

# SERVICE QUALITY IN BANKING SECTOR: 'A GAP ANALYSIS'

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## Abstract

Excellent service quality is the latest buzzword for every organization, and it is more pronounced in banking sector as it is service oriented. Banking these days has also been shifted from conventional to modern due to the technological advancement in banking arena. This present paper explores and pinpoints new dimensions of service quality in banking sector with respect to customer satisfaction on the basis of technological trends in the banking. For this, primary data has been collected through a questionnaire survey conducted in Haryana and National Capital Region. The sample constitutes 246 respondents of public sector and 240 respondents of private sector banks. The factor analysis is applied on 35 items related to various services provided by the banks to determine new dimensions for the further study. After that service quality gap score across banks have been analyzed to find out the satisfaction level of customers in form of these explored dimensions across banks. At last, overall satisfaction of customers from their respective banks has been analyzed.

**Keywords:** Service Quality, Perception, Customer Satisfaction, Gap Model, Banking Sector

## 1.1 Introduction

Banking system plays a very significant role in the economic growth and development of any country. An aggressive competition and highly stressed profits motive theory have introduced the new marketing practices in the banking sector and this concept has also brought the customer satisfaction to the core point to be focus for becoming successful. In today's market customers are treated as king of every organization. Thus, it becomes very important to satisfy them in order to make a place in the market and to retain the existing customer as well as to enlarge the same. Before 1990, banking system had been restricted from private participation in India and public sector banks had been enjoying the complete freedom under the economy. But since 1991, the process of liberalization and globalization of Indian economy has brought tremendous changes in the level of competition, advancement of technology, business environment and strategies to fulfill growing demand for varied and best quality of banking services. As the number of banks are increasing day by day, customers' expectations of service quality is also growing. It has become imperative to measure the service quality of the bank as a whole, so that the service providers can assess their level of service quality and identify the quality gaps for improvements. This can be achieved by providing better service quality in similarity to competitors. Service quality seems to be one of the most important determinants for measuring customer satisfaction. To deliver efficient services to their customers, the banks have

to understand what the customer really wants as, we know customer expectations are continuously increasing day by day and they expects timely, efficiently and qualitative service from the banking sector. In the present scenario under banking sector, the customer expectations are high due to general rise in the awareness level of customers. Now customers are aware of their rights, they compare the services rendered by various banks and select those banks that offers highest quality service at most competitive price. Thus, to face tough competition and to survive in the market, banks have to provide best service to their customers and satisfy them in a complete and effective way. The SERVQUAL model was used to access the service quality. According to the views *Parsuraman, Berry & Zeithaml (1985)* the methodology of service quality was originally based on five key dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy. But the time has changed and excellent service quality is the latest buzzword for every organization, and it is more pronounced in banking sector as it is service oriented. Banking these days has also been shifted from conventional to modern due to the technological advancement in banking arena. Thus, there is need to explore new dimensions of service quality in banking sectors so that bank managers must focus on these new dimensions while framing policies regarding how to satisfy the customers according to the concept of modern banking arena. This present paper explores and pinpoints new dimensions of service quality in banking sector with respect to customer satisfaction on the basis of technological trends in the banking. After that service quality gap score across banks have been analyzed to find out the satisfaction level of customers in form of these explored dimensions across banks

## **1.2 Review of Literature**

The literatures reviewed on the topic are as follows:

*Parasuraman et. al. (1985)* concluded ten dimensions of service quality which comprises tangibility, assurance empathy, reliability, responsiveness, competence, credibility, access, courtesy, communication, security and understanding the customers. They measured these service quality dimensions in four diverse service industries: retail banking, credit cards, securities, brokerage and product repair and maintenance. *Parasuraman et. al. (1991)* discovered twenty two item tool called SERVQUAL for assessing customers' perceptions of service quality in service and retail organizations. The 22-item scale is divided into five dimensions viz. tangibles, reliability, responsiveness, assurance and empathy. Respondents are asked to give the level of service expected from a service firm on the 22-item of expectations scale. After that perceived service quality is calculated by subtracting the expectations rating from the perceptions rating of each of the items. The study suggested that SERVQUAL instrument may be used individually or may be averaged across the 22 pairs of items to obtain an overall service quality score. *Avkiran (1994)* has found out six dimensions to gauge branch banking consumers perceived service quality for a major Australian trading bank. For the study, Principal Component factor analysis was used. The author further reduced the six dimensions into four dimensions namely staff conduct, credibility, communication and access to teller services. *Mohammed and Siba (2009)* evaluated the concept of service quality regarding internet banking services in India from customer point of view and for this, a questionnaire consisting of forty four service quality items was administered which further consisted of seven quality dimensions, viz. user friendliness, reliability, accessibility, privacy, fulfillment, responsiveness

and efficiency. The results reveals that customers were pleased with quality of service on five dimensions such as accessibility, privacy, reliability, responsiveness and fulfillment but they were found less satisfied with the 'user-friendliness' dimension. **Kumar and Mishra (2015)** analyzed a study on widening service quality gap and customer satisfaction: a case of public sector banks and further concluded that there was a negative service gap in all the SERVQUAL dimensions. The study further observed least gap in tangibility dimension and largest gap in responsiveness and assurance dimension. **Dhade and Mittal (2016)** examined the impact of service quality on customers' satisfaction in Public and Private sector banks on the sample of 500 respondents i.e. 250 respondents from each bank. The study concluded that factors such as knowledge of products, response to need, solving questions, fast service and efforts to reduce queue have positive impact on customers satisfaction and factors assistance to customers, appearance and follow up have negative impact on customers satisfaction in private sector banks whereas, knowledge of products and fast service are positively associated with customer satisfaction and the only factor i.e. appearance have negative association with customer satisfaction.

Previous researches focus on the concept of five major dimensions of SERVQUAL as provided by Parasuraman in the year 1988. The dimensions are tangibility, reliability, responsiveness, empathy and assurance. But, the earlier studies ignore the new service quality items related to technological advancements and customer satisfaction in context of Indian banking sector. To fulfill the gap, an effort has been made to explore other dimensions of service quality in banking sector and to measure the satisfaction level of customers' derived from these dimensions from their respective banks.

### **1.3 Research Objectives and Hypotheses**

Taking into consideration earlier studies, it has been identified that only five major dimensions given by Parasuraman et. al. comprising 22 service quality items have been considered for research work till now. So, this paper aims to find out the relevance of thirty five service quality items to explore new dimensions of service quality if any in context of Indian banking sector with the help of exploratory factor analysis. The objectives of the research paper are: - to explore the new dimensions of service quality for banking sector in India based on the primary data collected through field survey and to find out the satisfaction level of customers from these explored dimensions in their respective banks. Hence, this paper is based on exploring new dimensions of service quality in banking sector to fill the gap (if any). The hypothesis formulations from the studies are as follow:

- 1) **H01:** There are only five dimensions of service quality as prescribed by Parasuraman, Zeithaml and Berry in the year 1988.
- 2) **H02:** There is no significant difference between customers' satisfaction level regarding service quality dimensions offered by public sector banks and private sector banks.

### **1.4 Research Methodology**

The research work is based both on primary as well as secondary data. Secondary data include review of existing literature to choose the important variables for study to explore the dimensions of service quality. From the review of literature, objective of the study has been decided. Primary data for the research is collected with the help of questionnaire to achieve the

objectives of the study. To achieve the objective, a structured questionnaire is developed. To explore the new dimensions of service quality, a factor analysis has been applied on customer perception regarding thirty five statements of service quality on a sample of total 486 respondents of public and private sector banks. The 5-point Likert scale ranging from 1 as strongly disagree to 5 for strongly agree was used to rate the extent of customers' perception towards service quality dimensions. The survey was done on a sample of 486 respondents of both public and private sector banks. The research conducted in the study consists of customers of both public and private sector banks who are availing the banking services. Respondents are chosen from Haryana and National Capital Region.

### **1.5 Results and Discussion**

To explore the new dimensions of service quality, a factor analysis has been applied on 35 statements of service quality. Further, to determine the validity of these statements, reliability, correlation analysis, KMO and Bartlett's test have been applied. At last factor analysis, rotated component matrix and naming of factors is being done.

#### **1.5.1 Reliability analysis of 'Service Quality in Banks'**

Before exploring the factors which helps in determining the dimensions of service quality in banks, it is essential to check the reliability of service quality variables. The reliability is checked through SPSS 16.0 version software and the cronbach's alpha of the questionnaire is found to be 0.876 for all the thirty five statements.

#### **1.5.2 Relationship Between Variables of 'Service Quality in Banks'**

After reliability test, correlation analysis is conducted to examine the relationship between the variables of service quality respectively. The value of correlation for various "variables of service quality" ranges from  $p < 0.05$  to 0.01 which shows that almost all the variables are positively correlated with each other. After this KMO and Bartlett's test is applied.

#### **1.5.3 KMO and Bartlett's Test of Sphericity**

After examined the relationship between various variables of service quality of banking sector, accuracy of factor analysis is assessed by investigating sampling adequacy through Kaiser-Meyer-Olkin and Bartlett's test of sphericity as shown in Table 1. The KMO value of the statistics is 0.815 ( $> 0.5$ ) which is considered good (*Kaiser, 1960*). Here, the value of KMO is found to be 0.816 of all the variables. Thus, factor analysis test can be applied on the data.

**Table 1      KMO and Bartlett's Test of Sphericity**

<b>Kaiser –Meyer-Olkin Values</b>	<b>Bartlett's Test of Sphericity</b>		
	<b>Approx. Chi-Square</b>	<b>df</b>	<b>Sig.</b>
0.816	13018.44	595	0.000

**Source:** Survey

#### **1.5.4 Factor Analysis**

Here, factor analysis is carried out to investigate the linear relationship between some underlying factors. The factor analysis test is applied on thirty five statements using principal component analysis method with rotated component matrix. The output of factor analysis is obtained by requesting principal component analysis and specifying the rotation. Table 2 illuminates eigen values, percentage of variance and cumulative variance as explained by thirty

five variables of service quality practices in banks. The factors with an eigen value of more than 1.00 are retained according to Kaiser Rule (*Kaiser, 1960*). As evident from same table (looking at the cumulative percent column) we find that the ten factors extracted together accounts for 73 % of the total variance (information contained in the original 35 statements) which is greater than (60%). Hence, the numbers of statements are reduced from 35 to 10 underlined factors.

The first factor accounts for 24.110 percent of variance, the second factor accounts for 9.990 percent of variance, third factor accounts for 9.398 percent of variance, fourth factor accounts for 6.309 percent of variance, fifth factor accounts for 5.136 percent of variance, the sixth factor accounts for 4.172 percent of variance, seventh factor accounts for 4.081 percent of variance, eighth factor accounts for 3.864 percent of variance, ninth factor accounts for 3.066 percent of variance and tenth factor accounts for 2.876 percent of variance. It can be concluded that rest of residual factors are not influential. To sum up, it is abstracted that 73 percent of total variance is retained by the ten factors and 27 percent of information is lost out of the thirty five original variables.

**Table 2 Factor Analysis for 'Variables of Service Quality in Banks'**

Statements	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
S1	8.438	24.110	24.110	8.438	24.110	24.110	4.124	11.782	11.782
S2	3.497	9.990	34.100	3.497	9.990	34.100	3.985	11.385	23.167
S3	3.289	9.398	43.497	3.289	9.398	43.497	3.457	9.877	33.044
S4	2.208	6.309	49.806	2.208	6.309	49.806	3.334	9.526	42.570
S5	1.798	5.136	54.942	1.798	5.136	54.942	2.304	6.583	49.152
S6	1.460	4.172	59.114	1.460	4.172	59.114	1.998	5.708	54.860
S7	1.428	4.081	63.195	1.428	4.081	63.195	1.950	5.572	60.432
S8	1.352	3.864	67.058	1.352	3.864	67.058	1.556	4.447	64.879
S9	1.073	3.066	70.124	1.073	3.066	70.124	1.492	4.262	69.141
S10	1.007	2.876	73.000	1.007	2.876	73.000	1.350	3.859	73.000
S11	0.876	2.503	75.503						
S12	0.787	2.249	77.752						
S13	0.715	2.044	79.797						
S14	0.699	1.996	81.792						
S15	0.659	1.882	83.675						
S16	0.587	1.676	85.350						
S17	0.559	1.598	86.948						
S18	0.517	1.476	88.424						
S19	0.474	1.353	89.777						
S20	0.457	1.306	91.084						
S21	0.404	1.154	92.237						
S22	0.369	1.055	93.292						
S23	0.357	1.021	94.314						
S24	0.317	0.905	95.218						
S25	0.293	0.838	96.057						



S26	0.288	0.823	96.880						
S27	0.261	0.746	97.626						
S28	0.240	0.685	98.311						
S29	0.189	0.541	98.852						
S30	0.156	0.445	99.297						
S31	0.100	0.284	99.582						
S32	0.074	0.213	99.795						
S33	0.045	0.130	99.924						
S34	0.020	0.058	99.982						
S35	0.006	0.018	100.00						

**Source:** *Survey*

**Extraction Method:** *Principal Component Analysis*

**Table 3 Rotated Component Matrix**

<b>No.</b>	<b>Statements</b>	<b>Components Extracted After Factor Analysis</b>									
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>S1</b>	Bank has trustworthy employees who can provide personal attention to customers.				0.916						
<b>S2</b>	Bank makes coordinated efforts to satisfy their customers.				0.905						
<b>S3</b>	Bank provides special privileges to its key customers.					0.959					
<b>S4</b>	Bank offers competitive rate of interest on loans.								0.868		
<b>S5</b>	Bank always deliver its services promptly at the time it promises to do so.			0.804							
<b>S6</b>	Bank wishes its customers on special occasions.					0.953					
<b>S7</b>	Bank employees shows sympathetic attitude in case of urgent requirement for funds.								0.514		
<b>S8</b>	Bank makes the customers feel safe while transacting with the bank.				0.913						
<b>S9</b>	Bank has modern and visual appealing physical facilities.	0.770									
<b>S10</b>	Bank has a neat and clean place to sit and for wait.	0.675									
<b>S11</b>	Bank has a prime location easily accessible to one and all.	0.620									
<b>S12</b>	Bank employees are in neat and professional appearance.	0.640									
<b>S13</b>	Bank processes is simple and well-defined.	0.790									
<b>S14</b>	There is easy availability of loose pay-in slips, DD forms, challans, withdrawal slips etc. with the bank.	0.757									
<b>S15</b>	Bank keeps accurate records of customers in a reliable manner.		0.967								
<b>S16</b>	Banks provides the facility of online banking transactions.								0.521		
<b>S17</b>	Bank always maintains, monitor and updates customer information at every point of contact.	0.782									
<b>S18</b>	Bank always respond to customer's enquiries and requests in a real time.								0.609		
<b>S19</b>	Bank performs its services right at the first time.			0.952							
<b>S20</b>	Bank gives individual attention to its customers.								0.694		
<b>S21</b>	When customer has a problem, the banker shows a sincere interest in solving it.	0.535									
<b>S22</b>	Bank employees are willing to help customers in a responsive manner.	0.575									
<b>S23</b>	Bank doesn't promise anything to customers that it cannot deliver.		0.942								
<b>S24</b>	Bank employees serve customer's best interests at heart.				0.836						
<b>S25</b>	Bank employees handle customer's complaint effectively.	0.602									
<b>S26</b>	Bank keeps the information regarding customers confidential while dealing through online banking.								0.701		
<b>S27</b>	Bank tells customers exactly when the services will be performed.	0.675									
<b>S28</b>	Bank employees understand the specific needs of the customers.				0.746						
<b>S29</b>	Bank organizes various seminars/conferences and workshops to give information & educate customers regarding proper use of their products and services.	0.648									
<b>S30</b>	Bank has formal complaint system to welcome complaints from the customers.					0.699					



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S31	Bank provides regular and timely statement of accounts through its channels.	0.824									
S32	Bank keep the material confidential related to grievances.							0.726			
S33	Bank has convenient operating hours for all the customers.					0.651					
S34	Bank maintains proper records for grievances.							0.618			
S35	Bank has helpful front office staff.	0.659									

Source: Survey

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

### 1.5.5 Naming and Description of Factors

This part of analysis describes the naming of factors, statements loaded on factor, eigen values and percentage of variance explaining the respective factors. The description of factors signifying dimensions of service quality are shown below in Table 4.

#### Factor 1: Responsiveness

Table 4 suggests that variables S17, S21, S22, S25, S27, S29, S31 and S35 have loadings of 0.782, 0.535, 0.575, 0.602, 0.675, 0.648, 0.824 and 0.659 respectively indicating that Factor-1 (F1) is a combination of these eight statements. These statements can be clubbed into a single factor called "Responsiveness" as it explains 24.110 percent of variance with eigen value 8.348 for underlying continuum of service quality.

#### Factor 2: Tangibility

For next important factor, it is extracted that statements, S9 (bank has modern and visual appealing physical facilities), S10 (bank has a neat and clean place to sit and for wait.), S11 (bank has a prime location easily accessible to one and all), S12 (bank employees are in neat and professional appearance), S13 (bank processes is simple and well-defined), S14 (there is easy availability of loose pay-in slips, dd forms, challans; withdrawal slips etc. with the bank) have loadings of 0.770, 0.675, 0.620, 0.640, 0.790 and 0.757 respectively on Factor-2 (F2). This suggests that factor two is a combination of these six statements. Keeping in view the nature of the statements, factor two can be interpreted as "Tangibility". This factor explains 9.990 percent of variance with eigen value 3.497 of service quality.

#### Factor 3: Reliability

As for Factor-3, it is extracted that statements, S5 (bank always deliver its services promptly at the time it promises to do so), S15 (bank keeps accurate records of customers in a reliable manner), S19 (bank performs its services right at the first time) and S23 (bank does not promise anything to customers that it cannot deliver) have the loadings of 0.804, 0.967, 0.952 and 0.942 respectively. This factor consists of the above four statements can be termed as "Reliability" and it consists of 9.398 percent of variance with eigen value 3.289 of service quality.

**Table 4 Naming and Description of Factors of Service Quality Dimensions**

No.	Statements	Factor Loadings
<b>F1 Responsiveness (Eigen Value =8.438, Percent of Variance= 24.110)</b>		
S17	Bank always maintains, monitor and updates customer information at every point of contact.	0.782
S21	When customer has a problem, the banker shows a sincere interest in solving it.	0.535
S22	Bank employees are willing to help customers in a responsive manner.	0.575
S25	Bank employees handle customer's complaint effectively.	0.602
S27	Bank tells customers exactly when the services will be performed.	0.675
S29	Bank organizes various seminars/conferences and workshops to give information & educate customers regarding proper use of their products and services.	0.648
S31	Bank provides regular and timely statement of accounts through its channels.	0.824
S35	Bank has helpful front office staff.	0.659
<b>F2 Tangibility (Eigen Value =3.497, Percent of Variance= 9.990)</b>		
S9	Bank has modern and visual appealing physical facilities.	0.770
S10	Bank has a neat and clean place to sit and for wait.	0.675
S11	Bank has a prime location easily accessible to one and all.	0.620
S12	Bank employees are in neat and professional appearance.	0.640

S13	Bank processes is simple and well-defined.	0.790
S14	There is easy availability of loose pay-in slips, DD forms, challans; withdrawal slips etc. with the bank.	0.757
<b>F3 Reliability (Eigen Value =3.289, Percent of Variance= 9.398)</b>		
S5	Bank always deliver its services promptly at the time it promises to do so.	0.804
S15	Bank keeps accurate records of customers in a reliable manner.	0.967
S19	Bank performs its services right at the first time.	0.952
S23	Bank does not promise anything to customers that it cannot deliver.	0.942
<b>F4 Assurance (Eigen Value =2.208, Percent of Variance= 6.309)</b>		
S1	Bank has trustworthy employees who can provide personal attention to customers.	0.916
S2	Bank makes coordinated efforts to satisfy their customers.	0.905
S8	Bank makes the customers feel safe while transacting with the bank.	0.913
<b>F5 Empathy (Eigen Value =1.798, Percent of Variance= 6.309)</b>		
S24	Bank employees serve customer's best interests at heart.	0.836
S28	Bank employees understand the specific needs of the customers.	0.746
S33	Bank has convenient operating hours for all the customers.	0.651
<b>F6 Customer Relationship Management (Eigen Value = 1.460, Percent of Variance= 5.136)</b>		
S3	Bank provides special privileges to its key customers.	0.959
S6	Bank wishes its customers on special occasions.	0.953
<b>F7 Grievance Handling System (Eigen Value =1.428, Percent of Variance= 4.172)</b>		
S30	Bank has formal complaint system to welcome complaints from the customers.	0.699
S32	Bank keep the material confidential related to grievances.	0.726
S34	Bank maintains proper records for grievances.	0.618
<b>F8 Competitiveness (Eigen Value =1.352, Percent of Variance= 4.081)</b>		
S4	Bank offers competitive rate of interest on loans.	0.868
S7	Bank offers no prepayment charges for the earliest payment.	0.514
<b>F9 Customer Friendly (Eigen Value =1.073, Percent of Variance= 3.864)</b>		
S18	Bank always respond to customer's enquiries and requests in a real time.	0.609
S20	Bank gives individual attention to its customers.	0.694
<b>F10 E-Banking (Eigen Value =1.007, Percent of Variance=2.876)</b>		
S16	Banks provides the facility of online banking transactions.	0.521
S26	Bank keeps the information regarding customers confidential while dealing through online banking.	0.701

**Source:** Survey

**Extraction Method:** Principal Component Analysis

**Rotation Method:** Varimax with Kaiser Normalization

#### Factor 4: Assurance

This is the fourth important factor which explains 6.309 percent of variance with eigen value 2.208 for underlying continuum of service quality. Further from table, it is noticed that the statements S1 (bank has trustworthy employees who can provide personal attention to customers), S2 (bank makes coordinated efforts to satisfy their customers) and S8 (bank makes the customers feel safe while transacting with the bank) have the highest loadings of 0.916, 0.905 and 0.913 respectively. This factor can be termed as "Assurance".

#### Factor 5: Empathy

As for Factor-5 it is extracted that statements S24 (bank employees serve customer's best interests at heart), S28 (bank employees understand the specific needs of the customers) and S33 (bank has convenient operating hours for all the customers) have the highest loading of 0.836, 0.746 and 0.651 respectively. This factor consists of the above three statements and can be termed as "Empathy" and it explain 6.309 percent of variation with eigen value 1.798.

**Factor 6: Customer Relationship Management**

This factor reflects 5.136 percent of total variance with eigen value 1.460 for underlying continuum of service quality. The statements S3 (bank provides special privileges to its key customers) and S6 (bank wishes its customers on special occasions) have the highest loadings of 0.959 and 0.953 respectively on this factor. This put forward that Factor-6 is a combination of these two statements and can be termed as "Customer Relationship Management".

**Factor 7: Grievance Handling System**

This is the seventh significant factor and it reflects 4.172 percent of variance percent of total variance with eigen value 1.428 for underlying continuum of service quality. It is noticed that the statements S30 (bank has formal complaint system to welcome complaints from the customers), S32 (bank keep the material confidential related to grievances) and S34 (bank maintains proper records for grievances) have the highest loading of 0.699, 0.726 and 0.618 respectively. This factor can be termed as "Grievance Handling System".

**Factor 8: Competitiveness**

This is another essential factor, which reflects 4.081 percent of variance percent of total variance with eigen value 1.352 for underlying continuum of service quality. The statements S4 (bank offers competitive rate of interest on loans) and S7 (bank offers no prepayment charges for the earliest payment.) have the highest loadings of 0.868 and 0.514 respectively on this factor. This suggests that Factor 8 is a combination of these statements and can be termed as "Competitiveness".

**Factor 9: Customer Friendly**

It is another important factor, which reflects 3.864 percent of variance percent of total variance with eigen value 1.073 for underlying continuum of service quality. The statement S18 (bank always respond to customer's enquiries and requests in a real time) and S20 (bank gives individual attention to its customers) having highest loadings of 0.609 and 0.694 respectively on this factor. Factor 9 can be termed as "Customer Friendly".

**Factor 10: E-Banking**

Factor 10 is another vital factor, which reflects 4.262 percent of variance. The statements S16 (banks provides the facility of online banking transactions and S26 (bank keeps the information regarding customers confidential while dealing through online banking) have the highest loadings of 0.521 and 0.701 respectively on this factor. This recommends that Factor 10 can be termed as "E- Banking".

Thus, it is concluded that factor analysis determines ten important dimensions of service quality (in the form of ten factors), viz. empathy, customer relationship management, grievance handling system, competitiveness, responsiveness, tangibility, reliability, assurance, customer friendly and e-banking. Hence, the hypothesis  $H_0$  (1) is rejected. The factors extracted from the statements are comprehensive combination of service quality prevalent in India. The results under this analysis are similar to the analysis done in earlier studies by *Avikiran (1994) and Dhade and Mittal (2016)*. The analysis of this study concluded that service quality is not based on the five dimensions of SERVQUAL as prescribed by Parasuraman et. al., 1988 and 1991 but also on many other dimensions as extracted in form of various factors from this study.

### 1.5.6 Gap Analysis in Service Quality

Table 5 highlights the service quality gap score in dimensions of public and private sector banks. From analysis, it is revealed that maximum gap is found in tangibility dimension (6.22) in public sector banks and minimum gap is found in reliability (0.41) in public banks. On the other hand, maximum gap is found in reliability dimension (2.46) in private sector banks and minimum gap is found in grievance system dimension (-0.05) in private sector banks. The result of this analysis is contradictory with previous study analysis done by *Kumar & Mishra (2015)*.

Table 5 Service Quality Gap Score across Banks

SERVICE QUALITY DIMENSIONS	Public Sector Banks			Private Sector Banks		
	C.E	C.P	GAP (C.E.-C.P)	C.E	C.P	GAP (C.E.-C.P)
Responsiveness	35.19	31.51	3.68	35.31	33.84	1.47
Tangibility	27.33	21.11	6.22	26.42	27.63	-1.21
Reliability	17.37	16.96	0.41	17.93	15.47	2.46
Assurance	13.42	11.60	1.82	12.93	13.91	-0.98
Empathy	13.07	11.62	1.45	13.11	13.03	0.08
Customer Relationship Management	9.12	7.70	1.42	8.83	8.90	-0.07
Grievance handling system	13.12	11.23	1.89	12.82	12.87	-0.05
Competitive	9.24	7.35	1.89	8.99	7.03	1.96
Customer friendly	8.93	7.15	1.78	9.29	7.90	1.39
E-banking	8.72	7.50	1.22	8.71	8.90	-0.19
<b>Total gap</b>	<b>155.51</b>	<b>133.73</b>	<b>21.78</b>	<b>154.34</b>	<b>149.48</b>	<b>4.86</b>

Source: Survey

Note: C.E.-C.P. = Customers' Expectation- Customers' Perception

### 1.6 Managerial Implications

Results based on a factor analysis identify ten factors that influence customers' evaluation of service quality of banking services. The factors are responsiveness, tangibility, reliability, assurance, empathy, and customer relationship management, grievance handling, and competitiveness, customer friendly and e-banking. Among these ten factors, five factors are same as suggests by Parsuraman et. al. namely, tangibility, reliability, responsiveness, empathy and assurance and another five factors i.e. customer relationship management, grievance handling, competitiveness, customer friendly and e-banking are also important to satisfy customers in complete way. Further, it is also evident that among all service quality dimensions, mean score gap i.e. gap between customers' expectations and customers' perceptions is highest in public sector banks in comparison with private sector banks. On contrary, in private sector banks negative sign in dimensions i.e. tangibility, grievance handling system, assurance and customer relationship management reveals that customers' perceptions are more than customers' expectations. The findings of the study make easy for the bank managers to have a better understanding of customers' perceptions in form of new service quality dimensions of banking sector explored in the study and correspondingly suggest how to improve the satisfaction level of customers regarding these dimensions enclosing various services provided by the banks.

## 1.7 Future Research Directions

This study is expected to build a surface for researchers who are interested to conduct further studies in field of service quality with the implications of these new dimensions of banking sector in both rural and urban areas. As the study is restricted on 500 respondents of Haryana and Delhi area of NCR due to money and time constraints, the future research could be done on a large sample of data. This study belongs to respondents of public sector banks and private sector banks, for future research foreign banks respondents could also be focused. Thus, findings of the study may be generalized keeping in view these factors as mentioned.

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