



A STUDY ON SERVICE QUALITY TOWARDS BANKING SERVICES WITH SPECIAL REFERENCE TO TAMIL NADU

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ABSTRACT

This study recognizes quality measurements huge to empower the banks to build up the methodologies enhancing the quality of service conveyance. This will upgrade the Bank's aggressive position in the banking business and guarantee survival of the bank, particularly in this time of sharp rivalry. By estimating the fulfillment level of clients, budgetary organizations can create client driven service way to deal with manage clients keeping in mind the end goal to stay away from the propensity of existing clients changing to a contending bank. By distinguishing what clients expect and encounter what the quality is. Banks can change, update or repackage its service tasks and tailor them to meet the desires for the customers. By this the services conveyed will convey fulfillment to the clients and influence them to stay while drawing in new ones. Customers have turned out to be quality cognizant, so they think about service offering of organizations and will choose prevalent quality services. The investigation will fill in as a guide for the Banks to create strategies which will enhance its general service conveyance, particularly in regions where holes between desires are so wide to upgrade consumer loyalty. By prudence of enhanced services, banks and organizations alike can benchmark the arrangements and procedures for their quality change programs prompting in general change in the banking sector.



KEYWORDS: Banking, service quality, services, customers .

1.1 INTRODUCTION

In the present situation the world has seen a duplication of service businesses in numerous nations. This development in the service area has endured, to the degree that service enterprises currently majorly affect national economies. Service ventures are relied upon to create and develop at a quickened pace later on. As the service part is making an undeniably critical commitment to the cutting edge economy, customers receive the rewards of more prominent decision and simple accessibility. Because of this pattern and the enduring stream of newcomers into the business, service firms work in an undeniably mind boggling, aggressive business condition. The resultant savage rivalry, together with the difficulties postured by the regularly changing current business world, is driving service firms to survey and frequently drastically adjust their administration styles and business rehearses. Previously, items were the determinants of business achievement. The best firms were firms that could create superb items. In reality, today quality items are as yet urgent in business achievement. Notwithstanding, the quality issues of the past are very not the same as the quality issues of today. Before, quality was characterized and decided from the makers' or service suppliers' point of view with almost no thought of the client desires and conclusions. Customers were seen not to realize what they need and along these lines acknowledge what is accessible.

In the present showcasing condition, the client has turned into the focal point of all business choice appropriate from the origination of an item to the conveyance of the item. Client driven advertising

arrangements and procedures are extremely critical. The predecessors of the ongoing status of the client in showcasing and business activities are the serious worldwide rivalry, development of service driven economies, expanding client mindfulness and refinement and headway in data innovation. It is currently a typical learning that the achievement of each business association depends on how their customers are served and how the customers assess and see such services. The idea of the service may not make any difference but rather the esteem customers put on such service is of critical significance in client's obtaining and maintenance. A definitive point of all showcasing exercises in the present corporate world is to gain and hold productive customers. Practically speaking, it is trusted that it is six times less expensive to hold existing customers than to gain new customers in the present escalated focused business condition (Reichheld, 1996). It is exactly shown that client maintenance is affected by three related elements: service quality and esteem impact consumer loyalty or disappointment, this thusly impact client dedication. Client maintenance is impacted or controlled by the level of client steadfastness. Since hold existing customers is significantly less expensive than securing new once, saw services quality, consumer loyalty and client steadfastness are pivotal achievement factors for each business association. That is the motivation behind why this examination center around the above said factors with certain affecting measurements as measuring sticks to gauge its ramifications.

1.2 BANKING SERVICES IN INDIA

The banking situation in India is of a profoundly created nature, despite the fact that it is still a long way from accomplishing world gauges as far as size, items and services. Indian banks have understood that alongside natural development there is a need to develop inorganically also, keeping in mind the end goal to be focused with different players in the market. In this situation, banking has been the focal point of consideration for the banking business. The development of new economies and their quick development have been the most essential contributing components in the resurgence of banking. Evolving ways of life, quick upgrades in data innovation and other service parts, and in addition expanding levels of salary, have added to the development of banking services in nations like India that are creating at a decent pace. 10 years back, the banking area pummeled a fingertip. Be that as it may, now it is conceivable. All the bank exchanges with an association with versatile handsets innovation is the most recent advancement implies important to make. Also, SMS Banking, Mobile Banking in India, and all the modernization are the significant advances taken by banks towards Internet banking and ATMs. With every one of these devices and frameworks, banking has turned into an entire opportunity to encounter. Bookkeeping, finance exchange and installment for a considerable length of time, has been followed in physical bank check which is currently modernized. Be that as it may, the remaining for quite a long time before the money counter and time to pull back your own particular cash is in establishment. The Indian banks are competing with each other to snatch a pie of the banking service part which has colossal potential over the GDP in India. It additionally has its offer of difficulties in holding customers, presentation of well informed offices and interests in such offices, security concerns, Know Your Customer (KYC) standards, credit assessment standards, and so on.

1.3 REVIEW OF LITERATURE

The investigation of service quality of banking services and fulfillment level of bank client needs to begin with an audit of prior works directed and hypotheses created here to give a formal outline to the present assignment. The audits on the banking segment and the services required with are expounded alongside the writing investigations of service quality and consumer loyalty measurements as takes after:

Kunju, Benson (2006) experimentally analyzed how far the banks in Kerala have prevailing with regards to advancing their new banking services and to discover the explanations behind low level of attention to customers on different services and items. The information were gathered from 60 customers of four business banks in Kollam city. The consequences of the investigation uncovered that the majority of the customers of banks in Kollam city are uninformed about the new services or items given by the bank to

its customers. It likewise found that staffs of people in general division banks have just constrained individual contact with its customers when contrasted with the new age and private segment banks.

Khan, Nisar Ahmed et al. (2005) directed an examination to look at the execution of planned business banks by and large and open division banks specifically amid the post change period. It likewise broke down the execution of three classes of banks viz., open, private and remote banks by looking at their capital sufficiency, resource quality, benefit and support in country regions. It uncovered that benefit and productivity of these banks have enhanced extensively amid the period, however the investment in provincial territories as far as number of workplaces, development of credit, development of stores and so forth., have essentially declined amid the change time frame.

Sathye, Milind (2005) inspected the effect of privatization on execution and effectiveness of banks amid the period 1998-2002. The creator gathered entire banks into three classes viz., halfway privatized, completely privatized and full state possessed or open area banks. The examination uncovered that money related execution of halfway privatized banks and their productivity were fundamentally higher than that of the completely open part banks. Additionally, the distinction in execution and productivity between completely private and in part private banks was not noteworthy. It closed as the Indian technique of continuous privatizations has succeeded.

Krishnaveni, R. et al. (2005) broke down the current Indian banking situation in the light of progression and globalization changes in the nation. They likewise considered the impression of the corporate customers with respect to the service quality of their investors. The investigation found that there is a wide hole between the methodologies taken after by the Indian banks when contrasted with the outside banks. The circumstance is same on account of client impression of service quality.

Gopalakrishnan, V (2004) has asked the difficulties of Indian budgetary services showcase. This investigation uncovered that the passage of new remote banks and private part manages an account with their propelled learning base of mechanization in the banking activities and forceful showcasing methodologies has pushed open area banks to a tight corner. He needs the general population part banks, to survive and prevail by distinguishing their showcasing zones, create satisfactory assets, and change over these assets into solid and proficient services and disseminate them adequately fulfilling the complex tastes of customers.

Prabha, Divya et al. (2006), in their investigation dissected the service quality view of the corporate customers in Coimbatore with respect to the services given by their banks. For the investigation they considered both item and service based areas and SERVQUAL scale based poll for the review. By this investigation it has been uncovered that despite the fact that customers are more happy with the ability and client introduction measurements of service quality, still banks need to center upon the parts of correspondence, modernization and speed of service.

Bhat, Mushtaq A. (2005) directed an examination to inspect service quality in banks and its variety crosswise over statistic factors. The information required for the investigation has been gathered from 800 customers of five unique banks, viz., State Bank of India, Punjab National Bank, Jammu and Kashmir Bank, City Bank and SCGB, scattered more than four northern conditions of India. The examination uncovered that service quality of remote banks is relatively much superior to that of Indian Banks and there are service quality varieties crosswise over statistic factors like age, pay, occupation, geographic area of banks and so on.

Bhat, Mushtaq A. (2005) considered service quality view of Indian banks in correlation with that of outside banks. SERVQUAL instrument created by Parasuraman et al. in the year 1988 and its five measurements, for example, dependability, responsiveness, compassion, confirmation and substance were utilized for gathering essential information. A noteworthy finding of the examination was that Indian banks fall much beneath the impression of their customers on all measurements of service quality. Outside banks are surpassing the impression of their customers on substance and dependability measurements of service quality.

Krishna Chithanya, V. (2005) examined the importance, nature and extent of money related exercises in India and its highlights and to outline promoting procedure to achieve service quality and to propose viable channel of appropriation. By this investigation, service quality is the distinction between the view of real service quality and desire for customers and the client politeness, validity and security. It proposed a two route channel for conveying money related services, for example, remote - T.V, Phone, PC and so on., and up close and personal voyaging, visiting workplaces and so forth.

1.4 SCOPE OF THE STUDY

Consumers all over the world have become more quality conscious; hence there has been an increased customer demand for higher quality service. Service operations worldwide are affected by this new wave of quality awareness and emphasis. Therefore service-based companies like the banks are compelled to provide excellent services to their customers in order to have sustainable competitive advantage, especially in the current trend. Customer satisfaction and retention has become a matter of concern in the banking industry and service quality has been identified empirically as the driver of them. But, there are discrepancies between what the banks think is quality service and what the customers expect from the banks. The existing research tries to clarify, which dimension of service quality, drives customer satisfaction which is a pre-requisite for customer retention.

1.5 STATEMENT OF THE PROBLEM

The announcement of issue identifies the part of the present circumstance that the investigation is performed for. It demands the need to check a hypothesis or a need to address issues and difficulties of strategies and basic leadership by and by. The exchange progression and globalization have brought about sharp rivalry among firms and ventures. The Indian banking industry isn't exempted particularly with the expansion of banking and money related organizations in the nation. With the accessibility of products and ventures, associations require proactive procedures, the nonappearance of which can prompt a consistent decrease of piece of the overall industry. Therefore, rivalry in the business is expanded and banks are contending in light of their apparent service quality. Specialists prescribe making service quality a foundation of an association's showcasing system keeping in mind the end goal to guarantee effective business. Service quality has different measurements and every client put diverse level of significance on every measurement of service quality. Each bank has recognized themselves with no less than one of the measurements of service quality that they figure it will drive customers' apparent service quality fulfillment, devotion, and maintenance. The service suppliers' view of service quality might be very not the same as what customers see as service quality. Customers' decision of a bank over another depends on a few factors, for example, the area, loan fees, quality of service conveyance and the bank's notoriety. Nonetheless, service quality is viewed as one of the key factor and in this manner has gotten significant consideration by associations. Stafford (1996) opines that the money related services, especially banks, contend in the commercial center with for the most part undifferentiated items, consequently service quality turns into an essential aggressive weapon. The banking business is profoundly focused; banks don't just contend among each other; yet additionally with non-banks and other money related organizations both nearby and outside. In the journey to enhance its services, hold and pull in customers, banking establishment has presented inventive estimates like expanded business hours, ATM organize, web banking, enhanced banking corridor offices among others, all in light of a legitimate concern for improving customers' solace. These endeavors which go for conveying fulfillment to the customers appear to be useless. Customers' inclinations and desires appear not to coordinate with the banks activities. There is relentless protestation of long holding up at the banking corridor, disappointment of system framework and Automatic Teller Machines; and absconding to different banks. The rising circumstance requires the evaluation of service quality in connection to client desire and service execution to assist the Banks with improving its service quality and upgrade fulfillment in order to guarantee client maintenance.

1.7 RESEARCH OBJECTIVES

1. To examine the profile of the Customers utilizing the financial services rendered by banks.
2. To measure level of Expectation of the Customers towards the Banking services.
3. To analyze the service quality dimension to determine the technical and functional quality of the services provided by the banks.
4. To evaluate the association between customer expectation, service quality and customer satisfaction directing towards customer retention.
5. To measure level of satisfaction of the customers towards the banking services
6. To render suitable suggestions to refine the quality of banking services provided by the banks.

1.10 RESEARCH METHODOLOGY

The present study is descriptive one and it is based on the customer satisfaction towards the quality of banking services rendered by the banks which is described through the dimensions considered for the study. Tamil Nadu is considered as the geographical area for the research. Before undertaking the study in full fledged scale, a pilot study was held in various places in order to know the scope and problems involved in the present study.

1.10.1 Dimensions of the study

The present study takes the following dimensions for its analysis.

- Demographic factors of customers accessing banking services.
- Customer expectation
- Service quality of the Technical and Functional services provided by the banks.
- Satisfaction of the Customers.
- Customer retention.

The dimensions were further split into various sub dimensions.

1.10.3 Sources of Data used

Both types of data (i.e.) secondary and primary data are used in the present study. The secondary data have been collected at first from the text books, web sites, journals and other secondary sources. The primary data are collected then from the sample customers.

1.10.4 Population and samples

The Customers who are experiencing services through the selected banks are treated as the population of the study. Tamil Nadu is the geographical area of the present study. As the population is infinite one, the method of selecting the sample customers was in a random process who are the account holders and borrowers of the bank for the past five year period (from 2008-09 to 2013-14). The research study takes up six banks, three from private sector and three from public sector. From the large population, 600 customers (100 customers from each bank) are selected as per stratified random sampling technique.

1.10.5 Questionnaire

A structured questionnaire is constructed to get the primary data from the sample customers. It includes demography of the customers and all other dimensions of the study. It was pre tested among 120 customers and appropriate modifications were made in the questionnaire.

1.10.6 Measurement Scale

The demographic information about the sample customers are analyzed with nominal scaling, whereas Customer expectation and the service quality dimensions are measured with ordinal 7 point scaling such as strongly disagree, disagree, slightly disagree, neither agree nor disagree, slightly agree, agree and

strongly agree. Likewise the Customer satisfaction and retention is also measured by means of 7 point scale such as completely dissatisfied, mostly dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied, mostly satisfied and completely satisfied.

1.10.7 Analytical Tools

Apart from the percentage analysis, the study utilizes chi square test, ANOVA, correlation analysis, multiple regression, factor analysis, Neural Network method and tree Structured Analysis for analyzing the data.

1.11 FINDINGS OF THE STUDY

The customers of the bank who are account holders are the respondents for this examination and their fulfillment changes in various value-based services of the bank. The variety might be because of contrast in quality or it tends to be in various social setting among service suppliers and customers too. Service quality holes in all measurements including unmistakable, responsiveness, dependability, sympathy, correspondence, confirmation and responsibility exist. The desires for customers on factors estimating service substance yielded different normal scores. Out of the things, customers are particularly inspired by the proficiency and adequacy of the hardware used to convey the services. Customers' desire towards the level of perfection in giving the service quality of banks services is observed to be underneath their desire. Anyway the service quality of the physical condition which goes under utilitarian quality perspective and the dependability were observed to be of customers' desires. In any case, the specialized quality part of the banks like security, solidness, access to the innovation gear for exchanges and so forth are not up to the desires for the customers. Service quality on the relationship and associations between the Bank and the customers demonstrate that customers anticipate that the banks will comprehend singular needs, since they may not be same and regard each all things considered. It is recognized from the examination that customers are not happy with the services of the banks considered for the investigation. Anyway the contrasts between the scores are very little noteworthy, as some little exertion on the banking services rendered by the banks can be at standard with customers' desires. To guarantee client maintenance, the banks need to modify its quality system giving specific regard for the desires for the customers and ought to enhance all the service quality measurements to surpass what the customers anticipate.

1.12 SUGGESTIONS

The expectation of the customers are on the increase as they belong to the present generation, hence the banks have to revise its traditional banking practices. It is found that banks are focusing on the business class customers therefore a conscious effort is needed to work on all segments and make every segment profitable. The Customers needs grow with no limits and it is very much evident from the various service offerings by other banks day to day. Not just to rebel and compete with the competitor banks but also to retain existing customers. Irrespective of the banks, employees who interface with the customers directly are ought to be very empathetic and should be able to understand the customers' needs and requirements. Training of human resource in this regard would help the banks retain their customers and also attract more. Customer relation is another aspect the banks need to be given par importance. Managing customer relation efficiently is an advantage that the bank should concentrate to win the situation. The banks should focus on pooling and retaining customers by creating trust and reliability culture which would bring in more and more customers. Addressing to the individual customers needs is one crucial aspect to be considered as the customer would find himself as a part of the organization. This would build a good relationship between the banks and the customers.

1.13 SCOPE FOR FUTURE RESEARCH

The present study is the base for so many future research works. Future research can examine a wider respondent base across the state and can employ more diversified sample. Future researchers can use

quota sampling across the different income groups, gender and age categories. This study can be extended to public or private banks. A separate research on the various services rendered by the banks can be carried out, to illuminate the ignorance of the customers that help to simplify their transactions. Since banking services is generalized in this study, a categorized analysis may be executed for an in-depth research. Comparative studies between public and private banks and even the competing service quality between the two categories of banks may be compared in future.

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