



RECITAL ON SERVICE QUALITY IN COMMERCIAL BANKS – A STUDY WITH REFERENCE IN SIVAKASI

Dr. J. VIMAL PRIYAN

*Head, Department of Commerce, Sri Vidya College of Arts & Science,
Virudhunagar, Tamilnadu*

ABSTRACT

This article analysis new competitive environment and globalised trading practices, the marketing of financial services assumed greater significance. Today's financial services market requires new strategies to survive and continue to operate. Quality is especially important in the banking sector because duplication of products and services is relatively easy. Further differentiation of product is difficult. The banks have diversified their activities with a prime reason of increasing their profitability. The most important is the impact on improved customer service and overall efficiency of the bank as a whole.

KEY WORDS: service, customer, inventions, financial quality.

INTRODUCTION

The service industry has always been a vital component of all economics. The overall growth of the economy is now so much dependent on the service sector. The pace of productivity and growth in services becomes critically important. Banking is a service industry. Among the services, the banking sector occupies a pivotal position. The focus point in any service organisation is “customer service” more so in the banking industry. The survival of banking business is dependent on customer services. Peter Drucker said twenty five years ago, “the purpose of a business is to attract and retain a customer”. Customer is the boss in banking business. “Service to customer is service to god” is no more a myth but turned out to be a reality”.

Once good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business. Increasingly banks took efforts for service excellence. Services should be designed to ensure that customers are not just satisfied but ‘delighted’ with what they do for them. This can be done by putting the customers at the “Centre of everything we do every time”.

Quality is especially important in the banking sector because duplication of products and services is relatively easy. Further differentiation of product is difficult. Thus, quality becomes the only differentiator and the key to continuing success. All quality improvement at a bank must have the customer as the focal point and as such customer satisfaction is a good determinant of the quality of services provided by a bank.

STATEMENT OF THE PROBLEM

Banks are faced with a major challenge of competition and greater awareness among the customers and their increased demands for special services. Generally, the quality of the service depends on how it is offered and how far it satisfies the needs of the customers. Moreover the overall perception of service quality is based on the customers' evaluation of the two dimensions of the service counter. They are 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.

SCOPE OF THE STUDY

In today's world of fierce competition, the banker introduces innovative schemes and services to attract valuable clients. A bank which renders the services more efficiently to a customer normally wins the race.

OBJECTIVES OF THE STUDY

The researcher has framed the following objectives for her study :

- ❖ To bring out the various services rendered by the banks.
- ❖ To review the product quality offered by the banks.

HYPOTHESES

To fulfil the objectives of the study, the researcher has framed the following hypotheses:

- ❖ The time taken in opening of an account is less.
- ❖ The service fee charged by the bank is quite nominal.

SAMPLING DESIGN

- ❖ The study is focused on commercial banks since they command a major share in the total banking operations. In the study area, there are 15 public sector and 8 private sector commercial banks. To make the study comprehensive and to provide generalizations, only three public sector commercial banks and three private sector commercial banks are selected for the investigation.
- ❖ Likewise, the perception of the quality of banking service of the customer is identified. Since the bank customers are infinite in number, the researcher has selected only 120 customers (20 customers from each bank). To have different view points, the customer group is categorized as business people, professionals, Government employees and private employees. Therefore, the systematic convenient sampling has been used.

STATISTICAL DESIGN

The researcher has used the following statistical tools for analyzing and interpreting data.

- ❖ Data presentation
 - Table
 - Chart
- ❖ Data analysis
 - Weighted Arithmetic Mean
- ❖ Testing Hypothesis

- Chi-Square Test

TECHNICAL QUALITY OF THE BANKS

Banking services are intangible in nature. In most of the financial services, service offered is only what the customer experiences. The service quality satisfaction is the outcome of the resources and activities expanded to offer services against the expectations of users from the same. It is also opined that the service quality can be broken into technical quality and functional quality, for the purpose of improving the levels of the quality of services that the bank offer. The technical measures draw attention on the inventions and innovations in the field of technologies that help to improve the quality of services. It focuses on the use of technology or prefers to have a technology - driven service. It means the ability of the bank to satisfy the customer’s requirements and needs to the fullest extent. In this chapter, the researcher has thrown light on various facets of the technical quality of the banks.

TYPES OF ACCOUNT

The banks have introduced so many deposit schemes to attract the customers. But the researcher has concentrated only on savings account, current account and Fixed deposits. The list of account holder is presented in the following table 1.

TABLE 1
TYPES OF ACCOUNT

S.No.	Type	No. of Respondents						Total
		SBI	IOB	CB	TMB	ICICI	KVB	
1.	Savings Account	15 (16.1)	9 (9.7)	13 (13.9)	18 (19.4)	20 (21.5)	18 (19.4)	93 (100)
2.	Current Account	6 (27.3)	8 (36.3)	2 (9.1)	4 (18.2)	-	2 (9.1)	22 (100)
3.	Fixed Deposits	5 (27.8)	3 (16.6)	5 (27.8)	5 (27.8)	-	-	18 (100)

Source : Primary Data

Note : 1. Figures in brackets represent percentage to total

2. Some of the customers selected more than one option

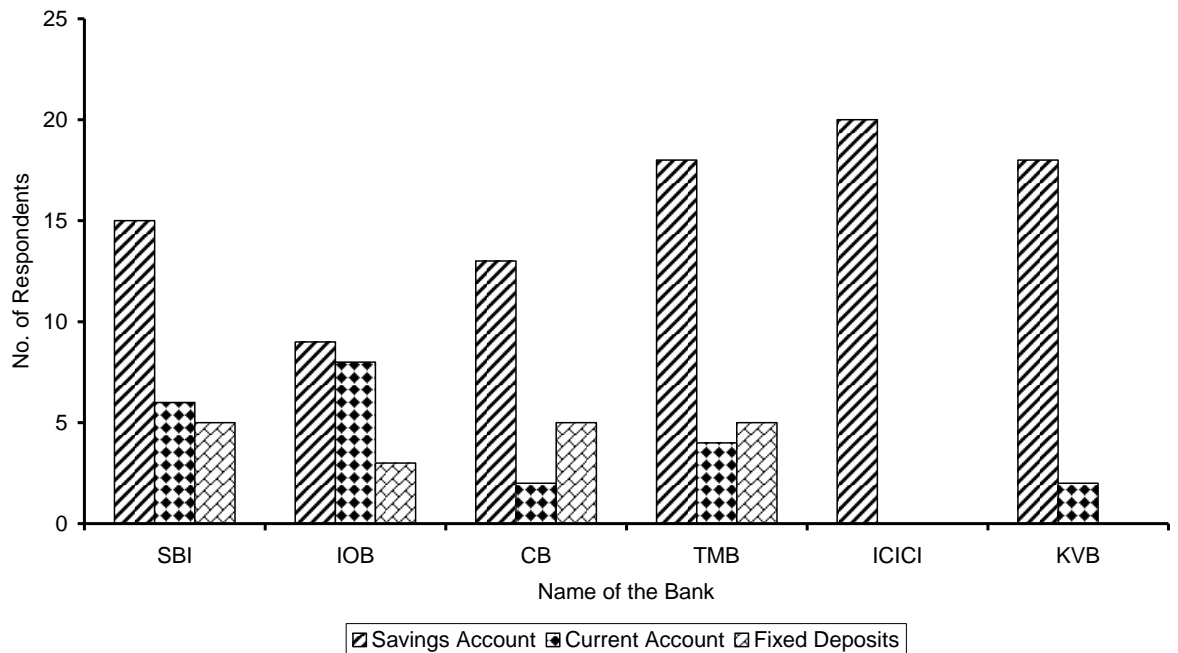
It is known from the table that among 120 customers interviewed, 93 of them hold savings account. Out of which, 16.1 per cent of them maintain savings account in SBI, 9.7 per cent in IOB, 13.9 per cent in CB, 19.4 per cent in TMB, 21.5 per cent in ICICI and the remaining 19.4 per cent of customers uphold savings account in KVB. As regard with the current account, 6 customers have current account in SBI, 8 customers in IOB, 2 customers in CB, 4 customers in TMB and balance 2 customers are holding current account in KVB. Out of 18 fixed deposit holders, 5 customers hold fixed deposits in SBI, 3 customers in IOB, 5 customers in CB and the remaining 5 of them keep their fixed deposits in TMB.

It can be inferred from the table that ICICI is quite popular for savings account and IOB is attracting more funds towards current accounts. For fixed deposit accounts, SBI, CB and TMB have gained equal popularity.

The types of account maintained by the respondents are depicted by means of bar chart 1.

CHART 1

TYPES OF ACCOUNT



The researcher wants to study how the services of the banks reached the various categories of people. So the following table is used to enrich the knowledge of the researcher.

ACCORDING TO OCCUPATION

Occupation factor decides the types of account to be opened with the bank. This fact is highlighted in the following table 2.

TABLE 2

**TYPES OF ACCOUNT (Occupation Wise)
Savings Account**

Occupation	No. of Respondents					
	SBI	IOB	CB	TMB	ICICI	KVB
Business	2 (13.3)	-	4 (30.8)	2 (11.1)	6 (30)	3 (16.7)
Profession	2 (13.3)	5 (55.6)	4 (30.8)	9 (50)	3 (15)	3 (16.7)
Government Employee	8 (53.4)	3 (33.3)	5 (38.4)	3 (16.7)	2 (10)	2 (11.1)
Private Employee	3 (20)	1 (11.1)	-	4 (22.2)	9 (45)	10 (55.5)
Total	15 (100)	9 (100)	13 (100)	18 (100)	20 (100)	18 (100)

Source : Primary Data

Note : Figures in brackets represent percentage to total

It is unearthed from the above table that the SBI's Savings account have received better attention among Government Employees (53.4 per cent). The Saving deposits of IOB attract professionals (55.6 per cent). CB's saving deposits have gained familiarity among Government Employees (38.4 per cent). In TMB, most of the savings deposit holders are professionals (50 per cent). The saving deposits of ICICI attract private employees (45 per cent). Incase of KVB, a considerable amount of saving deposits (55.5 per cent) has been maintained by private employees.

OVERALL OPINION ABOUT THE DEPOSITS

The Satisfactory level of sampled customers with regard to depository services is depicted in the given table 3.

TABLE 3

OVERALL OPINION ABOUT THE DEPOSITS

Opinion	No. of Respondents					
	SBI	IOB	CB	TMB	ICICI	KVB
Highly Satisfied	5 (25)	6 (30)	5 (25)	8 (40)	10 (50)	11 (55)
Satisfied	15 (75)	12 (60)	14 (70)	11 (55)	9 (45)	8 (40)
Dissatisfied	-	1 (5)	1 (5)	-	-	-
Highly Dissatisfied	-	1 (5)	-	1 (5)	1 (5)	1 (5)
Total	20 (100)	20 (100)	20 (100)	20 (100)	20 (100)	20 (100)
Weightage Points	125	105	115	125	135	140

Source : Primary Data

Note : Weightage Points :Highly Satisfied = 2;

Satisfied = 1 ; Dissatisfied = - 1 and Highly

Dissatisfied = -2. Points are applied on Percentage to total.

It is stated in the table that, out of 20 SBI customers, 25 per cent of them are highly satisfied and the rest 75 per cent are satisfied with the deposit services. Among IOB customers, 30 per cent of them are highly satisfied; 60 per cent – satisfied; 5 per cent – dissatisfied and the balance 5 per cent of them are highly dissatisfied with the services of deposits. With regard to CB, 25 per cent of the customers are highly satisfied; 70 per cent – satisfied and another 5 per cent are dissatisfied with the deposit services. Incase of TMB, 40 per cent of respondents are highly satisfied; 55 per cent – Satisfied and the balance 5 per cent of them are highly dissatisfied with the deposit services offered by banks. Then concern with ICICI, 50 per cent of the customers are highly satisfied; 45 per cent – satisfied and 5 per cent are highly

dissatisfied with the services of deposits. Then with regard to KVB, 55 per cent of customers are highly satisfied ; 40 per cent – Satisfied and rest 5 per cent are highly dissatisfied with the deposit services offered by banks.

It is inferred from the table that majority of the KVB customers are fully Satisfied (140 points) with the deposit services offered by the bank. Then ICICI followed the lead (135 Points).

OPINION ABOUT THE LOAN FACILITY

The Opinion of the respondents about the loan facility is shown in the following table 4.

**TABLE 4
OPINION ABOUT THE LOAN FACILITY**

Opinion	No. of Respondents					
	SBI	IOB	CB	TMB	ICICI	KVB
Highly Satisfied	1 (11.1)	1 (20)	1 (33.3)	2 (33.3)	-	1 (50)
Satisfied	8 (88.9)	4 (80)	1 (33.4)	2 (33.4)	-	-
Dissatisfied	-	-	1 (33.3)	2 (33.3)	1 (100)	1 (50)
Total	9 (100)	5 (100)	3 (100)	6 (100)	1 (100)	2 (100)
Weightage Points	111.1	120	66.7	66.7	-100	50

Source : Primary Data

Note : Weightage points : Highly Satisfied = 2 ; Satisfied = 1; Dissatisfied = -1. Points are used on percentage to total.

It is presented in the table that 88.9 per cent of SBI loan borrowers are Satisfied and the rest 11.1 per cent of them are highly satisfied with the loan facility. With regard to IOB, 80 per cent of them are having satisfaction with regard to loan facility and the balance 20 per cent of them are highly satisfied with the loan facility. In case of CB, 33.4 per cent of customers are satisfied; 33.3 per cent of them have highly satisfaction and the balance 33.3 per cent of them are dissatisfied with the CB’s loan facility. Then 33.4 per cent of TMB customers are satisfied; 33.3 per cent – highly satisfied and the remaining 33.3 per cent of them are having dissatisfaction with regard to loan facility. With regard to ICICI, 100 per cent of the Customers are dissatisfied with the loan facility. Then 50 per cent of KVB customers are highly satisfied and the balance 50 per cent of them are having dissatisfaction with regard to loan facility.

OPINION ABOUT COMMISSION

Another ancillary service provided by the banks is the issue of drafts. The bank charges some amount as commission for this service. The researcher has

gathered the opinion of the customers about the commission charges and presented the information in the following table.

TABLE 5

OPINION ABOUT COMMISSION

Opinion	No. of Respondents					
	SBI	IOB	CB	TMB	ICICI	KVB
Low	1 (5.6)	-	-	-	-	-
Reasonable	11 (61.1)	15 (75)	20 (100)	16 (100)	20 (100)	18 (100)
High	6 (33.3)	5 (25)	-	-	-	-
Total	18 (100)	20 (100)	20 (100)	16 (100)	20 (100)	18 (100)
Weightage Points	38.9	50	100	100	100	100

Source: Primary Data

Note: Weightage Points: Low = 2; Reasonable = 1 and High = -1. Points are applied on Percentage to total.

It is stated in the table that out of 18 SBI users, 61.1 per cent of them feel that the commission charges are reasonable; 33.3 per cent of them worried that the charges are high and the rest 5.6 per cent of them felt that it is low. Among 20 IOB customers, majority of them (75 per cent) opined that the charges are reasonable and the balance 25 per cent of them considered commission as high. In CB, 100 per cent of the customers felt that charges are reasonable. With regard to TMB, 100 per cent of the customers opined that the charges are reasonable. In case of ICICI, 100 per cent of the customers considered commission as reasonable. Then concerned with KVB, 100 per cent of the customers said that the commission charges are reasonable.

The above table also states that commission is very reasonable in CB, TMB, ICICI and KVB and high in SBI.

Further the researcher has framed a hypothesis as: **“The service fee charged by the bank is quite nominal”**. This hypothesis can be tested by using Chi-Square test.

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Chi-Square Table

O	E	(O-E)	(O-E) ²
18	18.7	-0.7	0.49
20	18.7	1.3	1.69
20	18.7	1.3	1.69
16	18.7	-2.7	7.29
20	18.7	1.3	1.69
18	18.7	-0.7	0.49
112			13.34

$$E = \frac{112}{6} = 18.7$$

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

$$= \frac{13.34}{18.7}$$

$$\chi^2 = 0.71$$

$$v = n - 1$$

$$= 6 - 1$$

$$v = 5$$

For 5 degrees of freedom at 5% level of significance is 11.071. The calculated value is less than the table value. So, hypothesis is accepted.

Hence, the service fee charged by the bank is quite nominal.

CONCLUSION

It explains the ability of the banks in providing the service in a better fashion. Possibly, all the dimensions of technical quality are evaluated. From the investigation, it is described that, majority of the customers are satisfied with the technical quality of the banks. Hence, all banks are equally good and have an edge over other in some aspects.

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