inferential statistical tools in the SPSS. It was found that the clients of the banks were generally from the middle class of the society relatively younger, educated and mainly from the pri-vate sector of the economy. Age and education were identified as the demographic characteristics that influenced customers' level of perception. The majority of the respondents were satisfied with the banks' services. Also, the banks' service reliability, assurance, empathy, and tangibles were found to be significant determinants of customers' satisfaction with their service quality. It was rec-ommended that the banks should work more towards the improvement of its customers' perception in the areas of empathy, reliability, responsiveness, assurance and tangibles.

### **Introduction**

The growth of the banking sector is essential for the country's economic development as it is one of the important sources of financing for business. Out of the various factors that determine the feasibility of a banking operation, customer

satisfaction is the most important. In the banking industry, success and sustainability depends on the various factors such as accountability, quality service and changes in technology (Hossan, 2012). Banks should not focus on the shareholders but should also take care of the customers and the quality of service they offer. As customer satisfaction plays an important role which will affect the overall performance of the banks in the long run. We stay in an era, where economy is about maintaining old customers and attracting new ones to thrive in the market (Ramzi, 2010).

The Banking Sector in India has seen a major change over a period of time due to latest technology and has improved in performance due to various reforms formed by the Reserve Bank of India. The organization is survived by the different products, products plays an important role for the growth of any organization. The Banking Sector over a period of time has launched various products for the customers to ease their work and to save their time. Due to this products' the Banking Sector was able to connect on the international platform. Banking Operations and data processing has greatly increased.

With the increase in the products the banking sector have introduced electronic banking services like ATMs (Automated Teller Machines, telephonic banking, SMS banking, mobile banking apps, email banking etc. has given the freedom to the customers for doing the transactions at ease and with their own convenience. The banking sector is said to be evolving, competitive and promising in terms of savings mobilization, development financing and customer service delivery.

Quality products and the satisfaction over the use of the product by the customers are the most important tools contributing to the success of every business organization. Nature of administration and fulfillment of client ideas have been connected to client conduct like buys and unwaveringness, and eagerness to spread positive verbal referral and gripe aims (Olsen, 2002). Service quality plays a crucial role for success of any business be it banking sector, food industry, retail products etc. the business should understand the service quality provided to have a positive outcomes so as to establish ways for improving it in order to maintain customer satisfaction (Zeithaml and Bitner, 2000; Lardhari et al., 2008; Kim et al., 2009). High quality service is established depending on the level of customer satisfaction derived from the utilization of service. The impact of the sales are directly related to the quality of service delivered to the customers.

High quality services provided by the banking sector increases customer retention rates, which also helps to attract new customers through word-of-mouth advertisement, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, improves employee morale, financial performance and profitability. In the customer satisfaction or service quality arena, aggregate market studies have shown that higher customer satisfaction leads to better financial returns (Hallowell, 1996). In a study, Gronroos (1978) found out that service quality is of two components, namely, technical quality and functional quality. It clearly indicates that the quality refers to what the service provider delivers during the service provision, while functional quality is how the service employee provides the service.

With the competition from private players and foreign banks the initiation of banking reforms has led to an increased emphasis on the efficiency of customer service. In this competitive period where these banks operate, maintaining the

quality of service is a pre-requisite for survival. Hence, the estimation of administration quality has progressively made an enthusiasm among specialist organizations (banks) and researchers (Sharma and Mehta, 2005). Therefore, measuring customer satisfaction and the quality of services provided to customers by banks is one of the topics that carry high importance in the field of management studies, particularly in dealing with business organizations that value quality service delivery.

### **Literature Review:**

The competitiveness in the financial sector is majorly due to the liberalization of the banking sector over a period of time. Also, due to the fast-changing technology, adaptivity of the technology by the customers, competition from the private and foreign banks, increase in productivity, control over the cost of operation, there is a need to improve on customer service. Due to increase in competition and customer satisfaction has turned to be an important point for the survival, customers have started taking it as one of the important factors as loyalty toward the organization. Thus, the organization has to make the customer feel the value of getting the service or utilization of the product is greater than the price, the customer actually pays for it (Bradley, 1995)

The Organisation needs to know about the customer satisfaction towards the service provided by the organisation from time to time, which will help the organisation to take the decision for the future strategies of improvement. Customers choice of a bank over another is based on various factors such as banks reputation, location of the bank, service provided by the bank, locality etc. This indicates that the service quality is seen as one of the key factors which has received major attention by organisation.

Over the period of time and with the FDI coming in India, there has been an increase in the competition in the banking sector. With the increase in competition, it is observed that the importance is given on the priority basis towards customer satisfaction. It is being observed that customer move from one bank to another very rapidly these days. Mainly due to frustration and unnecessary delays as per the complains on the bank's operations. Then there is a group of customers who will be looking for quick and fast service delivery, which may shift to another bank. At some incidence it is observed that the branch staff is not cooperative, which hampers the service quality and it also disappoints the customers. Technology also plays a major role, even a single failure in the technology it disrupts the customer satisfaction. Due to the above few problems, the management of the banks has been doing a lot to build a stronger customer focused culture through various training programmes for staff which is tailored to meeting customer's needs and ensure satisfaction.

Onditi et al.,(2012) has mentioned that the service quality is a major factor that influences the competitiveness of banks. Banks can position themselves differently by providing good quality service which the customer is looking for. The study by Onyancha (2013) on effect of bank brand image on customer satisfaction found that customer satisfaction is the key of loyalty and if customers are satisfied, they may create base of loyalty easily. Notwithstanding, the effect of service quality dimensions on customer satisfaction has not been given much attention by the

Banks. This research studies on the research gap by determining the effect of service quality on customer satisfaction.

### Objectives:

The purpose of this study was to assess the effect of the service quality on the customer satisfaction in the banking sector in India. The following are the objectives:

1. To distinguish the segment qualities of clients that impacts their degree of recognition
2. To decide the impression of clients about the nature of administration gave by Commercial Banks.
3. To decide clients' degree of fulfillment with the nature of administration gave by Commercial Banks.
4. To set up the connection between administration quality and consumer loyalty.

### Methodology:

The study is being conducted by collecting data from the customers of the banks from different banks i.e. public sector and private sector banks.

### Data Interpretation and Analysis:

#### Age of Respondents:

Table 1

Age (in Years)	Frequency	Percentage
21-30	48	46.20
31-40	33	31.70
41-50	14	13.50
51-60	9	8.70
Total	104	100.00

From table 1, it can be seen that around half (46.20%) of the bank's customers were below the age group of 30 years, while 33 (31.70%) of them were between the age group of 31-40. The data also shows that only 23(22.20%) of the respondents were at least 50 years. This above stats shows that customers of the Banks are fairly young.

#### Education Qualification:

Table 2

Qualification	Frequency	Percentage
Undergraduate	6	5.80
Graduate	24	23.10
Post Graduate	74	71.20

Total	104	100.00
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From the Table 2, it is being observed that 74% of the respondents are Post Graduate, 23% are graduate and around 6% are Undergraduate. It can be concluded from the above table that majority of the respondents i.e. 94.30% are literate.

### Profession:

Table 3

Profession	Frequency	Percentage
Business	12	11.50
Service	72	69.20
Student	13	12.50
Housewife's	1	1.00
Others	6	5.80
Total	104	100.00

Table 3 shows that 69.20% of respondents are from the service sector. Business sector consists of 11.50%. Students are surprisingly are around 12.50% using banking facilities. Housewives and others are 6.80%. The data shows that the banks customers are coming from various occupational background.

### Tangibility of Service Quality in Banks

Items	(5)	(4)	(3)	(2)	(1)	Mean	Std. Dev
Are you satisfied with the Banks Premises?	34 (32.70%)	44 (42.30%)	18 (17.30%)	7 (6.70%)	1 (1%)	3.99	0.930
Are you satisfied with the technology used in the Bank?	35 (33.70%)	40 (38.50%)	20 (19.20%)	8 (7.7%)	1(1%)	3.96	0.965
Are you satisfied with the employees' dress/ uniform	31 (29.80%)	34 (32.70%)	26 (25%)	9 (8.70%)	4 (3.80%)	3.76	1.093

Are you satisfied with the information provided via pamphlets by the Banks?	18 (17.30%)	28 (26.90%)	36 34.60%	15 (14.40%)	7 (6.70%)	3.34	1.129
Are you satisfied with Account Statement provided by the Bank?	55 (52.90%)	31 (29.80%)	11 (10.60%)	5 (4.80%)	2 (1.90%)	4.27	0.968

Table 4

Out of the total 104 respondents, it is observed that 78 respondents (75%) are satisfied with the Banks premises. Around 18 (17.30%) and 8 (7.70%) respondents are uncertain and disagreed to the statement. Around 75 (72.20%) respondents are satisfied with the use of technology by the bank, it is also observed that 20 (19.20%) respondents are uncertain and 9 (8.70%) disagree to the statement. It is also observed that 65 (62.50%) respondents are satisfied with the employee dress/ uniform during the service provided by the banks to the customers, also 26 (25%) of respondents are uncertain and the 13 (12.5%) disagrees with the statement. From the respondents it is observed that 36 (34.60%) are uncertain about the information provided by the banks via pamphlets. 46 (44.20%) are satisfied with the information provided by the banks and 24 (21.10%) are not satisfied with the information provided by the banks via pamphlets. With the mean of 4.27, 86 (82.70%) respondents are satisfied with the account statement details provided by the Bank.

### Reliability of Service Quality in Banks

Table 5

Items	(5)	(4)	(3)	(2)	(1)	Mean	Std. Dev
Are you satisfied with the services provided by the Bank?	36 (34.60%)	38 (36.50%)	19 (18.30%)	7 (6.70%)	4 (3.80%)	3.91	1.071
Are you satisfied by the service of handling problems by the employees?	19 (18.30%)	39 (37.50%)	24 (23.10%)	14 (13.50%)	8 (7.70%)	3.45	1.165
Are you satisfied with the service provided by the bank as they promised?	20 (19.20%)	40 (38.50%)	25 (24%)	15 (14.40%)	4 (3.80%)	3.55	1.078

It is observed that the majority of 74(71.10%) respondents agree that they are satisfied with the service provided by the bank. It is also seen that 19(18.30%) are uncertain about the service provided by the banks and 11(10.50%) disagree with the statement. With the mean of 3.45, 58 (55.80%) are satisfied with the service of handling the problems of customers by the Banks staff. 24 (23.10%) are uncertain and 22 (21.20%) disagree with the statement. Around 60 (57.70%) are satisfied with the service provide by the banks as promised, 25(24%) are uncertain with the service and 19(18.20%) disagree with the service. From the table 5 is been observed that the customers positive perception towards the reliability of service quality in Banks.

### Responsiveness of Service Quality in Banks

**Table 6**

Items	(5)	(4)	(3)	(2)	(1)	Mean	Std. Dev
Are you satisfied with the employee's promptness in providing service in the Bank?	22 (21.2%)	40 (38.50%)	26 (25%)	12 (11.50%)	4 (3.8%)	3.62	1.064
Are you satisfied with the willingness of employees to help the customers?	23 (22.10%)	41 (39.40%)	24 (23.10%)	12 (11.50%)	4 (3.80%)	3.64	1.070
Are you satisfied with the bank sending bank statement on timely basis?	40 (38.50%)	29 (27.90%)	20 (19.20%)	9 (8.70%)	6 (5.80%)	3.85	1.197

From Table 6, a majority of respondents 62 (59.70%) mentioned that the employees of the banks were prompt in providing service to them, 26 (25%) are uncertain and 16 (15.30%) disagree with the statement. Around 64 (61.50%) agrees that they are satisfied with the willingness of employees to help the customer, 24 (23.10%) are uncertain and 16 (15.30%) disagree with the statement. Out of total respondents 69 (66.40%) are satisfied with the bank sending the bank statement on timely basis. The respondents agree in general that the banks employees were never too busy to respond to their the request for the service they have asked for.

### Assurance of Service Quality in Banks

**Table 7**

Items	(5)	(4)	(3)	(2)	(1)	Mean	Std. Dev
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Are you satisfied with the Banks Security?	35 (33.70%)	34 (32.70%)	25 (24%)	6 (5.80%)	4 (3.80%)	3.87	1.071
Are you satisfied with the employees eagerness to gain confidence of the customers?	20 (19.20%)	41 (39.40%)	24 (23.10%)	16 (15.40%)	3 (2.90%)	3.57	1.059
Are you satisfied of the knowledge of the employees?	17 (16.30%)	45 (43.30%)	32 (30.80%)	10 (9.6%)	0 (0.00%)	3.66	0.866

Table 7, indicates 68 (66.40%) agrees that they are satisfied with the security provided for the bank at the same time it is also observed that 25(24%) respondents are uncertain about it and 10 (9.60%) disagree to the given statement. Respondents are satisfied with the employees' eagerness to gain confidence of the customers by 61 (58.60%) agrees to it and 19 (18.30%) disagrees to it also we have found that 24 (23.10%) are uncertain about it. Around 32 (30.80%) respondents are uncertain about the knowledge of the employees, 62 (59.60%) are satisfied with the employees' knowledge and 10 (9.6%) disagrees to it.

Overall the respondents are of the opinion that they are assured with the service provided by their banks.

### Empathy of Service Quality in Banks

Table 8

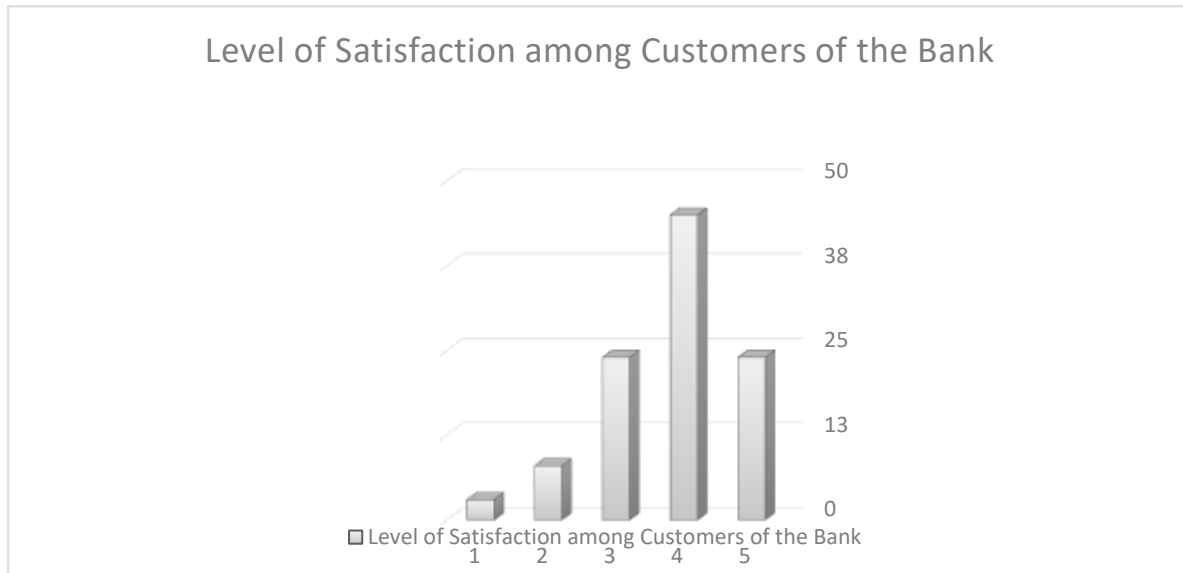
Items	(5)	(4)	(3)	(2)	(1)	Mean	Std. Dev
Are you satisfied by Banks service of providing customers best interest at heart	19 (18.30%)	41 (39.40%)	27 (26%)	13 (12.50%)	4 (3.80%)	3.56	1.050
Are you satisfied by the Bank service of providing the product that best suits the customers?	17 (16.30%)	33 (31.70%)	42 (40.4%)	8 (7.70%)	4 (3.80%)	3.49	0.985



From Table 8, it is observed that the respondents 60 (57.70%) are satisfied with the Banks service of providing customers best interest at heart, also it observed that 27 (26%) are uncertain about it and 17 (16.30%) disagrees to it. 42 (40.4%) respondents are uncertain about the bank service of providing the product that best suits for the customers, also 50 (47.7%) agree to it and 12 (11.5%) disagrees to the statement. Overall it is observed that the customers are having empathy of service quality in Banks.

**Level of Satisfaction among Customers of the Banks**

Table 9



(Source: Author)

Table 9 shows that 24 (23.1%) respondents were very satisfied with the service provided by the banks to them while 45 (43.3%) respondents were satisfied with the service. On the other hand, it is seen on 3(2.9%) respondents were not satisfied with the service provided by the banks. It concludes that the banks customer was satisfied with the service provided by the banks. Oslen (2002), quality and satisfaction are the most important tools contributing towards the success of the running of any business organisation. Quality service and satisfaction of the customer have been linked to customer behavioral intentions like purchases of goods and services, loyalty, work-of-mouth marketing of the product.

Zeithaml and Bitner (2000), Lardhari et.al. (2008) and Kim et. Al (2009) stated that the high quality of service from an organisation depends on the level of satisfaction consumer derives from that service or goods. Sales are directly related to customer satisfaction, therefor for the increase of sales it required improvement in the quality of service delivery to the existing customers.

**Customers Perception and their Satisfaction Level:**

Table 10

Perception	Satisfaction
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	Statistics	Value	Interpretation
Tangibility	R	0.826	Significant
	P	0.000	
Reliability	R	0.868	Significant
	P	0.000	
Responsiveness	R	0.834	Significant
	P	0.000	
Assurance	R	0.776	Significant
	P	0.000	
Empathy	R	0.723	Significant
	P	0.000	

Table 10 shows that the correlation between customers perception about the quality reliability and satisfaction was high with coefficient of 0.868 and p- value of 0.000. this indicates that the relationship between the two variable is positive and statistically significant. Then when the customers think that the banks service is reliable, they are satisfied with the service.

Along with this, significant positive relationship was seen between assurance, responsiveness, empathy and tangibility. The customers perception about the service assurance, a correlation coefficient of 0.776 with p-value of 0.000 was obtained. It shows that there is a direct relationship between them. With regards towards the customers empathy and its influence on customer satisfaction, the results show a significant positive relations between them, which shows that customer who perceives that the bank empathises with them will be more satisfied. There has been a positive relationship between the bank's responsiveness and the customer, which is a positive sign for the growth of the bank. The more customer is satisfied with the positive repossess given by the bank to the customers, there will be a constant growth for the organisation. The relationship between the customer and banks tangibility is also seen positive. This indicates that their exist a significant and direct relationship between the customer's perception and the banks tangibility.

The above results are in lines with that of Cronin and Taylor (1992), stated that there is a direct relationship between service quality and customer satisfaction. It is also said that the service quality leads towards the customer satisfaction. Therefore, to achieve a high level of customer satisfaction, there should be a high level of service quality delivered by the organisation as service quality is directly related towards the customer satisfaction.

## Conclusion

With the growth of banking industry in India it has resulted in a great and healthy competition between the banks, hence there is a constant need for all banking institutions to ensure it maintains very high service quality standards. With customers having multiple banks accounts with various banks and diverse socio cultural and economic background, it is very difficult for the banks to strive hard to maintain service for the customers. From the above study it is observed that the customers are young and therefore they are concerned with quality service. Young and highly educated customers are influenced by a change in service quality (Devanathan and Jambulingam, 2014). Age and education are the demographic characteristics that influence the customers' level of perception. Customers of the banks have positive perceptions about the service quality and are generally satisfied with the services provided. As found in this study, customers' satisfaction is largely dependent on their perceptions about service quality reliability, responsiveness, assurance, empathy and tangibles. This is consistent with the results of Zaim (2010) and Kumar et al. (2010) that reliability, assurance, empathy and tangibles are important factors in client satisfaction.

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