

MEASURING SERVICE QUALITY IN RETAIL BANKING SECTOR WITH REFERENCE TO SURAT DISTRICT

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ABSTRACT

It is evident from empirical study that the main important factor for bank selection is the convenience and assurance to cardholder's. The results found that availability of more ATMs and internet to provide more flexible and quality services. The results also show significant difference on the perception towards cash advance, credit limit, annual fees structure and annual interest payment rate and income groups. Further, it is evident that the perception towards special discounts on purchase, credit card road show, reward's points and gender reputation differ among marital status, age and annual income of the respondents. Thus This paper investigates the selection criteria of bank credit cards that contribute towards credit card selection among Indian credit card holders. The plastic money has become the way of life. With the introduction of credit card in the economic system of the country the scenario of economic life changes altogether.

Keywords: Bank Credit Card, Selection Criteria, Demographic Factors, Satisfaction Level.

INTRODUCTION

In India, there are a total of 26 issuers of Bank credit cards which include PSU banks, private banks and foreign banks. Credit cards have become important product for retail banking and it generate handsome income for the banks and there has been a high growth in number of credit cards circulation during the last many years. The most common and popular type of products that is offered by the banks are credit cards. The three common credit cards that are issued by banks are namely Classic, Gold and Platinum. These cards are issued based on individual income level and many other criteria are set by the credit card issuer. Credit limit is usually set based on the assessment of the information provided in application forms. Reserve bank of India (RBI) (up to November 11) statistics show that credit cards transaction in 2003-04 was 176.63 billion and increased to 755.10 billion in 2010-11. There

is tremendous growth of credit card transactions from year 2003 to 2010. The circulation of credit cards in India has reach 265.14 million by the March 2011.

Hence, by successfully targeting and promoting the right group of customers with right product, banks are able to promote their credit cards more efficiently and generate a good potential income. Since last few years demographic changes and cultures changes have also boosted the growth of credit cards. Cultural changes in society, such as from a 'save first, spend later' approach to one of 'borrow now and repay later', has certainly change the consumption and saving pattern of consumers in India. Today young borrower have trust upon them a "buy now, pay later" philosophy (O'Keeffe, 2005). On the other side, credit card market has also become more competitive than before. All banks and Each credit card issuer has introduced their own credit card product with value added services and incentives to attract their own customers. in India central bank of India is the first bank who introduce concept of credit in India. whereas state bank of India (SBI) is one of the bank in India which had introduced more than ten types of credit cards in India. In this competitive environment, In order to compete with some of the international bank, local bank such as Public Bank has also introduced new type of credit cards. However, there are constant product improvements and innovations to satisfy the needs of the customers, it is becoming even more competitive and banks are trying to increase and sustain market share as against its competitors by niche marking. Therefore, it is very important for a bank to acquire all the information of their customers and their selection criteria. Satisfied customers are more likely to repurchase and more potential to become loyal customer. If a product meets or exceeds its customer's expectation, the customer is said to be satisfied at different degrees of satisfaction. Any goods or services that are below customer's expectation will result in a discontented customer (Lehman and Winer, 2005). Therefore, it is crucial and significant for the banks to target on the most important selection criteria to increase their customer's satisfaction and reduce the cost. so it is very important to identify different selection criteria that have an impact on credit card holder's satisfaction. Based on these criteria, the banks can formulate an appropriate strategy which can satisfy their customer needs (Gerrard and Cunningham, 2000).

OBJECTIVES OF THE STUDY

The present study focuses on the following objectives :

1. To determine the key demographic factors that have significant impacts on the credit card selection criteria.
2. To examine the relationship between the credit card facility and selection criteria with credit card holders' satisfaction level.
3. To come out with some suggestions in order to build gaps between the theories and practices relating to the use of credit card.

LITERATURE REVIEW

In this section, we present our novel, restricted ECC definition for our fault-secure detector. Secondary data provides the guideline on the basis of what the study has to be extended. Here an efforts has been made to refer the relevant studies to assist our findings.

According to Sachdev et al, (2004), In India many banks have introduced new customer friendly service like 24 x 7 - day and anywhere banking, internet banking, online payment services, mobile banking, extended business hours, ATM network, etc. In today's competition in Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, service and efficiency or trust and products, so on the basis of all this things customer takes decision of having credit card.

As per study of Krishnan et al, (1999), level of customer satisfaction is becoming the major target of all banks to increase the market share. More specifically, the cost of retaining existing customers by enhancing and innovative products and services that are perceived as being important is significantly lower than the cost of winning new customers

Anderson et al, (1994); La Barbera et al, (1983), cited that Customer satisfaction is an outcome of purchase and use resulting from the comparison of the customers' expectations and actual performance of the product purchased with respect to the expected consequences.

According to Zeithaml and Bitner, observed that (2003), Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences of using product or service. (Wirtz, 2002), Customer satisfaction is influenced by price, product quality; service quality, process of total service and brand image

Cadott et al, (1987); Churchill & Surprenant, (1982); Oliver, (1997), Parasuraman et al, (1985, 1988); Rust & Oliver, (1994); Zeithaml et al, (1996), highlighted that Consumer satisfaction have been considered the primary constructs in the area of service marketing because ultimately they lead to the development of consumer loyalty or re-patronization of a product or service satisfaction.

According to J.C. Arias , Robert Miller (2009), elaborated the fact that users of credit card who are studying in college have positive attitude and it create ego in the mind of students and their parents.

According to David Chubak & J. J. Kasper (2010) opined that Succeeding in the new card environment will require innovative operating models that are designed to build market share, loyalty and profits.

Avkiran, (1994); Stafford, (1996); Johnston, (1997); Angur et al, (1999); Lasser et al, (2000); analyzed that Service quality is one of the pivot success factors that influence the competitiveness of an organization. A bank can create differentiate itself from competitors by providing innovative quality service. Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector.

According to Hofstede (2001), most of the Asian cultures (like India, Pakistan) are collectivist. People in the collective cultures and groups (relatives, institutions and organizations) and out-groups. In this case, word of mouth (WOM) advertisements are important for the banks and it increase the share of banks by creating brand name. File and Prince (1992) argued that the customers who are satisfied tell others about their experiences and this increases WOM advertising. In this way, banks can increase customers.

Bloom and Steen, (1987), Mandell, (1973), Danes & Hira, (1986), Mueller & Hira, (1984) they have examined credit attitudes and practices in relation to demographic variables; the following variables have been linked to more favorable attitudes toward the use of credit: younger householders, higher income households, higher education and persons having positive attitude towards credit cards. Attitudes toward credit are positively related to selected credit practices. The number of credit cards used by the household and the amount of money, the money manager feels comfortable in owing on all credit cards are the predictors of the debt-to-income ratio; both relationships are positive relation.

Hafstrom, (1983); Davis & Helmick, (1985), Ackerman & Paolucci (1983) they examined, the age of a person, household size, and housing status are negatively related to the household's solvency status. they also found that a lower debt-to-income ratio was related to higher financial satisfaction; Satisfaction is achieved when a need or desire is fulfilled; financial satisfaction is a measure of the difference between desired and actual financial situation at a point of time. Measuring financial satisfaction relies on objective factors such as income and wealth, and also on a subjective comparison to a standard.

Parasuraman et al., (1985, 1988) searched that the SERVQUAL model was made of ten dimensions of service quality when created; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access, but later on these dimensions were reduced to five because some dimensions were overlapping (communication, credibility, security, competence, courtesy, understanding customers and access) and they included, Tangibles- physical facilities, equipments, and staff appearance. Reliability- ability to perform the promised service dependably and accurately; Responsiveness- willingness to help customers and provide prompt service; Assurance- knowledge and courtesy of employees and their ability to inspire trust and confidence; Empathy- caring, individual attention the firm provides its customers.

RESEARCH DESIGN

Research Methodology

The study is based on primary data and secondary data, primary data has been collected from the credit card users with the help of a well structured questionnaire. The questions in the questionnaire has been framed with the help of SERVQUAL model. Some modification has been made in the model to serve our purpose of analysis. For the collection of primary data, we have confined ourselves to Surat in India. This research study covers only one district of Gujarat state namely Surat. Because these district is most populated and fastest growing district of Gujarat state (Census Report, 2001 & 2011). All the banks have their branches in this district and consequently have a greater degree of familiarity with banking services. This

district of Gujarat has emerged as fastest growing district in terms of economic prosperity. People of this district are well habitual with shopping, travelling. In this district there is wider change in life style and income – consumption pattern of people as compare to other cities. Our sample consists of a total of 280 respondents in district. The respondents are basically credit card users, who have been selected by following the non-probabilistic sampling, simple purposive sampling and convenience sampling techniques.

Further, it is essential to mention two things: firstly, in convenience-sampling, respondents (who were seen using/have possession of credit cards) were selected because they happened to be in the right place at the right time. The questions inquired the services of credit card, and the users were given few statements. In addition, the respondents had to rate the credit cards features according to the importance, on the 'five-point Likert scale.' Special care has been taken to see that sample is represented by respondents to different age (18 year to 65 year), both genders, marital status, occupation of the respondents.

On the other side this study is based on secondary data which has been taken from various web sites, magazines, books and news papers. The reason of taking data is to explore the study.

Selection Criteria



Figure 1. Primary data and secondary data

Justifications for Sample Selection

The basic idea of sampling is that by selecting some of the elements in a population, researcher may draw conclusions about the entire population. A population element is the individual participant or object on the measurement is taken. A population is the total collection of elements about which researcher wish to make some inferences. There are several compelling reasons for sampling (1) lower cost (2) greater accuracy of results (3) greater speed of data collection.

Measurement Scale and Sampling Technique

The questionnaire consisted of the respondents' profile (gender, age, education level, annual income and occupation). While the respondents were investigated on the five selection criteria (reliability, tangibility, empathy, assurance, responsiveness) using the likert scaling, range from 1 – 5. (1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly agree).

A pilot test of 30 respondents was also conducted to justify our work in terms of validity and reliability.

Research Procedures

Survey

The survey strategy is popular and common strategy in business research that is usually associated with the deductive approach. Survey allows the collection of large amount of data from a sizeable population in a highly economical way. In this study a survey has been done using a questionnaire.

Data Analysis

After collecting all the data the process of analysis begins. To summarize and rearrange the data several interrelated procedure are performed during the data analysis stage.

For quantitative data analysis, statistical tools of Microsoft excel and SPSS are used for data input and analysis.

RESULT OF DATA ANALYSIS

Table 1. Cross tabulation of name of credit card issuing bank * How long you have been using Credit Card

Name of credit card issuing bank	How long you have been using cc				Total
	< 1 year	1 to 2 year	3 to 4 year	>= 5 year	
ICICI BANK	3	12	13	15	43
HDFC BANK	8	12	13	18	51
CITI BANK	6	14	5	3	28
SBI BANK	13	24	19	30	86
AXIS BANK	5	7	1	9	22
KOTAK BANK	4	11	12	23	50
Total	39	80	63	98	280

From the above analysis it present that SBI bank is having maximum number of users for a long duration of time.

Table 2. Cross tabulation of Name of credit card issuing bank * Age of respondents

Name of credit card issuing bank	Age of respondents				Total
	21 to 30 years	31 to 40 years	41 to 50 years	51 to 60 years	
ICICI BANK	10	16	7	10	43
HDFC BANK	11	9	15	16	51
CITI BANK	0	6	4	18	28

Table 2. Cross tabulation of Name of credit card issuing bank * Age of respondents (Contd....)

Name of credit card issuing bank	Age of respondents				Total
	21 to 30 years	31 to 40 years	41 to 50 years	51 to 60 years	
SBI BANK	8	18	35	25	86
AXIS BANK	11	3	6	2	22
KOTAK BANK	6	13	22	9	50
Total	46	65	89	80	280

From the demographic point of view the majority of total population 35 respondents are belonging to age of 41 years to 50 years.

Table 3. Cross tabulation of Bank has modern looking equipment * Name of credit card issuing bank

Bank has modern looking equipment	Name Of Credit Card Issuing Bank						Total
	ICICI Bank	HDFC Bank	Citi Bank	SBI Bank	Axis Bank	Kotak Bank	
Strongly Disagree	2	3	2	4	1	2	14
Disagree	9	2	2	13	4	12	42
Neutral	12	15	10	24	3	9	73
Agree	10	15	5	25	9	8	72
Strongly Agree	10	16	9	20	5	19	79
Total	43	51	28	86	22	50	280

The above analysis shows that SBI bank having the modern looking equipment at highest level whereas kotak bank is also having modern equipment.

Table 4. Bank has best interest at heart to serve me * Name of credit card issuing bank Cross tabulation

bank has best interest at heart to serve me	Name of credit card issuing bank						Total
	ICICI bank	HDFC bank	Citi bank	SBI bank	AXIS bank	KOTAK bank	
Disagree	2	3	0	4	0	2	11
Neutral	3	6	3	15	2	11	40
Agree	20	19	12	34	11	19	115
Strongly Agree	18	23	13	33	9	18	114
Total	43	51	28	86	22	50	280

The SBI bank and the staff members have the best interest to serve the client and solve the problem from heart.

Table 5. Chi - Square test

Questions	Chi-Square	Df	Asymp. Sig	
Bank has modern looking equipment	54.179	4	0	0.05 > 0.000
Bank's physical facility are visually appealing	91.936	4	0	0.05 > 0.000
Reception desk employee are always neat	47.299	3	0	0.05 > 0.000
Banks pamphlets are visual appealing	72.221	4	0	0.05 > 0.000
Bank promise to do and they perform	130.06	4	0	0.05 > 0.000
Bank shows sincere interest to solve the problems	10.943	3	0.012	0.05 > 0.000
Bank perform the service right the first time	89.75	4	0	0.05 > 0.000
Bank provide right time service as they promise	41.171	3	0	0.05 > 0.000
Bank provide error free record	39.857	3	0	0.05 > 0.000
Employee of bank gives prompt service	44.257	3	0	0.05 > 0.000
Employee of bank tell when service will be performed	66.714	4	0	0.05 > 0.000
Employee of bank are always willing to help	90.821	4	0	0.05 > 0.000
Employee of bank are never to busy to respond to me	95.071	4	0	0.05 > 0.000
Employee of bank instill confidence in me	85.643	4	0	0.05 > 0.000
I feel safe in my transaction with bank	142.26	3	0	0.05 > 0.000
Employee of bank are courteous with me	32.886	3	0	0.05 > 0.000
Employee of bank have knowledge to answer my questions	59.743	3	0	0.05 > 0.000
Bank gives me individual attention	93.607	4	0	0.05 > 0.000
Bank has operating hours convenient to me	93.929	4	0	0.05 > 0.000

Table 5. Chi - Square test (Contd....)

Questions	Chi-Square	Df	Asymp. Sig	
Bank has employee to give personal attention	90.429	4	0	0.05 > 0.000
Bank has best interest at heart to serve me	119.17	3	0	0.05 > 0.000
Employee of bank understand my specific need	83.057	3	0	0.05 > 0.000

The test of chi – square shows that the observed respondents having the all facility from all the banks and the five main variable of this research are being fulfilled to the customers. All the customers having reliability, tangibility, empathy, assurance, responsiveness from ICICI bank, HDFC bank, CITI bank, SBI bank, AXIS bank, KOTAK bank. From this study we can conclude that SBI bank is serving in best way as compare to others while on the other side the numbers of not satisfied customers are also belonging to the same bank.

CONCLUSIONS

For the expansion of retail disposable lending banks must satisfy the customer's requirements. This paper analyzed five main variables (reliability, tangibility, empathy, assurance responsiveness) which affect the credit card users. From the survey is found that all the banks are providing good services but most of the customers of SBI are getting better services as compare to their expectation. The outcome of this study can be used by the entire bank as the selection criteria of customers and to guess and simultaneously match with the currently established criteria set by the credit card issuing bank. Importantly, this study establishes the fact that the selection criteria such as convenience, protection, flexibility, economic, promotion and reputation influence customers to use credit card. During the survey it has been found that most of the customers are more concern about interest on borrowed capital as a cost rather than a annual fees of having credit card.

SUGGESTIONS

1. It is suggested that all the banks should adopt proper credit policy so that they can expand their lending business in retail segment.
2. All the banks should adopt a better information system so that client can get all the information regarding credit card industry and banks policy.
3. The charges of delay payment of outstanding load should not be to high.
4. Banks should create atmosphere of trust in all the transactions of credit card.

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