

SERVICE QUALITY PERCEPTIONS OF PRIVATE SECTOR BANKERS AND CUSTOMERS IN MADURAI DISTRICT, TAMIL NADU

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Abstract

Service quality has become an increasingly important factor for success in the banking sector. It has become an important research topic because of its relationship with marketing and its performance. The main aim of this paper is to study the customers' perception of service quality in private sector banks and to identify the areas in which bank has to improve the quality of services. The findings from the study are discussed in detail below.

Keywords: Customer Perception, Perception, Service Quality, Customer satisfaction.

Introduction

In an era of increased competition, the importance of achieving high levels of customer satisfaction has gained the attention of researchers and practitioners alike. Service delivery and customer delight is probably one of the most debatable issues gripping the banking industry. Quality in financial services sector has gained paramount importance by the increasing marketing profile of bank operations over time. Service is an invisible offering which is dependent on and inseparable from the person who extends Service quality is about meeting customers: needs the requirements, and how well the service level delivered matches customer expectations. Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.

Nowadays, with the increased competition, service quality has become a popular area of academic investigation and has been recognized as a key factor in keeping competitive advantage and sustaining satisfying relationships with customers. Service quality can be defined as the difference between customer's expectations for service performance prior to the service encounter and their perceptions of the service received. Delivering higher levels of service quality is the strategy that is increasingly being offered as a key to service provider's efforts to position themselves more effectively in the market place. In view of its strategic importance, an attempt has been made in the present study to make a comparative study of service quality perceptions in private sector banks with the perceptions of their respective customers regarding the quality of service offered by banks.

Indian Banking System¹

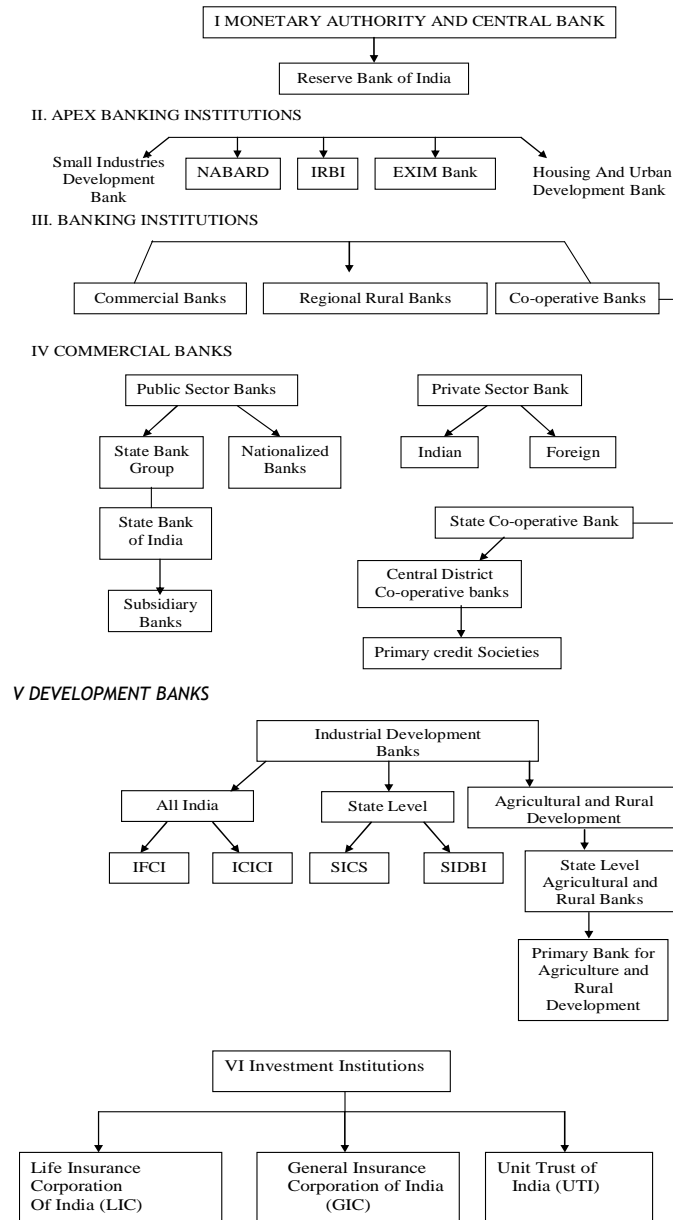


Fig.1 Indian Banking System

Source : Banking and Financial System, Varshney, P N

¹ Banking and Financial System, Varshney, P N

Banker-Customer Relationship

A banker is one, transaction the business of banking where as banker is not defined statutorily; Banking has been defined in section 58 of Banking Regulation Act, which read as follows :

“Banking” means the accepting of deposits of money from the public, for the purpose of lending or investment, repayable on demand or otherwise and withdrawable by cheques, drafts, pay orders, bankers’ cheques otherwise Section 5C of the same act explains that the acceptance of deposits by any concern for financing its own activity is not to be treated as banking.

According to section 5(B) and 5C of banking regulation act banking thus includes and involves :

- i. Acceptance of deposits from the public
- ii. For the purpose of lending or investment
- iii. Which are repayable on demand or otherwise and
- iv. Withdrawable by means of cheque or any other instruction.

In addition to the aforesaid primary function a banker performs certain ancillary function as permitted by Section 6C of banking regulation act.

- a. Remittance of cheques, bills and other instruments
- b. Remittance of funds
- c. Accepting articles for safe custody
- d. Renting out safe deposit lockers
- e. Issuing of travelers chques
- f. Issuing of letter of credit
- g. Issuing guarantees and indemnities
- h. Acting as agent for customers
- i. Acting as trustees, executors, etc.
- j. Import of precious metals for sale to exporters of jewelers, as a special function as permitted by RBI recently.

Having understood the functions of the bank, we would like to know about the customer.

Customer

Eventhough day out we talk of customer service, customer complaint, etc., there is no statutory definition of the word customer. Besides over the period the concept of customer also has been changing with the various judgement of the court from time to time. As on date a customer means :

- a. A person having any account (deposit or loan) with the bank irrespective of its duration.
- b. Even an offer to open an account and accepted by the bank would make the person (prospective) customer.

It should be noted that:

- a) The customer is branch specific.
- b) Frequent visitors to the branch without any account / transaction are not customers.
- c) Persons transacting with the branch for purpose/payment of draft etc., or operation of lower etc., are treated as consumer in the light of
- d) Consumers' Protection Act of 1986. But they are not strictly the customers of the bank.

Termination of banker customer relationship

The relationship is terminated under any of the following circumstances :

- a) At the instance of the customer - by specific request of the customer
- b) At the bank's instance - at the discretion of the bank but necessarily after due notice to the customer, as in the case of undesirable / unremunerative accounts etc.
- c) By operation of law in the event of
 - i. death
 - ii. insolvency
 - iii. insanity of the customer

Specific requirements in respect of Debtors - Creditors relationship (including Cr-Dr relationship)

Being most common and fundamental relationship this requires a bit deep analysis which may be summarized as follows :

- a) Unlike other debtors (where the debtors has to search out the creditor for paying off the debt) the Banker is expected to repay the customer only when a demand is made on its specific branch on a working day and during the normal business hours.
- b) Whereas in case of a normal debt, the period of limitation runs from the date of debt, in case of Banker-customer relationship, the period runs from the date of demand by the customer.
- c) Duty of Secrecy : As an up keeper of the public money (unlike the ordinary debtor) of his customer secret, except under certain special circumstances as follows :
 - i) when disclosure is under compulsion of law (eg. Garnishee order, attachment cases).
 - ii) Where there is a duty to the public to disclose (eg. A customer dealing with a hostile country)
 - iii) Where the interest of the bank requires disclosure (eg. Bank files a suit against a defaulting borrower)

- iv) Where the disclosure is made with the express/implied consent of the customer (eg. Seeking opinion on a customer by another bank to whom the customer has applied for a credit card and has given reference of his a/c with us).

Rights and obligations

Any transaction with the customer is backed by a contract. Similar to any other contract this contract also gives rise to certain rights and obligations. Since rights are given basically.

Banking Practices among Customers in Madurai

The relationship between a banker and customer is primarily that of debtor and creditor. Every person must set aside a part of his/her income through savings. Banks encourage the habits of saving among the public. Now banks have introduced a number of savings schemes like daily savings scheme, children's savings scheme and minor's savings scheme. If the customer does not avail the cheque facility, a minimum credit balance of Rs. 500 should be maintained. Cheque facility helps the customer to withdraw money from the bank without loss of time. People are aware of the varied services available in the banks. All the banks issue ATM cards. It is an electronic device located in the banks or important places. The customer can draw money from his account whenever required. This machine can be operated anywhere round the clock and round the year. It is the easiest and fastest way to access the customer's account directly.

In Madurai city, a number of ATM centers are running for the convenience of the customers. These cards are very helpful and of easy usage. Now the banks issue the debit cards, credit cards etc. Government and other employees draw their salary through banks. In our employed people are getting our salary through banks. Now-a days the people having ATM facility need not risk carrying the money in their pockets. ATM facility has made the banking services available round the clock.

In Madurai city, a number of ATM centers are functioning for the convenience and easy access of the customers. These channels are very helpful and easy usage. Banks have many saving schemes for the future and the old age needs of the customers. Every one is made aware the benefits of such schemes. Hence the people know the value of saving their money and enhancing their deposits. Earlier if one needs money urgently, he would approach the money lender. But now, banks provide immediate and personal loans at very low interest, even for buying essential goods. The access to the bank is easier than the access to the money lender; also the services in the banks and the modus operandi are transparent encouraging the customers to have full faith in the banking system.

Many banks offer exemplary service to their customers in Madurai. They are the State Bank of India, the Indian Bank, the Canara Bank, the KVB, the ICICI, the HDFC, the

Indian Overseas Bank, the Bank of Baroda, the Union Bank, the Tamilnadu Mercantile Bank. Among these, I have selected four banks for my study. They are the SBI, the Indian Bank, the ICICI Bank and the KVB. These four banks are very popular in Madurai

Level of satisfaction on loan interest rate

Category	No. of Respondents	Percentage
Highly satisfied	18	36
Satisfied	13	26
Not satisfied	08	16
No opinion	11	22
Total	50	100

From the table, it is revealed that 36 percent of the respondents are highly satisfied about the loan, interest rate, 26 percent of the respondents are satisfied about the loan interest rate, 16 percent of the respondents are not satisfied about the loan interest rate. While 22 percent of the respondents are no opinion about the loan interest rate by Indian Overseas bank.

Details on availed loan

Availed loan facilities	No. of Respondents	Percentage
Housing loan	4	8
Business loan	18	36
Jewel loan	4	8
Educational loan	19	38
Agricultural loan	2	4
Other loan	3	6
Total	50	100

38 percent of the respondents availed educational loan, 36 percent of the respondents availed housing loan, 8 percent of the respondents utilize housing and jewel loan facility. 6 percent of the respondents availed vehicle loan, while remaining 4 percent of the respondents availed agricultural loan.

Hospitality rendered by the bank staff

Opinion	No. of Respondents	Percentage
Roughly	6	12
Friendly	35	70
Cordial	4	8
No opinion	5	10
Total	50	100

70 percent of the respondents opined that the bank staffs friendly treat them. 16 percent of the respondents opined that the bank staff are cordial, 12 percent of the respondents opined that the bank staff treat them roughly. The remaining 8 percent of the respondents don't have any opinion about the hospitality of the bank staff.

Conclusion

Most of the customers are fully satisfied with their banking services provided by private sector banks. Development in new technologies used in the banks, improve the quality and accuracy of services, reduce the workload of the employees and give maximum satisfaction to the customers.

In Madurai city, the existence of various sectors in banking namely, public sector, private sector banks and co-operative sector banks services, give competitive performance and these leads increasing quality of services. It is certain that, the banking customers today get more quantum of services, easy operational facilities and better banking services, than the services not available a decay before. Effective training to the bank employees also facilitates the high level improved banking services. Even though, Madurai city is smaller one in compared to Metropolitan cities. In India, the retail customers to banks are greater in number. The most of them are from middle income and lower income groups. Moreover, the city is concentrated with a lot of small and tiny business units. Hence, retail banking services are really useful the to the people of Madurai to a great extent. The observation of the banking customers gives some more expectations also. Increased working hours in all the branches of bank and their availability of electronic banking services to more areas, in the city and in the sub-urban. It is also felt that the availability of buffer-personnel in the banks, to help the customers to transact in better way, would be also very much useful. The banks may consider the possibilities of fulfilling these expectations by involving more human resources, with adequate training. The services of Non Government Organizations like Rotary Clubs, Lions' Clubs, Self Help Groups may be used with appropriate arrangement to have more customers relationships. The customer relationship managers may think of programmes in these aspects to facilitate the customer friendliness towards the banks, from all the sections of customers.

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