



CUSTOMER'S PERCEPTION ON SERVICE QUALITY IN PUBLIC SECTOR BANKS IN TIRUPUR DISTRICT, TAMIL NADU

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Abstract

With an increasing competition, the importance of quality services in banking has gained paramount importance. To survive, banks will have to rethink their strategies in delivering quality services to attract and hold customers. The service challenge involves developing new services that will meet customers' needs in a better manner improving the quality and the variety of existing services and finally, providing and distributing these economic services in a manner that best serves the customers. The correlation analysis shows that the service quality dimensions of tangible, reliability, empathy, assurance and responsiveness are moderately and positively correlated with customer's satisfaction of public sector banks. The public sector banks should improve employee's skill in providing services and their behaviour, physical facilities, accuracy, modern facilities, responsiveness to complaints and speed of providing services should be improved in consistent manner for making customers highly satisfied.

Key Words: Correlation, Customer's Satisfaction, Public Sector Banks, Service Quality.

Introduction

The banking system is referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day. The banking system in India should not only be hassle free but it should be able to meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit. The Banks are the main participants of the financial system in India.

With an increasing competition, the importance of quality services in banking has gained paramount importance. To survive, banks will have to rethink their strategies in delivering quality services to attract and hold customers. The service challenge involves developing new services that will meet customers' needs in a better manner improving the quality and the variety of existing services and finally, providing and distributing these economic services in a manner that best serves the customers.

Now-a-days service quality has become one of the important determinants in measuring the success of banking industry. Banking institutions have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits. At the same time, several banking institutions are experiencing increasing level of retail customer dissatisfaction. The customer dissatisfaction is still the major reason of bank customers' switch to other banks.

In this era of mature and intense competitive pressures, it is imperative those banks maintain a loyal customer base. In order to achieve this and improve their market and profit positions, many retail banks are directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. In the present competitive Indian banking context, characterized by rapid change and increasingly sophisticated customers, it has become very important that banks in India determine the service quality factors which are pertinent to the customers' selection process. Therefore, the present research is attempted to study customer's perception on service quality in public sector banks in Tirupur district, Tamil Nadu.

Methodology

Among the different districts in Tamil Nadu, the Tirupur district has been purposively selected for the present study. The top five public sector banks such as the Indian Overseas Bank, the State Bank of India, the Indian Bank, the Corporation Bank and the Syndicate Bank have been selected based on the number of branches in Tirupur district. The 600 customers of public sector banks have been selected for the present study by adopting random sampling technique and the data and information pertain to the year 2014-2015. In order to examine the socio-economic profile of customers of public sector banks, the frequency and percentage analysis have been carried out. The mean and standard deviation have worked out for customer's perception about service quality of public sector banks. In order to examine the difference between socio-economic profile of customers and their perception about service quality of public sector banks, the ANOVA (Analysis of Variance) has been



employed. The correlation analysis has been applied to study the relationship between service quality dimensions of public sector banks and customer's satisfaction.

Results and Discussion

Socio-Economic Profile of Customers of Public Sector Banks

The socio-economic profile of customers of public sector banks was analyzed and the results are presented in Table 1.

Table 1, Socio-Economic Profile of Customers

| Socio-Economic Profile | Frequency | Percentage |
|----------------------------------|-----------|------------|
| Gender | | |
| Male | 334 | 55.67 |
| Female | 266 | 44.33 |
| Age Group | | |
| Less than 20 years | 38 | 6.33 |
| 21 – 30 years | 142 | 23.67 |
| 31 – 40 years | 221 | 36.83 |
| 41 – 50 years | 135 | 22.50 |
| Above 50 years | 64 | 10.67 |
| Socio-Economic Profile | | |
| Educational Qualification | | |
| Illiterates | 95 | 15.83 |
| Secondary | 82 | 13.67 |
| Higher Secondary | 89 | 14.83 |
| Diploma | 51 | 8.50 |
| Under Graduation | 144 | 24.00 |
| Post Graduation | 117 | 19.50 |
| Professional | 22 | 3.67 |
| Occupation | | |
| Agriculturist | 108 | 18.00 |
| Government Employee | 185 | 30.83 |
| Private Employee | 115 | 19.17 |
| Businessman | 91 | 15.17 |
| Professional | 22 | 3.67 |
| Industrialist | 79 | 13.16 |
| Monthly Income | | |
| Below Rs.20,000 | 43 | 7.17 |
| Rs.20,001 – Rs.40,000 | 132 | 22.00 |
| Rs.40,001 - Rs.60,000 | 212 | 35.33 |
| Rs.60,001 – Rs.80,000 | 147 | 24.50 |
| Above Rs.80,000 | 66 | 11.00 |

The results show that about 55.67 per cent of customers of public sector banks are males and the rest of 44.33 per cent of customers of public sector banks are females. It is observed that about 36.83 per cent of customers of public sector banks belong to the age group of 31 – 40 years followed by 21 – 30 years (23.67 per cent), 41 – 50 years (22.50 per cent), above 50 years (10.67 per cent) and less than 20 years (6.33 per cent).

The results indicate that about 24.00 per cent of customers of public sector banks are under graduates followed by post graduates (19.50 per cent), illiterates (15.83 per cent), higher secondary (14.83 per cent), secondary (13.67 per cent), diploma (8.50 per cent) and professional (3.67 per cent). It is clear that about 30.83 per cent of customers of public sector banks are Government employees followed by private employees (19.17 per cent), agriculturist (18.00 per cent), businessman (15.17 per cent), industrialist (13.16 per cent) and professional (3.67 per cent). It is apparent that about 35.33 per cent of customers of public sector banks belong to the monthly income of Rs.40,001 - Rs.60,000 followed by Rs.60,001 – Rs.80,000 (24.50 per cent), Rs.20,001 – Rs.40,000 (22.00 per cent), above Rs.80,000 (11.00 per cent) and below Rs.20,000 (7.17 per cent).



Customer's Perception about Service Quality of Public Sector Banks

The customer's perception about service quality of public sector banks was analyzed and the results are hereunder presented.

Tangibility Dimension

The customer's perception about tangibility dimension of public sector banks was analyzed and the results are presented in Table 2.

Table- 2, Customer's Perception about Tangibility Dimension

| Tangibility Dimension | Mean Score | Standard Deviation |
|--|------------|--------------------|
| Employees have a neat, professional appearance | 3.41 | 0.95 |
| The bank has visually appealing material associated with the service | 3.67 | 0.74 |
| The facilities of bank are visually appealing | 3.68 | 0.91 |
| My records always come free of errors | 3.49 | 0.97 |
| Bank's communication facilities are good | 3.33 | 0.70 |
| The accessibility of bank is good | 3.66 | 0.89 |
| The working hours are suitable for customers | 3.69 | 0.73 |
| Bank has modern equipments | 3.45 | 0.87 |

The results show that the customers of public sector banks agreed that the bank has visually appealing material associated with the service, the facilities of bank are visually appealing, the accessibility of bank is good and the working hours are suitable for customers, while, they are neutral with employees have a neat, professional appearance, their records always come free of errors, bank's communication facilities are good and bank has modern equipments.

Reliability Dimension

The customer's perception about reliability dimension of public sector banks was analyzed and the results are presented in Table 3.

Table-3, Customer's Perception about Reliability Dimension

| Reliability Dimension | Mean Score | Standard Deviation |
|---|------------|--------------------|
| Bank employees provide services as promised | 3.69 | 0.85 |
| Bank employees are dependable in handling customer's service problems | 3.44 | 1.04 |
| Bank employees provide services at right time | 3.26 | 1.13 |
| Bank performs my service as I want | 3.43 | 1.00 |
| Bank offers fast and efficient service | 3.39 | 1.02 |

The results indicate that the customers of public sector banks agreed that the bank employees provide services as promised, while, they are neutral with bank employees are dependable in handling customer's service problems, bank employees provide services at right time, bank performs their service as they want and bank offers fast and efficient service.

Empathy Dimension

The customer's perception about empathy dimension of public sector banks was analyzed and the results are presented in Table 4.

Table -4, Customer's Perception about Empathy Dimension

| Empathy Dimension | Mean Score | Standard Deviation |
|---|------------|--------------------|
| Bank employees giving customers individual attention | 3.44 | 1.00 |
| Bank employees have the customer's best interest at heart | 3.33 | 1.10 |
| Bank employees deal with customers in a caring fashion | 3.39 | 1.05 |
| Bank employees understand the individual needs of their customers | 3.41 | 1.01 |
| I am always informed when my service is done | 3.36 | 1.03 |
| Bank has hours convenient to all customers | 3.69 | 0.86 |

It is clear that the customers of public sector banks agreed that the bank has hours convenient to all customers, while, they are neutral with Bank employees giving customers individual attention, Bank employees have the customer's best interest at heart, Bank employees deal with customers in a caring fashion, Bank employees understand the individual needs of their customers and they are always informed when their service is done.



ASSURANCE DIMENSION

The customer's perception about assurance dimension of public sector banks was analyzed and the results are presented in Table 5.

Table -5, Customer's Perception about Assurance Dimension

| Assurance Dimension | Mean Score | Standard Deviation |
|--|------------|--------------------|
| Bank employees make customers feel safe in their transaction | 3.91 | 0.98 |
| Bank employees instill confidence in customers | 3.48 | 0.98 |
| Bank employees have the knowledge to answer customer questions | 3.66 | 0.87 |
| Bank employees are consistently courteous | 3.40 | 1.01 |

It is observed that the customers of public sector banks agreed that the bank employees make customers feel safe in their transaction and bank employees have the knowledge to answer customer questions, while, they are neutral with bank employees instill confidence in customers and bank employees are consistently courteous.

Responsiveness Dimension

The customer's perception about responsiveness dimension of public sector banks was analyzed and the results are presented in Table 6.

Table- 6, Customer's Perception about Responsiveness Dimension

| Responsiveness Dimension | Mean Score | Standard Deviation |
|--|------------|--------------------|
| Bank employees are always willing to help customers | 3.42 | 1.01 |
| Bank employees are ready to respond to customers request | 3.66 | 0.83 |
| Bank employees are never too busy to respond to customer questions | 3.39 | 1.01 |
| Bank employees provide prompt service to customers | 3.44 | 0.99 |

It is apparent that the customers of public sector banks agreed that the bank employees are ready to respond to customers request, while, they are neutral with bank employees are always willing to help customers, bank employees are never too busy to respond to customer questions and bank employees provide prompt service to customers.

Difference between Socio-Economic Profile Of Customers And Their Perception About Service Quality Of Public Sector Banks

In order to examine the difference between socio-economic profile of customers and their perception about service quality of public sector banks, the ANOVA (Analysis of Variance) has been employed and the results are presented in Table 7.

Table 7, Difference between Socio-Economic Profile of Customers and Their Perception about Service Quality

| Particulars | F – Value | Sig. |
|--|-----------|------|
| Gender and Perception | 22.294 | .000 |
| Age Group and Perception | 6.510 | .000 |
| Educational Qualification and Perception | 8.906 | .000 |
| Occupation and Perception | 15.474 | .000 |
| Monthly Income and Perception | 4.912 | .001 |

The F-value of 22.294 is significant at one per cent level indicating that there is a significant difference between gender of customers of public sector banks and their perception about service quality of public sector banks. The F-value of 6.510 is significant at one per cent level indicating that there is a significant difference between age of customers of public sector banks and their perception about service quality of public sector banks.

The F-value of 8.906 is significant at one per cent level indicating that there is a significant difference between educational qualification of customers of public sector banks and their perception about service quality of public sector banks. The F-value of 15.474 is significant at one per cent level indicating that there is a significant difference between occupation of customers of public sector banks and their perception about service quality of public sector banks. The F-value of 4.912 is significant at one per cent level indicating that there is a significant difference between monthly income of customers of public sector banks and their perception about service quality of public sector banks. Hence, the null hypothesis of there is no significant difference between socio-economic profile of customers and their perception about service quality of public sector banks is rejected.



Customer's Satisfaction about Public Sector Banks

The customer's satisfaction about public sector banks was analyzed and the results are presented in Table 8.

Table - 8, Customer's Satisfaction about Public Sector Banks

| Customer's Satisfaction | Mean Score | Status |
|--|------------|----------------------|
| Employee's skill in providing services | 3.83 | Satisfied |
| Individual attention to customers | 3.15 | Moderately Satisfied |
| Behaviour of employees | 3.33 | Moderately Satisfied |
| Physical facilities | 3.99 | Satisfied |
| Safe transactions | 4.88 | Highly Satisfied |
| Operating hours | 4.81 | Highly Satisfied |
| Accuracy | 3.83 | Satisfied |
| Modern technologies | 3.86 | Satisfied |
| Responsiveness to the complaints | 3.29 | Moderately Satisfied |
| Speed of providing services | 3.84 | Satisfied |

The results show that the customers of public sector banks are highly satisfied with safe transactions and operating hours, while, they are satisfied with employee's skill in providing services, physical facilities, accuracy, modern technologies and speed of providing services. Meanwhile, they are moderately satisfied with individual attention to customers, behaviour of employees and responsiveness to the complaints.

Relationship between Service Quality Dimensions of Public Sector Banks and Customer's Satisfaction

The relationship between service quality dimensions of public sector banks and customer's satisfaction was analyzed by employing correlation analysis and the results are presented in Table 9.

Table -9, Relationship between Service Quality Dimensions of Private Sector Banks and Customer's Satisfaction

| | Tangible | Reliability | Empathy | Assurance | Responsiveness | Customer's Satisfaction |
|-------------------------|-------------|-------------|-------------|-------------|----------------|-------------------------|
| Tangible | 1.00 | | | | | |
| Reliability | 0.32** | 1.00 | | | | |
| Empathy | 0.40** | 0.40** | 1.00 | | | |
| Assurance | 0.37** | 0.42** | 0.43** | 1.00 | | |
| Responsiveness | 0.40** | 0.44** | 0.42** | 0.45** | 1.00 | |
| Customer's Satisfaction | 0.58** | 0.57** | 0.55** | 0.60** | 0.59** | 1.00 |

Note: ** indicates significance at one per cent level

The results show that the correlation co-efficient between tangible dimension and customer's satisfaction is 0.58, which is moderately and positively associated with each other at one per cent level of significance. The reliability dimension and customer's satisfaction is moderately and positively correlated with each other with the value of 0.57, which is significant at one per cent level of significance.

The results indicate that the correlation co-efficient between empathy dimension and customer's satisfaction is 0.55, which is moderately and positively associated with each other at one per cent level of significance. The assurance dimension and customer's satisfaction is moderately and positively correlated with each other with the value of 0.60, which is significant at one per cent level of significance.

The results show that the correlation co-efficient between responsiveness dimension and customer's satisfaction is 0.59, which is moderately and positively associated with each other at one per cent level of significance. The analysis reveals that there is a significant and positive relationship between service quality dimensions of public sector banks and customer's satisfaction. Hence, the null hypothesis of there is no significant relationship between service quality dimensions of public sector banks and customer's satisfaction is rejected.



Conclusion

The foregoing analysis reveals that majority of the customers of public sector banks are males and most of the customers of public sector banks belong to the age group of 31 – 40 years. Majority of the customers of public sector banks are under graduates and most of the customers of public sector banks are Government employees. Majority of customers of public sector banks belong to the monthly income of Rs.40,001 - Rs.60,000.

Among tangibility dimension, the customers of public sector banks are agreed with the bank has visually appealing material associated with the service, the facilities of bank are visually appealing, the accessibility of bank is good and the working hours are suitable for customers. Among reliability dimension, the customers of public sector banks are agreed with bank employees provide services as promised.

Among empathy dimension, the customers of public sector banks are agreed with bank has hours convenient to all customers. Among assurance dimension, the customers of public sector banks are agreed with bank employees make customers feel safe in their transaction and bank employees have the knowledge to answer customer questions. Among responsiveness dimension, the customers of public sector banks are agreed with bank employees are ready to respond to customers request.

The customers of public sector banks are highly satisfied with safe transactions and operating hours and they are satisfied with employee's skill in providing services, physical facilities, accuracy, modern technologies and speed of providing services. The correlation analysis shows that the service quality dimensions of tangible, reliability, empathy, assurance and responsiveness are moderately and positively correlated with customer's satisfaction of public sector banks.

The public sector banks should improve services of new products, time taken for work, redressal of complaints, employees' response, information network, technology, instructions and grouping of services. The employees of public sector banks should have a neat, professional appearance. Besides, the records of customers should be maintained free of errors and banks should have good communication facilities. Banks must have effective modern equipments.

The employees of public sector banks should be dependable in handling customer's service problems and they must provide services at right time. The public sector banks should offer fast and efficient services as required by the customers. The employees of public sector banks must give customers individual attention and they should have the customer's best interest at heart. The bank employees should deal with customers in a caring fashion and they must understand the individual needs of their customers. Meanwhile, the customers should be informed by bank employees when their service is done.

The employees of public sector should instill confidence in customers and the most consistently courteous with customers. The employees of public sector banks should always be willing to help customers and they should provide prompt service to customers. The public sector banks should improve employee's skill in providing services and their behaviour, physical facilities, accuracy, modern facilities, responsiveness to complaints and speed of providing services should be improved in consistent manner for making customers highly satisfied.

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