

# Analyzing the Service Quality of Banks in Punjab

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## *Article Info*

*Volume 82*

*Page Number: 16101 - 16109*

*Publication Issue:*

*January-February 2020*

## *Article History*

*Article Received: 18 May 2019*

*Revised: 14 July 2019*

*Accepted: 22 December 2019*

*Publication: 28 February 2020*

## *Abstract:*

The Indian financial segment has seen extraordinary change since progression in the nation. It turns out to be critical to consider the administration nature of banks so as to assess that where does the present assistance nature of the financial administrations hold up. This paper studies the eight commercial banks in Punjab. A set of 31 statements as factors are being analysed to make 4 factors which identifies the service quality of the banks in a more meaningful and significant way.

*Keywords: Service Quality, Banks, Customer Retention.*

## I. INTRODUCTION

The financial division in India is extensively not quite the same as other Asian Countries dependent on its distinctive geological, social and monetary qualities. India contains a gigantic populace and land, an unequivocal culture and high variations in monetary profit, which are spread over its districts. Similar highlights are available in the Indian Banking division also. Outrageous challenge and amazingly high benefits are setting up another approach structure in the Indian Banking Sector to accomplish consumer loyalty. It turns into a test for the banks to reliably expand the clients just as to keep up them also. Likewise, the clients' desires from the banks are expanding. In the financial segment, quality might be a multi-variable thought, which has various types of factors like comfort, compassion, solid, administrations portfolio, stopping offices and basically, the workers conveying the administration technique for administration buy and conveyance is amazingly hard for arrive at customer and merchant severally. Right now, internet Banking administrations are utilized routinely by each individual in a manner or

another for making exchanges. Banks offer a wide scope of Internet Banking administrations. Banks have placed in a great deal of speculation to eclipse online skill in the desire for applying a draw on client towards the new and less expensive assistance channel. In the battle of increasing tremendous piece of the pie, each association centers around offering best quality help with the goal that the client can be fulfilled and subsequently held. Along these lines, it is the fate of extraordinary pertinence to examine administrations quality offered by banks across provincial and urban regions.

## II. Review of Literature

Kellner and Dannenberg (1998) in their investigation perceived the open entryways for reasonable use of the Internet with exceptional reference to the financial business. The makers separated that trades coordinated by strategies for web banking decline the charges of, as far as possible the peril of loss of data. They said that web banking is a versatile structure. The banks should reshape and redesign their standard picture to a modernized and imaginative advancement driven foundation.

As indicated by Dana (2000), instruction is the main manner by which business enterprise might be brought out of the customary rank arrangement of India, urging youth to turn out to be high achievers. 'Remote demon organizations' including systems of business visionaries inside and outside the republic, so as to profit by government impetuses (Dana, 1999b; Dana, 2007) Uma Sankar Mishra (2010) in an investigation on "Administration Quality Attributes Affecting Customer Satisfaction in Banking Sector of India" has set up two auxiliary conditions for example for open private segment banks to speak to the connection between the apparent assistance quality elements and the consumer loyalty. This condition model is created to examine the effect of administration quality on consumer loyalty.

Akram Jalal (September 2011) in his examination "Evaluating the Impacts of Online Banking Factors on Motivating the Process of E-Banking" recognized components which were huge related to the concern of the customers.

Silvio J. Camilleri and Justine Cortis (2014) in an investigation on "Administration Quality and Internet Banking Perceptions of Maltese Retail Bank Customers" centers around clients' recognitions in regards to two key viewpoints in Maltese retail fund: administration quality and web banking. For the reasons for this examination, two separate polls among Maltese bank clients were appropriated. The primary survey was centered around improving comprehension of clients' apparent assistance quality. The subsequent survey examined the perspectives of bank clients towards web banking. First review bargain secured measurements of administration quality. Therefore, it was discovered that around 84% of the inspected clients are generally speaking happy with the administration quality being advertised. The subsequent poll concentrated on bank clients' observations towards Internet banking (IB). It was seen that the reaction of web banking clients varied from that of nonusers. Specifically, non-adopters appear to be doubter

about the general security of IB proposing that banks ought to commit further endeavors to persuade such clients that online offices are sufficiently protected.

S. Fatemeh Sakhaei and Ahmad J. Afshari (2015) examined administration quality lists in Internet Banking in his investigation titled "The Impact of Service Quality on Customer Satisfaction in Internet Banking". The investigation shows six assistance quality measurements has a significant relationship with consumer loyalty for Internet Banking. Unwavering quality has best connection and web composition had powerless connection with consumer loyalty

Haddad Najeeb (2016) in his investigation entitled "E-KYC as a facilitator for financial joining through flexible money organization: The occasion of outsiders in Jordan". The essential purpose of this investigation was to find how new advancement like E-understand your customer can be executed as a facilitator for financial consolidation. The essential disclosures revealed that the noteworthy challenges which the financial authority centers were facing can be conveyed in two distinct manners inward troubles and external troubles. An inside test begins inside a firm like an infrastructural challenge, rule troubles, and security issues. External troubles are the challenges which money related organizations providers face from the outside natural framework like specific challenges, rules, and rule encompassed social troubles, etc. The assessment proposed the establishment of the regulatory sandbox by the assembly where open discussion can be held to decide the issue and building a trustful association between assistants.

Alraja Naser Mansour and Ahmed Salim (2016) in their examination "The appropriation of web banking: Clients' point of view in Oman" tires to recognize selection level of Omani bank clients for web banking. The model-like innovation acknowledgment model (TAM) is applied to clients to distinguish the impact of apparent handiness and saw convenience (PEOU). A poll is structured and conveyed among clients. Various Linear Regression

tests were applied to the information gathered. Accordingly, it was discovered that the TAM model determined that there is 56.3% of the difference in client's expectation to receive web banking.

Bayel and Janalgie (1994) had audited retail banking administrations quality measurements. Their examination looks at and distinguishes the administrations quality factors influencing the different money related administrations gave by the banks. The examination has likewise explored the connection between discernment concurred to factors and their general disposition towards the monetary administrations gave by the banks. At that point it has examined utilizing combined examination the huge separation in administration quality components among the gathering of banks.

Bhayani, S.J. (2003) has stressed on the retail banking mindfulness in Rajkot city of Gujarat by leading a review on 200 customers having their present record with uncommon reference to private banks, nationalized and helpful banks. The principle reason for his exploration was to think about the administrations conferred by various private area banks, nationalized and agreeable banks in the Rajkot city and furthermore to know the client's mindfulness about the administrations bestowed and how frequently they used these administrations. The examination verifies that in India, because of absence of education and different components, the IT familiarity with the clients is still low. That is the reason the banks need to put significant worry towards instructing the clients for working up an IT wise client base".

Karthikeyan and Mayilvaganan (2011) in their examination presumed that banks can't exist without clients. In the administration division particularly in banks, client support ought not exclusively be a pivotal capacity however a lifestyle too. Consumer loyalty and enchanted ought to be the main issue. That by itself serves the banks' point of expansion of benefit. It is nevertheless clear that a bank can't consider making a benefit without clients. A client gauges

the nature of administration conveyance and the yield conveyance after a help is given. There is constantly a hole between the nature of administration which is normal by the client and the nature of administration that is seen by the client. Parasuram, Zeithaml, and Berry have recognized five components of administration quality: physical assets, dependability, responsiveness, affirmation and sympathy. They estimated the nature of administration conveyance and decided help hole to offer recommendations to limit administration hole.

### III. Results

For studying the factors affecting the service quality of the private banks a questionnaire was designed which was having a total of 31 statement related to the evaluation of the service quality. The answers to the questions were taken on a seven-point Likert scale with a range from one to seven.

(See Table 1)

KMO and Bartlett's Test is used for analyzing the factors influencing the service quality in the private banks. The result of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.964 and the value of Bartlett's Test is significant with a p value less than 0.05 which serves the basis for factor analysis. (Table 2)

The principal Component Analysis method is used to extract the communalities between statements (Table 3)

Table 3 depicts that all the statements are very much correlated with each other. After studying the Eigenvalue four factors were extracted with value one or more.

By selecting the Eigenvalue more than one (Figure 1) the following factor loading is extracted (See Table 4)

In order to understand the loading in a better and clear manner the rotated component matrix is

used. By using the rotated component matrix, the following table is analyzed (see table 5).

Table 5 infers that the statements have loading to the four factors. So whole the statements can be divided into four factors.

1st factors have loading to the 13 statements viz. The Bank staff try to respond in an encouraging manner whenever a request is made by the customer, The staff pay individual attention to customer problem, The Bank give you individual attention, The Staff are available for service, The staff are willing to help the customer, The staff have clear and precise answer for my queries, The Bank staff are polite and courteous, The Bank understands the specific need of the customer, The Bank provides Prompt service, The staff have right and positive attitude towards customers, There is always employee at the information desk, The Bank staff always have the necessary information on the required service, The bank has operating hours convenient to all its customers with 51.961% variance of the total.

2nd factor has loading to the 7 statements viz. All Technology look modern, the bank staff are well dressed and look professional, the quality of stationery is quite good, the interior of the bank is neat and convenient, all written material in the bank is easy to understand, the promotional brochure are highly appealing, My Bank look attractive from outside with 6.321% of the total variance.

3rd factor is having loading to the 6 statements viz. There is sufficient parking space outside the bank, if a response is promised in a certain time, does it happen, the services performed by employee is always right, the exact specifications of client are followed, the level of service is same at all the times of the day, the staff have full faith in the customer with 4.412% of the total variance.

4th factor is having loading to the 5 statements viz. The staff maintains confidentiality of customer transactions, the staff are honest, the

staff are well trained in computer operation, The Bank records and statement are free of error, the staff are always consistent in their performance with 3.378% of the total variance.

#### IV. Conclusion

Based on the study concluded that the service quality of banks which was studied on the 31 statements can be factorized into 4 factors for the better impact on the service quality of the banks and their impact on customer satisfaction. Factor 1 comprises of 13 statements, factor 2 comprises of 7 statements, factor 3 comprises of 6 statements and factor 4 comprises of 5 statements are being formulated to come up with four factors to give meaningful results.

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**Table 1: Statement wise analysis**

	N	Mean	Std Deviation
The staff pays individual attention to a customer problem.	477	5.23	1.329
The bank has operating hours convenient to all its customers.	475	5.42	1.345
The Bank gives you individual attention.	478	5.14	1.362
The Bank understands the specific need of the customer.	474	5.17	1.362
The staff has a clear and precise answer to my queries.	475	5.32	1.317
The Bank provides Prompt service.	481	5.41	1.232
Staff is available for service.	481	5.45	1.179
The staff is willing to help the customer.	480	5.29	1.274
The Bank staff try to respond in an encouraging manner whenever a request is made by the customer.	480	5.23	1.314
There is always an employee at the information desk.	482	5.30	1.377
The Bank staff are polite and courteous.	482	5.43	1.300
The Bank staff always have the necessary information on the required service.	480	5.44	1.147
The staff have right and positive attitude towards customers.	479	5.46	1.255
The staff are honest.	479	5.67	1.173
The staff is always consistent in their performance.	472	5.45	1.099
The staff has full faith in the customer.	475	5.36	1.220
The staff are well trained in computer operation.	478	5.75	2.862
The staff maintains confidentiality of customer transactions.	477	5.77	1.162
My Bank look attractive from outside.	478	5.41	2.993
The interior of the bank is neat and convenient.	478	5.56	1.083
The bank staff are well dressed and look professional.	478	5.65	1.103
All written material in the bank is easy to understand.	479	5.68	1.114
All Technology look modern.	481	5.56	1.144
The quality of stationery is quite good.	474	5.53	1.149
The promotional brochure is highly appealing.	467	5.34	1.191
There is sufficient parking space outside the bank.	479	4.58	1.858
If a response is promised in a certain time, does it happen.	478	5.35	1.164
The exact specifications of client are followed.	475	5.36	1.092
The Bank records and statement are free of error.	480	5.53	1.100
The services performed by employee is always right.	479	5.43	1.137

**Table 2: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.964
Bartlett's Test of Sphericity	Approx. Chi-Square	10262.368
	df	465
	Sig.	0.000

**Table 3: Communalities**

	Initial	Extraction
The staff pays individual attention to a customer problem.	1.000	.758
The bank has operating hours convenient to all its customers.	1.000	.430
The Bank gives you individual attention.	1.000	.726
The Bank understands the specific need of the customer.	1.000	.646
The staff has a clear and precise answer to my queries.	1.000	.666
The Bank provides Prompt service.	1.000	.676
Staffs available for service.	1.000	.698
The staff is willing to help the customer.	1.000	.684
The Bank staff try to respond in an encouraging manner whenever a request is made by the customer	1.000	.701
There is always an employee at the information desk.	1.000	.631
The Bank staff are polite and courteous.	1.000	.659
The Bank staff always have the necessary information on the required service.	1.000	.629
The staff has a right and positive attitude towards customers.	1.000	.694
The staff is honest.	1.000	.646
The staff is always consistent in their performance.	1.000	.605
The staff has full faith in the customer.	1.000	.632
The staff is well trained in computer operation.	1.000	.636
The staff maintains the confidentiality of customer transactions.	1.000	.622
My Bank looks attractive from outside.	1.000	.550
The interior of the bank is neat and convenient	1.000	.684
The bank staff are well dressed and look professional.	1.000	.665
All written material in the bank is easy to understand.	1.000	.624
All Technology look modern.	1.000	.761
The quality of stationery is quite good.	1.000	.684
The promotional brochure is highly appealing	1.000	.600
There is sufficient parking space outside the bank.	1.000	.683
If a response is promised at a certain time, does it happen?	1.000	.714
The exact specifications of the client are followed.	1.000	.661
The Bank records and statement are free of error.	1.000	.619
The services performed by the employee is always right.	1.000	.744
The level of service is the same at all the times of the day.	1.000	.669

**Table 4: Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
The staff pay individual attention to customer problem	.804	-.317	.078	-.067
The bank has operating hours convenient to all its customers	.655	-.025	.008	.028
The Bank give you individual attention	.804	-.262	-.033	-.100
The Bank understands the specific need of the customer	.732	-.331	-.015	.025
The staff have a clear and precise answer for my queries	.769	-.256	-.075	-.063
The Bank provides Prompt service	.777	-.260	-.062	.033
The Staff are available for service	.750	-.181	-.255	-.193
The staff are willing to help the customer	.778	-.262	-.089	-.029
The Bank staff try to respond in an encouraging manner whenever a request is made by me	.739	-.339	-.042	-.194
There is always an employee at the information desk	.722	-.146	.003	-.297
The Bank staff are polite and courteous	.759	-.239	-.157	-.037
The Bank staff always have the necessary information on the required service	.770	-.063	-.175	-.026
The staff have a right and positive attitude towards customers	.799	-.231	.002	.037
The staff are honest	.659	.126	-.386	.217
The staff are always consistent in their performance	.739	.123	-.208	.022
The staff have full faith in the customer	.750	.095	.029	.245
The staff are well trained in computer operation	.681	.230	-.337	.078
The staff maintains confidentiality of customer transactions	.601	.192	-.383	.279
My Bank look attractive from outside	.708	.074	.122	-.170
The interior of the bank is neat and convenient	.722	.305	.027	-.262
The bank staff are well dressed and look professional	.638	.448	-.027	-.239
All written material in the bank is easy to understand	.683	.388	.037	-.081
All Technology look modern	.699	.471	.082	-.209
The quality of stationery is quite good	.696	.357	.189	-.192
The promotional brochure is highly appealing	.684	.256	.203	-.161
There is sufficient parking space outside the bank	.555	-.159	.591	.022
If a response is promised at a certain time, does it happen	.747	-.100	.331	.188
The exact specifications of client are followed	.724	-.002	.229	.289
The Bank records and statement are free of error	.612	.402	.002	.287
The services performed by the employee is always right	.765	.020	.160	.364
The level of service is the same at all the times of the day	.745	.060	.213	.255

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

**Table 5: Rotated Component Matrix<sup>a</sup>**

	Component			
	1	2	3	4
The Bank staff try to respond in an encouraging manner whenever a request is made by the customer	.777			
The staff pays individual attention to a customer problem.	.740			
The Bank gives you individual attention.	.737			
Staff is available for service.	.724			
The staff is willing to help the customer.	.710			
The staff has a clear and precise answer to my queries.	.707			
The Bank staff are polite and courteous.	.698			
The Bank understands the specific need of the customer.	.692			
The Bank provides Prompt service.	.682			
The staff has a right and positive attitude towards customers.	.663			
There is always an employee at the information desk.	.662			
The Bank staff always have the necessary information on the required service.	.590			
The bank has operating hours convenient to all its customers.	.435			
All Technology look modern.		.786		
The bank staff are well dressed and look professional.		.737		
The quality of stationery is quite good.		.717		
The interior of the bank is neat and convenient.		.702		
All written material in the bank is easy to understand.		.648		
The promotional brochure is highly appealing.		.629		
My Bank looks attractive from outside.		.507		
There is sufficient parking space outside the bank.			.678	
If a response is promised at a certain time, does it happen?			.662	
The services performed by the employee is always right.			.637	
The exact specifications of the client are followed.			.628	
The level of service is the same at all the times of the day.			.603	
The staff has full faith in the customer.			.465	
The staff maintains the confidentiality of customer transactions.				.703
The staff is honest.				.671
The staff is well trained in computer operation.				.602
The Bank records and statement are free of error.				.530
The staff is always consistent in their performance.				.475

Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.  
a. Rotation converged in 8 iterations.

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**Figure 1: Component Extraction**

