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Bridging Gap between Desirability and Availability of Banking Service: An Excellent Road Map in the Emerging Competition

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Abstract:

The widening gap between desirability and availability is becoming a major cause of dissatisfaction in the banking industry. The bridging of this gap is one of the solutions to make the customers delight. The present study analyses the widening gap between desirability and availability regarding reliability, accuracy, confidentiality, flexibility, echannels, high attention to customers, low service charges and overall satisfaction of customers in three bank groups i.e. public sector banks, Indian private sector banks and foreign banks. The survey was conducted in Chandigarh in the month of October, 2008. Three banks have been selected one each from three bank groups; PNB from public sector banks, HDFC bank from Indian Private Sector banks and Amro bank from foreign banks have been taken for consideration. On the basis of five point Likert type scale, survey concludes that desirability regarding all the parameters is very high as compared to availability of banking services and on the basis of this empirical survey, study recommends some measures to bridge this gap between the D/A of service quality parameters in the

Keywords*: Desirability and Availability of Service Quality, Gap between Desirability and Availability, Measures to Bridge the Gap*.

Introduction

Globalization, liberalization, deregulation have resulted in a sea change in the form of time and cost effective consumer banking services *(Javalgi, 1992).* These competitive innovations have made bank customers more concerned about their money value and surrounding environment that leads to high customer expectations from service providers. In fact the customer expectations rise with the use of latest technology, like on-line services or ebanking, inspiring them to explore the alternatives available to all from around the world and eventually arming them with an unprecedented amount of market knowledge *(Parasuraman, 2000).* Thus, with ever escalating customer expectations, companies have to offer additional values to make an ever-lasting impression in the minds of customers *(Gurney, 1999),* because

merely delivery of satisfaction as the confirmation of expectations is considered as minimum threshold. Hence, it is important for business managers to understand the provisions, symbols and tangible clues used by the customers in evaluating the service offered by business organizations. Quality is thus relative and subjective and depends on the perceptions and expectations of the customer with respect to the service offered.

For service sector companies such as banking, insurance, and tourism, the issues and challenges of service quality are of the utmost significance. Poor service quality places such organizations at a competitive disadvantage. If customers perceive that service quality is unsatisfactory, they will not hesitate to switch over business elsewhere. In recent years, it has been witnessed that there is discontentment with regard to service quality, even when the quality of many manufactured goods appear to have improved significantly. The recent trend in many service organizations is to consider service quality as a critical factor enabling them to achieve a differential advantage over their competitors *(Kotler, 2006)*. Increasingly, quality is becoming a key variable in strategic planning. Organizations which are becoming leaders in service quality are characterized by the commitment of the top management and a corporate culture that encourages a focus on customer and quality throughout the company *(Albrecht and Zemke, 1985)*.

In India, public sector banks meet nearly 90 pc banking needs of the country and retail banking constitutes 80 pc of this total banking business *(Ram Mohan, 2002)*. Many academicians and practitioners have highlighted the need for better service quality in banks. Several researchers have suggested the adoption of modern banking technology as a means to improve customer services *(Sundaram, 1984; Nageswar, 1987; Nageshwar and Parmod, 1990; Brahmanand and Narayana, 1990; Seshasai, 1999; Gani and Bhat, 2003)*. These studies have made public sector banks aware that if the present trend of customer dissatisfaction continues, they will lose their valuable clients to their competitors especially to private and foreign banks. In fact this was realized much earlier when the Rangarajan Committee Report (1989) stressed the need for mechanization of the Indian banks. Many other researchers have suggested the adoption of modern banking technology as a means to improve customer services *(Ammayya, 1996)*. Therefore, the banks have to provide quality service to their customers for survival, as well as to have competitive advantage.

Scheme of Paper

The present paper has been divided into six sections. After the introduction, section II reviews some related studies. Section III fixes some research objectives, hypothesis & highlights the research methodology and the data base. Section IV is devoted to the results and discussion. Section V gives some recommendations to enhance the service quality in banking industry, implications of the study, limitations of the study and future areas for comprehensive research and last section concludes the paper.

Review of Literature

There are a number of studies that refer to the importance of clients/ customers' perceptions of quality (*Takeuchi and Quelch, 1983*). These result from comparisons by expectations of service with actual performance (*Gronroos, 1982 and Berry, et al, 1985*). *Berry (1980)* along with *Booms and Bitner (1981)* argued that due to intangible nature of services, customers use elements associated with the physical environment when evaluating service quality. Managing the evidence and using the environmental psychology are often seen as important marketing tools. *Levitt (1981)* proposed that customers use appearances to make judgments about realities. The less tangible a product is the more powerful shall be the effect of packaging while judging that product. *Gronroos (1982)* had identified two service quality dimensions, viz., functional quality and technical quality. Functional quality represents the perception of the manner in which the services are delivered. *(Brady and Cronin, 2001).*

1. Tangibility   Includes physical facilities, equipment, appearance of personnel
2. Reliability   Includes ability to perform the promised service accurately and
3. Responsiveness   Includes willingness to help customers and provide prompt Service
4. Assurance   Includes knowledge and courtesy of employees and their ability to
                                    Convey trust and confidence
5.   Empathy   Includes caring and individualized attention the company

provides. *Parasuraman, et al. (1988)* developed a 22-item scale, referred to as SERVQUAL Scale, which is widely used as a generic instrument for measuring service quality. The basis for identifying the five components was factor analysis of the 22-item scale developed from focus groups and from the specific industry applications undertaken by the authors *(Parasuraman, et al., 1985,1988; and Zeithaml, et al., 1990).* Though, the veracity of conceptualising the SERVQUAL scale has been questioned by *Carman (1990),* the validity of the 22 individual performance scale items that make up the SERVQUAL scale appears to be well supported both by the procedures used to develop the items and by their subsequent use as reported in the literature *(Brown and Swartz, 1989; Zeithaml, et al., 1990; Lewis, 1991; Young, et al., 1994; Berry and Parasuraman, 1997).*

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Research Gap

The review of literature exhibits that no study has been conducted regarding the gap between desirability and availability of service quality parameters. The present study is directed to know the extent of gap between desirability and availability of service quality parameters and some recommendations are prepared to bridge this gap.

Objectives, Research Methodology & Data Base

Objectives

- To explore the extent of gap between the desirability and availability of banking services.
    - Recommendations to bridge the gap between the desirability and availability of banking services.

Hypothesis

- There is no difference in the opinion of respondents of three bank groups regarding the desirability of service quality parameters.

- There is no difference in the opinion of respondents of three bank groups regarding the availability of service quality parameters.

Research Methodology

In the light of the aforesaid objectives and hypothesis and instrument (c-annexure) was developed to collect information on desirability of bank customers regarding reliability, accuracy, confidentiality, flexibility, e-channels, high attention to customers, low service charges and overall satisfaction of customers. Similarly, information is collected regarding the availability of above said aspects. This instrument was pre- tested on a small sample of 50 respondents residing in Chandigarh. With the variability in responses from the sample drawn from the population of approximately 10 thousand households, sample size for the main study thus, came out to be 1200 customers. The survey was conducted in Chandigarh in the month of October, 2008. For data collection, the respondents were selected with the help of an abridged list of random numbers. Likert type five point scales were used to know the desirability and availability of the service quality parameters. The whole banking industry is divided into three bank groups namely, public sector banks, Indian private sector banks and foreign banks. Further, three bank branches one from each bank group has been selected for the survey purpose. The various statistical methods like percentage, average, standard deviation, coefficient of variation and weighted average score (WAS) were used to compare the results. To test the hypothesis, chi^ test is used.

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Data Base

Field Survey conducted in the month of October, 2008 at Chandigarh.

Socio-Economic Profile of Customers

In the present study, the main focus of analysis is on service quality in banking industry. Opinions of three bank group customers have been calculated separately. The total sample survey of 1200 customers have been taken into consideration (Table1) & further these respondents are equally divided into three bank groups i.e. public sector banks (G-I), private sector banks (G-II) & foreign banks (G-III). Among these customers, 37 pc customers are post graduate & similarly 40 pc are the youngsters. Service class and business class dominates in the respondents. The Sampled respondents are divided as per the pattern mentioned in table 1.

Table 1 Socio-Economic Profile of Customers

Group	Number	%
Bank Type 1. G-I 2. G-II 3. G-III	400 400 400	33.33 33.33 33.33
Present Age 1. Upto 25 2. 26-35 3. 36-45 4. 45-55 5. Above 55	296 476 220 168 40	24.67 39.67 18.33 14.00 3.33
Occupation 1. Service 2. Business 3. Industry 4. Agriculture 5. Professional 6. Others	380 304 272 16 16 212	31.67 25.33 22.67 1.33 1.33 17.67
Education 1.Matriculate 2. Graduate 3. Post Grad. 4. Professional	116 408 444 232	9.67 34.00 37.00 19.33
Total	1200	100.00

Source: Field Survey

G-I: Public Sector Banks, G-II: Private Sector Banks

G-III: Foreign Banks

Results and Discussion

Desirability of Service Quality Parameters

For a bank it is necessary to gain the confidence of its customers and it is possible only when it is reliable. About 85 pc of respondents responded that reliability of a bank is highly desired and overall 94.33 pc customers feel that the reliability of a bank is desirable to attract customers (Table 2). Except 5 to 6 pc of respondents, all other desired that the bank services should be accurate because it directly affects their satisfaction. Similarly, majority of customers i.e. 93 pc and 97 pc desired confidentiality and flexibility in banking services. In today's e-age, e-channels like internet banking, mobile banking, tele-banking, ATM, smart cards, debit cards, etc. are very necessary and 66 pc of respondent's highly desired echannels. Overall, 86 pc of customers have shown the desirability of e-channels. About 89.3 pc of respondents think that the main duty of bank employees is to serve their customers because customer is the sole purpose of their work. Therefore, they should pay high attention to their customers rather than working with computers only. Nearly 94 pc of customers are of the opinion that banks should keep low service charges of their products and services.

Similarly, 90 pc customers feel that overall satisfaction of bank customers is highly desirable.

Table 2 Desirability of Service Quality

Service Quality Parameters	Ab.Unneces.	Unnecessary	Somewhat	Desirable	Highly Desirable	WAS
1. Reliability	-	3.00	2.67	9.33	85.00	1.76
2. Accuracy	-	1.67	4.00	17.00	78.33	1.73
3.Confidentiality	0.33	2.33	4.33	19.67	73.33	1.63
4. Flexibility	-	3.00	10.00	22.67	64.33	1.48
5. E-Channels	2.00	1.67	10.33	20.00	66.00	1.46
6. High attention to customers	0.33	2.67	7.67	18.3	71.00	1.57
7. Low service charges	0.33	1.67	4.33	15.00	78.6	1.70
8. Overall satisf.	2.00	1.33	7.00	21.67	68.00	1.52

Source: Source: Field Survey
Note: Ab. Unneces. - Absolutely Unnecessary. In case of all parameters under study WAS is greater than one which indicates that these quality parameters are highly desirable by bank customers.

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Availability of Service Quality Parameters

Nearly 86 pc customers opined that the banks are reliable but still there are 14 pc customers who have less or no confidence in banks. Although, accuracy in bank procedures is highly desirable by customers but only 25.33 pc customers opined that banks accurately do their work. Only 66 pc and 66.33 pc of respondents respectively think that banks keep their identity and amount confidential and flexibility is available in banks. Although e-channels are highly desired by bank customers but only 61.34 pc customers responded that banks provide e-channels to their customers successfully.

Table 3 Availability of Service Quality

(Per cent)

Service Quality Parameters	Not at all	Not Avail.	Somewhat	Available	Highly Avail.	WAS
1. Reliability	0.67	3.00	11.00	59.67	25.67	1.07
2. Accuracy	0.33	4.67	20.67	49.00	25.33	0.94
3.Confidentiality	4.00	5.67	24.33	31.67	34.33	0.87
4. Flexibility	0.33	11.67	21.67	44.33	22.00	0.76
5. E-Channels	0.33	10.33	28.00	40.67	20.67	0.71
6. High attention to customers	6.33	20.33	23.67	32.00	17.67	0.34
7. Low service charges	9.00	10.00	21.00	35.67	24.33	0.56
8. Overall satisf.	-	7.33	31.33	43.67	17.67	0.72

Source: Field survey results

Note: Avail. – Available, satisf. - Satisfaction

Similarly a high majority of customers desired high attention of employees but only 49.67 pc of them are satisfied from the bank employees. About 40 pc of respondents think that banks charge high service charges from them. Only 61.34 pc of the customers are satisfied from the overall performance of banks.

In case of all parameters under study WAS is less than one except reliability parameter which

indicates that bank customers are dissatisfied by the availability of these parameters in a bank. It is one of the causes of dissatisfaction among customers of banking sector.

Gap between Desirability and Availability

 The average gap in the desirability and availability is 0.697 & 0.787 for reliability and accuracy respectively which indicate that banks have less accuracy and reliability than desired. Therefore, they should work in this direction to gain the confidence of their customers. Similar is the case with confidentiality, flexibility and e-channels parameters where average gap is 0.767, 0.723 and 0.753 respectively. In case of employees attention to customers and low service charges the average gap is very high i.e. 1.227 and 1.137 respectively which indicated the fact that bank employees pay less attention to their customers and also customers are less satisfied by the service charges charged by the banks.

  Table 4 Gap between Desirability and Availability

Service Quality Parameters	Average	SD	CV
1. Reliability	0.697	0.937	134.499
2. Accuracy	0.787	1.033	131.359
3. Confidentiality	0.767	1.154	150.550
4. Flexibility	0.723	1.086	150.184
5. E-Channels	0.753	1.160	153.995
6. High attention to customers	1.227	1.479	120.603
7. Low service charges	1.137	1.467	129.039
8. Overall satisfy.	0.807	1.141	141.487

 Source: Field survey results

Overall satisfaction of bank customers is not a different aspect and average gap in this case is 0.807. Coefficient of Variation indicates that there is instability in the opinion of bank customers on confidentiality, flexibility, e-channels and overall satisfaction aspects of banks. While comparatively consistency is found in their opinions in case of other aspects under

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study. The present study clearly indicates that in the e-age, customers have become more concerned about their money & time and have become more demanding. They highly desire reliability, accuracy, confidentiality, flexibility, e-channels, and employee's attention to customers. Moreover, they desire these services at low service charges. But responses of these customers regarding the availability of these parameters are not satisfactory which has created a wider gap between the desirability and availability of service quality parameters in banking industry.

Recommendations

The present paper attempts to give following recommendations for banks to bridge the gap between the desirability and availability of service quality parameters and to win the confidence of new customers and to retain their old and valuable customers:

- Banks should reliable to win the confidence of potential customers and to retain the old ones.
- The various procedures of banks should be transparent and accurate e.g. working of bank employees with computers should also be displayed to customers sitting on front chair and money counting machines should be available for customers also.
- Banks should keep the identity, amount deposited, etc. of their customers should be confidential.
- The various procedures of banks should not be rigid. They should be flexible to facilitate the customers.
- Present age is a e-age. Therefore, it is necessary for all banks to provide more and more channels. Public sector banks need to give more attention in this regard.
    - It is crystal clear from our study that the customers are less satisfied by the services provided by bank employees. Therefore, it is necessary that bank employees should pay high attention to their valuable customers. They should serve their customers with smiling face. Further, they should be polite and co-operative.

Implications

The analysis indicates a widening gap between the desirability and availability of the service quality parameters in banking industry. This gap between desirability and availability is an alarming bell for some banks, particularly, the public sector banks. The bridging of this gap is the need of the hour. The analysis of this study is very useful for the banking industry as well as for other organizations.

Limitations

- Due to the problem of space, separate analysis of responses gender-wise, age-wise, and occupation-wise and bank group wise has not been shown in the paper.
- Due to the same reason, chi^ test is not shown in the analysis.
- Only three banks working in Chandigarh are taken due to shortage of time.
- The analysis is based on the responses of customers.

Future Areas of Comprehensive Research

- Gap between desirability and availability of remaining service quality parameters like responsiveness, Courtesy, Professionalism, etc.
- Gap between desirability and availability of service quality parameters for rural and urban sectors.
- Desirability of bank employees from bank management and its customers.

Conclusion

The paper concludes that desirability regarding reliability, accuracy, confidentiality, flexibility, e-channels, high attention to customers, low service charges and overall satisfaction is much higher than the availability. This is the cause of dissatisfaction among the customers and to some extent the customers are shifting from one bank to another. Bridging this gap will increase the reputation of the bank and hence the customer base. The banking industry should be reliable, accurate and customers should be overall satisfied. E- Banking services are the need of hour. The present line well summarizes the paper *"Zero plus zero will always remain zero no matter how many zeros you add to it"*. The same is for banking industry i.e. banks should add more and more qualitative services.

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