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## **A STUDY ON CUSTOMER SATISFACTION THROUGH SERVQUAL MODEL- A COMPARATIVE STUDY BETWEEN ANDHRA BANK AND ICICI BANK**

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### **ABSTRACT**

Customer Satisfaction is the core objective of any business in the present competitive scenario. Banking industry too is not exempted from that. Customer satisfaction is the most important aspect for bankers due to the toughest competition existed in this sector. Banks today are more determined to retain their existing customers by providing quality and time bound services to its customers leading to customer satisfaction. Serving customers should be the primary task of any bank. A customer always wants quality and timely services from banks. They expect that banks should come up with advanced solutions to fulfill their needs. Again, if you start providing more, more needs will crop up. Service quality in banking implies anticipating and satisfying the needs and expectations the customers have while receiving the service. The present study is going to explore the dynamics involved in customer satisfaction with reference to banking sector. It also aims at studying the perceptions of customers on tech services using SERVQUAL model.

**KEYWORDS:** Customer Satisfaction, SERVQUAL dimensions

### **INTRODUCTION TO THE STUDY**

As the services in banking industry are almost same, like everyone offering nearly the same kind of banking products and services without much differentiation, became a problem in attracting customers. This can be differentiated by giving a difference in customer experience with the banking services to gain competitive advantage. The strong relationship between a customer and his bank will surely has a greater impact on customer satisfaction. Customer want to be treated as if they expected. They want to maintain a good relationship with the bank they are transacting, and they want their bank to put

forth efforts to know their needs instead of just pushing a banking product. Due to the advancements in banking sector too, today customers are interacting with banks through varied sources like online, via phone, mobile banking, ATM's etc., No matter how the transaction is being happened, a customer needs quick and consistent output when he made a deposit or when he transfer money to other accounts. So, to provide a great customer experience, banks should constantly deliver the best services to reach the expectations their customers have in all channels.

## **REVIEW OF LITERATURE**

Daddihal V.S. and Kulakarni P.K. (2008) analyzed the changes happened in virtual banking, includes ATM's, Shared Networks, EFTPOS, smart cards, mobile and internet banking related services.

Ipshita Bansal and Rinku Sharma (2008) analyses on the achievements made in Indian banking services, Formulation of customer services committees, Improvement in the collection of cheques and processing them, settlement of claims related to deceased depositors, improvement in grievance redressal mechanism, door-to-door banking and credit card facilities.

Moushmi Datta (2010) identified the latest and upcoming trends in Internet banking, ATM's, Smart cards, Mobile banking, 24 hour banking services, disclosed competition amongst banks, privatization process of banking sector, participation of foreign investment, increased presence of foreign banks in India.

Radha V and Gulati P (2004) discusses the problems the new technologies will create. Also discussed about the process of prevention of fraudulent activities developed around these technologies. They also discussed about the opportunities that frauds take advantage and its prevention and also how to build future technologies to limit frauds.

James M Curran, Matthew L Meuter (2005) wrote about the factors that need to be considered while introducing new technologies in banking services. These findings are very helpful to bankers to emphasize issues related to critical

constructs when using SST's in service delivery.

George Rigopoulos and Dimitrios Askounis (2007) explained clearly about Technology Acceptance Model that has been used for measuring users attitude towards accepting IT based services. They presented the model developed, as well as initial results from a survey which is relevant in Greek banks target group of users.

Sonja Grabner, Krauter and Rita Faullant (2008) affirms the influence of internet trust on risk perception and attitude of consumer towards online banking. The tendency to trust is a determinant not only for interpersonal relationship but also for trust in technical know-how.

The above are the few relevant studies found in the Indian context. The above literature anticipates the trends in banking sector in India. Further, it can be summarized that for banks, technology is emerged as a potential and strategic resource to achieve higher efficiency in discharging its services, and for customers, it is their dreams like anywhere and anytime banking. The recent trends in banking sector shows that most of the brick and mortar banks are trying to transform themselves from a product centric model to the customer centric model as they are developing their new e-banking capacities. Hence, the present study investigates further to know the customer satisfaction.

## **Research Methodology**

Methodology is the way to discover new facts or to verify existing data with the happenings and their sequence, inter relations and causal relations. It is the

systematic method adopted by the researcher to conduct his study. It can also be described as the method of achieving objectives through data collection.

### Objectives of the study

Customer satisfaction majorly depends on the quality of service provided. Service quality is a measure to see how well the services delivered matches customer expectations.

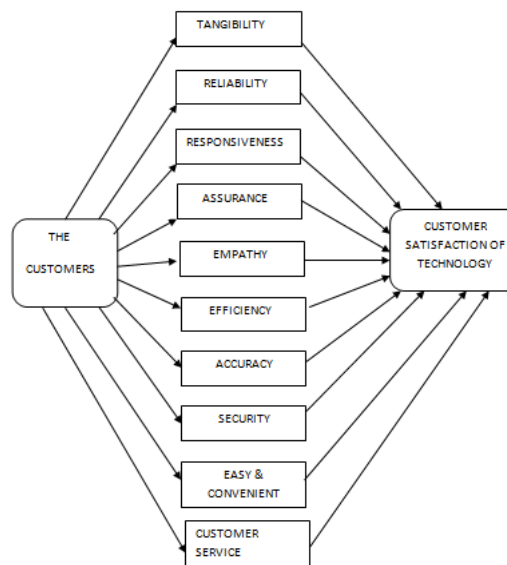
The primary objective is to:

Capture customer expectations and satisfaction of banking services through SERVQUAL model.

**Data collection:** For the study, primary data and secondary have been collected. The primary data was collected through SERVQUAL (developed by Parasuraman et al.,1985) instrument while secondary data was collected through journals, magazines and relevant websites. The SERVQUAL instrument consists of 10 underlying dimensions, with 49 item statements for the ‘expectation’ and ‘perception’ sections of the questionnaire. The 10 servicequality dimensions are tangibility, reliability, responsiveness, assurance, empathy, efficiency, accuracy, security, easy and convenient banking and customer service. These dimensions are also mentioned by different authors Jun & Cai (2001); Yang & Fang (2004); Yang and Jun (2002); Liu & Arnett (2000); in their studies to determine online service quality dimensions. The relationship between service quality variables and customer satisfaction are shown in the figure below.

### Customer Satisfaction Model on Service

### Quality:



**Figure – 1 Customer perceptions on SERVQUAL Dimensions Model**

### Sample frame and sample size

Customer satisfaction level in terms of technology and service quality an impact study in the banking operations of Andhra Bank and ICICI Bank, Vizag city is undertaken.

For comparison the results between Andhra Bank and ICICI Bank, 250 respondents from 40 branches of Andhra bank and 250 respondents from 11 branches of Axis bank in vizag.

### Results analysis and discussion

The collected data was tabulated and analyzed using t- test to know the significant difference between Andhra bank and ICICI bank on the dimensions of SERVQUAL instrument. The table 1.1 shows the results of descriptive statistics and t- value at 0.01 level of significance.

**Table 1.1 Overall customer satisfaction between Andhra bank and ICICI bank on**

## SERVQUAL Model

Satisfaction level of dimensions	Name of the bank	N	Mean	Std. Dev.	Std. Error Mean	t-value	Sig.
Tangibility	Andhra Bank	250	38.65	4.436	0.281	5.53**	0.000
	ICICI Bank	250	36.16	5.589	0.354		
Reliability	Andhra Bank	250	30.51	4.505	0.285	4.42	0.133
	ICICI Bank	250	28.64	4.940	0.312		
Responsiveness	Andhra Bank	250	49.68	6.125	0.387	3.47**	0.000
	ICICI Bank	250	47.53	7.633	0.483		
Assurance	Andhra Bank	250	15.39	2.477	0.157	5.09*	0.014
	ICICI Bank	250	14.18	2.812	0.178		
Empathy	Andhra Bank	250	15.62	2.444	0.155	5.94**	0.000

Efficiency	ICICI Bank	250	14.18	2.953	0.187	4.78**	0.002
	Andhra Bank	250	18.82	2.989	0.189		
Accuracy	ICICI Bank	250	17.42	3.511	0.222	2.63**	0.001
	Andhra Bank	250	11.74	1.598	0.101		
Security	ICICI Bank	250	11.63	1.980	0.125	4.24**	0.000
	Andhra Bank	250	10.96	1.972	0.125		
Easy and Convenient Banking	ICICI Bank	250	15.34	2.548	0.161	2.05*	0.013
	Andhra Bank	250	14.83	3.000	0.190		
Customer Service	ICICI Bank	250	14.82	3.007	0.190	3.03**	0.001
	Andhra Bank	250	13.94	3.429	0.217		

\*P<.05, \*\*P<.01

### Source: Survey

The average scores on different satisfaction level of dimensions offered by the bank customers among difference between Andhra Bank and ICICI bank customers is

presented in the Table 1.1.

Andhra Bank customers with a mean of 38.65 have a better opinion about satisfaction level of tangibility by their respective organizations when compared with ICICI Bank customers mean of 36.16. The t-value is 5.53\*\* found significant at .01 level.

Andhra Bank customers with a mean of 30.51 have a better opinion about satisfaction level of reliability offered by the bank institutions when compared with ICICI Bank customers mean of 28.64. The t-value is 4.42 not significant.

Andhra Bank customers with a mean of 49.68 have a better opinion about responsiveness offered by the bank when compared with ICICI Bank customers mean of 47.53. The t-value is 3.47\*\* found significant at .01 level.

Andhra Bank customers with a mean of 15.39 have a better opinion about satisfaction level of assurance when compared with ICICI Bank customers mean of 14.18. The t-value is 5.09\* found significant at .05 level.

Andhra Bank customers with a mean of 15.62 have a better opinion about empathy offered by the bank institutions when compared with ICICI Bank customers mean of 14.18. The t-value is 5.94\*\* found significant at .01 level.

Andhra Bank customers with mean of 18.82 have a better opinion about satisfaction level of efficiency offered by the bank institutions when compared with ICICI Bank customers mean of 17.42. The t-value is 4.78\*\* found significant at .01 level.

Andhra Bank customers with a mean of 11.74 have a better opinion about Accuracy offered by the bank when compared with ICICI Bank customers mean of 11.32. The t-value is 2.63\*\* found significant at .01 level.

Andhra Bank customers with a mean of 15.34 have a better opinion about security offered by the bank when compared with ICICI Bank customers mean of 14.83. The t-value is 4.24\*\* found significant at .01 level.

Andhra Bank customers with a mean of 11.63 have a better opinion about Easy and convenient banking offered by the bank when compared with ICICI bank customers mean of 10.96. The t-value is 2.05\* found significant at .05 level.

Andhra Bank customers with a mean of 14.82 have a better opinion about Customer Service offered by the bank when compared with ICICI Bank customers mean of 13.94. The t-value is 3.03\*\* found significant at .01 level.

Thus it can be concluded that both Andhra Bank and ICICI bank have attained customer satisfaction based on the SERVQUAL model with respective technological operations.

### **Conclusion:**

The present study is attempted to know the customer satisfaction in Andhra bank and ICICI bank. All the dimensions taken for the study are found to be higher in Andhra bank than ICICI bank. Though there is difference,

the difference is significant with some of the dimension such as, tangibility, responsiveness, empathy, efficiency, accuracy, security and customer service, while the other dimensions viz., reliability, assurance and easy banking are not significantly different.

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