



Service quality dimensions and customer satisfaction on commercial banks

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Abstract

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry.

A banking system also 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. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguards the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role accepting deposits and lending funds from these deposits.

Keywords: banking system, service quality, customer satisfaction, commercial banks

Introduction

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution which provides fundamental banking services such as accepting deposits and providing loans. There are also nonbanking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry.

Need of the banks

Before the establishment of banks, the financial activities were handled by money lenders and individuals. At that time the interest rates were very high. Again there were no security of public savings and no uniformity regarding loans. So as to overcome such problems the organized banking sector was established, which was fully regulated by the government. The organized banking sector works within the financial system to provide loans, accept deposits and provide other services to their customers.

Review of literature

K. Rama mohanarao & s. Gangadhararamarao (2015), the findings of the study drives to the conclusion that though majority of the customers are satisfied with the physical facilities and interactive processes, there are gaps to be addressed to improve quality in performance as far as physical environment and interactive processes are concerned. The exterior of the bank branches need to be improved. User friendly documents need to be designed. As far as the interactive behavior of the employees is concerned the study revealed that the interactive skill of the

employees, their present ability, service orientation and so on need to be focused for better employee customer interaction. Physical environment plays a vital role in influencing the behavior of customers as well as employees of any service organization including banking organization.

(K. Rama Mohana Rao and S.G. Rama Rao, 2011) Physical evidence provides tangible cues to customer to develop service quality expectations.

Vannirajan (2006) conducted a study to examine the impact of service quality dimensions on customer satisfaction. It revealed that the important services offered by banks are traditional services, non-traditional services, tangibles, reliability, responsiveness, assurance and empathy. It also found that reliability and non-traditional services affect more on the customer satisfaction level. The study concluded that the private sector banks and associates of State Bank of India are better in providing services to the customers than the nationalist banks and co-operative banks.

Objectives of the Study

Based on the above mentioned issues, the following objectives are framed for the present study:

1. To examine the customers' perceived level of service quality among the sample banks.
2. To trace out the customers' desired level of service quality among the sample banks.
3. To estimate the Service Quality Gap To assess the relationship between certain demographical aspects of customers and overall opinion on branch physical facilities and overall opinion on branch environment

Research methodology

Source of data

▪ Source of data

The accomplishment of these objectives, the researchers have employed both primary data and secondary data for her study.

▪ Primary data

The study is based on primary data that were collected through a structured questionnaire prepared after the discussion with few customers and bank officials.

▪ Secondary data

The secondary data collected from published journals, magazines and various websites.

▪ Sampling method and size

Since we couldn't find the exact number of customers who are maintaining the operation of their bank account with SBI

Coimbatore branch, the researcher used non probability sampling method for this research study. It is decided to keep 200 as her sample size hence it would be a considerable number to draw inferences on the behavior of population for any research study.

Hypothesis

The researcher has framed the following hypotheses for the research study and tested all of them in the analysis chapter and inferred the same.

- **H01:** There is no significant association between occupation and income of the respondents
- **H02:** There is no significant association between qualification and income of the respondents.
- **H03:** There is no significant association between gender and income of the respondents

Data analysis and interpretation demographic profile of the respondents

Demographic Profile Of The Respondents	Group	No. Of Respondents	Percentages (%)
Gender Of The Respondent	Male	63	56.8
	Female	48	43.2
Age of the Respondents	Below 20 years	53	47.7
	21-30 years	53	47.7
	31-40 years	1	.9
	Above 41 years	4	3.6
Place of residence	Rural	37	33.3
	Urban	49	44.1
	Semi-urban	25	22.5
Occupation of the Respondents	Agricultural	9	8.1
	Professional	15	13.5
	Business	22	19.8
	Student	61	55.0
	Home maker	4	3.6

Opinion of the respondents on various factors

Factors	Group	No. Of Respondents	%
Information About Banking	Advertisement	30	27.0
	Broker	16	14.4
	News paper	23	20.7
	Friends and relatives	42	37.8
Type of account maintained	Saving account	73	65.8
	Current account	18	16.2
	Recurring account	15	13.5
	Fixed account	5	4.5
Frequency of operation of bank account per month	Less than 2 times	47	42.3
	3 times	31	27.9
	4 times	14	12.6
	More than 4 times	19	17.1
Banking services provided by a bank	Atm	68	61.3
	Credit/debit card	29	26.1
	Mobile/internet banking	8	7.2
	Electronic transfer (EFTs)	6	5.4
Customer know about banking services	Through bank officials	47	42.3
	Advertisement in print media	27	24.3
	Online advertisement	25	22.5
	Through your employers	8	7.2

Chi-square analysis

	Occupation And Income Of The Respondents	qualification and income of the respondents	gender and income of the respondents
Chi - Square	7.723 ^a	1.826 ^a	1.890 ^a
Df	12	6	3
Asymp. Sig. (2-sided)	.806	.935	.595
Result	Null Hypothesis accepted	Null Hypothesis accepted	Null Hypothesis accepted

Suggestions and recommendations

The banking institutions in India in general and Commercial bank in particular should frame performance grid as strategic tool according to the customers' need and demand for service usage and also to retain them as satisfied with banking technology. The Commercial bank must implement personalized aspect to the service i.e., getting to understand what the customer needs and improve their services per the demands. The banks should pay special attention to convenience by providing the customers with electronic banking service at points which can easily be accessible. The banks' management should also improve their ATM systems so as to minimize waiting time in the queue. This will improve the efficiency in the cash delivery which boosts customer relations. Bank must ensure effective online security to its valuable customers by means of adopting adequate e-banking security systems. The security should be extended to all the areas of E-banking services i.e., ATM, internet, core banking, mobile banking, telephonic banking etc. The bank management must understand the fact the Reserve Bank has entry come out with the recommendations of a Working Group on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. Implementation of the recommendations calls for an assessment of the nature and scope of activities supported by technologies engaged by banks.

Conclusion

The opening up of the Indian economy in 2018 almost corresponded with the worldwide internet revolution which doubly impacted the Indian private and public sector banks that were still stuck in old ways of functioning. Once Indian IT services companies started booming, it was just a matter of time before Indian banks wholeheartedly embraced technology. This paved the way for business process automation in banking, which enhanced customer service, reduced manpower costs and increased profitability. Apart from normal banking products, Indian banks started selling third party products such as mutual funds and insurance to their customers as well. This single window selling saves the customers time and enable the bank to enrich the relationship. The study aims to conclude with the note that the banking industry is going through a period of rapid change to meet competition, challenges of technology and the demands of the end users. Clearly technology is a key differentiator in the performance of banks. The bank needs to understand this fact and frame their operational strategies for future success, i.e., profitability and retention of customers.

Recommendations for further research

The researcher conducted a survey in the banking industry in COIMBATORE and recommends that a study should be carried out to determine the parameters of the customers in Chennai. Due the geographical limitation of the study researcher recommends that future researches should be carried out to make

- Comparative study on customers' satisfaction towards e-banking services offered by SBI in various cities in Tamil Nadu.
- Future move, researcher can focus on the challenges encountered by the customers with the process of using electronic banking in the service delivery, in special reference to SBI and other public sector banks in general.

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