

A Study on Service Quality of Private and Public Sector Banks in Perambalur District

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Introduction

Technology is changing the way we live, the way we work and the nature of work life itself. As science continues to advance we will increasingly see technology being integrated as a natural part of our day-to-day existence. All this will mean information that is readily accessible at reduced costs to all those who want it. For architects it could d designing , for environmentalists this could be a means of increasing awareness and perhaps, avoiding disasters throughout the world, authors may have a wider canvas to sketch on, for stock market traders this could mean better decision while dealing in many markets for manufacturing giants this could aid in inventory and distribution management, and for financial markets this would mean catering to the smallest financial needs of customers in increasingly competitively condition.

Banking and the Service Sector

The Service Sector contributes a major portion of the Gross Domestic Product of developed countries. In developing nations, too, the contribution of the service sector (which comprises services relating to transport, communications, trade, banking, insurance, other financial services, medical and hospital services, public administration and defense and miscellaneous services) has been growing rapidly.

The Banking Sector in India

Banking services worldwide can broadly classified into in to investment banking and commercial banking is primarily concerned with helping corporate bodies raise funds at the best possible rates from various markets. Commercial banking is concerned with channeling savings to productive uses. Banking in an intermediary function but one that is very essential for sustained economic growth. In India, since the nationalization of banks in 1969, banking has been primarily in the Central Government's domain. As part of the Government's liberalization policy which began in 1991, New Private Sector Banks (NPSBs) were allowed to be set up.

Measuring Service Quality

Measuring Quality in the Services Sector and in particular in the Banking sector is more difficult than measuring the quality of manufactured goods. This is mainly due to the following: The Services Sector as a whole is very heterogeneous and what is very heterogeneous and what may hold true for one service may not hold true for another service sector. For example, the nature of banking services is very different from, say, the nature of services provided by an airline or a hotel. Even within banking there are a variety of dissimilar services like retail banking, commercial banking, investment banking etc. This heterogeneity makes standardized service quality measurement very difficult. Most manufacturing companies, on the other hand, have been able to adopt standard measures to improve the quality of goods produced.

Services are intangible in nature and, unlike in the case of goods, there is no 'real' product that the customer takes home. This is true of banking services and most other financial services where the service offered is only what the customer experiences fleetingly. Some service sectors like the hotel industry, the tourism industry, etc. provide services that may be considered somewhat more tangible.

There is no scope for inspection before the service delivered. All services have a here-and-now attribute that makes standardized quality testing and control procedures followed by manufacturing sector difficult to adopt. Unlike a good manufacturer, a bank cannot inspect its services and products to weed out unsatisfactory ones before they are presented to the customer.

Unlike in the case of manufacturing companies where the goods are manufactured and then sold to customers, in the services sector, the customer is a part and parcel of the process that provides the service. The service is created with the involvement of the customer, if there is no customer there can be no service. In this sense, the customers are inseparable from the service. This is especially true of banking services, both retail and corporate. Customers are central to the banking service that is sought to be provided.

Banking Services: Technical Quality and Functional Quality

Service Quality can be thought of as having two dimensions: Technical quality and Functional quality. Technical Quality refers to 'what' the bank gives the customer. Functional Quality refers to 'How' the bank's services are provided to the customer.

A bank must be equipped to deliver both Technical and Functional quality thus ensuring that it provides its customers with total quality service. Relevant qualitative determinants could be set up for a few technical and functional quality parameters, but most of these remain difficult to quantify. A bank could set up appropriate policies and procedures, for example recruitment policies, to create enabling conditions for providing technical and functional quality to its customers. The ultimate focus should firmly be on providing quick and cost-effective quality banking services.

Statement of the Problem

Marketing of customer service aim at two important goals such as prosperity to the bank and satisfied customer. Bank's offer tangible services like loan scheme, different kinds of account and the intangible services like behaviors and efficiency of staff, speed of transactions and ambience. Thus banks may need to include customer oriented approach or customer, four in this five area of business such as cash accessibility, assets security, money transfer deferred payment and financial advices. The customers are becoming dominate and selective. In fact the perception and expectation of customer have undergone sea change, with an availability of banking services to the customer at their door steps through the help of technology.

The future of banking business very much depends upon the ability of the banks to develop close relationship with the customers. In order to develop close relationship with the customer, the banking industry has to focus on the technology oriented innovations that offer convenience to the customer. Today customers are offered ATM services, access to internet banking and phone banking facilities and credit cards. In the light of these circumstances it seems pertinent towards service quality in commercial banks.

Objectives of Study

The objectives of the study are as follows

1. To study the socio economic status of the respondents.
2. To identify the factor inflecting customer rating of service quality.
3. To study the extent of utilization of banking services by customers.
4. To assess the quality of banking service.
5. To offer constructive suggestions for the improvement of Service provided by the banks

Scope of Study

The study aims to find out the customers perception towards service quality, Socio economic characters, factors influencing customer rating of services and utilization of baking services by customers.

Methodology

1. Area of study:

The study is conducted by taking the respondents from various branches of Public and Private sector Bank in Perambalur District only.

2. Sample size:

The sample size is taken for the study limit to 125respondents from various private and public sector banks.

3. Source of data

The study is based on primary data and secondary data are collected through questionnaire. Secondary were collected from books, journals, magazine, various bank official records and website also.

4. Tools for collection of data:

The questionnaire is the major tool used for the collection of primary data from the respondents. The first seven questions deals with the basic information about the as, Age, Sex, Education, Occupation etc. And other questions deal with the service quality rendered by Indian Overseas Bank.

5. Tools and Analysis

The data has been coded, edited and consolidated and then entered into master table. Next sub tables are prepared from the master table. For the purpose of analysis and interpretation of data, those following tools are used.

1. Chi- square analysis.
2. Five point scaling techniques.
3. Descriptive analysis or percentage analysis.

Limitations of the Study

- The study is limited only to 125 respondents.
 - The study is limited only to the area of Perambalur District
1. The study is limited only to the marketing aspect of Service rendered by the banks.

2. The study is limited to the collection of primary data and analyzing the level of service and does not deal with the secondary data of the banks.

Findings:

Reliability

Online reliability has been highly rated by the customers irrespective of the type of bank. The least rated parameter is quickness and promptness in handling the services, this rating holds good for all the types of banks. Another observation is that private sector banks are rated low for all the parameters and foreign banks are rated high for all the parameters in reliability.

Responsiveness

Customer support services provided by the banks remain the highest responsiveness dimension. With respect to waiting time for the services, private banks holds the first place followed by foreign and public sector banks.

Assurance

Public sector banks are rated high for the knowledgeable employees held within, while the assurance for the process execution time is least rated in case of private sector banks. Public sector banks show more credits towards the assurance factor compared to the foreign and private banks.

Tangibility

Central location of the banks and employees professional way of dressing is considered to be the top scorer in terms of Tangibility parameters.

Visual appearances of public sector banks rank highest, while both the private and public banks are considered at the next with same level scores.

Empathy

Bank employees' nature of willing to help customers is rated high in case of foreign banks, while showing sincere concern in solving customer problems related to bank operations remains the least in the case of public sector banks

Findings from Banker's Perception on Service Quality

All the three types of banks public, private and foreign banks perceive that they are good in all the five dimensions of service quality namely reliability, empathy, responsiveness, tangibility and assurance

Two things customers should appreciate in bank

In Public sector banks, honest, disciplined and trustworthy employees, reasonable interest rates, high employee understanding levels are the three things that was highlighted.

In Private Banks, friendly employees, reasonable interest rates and simple loan procedure are the three top things that need appreciation by customers.

Top two challenges faced to deliver services as expected by customers

Public sector banks face big challenge in providing Quick Service, handling customer attitude and difficulty in communicating with customers.

Private sector banks face challenges in Quick Service, making customers understand rules and regulations, and convincing customers in loan sanctioning and Recovery of loans.

Suggestions to improve the Bank services according to Bankers

Public sector banks suggest: increase human resources, hire skilled and young staff, and bringing technological improvements Private sector bank employees suggest: Recruit employees who are well versed in local language, Increase number of branch nation-wide including rural areas, Improvement in technology and infrastructure.

Suggestion

Most of the modernized services have not yet reached the branches of banks in this taluk. The banks can take steps to modernize their branches with computers and internet to enable the customers to get quality services.

Slow service rendered by the staff is a major hindrance in the taluk. This can be minimized if advanced technological tools are used. Computers and online services may be provided to the bank branches so that the time taken by staff for providing services is minimized.

Customers feel that the time taken by them for withdrawal of cash and depositing cash are more than that is prescribed in the notice boards of the banks. If modernized machines and tools are used, the time taken for withdrawal and deposits will be minimized.

Suitable changes in bank timings may be made so that the customers can get the benefit of withdrawal and deposits as and when required. In metro cities and in many major cities, 24 hours banking have come into existence. Similar facilities can be extended to certain bank branches. On-line clearing facility may be extended to the bank branches in this taluk so that the delay in clearing cheques is minimized. Sometimes the delay is abnormal and the customers have to wait for more than 20 days. Hence steps may be taken to provide quick cheque clearing activity.

Pricing for the services should be fixed in a reasonable manner. Arbitrary pricing methods with higher cost of service may prove to be disadvantageous to the banks. The customers may have to go in for other options available in the marketing environment. Banks in Perambalur area should provide services to the diverse population in rural and urban areas, with different occupation and sources, with various economic backgrounds, and levels of education.

Increasing the number of delivery channels like, Credit Card, Debit Card, ATM, Anywhere Banking, Multiple Delivery Channels, Single Window Service, Mobile Banking, Phone Banking, E- banking and service at the door steps would go a long way in improving the customer satisfaction and also in increasing the number of customers and the businesses of banks .To understand the customers' needs and their grievances, to help them in opening an account for new clients, a "May I Help You" counter can be created by the banks. During the peak hours of business, to carry out the services of the customers whose work may take much time, token system can be provided. The customers can also be informed in advance exactly when the bank employees will be attending to their service needs.

Conclusion

The value of services provided should be measured in terms of quality and quantity. It is also to be noted that many customers certainly did not find customer relations easily accessible. For minimizing this problem customer feedback methods may be followed. With better understanding of customers' perceptions, the banks can determine the best actions required to meet the customers' needs. They

can understand their own strengths and weaknesses, identify opportunities and chart out proper avenues for further progress and improvement.

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