

**CUSTOMER INTENTIONS OVER DETERMINANTS OF
SERVICE QUALITY DIMENSIONS:AN EMPIRICAL
INCLINATION ON SELECTED INDIAN BANKS**

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Abstract

Financial services serve a key role in meeting the needs of both the government and the public, which is why they've become a strong force in today's society. To accomplish their aims and objectives, banks in the public and private sectors are always competing with one another. When it comes to government and central bank directives, public-sector banks are legally bound to follow them at all times.

In the past several years, the banking business has seen a major upheaval. Commercial banks have been forced to come up with new strategies to attract new customers and keep the ones they already have because of technological advancements and competition among the banking industry's players. As bank competition intensifies, a bank's capacity to remain viable and profitable is directly tied to the quality of its services and the contentment of its customers.

Key Words: Service, Banking industry, Customer Satisfaction, Banks.

1.0 Introduction

Prior to the advent of modern banks, the goldsmiths' principal role in banking was to hold other people's money in trust and to provide a loan against it. Over time, additional functions were added and the existing ones were enhanced. As a result, commerce has become so reliant on banking that even a brief pause in bank activity might have a devastating effect on the economy of a country. Several new financial services have been introduced into the Indian banking system, including merchant banking, leasing, home financing, venture capital, and financial services in general. From rural finance to international banking, banks provide a wide range of services. Because of India's shifting industrial, trade, and exchange rate policies, Indian banking is no exception to the global banking industry's diversity and technical advancement. In reaction to these changes, the bank's functions have developed.

The development of new technology has altered the way consumers engage with service providers significantly. Customer satisfaction is the most critical issue confronting the Indian banking industry. It is critical for all marketers. Customer happiness is seen as critical to success in today's highly competitive corporate climate. Numerous studies show categorically that the new generation of banks is customer-centric, recognising and anticipating his desires and needs, providing him with a diverse selection of benefit arrangements, goods and services in order to meet his needs (Gani and Mustaq, 2003). Civility, precision, and speed are the core elements of a bank's customer service (Ganesh, C and Varghese, M.E., 2003). Consumer

dissatisfaction occurs when expectations are exceeded by performance, and the perceived quality falls short of customer satisfaction (Parasuraman et.al., 1985). As a result of the difficulties in defining and measuring service quality, the word has drawn considerable scholarly interest and sparked debate (Wisniewski, 2001). Customer impressions of service quality and preferences have a substantial influence on a bank's performance (Mouawad and Kleiner, 1996).

1.1 Service Quality

Based on their study into service quality, the authors of Parasuraman A., Valarie A. Zeithaml and Leonard L. Berry (1985) discovered that businesses that place a high priority on customer satisfaction are more likely to have a positive bottom-line impact. It was discovered by Michael K Brady and Joseph Cronin Jr. (2001) that the service quality notion correlates to the structure of a third-order factor model that ties service quality perceptions to three distinct and actionable dimensions: the outcome, the interaction, and the environment. A customer's view of service quality is built on three underlying subdimensions.

1.2 Service Quality Dimensions

A preliminary research was carried out by Preethi (2000) in order to build a model of service quality. Customer expectations impact their impressions of the quality of the service they get, and the quality of the service itself is used to determine the quality of the service it provides, according to the findings of conversations on service quality. According to Minjoon Jun and Shaohan Cai (2001), internet banking service quality may be broken down into three categories: customer service, product quality, and online system quality. These three categories are all subsumed under the umbrella term "quality of service." Consumer satisfaction is influenced by a number of factors, including reliability, responsiveness, accessibility, and accuracy. Increased profitability and productivity were shown to be linked to service quality, according to Mushtaq Bhat (2005). The findings reveal that the service quality of international banks is often better than that of Indian banks, and that the quality of service varies across demographic characteristics. International banks' findings: (2006) examined the key factors impacting UK bank customers' perceptions of the quality of electronic services and assessed bank perception and actual performance. E. I. M. J. et al. According to the statistics, most customers had a positive opinion of e-SQ.

2.0 Objectives

- To provide an overview of the significance of services and their function in the Indian economy, as well as the many services given by the Indian banking industry.
- Customer satisfaction with the services of private and public sector banks will be assessed, and a relationship between service quality and customer satisfaction will be established.
- To develop an empirical model that illustrates the link between service quality, customer satisfaction, and customer retention.

2.1 Hypotheses

- It does not seem that there is a significant difference in the level of service offered by public sector and private sector banks.
- In terms of customer satisfaction, there is no discernible difference between public and private sector banks.
- Customer happiness and loyalty are not predicted by service quality factors.

2.2 Need of the study

The banking business has changed dramatically in recent years. Growing competition among banks, prompted by technological improvements and increased competition among banks, has forced commercial banks to develop innovative tactics for recruiting new customers and maintaining existing customers. With rising rivalry among banks, the quality of service provided and client happiness are critical to the banks' long-term viability and profitability. Measuring the quality of service and degree of satisfaction of bank clients has become necessary in the current environment. As a result, a research on customer satisfaction in banks is deemed required.

3. Research Design

The approach used in this research is based on primary data collected via the use of a well-structured questionnaire intended to elicit intelligent thoughts from both public and private sector bank customers in the Philippines. Using a suitable random sample approach, responses from customers of both public and private sector banks were acquired. It was decided

to perform the research in two stages: first, a preliminary pilot study was done, and then the major study was carried out. Andhra Pradesh's five public and private sector banks have a different number of branches than the other four banks. As a result, effort was taken to guarantee that clients from each bank were selected in a proportional way. There are just a few selected public and private sector banks included in the study, with a sample domain consisting of five public sector banks and five private sector banks: These banks were chosen based on their branch network in the Krishna area. The replies will be collected by the following five public sector banks.

Determination of Sample Size

Following a thorough investigation, 250 surveys from public sector banks and 160 questions from private sector banks were obtained. After taking into account the pilot research, only 204 questionnaires were sent to clients of private sector banks out of the 300 questionnaires distributed to customers of public sector banks. There were a total of 504 persons that participated in the research; 300 were recruited from publicly-owned institutions

NAME OF THE BANK	NO. OF BRANCHES
STATE BANK OF INDIA	100
INDIAN BANK	42
CORPORATION BANK	15
SYNDICATE BANK	34
CANARA BANK	19

and 204 from privately-owned ones.

Private sector banks with a similar number of branches are selected for the research in a similar manner to the public sector banks.

NAME OF THE BANK	NO. OF BRANCHES
KARUR VYSYA BANK	14
TAMILNADU MERCANTILE BANK	3
CITY UNION BANK	3
ICICI BANK	9

4. Literature Review

Several new financial services have been introduced into the Indian banking system, including merchant banking, leasing, home financing, venture capital, and financial services in general. From rural finance to international banking, banks provide a wide range of services. Because of India's shifting industrial, trade, and exchange rate policies, Indian banking is no exception to the global banking industry's diversity and technical advancement. As a result of these changes, the bank's roles have altered. According to Ramesh Chander Jindal (2010), Indian banks must rethink their commodities and customer service strategies in light of changing tastes and wants of a diversified client base in a competitive market. He was accurate in his assessment. As a nation's economy grows, the banker's role in commercial transactions grows as well. To maintain a competitive advantage and maintain satisfied customer relationships, service quality has become a hot subject in the face of increased competition (Zeithmal et.al 2000). Consumer dissatisfaction occurs when expectations are exceeded by performance, and the perceived quality falls short of customer satisfaction (Parasuraman et.al., 1985). The consumer serves as a publicist, promoting the virtues of banking with a certain institution. This is often referred to as consumer loyalty. Thus, a pleased client becomes a source of fresh business for a bank. As a consequence, the banking industry has expanded beyond traditional banking operations to include insurance, merchant banking, factoring, and consulting services in order to thrive in today's world of strong competition. It is consequently critical to correctly grasp consumer expectations and to offer real performances that surpass those expectations in order to create satisfied customers (Ghodeshwar, 2000). Banks' client perceptions are influenced by the behaviour of individual employees or authorities, according to Purohit H.C. and Pathardikar (2007). Only one of the five elements of SERVQUAL, staff dependability, was found to be lacking in all of the banks studied. Perceived as opposed to planned levels of service excellence are critical, as argued by Saravana Kumar M (2009). As a result of this study, it seems that the sample banks' perceived service quality was lower than their planned service quality. A measure called SERVQUAL was created by Sunny Bose and Nitin Gupta (2013) to compare the quality of service offered by public sector banks in India with that provided by newly established private sector banks. Results showed that private banks provide better customer service than public sector banks. Additionally, Brige's study looked at the impact of technological advancements on bank-customer interactions in Latvia's banking sector in 2006. Aside from customer happiness, the author found that factors including brand

image, social standing, and word-of-mouth all play a role in determining client retention rates. Walfried M. Lassar, Chris Manolis, and Robert D. Winsor (2000) employed two separate studies, SERVQUAL and Technical/Functional Quality, to investigate the relationship between service quality and customer satisfaction. Two service quality indicators are compared for their ability to predict customer contentment. A study conducted by Ahmad Jamal and Kamal Naser (2002) explored the link between customer satisfaction and service quality metrics. The outcomes of the research suggest that customer satisfaction seems to be connected to both the core and relational components of service quality, while expertise appears to be adversely associated to customer satisfaction.

5. Data Analysis

The main data were analysed using the SPSS V-15 computer software. The statistical methods used to analyse the data collected through questionnaires. Specifically, the Principal Component Method is used to analyse customer answers to various claims regarding service quality characteristics in order to determine factor segmentation. It is possible to investigate the relationship between many factors of service quality and customer satisfaction and loyalty by using multiple regression. Public and private sector banks may benefit from doing a one-way analysis of variance to better understand how demographics and banking habits influence customers' views of service quality. Both commercial and public sector banks utilise a one-sample t-test to gather customers' views on many aspects of service quality features, customer expectations, levels of satisfaction, and loyalty.

T-test to ascertain respondents' opinions based on their expectations and degree of satisfaction

Two levels of assessment were devised by the researcher, namely customer expectations and satisfaction with the service quality of financial services. These emotions are quantified using Likert's five-point scale, which ranges from very dissatisfied to extremely glad. A parametric test was used to measure consumer expectations and satisfaction. The parametric t-test findings for public and private sector banks are provided below.

Table No.1

t-Test for Expectations of customers in public and private sector banks

	Type	N	Mean	Std. Deviation	Std. Error Mean	T	Sig.
EX1	1	300	4.1833	0.9658	0.0558	2.852	0.005
	2	204	3.9216	1.0754	0.0753		
EX2	1	300	4.0067	1.1303	0.0653	0.842	0.4
	2	204	3.9216	1.089	0.0763		
EX3	1	300	3.52	1.2253	0.0707	-2.281	0.023
	2	204	3.7451	0.8444	0.0591		
EX4	1	300	3.97	1.1919	0.0688	0.923	0.357
	2	204	3.8824	0.7853	0.055		
EX5	1	300	3.55	1.1856	0.0685	-0.558	0.577
	2	204	3.6078	1.0751	0.0753		
EX6	1	300	3.66	1.2259	0.0708	0.34	0.734
	2	204	3.6225	1.1951	0.0837		
EX7	1	300	3.4267	1.2898	0.0745	0.682	0.495
	2	204	3.348	1.2403	0.0868		
EX8	1	300	3.5467	1.1829	0.0683	1.161	0.246
	2	204	3.4167	1.3048	0.0914		
EX9	1	300	3.74	1.2534	0.0724	2.778	0.006
	2	204	3.4118	1.3707	0.096		
EX10	1	300	3.6467	1.273	0.0735	1.084	0.279
	2	204	3.5196	1.3185	0.0923		
EX11	1	300	3.91	1.1429	0.066	2.926	0.004
	2	204	3.6029	1.1762	0.0824		
EX12	1	300	3.84	1.219	0.0704	3.113	0.002
	2	204	3.4804	1.3481	0.0944		
EX13	1	300	3.7867	1.23	0.071	1.567	0.118
	2	204	3.6225	1.0314	0.0722		
EX14	1	300	3.8133	1.2289	0.071	2.606	0.009
	2	204	3.5147	1.3111	0.0918		
EX15	1	300	3.7233	1.2458	0.0719	1.897	0.058
	2	204	3.5147	1.1596	0.0812		
EX16	1	300	3.7267	1.2718	0.0734	2.993	0.003
	2	204	3.3873	1.2165	0.0852		
EX17	1	300	3.6867	1.2465	0.072	1.418	0.157
	2	204	3.5343	1.0845	0.0759		
EX18	1	300	3.8	1.2749	0.0736	2.75	0.006

	2	204	3.4706	1.384	0.0969		
EX19	1	300	3.5867	1.268	0.0732	-1.829	0.068
	2	204	3.799	1.2956	0.0907		

Type 1 – Public sector bank

Type 2 – Private sector bank

Source: Computed data

It was discovered that public sector bank counter services (mean=4.1833) were significantly better to those provided by private sector banks in terms of the availability of drinking water and bathroom facilities. It was discovered that the display of information on DD commissions, DD cancellation costs, and so forth. has improved in both the public and private sectors, respectively.

As a result, it may be inferred that consumers anticipate public sector banks to provide more counter services than private sector banks. According to the above data, public sector bank questions and redressal (mean=3.5200), private sector bank queries and redressal (mean=3.7451), and t value=-2.281, p=0.05 are statistically significant @ 5% level. As a result, it may be inferred that clients demand more from private sector banks in terms of customer service and dispute resolution than they do from public sector banks. According to the above data, public sector bank questions and redressal (mean=3.5200), private sector bank queries and redressal (mean=3.7451), and t value=-2.281, p=0.05 are statistically significant at the 5% level. As a result, it may be inferred that clients demand more from private sector banks in terms of customer service and dispute resolution than they do from public sector banks.

Table No. 2

t-Test for Level of satisfaction of customers in public and private sector banks

	Type	N	Mean	Std. Deviation	Std. Error Mean	T	Sig.
LS1	1	300	3.7833	1.0615	0.0613	-	0.477
	2	204	3.8431	0.6768	0.0474	0.712	
LS2	1	300	3.8467	1.0263	0.0593	-	0.447
	2	204	3.9118	0.8015	0.0561	0.762	
LS3	1	300	3.4233	1.223	0.0706	-	0.212
	2	204	3.549	0.9165	0.0642	1.249	
LS4	1	300	3.5067	1.2309	0.0711		0.371

	2	204	3.598	0.9496	0.0665	- 0.895	
LS5	1	300	3.36	1.132	0.0654	1.688	0.092
	2	204	3.1863	1.1381	0.0797		
LS6	1	300	3.2633	1.1967	0.0691	- 1.452	0.147
	2	204	3.4216	1.207	0.0845		
LS7	1	300	3.2033	1.2492	0.0721	- 2.509	0.012
	2	204	3.4706	1.0524	0.0737		
LS8	1	300	3.38	1.2653	0.0731	- 1.326	0.185
	2	204	3.5245	1.0983	0.0769		
LS9	1	300	3.5233	1.2891	0.0744	- 1.372	0.171
	2	204	3.6716	1.0291	0.0721		
LS10	1	300	3.41	1.3245	0.0765	1.044	0.297
	2	204	3.2892	1.1992	0.084		
LS11	1	300	3.7	1.22	0.0704	0.51	0.61
	2	204	3.6471	1.0185	0.0713		
LS12	1	300	3.8133	1.1986	0.0692	- 0.191	0.848
	2	204	3.8333	1.079	0.0755		
LS13	1	300	3.6667	1.1946	0.069	- 1.666	0.096
	2	204	3.8382	1.0402	0.0728		
LS14	1	300	3.24	1.3121	0.0758	- 1.674	0.095
	2	204	3.4265	1.0916	0.0764		
LS15	1	300	3.5467	1.2542	0.0724	0.17	0.865
	2	204	3.5294	0.8845	0.0619		
LS16	1	300	3.4467	1.319	0.0762	- 0.381	0.703
	2	204	3.4902	1.1639	0.0815		
LS17	1	300	3.3233	1.2015	0.0694	- 1.198	0.232
	2	204	3.451	1.1328	0.0793		
LS18	1	300	3.8167	1.1287	0.0652	- 0.523	0.601
	2	204	3.8676	0.9862	0.0691		
LS19	1	300	3.4567	1.2328	0.0712	- 1.396	0.163
	2	204	3.6078	1.1331	0.0793		

Type 1 – Public sector bank

Type 2 – Private sector bank

Source: Computed data

BhatMushtaq A and Gani A, “What makes a quality service in banks: Customer speaks his mind”, Management and Change, Volume 7, No.2, 2003.

According to the data in the preceding table, the execution of standing orders is statistically significant at the 5 percent level in both banks of the public sector (mean=3.2033) and private sector banks (mean=3.4706), with a t value of -2.509 and a p value of 0.05 for both public and private sector banks. The conclusion that private sector banks have a better level of customer satisfaction than public sector banks may be drawn as a consequence of this.

Influence of service quality dimensions on customer satisfaction in public sector banks

Table-3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.298	0.089	0.067	0.58499

The preceding table indicates that $R=0.298$ and $R^2=0.089$. This means that service quality factors influence customer satisfaction by 8.9 percent in public sector banks. This results in the following ANOVA table verifying regression fit.

Table-4

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.705	7	1.386	4.051	.000
	Residual	99.586	291	.342		
	Total	109.290	298			

Source: Compiled from computed data

According to the preceding data, $F=4.051$, $p=.000$ are statistically significant at the 5% level. This demonstrates the critical importance of the seven service quality factors in predicting customer satisfaction levels in public sector banks. This raises the issue of determining the specific impact of each service quality component on customer satisfaction.

Table No.5

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	3.532	0.28		12.631	0
	Tangibility	-0.203	0.085	-0.208	-2.397	0.017
	Reliability	0.251	0.097	0.282	2.581	0.01
	Responsiveness	-0.109	0.087	-0.13	-1.253	0.211
	Assurance	0.049	0.088	0.054	0.553	0.581
	Empathy	-0.066	0.07	-0.082	-0.938	0.349
	Confidence building	-0.247	0.111	-0.225	-2.227	0.027
	Technology Augmentation	0.052	0.129	0.054	0.402	0.688

Source: Computed data

In this research, tangibleness ($t=-2.397$, $p=0.17$), dependability ($t=2.581$, $p=0.05$), and the ability to build trusting connections with clients in public sector banks were shown to have an influence on customer satisfaction in public sector banks, as shown in the table above. In response to differences in service quality in terms of tangibility, dependability, and confidence-building, customers' levels of satisfaction vary significantly. It is concluded that in order to counteract the negative trend in public sector banks, improvements must be made in the tangibility variables, which include advanced computer/information technology to serve clients, visually appealing physical facilities, well-dressed and neat employees, adequate space for uncluttered movement and a conveniently located location.

6. Practical Implications

Banks, as a service provider, has various facets. The functions and coverage of banks in general is very wide. Research pertaining to functions, customer satisfaction and CRM are considered vital ever as these lead to the overall growth of any organization. The quality of the service a firm provides is an essential part of satisfying the customer's specific expectations in any service industry. No industry is exempt, and banking is no different. Public, commercial and international banks have been battling it out since the introduction of the new economic strategy in 1991, and they've been doing so by delivering all the services their customers expect or require. Only happy customers may be maintained as clients. There must be a way to measure how satisfied customers are with the banks' services.

Customer happiness and loyalty are directly influenced by a wide range of service quality attributes. The researcher's objective is to determine whether or not bank consumers are aware of the numerous financial and non-financial services offered by the institution, how they perceive service quality dimensions, what they expect from banks' various services and what degree of customer loyalty they have to these services.

7. Conclusion

Customer satisfaction is much higher in the private sector, customer expectations, satisfaction levels, and bank loyalty are all strongly linked, as is the case with many other factors. Ultimately, consumer satisfaction with bank services is influenced by a variety of variables, including how successfully bankers and customers communicate with one another and the technology they use. In both public and private sector banks, prospective customers seek the best possible service at the lowest possible cost for normal banking transactions, according to a study.

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