

# Service Quality and Customer Satisfaction in Banking Sector: A Review

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**Abstract:** *The aim of this review paper is to know more about the service quality of Banking Sector available in Konkan Region through literature survey. In the 21<sup>st</sup> century, service quality and customer satisfaction are directly proportional to each other for achieving success in any industry and the same is applied to the banking sector in India. Customers play an important role in Banking Industry in India. Therefore Banks in India are responsible to fulfill needs of customers to retain survival and success in today's modern era. Success of any organization depends upon their services quality and customer relationship with an organization. Retention of customer and business is totally depends upon services provided by banks to solve the complaints of customers instantly. This review paper summarizes the relationship between services quality, customer satisfaction and success of organization through literature survey in Banking Sector.*

**Keywords:** Banking Sector, Service Quality, Customer Relation, etc.

## I. INTRODUCTION

In traditional days, customer satisfaction depends on specific factors such as product price, quantity & reasonable quality. But in today modern era customer satisfaction depends on several factors like tangibility, reliability, empathy, assurance & policy. Therefore every service sector prefer on service quality dimensions. Hence success or failure of any organization is depends on service quality provided by any organization to its customers. In the recent times, many organizations are struggling to provide services to their customers which leads them into financial crisis. Banking Sector is totally depends upon relationship of banks with their customers. A customer plays a pivotal role in growth of banking sector in India. Therefore Banks needs to improve their customer relations by providing a good service quality.

### 1.1 Objective of the Study

- To analyze review of service quality and customer satisfaction of banking sector.
- To find out gap between service quality and customer satisfaction in banking sector.

### 1.2 Methodology of the Study

- Researcher collects various information with the help of secondary data such as internet, internet browser, Ph.D. Thesis, Books, Journals, News Papers, etc.

## II. REVIEW ANALYSIS

The researcher collects various review in Ph. D. thesis, Research Journal, related books and articles.

Sayed Ali Raza (2013) investigated about the effects of service quality dimensions on customer satisfaction in Pakistan by using SERVQUAL model. He collected the data from 400 respondents consists of 30 items questionnaire on Internet Banking of different banks situated in Karachi City of Pakistan. His conclusion totally depends on dimensions based on questionnaire. His study significantly indicated that regression analysis results a positive relationship between assurance, tangibility, reliability and responsiveness with customer satisfaction. But conversely, empathy shows a positive but insignificant effect on the customer satisfaction. (1)

S. M. Feroj Mahmood & Mohammad Wasiu Osman studied about customer perception of service quality of Islamic Bank in Bangladesh. Researchers noticed that after Indonesia & Pakistan, Bangladesh to be the third large muslim populated in country. Researched was based on Empirical Analysis of Shahjalal Bank Limited in Bangladesh. Authors

mentioned that for fulfillment of higher demand of products and services of Islamic Banking requires not only superior quality but also prompt response to the customer. This study was based on various of factors like age, occupation, assumptions, assurance dimensions, responsiveness dimensions, reliability & tangibility dimensions. This study concluded with a result that many of respondents were well aware of service quality of said bank. But did not show any effect on client retention. However, in some cases it affects clients to choose different schemes of banking services. (2) Prof. Ranjith P V (2019) highlighted the importance of service quality in Banking Sector in India. He studied service quality using SERVQUAL and BSQ questionnaire model to understand the important parameters for service quality in banks and to classify the respondents based on perception. This research article aim to study to reduce number of statements for service quality and to formulate a questionnaire for studying service quality from customer point of view.

(3)

Shruti Agrawal, Manish Mittal & Ratish Gupta studied about service quality in Public and Private Sector Banks of India. In this research article, authors mentioned role of banking sector in Indian Economy. To maintain market share it is necessary for banking institutions to acquire large customer base. Now a day's customers are well aware of various financial institutions and schemes also they are having more choices of institutions. Hence researchers identified that service gap is lower in private sector banks than public sector banks. (4)

Ravi K. Dhar & Silky Vigg Kushwah (2009) investigated regarding comparative study of service quality expectations & perceptions of Public and Private Sector Banks in India. However researchers resulted that public sector banks should continually assess and reassess how customers perceive their services and to implement appropriate corrective action for retaining the existing customers and getting new customers. (5)

Madhukar G. Angur, Rajan Natarajan & John S Jahera conducted a study on an assessment in a developing economy regarding service quality in the banking industry. Authors examined the applicability of alternative measures of service quality in the developing economy of India using SERVQUAL & SERVPERF Model. In this connection, they found that SERVQUAL and SERVPERF have identical convergent validity, SERVPERF appears to have higher discriminate validity than SERVQUAL. (6)

Jyoti & Subodh Kesharwani (2020) reviewed about the E-Service Quality in Banking Industry. Considering the new edge technologies such as artificial intelligence, machine learning, data analytics, deep learning, etc. banking institutions are setting the new consumer expectations. After reviewing the said technology in banking sectors authors came to conclusion that E-Service quality to impact the customers satisfaction in banking sector are found to be reliability, efficiency, responsiveness, ease of use, security, website aesthetic, credibility and personalization. (7)

Bindu K Nambiar, Hareesh N Ramanathan, Sudhir Rana & Others (2019) investigated about the perceived service quality and customer satisfaction: A Missing Link in Indian Banking Sector. This research article revealed that banks needs to improve knowledge of customers regarding banking sector to streamline service quality and customer satisfaction. However customer knowledge strengthened the relationship between empathy and responsiveness dimensions of service quality had with customer value evaluation and moderated the relationship that reliability and tangibility dimensions had with customer value evaluation. (8)

Jasveen Kaur & Baljit Kaur examined regarding determination of Internet Banking Service Quality and Customer Satisfaction in India. Authors indentified that the regression measures indicated that responsiveness, security/ privacy and site aesthetic are influential factors whereas reliability and efficiency have insignificant impact on satisfaction of the online customers. (9)

Dr. M Geeta & Dr. C. Naga (2021) Sivan and investigated regarding empirical study of Service Quality in Indian Banks. The study examined that service quality in Banking Sector was measured on SERVQUAL Model & Marketing Mix Scale. The researchers revealed that there is a great need of improvement of services to be rendered by Indian Banks to sustain in Indian Market. (10)

Choudhary M. (2017), the title of Book is "An Introduction to Banking". Authors covered various aspect of Banking in two parts such as Bank Business and Markets & Asset Liability and liquidity risk. First section covered basic aspect of banking such as interest rates markets, customer service & credit assessment. General Balance Sheet, Asset Liability Management covered under other section of book. However intention of Author was to provide information of value to the practitioner in banking & these topics deserved to be understood & appreciated by everyone involved in Banking Sector. (11)

Schneider B & White S. S. (2004) stated in their book that service quality and customer satisfaction are closely related to each other. This book discussed regarding various dimension of service quality & models of service quality i.e. SERVIQUAL, GAP Model, etc. According to authors service marketing concepts & strategies had been developed in response to the tremendous growth of service industries resulting in their significant increase in the US & world economics. (Zeithhmal & Bitner 2000) **(12)**

Pawar S.S. (2017), title of thesis is "Service Quality of Housing Finance An Empirical Study of Banks in Satara District" the objective of this study is to identify, measure and determinants of service quality of housing finance and to identify the service quality gap of housing finance service providers. This study has been taken into consideration housing finance provided by Private, Public and Co-operative banks in Satara district. This study concludes that the different factors affecting the quality of housing finance and there is no significant gap between service quality dimensions. Therefore, the private, public and co-operative banks are better service provider in all the respects like, tangibility, reliability, assurance, responsiveness and empathy. As the result, the customers are satisfied with the service offered by private, public and cooperative banks. **(13)**

Baghla Adita (2017) stated in his PhD thesis banking deals with lending money to the customers which include a ample variety of loans, credit cards, mortgage loans, withdrawal facility any many more. Retail banking executes transaction directly with consumers as compare to corporations or other entities. Newline Retail banking is the fastest growing sector because of the banking industry with the key success by attending directly the needs of the end customers. Retail banking sector is facing a lot of competition ever since financial sector reforms were started in the country. Therefore there is a need of constant innovation in retail banking. This requires micro planning, product development and differentiation, technological up gradation appropriate marketing strategy, product pricing, customization, online services and effective risk management techniques. Today retail banking sector is marked by high customer expectations and technology innovations. Therefore, it needs to concentrate on increase service quality and buildup customer relationship for more customer delight. **(14)**

### **III. FINDINGS**

- The Service Quality and Customer Satisfaction are directly related to each other.
- Most of the researchers preferred SERVIQUAL Model to identify service quality in Banking Sector.
- Most of researchers studied service quality and customer satisfaction in mini metro cities bank branches.
- Economic growth of banking sector is totally depends on customer satisfaction.

### **IV. CONCLUSION**

All banking sector offers similar services to the customers but they are different in terms of service quality. This paper is analyzes the various literatures review regarding service quality and customer satisfaction in the banking sectors and examine the relationship between customer satisfaction and service quality and their effect. The findings suggest that improved service quality to maximize customer satisfaction or delight as well as prepare better technique for providing better services to the customers and to develop new service quality instrument for accurate results for measuring service quality. Most important thing is to concentrate on element of marketing mix. This paper also contributes in knowledge and background for banks to apply these findings for better outline and focus on their position in the market to provide maximum customer satisfaction.

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