



Comparative Assessment of Service Quality Provided by SBI and HDFC banks in Nashik

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Abstract. The third-tier city comes with the economy's third position in the service sector. The economic development of a country depends upon banks. They gather people's idle savings and provide them for investment. It also creates new demand for granting loans and purchasing investment value. Banks also increase the mobility of capital. The paper aims to assess the service quality provided by SBI and HDFC bank representation of Public and Private Sector banks of India respectively. From the Review of Literature, five dimensions of Service Quality have been identified and included in the SERVQUAL Model. The convenience sampling technique has been used for the generalization of results. The application of simple mean calculation and Independent Sample T-Test helped to test the research hypotheses. Hypotheses testing has indicated a difference in Service Quality with both the banks' services. The present study concludes that SBI is on the better side for a few parameters, whereas in terms of responsiveness, assurance, and empathy in service delivery, HDFC bank is on the higher side. But on the whole, HDFC Bank provides better service quality than SBI.

Keywords: Gap & customer satisfaction, Service quality, Service quality.

1. INTRODUCTION

Service quality and customer satisfaction are the most important factors in today's global economic recession regarding binding, profitability, and productivity across businesses. Contribution to service quality is the most important factor for investigating the outcomes of expected and perceived service attributes of enterprise customers (Srivatsa Subhashini, 2005).

The term quality of service combines two terms. H. Service and quality. According to Philip Kotler, a service is a service that allows you to provide another party to someone else who is intangible and does not own anything. Whether production is bound to a physical product. Quality is standard for what is measured by other things. The degree of excellence in something. Philip Kotler and Gary Armstrong defined the term "quality of service" as "the ability of a service company to stick to its customers, while Zeithaml and Bitner focused on the quality of service that reflects perceptions. There were aspects of the customer service: reliability, response, safety, empathy

Tanguios. Zeithaml & Berry measured the quality of service as follows: Service quality and customer recognition. SERPERF model, evaluator model, Gronlous model, etc. (Ashraf Elmayar, 2011). To carry out this study, we use the Servqual model to measure the gap between customer perceptions and expectations. Then, from Indian

banks to quality of service. It is most widely used to measure the quality of service. This model consists of 22 elements with a five-dimensional quality of service as the customer's predictions (formulation in different ways). Respondents rate each factor on a 7-point Likert scale, one being less agreed and seven being agree. This scale helps to calculate the differences between rating customers assigned to pair expectations/perceptual statements (p. Meenakshinathan, 2010). As mentioned in the dimensions of service, Indian banks' customer satisfaction rates vary, including the availability of originality, reliability of service, responsiveness or motivation, and employee empathy for customers. (Aborampah Amoah-Mensah, 2010). However, one

of the biggest things is the consistent experience for the customer. To provide a great customer experience, banks need to understand customers' expectations across all service channels. Modern ICT tools are practical for customers. They need to be used to ensure bank availability. This should not involve too little interpersonal communication or customer relationships (Mittal S., 2008). Indian bank customers are reasonable. You can consider the occasional bank issues at every stage of service delivery. However, hopefully, the issue will be fixed quickly and effectively at a good time.

2. REVIEW OF LITERATURE

1. Mohammed Mubarak (2018) revealed that customers expect a high level of service quality factors, which influences the performance of a bank. The author found out that tangibility and assurance are the foremost dimensions of service quality with their key influence on the customers. Enhanced quality in the

banking services provides, satisfaction to customers, and ultimately leads to further efficiency and performance in the banking sector.

2. Dzogbenuku Robert, Ahiabor Godson, and Amoako George (2014) commented that Service quality indicates a positive and significant effect on customer retention, and hence, when service quality is high, customer retention is also high. "Customer satisfaction or dissatisfaction is the result of service encounter. The retention of bank customers can be achieved by training employees to handle customers within time, managers and employees of the bank sign minimum service standard contracts, and improving in communication skills of frontline employees of the bank.

3. Rahaman Mizenur (Md), Abdullah (Md) and Rahaman Aatur (Dr.), (2011) admit the fact that, for sustainable development of the banking sector mainly depends upon the trust and loyalty of the customer to the server bank. There are two parameters, namely Quality customer service and better customer relationships. The authors have enlisted factors responsible for quality of service from which Reliability, Responsiveness, and Assurance dimensions are crucial factors in determining service quality gaps.

4. William Ohene-Adu and Susana Amankwah (2011) commented that the market environment is techno-savvy and customers are well aware and value-sensitive with a wide range of choice between service providers, hence, customer satisfaction depends upon the service quality provided to customers. The three dimensions of service quality, namely empathy, tangibles, and assurance, are of much significance to customers' satisfaction.

5. Cengiz Erol, Erdener Kaynak & El-Bdour Radi, (1990) said that in recent years, financial institutions, marketing researchers, and public policy makers have recognised that behavioural analysis is vital for understanding bank customers. The present study is carried out to understand customers' attitudes, beliefs, and perceptions about the services offered by conventional and Islamic banks in Jordan. This study provides Jordanian bank executives and public policy makers, and other developing country executives, with insights into the kind of services bank customers find most appropriate to their banking needs.

3. METHODOLOGY

3.1. Objectives of the Study

To measure the Service Quality in SBI and HDFC bank.

To identify the Service Quality gaps in SBI and HDFC bank.

Research Hypothesis: There is a difference in Service Quality provided by SBI and HDFC bank.

Sub Hypotheses:

1. Concerning tangibles in service, there is a difference in Service Quality provided by SBI and HDFC bank.

2. Concerning reliability in service, there is a difference in Service Quality provided by SBI and HDFC bank.

3. Concerning responsiveness in service, there is a difference in Service Quality provided by SBI and HDFC bank.

4. Concerning assurance in service, there is a difference in the Service Quality provided by SBI and HDFC bank.

5. Concerning empathy in service, there is a difference in the Service Quality provided by SBI and HDFC bank.

To test the research hypothesis and sub-hypotheses, an Independent Sample T-Test was applied, and based on the P-Value associated with the Hypothesis and Sub-hypotheses, results were drawn.

3.2. Research Area

After Pune and Mumbai, Nashik is the third Industrial hub of the Maharashtra state, for the high industrial development in Maharashtra, and has many government companies as well as undertakings. Nashik is considered a fast-growing city in India and has been recognized as a metro city. The economy of the city is mainly driven by the manufacturing and engineering industry and highly progressive agriculture includes sugar mills, wine production, pomegranates, white onions, etc. As per the Indian census report 2011, the population of Nashik city is 1,486,053; of which male and female are 782,517 and 703,536 respectively (www.nashikcorporation.in). As far as banking services is concerned, more than 150 banks are available in Nashik, which include Nationalised, Private and Cooperative banks. The total Nashik district population living in rural areas is 3,509,814 of which males and females are 1,804,712 and 1,705,102, respectively. In rural areas of the Nashik district, the sex ratio is 945 females per 1000 males. If the child sex ratio data of the Nashik district is considered, the figure is 890 girls per 1000 boys.

3.3. Universe and Population of the Study

All the savings account holders of SBI and HDFC Bank who has a bank account in bank branches in Nashik are considered as a universe of the study.

Due to the privacy policy and limitations of the bank, collecting the exact number of savings account

holders was difficult. Therefore, with the consideration of approximate savings account holders given by individual branch managers, total account holders of all branches in Nashik city for SBI as well as HDFC Bank were calculated. For SBI it was 4, 99, 069, and for HDFC Bank 1, 07, 100.

3.4. Sample Size and Sampling Technique

With the use of *Krejcie & Morgan's* sample size, table the sample size for the study was calculated. Even though the suggested sample size was 384, considering the difference between the approximate population of SBI and HDFC Bank, a total of 490 responses from SBI and 385 from HDFC Bank were collected.

A non-probability sampling technique is selected for the study. Convenience sampling is used as a part of Non-Probability Sampling, also known as *Availability Sampling*. Under Availability Sampling, respondents are selected as they happen to be at the right place at the right time. The respondents are chosen based on the convenience of the researcher.

4. RESULTS

4.1. Demographic Profile of Respondents

The descriptive statistics and observations show that the majority of the respondents from SBI Employees are female in the age group up to 25 years and from HDFC Bank male members in the age group 26 to 40 years.

Majority of respondents of both the banks are graduates (SBI- 37.3% and HDFC Bank- 50.4%), but in the profession, they differ; the maximum number of respondents of SBI are students and servicemen (34.9% & 33.3% respectively) and of HDFC bank are businessmen (59.7%). The majority of respondents of SBI prefer using bank services by visiting the bank branch (58.2%), and 45.9% of respondents use the service once a month. Whereas, the respondents of the HDFC bank prefer using services by visiting the branch, as well as through Internet Banking (30.6%) and 44.9% utilize services once in three weeks. This outcome and correlation will help the bank staff to understand the customers' profiles and design strategies accordingly.

4.2. Service Quality and Service Quality Gap

Table 1: Collective Service Quality Gap.

Parameter	SBI	HDFC Bank
Name Is Not Mention		
Availability of modern equipment in bank	-0.27	-0.45
Visually appealing layout of bank	-0.06	-0.44
Professionally dressed employees	-0.48	-0.74
Visually appealing necessary materials (Pamphlet or Statement)	-0.23	-0.57
Tangibles in service	-0.26	-0.55
Rendering services as promised to the customer	-0.35	-0.50
Sincere interest in solving customers' problem	-0.16	-0.45
Service accuracy the first time of service occurrence	-0.28	-0.43
Less waiting time for service	-0.28	-0.42
Banks insist on error-free records	-0.44	-0.32
Reliability in service	-0.30	-0.42
Pro-active communication providing "notification" facility	-0.28	-0.07
Promptness in service delivery	-0.26	-0.20
Customer support willingness	-0.41	-0.11
Availability of employee on request	-0.40	-0.01
Responsiveness in service	-0.34	-0.09
Confidence-building behaviour of employees	-0.38	0.06
Feeling of security with transactions	-0.26	-0.03
Courteous & friendly staff	-0.34	0.04
Knowledge of employees to answer customer's questions	-0.31	-0.06
Assurance in service	-0.32	0.00
Individual attention & care towards customers	-0.32	0.01
Convenient business hours	-0.18	-0.07
Personal attention to customers	-0.22	0.04
Customers' best interest at banks heart	-0.33	0.01
Understanding of specific needs of customers	-0.27	-0.17
Empathy in service	-0.26	-0.04
Overall Service Quality Gap	-0.30	-0.22

Tangibles in service: Under tangibles in service i.e. availability of modern equipment, visually appealing layout, professionally dressed employees, and necessary materials like transaction slips, pamphlets, and statements, SBI shows less Service Quality gap than HDFC bank (SBI: -0.26 and HDFC Bank: -0.55). This implies that SBI is providing better Service Quality than HDFC bank.

Reliability in Service: Regardless of being India's largest and oldest private bank, HDFC bank could not

raise acceptable trustworthiness in its customers' minds. On the other hand, the parenting body of SBI i.e. the Government of India, is the reason for the Reliability of SBI in customers' minds, but the behavior of bank employees led to the gap in expected Reliability. Despite this, SBI shows better Reliability in service than HDFC bank (SBI: -0.30 and HDFC Bank: -0.42).

Responsiveness in Service: Compared to SBI, HDFC bank shows significantly less gap in customers' expectations about Responsiveness in service (SBI:-0.34 and HDFC bank:-0.09). It clearly expressed that HDFC bank is showing better responsiveness in service than SBI.

Assurance in Service: HDFC bank can give Assurance of Service Quality to its customers through confidence building of employee's behavior. Safe feeling with the transaction, courteous employee, and employee's knowledge to answer customers' questions (SBI:-0.32 and HDFC bank:0.00).

Empathy in Service: Even though today SBI is the oldest and largest bank in India, it could not match the required standards in satisfying the customers' expectations in empathizing with its customers. Analyzing on the same dimension, the HDFC bank satisfactorily meets the standards in fulfilling the expectations of its customers (SBI:-0.26 and HDFC bank: -0.04).

Overall Service Quality and Service Quality Gap: Though SBI is better than HDFC bank for first two dimensions, for all the five dimensions SBI shows a considerable service quality gap; not able to deliver quality service as per customer expectations. In the case of HDFC bank, for first two dimensions bank shows a considerable gap, but for the remaining three dimensions, bank fulfill almost all the expectations of their customers.

Table 2: Testing of Research Hypothesis and Sub-hypotheses.

Research Hypothesis and Sub-hypotheses	P Value	Result
Concerning tangibles in service, there is a difference in Service Quality provided by SBI and HDFC bank.	0.01	Accepted
Concerning reliability in service, there is a difference in Service Quality provided by SBI and HDFC bank.	0.05	Accepted
Concerning responsiveness in service, there is a difference in Service Quality provided by SBI and HDFC bank.	0.00	Accepted
Concerning assurance in service, there is a difference in Service Quality provided by SBI and HDFC bank.	0.00	Accepted
Concerning empathy in service, there is a difference in Service Quality provided by SBI and HDFC bank.	0.02	Accepted
There is a difference in the Service Quality provided by SBI and HDFC bank.	0.01	Accepted

Testing of the hypothesis and sub-hypothesis shows that the P-value associated with the test of the Hypothesis and sub-hypotheses is statistically significant and indicates strong evidence for an alternative hypothesis. Consequently, all five sub-hypotheses supported the research hypothesis. Therefore, considering both outcomes, it can be said that the 'research hypothesis is accepted' and "there is a difference in service quality provided by SBI and HDFC bank".

5. DISCUSSION

Out of the five dimensions of Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance, and Empathy, SBI shows a negative service quality gap for all the dimensions. On the other hand, HDFC Bank satisfies providing in only Service Quality for assurance as per the customers' expectations, which implies a balance between expectations and perceptions. In the case of Responsiveness and Empathy, bank fulfills nearly all the expectations of customers. But in the case of the remaining two dimensions i.e. Tangibles, and Reliability it shows a negative Service Quality gap. The average Service Quality gap of all the five dimensions in SBI is -0.30 and in HDFC bank, it is -0.22. It shows that the Service Quality of both the banks is negative, but comparatively HDFC bank is providing better Service Quality than SBI.

The above findings related to service quality gaps and service quality helped to know the gaps in customer perceptions and expectations with each parameter, dimensions of Service Quality, and aggregate of all five dimensions. This output helped to study the research objectives, which expected to measure and identify the Service Quality and Service Quality Gaps in the SBI and HDFC bank. The findings related to all the five dimensions helped to identify the service quality gaps in SBI and HDFC bank. And the average of the gaps in all five dimensions helped to measure the overall service quality of SBI and HDFC bank. With the help of an Independent Sample T-Test, the research hypothesis and sub-hypotheses are tested and it is found that there is a difference in Service Quality provided by SBI and HDFC banks. Based on the above output, it is proved that HDFC bank is providing better Service Quality as compared to SBI.

6. CONCLUSION

The banking sector plays an imperative role in the development of a nation's economy. The growth of the banking sector depends upon the services and their quality provided by them to the customers in various aspects. In this context, the research deals with measuring Service Quality and Customer Satisfaction with

bank services. The research is timely, as the outcomes would be useful to the policy makers to outline advanced steps.

Based on the outcome values, it can be concluded that in terms of Tangibles and Reliability in service delivery, SBI is on the better side, whereas in terms of Responsiveness, Assurance, and Empathy in service delivery, HDFC bank is on the higher side. But on the whole, HDFC bank is providing better Service Quality than SBI. Likewise, in terms of Tangibles in service delivery, customers of both bank show the same level of Customer Satisfaction. In terms of Reliability, Responsiveness, Assurance, and Empathy in service delivery to the customers of HDFC bank, it shows a greater level of satisfaction than SBI. It can be further concluded that even though HDFC bank is better than SBI in delivering Service Quality and Customer Satisfaction; both the banks are lagging in fulfillment of the absolute expectations of their customers.

The rapid changes that the banking sector has experienced are indicative of the future of banking in India. With this consideration, to satisfy customers, banks need to have procedures to understand them and the ability to fulfill their specific demands with the changing times. The research has drawn suggestions for the banks to minimize the gaps between customer expectations and perceptions found through the study. Moreover, based on the findings and observations made during the study, this research has proposed a model to reduce the gap in approach at each stage of customer handling. Finally, this study provides a good scope and guidelines for future research to empirically validate a theoretical model, and thus fill the gap between the theory and application.

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