

**Service Quality In Retail Banking: A Comparative Study Of National And Private Banks****¹Hemant Kumar Shrotriya, ²Dr. George Thomas**¹Gurukul College Gwalior, M.P. India²School of Studies in Management, Jiwaji University, Gwalior, M.P. IndiaE-mail- shrotriyahemant845@gmail.com**Abstract**

Banks play a role of considerable economic significance as intermediaries in mobilizing public savings and channeling the flow of funds for productive purposes, keeping on the process of the economic growth of the country. Realizing the vital role of the banks in economic development, Government of India and Reserve Bank of India took several major initiatives after the country attained independence to gear the banking system to serve the national objective. The objective of this study why service quality is essential in banking sector and this study focused on comparative study between national and private banks. Retail banking is banking in which banking institutions execute transactions directly with consumers, rather than corporations or other banks. Services offered include transactional savings accounts, mortgages, personal loans, debit cards, and credit cards. Post liberalization, Indian banking sector which was traditionally dominated by public sector banks has become very competitive with the advent of private sector banks. In a new competitive scenario, service quality has become an important competitive tool.

Key words: Retail Banking, Service Quality, Customer Service, Banking, SERVQUAL, hospitals, assurance, reliability, responsiveness.

1- INTRODUCTION

A good banking sector with a good banking habit can accelerate the pace of development in a country. Banking is a key industry in the service sector and it will not be travesty of truth to call it the financial nerve centre of the economy. In the past, customers were simple persons and were happy at whatever banks dished out to them. Over a period of time with the competition and technological improvements, customers have become fully aware of their rights. They now demand nothing short of excellent and prompt services. And further expect improvements thereon. In fact, over a period of time customer service has become customer satisfaction and customer delight and it can be said what they look forward to now is, customer ecstasy. Umpteen alternatives are

available to enlightened customer and they choose only those banks that they consider best suited to them. Retail banking service quality and convenience at the bank branch level is difficult to measure because of its intrinsic intangibility and difficulty in identifying appropriate measurement factors. Bankers obviously recognize the importance of intangible factors, but under conditions of increasing competition, instability and pressures placed on operating margins, the evaluation of customer perceived service quality is fundamental to improvement initiatives.

2- REVIEW OF LITERATURE

Lovelock (1983) Zeithaml (1988). Parasuraman et al. (1985) Ueltschy et al. (2007) Satisfying customers in long term continuing services such as retail banking is

very different from satisfying them in single transaction based services such as pay phone, highway toll etc. (and is much more complex and challenging. Service quality represents customers' rating of a particular service as excellent or superior. The fact that meeting customer expectation as a specific service quality dimension can enhance customer satisfaction in such cases (has been widely supported by past research (conducted in the West. Service quality can also boost satisfaction through customer involvement; the more customers perceive a service to be superior, the more is their propensity to get involved in interaction with the provider of that service or other activities sponsored or initiated by the provider finally in resulting increased customer satisfaction with the service provider

Larry W. Hunter Patrick T. Harker Frances X. Frei has defined that In case of National Bank, where there was no division devoted to thinking about or implementing innovation, no "research and development" or similar functional structure. Rather, pressure for innovation built incrementally as a result of numerous smaller initiatives: from marketing; from those responsible for managing technological systems; and from line managers. Each area felt competitive pressure and began to develop responses. At National Bank, these responses were eventually, to some extent, collected and channeled through the implementation team although they also maintained some momentum of their own. While the organization continues to develop its capacity to learn and innovate, it explicitly recognizes that it has considerable distance to travel in order to exercise this capacity more independently. Author find that bank adopt pressure as a innovation Work done by *Parasuraman, Zeithaml and Berry (Leonard L)* between 1985 and 1988 provides the basis for the measurement of

customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by *Parasuraman, Zeithaml and Berry* as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation

Bahia and Nantel (2000) conducted a study to develop a reliable and valid scale for the measurement of the perceived service quality of retail banking in Canada. They argued that the universality of the five dimensions of SERVQUAL across different types of services had been questioned in a number of subsequent studies. They also argued that these five dimensions are not fully generic. It is often necessary to incorporate additional items to dimensions because they are particularly important for some service categories. Another critique addressed to SERVQUAL since it has focused on the first marketing mix element (i.e. product) to improve quality. Further they developed a measurement of perceived service quality with reference to *Parasuraman et al.' (1985)* original ten dimensions and some additional items which are important to retail banking service, then they remodeled and tested the measurement scale. Based on this procedure, they proposed a scale that was called as bank service quality (BSQ). The BSQ comprises 31 items, which span six dimensions: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability. They focused on 4'ps of marketing mix & six dimensions for the improvement of service quality in banking

Gounaris et al. (2003) studied four industries including banking industry and reported that the “empathy”, “assurance”, “reliability”, and “responsiveness” dimensions were collapsed into one dimension that reflected the behavioral elements of the service-delivery process. Here author focused on behavioral element for better service delivery process.

Surabhi Singh and Renu Arora Research results indicate that the customers of nationalized banks were not satisfied with the employee behavior, ambience and infrastructure, while respondents of private and foreign banks were not satisfied with high charges, accessibility and communication. The study suggested that training on stress management and public dealing should be imparted to the employees of nationalized banks. Author find out that why customer not satisfy with both public & private bank

Kazi Omar Siddiqi (2011) studied on interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. The study sought to identify the most important attributes in bank settings, which may be used to review characteristics of the banks as experienced by customers. This study suggests that SERVQUAL [service quality model] is a suitable instrument for measuring the bank service quality in the Bangladeshi context. Therefore, bank managers can use this instrument to assess the bank service quality in Bangladesh. He find out some service quality attributes is essential for the success of banking industry

3- OBJECTIVE

The objectives of this study that service quality improvement in the retail banking industry, from various kinds of studies and sources. It will lead to understandings of aspects of service quality improvement

Following objectives are planned in the present investigation:

- To assess various aspects of services provided by the public sector and private sector
- To assess the extent of use of services especially the IT enabled services in these banks.
- To determine and compare the extent of customer’s satisfaction with quality of banking services on the basis of different constituent factors.

4- CONTRIBUTION OF THIS STUDY

This study provides information on retail banking characteristics as well as service quality improvements. Hence, different bankers can apply knowledge, findings and a model of service quality improvement for their banks to build or improve a competitive edge, increase customer satisfaction and maintain long-term profits.

This study regarding service quality improvement in the retail banking industry & we go for comparative study between national bank and private bank in retail banking, from various kinds of studies and sources. It will lead to understand the aspects of service quality improvement. The past studies examined are mainly about service quality improvement in the personnel counter services. Some studies were emerged to examine service quality in the electronic-service aspects. In addition, the available studies examined do not present the relationship between service qualities in personnel counter services and electronic services. Here we make an attempt to show that how private banks are offering better service qualities in comparison to national banks in context to retail banking this research will seek to close the gap in this field of study. Or in other words we can say that this study is the need of time because banking sector play an vital role in Indian economy

- Measurement of service quality in retail banking context
- Segmentation of the customers of banks based on high service quality perception and low service quality perception and investigation of relationships between these segments and selected demographic variables
- Determination of the relative importance of each of the five generic dimensions of service quality in influencing overall service quality, overall customer satisfaction, likelihood of recommendation and loyalty intention.

In this study I tried to focus on the factors that are responsible for the shifting of customers from national banks to private banks for retail banking. As the retail banking is the emerging concept of today's era so it becomes necessary to upgrade them self to remain in the race. So, the national banks should take a move to take the competitive advantage as they are veteran player of this game it's easy for them to win the trust of the customer.

5- CONCLUSION

Customers of nationalized banks felt that the employees were least bothered about their customers. Private Banks customers feel that their banks take due consideration about their convenience and are ready to cope up with their preferences of working hours. Although in this study it was attempted to cover all aspects of service quality, there may be certain aspects that may have been omitted or that may become relevant as new trends in banking evolve. In future research, customers may reveal new aspects of service quality in retail banking that are important to them, and these would have to be incorporated in the scale so as to further explore the concept of service quality in the retail banking arena.

6- SUGGESTIONS

Now we will discuss about the suggestions which is helpful for service quality

improvement in retail banking. If the following suggestions are followed by nationalized banks, it can increase customer's satisfaction and ultimately it will be a boost for the Indian banking industry:

- Staff should be knowledgeable about the services offered.
- Staff should be more courteous towards their customers.
- Regarding complaint customers should receive follow up contact.
- Name and address of customers should be handled carefully.
- There should be a personal touch between the customers and staff.
- Staff members should apologies for mistakes.
- Account should be handled carefully.
- Operation time should be reduced.
- Complaint should be handled then and there
- Customers" instructions should be carried out carefully.
- Disagreements with the customers should be avoided.

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