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Gap between Perceived and Desired Levels in Commercial Banks in Madurai

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Abstract

Customer perception is an important component of bank's relationship with its customers. A customer may make such comparisons for each part of an offer called "domain-specific satisfaction" or for the offer in total called "global satisfaction". The working of the customer's mind is a mystery which is difficult to unfathomed and understanding the nuances of what perception the customer has to attain satisfaction is, a challenging task. The banks would recognize where they need to make changes to create improvements and determine if these changes, after implementation, have led to increased customer satisfaction. The present study is based on both primary and secondary sources. The primary data was collected from the customers of commercial banks by sample survey through structural interview schedule. Field work for this study was carried out by the researcher himself. The researcher had used the interview schedule for collecting data from bank customers.

Introduction

Customer perception is an important component of bank's relationship with its customers. Customer satisfaction is a mental state which results from the customer's comparison of expectations prior to a purchase with performance perceptions after a purchase. A customer may make such comparisons for each part of an offer called "domain-specific satisfaction" or for the offer in total called "global satisfaction". Moreover, this mental state, which is viewed as a cognitive judgment, is conceived of as falling somewhere on a bipolar continuum bounded at the lower end by a low level of satisfaction where expectations exceed performance perceptions and at the higher end by a high level of satisfaction where performance perceptions exceed expectations.

The customer perception is changing day by day. Peter Drucker said twenty five years ago that "the purpose of a business is to attract and retain a customer". It sounds simple but too many businessmen have forgotten it at their risk. There has been a phenomenal change and paradigm shift towards customer focus for the past five decades. In the first decade in 1950's to 1960's the goal was for serving the customer, focus was between 1960's to 1980's it amounted to satisfying the customer, in the third decade 1980's to 1990's it was to please the customer, in 1990's to 2000 AD it was went up to delighting the customer and in the last decade 2000 it went beyond retaining the customer [1].

The working of the customer's mind is a mystery which is difficult to unfathomed and understanding the nuances of what perception the customer has to attain satisfaction is, a challenging task. This gives the banks an insight into the parameters of customer satisfaction and their measurement. This vital information will help the banks to build satisfaction amongst the customers and customer loyalty in the long run which is an integral part of any business.

The customer's requirements if translated and quantified into measurable targets will provide an easy way to monitor improvements and deciding upon the attributes that need to be concentrated in order to improve customer satisfaction. The banks would recognize where they need to make changes to create improvements and determine if these changes, after implementation, have led to increased customer satisfaction [2-4].

Methodology

The present study is based on both primary and secondary sources. The primary data was collected from the customers of commercial banks by sample survey through structural interview schedule. The secondary data were collected from books, journals, newspapers, periodicals, reports, Internet and the like.

Period of the study

The study covers a period of ten years from 2005-2006 to 2014-2015.

Sample design

The study entitled customer perception to the services of commercial banks in Madurai city is carried out in the Temple city which is the second largest one in Tamil Nadu. Twenty four public sector banks and fifteen private sector banks function in Madurai district. On the whole twenty branches were selected from public and private sector banks respectively.

Field work and collection of data

Field work for this study was carried out by the researcher himself. The researcher had used the interview schedule for collecting data from bank customers. After collecting the information through the interview schedule the data were verified and edited. The survey was conducted during the period from January 2015 to June 2015.

Frame work of analysis

After the collection of data, the filled in interview schedules were edited. A master table was prepared to sum up all the information contained in the interview schedule. The classification of tables had been made for analysis. While analyzing the data the following tools were applied [5-8]:

- Arithmetic Mean
- Standard Deviation
- Coefficient of Variance
- Weighted Scoring Technique

Perceived level of service quality in commercial banks for all dimensions

The dimension on customers' perceived level of service quality indicates the extent of customers' satisfaction as perceived by them for each of the ten broad dimensions listed vide Table 1.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	9548	19.10	4.91	25.69
2	Reliability	9825	19.65	5.15	26.21
3	Responsiveness	8774	17.55	4.60	26.20
4	Assurance	9559	19.12	5.11	26.70
5	Accessibility	8869	17.74	5.18	29.22
6	Empathy	8959	17.92	4.97	27.75
7	Financial	8388	16.78	5.42	32.32
8	Technology	9515	19.03	6.94	36.47
9	Agency	9046	18.09	5.79	32.01
10	Miscellaneous	8767	17.53	5.87	33.49

Table 1: Perceived level of service quality in commercial banks for all dimensions.

A dimension wise analysis indicates that the highest average among all dimensions was found in the case of reliability with a score of 19.65. The next highest average was found in the case of assurance with 19.12. This was being followed by tangibility with a score of 19.10. Financial aspect took up the last position with a score of 16.78 and miscellaneous with a score of 17.53.

An analysis of the standard deviation dimensions indicates that the highest among all dimensions was found in the case of technology with 6.94. The next highest standard deviation was found in the case of miscellaneous with 5.87 followed by agency factor with 5.79.

The lowest standard deviation among all dimensions was found in the case of responsiveness aspect with 4.60 followed by tangibility factor with 4.91.

An analysis of coefficient of variation the dimensions indicates that the highest variation among all dimensions was found in the case of technology factor with 36.47%.

This was followed by the miscellaneous dimension with 33.49%. Tangibility aspect had the least variance of 25.69% and followed by responsiveness with 26.20% [9].

Desired level of service quality in commercial banks for all dimensions

An attempted is made to discuss the customers' desired level of satisfaction for all the banks vide Table 2. The desired level of satisfaction indicates the extent of customers expected level of satisfaction on each of the ten broad dimensions.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	13941	27.88	3.36	12.06
2	Reliability	14032	28.06	2.94	10.49
3	Responsiveness	14102	28.20	2.87	10.18
4	Assurance	14168	28.34	3.52	12.41
5	Accessibility	14230	28.46	3.24	11.37
6	Empathy	14129	28.26	3.63	12.86
7	Financial	13339	26.68	5.48	20.53
8	Technology	14166	28.33	3.09	10.90
9	Agency	13759	27.52	3.76	13.65
10	Miscellaneous	14133	28.27	3.60	12.75

Table 2: Desired level of service quality in commercial banks for all dimensions.

Among the ten broad dimensions of service quality, the highest desired service was accessibility. The highest standard deviation of these dimensions was financial and the least dimension was responsiveness. In the case of coefficient of variation, financial aspect had the highest dimension, compared to other dimensions and lowest among them was responsiveness factor.

A comparison of the data provided in Table 1 with that of the value provided in Table 2 would indicate that in terms of average values, all the dimensions were found to be higher in the case of desired level than the perceived level. This indicates that the service tendency of bank employees' was lower than the customers' expectations, though the banks could provide services in the manner expected by their customers.

From the analysis, it can be concluded that in the case of the desired level of customer services, the dimension on accessibility formed the highest average score.

Service quality gap in commercial banks for all dimensions

The gap between the customers' perceived and desired levels of satisfaction regarding the customers' service quality for all commercial banks can be seen vide Table 3.

The extent of service quality gap between the perceived and desired level of satisfaction in all the ten dimensions for all the customers is discussed vide Table 3.

An examination of dimension wise gap in the service indicates that it was the highest in the case of miscellaneous (10.73) followed by accessibility (10.72), responsiveness (10.66), empathy (10.34), financial (9.90), agency (9.43), technology (9.30), assurance (9.22), tangibility (8.79) and reliability (8.41).

From the analysis, it can be concluded that the gap in miscellaneous factor constituted the highest average score.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	-4393	8.79	3.77	42.89
2	Reliability	-4207	8.41	4.24	50.39
3	Responsiveness	-5328	10.66	4.30	40.30
4	Assurance	-4609	9.22	4.34	47.03
5	Accessibility	-5361	10.72	4.64	43.30
6	Empathy	-5170	10.34	4.16	40.22
7	Financial	-4951	9.90	5.19	52.40
8	Technology	-4651	9.30	6.32	67.99
9	Agency	-4713	9.43	5.46	57.93
10	Miscellaneous	-5366	10.73	5.49	51.20

Table 3: Service quality gap in commercial banks for all dimensions.

Gap between Perceived and Desired Levels in Public Sector Banks

Perceived level of service quality in public sector banks for all dimensions

Table 4 brings out the customers' perceived level of service quality measured for the public sector banks.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	4666	18.66	5.09	27.28
2	Reliability	4754	19.02	5.06	26.61
3	Responsiveness	4196	16.78	4.73	28.19
4	Assurance	4452	17.81	5.56	31.22
5	Accessibility	4299	17.20	5.93	34.45
6	Empathy	4323	17.29	5.07	29.35
7	Financial	4340	17.36	5.69	32.77
8	Technology	4519	18.08	6.51	35.98
9	Agency	4371	17.48	6.18	35.33
10	Miscellaneous	4264	17.06	6.58	38.58

Table 4: Customer's perceived level of service quality in public sector banks for all dimensions.

As seen in Table 4, the analysis indicates that the services on reliability dimension constituted the highest average with 19.02. The standard deviation and coefficient of variation of this dimension stood at 5.06 and 26.61% respectively. The next highest dimension was taken by tangibility factor with a score of 18.66. The standard deviation and coefficient of variation of this dimension stood at 5.09 and 27.28% respectively. The lowest among all dimensions was found in the case of responsiveness with a score of 16.78. The standard deviation and coefficient of this dimension stood at 4.73 and 28.19% respectively.

A thorough examination on the order of the dimensions of public sector banks would indicate that the reliability factor constituted the highest perception. This means that the customers of public sector banks formed the highest expectations of the services provided pertaining to solving their problems than the actual perception.

The analysis states that the public sector banks have to concentrate more on the dimensions other than reliability [10,11].

Desired level of service quality in public sector banks for all dimensions

The customers' desired level of service quality measured for the public sector banks are shown vides Table 5.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	6810	27.24	3.20	11.75
2	Reliability	6730	26.92	3.40	12.26
3	Responsiveness	6868	27.47	3.41	12.40
4	Assurance	6831	27.32	4.16	15.21
5	Accessibility	6999	28.00	3.04	10.87
6	Empathy	6884	27.54	3.66	13.28
7	Financial	6709	26.84	4.30	16.01
8	Technology	6861	27.44	3.66	13.35
9	Agency	6718	26.87	3.74	13.90
10	Miscellaneous	6835	27.34	4.06	14.85

Table 5: Desired level of service quality in public sector banks for all dimensions.

As seen in Table 5, the average of dimension – wise analysis indicates that in the case of desired level service quality of the customers of public sector banks, the services on accessibility dimension constituted the highest score with 28.00. The standard deviation and coefficient of variation of this dimension stood at 3.04 and 10.87% respectively. The next highest dimension was accorded to empathy with 27.54. The standard deviation and coefficient of variation of this dimension was 3.66 and 13.28% respectively. The other dimensions were in the order of: responsiveness with 27.47, technology with 27.44, miscellaneous with 27.34, assurance with 27.32, tangibility with 27.24, reliability with 26.92, agency with 26.87 and financial with 26.84.

This order was slightly varied from the earlier discussion on the perceived level of services of the public sector banks. This indicates that the order of the service provision as perceived by customers was less in magnitude with their desired level of services.

From the analysis it can be concluded that the highest preference of the customers in terms of various dimensions is accessibility factor followed by empathy.

Service quality gap in public sector banks for all dimensions

Table 6 explains the service quality gap prevailing in the case of public sector banks. Table 6, indicates that all the ten categories of dimensions of the public sector banks formed a negative value. The negative value indicates that the difference between the perceived and desired levels of service quality was negative.

This meant that the customers' perceptions of the services of banks were far below the level they have desired. A dimension – wise analysis indicated that among the broad ten categories of service quality, the gap between the perceived and desired levels were found to be the highest in the case of accessibility with a score of 10.80.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	-2144	08.58	3.95	46.00
2	Reliability	-1976	07.90	3.90	49.35
3	Responsiveness	-2672	10.69	4.81	44.99
4	Assurance	-2379	09.52	5.00	52.46
5	Accessibility	-2700	10.80	5.47	50.64
6	Empathy	-2561	09.52	4.52	44.17
7	Financial	-2369	10.24	5.15	54.34
8	Technology	-2342	09.48	5.82	62.10
9	Agency	-2347	09.37	5.92	63.07
10	Miscellaneous	-2571	10.28	6.52	63.46

Table 6: Service quality gap in public sector banks for all dimensions.

The next highest gap was found in the case of responsiveness with 10.69. The order of other dimensions in term of gap were: miscellaneous with 10.28, financial with 10.24, empathy with 9.52, assurance with 9.52, technology with 9.48, agency with 9.37, tangibility with 8.58 and reliability with 7.90.

From the analysis it can be concluded that among the ten broad dimensions of public sector banks, the gap was found to be the highest with accessibility dimension with a score of 10.80.

Gap between Perceived and Desired Levels in Private Sector Banks

Perceived level of service quality in private sector banks for all dimensions

Table 7 examines the customers' perceived level of service quality in private sector banks.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	4882	19.53	4.69	23.99
2	Reliability	5071	20.28	5.17	25.50
3	Responsiveness	4578	18.31	4.34	23.70
4	Assurance	5107	20.43	4.23	20.69
5	Accessibility	4570	18.28	4.26	23.30
6	Empathy	4636	18.54	4.80	25.89
7	Financial	4048	16.19	5.09	31.43
8	Technology	4996	19.98	7.24	36.23
9	Agency	4675	18.70	5.32	28.44
10	Miscellaneous	4503	18.01	5.03	27.93

Table 7: Perceived level of service quality in private sector banks for all dimensions.

As seen in Table 7 that the highest preference perceived in terms of various dimensions estimated for the customers of private sector banks are in the order of: assurance (20.43), reliability (20.28), technology (19.98), tangibility (19.53), agency (18.70), empathy (18.54), responsiveness (18.31), accessibility (18.28), miscellaneous (18.01) and financial aspects (16.19). Standard deviation and coefficient of variation indicated that the services on technology dimension constituted the highest with 7.24 and 36.23% respectively. The lowest among all dimensions was found in the case of assurance with 4.23 (standard deviation) and 20.69% (coefficient of variation) respectively.

From this analysis it can be concluded that assurance dimension had received the highest perception of the service quality by the customers.

Desired level of service quality in private sector banks for all dimensions

Table 8 reveals the customers' desired level of service quality in private sector banks.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	7131	28.52	3.41	11.94
2	Reliability	7302	29.21	1.78	06.09
3	Responsiveness	7234	28.94	1.96	06.77
4	Assurance	7337	29.35	2.34	07.97
5	Accessibility	7231	28.92	3.36	11.63
6	Empathy	7245	28.98	3.47	11.97
7	Financial	6630	26.52	6.45	24.32
8	Technology	7305	29.22	2.03	06.93
9	Agency	7041	28.16	3.67	13.05
10	Miscellaneous	7298	29.19	2.80	09.58

Table 8: Desired level of service quality in private sector banks for all dimensions.

A dimension wise analysis indicates that in the case of desired level of the customers of private sector banks the service on assurance dimension constituted the highest score with 29.35. The standard deviation and coefficient of variation of this dimension stood at 2.34 and 7.97% respectively. The next highest dimension was got by technology with 29.22. The standard deviation and coefficient of this dimension was 2.03 and 6.93% respectively. The lowest among all dimensions was found in the case of financial aspect with 26.52. The standard deviation and coefficient of variation of this dimension was 6.45 and 24.32% respectively.

This order was mostly varied from the earlier discussion on the perceived level of services of the private sector banks. This indicated that the order of the service provision as perceived by the customers was not in tune with the desired level of services by the banks.

From the analysis it can be seen that the highest preference of the customers in terms of various categories was assurance factor followed by technology dimension.

Service quality gap in private sector banks for all dimensions

An attempt is made here to discuss the service quality gap in the private sector banks for all dimensions (Table 9).

The dimension wise analysis indicates that the gap was the highest in the case of miscellaneous with 11.18. The next highest order of the dimension was accessibility (10.64), responsiveness (10.62), empathy (10.44), financial (10.33), agency (9.46), technology (9.24), tangibility (9.00), reliability (8.92) and assurance (8.92). In terms of standard deviation, they were: technology with 6.80, financial aspect with 5.20,

agency with 4.97, reliability with 4.50, miscellaneous with 4.19, empathy with 3.77, responsiveness with 3.72, accessibility with 3.64, tangibility with 3.58 and assurance with 3.55.

S. No	Dimensions	Total score	Average	Standard Deviation	Coefficient of Variation
1	Tangibility	-2249	09.00	3.58	39.78
2	Reliability	-2231	08.92	4.50	50.47
3	Responsiveness	-2656	10.62	3.72	35.07
4	Assurance	-2230	08.92	3.55	39.74
5	Accessibility	-2661	10.64	3.64	34.23
6	Empathy	-2609	10.44	3.77	36.07
7	Financial	-2582	10.33	5.20	50.34
8	Technology	-2309	09.24	6.80	73.60
9	Agency	-2366	09.46	4.97	52.57
10	Miscellaneous	-2795	11.18	4.19	37.45

Table 9: Service quality gap in private sector banks for all dimensions.

From the analysis it can be concluded that the quality gap in the case of private sector banks was found to be the highest in the miscellaneous dimension.

Summary

Desired level-commercial banks-factor wise

On the desired level of service quality, on tangibility the individual factor on "upholstery and convenience", on reliability the factor on "safe bank transactions", on responsiveness the factor on "rendering of services when approached" and in the case of assurance the factor on "staff response to grievances" recorded the highest scores. In the case of accessibility the factor on "proximity of the bank location", on empathy the factor on "individual attention to the customers", on the financial the factor on "reasonability of housing loan rate of interest", and in the case of technology the factor on "provision of online banking security" the highest scores were found. In the case of agency, the factor on "payments and collection of subscriptions, dividends, salaries, pensions, etc.," and in the case of miscellaneous the factor on "leasing finance" recorded highest scores. All these ten factors formed the least coefficient of variation.

Desired level-public sector banks-factor wise

In the case of desired level of service quality, the dimension on tangibility the factor on "space and layout of counters adequacy", on the reliability, the factor on "safe bank transactions", on responsiveness the factor on "rendering of services when approached", on assurance the factor on "staff response to grievances", on accessibility the factor on "staff accessibility over telephone" and in the case of empathy the factor on "convenient banking hours" had the highest scores. Likewise in the case of financial the factor on "reasonability of housing loan rate of interest", on technology the factor on "provision of core banking", on agency the factor on "payments and collection of subscriptions, dividends, salaries, pensions, etc.," and in the case of miscellaneous the factor "safe custody of valuables" constituted the highest scores. A majority of the factors constituting the least coefficient of variation.

Desired level-private sector banks-factor wise

In the dimension on tangibility, the factor on "upholstery and convenience and bank staff adequacy" with an equal average score, on reliability the factor on "safe bank transactions", on responsiveness the factor on "rendering of services when approached" and in the case of assurance, the factor on "staff's skill in computer technology" had the highest scores. In the case of accessibility the factor on "proximity of the bank location", on empathy the factor on "individual attention to the customers", and in the case of financial dimension the factor on "justification of the rate of interest charged" the top most scores were recorded. So also in the case of technology the factor on "provision of online banking security", in the case of agency the factor on "payments and collection of subscriptions, dividends, salaries, pensions, etc.," and in the case of miscellaneous the factor on "dealing in foreign exchange business" constituted the highest average scores. All these ten factors formed the least coefficient of variation.

Suggestions

Necessary measures should be taken on the part of the private sector banks to improve their reliability on par with the public sector banks.

Conclusion

The banks would recognize where they need to make changes to create improvements and determine if these changes, after implementation, have led to increased customer satisfaction. The present study is based on both primary and secondary sources. The researcher had used the interview schedule for collecting data from bank customers.

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