



## A STUDY ON CUSTOMER SERVICES OF THE SELECT PRIVATE SECTOR BANKS IN TIRUPUR DISTRICT

**Kathirvel. N**

Department of Commerce, Government Arts College, Udumalpet.

**Karpagavalli.K**

Research Scholar, Department of Commerce, Karpagam University, Coimbatore. Subject: Commerce

### ABSTRACT

A sound progressive and dynamic banking system is a fundamental requirement for economic development. Hence, private sector Banks act as the backbone of economic development. They inculcate the habit of saving. The Indian banking is an essential component of the service industry. The share of banking and insurance within the service industry is very significant. Customer services have been widely debated as organizations/institutions increasingly attempting to measure them. Customer services can be experienced in a variety of situations and connected to both products and services. It is a highly personal assessment that is greatly affected by customer expectations. It is concluded that in a service industry like banking, where product differentiation is hard to maintain and the quality of service depends on the service provider, it is imperative for banks to have staff who realise that they are part of the business.

**KEYWORDS :** Customer Services , Private Sector Banks, ATM etc.

The banking industry is considered "a service oriented Industry". It renders manifold services to customers. An effective customer service is the center to all business operations and also plays an integral part in the growth strategy of the Banking Industry. A sound, progressive and dynamic banking system is a fundamental requirement for economic development. Hence, private sector banks act as the backbone of economic development. They inculcate the habit of saving and investment. They mobilize funds from numerous small household activities and help business firms spread over a wide geographical area.

The Present scenario focuses on the environment of cut-throat competition, where public and foreign banks are leaving no stones unturned to attract new customers and existing customers of the banking sector to their turf. Customer retention has become the key to the survival of national and international banks. In the competitive world, awareness level of customers is increasing day by day, their expectations are increasing as they have greater choices of products and services, and the concept of generation to generation banking has also undergone changes. Customers' loyalty is now conditioned by the quality of products and their delivery mechanism i.e. Service. All these have necessitated banks to provide better and an excellent customer service. New products are added to the basket and above all, computerization and networking are adopted for faster processing and proper information. The latter opened the gate for a host of delivery channels. Bank services today have become a basic service when they become sufficiently common place and widely deployed to no longer provide substantive differentiation on a relative basis. They have unique characteristics and they relate to other services in a completely different way to customers via; ATMs, Tele-banking, Internet Banking, Credit Cards and Debit Cards and so on. Banks have been offering services in many product areas, either by way of additional attractive features or delivery mechanisms. Many banks have introduced Credit Cards, Insurance Linked Deposit Products, 24 Hour Banking, Any Day Banking, Mobile Banking, Cash Back Offers, Core Banking, Anywhere Banking and so on .,

Service is an invisible offering which is dependent on and inseparable from the person who extends it. Services in Indian Banks are mostly branch-based in the public sector banks, while the foreign banks are making strides into full scale technology enabled banking (like Net Banking). Banking services constitute a hybrid type of offering that consists of both tangible goods (like loan schemes, interest rate paid, kinds of accounts) and the intangible services (like behavior and efficiency of the staff, speed of transactions and the ambience).

Banking operations are becoming increasingly customer oriented. The demand for "banking supermalls" offering one-stop integrated financial services is well on the rise. The ability of banks to offer clients access to several markets for different classes of financial instruments

has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident.

With years, banking is adding services to their customers. The Indian banking industry is passing through a phase of customer market. Customers have more choices in choosing their banks. A competition has been established within the banks operating in India. The new age IT (information technology) is bringing about sweeping changes in the banking industry, forcing them to reengineer many of their basic processes and systems. A few of the technology driven electronic banking services offered include automatic teller machine(ATM), electronic clearing services(ECS) electronic fund transfer(EFT), Tele-banking, internet banking etc. New technology capabilities could be effectively used to create value and to better manage customer relationship.

Due to Introduction and adoption of computers in the banking sectors, the nature of the traditional banking substantially changed. The issues of ATM facilities, credit cards, debit cards etc. were the banking services from which we could take money from our account without even approaching the bank. Money can now be transferred in a much faster and easier way. The core banking facility allows us to operate our account by any branch of the same bank. With the help of credit cards, we can purchase anything without carrying money in our pockets. Without computation, this Telebanking facility could not be available.

### Review of Literature

Ms.Linda Mary Simon (2012)<sup>4</sup> made a study on "Customer Perception Towards Services provided by Public Sector Banks and Private Sector Banks in Coimbatore Region". The purpose of this analysis is to measure customer perception towards various services like Internet Banking, ATM services, Timings, Attitude of staff towards customer of bank etc. It is found that private sector banks are providing better services to its customer than public sector banks. It is evident that public sector banks have a strong presence in the market but in recent times they are facing stiff competition from private sector banks in the range and quality of services offered.

Maya B. Lohani, & Kamlesh Kumar Shukia(2011)<sup>5</sup> both attempted a "Comparative Study of Customer Perception Towards Services Provided By Public Sector Bank and Private Sector Bank". They made a comparative study between Bank of Baroda (BOB) and ICICI in Lucknow and found that the younger customers are interested to use internet related services(ATM,NEFT,RTGS etc).most of the respondents preferred NEFT(National Exchange Fund Transfer) followed by ATM and Mobile banking. They are more inclined towards services provided by private sector bank than the public sector bank. They concluded that

the perceived quality of services provided by private sector bank (ICI-CI) is better than public sector bank (Bank of Baroda) in Lucknow city region. It is evident that public sector banks have a strong presence in the market, but in recent times they are facing stiff competition from private sector banks in the range and quality of services offered.

G.sakthivel (2009)<sup>6</sup> made a comparative study on "Customer perception towards the services provided by public sector and private sector banks with Reference to Select Banks in Coimbatore District". He focused on three public sector banks namely SBI, IOB and Indian Bank and three private sector banks namely ICICI, HDFC and Indusind Bank. The study is divided into three parts. The first part deals with customer preference while selecting the banks of their choice. The second part is to identify the level of satisfaction. The study found that respondents are highly satisfied towards ATM services provided by SBI followed by debit card EFT and CC and AWB when compared to others and ICICI is the most preferred bank for account opening by the respondents. Majority of the customers suggest the banks to create awareness in the computerization. A few of the respondents have suggested to improve the schemes and for the requirement of special cells. IOB is the most preferred bank towards best facilities available in the bank to the respondents.

Thyagarajan.M (2009)<sup>7</sup> in his study "Customer's Perception Towards Customer Services with Value Added Services in Private Sector Banks in Coimbatore City." The objective of this study is to know the various value added services provided by the bank. For that purpose 250 respondents were selected using simple random sampling. Garret ranking technique was used to rank the preference on different aspects of the study and the factor analysis is a technique used for analyzing correlations between variables. The study reveals that ATM and credit cards are the most common value added services utilized by the respondents. It is found that due to technological innovations and significant changes in demographic profile of customers, there is huge marketing potential lying ahead.

Ravi.R.A (2008)<sup>8</sup> In his study compares "Public Sector Banks and Private Sector Banks in Terms of User Perception of Their Retail Banking Services". This is an analytical study with a sample size of 120 from 3 public sector banks and 3 private sector banks. As per the study, both public sector banks and private sector banks appear to be providing services to the satisfaction of customers. In the case of public sector banks, most of the customers preferred because of its safety of investment, confidentiality of transactions and goodwill. With regard of private sector banks, customer prefer it because of politeness and hospitality, speed and accuracy, promptness, confidentiality of accounts and transactions, variety of services offered, goodwill, communication and providing prompt information.

Hasan Banu (2002)<sup>9</sup> In his research work "A Study of Customer Service Rendered By Public Sector Banks And Private Sector Banks In Theni District" made an attempt to evaluate the services availed by the bank customers and also analysed their attitude towards the banking services. The researcher measured the attitude of customers towards banking services with the help of a scale named "attitude scale". The study found that in order to achieve maximum customer satisfaction, the public sector banks need to simplify the procedure,

6. G.sakthivel (2009) "A comparative study on customer perception towards the services provided by public sector and private sector banks with reference to select banks in Coimbatore district. Unpublished Ph.D Thesis. Bharathiyar University .

7. **Thyagarajan.M (2009)**, "Customer's Perception towards Customer Services with Value Added Services in Private Sector Banks in Coimbatore City". Journal of Contemporary Research in Marketing. Jan-March 2009. Pp.1-12.

8. **Ravi.R.A (2008)**, "Comparative Study of Public Sector Banks and Private Sector Banks in Terms of User Perception of Their Retail Banking Services" The ICFAI Journal Of Banking Management. Volume. VII. No.2.May 2008. Pp 47 -69.

9.**Hasan Banu (2002)** , "A Study of Customer Service Rendered By Public Sector Banks And Private

Sector Banks In Theni District. Unpublished Ph.D Thesis. Madurai Kamaraj University. 2002.

minimize the number of documents required while sanctioning the loan.

Dorairaju (1994)<sup>10</sup> in his study "A Study on the Services of Banks towards Customer Satisfaction" focused on examining the services provided by public sector banks and to know the customer satisfaction towards such services. The study revealed that various services provided to customers such as deposit schemes, loan schemes, agency services, computerized operations etc was found satisfied.

### STATEMENT of the Problem

In the competitive and post liberalization era, every customer is concerned about the safety of their funds and also expects good and effective returns from their funds. They are always busy and expect to complete all their engagements from a single place. They are not ready to run around paying their electricity bill at one place telephone bill at another place. In fact the perception and the expectations of customers have undergone a vast change with the availability of banking services at their door steps through the help of technology. Sometimes customers faced many problems in services through unauthorized access within the network, inaccurate processing and transactions, data privacy and confidentiality, more hidden cost and so on.

To succeed, a bank must distinguish itself from its competitors not just in the quality of the core product but also in how it manages the "SERVICE SURROUND". Every interaction with a customer provides an opportunity to be "unique" and to "go beyond the call of duty". Hence the present study has been carried out to examine the different services provided by Private Sector Banks.

### OBJECTIVES OF THE STUDY

1. To know the preference for customer services in the selected private sector banks in the study area.
2. To offer suitable suggestions based on the findings of the study to improve the services of the Private Banks.

### METHODOLOGY AND RESEARCH DESIGN

The validity of any research is based on the systematic method of data collection and analysis. Both primary and secondary data were used for the present study. The primary data were collected from four hundred sample respondents from Tirupur District. For collecting the first-hand information from customers, the simple random sampling method was chosen. The data thus collected from the primary sources of information were arranged systematically and sequentially to form simple tables. Garrett ranking technique was employed in this study. The study was confined to a period of one year, i.e. from March 2013 to February 2014.

Garrett's Ranking Technique is used to identify the rank of services provided by banks. The respondents were asked to rank some of the identified services provided by banks. The order of merit was assigned by the Garrett's Ranking Technique. This method was suggested by Garrett for converting the ranks into scores where the number of items ranked differed from respondent to respondent. The percentile position for each rank was found by using the following formula.

$$100(\text{Rij}-0.5)$$

$$\text{Percentile position} = \frac{\quad}{N_j}$$

10. Dorairaju (1994) "A Study On The Services Of Banks Towards Customer Satisfaction" Unpublished Ph.D Thesis. June 1994.

Where,  $R_{ij}$  = Rank given  $i^{\text{th}}$  factor by  $j^{\text{th}}$  individual,

$N_j$  = Number of factors ranked  $j^{\text{th}}$  individual.

By referring to Garrett's table, the percentile position estimated were converted into scores. The scores of various respondents were added total scores were calculated. The factors with the highest total score was considered to be the most important, followed by second, third

and so on.

**TABLE - 1**  
**RANK FOR SERVICES PROVIDED BY BANK**

RANK	1	2	3	4	5	6	7	8	9			
PERCENTILE SCORE	11	49	62	86	96	94	98	91	19	TOTAL	MEAN	RANK
Tele Banking	P1	1	168	60	49	26	38	52	10	-	400	
	N	11	11310	3720	2744	1300	1672	1976	310	-	23119	57.80
Mobile banking	P2	3	27	192	46	44	45	21	20	2	400	
	N	243	1893	11904	2576	2200	1910	798	620	31	22222	55.56
Credit card	P2	2	60	38	171	57	41	18	12	1	400	
	N	162	4140	2356	9576	2850	1804	684	372	19	21960	54.91
RTGS	P4	7	19	28	61	183	23	44	34	1	400	
	N	567	1311	1756	3416	9150	1012	1672	1054	19	19937	49.84
Any where banking	P5	18	23	30	22	36	166	33	7	1	400	
	N	7128	1537	1860	1232	1500	7304	1254	217	19	22101	55.25
International debit card	P6	3	34	22	21	38	52	199	12	-	400	
	N	162	1726	1364	1176	1900	2218	7562	372	-	18350	46.38
ATM	P7	294	28	14	10	12	21	6	15	-	400	
	N	23814	1932	868	560	600	904	228	465	-	29391	73.48
Electronic Fund transfer	P8	4	22	14	22	8	36	24	287	3	400	
	N	324	1518	868	1232	400	704	912	8897	57	14912	37.28
MICR processing centre	P9	75	25	11	35	88	65	36	64	7	400	
	N	4075	1725	682	1960	4400	2860	1540	1914	133	20959	52.40

#### SOURCE: PRIMARY DATA

The above table reveals the ranking of services provided by Banks. "ATM" was ranked first by the selected sample respondents with the total score of 29391 and the mean score of 73.48 "Tele Banking and Mobile Banking" occupied second and third position with the total score of 23119 and 22222 and the mean score of 57.80 and 55.56 respectively. "Any where banking" was ranked fourth with the total score of 22101 and the mean score of 55.25. "Credit Card" occupied the fifth position with the total score of 21963 and the mean score of 54.91. "MICR Processing Centre" occupied the sixth position with the total score of 20959 and the mean score of 52.40. "Real Time Gross Settlement" was ranked seventh with the total score of 19937 and the mean score of 49.84. "International Debit Card" occupied the eighth position with the total score of 18550 and the mean score of 46.38. "Electronic fund transfer" occupied the last position with the total score of 14912 and the mean score of 37.28 respectively. It is evident that most of the respondents gave the top most priority to ATM for services provided by banks.

#### SUGGESTIONS

Above study shows that EFT (Electronic Fund Transfer) occupied the last position as most of the customers are not aware of the EFT. So Bankers should create awareness about EFT, International Debit Card, RTGS system. Some customers are facing lot of problems while transferring funds through EFT as they need IFSC Code and Branch address. So banks should make necessary arrangements with internet facilities in their banks so that customers can access their IFSC code and address.

Steps may be taken to create awareness about International debit card, RTGS (Real Time Gross Settlement) etc. Security risk is one of the very important issues in banking services because most of service activities are closely related with internet banking systems. In internet banking, information is considered as an asset and so worthy of protection.

A system should be developed in such a way that a customer can use his ATM cards and ATM PIN for authentication in a transaction through the internet. The changes in banking and financial sectors require a fundamental shift in skills required for banking. To meet an increased competition and the need for specialised banking functions, using Information Technology as a competitive tool is required. Special skills in retail banking and foreign exchange will have to be nurtured with care and built upon. Thus the twin pillars of the banking sector i.e., human resources and IT, will have to be strengthened. Proper Technical training to staff must be provided to handle crisis situations.

According to the bank management there is no special set up or policy for encouraging customers. Bank management thinks that because of their reliability, existence and facilities customers automatically are lured so there is no need to make retention programme and policy. Banks believe in the old adage that "old is gold" and banks keep track of all accounts on a regular basis. There is no proper check to know the status of various accounts.

#### CONCLUSION

The study reveals that there are vast opportunities as well as challenges for services provided by banks in India. It is found that due to technological innovations there is huge market potential lying ahead. The study also reveals that ATMs and Tele-Banking are the most common services utilised by the respondents. Efforts must be made to market the other services namely, E-banking, Demat accounts, On-line tax filing, Anywhere banking, etc., So that the customers as well as the banks are benefited. In a service industry like banking, where product differentiation is hard to maintain and the quality of service depends on the service provider, it is imperative for the Bank to have staff who realise that they are a part of the business concern. They have to render services to the satisfaction of the customers. In many banking institutions excellence in customer service is emerging as the valuable way to differentiate themselves from their competitors. For achieving excellence in customer service, banks need to clearly know detailed understanding of customer needs, expectations and values and based on these they need to develop unified organizational mindset, processes and systems to deliver the service excellence. Organizations that invest the time, energy, and resources required to achieve excellence in customer service will be the ones that will thrive and grow.

#### REFERENCES

1. Dr. G. P. Kapoor (2004), "Commercial Banking", A.P.H publishing Corporation, New Delhi-2, Ed. 2004, pp. 1-3.
2. M.V. Nair (2007), "Banking - Exciting growth avenues", The Hindu, Survey of Indian Industry 2007, Pp 49-51.
3. Sathya Swaroop Debasish and Bishupriya Mishra, "Indian Banking System- Development Performance and Services", Mahamaya Publishing House, New Delhi, Ed-2005, Pp 174-176.
4. Ms. Linda Mary Simon (2012), "A Study on Customer Perception Towards Services provided by Public Sector Bank and Private Sector Bank in Coimbatore Region". Indian Journal of Research. ISSN 2250-1991. Vol. 1. Issue. 12. December 2012. pp. 113-115.
5. Maya B. Lohani & Kamlesh Kumar Shukla. (2011) "Comparative Study of Customer Perception Towards Services Provided by Public Sector Bank and Private Sector Bank". International Journal Of Engineering and Management Sciences (I.J.E.M.S.) vol. 2 (3) 2011: PNO 143-147. www. Science and nature org.
6. G. Sakthivel (2009) "A comparative study on customer perception towards the services provided by public sector and private sector banks with reference to select banks in Coimbatore district. Unpublished Ph.D Thesis. Bharathiyar University .
7. Thyagarajan. M (2009), "Customer's Perception towards Customer Services with Value Added Services in Private Sector Banks in Coimbatore City". Journal of Contemporary Research in Marketing. Jan-March 2009. Pp. 1-12.
8. Ravi. R.A (2008), "Comparative Study of Public Sector Banks and Private Sector Banks in Terms of User Perception of Their Retail Banking Services" The ICFAI Journal Of Banking Management. Volume. VII. No. 2. May 2008. Pp 47 -69.
9. Hasan Banu (2002), "A Study of Customer Service Rendered By Public Sector Banks And Private Sector Banks In Theni District. Unpublished Ph.D Thesis. Madurai Kamaraj University. 2002.
10. Dorairaju (1994), "A Study On The Services Of Banks Towards Customer Satisfaction" Unpublished Ph.D Thesis. June 1994.