MANAGEMENT REVIEW

Service quality gap analysis in Indian Public Sector Banks

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Abstract

The banking sector in India has made remarkable progress ever since the economic reforms were introduced in the year 1991. New private sector banks have brought the necessary competition into the banking industry and spearheaded the movement towards higher utilization of technology, improved customer service and innovative products. Customers are now becoming increasingly aware of the options. Therefore expectation has increased and customers have become more critical of service quality. Keeping these in mind, an attempt has been made in this study to analyze the service quality gaps in selected public sector banks.

The aim of the study is to identify the service quality Gaps in Indian Public Sector Banks and suggest banks the areas required by them for superior customer satisfaction and subsequent business growth.

This study highlights service quality gap on the basis of service gaps model with special reference to public sector banks. It also explores service quality expectations and perceptions of the customers, management and frontline staff of select banks which if taken care of by banks can lead to better performance from the banks or indispensible tool for sustainable growth in dynamic banking environment.

Keywords

Service Quality, Public Sector Bank, Customer Expectation, Customer Perception, Management expectation, Management Perception, Service Quality Gaps

Introduction

In the process of financial reforms a lot of challenges were faced by Indian banking sector during 1991. In 1969 and 1980, after nationalization of commercial banks the ownership of major commercial banks was taken over by the Government. Nationalization restricted competition restricted and the banking sector was insulated from world financial markets. Over a period of time, the prevailing environment created a mindset, where one began to look for guidance for everything. There was a comfort among the bankers when approval, guidance or confirmation of actions taken was received from the higher authority. The banking personnel have completely lost their vigor and stopped thinking and operating like business organization.

A country without efficient and profitable financial markets suffers from multiple disadvantages in a more open world. India opened up its financial markets in the early 1990s. Banking sector reforms made possible entry of new generation tech-savvy private banks and the expansion of operations of foreign banks, the banking sector has become too competitive. To deal with the emerging situations, bankers have to shed a lot of old ideas, change in practices, develop customer loyalty programs, and adopt a distinct approach to meet the challenges ahead. In a fiercely competitive market, non-price factors like customer service become more important (Kotler, 2003). Hence, it was desirable for banks to develop a customer-centric approach for future survival and growth.

Immensely competitive Indian banking industry presented choices before the customers. Customers are increasingly aware of the options on offer in relation to the rising standards of service (Krishnaveni et al, 2004). In this context, expectations rise and presented challenges for customer service techniques as service quality, customer satisfaction, customer retention and delight.

Review of Literature:

In the light of the research findings, interest in service quality is, thus, unarguably high. Poor quality places a firm at a competitive disadvantage. If customers perceive quality as unsatisfactory, they may be quick to take their businesses elsewhere. Thus, it is clear that service quality offers a way of achieving success among competing services, particularly in the case of firms that offer nearly identical services, such as banks, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of consumers' choices and, hence, mean the difference between financial success and failure.

Delivering quality service to customers is a must for success and survival in today's competitive banking environment (Samli and Frohlich, 1992). Among others, provision of high quality services enhances customer retention rates, helps attract new customers through word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability (Julian and Ramaseshan, 1994; Lewis, 1989; 1993). Partially owing to such proven and potential benefits, and partially fuelled by Parasuraman, Zeithaml and Berry's seminal works in the 1980s (Parasuraman *et al*., 1985 and 1988), service quality issues have received growing attention from management and academic circles. Much of this focus, however, has been in developed countries (Herbig and Genestre, 1996) even though services are among the fastest growing sectors in emerging countries (Malhotra *et al*., 1993). Perhaps due to the prevailing sellers' market conditions in the emerging economies, service quality issues have long been neglected (Firoz and Maghrabi, 1994; Kassem, 1989).

Studying Service Quality in Banking Industry has been of enormous interest in the recent times. Some studies have shown that commercial banks require continuous quality improvement and relationship building to be competitive and stay healthy. Brown & Swartz (1999) suggests that that the measurement of service quality has increasingly created an interest among the service providers (banks) and scholars alike. It is so because service quality is being used to position the banks in the market place.

Bhattacharya (1990), in his study established that an unqualified assertion that customer orientation of the banking industry has deteriorated in the post nationalization era is empirically untenable. The banking industry itself in response to rising customer aspirations has become increasingly aware of its own limitations and has taken several measures to become more customer-oriented. Service quality has been viewed as a significant issue in the banking industry by Stafford (1994). Since financial services are generally undifferentiated products, it becomes imperative for banks to strive for improved service quality if they want to distinguish themselves from the competition.

Kim, Seonmee & Kleiner, Brian, H. (1996) in their study, selected three US banks, Bank of America, Citi Bank and One Valley Bank. They conducted personal telephone interviews besides researching banking journals and books. They found that the three banks shared the common elements of service excellence-a clear banking culture provided by committed management, employee empowerment by enhancing knowledge and skills, and improvement of operating processes with technological applications. The management recognized the definite needs to adapt itself to a changing environment and provide employees with vision for service quality.

Kangis,Peter., & Voukelatos,Vassilis (1997) in their study on reported the findings of a survey among customers of private and public sector banks in Greece on service quality perceptions and expectations. He found that quality expectations and evaluation of services received were marginally higher in the private than in the public sector in most of the dimensions measured.

Bahia and Nantel (2000) in their study developed a banking service quality model for retail banking extension of SERQUAL. In addition, Bahia and Nantel (2000) incorporated additional items for courtesy and access, as proposed by Carman (1990), and items representing the marketing mix of the '7 Ps' (product/service, place, process, participants, physical surroundings, price, and promotion) from Boom and Bitner's (1981) framework. After purification, the BSQ had 31 items of service quality relevant to the banking sector. These 31 items were distributed across six dimensions; effectiveness and assurance; access; price; tangibles; service portfolio; and reliability.

Verma and Israney (2001) measure the extent of market orientation in commercial banks. The overall market-orientation score of the sample was components, viz., intelligence generation, intelligence dissemination, and response design and response implementation. Sureshchandar,G.S.,Rajendran,Chandrasekharan., Anantharaman, R.N.,Kamalanabhan, T.J.(2002), in their study developed Total Quality Service (TQS) indices for the three group of banks (Public sector banks, private sector banks and foreign banks). Their study highlighted management's perception of quality in banking services in India.

They concluded that the TQS indices for the Indian banking industry as a whole have a mediocre performance. Therefore, there seems to be much scope for improvement when compared to the level of TQS implementation practiced by the best banks of the developed countries of the world.

Gani and Bhatt (2003) studied service quality in a commercial bank with a view to make it better. The result concludes that the service quality of foreign banks is much better than that of Indian banks and suggests heavy investment by Indian banks in tangibility dimension to improve the quality of service. Sureshchandar, G.S., Rajendran, Chandrasekharan., Anantharaman, R.N.(2003) critically examined the service-quality issues(from the perspective of customers) with respect to a developing economy-India. The three groups of banks in India (public sector, private sector and foreign banks) have been compared with respect to the factors of service quality. They concluded that the technological factors (core service and systematization of the service delivery) appear to contribute more in differentiating the three sectors while the people-oriented factor (human element of service delivery) appears to contribute less to the discrimination. The results have also indicated that foreign banks seem to be performing well followed by private sector banks and public sector banks. Spathis,Charalambos; Eugenia, Petridou and Glaveli, Niki (2004) discussed the service quality of Greek banks on the basis of their customers' perceptions, and analyses how gender differences affect customers' perceptions of service quality dimensions such as effectiveness and assurance, access, price, tangibles, service portfolio, and reliability. The study supported the hypothesis that gender affects service quality perceptions and the relative importance attached to various banking service quality dimensions. Yavas,Ugur., Benkenstein,Martin., & Stuhldreier,Uwe (2004) examined the nature of relationships between service quality, background characteristics, and satisfaction and selected behavioral outcomes by using retail banking in Germany as its setting. Study results shown that service quality is at the root of customer satisfaction and is linked to such behavioral outcomes such as word of mouth, complaint, recommending and switching. The results indicate that tangible elements of service quality and being a female are more closely associated with positive word of mouth and commitment. On the other hand, 'timeliness' aspects of service delivery are more closely related to customer satisfaction, and complaint and switching behaviors.

Alka Sharma and Versha Mehta (2004) in their study on found that public sector banks enjoy a better quality perception among their customers. Joshua, A.J. & Koshi, Moli.P. (2005) observed that recognition of service quality as a competitive weapon is relatively a recent phenomenon in the Indian Banking sector. Prior to the liberalization era the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at that time did not feel the need to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs. Nalini Prava Tripathy (2006) highlighted the facts of customer preferences towards the bank. It is the need of the hour for PSBs to inculcate marketing orientation in their work culture. The bankers should educate their front-end staff about the need to meet the customer expectations which alone can build the reputation and image of the bank.

Purohit, H.C. & Pathardikar, Avinash, D. (2007) covered the issues related with the measurement of service quality and recorded responses of the bank customers about the services of the Nationalized Banks in India. They identified key elements of strategies seen to be adopted by leading Indian banks include building a strong presence in India and international markets, customer-focused product innovation, financial resilience and a strong operating environment. They stressed the need that the policy decision makers should make multi-cornered efforts to have a new perception of quality.

Vijayakumar T. & Velu.R (2007) collected data from 325 customers of various retail banks to identify the determinants of customer satisfaction in terms of service quality, service feature, service problems, service recovery and product used and the intention of switch over to other banks. He found that in retail banking, core and relational features ought to be equally weighted when managers are interested in improving customer satisfaction. In contrast, when the focus is on reducing switching intentions, considerable emphasis should fall on core items, ensuring successful problem recovery. In this case, the influence of relational features is far less important. R K Mohanty (2008) observed that there are wide gaps exist between the expectations and views of customers on one hand and products and service delivery by banks on the other hand. Also, there exist many socio-cultural aspects quite specific and relevant from the viewpoint of customers as well as banks. Many of these issues are either not addressed so far or to a little extent. Customer satisfaction is not only applicable to external customers; but also equally applicable to internal customers (i.e. employees).

Hugan,S.S. & Vaz, Nancy. H. (2008) delves into the secondary data to evaluate the present customer orientation of Indian Public Sector Banks and thus take stock of their strengths and lacunae, before plunging into the open regime. They stressed that the need has arisen that Indian public sector banks equip themselves to face the competition squarely even with their social responsibilities. The economy has depended heavily on them in the past and so would it in the future. In the competitive scene, among various other factors, customer orientation occupies the place of prominence for success.

Service quality measurement scales:

There have been several scales developed by several experts for testing of service quality gaps in different industry. Following are few prominent scales widely used in service sectors:

SERVQUAL Scale:

The foundation for the SERVQUAL scale is the gap model proposed by Parasuraman, Zeithaml and Berry (1985, 1988). With roots in disconfirmation paradigm, the gap model maintains that satisfaction is related to the size and direction of disconfirmation of a person's experience *vis-à-vis* his/her initial expectations (Churchill and Surprenant, 1982; Parasuraman, Zeithaml and Berry, 1985; Smith and Houston, 1982). Based on their empirical work, they identified a set of 22 variables/items tapping five different dimensions (Reliability, Tangibles, Responsiveness, Assurance, and Empathy) of service quality construct. Since they operational zed service quality as being a gap between customer's expectations and perceptions of performance on these variables, their service quality measurement scale is comprised of a total of 44 items (22 for expectations and 22 for perceptions).

SERVPERF Scale:

Cronin and Taylor (1992) were amongst the researchers who leveled maximum attack on the SERVQUAL scale.

They questioned the conceptual basis of the SERVQUAL scale and found it confusing with service satisfaction. They, therefore, opined that expectation (E) component of SERVQUAL be discarded and instead performance (P) component alone be used. They proposed what is referred to as the 'SERVPERF' scale. Besides theoretical arguments, Cronin and Taylor (1992) provided empirical evidence across four industries (namely banks, pest control, dry cleaning, and fast food) to corroborate the superiority of their 'performance-only' instrument over disconfirmation-based SERVQUAL scale. Being a variant of the SERVQUAL scale and containing perceived performance component alone, 'performance only' scale is comprised of only 22 items. A higher perceived performance implies higher service quality. In equation form, it can be expressed as:

$$SQ = \overset{k}{\underset{j=1}{}} P_{ij}$$

where: SQ_i = perceived service quality of individual 'i'

k = number of attributes/items

P = perception of individual 'i' with respect to performance of a service firm on attribute 'j'

Retail Service Quality Scale (RSQS):

Dabholkar et al. (1996) who developed and empirically validated a scale to measure retail service quality distinctively. In developing the instrument, the researchers conducted a triangulation of research techniques involving interviews with several retail customers, in-depth interviews with six customers and a qualitative study that monitored the thought process of three customers during an actual shopping experience. These three differing methods combined with a review of service quality related literature and some modification to the original SERVQUAL scale produced a hierarchical factor structure scale which Dabholkar et al. (1996) aptly named as the Retail Service Quality Scale (RSQS). According to Dabholkar et al. (1996), retail service quality had a hierarchical factor structure which comprised of five basic dimensions. The five dimensions proposed were: Physical aspect, Reliability, Personal interaction, Problem solving & Policy.

Banking Service Quality Scale (BSQs):

Quality is sought by all organigations; especially in the service sector. This is particularly true in the banking sector. However, banks had no recognized publicly available and standard scale to measure the perceived service quality of bank services. In general available instrument had included either scale contextually developed by specific to cope with occasional problems or instrument not specially designed for banking services but rather to measure service quality across a broad spectrum of services. Among such general instruments, the most popular was SERVQUAL, a well known scale developed by parasuraman et al., which had been used both original and adopted versions by a variety of banks. (Osman M. Karatepe, Ugur Yavas, Emin Babakus) has developed a reliable and valid scale for the measurement of perceived service quality in banking services, in general. The focus was not neither on services general nor on the services of a particular bank in a specific situation but rather on banking services.

In the banking sector, perceived service quality results from the difference between customers' perception for the service offered by the bank (received service) and their expectations vis a vis the bank offer such services (expected service).

Research Method: The research methodology adopted in the study is as follows:

Research Objective: The present study attempts to identify the gap at the stages of formation of service quality required by the customers & services delivered by the public banks. It aims at assisting the banks in assessment of their services by identifying the service gaps which create gaps in service quality and improving them thereby achieving superior satisfaction. The specific objectives of the study are as follows:

i) To identify the customer's, Management & Frontline staff service expectation on select service parameters.

ii) To identify the gaps of respective service quality dimensions.

iii) To identify the areas which require special attention among Indian public sector banks in providing service quality.

Research Design: The research design descriptive as the research is intended to conclude and suggest measures to zero down on the service quality gaps in Indian public sector banks.

Sample: The study is conducted in Varanasi. The banks were selected on the basis of their active presence in Varanasi. These were State Bank of India, Punjab National Bank and Bank of Baroda. Data was collected from 50 customers, 10 managerial cadre officials and 20 frontline staff of SBI, Bank of Baroda and PNB each using structured questionnaire duly tested for validity and reliability. The study has used various suitable statistical techniques for objectivity in the finding and more categorical inferences.

Data Collection Tool: Data was collected through a close ended structured questionnaire. It was based on Questionnaire to assess Service Quality; SERVQUAL designed by ***Parasuraman et al. (1988)*** and later was customized after taking opinion of customers' responses, management & frontline staff.

Sampling Method: Judgmental and Convenience sampling method is used for data collection.

Reliability Test: The Questionnaire was also tested for its reliability and the Cronbach alpha value came out to be .873 which proves the reliability of the Questionnaire.

FINDINGS :

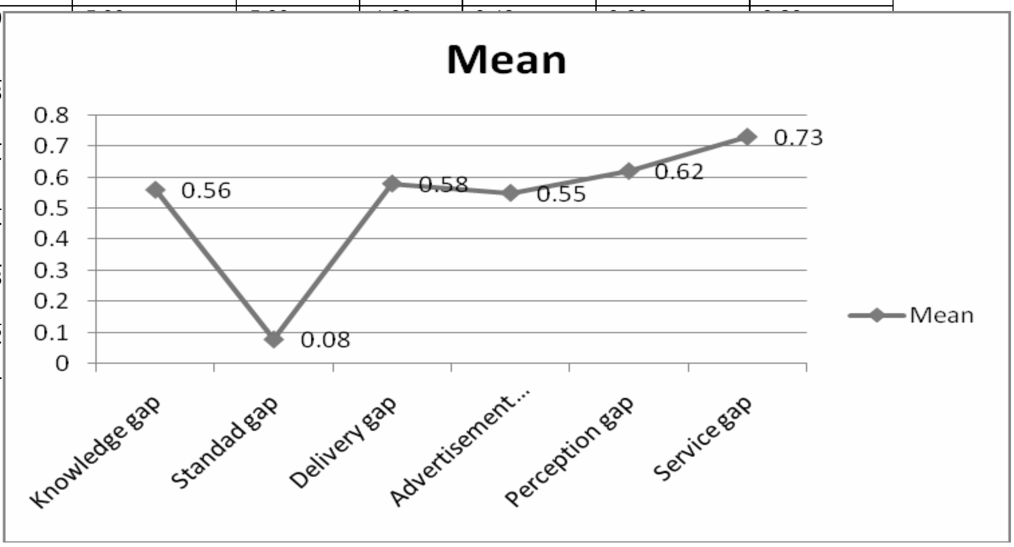
Table - I : Mean responses of SBI

Items	Customer Needs	Management Definition	Standard establishment	Actual Delivery	Customer perception of service	Customer interpretation	Customer experience wrt expectation
Less Waiting time	4.56	5.00	5.00	4.00	2.96	3.32	2.89
Sufficient number of teller counters	4.28	5.00	5.00	4.00	3.16	3.40	3.12
Complete range of services	4.14	5.00	5.00	5.00	3.60	3.72	3.48
Consistency with latest banking innovations	4.08	5.00	5.00	5.00	3.36	3.74	3.38
Modern equipment	4.28	5.00	5.00	4.00	3.40	3.62	3.40
Error free service delivery	4.76	5.00	5.00	4.00	3.38	3.96	3.48
Delivering when promised	4.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Precision of account statement	4.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Well-trained personnel	4.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sufficient no of ATMs	4.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
No Interruption of service	4.58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee courtesy	4.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Here rate has been taken on the scale of 1- 5 where 1 is least and 5 is most.

Table-I (a) Service quality gaps of SBI bank

Gaps	Score (absolute)	Gaps in percentage
Knowledge gap	0.56	11.2
Standards gap	0.08	1.6
Delivery gaps	0.58	11.6
Advertisement interpretation gap	0.55	11
Perception gap	0.62	12.4
Service gap	0.73	14.6



1. From the above graph, Knowledge gap is depicted 0.56 which signifies 11.2% gap between customer needs & expectations and management definition of respective needs.
2. Standard gap is 0.08 which signifies that there is 1.6% gap in translation the management definition into standard.
3. Delivery gap is 0.58 which signifies that there is 11.6% gap between frontline customer's actual delivery and what the standard is.
4. Advertisement gap is 0.55 which signifies that there is 11% gap between advertisement and interpretation by customers.
5. Perception gap is 0.62 which signify that 12.4% gap between actual service and customer perception about service.

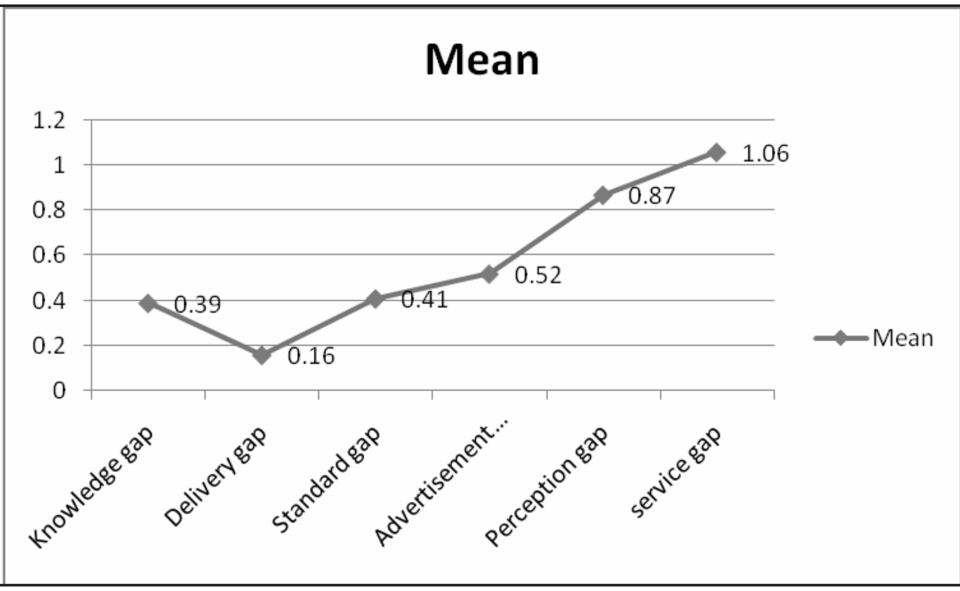
Service gap is 0.73 which shows that there is 14.6% gap between customer expectation and customer perception about service.

Table-II : Mean responses of Bank of Baroda

Sl. No.	Items	Customer Needs	Management Definition	Standard establishment	Actual Delivery	Customer perception of service	Customer interpretation	Customer experience wrt expectation
1	Less Waiting time	4.84	5.00	5.00	5.00	3.04	3.62	3.14
2	Sufficient number of teller counters	4.24	5.00	5.00	4.00	2.92	3.38	3.00
3	Complete range of services	4.26	4.00	5.00	5.00	3.52	4.00	3.36
4	Consistency with latest banking innovations	4.42	5.00	5.00	5.00	3.56	3.82	3.52
5	Modern equipment	4.36	5.00	5.00	5.00	3.54	3.72	3.36
6	Error free service delivery	4.76	5.00	4.00	3.00	3.74	3.98	3.30
7	Delivering when promised	4.80	5.00	5.00	4.00	3.72	4.14	3.32
8	Precision of account statement	4.68	5.00	5.00	5.00	4.08	4.12	3.76
9	Well-trained personnel	4.48	5.00	4.00	4.00	3.56	3.74	3.34
10	Sufficient no of ATMs	4.48	5.00	5.00	5.00	3.68	3.84	3.28
11	No Interruption of service	4.42	5.00	4.00	3.00	3.14	3.70	3.10
12	Employee courtesy	4.58	5.00	5.00	4.00	3.08	3.66	3.24

Table-II (a) : Service Quality Gaps Of Bank Of Baroda

Here rate has been taken on the scale of 1- 5 where 1 is least and 5 is most.



1. From the above graph, Knowledge gap is 0.39 which signifies that 7.8% gap between customer needs & expectation and management definition of respective needs.
2. Standard gap is 0.16 which signifies that 3.2% gap in translation the management definition into standard.
3. Delivery gap is 0.41 which signifies that 8.2% gap between frontline customer's actual delivery and what the standard is.
4. Advertisement gap is 0.52 which signifies that 10.4% gap between advertisement and interpretation by customers.
5. Perception gap is 0.87 which signifies that 17.4% gap between actual service and customer perception about service.
6. Service gap is 1.06 which shows that 21.2% gap between customer expectation and customer perception about service.

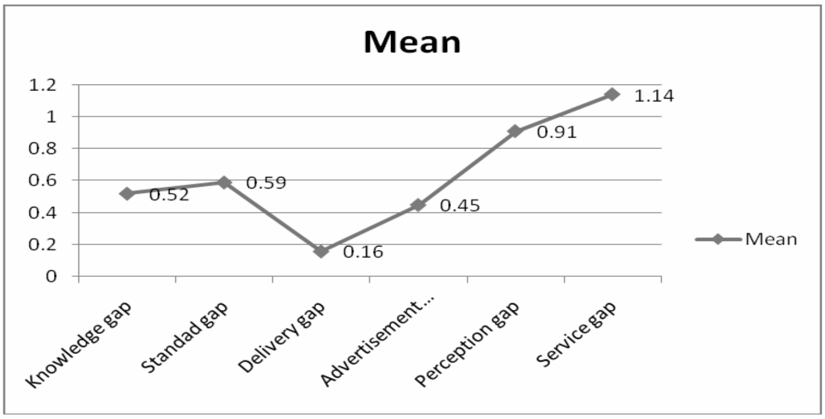
Table-III : Mean responses of Punjab National Bank

Sl. No.	Items	Customer Needs	Management Definition	Standard establishment	Actual Delivery	Customer perception of service	Customer interpretation	Customer experience wrt expectation
1	Less Waiting time	4.86	5.00	4.00	4.00	3.12	3.24	2.82
2	Sufficient number of teller counters	3.92	5.00	4.00	3.00	3.38	3.26	3.18
3	Complete range of services	4.56	5.00	5.00	5.00	3.66	3.88	3.34
4	Consistency with latest banking innovations	4.32	5.00	5.00	5.00	3.16	3.68	3.32
5	Modern equipment	4.34	5.00	5.00	5.00	3.36	3.54	3.28
6	Error free service delivery	4.36	5.00	4.00	4.00	3.40	3.94	2.92
7	Delivering when promised	4.40	5.00	3.00	3.00	3.50	4.14	3.54
8	Precision of account statement	4.56	5.00	4.00	5.00	4.12	4.06	3.50
9	Well-trained personnel	4.48	5.00	5.00	5.00	3.36	4.12	3.40
10	Sufficient no of ATMs	4.68	5.00	5.00	4.00	3.28	3.88	3.26
11	No Interruption of service	4.80	5.00	5.00	4.00	2.80	3.86	2.66
12	Employee courtesy	4.38	5.00	4.00	4.00	3.04	3.96	2.96

Table-III (a) : Service quality gaps Punjab National Bank

Here rate has been taken on the scale of 1- 5 where 1 is least and 5 is most.

Gaps	Gaps Score(absolute)	Gaps in percentage
Knowledge gap	-0.52	10.4%
Standards gap	0.59	11.8%
Delivery gaps	0.16	3.2%
Advertisement interpretation gap	0.45	9 %
Perception gap	0.91	18.2%
Service gap	1.14	22.8%



1. From the above graph, Knowledge gap is 0.52which signifies that 10.4% gap between customer needs & expectation and management definition of respective needs.
2. Standard gap is 0.59 which signifies that 11.8% gap in translation the management definition into standard.
3. Delivery gap is 0.16 which signifies that 3.2% gap between frontline customer's actual delivery and what the standard is.
4. Advertisement gap is 0.45 which signifies that 9% gap between advertisement and interpretation by customers.
5. Perception gap is 0.91 which signifies that 18.2% gap between actual service and customer perception about service.
6. Service gap is 1.14 which shows that 22.8% gap between customer expectation and customer perception about service.

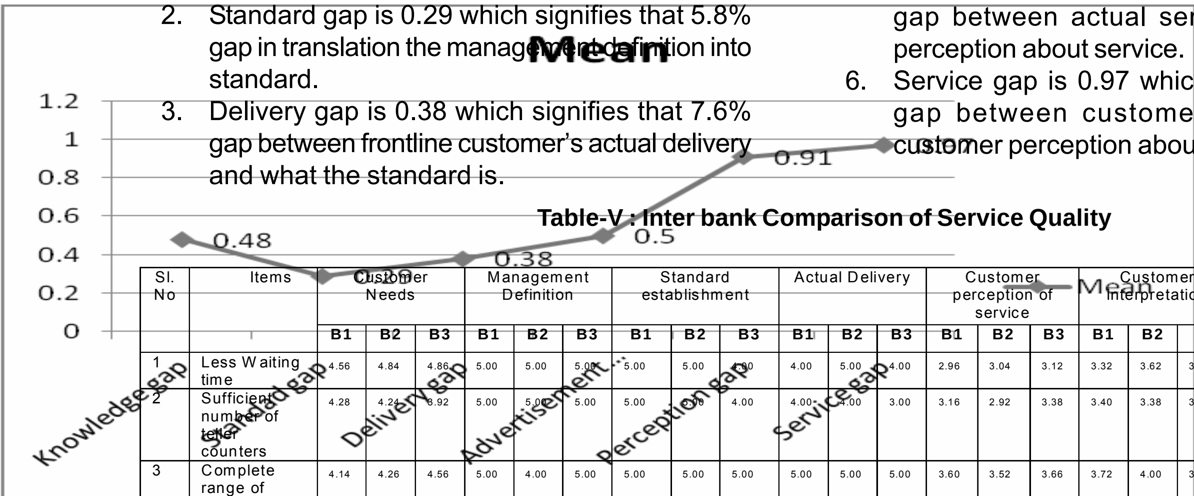
Table-IV : Mean responses of public sector bank

Sl. No.	Items	Customer Needs	Management Definition	Standard establishment	Actual Delivery	Customer perception of service	Customer interpreta - tion	Customer experience wrt expectation
1	Less Waiting time	4.75	5.00	4.66	4.33	3.04	3.39	2.98
2	Sufficient number of teller counters	4.14	5.00	4.66	3.66	3.15	3.34	3.10
3	Complete range of services	4.32	4.66	5.00	5.00	3.59	3.86	3.39
4	Consistency with latest banking innovations	4.27	5.00	5.00	5.00	3.36	3.74	3.40
5	Modern equipment	4.32	5.00	5.00	4.66	3.43	3.62	3.34
6	Error free service delivery	4.62	5.00	4.30	3.66	3.50	3.96	3.23
7	Delivering when promised	4.63	5.00	4.33	3.66	3.56	4.02	3.37
8	Precision of account statement	4.57	5.00	4.66	4.66	3.98	4.05	3.70
9	Well-trained personnel	4.66	5.00	4.66	4.66	3.38	3.90	3.31
10	Sufficient no of ATMs	4.60	5.00	5.00	4.66	3.65	4.04	3.47
11	No Interruption of service	4.60	5.00	4.33	3.33	3.02	3.76	2.90
12	Employee courtesy	4.50	5.00	4.66	4.33	3.04	3.80	3.06

Table-IV (a) : Service quality gaps of public sector banks

Here rate has been taken on the scale of 1- 5 where 1 is least and 5 is most.

Gaps	Gaps Score(absolute)	Gaps in percentage
Knowledge gap	0.48	9.8%
Standards gap	0.29	5.8%
Delivery gaps	0.38	7.6%
Advertisement interpretation gap	0.50	10%
Perception gap	0.91	18.2%
Service gap	0.97	19.4%



1. From the above graph, Knowledge gap is 0.48 which signifies that 9.8% gap between customer needs & expectation and management definition of respective needs.
2. Standard gap is 0.29 which signifies that 5.8% gap in translation the management definition into standard.
3. Delivery gap is 0.38 which signifies that 7.6% gap between frontline customer's actual delivery and what the standard is.
4. Advertisement gap is 0.5 which signifies that 10% gap between advertisement and interpretation by customers.
5. Perception gap is 0.91 which signifies that 18.2% gap between actual service and customer perception about service.
6. Service gap is 0.97 which shows that 19.4% gap between customer expectation and customer perception about service.

Table-V : Inter bank Comparison of Service Quality

Sl. No	Items	Customer Needs			Management Definition			Standard establishment			Actual Delivery			Customer perception of service			Customer Interpretation			Customer experience w.r.t expectation		
		B1	B2	B3	B1	B2	B3	B1	B2	B3	B1	B2	B3	B1	B2	B3	B1	B2	B3	B1	B2	B3
1	Less Waiting time	4.56	4.84	4.86	5.00	5.00	5.00	5.00	5.00	4.00	4.00	5.00	4.00	2.96	3.04	3.12	3.32	3.62	3.24	2.89	3.14	2.82
2	Sufficient number of teller counters	4.28	4.24	3.92	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00	3.16	2.92	3.38	3.40	3.38	3.26	3.12	3.00	3.18
3	Complete range of services	4.14	4.26	4.56	5.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.60	3.52	3.66	3.72	4.00	3.88	3.48	3.36	3.34
4	Consistency with latest banking innovations	4.08	4.42	4.32	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	3.36	3.56	3.16	3.74	3.82	3.68	3.38	3.52	3.32
5	Modern equipment	4.28	4.36	4.34	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	5.00	3.40	3.54	3.36	3.62	3.72	3.54	3.40	3.36	3.28
6	Error free service delivery	4.76	4.76	4.36	5.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00	4.00	3.38	3.74	3.40	3.96	3.98	3.94	3.48	3.30	2.92
7	Delivering when promised	4.70	4.80	4.40	5.00	5.00	5.00	5.00	5.00	3.00	4.00	4.00	3.00	3.48	3.72	3.50	3.80	4.14	4.14	3.26	3.32	3.54
8	Precision of account statement	4.48	4.68	4.56	5.00	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00	3.74	4.08	4.12	3.98	4.12	4.06	3.86	3.76	3.50
9	Well-trained personnel	4.44	4.48	4.48	5.00	5.00	5.00	5.00	4.00	5.00	5.00	4.00	5.00	3.24	3.56	3.36	3.84	3.74	4.12	3.20	3.34	3.40
10	Sufficient no of ATMs	4.64	4.48	4.68	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	3.68	3.28	4.42	3.84	3.88	3.88	3.28	3.26
11	No Interruption of service	4.58	4.42	4.80	5.00	5.00	5.00	4.00	4.00	5.00	3.00	3.00	4.00	3.14	3.14	2.80	3.74	3.70	3.86	2.96	3.10	2.66
12	Employee courtesy	4.42	4.58	4.38	5.00	5.00	5.00	5.00	5.00	4.00	5.00	4.00	4.00	3.00	3.08	3.04	3.78	3.66	3.96	2.98	3.24	2.96

Where B1: State Bank of India
B2: Bank of Baroda
B3: Punjab National Bank

Conclusion:

The Knowledge Gap comes out to be negative which shows that the Indian Public Sector Banks perceive the needs and expectations of the customers to be much higher than the actual needs. The Standards Gap is also relatively high which shows that the standards established are not up to the mark. The Perception Gap comes out to be highest which shows that the customers are unable to accurately evaluate the services received; this is the biggest responsible factor for a large Service Quality Gap. The sum of Internal Communications Gap and Interpretation Gap is also quite large which shows that there is a problem with either creation of advertisements or then getting perceived by the customer or both of these.

Implication: The study of service quality gaps in Indian Public Sector Banks helped to identify the various gaps and helped identify areas for special attention. Indian Public Sector Banks should work on the service delivery (setting standards and delivering accordingly) because this gap has major contribution in widening the Service Quality Gap. Indian Public Sector Banks need to consider the advertising style and strategies adopted by them as the advertisements (creation and understanding) put the banks in a poor state as far as service quality is concerned. The banks have to take immediate action on diminishing the Perceptions Gap. They should work on reducing waiting time, ensuring minimum interruption of service and improving on the parameter of employee courtesy.

Scope for further study:

The present study is restricted to Varanasi only. A separate study may be conducted on wider geographical scale for more generalized findings. The survey in the current study was carried out on three banks only and 150 respondents. Another study can be conducted with increased no. of banks and larger sample size for a more meaningful & significant finding. More accurate result could be obtained with the use of probability sampling method.

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