SERVICE GAP OF A BANKING SYSTEM: A CASE STUDY ON STATE BANK OF INDIA

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ABSTRACT

Financial liberalization has led to intense competitive pressures and private banks dealing in retail banking are consequently directing their strategies towards increasing service quality level which fosters customer satisfaction and loyalty through improved service quality. This article examines the influence of perceived service quality on customer satisfaction. In this paper, we have used SERVQUAL as a technique to measure service quality and identify gaps in a State Bank of India. The results of this study showed that there are service quality gaps between customers' expectations and their perceptions in six dimensions. In this issue paying attention to the effective factors on customers' expectations and its relationship with services quality is one of the important issues of the evaluation of services quality.

For this purpose, the recent research was performed based on gap analysis model with the purpose of investigating the quality of banking services on the level of State Bank of India. It was concluded after determining the desirable services from the standpoints of the customers (investigating customers' expectations) and its effective factors and also the examination of the current status of services quality (customers' understandings) that State Bank of India responses to customers' expectations in all of the branches under investigation and the understood services quality has been always more than services quality expected by the customers.

INTRODUCTION

The economy of a country is largely dependent on banking sector. State Bank of India is playing a great role to develop the economy of India. Client expectations are increasing day by day from this bank. That is why, managers in State Bank of India are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. In spite of having resource constraints, the banks must concentrate whether the customer expectations are properly understood and measured. They will also focus on whether any gaps from client point of view are identified. This information then assists a manager in identifying cost-effective ways of closing service quality gaps and of prioritizing which gaps to focus on a critical decision given scarce resources. One of the aims of this study involves the use of service gap model in order to ascertain any actual or perceived gap between customer expectations and perceptions of the service offered. Another aim of this paper is to point out how management of these banks can close these gaps effectively.

LITERATURE REVIEW

Services can be characterized as any process or good that one organization offers to other that is essentially impalpable and does not ensue in ownership of anything. Services quality can help an organization separate whose non-performing leads to customers' non- itself from other organizations and obtaining stable satisfaction. Interest in present quality services plays an important role in industries such as insurance services, banking, etc, since services quality is a fundamental issue for the survive of and profitability of the organization. Indeed today customer's satisfaction and services quality are considered as vital issues in most servicing industries, especially in relation to financial services in which the separation of services is generally difficult.

Presenting a service with superior quality and presenting services continuously on excellent level to the customers make competitive advantages for the bank such as making competitive barriers, customers' loyalty, presenting separated products, decreasing marketing costs, etc. some of which are described below:

When we talk about competitive barriers, physical result of strategic investments such as the number of banks' branches are usually considered. Quality and presenting services to customers may make big barriers for competitors.

High services quality is considered as the main factor in long-term profitability not only for servicing companies, but also for productive organizations. Even in some productive industries, services quality has more importance in comparison with product quality. Therefore it can be concluded that the most important factor on commercial performance is the quality of goods and services being offered by the organization in comparison with its competitors in long term.

Services can be characterized as any process or good that one organization offers to other that is essentially impalpable and does not ensue in ownership of anything. A bank's offerings often let whatever services (Lovelock Christopher, 2004). The nature of most services is such that the customer is present in the delivery process. This means that the perception of quality is influenced not only by the 'service outcome' but also by the 'service process'. Many researchers and authors define service qualities in different ways. Service quality is defined as how well the service meets or exceeds the customers' expectations on a consistent basis.

Service quality is so important that companies have gone to great efforts to evaluate and keep records of service quality levels. The academic literature proposes that customer satisfaction is a function of the discrepancy between a consumer's prior expectation and his or her perception regarding the purchase). As reported in the relevant literature high quality service helps to generate customer satisfaction, customer loyalty, and growth of market share by soliciting new customers, and improved productivity and financial performance (Lewis, 1993; Andereson et al., 1994).

SERVQUAL MODEL
SERVQUAL is the service quality measurement model. This model is based on a comparison between the customer's expectations of the standard of service he/she will receive and his/her perception of the standard of service that is actually delivered. SERVQUAL service quality measurement model is one of the models that have been shown to enjoy a high degree of validity and stability. The model attempts to show the salient activities of the service organization that influence the perception of quality.
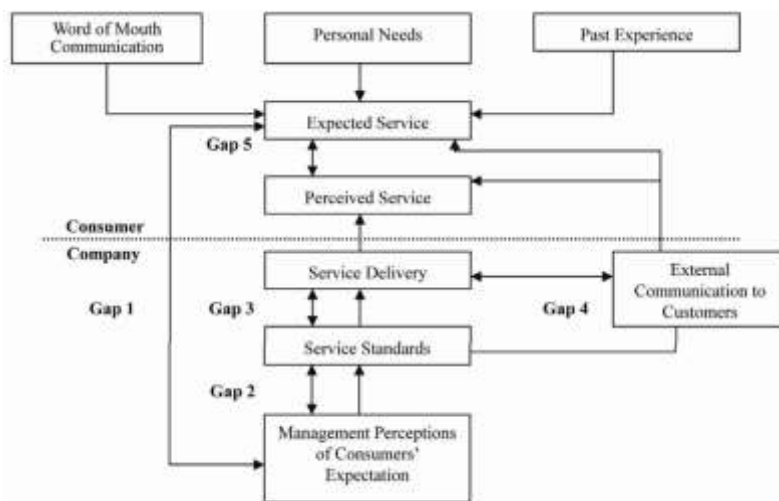
Moreover, the model shows the interaction between these activities and identifies the linkages between the key activities of the service organization or marketer, which are pertinent to the delivery of a satisfactory level of service quality. The links are described as gaps or discrepancies, that is to say, a gap represents a significant hurdle to achieving a satisfactory level of service quality .

The upper part of the model (Figure 1) includes phenomena tied to the consumer, while the lower part shows phenomena tied to the supplier of services. The primary thesis of this model is that the service quality shortfall (i.e., Gap 5, the gap between customer service expectations and perceptions) is the result of a series of shortfalls within the service provider's organization (i.e., Gaps 1-4). Thus, improving the quality of service experienced by customers (i.e., closing Gap 5) requires diagnosing the causes of and correcting the internal deficiencies (i.e., Gaps 1-4) .

They reflect the differences in the understanding of consumer expectations by manager and front-line service providers and the differences in consumer expectations and service providers' perception of such expectations. This model is illustrated in Figure 2.
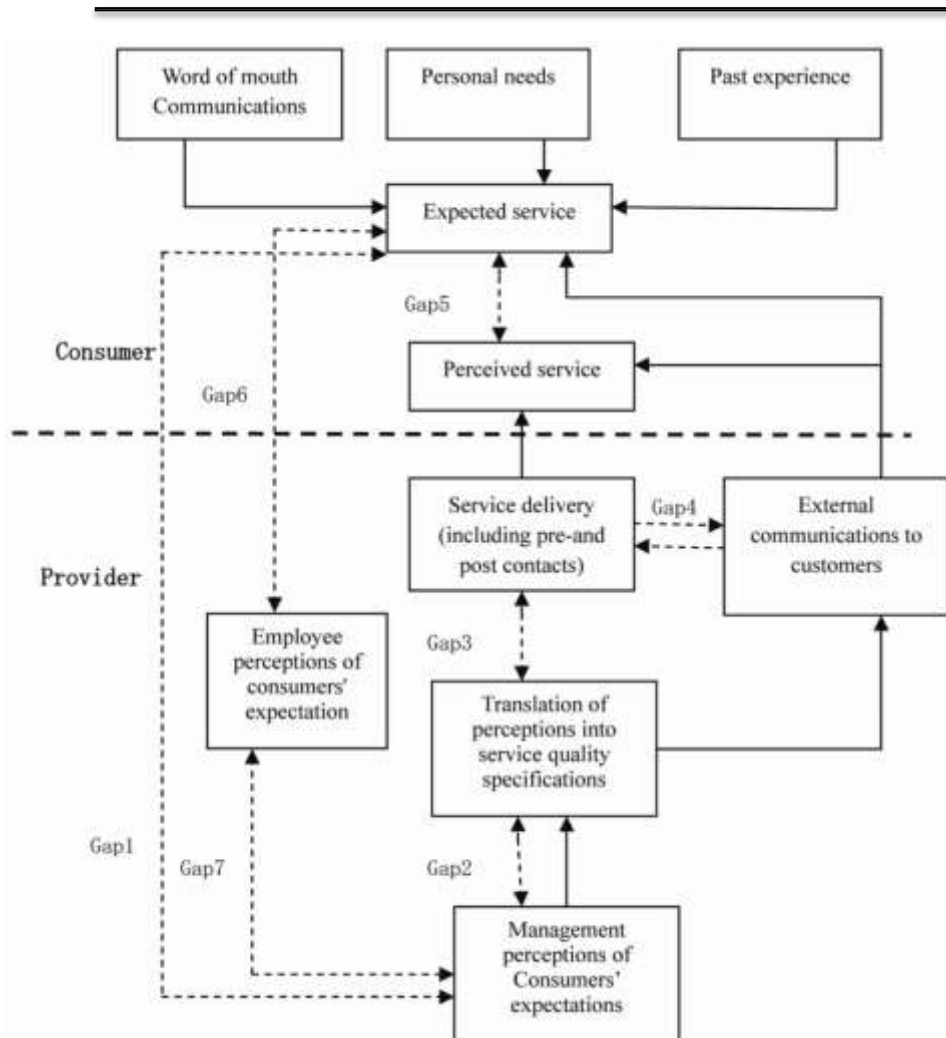
Figure 2. Conceptual Model of Service Quality Gap

These seven gaps are described below briefly.

GAP1: Customers' expectations versus management perceptions: This gap occurs because of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

GAP2: Management perceptions versus service specifications: It happens because of inadequate commitment toservice quality, a perception of unfeasibility, inadequate task standardization and an absence of goal setting.

GAP3: Service specifications versus service delivery: The third gap takes place because of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

GAP4: Service delivery versus external communication: It arises from inadequate horizontal communication and propensity to over-promise.

GAP5: The discrepancy between customers' expectations and their perceptions of the service delivered: Because of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider, the fifth gap that is known as customer gap, happens.

GAP 6: The discrepancy between customers' expectations and employees' perceptions: This gap is created because of the differences in the understanding of customers' expectations by front-line service providers.

Gap7: The discrepancy between employee's perceptions and management perceptions: The seventh gap happens because of the differences in the understanding of customers' expectations between managers and serviceproviders.

According to Brown and Bond, "the gap model is one of the best received and most valuable contributions to the services literature". The model identifies seven key discrepancies or gaps relating to managerial perceptions of service quality, and tasks associated with service delivery to customers. The first six gaps (Gap 1, Gap 2, Gap 3, Gap 4,

Gap 6, and Gap 7) are identified as functions of the way service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality.

OBJECTIVES OF THE STUDY
The main objective of the study is **to measure Service Gap of State Bank of India with SERVQUAL Model.** Besides there are some other major objectives:
- To find the most important dimension of service quality that affect customer satisfaction.
- To measure the satisfaction level of current customers of this bank.
- To recommend some guidelines to ensure quality services.

RESEARCH QUESTION AND HYPOTHESIS DEVELOPMENT
The entire report tried to find out whether there is any service gap that customers feel while taking service from State Bank of India. Thus, this report has focused on following research question.

To find out the answer to the research question as well as to test whether the response is logical, following hypotheses have been developed.

H_o: *There is a gap between the expected and perceived service*
H_1: *There is no gap between the expected and perceived service*

Methodology
Type of Research and Data Sources
'Descriptive Research' has been conducted to measure the extent of the problem. 'Paired Sample t-test' has been used here to show how the provider gaps affect the customer gap. This study covered two types of data, which are: Primary data (Survey method, Personal observation) and Secondary data (Web information, Journals, Published reports on service quality of State Bank of India etc.).

Sampling and Sample Size
Stratified Sampling Technique has been used to collect data. The entire sampling frame is divided into four strata: Student, Service Holders, Business People and Professionals. From each stratum, 32, 20, 20, and 28 respondents are selected respectively. Here data has been collected from respondents through personal interviews and e-mail.

Questionnaire Development
A structured questionnaire has been used here to collect data. The questionnaire has been developed in a way that reveals the respondent's response related to each of the independent variables. The questionnaire has been formed on 5-points Likert Scale to measure the degree of perception of respondents on each variable. The respondents were asked to rate statements based on their perception; from 1 to 5 where 1 signifies Strong Disagreement and 5 indicates Strong Agreement.

Statistical Analytics and Tools
The study has been conducted based on two groups. The first group entails the expected services by the account holders of State Bank of India. On the other hand, the second group explains the perceived services of those account holders. As there are two groups in the analysis and it is required to find out the gap among their responses about the service quality of State Bank of India, Paired Sample t-test has been conducted for Two Samples. Before testing the hypothesis, an apparent view has been given on the mean values of the responses to validate the findings. Statistical package SPSS 16.0 has been used to analyze the data.

Paired t-Test for Two Samples: At a Glance
A *t*-test is any statistical hypothesis test in which the test statistic follows a Student's *t* distribution if the null hypothesis is supported. It can be used to determine if two sets of data are significantly different from each other, and is most commonly applied when the test statistic would follow a normal distribution if the value of a scaling term in the test statistic were known. A paired sample t-test is used to determine whether there is a significant difference between the average values of the same measurement made fewer than two different conditions. Both measurements are made on each unit in a sample, and the test is based on the paired differences between these two values. The usual null hypothesis is that the difference in the mean values is zero. In statistics, a paired difference test is a type of location test that is used when comparing two sets of measurements to assess whether their population means differ. A paired difference test uses additional information about the sample that is not present in an ordinary unpaired testing situation, either to increase the statistical power, or to reduce the effects of confounders.

ANALYSIS AND FINDINGS
Since the first purpose of this study is to measure the provider gaps, it is necessary to track the difference among the responses based on the services customers expect and what they actually perceive. In doing so, the means and the standard deviations of the responses have been compared.

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Table 1. Paired Samples Statistics

		Mean	N	Std. Dev.	Std. Error Mean
Pair 1	Q1a expected service match with State Bank of India	3.82	100	0.687	0.069
	Q1b perceived service match with State Bank of India	3.75	100	0.716	0.072
Pair 2	Q2a expected management emphasizes on customer relationship	4.07	99	0.918	0.092
	Q2b perceived management emphasizes on customer relationship	3.55	99	0.918	0.092
Pair 3	Q3a expected managers know customer expectation	3.93	99	1.003	0.101
	Q3b perceived managers know customer expectation	3.37	99	0.876	0.088
Pair 4	Q4a expected physical facilities visually appealing	3.79	98	0.790	0.080
	Q4b perceived physical facilities visually appealing	3.50	98	0.933	0.094
Pair 5	Q5a expected quality standard reflect customer expectation	3.95	99	0.919	0.092
	Q5b perceived quality standard reflect customer expectation	3.55	99	0.860	0.086
Pair 6	Q6a expected customer driven standard	3.90	97	0.930	0.094
	Q6b perceived customer driven standard	3.59	97	0.688	0.070
Pair 7	Q7a expected employee skill to provide service	3.91	98	0.886	0.090
	Q7b perceived employee skill to provide service	3.54	98	0.839	0.085
Pair 8	Q8a expected employee eagerness to learn things	4.09	97	0.843	0.086
	Q8b perceived employee eagerness to learn things	3.37	97	0.905	0.092
Pair 9	Q9a expected ads reflect services	3.85	98	0.866	0.087
	Q9b perceived ads reflect services	3.35	98	0.909	0.092
Pair 10	Q10a expected communication to educate customer	3.91	98	0.898	0.091
	Q10b perceived communication to educate customer	3.34	98	0.952	0.096
Pair 11	Q11a expected employee enquiry customer expectation	4.11	93	0.787	0.082
	Q11b perceived employee enquiry customer expectation	3.45	93	0.854	0.089
Pair 12	Q12a expected individual attention to customer	4.13	99	0.723	0.073
	Q12b perceived individual attention to customer	3.48	99	0.952	0.096
Pair 13	Q13a expected bank improve services	4.09	98	0.774	0.078
	Q13b perceived bank improve services	3.53	98	0.802	0.081
Pair 14	Q14a expected less bureaucratic response	4.02	100	0.710	0.071
	Q14b perceived less bureaucratic response	3.44	100	0.729	0.073

The average (mean) values of each sub-variable under the independent variables (provider gaps) have been calculated and then the mean of expected service and perceived service is defined. The test value of t-statistic is 3 indicating Neutral response. Any value over 3 indicates favorable response whereas any value below 3 denotes dissatisfactory responses. It has been assumed that the closer the mean values of expected and perceived service, the greater will be the customer satisfaction and the lower will be the service gap.

Pair 1: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.82 and 3.75, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers' expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair 2: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.07 and 3.55, respectively. Though both the means fall in the Satisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair 3: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 3.55 and 3.93, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair 4: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.79 and 3.50, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers'

expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair 5: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.95 and 3.55, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers' expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair 6: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.90 and 3.59, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers' expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair 7: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.91 and 3.54, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers' expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair 8: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.09 and 3.37, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair 9: The pair between customers' expected service matching with customers' perceived service shows that the mean values are very close, 3.85 and 3.35, respectively. Both the means fall in the satisfactory zone and are very close that indicates that there is less gap between what customers' expected and what they actually perceived. The value of standard deviation is also favorable that lower case of deviation falls in favorable zone for both the statements.

Pair10: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 3.91 and 3.34, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair11: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.11 and 3.45, respectively. Though both the means fall in thesatisfactory zone and are not

too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair12: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.13 and 3.48, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair13: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.09 and 3.53, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

Pair14: The pair between customers' expected service are matching with customers' perceived service shows that the mean values are not very close, 4.02 and 3.44, respectively. Though both the means fall in thesatisfactory zone and are not too close which indicates that there is a gap between what customers' expected and what they actually perceived. At the lower case of standard deviation, still the gap between expectation and perception sustain.

RECOMMENDATIONS

From this study, we can learn that there exist some gaps in service providing process. To remove this gap, the overall organizational system should be changed and improved. Following criteria are recommended from clients' viewpoint to reduce the service gaps and increase customer satisfaction.

- The company mission should include a focus on customers.
- Training and motivational programmers' should be introduced to improve the employee skill.
- The bank should take steps to minimize the operation time.
- The bank has to be more conscious of building customer relationship. To do this, the bank can consider"Customer Involvement Program."
- The bank management should ensure that all employees posses skill and quality.
- Employees have to express solidarity with the customer.
- Employees have to be aware of customer expectations.
- As this is the largest commercial bank of country, more employees have to be engaged here to serve thecustomers properly.
- Every client should be focused individually.
- There is a bureaucratic practice in this bank. This bureaucratic relationship between the management

and front line personnel should be removed.
- More modern equipments have to be introduced here to provide better service.
- To provide better transaction facilities, new ATM booth should be established.
- In this bank, the employees are always in a pressure. They may be provided some recreational facilities to offer them mental satisfaction.
- E-banking facilities of this bank have to be more improved.
- The bank should develop own ATM or CDM system to provide service quickly and comfortably.
- The number of ATM booth should be increased
- Often the ATM booths of the bank become disabled.
- The concerned authority should remove this problem immediately.

CONCLUSION

State Bank of India is a state owned bank. It is committed to provide high quality financial services / products to contribute to the growth of GDP of the country through stimulating trade and commerce, accelerating the pace of industrialization, boosting up export, creating employment opportunity for the educated youth, povertyalleviation, raising standard of living of limited income group and overall sustainable socio-economic development of the country. State Bank of India has made a strong position through its varies activities. Its number of clients, amount of deposit and investment money increases day by day. This bank already has shown impressive performance in investment. Consumer are more or less satisfied with the present services of the bank now should think to start new services and take different types of marketing strategy to get more customers in this competition market of banking. If they found gap could be removed from the process the level of satisfaction would be even greater.

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