



# INTERNATIONAL RESEARCH JOURNAL OF HUMANITIES AND INTERDISCIPLINARY STUDIES

( Peer-reviewed, Refereed, Indexed & Open Access Journal )

DOI : 03.2021-11278686

ISSN : 2582-8568

IMPACT FACTOR : 5.71 (SJIF 2021)

## A COMPARITIVE STUDY ON SERVICE QUALITY AWARENESS AND PERCEPTION OF CUSTOMERS ABOUT PUBLIC AND PRIVATE SECTOR BANKS IN CANARA DISTRICT OF KARNATAKA

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DOI No. **03.2021-11278686** DOI Link :: <https://doi-ds.org/doilink/01.2022-72757385/IRJHIS2201013>

### **Abstract:**

*Service Quality of the banks referred as anresponsibility of all banks to accomplish the goals and wants of the consumers. The present need of banks is to have good relationship with customers by providing quality services to retain the existing and generate new customers. This study tries to learning the service superiority in the banking area in the present scenario. The scope of this study is to identify the service quality of public and private banks in Canara district. This research is created on main data and subordinate data. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The primary data was collected from 400 customers of banks located in Canara district. The study was carried out with the replies of the consumers of the public segment banks and private segment banks by implementing stratified arbitrary sampling through questionnaire and obtainable in the form of tabularization. This study carried to bright the fact that the consumers were morehappy on the service quality of the banks in the area and the same time they presume a lot more from the banks in the present technological development and drastic pandemic disease in the banks.*

**Keywords:** Service Quality; Perception; Preference; Banking; Public & Private Sector.

### **1. Introduction:**

In all service businesses, service excellence left overs a serious matter in sustaining and spreading business in the competitive market. To live in a highly expensive service atmosphere, it is seeming that service businesses need to offer consumer with extraordinary quality facilities. Customer today demands quality and from their point of view, quality is nothing but an integral and expected part of service that is service quality. In banking, quality means not just meeting but exceeding customer expectations. Therefore service superiority is ansignificant feature in the banking industry. It is obvious that over the years, bank customers' awareness of service excellence has been changed enormously. Today, quality includes a commitment towards continuous improvement and service relationships with customers. The necessity for technology based services,

novel and enhanced product facilities and e-services are also as significant aspects of banking service excellence that cares better and higher quality services given to consumers. Hence, these are the areas where banks have to focus upon in order to satisfy their consumers.

## **2. Statement of the Problem:**

The service Quality of the banks denoted as a responsibility of all banks to achieve the objects and wants of the consumers. In general it is perused that, service quality in private sector banks is good compared to public sector banks. The several problems the banks is that they are not capable to offer directreprely to consumers, service time duration is more, long queue to withdraw the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. The parking facility and ventilation facility in banks is very poor as compared to private sector banks. The biggest challenge today for the bank is to establish customers intimacy without which all other efforts towards operational excellence are meaningless. The current necessity of banks is to have decent relationship with consumers by giving quality services to maintain and retain the existing and generate new customers. Thus, this study attempts to study the service quality in the banking sector in the present scenario.

## **3. Scope of the Study:**

The scope of this research is to identify the service quality of public and private banks in Canara district. This study is built on primary and secondary data. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. It purposes to realize the abilityand skill of the banks in the area of service quality that are performing well and shows those areas which require development. The study was done taking two types of banks such as public and private banks in Canara district into consideration. The survey was restricted to the bank customers in Canara district only.

## **4. Objectives of the Study:**

- To examine the service quality gap determinants on the quality of services of banking sector.
- To compare the service quality provided by public and private sector banks in Canara District.

## **5. Methodology of the Study:**

The study was carried out with both primary and secondary data. The primary data was collected from 400 customers of banks located in Tirunelveli district. The study was carried out with the answers of the customers of the public and private sector banks by using stratified random sampling through questionnaire from customers and it is presented in the form of table.

## **6. Sample Plan:**

The ten banks were selected for the purpose of collecting primary data. Five banks from

public sector banks namely State Bank of India (SBI), Indian Overseas Bank (IOB), Canara Bank (CB), Indian Bank (INB) and Bank of Baroda (BOB) and five banks from private sector namely Housing Development Finance Corporation Bank (HDFC), Industrial Credit and Investment Corporation of India Bank (ICICI), AXIS Bank, Karnataka Bank (KB) and KarurVysya Bank (KVB) in Canara region. Out of these banks, 30 customers were selected each from public sector banks and private sector banks in Canara district. Thus, 400 customers were selected on the basis of stratified random sampling method for the present study.

### 7. Limitations of the Study:

- All the answers given by the respondents have been assumed true.
- Customers have provided necessary information for some questions from their memory and experience whose accuracy is not satisfactory.
- In this research, only 400 respondents are considered to suggest the five dimensions of service quality of banking in Canara district. Large sample of respondents may produce better results.
- The service quality is a huge topic containing of a number of measurements. The most common five service quality measurements namely, Tangibility, Reliability, Responsiveness, Assurance, and Empathy only were analyzed in the present study.

### 8. Analysis and Interpretation:

**Table 1: Gender wise classification of Respondents**

Type of Banks	Gender		Total
	Male	Female	
Public Banks	124(62)	76(38)	200(100)
Private Banks	176(88)	24(12)	200(100)
Total	300(75)	100(25)	400(100)

Source: Primary Data

Bank wise analysis reveals that among the customers of public banks, a majority of 124 respondents (62 percent) are male and in private banks, also a majority of 176 respondents (88 percent) are male. The simple reason for the majority of the male respondents having account in public and private banks in the study area is that male respondents independently open accounts in banks. But the female respondents are not financially liberated and they are dependent upon their father or husband for opening of accounts with banks. Hence, majority of the male respondents have account in public and private banks than female.

**Table 2: Age wise classification of Respondents**

Banks	Age (Number of Respondents)					Total
	Below 20 Years	21-40 years	41-50 Years	51-60 years	Above 60 years	
Public banks	68(34)	74(37)	28(14)	20(10)	10(5)	200(100)

Private banks	32(16)	104(52)	36(18)	20(10)	8(4)	200(100)
Total	100(25)	178(44.5)	64(16)	40(10)	18(4.5)	400(100)

Source: Primary Data

Bank wise analysis reveals that among the customers of public banks, a majority of 74 respondents (37 percent) are in the age group of 21 to 40 years and in private banks, a majority of 104 respondents (52 percent) are in the age group of 21 to 40 years. Majority of the young aged respondents have account in public and private banks in the study area. The reason is that young aged respondents are more eager to save money in the banks and also they prefer to take money through ATM. But the old aged respondents are eager to invest in other investment avenues other than banks. Hence, majority of the young aged respondents maintain account in public and private banks than old aged respondents.

**Table 3: Motivational factors to choose the Banks**

Type of Banks	Factors (Number of Respondents)					Total
	Good services	Easy access	Quick transactions	Good approach	Low interest rate	
Public banks	36(18)	120(60)	36(18)	4(2)	4(2)	200(100)
Private banks	28(14)	122(61)	34(17)	8(4)	8(4)	200(100)
Total	64(16)	242(60.5)	70(17.5)	12(3)	12(3)	400(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, 120 respondents (60 percent) are motivated by easy access and in private banks, 122 respondents (61 percent) are also motivated by easy access. Among various factors that influence the customers to open up an account with a bank, may be private or public, easy access to the bank gets prime importance. In a fast development and technological speedy, the customers want to get the business done immediately. It is evident from the study that the factor easy access to the bank has motivated the customers to open up accounts with banks in Canara district

**Table 4: Type of Account**

Type of Banks	Type of account				Total
	SB A/C	Current A/C	FD A/C	RD A/C	
Public banks	168(84)	16(8)	12(6)	4(2)	200(100)
Private banks	124(62)	56(28)	14(7)	6(3)	200(100)
Total	292(73)	72(18)	26(6.5)	10(2.5)	400(100)

Source: Primary Data

Bank wise analysis reveals that among the customers of public banks, a majority of 168 respondents (84 percent) have savings account and in private banks, a majority of 124 respondents (62 percent) have savings account. Generally customers prefer to maintain savings accounts with private or public banks. They find it more suitable to have savings bank account. Mostly business people will open current account.

**Table 5: Period of Maintaining the Account**

Banks	Period of maintaining the account			Total
	Below 3 years	3 to 6 years	Above 6 years	
Public banks	80(40)	52(26)	68(34)	200(100)
Private banks	52(26)	64(32)	84(42)	200(100)
Total	132(33)	116(29)	152(38)	400(100)

Source: Primary Data

Bank wise analysis reveals that among the customers of public banks, a majority of 80 respondents (40 percent) have account for below 3 years and in private banks, a majority of 68 respondents (34 percent) of the respondents have account for 6 years and above. Majority of the respondents are having their account for over 6 years. Thus, the half of the respondents is customers of the bank and they need to be provided utmost care to retain them as customers for longer period.

#### Service Quality Gap in Banking Sector:

In order to find out the service quality of banking sector, that is of the public and private banks in Canara district, the data have been collected from the customers using 33 distinctions. The service quality gap is calculated by service quality gap = Expectation – Perception service quality gap in public sector banks in Canara district.

The following table shows the service quality gap in public sector banks in Canara district.

**Table 6: Service quality Gap in Public Sector Banks in Canara District**

S.No	Particulars	Expectency	Perception	Service quality gap
		Mean	Mean	
	Tangibility	4.45	2.67	1.78
1	Bank location	4.02	3.09	0.93
2	Parking services	4.41	2.63	1.78
3	Seating facility	4.53	3.77	0.76
4	Ventilation	4.96	2.46	2.50
5	Bank equipments	4.31	2.15	2.16
6	Bank slips (forms)	4.22	2.56	1.66
7	Location of ATM Centre	4.76	2.06	2.70
	Assurance	4.67	2.52	2.15

8	Safety of transaction	4.70	2.45	2.25
9	Savings interest rate	4.67	2.87	1.80
10	Loan interest rate	4.72	2.25	2.47
11	Working hours	4.70	2.52	2.18
12	Safety of deposits	4.72	2.48	2.24
	Reliability	4.65	2.41	2.24
13	Speed transaction on services	4.65	2.24	2.41
14	ATM services	4.65	2.76	1.89
15	Credit card services	4.66	2.29	2.37
16	Transaction accuracy	4.65	2.69	1.96
17	Loan facility	4.62	2.15	2.47
18	Service charges	4.67	2.33	2.34
19	Mortgage facility	4.65	2.51	2.14
20	Employee reliability	4.71	2.54	2.17
	Responsiveness	4.64	2.36	2.28
21	Providing information	4.64	2.63	2.01
22	Solving the problem	4.65	2.48	2.17
23	Relationship	4.68	2.44	2.27
24	Immediate responses	4.67	2.15	2.52
25	Employees knowledge	4.61	2.35	2.26
26	Services promptness	4.67	2.08	2.59
27	Multitude services	4.62	2.43	2.19
	Empathy	4.65	2.46	2.19
28	Employees courtesy	4.63	2.69	1.94
29	Staff behavior	4.67	2.45	2.22
30	Individual attention	4.69	2.41	2.28
31	Identifying need of Consumers	4.63	2.35	2.28
32	Sincerity in problem solving	4.63	2.57	2.06
33	Pro-activeness	4.60	2.50	2.10

Source: Primary Data

It is clear from the table 6 that the mean scores of expectations are high and range from 4.02 for (item 1: bank location) to 4.96 for (item 4: ventilation). Among the five dimensions, the highest expectation is related to the assurance dimensions (dimension's mean score = 4.67) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 4.45). The mean score

of the perceptions ranged from 2.15 for (item 5: Bank equipment's) to 3.77 for (item 3: seating facility). Out of the five measurements of quality, the highest perception related to the tangibility dimension (dimension's mean score = 2.67) and the lowest perception related to the responsiveness dimension (dimension's mean score = 2.37).

The gap result is calculated for each measurement by subtracting the perception score from the expectation score. Table 6 further shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score =2.28), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.78).

### Service quality gap in Private Sector Banks in Canara District:

The following table shows the service quality gap in private sector banks in Canara district.

**Table 7: Service quality gap in Private Banks in Canara District**

Sr. No	Perticulars	Expectency Mean	Perception Mean	Service quality gap
	Tangibility	4.45	3.42	1.03
1	Bank location	3.52	3.16	0.36
2	Parking services	4.45	3.06	1.39
3	Seating facility	4.69	3.38	1.31
4	Ventilation	4.67	4.52	0.15
5	Bank equipments	4.64	3.80	0.84
6	Bank slips (forms)	4.72	2.18	2.54
7	Location of ATM Centre	4.72	3.02	1.70
	Assurance	4.49	3.12	1.37
8	Safety of transaction	4.65	2.68	1.97
9	Savings interest rate	4.74	3.43	1.31
10	Loan interest rate	4.75	3.02	1.73
11	Working hours	4.73	3.57	1.16
12	Safety of deposits	3.55	2.81	0.74
	Reliability	4.68	3.05	1.63
13	Speed transaction on services	4.75	2.62	2.13
14	ATM services	4.65	3.81	0.84
15	Credit card services	4.68	2.57	2.11
16	Transaction accuracy	4.68	4.06	0.62
17	Loan facility	4.70	2.42	2.28

18	Service charges	4.73	2.44	2.29
19	Mortgage facility	4.70	3.44	1.26
20	Employee reliability	4.72	3.12	1.60
	Responsiveness	4.66	3.29	1.37
21	Providing information	4.72	3.32	1.40
22	Solving the problem	4.74	2.68	2.06
23	Relationship	4.62	2.68	1.94
24	Immediate responses	4.72	3.02	1.70
25	Employees knowledge	4.62	3.80	0.82
26	Services promptness	4.59	3.92	0.67
27	Multitude services	4.62	3.61	1.01
	Empathy	4.67	3.53	1.14
28	Employees courtesy	4.67	3.52	1.15
29	Staff behavior	4.65	3.52	1.13
30	Individual attention	4.68	3.64	1.04
31	Understanding the need of Customers	4.66	3.69	0.97
32	Sincerity in problem solving	4.71	3.68	1.03
33	Pro-activeness	4.66	3.44	1.22

Source: Primary Data

It is clear from the table 7 that the mean scores of expectations are high and range from 3.52 for (item 1: bank place) to 4.74 for (item 22: solving the problem). Among the five dimensions, the highest expectation is related to the reliability dimensions (dimension's mean score = 4.68) and the lowest expectation is related to the assurance dimension (dimension's mean score = 4.49). The mean score of the perceptions ranged from 2.18 for (item 6: Bank slips (forms) to 4.52 for (item 4: ventilation). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.53) and the lowest perception related to the reliability dimension (dimension's mean score = 3.05).

The gap score for each item and dimension was computed by subtracting the perception score from the expectation score. Table 7 further shows that the highest gap of the quality relates to the reliability dimension (gap mean score = 1.63), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.01).

#### **Service quality Gap in public and private sector banks in Canara District:**

The following table shows the service quality gap in public and private sector banks in



Canara district.

**Table 8: Service quality Gap in public and private sector banks in Canara District**

Sr. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	4.51	3.01	1.50
1	Bank location	4.41	3.40	1.01
2	Parking services	3.99	2.90	1.09
3	Seating facility	4.79	4.10	0.69
4	Ventilation	4.67	3.06	1.61
5	Bank equipment's	4.00	2.83	1.17
6	Bank slips (forms)	4.94	2.68	2.26
7	Location of ATM Centre	4.74	2.11	2.63
	Assurance	4.71	2.85	1.86
8	Safety of transaction	4.71	2.73	1.98
9	Savings interest rate	4.68	3.14	1.54
10	Loan interest rate	4.71	2.65	2.06
11	Working hours	4.72	3.07	1.65
12	Safety of deposits	4.71	2.65	2.06
	Reliability	4.68	2.75	1.93
13	Speed transaction on services	4.69	2.43	2.26
14	ATM services	4.65	3.26	1.39
15	Credit card services	4.68	2.43	2.25
16	Transaction accuracy	4.68	3.41	1.27
17	Loan facility	4.69	2.36	2.33
18	Service charges	4.68	2.28	2.40
19	Mortgage facility	4.67	2.98	1.69
20	Employee reliability	4.71	2.83	1.88
	Responsiveness	4.65	2.83	1.82
21	Providing information	4.69	3.00	1.69
22	Solving the problem	4.71	2.57	2.14
23	Relationship	4.64	2.55	2.09
24	Immediate responses	4.68	2.58	2.10
25	Employees knowledge	4.63	3.06	1.57
26	Services promptness	4.60	3.00	1.60

27	Multitude services	4.62	3.02	1.60
	Empathy	4.65	2.99	1.66
28	Employees courtesy	4.65	3.10	1.55
29	Staff behavior	4.64	2.98	1.66
30	Individual attention	4.67	3.04	1.63
31	Under standing the need of Customers	4.64	3.02	1.62
32	Sincerity in problem solving	4.68	3.13	1.55
33	Pro-activeness	4.64	2.98	1.66

Source: Primary Data

It is clear from the table 8 that the mean scores of expectations are high and range from 3.99 for (item 2: parking services) to 4.79 for (item 3: seating facility). Among the five dimensions, the highest expectation is related to the assurance dimensions (dimension's mean score = 4.71) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 4.51). The mean score of the perceptions ranged from 2.11 for (item 7: Location of ATM Centre) to 4.10 for (item 3: seating facility). Among the five dimensions of quality, the highest perception is related to the tangibility dimension (dimension's mean score = 3.01) and the lowest perception is related to the reliability dimension (dimension's mean score = 2.75).

The gap score for each item and dimension was computed by subtracting the perception score from the expectation score. Table 8 shows further that the highest gap of the quality relates to the reliability dimension (gap mean score = 1.93), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.50).

#### 9. Suggestions to the Banks:

- The customer's sensitivity of reliability measurement of service quality is lower in public sector banks. So the public sector banks may take steps to improve their sincerity in solving the problems of customers and keeping their promises.
- Banks must train all the employees in the areas of customer care, customer approach, body language, customer communication, customer need assessment and compliant organization. This will benefit to cover the way for sustaining pleasant relationship and increase the quality of services.
- The customer's perception of assurance dimension of service quality is lower in private sector banks. Hence, it is suggested that private sector banks may take steps to improve their trust worthiness and safety feelings in the minds of customers.
- Although there is no much difference in the customers perception of the customer contact

programmes in both the banking sectors, the public sector banks may pay more attention to the customer's awareness programmes about new products and services, the periodical customer meets and the telephone recalls to remind customers.

- Bank should maintain good relationship with customers by providing necessary and needed services to the customers.

#### **10. Suggestions to the Consumers:**

- To get good quality of services from the bank, consumers should provide adequate time to the bank to do the work rather than disturbing and waiting in long queues and crowding before the counter.
- A customer has to learn about the banking formalities with the help of co-customers or with specific bank employee rather than disturbing employees involved in other activities.
- Customers should be aware of the modern developments in the banking activities, to facilitate the banks to provide quality services.
- To get quality banking services a customer has to utilize the available technological services in their bank rather than traditional way of approach.
- The evaluation of service quality during definite periods in order to identify new demand/ needs of the customers must be done periodically & permanently.

#### **11. Conclusion:**

This study brought to light the fact that the customers were very much satisfied on the service quality of the banks in the region but at the same time they believe a more from the banks in the current situation of technological growths in banks. Hence, this study will pave way to further research to explore this mechanism in depth to provide quality banking services to facilitate the customers, the society and the economy as a complete. Due to recent covid 19 pandemic disease online service like e-banking is only way to meet and fulfill the consumer need and satisfaction and enable to technological advancement through proper channel.

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