ABSTRACT

The Indian banking industry is going through turbulent times. A decade of economic and financial sector reforms has strengthened the fundamentals of the Indian economy and transformed the operating environment for banks and financial institutions in the country. The banking industry, being very competitive, not only focuses on providing wide product lines to create competitive advantages, but also emphasizes the importance of its services, particularly in maintaining service quality. For the first time in the last five decades, quality has become the key slogan in Indian organizations as they strive for a competitive advantage in an atmosphere characterized by liberalization, globalization and knowledgeable customers. Today's Customers are deeply concerned about having a high quality experience in Banking. They expect atmosphere and entertainment and prefer banks with a personality rather than those perceived as offering a commodity. Quality of service is becoming an increasingly important differentiator between competing businesses in the Banking sector.

Service Quality evaluation is a highly complex process that may operate at several levels of abstraction which makes conceptualization and measurement of service quality a real difficult task. With increasing competition, service quality has been a popular area of academic investigation and has recognized as a key factor in keeping competitive advantage and sustaining satisfying relationship with customers especially in dynamic
banking sector. These aspects highly motivated the researcher to take up the present study.

Researchers operationalize the service quality construct as a gap between expectation of service and perceived performance of service. Service quality dimensions are seen as the criteria to assess service quality. There are five dimensions of service quality namely, tangibles reliability, responsiveness, assurance and empathy.

The above mentioned dimensions are evaluated based on the consumer’s Expectations and Perceptions. Delivering quality service means conforming to customer expectations on a consistent basis which results in satisfaction.

This study is a descriptive one. It attempts to find out the service quality differences between the consumer expectation and consumer perception in the banking sectors based on the service dimensions namely tangibility, reliability, responsiveness, assurance and empathy. This research on service quality is carried out for Public Banks, Private banks and Foreign Banks. Though the study can be made extensive, the scope is limited to service quality of personal services for nine pre-selected major Banks (Indian Bank, State Bank of India, Indian Overseas Bank, ICICI Bank, Axis Bank, HDFC Bank, American Express Bank, HSBC Bank and ABN amro Bank) in Public Banks, Private Banks and Foreign Banks in Chennai city. The study investigates the consumer behaviour towards Public Banks, Private Banks and Foreign Banks. The literature survey records and represents the historical
evolution of service quality, its measurement and its application in banking sectors. Structured Questionnaire is used for this study. The Sampling method employed is Simple random sampling. A sample of 450 consumers of Banking sector is selected for the study. 150 samples from Public Banks, 150 samples from Private Banks and 150 from Foreign Banks are selected. The data collected is analysed using statistical tools namely Mean, ANOVA, Chi square and Factor analysis.

The statistical analysis of the survey responses in this study reveals interesting findings. The sample of customers consists more of male, postgraduates, above the age group of twenty, working in Private organization with annual income above than Rs. 1,50,000. The expectations are high for visually appealing physical facilities (Tangibles), followed by Employees interest in customer (Reliability). The level of perceptions is high for visually appealing physical facilities (Tangibles), followed by error free records (Reliability). There is a large difference between the expectation and perception of customers in quality dimension namely responsiveness especially the intimation of when the service will be provided in Public, Private and Foreign Banks. Most of the customers of Banking sector are satisfied with services of banks especially Foreign Banks. Based on the analysis, the researcher developed a model for service quality for banking sector. Hence this issue should be the central concern for banks as well as service management academics and practionaires. Important managerial implication and recommendation are also presented.