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Measuring Banking Service Quality among Public Sector Banks in Tiruchirrappli District

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Abstract: Background: In a competitive environment all commercial banks retail services either Public sector banks or Private sector banks are required to offer almost same services. They want to attract a new customer and retain the old customer by the way of differentiate themselves in providing and performing the well know banking services to its customer. This research study has measuring the effectiveness of banking six service quality constructs among public sector banks. Objective: Based on the above background of the study, the research paper have an objective to measure the effectiveness of six banking service quality constructs among public sector banks. Methodology: This study was purposive to measure the effectiveness of banking service quality among public sector banks in urban area of Tiruchiraappalli district. The researcher has purposively select 292 bank customer as sample respondent of Public sector bank located in the urban area of Tiruchirappalli District. Results and Discussion: In Public sector bank, the tangible indicator namely "Comfortable lobby area and adequate parking space" and the tangible indicator namely "Availability large number of branches with internet banking facility" were influence the customer.

Keywords: Service Quality – Responsiveness-Tangibility-Reliability-Assurance-Accessibility- Empathy

I. INTRODUCTION

The most important factor that matters a lot in today's modern and successful of banking business is the quality of services. Due to uniform policies of the central bank, all commercial banks retail services either Public sector banks or Private sector banks are required to offer almost same services. This research study titled "Measuring banking service quality among Public sector banks in Tiruchirrappli District" has elaborately discussed the banking services quality.

II. BANKING SERVICE QUALITY (SERQUAL)

The "SERVQUAL" items which were adopted from the contribution of Parasuraman et al., (1988). The SERVQUAL scale is the principal instrument widely utilized to assess service quality for a variety of services. In their study they derive a five dimensional model of service quality such as: reliability, responsiveness, empathy, assurance and tangibility.

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Moreover the sixth dimension of service quality namely "accessibility" contributed by Al-Fazwan (2005) . Their measurement instrument is known as SERVQUAL, which has become almost the standard way of measuring service quality.
This research paper has adopted their model and measure this constructs in the proposed research area.

III OBJECTIVE

This research paper has a primary objective to measure the banking service quality dimensions among the bank customer of Urban branches located in Tiruchirappli district. The banking service quality has consisted of six dimensions namely, Responsiveness, Tangibility, Reliability, Assurance, Accessibility and Empathy factors. Based on the above objective, the research paper has framed following hypothesis.

IV HYPOTHESIS

H_{01} Responsiveness significantly influence banking service quality
H_{02} Tangibility significantly influence banking service quality
H_{03} Reliability significantly influence banking service quality
H_{04} Assurance significantly influence banking service quality
H_{05} Accessibility significantly influence banking service quality
H_{06} Empathy significantly influence banking service quality

V METHODOLOGY

This study is confirmatory by the nature of proving the six banking service quality constructs by using the second order reflective structural equation model. Therefore the researcher has dependent a large sample that is 300 to derive a concrete result with minimum margin of error. The hundred sample respondent was chosen from three public sector banks in the foundation of researcher's knowledge and clarity that the results obtained will be highly accurate. The purposive sampling of non-probability was adopted for inducting sample respondent from the urban branches of public sector banks in Tirruchirapplli District for this research study. The respondent were customer of three public sector banks (SBI, IOB, PNB,) which located at the Urban area of Tiruchirappalli District consider as a sample unit of the study. The sample respondent was identified in the bank premises and ATM centers.

The entire issued questionnaire were collected and scrutinized by using SPSS 20 statistical package to find out any missing data. It is found that out of 300 sample data, 8 were missing value. All the missing data were eliminated and finally 292 questionnaires were taken into consideration.

It is 97.33 percent of total questionnaire issued. The Questionnaire had consisted of twenty nine. Apart from Age, Gender, Qualification, Occupation and Income, there are twenty two questions (five point Likert's scale – 1 strongly Disagree . . . . 5 Strongly Agree) were reflect the banking service quality indicators. The quantitative analysis was done with a help of SPSS 20 and AMOS 20 to measure the significant of banking service quality items among the bank customer of urban branches of public sector banks in Tiruchirappalli district. The descriptive analysis was done primarily to know the respondent personal and demographic background. The reflective structural model was created. Initial structural model was unfit because of poor model fit indices. Hence, to improve the structural model fit indices, the result of modification indices was taken into consideration. According to that the negative indicators were eliminated (RES3 & RES4-Appendix I). Finally twenty four service quality indicators were inducted in the model for further analysis.

VI SAMPLE RESPONDENT OF THE STUDY:

Out of 292 sample respondent, 52.6 percentages of sample respondents were male and 47.4 percent were female participated in the sample survey. Out of the four level classification of sample respondent age, 50 percent of sample respondent were at the age group between "25 – 40". It is found that the middle age group of people were largely participated in the sample study. , Among the total sample of the study, 36.3 percentage of sample respondents were graduates and 24.4 percentages of respondents were Post Graduates. Among the six level classification of sample respondent's occupation, 24.6 percentage of respondent were doing business and 15.5 percentage of respondents were professionals. Regarding their monthly income, 18.6 percentage of respondents were earn a montly income Rs.15001 – 2500

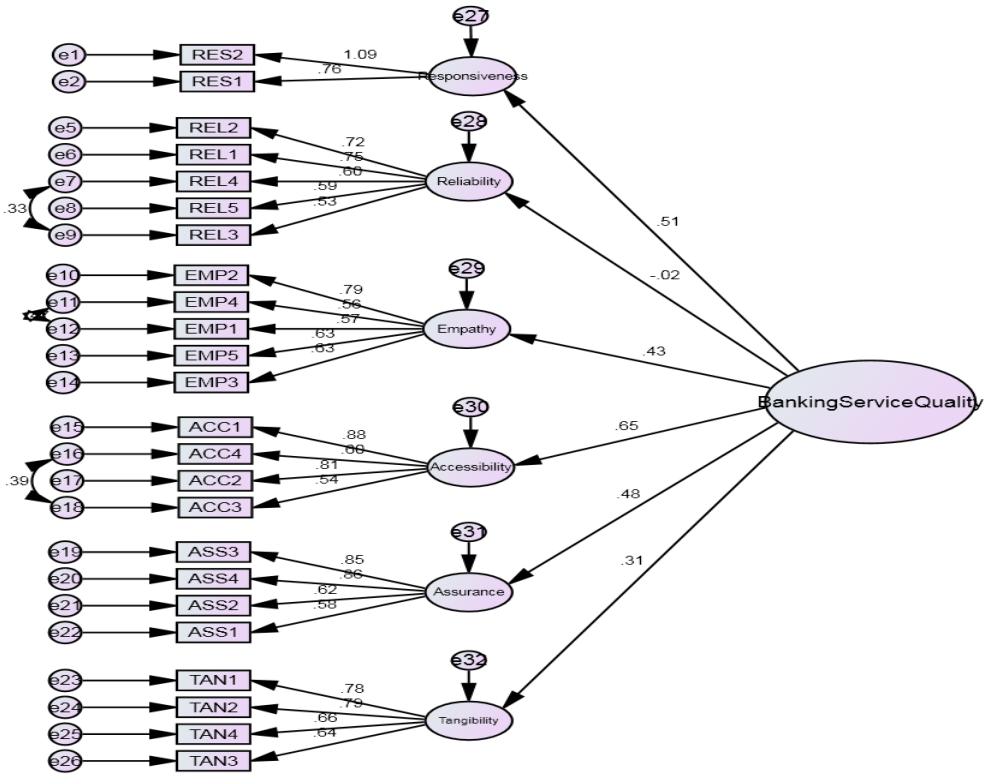

Figure No. 1 Structural model – Reflective second order construct

VII MODEL FIT INDICES

The dependence relationship between six measured constructs and interdependence relationship between constructs themselves were shown in the table 1 & 2. The following fit indices were examined to assess the measurement model fit. The ratio of the Chi-square to degree of freedom is less than 3(1.72), Root mean square error of approximation less thatn 0.05 (.03) for an excellent fit, Comparative fit index greater than 0.9 (.968), Tucker Lewis Indes greater than 0.9 (.963), normal fit index greater than 0.9 (.929), Goodness-of-fit index greater than 0.9 (.946), and adjusted goodness-of-fit index greater than 0.9 (.931).

The result clearly indicates that all the indices fall within the generally accepted guidelines for indicating congruence between the model and data. The proposed model can be termed as excellent. Thus after specifying appropriate measurement models, the structural model is tested.

Table No.1 validity for the proposed model

Service Quality Dimensions	CR	AVE	MSV	MaxR(H)
Assurance	0.813	0.533	0.054	0.874
Responsiveness	0.928	0.867	0.091	1.004
Reliability	0.799	**0.449**	0.003	1.004
Empathy	0.760	**0.397**	0.257	1.004
Accessibility	0.807	0.519	0.091	1.004
Tangibility	0.806	0.511	0.257	1.005

VALIDITY CONCERNS: Convergent Validity: the AVE for Reliability and Empathy is less than 0.50.

The table no 1 has shown the value of composite reliability (CR), Average variance extracted (AVE) and Maximum Shared Variance (MSV) and correlation between the six factors. it is found that the composite value for all the six service quality dimensions has scored above 0.7. It is found that the Average variance extracted (AVE) value for Assurance, responsiveness, Accessibility and Tangibility has scored above 0.5. However, the AVE value for Reliability and Empathy factor has scored less than 0.5. it is also observed that the Value of MSV is higher than AVE has reflect in all the six service quality factors. Moreover the intercorrecation between the six factors (Table No.2) has excellent by the way of scoring more than .5.

Table No.2 Interdependence relationship between constructs

Service Quality Dimensions	Assurance	Responsiveness	Reliability	Empathy	Accessibility	Tangibility
Assurance	**0.730**					
Responsiveness	0.183	**0.931**				
Reliability	-0.023	0.042	**0.670**			
Empathy	0.161	0.125	-0.050	**0.630**		
Accessibility	0.233	0.302	-0.057	0.141	**0.721**	
Tangibility	0.106	0.185	0.013	0.507	0.100	**0.715**

The above table shows the inter correlation between six banking service quality dimensions. Since there is a clear convergent validity prevailed in the proposed model, there is concreate correlation occurred with each other within their parent factor.. The highest inter correlation has occurred between Responsivenss factor with other five factors by 0.913. The Empathy factor has set a intercorrection with other five factor by 0.630 Moreover the inter correlation between the six factors has excellent by the way of scoring more than .5. It is concluded that the six latent factors of banking service quality are well explained by its observed variables.

VIII REGRESSION WEIGHTS ON SERVQUAL

Table No. 3 Regression Weights for indicators of Responsiveness

Observed	Latent	Estimate	S.E.	C.R.	P	Beta Weights
RES2	Responsiveness	1.000	Reference Point			1.092
RES1		.711	.087	8.179	***	.757

The above table shows the emerging indicators which significantly predict the banking service quality factor such as Responsiveness. It is found that the two indicators were significantly emerged to predict the responsiveness constructs. The probability of getting a critical ratio as large as 8.179 in absolute value is less than 0.001. The beta weighs for Responsiveness factor of banking service quality in the prediction of RES1 is significantly different from zero at the 0.001 level. it is estimated that When Responsiveness goes up by 1 standard deviation, RES2 (Attitude of bank staff towards customer was good) goes up by 1.092 standard deviations and RES1(put money aside on a regular basis for the future) goes up by 0.757 standard deviations. It is concluded that both indicators such as, approach of bank staff's towards its customer was good and they provide a proper guidance to its customer highly influence the responsiveness factor.

Table No.4 Regression Weights for indicators of Reliability factor

Observed	Latent	Estimate	S.E.	C.R.	P	Beta Weights
REL2	Reliability	1.000	Reference Point			.720
REL1		.967	.099	9.753	***	.749
REL4		.746	.089	8.387	***	.596
REL5		.712	.084	8.431	***	.594
REL3		.653	.087	7.508	***	.529

It is observed from the above table that all the five indicators were significantly emerged to predict the Reliability constructs by 0.001 percent significant level. The highest beta score were occurred on the indicator namely, REL2 and lowest beta score were occurred on REL1. It is revealed that When Reliability goes up by 1 standard deviation, REL1(information over performing services**)** goes up by 0.749 standard deviations and REL2 (Gives prompt service) goes up by 0.720 standard deviation. it is concluded that the highest influential indicators on Reliability factor were happened on REL2 (Gives prompt service).

Table No.5 Regression Weights for indicators of Empathy factor

Observed	Latent	Estimate	S.E.	C.R.	P	Beta Weights
EMP2	Empathy	1.000	Reference Point			.790
EMP4		.813	.100	8.100	***	.558
EMP1		.823	.100	8.224	***	.567
EMP5		.786	.087	9.067	***	.629
EMP3		.844	.093	9.075	***	.630

The five indicators of empathy factor of banking service quality were significantly predicted the empathy factor. The highest influential were happended on EMP2. It is revealed that When Empathy goes up by 1 standard deviation, EMP2 (Safe transactions) goes up by 0.79 standard deviations and at lowest EMP4(Convenient operating hours) goes up by 0.567

Table No.6 Regression Weights for indicators of Accessibility factor

Observed	Latent	Estimate	S. E.	C.R.	P	Beta Weights
ACC1	Accessibility	1.000	Reference Point			.877
ACC4		.836	.082	10.187	***	.603
ACC2		.864	.065	13.393	***	.815
ACC3		.712	.080	8.941	***	.538

The above table shows the unstandardized and standardized regression weights of four indicators of banking service quality of Accessibility factor by Public sector banks concern. It is observed that all the four accessibility indicator were significantly emerged to predict the Accessibility constructs of banking service quality. it is observed that when banking accessibility factor goes up by 1 standard deviation, ACC2 (Extended working hours) goes up by 0.815 standard deviations and ACC1(Convenient branch locations) goes up by 0.877 standard deviations.

Table No. 7 Regression Weights for indicators of Assurance factor

Observed	Latent	Estimate	S.E.	C.R.	P	Beta Weights
ASS3	Assurance	.942	.063	15.008	***	.849
ASS4		1.000	Reference Point			.865
ASS2		.664	.061	10.857	***	.619
ASS1		.607	.061	9.966	***	.576

the above table shows the standardized regression weights for four indicators of banking service quality assurance factors. it is found that all the four indicators were significantly emerged to predict the banking service quality assurance factor by 0.001 percent level. The highest factor score was happened in the variable ASS3 and lowest factor score was happened in the variable ASS1. It is revealed that When Assurance goes up by 1 standard deviation, ASS3 **(**Understand customer's specific needs**)** goes up by 0.849 standard deviations and ASS4 (resolve the customer specific request) goes up by 0.865 standard deviation. It is concluded that ASS4 (resolve the customer specific request) has highly influence the banking service quality factor of bankers Assurance

Table No.8 Regression Weights for indicators of Tangibility factor

Observed	Latent	Estimate	S.E.	C.R.	P	Beta Weights
TAN1	Tangibility	1.000	Reference Point			.782
TAN2		.974	.081	11.949	***	.789
TAN4		.877	.084	10.458	***	.664
TAN3		.860	.085	10.144	***	.644

The standardized regression weights for all the four Tangibility factor has achieved moderate score to influence banking Tenability factor. Moreover all the four indicators were significantly predict the banking Tangibility factor by 0.001 levels. it is revealed that when banking tangibility goes up by 1 standard deviation, TAN2 (Physical facility) goes up by 0.789 standard deviations and TAN1 (Modern looking equipment) goes up by 0782 standard deviation. It is concluded that the indicators such as TAN2 (Physical facility) has highly influence the banking service quality factor Tangibility.

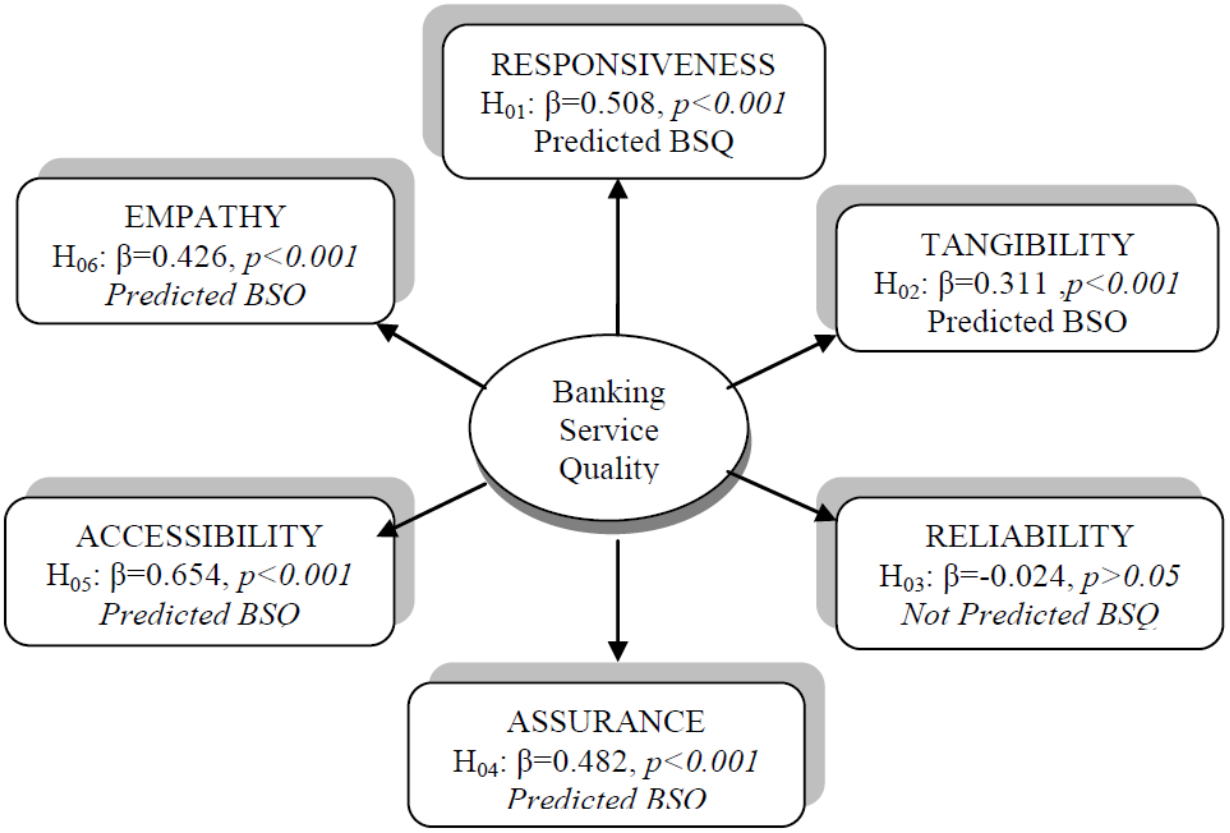

Figure No.2 Fitted covariance Structural Model

IX RESULT AND DISCUSSION:

The above diagram shows fitted covariance structural model by public sector banks prediction. it is observed that the factor score were high for Accessibility and Responsiveness factor of banking service quality. The banking service quality by overall is a good predictor of Tangible factor (β=-0.311, p<0.001, *t*=3.357) and Empathy factor (β=-0.426, p<0.001, t=4.134). The Responsiveness factor (β=-0.508, p<0.001, *t*=4.948), Assurance factor (β=-0.482, p<0.001, *t*=4.627) and Accessibility factor (β=-0.654, p<0.001) were less predictor of banking service quality. It is also noted that the Reliability factor (β=-0.024, p>0.05, *t*=-0.46) is fail to predict the banking service quality. it is summarized that H_{01},H_{02}, H_{04},H_{05} and H_{06} are supported and H_{03} are not supported.

X CONCLUSION AND FUTURE RESEARCH

It is concluded that banking service quality indicators such as, approach of bank staff's towards its customer and they provide a proper guidance to its customer highly influence the responsiveness factor. In the present development all the public sector banks were concentrate to provide comfortable and convenient physical facilities to its all branches. Nevertheless, the study correctly predicts the that the "Physical facility of public sector banks" was highly influence the bank customer now a days. It is found that the service quality dimensions such as, Responsiveness, Tangibility, Assurance and Accessibility were significantly predict the banking service quality by 0.001 level.

However, the Reliability factor fails to predict the banking service quality. It is concluded that the modern banking services performed by the Public sector banks is not only predicted by its modern equipments but also depend on its modern and quick services to its customer. The above analysis was revealed except Reliability of banking service constructs, the remaining five constricts was positively influence public sector bank customer.

Based on the above conclusion the future research may be done by comparing the banking service quality constructs between Urban and Rural branches of public sector banks.

Appendix-I Banking service quality indictors

Banking service quality indicators – Label	Name
Modern looking equipment	TAN1
Physical facility	TAN2
Employee are well dressed	TAN3
Materials are visually appealing	TAN4
Tell about performance of service	REL1
Gives prompt service	REL2
Perform service right first time	REL3
Follows the promised time	REL4
Maintain error free records	REL5
Proper Guidance	RES1
Attitude of employees were good	RES2
Promptness of service	RES3
Solve compliant with in a specific time frame	RES4
Gives personal attention	ASS1
work in Best interest in heart	ASS2
Understand customer's specific needs	ASS3
Resolve the customer specific request	ASS4
Gives Individual attention	EMP1
Safe transactions	EMP2
Employees are consistently courteous	EMP3
Convenient operating hours	EMP4
Not busy to respond queries	EMP5
Convenient branch locations	ACC1
Extended working hours	ACC2
ATM Network	ACC3
Safe net banking and mobile banking	ACC4

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