

Assessment of Service Quality: An Empirical Study in SBI and ICICI Bank with Special Reference to Rajasthan

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Introduction

In today's competitive environment customers are equipped with necessary knowledge about quality service delivery and their expectations towards banking services are changing with respect to various factors like time, competitive environment, etc. Banking Sector is of paramount importance to both developed and emerging economies. Private, Public and Foreign Banks offer various products and services and in order to survive in this competition and to improve profitability and market share banks need to identify their weaknesses and find what their customers need, what they want, and what they value so as to have sustainable competitive advantage. (Ghotbabadi Ali Ramezani, Baharun Rohaizat, Feiz Setareh, 2012) In recent decades, scientists found that the quality of services has a significant influence on customer satisfaction and customer loyalty. Many researches and studies were conducted on the actual working of the customer's mind, but still today it is still a mystery, customers evaluations of quality and satisfaction are critical inputs in the development of new products, services and marketing strategies in Banks. Banks act as a mobiliser of funds and major source of finance to support the nation's economic activities. Banking policies, rights and guidelines comes under the purview of the Central Bank. In order to retain customers banks are also moving from a product and sales philosophy to a marketing philosophy as it is the best approach which gives the bank a better chance to beat the competition. Because of globalization there is a tough competition between Public, Private and Foreign Banks, all these banks offer

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new schemes, products and services with wide range of products but customers are now more aware and have range of choices from where they can choose right product according to their need and profile. Customer is King and they must be satisfied to retain and create brand loyalty converting into brand equity, which is like asset for the any of the service provider. (Mehta Ronak A, 2013) In a report prepared by KPMG in association with the Confederation of Indian Industry (CII) states that the Indian banking sector is expected to become fifth largest in the world by 2020. The report highlights that India is one of the top 10 economies of the world and with relatively lower domestic credit to Gross Domestic Product (GDP) percentage, there lies a huge scope of growth for the banking sector. Bank credit is expected to grow at a Compounded Annual Growth Rate (CAGR) of 17 per cent in the medium term, eventually leading to higher credit penetration in the economy. (Indian Brand Equity October 2013 {Finance, Media Reports, Press releases, RBI Documents}). Service Quality is used to know how satisfying a service is, according to the customer's expectations. Service quality is achieved by comparing the expected service to the service currently being offered. The most widely used models in measuring service quality is SERVQUAL. In 1985 Parasuraman, Zeithaml, and Berry suggested the most used and famous model named SERVQUAL. (Parasuraman, A., Zeithaml V. A., & Berry L. L 1985). The SERVQUAL authors originally identified 10 elements of service quality. (1) reliability; (2) responsiveness; (3) competence; (4) access; (5) courtesy; (6) communication; (7) credibility; (8) security; (9) understanding/knowing the customer; (10) tangibles. In later work, these ten elements were collapsed into 5 factors: (1) Reliability: the ability to perform the promised service dependably and accurately (2) Assurance: the knowledge and courtesy of employees and their ability to convey trust and confidence (3) Tangibles: the appearance of physical facilities, equipment, personnel and communication materials (4) Empathy: The provision of caring, individualized attention to customers (5) Responsiveness: The willingness to help customers and to provide prompt service

Review of Literature

Perceptions for Service Quality dimensions of banks in Spain and Ghana vary within and between the countries; both men and women had divergent views about the reliability and tangible dimensions. Customers with different age & occupational groups differ in terms of the reliability and convenience dimensions, the perception of educational groups differ in their reliability, convenience and tangible dimensions. His study also proved that customer's perception is not influenced by the community in which they reside and customers were displeased with the convenience dimensions in Ghana. More ATM should be installed and internet banking should be encouraged (Mensah Aborampah Amoah, 2010). While using Internet banking services demographics of the customers plays an important role, younger group and a person who are highly educated and belong to higher income group are using this service;

however, remaining customers are not using these services. Private sector banks are providing better service quality of internet banking than Public sector banks. Therefore, Public sector banks should improve their internet banking services according to the expectations of their customers. Bank should simplify the internet banking services and try to educate their rest of customers who are not using this service (Kumbhar Vijay, 2011).

In order to collect information regarding customer need, wants and perception on services, marketing managers are using service quality as a technique which helps them in identifying problems and making strategic plans in order to improve efficiency, profitability and overall performance (Ghotbabadi Ali Ramezani, Baharun Rohaizat, Feiz Setareh, June 2012). Empirical evidences indicates that customers perception about Efficiency, Security and Responsiveness, Cost Effectiveness, Problem Handling and Compensation and service related to ATM is low in both Public and Private sector banks. In order to improve customer's satisfaction banks should concentrate their attention on ATM service quality. One of the important dimensions which adversely affect customer satisfaction is cost effectiveness therefore Bank should reduce charges related to ATM services and provide cost effective ATM service to their customers (Kumbhar Vijay M. 2011). Bank Negara of Malaysia permitted the entry of foreign Banks in the year 2001, Governor of the Bank said that Local Banks are not working well which resulted in decrease in customer satisfaction and overseas banks were more competitive and had the necessary benchmarks for customer service, productivity, skills, return on assets and there was an urgent need to determine the factors that affected customer satisfaction and loyalty and to investigate the steps domestic banks should adopt to improve service quality, customer retention and profit. Various dimensions that affect customer satisfaction and retention in domestic banks in Malaysia were branch facilities, electronic banking services, branch convenience, product quality, service delivery, perceived value, bank image and cognitive loyalty (Vijayan Paramsothy.2010). Customers of Libyan Private Sector Banks are more satisfied than Public sector Banks in relation to levels of service quality and there is no relationship between customer gender and bank status, while there is a positive relationship between bank status and demographic variables of customer age, customer occupation, the number of branch visits and duration of relationship with bank (Elmayar Ashraf, 2011). In a Tejarat Bank's branches customer derive satisfaction from enrichment in services and easily receiving services (Kaboli Majid, Fathi Saeed, Azizi Marjan, 2011). In study conduction in Ethiopian Banking Sector it was found that Banks was superior in providing appealing service environment they are good in tangibility, reliability and assurance dimensions but provide inferior quality service in responsiveness and empathy dimensions of service quality. (Shanka Mesay Sata,2012). A Case Study of National Investment Bank, Kumasi highlights that empathy, tangibles and assurance dimensions are of much significance to the

customers of NIB and customers everywhere on the globe have the same or similar expectations from their clients (Amankwah Susana, Adu William Ohene, 2011). In a study it was observed that the SBI are yet to make full efforts to improve the environmental factors like decor of banks, sitting facilities etc. The routine operations and price factor plays an important role in customer satisfaction than management and technological factor, communication gap is the root causes of all ills and Bank have to improve a lot for innovative services particularly for satisfaction of ATM users (Ahmed J. U., 2011).

In a study of Public and Private Sector Banks in Navsari City it was observed that Banks are lagging behind in introducing modern customized products such as investments and tax Advisory Services, cash management service, and so on. Growth of electronic fund transfer (EFT) real time gross scheme and mobile banking services are very poor. Modern technology and face-to-face communication are vital for the banks to win over customers (Mehta Ronak A, 2013). Service Quality is the universal concept (Hunter Taylor). By providing service quality, the company will be able to increase its revenue, improved customer service and customer loyalty (Valarie A. Zeithami, A. Parasuraman and Leonard L. Barry, 1990) Quality and consistency of service are two terms which usually go with each other in any academic research paper relating to quality service. It was said that Delivering consistently good service quality is difficult but profitable for service organizations (Valarie A. Zeithami, Leonard L. Berry, & A. Parasuraman, 1988). Service can be defined as any primary or complimentary activity that does not directly produce a physical product— that is, the non-goods part of the transaction between buyer (customer) and seller (provider) (D.A Collier, 1987).

Research Methodology

The present study is empirical in nature. The primary data used in this study has been collected through a standard questionnaire containing two parts, viz., the respondents profile and questionnaire. The purpose of this study is to analyse customer perception regarding the service quality of ICICI Bank and SBI and to identify the actual levels of service quality provided to Bank's customer in ICICI Bank and SBI. The respondents (Banks customers) were primarily from Ajmer city. Convenience sampling method was used to reach the respondents. A total of 190 respondents were approached out of which 150 completely filled questionnaires were received on the basis of which the study is conducted.

- **Research Objectives**

- To analyse customer perception regarding the service quality of SBI and ICICI Bank
- To identify the actual levels of service quality provided to Bank's customer in SBI and ICICI Bank

- **Hypothesis**

Based on the above view points and outcomes originating from reviewing literature in the area of the Private Bank versus Public Bank, the following hypotheses are formulated:

Hypothesis 1: There is no significant difference between SBI and ICICI Bank in terms of service quality with respect to the Effectiveness and assurance dimension.

Hypothesis 2: There is no significant difference between SBI and ICICI Bank in terms of service quality with respect to the access dimension.

Hypothesis 3: There is no significant difference between the SBI and ICICI Bank in terms of service quality with respect to the price dimension

Hypothesis 4: There is no significant difference between SBI and ICICI Bank in terms of service quality with respect to the tangibles dimension.

Hypothesis 5: There is no significant difference between SBI and ICICI Bank in terms of service quality with respect to the services portfolio dimension.

Hypothesis 6: There is no significant difference between SBI and ICICI Bank in terms of service quality with respect to the reliability dimension.

- **Limitations of Study**

- The results of the study could not be generalized as the study is confined to the residents of Ajmer city.
- Due to the lack of time, convenience sampling was used, which again could be considered as a limitation.

Data Analysis and Interpretation

- **Respondents Profile: Bank customers Demographic characteristics**

- **Frequency of Bank's customers based on Gender:** In ICICI Bank male respondents had higher frequency 94.7% than female 5.3% whereas in SBI female had higher frequency 56% than male 44%
- **Frequency of the Bank's customer based on Age:** In ICICI Bank respondent of the age group 35 to 44 had higher frequency 32% and under 18 age group had lowest frequency 2% whereas in SBI respondent of the age group of 45 to 54 had higher frequency 46% and no respondent belong to under 18 age group.
- **Frequency of the Banks customer based on Occupation:** In ICICI Bank respondents who are private worker had the highest frequency (65.33%) and no respondent belong to retired category whereas in SBI respondents who are government employee had the highest frequency (45.33%) and retired person had the lowest (6%)

- **Frequency of the Banks customer on the basis of duration of relationship with bank :** In both ICICI Bank & SBI respondents who had dealing with bank more than 5 years had the highest frequency (75.33%, ICICI Bank) (56%, SBI) and no respondent belonged to the Group of duration of 3 & 6 month.

Table 1: Respondents Profile: Bank Customers Demographic Characteristics

Demographic Factor	All (N = 300)			
Customer	ICICI Bank (N = 150)		SBI (N =150)	
	Number of Respondent	Percentage	Number of Respondent	Percentage
Gender				
Male	142	94.7	66	44
Female	8	5.3	84	56
Customer age				
Under 18	3	2	0	0
18 –24	17	11	3	2
25 –34	46	31	18	12
35 – 44	48	32	59	39
45 – 54	28	19	69	46
55 & above	8	5	1	1
Customer's Occupation				
Government Employee	2	1.33	68	45.33
Self-employed	38	25.33	24	16
Private worker	98	65.33	19	12.67
Retired	0	0	9	6
Student	10	6.67	18	12
Housewife	2	1.33	12	8
Duration of Relationship with Bank				
More than 5 year	113	75.33	84	56
3 – 5 year	28	18.67	45	30
2 year	5	3.33	15	10
1 year	4	2.67	6	4
6 month	0	0	0	0
3 month	0	0	0	0

• **Data Analysis on the Basis of Mean**

Mean measures were used in this research to identify the actual levels of service quality provided to Bank's customer in SBI and ICICI Bank. For all six service quality dimensions and forty nine service quality items, mean score were calculated to know customer's perception of service quality of SBI and ICICI Bank and these are presented in Table 1 to 6 below.

▪ **Effectiveness and Assurance Dimension**

The mean score of perception of effectiveness and assurance dimension for customers of the ICICI Bank is 5.84 and for customer of the

public bank is 4.93 which indicate that the ICICI Bank outperform SBI in terms of effectiveness and assurance dimension.

Table 2: Mean Effectiveness and Assurance Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Effectiveness and Assurance	Customer's Perception	Customer's Perception
Confidence of employee	5.94	4.96
Attention to regular customer	5.84	4.9
Confidentiality of customer	6.18	5.3
Interruption of the service	5.66	4.72
Well trained personnel	5.92	5.06
Knowledge to answer questions	5.9	4.94
No contradiction in decision between personnel and management	5.64	4.68
Delivery when promised	5.78	4.9
Good reputation	6.52	5.8
Safety in transactions	6.34	5.56
No delays due to bureaucratic factors	5.58	4.7
Indication (communication) of quality	5.9	5
Knowledge about client	5.82	4.9
Polite & friendly	5.66	4.7
Willing to help customers	5.42	4.5
Waiting time	5.34	4.4
Mean score	5.84	4.93

▪ **Access Dimension**

The mean score of perception of the access dimension for customers of the ICICI Bank is 5.868 and for customer of the SBI is 4.97 which indicate that the ICICI Bank outperform SBI in terms of Access Dimension

Table 3: Mean Access Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Access	Customer's Perception	Customer's Perception
Sufficient ATM Per Branch	6.04	5.2
ATM conveniently located	6.22	5.44
Safe mobile banking	6.2	5.34
Safe net banking	5.96	5.06
Queues move rapidly	5.52	4.54
Branch conveniently located	6.18	5.36
Latest technology & modern looking equipment	6.14	5.28
Convenient operating hours	5.9	4.92
Special counter for elder person	5.04	4.08
Solution of problem on time	5.48	4.48
Mean Scores	5.868	4.97

▪ Price Dimension

The mean score of perception of the Price dimension for customers of the ICICI Bank is 3.38 and for customer of the SBI is 4.672 which indicate that the SBI outperform ICICI Bank in terms of price Dimension

Table 4: Mean Price Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Price	Customer's Perception	Customer's Perception
Service Charges reasonable	3.42	4.8
Proper explanation of service charges	3.35	4.58
Balance amount from which service charges begins	3.33	4.48
Reasonable fees for administration of accounts	3.41	4.7
No hidden charges	3.4	4.8
Mean Score	3.38	4.672

▪ Tangible Dimension

The mean score of perception of the Tangible dimension for customers of the ICICI Bank is 5.868 and for customer of the SBI is 4.952 which indicate that the ICICI Bank outperform SBI in terms of Tangible Dimension

Table 5: Mean Tangible Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Tangible	Customer's Perception	Customer's Perception
Precision of account statement	6.1	5.22
Cleanliness of Bank's contents	6.08	5.24
The banks content are well decorated	5.9	4.94
The bank has supporting work environment	5.7	4.74
Well dressed employee	5.56	4.62
Mean Score	5.868	4.952

▪ Service Portfolio Dimension

The mean score of perception of the Service Portfolio dimension for customers of the ICICI Bank is 5.68 and for customer of the SBI is 4.74 which indicate that ICICI Bank outperform SBI in terms of Service Portfolio Dimension

Table 6: Mean Service Portfolio Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Service Portfolio	Customer's Perception	Customer's Perception
Complete range of service	6.08	5.2
Understand specific need	5.36	4.48
Range of service consistent with the latest & advanced	5.62	4.62

Banking service		
Provide financial advice	5.52	4.56
Quality of service is excellent	5.62	4.66
Satisfied with products & services	5.88	4.92
Mean Score	5.68	4.74

▪ Reliability Dimension

The mean score of perception of the reliability dimension for customers of the ICICI Bank is 3.487 and for customer of the SBI is 4.86 which indicate that the SBI outperform ICICI Bank in terms of reliability Dimension

Table 7: Mean Reliability Scores for Customer's Perceptions

Dimensions	ICICI Bank (n = 150)	SBI (n = 150)
Reliability	Customer's Perception	Customer's Perception
Absence of errors in service delivery	3.22	4.54
Precision of filing system	3.4	4.62
Delivers service on promised time	3.5	4.76
Solve problem on time	3.11	4.38
Communicate positive things about bank	3.76	5.16
Intend to continue bank service	3.71	5.32
Encourage others to use bank services	3.71	5.24
Mean Scores	3.487	4.86

• Data Analysis: Hypothesis Testing

Z test was used to know whether there is significant difference between the ICICI Bank and SBI in terms of service quality dimensions provided by them. The testing of the hypothesis is based on the assumptions that the confidence level is 0.05.

$$Z = \frac{(\bar{X}_1 - \bar{X}_2) - (\mu_1 - \mu_2)}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

\bar{X}_1 = Observed mean of service quality dimensions of SBI

\bar{X}_2 = Observed mean of service quality dimensions of ICICI Bank

μ_1 = Actual mean of service quality dimensions of SBI

μ_2 = Actual mean of service quality dimensions of ICICI Bank

σ_1^2 = Standard deviation of service quality dimensions of SBI

σ_2^2 = Standard deviation of service quality dimensions of ICICI Bank

n_1 = Number of respondents of SBI

n_2 = Number of respondents of ICICI Bank

Hypothesis 1: There is no significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Effectiveness and Assurance.

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_1) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Effectiveness and assurance

Dimension	Calculated value of Z
Effectiveness and assurance	13.54

Hypothesis 2: There is no significant difference between the ICICI Bank and SBI in terms of service quality with respect to the access dimension.

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_2) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the access dimensions

Dimension	Calculated value of Z
Access	- 13.583

Hypothesis 3: There is no significant difference between the ICICI Bank and SBI in terms of service quality with respect to the price dimension

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_3) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Price dimensions

Dimension	Calculated value of Z
Price	14.885

Hypothesis 4: There is no significant difference between the ICICI Bank and SBI in terms of service quality with respect to the tangibles dimension.

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_4) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Price dimensions

Dimension	Calculated value of Z
Tangible	- 12.0368

Hypothesis 5: There is no significant difference between the ICICI Bank and SBI in terms of service quality with respect to the services portfolio dimension.

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_5) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Price dimensions

Dimension	Calculated value of Z
Services Portfolio	- 11.059

Hypothesis 6: There is no significant difference between the private and public banking sectors in terms of service quality with respect to the reliability dimension.

Interpretation

Since the calculated value of Z-test exceeds the tabulated value (table value at the 0.05 level is ± 1.96), thus the **Null Hypothesis (H_6) is rejected** which shows that there is a significant difference between the ICICI Bank and SBI in terms of service quality with respect to the Reliability dimensions.

Dimension	Calculated value of Z
Reliability	18.464

Conclusion

The objective of the study was to know if there are significant differences between ICICI Bank and SBI in terms of service quality as perceived by Bank's customer. In this research two statistical techniques were used to analyze the empirical data collected from customers, these were Mean measures & Z Test. Mean measure result shows that customers of ICICI Bank were more satisfied than customer of SBI with respect to four service quality dimensions (Effectiveness and Assurance, Access, Tangible, Service Portfolio) and customer of SBI were more satisfied than customer of ICICI Bank with respect to two service quality dimensions (Price and Reliability). For Hypothesis Testing Z test was used whose result shows that there are significant differences between ICICI Bank and SBI in terms of effectiveness and assurance, access, price, tangible, reliability, and service portfolio dimensions

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