EXECUTIVE SUMMARY

Service quality is considered as an important part of any service organization especially to customer centric system like bank. There have been a lot of studies on this aspect and the results of those have paved ways for better customer focused service systems. This is a research which is used to find quality of service of banks so as to compare the banks in terms of service quality. The study uses public sector banks like SBI, Corporation and IDBI , Private sector banks like HDFC and Co-operative sector banks like Saraswat for the study.

Customers and employees of selected branches of these banks were taken for this study. Also the study uses customers (though the number is limited) of ICICI bank also. The banks were selected because they are very important in terms of size and volume of business. Also the researcher found them convenient to study. The study tries to find out the difference between these banks in terms of parameters of service quality and find out the areas which require improvement for a bank.

The data collection was done over a period of more than one year and was divided into two sections. First the pilot study was done to reduce the number of questions for customers from 45 to 37. The statements were reduced using factor analysis. The statements whose factor loading was less than 0.7 were not taken for the final sample.

Employee questionnaire was kept the same as the number of employees which could have been obtained was less and so pilot study was not possible. The objective of employee questionnaire was to find out the impact of organizational policies and commitment to providing good service to customers. Customer questionnaire used a combination of model by Nantel and Bahla on banking service (2000) and SERVQUAL by Parasuraman and Zeithmal(1985). The study focused on elements of service which makes customer happy and the rating of them on likert scale.
The study is an attempt to compare the bank types though I was successful in collecting more data from banks in public sector. Banks which are private were not so helpful and so the sample size was far less. Only HDFC I could muster data as ICICI Bank did not allow much customer data collection as well as they did not allow employee data collection and so their employees were not taken. The data collected was analysed using factor analysis, cluster analysis and hypothesis testing. No parametric test called as Kruskal Wallis test was used for the data analysis. Wherever required mean values were also considered and graphs or charts were drawn wherever necessary.

Data analysis found that banks which are private are superior to banks which are in public sector in lot of areas. In all the areas of quality in service from the point of thinking from customer, namely tangibles, effectiveness, price, reliability and access the different types of banks are not the same.

Banks except Industrial Development Bank of India are not able to understand the customer needs and they think that they are giving good service to customers which is actually proved to be wrong. The study found 7 factors which are prominent in customer satisfaction. Out of this “Effectiveness and Assurance” factor is the most important factor.

Except for IDBI bank all other banks namely HDFC, Saraswat, Corporation and SBI were found to have negative difference between employee perception and customer satisfaction which means that though employees feel that they are able to satisfy the customers there is a lot to be desired in this aspect.

Employee analysis reveals that factors like management information, Training given and working environment are very important for giving very good service to customers.
Perception of employees towards the important factors of service quality was found to be the same across the types of banks. It was also found out that in the major banks selected for the study, perception of employees towards the important factors of service quality is different according to the bank name.

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The study took close to 458 customers of SBI, HDFC, IDBI, CORPORATION, SARASWAT AND ICICI Banks and 112 employees of these banks. Also, I had taken 70 customers of other banks as additional samples to check the results obtained (for customers). Sample size may be a constraint and so results cannot be generalized. The study did not take employees from ICICI Bank and also did not compare employee perception and customer satisfaction for all the factors of service quality. Also, hypothesis was not used for comparing service quality perception of customers pertaining to the account characteristics of the clients of the banks.

The study also took 75 samples from customers (using convenience sampling) to find out relative positions of the different banks which will give idea about similarity of banks.

The results also gave ideas that there exists a gap between banks in terms of the quality of service given. These results may be less valid in a different service industry. Therefore, this study could be replicated within other services (e.g., healthcare, hotels, education, and transportation) to further examine these research hypotheses.

Another suggestion for future research is to investigate if these demographic variables affect quality of service areas like effectiveness and assurance, access to the service, cost price, bank tangibles, portfolio of services, and reliability, which will help banks to identify the strategies in a better fashion.