



A STUDY ON CUSTOMER'S PERCEPTION ON SERVICE QUALITY AND SATISFACTION ABOUT NEW BANKING FACILITIES OF PRIVATE SECTOR BANKS IN TIRUPUR DISTRICT

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Abstract

Economic liberalization and globalization, information technology revolution, changing customer requirements and increasing competition have posed a challenge to the existing Indian banking system. The current problem for the banking industry in India is to determine the dimensionality of customer perception of service quality. This is because if service quality dimensions can be identified, service managers should be able to improve the delivery of customer perception of quality during the service process and have greater control over the overall outcome such as customer satisfaction and loyalty. The regression analysis indicates that responsiveness, reliability, assurance, tangible and empathy dimensions have a positive and significant impact on customer's satisfaction about new banking facilities of private sector banks. The private sector banks should improve the new banking facilities of credit card, and smart card services. Besides, the private sector banks should adopt proper marketing and service delivery strategies in order to improve the image of the banks.

Key Words: Customer's Satisfaction, New Banking Facilities, Private Sector Banks, Regression, Service Quality.

INTRODUCTION

The growth of banking sector is faster and the coverage is wider since 1969. Traditional banking has gradually yielded to sophistication in credit management. In other words, the banking and finance industry in India is experiencing a period of dramatic change with disintermediation and of interest rates. There is sudden fury of ability especially in the private and the foreign banks in India. Economic liberalization and globalization, information technology revolution, changing customer requirements and increasing competition have posed a challenge to the existing Indian banking system (Kunal and Vaidya, 1997).

With an increasing competition, the importance of quality services in banking has gained paramount importance. To survive, banks will have to rethink their strategies in delivering quality services to attract and hold customers. The service challenge involves developing new services that will meet customers' needs in a better manner improving the quality and the variety of existing services and finally, providing and distributing these economic services in a manner that best serves the customers.

Therefore, it is necessary for all the banks to maintain improved service quality to the customers by providing technologically developed innovative instant service to satisfy them as they are often evaluating and comparing the entire services put forward in the competitive market. Any lack in the services or in the quality may cause dissatisfaction among them and may lead to switch over to the competitors thereby causing a horrible condition to the bank.

With the advent of international banking, the trend towards larger bank holding companies and innovations in the marketplace, the customers have greater and greater difficulty in selecting one institution from another. Therefore the current problem for the banking industry in India is to determine the dimensionality of customer perception of service quality. This is because if service quality dimensions can be identified, service managers should be able to improve the delivery of customer perception of quality during the service process and have greater control over the overall outcome such as customer satisfaction and loyalty (Ravichandran et al 2010). Hence, the present study is made to study the customer's perception on service quality and satisfaction about new banking facilities of private sector banks in Tirupur district.

METHODOLOGY

Among the different districts in Tamil Nadu, the Tirupur district has been purposively selected for the present study. The top five private sector banks such as the Karur Vysya Bank, the South Indian Bank, the ICICI Bank, the Lakshmi Vilas Bank and the HDFC Bank have been selected based on the number of branches in Tirupur district. The 600 customers of private sector banks have been selected for the present study by adopting random sampling technique and the data and information pertain to the year 2014-2015. In order to examine the socio-economic profile of customers of private sector banks, the frequency and percentage analysis have been carried out. The mean and standard deviation have worked out for customer's perception about service quality of private sector banks. In order to examine the difference between socio-economic profile of customers and their perception about service quality of private sector banks, the ANOVA (Analysis of Variance) has been employed. In

order to examine the impact of service quality dimensions of private sector banks on customer's satisfaction about new banking facilities, the multiple linear regression has been applied.

RESULTS AND DISCUSSION

Socio-Economic Profile of Customers of Private Sector Banks

The socio-economic profile of customers of private sector banks was analyzed and the results are presented in Table -1

Table- 1, Socio-Economic Profile of Customers

Socio-Economic Profile	Frequency	Percentage
Gender		
Male	398	66.33
Female	202	33.67
Age Group		
Less than 20 years	50	8.33
21 – 30 years	176	29.33
31 – 40 years	243	40.50
41 – 50 years	109	18.17
Above 50 years	22	3.67
Socio-Economic Profile		
Educational Qualification		
Illiterates	71	11.83
Secondary	67	11.17
Higher Secondary	88	14.67
Diploma	70	11.67
Under Graduation	150	25.00
Post Graduation	127	21.16
Professional	27	4.50
Occupation		
Agriculturist	86	14.33
Government Employee	123	20.50
Private Employee	171	28.50
Businessman	90	15.00
Professional	27	4.50
Industrialist	103	17.17
Monthly Income		
Below Rs.20,000	27	4.50
Rs.20,001 – Rs.40,000	139	23.17
Rs.40,001 - Rs.60,000	177	29.50
Rs.60,001 – Rs.80,000	170	28.33
Above Rs.80,000	87	14.50

The results show that about 66.33 per cent of customers of private sector banks are males and the rest of 33.67 per cent of customers of private sector banks are females and it is clear that about 40.50 per cent of customers of private sector banks belong to the age group of 31 – 40 years followed by 21 – 30 years (29.33 per cent), 41 – 50 years (18.17 per cent), less than 20 years (8.33 per cent) and above 50 years (3.67 per cent).

The results show that about 25.00 per cent of customers of private sector banks are under graduates followed by post graduates (21.16 per cent), higher secondary (14.67 per cent), illiterates (11.83 per cent), diploma (11.67 per cent), secondary (11.17 per cent) and professional (4.50 per cent). It is observed that about 28.50 per cent of customers of private sector banks are private employees followed by Government employees (20.50 per cent), industrialist (17.17 per cent), businessman (15.00 per cent), agriculturist (14.33 per cent) and professional (4.50 per cent). It is apparent that about 29.50 per cent of customers of private sector banks belong to the monthly income of Rs.40,001 - Rs.60,000 followed by Rs.60,001 – Rs.80,000 (28.33 per cent), Rs.20,001 – Rs.40,000 (23.17 per cent), above Rs.80,000 (14.50 per cent) and below Rs.20,000 (4.50 per cent).

Customer's Perception about Service Quality of Private Sector Banks

The customer's perception about service quality of private sector banks was analyzed and the results are hereunder presented.

Tangibility Dimension

The customer's perception about tangibility dimension of private sector banks was analyzed and the results are presented in Table 2.

Table -2, Customer's Perception about Tangibility Dimension

Tangibility Dimension	Mean Score	Standard Deviation
Employees have a neat, professional appearance	4.68	0.23
The bank has visually appealing material associated with the service	4.67	0.15
The facilities of bank are visually appealing	4.73	0.25
My records always come free of errors	3.24	0.98
Bank's communication facilities are good	4.43	0.39
The accessibility of bank is good	2.98	0.97
The working hours are suitable for customers	4.44	0.37
Bank has modern Equipments	4.78	0.20

The results show that the customers of private sector banks are strongly agreed with employees have a neat, professional appearance, the bank has visually appealing material associated with the service, the facilities of bank are visually appealing and bank has modern equipments, while, they are agreed with bank's communication facilities are good and the working hours are suitable for customers. Meanwhile, they are neutral with their records always come free of errors and the accessibility of bank is good.

Reliability Dimension

The customer's perception about reliability dimension of private sector banks was analyzed and the results are presented in Table 3.

Table- 3, Customer's Perception about Reliability Dimension

Reliability Dimension	Mean Score	Standard Deviation
Bank employees provide services as promised	3.37	0.96
Bank employees are dependable in handling customer's service problems	3.60	0.96
Bank employees provide services at right time	3.76	0.91
Bank performs my service as I want	3.45	1.00
Bank offers fast and efficient service	3.72	0.89

The results indicate that the customers of private sector banks are agreed with bank employees are dependable in handling customer's service problems, bank employees provide services at right time and bank offers fast and efficient service, while, they are neutral with bank employees provide services as promised and bank performs their service as they want.

Empathy Dimension

The customer's perception about empathy dimension of private sector banks was analyzed and the results are presented in Table 4.

Table -4, Customer's Perception about Empathy Dimension

Empathy Dimension	Mean Score	Standard Deviation
Bank employees giving customers individual attention	3.63	0.89
Bank employees have the customer's best interest at heart	3.41	1.03
Bank employees deal with customers in a caring fashion	3.65	0.93
Bank employees understand the individual needs of their customers	3.42	1.00
I am always informed when my service is done	3.44	0.97
Bank has hours convenient to all customers	3.73	0.84

It is clear that the customers of private sector banks are agreed with bank employees giving customers individual attention, bank employees deal with customers in a caring fashion and bank has hours convenient to all customers, while, they are neutral with bank employees have the customer's best interest at heart, bank employees understand the individual needs of their customers and they are always informed when my service is done.

Assurance Dimension

The customer's perception about assurance dimension of private sector banks was analyzed and the results are presented in Table 5.

Table – 5, Customer's Perception about Assurance Dimension

Assurance Dimension	Mean Score	Standard Deviation
Bank employees make customers feel safe in their transaction	3.90	1.09
Bank employees instill confidence in customers	3.41	1.07
Bank employees have the knowledge to answer customer questions	3.77	0.83
Bank employees are consistently courteous	3.61	0.93

It is observed that the customers of private sector banks are agreed with bank employees make customers feel safe in their transaction, bank employees have the knowledge to answer customer questions and bank employees are consistently courteous; while, they are neutral with bank employees instill confidence in customers.

Responsiveness Dimension

The customer's perception about responsiveness dimension of private sector banks was analyzed and the results are presented in Table 6.

Table -6, Customer's Perception about Responsiveness Dimension

Responsiveness Dimension	Mean Score	Standard Deviation
Bank employees are always willing to help customers	4.80	0.14
Bank employees are ready to respond to customers request	4.75	0.16
Bank employees are never too busy to respond to customer questions	4.14	0.27
Bank employees provide prompt service to customers	4.32	0.34

It is apparent that the customers of private sector banks are strongly agreed with bank employees are always willing to help customers and bank employees are ready to respond to customers request, while, they are agreed with bank employees are never too busy to respond to customer questions and bank employees provide prompt service to customers.

Difference between Socio-Economic Profile of Customers and Their Perception about Service Quality of Private Sector Banks

In order to examine the difference between socio-economic profile of customers and their perception about service quality of private sector banks, the ANOVA (Analysis of Variance) has been employed and the results are presented in Table 7.

Table- 7, Difference between Socio-Economic Profile of Customers and Their Perception about Service Quality

Particulars	F-Value	Sig.
Gender and Perception	24.028	.000
Age Group and Perception	5.871	.000
Educational Qualification and Perception	17.029	.000
Occupation and Perception	17.273	.000
Monthly Income and Perception	11.912	.000

The F-value of 24.028 is significant at one per cent level indicating that there is a significant difference between gender of customers of private sector banks and their perception about service quality of private sector banks. The F-value of 5.871 is significant at one per cent level indicating that there is a significant difference between age of customers of private sector banks and their perception about service quality of private sector banks. The F-value of 17.029 is significant at one per cent level indicating that there is a significant difference between educational qualification of customers of private sector banks and their perception about service quality of private sector banks. The F-value of 17.273 is significant at one per cent level indicating that there is a significant difference between occupation of customers of private sector banks and their perception about service quality of private sector banks. The F-value of 11.912 is significant at one per cent level indicating that there is a significant difference between monthly income of customers of private sector banks and their perception about service quality of private sector banks. Hence, the null hypothesis of there is no significant difference between socio-economic profile of customers and their perception about service quality of private sector banks is rejected.

Customer's Satisfaction about New Banking Facilities of Private Sector Banks

The customer's satisfaction about new banking facilities of private sector banks was analyzed and the results are presented in Table 8.

Table- 8, Customer's Satisfaction about New Banking Facilities of Private Sector Banks

Customer's Satisfaction about New Banking Facilities	Mean Score	Status
Home Banking	3.71	Satisfied
Tele-Banking	3.65	Satisfied
ATM	4.74	Highly Satisfied
Debit Card	4.73	Highly Satisfied
Mobile Banking	3.62	Satisfied
Credit Card	3.40	Moderately Satisfied
Green Card	3.60	Satisfied
On-line Banking	4.80	Highly Satisfied
Internet Banking	4.82	Highly Satisfied
Electronic Bill Presentment and Payment	3.67	Satisfied
Core Banking	4.71	Highly Satisfied
Smart Card	3.43	Moderately Satisfied
Kiosk (Cash Deposit Machine)	4.66	Highly Satisfied
SMS Banking	3.65	Satisfied
Inter Bank Transfer	3.64	Satisfied

The results indicate that the customers of private sector banks are highly satisfied with ATM, debit card, on-line banking, internet banking, core banking and Kiosk (Cash Deposit Machine), while, they are satisfied with home banking, tele-banking, mobile banking, green card, electronic bill presentment and payment, SMS banking and interbank transfer. Meanwhile, they are moderately satisfied with credit card and smart card.

Impact of Service Quality Dimensions of Private Sector Banks on Customer's Satisfaction about New Banking Facilities

In order to examine the impact of service quality dimensions of private sector banks on customer's satisfaction about new banking facilities, the multiple linear regression has been applied and the results are presented in Table 9. The service quality dimensions are considered as independent variables and the customer's satisfaction about new banking facilities is considered as dependent variable.

Table -9, Impact of Service Quality Dimensions of Private Sector on Customer's Satisfaction about New Banking Facilities

Service Quality Dimensions	Regression Co-efficient	t - Value	Sig.
Intercept	1.128**	3.892	.000
Tangible (X ₁)	.278**	3.760	.000
Reliability (X ₂)	.360**	3.734	.001
Empathy (X ₃)	.255**	3.718	.001
Assurance (X ₄)	.314**	3.836	.000
Responsiveness (X ₅)	.372**	4.102	.000
R ²	0.68	-	-
Adjusted R ²	0.66	-	-
F	23.916	-	0.00
N	600	-	-

Note: ** Significance at one per cent level

The results indicate that the coefficient of multiple determinations (R²) is 0.68 and adjusted R² is 0.66 indicating the regression model is good fit. It is inferred that about 66.00 per cent of the variation in dependent variable (Customer's Satisfaction about New Banking Facilities) is explained by the independent variables (Service Quality Dimensions). The F-value of 23.916 is statistically significant at one per cent level indicating that the model is good fit.

The results show that responsiveness, reliability, assurance, tangible and empathy dimensions have a positive and significant impact on customer's satisfaction about new banking facilities of private sector banks at one per cent level. Therefore, the null hypothesis of there is no significant impact of service quality dimension of private sector banks on customer's satisfaction about new banking facilities is rejected.

CONCLUSION

The present study reveals that majority of the customers of private sector banks are males and most of the customers of private sector banks belong to the age group of 31 – 40 years. Majority of the customers of private sector banks are under graduates and most of the customers of private sector banks are private employees. Majority of customers of private sector banks belong to the monthly income of Rs.40, 001 - Rs.60, 000.

Among tangibility dimension, the customers of private sector banks are strongly agreed with employees have a neat, professional appearance, the bank has visually appealing material associated with the service, the facilities of bank are visually appealing and bank has modern equipments, while, they are agreed with bank's communication facilities are good and the working hours are suitable for customers. Among reliability dimension, the customers of private sector banks are agreed with bank employees are dependable in handling customer's service problems, bank employees provide services at right time and bank offers fast and efficient service.

Among empathy dimension, the customers of private sector banks are agreed with bank employees giving customers individual attention, bank employees deal with customers in a caring fashion and bank has hours convenient to all customers. Among assurance dimension, the customers of private sector banks are agreed with bank employees make customers feel safe in their transaction, bank employees have the knowledge to answer customer questions and bank employees are consistently courteous. Among responsiveness dimension, the customers of private sector banks are strongly agreed with bank employees are always willing to help customers and bank employees are ready to respond to customers request, while, they are agreed with bank employees are never too busy to respond to customer questions and bank employees provide prompt service to customers.

The customers of private sector banks are highly satisfied with ATM, debit card, on-line banking, internet banking, core banking and Kiosk (Cash Deposit Machine), while, they are satisfied with home banking, tele-banking, mobile banking, green card, electronic bill presentment and payment, SMS banking and interbank transfer. The regression analysis indicates that responsiveness, reliability, assurance, tangible and empathy dimensions have a positive and significant impact on customer's satisfaction about new banking facilities of private sector banks.

The private sector banks should take necessary steps to increase their branches in appropriate locations and improve the time taken for work and redressal of complaints. It is also suggested to increase the confidentiality and corporate image among the customers about their banks through service delivery mechanisms and it should improve their network of branches. The private sector banks should maintain customers' records free from errors and improve communication facilities and accessibility of banks. The bank employees of private sector banks should ensure customers that they provide services as promised and services as required by the customers.

Bank employees of private sector banks should give customers individual attention and they must have the customer's best interest at heart. In addition, bank employees understand the individual needs of their customers and the customers should be informed by bank when their service is done. Besides, the employees of private sector banks should instill confidence in customers. The private sector banks should improve the new banking facilities of credit card, and smart card services. Besides, the private sector banks should adopt proper marketing and service delivery strategies in order to improve the image of the banks.

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