

Customers' expectation and Perceptions' of State Owned Bank in Bangladesh: A Comparative Study between Sonali Bank Limited and Agrani Bank Limited

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Abstract: *The study of Customers expectation and perception of state owned banks in Bangladesh: A comparative study between Sonali Bank Limited and Agrani Bank Limited attempts to analyze the sound service quality of public sector banks in Bangladesh in terms of customers' expectation and perception. The article has been carried out at collective levels in order to discover and map the differences. The work also touches the factors affecting customer expectations and perceptions in regard to the service quality of banks. The primary data were collected with the help of structured and open ended questionnaire of service quality where 180 respondents accessing banking services in district of Jamalpur. The data collected were analyzed with the statistical tool of mean. The study exposed that, at the collective level, there was a statistically significant gap between customers' expectations and perceptions of banking services, with the arithmetic mean. There was a statistically significant difference between customers' perceptions from public Sonali Bank limited and Agrani Bank Limited. The study accomplishes that in view of the rigid competition in the universal business arena where businesses have to persist and produce on the basis of volume instead of edge, service quality will found an essential plank of service marketing. This implies that Sonali banks will have to focus on the reduction of the gap in customer expectations and perceptions about their service quality if they are to compete in the global marketplace. To this end, public sector banks should continually assess and reassess how customers perceive their services and to implement appropriate corrective action for retaining the existing customers and getting new customers.*

Keywords: *Bank, Customer, Expectation, Perception, Satisfaction, and Comparative.*

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I. Introduction

In modern competitive business environment satisfaction of customers is not sufficient. But they need to meet the expectations as well. In order to effectively distinguish from the competition, service benefactors need to focus on above customer expectations to create customer delight and create pool of loyal customers. Therefore, when deciding on a service delivery mechanism, it is imperative for the service provider to consider the targeted customer base and their needs and expectations. This will help in developing a service design mechanism that will help the service provider to effectively manage customer expectations leading to customer delight. To do so one must offer quality service and which relative term than what does it mean? How do we measure them? What factors contribute for ensuring quality of service? etc., are need to be answered. Determining the quality of a service can be a very difficult application. Dissimilar product where there are specific qualifications such as length, depth, weight, color etc. a service can have numerous intangible or qualitative specifications. In addition, there are expectations of the customer with regards to the service, which can vary considerably based on a range of factors such as previous experience, personal needs and what other people may have told them.

II. Literature Review

Ttwary(2011) conducted a study entitled Consumer Perception and Satisfaction of Banking Products of Services – A Comparative Study of Select Indian Public Private Sector Banks. The study discussed in the banking sector, it is necessary to increase adoption of technology to better meet customer requirements, improve efficiencies, reduce costs and ensure customer delight and it was the private sector and foreign banks which established the technology revolution in Indian banking and considering the fact that in the new economy, mind share leads to market share and share is influenced not only by the promotions and advertisement but more importantly on favorable customer perception which in turn is based on satisfaction with regard to products service and interaction.

Vijay (2009) conducted a study on Service Quality Perception and Customer Satisfaction in Internet Banking Service: A Case Study of Public and Private Sector Banks the main objective of the study was to find out the key of customer satisfaction of public private bank. He also indicated the private sector banks are providing more satisfied ATM services than public sector banks and the customer perception about productivity, Security, and sensitivity ProblemHandling, Compensation and conduct service related to ATM service is very less in both the public sector and private sector banks, Therefore both kinds' banks should be aware about these facets of ATM service to improve customers' satisfy data for the study was collected from 150 customers of public, private and foreign bank in India of random basis. The result reveals that service quality and customer satisfaction do exhibit independence and are indeed different constructs from the customer's point of view.

Sureshchandar&Rajendran (2002) in their study title The Relationship between Management's Perceptions of Total Quality Service and Customer Perceptions of Service Quality made attempts to throw a lighter on the distinctiveness of constructs of service quality and customer satisfaction and relationship between them. The study adopts different approach by operationalizing customer satisfaction on factors and corresponding basis as done for service quality.

Jabnoun and Al-Tamimi (2003) examined perceived services quality in commercial banks in the United Arab Emirates, emphasizing the importance of service quality to maintain market share, concluding that customers value human skills the most in service quality. Many studies have been conducted on measuring the service quality of Internet Banking also. Liao and Cheung (2005) present a user-based core framework for evaluating service quality of e-banking. Empirical results suggest that perceived usefulness, ease of use, reliability, responsiveness, security and privacy and continuous improvement of e-banking services significantly influence customer attitudes towards Internet e-banking. Some Corporate Evidence There are only a few published works that relate to corporate customers' perceptions of conventional banking service quality.

Turnbull (1983) was amongst the first researchers who studied the perceptions of corporate customers towards their banks. He examined the relationship between 44 corporate customers in United Kingdom and their bankers. He found that size played an important role in maintaining split banking practices. He also found that large corporations tend to prefer foreign banks to the local banks. In furtherance of Turnbull's study, Rosenblatt, Laroche, Hochstein, Mctavish and Sheahan (1988) found that almost half of the corporate treasurers were solely responsible for the selection of the bank(s). The two factors that influenced their decision-making were better branching networks and quality service. Turnbull and Gibbs (1989) found that the corporate customers perceived quality of service as the most important factor in establishing a relationship. Other influential factors were quality of staff, bank manager's attitude and price of service. Although very large companies considered quality of service as the most important factor, both price and quality of staff were equally important. Split banking relationship practice was common amongst the corporate customers. Almost all of the researchers agreed that physical appearance of the banks had no impact on their selection process.

Tyler and Stanley (1999) used orthodox grounded theory in their study with the objective of identifying key elements of perceived service quality by large corporations. They found that the elements considered important were reliability, assurance, empathy, responsiveness and proactivity. Attempts to 'package' commoditised service relationship have not yielded relationship benefits. Instead, they have increased the risk and vulnerability both for the buyer and for the seller of financial services. Relationships develop organically over time as a result of a number of factors, including disparate elements such as simple longevity, full and effective communication (Crane & Eccles, 1993; Tyler, 1996), efficient and satisfactory service (Turnbull & Gibbs, 1989) and a range of human factors that are based on the skill and personality of bank and company staff and their ability to interact on a personal level. As such, human capital is stressed as a crucial factor in the development and maintenance of relationships (Turnbull and Gibbs, 1987; Turnbull and Moustakatos, 1996b). As relationships become mature, the line between benefits, characteristics and strategies of relationship development becomes blurred, and each aspect acts in a multi-functional sense. For example, trust and commitment begin to Ravi K. Dhar and Silky ViggKushwah Volume I Issue 3 October-December 09 IMJ (IIM INDORE) 37 act as maintenance aspects within the relationship. Yavas, Bilgin and Shemwell, (1997) emphasised the importance of understanding the specific needs of the customers and the empathy factor in pleasing the customer. These are ways of showing personal attention to the customer. Displeasing the customer in relation to service quality will naturally enhance negative responses from customers and increase the pressure on the complaint mechanisms.

Thunman (1992) found that the size of the buying company is crucial to the nature and satisfaction of a company's banking relationships. Small companies have a greater desire for banking relationships, yet have a lower level of satisfaction (Turnbull and Gibbs, 1989). This relates to factors of dependence and information asymmetry associated with the bank/small and medium-sized enterprise interface. Large corporate houses are associated more with transaction-based multi-supplier banking strategies than SMEs. These have been described by Berry and Parasuraman (1991) as 'expert customers'. That is, they have specialist financial functions and access to the same information as the banks with which they do business. They also have endogenous professional financial expertise. This is an internal reflection of the complex nature of their banking

requirements, which may also explain their multi-banking preference. Their requirements fall broadly into three categories of functionality (Thunman). The importance of service in contributing to the development of corporate banking relationships is acknowledged (Brentani & Cooper, 1992; Turnbull & Moustakatos, 1996b). The impact of relationships upon services has received less attention.

Ennew and Binks (1996) argue that the perception of service levels is determined partially by the interaction levels, and that effective management of a relationship assists the quality of service. Quality of service is a means 'to establish, maintain and enhance relationships, (usually but not always long-term), with customers and other partners, at a profit, so that the objectives of the parties are met' (Grönroos, 1990). Grönroos (1990) divides the perception of service into factors of technical quality that refer to procedures of service delivery, and functional quality, which refers to interactive factors in the delivery of services. Technical quality is linked expressly to the concept of efficiency of systems in service delivery. Functional quality stresses human elements of service delivery, including elements that exist outside the specifics of the transaction. In this sense, it is a holistic definition of service and refers to all levels of the provision of services and the service provider's organization.

Gudep and Elango (2006) focused on the service quality and customer satisfaction amongst the private, public and foreign banks in India. A well-structured questionnaire was used to collect the views of respondents across the three banking sectors. The survey instrument included various dimensions pertaining to the quality of customer services in terms of banking personnel, convenient working hours, web-based services, error-free value-added services and efficient grievance redressal mechanism. The authors used 'factor analysis' (FA) and the 'one-way analysis of variance' classification to extract the relevant factors and analyze whether there was any significant difference with respect to service quality between the three banking sectors. The results indicated that the foreign and the new generation private sector banks were serving the customers better. This had larger implications on the public sector commercial banks in India with respect to customer service delivery aspects.

Chawla and Singh (2008) tried to measure service quality in the life insurance sector. They specifically focused on identifying the service quality factors affecting customer satisfaction levels of the policyholders. The study was based on the responses of 210 policyholders from northern India. Various statistical tests, namely reliability analysis and FA, were employed to test data that were collected through survey method. The findings of the study revealed that the accessibility factor has a higher mean satisfaction compared with mean satisfaction of reliability and assurance factors. Comparison of overall mean satisfaction based on various factors extracted showed that respondent who had purchased insurance policies before privatization had a higher mean score compared with the respondents who took insurance policies after privatization.

Shekhar and Gupta (2008) explored customers' perspectives on the concept of relationship marketing. They attempted to understand the customers' perspective on their relationship with financial service provider and the quality of service provided by them. They focused on the customers' motivations behind engaging themselves in a relationship and the factors, which influence them in this regard. He concluded that a financial service provider should take these motivations and factors into consideration at the time of formulating relationshipmarketing strategies.

Rohini (2006) undertook a service quality perception study in five hospitals in Bangalore city. The well-documented 'Service Quality Model' was used as a conceptual framework for understanding service quality delivery in healthcare services. The measuring instrument used in this study was the SERVQUAL questionnaire for the measurement of Gap 5 and Gap 1. An analysis covering a sample of 500 patients revealed that there exists an overall service quality gap between patients' perceptions and their expectations. An analysis covering Ravi K. Dhar and Silky ViggKushwah Volume I Issue 3 October-December 09 IMJ (IIM INDORE) 39 a sample of 40 management personnel revealed that a gap between managements' perception about patients' expectations and patients' expectations of service quality also exists. The study suggested improvements across all the five dimensions of service quality - tangibles, reliability, responsiveness, assurance and empathy.

Mengi (2009) conducted a study to compare customers' perceptions of service quality of public and private banks in Jammu. SERVQUAL scale was used to determine different dimensions of service quality, and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that the customers of public sector banks are more satisfied with their service quality than those of private sector banks. In the light of the preceding review of the studies carried out in this area, we find that there are very few studies focusing on a comparative analysis of services quality expectations and perceptions of customers of public and private sector banks in the Indian context. So this study not only focused on various factors affecting customer's expectations and perceptions in regard to the service quality of banks but also tried to compare the expectations and perceptions of customers of public and private sector banks.

III. Objectives

The objectives of the study are:

1. To measure the overall expectation level of general customers in state owned of Sonali Bank Limited and Agrani Bank Limited.
2. To know the perception is enjoyed by the customers from state owned Sonali Bank Limited and Agrani Bank Limited.
3. To determine the gap expectation and perception level between states owned Sonali Bank Limited and Agrani Bank Limited.
4. To formulate suggestions for improving the situation.

IV. Methodology

Methodology means the basic doctrines, guideline and rules organizing a certain system or technique. It shows the way the to accomplish the ultimate goals of a research in a orderly way. It is also considered as a standard for a systematic research work. Selection of proper methodology depends on the objectives, research questions and the nature of the source of data of the research.(Yusuf: Job Satisfaction, May, 2019). Research methodology also deals with a systematic and scientific methods that can be embraced to solve research difficulties. Methodology is a critical step in any study because it directly influences the whole research and its findings. A personal in-depth interview by using unstructured and open ended questionnaire was used to collect primary data.

Data collection: Although this study is basically based on the information from the primary sources of data, data from secondary sources have also been used. The sources are discussed below:

1.Secondary sources: secondary sources of data are as below:

- a) Annual reports, recorded data and different publications of Sonali Bank Limited and Agrani Bank Limited.
- b) Different books, articles, manuals etc. related to the topic.
- c) Websites of Sonali Bank Limited and Agrani Bank Limited, Bangladesh Bank and relevant others.

2. Primary sources: Primary sources of data are as below:

- a) Interviewing 360 customers by questionnaires of the uttered bank. Respondent were selected equally. 20% respondents were female.
- b) Open ended questions:

One open ended question was asked mentioned to solve the problems.

V. Data Analyses

Customer satisfaction largely depends on service quality of banks. In this study service quality has been measured by SERVQUAL instrument consisting tangibles, reliability, responsiveness, assurance and empathy. Total 384 respondents were asked to rate their opinion in 5-point Likert Scale about their expectations and perceptions regarding service quality from banks. Customers' expectations and perceptions have been compared between public and private bank on the basis of mean score. A paired t-test is conducted to identify whether or not there is any significant difference exist between expected mean score and perceived mean score for five dimensions of service quality.

Table 1.1: Average *Expectation* and *Perceiving* Scores in the Five Dimensions (N=160)

Dimension	ExpectationsMean	PerceptionsMean	GapScore
Tangibles	4.22	3.52	0.70
Reliability	3.86	3.63	0.23
Responsiveness	3.76	3.74	0.02
Assurance	3.88	3.71	0.17
Empathy	4.07	3.67	0.41
Overall Mean	3.98	3.67	0.30

Table 1.1 represent the perceived mean scores for all dimensions of service quality are lower than expectations mean scores. Gap between expected and perceived mean score is the highest for tangible (0.70) and is the lowest for responsiveness(0.02)

Table 1.2: Average Expectation Scores in Each Dimension of Sonali and Agrani Banks (N=160)

Dimension	Sonali	Agrani	Mean difference
Tangibles	3.87	4.18	-0.31
Reliability	3.88	4.25	-0.37
Responsiveness	3.52	3.99	-0.48
Assurance	3.76	4.00	-0.24
Empathy	4.05	4.30	-0.26
Overall Mean	3.81	4.14	-0.3304

Customer expatiations about service quality on five dimensions also evaluated in both Sonali and Agranibanks. It is seen from table 1.2 that, expected service quality of customer from Sonali bank is higher than that of Agrani bank as mean scores of five dimensions are higher in Sonali bank than that of Agrani bank. The highest difference in expected means between Sonali and Agrani bank is 0.48 for responsiveness; which indicates that customers expect higher responsiveness from Sonali bank than Agrani bank.

Table 1.3: Average Perception Scores in Each Dimension of Sonali and Agrani Banks (N=160)

Dimension	Agrani	Sonali	Mean difference
Tangibles	3.02	3.62	-0.60
Reliability	3.44	3.83	-0.39
Responsiveness	3.46	4.01	-0.55
Assurance	3.56	4.06	-0.50
Empathy	3.52	3.82	-0.30
Overall Mean	3.40	3.87	-0.47

Table 1.3 indicates that mean perception scores of five items are relatively high in Sonali bank than that of Agrani bank. The highest perception mean score is 4.06 in Sonali bank; while in Agrani bank it is 3.56 and both are obtained for same service quality dimension “Assurance”. This reflects that in both Sonali and Agrani bank customer perceived the highest service quality regarding assurance. In contrary, the lowest perception mean score is 3.12 in Agrani bank and 3.72 in Sonali bank. Surprisingly both the lowest perception mean scores are obtained for “Tangibles”. It implies that, in both Agrani and Sonali customer perceived the lowest service quality regarding tangibles compare to other dimensions of service quality. But, in both Agrani and Sonali banks; the mean perception scores are above 3; which indicates that customers are somehow satisfied or very satisfied.

Table 1.4: Evaluation of the SERVQUAL Dimensions in Agrani Bank (N=160)

Dimension	Mean score of Expectations	Mean score of Perceptions	Gap Score
Tangibles	3.97	3.12	0.85
Reliability	3.77	3.54	0.23
Responsiveness	3.52	3.46	0.05
Assurance	3.86	3.56	0.30
Empathy	3.95	3.52	0.43
Overall Mean	3.81	3.44	0.37

Table1.4 shows the expectation and perception mean scores of service quality dimensions in Agrani bank. The gap between expectation and perception mean scores ranged from 0.05 to 0.85. The highest gap is found in tangibles and the lowest gap is in responsiveness. It indicates that, Agrani banks need to improve their service quality in tangibles.

Table 1.5: Evaluation of the SERVQUAL Dimensions in Sonali Bank (N=160)

Dimension	Mean score of Expectations	Mean score of Perceptions	Gap Score
Tangibles	4.28	3.72	0.56
Reliability	4.15	3.93	0.22
Responsiveness	3.99	4.01	-0.02
Assurance	4.10	4.06	0.04
Empathy	4.20	3.82	0.39
Overall Mean	4.14	3.91	0.24

Similarly, table 1.5 exhibits that, in Sonali banks gap between expectation and perception mean scores ranged from -0.02 to 0.56. So, negative gap score indicates that, customers of Sonali bank perceive more service than their expectation regarding responsiveness. Like Agrani bank, Sonali bank also need to improve their service quality with respect to tangibles.

Table 1.6: Comparison of GAP across Sonali vs. Agrani Bank

Dimension	Gap Score		
	Agrani	Sonali	Difference
Tangibles	0.85	0.56	0.29
Reliability	0.23	0.22	0.02
Responsiveness	0.05	-0.02	0.07
Assurance	0.30	0.04	0.26
Empathy	0.43	0.39	0.04

Since, in both Agrani and Sonali banks, there are gaps between expected and perceived mean score in five service quality dimensions; so, an independent sample mean test has been applied to investigate whether the differences between gap scores are statistically significant or not in Agrani and Sonali bank.

VI. Findings

1. The study reveals that the conditions of expectations and perceptions of customers of Sonali bank is better than that of Agrani Bank Limited.
2. Expectation and perception gap of Agrani Bank is higher than that of Sonali Bank Limited.
3. The service quality of Sonali Bank Limited is better than Agrani Bank Limited.
4. The customer of SBL is more satisfied than the customer of ABL.
5. The factors of service quality (routine operation factor, price factor, situation factor, environmental factors, technology factor and interactive factor) is more active in Sonali Bank Limited than in Agrani Bank Limited.

VII. Conclusions and Suggestions

The researchers found that there are six factors, in order of their significance are routine operation factor, price factor, situation factor, environmental factors, technology factor and interactive factor. Likewise, for customers of private sector banks, the factors found to be important are staff factor, routine operation factor, service factor, environmental factors, technology factor, interactive factor and promotional factor. Additionally, factor wise average scores of these factors disclose that there is noteworthy difference between the satisfaction levels of the customers in banks. A few tactics advised by the authors to improve service quality are suitable training of the staff, conducting market surveys periodically, personalizing the service, avoiding long queues, having well lit, ventilated and clean environments. This study has raised some important new questions not spoken by previous studies on service quality. Specifically, is there a missing moderating variable or variable or variables (e.g., user mental state, stress level, or perceived job security), and how do they interact with gender and/or occupation in the measurements of service quality? We believe this question is appropriate to all service quality areas, including banking service. If our findings of this study are correct, individuals who research service levels with perceptions have new limitations to consider. As service industries and service jobs continue to expand in importance throughout the global economy, gaging service quality speedily, reliably, and accurately will mature as a progressively important task for service benefactors. If expectation and its performance is to be relied upon by services companies for their persistence, then understanding the gradations of what these gadgets are measuring has significant financial consequences. Lastly, they can simply ignore these findings and advance as before. The results of this study suggest that the five dimensions of expectations are ranked, and subject to conditioning based on user perceptions of stress and urgency. In other words, perceptions the tool is not homogeneous, and some dimensions potentially matter more to users than others. It is possible that such variances are a function of the customer's state of mind. The results suggest that the performance dimension of reliability, which refers to the ability of an organization to perform promised service dependably and accurately, and the dimension of responsiveness, which is the ability to provide rapid service, regularly rank highly in both respondent groups, while the more emotional dimensions of tangibility, assurance, and empathy vary in importance depending on the customer's state of mind and the conditions. The studies of the statistical data suggest that Sonali Bank should focus relatively more on their service quality. An effective service quality strategy for an organization could include the needs for modification of work structure, the relationship with customers and teamwork and cross-functional group problem solving. Improving service quality is a difficult and time consuming process. The Bank should assess service quality regularly as a service quality perceptions of the customers are always changing. The result of this a study provides a 'benchmark' for comparing the outcomes in the next service quality evaluations.

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