



EVALUATION OF SERVICE DELIVERY INFLUENCE ON CUSTOMER SATISFACTION TOWARDS BANKING SERVICES – A COMPARATIVE STUDY

A. Sateesh* Prof. B. Krishna Reddy (Retd) **

**Sri Krishnadevaraya Institute of Management, Sri Krishnadevaraya University Ananthapuramu, Andhra Pradesh State.*

***Former Dean, Faculty of Commerce & Management, Sri Krishnadevaraya Institute of Management Sri Krishnadevaraya University, Ananthapuramu, Andhra Pradesh State.*

Abstract

The service delivery mechanism is one of the important dimensions in overall service quality. The success of service delivery in the present era depends on use of advanced technology, critical evaluation of customer expectations and providing the best quality in the performance to ensure that the customer is satisfied. Keeping in view of the significance of customer satisfaction and its influence towards the success of banks, the present study is an attempt to understand and evaluate the service delivery of select banks and its influence on customer satisfaction. The study is based on secondary data obtained from the annual reports, sales reports of select banks.

Key Words: *CPGRS, E-Banking, NBFC, NEFT, RTGS, Service Quality*

1. Introduction

To succeed in today's market, banks should consider fundamentally reshaping value propositions and improve its service delivery to achieve customer satisfaction.

The ultimate target of a customer is to derive satisfaction from any amount spent on a commodity or service. The producer should ensure that the customer is influenced enough for a re-purchase to occur. Therefore while customer service is seen by Webster (2004) as the activities that are planned and executed in the interest or directed at a customer intended to make the customer satisfied for a continuous union", customer satisfaction is seen by Harrell and Frazier (2007) as "a customer's positive, neutral, or negative feeling about the value she/he received as a result of using a particular organization's offering in specific use situations" Herington et al. (2006) also indicate that satisfaction is merely a step towards the goal of customer retention, and that retention effects increase with the degree of satisfaction. In all these situations there is the element of expectation, which influences both sides of the service coin.

2. Conceptual overview of Service Delivery

Bank service delivery is concerned with the provision of quality services to customers. Obviously, one of the factors that separate competitors (banks) from the other (other banks) in the Nigerian banking industry is their level of services delivery. This is because service delivery determines the level of customers' satisfaction and consequently, the customer patronage of any bank. The patronage by customers on the service delivered by a given Bank, no doubt is a function of the satisfaction they so derive from it. Satisfaction in relation to bank service delivery is the customers' evaluation of the service in terms of whether that service met their needs and expectations (Babatunde and Olukemi, 2012). Happy and satisfied customers behave in a positive manner.



The effect of service delivery by banks and the satisfaction derivable by the customers are becoming perceptible. Given that the contemporary customers are more informed than ever before, Leboeuf (1987) posited that meeting their expectation as regards satisfaction is increasingly becoming more difficult.

3. Significance of Service Delivery in Banking

Technological innovations in the service industries enabled the organizations to deliver services efficiently and effectively. Due to the innovation in the service delivery methods, new ways of businesses are introduced throughout the world. Service industries e.g. transport, wholesalers, retailers, dealers, manufacturing, trading etc. are bringing innovations in the services by adopting the latest technology. The main purpose behind adopting the technology is to improve the service quality (Tether, Miles, Blind, Hipp, Christiana, Karlsruhe, Liso and Cainelli, 2001).

The usage of information technology in the service sector has got prior importance because of the time and cost efficiency factors that are linked with the technology. In Banking sector technological innovations are taking the shape of trend as the whole sector is making huge investments in technology in order to gain customer satisfaction and to build strong reputation among the customers. In order to survive in this competitive environment technological innovations are very important (Joseph, McClure and Joseph, 1999). Technological innovations are also necessary because they improve the service quality and service quality is an important aspect of any organization. Service quality is evasive and is not distinguished clearly, but high quality service provision is the target that every organization wants to achieve. Providing particular specification for quality services is not an easy task because services are intangible.

Banking sector is shifting from manual area to technology because of technological shift. Manual banking services demands much time and employee effort; in contrast, technological innovations have reduced the time and manual efforts. As banking sector is the one of the busiest sector in the world so more manpower is required to bring the efficiency in the services. Technological innovations however do not require manpower and has improved the efficiency of the services. In manual services customers have to wait for long time in queues which reduces the efficiency of service delivery and much time is required to deliver a service.

Technological innovations brought fastest ways to deliver a service and in return got the high service quality and customer satisfaction (Zeithmal, parasuraman and Malhotra, 2000). Service organizations are mostly customer oriented and to survive in this competition they need to deliver high quality services. In the banking sector profitability is directly proportional to the high quality service delivery. So, it is important to monitor and enhance the services to bring improvements and deliver services efficiently.

One of the technological innovations which have really contributed in the information technology is internet and it has created revolution in the world. Internet adoption in the service sector has reduced the time, communication and distance constraints. Evolution of internet have also enforced financial sector to review their performances and bring information technology in the sector. Revolutionary wave of internet has also enforced banking sector to improve their performance and increase the service efficiency. Dynamic changes in the global economic and cultural environment have motivated the banks to assess technology and the strategies of internet banking (Khan and Mahaputra, 2009).



4. Objectives and Methodology

The study focuses on the following objectives:

- a. to study the service delivery initiatives of State Bank of India towards customer satisfaction.
- b. to analyze the service delivery initiatives of Union Bank of India towards customer satisfaction.
- c. to evaluate the emerging dynamics in service delivery of banks in India.

The study is based on secondary data sources.

The required secondary data is obtained from annual reports of select banks, IBEF reports, journals, articles and web references.

5. Service Delivery initiatives of State Bank of India

State Bank of India was incorporated on 1st JULY after Government of India has nationalized the Imperial Bank of India in the year 1995 with RBI taking 60 % stake, name was changed to State bank of India. The bank is the largest state owned banking and financial services company in India. The bank provides banking services to the customers, through its subsidiaries, provides a range of financial services, which include life insurance, merchant banking, mutual funds, credit card, factoring, security trading, pension fund management and primary dealership in the money market.

SBI has been incorporating technological advancements to improve its back-end processes which in turn are helping to deliver more efficient customer service. SBI Bank has reengineered its internal processes to improve risk management and encourage growth. Transaction banking within the bank uses a technology driven platform that offers comprehensive transaction products and solutions to clients. SBI Bank has emerged as a Technology Driven Platform for straight through processing of bulk transactions of Corporate & Governments. During the year, Bank has on boarded prestigious clients like Railways, Department of Post, State Govt. like MP and Chhattisgarh, Mandate clients like India Bulls, Religare, Tech Process, Bajaj Finserv etc. to earn fee income and reduce work load on branches and VAN based cash, cheque and e-collections (NEFT, RTGS, INB). Clients using SBI's transaction products also include financial Institutions such as non-banking financial companies (NBFCs), insurance companies, banks, mutual funds and SMEs, to support their fund management requirements with transaction banking solutions.

Recently, SBI Bank has expanded its collection related solutions based on virtual account numbers, in order to maintain its leadership in cash management solutions in the Indian market. Today, SBI's payment services stand out, not only for their comprehensiveness of end-to-end solutions for users, but also because of the wide variety of users. In order to provide seamless online experience, SBI Bank is offering diverse digital banking services to 681.32 lakh retail users, 26.05 lakh corporate users, 54.24 crore debit cards customers and providing mobile app in 9 regional languages (Gujarati, Marathi, Telugu, Tamil, Kannada, Malayalam, Punjabi, Odiya and Bangla). SBI Bank has introduced many new services like Real Time Demand Loan for e-Commerce Transactions; Pre-Approved Merchant Loan; Integration with Merchants in the UPI Platform for providing financial services through online and QR Applications; EMI@POS functionality; National Common Mobility Rupay Cards on qSparc specification to ensure seamless mobility to commuters across the country.

New developments like YONO Cash, Metro projects in effecting payments to the merchants, EMI on SBI debit cards on Pinelabs managed terminals are other initiatives which have shown further adoption of latest technology in order to enhance customer satisfaction. SBI has launched various functionalities around Debit Cards such as launch of NCMC compliant RuPay Card, RuPay JCB (for international conveniences), usage of RuPay Card in Bhutan and launch of MasterCard World for premier customers.



In Co-branded Debit Card, SBI Bank has launched SBI IOCL Co-branded Debit Card for digitizing fuel transactions and tied up with Madurai Kamaraj University for launching Co-branded Combo Debit Card. SBI Bank has ensured safety and security of SBI Debit Card transactions by providing Switch On/Off facility for enabling and disabling SBI International / Domestic / ATM / PoS & e-Com transactions through Internet Banking, YONO & YONO Lite and SBI Quick App, etc. All these initiatives have made State Bank of India a market leader in terms of share in Debit Card spends, which is at a high of 29.42% as per latest available data. With approximately 27.81 crore actively used Debit Cards as on 31st March 2020, State Bank of India continues to lead in Debit Card issuance in the country. SBI is number 3 in terms of POS terminals deployed in the country with 6.72 lakh terminals (13.43% market share) as on March 2020. Besides, SBI Bank has issued more than 15 lakh SBI FASTags to customers.

Consequently, toll transactions through SBI FASTags have crossed 441 lakhs with a total transaction amount of over ` 722 crore as on 31st March 2020 during the FY2020. SBI Bank has on boarded State Road Transport Corporations in Uttar Pradesh, Punjab, Uttarakhand, Odisha, Tamil Nadu, Karnataka and West Bengal for FASTag related services. Furthermore, in order to enhance FI and add customer convenience following new facilities including Bill Payment through FI channel (BBPS), Door Step banking and Aadhaar data vault in BC channel, among others were introduced during the year. You will be glad to know that keeping pace with rapid digitalization in SBI, the Internal Audit function has also initiated technological interventions for providing enhanced efficiency and effectiveness through system driven and analytics-based audits. SBI Bank has a dedicated state of the art Innovation development, collaboration and experience cell to try and test innovative ideas in the Banking field. This cell oversees the Banks' Start-Ups Engagement Program, Hackathon / Crowd Sourcing and Intrapreneurship Scheme, which aims at extending collaboration, incubation and on boarding scheme of the Bank to its own employees for implementing their ideas/ concepts or products in a focused internal environment.

6. Service Delivery in Canara Bank

Canara Bank was established in 1906 by Shri Ammembal Subba Rao Pai at Mangalore in India. The founder of the bank Shri Ammembal Subba Rao Pai was a great visionary who sensed the need of a bank in Mangalore which in those days was a small port in Karnataka. Having successfully developed over the years as a major financial conglomerate of the country Canara Bank today holds an unmatched reputation especially in South India. Known for its diverse product portfolio and excellent services and facilities Canara Bank has achieved several milestones in the financial sector in India. Personal Banking, Corporate Banking, NRI Banking and Priority & SME Credit are some of the important functions provided by the bank.

i. Personal Banking

Canara Bank India provides Personal Banking services such as: Loans, Home Loan, Life Insurance, Canara Global credit Cards, Canara champ deposit scheme, Personal Loan, Loan against Property, General Insurance, Canara premium current account, SB gold scheme, Canara super savings salary account scheme, CANARA ROBECO Mutual Fund Products and Overdrafts

ii. Corporate Banking

Canara Bank provides par excellence services in Corporate Banking as well. These include: Syndication Services, IPO Monitoring Activity, Merchant Banking Services, Accounts & Deposits, Cash Management Services, Loans & Advances, TUF Schemes, Canara electronic Tax. Apart from these, the Canara Bank also has exciting offers and packages for NRIs.

iii. Car Loans



The car loans by the Canara Bank are offered for buying new or used four wheelers. The loans are given to the salaried people with regular income and those who have the capacity to repay the loan amount. Corporate firms and business people are eligible for car loans. For new car loans, there is no ceiling on the loan amount. For the used cars, the bank offers finance for the cars that are older than 5 years.

iv. Home Loans

Canara Bank Home Loans are provided for the purchase or construction of houses and flats. The bank also offers loans for the renovation and furnishing of the existing house or flat. Loan amount subject to the maximum of ` 1,00,00,000 is provided to the customers. For site loans, the amount should be repaid within a period of 5 to 10 years. For other loans, the loan amount can be repaid with in 5 to 20 years. Canara Bank Home Loans are also offered for the purchase or construction of companies or corporations.

v. Education Loans

The educational loans by Canara Bank are provided to the meritorious students and the needy students. The funds are offered to the Indian students only. The loans are granted for pursuing graduate courses, professional courses and technical courses. Finance is provided by the Canara Bank for advanced studies abroad as well. The education loans are offered for the payment of fees, purchase of educational equipment and books. For study in India, the maximum loan amount that is provided is ` 7.50 lacs and for studies abroad , the ceiling is Rs.15 lacs. The loan amount needs to be repaid within 5 to 7 years.

vi. Personal Loans

Personal loans are offered by Canara Bank to fulfill various personal needs of the customers. The personal loans are provided to all who have the ability to repay the loan amount.

Canara Bank has significantly stepped up alternate delivery channels, as a result of which the e-transaction ratio stood at 73.92% as at March 2020. The number of registered users under Mobile Banking rose 93.21% y.o.y to 42.24 lakhs and Net Banking users increased by 76.76% y.o.y to 109.35 lakhs as at March 2020. Several important digital initiatives were taken by the Bank to improve customer service. This includes:

1. Canara DiYA - an instant online account opening application (App/Browser) without visiting branch. CANDI - paperless, digital branch, without human intervention. Customer can open Account through Kiosk & get Instant Personalized debit card, Digital Challan etc.
2. Canara Recovery mobile app - for employees to recover Special Mention Accounts, NPA and Overdue accounts.
3. New Packages for handling Government Business - Pension, Kisan Vikas Patra, Senior Citizen Savings.

vi. Digital Banking & Alternate Delivery Channels

In an age of information and technology, Canara Bank recognizes the changing needs of the customers and caters to the need of young demographic base of the country. Thus, Canara Bank gives thrust on digital foot prints and enhanced delivery channels. As of March 2020, Canara Bank has 8850 ATMs. Besides the Bank has, 177 hi-tech E-lounges operational in select branches. As a result of such alternate delivery channels adopted by the Bank, the e-transaction ratio stood at 73.92% as at March 2020. The number of registered users under Mobile Banking is at 42.24 lakhs, up by 93.21% Y.O.Y and Net Banking users increased to 109.35 lakhs, up by 76.76% y.o.y as at March 2020. Digital Branch - CANDI, was opened at Chandigarh, Indore & Pune during the year along with existing branches at



Bangalore, Chennai, Delhi and Mumbai, with fully automated facilities and robotic assistance for customers to open accounts and do transactions themselves.

Customers are the nerve centres of any business. Several initiatives were taken to remain customer focused through providing fast service, bringing in diversified products & services, responding to customers' queries and redressal of customer complaints. To assess the quality of customer service rendered by the branches and to get the feedback, "Grievance Redressal - At Canara Bank we love to listen" and a "Customer Satisfaction Survey Form" were made available in the Bank's website.

As per the Damodaran Committee recommendations, the Bank has appointed a Chief Customer Service Officer (CCSO), who acts as an Internal Ombudsman of the Bank. In order to enhance customer convenience, Bank has popularized 24/7 Self Service Functions on IVRS (Missed Call facility) for various services like Balance enquiry, Mini Statement (last 5 transactions), Hot Listing of Cards etc. The Bank has implemented online grievance redressal facility of customers in the website for lodging grievances online under the portal Canara Public Grievance Redressal System (CPGRS). Major impact of the Bank initiatives is the delivery of the products to its customers. The major deliverables are: The Bank has provided Basic Savings Deposit accounts to 5.67 lakh unbanked people during the year 2019-20, 178.51 lakh BSBD accounts are outstanding with a CASA balance of `6119 Cr.

All the 903 FI branches have garnered business of ` 24289 Crores. The CASA component of Financial Inclusion branches stood at 26.67% or `6479 Crores. Average business per FI branch is `26.89 Crores. The unbanked rural people are provided with basic Savings Deposit accounts, PMJDY overdraft facilities, and credit facilities under products like Differential Rate of Interest Scheme, Kisan Credit Card Scheme, Debt Swapping Scheme, SHG and various other credit products. The Bank has implemented social security schemes successfully during the year 2019-20. 52,69,469 lakh enrolments have been done under both Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) & Pradhan Mantri Suraksha Bima Yojana (PMSBY). Under Atal Pension Yojana (APY) 386957 accounts were mobilized. 15211 accounts have been opened under Sukanya Samriddhi Yojana.

7. Emerging dynamics in Service Delivery in Indian Banking

As per the new guidelines of Finance Ministry, the banks are extended to provide the following services for effective service delivery. These include pick up of cheques, demand drafts, pay orders, etc., new cheque book requisition slip, 15G / 15H forms, IT / GST challan, issue request for standing instructions, and request for account statement. Customer can also avail delivery of non-personalised cheque book, demand draft, pay order, delivery of term deposit receipt, acknowledgement, etc, of TDS/Form 16 certificate issuance and pre-paid instrument or gift card.

Customers of public sector banks can avail doorstep banking services by placing a request through the customer care or a mobile app called Doorstep Banking(DSB), which is currently available on the Google Play store. Customers can also track their service request through these channels. Customers of all public sector banks can avail doorstep banking services. These include State Bank of India, Bank of India, Bank of Maharashtra, Central Bank of India, Indian Bank, Indian overseas Bank, Punjab & Sind bank, UCO Bank, Bank of Baroda (which includes Vijaya Bank and Dena Bank), Canara Bank (which includes Syndicate Bank), Punjab National Bank (which includes Oriental Bank and United Bank) and Union Bank, which includes Andhra Bank and Corporation Bank).



8. Conclusions

The study on service delivery reveals that, the efficiency in service delivery of banks is significantly influencing the customer satisfaction. Further, the satisfaction of the customers depends on the quality of service delivery made by the banks. The study reveals that, technology has significantly transferred the service delivery of Indian banks. The study on service delivery in State Bank of India reveals that SBI has been utilizing the state of the art technology in increasing its add on services. The services of bank reveal that for EMI, FASTag, debit and credit card services were been made more efficient to give satisfaction to the customers. The study on Canara bank reveals that, customers are focused through implementing CPGRS with a view to evaluate the problems in service delivery. The social security measures are provided by Canara bank and the enrolment has been increased with regard to PMJBY, PMSBY and APY schemes.

References

1. Hinson R. (2004). Marketing of Services: A Managerial Perspective. Sedco-Longman Lovelock,
2. C. H. (2007) Services Marketing: New Jersey: Prentice Hall.
3. Parasuarman A. Berry, L. L. Zeithaml, V.A (1991). Refinement and Reassessment of the SERVQUAL Scale, Journal of Retailing. 61- 67 (4).
4. Zeithaml V. A., and Binter, M.J (2003). Services Marketing: Integrating Customer Focus Across the Firm. (3rd edn.), New York: McGraw-Hill.
5. Gronroos, C. (2007). Service Management and Marketing: Customer Management in Service Competition. (3rd ed.) Chichester: John Wiley and Sons Ltd.
6. Asandei Mihaela & Micuda Dan, 2011. "The Importance of the Service Delivery Process in Achieving High Customer Satisfaction in Banking Services Industry," Ovidius University Annals, Economic Sciences Series, Ovidius University of Constantza, Faculty of Economic Sciences, vol. 0(1), pages 115-119.
7. <https://www.capitalmarket.com/Company-Information/Information/About-Company/State-Bank-of-India/1375>
8. Palmer, A. (2005). Principles of Services Marketing. New Jersey: McGraw Hill. Pp 87.
9. <https://nairaproject.com/projects/734.html>
10. <https://www.thenewsminute.com/article/doorstep-banking-services-launched-public-sector-banks-5-things-know-132749>.