

A DISTINCTION IN THE VIEW OF PERCEIVED VALUE OF BANKING SERVICES BETWEEN CUSTOMERS IN THE PUBLIC AND PRIVATE SECTORS

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ABSTRACT

Purpose: The financial needs of the general people are often taken care of by commercial banks, which typically have a larger network of their branches. Since commercial banks contact with the public the most, central banks are constantly looking for ways to boost their efficiency and level of customer service. **Need:** Despite recently showing a lot of effort in creating perceived value for the client, banks have seen high levels of dissatisfaction from users. This is crucial because it will help banks stand out from the competition, enhance their performance, and increase their chances of survival in the long run by enabling them to become value providers. **Objective:** The main objective of the study was to determine whether there were any differences between customers of public and private sector banks in terms of how much they valued banking services. **Methodology:** The researcher has created a path models in the way of evaluating the perceived value indicators of banking s the study area of Namakkal District. There are 170 sample respondent were included in the study. This two group comparisen study consist of 90 Public and 80 Private sector respondents. The study is primarily based upon primary data collected from a structured survey through questionnaire. **Findings:** The perceived value indicators “Delivery of services is flexible and without unnecessary rigidity”. is not significantly different from zero at the 0.05 level for public sector group of respondents opinioned. The perceived value indicator “Diversified e-banking services are available” are fail to predict the private sector banks customer perceived value.

Introduction

In any country in the world's economic system, banks have a significant part to play. Different kinds of banks carry out different tasks in accordance with the roles that are predetermined by their memorandums and articles of association. In a politically defined and designated geographic area, the central bank, which is the government's bank, is responsible for monitoring and supervising all banking activity. The financial needs of the general people are often taken care of by commercial banks, which typically have a larger network of their branches. Since commercial banks contact with the public the most, central banks are constantly looking for ways to boost their efficiency and level of customer service.

Importance of Customer perceived value of banking services

The literature on financial services suggests that shareholder value, employee value, and consumer perception value are the three key areas on which banks should concentrate their efforts (Ingo, 1997ⁱ; Payne et al, 1999ⁱⁱ). Despite recently showing a lot of effort in creating perceived value for the client, banks have seen high levels of dissatisfaction from users. This is due to the fact that it is still unclear exactly what consumers want. While it appears to be obvious to everyone how vital it is for the company to provide a value proposition for the consumer, it is unclear what the value the customer perceives as being. Although many banks have made significant investments in CRM and data warehousing systems, most financial institutions still have a long way to go before they can successfully identify the information that is truly important and use it to create value for their customers (Loveman, 1998)ⁱⁱⁱ. This is crucial because it will help banks stand out from the competition, enhance their performance, and increase their chances of survival in the long run by enabling them to become value providers.

Literature review

Banks use successful business models such as service quality and customer relationship management to identify, serve and satisfy their customers. However, exploring 'customer value contribution' as a strategy enhances banks' competitive edge with their ability to meet needs of customers and to deliver higher levels of customer satisfaction. maintaining and retaining relationships with the existing customers is the major concern for banks today (Ghazizadeh, 2010)^{iv}. Banks that develop an intimate relationship with customers gain advantages such as repeat

purchase, customer commitment, emotional attachment to the bank and trust and liking towards the bank (Ragins & Alan, 2003)^v. Customers are the main player in the industry towards performing a great job. Meanwhile, the banker should evaluate customer demands and expectations so that they can maximize their perceived value.

Customer perceived value is defined as a human need that they expect from the organization. Accordingly, Satar, Safie, Dastane, and Ma'arif, (2019)^{vi}, defined CPV is “the consumer overall calculation of the usefulness of a product based on perceptions of what is predicted and what is delivered. The domain of service quality may be factorials complex in some industries and very simple and one-dimensional in others. As such, measures designed for specific service Industries may be a more viable research strategy to pursue. Many studies in banking service quality have replicated or adopted the SERVQUAL model (Athanasopoulos, 1997^{vii}; Blanchard and Galloway, 1994^{viii}; Marshall and Smith, 1999^{ix}) and fewer studies have incorporated Grönroos's ideas on service quality (Howcroft, 1993^x; Holmlund and Kock, 1996^{xi}; Ennew and Binks, 1999^{xii}). Further, only a few studies have presented new models or approaches to the measurement of service quality in the banking sector. Avkiran (1994)^{xiii} followed an iterative process and identified staff conduct, credibility, communication, and access to teller services as the final dimensions of service quality. Another scale development by Bahia and Nantel (2000)^{xiv} proposed a scale (BSQ) that consists of six dimensions of service quality, including effectiveness and assurance, access, price, tangibles, services portfolio, and reliability.

Need of the study

Due to uniform policies of the central bank, all commercial banks are required to offer almost same services. But how these services are provided; that is the most important phenomenon. Ziethaml et al (1996)^{xv} presented a model indicating various dimensions of service quality. The model was named SERVQUAL that elaborates service quality indicating its various constructs namely Attitude, Competence, Convenience, Tangibles and Recovery. However, the customers evaluate various banking services based on their own perceived value mechanism. This mechanism may be differing from one to one. It is important for the banks to attract more number of customers towards the banks; thereby the banks can succeed in the competitive era. It is the gap identified between Public and Private sector bank customer real perceived value.

Objectives

The main objective of the study was to determine whether there were any differences between customers of public and private sector banks in terms of how much they valued banking services. Based on the aforementioned, the following objectives were proposed.

1. To understand the customer perceptions of the value of banking services
2. To examine the two groups of respondents' most important perceived value indicators
3. To pinpoint the metrics that respondents in the public and private sectors perceive differently

Methodology

This path analysis was done with an aim of to know any distinction between public and private sector customer over their perceived value indicators over the banking service. By the way of adapting bank customers perceived value indicators from various research studies conducted in the field of banking services. The researcher has created a path models in the way of evaluating the perceived value indicators of banking s the study area of Namakkal District. The researcher has intended to adapt a Non-probabilistic sampling namely purposive sample would be used to select the sample from the infinity population of the study. Purposive sampling selects sample members from well-defined criteria based on researcher's expertise and knowledge, convenience sampling chooses its sample members based on proximity to the researcher (OBILOR, Esezi Isaac2023)^{xvi}. There are 170 sample respondent were included in the study. This two group comparisen study consist of 90 Public and 80 Private sector respondents. The study is primarily based upon primary data collected from a structured survey through questionnaire. The questionnaire consists of fourteen questions. The demographic information such as Age, Gender, Marital Status, Occupation, Income and nature of bank customer are represent in the first part of the questionnaire. The Second part of the questionnaire consist of eight customer perceived value indicators used as a testing variables of the banking customer service.

Reliability and Valididty

The predicted path model is correct and the probability of getting a discrepancy as large as 46.027 is 0.237. The predicted structural model, the discrepancy divided by degrees of freedom is $46.027 / 0.237 = 1.151$. The CFI .974, GFI .933, AGFI .879, RMR 0.79 AND IFI .976 for the path mode. The estimate of the root mean square error of approximation (RMSEA) is .030 and the "p value" for testing the null hypothesis that RMSEA is less than .05 in the population. It is concluded that all the fit indices are within the acceptable range. The eight perceived value indicators achieved a

reliability score of cronbach's Alpha 0.841. Gliem & Gliem (2003)^{xvii} presented in the table can be a guide to evaluate the reliability coefficient. if cronbach's Alpha value greater than .90 is Excellent, Greater than .80 is Good, Greater than .70 is acceptable, greater than .60 is Questionable, Greater than .50 is Poor and it Less than .50 is Unacceptable. It is concluded that all the eight perceived value indicators achieved a strong indices to do path analysis.

Table

Frequency distribution of sample respondents on the basis of demographic factor

Demographic Factors	Levels	Frequency	Percent	Cumulative Percent
Gender	Male	96	56.5	56.5
	Female	74	43.5	100.0
	Total	170	100.0	
Age	21-30	31	18.2	18.2
	31-40	43	25.3	43.5
	41-50	46	27.1	70.6
	51-60	50	29.4	100.0
	Total	170	100.0	
Education	Graduates	114	67.1	67.1
	Professionals	20	11.8	78.8
	Technical Levels	36	21.2	100.0
	Total	170	100.0	
Employment	Salaried Employed either PVT or PUB	70	41.2	41.2
	Self Employed	51	30.0	71.2
	Professionals	20	11.8	82.9
	Others	29	17.1	100.0
	Total	170	100.0	
Income	Less than 25,000	50	29.4	29.4
	25,000-50,000	77	45.3	74.7
	above 50,000	43	25.3	100.0
	Total	170	100.0	
Type of Bank customer	Public Sector Bank	90	52.94	52.94
	Private Sector Bank	80	47.06	100.00
	Total	170	100.0	

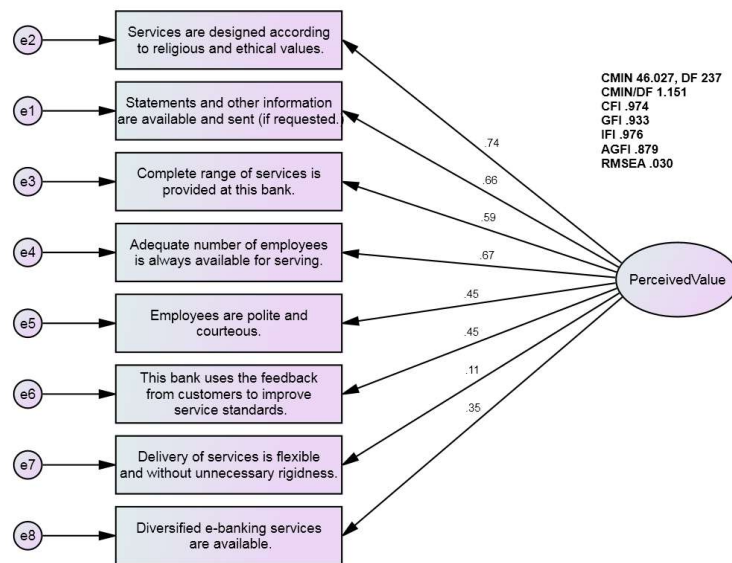
Sources: Survey data

The demographic information of the study's sample respondents is shown in the above table. Out of 170 sample respondents, it emerged that 56.5% of the male respondents took part in the sample survey. Out of the four levels of respondent age classification, 29.4% of respondents typically fall between the ages of 51 and 60. It is discovered that graduates made up the majority of the

responders (67.1%). The public or private sectors accounted for 41.2 percent of respondents' employment. Among the three levels of respondents' income classification, 45.3 percent form between Rs. 25,000 and Rs. 50, 000 per month. The bank customers are classified into two category. 52.94 percent of respondents belongs to Public sector bank customer and remaining 47.06 respondents belongs to Private sector banks customer participated in the study.

Diagram No

Path model shows the perceived value indicators – Public sector bank customers



Table

Standardized regression weights for perceived value indicators – Public sector bank customer

Predicator variables	Unstandardized	S.E.	C.R.	Beta	P
Statements and other information are available and sent (if requested.)	.846	.168	5.023	.663	***
Services are designed according to religious and ethical values.	.993	.184	5.401	.741	***
Complete range of services is provided at this bank.	.585	.128	4.573	.588	***
Adequate number of employees is always available for serving.	1.000	Reference Point		.672	***
Employees are polite and courteous.	.514	.143	3.596	.446	***

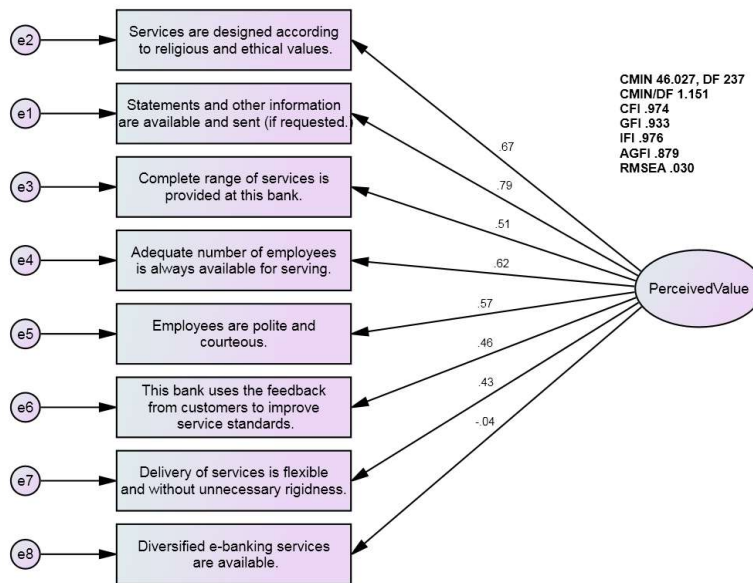
Predicator variables	Unstandardized	S.E.	C.R.	Beta	P
This bank uses the feedback from customers to improve service standards.	.429	.117	3.657	.455	***
Delivery of services is flexible and without unnecessary rigidness.	.105	.111	.947	.113	.344
Diversified e-banking services are available.	.370	.128	2.885	.352	.004

The above table shows the standardized regression weights for the eight perceived value indicators opinioned by public sector bank customer. It is found that the perceived value indicator “Adequate number of employees is always available for serving” taken as reference point the predicted the remaining. The factor score for the eight perceived value indicators happened between 0.113 to 0.741. It is found that the perceived value indicator “Delivery of services is flexible and without unnecessary rigidness” has fail to predict and perceived value. The probability of getting a t value as large as 0.947 in absolute value is .344. The regression weight for Perceived Value in the prediction of “Delivery of services is flexible and without unnecessary rigidness”. is not significantly different from zero at the 0.05 level. It is concluded that when public sector banks customers Perceived Value goes up by 1 standard deviation, “Delivery of services is flexible and without unnecessary rigidness”. goes up by 0.113 standard deviations.

The highest factor score of 0.741 happened on “Services are designed according to religious and ethical values.” the regression weight for public sector banks customer Perceived Value in the prediction of “Services are designed according to religious and ethical values” is significantly different from zero at the 0.001 level. It is found that when public sector banks customer Perceived Value goes up by 1 standard deviation, “Services are designed according to religious and ethical values”. goes up by 0.741 standard deviations.

Diagram No

Path model shows the perceived value indicators – Private sector bank customers



Table

Standardized regression weights for perceived value indicators – Private sector bank customer

Predictors	Unstandardized	S.E.	C.R.	Beta	Sig
Statements and other information are available and sent (if requested.)	1.183	.238	4.967	.788	***
Services are designed according to religious and ethical values.	1.093	.240	4.558	.672	***
Complete range of services is provided at this bank.	.669	.180	3.713	.512	***
Adequate number of employees is always available for serving.	1.000			.616	
Employees are polite and courteous.	.821	.203	4.034	.568	***
This bank uses the feedback from customers to improve service standards.	.575	.170	3.382	.457	***
Delivery of services is flexible and without unnecessary rigidity.	.467	.146	3.190	.427	.001
Diversified e-banking services are available.	-.042	.135	-.310	-.039	.756

The above table shows the standardized regression weights for the eight perceived value indicators opinioned by private sector bank customer. It is found that the perceived value indicator “Adequate number of employees is always available for serving” taken as reference point the predicted the remaining. It is found that out of eight perceived value items, seven items predicted by 0.001 significant level. The perceived value indicator “Diversified e-banking services are available” are fail to predict the private sector banks customer perceived value. The probability of getting a t value as large as 0.31 in absolute value is .756. In other words, the regression weight for private sector banks customers Perceived Value in the prediction of “Diversified e-banking services are available”. is not significantly different from zero at the 0.05 level. It is concluded that when private sector banks customers Perceived Value goes up by 1 standard deviation, “Diversified e-banking services are available” goes down by 0.039 standard deviations.

The highest factor score of 0.788 happened on “Statements and other information are available and sent (if requested.)”. the regression weight for private sector bank customers Perceived Value in the prediction of “Statements and other information are available and sent (if requested.)” is significantly different from zero at the 0.001 level. It is revealed that when private sector bank customers Perceived Value goes up by 1 standard deviation, “Statements and other information are available and sent (if requested.)” goes up by 0.788 standard deviations.

Table

Distinction between Public and Private sector banks customer over perceived value of banking services

Perceived value indicators	Public Sector Bank		Private Sector Bank		z-score
	Estimate	P	Estimate	P	
Statements and other information are available and sent (if requested.)	0.846	0.000	1.183	0.000	1.155
Services are designed according to religious and ethical values.	0.993	0.000	1.093	0.000	0.328
Complete range of services is provided at this bank.	0.585	0.000	0.669	0.000	0.379
Adequate number of employees is always available for serving.	0.514	0.000	0.821	0.000	1.235
Employees are polite and courteous.	0.429	0.000	0.575	0.000	0.706

This bank uses the feedback from customers to improve service standards.	0.105	0.344	0.467	0.001	1.974**
Delivery of services is flexible and without unnecessary rigidity.	0.370	0.004	-0.042	0.756	-2.209**

Notes: *** p-value < 0.01; ** p-value < 0.05; * p-value < 0.10

The above table clearly revealed the difference between Public and Private sector customer opinion over the perceived value items measured in the study. The aim of the study to know any difference between Public and Private sector bank customer over the eight perceived value indicator entered in the above model.

The separate analysis clearly predicted that the perceived value indicator namely “This bank uses the feedback from customers to improve service standards” has failed to predict the public sector customers opinioned concern. Moreover, the regression weight for public sector customers Perceived Value in the prediction of “Delivery of services is flexible and without unnecessary rigidity” is not significantly different from zero at the 0.05 level

It is also noted that the perceived value indicator namely “Delivery of services is flexible and without unnecessary rigidity” has fail to predict the private sector customers opinioned concern. It is found that the regression weight for private sector banks customers Perceived Value in the prediction of “Diversified e-banking services are available” is not significantly different from zero at the 0.05 level.

The z-score of the above table clearly indicates whether any difference occurred between Public and Private sector banks customers’ opinion over the eight perceived value items of banks entered in the analysis. The two perceived value indicators has made different opinion between Private sector banks customers. The indicators “This bank uses the feedback from customers to improve service standards” and “Delivery of services is flexible and without unnecessary rigidity” has significant at 0.05 level to distinction between Public and Private sector customer. It is found that when Perceived Value goes up by 1, “Delivery of services is flexible and without unnecessary rigidity” for public sector banks customer goes up by 0.370 and private sector bank customer goes up by 0.576. The above table revealed that when It is found that when Perceived Value goes up by 1, “Delivery of services is flexible and without unnecessary rigidity” for public sector banks customer goes up by 0.105 and private sector bank customer goes up by 0.467.

Findings

1. The predicted path model is correct and the probability of getting a discrepancy as large as 46.027 is 0.237. The predicted structural model, the discrepancy divided by degrees of freedom is $46.027 / 0.237 = 1.151$. It is concluded that all the eight perceived value indicators achieved a strong indices to do path analysis.
2. 56.5% of the male respondents took part in the sample survey. 29.4% of respondents typically fall between the ages of 51 and 60. It is discovered that graduates made up the majority of the responders (67.1%). The public or private sectors accounted for 41.2 percent of respondents' employment.
3. Among the three levels of respondents' income classification, 45.3 percent form between Rs. 25,000 and Rs. 50, 000 per month. The bank customers are classified into two category. 52.94 percent of respondents belongs to Public sector bank customer and remaining 47.06 respondents belongs to Private sector banks customer participated in the study.
4. The factor score for the eight perceived value indicators happened between 0.113 to 0.741 for public sector customers opinioned concerned. It is found that the perceived value indicator “Delivery of services is flexible and without unnecessary rigidity” has fail to predict and perceived value.
5. The regression weight for Perceived Value in the prediction of “Delivery of services is flexible and without unnecessary rigidity”. is not significantly different from zero at the 0.05 level for public sector group of respondents opinioned.
6. It is found that when public sector banks customer Perceived Value goes up by 1 standard deviation, “Services are designed according to religious and ethical values”. goes up by 0.741 standard deviations.
7. The perceived value indicator “Diversified e-banking services are available” are fail to predict the private sector banks customer perceived value. It is concluded that when private sector banks customers Perceived Value goes up by 1 standard deviation, “Diversified e-banking services are available” goes down by 0.039 standard deviations.
8. It is found that when private sector bank customers Perceived Value goes up by 1 standard deviation, “Statements and other information are available and sent (if requested.)” goes up by 0.788 standard deviations.

Conclusion

The quality of services is the most crucial component that counts greatly in today's cutting-edge and prosperous banking industry. Due to the central bank's consistent rules, all commercial banks are compelled to provide nearly identical services. However, the most significant phenomenon is how these services are delivered. Customers can appreciate attaining financial benefits through receiving a service that is better suited to their needs, preferential treatment, or additional services from the perspective of the customer. The social benefits that come from forming a relationship are another kind of perks that are very important to the the customer. In conclusion, customers start and sustain a market relationship because they anticipate reaping benefits from their involvement. In this view, for an organisation to successfully implement a relationship strategy, a strategic transformation is required, centering management around the value seen by the customer.

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