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## A study on customer perception towards services of ICICI bank in Khammam district

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**Abstract**

Banking sector is one of the major service sectors of the economy. Its main aim is to attract customers towards investing. Those banks which provide efficient services to their customers attract huge investments, automatically. Both public and private sector financial banks are involved in serving the people. This paper highlights the impact of quality of service on individual customers of Indian banking sector. This study descriptive in nature using non-probability sampling technique and a sample of 100 individual clients has been taken as per the convenience of the researcher. For this purpose, the questionnaire based on various service quality dimensions was prepared with both i.e. Expectations and Perceptions. Various statistical tools have been used to compile the result. This paper is an attempt in making suggestions regarding further studies related to service quality in banking industry especially, ICICI bank.

**Keywords:** Expectations and perceptions, banking services, service

**Introduction**

Banking sector plays a key role in the economic development and forms the core of the money market in growth of a country. Banking sector is one of the huge service sectors not only in India, but across the globe. In the current scenario, it is dynamic challenge concerning both customers and performance so as to provide efficient and effective services to its customers. Banks are trying hard to conquer customer satisfaction by providing high quality services. At present, banks' interest has shifted from customer acquisition to their satisfaction and retention. In today's highly globalised competitive environment, banking services play a dominant role in customer satisfaction and providing quality service has emerged as one of the important aspects. This paper highlights the impact of service quality on individual customers of banking sector by analyzing the gap between their expectations and perceptions regarding the acquired services.

**Service quality and customer satisfaction in banking industry**

Service quality and customer satisfaction are very important concepts that banking industry must and should understand in order to remain in contention in business. It is highly crucial to know how to measure these factors from the point of view of customers in order to understand their demands and to make them highly satisfied. Banking Services are considered paramount because they lead to higher customer satisfaction, reduction in cost, profitability, customer loyalty and retention. Service quality is foremost and essential tool for attaining operational efficiency and improvised business performance which helps to satisfy and retain customers. Customer satisfaction is seen as difference between Customers' expectations and customers' experience or perceptions after obtaining the services. Customer satisfaction depends on various factors such as reliability, assurance tangibles, empathy and responsiveness. Customer satisfaction is related to the type of service quality, if the quality of service provided by the service provider is good, then this leads to higher satisfaction and vice versa. For measuring the service quality, it is necessary that the service provider with respect to the customer expectation as well as the customer perception should understand the service quality parameters in toto. This will help in providing better service and ultimately providing greater level of customer satisfaction.

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The customer expectation with reference to various quality parameters differs from individual to individual. Such change in perception can have a high impact on the customer satisfaction.

### Service quality dimensions

In this study, five dimensions of service quality (*viz.* reliability, responsiveness, assurance, empathy, and tangibles) have been considered.

**Table 1:** Five dimensions of service quality

DI Mentions	Factors
Reliability	Ability to perform the promised service effectively and efficiently.
Assurance	Instilling trust and confidence among customers.
Tangibles	Appearance of the physical features, equipment, personnel and communication materials.
Empathy	Behaving as if in other's position.
Responsiveness	Helping customers and providing prompt services

In the above table, service quality dimensions have been discussed which was investigated by Parsuraman (1988) [2]. As per the gap model given by Parsuraman & Zeithaml there may exist a gap between the perceptions and expectations of the customers. This gap is called as Customer Gap. Customer Expectation represents the expected service and Customer Perception implies the actually received service from the service providers.

### Variables

**Independent variables:** Individual Customers of ICICI bank.

**Dependent variables:** Service Quality Dimensions, as mentioned above.

### Literature review

Tazreen S. (2012) [3] highlighted the implication of SERVQUAL model for measuring service quality in terms of the differences between the expectations and perceptions of the customers regarding the service offered. He identified significant differences between customers' perceptions and expectations

Agathee U.S. (2010) [4] identified a huge gap between customers' perceptions and expectations. The study highlighted need of the bankers to bridge the gap between perceptions and expectations.

Dr. Shalini Dubey and Kanika Verma studied customers' expectations and perceptions of SBI and identified tremendous gap between expectations and perceptions.

### Research gap

Till now, no significant study has been made to identify the gap between ICICI customers' perceptions and expectations in Khammam district of Telangana. Hence, the study has been taken up to bridge the gap.

### Objective

The purpose of the study is to identify the basic dimensions of service quality offered by ICICI and its impact on individual customers by understanding the gap between the customer expectations and perceptions regarding the services offered.

### Research methodology

**Sample unit:** Customers of ICICI bank account.

**Hypothesis:** There is no significant difference between the expectations and perceptions of customers regarding the services consumed.

### Sample size

100 individual customers who are holding account in branches of ICICI in Khammam district have been taken as sample size for the study.

### Sampling procedure

The researcher followed non-probability sampling method in the selection of sample as per the convenience.

### Primary data

To achieve the objective, data has been collected to know about the perceptions of customers related to services offered by ICICI through questionnaire which is based on above service quality dimensions.

### Secondary data

Secondary data have been collected through different researches, published research papers, thesis, journals, articles, magazines, related websites etc.

### Methodology

The study has been conducted on the individual customers of ICICI. To evaluate the dimensions of service quality, ten statements were chosen from the structured service quality questionnaire and then modified to make it case specific for customers of banking sector. Two sets of questionnaires were prepared including ten similar kinds of statements. One set of questions ask about the expectation of customers and another set asks their views and perceptions. A five point Likert scale is applied to get the desired level of expectation and perception associated with each service quality parameter. After conducting the survey, questionnaires were collected for further process *viz.* tabulation and analysis. The test of significance has been applied on the basis of the comparison of mean values of expectations and perceptions.

### Analysis and interpretation

For the study, data collected were duly edited, classified and analyzed using T-test. The data were presented through simple classification and tabular representation which represents mean difference of each service quality dimension (as mentioned above) and calculation table which represents the comparison of expectations and perceptions of customers regarding services of ICICI. The calculated T-value has been tested at significance level of 5%.

The following table represents the mean difference between expectations and perceptions of customers:

**Table 2:** The mean difference between expectations and perceptions of customers

Service quality dimensions	Mean difference of each statement (P-E)	Mean difference of each dimension
<b>Reliability</b>		
Statement 1	0.73	0.67
Statement 2	0.62	
<b>Assurance</b>		
Statement 3	1.08	0.92
Statement 4	0.76	
<b>Tangibles</b>		
Statement 5	0.18	0.50
Statement 6	0.82	
<b>Empathy</b>		
Statement 7	0.75	0.78
Statement 8	0.81	
<b>Responsiveness</b>		
Statement 9	0.88	1.00
Statement 10	1.12	

**Source:** Primary data

In the above table, the researcher identifies the mean difference of each dimensions regarding service quality offered by ICICI. This table shows the average gap score between customer expectations and perceptions. The average gap result and mean difference for all the service quality dimensions is showing positive values which indicates that the customers expectation are lesser than their actual perceptions which shows satisfaction among customers. Mean difference for reliability, assurance, tangibles, empathy and responsiveness is 0.67, 0.92, 0.50,

0.78 and 1.00 respectively for all the service quality dimensions which represent higher satisfaction regarding the above mentioned services. Overall, customers are highly satisfied with ICICI bank services.

### Hypothesis testing

**H<sub>0</sub>:** There is no significant difference between the expectations of customers and perceptions of customers regarding the services received.

**Table 3:** Comparison of expectations and perceptions of customers regarding services received

Area	N	M	SD	Cal-t	Degrees of freedom	Table value	Standard error of difference	R
Expectation	100	18.52	7.15	9.8766	198	2.132	0.855	H <sub>0</sub> is rejected
Perception	100	26.96	4.68		198			

In the above table, N stands for number of sample size, M for mean, SD stands for standard deviation and R stands for result. When t-value exceeds the table value, then the hypothesis is rejected. The above analysis shows that the t - value for service quality is 4.68 and table value at 5% level of significance is 2.132 which clearly shows that the calculated value of service quality dimension is greater than the table value. Therefore, the null hypothesis is rejected which concludes that, there is significant difference between customers' expectations and perceptions.

### Limitations

The following are the limitations of this study:

1. The geographic scope of the study is restricted to Khammam district of Telangana only.
2. The study was only focused on service quality and individual customers of ICICI bank.
3. The result is based on primary data and secondary data that have their own limitations.
4. The sample size and number of actual respondents are limited that does not represent the whole population due to limitations associated with non- probability sampling method.
5. Cost and time did not allow for more thorough data collection and analysis.

### Conclusion and suggestions

The aim of this study was to analyze the customers' perceptions regarding service quality parameters to achieve the desired objective. In this research, the researcher

examined the basic dimensions of service quality and its impact on individual customers by using the gap between the customers' expectations and their perceptions. It can be said that service quality is the most significant determinant among the customers in ICICI branches in Khammam district of Telangana.

### Suggestions for further research

Similar kind of research can be carried out in order to have a better understanding of service quality dimensions and customer retention strategies also in terms of profitability and growth. The study may be replicated in other areas with a large sample size so that generalized results can be obtained.

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