

# An Analysis of Customer Perception and Service Quality of Retail Banks with Special Reference to SBI

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**Abstract:** Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector. However, this study will again investigate the factors that enable banks to attract and maintain their customers. Banks have to improve the service level continuously. There is no guarantee that what is excellent service today is also applicable for tomorrow. To survive in the competitive banking industry, banks have to develop new strategies which will satisfy their customers. That is why service marketing and bank marketing are important areas in the marketing literature. Customer satisfaction is one of the important outcomes of marketing activity. In the competitive banking industry, customer satisfaction is considered as the essence of success. The customers who are satisfied tell others about their experiences and this increases WOM advertising. In this way, banks can increase customers.

**Keywords:** Customer Perception, Service Quality, Banking, SBI

## I. INTRODUCTION

The main aim of this study is to find the interrelationships between service quality, customer satisfaction and customer loyalty in State Bank of India. The interrelationships between service quality, customer satisfaction and customer loyalty may provide creative ideas for improving services in order to gain a competitive advantage in the retail banking sector in Tamilnadu. Service quality is one of the critical success factors that influence the competitiveness of an organization. A bank can differentiate itself from competitors by providing high quality service.

The products and services offered by banks are very similar. The differentiator is the level of service quality. Many studies have been conducted to explore the impact of service quality on customer satisfaction in retail banking. However; it finds fewer studies conducted to identify the impact of Human Related and Non-Human Related Factors of perceived service quality on customer satisfaction with special reference to rural economic contexts. Alongside the research context briefed, the key purpose of this study was to examine how perceived service quality factors impact on Customer Satisfaction.

## II. REVIEW OF LITERATURE

**Dr.Vannirajan&B.Anbazagan (2017)** The study tries to make an assessment of SERVPERF scale in the Indian Retail banking sector by doing a survey in banks at Madurai. The study found that in public sector banks tangibles and assurance are most important and in private sector banks reliability, responsiveness and tangibles are most important.

**Rod et al(2016)**The study focused on relationship between service quality, overall internet banking service quality and customer satisfaction in New Zealand. The study found out

that online customer service quality and online information systems were significantly and positively related to overall customer internet banking service quality. Overall internet banking service quality and customer satisfaction were positively correlated

**Dr Ravichandran et al (2018)** The paper analyses existing study and tries to understand socio demographic and rational profile of public retail banking consumers. It also finds out the importance of service quality dimensions to predict the multidimensional model of behavioral intentions among public sector consumers in India. Loyalty was found to be influenced by operating hours, modern equipment's, error free records etc. Service quality parameters like tangibility, responsiveness and empathy dimensions were also found to be very important

## III. RESEARCH PROBLEM

Despite the efforts provided by SBI to improve its service, there is still evidence of challenges on quality of the service which leads to customer satisfaction once played down by maintaining customers who are loyal to the bank and who can positively recommend it to associates. Anderson, Fornell, and Lehmann stated that global perceptions of service quality exert a strong influence on global perceptions of customer satisfaction with the firm that finally is made by customer loyalty and positive word of mouth communication. The matter has been evaluated particularly in terms of commercial banking sector where competition has knocked at the door as mentioned before. Based on the discussion above, the aim of this study is to examine how service quality would impact so to improve the level of satisfaction of SBI customers. The study will focus on finding interrelationship

between service quality, customer satisfaction, customer loyalty that influences retail banking sector.

#### IV. NEED FOR THE STUDY

Service quality can be thought of as having two dimensions. Technical and functional quality. Technical quality refers to 'what' the bank gives the customer. Functional quality refers to 'how' the banks services are provided to the customer. Therefore, all banks remains committed to providing technology-backed quality service to its customers and in building a service quality approach to banking.

#### V. PRIMARY OBJECTIVE

- To study the Customer perception on service quality in State bank of India
- .To identify the interrelationships between service quality, customer Satisfaction and customer loyalty in the retail banking sector and to identify the benefits of this relationships
- To identify the critical factors of customer loyalty in the retail banking
- To Analyze the reasons of better Retail banking or Branch Banking

#### VI. SCOPE OF STUDY

The scope of the study restricted to Chennai city only and the Customers, who are central to the banking service, are not a homogeneous class. They come from varying socio-economic and cultural backgrounds. The perception of the Quality of Banking Services provided will differ from customer to customer and even for the same customer at different points of time, depending on the mood and mind-set of the same user at a particular point of time

#### VII. RESEARCH METHODOLOGY

##### RESEARCH DESIGN

A research design is purely and simply the framework or plan for a study that guides the collection and analysis of data. It is a blue print that is followed in completing a study.

##### RELIABILITY TEST

Reliability Statistics

Cronbach's Alpha	N of Items
.948	42

##### Inference:

The Cronbach's alpha coefficient for 50 items is 0.908 suggesting that the items have high level of internal consistency.

##### VALIDITY TEST

STUDY ELEMENTS	N	MINIMUM	MAXIMUM	MEAN	STANDARD DEVIATION

#### Descriptive Research Design

Descriptive research design includes surveys and fact findings, enquires of different kinds. The major purpose of Descriptive research is description of state of affairs, as it exists at present. In social business research, we quiet often use the term Ex post facto research for descriptive studies. When the researcher is interested in knowing the characteristics of certain groups such as age, occupation, experience etc, a descriptive study is necessary. Hence the researcher has chosen descriptive research method for the study.

#### VIII. SAMPLING METHODOLOGY

##### Population

The study of various characteristics relating to items \ individual belong to a particular group is called as population

##### Selecting Samples

The main objective of this research is on the interrelationships among service quality, customer satisfaction and customer loyalty in the retail banking sector. Therefore, the sample for this study was selected from the retail bank customers in State Bank of India at Anu Vijay Township branch. It was suggested that the sample size of 100 is adequate for the structural equation modeling.

##### Data collection procedures

Data were gathered from the retail banking customers of State bank Of India. A set of questionnaire distributed to retail bank customers in Anu Vijay Township branch of SBI. The first part of the questionnaire consists of the general information of the respondent. Service quality attributes were used in the second part, which is the independent variable of this research. The third part of the questionnaire explains the customer satisfaction and this is the independent/dependent variable of this research. The final part consists of customer loyalty and this is the dependent variable of this research. This was explained each part of questionnaire to the respondents

#### IX. DATA ANALYSIS

CUSTOMER SATISFACTION	100	3	7	5.65	.90
TANGIBLES	100	2	7	5.60	.77
RELIABILITY	100	3	7	5.57	.82
RESPONSIVENESS	100	2	7	5.31	1.03
ASSURANCE	100	3.66	7	5.65	.728
EMPATHY	100	2.99	7	5.48	.86
CUSTOMER LOYALTY	100	2	7	5.45	1.02

**Inference:**

Based on the 100 sample bank customers, the percentage of male and female Respondents are 77 and 23 respectively, which shows the male dominancy of bank customers. In the whole sample, 53% of respondents fell in the age range of 21-

30, and 32% fell in the range of 31-40. In terms of qualification, the respondents are almost equal and that is, Undergraduate (31%), Graduate (33%), and Post Graduate (35%). 63% of respondents are service holder and 43% of respondents earn more than Rs.25000 per month

**CORRELATION ANALYSIS**

**TO STUDY THE RELATIONSHIP BETWEEN THE DIMENSION OF SERVICE QUALITY AND CUSTOMERS EXPERIENCE**

Correlations	Hypothesis test	Customer Satisfaction	Tangibles	Reliability	Responsiveness	Assurance	Empathy	Customer Loyalty
Customer satisfaction	Pearson correlation Sig.(1-tailed) N	1 .000 100	.491 .000 100	.488 .000 100	.493 .000 100	.526 .000 100	.545 .000 100	.673 .000 100
Tangibles	Pearson correlation Sig.(1-tailed) N	.491 .000 100	1 .000 100	.632 .000 100	.560 .000 100	.500 .000 100	.554 .000 100	.560 .000 100
Reliability	Pearson correlation Sig.(1-tailed) N	.488 .000 100	.632 .000 100	1 .000 100	.759 .000 100	.626 .000 100	.793 .000 100	.680 .000 100
Responsiveness	Pearson correlation Sig.(1-tailed) N	.493 .000 100	.560 .000 100	.759 .000 100	1 .000 100	.566 .000 100	.706 .000 100	.660 .000 100
Assurance	Pearson correlation Sig.(1-tailed) N	.526 .000 100	.500 .000 100	.626 .000 100	.566 .000 100	1 .000 100	.661 .000 100	.439 .000 100
Empathy	Pearson correlation Sig.(1-tailed) N	.545 .000 100	.554 .000 100	.793 .000 100	.706 .000 100	.661 .000 100	1 .000 100	.650 .000 100
Customer Loyalty	Pearson correlation Sig.(1-tailed) N	.673 .000 100	.560 .000 100	.680 .000 100	.660 .000 100	.439 .000 100	.650 .000 100	1 .000 100

**Inference:** The Pearson correlation implies there is a positive correlation between the dimension of service quality and customers experience

#### **X. FINDINGS OF THE STUDY**

- The Cronbach's alpha coefficient for 50 items is 0.908 suggesting that the items have high level of internal consistency.
- Based on the 100 sample bank customers, the percentage of male and female Respondents are 77 and 23 respectively, which shows the male dominance of bank customers. In the whole sample, 53% of respondents fell in the age range of 21-30, and 32% fell in the range of 31-40. In terms of qualification, the respondents are almost equal and that is, Undergraduate (31%), Graduate (33%), and Post Graduate (35%). 63% of respondents are service holder and 43% of respondents earn more than Rs.25000 .
- The Pearson correlation implies there is a positive correlation between the dimension of service quality and customers experience

#### **XI. SUGGESTION OF THE STUDY**

- The satisfaction of the customers is a very much important factor that not only forces the customers to remain loyal with the organization but also proves as a marketing mechanism through which other people are attracted towards the organization. The word of mouth of a satisfied customer probability has more worth than any other advertising channel.
- Innovating the services according to the needs and demands of the customers is very much important. Customer must be the focus of every strategy. In this regard, the financial institutions must think in terms of end result of their service quality innovations. The focus should be on the long run rather the current situation.
- Much of the research on service quality has been conducted in developed countries such as United States. Relatively a very few research studies has

been done elsewhere in the world. A significant and effective contribution will be made to the development of human resource management literature by conducting the research on service quality across cultures.

#### **XII. CONCLUSION**

The main objective of the current study is to find the interrelationships between Service quality, customer satisfaction and customer loyalty in the State bank of India. The above study revealed that the human related factors of service quality (reliability, responsiveness, assurance and empathy), have a greater impact on customer satisfaction than that of the non-human related factors of perceived service quality (tangibles) on Customer Satisfaction. It was further established that Reliability and Responsiveness are the most influential determinants on customer satisfaction in retail banking.

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