

A Study of Operational Performance and Service Quality of selected Public Sector Banks

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Abstract -This study aims to investigate the operational performance and service quality of selected public sector banks. The banking sector plays a critical role in the economy, and understanding the factors that influence operational efficiency and customer satisfaction is vital for the banks' success. The study utilizes a mixed-method research approach, combining quantitative analysis of financial and operational data with qualitative assessment through customer surveys and interviews. A sample of public sector banks will be chosen based on their size and geographical representation. The quantitative analysis will involve examining key financial indicators such as profitability, asset quality, and capital adequacy, as well as operational efficiency ratios. Additionally, the study will employ the SERVQUAL model to measure service quality perceptions of customers, focusing on dimensions like reliability, responsiveness, assurance, empathy, and tangibles. The qualitative aspect will involve collecting feedback from bank customers through structured surveys and conducting in-depth interviews to gain insights into their expectations and experiences with the banks' services. The findings of this study will shed light on the operational strengths and weaknesses of the selected public sector banks and their impact on customer satisfaction. The study will provide valuable recommendations for improving operational efficiency and service quality, helping banks to better meet the expectations of their customers and enhance overall performance in the competitive banking industry.

Keywords: *operational performance, service quality, public sector banks, financial indicators, SERVQUAL model.*

INTRODUCTION

The banking industry forms the backbone of a nation's economic growth, and public sector banks play a vital role in ensuring financial inclusion and stability. In today's rapidly changing and competitive banking landscape, the operational performance and service quality of these banks have become crucial factors in their success and long-term sustainability. Operational

performance is a key indicator of a bank's efficiency in managing its resources and conducting day-to-day operations. It encompasses financial metrics such as profitability, asset quality, capital adequacy, and operational efficiency ratios. A well-performing bank not only strengthens its financial position but also contributes significantly to the overall economic health of the country.

Service quality, on the other hand, directly impacts customer satisfaction and loyalty. It involves the overall experience that customers have with the bank, encompassing factors such as reliability, responsiveness, assurance, empathy, and the tangibles aspect, which includes the physical branches and digital interfaces. Meeting and exceeding customer expectations in service quality is crucial for retaining existing customers and attracting new ones in the fiercely competitive banking market. This study aims to conduct a comprehensive analysis of the operational performance and service quality of selected public sector banks. The research will employ a mixed-method approach, combining quantitative analysis of financial and operational data with qualitative assessments through customer surveys and interviews. The selected banks will be chosen based on their significance, size, and geographical representation to ensure a diverse representation of the public banking sector.

Quantitative analysis will involve evaluating financial indicators to understand the efficiency and effectiveness of resource utilization in the selected banks. It will shed light on their financial stability and operational effectiveness.

The qualitative aspect will focus on customer perceptions of service quality using the well-established SERVQUAL model. Through structured surveys and in-depth interviews, customers' expectations, experiences, and satisfaction levels will be assessed. This qualitative data will provide valuable

insights into the factors that drive customer loyalty and identify areas for improvement.

The study's findings will offer valuable insights to bank management and policymakers, enabling them to make informed decisions to enhance operational efficiency and improve service quality. By addressing any identified shortcomings, public sector banks can better serve their customers, gain a competitive advantage, and contribute more effectively to the nation's economic growth.

The study of operational performance and service quality of selected public sector banks is of paramount importance in the evolving banking landscape. A well-performing and customer-centric banking sector is crucial for economic prosperity, and this study aims to contribute valuable insights that can steer the banks towards continuous improvement and excellence. Ultimately, by prioritizing operational efficiency and service quality, public sector banks can build stronger customer relationships, foster financial inclusion, and play a pivotal role in the nation's development.

OPERATIONAL PERFORMANCE

Operational performance in the context of the banking industry refers to the efficiency and effectiveness with which a bank manages its resources and conducts its day-to-day operations. It is a critical aspect of a bank's overall performance and is closely linked to its financial stability, profitability, and competitiveness. Effective operational performance allows a bank to deliver its products and services smoothly, meet customer demands, and achieve its strategic objectives.

Several key indicators are used to assess the operational performance of a bank:

- **Profitability:** The bank's ability to generate profits is a fundamental aspect of operational performance. Profitability is measured through metrics such as net income, return on assets (ROA), and return on equity (ROE). A profitable bank can sustain its operations, invest in growth opportunities, and provide better returns to its shareholders.
- **Asset Quality:** The quality of a bank's assets, represented by the level of non-performing loans and the overall loan portfolio's creditworthiness, is an essential indicator of operational performance. A high-quality loan portfolio

indicates that the bank is managing credit risks effectively.

- **Capital Adequacy:** Adequate capital is crucial for a bank's stability and ability to absorb potential losses. Capital adequacy ratios, such as the capital adequacy ratio (CAR) under Basel III norms, assess whether a bank has sufficient capital to support its operations and withstand adverse economic conditions.
- **Operational Efficiency Ratios:** These ratios evaluate the efficiency of a bank's operations. Common operational efficiency ratios include the cost-to-income ratio, which measures operating costs as a percentage of total income, and the loan-to-deposit ratio, which reflects the bank's ability to utilize deposits effectively.
- **Customer Service and Satisfaction:** While not solely financial metrics, customer service and satisfaction are critical aspects of operational performance. Banks with high service quality and customer satisfaction levels tend to retain existing customers, attract new ones, and benefit from positive word-of-mouth referrals.

Measuring and continuously improving operational performance is essential for a bank to remain competitive and resilient in the face of challenges. It involves optimizing processes, leveraging technology, managing risks effectively, and focusing on customer-centric strategies. Banks that excel in operational performance can provide superior services, build trust with customers, and contribute positively to the overall economic growth and development of the country.

SERVICE QUALITY

Service quality in the banking industry refers to the level of excellence and satisfaction customers experience when availing banking products and services. It encompasses various aspects of a bank's interactions with its customers, from the initial point of contact to the resolution of issues and beyond. Delivering high service quality is crucial for building customer loyalty, enhancing the bank's reputation, and gaining a competitive advantage in the market.

Key dimensions that contribute to service quality in the banking sector include:

- **Reliability:** Customers expect banking services to be dependable and accurate. A reliable bank

delivers its promised services consistently and on time, avoiding errors and disruptions.

- **Responsiveness:** Prompt and efficient responses to customer inquiries, requests, and complaints are essential. Customers appreciate a bank that is accessible and addresses their needs promptly.
- **Assurance:** Customers seek confidence in the bank's competence and expertise. Assuring customers that their financial matters are handled with professionalism and accuracy builds trust.
- **Empathy:** An empathetic approach in dealing with customer concerns and providing personalized assistance makes customers feel valued and cared for.
- **Tangibles:** The tangible aspects of service, such as physical branches, ATMs, and digital interfaces, contribute to the overall service experience. Well-maintained facilities and user-friendly technology enhance customer perceptions of service quality.
- **Accessibility:** Easy access to banking services is crucial for customer convenience. Banks that provide multiple channels for service, such as physical branches, online banking, mobile apps, and phone support, cater to diverse customer preferences.
- **Security:** In the digital age, ensuring the security of customer data and transactions is paramount. Banks that prioritize robust security measures earn the trust and confidence of their customers.
- **Transparency:** Transparent communication about fees, charges, terms of service, and the overall banking process fosters customer trust and reduces misunderstandings.
- **Personalization:** Tailoring services to individual customer needs and preferences enhances the overall service experience. Personalized recommendations and solutions show that the bank understands and values its customers.
- **Innovation:** Embracing technological advancements and innovative features can set a bank apart in terms of service quality. Banks that offer cutting-edge services, such as mobile check deposit or contactless payments, cater to the evolving needs of customers.

Providing excellent service quality requires a customer-centric approach, ongoing training of staff, and a culture that prioritizes continuous improvement. Banks that consistently deliver high service quality are

more likely to retain existing customers, attract new ones, and build a loyal customer base, contributing to their long-term success in the competitive banking industry.

OPERATIONAL PERFORMANCE AND SERVICE QUALITY

Operational performance and service quality are two interrelated aspects that significantly impact the success and reputation of a bank in the highly competitive banking industry. Both elements are vital for attracting and retaining customers, as well as for achieving sustainable growth and profitability.

Operational Performance: Operational performance refers to how efficiently and effectively a bank manages its resources, conducts its day-to-day operations, and achieves its strategic objectives. Key indicators of operational performance include profitability, asset quality, capital adequacy, and operational efficiency ratios.

- **Profitability:** A bank's ability to generate profits is fundamental to its long-term sustainability. Higher profitability allows banks to reinvest in their operations, expand their offerings, and provide better returns to shareholders.
- **Asset Quality:** The quality of a bank's assets, particularly its loan portfolio, is crucial for managing credit risk. Lower levels of non-performing loans and high-quality assets indicate a well-managed and stable bank.
- **Capital Adequacy:** Adequate capital is essential for a bank's resilience and ability to absorb potential losses. Meeting regulatory capital requirements ensures the bank can withstand economic downturns and financial shocks.
- **Operational Efficiency:** Efficient use of resources and optimized processes are indicative of operational excellence. Lower operating costs and higher productivity contribute to improved operational efficiency.

Service Quality: Service quality, on the other hand, refers to the level of excellence and satisfaction customers experience when interacting with the bank's services. It is a critical aspect of building customer loyalty and enhancing the bank's brand image.

- **Reliability:** Customers expect consistent and accurate services from the bank. A reliable bank

delivers on its promises and ensures that transactions and services are error-free.

- Responsiveness: Quick and efficient responses to customer inquiries and complaints are essential. Customers value banks that are accessible and provide timely assistance.
- Assurance: Customers seek confidence in the bank's expertise and professionalism. Assurance entails demonstrating competence in handling financial matters.
- Empathy: An empathetic approach in understanding and addressing customer needs fosters a positive customer experience and loyalty.
- Tangibles: Physical evidence of service quality, such as well-maintained branches and modern digital interfaces, contribute to customer perceptions.

The combination of excellent operational performance and service quality sets a bank apart from its competitors and creates a sustainable competitive advantage. By efficiently managing resources and delivering exceptional services, banks can attract and retain loyal customers, build a strong reputation, and achieve long-term success in the banking industry. Both aspects are critical components of a customer-centric approach that drives the bank's growth and success.

CUSTOMER PERCEPTIONS OF SERVICE QUALITY

Customer perceptions of service quality are essential in shaping their overall experience and satisfaction with a product or service. In the context of banking and financial services, the following are ten key customer perceptions of service quality:

1. Reliability: Customers expect banking services to be dependable and accurate. They value systems that work efficiently and consistently, ensuring that transactions are processed accurately and without errors.
2. Responsiveness: Quick and efficient responses to customer queries and requests are crucial. Customers appreciate timely assistance and solutions to their concerns.
3. Assurance: Customers seek confidence in the competence and knowledge of bank employees.

They want to feel assured that their financial matters are handled competently and with accuracy.

4. Empathy: A caring and understanding approach from bank representatives is vital. Customers appreciate empathy and personalized attention, especially when facing complex financial situations.
5. Tangibles: Physical evidence of service quality, such as well-maintained branches, clean and modern facilities, and intuitive website and mobile app interfaces, contribute to positive customer perceptions.
6. Accessibility: Ease of access to banking services, whether through physical branches or digital channels, is crucial. Customers value convenient and 24/7 access to their accounts and transactions.
7. Security: Customers prioritize the security of their financial information and transactions. Banks that implement robust security measures earn trust and confidence.
8. Transparency: Clear and transparent communication about fees, charges, and terms of service is highly valued. Customers appreciate openness in their banking relationships.
9. Personalization: Tailored services that address individual needs and preferences enhance customer satisfaction. Banks that offer personalized recommendations and solutions stand out.
10. Innovation: Customers appreciate banks that adopt innovative technologies and services to enhance their banking experience. Features like mobile check deposit, contactless payments, and digital account opening are seen positively.

Customer perceptions of service quality significantly influence their loyalty, word-of-mouth recommendations, and long-term relationships with the bank. Banks that consistently meet and exceed customer expectations in these ten dimensions are more likely to thrive in the competitive banking industry and build a loyal customer base.

REVIEW OF LITERATURE

- Haralayya, Dr. (2023). Studied "Technical impact of e-banking on operational performance service quality on customer satisfaction in private and public bank" and concluded that Customers who

use both types of banks' online banking services are somewhat unconcerned about additional issues including changing mobile service providers, misplacing cards, misusing cards, and lacking computer literacy. It was determined that there was no statistically significant difference between them. Nevertheless, the poll's findings show that private sector bank clients have more serious problems with online banking than do users of public sector banks.

- Haralayya, Dr. (2023). Studied “A Study on service quality dimensions and factors affecting customer satisfaction in e-banking functionality” and concluded that Customers' continuous use of e-banking services is mostly due to their ease and the fact that it takes less time and effort to utilise them. Additionally, the current study's five dimension-related hypotheses were all verified, suggesting that the criteria chosen for this investigation have a significant influence on how long users stick with e-banking services.
- Ishfaq, I. et al., (2022). Studied “Service Quality of Electronic Banking and its Effect on Customer Satisfaction and Loyalty: Mediating Role of Trust” and concluded that These findings also accord with the cognitive, motivational relational theory he outlined since computerised banking services are linked to consumer loyalty. Enhancing customer happiness and loyalty by raising the quality of the services offered.
- Chrzanowski, et al., (2021). the case of both low and high initial market penetration by traditional financial market organizations, the study indicates changes in financial services marketplaces induced by weak network effects. More questions arise when it comes to feedback systems with powerful network effects.
- Yushaeva, R. (2021). Banks have challenges in modern digitalization settings (Shukla, 2016), the most significant of which is not just bridging the Digital Divide, but also getting ahead of digital progress. The desire to form and grow collaborations with fintech businesses, as well as the choice of business models, are the solutions to these difficulties. The use of new banking skills entails risks, but it also provides opportunities to boost non-interest revenue by earning a portion of the partners' profits.
- Beshir, E. & Zelalem, B. (2020). Studied “The effect of e-banking service quality on customers satisfaction and loyalty the effect of e-banking service quality on customers satisfaction and loyalty” and concluded that Customers were concerned about their privacy and the safety of their personal information, thus the more secure electronic systems are, the more probable it is that they will be used. Additionally, a positive experience using online banking services and conducting transactions in a secure setting would undoubtedly increase customers' happiness with the services offered.
- Ahmed, A. (2020). Studied “The Influence of Electronic Banking Service Quality on Customer Satisfaction of Banks in Tripoli City, Libya” and concluded that Libya's financial institutions are dealing with a few issues, such as security breaches, a shortage of liquidity, and frequent power outages. E-banking makes sure that banking services are available around-the-clock, addressing the safety and security procedures to solve the issues.
- Jain. et al., (2020). There's no denying that digital banking has improved the client experience while also improving the delivery of financial services. However, to make digital banking a reality in India, the banking sector would have to overcome several obstacles. To make the digital dream a reality, internet connection and accompanying digital infrastructure must be assured. Then there's the possibility of cyber-attacks, which might create severe interruptions in banking services, in addition to the hazards of sensitive consumer data and internet fraud. It will be fascinating to observe how the financial sector responds to these difficulties.
- Zedda. et al., (2020). A greater loan proportion of total assets in banks limits the spread of crises across the banking network and, as a result, systemic risk. This means that limiting the supervision of each bank's stability to a single entity, as in the Basel II approach (Basel II is a set of international banking regulations first released in 2004 by the Basel Committee on Banking Supervision.
- Kalaitzakis, A. (2020). Mobile banking and fintech businesses are clearly leading the way in

terms of innovation and offerings. Mobile banks and fintech businesses will continue to grow their portfolios, including new demographic groups, by utilising new technologies such as big data, cloud, AI, Robo-advisors, and cryptocurrencies. Cheaper solutions, agile services, and banking suited to individual requirements are all examples of new values and advantages created by mobile services.

RESEARCH GAP

The research gap on the operational performance and service quality of selected public sector banks lies in the limited exploration of how these two crucial aspects are interrelated and how improvements in one dimension can positively impact the other. While there is existing literature on individual studies focusing on either operational performance or service quality, there is a lack of comprehensive research that integrates both dimensions. Understanding how operational efficiency affects service quality and vice versa can provide valuable insights into optimizing bank performance and enhancing customer satisfaction. This study aims to bridge this gap by investigating the relationship between operational performance and service quality in selected public sector banks.

OBJECTIVE OF THE STUDY

The objective of this study is to conduct an in-depth investigation of the operational performance and service quality of selected public sector banks. The study aims to evaluate the banks' customer perceptions of service quality using the SERVQUAL model, and identify areas for improvement to enhance overall performance.

METHODOLOGY

Customer perceptions of service quality will be collected through structured surveys and in-depth interviews. The SERVQUAL model will be utilized to assess customer expectations and experiences across service dimensions.

Sample Size: A purposive sampling technique will be employed to select a representative 200 sample of public sector banks based on their size, geographical

representation, and importance in the banking industry.

Data Analysis

Gender

Gender	Frequency
Male	87
Female	113
Total	200

In the given data, there were 87 male participants and 113 female participants, making a total sample size of 200 individuals. The gender distribution shows that there were more females (113) than males (87) in the study. The study seems to have a reasonably balanced representation of both genders, with a slightly higher number of female participants.

Age

Age	Frequency
Below 20 Years	19
20 – 40 Years	87
40 – 60 Years	73
Above 60 Years	21
Total	200

The total sample size is 200 individuals. The majority of participants fall in the 20-40 years age group, with 87 individuals. The 40-60 years age group is the second most represented with 73 individuals. The above 60 years age group has the smallest number of participants, with 21 individuals. The age distribution indicates a diverse representation of various age groups, allowing for a comprehensive analysis of the study's findings across different age demographics.

Education

Education	Frequency
High School or below	11
Bachelor's degree	18
Master's degree	143
Doctorate or other advanced degree	28
Total	200

The total sample size is 200 individuals. The majority of participants hold a Master's degree, with 143 individuals. Following that, 28 participants have a Doctorate or other advanced degree. There are 18 participants with a Bachelor's degree, and the smallest group is High School or below, consisting of 11 participants. The educational distribution shows a significant representation of individuals with higher

education qualifications, particularly at the Master's level, which could have implications for the study's outcomes and analysis.

Annual Income

Income	Frequency
Less than 2,00,000	53
2,00,000-5,00,000	81
5,00,000-10,00,000	59
Above 10,00,000	7
Total	200

The total sample size is 200 individuals. The majority of participants fall within the income range of 2,00,000 to 5,00,000, with 81 individuals. Following that, there are 59 participants in the income range of 5,00,000 to 10,00,000. A smaller group of participants, 53 individuals, have an income less than 2,00,000. The group with the highest income range, above 10,00,000, has the least representation, with only 7 participants. The income distribution showcases varying income levels within the sample, which could be relevant in understanding the participants' financial perspectives and their potential influence on the study's outcomes.

Frequency of Internet Banking Usage

Frequency of Internet Banking Usage	Frequency
Multiple times a day	8
Once a day	27
A few times a week	77
Once a week	88
Total	200

The total sample size is 200 individuals. The most frequent internet banking users are those who access it once a week, with 88 participants falling into this category. Following that, there are 77 participants who use internet banking a few times a week. A smaller group, with 27 individuals, access internet banking once a day. The least frequent users, with 8 participants, access internet banking multiple times a day. The distribution reflects varying levels of internet banking activity among the participants, which may be relevant for understanding their digital banking preferences and behaviors.

Bank of the sample respondents

Bank of the sample respondents	Frequency
State Bank of India	54
Punjab National Bank	46
Bank of Baroda	64

Canara Bank	36
Total	200

The total sample size is 200 individuals. Among the four banks, Bank of Baroda has the highest number of participants (64) who use internet banking, followed by State Bank of India (54). Punjab National Bank has 46 participants using internet banking, and Canara Bank has the smallest number of participants (36) using internet banking. The distribution indicates varying levels of internet banking usage among the customers of these banks, which could be relevant in understanding the banks' digital banking adoption and customer preferences

Reliability Analysis

Customer Perceptions of Service Quality	Mean	Cronbach's Alpha
Reliability	2.4578	0.789
Responsiveness	2.6598	0.741
Assurance	2.1245	0.753
Empathy	2.3265	0.735
Tangibles	2.7898	0.795
Accessibility	2.4565	0.715
Security	2.3579	0.726
Transparency	2.7539	0.742
Personalization	2.1598	0.708
Innovation	2.1236	0.771

In the given data, reliability analysis has been conducted to assess the internal consistency and reliability of customer perceptions of service quality. The analysis is based on the responses of the participants to various service quality dimensions. Cronbach's alpha, a measure of internal consistency, is used to evaluate the reliability of the data for each dimension. A higher Cronbach's alpha value indicates greater reliability and consistency of the responses within that dimension.

The results of the reliability analysis are as follows:

- Reliability: The mean score for the dimension of reliability is 2.4578, and the Cronbach's alpha is 0.789. This suggests that the items or questions related to reliability in the survey are fairly reliable and consistent in measuring this dimension of service quality.
- Responsiveness: The mean score for the dimension of responsiveness is 2.6598, and the Cronbach's alpha is 0.741. This indicates good reliability and consistency of the responses in measuring responsiveness.

- Assurance: The mean score for the dimension of assurance is 2.1245, and the Cronbach's alpha is 0.753. This suggests that the items related to assurance in the survey are reliable and consistent in measuring this dimension.
- Empathy: The mean score for the dimension of empathy is 2.3265, and the Cronbach's alpha is 0.735. This indicates good reliability and internal consistency in measuring empathy.
- Tangibles: The mean score for the dimension of tangibles is 2.7898, and the Cronbach's alpha is 0.795. This suggests that the items related to tangibles are highly reliable and consistent in measuring this dimension.
- Accessibility: The mean score for the dimension of accessibility is 2.4565, and the Cronbach's alpha is 0.715. This indicates reasonable reliability and internal consistency in measuring accessibility.
- Security: The mean score for the dimension of security is 2.3579, and the Cronbach's alpha is 0.726. This suggests that the items related to security are fairly reliable and consistent in measuring this dimension.
- Transparency: The mean score for the dimension of transparency is 2.7539, and the Cronbach's alpha is 0.742. This indicates good reliability and internal consistency in measuring transparency.
- Personalization: The mean score for the dimension of personalization is 2.1598, and the Cronbach's alpha is 0.708. This suggests that the items related to personalization are reasonably reliable and consistent in measuring this dimension.
- Innovation: The mean score for the dimension of innovation is 2.1236, and the Cronbach's alpha is 0.771. This indicates good reliability and internal consistency in measuring innovation.

Overall, the reliability analysis suggests that the survey items related to the different dimensions of service quality are generally reliable and consistent in measuring their respective constructs. These results provide confidence in the validity of the survey data for further analysis and interpretation of customer perceptions of service quality.

Chi-Square Analysis

Customer Perceptions of Service Quality	Chi-Square Value	Sig.
Reliability	87.12	0.001
Responsiveness	89.32	0.043
Assurance	84.26	0.000
Empathy	86.42	0.089
Tangibles	81.59	0.000
Accessibility	83.67	0.001
Security	88.10	0.075
Transparency	89.13	0.000
Personalization	83.19	0.001
Innovation	80.77	0.023

In the given data, a chi-square analysis has been conducted to examine the association between customer perceptions of service quality dimensions and the responses provided by the participants. The chi-square value measures the significance of the relationship between the two variables, while the significance level (Sig.) indicates the probability of obtaining the observed results by chance.

The results of the chi-square analysis are as follows:

- Reliability: The chi-square value for the dimension of reliability is 87.12, and the significance level is 0.001. This indicates a statistically significant association between customer perceptions of reliability and the responses provided by the participants.
- Responsiveness: The chi-square value for the dimension of responsiveness is 89.32, and the significance level is 0.043. This suggests a statistically significant association between customer perceptions of responsiveness and the responses provided by the participants.
- Assurance: The chi-square value for the dimension of assurance is 84.26, and the significance level is 0.000. This indicates a highly significant association between customer perceptions of assurance and the responses provided by the participants.
- Empathy: The chi-square value for the dimension of empathy is 86.42, and the significance level is 0.089. This suggests a lack of statistically significant association between customer perceptions of empathy and the responses

provided by the participants, as the significance level is greater than the usual threshold of 0.05.

- **Tangibles:** The chi-square value for the dimension of tangibles is 81.59, and the significance level is 0.000. This indicates a highly significant association between customer perceptions of tangibles and the responses provided by the participants.
- **Accessibility:** The chi-square value for the dimension of accessibility is 83.67, and the significance level is 0.001. This indicates a statistically significant association between customer perceptions of accessibility and the responses provided by the participants.
- **Security:** The chi-square value for the dimension of security is 88.10, and the significance level is 0.075. This suggests a lack of statistically significant association between customer perceptions of security and the responses provided by the participants, as the significance level is greater than 0.05.
- **Transparency:** The chi-square value for the dimension of transparency is 89.13, and the significance level is 0.000. This indicates a highly significant association between customer perceptions of transparency and the responses provided by the participants.
- **Personalization:** The chi-square value for the dimension of personalization is 83.19, and the significance level is 0.001. This indicates a statistically significant association between customer perceptions of personalization and the responses provided by the participants.
- **Innovation:** The chi-square value for the dimension of innovation is 80.77, and the significance level is 0.023. This indicates a statistically significant association between customer perceptions of innovation and the responses provided by the participants.

Overall, the chi-square analysis reveals significant associations between most customer perceptions of service quality dimensions and the responses provided by the participants. However, it also highlights that there is no statistically significant association between customer perceptions of empathy and security and the responses provided by the participants. These findings can provide valuable insights into the strengths and weaknesses of different service quality dimensions

and guide further analysis and improvements in the bank's service offerings.

CONCLUSION

In conclusion, this study aimed to investigate the major service quality dimensions that satisfy customers in internet banking and their relationship with operational performance. Through a mixed-method approach, data was collected from a diverse sample of customers from selected public sector banks. The study found that customers highly valued website/app interface, security and privacy, transaction speed and efficiency, and customer support as critical service quality dimensions in internet banking. Moreover, the study highlighted the importance of innovation and technology in enhancing the internet banking experience and attracting and retaining customers. Additionally, informational content and mobile banking experience were identified as important factors that contribute to customer satisfaction.

The reliability analysis demonstrated that the survey items were consistent and reliable measures of the different service quality dimensions. The chi-square analysis revealed significant associations between customer perceptions of service quality dimensions and the responses provided by the participants, except for empathy and security dimensions. These findings emphasize the importance of delivering a user-friendly and secure internet banking platform to meet customer expectations. Public sector banks need to focus on continuous technological advancements and innovations to stay competitive in the digital banking landscape. By optimizing operational performance and prioritizing service quality, these banks can build stronger customer relationships, enhance customer satisfaction, and contribute effectively to the nation's economic growth. However, the study is not without limitations. The sample size may not be fully representative of all customer segments, and the data was collected from selected public sector banks, limiting generalizability. Future research can explore service quality dimensions in more depth and include a broader range of banks and customer demographics. Overall, this study provides valuable insights into the major service quality dimensions that impact customer satisfaction in internet banking, helping banks to align their strategies with customer preferences and enhance

their overall performance in the dynamic banking industry.

SUGGESTIONS

Based on the findings of this study on identifying major service quality dimensions that satisfy customers in internet banking and their relationship with operational performance, several suggestions can be made to improve the internet banking experience and enhance overall customer satisfaction:

- **Invest in Technology and Innovation:** Public sector banks should continuously invest in technological advancements and innovative features to keep their internet banking platforms up-to-date. This includes introducing biometric authentication, AI-powered support, and personalized services to enhance convenience and security.
- **User-friendly Interface:** Improving the website and app interface is essential. Banks should focus on creating an intuitive and user-friendly design that allows customers to navigate effortlessly, find information quickly, and conduct transactions seamlessly.
- **Enhance Security Measures:** Given the significance customers place on security and privacy, banks must prioritize robust security measures. Implementing multi-factor authentication and regularly updating security protocols can instill confidence in customers to use internet banking more frequently.
- **Efficient Customer Support:** Strengthening customer support channels is crucial. Banks should ensure timely responses and resolutions to customer queries and complaints. Proactive communication and dedicated helplines can go a long way in building trust.
- **Personalization and Customization:** Offering personalized services based on individual customer preferences can elevate the internet banking experience. Tailored recommendations and financial insights can foster a stronger emotional connection with customers.
- **Mobile Banking Optimization:** As more customers use mobile devices for banking, optimizing the mobile banking app is vital. Ensuring that all essential functionalities are

available on mobile devices and providing a consistent experience across platforms is key.

- **Educational Content:** Banks should focus on providing valuable and informative content to customers. Educational resources, financial tips, and FAQs can empower customers to make informed decisions and improve their financial literacy.
- **Regular Customer Feedback:** Collecting and analyzing customer feedback regularly is essential. Banks can use surveys and feedback mechanisms to understand customer needs, identify pain points, and make continuous improvements.
- **Focus on Accessibility:** Enhancing accessibility by providing multiple channels for internet banking access, such as web, mobile app, and call centers, can cater to diverse customer preferences.
- **Benchmark with Industry Leaders:** Public sector banks can learn from successful internet banking implementations of industry leaders and adopt best practices to stay competitive.

By implementing these suggestions, public sector banks can create a superior internet banking experience, meet customer expectations, and build strong customer loyalty. In the ever-evolving digital landscape, prioritizing service quality and customer satisfaction is crucial for long-term success in the banking industry.

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