
A STUDY ON SERVICE QUALITY OF SELECT COMMERCIAL BANKS WITH SPECIAL REFERENCE TO NAMAKKAL DISTRICT

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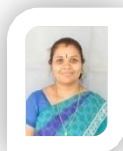
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**Dr. S. SUBADRA**

Assistant Professor and Head, Department of Commerce
NKR Government Arts College for Women, Namakkal, Tamil Nadu, India

**K. DEEPA**

Research Scholar, Department of Commerce
Arignar Anna Government Arts College, Namakkal, Tamil Nadu, India

**Dr. S. P. SREEKALA**

Associate Professor, Department of Business Administration
KSR College of Engineering, Tiruchengode, Namakkal, Tamil Nadu, India

Abstract

Indian banking has undergone major transformation in three eras, namely Pre-nationalisation era, Post-nationalisation era and Post-liberalisation era. The banks render number of services to the various priority sectors of the economy like agriculture, industry, trade and education. The Indian banking sector tries to respond to the emerging challenges that are posed because of increased competition. All banks in India are struggling to retain their existing customers and to bring new customers owing to the fact that there is severe competition between banks. They try to satisfy their customers by providing quality in services. Hence, the study of quality of services of banks appears to be a lucrative area for the further improvement in the field.

Keywords: Service Quality, Commercial banks, Customers, CNX listed Banks, Customer Satisfaction, Public Sector banks, Private Sector banks.

Introduction

The Indian Banking sector has become one of the strongest sectors of India, with the size of USD 1.54 Trillion as per RBI, 2017. The Indian banking sector tries to provide

various services that are posed because of increased competition. In addition to the basic functions, almost now all banks provide variety of services based on the latest technology such as Internet banking, Mobile banking, Telephone banking, SMS banking, ATM, credit card, debit card etc. to their customers to cope up with the intense competition.

The success of the bank basically depends on the goodwill they earn from the customers. Understanding and satisfying customers are the two keys which lead to success. At present, all banks in India are finding it difficult to retain their existing customers and to bring new customers because of the severe competition between banks. They try to satisfy their customers by providing quality in services. Hence, the study of quality of services and the level of satisfaction of customers of banks appears to be a lucrative area for the further improvement in the field. This study has made an attempt to study the services provided by select public sector and private sector banks with reference to Namakkal District.

Statement of the Problem

Banking industry, which occupies an important place among other service industries, plays a predominant role in the development of Indian economy by providing various financial services, when compared to other service industries. Earlier customers did not have better option other than public sector banks for their banking operations. But now due to Liberalisation, Privatisation and Globalisation (LPG), more number of private sector banks and foreign banks have entered into market to compete with public sector banks. This makes all the banks to compete with each other to attract new customers and to retain the existing customers. In this context, an attempt has been made by the researcher to explore the perceptions of the customers towards the services rendered by select public sector banks and private sector banks in Namakkal District of Tamil Nadu.

Objective

The objectives of the present study are:

- To examine the factors influencing the customers on the selection of bank.
- To study the level of satisfaction of the respondents on the service quality against five service quality dimensions in the private and the public sector banks.

Research Methodology

Research Design

The research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and in variance with economy in procedure. Empirical research design has been used in this study.

Collection of Data

The present study is based on the perceptions of the customers towards the service quality of the select commercial banks. Sources of primary and secondary data are discussed. The researcher has used questionnaire for the purpose of collecting primary data from the respondents who are the customers of the select banks.

Sampling Design

From CMIE database, RBI publications as on 31st March 2013 the banks were selected for the study based on the performance in terms of advances, deposits and investments, under the category public sector include Punjab National Bank, State Bank of India, Bank of Baroda, and under the category of private sector include Axis Bank Ltd., HDFC Bank Ltd, ICICI Bank Ltd. This study was conducted among the customers residing at Namakkal district. Systematic random sampling method was adopted in the study to select the sample respondents. A total of 700 questionnaires were prepared and out of this, only 680 questionnaires were filled up and collected.

Statistical Tools used

- Percentage analysis
- Chi-Square Test
- Henry Garrett Ranking Method

Hypothesis

H_0 : There is no significant association between type of the bank used by the respondents and satisfaction level towards the services of the banks.

Results and Discussion

The responses were presented in Table 1 which showed that 35.1 percent of the respondents belong to below 30 years age category, 31.3 percent of the respondents belong to the age group of 30 to 40 years and 19.7 percent of the respondents belong to above 41 to 50 years and 13.8 percent of respondent belong to above 50 years. The gender wise analysis shows that 42.5 percent of respondents are male and 57.5 percent of them are female.

Education wise analysis revealed that 37.5 percent of the respondents have school level education, 32.2 percent of the respondents have done their under graduate education and 13.2 percent have done their post graduation and 11.5 percent of the respondents belong to professional and 5.6 come under other educational qualification such as diploma etc.

Occupation wise analysis revealed that 25.0 percent of respondents are in employment, 19.1 percent of the respondents are doing business, 8.5 percent of respondents are professionals, 27.8 percent of the respondents are house wives and

19.6 percent of the respondents were involved in other menial jobs. According to marital status of the respondents 69.7 percent of respondents are married and 30.3 percent are single.

It is found that 20.6 percent of the respondents have below 3 members in their family, 65.6 percent of them have three to five members in their family and 13.8 percentage of the respondents have more than five members in their family. Income wise analysis depicts that 47.9 percent of the respondents earn below Rs. 2 lakhs per year, 39.9 percent earn Rs 2 to 4 lakhs and 8.7 percent earn Rs. 5 to 6 lakhs and minimum of 3.5 percent is above 6 lakhs.

Table 1 Classification of the Respondents

Demographic Variable		Frequency	Percentage
Age	Below 30 years	239	35.1%
	30-40 years	213	31.3%
	41-50 years	134	19.7%
	Above 50 years	94	13.8%
Sex	Male	289	42.5%
	Female	391	57.5%
Education	School level	255	37.5%
	UG level	219	32.2%
	PG level	90	13.2%
	Professional	78	11.5%
	Others	38	5.6%
Occupation	Employee	170	25.0%
	Business	130	19.1%
	Professional	58	8.5%
	House wife	189	27.8%
	Others	133	19.6%
Marital Status	Married	474	69.7%
	Unmarried	206	30.3%
Number of Family members	Below 3	140	20.6%
	3-5	446	65.6%
	Above 5	94	13.8%
Income Level	Less than 2 lakhs	326	47.9%
	2-4 lakhs	271	39.9%
	5-6 lakhs	59	8.7%
	Above 6 lakhs	24	3.5%
Type of Bank	Public bank	340	50.0%
	Private bank	340	50.0%
Type of Account	SB	619	91.0%
	RD	22	3.2%
	FD	20	2.9%
	CA	19	2.8%
Length of association with bank	Below 2 years	233	34.3%
	2-5 years	266	39.1%
	6-7 years	86	12.6%
	Above 7 years	95	14.0%

Respondents have their accounts in both public sector and private sector banks equally. The study revealed that 91.0 percent of respondents have Savings Bank account, 3.2 percent of respondent have Recurring Deposit account and 2.9 percent of respondents have Fixed Deposit account and 2.8 percent of respondents have Current Account with their respective banks. 39.1 percent of the respondents are associated with the bank for two to five years, 34.3 percent of respondents are under less than 2 years, 14.0 percent of the respondents for more than seven years and 12.6 percent of respondents are between 6 to 7 years.

Factors influencing the selection of Public and Private Sector Banks

An attempt was made to ascertain the reasons for selection of a particular public and private sector bank by the respondents. For this purpose, eight factors were selected and given in Table 2. Henry Garrett Ranking technique was employed to find which is the most influential factor for the selection of a bank.

Table 2 Factors influencing the Selection of a Bank

S.N.	Factors	Total score	Mean score	Rank
1	Less crowd	37341	54.913	3
2	Quick and Quality service	37388	54.982	2
3	Recommendation of others	38648	56.835	1
4	Branch Location is convenient	35916	52.818	4
5	Reasonable service charges or fees	31889	46.896	6
6	Convenient Business Hours	33391	49.104	5
7	Value added services	31246	45.950	7
8	Employee behavior	26181	38.501	8

From Table 2, it is observed that the Recommendation of others was ranked first with Garrett score of 38648 points. It was followed by a Quick and Quality service with the score of 37388 points and the factors viz., Less crowd, Branch Location is convenient, Convenient Business Hours, Reasonable service charges or fees and

Value added services were ranged in the third, fourth, fifth, sixth and seventh position with a Garrett score of 37341, 35916, 33391 and 31889 points respectively. Employee behaviour was placed in the last rank with Garrett score of 26181, which indicates that the banks should make sincere attempt towards their approach to the customers.

Satisfaction towards service quality of Banks

The quality of customer service offered by the banks and the customer satisfaction are interrelated. The scope of the present study is to identify how the quality of service affects the level of satisfaction of customers. For this purpose chi square test is used and the results are given in Table 3.

Chi Square Test

Table 3 Type of bank and level of Satisfaction on Service Quality of Banks

** 1% level of significance

Factor	Value	df	Asymp. Sig. (2-sided)
Type of bank and level of satisfaction	12.924 ^a	2	.002 **

Chi-square test is applied to find out the significant relationship between types of the bank used by the respondents and satisfaction level towards the bank services. The results of the chi-square test are given in the above table. It indicates that the value of chi square is

12.924 and the p value is 0.002 which is less than 0.01. Hence, the results are significant at 1 % level and the null hypothesis is rejected. It is concluded that there is a significant association between type of the bank used by the respondents and satisfaction level towards the bank services.

Conclusion

Due to entry of private sector banks, the public sector banks have also realised the importance of customer satisfaction and trying to provide quality of services. The service quality of banks is positively associated with the level of satisfaction of customers. The main aim of this study was to assess the service quality of select commercial banks and its impact on customer satisfaction. The study also tried and found that there is relationship exists between the type of bank and the level of satisfaction towards the services provided by the banks.

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