A STUDY ON AN IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION WITH REGARD TO BANKING SECTOR WITH REFERENCE TO AHMEDABAD CITY.

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ABSTRACT:
Purpose- The main purpose of this research is to study the impact of service quality on customer satisfaction with regard to banking sector. As financial institutions and banks play a vital role in economy.

Design/methodology/approach- Structured questionnaire as an instrument tool is used for data collection and 427 usable responses were considered for the study. SPPSS 25.0 version software is used intensively for data analysis. Independent T-test and one way ANOVA are used to test the hypotheses to reach the necessary conclusions.

Findings-There is significant influence of service quality on customer satisfaction and majorly public banks are not as effective as private banks when it comes to offering of quality service to customers.

Research limitations/implications-The main limitation of this paper is that the study is conducted with regard to impact of service quality on customer satisfaction as customer satisfaction is pivotal for the financial institutions and financial service provider.

Practical implications- This study will contribute into the field of financial service focusing on financial service provider special for banking sectors by providing data regarding impact of service quality on customer satisfaction in banking services. Public sector banks can improve on overall responsiveness and connivance to satisfy customer.

INTRODUCTION:

Bank plays an important role in the economic development of a country. Banking sector comes under service sector so for banks it is pivotal for them to cater best service to their client because Quality service plays a major role in achieving customer satisfaction and creating brand loyalty in banking sector. The banking industry in India is facing certain challenges i.e. challenges of quality service, customer satisfaction, customer retention, customer loyalty. This study revels about impact of service quality on customer satisfaction with regards to banking sector. As the banking services are becoming necessities for human life. Now days in banking sector service quality and customer satisfaction are main factors. . The aim of retail banking industry is to satisfy customers and deepen their relationships. The availability of advanced technologies will help in boosting the cross-selling, increase customer retention and differentiate the brands in the retail Findings suggest that corporate ability has a strong effect on customer banking sector. Service industry particularly the banking sector is not left behind in the competition. Banking industry has been highly commoditized. To be in business, every retail bank should have competitive difference that can be realized to a great extent through customer service excellence

NEED OF THE STUDY:

Services quality is very important factor in banking industry because it helps banks to maintain their customer base in their system. Services quality is important in banking sector to determine customer satisfaction. If customer get good services quality then only they can satisfy easily and other side if services quality of bank is not good than customer can switch the bank because of their poor services quality. Form this study researcher attempted to find that which factors affecting services quality of banking services. Researcher wants to know the relationship between services quality of banks and customer satisfaction in banking sector. Also, researcher tried to find impact of services quality on customer retention in banking sector.

LITERATURE REVIEW:

Literature review on customer satisfaction:

Customer satisfaction is a mental state, in that it compares the outcome of customer's expectations before availing any service with after a purchase experience of that service. Result showed that smooth experience, achievement of goals, and hassle free experience of service made Customers satisfied and happy with their purchase (Paul,2016) (Azman Ismail, 2016),Service quality, customer satisfaction and customer loyalty have received a special attention in the recent health sector literature. The aim of the study was to examine the correlation between service quality and customer satisfaction as well as the correlation between service quality and customer loyalty. The outcomes of SmartPLS path model analysis showed that service quality dimensions, namely tangible, reliability, responsiveness, assurance and empathy were significantly correlated with customer satisfaction and customer loyalty. This finding confirms that the capability of service providers to appropriately implement the quality dimensions in providing medical services has enhanced customer satisfaction and customer loyalty in the organizational sample. (Arun, 2016) with increased competition, service quality has become one of the most popular areas of academic investigation. The purpose his study was to examine the impact of various service quality variables on the overall satisfaction of customers and compare the private and public sector banks using a sample from India. In the case of private sector banks, knowledge of products, response to need, solving questions, fast service, quick connection to the right person, and efforts to reduce queuing time were found to be the factors that are positively associated with overall satisfaction. Assistance to the customer, appearance, and follow up are negatively associated with customer satisfaction. On the other hand, in the case of public sector banks, knowledge of the product and fast service are the factors which are associated positively and appearance was the only factor that was negatively associated. (Garai, 2016) Economic prosperity has changed consumer demographics and technological factors have made consumers demand for better quality and efficient service. The service industry has becoming major contributor to the economy of many countries which were earlier dependent on the manufacturing sector. Furthermore Retail banking is the fastest growing sector of the banking industry with the key success by attending directly the needs of the end customers. It holds a glorious future in coming years. The study is based on the comparative analysis of service quality dimensions both in public sector banks and new Indian private sector banks. (Singh, 2016). To support this study (S. Vijay Anand, 2012) In his study evidented that Customer satisfaction and Loyalty is the result of the factors like Responsiveness, Reliability and Empathy .These factors significantly influenced on the Customer satisfaction and loyalty in services not only prejudiced by the objectives of the organization/banking but mainly due to intangible aspects during the service performance. From the result of this study, it is clearly seen that the performance of quality in service have a positive impact on customer satisfaction and Loyalty (H.M.G.Y.J.Hennayake, 2017)

IMPORTANCE OF THE STUDY: The study will contribute to the field of finance in every bank by providing data regarding impact of service quality on customer satisfaction in banking services. It will be helpful to banking sector that what is the satisfaction of customer while taking banking services. It will be also helpful by considering satisfaction level of customer that what improvements are to be brought for banking services. They can also find what the reasons behind customer retention in banking services are.

RESEARCH GAP: In this study, researcher has undertaken two factors that customer satisfaction and impact of services quality of banking sector. In above literature review we show geographical gap in study. This study is undertaken only in Ahmadabad city.

RESEARCH PROCESS:

Research Objective:

- Primary objective of this research is to study an impact of services quality on customer satisfaction with regards to banking sector

- To study the impact of various democratic factor on selection of type of bank

- To understand the factors which influence the service quality of banks?

Research Design

1. **Sampling population**: Population above the 18 years of age.

2. **Sample size**: This study has been conducted on the basis of 427 respondents

3. **Sampling unit**: Units are above 18 years of age, and each unit has been selected in the sample considering his/her some association with the bank and user of banking services.

4. **Sampling method**: Non-probability Convenience sampling method has been used for this study.

5. **Geographical Scope**: Area is selected on the basis of the convenience. The area selected for framing the sample was Ahmadabad city.

6. **Research Instrument/Tool for data collection**: Structured Questionnaire has been used as an instrument for data collection.

DATA ANALYSIS:
Sample Characteristics:

Variable	Category	Frequency	Percent
Age			
	18-30	116	27.2
	31-45	266	62.3
	45 ABOVE	45	10.5
	Total	427	100.0
Income	LESS THAN 25000	90	21.1
	25000 TO 50000	224	52.5
	50000 TO 100000	113	26.5
	Total	427	100.0
Motivation	RELATIVE	178	41.7
	BANK OFFICIALS	92	21.5
	GOVERNMENT OFFICIALS	55	12.9
	ADVERTISMENT	54	12.6
	PROMOTION ACTIVITY	48	11.2
	Total	427	100.0
Type of bank	PRIVATE SECTOR BANK	224	52.5
	PUBLIC SECTOR BANK	203	47.5
	Total	427	100.0
Average Time For Banking Services	5 TO 10 MIN	258	60.4
	10 TO 20 MIN	169	39.6
	Total	427	100.0

T-TEST

Group Statistics					
	TYPEOFBANK	N	Mean	Std. Deviation	Std. Error Mean
Overall responsi veness	PRIVATE SECTOR BANK	22 4	3.9875	.39493	.02639
	PUBLIC SECTOR BANK	20 3	3.0089	.36835	.02585
Overall convince	PRIVATE SECTOR BANK	22 4	3.9815	.38947	.02602
	PUBLIC SECTOR BANK	20 3	3.0054	.33251	.02334

On the basis of 427 respondents the average no of respondent is 3.0089 of public sector bank for overall responsiveness and 3.0054 of public sector bank for overall convenience. So, in the both of the case respondents have natural response in overall responsiveness and convince in public sector bank and other side in private sector bank average number of respondents is 3.9875 in overall responsiveness and 3.9815 in overall convince. Here in overall responsiveness and overall convince public bank is providing lower than private sector bank.

Independent Samples Test				
	Levene's Test for Equality of Variances		t-test for Equality of Means	
	F	Sig.	t	df
Overall responsiveness	4.594	.033	-2.467	425
			-2.475	424.643
Overall convince	10.131	.002	-2.949	425
			-2.972	423.519

The Independent Samples *T* Test compares the means of two independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. The Independent Samples T Test is a parametrictest.
H0: There is no significance difference between overall responsiveness and overall convenience.
H1: There is significance difference between overall responsiveness and overall convenience.
Here value of F is 4.594 & 10.131. Sig value is 0.002 which less than 0.05. It clearly shows that null hypothesis is rejected.

ONE-WAY ANOVA

ANOVA					
OVERALL RELIABILITY					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.242	2	.621	3.797	.000
Within Groups	69.333	424	.164		
Total	70.575	426			

One-way ANOVA analysis of variance is a technique to compare means of three or more samples. This technique can only be used for numerical data. Now, we want to test whether our dependent variable create sig impact on dependent variable or not.

H0: The independent variable does not show any significant impact on dependent variable.

H1: The independent variable shoes significant impact on dependent variable.

Here value of F is 3.797. Sig value is 0.000 which less than 0.05. it clearly shoes that null hypothesis is rejected.

Descriptive Analysis:

Descriptive		
OVERALL RELIABILITY		
	Minimum	Maximum
18-30	1.83	5.00
31-45	3.17	4.67
45 ABOVE	3.17	4.50
Total	1.83	5.00

On the basis of survey of 427 respondent average numbers of customers are strongly agreed for getting all services. Bank is doing good performance in all above services. But they have to maintain their services for good quality of banking. If they maintain this kind of services it helps them to grab more customer base. The 95% confidence interval defines a range of values that you can be 95% certain contains the population mean. The average lower bound interval mean is 3.7142 for age group between 18 years to 30 years and the average upper bound interval mean is 3.9122 for age group between 18 years to 30 years.

Post Hoc Tests

					95% Confidence Interval	
		Mean Difference (I- J)	Std. Error	Sig.	Lower Bound	Upper Bound
(I) AGE	(J) AGE					
18-30	31-4	.06572	.04499	.311	-.0401	.1715
	45 ABOVE	.19470*	.07102	.017	.0277	.3617
31-45	18-30	-.06572	.04499	.311	-.1715	.0401
	45 ABOVE	.12898	.06518	.119	-.0243	.2823
45 ABOVE	18-30	-.19470*	.07102	.017	-.3617	-.0277
	31-45	-.12898	.06518	.119	-.2823	.0243

Multiple Comparisons — Dependent Variable: OVERALL RELIABILITY — Tukey HSD

Post hoc tests are run to confirm where the differences occurred between groups, it should only be run when you have a shown an overall statistically significant difference in group means (i.e., a statistically significant one-way anova result). Post hoc tests attempt to control the experiment wise error rate (usually alpha = 0.05) in the same manner that the one-way anova is used instead of multiple t-tests.

H0: There is no significant difference between age & overall reliability. H1: There is no significant difference between age & overall reliability.

For age of 18 to 30, value of Significant value is 0.311 which more than 0.05. it clearly shoes that null hypothesis is accepted. For age of 31 to 45, value of Significant value is 0.311 which more than 0.05. It clearly shoes that null hypothesis is accepted. For age of Above 45, value of significant value is 0.017 which less than 0.05. it clearly shoes that null hypothesis is rejected. The 95% confidence interval defines a range of values that you can be 95% certain contains the population mean.

FINDINGS:

Majority of Age group of 18-30 have their bank accounts in private sector bank, and other side age group of 45 above have majority accounts in public sector bank.

More than 50% of respondents having relationship with bank 1 to 3 year, only 15% of respondents have more than 5-year relationship with the bank. So, costumers are changing their banks because of services quality of banks.

Public sector bank is taking more time to giving services to their customers and other side private sector banks are giving banking services faster than public sector banks.

On the basis of data analysis it derived that respondents wanted that bank must increase their working hours for getting banking services.

Private sector banks are charging more to the customer and public sector banks are charging less in banking services.

Highest number of respondents having Average maintains balance is between 20000 to 50000rs. And other side 25% respondents are maintaining 0 to 10000rs in their bank account.

Relatives are biggest motivation factor for selection of bank in income group of less than 25000 incomes. In public bank and private banks relatives are majority factor to selection of banks. Bank officials- are less motivation than relative selection of bank.

Overall responsiveness is factor which influence most to the customer satisfaction and overall convenience is second number of factors which influence to the customer satisfaction.

FUTURE RECOMMENDATION: The basic aim of this study is to provide suggestion and recommendation which can be feasible in nature for application rather only academic purpose. The following recommendation are been proposed to banking sector and financial service providers;

- On the basis of the data analysis and findings researcher has found that customer of private bank and public bank are somewhat satisfy with their banking services. Additionally both the type of banks has their individual services quality problems with regards to retail banking. Bank should extend their banking working hours as well as bank should extend their working days.
- This can be said from the findings that Services quality in public sector bank is lower than private sector bank so, public sector bank needs to work on their service quality aspect to get high customer satisfaction.
- Private Banks are providing good amount of services quality but other side private banks are charging higher than public sector bank thus to grab more loyal customer they need to decrease their charges.

LIMITATIONS OF THE STUDY: The sample of the data has been collected from Ahmadabad city only and unit of sample is an individual customer of bank .Rural area's customer is not considered in this study. The results obtained may not be suitable as a whole having customers with different demographic profiles. For further research on the service quality and customer satisfaction it is essential to study the banking sector's employees 'perception and attitude about service quality and how its effect to customer. Customers of selected banks only have been contacted in order to collect data,

FUTURE SCOPE OF RESEARCH: This study focused on the impact of service quality on customer satisfaction of public and private banks at Ahmadabad so it can be done on large scale considering various geographical locations. To enhance the result of the study empirical research can be conducted while choosing various branches of public and private banks in considering specific segment of investor or customer of banks so that service quality and its impact on customer satisfaction can be measured on diverse background. Thus it will provide a guiding tool for future development in the area of service quality.

IMPLICATION OF THE STUDY: It is very important now days to understand and measure the service quality of any organization or institute on its customer hence the research output of this study may be of significant importance for both in contributing to the academic and corporate as far as banking sector is concerned. Needless to say that implications anticipated in this research study will be act as a facilitator tool for the policy makers, practitioners and research scholars. As in modern world customer is consider as a king so it is an important strategy for financial institutions to serve best quality to their customers so that they can earn loyalty from them.

CONCLUSION: It can be concluded from the findings that Customer satisfaction has major impact on overall reliability of banking services From the finding of this study in can be said that there is ample

scope for enhancement in service quality in banking sector, especially public sector banks need to create an environment where customer get more satisfaction from their service quality and it assist customer to make quality assessment of services offered by various banks. However, Public sector banks should work diligently to enhance their customer services management department as the.

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