Service Quality of Banks in Delhi & NCR  

*-customer’s perception & view*

Samridhi Chadha* and Dr. Abha Purohit**

*Assistant Professor Jagannath International Management School, New Delhi, India.

**Dean Management, Jodhpur National University, Jodhpur, Rajasthan, India.

Abstract

The customers are an essential part of every type of institutions be it public, private or foreign bank. Customer’s satisfaction is considered as a crucial part through which any banking institution directs to the success.

Study attempts to measure and compare the customer’s perception in service quality among public, private & foreign banks of Delhi & NCR. The study analyzes the relationship between customer’s perception and dimensions of service quality. Random sampling method has been used for the study. The sample comprises of 449 respondents of public, private & foreign banks of Delhi & NCR.

**Keywords:** Customer Satisfaction, Customer Perception, Service Quality, SERVQUAL, Retail Banking.

INTRODUCTION

Retail banking in India has fast arised as one of the foremost drivers of the complete banking industry and has viewed massive growth in the recent past. The Retail Banking Report includes wide-ranging study & analysis of this fast-growing sector. It mainly covers analysis of the current status, current trends, key issues & challenges in the advance of the retail banking sector. This report helps in Banks, financial institutions,
MNC Banks, academicians, consultants and researchers to have a better knowledge of the booming breaks in retail banking in India.

Banks in India were started on the British pattern in the beginning of the 19th century. The first half of the 19th century, The East India Company established 3 banks The Bank of Bengal, The Bank of Bombay and The Bank of Madras. These three banks were considered as presidency banks. These three banks in 1920 were merged and the Imperial bank of India was formed. At that period, all the banks were joint stock banks and most of the banks were minor and weak. And in the period of 2nd world war in India about 1500 joint stock banks was functioning and out of those most of them were non-scheduled banks. Because of dishonest as well as bad management there were number of bank failures. Therefore, the government had to step into the banking company’s act, which led to the removal of the small as well as weak banks that were not in the position to stand and fulfill the enormous needs of the act.

In order to strengthen their weak units and review public confidence in the banking system, a new section 45 was passed in the Banking Regulation Act in the year 1960, enabling the Government of India to necessary amalgamate weak units with the tougher ones on the reference of the RBI.

**Customer Perception of service:**

This is a marketing conception which comprises of customer awareness, consciousness or impression about any banking institution or company and their offerings. Basically, the customer perception of service is typically influenced by social media, advertising, a word from the mouth of some trustworthy person or etc.

Customer’s perception of service can normally be allocated into the perception of reliability, responsiveness, assurance, empathy and tangibles.

**LITERATURE REVIEW:**

**Robert Johnston (1997)** in this research titled as, “Identifying the critical determinants of service quality in retail banking: importance and effects”, focused on the groups of the quality factors in terms of their comparative significance and their outcome on satisfaction and dissatisfaction. The study recommends that increasing the speed of processing info, delighting customers, such as improving the consistency of equipment, will minimize disappointment rather than delight customer.

**Frances X. Frei (1999)** this article titled as, “Process variants as a Determinant of Bank Performance: Evidence from the retail banking study” describes the relation between retail banks branch-based procedures and financial enactment. The outcomes of this research are that the financial performances of banks that accomplish better across these procedures tend to be better than that of other banks.

**Applied Communicating Inc (ACI) (2003)** this research entitled as, “Retail Banks Require Enhanced Systems as the Industry Changes” discovers the tasks that retail
banks must overcome with inventive IT systems. In today’s fast paced technical age, consumer and corporate customers assume faster performance of transaction. The task for the bank IT groups is to guarantee how their structure can cope with the huge transaction without rise in per-transaction handling cost. The article discussed handling electronic funds, prepaid card e-money, remittance market and how banking services through internet have been interchanged by mobile banking applications & ATM.

**Bhayani, S.J. (2003)** in this research entitled as, “Empirical Study on Retail Banking Awareness” has concentrated on the Retail Banking Attentiveness in Rajkot city of Gujarat by conducting a survey on 200 customers having their current accounts with private banks, nationalized and cooperative banks. The key purposes of his research work was to compare the services delivered by diverse private sector banks in the Rajkot City and also to know the customers alertness about the services delivered and how frequently they utilized these facilities. The study accomplishes that in India, due to numerous factors like illiteracy etc, the IT alertness of the customers was still very less. That’s why the banks desired to put foremost efforts towards enlightening the customers for building up an IT aware customer foundation.

**Source Technologies, (2004)** this research paper entitled as, “Teller Assisted Self Services: The New Face of Retail Banking” highlight the conception called Teller Assisted self-services (TASS), which is the combination of self-services and human services. How this facility had incorporated numerous data sources and CRM info is also dealt with.

Whereas, **Mohammad A Al-Hawari (2005)** this entitled as, “The Influence of Internet Banking and Teller Service Quality on Customer Retention: A Comparative Study” scrutinizes the comparative prominence of internet banking and tellers in retaining retail customers. The outcomes specify an important relationship between bank teller service quality and retention amounts; internet banking is also confidently related to customer retention; the data study results show that providing service through traditional service mediums (branches) has a stronger relationship with rising bank retention rates than internet banking. This outcome empirically ads further accepting to the knowledge and support the outlook that automatic services could improve the connectivity and positivity in customers.

**Lakshminarasimha & S. Murali (2006)** their study is entitled as, “Measurement of Customer Satisfaction - Need of the Hour” lay focuses on the use of SERVQUAL for measuring service level of banks in 5 dimensions i.e Tangibles (appearance of physical facilities, equipment and personal), reliability (ability to perform service dependably and accurately), Responsiveness of banks workforces to several requirements and demands of the customers, Assurance to customers as reflected through familiarity and trust of people in the bank and lastly, the Empathy and thoughtful of banks towards customers. It is opined that capacity of customer satisfaction helps to encourage an increased focus on customer results and encourage improvements in the work procedures.

**Holger J Kern (2007),** in his study “Retail Banking-Global Perspective” emphasized on the opposition level in Retail Banking and approaches to retain customer. This
research work emphasized the causes that why retail bank should emphasis on the customer’s requirement for understanding the customer and product diversity. A box client segments and retail banking is delivered to show the significance of segmenting the client and focusing precise products for definite groups.

**V.V. Gopal (2008)** his article entitled as, “Banking on CRM - An Approach to Implementing CRM in Banking” offers understanding into customer relationship management and its significance and importance in banks. It states the pre-requisites for positive CRM in banks and advises having a comprehensive understanding of the organizational structure and atmosphere. It further recommends that frontline officials in banks should possess suitable knowledge about the banks as well as the contender's products and the competitive atmosphere.

**Tranniarajan (2009)** in this article entitled as, “Demographic Discriminators of Service Quality in the Banking Industry: An empirical Study”, advised that supposed level of services quality prominence varies among diverse markets of several customer profiles and that the service supplier might comprehend that a move towards automation has great influence on service quality of banks. There is necessity that diverse market approaches for urban and rural customers are imagined. The occupation and income of the customer also play a significant role for any policy application. The study work also underlines the prospects of the customers.

**OBJECTIVES OF THE STUDY**

- The study has been undertaken to evaluate customer’s perceptions about the quality of services provided to customers of retail banks in Delhi & NCR.
- To evaluate customer’s perceptions and their view point about public, private and foreign banks of Delhi & NCR.
- To analyze the relationship between customer’s perception and dimensions of service quality.

**SAMPLING METHOD**

- Random sampling method has been used for the study. The sample comprises of 449 respondents of public, private & foreign banks of Delhi & NCR.

**Sources of data**

- Primary data was obtained from the structured questionnaire. It had 21 statements on 5 dimensions to measure the perceptions of the customers. To measure the statements 5 point Likert’s scale was used.
LIMITATIONS OF THE STUDY

- The study is limited to the Perceptions of Retail banking customers having an account in public, private & foreign banks of Delhi & NCR.
- Customer’s perceptions are limited to the duration of the study.
- The study is limited to Delhi & NCR.

HYPOTHESIS

H0: There is no significant difference in customers’ perception about quality of bank services among public, private and foreign banks.

H1: There is a significant difference in customers’ perception about quality of bank services among public, private and foreign banks.

ANALYSIS OF PERCEPTION CUSTOMER SERVICE QUALITY

Customer perceptions on five dimensions were captured, to assess the customer service quality. The following chart presents the overall perception of the public, private & foreign banks of Delhi & NCR and the analysis of customer perception based on each dimension.
The customer perception of the services on five dimensions namely reliability, empathy, responsiveness, tangibility and assurance have an average ranging from 2.2 to 2.9 there are difference in the perception of the Banks.

Public banks gain attention here, in terms of assurance, responsiveness & reliability. Private banks are rated high by the customers in tangibility & empathy in all the service quality parameters.

Whereas, Foreign banks have been rated second in all parameters except ‘empathy’.

REFERENCES