



Measuring the Impact of Service Quality on Customer Satisfaction – A Comparison between SBI and Axis Bank

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Abstract

The developing country like India banking sector is showing a vital role in gradual development of country. The banks accept the deposits of customers and networks into Lending. Everyday new banking products are served to customers in the form of services by various banks and those aids as competition within the banks. The purpose of this paper is to compare the quality of services provided by Public sector banks and Private sector banks and to measure the customer satisfaction. To aid the process, SBI bank is selected from public sector bank and Axis Bank from private sector Bank. The comparison has been done by using 18 variables grouped under five dimensions of Servqual that is Tangibility, Reliability, Responsiveness, Assurance and Empathy.

Keywords: Service Quality, Customer Satisfaction, Responsiveness, Empathy, Reliability, Tangibility, and Assurance.

Introduction

The success of the business demands customer satisfaction either manufactures oriented or services providers. The banks service quality has become a facet for customer satisfaction. The concept of core banking has made availability of money at everywhere and all time, to endure in competition and to increase its market.

The study endeavours to discover the impact of service quality on customer satisfaction in both public sector banks and private sector banks. The major aim of the research paper is to measure and compare the quality of service offered by private sector banks and public sector banks. The study is trying to find out relationship between service quality and customer satisfaction of Public sector banks and private sector banks. The study focuses to assess the service quality of State Bank of India and AXIS Bank.

This paper highlights the difference between service quality of both public and private sectors. Five dimensions used to study service quality through servqual model of Parasuraman, Zeithaml, and Berry¹ are Tangibility, Reliability, Responsiveness, Empathy and Assurance are considered as the base for this study. Result of the study showed that tangibility, reliability, responsiveness, assurance and empathy certainly influences customer attitudes in terms of satisfaction this means service quality dimensions are fundamental for customer satisfaction in both the banking sectors.

The research proves that empathy and responsiveness play the most important role in customer satisfaction level followed by tangibility, assurance, and then the bank reliability. The study

advocates offering better services and increased satisfaction, which leads to high level of customer retention.

Thus, this research paper concludes that service quality is the basic and also an important factor which influences the overall customer perception in choosing the services of Banks. This finding forces the need for bank managers to emphasis on the dimensions of service quality particularly on responsiveness improving service quality to attract more customers.

Literature Review

Berry, Parasuraman and Zeithaml studied service quality, reason for customers switching from one bank to another and buying decision making¹.

Ananth, Ramesh, and Prabakaran in the paper selected private sector banks were studied (ICICI and CUB), on the basis of SERVQUAL model with addition of accessibility factor. The gap analysis found empathy as main factor of customer expectation and perception. The multi-regression analysis study resulted dimensions like Empathy, Reliability, and Assurance that certainly impacts the service quality of bank².

The research paper compares examines and measures services provided by public banks, private banks and foreign banks the study advocated foreign banks for effective customer services and high satisfaction level of customer³.

Hinson, Mohammed, and Mensah studied determinants for banks of Ghana. The study revealed that all service quality dimensions contributed significantly but human element found to be highly predictive further the study concluded that the

service quality dimensions contributed in predicting of service quality⁴.

The research paper studied Customer's Perception on Service Quality of Indian private Banks of Moradabad region based on SERVQUAL model and found all dimensions of service quality to be equally important⁵.

Mengi conducted a study to compare customers' perceptions of service quality of public and private banks of Jammu based on SERVQUAL scale and determined different dimensions of service quality. The study revealed the customers of public sector banks to be more satisfied with the services further the study suggested improvements across all the five dimensions of service quality of SERVQUAL that is tangibility, reliability, responsiveness, assurance and empathy⁶.

Rohini studied service quality perception in five hospitals in Bangalore city on the basis of SERVQUAL model the study revealed existence of overall service quality gap between patient's perceptions and their expectations with the sample size of 40 management personnel⁷.

The study explored customer perspective on the relationship with financial service providers and the quality of services provided, further the study focused on the customers motivation behind engaging themselves in formulating the relationships for marketing strategies⁸.

Singh and Khurana in their research paper identified, examined and found out gender wise customer's expectations and perceptions to study service quality provided by private sector banks in Hissar district⁹.

The literature review reveals that most of the authors have studied using the SERVQUAL model developed by Zeithamal, Parsuraman and Berry¹⁰ to find the gap in service quality of banking sector. The study aims to find out impact of service quality on customers satisfaction¹¹ of Durg-Bhilai region.

Objectives

i. To study the preferences towards types of services provided by the SBI and AXIS bank. ii. To examine the expectations and the level of satisfaction of customers towards the services rendered by SBI and AXIS bank. iii. To measure the quality of services in terms of service quality factors offered by both SBI and AXIS bank. iv. To compare the perceptions of the customers in SBI bank and AXIS bank. v. To investigate the relationship between service quality and customer satisfaction through various factors. vi. To identify the banking sector whose services is largely availed by the customer. vii. To determine the leading factors of service quality that influence customer perception.

Hypothesis

Hypothesis Testing has been done to determine if there is any difference between the quality of services provided by SBI and AXIS bank.

Following hypothesis is tested: i. H0₁: There is no significant difference between reliability factor on customer satisfaction of SBI and Axis Bank. ii. H1: There is significant difference between reliability factor on customer satisfaction of SBI and Axis Bank. iii. H0₂: There is no significant difference between assurance factor on customer satisfaction of SBI and Axis Bank. iv. H2: There is significant difference between assurance factor on customer satisfaction of SBI and Axis Bank. v. H0₃: There is no significant difference between responsiveness factor on customer satisfaction of SBI and Axis Bank. vi. H3: There is significant difference between responsiveness factor on customer satisfaction of SBI and Axis Bank. vii. H0₄: There is no significant difference between empathy factor on customer satisfaction of SBI and Axis Bank. viii. H4: There is significant difference between empathy factor on customer satisfaction of SBI and Axis Bank. ix. H0₅: There is no significant difference between Tangibility factor on customer satisfaction of SBI and Axis Bank. x. H5: There is significant difference between tangibility factor on customer satisfaction of SBI and Axis Bank.

Research Plan

Descriptive research design was used to know the impact of service quality offered by Public sector banks and Private sector banks In order to achieve the aim, primary source of data are used. A structured questionnaire with 5 point Likert scale has been used to collect the data. The sample unit were 2 with sample size 30 (15 from each bank) and were chosen on a convenient basis. The data collected were analysed and T-test was applied to provide inferences.

Data collected has been analysed and interpreted as follows in order to draw conclusion which of the five dimensions of service quality affects the customer perception and satisfaction level.

The questionnaire was designed to know the factors responsible for the service quality such as tangibility, reliability, responsiveness, empathy, and assurance.

The research paper studies customer satisfaction using SERVQUAL model that is factors such as Reliability, Assurance, Tangibility, Empathy, and Responsiveness are measured.

To measure tangibility the factors such as modern equipment, physical features, and appearance of reception desk employees are studied¹²⁻¹³.

To measure reliability the factors advocating the banks working is measured such as bank promises to do work, solving the problem, providing on time services and error free records by bank are studied.

To measure responsiveness the factors such as employees responsibilities are ration as employees services performed, prompt services, willingness to help, employees busy schedule to respond are studied¹²⁻¹³.

To measure assurance factors such as behaviour of employees, safe to deal in transaction, consistency, and knowledge of employees are studied.

To measure empathy factors such as individual attention, operating hours, and best interest are studied.

Sample Plan

To check reliability of data, reliability test is done and T-test is applied for data analysis. Non-probabilistic sampling design and convenience sampling technique is used. The sample size for study is 30 people (15 from each bank). To check whether hypothesis are accepted or rejected data is inferred by T-test technique.

To know the consumer's perceived service quality offered by public sector banks and private sector banks descriptive research design was used with five factors of service quality. For the study secondary data were collected. Questionnaire was prepared for the research. One Public sector bank and one Private sector bank were selected, and convenience sampling was used to select the respondents.

Hypothesis testing has been done to find out difference amongst the Service quality of SBI and AXIS bank.

Findings

Findings of the study are as follows: The study discloses tangibility as an important determinant of service quality perception in banks. The customers of axis bank are more satisfied with the physical facilities as compared to SBI customers the next important factor that influence the whole service quality as perceived by customers is Reliability. The axis bank shows low rating in all the parameters of reliability.

In terms of factor responsiveness, the AXIS bank holds the first place. The customers of axis bank are highly satisfied with the response given by the bank to their problems.

Assurance and Empathy occupy the fourth position in the study. SBI rates high for the experienced and knowledgeable employees, while assurance for the process execution time is least ranked in private sector banks.

The AXIS bank customers are more satisfied towards the services quality as compared to SBI customers.

Physical facilities of both banks are same. Appearance of both bank employees is good. Service quality of both the banks is equally good. Both the banks provide services at the required time and keep their records accurately. The banks notify the customers the exact time, the service will be performed. Both the banks respond to customer requests promptly.

The employees of both the banks are ready to help the customers and get adequate support from their banks.

Both banks provide individual attention to their customers. Customers of both banks receive prompt. Customers feel safer in transaction with Axis bank than with SBI. Customers of AXIS bank trust the employees of their bank. Axis bank employees are more polite than SBI bank employees.

The employees of AXIS bank are more aware of the customer needs than SBI. The banks have interest towards their customers. The customers feel convenient about the working hours of both the banks.

The service quality rating of customers is very high in private sector banks and is low in public sector banks.

The maximum duration the customer holds the account, the higher is customer satisfied. The study shows that those customers whose account is from past 15 years are rated high and customers holding account for past four to eight years scores 3.57.

Service quality rating of customer varies with some variables such as employment factor, income factor, and the city, name, type of the bank and the account type. However, customer service quality rating does not vary with factors such as age, gender and duration of account.

Conclusion

The study discovers disparity in performance of public sector and private sector banks in the post-liberalised period of the Indian economy and to the large extent matches graph of customers' perceptions and expectations. Further the study advocates all the service quality parameters such as responsiveness, reliability, tangibility, convenience, assurance and empathy, and trustworthiness as service quality enhancers. The study shows factors similar to the factors identified by Tyler and Stanley's study; in their study they used orthodox grounded theory to identify the key elements for perceived service quality of large corporations and concluded reliability, responsiveness, assurance, empathy, and proactively as important factors.

The result and the analysis show noble impression of both types of banks with the satisfaction of customers by the services provided by both banks. The analysis shows the impact of service quality over the customer satisfaction. The data collected shows that constructive service quality increases the satisfied group of customers, that effect the satisfaction in large, and thus private bank customer's to be more satisfied than public sector banks customers.

The growing banking sector has evolved to a whole new level as services provider whether they are public banks or private banks. All the banks aimed towards satisfying their customers. All the banks are now-a-days adopting latest technologies for the convenience of their customer. The customers of both the banks are satisfied with their respective banks. The differences in the customer expectations and perceptions vary by the type of bank. The interactions between the banks personnel and the customer are an influential factor that strongly impact on customer satisfaction. Further the study observed very little discrepancy in the terms of admiration to responsiveness. Customers expect prompt service and furthermore subtle and personalized attention.

Study further reveals that Durg-Bhilai region bank customers abode higher expectations on the reliability dimension. This discrepancy however indicates poor opinion of banks customer for the quality served and the tardiness by banks which prevail in Durg-Bhilai banks.

The Assurance reveals expertise of the banks employees to attend the customers demand which increase customer confidence and impacts positively on customer satisfaction. The physical appearances are mostly modernised and maintained time to time yet; rated lower in visual appeal by customers. The tangibility was at greater side in public banks but noted at lower end in terms of providing information about promotional products. Significant variance was noted for the empathy factor. To sustain in competition banks has to give distinct devotion for the needs of customers. However, in the region of Durg the public sector banks were not customer engrossed and in turn serve the services as demanded by customers. Expectations and Perceptions vary in the terms of Empathy in the Durg situation, the public sector banks were seen less focused towards customers need, and services were offered and explained on customer's demand.

Table-1
Group Statistics

	Name of the Bank	N	Mean	Std. Deviation	Std. Error Mean
The bank has modern looking equipment	SBI	15	2.07	0.799	0.206
	AXIS	15	1.6	0.632	0.163
Physical features of bank are appealing	SBI	15	2	0.535	0.138
	AXIS	15	1.67	0.617	0.159
Front desk employees are neat appearing	SBI	15	2.13	0.64	0.165
	AXIS	15	1.8	0.561	0.145
Bank performs the promise as said on the specific time	SBI	15	2.27	1.1	0.284
	AXIS	15	1.93	0.884	0.228
Sincere interest is shown by bank to solve the problem	SBI	15	2.13	0.743	0.192
	AXIS	15	2.47	0.834	0.215
The bank gives service on the first time	SBI	15	2.07	1.163	0.3
	AXIS	15	1.87	0.834	0.215

	Name of the Bank	N	Mean	Std. Deviation	Std. Error Mean
Error free records are claimed by banks	SBI	15	3.07	0.961	0.248
	AXIS	15	2.67	0.9	0.232
The employees in the bank tell you exactly when the services will be performed	SBI	15	2.2	0.862	0.223
	AXIS	15	2.33	1.234	0.319
Prompt services are given by Employees	SBI	15	2.4	0.986	0.254
	AXIS	15	2.33	1.113	0.287
Employees in the bank are always willing to help you	SBI	15	2.87	0.99	0.256
	AXIS	15	2.67	1.234	0.319
Employees respond to your request	SBI	15	2.6	0.986	0.254
	AXIS	15	2.27	0.961	0.248
Employees behavior gain confidence in you	SBI	15	2.8	1.082	0.279
	AXIS	15	2.47	0.834	0.215
Transactions are felt safe with the bank	SBI	15	2.07	0.594	0.153
	AXIS	15	1.47	0.64	0.165
Employees in the bank are consistently courteous with you	SBI	15	2.07	0.594	0.153
	AXIS	15	1.67	0.617	0.159
Bank have knowledgeable employees to answer your questions	SBI	15	2.27	0.594	0.153
	AXIS	15	1.6	0.507	0.131
The bank gives you discrete attention	SBI	15	2.93	0.799	0.206
	AXIS	15	2.93	0.704	0.182
Bank has convenient operating hours	SBI	15	2.6	0.632	0.163
	AXIS	15	2.73	0.884	0.228
The bank has best interests to answer to customer	SBI	15	3.07	1.033	0.267
	AXIS	15	2.93	1.033	0.267

Table 2
Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
The bank has modern looking equipment	Equal variances assumed	0.1	0.754	1.774	28	0.087	0.467	0.263	-0.07	1.006
	Equal variances not assumed			1.774	26.6	0.088	0.467	0.263	-0.07	1.007
Physical features of bank are appealing	Equal variances assumed	3.733	0.064	1.581	28	0.125	0.333	0.211	-0.1	0.765
	Equal variances not assumed			1.581	27.44	0.125	0.333	0.211	-0.1	0.766
Front desk employees are neat appearing	Equal variances assumed	0.063	0.803	1.517	28	0.14	0.333	0.22	-0.12	0.783
	Equal variances not assumed			1.517	27.52	0.141	0.333	0.22	-0.12	0.784
Bank performs the promise as said on the specific time	Equal variances assumed	1.479	0.234	0.915	28	0.368	0.333	0.364	-0.41	1.08
	Equal variances not assumed			0.915	26.76	0.368	0.333	0.364	-0.41	1.081
When you have a problem, the bank shows a sincere interest in solving it	Equal variances assumed	0.642	0.43	-1.16	28	0.258	-0.33	0.288	-0.92	0.257
	Equal variances not assumed			-1.16	27.64	0.258	-0.33	0.288	-0.92	0.258
The bank gives service on the first time	Equal variances assumed	0.836	0.368	0.541	28	0.593	0.2	0.369	-0.56	0.957
	Equal variances not assumed			0.541	25.39	0.593	0.2	0.369	-0.56	0.96
Error free records are claimed by banks.	Equal variances assumed	0.002	0.962	1.177	28	0.249	0.4	0.34	-0.3	1.096
	Equal variances not assumed			1.177	27.88	0.249	0.4	0.34	-0.3	1.096
Employees in the bank tell you exactly when the services will be performed	Equal variances assumed	2.627	0.116	-0.34	28	0.734	-0.13	0.389	-0.93	0.663
	Equal variances not assumed			-0.34	25.03	0.734	-0.13	0.389	-0.93	0.667
Prompt services are given by Employees	Equal variances assumed	0.007	0.936	0.174	28	0.863	0.067	0.384	-0.72	0.853
	Equal variances not assumed			0.174	27.6	0.863	0.067	0.384	-0.72	0.853
Employees of the bank are willing to help you	Equal variances assumed	0.998	0.326	0.489	28	0.628	0.2	0.409	-0.64	1.037
	Equal variances not assumed			0.489	26.74	0.629	0.2	0.409	-0.64	1.039

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Employees respond to your request	Equal variances assumed	0.007	0.932	0.938	28	0.356	0.333	0.355	-0.4	1.061
	Equal variances not assumed			0.938	27.98	0.356	0.333	0.355	-0.4	1.061
Employees behavior gain confidence in you	Equal variances assumed	1.001	0.326	0.945	28	0.353	0.333	0.353	-0.39	1.056
	Equal variances not assumed			0.945	26.29	0.353	0.333	0.353	-0.39	1.058
Transactions are felt safe with the bank	Equal variances assumed	1.89	0.18	2.662	28	0.013	0.6	0.225	0.138	1.062
	Equal variances not assumed			2.662	27.84	0.013	0.6	0.225	0.138	1.062
Employees of the bank are consistently courteous with you	Equal variances assumed	1.375	0.251	1.809	28	0.081	0.4	0.221	-0.05	0.853
	Equal variances not assumed			1.809	27.96	0.081	0.4	0.221	-0.05	0.853
Bank have knowledgeable employees to answer your questions	Equal variances assumed	0.011	0.917	3.307	28	0.003	0.667	0.202	0.254	1.08
	Equal variances not assumed			3.307	27.33	0.003	0.667	0.202	0.253	1.08
The bank gives you discrete attention	Equal variances assumed	0.002	0.965	0	28	1	0	0.275	-0.56	0.563
	Equal variances not assumed			0	27.56	1	0	0.275	-0.56	0.563
Bank has convenient operating hours.	Equal variances assumed	1.326	0.259	-0.48	28	0.638	-0.13	0.281	-0.71	0.441
	Equal variances not assumed			-0.48	25.36	0.639	-0.13	0.281	-0.71	0.444
Bank has best interests to answer to customers	Equal variances assumed	0	1	0.354	28	0.726	0.133	0.377	-0.64	0.906
	Equal variances not assumed			0.354	28	0.726	0.133	0.377	-0.64	0.906

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