

IN THIS DIGITAL REALM, IS BRANCH BANKING STILL IMPORTANT IN CONSUMERS' PERSPECTIVE: A STUDY IN KOLKATA REGION

AJAY KUMAR GANGULY

University of Engineering and Management: Kolkata, West Bengal, IN.
Email: gangulyajaykumar@gmail.com, Orcid Id: <https://orcid.org/0000-0002-3515-7273>

Dr. SUBHAJIT BHATTACHARYA

Xavier School of Commerce, XIM University, Odisha, IN.
Email: subhajit@xim.edu.in, Orcid Id: <https://orcid.org/0000-0001-6460-0206>

Dr. SUBRATA CHATTOPADHYAY

University of Engineering and Management: Kolkata, West Bengal, IN.
Email: dr.subrata.chattopadhyay@gmail.com, Orcid Id: <https://orcid.org/0000-0003-3712-0316>

Abstract

In the past, the only way to get financial services was via 'Brick and Mortar Banking,' but today a variety of distribution options are accessible. To put it another way, it's due of the rapid advancements in ICT (Information and Communication Technology). Rather than being a choice, using ICT in commercial banking is a must for existence rather than an option. This article examines the relevance of conventional Brick-and-Mortar banking in the contemporary ICT age, which is defined by e-CRM and other new ICT-based goods and services, in light of Kolkata's private sector banks. Description and analysis are key components of this research. 250 customers of a private sector bank in Kolkata were surveyed to determine the Delivery Gap and their input was used to assess each bank's Service Quality (SQ). Analysis of customer satisfaction and service quality is crucial when traditional channels are replaced by digital ones (online). The Gap Analysis identifies the difference between the SQ provided and the SQ anticipated. It has been seen, if we are talking about the service delivery gap, it is important to highlight that the two most important and crucial SERVQUAL features that characterize the SQ in financial services are (a) Tangibility and (b) Assurance. It has been observed in our study, when it comes to customer service, a "human personal touch" is more important than any technological advancement in respect of consumers' perspective.

Keywords: Service Quality, ICT, Gap Analysis, Digital Banking, Brick and Mortar Banking.

INTRODUCTION:

It is a long-held tradition that banking has been defined by its physical presence, notably in the form of face-to-face interactions between bank personnel and customers [1]. With fast advancements in Information and Communication Technology (ICT) infiltrating many facets of human life, including banking, brick and mortar banking, and other traditional practises, many traditional practises are altering. E-CRM, for example, incorporates the enormous potential of ICT into conventional customer relationship management tasks and so makes it more efficient and successful [2]. This is why the notion of CRM (Customer Relationship Management) has given way to e-CRM. As e-CRM and other ICT-based solutions gain popularity in banking, traditional brick-and-mortar banking is progressively being replaced by

e-based products and services [3]. This research conducts an empirical analysis of the importance of conventional brick and store banking, including direct client contacts, since this shift from traditional platforms to electronic platforms is rapidly progressing.

Customer satisfaction has been a major problem for Indian banks since the 1990s, when the country's reforms began, since consumers have become more demanding [4]. The entire existence of banks might be jeopardized if they fail to live up to client expectations in terms of performance [5]. If, on the other hand, the performance meets or exceeds their expectations, the customer is delighted [6]. Retaining clients is a difficulty since consumers may simply move banks in quest of better services, as the switching costs have decreased over time due to banking technology advancements [7]. Traditional practices like physical tangible banking (including related characteristics like "personal interaction and personal touch" in services, tangibility, etc.) need to be evaluated as nationalized and private banks in India face increased competition and problems attracting and maintaining clients. Customers are paramount in today's banking models, thus old methods must be assessed against today's multiple ICT-based bank products in order to determine their relative importance [8].

In Kolkata, the commercial hub of northeastern India, private banking has been flourishing since the dawn of time. Despite the fact that ICT-based solutions, such as e-CRM and other offerings, are always on the increase, the precise nature of client attitudes toward conventional techniques, such as brick-and-mortar tangible banking, must be analysed [9]. As a result, it is necessary to conduct a critical analysis of Service Quality (SQ) in relation to ICT-based financial products in order to provide solutions for more efficient delivery of banking services by restructuring current e-CRM models [10]. It is hoped that, the SQ components will be examined in relation to ICT-based products in order to uncover the delivery gaps [11]. The present research's practical benefit is that the study's results may be utilised to restructure the present business models of the banks under consideration as well as other similarly situated institutions.

THEORETICAL FRAMEWORK AND RESEARCH GAP

McDougall and Levesque, 1996 [12] conducted research to determine if terrible customer service decreases customer satisfaction and, as a result, desire to suggest the service to a friend. This, in turn, would increase the pace at which consumers switched. Nataraj and Rajendran, 2018 [13] explore how relationship quality (RQ) affects client retention in retail banking in India. The quality of a customer's connection with a company is measured by their impression of that relationship. Because of today's fierce competition in banking, client retention is essential. This research examines the link between customer retention and relationship quality. For some kinds of information-intensive services, the author [Apte, 2014] [14] of this study suggest a conceptual framework for constructing service delivery channels that might be beneficial. An operations management perspective is used to examine the function of information technology (tech) and human intermediation (touch) in the production and delivery of consumer services. A new methodology for creating delivery channels for retail banking services has been used by the researcher and researcher describes how human intermediation

is crucial and valuable for enhancing information heavy services. According to Aggarwal and Gupta, 2003[15], informal structured interviews with branch managers and academics have established the core dimensions and sub-dimensions of service quality, and a banking service quality model. It is well known that both the amount of time spent serving customers and the quality of the environment have a significant impact on the level of service they get. Branches and bank locations provide consumers with a wide variety of services, according to Malesky, 2010 [16]. Customers like the "personal touch" that comes with dealing with a physical bank with a complete complement of experienced workers, from every components. As per research of Wright, 2002[17] and his report presents solutions for established banks to rearrange their value chains in order to thrive in the new competitive scenario. According to Khartabiel, 2014 [18] customer satisfaction in physical branches is strongly influenced by the conduct of employees. Customer loyalty and satisfaction go hand in hand when a bank focuses on increasing employee well-being [18]. Furthermore, it has been shown that employee happiness is clearly mirrored in their behaviour toward consumers [18]. According to Jacob et al., 2015[19], it is stated that e-CRM is more widely accepted among urban consumers, and that rural customers prefer the "personal aspect" in services to their urban counterparts.

However, despite the fact that numerous research have been done on the topic of branch banking (brick and mortar banking), they are few and far between. In Kolkata setting, the offerings and acceptance of Branch Banking has not been studied in consumers' perspective. This study aims to fill the research gap mentioned above. Thus the key Research Questions (RQ) are as follows:

RQ1: Is there any relevance of traditional Branch Banking in the current Digital Realm?

RQ2: Is there any service delivery gap in case of tangible Branch Banking?

RQ3: Is there any gap between the tangibility of the real and anticipated offerings?

OBJECTIVES OF THE STUDY:

RO1: To investigate the significance of conventional "Brick and Mortar Banking" (branch banking) in the contemporary digital age in relation to private sector bank in Kolkata region;

RO2: To investigate the Performance Gap or Delivery Gap in bank services, with an emphasis on physical branches (tangibility);

RO3: To propose solutions to overcome the tangibility gap between real and anticipated services;

METHODOLOGY ADOPTED:

A descriptive-analytical approach is used in this research-based study. Customers of a private bank were asked to provide comments on the quality of service they received from the banks in order to identify the Performance (Delivery) Gap. A questionnaire is used to gather the data needed for the research from 250 customers who utilise both digital (online) and physical

branches of the bank. During the month of December and January 2021, respondents were chosen at random from selected branches of a private bank using the “Snowball sampling technique”. This research makes use of a model known as SERVQUAL [20]. A. Parasuraman, Valarie A. Zeithaml, and Len Berry are the minds behind the Gap Model [20]. Reliability; Assurance; Confidence; Tangibility; Responsiveness; and Empathy are all assessed by the model. When it comes to the five aspects outlined above, Tangibility is the most important dimension in case of our research study due to its relevance with physical Bank Branches.

- ✎ Reliability[20]: This dimension relates to whether or not the bank can deliver on its promises to its clients.
- ✎ Assurance [20]: This component examines how well-equipped the bank's services and people are to build trust and confidence in its consumers.
- ✎ Tangibility[20]: This dimension examines how the bank's assets and staff seem and feel.
- ✎ Empathy [20]: To make its customers feel especially special, this dimension investigates the bank's personalised attention and compassion.
- ✎ Responsiveness [20]: This component investigates the bank's promptness and also its readiness to help its clients in delivering them service as well as quality of information that its customers would demand.

To assess perceived service quality, a questionnaire was used, which is divided into two parts: expectation and perception, each with 21 questions and a total of 40 questions. Each component contains five dimensions that are assessed on a five-point scale ranging from 1 to 5, with 1 indicating "strongly disagree" and 5 indicating "strongly agree."

Data sources: The survey was completed by 250 persons, 150 of them completed it online and the remaining 100 self-administered.

Sampling: Because more replies are anticipated, the survey is conducted both online and offline mode. The sample methods employed in each case are different. Snowball sampling technique is used for online data collection and Snowball sampling technique is used for offline data collection.

To complete the survey, we will need to employ a range of software applications. Google Forms is used to administer questions online, Excel is used to record replies and sort data, and SPSS is utilised for analysis and testing.

RESULTS AND DISCUSSIONS:

As previously stated, the shift from conventional to digital (online) channels emphasises the need of studying Service Quality (SQ). The Gap Analysis helps to determine the difference between the SQ provided and the SQ anticipated.

Table I: Gap Analysis

Components	Expectations	Mean	Perception	Mean	Difference	t-value	significance
					In Means		
Tangibles	ET1	4.91	PT1	3.76	-1.15	-5.44	0.00*
	ET2	4.83	PT2	3.56	-1.27	-5.96	0.00*
	ET3	4.79	PT3	3.71	-1.08	-5.06	0.00*
	ET4	4.92	PT4	3.66	-1.26	-5.91	0.00*
Average Gap Score [Tangibility]				-1.19		-5.34	0.00*
Assurance	EA1	4.55	PA1	3.61	-0.94	-4.22	0.00*
	EA2	4.68	PA2	3.78	-0.90	-4.04	0.00*
	EA3	4.59	PA3	3.89	-0.70	-3.14	0.00*
	EA4	4.41	PA4	3.69	-0.72	-3.23	0.00*
Average Gap Score [Assurance]				-0.82		-3.68	0.00*
Reliability	ER1	4.87	PR1	3.77	-1.10	-5.15	0.00*
	ER2	4.93	PR2	3.91	-1.02	-4.77	0.00*
	ER3	4.81	PR3	3.94	-0.87	-3.90	0.00*
	ER4	4.63	PR4	3.88	-0.75	-3.37	0.00*
Average Gap Score [Reliability]				-0.94		-4.22	0.00*
Responsiveness	ERS1	4.88	0.00*	3.90	-0.98	-4.40	0.00*
	ERS2	4.59	PRS2	3.88	-0.71	-3.19	0.00*
	ERS3	4.75	PRS3	3.79	-0.96	-4.31	0.00*
	ERS4	4.61	PRS4	3.71	-0.90	-4.04	0.00*
Average Gap Score [Responsiveness]				-0.89		-4.00	0.00*
Empathy	EE1	4.91	PE1	3.89	-1.02	-4.77	0.00*
	EE2	4.88	PE2	3.91	-0.97	-4.35	0.00*
	EE3	4.71	PE3	3.89	-0.82	-3.68	0.00*
	EE4	4.59	PE4	3.78	-0.81	-3.63	0.00*
Average Gap Score [Empathy]				-0.91		-4.09	0.00*

Source: Field Survey

#Note: * indicates significance at 5% level.

This is further supported by the study of means, which reveals a greater number of predicted outcomes than those seen in reality. The difference in means of anticipated and perceived values is entirely negative, showing that consumers in private sector bank expect more than what they believe to be true of their accounts. The average difference, which indicates the Gap, is greater in the Tangibility and less in the assurance components, according to the data.

In tangibility dimension, (according to Table I) PT2-ET2= highest value of gap confers that the presence of branches is the factor that makes the most impact. In spite of the fact that all services are accessible online (in digital form), clients' primary priority remains the physical

branch presence of their financial institution. This demonstrates the continued significance of physical branches (brick and mortar banking) even in the contemporary information and communications technology (ICT) age, which is characterised by several ICT-based delivery channels that provide significant time and cost benefits.

-0.82 is the average “assurance” score (Table I). Employees' behaviour is critical in this situation. The old brick and mortar strategy must be used to make up for clients' lack of familiarity with the bank's cutting-edge technology.

Reliability has increased across the assigned bank studied as a consequence of the transition from conventional to digital modes of banking. Customers have a high level of confidence in the software suppliers' technologies. Table I shows that, there is significant variation in the dependability of the bank studied. The average reliability rating of -0.94. (Table I) shows, even on the internet platform, clients prefer face-to-face connection and communication with branch staff.

Table I also reveals that, the significant difference (-0.89) between perceived responsiveness and expected responsiveness shows the personal touch and timely action is still very important which confers that brick and mortar tangible Banking structure is still very significant in this ICT era.

Table I demonstrates that the Gaps are significant than the customer expectations for the assigned selected banks studied when it comes to the component of empathy. There is also a significant average of -0.91 for Empathy (Table I). Consequently, it can be said that physical tangible banking has its own personal touch, which stimulates consumers to involve in the banking activities in this ICT era.

Concerning the service delivery gap, it should be mentioned that the most important SERVQUAL characteristics that define the SQ in banking services is “Tangibility”. It should be highlighted that, although technological channels allow clients to conduct banking transactions from anywhere at any time, the tangible components (for example, branch reputation, appearance and existence) are very important to them. A "personal human touch" in service delivery transcends any degree of convenience brought about by ICT adoption. As a result, even in sophisticated ICT-based systems, employee conduct has a substantial impact on SQ.

SUGGESTIONS AND ENDORSEMENTS

- ✎ Even when more and more technology is used or the virtual world spreads, it is important to pay attention to the Tangibility factor of service delivery. Today's bank branches require a lot of attention to their atmosphere or look. Research shows that, the old-fashioned "Brick and Mortar Banking" approach is important.
- ✎ The importance of the human aspect (human touch) in services is undeniable, maybe even more crucial than the importance of ICT. As a result, clients should be given more opportunity to connect with the bank's personnel in order to attract and keep them.

(Soft) interpersonal skills such as empathic listening, quick responses and a good attitude toward work should be taught and fostered in bank employees. The quality of the bank's services is directly correlated with the happiness of its employees.

- ✎ Continuous education and training should be implemented to keep bank employees informed of new developments, especially in terms of upgrading their abilities to stay up with technological advancements (ICT).

According to this research study, even if commercial banks must keep up with the newest technological advancements and maintain a high level of techno-savvy, they must also guarantee that their services have a "Personal Touch." Even in the current digital banking environment, the human aspect is essential to retain current clients and attract new consumers. In a same vein, even as we embrace cutting-edge technological advancements, we must maintain a focus on "tangibility". When ICT adoption aims to achieve a greater competitive advantage, attract new consumers, and retain current customers, tangibility helps bridge the 'delivery gap' and improve service quality. The brick-and-mortar banking paradigm is here to stay, and the development of appealing branches in convenient locations should go hand in hand with the acceptance of ICT developments. One aspect of Brick & Mortar Banking that is just as important as the Tangibility (physical branch) trait is ensuring that customers get a "Personal Touch" in their services via continual training and development of employees.

CONCLUSIONS:

Based on the results of the survey, we can draw some conclusions about different areas of banking services and the quality of banking services offered by private sector Banking institutions. Customers of private sector bank have greater expectations of the institution, yet the services and quality of services provided by the banks fall short of these expectations. Because consumers have higher expectations from a private sector bank, the institution must live up to them. In case of SERVQUAL five key dimensions[22], in each case we have observed a negative gap score which confers that the physical elements (such as a branch's reputation, look, and presence) are crucial to customers even while technical channels enable them to execute banking transactions from anywhere at any time. The value of a "personal human touch" in customer service far outweighs the benefits of using new technology. This means that staff behaviour has a significant influence on SQ, even in highly complex ICT-based systems. Banks should spend more money on pleasant physical ambience and be more sensitive to their clients.

LIMITATIONS AND SCOPE OF FUTURE RESEARCH:

Here the authors are only dealing with Gap 5[21], which confers that the distinction between internal consumer views and expectations among the offered services but there are another four Gaps, which have not been addressed in this research study. Here the authors have studied only one Private Bank's offered service, their staff culture and its customers' view, point and expectations and that can be extended to different financial instructions along with Nationalized Banks and other NBFC and RNBC. In this study, authors have confined

themselves in a selected region i.e. the branches located in North Kolkata but it might be extended in different locations of the state – in the semi-urban and rural segment also where the socio-economic behaviour is quite different from the urban segment. In this study, due some constraint factors authors have skipped the moderation effect of demographic variables – it can also be explored in future study. In spite of these limitations, the current research aimed to provide a few suggestions for banks in order to bridge the gap between the desire and availability of service quality characteristics in order to gain new customers' trust as well as keep their existing and valued customers.

Reference:

- 1) Sayani, H. (2015). Customer satisfaction and loyalty in the United Arab Emirates banking industry. *International Journal of Bank Marketing*.
- 2) Chen, Lei, Jo Danbolt, and John Holland. "Rethinking bank business models: the role of intangibles." *Accounting, Auditing & Accountability Journal* (2014).
- 3) Athanassopoulos, A. D. (1997). Service quality and operating efficiency synergies for management control in the provision of financial services: Evidence from Greek bank branches. *European journal of operational research*, 98(2), 300-313.
- 4) Eklof, J., Podkorytova, O., & Malova, A. (2020). Linking customer satisfaction with financial performance: an empirical study of Scandinavian banks. *Total Quality Management & Business Excellence*, 31(15-16), 1684-1702.
- 5) Khan, M. M., & Fasih, M. (2014). Impact of service quality on customer satisfaction and customer loyalty: Evidence from banking sector. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 8(2), 331-354.
- 6) Jamal, A., & Naser, K. (2003). Factors influencing customer satisfaction in the retail banking sector in Pakistan. *International Journal of commerce and management*.
- 7) Shanka, M. S. (2012). Bank service quality, customer satisfaction and loyalty in Ethiopian banking sector. *Journal of Business Administration and Management Sciences Research*, 1(1), 001-009.
- 8) Gazi, M. A. I., Rahaman, M. A., Hossain, G., Ali, M. J., & Mamoon, Z. (2021). An empirical study of determinants of customer satisfaction of banking sector: Evidence from Bangladesh. *The Journal of Asian Finance, Economics, and Business*, 8(2), 497-503.
- 9) Ramachandran, A., & Chidambaram, V. (2012). A review of customer satisfaction towards service quality of banking sector. *Periodica Polytechnica Social and Management Sciences*, 20(2), 71-79.
- 10) Ekwonwune, E. N., Ekwonwu, D. U., Elebri, L. C., & Uka, K. K. (2016). ICT as an instrument of enhanced banking system. *Journal of Computer and Communications*, 5(1), 53-60.
- 11) Marković, S., Jelena, D., & Katušić, G. (2015, May). Service quality measurement in Croatian banking sector: Application of SERVQUAL Model. In *Management International Conference*.
- 12) Levesque, T., & McDougall, G. H. (1996). Determinants of customer satisfaction in retail banking. *International journal of bank marketing*.
- 13) Nataraj, B., & Rajendran, R. (2018). Impact of relationship quality on customer retention - A study with reference to retail banking in India. *International Journal of Business and Information*, 13(1), 93-117.
- 14) Apte, U. M. (2014). High tech versus high touch: The role of human intermediation in information-intensive services. In *Managing Consumer Services: Factory or Theater?* (pp. 33-43). Springer International Publishing. https://doi.org/10.1007/978-3-319-04289-3_3

	EA2	Customers of Finest banks would be confident in their transactions.		PA2	Customers of Assigned banks are confident in their transactions.
	EA3	Finest bank employees will always be attentive and courteous to consumers.		PA3	Assigned bank employees will always be attentive and courteous to consumers.
	EA4	Employees of Finest banks will be equipped to respond to consumers' inquiries promptly.		PA4	Employees of Assigned banks will be equipped to respond to consumers' inquiries promptly.
RELIABILITY	ER1	When a Finest bank promises to accomplish something by a given date, they follow through.		PR1	When the assigned banks promise to accomplish something by a given date, they follow through.
	ER2	When a client has an issue, the Finest bank will take a genuine interest in resolving it.		PR2	When a client has an issue, the Assigned banks take a genuine interest in resolving it.
	ER3	Finest bank will get the job done correctly the first time.		PR3	Assigned banks get the job done correctly the first time.
	ER4	Finest bank will demand that records be devoid of errors.		PR4	Assigned banks demand that records be devoid of errors.
RESPONSIVENESS	ERS1	Customers will get timely assistance from employees of Finest Bank.		PRS 1	Customers get timely assistance from employees of Assigned Banks.
	ERS2	Finest bank employees will constantly go out of their way to assist consumers.		PRS 2	Assigned banks employees will constantly go out of their way to assist consumers.
	ERS3	The websites of the Finest bank will give information about the services necessary.		PRS 3	The websites of the Assigned banks give information about the services necessary
	ERS4	A Finest bank's employees will never be too busy to reply to clients' inquiries.		PRS 4	Assigned banks 'employees will never be too busy to reply to clients' inquiries.
EMPATHY	EE1	The finest bank will consider their clients' Finest interests.		PE1	Assigned Banks are those that will put their clients' needs first.
	EE2	The finest bank will cater to the demands of each individual client.		PE2	Assigned Banks cater to the demands of each individual client.
	EE3	The finest bank will adheres to a strict delivery schedule.		PE3	Assigned Banks adhere to a strict delivery schedule.
	EE4	Employees of finest bank will constantly eager to assist consumers.		PE4	Employees of Assigned Banks will constantly eager to assist consumers.