

**SERVICE QUALITY PERCEPTION OF NEW GENERATION  
PRIVATE SECTOR BANKS IN TIRUPUR CITY-AN EMPIRICAL  
STUDY.**

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**Abstract**

The study highlights the service quality of New Generation Private Sector Banks. The main reason behind conducting this study is to check the satisfaction level of customers of New Generation Private Sector Banks regarding those services which is provided by the bank. And also give suggestion to Bank if customers are not satisfied with the services of New Private Sector Banks. A lot of surveys have been done in the past to understand the aspect of customer satisfaction and to find out the customer friendly banks. My research is conducted to find out “SERVICE QUALITY OF NEW GENERATION PRIVATE SECTOR BANKS”. For checking the customer satisfaction and service quality of New Generation Private Sector Banks there are 5 dimensions are included in service quality.

**Keywords:** New Generation Private Sector Banks: Objectives, Service Quality (Tangibles, Reliability, Responsiveness, Empathy, and Assurance etc.), Data Source, Research Methodology etc...

**INTRODUCTION:**

**New Generation Private-Sector Banks**

The banks, which came in operation after 1991, with the introduction of Economic reforms and financial sector reforms are called "new

generation private-sector banks". Banking regulation act was then amended in 1993, which permitted the

entry of new private-sector banks in the Indian banking sector. However, there were certain criteria set for the establishment of the new private-sector banks, some of those criteria being: The bank should have a minimum net worth of Rs.200 Crores.

1. The promoters holding should be a minimum of 25% of the paid-up capital.
2. Within 3 years of the starting of the operations, the bank should offer shares to public and their net worth must increase to 300 crores.

### **List of the new generation private-sector banks in India**

1. Bank of Punjab Ltd. (since merged with Centurian Bank)
2. Centurian Bank of Punjab (since merged with HDFC Bank)
3. Development Credit Bank Ltd.
4. HDFC Bank Ltd.
5. ICICI Bank Ltd.
6. IndusInd Bank Ltd.
7. Kotak Mahindra Bank Ltd.
8. Axis Bank (earlier UTI Bank)
9. Yes Bank Ltd.

### **2. SERVICE QUALITY:**

The importance of 'service quality' in the banking sector has been gaining momentum over the years as the improvement in service quality is likely to enhance the degree of customer satisfaction, which, in turn, helps a bank to retain its existing customer base in a highly competitive regime (Adhikari and Paul, 2016).

Service quality and customer satisfaction are of great importance in service sector because of their interrelationship and service quality of a firm often leads to improvement in overall performance of the organization and ultimately leads to higher degree of customer satisfaction (Negi2009). Service quality, in the banking industry, is often considered as an important antecedent of customer satisfaction and is extremely important since customer is the monarch in any society where protected or regulatory regime has gradually been replaced by a new order characterized by the features of a capitalist economy (Adhikari and Das, 2016).

Service quality and customer satisfaction are interlinked and these concepts are of utmost importance especially in service sector. There is a strong positive relationship between service quality and customer satisfaction (Parasuraman et. al., 1988).

But researchers all over the world are by and large at consensus about some of the dimensions of service quality which have been incorporated in SERVQUAL model.

**The five dimensions of SERVQUAL Includes:**

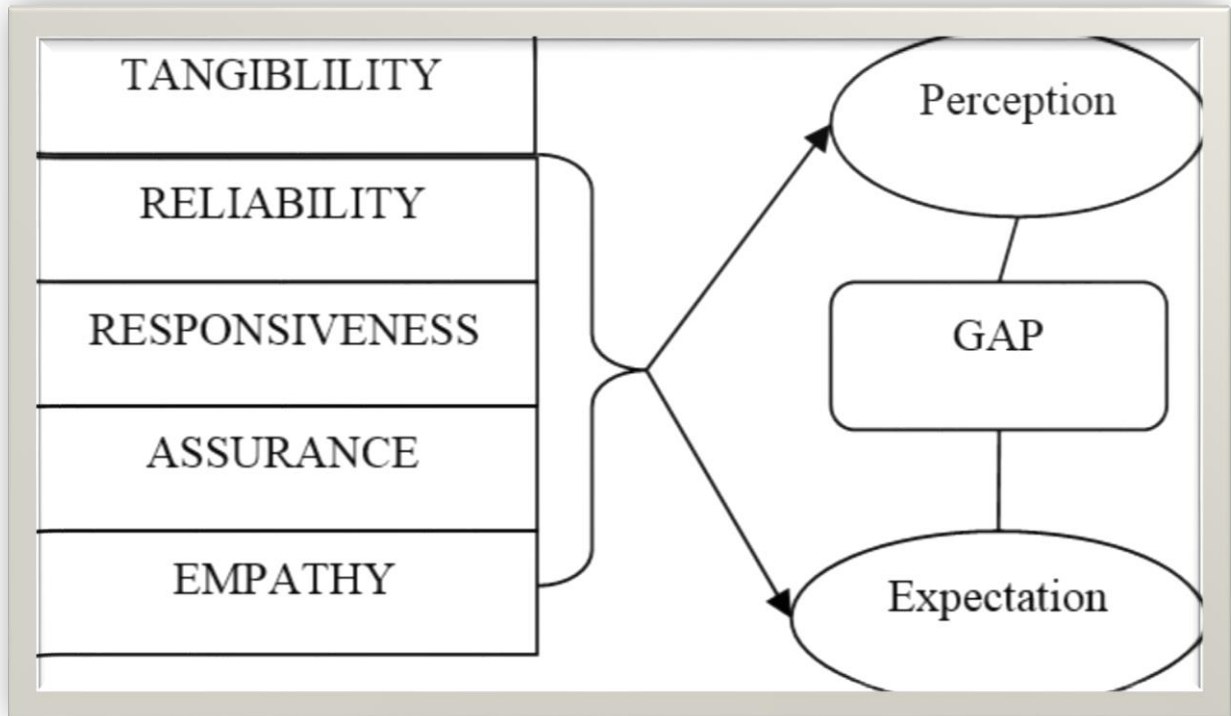
**Tangibles:** Physical facilities, equipment and appearance of personnel.

**Reliability:** Ability to perform the promised service dependably and accurately.

**Responsiveness:** Willingness to help customers and provide prompt service.

**Assurance:** Knowledge and courtesy of employees and their ability to inspire trust and confidence.

**Empathy:** Caring and individualized attention that the firm provides to its customer.



**Objectives of study:**

- ▶ To study the various services offered by the new private sector banks in tirupur city.
- ▶ To examine the services quality of the customers towards new private sector banks in tirupur city.
- ▶ To study the socio- economic profile of the respondent

**Table: New Private Banks In India**

<b>New Private Banks</b>	<b>Year</b>
Axis Bank	1994
Development Credit Bank	1995
HDFC Bank	1994
ICICI Bank	1996
Indusind Bank	1994

Kotak Mahindra Bank	2003
Yes Bank	2005

### Literature Review :

Shanka (2012) found positive correlation between service quality dimensions of SERVPERF model and customer satisfaction in private banks.

Similarly, Nautiyal (2014) found positive correlation between each of the five dimensions of SERVPERF model of service quality and customer satisfaction. Ushantha et. al.

(2014) observed highest correlation between reliability dimension and customer satisfaction, which was followed by assurance, responsiveness, empathy and tangibility dimensions of service quality. Al-Hawary et. al.

Adhikar and Paul (2015) revealed that in the age of fierce competition, and delivery of quality services helps a bank in making their customers satisfied.

Thus, from these literatures reviewed above it may be safely commented that service quality and customer satisfaction are interrelated and both play a convincing role for improving the overall performance of a bank.

### Research Methodology:

Research is an original contribution to the existing store of knowledge making for its advancement. It is the pursuit of truth with

the help of the study, observation, comparison and experiment. Research methodology is a way to systematically solve the research problem. The researcher has explained the methods and steps adopted for achieving the purpose of the study and to arrive at a meaningful conclusion. Both primary and secondary data are used for the study. The questionnaire consists of various questions focusing on the issue of perception of the respondents and satisfaction level towards banking services in Tirupur. The data relating to the banking industry is collected from the personal manual and the records of the banks.

The collected data is analysed using the methods of Henry Garrett Ranking Technique and Gap Analysis. In addition to that SERVQUAL model has been used to find out the service quality of the private sector banking services.

#### Data Source:

1. Primary Data
2. Secondary Data

#### Primary Data:

The primary data was collected by means of a survey. Questionnaires were prepared and customers of the banks at all branches were approached to fill up the questionnaires.

#### Secondary Data:

In order to have a proper understanding of the service quality of bank a depth study was done from the various sources such as books; a lot of data is also collected from the official websites of the banks and the articles from various search engines like Google, yahoo search and wikipedia.com.

### 4. ANALYSIS AND DISCUSSION:

#### HENRY GARRETT RANKING TECHNIQUE

The reasons may differ for selecting the particular bank by the customer which is providing the banking services. For this purpose, some of the factors were selected that influence the selection of the banks viz. convenience, customer service, safety and security and trust. These factors are ranked by the sample respondents by their opinion and discussed in the following table.

**TABLE : REASON FOR SELECTING THE BANK - PRIVATE SECTOR**

S.NO	REASONS	TOTAL SCORE	MEAN SCORE	RANK
1.	Convenience	2913	24.3	II
2.	Customer service	3320	27.7	I
3.	High rate of interest	2561	21.3	III

4.	Safety and Security	2442	20.4	IV
5.	Trust	1400	11.7	V

### MEAN SCORES OF FIVE DIMENSIONS

### GAP ANALYSIS:

Attributes	Expectations (E)	Perceptions (P)	Gaps (E-P)	% Off Satisfaction
Prompt service	6.3	3.8	2.5	60.9
Maintaining the cheque clearance as scheduled	5.5	3.2	2.3	58.2
Overall appearance of the bank	5.4	4.0	1.5	73.1
Cleanliness at bank	6.5	4.2	2.4	63.8
Providing clearance of cheque on time	6.7	4.4	2.4	64.9

### Limitations of the Study

- The study is only for the New Private Sector Banks confined to a particular location and a

very small sample of respondents.

- The study can also not be generalized for

Public and Foreign sector banks of the

Country.

- Respondents may give biased answers for the required data.

- Some of the respondents did not like to

Respond.

### **Recommendations for Future Research**

The following are the areas of further research which the interested researchers can pursue:

1. Impact of service quality on customer

customer loyalty in Private banks.

2. A study on assessing the quality of bank services by using the gap analysis model

3. Gap analysis in the service performance of new generation private banks.

4. The effect of relationship quality and switching barriers on customer loyalty in privatebanks.

### **Conclusion**

It is often said that retaining existing customers in any business is not very expensive than attracting a new one and banking sector is no exception to this principle. In a competitive market, the cost of acquiring new customer is high as compared to that of retaining the existing ones. A bank, be it in private sector or in public sector, cannot continue to exist in the long run if its customers are

dissatisfied for a reasonable period of time. Private sector banks operating in India,

that are relatively new entrants in any market and particularly in small towns, are expected not only to invent new products and services on a continuous basis after understanding their requirements of their existing and potential customers but to provide better quality of services as well in order to effectively satisfy their customers in a competitive environment. Although

the present study reveals significant and positive correlation between all the five select dimensions of service quality on satisfaction of customers of private sector banks operating in Karimganj town of Assam, bank management at branch level are expected to consider sincerely about tangibility dimension of service quality for ensuring higher degree of satisfaction of customers since the scope for improving tangibility dimension of service quality is yet to be explored to a large extent.

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