“Effect of Trust and Service Quality on Consumer Perception: A Study on Private Banking Sector of South West Delhi”

GOPAL GUPTA

SCHOOL OF BUSINESS, GALGOTIAS UNIVERSITY

# ABSTRACT

This thesis aims to conduct a review of the literature and investigate to know what people thought towards the services provided by private banking sectors. The goal of this thesis is to close the knowledge gap between the customers and banks towards the different banking services. This thesis helps to bank to upgrade their services and removes the hurdles for the satisfaction of customers which directly helps for the growth and development of the banking sectors.

# INTRODUCTION

The banking sector is the strength of the economy in a country. Banking organization plays a dynamic role in the growth & development of a country. Poor banking system cannot help the country in economic development. A well-functioning banking system has a key role in economic growth of the particular country customer loyalty has been a real concern in the banking sector because of serious rivalry and higher client expectations.

It has cause in an increased rivalry between banks to attract a greater number of customers by delivering quality services. Customer loyalty was identified as a key factor for the profitability of a business. Banks can never run smoothly for a long period of time without loyal customers.

Customer loyalty can be accomplished by classifying customers’ needs, managing them and satisfying them. Customer loyalty is observed as a key construction and desire to hierarchical achievement, advantage and business performance Loyal customers will permanently give positive remarks about the banking sector. Banks can increase levels of profitability by providing secure products and services to the customers.

In order to increase customer loyalty, several banks have announced innovative products and services Firms can increase level of profitability by providing safe and sound products and services to loyal customers. There is a positive direct, relationship between services or products quality, customer satisfaction and consumer loyalty.

# REVIEW OF LITERATURE

1. Hammoud *et al.,* (2018) analyzed the impact of E –Banking service Quality on customer satisfaction Evidence from the Lebanese Banking Sector. The objective of this study is to examine the relationship between the dimensions of E –Banking service quality and customer satisfaction to determine which dimensions can potentially have the strongest influence on customer satisfaction. In this Research Data were gathered using a survey instrument Bank client were given questionnaire to fill for the purpose of collecting the data.
2. Paul *et al.,*(2016) studied on impact of service quality on customer satisfaction in private and public sectors bank. The purpose of the study is to examine the various impacts of service quality on banking sectors. The data were collected from 500 respondent in India and the respond rate was 65%. In this research paper survey method was used to collect data and structure questionnaire which based on SERVQOAL model was used.
3. Singh and Gupta, (2016) measured the customer perception and satisfaction towards service of public and private sector banks. The objective of this study is to examine the relative customer satisfaction levels of private and public sector banks. In this study a survey method (Well-structure) questionnaire was used to collect data. A convenience (non-random) sampling technique was used.
4. Hasan *et al.,*(2014) studied effects of perceived value and trust on customer loyalty towards foreign Banks in Sabah, Malaysia. The objective of this study is to examine level of customer loyalty towards foreign banks in Malaysia and to investigate factors such as perceived value and trust effects customer loyalty. In this research methodology a survey method was used in which customers were given questionnaire to fill for the purpose of collecting the data. A convenience non-random sampling technique was used.

1. Karim and Chowdhury, (2014) analyzed the customer satisfaction and service quality in private commercial banking sector in Bangladesh. The main objective of the research is to discover the impact of service quality on consumer satisfaction in private sector banks. In this study a structure questionnaire with 5-point Likert scale was used to collect data by conducting survey. A convenience (non-random) sampling technique was used.
2. Khan and Fasih, (2014) investigated the impact of service quality on customer satisfaction and customer loyalty in Pakistan. The objective of this research paper is to determine the satisfaction level & loyalty of the customers towards the service provided by the different banks. In this study a survey method was used to collect data. A stratified random sampling technique had been used.
3. Seiler *et al.,* (2013) studied on the influence of socio-demographic variables on customer satisfaction and loyalty in the private banking industry. The objective of this research to indicate the impact of customer demographics on service value, customer satisfaction, and customer loyalty.
4. Saghier and Nathan, (2013) investigated the quality perception of bank customer in Egypt and the differences in relative importance they attach to the various qualify dimension using servqual model. The objective of this research was to understand the main factors that affect customer satisfaction and propose a model that would support decision maker enhance the quality service.
5. Mohammad and alhamadani, (2011) conducted research on title “service quality perspective and customer satisfaction in commercial banks working in Jordan. The aim of this research was to examine the level of service quality as perceived by customer of commercial bank working in Jordan and its effect on customer satisfaction.
6. Kheng et al., (2010) studied the impact of service quality on customer loyalty in bank in Malaysia. The objective of this research was to evaluate the impact of service quality on customer loyalty among bank customers in Malaysia. The development and advancement in banking channel such as internet banking, ATM and so on have forced bankers to explore the importance of customer loyalty.

# RESEARCH METHODOLOGY

Research methodology is the specific procedure or technique which is used to identify, select, process, and analyses information for result about a topic. It may include publication research, interviews, surveys and other research techniques which include both present and historical information. It helps to understand not only the products of scientific inquiry but the process itself and it is the way to systematically solve the research problem by logically adopting various steps.

**3.2 Target Population:** Target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusion. The target population usually has varying characteristics and it is also known as the theoretical population.

In this research our target population will be the customers those who have opened a account on different private bank sector.

**3.3 Sample Size:** The sample size of a survey mostly refers to the number of units that were chosen from data which is gathered. However, sample size can be defined in various ways. There is the designated sample size which is the number of sample unit selected for contact or data collection. It is the total representative samples from the given population used for the research study.

In this research, we will consider100 people as a sample for collecting the data.

**3.4 Sampling Frame:** A sampling frame is the source material from which a sample is drawn. It is a list of all those within a population who can be sampled and may include individuals, households or institutions.

In this research, we will select account holder’s mobile number, customer ID number to recognize the particular account holders.

**3.5 Sampling Technique:** A sampling technique is the name or other identification of the specific process by which the entities of the sample have been selected.

In this research, we will use judgmental sampling technique because we have taken responses of only those account holders of private sector bank to whom we are feeling comfortable and to get an answer of our questionnaires.

**Judgmental Sampling:** Judgmental sampling is the non-random sampling technique in which the sample population is selected at the ease and judgement of the researcher.

Advantage:

* Extensively used/understood
* Very low-cost

Disadvantage:

* Restriction of generalization
* Projecting data beyond sample not justified

* 1. **Research Design:** It is a systematic approach that a researcher uses to conduct a scientific study. It is the overall synchronization of identified components and data resulting in a possible outcome. To conclusively come up with an authentic and accurate result, the researcher design should follow a strategic methodology, in the line with the type of research chosen.

In this research we will adopt descriptive research design to conduct the study on the impact of service quality and customer perception towards the private sector bank.

# References

1. Ananth, A., Ramesh, R., & Prabaharan, B. (2010). Service quality gap analysis in private sector bank-a customer perspective, 2

1. Brahmbhatt, M., & Panelia, D. (2008). An assessment of service quality in banks. Global Management Review, 2(4), 37-41.

1. El Saghier, N., & Nathan, D. (2013, April). Service quality dimensions and customers’ satisfactions of banks in Egypt. In Proceedings of 20th international business research conference (Vol. 13).

1. Hazra, S. G., & Srivastava, K. B. (2009). Impact of Service Quality on Customer Loyalty, Commitment and Trust in the Indian Banking Sector. IUP Journal of Marketing Management, 8(3), 3&4

1. Hasan, H., Kiong, T. P., & Ainuddin, R. A. (2014). Effects of perceived value and trust on customer loyalty towards foreign banks in Sabah, Malaysia. Global Journal of Emerging Trends in e-Business, Marketing and Consumer Psychology, 1(2), 137-154.

1. Hammoud, J., Bizri, R. M., & El Baba, I. (2018). The impact of e-banking service quality on customer satisfaction: Evidence from the Lebanese banking sector. SAGE Open, 8(3), 2158244018790633.

1. Kheng, L. L., Mahamad, O., & Ramayah, T. (2010). The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia. International journal of marketing studies, 2(2), 57.

1. Karim, R., & Chowdhury, T. (2014). Customer satisfaction on service quality in private commercial banking sector in Bangladesh. British Journal of Marketing Studies, 2(2), 1-11.

1. Khan, M. M., & Fasih, M. (2014). Impact of service quality on customer satisfaction and customer loyalty: Evidence from banking sector. Pakistan Journal of Commerce and Social Sciences (PJCSS), 8(2), 331-354.

1. Lassar, W. M., Manolis, C., & Winsor, R. D. (2000). Service quality perspectives and satisfaction in private banking. Journal of services marketing.