

Perception of Bank Customers - An Impact Analysis

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Abstract

In this competitive banking era, the three segments of banks in India namely, SBI and its Associates, Other Public Sector Banks and Private Sector Banks should make an attempt to identify the service quality factors and analyze the impact of the perception of the customers on the service quality dimensions, so that they could try to capitalize on the most influencing service quality dimensions and improve on the other service quality dimensions to have a competitive edge. In this research study, an attempt is made to identify the various factors influencing service quality of banks and the impact of the perception of customers on various service quality dimensions. The study is done in commercial banks at Salem district, Tamil Nadu and the sample size of the customers is 895 and customers are chosen using stratified random sampling method. For the purpose of analysis, multiple regression and factor analysis have been used.

Introduction

In this electronic era, the service sector has been showing promising signs across the globe. Competition and technological advancement are the twin factors that have brought about unimaginable changes in customer services. India is also sailing in accordance with the current global trend. In our country the service sector's contribution to the national economy is to be perceived at the macro angle. The banking sector forms a key component of service sector. The shares of banking and insurance sector have increased from 2.78 % of GDP to 6.27% with in twenty years time (1980-2000). It has also been due to the increased significance of financial services in the post reforms era.

Banks in India-A snap shot

Banks in India are characterized by huge net work of branches supported by strong banking system and their products and channel distribution capabilities can be matched with those of the leading international banks. Banks desiring to become global must

have carved a niche for themselves in India and other well established markets, says a report of consultancy major Ernest and Young, as they would be major source of revenue generators of the financial system. Expansion of the middle income consumer group, increase in new generation private sector banks and the mind blowing growth of national economy-all would make the domestic market to grow from US\$ 0.4 trillion in 2004 to US\$ 23 trillion by 2050. With such a splendid scenario, India is poised to become the third biggest banking hub in the world by 2040 says a Price Waterhouse Coopers report.

Current Scenario

All banks are surging ahead to project themselves as the most preferred bank by customers as they are becoming more sophisticated in their needs and are increasingly demanding higher standard of service. To them service means customer satisfaction, customer delight, excellent service delivery and customer relationship etc. In recent years, a number of private players and foreign banks have entered the Indian market

and made it more competitive. The survival and growth of a bank not only depends on its ability to provide qualitative service to its customers but in building a long term mutually beneficial and trust worthy relationship with its customers. In current scenario, the three major segments of the banking sector i.e. private, public and multinational/foreign banks are vying with each other to attract large clientele, through providing traditional and innovative value added quality services.

At this juncture, the researcher decided to undertake a research study with regard to the impact analysis of perception of the customers of three segments namely SBI and its Associates, Other Public sector banks and Private sector banks.

Objectives of the Study

1. To identify the factors with regard to service quality of banks.
2. To analyze the impact of perception of the customers of three segments namely SBI and its Associates, Other Public sector banks and Private sector banks .
3. To analyze the impact of perception of the customers of rural and urban branches.

Research Methodology

For the purpose of collection of primary data structured questionnaire is used and stratified random sampling method is adopted for selecting the sample customers.

There are 179 bank branches at Salem district and branches are classified into 3 strata, that is, SBI and its associates, Other Public sector banks and private sector banks. At random 50 branches are chosen and from each branch 20 customers are selected using judgment sampling (Judgment sampling indicates identification and selection of customers who are able to understand the

questions and answer them in the right perspective with patience using the one's prudence and judgment). The sample size comes to 1000 and questionnaires are distributed to the customers and after editing the data the no of usable ones comes to 895.

For analysis of data, Chi square test, Factor analysis and multiple regressions have been used.

Conceptual Framework of External Service Quality (ESQ)

External service quality, which refers to the quality of service delivered to the customers, has gained importance in the light of increasing customers' estimations and changing customer preferences. External service quality offered to customers is generally referred to as service quality. Providing high quality services enhances customer retention rates, helps to attract new customers through positive word of mouth advertising, increase productivity, leads to higher market share, financial performance and profitability.

Different researchers have identified different dimensions to measure External service quality. Sasser (1978) measured it with the help of security, consistency, attitudes, completeness, conditions, availability and training. Garnin (1984) measured the ESQ with the help of performance, features, reliability, conformance, durability, serviceability, aesthetics and prestige. Driver and Johnson (2001) estimated the ESQ with different dimensions namely alternativeness, care, courtesy, flexibility, reliability, competence, integrity, access, availability and functionality.

Operational Definitions

The SERVQUAL measurement model (Parasuraman et al. 1988) is based on this five dimensional model of Service Quality.

Reliability refers to delivering on promises, Responsiveness means being willing to help the customer, Assurance refers to inspiring trust and confidence in customers by the employees of the service provider, Empathy means treating customers individually while Tangible represent the physical aspects of service.

Questionnaire is designed based on these dimensions.

Review of Literature

Dr.Vanniarajan, P.Prabadevi and L, Shankari (2008) in their study on "Relative importance of SERVQUAL dimensions in Indian service sector" threw light on the following findings:

1. Reliability and responsiveness are the most important SERVQUAL dimensions in banks.
2. The customers in the insurance sector treated all SERVQUAL dimensions in an equal manner.
3. Reliability, responsiveness and tangibles are found to be most important SERVQUAL dimensions in hotel industry.
4. Reliability, Tangibles and responsiveness are considered as the vital SERVQUAL dimensions in transport sector.
5. In education sector, Empathy is said to be the key SERVQUAL dimension.

C.Madhaviah (2007) in his empirical study evaluated the pros and con of the three SERVQUAL models namely, Perception minus Expectation model, the Ideal point model and the Performance based model and suggested the need for the development of an enhanced model for measuring service quality.

R.Krishnaveni and D DivyaPraha (2005) in their study presented a comprehensive view of service quality and its linkages with customer relationship management.

Dr. Nazrul Islam and Ezaz Ahmed (2005) in their exploratory study showed that the most important service quality factors of banks in Dhaka city are personal attention to the customers, error free records, safety in transaction and tangible physical facilities.

Mushtaq A Bhatt (2004) in his comparative study of service quality perceptions in public sector banks, private sector bank and foreign banks in North India concluded that customers' perception about the service quality of all banks was below their expectations in all banks.

Sheetal b.Sachdev and Harsh V.Verma (2004) explored the order of importance of service quality dimensions in select service sectors such as banks, Fast food, Insurance and Beauty parlors and the inference was no proper order of importance of service quality dimensions was established and the service performance in relation to expectation was poor in respect of all the dimensions and in all the select services.

Demographic Details of the Study Age

The first two major age groups among the customers in the present study are less than 25 years and 25 – 40 years, constitute 9.27 and 43.24 per cent to the total. The most important age group in State Bank Groups (SBGs), OPSB and Private Sector Bank (PSBs) are 25 to 40 years, less than 25 years and 40 to 55 years respectively. The number of customers aged above 55 years constitutes only 3.02, 12.74 and 5.36 percent to the respective total in NBs, SBCs and PSBs.

Sex of the Customers

In total, 71.84 percent of the total customers are males whereas the remaining 28.16 percent of the total customers are females. The dominant sex of the customers in all three groups of banks is male. In SBI Group, it

constitutes 16.76 per cent to the total whereas in OPSB, it constituted 55.87 percent to the total. In the case of private sector banks, it constitutes 27.37 percent to the total.

Level of Education among the Customers

The important level of education among the customers is graduation and post graduation, which constitute 52.63 and 36.31 percent to the total respectively. In State bank group, these two levels of education are schooling and under graduation which constitutes 2.91 and 11.51 percent to its total respectively. In the case of OPSB, the level of education is post-graduation which constitutes 18.44 percent to its total. In private sector banks, these two levels of education are graduation and post-graduation which constitute 11.17 and 15.53 percent to the total respectively.

Native Place among the Customers

In the present study, the native place among the customers is confined to 1 year, 2 years and 3 years. The native place among the customers is given in the following Table.

In total, a maximum of 51.51 percent of the customer's Native place is rural followed by 48.49 percent of the customers native is urban. In State bank group native place is rural and urban, which constitute 10.50 and 6.26 percent to its total respectively. In the OPSBs, these two are rural and urban, which constitute 28.38 and 27.49 percent to the total respectively. In the case of PSBs, these two are rural and urban, which constitute 12.63 and 14.75 percent to its total respectively.

Occupation among the Customers

A maximum of 38.32 percent of the customers, are belonging to business group. It is followed by private employee and Government employees, which constitute

31.51 and 20.78 percent respectively. In State bank group, the first two important occupations are Government employee and private employee which constitute 1.34 and 7.93 percent to its total respectively whereas in the OPSB, these two are professionals and business people which constitute 6.59 and 19.33 percent to the total respectively. In the private sector banks, these two occupations are business people and professional, which constitute 15.42 and 0.22 percent to its total respectively.

Monthly Income among the Customers

The monthly income among the customers is Rs.10,000 to 20,000 and Rs.20001 to 30000, which constitute 23.91 and 15.20 percent to the total respectively. The number of customers who earned above Rs.30000 constitutes 25.36 percent to the total. The most important level of monthly income among the customers in SBI group is Rs.10000 to 20000 and Rs.20000 to 30000. In the case of PSBs, the important categories of monthly income are Rs.10000 to 20000 and Below Rs.10000.

Banking Experience in years among the Customers

In total, a maximum of 35.53 percent of the customers have an experience of one year followed by 32.51 percent who have an experience of 2 years. The important banking experience among the customers in State bank group is 2 years and 3 years, which constitute 5.70 and 1.12 percent to its total respectively. In the OPSBs, these two are above 2 years and 3 years, which constitute 16.98 and 16.09 percent to the total respectively. In the case of PSBs, these two are 2 years and 3 years, which constitute 9.83 and 14.75 percent to its total respectively.

Location of Bank

In the present study, the location of bank among the customers is confined to rural, semi urban and urban. The location of bank among

the customers is as follows:

A maximum of 43.35 percent of the customers, are belonging to semi urban. It is followed by urban and rural, which constitute 34.53 and 22.12 percent respectively. In State bank group, the first two locations are rural and semi urban which constitute 3.24 and 7.49 percent to its total respectively whereas in the OPSB, these are rural, semi urban and urban which constitute 11.62, 26.03 and 18.21 percent to the total respectively. In the private sector banks, these all three locations, which constitute 7.26, 9.83 and 10.28 percent to its total.

Nature of Account of Customers

In the present study, the Banking experience among the customers is confined to individual, businessman, corporate and Govt. office. The nature of account among the customers is given in the following Table 1.

A maximum of 76.98 percent of the customers are belonging to individual accounts. It is followed by business man and Govt. office, which constitute 17.77 and 3.35 percent respectively. In State bank group, the first two nature of accounts are individual and businessman which constitute 10.39 and 4.36 percent to its total respectively whereas in the OPSB, these individual, businessman and corporate which constitute 41.01, 12.18 and 1.01 percent to the total respectively. In the private sector banks, these all four accounts, which constitute 25.59, 1.23 and 0.56 percent to its total.

Type of Account of Customers

In the present study, the type of account among the customers is confined to savings A/c, Current A/c, FD and RD. The type of account number among the customers is given below

Table 1: Type of Account of Customers

Type of Account	Bank						Total	
	SBI Group		OPSB		PSB		F	%
	F	%	F	%	F	%		
Savings A/c	42	4.69	154	17.21	146	16.31	342	38.21
Current A/c	91	10.17	295	32.96	93	10.39	479	53.52
FD	17	1.90	46	5.14	6	0.67	69	7.71
RD	0	0.00	5	0.56	0	0.00	5	0.56
Total	150	16.76	500	55.87	245	27.37	895	100.00

A maximum of 53.52 percent of the customers, are belonging to current accounts. It is followed by savings a/c and FD, which constitute 38.21 and 7.71 percent respectively. In State bank group, the first two type of accounts are savings a/c and current a/c which constitute 4.69 and 10.17 percent to its total

respectively whereas in the OPSB, these savings a/c, current a/c, FD and RD which constitute 17.21, 32.96, 5.14 and 0.56 percent to the total respectively. In the private sector banks, these savings a/c, current a/c and FD, which constitute 16.31, 10.39 and 0.67 percent to its total respectively.

Years of Association with the bank

In the present study, Years of Association of the customers is confined to below 1 year, 1 to 5 years, 5 to 10 years and above 5 years. Years of experience of the customer given in the following Table 2.

A maximum of 33.63 percent of the customers, are belonging to 1 to 5 years. It is followed by 5-10 yrs and above 5 yrs, which constitute 33.52 and 29.39 percent respectively. In State bank group, the first two years are below 1 yrs and 1 – 5 yrs constitute 0.78 and 8.49 percent to its total respectively whereas

Table 2: Years of Association with the bank

Years of experience	Bank						Total	
	SBI Group		OPSB		PSB		F	%
	F	%	F	%	F	%		
Below 1 Yrs	7	0.78	17	1.90	7	0.78	31	3.46
1 to 5 Yrs	76	8.49	194	21.68	31	3.46	301	33.63
5 - 10 Yrs	53	5.92	168	18.77	79	8.83	300	33.52
Above 5 Yrs	14	1.56	121	13.52	128	14.30	263	29.39
Total	150	16.76	500	55.87	245	27.37	895	100.00

in the OPSB, these below 1 yrs, 1 to 5 yrs, 5-10 yrs and above 5 yrs which constitute 1.90, 21.68, 18.77 and 13.52 percent to the total respectively. In the private sector banks, these all years which constitute 0.78, 3.46, 8.83 and 14.30 percent to its total respectively.

Number of visits by the customers:

In the present study, number of visit of this bank among the customers is confined to 2 times, 4 times, 6 times and 8 times per day / week/month The Number of visits by the customers is given in Table 3

Table 3: Number of visits by the customers

No of visits	Bank						Total	
	SBI Group		OPSB		PSB		F	%
	F	%	F	%	F	%		
2 times	76	8.49	215	24.02	110	12.29	401	44.80
4 times	63	7.04	259	28.94	135	15.08	457	51.06
6 times	11	1.23	24	2.68	000	00.00	35	3.91
8 times	00	0.00	02	0.22	000	00.00	02	0.22
Total	150	16.76	500	55.87	245	27.37	895	100.00

A maximum of 51.06 percent of the customers visited 4 times. It is followed by 2 times and 6 times, which constitute 44.80 and 3.91 percent respectively. In State bank group, the first two visits are 2 time and 4 times constitute 8.49 and 7.04 percent to its total respectively whereas in the OPSB, the visits of 2 , 4, 6 and 8 times, which constitute 24.02, 28.94, 2.68 and 0.22 percent to the total respectively. In the private sector banks, these 2 time and 4 time visits are, with 12.29 and 15.08 percent to its total respectively.

Customers' Attitude towards Service quality

Initially the scores of the forty six variables of banks have been taken for validity of data for factor analysis. The Kaiser Meyer

Olin measures of sampling adequacy and Barklett's test of Sphericity have been tested. The KMO measure of sampling adequacy of 0.754 is greater than the required minimum of 0.5 and the zero percent level of significance of chi-square value satisfies the data validity for factor analysis.

Then the scores of the forty six variables of banks are taken for factor analysis in order to narrate the attributes into meaningful attributes. The factor analysis results in eleven important attributes in banking. The attributes of banking, number of variables in each attribute, its reliability co-efficient, and Eigen value and the percent of variance are illustrated in the following Table 4.

Table 4: Factors Influencing Customers' Attitude Towards Service Quality

No	Attributes in Banking	Number of Variables	Reliability Co-efficient	Eigen Value	Percent of Variance	Cumulative Percent of Variance
1	Credibility	5	0.79	8.252	17.940	17.940
2	Customization	5	0.83	5.294	11.509	29.449
3	Service consistency	5	0.67	4.112	8.938	38.387
4	Access	2	0.89	2.613	5.680	44.067
5	Service components	5	0.75	1.912	4.157	48.224
6	Tangibility	6	0.74	1.854	4.030	52.253
7	Innovation	3	0.68	1.710	3.716	55.970
8	Employee behavior	5	0.83	1.525	3.316	59.285
9	Record maintenance	4	0.65	1.459	3.173	62.458
10	Responsiveness	3	0.72	1.430	3.108	65.566
11	Reliability	3	0.80	1.344	2.922	68.488
	KMO Measure of sampling adequacy:0.754		Bartlett's test of Sphericity: Chi-square :915.41*			

The narrated eleven dimensions explain the variables in banks' service quality to the extent of 68.48 percent. The first two important service quality factors in banking are credibility and customization, which consist of five variables in each with the reliability coefficient of 0.79 and 0.83 respectively. The Eigen value of these is 8.252 and 5.294 respectively. The percentage of variance explained by these two factors is to the extent of 17.940 and 11.509 percent respectively. The next two important service quality factors are service consistency and access, which consist of five & two variables respectively with the reliability co-efficient of 0.67 and 0.89 respectively. The other important service quality factors in banking are service components, tangibility, innovation, employee behavior, record maintenance, responsiveness and reliability.

SERVPERF Scale on Service Quality in Banks

Performance is the only measurement of service quality (SERVPERF) as identified by Cronin and Taylor (1992) and others (Babakus and Boller, 1992), has received significant conceptual and empirical support in service research (e.g. Boulding et.al. 1993; and Teas 1994)¹⁵. In a more recent study, Brady et.al. (2002) replicated and extended Cronin and Taylors' (1992) work and further confirmed the superiority of SERVPERF as a more appropriate method for measuring service quality. Cronin and Taylor (1994) indicated that the aggregation of the SERVPERF dimensions is useful for the purpose of comparative analysis and the data derive using the SERVPERF scale of strategic decision-marking.

The SERVPERF scale is prepared by,

$$SQ = \sum_{j=1}^k P_{ij}$$

Whereas,

SQi = Perceived service quality of individual 'i'

K = number of attributes / items
P = Perception of individual 'i' with respect to performance of a Service firm on attribute 'j'

The amount of research provides validation for the SERVPERF approach since it focuses on:

- i) Multi dimensional facets of the SERVPERF scale;
- ii) A direct link between specific dimensions of service quality and consumers satisfaction and behavioral intentions; and
- iii) Its application in an international setting.

Hence, the present study focuses on the service quality with the SERVPERF scales also. An Index has measured the SERVPERF scale on the banks among the customers. It is calculated by,

$$P I S E = \frac{\sum_{i=1}^n S P A_i}{\sum_{i=1}^n M S P A_i}$$

Whereas,

PISQ = Perception Index on Service Quality

SPA = Score of perception on the variables

MSPA = Maximum Score of perception on the variables

i=1.....n =No of variables in service quality.

Bank and Perception Index

To study the effect of Bank, the distributions of sample respondents according to Bank the perception index are shown in the following table 5. It could be noted from the table that the perception index among the SBI Group was ranged between 46 and 230 with

an average of 180.34. The perception index among OPSB was ranged between 46 and 230 with an average of 152.21. The perception index among PSB was ranged between 46 and 230 with an average of 130.96.

Thus, it is inferred from the above analysis that the maximum perception index was SBI Groups respondents.

With a view to find the degree of

Table 5:Bank and perception index

Bank	N	%	Range		Mean	SD
			Min	Max		
SBI Group	150	16.76	46	230	180.34	37.65
OPSB	500	55.87	46	230	152.21	50.54
PSB	245	27.37	46	230	130.96	61.08
Total	895	100	46	230	151.10	54.18

association between Bank of the respondents and perception index, a two-way table was prepared and the results are shown in the following table 6. It is found from the table that the percent Bank of high perception index of respondents was the PSB (9.39) among 61-80 respondents and the same was lowest (0.22) among the 41-60 respondents. The percent

Bank of OPSB perception index over the availability was the highest (16.87) among the respondents in 61-80 and the same was lowest (5.70) among the Up to 20 respondents. The percent Bank of the SBI level satisfaction was the highest (6.93) among the above 80 respondents and the same was lowest (0.22) among the up to 20 respondents.

Table 6:Bank and perception index

PISE level	Bank						Total	
	SBI Group		OPSB		PSB		F	%
	F	%	F	%	F	%		
Up to 20	2	0.22	51	5.70	67	7.49	120	13.41
21 - 40	7	0.78	71	7.93	61	6.82	139	15.53
41 - 60	36	4.02	122	13.63	2	0.22	160	17.88
61 - 80	43	4.80	151	16.87	84	9.39	278	31.06
Above 80	62	6.93	105	11.73	31	3.46	198	22.12
Total	150	16.76	500	55.87	245	27.37	895	100

In order to find the relationship between the Bank of the respondents and the perception index, a Chi-square test was used and result of the test is shown in the following Table 7.

Table 7

Factor	Calculated Chi-square value	Degrees of freedom	'p' Value	Remarks
Bank	172.854	8	.000	Highly Significant

It is noted from the above table that the 'p' value is less than 0.05 and hence the result is significant. Hence the hypothesis 'Bank of the respondents and the perception index are

not associated' is rejected. Therefore, it is concluded that there is close relationship between the Bank of the respondents and the perception index.

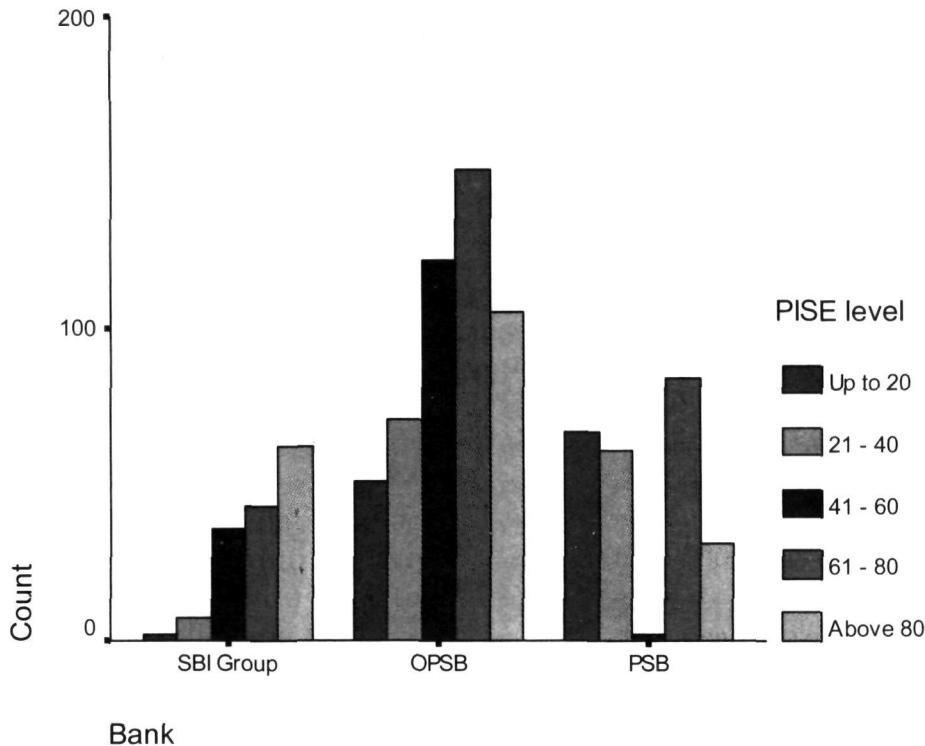


Figure 1: Bank and perception index

The important PISQ among the customers is 41 to 60 percent which constitutes 34.59 percent to the total. It is followed by 20 to 40 percent, which constitutes 24.84 percent to the total. The number of customers having a PISQ of above 80 percent constitute only 9.43 percent to the total. The first two PISQ among the customers in NPB are 41 to 60 percent and 20 to 40 percent whereas in the case of SBGs, these are 20 to 40 and 41 to 60 percent. In the private sector banks, these two are 41 to 60 and 61 to 80 percent. It reveals that the PISQ is higher

among the customers in private sector banks compared to others.

Nativity of the Respondents and Perception Index

To study the effect of Native of the respondents, the distributions of sample respondents according to rural and urban the perception index are shown in the following table. The perception index on service quality (PISQ) among the customers is confined to less

than 20 percent, 20 to 40 percent, 41 to 60 percent, 61 to 80 percent and above 80 percent.

The distribution of customers on the basis of their PISQ is shown in Table 8.

Table 8: Perception Index on Service Quality among Customers

Native	N	%	Range		Mean	SD
			Min	Max		
Rural	461	51.51	52	230	178.68	30.95
Urban	434	48.49	46	230	121.82	58.09
Total	895	100	46	230	151.10	54.18

To study the effect of Bank, the distributions of sample respondents according to Bank the perception index are shown in the following table 4.7.3. It could be noted from the table that the perception index among the rural was ranged between 52 and 230 with an average of 178.68. The perception index among urban was ranged between 46 and 230 with an average of 121.82. Thus, it is inferred from the above analysis that the maximum perception index was among rural Native respondents.

With a view to finding the degree of

association between Natives of the respondents and perception index, a two-way table was prepared and the results are shown in the following table 9. It is found from the table that the percentage of urban perception index of respondents was the highest (14.41) among 21-40 and the same was lowest (4.58) 41-60 respondents. The percentage of rural perception index over the satisfaction was the highest 20.45 among the respondents in 61-80 and the same was lowest (0.11) among the upto 20 respondents.

Table 9: Native and Perception Index

PISE level	Native				Total	
	Rural		Urban		F	%
	F	%	F	%		
Up to 20	1	0.11	119	13.30	120	13.41
21 - 40	10	1.12	129	14.41	139	15.53
41 - 60	119	13.30	41	4.58	160	17.88
61 - 80	183	20.45	95	10.61	278	31.06
Above 80	148	16.54	50	5.59	198	22.12
Total	461	51.51	434	48.49	895	100

In order to find the relationship between the Native of the respondents and the

perception index, a Chi-square test was used and result of the test is shown in the following table 10.

Table 10: Results of Chi-Square Test

Factor	Calculated Chi-square value	Degrees of freedom	'p' Value	Remarks
Native	331.785	4	.000	Highly Significant

It is noted from the above table that the 'p' value is less than 0.01 and hence the result is highly significant. Hence the hypothesis 'Nativity of the respondents and the

perception index are not associated' does not hold well. From the analysis it is concluded that there is close relationship between the Native of the respondents and the perception index.

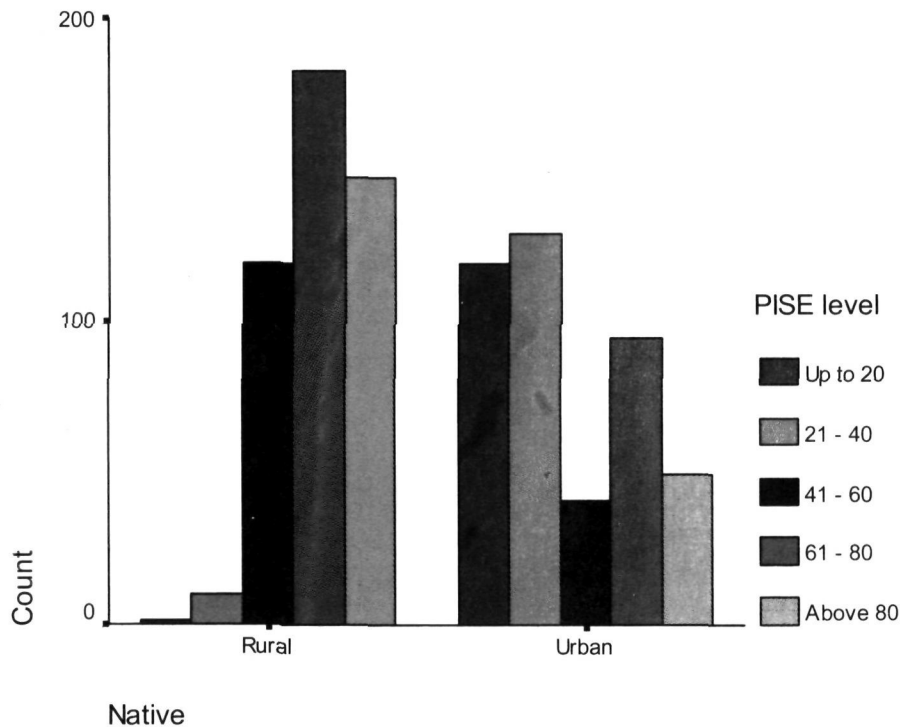


Figure 2: Nativity and Perception Index

The important PISQ among the customers is 41 to 60 percent which constitutes 34.59 percent to the total. It is followed by 20 to 40 percent, which constitutes 24.84 percent to the total. The number of customers have a PISQ of above 80 percent constitute only 9.43 percent to the total. The first two PISQ among the customers in NPB are 41 to 60 percent and 20 to 40 percent whereas in the case of SBGs, these 20 to 40 and 41 to 60 percent. In the urban, these two are 41 to 60 and 61 to 80 percent. It reveals that the PISQ is higher among the customers in urban compared to others.

Impact of Perception on Various Dimensions of Service Quality on Perception Index on Service Quality (PISQ)

The overall perception on the service quality in banks may be influenced by the perceptions on various dimensions of service

quality of bank. It is imperative for the banks to make a policy decision on improving specific dimension of service quality in banks. In order to identify the most crucial dimensions of service quality, which influence more on overall perception, the multiple regression analysis, has been administered. The fitted model is,

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e$$

Whereas,

Y = Perception Index on Service Quality among the Customers;

X₁=Perception Score on Reliability among the customers

X₂=Perception Score on Responsiveness among the customers;

X₃=Perception Score on Assurance among the customers;

- X_4 =Perception Score on Tangible among the customers;
 X_5 =Perception Score on empathy among the customers;
 b_1, b_2, b_5 =Regression co-efficient of independent variables
 e =error term
 a =Intercept.

The impact of perception on various service quality dimensions on the perception index is analyzed among the customers in Nationalized banks, State Bank Groups and Private Sector Banks separately. The resulting regression co-efficient of perception on various dimensions of service quality in banks is given in Table 11.

Table 11: Impact of perception on Different Dimensions of Service Quality on Perception Index on Service Quality

Management Commitment	Regression Co – efficient(Beta Values)			
	SBI	OPSB	PSB	Pooled
(Constant)	0.17	0.31	0.13	0.21**
Empathy	0.13**	-0.12**	0.16**	0.13**
Reliability	0.28**	0.21**	0.27**	0.24**
Assurance	0.28**	0.53**	0.26**	0.28**
Tangibility	0.21**	0.19**	0.20**	0.20**
Responsiveness	0.21**	0.22**	0.21**	0.22**
R^2	0.975**	0.932**	0.957**	0.95**
F - Statistics	331.901**	442.11**	348.47**	1022.22**

The significantly influencing perception factors on among the customers in OPSB are assurance, empathy and tangibility with the regression co-efficient of 0.53, -0.12 and 0.19 respectively. In the SBI, these factors are empathy, tangibility and responsiveness with the regression co-efficient of 0.13, 0.21 and 0.21 respectively. In the Private Sector Banks, these factors are all five service quality factors. The analysis on pooled data reveals that a unit increase in the service quality factor namely empathy, reliability, assurance, tangibility and responsiveness results in an increase in customers' perception by 0.13, 0.24, 0.28, 0.20 and 0.22 units respectively.

Thus, the null hypothesis is rejected. The conclusion is there is significant impact of service quality factors on customers, perception.

Impact of service quality factors on customers'

perception in Urban and Rural Branches

The impact analysis is done among the rural and urban customers separately. The multiple regression analysis is applied to evaluate the impact of five management commitment factors on the staff satisfaction among the staff in rural & urban as shown in table 12.

Table 12: Impact of Management Commitment Factors on Staff (Urban & Rural) Satisfaction

Management commitment	Regression Co - efficient		
	Urban	Rural	Pooled
(Constant)	0.21**	0.22	0.21**
Empathy	0.14**	-0.08	0.13**
Reliability	0.25**	0.22**	0.24**
Assurance	0.28**	0.49**	0.28**
Tangibility	0.20**	0.20**	0.20**
Responsiveness	0.22**	0.23**	0.22**
R^2	0.948**	0.943**	0.95**
F - Statistics	790.769**	228.67**	1022.22**

* Significant (at 5 %)

** Highly significant (at 1 % & 5 %)

The significantly influencing service quality factors on the customers' perception among the rural branches are assurance, reliability and tangibility. A unit increase in the above said three factors results in an increase in customers' perception by 0.49, 0.22 and 0.20 units respectively. In the case of urban branches, these significant factors are empathy, responsiveness and tangibility. A unit increase in the above said factors results in an increase in customers' perception by 0.14, 0.22 and 0.20 units respectively. The change in the service quality factors explains the changes in customers' perception to the extent of 94.3 and 94.8 percent in rural and urban branches respectively

Impact analysis between Rural and Urban Customers

The study made an attempt to analyze the impact of perception on five dimensions of service quality on the overall perception of service quality in banks among the rural and urban customers separately. The score of perception of five dimensions of service quality is taken as the score of independent variables whereas the perception index on

service quality is treated as the score of dependent variable. The multiple regression analysis is used to analyze the impact. The fitted regression model is

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where,

Y = Perception Index on Service Quality among the Customers;

X₁ = Perception Score on Reliability dimension of service quality;

X₂ = Perception Score on Responsiveness dimension of service quality;

X₃ = Perception Score on Assurance dimension of service quality;

X₄ = Perception Score on Tangible dimension of service quality;

X₅ = Perception Score on Empathy dimension of service quality;

b₁, b₂ ..b₅ = Regression co-efficient of independent variables

e = error term

a = Intercept

The resultant regression co-efficient of the independent variables among the rural and urban customers is shown in Table 13.

TABLE 13
Impact of Perception of Different Dimensions of Service Quality on Perception Index on Service Quality

Dimensions	Rural			Urban			Pooled		
	Beta	t	p	Beta	t	p	Beta	t	p
(Constant)	-0.532	7.627	0.000	-0.158	6.099	0.000	-0.257	10.275	0.000
Empathy	0.035	9.970	0.000	0.056	18.161	0.000	0.045	19.306	0.000
Reliability	0.005	0.758	0.449	0.019	2.969	0.003	0.016	3.432	0.001
Assurance	0.031	5.534	0.000	0.015	3.119	0.002	0.020	5.231	0.000
Tangibility	0.015	2.487	0.013	-0.018	3.448	0.001	-0.002	0.547	0.585
Responsiveness	0.033	4.034	0.000	0.037	5.649	0.000	0.035	6.591	0.000

The significantly influencing perception on the dimensions of service quality among the rural customers is reliability, responsiveness and assurance. A unit increase in the perception on the above dimensions of service quality results in an increase in overall perception of service quality by 0.2908, 0.2026 and 0.3664 units respectively. The change in independent variables explains the changes in dependent variables to the extent of 68.04 percent.

Among the urban customers, the significantly influencing variables on perception index are reliability, responsiveness and assurance with the regression co-efficient of 0.2141, 0.1331 and 0.2006 respectively.

Results and Discussions

The narrated eleven dimensions explain the variables in banks service quality to the extent of 68.48 percent. The first two important service quality factors in banking are credibility and customization, which consist of five variables in each with the reliability co-efficient of 0.79 and 0.83 respectively. The Eigen value of these is 8.252 and 5.294 respectively. The percentage of variance explained by these two factors is to the extent of 17.940 and 11.509 percent respectively. The next two important service quality factors are service consistency and access, which consist of five & two variables respectively with the reliability co-efficient of 0.67 and 0.89 respectively. The other important service quality factors in banking are service components, tangibility, innovation, employee behaviour, record maintenance, responsiveness and reliability.

In the State Bank Groups, the significantly influencing dimensions of service quality are reliability and responsiveness with regression co-efficient of 0.2963 and 0.1804 respectively.

The significantly influencing perceptions on dimensions of service quality among the customers in nationalized banks are reliability, assurance and empathy.

The Impact analysis on pooled data reveals that the important dimensions of service quality, which influence the overall perception on service quality in Private sector banks are reliability, empathy and responsiveness.

The significantly influencing perception on the dimensions of service quality among the rural customers is reliability, responsiveness and assurance

Among the urban customers, the significantly influencing variables on perception index are reliability, responsiveness and assurance

Research implications

The banks in this e banking era, should try to innovate products that match with the personality of the customers and also that suits the attitude of urban and rural customers of three segments of banks.

Scope for future research

Research studies can be undertaken that map the entire psychographics of the customers that would enable the banks to adopt strategic marketing methods to woo new customers. Comparative studies can be undertaken with regard to old private sector banks, new private sector banks and foreign banks.

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