

3 OBJECTIVES AND RESEARCH METHODOLOGY

3.1 Objective of the Study

1. To analyse and compare the performance of various parameters of service quality among banks in public, private and foreign sector in India.
2. To examine the existing status of service quality in public, private and foreign sector banks in India.
3. To analyse and compare the perception of the customers of public, private and foreign banks in term of service quality.
4. To suggest various measures for improving service quality among banks and observe the gaps responsible for bad performance.

3.2 Problem Statement

Banks constitute a major portion of service sector and has vital role in increasing the economic growth of the country. The growth of service sector mainly depends upon the financial services particularly banking services. The entry of banks in private and foreign sector was allowed to operate in India and still the process of opening of the sector with more equity participation by foreign banks and permitting licenses to corporate sector is on the anvil of the financial inclusion agenda of the government. Since the boundaries between the services provided by bank and financial institution are getting blurred, the banking business has become more challenging and competitive in these current scenario. The banks are offering to their customers a variety of services. The differentiation among the services offered by the banks is the key to determine the relatively better performance of one bank than the other. All the dimension related to quality have become challenge to

the service provider. Quality of service employs crucial role in determining the level of service. There is enough literature support that private banks perform better than public. Human element plays an important role in perceived service quality as well as satisfaction. In the contemporary era, banks from government sector are trying to compete with private to being more satisfaction among its users. The technologies are changing these days. Different kinds of new services are included by the banks to face the competitive environment. So the things are becoming complex day by day because of the increasing nature of the competition.

3.3 Rationale of the Study

In align with the efforts of government; every common man is trying to associate himself with the banking services so that they can take maximum benefit of government plans meant for them. Government opened many accounts to take benefits of government schemes. Banking sector in India is providing various kinds of services to its clients. The study included Public, Private and Foreign sector banks. Each category includes four banks. After 1990s, when the liberalization, privatization and globalization (LPG) policy was adopted by the government, the entry of private banks and foreign sector banks has made the task of public banks more competitive and challenging. This competitive environment has made the survival difficult for Public sector banks. The only way left out for survival is to provide better services than Private and Foreign sector banks.

The increasing competition in banking sector is increasing these days, so it becomes the top priority for the banks to provide better quality in their services. To achieve this objective, this study was planned and designed to know the factors that make the customer

happy or unhappy. The focus of this study is to understand the perception of the users of bank regarding the quality of the service being provided by them.

3.4 Research Design

Research design is generally a tentative plan for any research to be conducted in due course of time. It tells about the various steps and procedures to be followed to achieve the objectives of the study. The objectives of the present study are such that there was need to use both the research designs. Hence to get insight into the research problem exploratory research has been used and to know the perception of the users regarding quality of the banking services, descriptive research design has been used.

3.5 Research Instrument

To collect the responses regarding the quality of the services provided by the banks of various sectors, the standard SERVQUAL scaling was modified keeping in view the contemporary changes being introduced by the banks. 22 statements of the standard scale were extended and a total of 36 statements were part of the structured questionnaire for the purpose of collection of primary data. The reliability and validity of the amended questionnaire was tested and was found reliable enough to be used for the present study.

3.6 Sampling Design

As per the literature available in the banking records, in India, there are total 27, 18 and 22 government, private and foreign banks respectively which are operating in the country. As mentioned earlier, top four performing banks from each sectors are being selected for the study on the basis of total assets, deposits, operating profits, net profits and availability of branches. These are SBI, PNB, BOI and BOB from the public sector, HDFC, ICICI, AXIS

and YES banks from private sector and CITI, HSBC, Deutsche and Standard Chartered banks from the foreign sector.

3.6.1 Sampling Unit

All the branches of the selected banks available in the NCR area were taken as the sampling units for the study. At least one branch of each category of bank was selected for the purpose of data collection.

3.6.2 Sampling Frame

In Haryana there are ten districts which are included in National Capital Region (NCR) namely; Sonipat, Panipat, Rohtak, Jhajjar, Gurgaon, Rewari, Mewat, Bhiwani, Mahendergarh and Faridabad. In Uttar Pradesh the numbers of banks included in National Capital Region (NCR) are five namely; Noida, Ghaziabad, Baghpat, Merrut and Bulandshahr. Two districts of Rajasthan are also included in National Capital Region (NCR). Delhi is also part of National Capital Region (NCR). In Sonapat district, the total numbers of branches are as; SBI - 38, PNB - 37, BOB - 06, BOI - 01, HDFC -14, ICICI - 06, Axis Bank – 08 and 5 branches of Yes Bank. There is no foreign banks in Sonipat area. In Panipat district, the total numbers of branches are; SBI - 39, PNB - 24, BOB - 06, BOI -03, HDFC - 17, ICICI - 10, Axis Bank – 07 and Yes Bank - 05. There is no foreign bank in Panipat districts.

In Rohtak district, the total numbers of branches of State Bank of India (SBI) are 37, Punjab National Bank (PNB) - 34, Bank of Baroda (BOB) - 03, Bank of India (BOI) -02, Housing Development Finance Corporation bank (HDFC) - 10, Industrial credit and investment corporation (ICICI) - 03, Axis Bank - 05, Yes Bank - 11. There are not any selected foreign

banks in Rohtak district. In Jhajjar district, the total numbers of branches of banks are; SBI - 17, PNB - 20, BOB - 01, BOI - 01, HDFC - 09, ICICI - 04, Axis Bank – 06 and Yes Bank - 17. There is no foreign bank in Jhajjar district. In Gurgaon district, the total numbers of branches of State Bank of India (SBI) are 79, Punjab National Bank (PNB) - 36, Bank of Baroda (BOB) - 17, Bank of India (BOI) - 07, Housing Development Finance Corporation bank (HDFC) - 79, Industrial credit and investment corporation (ICICI) - 36, Axis Bank - 26, and Yes Bank - 31. The numbers of branches of selected foreign banks in Gurgaon district are City bank - 01, Standard Chartered Bank - 02, Hong Kong and Shanghai Banking Corporation (HSBC) – 01 and Deutsche Bank - 01.

In Rewari district, the total numbers of branches of State Bank of India (SBI) are 18, Punjab National Bank (PNB) - 23, Bank of Baroda (BOB) - 02, Bank of India (BOI) - 01, Housing Development Finance Corporation bank (HDFC) - 07, Industrial credit and investment corporation (ICICI) - 04, Axis Bank – 04 and Yes Bank - 02. There is no foreign sector banks operating in Rewari district in Haryana.

In Mewat district, the total numbers of branches of State Bank of India (SBI) are 07, Punjab National Bank (PNB) - 02, Bank of Baroda (BOB) - 01 and Bank of India (BOI) – 01. There is only one branch of Yes Bank in Mewat. In Mewat district there are only 04 branches of Housing Development Finance Corporation bank (HDFC) no branch of Industrial Credit and Investment Corporation (ICICI) and Axis Bank is operating. In Mewat district of Haryana no foreign bank is operating.

In Bhiwani district, the total numbers of branches of State Bank of India (SBI) are 27, Punjab National Bank (PNB) - 23, Bank of Baroda (BOB) - 01, Bank of India (BOI) - 01, Housing Development Finance Corporation bank (HDFC) - 11, Industrial credit and

investment corporation (ICICI) – 03 and Axis Bank - 05. Yes Bank is not having any branch in Bhiwani district. Also there is no foreign sector bank available in Bhiwani district in Haryana.

In Mahendragarh district, the total numbers of branches of State Bank of India (SBI) are 17, Punjab National Bank (PNB) - 20, Bank of Baroda (BOB) - 01, Bank of India (BOI) - 01, Housing Development Finance Corporation bank (HDFC) - 04, Industrial credit and investment corporation (ICICI) - 02, Axis Bank – 01 and Yes Bank - 01. There is no branch of foreign sector bank available in Mahendragarh district.

In Faridabad district, the total numbers of branches of State Bank of India (SBI) are 38, Punjab National Bank (PNB) - 22, Bank of Baroda (BOB) - 17, Bank of India (BOI) - 05, Housing Development Finance Corporation bank (HDFC) - 22, Industrial credit and investment corporation (ICICI) - 13, Axis Bank – 12 and Yes Bank - 03. Only one foreign sector bank namely City Bank is situated. Other three selected banks are not having any branch in Faridabad district. Six districts of Uttar Pradesh are in NCR area; namely Noida, Ghaziabad, Baghpat, Merrut and Bulandshahr.

3.7 Sampling Technique and Sample Size

As the number of branches of all the sectors were not at par, so it was decided to select at least one branch out of the 20 branches available from each sector. In this process 144 branches of public sector banks, 100 branches of private sector banks and 28 branches of foreign sectors banks were selected for the survey. Since the number of foreign sector banks is limited so all the available branches were selected for the study. Thus total number of branches selected for the study came out to be 272. And it was decided to interact at least with two customers from each branch. This made to interact at least with 544 customers.

3.7.1 List of Public Sector Banks

Districts	Public Sector Banks(NCR)							
	SBI		PNB		BOB		BOI	
	Total Banks	Selected Branches	Total Banks	Selected Branches	Total Banks	Selected Branches	Total Banks	Selected Branches
Sonipat	38	2	37	2	06	1	01	1
Panipat	39	2	24	1	06	1	03	1
Rohtak	37	2	34	2	03	1	02	1
Jhajjar	17	1	20	1	01	1	01	1
Gurgaon	79	4	25	1	17	1	07	1
Rewari	18	1	23	1	02	1	01	1
Mewat	07	1	02	1	01	1	01	1
Bhiwani	27	1	23	1	01	1	01	1
Mahendergarh	17	1	20	1	01	1	01	1
Faridabad	38	2	22	1	17	1	05	1
Noida	54	3	23	1	10	1	07	1
Ghaziabad	59	3	46	2	35	2	13	1
Baghpat	07	1	11	1	01	1	02	1
Meerut	63	3	60	3	12	1	04	1
Bulandshahr	26	1	70	4	08	1	01	1
Delhi	564	28	236	12	102	5	84	5
Alwar	21	1	61	3	10	1	03	1
Bhartpur	12	1	49	3	01	1	01	1
Total	1123	58	786	41	234	23	138	22

The above table shows district wise total number of banks and number of banks selected from each district in NCR area for the purpose of study. Mainly four public sector banks have been selected for the study on the basis of total assets, deposits, operating profits, net profits, etc. In the state of Haryana, Uttar Pradesh, Rajasthan and Delhi there are 18 districts (mentioned in table 3.7.1) that have been included in the NCR.

3.7.2 List of Selected Private Sector Banks

Districts	Private Sector Banks(NCR)							
	HDFC		ICICI		AXIS		YES	
	Total Banks	Selected Branch	Total Bank	Selected Branch	Total Banks	Selected Branch	Total Bank	Selected Branch
Sonipat	14	1	06	1	08	1	05	1
Panipat	17	1	10	1	07	1	05	1
Rohtak	10	1	03	1	05	1	11	1
Jhajjar	09	1	04	1	06	1	17	1
Gurgaon	79	4	36	2	26	1	31	1
Rewari	07	1	04	1	04	1	02	1
Mewat	04	1	--	--	--	--	01	1
Bhiwani	11	1	03	1	05	1	--	--
Mahendergarh	04	1	02	1	02	1	01	1
Faridabad	22	1	13	1	12	1	03	1
Noida	29	1	26	1	06	1	00	--
Ghaziabad	20	1	12	1	11	1	06	1
Baghpat	02	1	01	1	01	1	02	1
Meerut	08	1	12	1	07	1	03	1
Bulandshahr	08	1	03	1	02	1	05	1
Delhi	264	14	153	9	133	6	82	4
Alwar	10	1	14	1	10	1	19	1
Bhartpur	01	1	04	1	05	1	--	--
Total	519	34	306	26	250	22	193	18

The above table shows district wise total number of banks and number of banks selected from each district in NCR area for the purpose of study. Mainly four banks from private sector were chosen on the basis of total assets, deposits, operating profits, net profits, etc. In the state of Haryana, Uttar Pradesh, Rajasthan and Delhi there are 18 districts (mentioned in table 3.7.2) that have been included in the NCR.

The sign (--) indicates that there is no branch of that bank in the district.

3.7.3 List of Selected Foreign Sector Banks

Districts	Foreign Sector Banks(NCR)							
	Citi Bank		Standard chartered Bank		HSBC		Deutsche Bank	
	Total Banks	Selected Branch	Total Banks	Selected Branch	Total Banks	Selected Branch	Total Banks	Selected Branch
Sonipat	--	--	--	--	--	--	--	--
Panipat	--	--	--	--	--	--	--	--
Rohtak	--	--	--	--	--	--	--	--
Jhajjar	--	--	--	--	--	--	--	--
Gurgaon	01	01	02	02	01	01	01	01
Rewari	--	--	--	--	--	--	--	--
Mewat	--	--	--	--	--	--	--	--
Bhiwani	--	--	--	--	--	--	--	--
Mahendergarh	--	--	--	--	--	--	--	--
Faridabad	01	01	--	--	--	--	--	--
Noida	01	01	01	01	01	01	01	01
Ghaziabad	--	--	--	--	--	--	--	--
Baghpat	--	--	--	--	--	--	--	--
Meerut	--	--	--	--	--	--	--	--
Bulandshahr	--	--	--	--	--	--	--	--
Delhi	05	05	07	07	05	05	01	01
Alwar	--	--	--	--	--	--	--	--
Bhartpur	--	--	--	--	--	--	--	--
Total	08	08	10	10	07	07	03	03

The above table shows district wise total number of banks and number of banks selected from each district in NCR area for the purpose of study. Mainly four foreign sector banks have been selected for the study on the basis of total assets, deposits, operating profits, net profits, etc. In the state of Haryana, there are 10 districts (mentioned in table 3.7.3) that have been included in the NCR.

The sign (--) indicates that there is no branch of that bank in the district.

3.8 Data Collection

The structured questionnaire prepared for the purpose was administered to the respondents through the interception method. A real time interception was done with the customers of the selected branches of the banks. They were requested to fill the questionnaire on the same day and the filled questionnaires were collected back. As a whole 544 printed questionnaires were administered to the respondents of the branches of selected banks but at the time of editing it was found that only 520 questionnaires were filled properly and were found eligible for analysis. Rest (24) questionnaires were either partially filled or wrongly filled like; double marking, not answered, etc. and were dropped from including in the analysis. So the final sample size was taken as 520.

3.9 Tools and Techniques

Various tools and techniques like factor analysis, ANOVA, Paired comparison T-test, Post Hoc test, etc. have been used as per the need of the objective. Details of all these tools and techniques have been provided in the preceding chapters where the analysis for the related objective is being done.