



Role of customer service quality in measurement of customer satisfaction in banking sector

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Abstract

Banking is the most important as well as well essential activity of any developing economy. Banks provides different types of products services to their customers. A bank connects customer which have capital deficits to these customers with capital surpluses. The banking industry in India is facing certain challenges i.e. challenges of customer satisfaction, customer services quality, customer retention, customer loyalty. Quality services play a major role in achieving level of customer satisfaction. In the era of Liberalization, Privatization and Globalization banks play a dynamic role in contributing to the economic development of the country. Increased competition highly educated customers and increase in standard of living are forcing many business to review their customer service strategy. The ultimate goal of banking business is to maximise the customer satisfaction through service quality. So our present research paper gives focus on Roles Importance of Customer service quality in analysing the customer satisfaction. our study has been divided into several important para like introduction, objective, Literature review, rationale, correlation between Customer Service & customer satisfaction, Research methodology, quality service, Analysis of customers satisfaction and conclusion findings & suggestions.

Keywords: service strategy, service quality, customer loyalty, economic development

Introduction

The Indian banking system plays very vital role in country's economic development. Banking sector has become so important that the absence of banking industry leads to stagnation in economic development of the country. In the era of globalization and liberalization, economic reform has become an imperative to remain in the main stream of global economy. In this regard banking being the backbone of the economy cannot maintain status quo banks offers different range of services to their customers. Maximizing the level of customer satisfaction through service quality has become a core objective of every banking business. So our present research paper gives full focus on role of service quality in analysing the level of customer satisfaction.

Objective

The major objective of present research paper is to know the role of customer service quality in measurement of customer satisfaction in banking business. Another objective is to identify degree of importance attached to various dimension of services quality i.e. reliability, responsiveness, empathy, tangibles and assurance by the customers.

To give suggestions for improvement of quality of service in Banks. To provide suitable recommendation for further improvement upon services. To know the relationship between customer service quality and customer satisfaction measurement by different analytical tools.

Literature Review

The banking sector in India has made remarkable progress since the economic reforms in 1991. New private sector banks have brought the necessary completion into the industry and spearhead the changes towards higher utilization of technology improved customer service and innovative products. Customers are now

become increasingly conscious of their rights and are demanding more than even before. The recent trend show that most banks are shifting from a product centric model to a customer centric model "As customer satisfaction has become one of the major determinants of business growth in the content of prioritization of preferences and close monitoring of customer satisfaction have become essential for banks. Keeping these in mind, an attempt has been made in this study is to know the role of service quality in improving the level of customer satisfaction. various previous Study and research on present topic of wider significance have also been studied as a literature review. important.

Rationa LE

The yardstick of success of any organisation are profitability and general satisfaction of customers, until and unless the customers will not satisfied with the service provided by bank. The bank cannot achieve its prime objective. So an attempt has been made in this research paper to study the role of customer service quality in measurement of customer satisfaction. Customer are the focal point of any service. so customer satisfaction also become centric objective of any service sector. in this context our study becomes so important.

Correlation between Customer Service & Customer Satisfaction

Customer satisfaction in directly linked with the quality of services provided by banks. This research paper will help banking business for evolving rational strategy of efficient management of customers. Further this study will help further to improve upon the services and thereby increasing the level of customer satisfaction. digitalisation of customer services has become a great tool for improving customer services. better of customer

service as well as more and more customer will be satisfied. There is a direct line between customer service & customer satisfaction. in most of the cases we see that service provided by private banks are so far better than service provided by public banks. Time taken for processing of service in private banks are very low in comparison to public banks. until and unless we don't give focus on improving the service of public banks, banking business can't be increased to the desire extent. Customer service and customer satisfaction is closely connected to each other.

Research Methodology

The present study uses data collected through primary as well as secondary sources. The sample survey has been conducted on customers for quality of service provided by banks and try to know the general satisfaction level of customers. Our study has been based on data collected from sample survey and filling up to questionnaire. An attempt has been made to know the view of customers in regard of quality of service provided by banks. The response has also been collected from secondary sources like guide lines of RBI regarding customer services, report of R.K. Talwar committee report of goiporia committee, large number of banking and finance Journal digital technology and websites. Time to time guideline of reserve Bank of India have also been studied regarding customer service. as a secondary sources.

- ✓ primary sources
- ✓ secondary sources

Quality Service: Concept & Operation

Quality is a concept which requires a concern both in products as well as in services. It may also be described as freedom from variation fitness for use and conformance to requirements. In fact quality is considered as the most important factor that influence on the buying behaviour of the customer. In tangible goods like products, quality can be measured by its durability and number of defects. However, measuring the quality in intangible is a different one. As services are intangible so they are very difficult to measure. Services have a lot of intangible dimensions like communication, credibility, security, competence, reliability, responsiveness which are qualitative by nature and their value is subjective. Evolution of quality service suggests four underlying themes:

- a. It is more difficult to evaluate then quality of tangible goods.
- b. Evaluation of quality is not made solely on the outcome service it also involve the evaluation of the process of services delivery.
- c. Service cannot be separated from the creator of services. These are created consumed and dispensed at the same time.
- d. Intangibility of the services can be improved.
- e. Digitalisation of banking business given a pace for improving customer services.

Measurement of customer satisfaction

Measurement of Customer Satisfaction in Banks is definately a measure challenging concern. But there are certain tools through which we can measure customer satisfaction like: balance score card. It is a technique of measuring customer satisfaction through a set of financial & non financial measure relating to company's critical success factor. Some of the perspective for measurement of Customer Satisfaction through balance score card is as follow:-

1. business perspective
2. financial perspective

3. customer perspective
4. innovative & learning perspective

There are various key indicator of each of the perspective. like in business perspective one main indicator is growth of business, under financial perspective one important factor is sales turnover while in customer perspective the major concern is customer satisfaction and in innovative and learning perspective the important indicator is launching of new product in the market. Satisfaction of customer is basically a psychological state. Balance score card is a good initiative for measuring customer satisfaction. There are also way for measurement of Customer Satisfaction like customer satisfaction survey.

Analysis of Customer Service Quality

A survey has been made on 300 customers and data collected through questionnaire. Out of the total respondents 65% Male and 35% Female.

Table 1: Gender of Customer

Male	195	65%
Female	105	35%
Total	300	100%

Table 2: Three categories of banks were studied and data collected as follow:

Private Bank	33.3%	100
Public Bank	33.3%	100
Foreign Bank	33..%	100
Total		600

Type of Account

The follow ing table shows four types of accounts of the respondents:

Table 3

Particulars	Frequency	Percentage
saving A/c	125	41.67%
Current	75	25%
Deposit	55	18.33%
Loan	45	15%
Total	300	100

Approx. 41.67% respondents maintain saving A/c and so on.

Customer Service Rating by Respondents

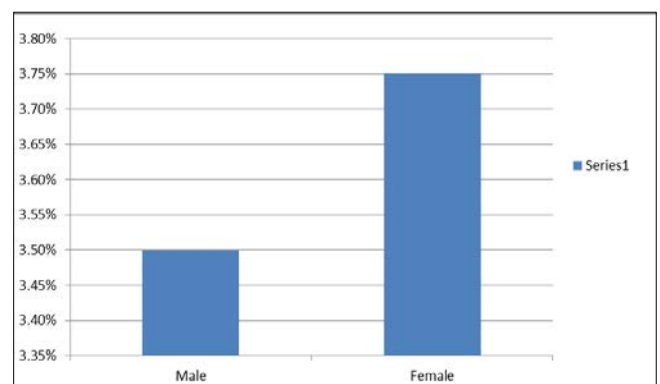


Fig 1

The satisfaction level of customer in respect to services quality was rated higher by female customers as compared with male customers.

Customer service quality rating board on type of bank in which account is held:

Table 4

Type of Bank	No	Mean	S.D
private	100	3.4950	98224
Public	100	3.6950	86934
Foreign	100	3.7700	88941

The following table shows the perception of customers on service reliability.

Table 5

Assurance	3.40%
Tangibility	3.443%
Responsiveness	3.5%
Empathy	3.27%
Reliability	3.1%
Reliable information	3.59%
Consistent performance	3.82%
Quick prompt	3.10%
Error free service	3.25%

Among all parameters under reliability it is found that the perception towards is highly consistent performance has been highly rated by country. This rating holds good for all types of banks. Analysis of Customer Satisfaction and customer quality is really an interesting task.

Findings Suggestion & Conclusion

The satisfaction level of customer in respect to service quality was rated higher by female customers as compared with male customers.

The customer service quality rating has been very high in case of private banks and low in case of public sector banks.

Customer service quality rating varies with various variables like employment, income & type of bank.

Public sector bank faces big challenges in providing quick service, handling customer attitude and difficulty in communicating with customers. For increasing service quality bank should hire human resources, hire skilled & young staff and brought technological improvements.

Modern customers are highly expected toward customer service. So professionalism not only speaks about the way of doing things. It should also takes into account.

Finally our study concludes with the hope that our suggestions will enable banks to cope with the challenges faced by banking industry without enhancing the quality of service. We cannot achieve the prime object of banking business.

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