CHAPTER 1

METHODOLOGY

INTRODUCTION AND
CHAPTER - I

INTRODUCTION AND METHODOLOGY

Banking system plays a pivotal role in the development of the economy of any nation. The liberalization and economic reforms in 1991 generated increased competition among banks. Increasing competition forced the banks to think of better ways and means of generating revenues from different sources other than conventional borrowing and lending activities. A good banking sector with a good banking habit can accelerate the pace of development of a country. Banking is a key industry in the service sector and it is indeed the financial nerve center of the economy. Nowadays many banks started giving importance to customers' relationship and hence they used all sorts of technologically advanced services and facilities. This has an overwhelming impact on customer's behavior which causes the customer to be hypersensitive to the quality of service. Customer service in the banks is a continuing issue. In a deregulated environment, customers' expectations keep rising, as they look for more convenient and flexible option available to them at competitive rates from many players operating in the field. This has made the acquisition of customer patronage a formidable task. Service quality and customer's satisfaction is now a new watchword in the Indian banking scene.

The focus of this chapter is on the introduction of the study, conceptual framework, need for the study, objectives, statement of hypothesis, research methodology, limitations and the scheme of chapterisation.

1.1 Introduction

Service sector is the lifeline for the social economic growth of a country. It is today the largest and fastest growing sector globally contributing more to the global output and employing more people than any other sector. The real reason for the growth of the service sector is due to the increase in
Urbanization, Privatization and more demand for intermediate and final consumer services. Availability of quality services is vital for the well being of the economy. In advanced economies the growth in the primary and secondary sectors are directly dependent on the growth of services like banking, insurance, trade, commerce, entertainment etc.

Service Sector in India has been growing rapidly and its contribution to Gross Domestic Product (GDP) reached 64.5% in 2008 - 2009. The rapid growth can be credited to the better management of innovations that have enabled marketers to focus on services as the differentiator.

The Indian growth story has been dented by a number of skeptical predictions but the Centre for Monitoring Indian Economy (CMIE) has reiterated in a recent report that it expects India’s GDP to grow at 9.5% in 2008 – 2009. The report also predicts that the service sector is expected to grow at 10.6% thereby spearheading growth and alleviating skepticism. Contribution of the service sector to India’s GDP has increased substantially over the past few decades.

Growth of service sector in India and their percentage of share in India’s GDP are mentioned in the table 1.1 below

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage share of service in India’s GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 - 03</td>
<td>58.7%</td>
</tr>
<tr>
<td>2003 - 04</td>
<td>58.9%</td>
</tr>
<tr>
<td>2004 - 05</td>
<td>60.2%</td>
</tr>
<tr>
<td>2005 - 06</td>
<td>61.1%</td>
</tr>
<tr>
<td>2006 - 07</td>
<td>62.0%</td>
</tr>
<tr>
<td>2007 - 08</td>
<td>63.0%</td>
</tr>
<tr>
<td>2008 - 09</td>
<td>64.5%</td>
</tr>
</tbody>
</table>

(Source: Central statistical organization)
This growth rate of service sector may strengthen economic activity supported by higher rates of savings and investment. While the financial sector reforms helped strengthening institutions developing markets and promoting greater integration with the rest of the world.

Financial institutions and markets in India are moving towards world standards with increasingly sophisticated processes including risk management tools and extensive use of information technology (I.T). The Indian Banking system is changing rapidly. Traditionally, it was characterized by poorly performing public sector banks employing outdated practices and technology. Beginning in the early 1990's this sector has been gradually liberalized but foreign investment remains severely constrained.

Banking system remains focal point in the financial setup of any developing country. Banks are regarded as special in view of their specialized functions in the financial intermediation and payment system. Banking plays an increasingly important role in the economy of nation. Banking sector becomes the major driver for contribution of GDP growth within the service sector. Occupying a pivotal position in the organized money market, it has acquired a special place with its large network of branches, with its huge deposits and advances. With the gradual change in the very concept of banking and the entry of state in its administration, Indian banking witnessed a gigantic change after the industrial policy of 1991. Before liberalization, there were very few banks and the market was dominated by public sector banks. Banks at that time were not customer oriented. Customers did not have much say in the banking sector. But after the industrial policy, with the entry of more and more players the whole scenario changed.

At present, the focus of banks is on the user. The numbers of players being large, customers have a good range of choice. Customer usually picks up a bank which provides maximum satisfaction and quality service to them.
This has led banks to adopt more customer-oriented policies and schemes aimed not only to increase the number of customers but also to retain the old customers. The need to become highly customer oriented forced the snail-paced public sector banks to adopt a fast track approach. Following the example set by private sector banks, public sector banks also undertook major image changes, including corporate brand building exercises and customer friendly schemes.

The Industrial policy 1991 which led to the implementation of policies of Liberalization, Privatization and Globalization (LPG) has created greater impact in the Indian banking system. This leads to emergence of private and foreign banks in the country. The liberalization process resulted in the number of private sector scheduled commercial banks increasing, including foreign banks. After the 1993 RBI guidelines the total number of branches of foreign bank increased to 217. The liberalization resulting greater competition within, the sector together with tightened prudential requirements improved the efficiency in the banking system. The major differentiating parameter that distinguishes these banks from all the other banks in India is the level of service that is offered to the customer from understanding needs, preempting to delighting with various benefits and a wide portfolio of products and services, these banks have gained considerable confidence of the customer and, consequently, have shown impressive growth rates. Because of the above mentioned factors, the public sector banks find it very difficult to survive and compete with the private sector banks.

The level of customer service and satisfaction is determined by the location of the branch and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and computerization, competitive efficiency, complaint redressal, and very importantly staff skills, attitudes, and responses. A good customer service in banks should have three basic tenets—courtesy, accuracy, and speed. The
quality of products and services is the dynamic factor for customer satisfaction in banks.

Customer care and service quality have been enjoying much attention from the government, the RBI, and the banks themselves. Various committees have gone into the problem in great detail and made recommendations, many of which have been implemented. Despite so many measures initiated at various levels to improve the standard of customer service, the level of satisfaction perceived by various segments of customers has been low. In this context those service quality and customer satisfactions have to be analyzed and appropriate strategies drawn up, not only to attract new customers, but also to retain the existing ones. This study focuses on comparing the various dimensions of service quality, core services and add-on-services offered, service encounters (relationship between bank employees and customers) and facilities and amenity provided, customer satisfaction with the quality of customer service among the public and the private sector banks in Chennai city.

1.2 Conceptual Framework

Since the later part of the 19th century, marketing has gradually evolved through various marketing orientations. After the service sector revolution in India the marketing system became increasingly complex. There came revolutionary changes in the techniques, methods and volume of production. Production on mass scale became the rule of the day. Large scale production led to large scale consumption, which consequently led to newer methods of marketing. The concept of service apart from marketing the goods also evolved as an advancement of this concept which led to development of service marketing. The scope of the subject also become wider and got new dimensions.
After the LPG the marketers realized the importance of services they fell that apart from selling goods they have to render after sales service and other services to the customer in order to satisfy them. Meanwhile the service oriented industries like banking, insurance, transportation, telecommunication services and other services play an important role in building the national economy and development of GDP in the country. As the country develops further and the per capita income increases, people also start spending more on services like health care, banking, insurance, legal, communication and entertainment. This improves the market for services in the country. Increasing competition has made it necessary for service firms to grow from purely selling services to building lasting relationships with their customers.

The fierce competition in all sectors of the service industry, be it insurance, healthcare, banking and financial services, investment and brokerage services, food and hospitality, education, entertainment or transport services, has made it necessary for service providers to find ways to differentiate themselves from their competitors and offer customers the best value for their money. Service firms have thus realized the importance of incorporating the goal of total customer satisfaction into their corporate philosophy.

While service firms in the earlier days gave very little importance to segmentation, customer satisfaction, new product development, service quality and other such service aspects, today's firms stress on the aspects to enhance customer satisfaction and develop business. Further, they did not pay due attention to service quality. However, today they emphasize on service quality by assuring the customer of their commitment to address instances of perfection. The assurance of the best quality service by firms is in the form of guarantees or refund of money or compensation in the event that the customer is dissatisfied. Service firms ensure that their commitment to total customer
satisfaction is conveyed to them. By doing so, service firms hope to attract new customers while retaining existing ones.

Factors influencing the growth of the service sector

The factors that influence the growth of the service sector are:

Demographic changes

The demographic changes taking place in a country have a significant influence on the growth of the service sector in the country. There are three phases of demographic growth, which have relevance to the growth of services. In the first phase, the rate of mortality and fertility decrease. In the second phase, the proportion of young people in the population increases. In the third phase, the number of aged people in the country increases. India has just entered the second phase of demographic growth. According to HRD 2009 report estimate by 2020 young population (15-49) age group is estimated to constitute 900 million of the total population of about 1.3 billion. India, thus offers a lucrative market for service industries. This explains the phenomenal growth in service industries like banking, insurance, airlines and the hospitality industry in India.

Social changes

The standard of living of people around the world has improved significantly. This also holds for several developing countries. In India, more and more women are entering the workforce thus increasing number of double income households among the middle class. As a result, the disposable income of middle class families have increased phenomenally creating a host of opportunities for service industries.
Economic changes

Globalization is one of the major factors that have contributed to the growth of service sector. Since several developing countries have removed cross-border trade barriers, there has been a large inflow of capital from developed countries to developing countries. More and more Multi National Corporation (MNC) have started opening their shops in India. The series of steps initiated by the RBI have resulted in interest rates coming down and as a result, the demand for personal finance services has also increased. For example, there has been a tremendous growth in the demand for home, educational and other personal loans.

Technological changes

Advances in information technology have also facilitated the growth of the service sector. In the past, the responsibility of a company ended once it shipped the product to the customer. But now firms have realized that they can differentiate themselves from their competitors by offering after sales support services.

Political and Legal changes

Political and legal changes have had a great impact on the service sector. In the Indian context however there have been no major political or legal changes that have had an impact on the country’s economy. The reforms introduced in the early 1990s have been more of policy changes than political or legal changes.

Policy changes

Policy changes brought about by the government of a country can have a major impact on the almost every sector of the economy, including the service sector. Policy reforms in India paved the way for strong growth of the
service sector in the country. Opening up of the economy has paved the way for the Indian service organizations, especially those in the IT and IT enabled services to expand their markets. The entry of global players into the Indian market has improved the standards of services being offered to the Indian consumer. This has also helped the Indian service providers gear up to face the competition.

**Definition of Service**

According to Philip Kotler, service is "any activity of benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product."

**Definition of Quality**

According to Parasuraman and Berry, "Quality is exceeding what customer expect from the service"

According to Philip B. Crosby, "Quality is conformance to requirements"

So the concept of service quality and customer satisfaction is a step by step development as shown in the following flow chart.
Figure No. 1.1
Step by step development of the concept of service quality
and customer satisfaction
From the above chart the step by step development of service quality and customer satisfaction are highlighted. In earlier days production attained importance that led to development of marketing and many strategies are devised in marketing, as a result this leads to new evolution called service marketing. Due to the development of service sector more competition exists between the service players. The concept of service quality developed automatically which led to customer satisfaction and finally to customer retention.

1.3 Need for the Study

Prior to the liberalization policy in India, there were no private and foreign banks in the market. Liberalization opened the banking sector to private and foreign players. This has provided customers of banks with a wide range of choice. To maintain the customer base, banks have, started to focus on the service quality so that customers remain satisfied. With the phenomenal increase in the country's population and the increased demand for banking services, speed, service quality and customer satisfaction are going to be key differentiators for the success of each bank in future. Good business growth is achievable only with good customer service and with a good image of banks. Various committees have gone into the problem in great detail and made recommendations, many of which have been implemented. Despite so many measures initiated at various levels to improve the standard of customer service, the level of satisfaction perceived by various segments of customers has been low and they feel private banks render better service than public sector banks. The measurement of customer service is a pre-requisite for improving customer satisfaction. Hence a descriptive study has been conducted by the researcher to find Banking service quality and customer satisfaction: A comparative study of public and private sector banks in Chennai.
1.4 Objectives of the study

The study has been carried out to meet the following objectives:

1. To study the service quality and customer satisfaction against five service quality dimensions in the private and the public sector banks.

2. To find the core services and variety of add-on services offered by the public and the private sector banks.

3. To evaluate the quality of service encounters in the public and the private sector banks.

4. To examine and assess the differences between expected quality and actual quality of facilities and amenities provided by the public and the private sector banks.

1.5 Statement of Hypothesis

The following hypothesis are established by the researcher for the study

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Statement of Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To test the significant difference between the public and the private sector banks with respect to dimensions of service quality</td>
</tr>
<tr>
<td>2</td>
<td>To test the significant difference between the Public and the Private sector banks with respect to service encounters.</td>
</tr>
<tr>
<td>3</td>
<td>To test the significant difference between the public and the private sector banks with respect to customer satisfaction of service</td>
</tr>
<tr>
<td>4</td>
<td>To test the significant difference between the public and the private sector banks with respect to expected quality of facilities and amenities provided by them.</td>
</tr>
<tr>
<td>5</td>
<td>To test the significant difference between the public and the private sector bank with respect to actual quality of facilities and amenities provided by them.</td>
</tr>
</tbody>
</table>
1.6. Methodology for research

1. Nature of the study

Service sector is expanding at an increasing rate and becoming intensely competitive. As such service quality and customer satisfaction have become very important issues in marketing and have received much attention. Deregulation has increased competition among service industries like banking. Service quality and customer satisfaction have become very important. Some organisations not only need high levels of service quality for success, but in some cases, need it for survival.

The Indian banking is an essential component of the service industry. The share of banking within the service industry is very significant. Services in Indian banks are mostly branch-based among the public sector banks, while the private and foreign banks are making strides into full scale technology enabled banking (like Net banking). Therefore an attempt has been undertaken to carry out a descriptive study regarding Banking service quality and customer satisfaction: A comparative study of public and private sector banks in Chennai.
A descriptive research is a study that seeks to "portray an accurate profile of persons, events or situations". It involves formalizing the study with definite structures in order to better describe or present facts about a phenomenon as it is in reality. So the present study undertaken by the researcher is descriptive in nature.

2. Data sources

The data needed for the study are obtained from both primary and secondary sources. In the first explorative stage of this study, a review of literature was undertaken to familiarize the researcher with various aspects of the study, to evolve appropriate methodology and to formulate a conceptual framework for the study. Various research journals published both in India and abroad were perused at libraries in Institute of Financial Management and Research (IFMR), Chennai, Indian Institute of Technology, Chennai, and Connemara Public library at Chennai. Publications of RBI like RBI Bulletin, The Indian Banker Publication of Indian Bankers Association were also collected and reviewed apart from other journals. Few journals published abroad like Journal of Bank Marketing, Journal of Marketing and Journal of service Marketing were also accessed through the Internet, downloaded and analyzed.

In the second stage, primary data was collected from Bank customers by administering a Questionnaire to get responses regarding number of years being a customer in bank, frequency of transaction, purpose to visit bank, reason for choosing a bank, service Quality, core services and products availability, service encounters, facilities and amenities provided and overall customer satisfaction. To control the response bias and to increase the reliability of data, a structured pattern of questionnaire was used.
3. **Research Approach**

The relevant data were collected by the researcher from the customers of the public and the private sector banks in Chennai. For the purpose of collecting data the Chennai city was divided into South Chennai and North Chennai. The following banks were selected; State Bank of India (SBI), Indian Bank (IB), Canara Bank (CB) from the public sector. From private sector banks Karur Visya Bank (KVB), City Union Bank (CUB), Lakshmi Vilas Bank (LVB) from North and South Chennai were selected.

The respondents were customers who are came out of the banks after completing their transactions. The researcher approached them personally and requested them to fill the structured questionnaire to generate the response to the listed objectives.

4. **Sampling Unit**

The sample unit consists of customers of the public and the private sector banks of North and South Chennai. The respondents were both males and females in the age group of 21 – 65 years.

5. **Size of the sample**

Considering the time and cost it has been decided by the researcher to contact only 627 respondents out of which 27 questionnaires are rejected due to improper response to certain questions and remaining 600 questionnaires are used for the analysis of the study. The sample size though not very high by considering that any sample above 100 is good to reflect the characteristics of the population.

The total sample size is 600 out of which 300 samples are from the public sector banks and 300 from the private sector banks of North and South Chennai.
The location wise distribution of sample size is mentioned in the below table 1.2

<table>
<thead>
<tr>
<th>Place of Location</th>
<th>Public</th>
<th>Private</th>
<th>Row Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Chennai</td>
<td>159</td>
<td>157</td>
<td>316</td>
</tr>
<tr>
<td>North Chennai</td>
<td>141</td>
<td>143</td>
<td>284</td>
</tr>
<tr>
<td><strong>Column Total</strong></td>
<td><strong>300</strong></td>
<td><strong>300</strong></td>
<td><strong>600</strong></td>
</tr>
</tbody>
</table>

(Source: Field survey)

6. **Sampling method**

Convenience sampling method has been adopted in this study.

7. **Research Instrument**

A structured questionnaire is used as the research instrument for the study. It consists of ten different sections. The first part of the questionnaire is demographic profile of the customer like name of the bank, place of location, name of the respondent, sex, age, marital status, education, occupation and income. The second question enquires the customer about the number of years of dealings with the bank. And the third question is concerned with frequency of transaction with the bank per month, and fourth question relates to the purpose of frequent visit to the bank.

Fifth is a ranking question regarding ranking of priority for choosing a bank. The sixth question is to assess dimensions of banking service quality through SERVEQUAL Tool (is modified as SERVPERF) Five dimensions such as Tangibles, Reliability, Responsiveness, Assurance and Empathy are
used to measure service performance of the public and the private sector banks.

In Tangible dimension four statements are used, in Reliability five in Responsiveness five, in Assurance five, in Empathy six statements and totally 25 items are used to assess the service quality. The following five point Likert's scale is adopted for measuring the degree of satisfaction against each statement: Highly satisfied (HS), Satisfied (S), Neutral (N), Dissatisfied (D), Highly dissatisfied (HD)

The seventh questions is regarding core services and add- on – services or products offered or not offered by the public and the private sector banks. The eight question deals with the relationship between bank employees and customers (SERVICE ENCOUNTERS) fifteen item statements are used to find the service encounters and the following five points Likert scale is used to measure the service encounters: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), strongly disagree (SD).

The ninth question is concerned with facilities and amenities provided by the banks Sixteen items of facilities and amenities are given and the respondents have to rate the score (1 – 5). The expected quality is on the left hand side and the actual quality is on the right hand side. The tenth question in the questionnaire is about the assessment of customer satisfaction with the quality of customer service. Six customer satisfaction statements are included to assess the customer satisfaction with the help of the following five point likert scale: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD).

8. **Pilot study and finalizing questionnaire**

The Questionnaire drafted for customers were first tested by conducting a pilot study. For the purpose of the pilot study, a filed survey was
conducted among sixty customers out of which thirty customers are from public sector banks like State Bank of India ten, Indian Bank ten and Canara Bank ten customers and remaining thirty customers are from private sector banks like City Union Bank ten, Karur Vysya Bank ten and Lakshmi Vilas Bank ten customers.

The sample distribution for pilot study is depicted in the below table 1.3

**Table: 1.3**

**Samples distribution for pilot study**

<table>
<thead>
<tr>
<th>Pilot study From 60 Respondents</th>
<th>30 respondents from public sector banks</th>
<th>30 respondents from private sector banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10 respondents from SBI</td>
<td>10 respondents from CUB</td>
</tr>
<tr>
<td></td>
<td>10 respondents from Indian bank</td>
<td>10 respondents from KVB</td>
</tr>
<tr>
<td></td>
<td>10 respondents from Canara Bank</td>
<td>10 respondents from LVB</td>
</tr>
</tbody>
</table>

(Source: Field survey)

After the completion of the pilot study in order to test the reliability of the questionnaire, Reliability analysis was done by using the SPSS package. The output of that reveals the following results in the below table 1.4
Table: 1.4

Output of reliability analysis

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Statements</th>
<th>Correlation Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.A. Tangibles</td>
<td>4. Communication materials in bank are visually appealing, easy to read, informative and useful.</td>
<td>-.0437</td>
</tr>
<tr>
<td>6.D. Assurance</td>
<td>4. Bank employees are customer concerned, interested in helping customers, friendly and respectful.</td>
<td>-.0634</td>
</tr>
<tr>
<td>6.E. Empathy</td>
<td>3. Providing service on holidays to solve customers problems 4. Giving individual attention to customers with the customers best interest in heart 6. Provision for better complaint redressal procedures</td>
<td>.0589 -.0050 -.1192</td>
</tr>
<tr>
<td>7th Question</td>
<td>2. Debit card 3. Smart card 6. Any time banking (24 hours banking) 7. Sunday banking 8. Networking branches (anywhere Banking) 9. Internet banking</td>
<td>.0000 .0000 -.1007 -.4023 .0000</td>
</tr>
<tr>
<td>8th question Service encounter</td>
<td>4. Necessary guidance, help and support provided by bank employees 8. Bank staff are informative 10. Bank staff respond to telephone calls properly.</td>
<td>.0231 .0197 .0047</td>
</tr>
<tr>
<td>9th question facilities and amenities</td>
<td>3. Banks convenient location 5. Toilet facility</td>
<td>-.0718 -.0241</td>
</tr>
</tbody>
</table>
The above mentioned questions show least, zero and negative correlation. So these questions need to be changed or modified or removed in order to improve the reliability.

In the light of pilot survey reliability analysis results, and suggestions and criticisms made by the supervising teacher and fellow researchers, the draft questionnaire was modified and some questions were deleted from the questionnaire. The modified questionnaire was used for the final study and data collection. A copy of the pilot study questionnaire and final modified questionnaire are annexed to the thesis.

9. Field work

The respondents were contacted directly by the researcher for collecting the relevant data. Proper care was also taken to maintain the heterogeneity of samples. The field work was carried out for a period of seven months from January 2008 to July 2008. It took ten to fifteen minutes for the respondents to fill each questionnaire.

10. Method of Analysis of data

The data collected for the study were analyzed by using SPSS package. The analysis can broadly be categorized as three parts namely

1. Descriptive and Univariate analysis
2. Multivariate analysis
3. Comparative study and Hypothesis testing.

In first part of the descriptive and univariate analysis percentage method was adopted to analyze the demographic profile of the respondents, number of years customer, number of times transaction per month, purpose of visit, core services and add-on-services or products offered or not offered by the public and private sector banks. Regarding the reasons for choosing a
bank, five dimensions of banking service quality, service encounters, expected and actual quality of facilities and amenities provided and customer satisfaction with service quality in public and private sector banks the mean and ranking method is utilized.

The second part of Multivariate analysis consists factor analysis of service quality and service encounters of public and private sector banks and cluster analysis is used to find level of satisfaction of customers with service quality. To find the empirical relationship between customer satisfaction and service quality correlation analysis is adopted. The ANOVA is applied to know the influence of demographic variables on service quality and multiple regression is employed to find influence overall customer satisfaction on dimensions of service quality and actual quality of facilities and amenities provided by public and private sector banks.

The third part of the analysis comparative study and hypothesis testing nine hypotheses are established to find the significant difference between the public and private sector banks with respect to dimensions of service quality, service encounters, customer satisfaction of service, actual and expected quality of facilities and amenities provided and these hypotheses are tested by using the t-test.

Chi – square test is used to test the association between purpose of visit and core services and its service quality between public and private sector banks.

11. Highlight of the Study

This research suitably modified the ‘SERVQUAL’ scale to suit the requirements of banking service quality. The dimensions such as tangibles (four attributes), reliability (five attributes), responsiveness (five attributes),
assurance (five attributes), empathy (six attributes) with a total attributes of twenty five in number are adopted in this study.

Though the dimensions have been refined with attributes of twenty five altogether, the research has only utilized ‘SERVPERF’ scale to measure the perceived/received service instead of expectation and perception evaluation in the case of ‘SERVQUAL’ scale. Consequently, a five point scale (highly satisfied, satisfied, neutral, dissatisfied, highly dissatisfied) to measure satisfaction has been used which reflects the actual service received (in terms of satisfaction) by the respondents. Hence to be specific, this study makes an attempt to measure banking service quality and customer satisfaction, which is also subjective on the basis of actual service experienced against the five service quality dimensions. In other words, the customer satisfaction is measured, in this study, by the direct application of five-point scale, namely, highly satisfied to highly dissatisfied

1.7. Limitations of the study

This study is limited to Chennai city only and the results of the study cannot be generalized. Due to time and cost constraint, the study is restricted only to certain region and to certain banks only.

1.8. Scheme of Chapterisation.

The Study is structured into five chapters organized to present the study from a basic introduction to findings and conclusion. The following table displays the scheme of Chapterisation of the study.
### Table 1.5

**Organization of the study**

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter – I</td>
<td>Introduction and Methodology</td>
</tr>
<tr>
<td>Chapter – II</td>
<td>Review of Literature</td>
</tr>
<tr>
<td>Chapter – III</td>
<td>Banking System in India</td>
</tr>
<tr>
<td>Chapter - IV</td>
<td>Data Analysis and Interpretation</td>
</tr>
<tr>
<td>Chapter - V</td>
<td>Summary of Findings, Suggestions and Conclusion</td>
</tr>
</tbody>
</table>

**Chapter – I Introduction and methodology**

This chapter introduces the study and states about Conceptual Framework, Need for the study, Objectives of the study, Statement of the Hypothesis, Research Methodology, Limitations of the study and Scheme of Chapterisation.

**Chapter – II Review of Literature**

The second chapter deals with the review of related concepts like service marketing, relationship between customer satisfaction and service quality, definition and measuring service quality and its models, conceptual frame work of servqual and servperf and earlier research studies relating service quality, customer satisfaction, customer service in banking industry are also reviewed.
Chapter – III Banking System in India

The third chapter starts from the meaning, functions, evolution, origin of banking in India, Indian banking system and its growth and classification of banks, and profile of public and private sector banks used in the study.

Chapter – IV Analysis and Interpretation

Chapter four deals with the analysis and interpretation of data collected for the study. It includes introduction, Descriptive and Univariate analysis, Multivariate analysis, comparative study and hypothesis testing.

Chapter – V Summary of Findings, Suggestions and Conclusion

In this chapter, the introduction, objectives and summary of findings of the research study are presented one by one, based on this necessary suggestions are given. It concludes by setting out the study’s contribution to knowledge. And directions for future research are also stated by the researcher for the benefit of future researchers.

1.9. Summary

The Introduction chapter demonstrates the fact that, Service Sector in India has been growing rapidly and its contribution to Gross Domestic Product (GDP) is increasing year by year. This growth rate of service sector may strengthen economic activity supported by higher rates of savings and investment. Banking is a key industry in the service sector and it is indeed the financial nerve center of the economy. Nowadays many banks started giving importance to customers’ relationship and hence they used all sorts of technologically advanced services and facilities. The level of service quality and customer satisfaction may be decided by many factors the location of the branch and design, variety of services, rates and charges, systems and procedures, delegation and decentralization, mechanization and
computerization, competitive efficiency, complaint redressal, and very importantly staff skills, attitudes, and responses. A good customer service in banks should have three basic tenets-courtesy, accuracy, and speed. The quality of products and services is the dynamic factor for customer satisfaction in banks.

The research is based on four important objectives and the need for the study is also stated and necessary hypothesis are formulated. From methodology of the research it is observed that the study Banking service quality and customer satisfaction: A comparative study of public and private sector banks in Chennai is a descriptive research and both primary and secondary data's are used for the study. The customers of public and private sector banks are the sample unit and the sample size is six hundred, convenience sampling method is adopted for the study and structured questionnaire was used as a research instrument. For analyzing the data collected first the researcher have used Descriptive analysis like Percentages and Ranking method and the second part Multivariate analysis which consist of Factor analysis, Cluster analysis, Correlation, ANOVA, Multiple Regression. In third part hypothesis are established and tested using chi-Square and t-test. The main highlight of the study is performance only model (SERVPERF scale) is used to measure the Banking service Quality. The thesis consists of five chapters starting from introduction, Review of literature, Banking system in India, Analysis and interpretation and summary of findings, suggestions and conclusion.
References


