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Customer satisfaction on E-commerce of public and private banks in Parbhani district of Maharashtra

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Abstract

In the banking sector higher service quality is related with higher customer satisfaction. There are no recognized standard scales to measure the perceived quality of a bank service. Service quality dimensions are the only way to analyze the service quality of the organization and easy way to find out the expectation of the customer's. One of the important issues related to service quality and the dimensions of service quality and the measurement tools of Parasuraman *et al.* (1988) SERVQUAL model. The service gap (Perception and Expectations) scores are considerably lower for private banks in comparison to Public banks for the service dimension tangible, reliability, responsiveness, assurance and empathy. Banks have to understand changing needs of customers, aspirations and expectations to create value. Employees are part of the customer service process, which is a critical element for building customer loyalty. The highest customer satisfaction is demonstrated in the responsiveness area such as willingness to help customer, friendly attitude of staff and customer guidance. The moderate satisfactions are in the tangibles area, such as infrastructure facilities. Overall from this study it can be concluded that customers' expectations are more with the private banks.

Keywords: E-commerce, bank service, customer satisfaction, private banks

1. Introduction

People in the twenty-first century are completely dependent on the electronic system. With the advent of computers, it has been much simpler to complete daily tasks from home. Ecommerce is one consequence of conducting business and transactions online. This revolutionary approach of conducting business is so effective that it has become the standard in both industrialized and developing nations. Even in our nation, e-commerce is developing steadily. People are no longer unfamiliar with the use of credit cards, debit cards, internet banking, and the payment of bills, among other things. Electronic commerce, or e-commerce as it is more often known, is described as any type of trade or exchange of products, services, and information facilitated via the use of electronic means. Globally, the use of e-commerce is gaining popularity fast. In addition, consumers report higher levels of pleasure when purchasing products and services through e-commerce websites from the comfort of their homes or offices. In addition, e-commerce enterprises are able to provide lower pricing on items and services, which contributes to improved customer satisfaction, by eliminating logistical expenditures such as physical locations, a smaller labour staff, and occasionally reduced inventory levels.

2. Review of literature

The paper suggested an alternative scale for measuring service quality in retail banking. The study developed a scale called as Banking Service Quality Scale which contained factors like effectiveness and assurance, access, price, tangibles, service portfolio and reliability. This model was found to be more reliable than SERVQUAL (Bahia, K and J Nantel 2000) [3]. The study examined key drivers of customer satisfaction using 167 customers and it was found that core and relational performances had impact on customer satisfaction and there was negative relationship between customer expertise and customer satisfaction (Jamal, A., Naser, K., 2002) [4]. The study analyzed impact of service quality in banks on customer satisfaction in china's retail banking and it was found out that reliability and assurance were the primary drivers of customer satisfaction. It was also found out that there were significant variations in expectations and perceptions in customers (Zhou, L 2004) [5]. The study measured customer satisfaction through 5 service quality dimensions in Noida and Ghaziabad and findings revealed that assurance was the most important dimension of service quality followed by reliability and responsiveness.

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Tangibles was found to be least important (Dash *et al.*, 2007) [6]. It examined the relationship between the demographics and customers' satisfaction in internet banking, it also found out relationship between service quality and customers' satisfaction as well as satisfaction in internet banking service provided by the Public sector bank and private sector banks. The study found out that overall satisfaction of employees, businessmen and professionals are higher in internet banking service. Also it was found that there is significant difference in the customers' perception in internet banking services provided by the Public and private sector banks (Kumbhar, Vijay 2011) [7]. The paper compares Public and private sector banks in Vijayawada city using SERVQUAL model. The findings revealed that private sector banks have good services to customers and they retained customers by providing better facilities. The study finds out importance of new products and services for banks for retaining customers (Kailash M, 2012) [8]. The study identified the impact of the basic dimensions of the SERVQUAL model on the level of customer satisfaction in dealing with the Bank. The result indicated that there is an impact of the basic dimensions on the level of customer satisfaction at different level. The study also recommend the need for continuous improvement of service provided to customers, through consumer behavior studies, and work to predict customer expectations to ensure the provision of better services (Sulieman Aymn 2013) [10].

3. Objectives of the study

1. To find out the customers perception and expectation gap in public and private banks.
2. Customer satisfaction level on public banks and private banks.
3. To identify the problems of e-commerce public and private in banks.
4. To suggest some possible recommendations to overcome the problem

4. Methodology of the study

In this report researcher used SERVQUAL method to measure the customer's satisfaction of e-commerce of public bank and private banks in Parbhani District of Maharashtra.

4.1 Research design

In this study Researcher going to investigate the E-commerce Service Quality such as Reliability, Responsiveness, Assurance, Empathy, and Tangibles of public bank and Private bank. This study has compared the customer satisfaction and perceptions of e-commerce service quality of PUBLIC bank and private bank under five key dimensions like reliability, responsiveness, assurance, empathy, and tangibles. This shows the satisfaction level of customer at public bank and private bank. Here Service Quality is the independent variables which contain Reliability, Responsiveness, Assurance, Empathy, Tangible and the dependent variable is the Customer satisfaction.

4.2 Sampling method

In this study sampling selected for the research from public banks and Private Banks customers of Parbhani district in Maharashtra. Basically it's sampling the clients who are using the E-commerce services of PUBLIC bank and private bank. The main objective of the research is to investigate the

customer satisfaction level of E-commerce Service Quality by using "Parasuraman, Zeithaml, and Berry (1988) [1] five dimensions in service in context of public bank and Private bank in Maharashtra.

4.3 Sample size

Random sampling method was used. There were two specific sample unit in general people using e-commerce in public and private bank. Total 40, 20 people were public bank and 20 people were private bank from Parbhani District.

4.4 Sources of data

4.4.1 Primary data

The primary data were collected from the customers of public bank of SBI, Bank of Maharashtra, Canara Bank and Bank of India and private banks of ICICI Bank, HDFC Bank, Kotak Mahindra Bank and Axis Bank at a random basis through predetermined questionnaire.

4.4.2 Secondary data

The secondary data was collected from website, magazine, memorandum, journals, books, bank reports and some other relevant available sources.

5. Service quality dimensions (SERVQUAL)

In the banking sector higher service quality is related with higher customer satisfaction. There are no recognized standard scales to measure the perceived quality of a bank service. Service quality dimensions are the only way to analyze the service quality of the organization and easy way to find out the expectation of the customer's. One of the important issues related to service quality and the dimensions of service quality and the measurement tools of Parasuraman *et al.* (1988) [1] SERVQUAL model.

Based on the Parasuraman *et al.* (1988) [1] identify five quality dimensions conceptual framework which show the service quality of independent variables are Reliability, Responsiveness, Assurance, Empathy, and Tangibles and the dependent variable are customer Satisfaction.



6. Analysis of Public banks by servqual method

6.1 Tangibility

Table No 1 and Figure No 1 deals with various aspects of tangibility in service provided by the public bank. It has been found that customer's expectation is more on many fronts like modern equipments which is 4.45, Physical Facilities Appealing 4.65, employees well-dressed 4.55, service providing materials 4.50, and customers actually

getting less or perception less than the expectation. The perception mean are modern equipment 3.85, physical facilities appealing 2.25, employees well dress 3.25, service

providing materials 3.50 and the gap are (-.60), (-2.40), (-1.30), (-1.00) respectively.

Table 1: Expectation and perception of customers on various aspects of Tangibility

Aspects of Tangibility	Mean of perception	Mean of expectation	P-E Gap
Modern Equipments	3.85	4.45	-0.6
Physical Facilities Appealing	2.25	4.65	-2.4
Employees well dressed	3.25	4.55	-1.3
Service Materials Appealing	3.5	4.5	-1
Mean	3.21	4.54	-1.33

Source: Questionnaire analysis

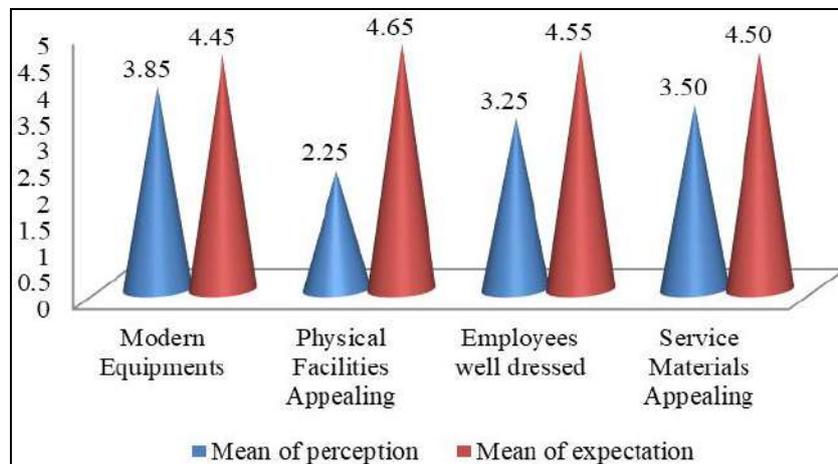


Fig 1: Expectation and perception of customers on various aspects of Tangibility

6.2 Reliability

Table No 2 and Figure No 2 deals with various aspects of reliability in service provided by the public bank. It has been found that customer's expectation is more Performance of Service Right the First Time which is 4.70, Sincere interest in solving customer Problems 4.50, should dependable 4.45, Doing things at Promised Time 4.75, Accurate record

Keeping 4.35 and customers actually getting less or perception less than the expectation. Perception mean are performance of Service Right the First Time which is 3.25, Sincere interest in solving customer Problems 3.35, should dependable 3.70, Doing things at Promised Time 2.40, Accurate record keeping 4.00 and the gap are (-1.45), (-1.15), (-0.75), (-2.35) and (-0.35) respectively.

Table 2: Expectation and perception of customers on various aspects of Reliability

Aspects of Reliability	Mean of perception	Mean of expectation	P-E Gap
Performance of Service Right the First Time	3.25	4.70	-1.45
Sincere interest in solving customer Problems	3.35	4.50	-1.15
should dependable	3.70	4.45	-0.75
Doing things at Promised Time	2.40	4.75	-2.35
Doing things at Promised Time	4.00	4.35	-0.35
Mean	3.34	4.55	-1.21

Source: Questionnaire analysis

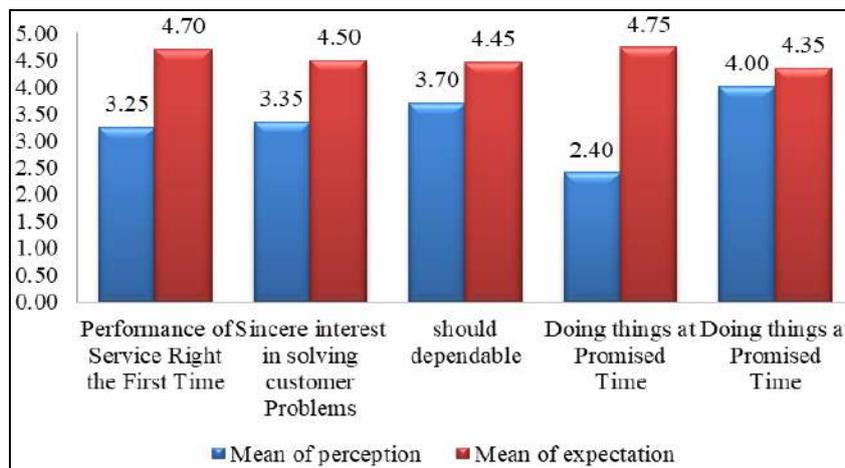


Fig 2: Expectation and perception of customers on various aspects of Reliability

6.3 Responsiveness

Responsiveness means the response of the employees to the customers and plays vital role in customer satisfaction with

any service. The result of customer’s expectation and perception on responsiveness has been presented in Table No 3 and graphically presented in Figure no 3.

Table 3: Expectation and perception of customers on various aspects of Responsiveness

Aspects of Responsiveness	Mean of perception	Mean of expectation	P-E Gap
Information made easily Available by Employees	2.25	4.55	-2.30
Prompt Services to Customers by Employees	3.60	4.75	-1.15
employees willing to help customers	2.65	4.90	-2.25
Employees never too busy to respond to customer request	2.45	4.20	-1.75
Mean	2.74	4.60	-1.86

Source: Questionnaire analysis

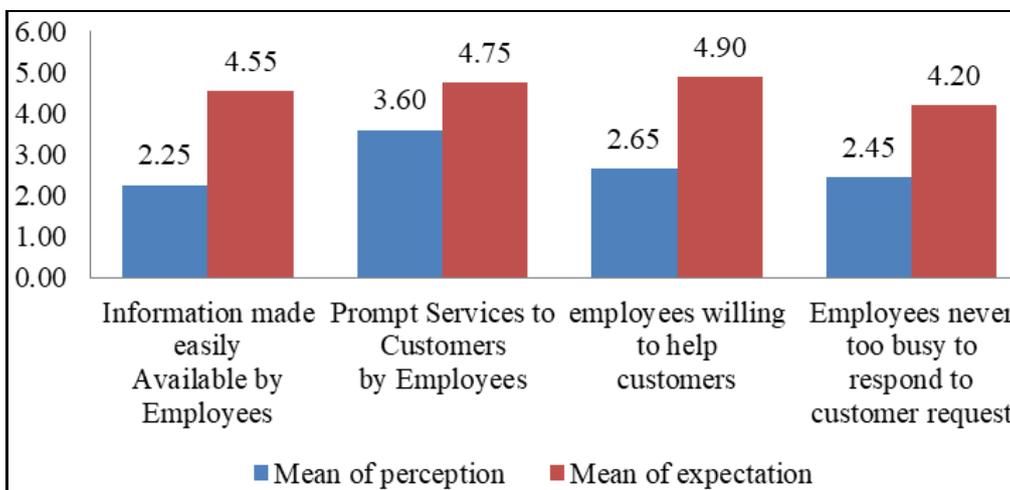


Fig 3: Expectation and perception of customers on various aspects of Responsiveness

6.4 Assurance

Assurance is a dimension of service quality and it instills confidence in customers and they are assured that they are availing quality services. All the aspects of assurance

Customer’s expectation is more than their perception except One and that is Customers Feel Safe in Transaction. The result of customer’s expectation and perception on responsiveness has been presented in Table No 4 and graphically presented in Figure no 4.

Table 4: Expectation and perception of customers on various aspects of Assurance

Aspects of Assurance	Mean of perception	Mean of expectation	P-E Gap
Employees trustworthy	3.60	4.85	-1.25
Customers Feel Safe in Transaction	4.00	4.95	-0.95
Employees Politeness	2.95	4.55	-1.60
Employees get support from bank to do their job well	4.30	4.20	0.10
Mean	3.71	4.64	-0.93



Fig 4: Expectation and perception of customers on various aspects of Assurance

6.5 Empathy

This service helps understanding the customers and good compassion with them. This helps to convert customers into loyal customers. Table No 05 deals with empathy of service quality. It has been found that customer's expectation is more, the mean of expectation are Individual Attention to customers 4.65, Personal Service to Customers by Employees 4.45, Understanding Customer's Specific need 4.70, Customer's best Interest at Heart 4.60, operates at hours convenient to all customers 4.45 and customers

actually getting less or perception less than the expectation. The mean of perception are Individual Attention to customers 2.35, Personal Service to Customers by Employees 2.45, Understanding Customer's Specific need 2.85, Customer's best Interest at Heart 2.60, operates at hours convenient to all customers 2.90 and the gap are(-2.30),(-2.00),(-1.85),(-2), and (-1.55) are respectively. The result of customer's expectation and perception on responsiveness has been presented in Table No 5 and graphically presented in Figure no 5.

Table 5: Expectation and perception of customers on various aspects of Empathy

Aspects of Empathy	Mean of perception	Mean of expectation	P-E Gap
Individual Attention to customers	2.35	4.65	-2.30
Personal Service to Customers by Employees	2.45	4.45	-2.00
Understanding Customer's Specific need	2.85	4.70	-1.85
Customer's best Interest at Heart	2.60	4.60	-2.00
Operates at hours convenient to all customers	2.90	4.45	-1.55
Mean	2.63	4.57	-1.94

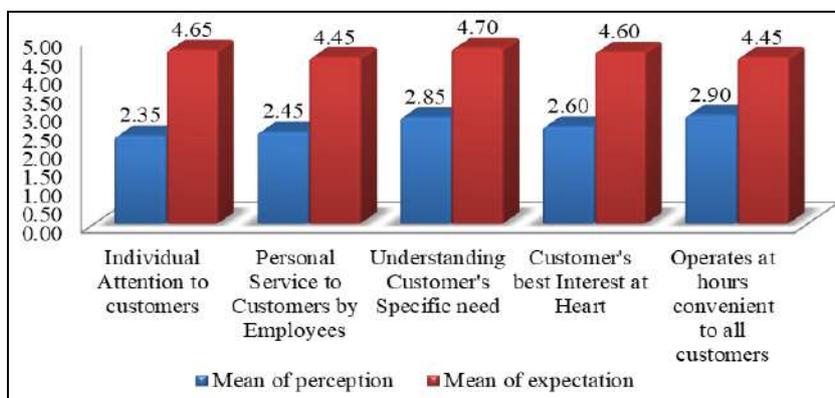


Fig 5: Expectation and perception of customers on various aspects of Empathy

7. Analysis of private banks by survqual method

7.1 Tangibility

Table No 6 and Figure No 6 deals with various aspects of tangibility in service provided by the private bank. It has been found that customer's expectation is more on many fronts like modern equipments which is 4.60, Physical Facilities Appealing 4.30, employees well-dressed 4.60,

service providing materials 4.45, and customers actually getting less or perception less than the expectation. The perception mean are modern equipment 4.35, physical facilities appealing 3.75, employees well dress 4.10, service providing materials 3.95 and the gap are(-.25),(-.55),(-.50),(-.50) respectively.

Table 6: Expectation and perception of customers on various aspects of Tangibility

Aspects of Tangibility	Mean of perception	Mean of expectation	P-E Gap
Modern Equipments	4.35	4.60	-0.25
Physical Facilities Appealing	3.75	4.30	-0.55
Employees well dressed	4.10	4.60	-0.5
Service Materials Appealing	3.95	4.45	-0.5
Mean	4.04	4.49	-0.45

Source: Questionnaire analysis

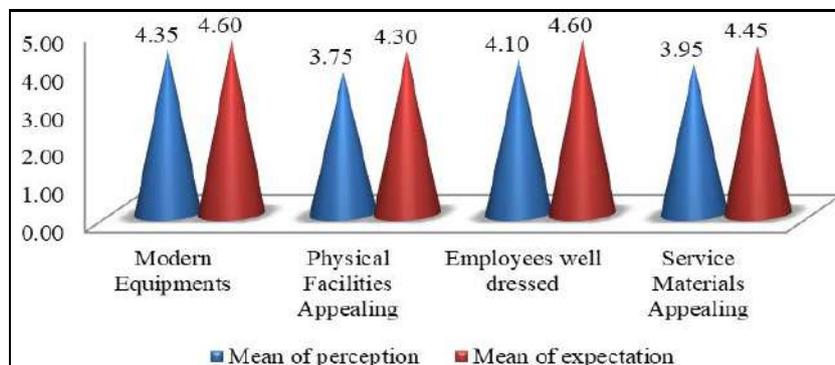


Fig 6: Expectation and perception of customers on various aspects of Tangibility

7.2 Reliability

Table No 7 and Figure No 7 deals with various aspects of reliability in service provided by the private bank. It has been found that customer’s expectation is more on performance of Service Right the First Time which is 4.70, Sincere interest in solving customer Problems 4.65, should dependable 4.25, Doing things at Promised Time 4.75,

Accurate record keeping 4.25 and customers actually getting less or perception less than the expectation. Performance of Service Right the First Time which is 3.80, Sincere interest in solving customer Problems 3.70, should dependable 4.00, Doing things at Promised Time 3.60, Accurate record keeping 3.65 and the gap are(-.90),(-.95),(-.25),(-1.15) and (-.60) respectively.

Table 7: Expectation and perception of customers on various aspects of Reliability

Aspects of Tangibility	Mean of perception	Mean of expectation	P-E Gap
Performance of Service Right the First Time	3.80	4.70	-0.90
Sincere interest in solving customer Problems	3.70	4.65	-0.95
should dependable	4.00	4.25	-0.25
Doing things at Promised Time	3.60	4.75	-1.15
Doing things at Promised Time	3.65	4.25	-0.60
Mean	3.75	4.52	-0.77

Source: Questionnaire analysis

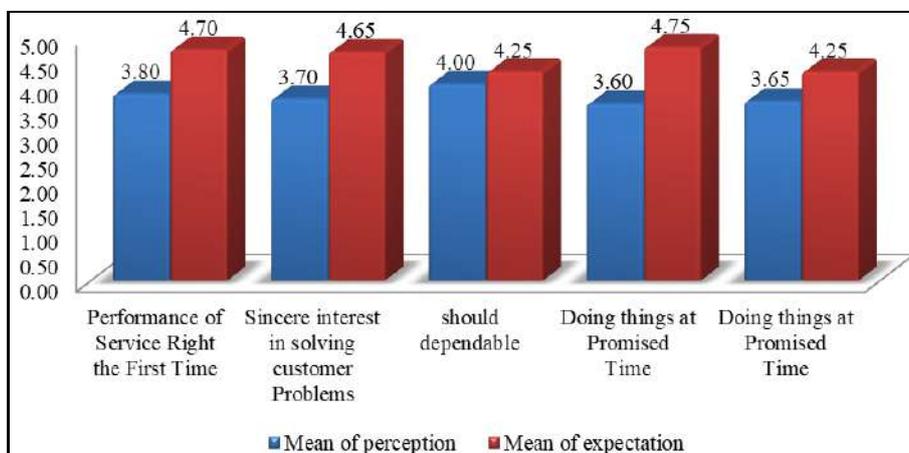


Fig 7: Expectation and perception of customers on various aspects of Reliability

7.3 Responsiveness

Responsiveness means the response of the employees to the customers and plays vital role in customer satisfaction with

any service. The result of customer’s expectation and perception on responsiveness has been presented in Table No 8 and graphically presented in Figure no 8.

Table 8: Expectation and perception of customers on various aspects of Responsiveness

Aspects of Tangibility	Mean of perception	Mean of expectation	P-E Gap
Information made easily Available by Employees	3.95	4.45	-0.50
Prompt Services to Customers by Employees	3.85	4.70	-0.85
employees willing to help customers	4.15	4.60	-0.45
Employees never too busy to respond to customer request	3.70	4.25	-0.55
Mean	3.91	4.50	-0.59

Source: Questionnaire analysis



Fig 8: Expectation and perception of customers on various aspects of Responsiveness

7.4 Assurance

Assurance is a dimension of service quality and it instills confidence in customers and they are assured that they are availing quality services. All the aspects of assurance

Customer’s expectation is more than their perception except one and that is Customers Feel Safe in Transaction. The result of customer’s expectation and perception on responsiveness has been presented in Table No 9 and graphically presented in Figure no 9.

Table 9: Expectation and perception of customers on various aspects of Assurance

Aspects of Assurance	Mean of perception	Mean of expectation	P-E Gap
Employees trustworthy	3.95	4.05	-0.10
Customers Feel Safe in Transaction	4.00	4.00	0.00
Employees Politeness	4.40	4.50	-0.10
Employees get support from bank to do their job well	4.20	4.45	-0.25
Mean	4.14	4.25	-0.11

Source: Questionnaire analysis

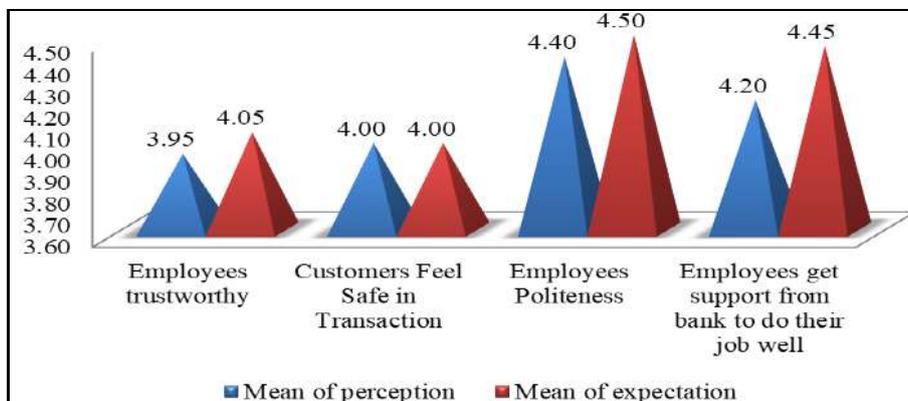


Fig 9: Expectation and perception of customers on various aspects of Assurance

7.5 Empathy

This service helps understanding the customers and good compassion with them. This helps to convert customers into loyal customers. Table No 05 deals with empathy of service quality. It has been found that customer’s expectation is more. The mean of expectation are Individual Attention to customers 4.50, Personal Service to Customers by Employees 4.65, Understanding Customer’s Specific need 4.80, Customer’s best Interest at Heart 4.60, operates at hours convenient to all customers 4.45 and customers

actually getting less or perception less than the expectation. The mean of perception are Individual Attention to customers 4.25, Personal Service to Customers by Employees 3.95, Understanding Customer’s Specific need 3.90, Customer’s best Interest at Heart 3.65, operates at hours convenient to all customers 3.80 and the gap are(-.25),(-.70),(-.90),(-.95), and (-.65) are respectively. The result of customer’s expectation and perception on responsiveness has been presented in Table No 10 and graphically presented in Figure no 10.

Table 10: Expectation and perception of customers on various aspects of Empathy

Aspects of Empathy	Mean of perception	Mean of expectation	P-E Gap
Individual Attention to customers	4.25	4.50	-0.25
Personal Service to Customers by Employees	3.95	4.65	-0.70
Understanding Customer’s Specific need	3.90	4.80	-0.90
Customer’s best Interest at Heart	3.65	4.60	-0.95
Operates at hours convenient to all customers	3.80	4.45	-0.65
Mean	3.91	4.6	-0.69

Source: Questionnaire analysis

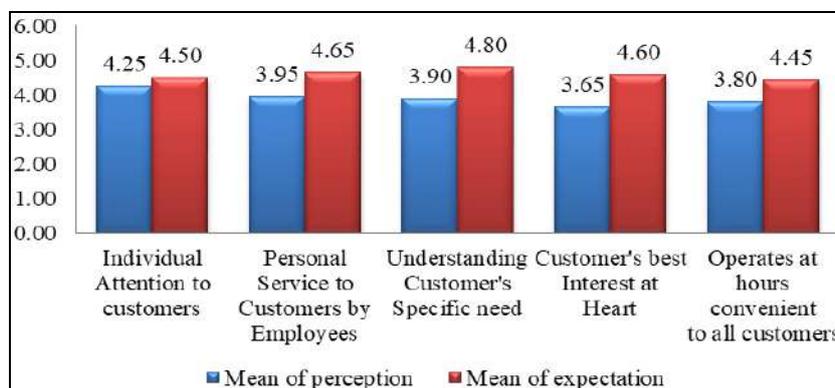


Fig 10: Expectation and perception of customers on various aspects of Empathy

8. Comparatively analysis of customer satisfaction of e-commerce of public banks and private banks in Maharashtra'

Table 11: Comparatively analysis of customer satisfaction of e-commerce of public banks and private banks in Maharashtra'

Service Quality Dimension	Public banks			Private banks		
	Mean of Perception (P)	Mean of Expectation (E)	Gap P-E	Mean of Perception (P)	Mean of Expectation (E)	Gap P-E
Tangibility	3.21	4.54	-1.33	4.04	4.49	-0.45
Reliability	3.34	4.55	-1.21	3.75	4.52	-0.77
Responsiveness	2.74	4.6	-1.86	3.91	4.5	-0.59
Assurance	3.71	4.64	-0.93	4.14	4.25	-0.11
Empathy	2.63	4.57	-1.94	3.91	4.6	-0.69

Source: Questionnaire analysis

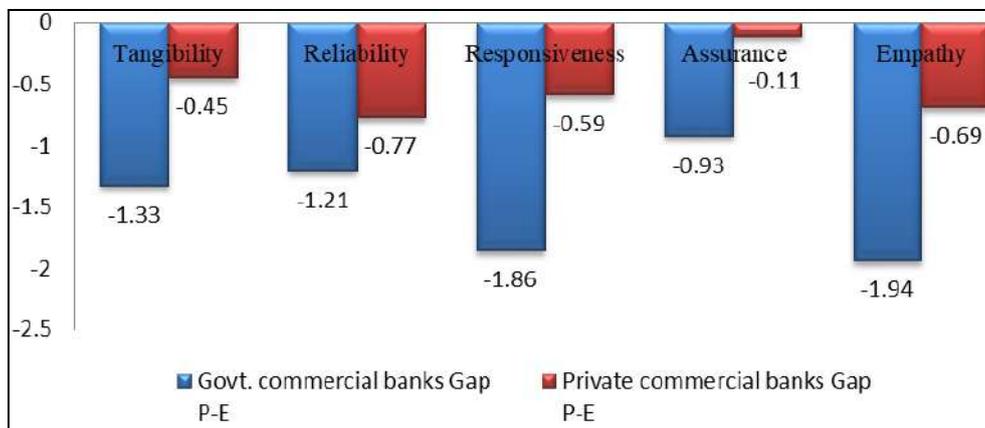


Fig 11: Comparatively analysis of customer satisfaction of e-commerce of public banks and private banks in Maharashtra'

Above analysis of the table and the figure shows that the customers expectation and perception gap of public banks are tangibility (-1.33), reliability (-1.21), responsiveness (1.86), assurance (-0.93), and empathy (-1.94) and the private banks are tangibility (-0.45), reliability (-0.77), responsiveness (-0.59), assurance (-0.11), and empathy (-0.69). When customers expectation and perception gap is lower than the customers are satisfied and customers expectation and perception gap is higher than the customers are dissatisfied. In the analysis of customer's satisfaction of e-commerce service in public banks and private banks by SERVQUAL method the tangibility, reliability, responsiveness, assurance, and empathy customers' expectation and perception gap is lower in private banks than the public banks. In this research found that customers are more satisfied in private banks than the public banks.

9. Findings

In this study try to find out the customer satisfaction on e-commerce of public banks and private banks.

1. The gap analysis shows that tangibility shows higher gap between customer's expectation and perception in public banks than the private banks.
2. Similarly customers' expectation and perception gap on Reliability, Responsiveness, Assurance and Empathy are higher in public banks than private banks.
3. The result of this research shows that the perception and expectation gap of customers in private bank less than the public bank.
4. Private bank customers are more satisfied than the public bank customers.
5. Public and private bank should concentrate on their weak areas in order to meet their customer

expectations.

6. The result indicates that the customers of both banks demand more on tangibility, responsiveness reliability, assurance and empathy and these are the facets which require improvements for customer's satisfaction.
7. The customer satisfaction in terms of service quality is a relational marketing paradigm. The both bank should building strong relationship is important for improving customer satisfaction through service quality.

10. Recommendation

1. In order to improve the level of customer service satisfaction is should give more emphasize on processing the task within promised time and give personal attention to each customer both in public and private banks.
2. There must be a clear allocation of responsibilities authority and accountability.
3. Heavy marketing and promotional campaign should be conducted to popularize the ecommerce service.
4. Proper training facilities should be provided for employees to be familiar with new technology.
5. Both banks should be providing e-commerce service according to the customer expectation and satisfaction.

11. Conclusion

Overall from this study it can be concluded that customers' expectations are more with the private banks and the level of satisfaction is also higher while they deal with the private banks. Competition wise the private banks are moving ahead of the public banks. In order to satisfy the customers and gain their patronage the public banks should focus on improving the service in terms of tangibility, reliability,

responsiveness, assurance and empathy. In order to achieve success banks should focus on customer oriented services, which will lead to long term bonding with their customers. It can be concluded that private banks have been successful to a greater extent in achieving such relationship with customers than the public banks. This research result shows that the customers overall satisfaction of e-commerce service of private banks is more than the public banks.

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