



STATE BANK OF INDIA AND ICICI BANK: A COMPARATIVE ANALYSIS ON CUSTOMER SATISFACTION

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ABSTRACT

The Banking system is a very important part of the economy of a country. It plays the role of an intermediary between the people who save and the people who spend. Other than traditional parameters, customer satisfaction does play an important role in the financial performance of a bank. Two commercial banks i.e State bank of India and ICICI Bank have been selected for the study. The data is collected using a structured questionnaire. Descriptive statistics like standard deviation, mean and percentage are used. MANOVA is used to assess the service quality and customer satisfaction of the chosen banks. The hypotheses have been framed on the dimensions of Reliability, Responsiveness and Assurance. The study finds and concludes that the customers of ICICI Bank are more satisfied than that of State Bank of India in terms of the chosen

dimensions i.e Reliability, Responsiveness and Assurance which is a part of the Servqual Model used to measure Customer Satisfaction.

Keywords: Customer Satisfaction, Banks, Service quality, MANOVA, Multivariate Analysis of Variance.

Introduction:

The history of Banking began with the Bankers in Florentine who started banking activities sitting across a bench. Ancient banking was like the barter system where a lot of things were exchanged in terms of need and availability. Even the Royalty preferred to take loans from these so called moneylenders and bankers; they even played a major role in the World War I & II as well. Modern day banking is a very vast and altogether different strategies need to be applied for businesses to survive. The focus is on attracting and retaining your customers in the long run. Only providing facilities or services are not enough. The focus has shifted from profits to the elements that help in generating profits. Customers today are more informed and have more than one account in various private and public sector banks. Starting an account with a bank does not take much time. Hence, retaining these customers and catering to their needs has become the need of the hour. Customers have become more alert and have learnt to extract information through research and weigh the pros and cons before investing their money in a safe financial institution. Customer satisfaction can be measured using the service quality model called the Servqual which can be used to analyse the gaps between the perceived and actual service provided by the banks.

Need of the study:

Customer satisfaction is one the major factors today contributing to the growth of an organization. Be it a private sector or public sector organization. Since more private players have joined the race, it is becoming more and more difficult for both private and public sector banks to satisfy and retain customers. Higher benchmarks of customer satisfaction are being set by the private players and it is becoming very difficult to meet these standards. The focus is slowly shifting towards personalized services for customers and they are expecting more than just basic banking facilities and services. The study is an attempt to understand how customer satisfaction and service quality are affecting the performance of a bank.

Objective of the study:

1. To study the customer satisfaction of State Bank of India and ICICI Bank.
2. To compare the Customer satisfaction of State Bank of India and ICICI bank.

Hypotheses:

A. *H₀: State Bank of India and ICICI Bank do not differ in Reliability.*

H₁: State Bank of India and ICICI Bank significantly differ in Reliability.

B. *H₀: State Bank of India and ICICI Bank do not differ in Responsiveness.*

H₁: State Bank of India and ICICI Bank significantly differ in Responsiveness.

C. *H₀: State Bank of India and ICICI Bank do not differ in Assurance.*

H₁: State Bank of India and ICICI Bank significantly differ in Assurance.

Research Methodology

Descriptive research design is used in the present study. For the study 1 private sector and 1 public sector bank i.e State Bank of India and ICICI Bank have been selected. Data has been collected through a structured questionnaire to understand the role of customer satisfaction on performance of the commercial banks. The questionnaire consists of Likert scale, multiple choice questions and frequency questions. Financial performance is measured in terms of revenue generation of banks. In the study revenue generation is the dependent variable and volume of sales, customer acquisition cost and risk management and mitigation are the independent variables. The data was collected during January 2017 to November 2017. For the analysis SPSS software has been used and Multivariate Analysis of variance (MANOVA) is used to verify the hypotheses. Data was collected from 223 customers of SBI Bank and 205 customers of ICICI bank.

Literature Review:

Customers are the king of the market and they should be kept in the loop for every change in service rates of the bank. Personalized services are being offered by banks today and they banks are taking assistance from technology to cater to the needs of the customers (Alagarsamy, Wilson 2013). Maintaining long-term relationships with the customers is the need of the hour and this can be done well when it is understood that there is a positive relationship between service quality, customer loyalty and customer satisfaction. The Servqual model helps in analyzing the relationships between the customer and the bank's service quality and can be used as a tool for the managers of the banks to understand on how and which dimensions should be enhanced and made efficient to increase the customer retention (Siddiqui, 2011). The participants of the study were subjected to a questionnaire based on the Servqual model and it was found that there was an adequate level of satisfaction related to all the five dimensions of the model, however, responsiveness on the part of the banks employees was the most important factor that helped to determine the levels of customer satisfaction (Ravichandran, 2010) Providing good quality services by the bank helps in increasing customer satisfaction and thus retention of customers in the longrun (Shanka, 2012). Customer retention and customer satisfaction have a very positive co-relation and banks should always device ways and means to create trust through good quality services in order to retain customers in the long-term. Highly educated customers tend to shift banks if they are not satisfied with the services and customers whose relationship with the bank has been maintained for a longer period prefer not to choose the services of a another bank (Cohen et al,2006) There is a huge relationship of service quality with the perceived and expected service, countries where banks understand that service quality plays a huge role in customer satisfaction of customers will add to the prosperity and economic growth of the country (Naik et al, 2010).

Results and discussion:

The SERVQUAL Model was used to create a structured questionnaire on customer satisfaction for the banks. Although there are five dimensions of the model, the researcher has chosen three dimensions i.e Reliability, Responsiveness and Assurance for the study.

1) Research Question: Do State Bank of India and ICICI Bank differ with respect to Reliability?

Statistical Test: Oneway MANOVA

Variables and Measurement

Independent Variable: Bank (1-State Bank of India, 2- ICICI Bank)

Dependent Variable:

1. 24x7 Customer care services of the bank
2. Efficiency of banks communication channel related to service charges, payments, due date reminders etc.
3. Promptness in understanding queries and delivering solutions by personnel
4. The bank has your best interests at heart
5. Convenient operating hours for all customers
6. The bank has personnel who give you individual attention
7. The employees of the bank understand your specific needs

Each Reliability parameter is measured using a Five Point scale (1= Very Dissatisfied, 2= Dissatisfied, 3= Neutral, 4= Satisfied, 5= Very Satisfied)

Level of Significance $\alpha = 0.05$

Descriptive Statistics

	Bank	Mean	Std. Deviation	N
24x7 Customer care services of the bank [Reliability]	SBI	3.54	.976	223
	ICICI	4.20	.864	205
	Total	3.85	.980	428
Efficiency of banks communication channel related to service charges, payments, due date reminders etc [Reliability]	SBI	3.45	1.025	223
	ICICI	4.02	.929	205
	Total	3.72	1.019	428
Promptness in understanding queries and delivering solutions by personnel [Reliability]	SBI	3.33	1.043	223
	ICICI	3.97	.899	205
	Total	3.64	1.026	428
The bank has your best interests at heart [Reliability]	SBI	3.37	1.009	223
	ICICI	3.92	.922	205
	Total	3.63	1.005	428
Convenient operating hours for all customers [Reliability]	SBI	3.35	1.071	223
	ICICI	4.21	.870	205
	Total	3.76	1.071	428
The bank has personnel who give you individual attention [Reliability]	SBI	3.00	1.236	223
	ICICI	3.99	.997	205
	Total	3.47	1.231	428
The employees of the bank understand your specific needs [Reliability]	SBI	3.13	1.103	223
	ICICI	4.05	.930	205
	Total	3.57	1.121	428

From the above Table , it can be seen that for 24x7 Customer care services of the bank, State Bank of India mean= 3.54, ICICI Bank mean= 4.20. Customers have rated ICICI bank better in terms of 24x7 Customer care services of the bank compared to State Bank of India. For Efficiency of banks communication channel related to service charges, payments, due date reminders etc, State Bank of India mean= 3.45 and ICICI Bank mean= 4.02, which means that

the customers have rated ICICI bank better in Communication by the bank related to Efficiency of banks communication channel related to service charges, payments, due date reminders etc as compared to SBI Bank. For Promptness in understanding queries and delivering solutions by personnel, SBI bank mean= 3.33 and ICICI Bank mean= 3.97, meaning that customers have rated ICICI Bank better than SBI Bank in terms of the said parameter. For the bank has your best interests at heart parameter, SBI bank mean= 3.37 and ICICI Bank mean= 3.92 , meaning that customers have rated ICICI Banks better than SBI Bank in terms of the said parameter. For the Convenient operating hours for all customers parameter, SBI bank mean= 3.35 and ICICI Bank mean= 4.21 , meaning that customers have rated ICICI Banks better than SBI Bank in terms of the said parameter For the bank has personnel who give you individual attention parameter, SBI bank mean= 3.00 and ICICI Bank mean= 3.99 , meaning that customers have rated ICICI Banks better than SBI Bank in terms of the said parameter. For the employees of the bank understand your specific needs parameter, SBI bank mean= 3.13 and ICICI Bank mean= 4.05, meaning that customers have rated ICICI Banks better than SBI Bank in terms of the said parameter. A two group between subjects MANOVA was conducted on 7 Dependent variables (24x7 Customer care services of the bank, Efficiency of banks communication channel related to service charges, payments, due date reminders etc., Promptness in understanding queries and delivering solutions by personnel, the bank has your best interests at heart, Convenient operating hours for all customers, the bank has personnel who give you individual attention, the employees of the bank understand your specific needs)

The Bartlett's Test of Sphericity is statistically significant; p value is less than 0.001 indicating sufficient Correlation between dependent variable to proceed with the analysis.

Box's Test of Equality of Covariance Matrices was statistically significant (p is less than 0.001) Indicating that the observed covariance matrices of the dependent variable were unequal across independent variable groups, hence a Pillai's Trace was employed to evaluate all multivariate effects. The Pillai's trace was significant at 5% level of significance.

Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Bank	Pillai's Trace	.217	16.608 ^b	7.000	420.000	.000
	Wilks' Lambda	.783	16.608 ^b	7.000	420.000	.000
	Hotelling's Trace	.277	16.608 ^b	7.000	420.000	.000
	Roy's Largest Root	.277	16.608 ^b	7.000	420.000	.000

Pillai's Trace = 0.217, $f(7, 420) = 16.608$, p value = 0.000

Since p value is less than 0.005 the null hypothesis is rejected, *hence it can be concluded that*

State Bank of India and ICICI Bank significantly differ in Reliability.

Since Pillai Trace was significant, Univariate ANOVA was conducted on each dependent variable separately to determine the locus of statistically significant multivariate effect.

Since the effect of Bank is seen on each dependent variable separately we use Bonferroni corrected alpha level to avoid alpha inflation, we therefore divide alpha by number of dependent variable. Hence, the new $\alpha = 0.05/7 = 0.007$.

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Bank	24x7 Customer care services of the bank [Reliability]	46.106	1	46.106	54.015	.000
	Efficiency of banks communication channel related to service charges, payments, due date reminders etc [Reliability]	34.290	1	34.290	35.699	.000
	Promptness in understanding queries and delivering solutions by personnel [Reliability]	42.935	1	42.935	45.028	.000
	The bank has your best interests at heart [Reliability]	31.711	1	31.711	33.798	.000

	Convenient operating hours for all customers [Reliability]	80.723	1	80.723	84.085	.000
	The bank has personnel who give you individual attention [Reliability]	104.654	1	104.654	82.263	.000
	The employees of the bank understand your specific needs [Reliability]	90.234	1	90.234	86.115	.000
Error	24x7 Customer care services of the bank [Reliability]	363.621	426	.854		
	Efficiency of banks communication channel related to service charges, payments, due date reminders etc [Reliability]	409.178	426	.961		
	Promptness in understanding queries and delivering solutions by personnel [Reliability]	406.205	426	.954		
	The bank has your best interests at heart [Reliability]	399.698	426	.938		
	Convenient operating hours for all customers [Reliability]	408.969	426	.960		
	The bank has personnel who give you individual attention [Reliability]	541.952	426	1.272		
	The employees of the bank understand your specific needs [Reliability]	446.374	426	1.048		

From the table labeled Tests of Between-Subjects Effects it can be seen that:

- 1) 24x7 Customer care services of the bank: State Bank of India and ICICI Bank do not differ in terms of 24x7 Customer care services of the bank [$F(1,426)= 54.015$, $p \text{ value}=0.000$]. Hence customers have perceived State Bank of India and ICICI bank differently in terms of 24x7 Customer care services of the bank. (Mean SBI= 3.54, ICICI= 4.20). Based upon the mean values, it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of 24x7 Customer care services of the bank.

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- 2) Efficiency of banks communication channel related to service charges, payments, due date reminders etc: State Bank of India and ICICI Bank do not differ in terms of Efficiency of banks communication channel related to service charges, payments, due date reminders etc [F(1,426)= 35.699, p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of Efficiency of banks communication channel related to service charges, payments, due date reminders etc. From the mean value SBI= 3.45, ICICI= 4.02), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Efficiency of banks communication channel related to service charges, payments, due date reminders etc.
- 3) Promptness in understanding queries and delivering solutions by personnel: State Bank of India and ICICI Bank do not differ in terms of Service charges of the bank are communicated clearly [F(1,426)= 45.028 , p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of Service charges of the bank are communicated clearly. From the mean value SBI=3.33, ICICI=3.97), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Service charges of the bank are communicated clearly.
- 4) The bank has your best interests at heart: State Bank of India and ICICI Bank do not differ in terms of the bank has your best interests at heart parameter [F(1,426)= 33.798, p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of the bank has your best interests at heart parameter. From the mean value SBI=3.37, ICICI=3.92), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of the bank has your best interests at heart parameter.
- 5) Convenient operating hours for all customers: State Bank of India and ICICI Bank do not differ in terms of Convenient operating hours for all customers [F(1,426)= 84.085, p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of convenient operating hours for all customers. From the mean value SBI=3.35, ICICI=4.21), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Convenient operating hours for all customers.

- 6) The bank has personnel who give you individual attention: State Bank of India and ICICI Bank do not differ in terms of the bank has personnel who give you individual attention [F(1,426)= 82.263, p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of the bank has personnel who give you individual attention. From the mean value SBI=3.00, ICICI=3.99), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of the bank has personnel who give you individual attention.
- 7) The employees of the bank understand your specific needs: State Bank of India and ICICI Bank do not differ in terms of the employees of the bank understand your specific needs [F(1,426)= 86.115, p value=0.000]. Hence customers of State Bank of India and ICICI Bank have perceived differently in terms of the employees of the bank understand your specific needs. From the mean value SBI=3.13, ICICI=4.05), it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of the employees of the bank understand your specific needs

2) Research Question: Do State Bank of India and ICICI Bank differ with respect to Responsiveness?

Dependent Variable:

1. Willingness of personnel to help customers
2. Personnel are forthcoming to solve your problems
3. Bank provides prompt service as promised
4. Maintenance of Records are up to date

It was seen that for Willingness of personnel to help customers, State Bank of India mean= 3.31, ICICI Bank mean= 4.19. Customers have rated ICICI bank better in terms of Willingness of personnel to help customers compared to State Bank of India.

For Personnel are forthcoming to solve your problems parameter, State Bank of India mean= 3.04, ICICI Bank mean= 3.93. Customers have rated ICICI bank better in terms of Personnel are forthcoming to solve your problems parameter compared to State Bank of India. For Bank provides prompt service as promised parameter, State Bank of India mean= 3.27, ICICI Bank mean= 4.02. Customers have rated ICICI bank better in terms of Bank provides prompt service as promised compared to State Bank of India. For Maintenance of Records are up to date parameter, State Bank of India mean= 3.77, ICICI Bank mean= 4.20. Customers have rated ICICI bank better in terms of Maintenance of Records are up to date parameter compared to State Bank of India. A two group between subjects MANOVA was conducted on 4 Dependent variables (Willingness of personnel to help customers, Personnel are forthcoming to solve your problems, Bank provides prompt service as promised and Maintenance of Records are up to date)

From the table labeled Tests of Between-Subjects Effects it can be seen that:

- 1) Willingness of personnel to help customers: State Bank of India and ICICI Bank do not differ in terms of Willingness of personnel to help customers [$F(1,426)= 85.027$, p value=0.000]. Hence customers have perceived State Bank of India and ICICI bank differently in terms of Willingness of personnel to help customers. (Mean SBI= 3.31, ICICI= 4.19). Based upon the mean values, it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Willingness of personnel to help customers
- 2) Personnel are forthcoming to solve your problems: State Bank of India and ICICI Bank do not differ in terms of Personnel are forthcoming to solve your problems [$F(1,426)= 74.446$, p value=0.000]. Hence customers have perceived State Bank of India and ICICI bank differently in terms of Personnel are forthcoming to solve your problems. (Mean SBI= 3.04, ICICI= 3.93). Based upon the mean values, it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Personnel are forthcoming to solve your problems.
- 3) Bank provides prompt service as promised: State Bank of India and ICICI Bank do not differ in terms of Bank provides prompt service as promised [$F(1,426)= 60.469$, p value=0.000]. Hence customers have perceived State Bank of India and ICICI bank differently in terms of

Bank provides prompt service as promised. (Mean SBI= 3.27, ICICI= 4.02). Based upon the mean values, it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Bank provides prompt service as promised.

- 4) Maintenance of Records are up to date: State Bank of India and ICICI Bank do not differ in terms of Maintenance of Records are up to date [$F(1,426)= 26.518$, $p \text{ value}=0.000$]. Hence customers have perceived State Bank of India and ICICI bank differently in terms of Maintenance of Records are up to date. (Mean SBI= 3.77, ICICI= 4.20). Based upon the mean values, it can be concluded that ICICI bank is perceived to be better than SBI bank in terms of Maintenance of Records are up to date.

3. Research Question: Do State Bank of India and ICICI Bank differ with respect to Assurance?

Dependent Variable:

1. Understanding and usage of banking procedures
2. Employees in the bank are never too busy to respond to your request
3. Employees in the bank tell you exactly when the services will be performed
4. Employees in the bank give you prompt service
5. The behavior of employees in the bank instills confidence in you

H₀: State Bank of India and ICICI Bank do not differ in Assurance.

H₁: State Bank of India and ICICI Bank significantly differ in Assurance.

From the above Table, it can be seen that for Understanding and usage of banking procedures, State Bank of India mean= 3.66, ICICI Bank mean= 4.17. Customers have rated ICICI bank better in terms of Understanding and usage of banking procedures compared to State Bank of India. For Employees in the bank are never too busy to respond to your request parameter, State Bank of India mean= 2.91, ICICI Bank mean= 3.84. Customers have rated ICICI bank better in terms of Employees in the bank are never too busy to respond to your request parameter compared to State Bank of India. For Employees in the bank tell you exactly when the services will be performed parameter, State Bank of India mean= 3.22, ICICI Bank mean= 4.05.

Customers have rated ICICI bank better in terms of Employees in the bank tell you exactly when the services will be performed parameter compared to State Bank of India. For Employees in the bank give you prompt service parameter, State Bank of India mean= 3.11, ICICI Bank mean= 4.08. Customers have rated ICICI bank better in terms of Employees in the bank give you prompt service parameter compared to State Bank of India. For the behavior of employees in the bank instills confidence in you parameter, State Bank of India mean= 3.14, ICICI Bank mean= 4.05. Customers have rated ICICI bank better in terms of the behavior of employees in the bank instills confidence in you parameter compared to State Bank of India. A two group between subjects MANOVA was conducted on 5 Dependent variables (Understanding and usage of banking procedures, Employees in the bank are never too busy to respond to your request, Employees in the bank tell you exactly when the services will be performed, Employees in the bank give you prompt service, The behavior of employees in the bank instills confidence in you)

Implication of the study:

The results of the research shall assist the bank managers and the bank's employees to teams to recognize how customer satisfaction plays a very important role in the performance of a Bank

A satisfied customer will help in increasing revenue generation, impact volume of sales, and reduce customer acquisition costs. This study shall facilitate banks to review policies and assimilate the most important elements required to gain a positive response from the customers and retain them in the long-term.

Conclusions:

It is inferred that the banks need to make a conscious effort at improving their customer satisfaction levels. From the results, it is obvious that ICICI Bank has done much better as compared to SBI bank in terms of the chosen dimensions such as reliability, responsiveness and assurance. Public sector banks although older players in the business should not become lethargic since they have a larger customer base and business as compared to private sector banks. They should work more on increasing their service quality and customer satisfaction levels, employees should be monitored and should frequently be given more training opportunities in order to learn how to deal with customers keeping long-term retention goals in mind.

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