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A STUDY ON CUSTOMER ATTITUDE TOWARDS SERVICE QUALITY OF PRIVATE SECTOR BANKS IN KRISHNAGIRI DISTRICT

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ABSTRACT Banking sector is the backbone of any financial system of the economy. Public sector banks play an important role in the development of developing economies by mobilization of resources and their better allocation. The service quality has gained importance in last decade due to its unique characteristics of services involving intangibility, inseparability, variability and perishability. A larger option for the customer is getting translated into a larger demand for financial products, and customization of services is fast becoming the norm than a competitive advantage. Public sector banks in India have fast emerged as one of the major drivers of the banking industry and have witnessed enormous growth in the recent past. In this chapter the researcher has reviewed the various services offered by the select public sector banks in Krishnagiri District.

KEYWORDS : Service Quality, Satisfaction, Private Banks,Mobilization, customization of services

I. INTRODUCTION

Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra & Mukherjee, 2004).

Currently, Indian banking industry has a dynamic and complex environment. It requires that an active organization in the banking industry of the country pays more attention to customer satisfaction. This goal will not be achieved without localized models and indicators through which one can make sure of customer satisfaction.So this study aims to estimate and evaluate indicators of Parasuraman model of service quality through a survey from customers of Melli bank to have a better understanding of these dimensions. Service quality is a recent and more dynamic, decisive issue in the marketing thought. It also helps control the competitive position and consequently determines the market share and profits (Shabib, 2002).

Private Sector Banks The private-sector banks in India represent part of the Indian banking sector that is made up of both private and Private sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government. The onset of competition from the private players and initiation of banking reforms since early 1990s has led to an increased emphasis on efficient customer service. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level. Private Banks have grown faster and bigger over the two decades since liberalisation using the latest technology, providing contemporary innovations and monetary tools and techniques.

Importance of The Study

This study was conducted to understand the perception of service quality in the private sector banks in Krishnagiri district and also to evaluate how it helps in enhancing the reputation and attract customer loyalty. And hence service quality has been used to position the banks in the tough market. The study was administered through the private banks like ICICI, HDFC, KOTAK& INDUSIND BANKS. The study has taken the SERVQUAL tool for measurement of the service quality offered by the private players in the banking industry. The main assumption is Service quality is multi dimensional concept and these dimensions help in measuring the service quality. The responses were collected based on the five dimensions, namely **assurance, reliability, responsiveness, tangibility and empathy**. The study identifies that Reliability and Responsiveness are the most relevant factors for the service quality perception and they have compared the individual scores with the average mean value scored by the private banks under the study.

II. STATEMENT OF THE PROBLEM

The strategies adopted by the Private Sector Banks are more in tune with those of the foreign banks, where importance is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operational efficiencies by using high-end technology. The Private Sector Banks recruit the finest manpower, employ state-of-the-art technologies and are oriented towards building a strong brand image. The Private Sector Banks have made banking more efficient and customer friendly. Undoubtedly, being tech-savvy and full of expertise, the Private Sector Banks have played a major role in the development of the Indian banking industry. The Private Sector Banks always try to introduce new products and make the industries achieve expertise in their respective fields by offering quality service and guidance. At this juncture, some key questions that the Private Sector Banks have to ask themselves are

- "What are the factors that influence the customers to select a private bank?
- What is the extent of perceived service quality and the degree of loyalty of the customers?
- Is there any gap in the service performance of the Private Sector Banks?

This research makes a modest attempt to find out answers to the above questions. In this context, the researcher has made an attempt to study the Customers Attitude towards Service Quality of Private Sector Banks in Krishnagiri District.

III. SAMPLING DISTRIBUTION

There are 13 Private Sector Banks are selected in Krishnagiri district for this study. In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted. At the first stage, 13Private Sector Banks were selected. In the second state, 14 branches were selected out of the 28 branches of the Private Sector Banks. In the final stage, from each of the branches, 30 savings bank accountholders and 20 current accountholders were selected on the basis of the convenient sampling method. Therefore, the sample size consists of 700 customers (50 Accountholders *14 Branches). The following table shows the sampling distribution of the present study.

IV. OBJECTIVES OF THE STUDY

The main objective of this study is to examine the Customers' Attitude towards Service Quality of Private Sector Banks in Krishnagiri District.Besides, the study has the following specific objectives:

1. To summarize the background of the Private Sector Banks in India and Tamil Nadu.
2. To recognize the opinion of customers towards the services offered by the Private Sector Banks in Krishnagiri District.
3. To determine the level of expectation, perception and fulfillment of the customers towards service quality in Private Sector Banks

in Krishnagiri District.

4. To analyze the service quality gap in Private Sector Banks in Krishnagiri District
5. To offer suitable suggestions and recommendations for the development of service quality in Private Sector Banks in Krishnagiri District

V. TESTING OF HYPOTHESES
The following null hypotheses were formulated and tested:

H_{01}: There is no significant relationship between the satisfaction level of the customers belonging to different socio-economic profiles towards various services offered by the select Private Sector Banks.

H_{02}: There is no significant relationship between the acceptance levels of the respondents belonging to different demographic profiles towards the perceived level of service quality in the select Private Sector Banks.

H_{03}: There is no significant difference in the acceptance levels of the customers between the expected and perceived levels of service performance in the select Private Sector Banks in Krishnagiri District.

VI. ANALYSIS AND INTERPRETATION
The banking system in India is significantly different from that of Other Asian nations because of the country's unique geographic, social, and economic characteristics. The banking industry is facing a rapidly changing market, economic uncertainties, fierce competition and more demanding customers. The changing climate has presented an unprecedented set of challenges.
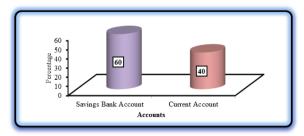
Classification of Gender

Sl .No:	Gender	No. of Respondents	Percentage
1.	Male	495	70.71
2.	Female	205	29.30
	Total	**700**	**100.00**

The above table shows,Out of 700 respondents, **majority** of the respondent (70.71 per cent)are male in the study area and followed by 29.30 per cent are female.

Classification of Type of Accounts

Sl.no	Type of Account	No. of Respondents	Percentage
1.	Savings Bank Account	420	60
2.	Current Account	280	40
	Total	700	100

Table5. 2 exhibit the details of the types of account of the respondents. Data shows out of 700 respondents that majority of customers have saving account (60%) followed by 40% of customers have current account.

Level of Importance of the Factors Influencing the Respondents to Prefer Services from the Private Bank

Influencing Factors	Level of Importance					Total	Mean Score
	Very Important	Important	Neither Important nor Not Important	Not Important	Not at all Important		
Friendliness of the bank staff	297 (42.42)	236 (33.71)	49 (7)	57 (8.14)	61 (8.73)	700 (100.00)	3.93
Fast and efficient service	505 (72.10)	159 (23.70)	2 (0.30)	14 (2.0)	20 (2.90)	700 (100.00)	4.65
Location of the bank	311 (44.50)	220 (31.50)	71 (10.10)	42 (6.0)	55 (7.90)	700 (100.00)	3.98
Lower service charges	207 (29.60)	162 (23.10)	190 (27.10)	26 (3.7)	115 (16.50)	700 (100.00)	3.45
Perceived confidentiality of bank	228 (32.60)	205 (29.30)	143 (20.50)	32 (4.60)	91 (13.0)	700 (100.00)	3.65
Loan with favorable terms	183 (26.10)	295 (42.10)	152 (21.70)	9 (1.30)	71 (10.10)	700 (100.00)	3.73
Reputation and image of the bank	277 (39.60)	246 (35.10)	66 (9.50)	59 (8.40)	52 (7.40)	700 (100.00)	3.88
Working/ opening hours	290 (41.50)	169 (24.10)	150 (21.50)	17 (2.40)	73 (10.50)	700 (100.00)	3.85
Security in transacting business	169 (24.10)	265 (37.90)	155 (22.10)	8 (1.20)	103 (14.70)	700 (100.00)	3.57
Range of services	434 (62.0)	164 (23.40)	3 (0.42)	14 (2.0)	85 (12.10)	700 (100.00)	4.25
Higher interest payment for savings	307 (43.90)	191 (27.30)	19 (2.70)	34 (4.90)	148 (21.20)	700 (100.00)	3.67
Lower interest for loans	310 (44.30)	224 (32.0)	64 (9.10)	30 (4.30)	72 (10.30)	700 (100.00)	3.96
Branch network	301 (43.10)	176 (25.10)	66 (9.50)	36 (5.10)	120 (17.20)	700 (100.00)	3.68
Personal services	367 (54.60)	87 (12.50)	17 (2.40)	138 (19.70)	90 (12.80)	700 (100.00)	3.77
Overall	**304 (43.50)**	**194 (27.70)**	**82 (11.70)**	**35 (5.0)**	**85 (12.10)**	**700 (100.00)**	**3.86**

Inference:
Table 4.8 shows the important levels of various factors influencing the respondents to prefer banking services from Private banks in Krishnagiri District. The overall influence of all the fourteen factors is considered 'very important' in motivating the customers to prefer banking services by 43.50 per cent of the respondents, as 'important' by 27.70 per cent of the respondents, 'neither important nor not important' by 11.70 per cent of the respondents, as 'not important' by 5.0 per cent of the respondents and as 'not at all important' by 12.40 per cent of the respondents. The average attitude score reveals that fast and efficient service of the banks is the most important factor (4.65) for the respondents to prefer banking services from the Private banks, followed by ranges of services (4.25). However, the respondents assign least importance with regard to lower service charges (3.45).

Factor Analysis
Before conducting factor analysis, the validity of data for factor analysis has been conducted with the help of KMO measures and Bartlett's test of Sphericity. The Kaiser Meyer Olkin (KMO) measure is indicator of how well suited the sample data are for factor analysis. It is ratio of the sum of the squared correlations for all variables in the analysis to the squared squared correlation of all variables plus the sum of the squared partial correlations for all variables. The denominator of this ratio increase with variation that is unique to Pairs of variable (partial correlations), making the value of KMO less than one, small values of KMO indicate that factor analysis may not be appropriate for the data. Kaiser (1974) suggests that values of .9 or higher are great and values below .5 are unacceptable . The computed KMO measures and chi – square value from table 5.26 satisfy the validity of data for factor analysis. The factor analysis result in important service equality factors.

Highlights the mean awareness score for each of the four major services offered by Private Banks.

Service	Awareness Level			Total Score	Mean Score	Rank
	Fully Aware	Partly Aware	Not Aware			
Depository Services	518	175	7	1911	318	1
Mercantile Services	224	280	196	1428	238	4
Loan Services	280	259	161	1519	252	2
Technology Based Services	175	133	392	1442	240	3

Inference:

In order to calculate total awareness score, the numbers of respondents whose opinions are "fully aware", "Partly aware" & "Not aware" are multiplied by 3, 2 & 1 respectively. The mean score is calculated by dividing the total score by total number of weights (6). Data reveals that among four services, deposit services have got the highest score followed by the Loan, Technology based & mercantile services.

Gender and Level of Satisfaction towards Services of the Private Banks

Gender	No. of Respondents	Mean Score	Standard Deviation	Co-variation
Male	495	64.83	12.21	19.13
Female	205	65.18	13.45	20.21
Overall	**700**	**65.03**	**12.56**	**19.61**

Comparison of Satisfaction between Male and Female Respondents

t Value	D.F	Table Value at 5%	Result
0.251	998	1.859	Not significant

The calculated t value (0.251) is less than the table value (1.859) at 5 per cent level of significance. The test is not significant. This means that there is no significant difference between the satisfaction levels of male and female respondents towards various services of the select Private banks. Therefore, the null hypothesis (Ho1) is accepted. The average satisfaction score of the female respondents (65.18) is high, followed by male respondents (64.18). It reveals that female respondents are more satisfied towards the various services of the select Private banks. Moreover, the variation in the satisfaction level (19.14 per cent) is low among the male respondents. This means that there exists consistency in the satisfaction level of male respondents towards services of the select Private Banks krishnagiri district.

VII. CONCLUSION

To study the perception of the customers towards service performance of the select Private banks in Krishnagiri District. 700 customers from 20 branches of the 8 select Private banks have been selected and studied. The analysis reveals that there is no significant relationship among the acceptance levels of the customers belonging to different genders, age groups, educational status groups, occupations and monthly income groups towards perceived service quality in the Private banks. However, a significant relationship is found among the acceptance levels of the customers belonging to different types of account and banks towards perceived service quality. Moreover, there is a significant difference in the acceptance level of the respondents between the expected and perceived levels of various dimensions of service quality such as assurance, empathy, reliability, responsiveness and tangibility. It is found from the analysis that absence of customer intimate strategy, poor-quality customer service, inadequate range of products, inadequate customer communication, delay in service, absence of creativity and innovativeness, inadequate customer contact.

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