

Customers' Awareness About the Services Provided by the Commercial Banks in Gulbarga District of Karnataka



Commerce

KEYWORDS : Banking, Customers, Service, Retailing, Commercial Bank

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ABSTRACT

To enhance reputation and gain customer loyalty, a study of the performance of the commercial banks is done to see if the perception of service quality has an effect on the banks. It has been observed that in the commercial banks which are perceived to be offering better quality of service it is the increasing competition amongst banks, the findings can act as a strategic tool to achieve competitive advantage and customer satisfaction. It is also an eye-opener for the commercial banks to see the gap between customer expectation and perception regarding the quality of services rendered which should further act as a motivation which results, increases reputation and to achieve customer loyalty. The present study is an attempt in the direction, where quality perceptions of the commercial banks have been compared to reach at logical conclusions

Introduction

Retail banking in India is not a new phenomenon and it has always been prevalent in various forms. Retail banking is a major form of commercial banking which mainly involves individual customers rather than corporate clients. For the last few years, it has become tantamount with mainstream of banking for many banks. It provides basic banking services to the general public, including activities such as deposit, loan and payment services, financial investments, foreign exchange, and other financial activities such as insurance. Retail banking is, however, quite broad in nature. It refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet.

Review of Literature

Sandip Gosh Hasra and BL Srivastava (2009) in their study indicated that the bank should pay attention to these dimension of service quality and pay more attention to dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust.

Saraswati.S (2011) also confirmed that in services, quality is not objective; to a certain extent it is perceived. Quality in services is based on customer's judgment of superiority on intangible dimensions. He describes a framework which views quality in services as made up of two dimensions of technical and functional quality. Technical quality refers to the outcome while functional or process quality refers to the quality of process through which the outcomes are transferred to the customer.

Statement of the Problem

The continuous deregulation has made banking market extremely competitive with greater autonomy, operational flexibility, decontrolled interest rates and liberalized norms for foreign exchange. The deregulation of the industry coupled with decontrol in interest rates has led to entry of a number of players in the banking industry. At the same time, reduced corporate credit off-take, has resulted in large number of competitors battling for the same pie. As a result, the marketplace has been redefined with new rules of the game. Moreover, given the relatively low switching costs, customer retention calls for customized service and hassle-free, flawless service delivery. Varied requirements and approaches of the customers are also creating challenges, as employees are made to adapt to changing conditions. The significance of the role of retail banking and the involvement of banking services in people's everyday life has been recognized. In this context, an attempt has been made to study the Customers' Awareness about the Services Provided by Commercial Banks in Gulbarga district of Karnataka

Research Objectives

1. To study the awareness of the customer on service quality provided by commercial Banks in Gulbarga District of Kar-

nataka

2. To determine and evaluate the quality of service in selected commercial Banks in Gulbarga district of Karnataka
3. To determine the gap between customer expectation and perception in Gulbarga District.
4. To determine the areas that needs to get better by banks to deliver better-quality of service in Gulbarga District and in General overall India.

Sampling:

The target respondents for this research consist of customers of commercial banks in Gulbarga District of Karnataka. Respondents for this study are the commercial banks account holders. First, it saves times and costs since the respondents can be randomly selected. Second, it offers an easy way to obtain the raw data for the further analysis. 300 survey questionnaires were distributed among the participants, 275 questionnaires were filled and returned, and 250 fully filled questionnaires were taken for the final analysis. Thus the effective response rate of survey is 83.34%. After discarding incomplete and indistinct responses 250 responses were taken for final analysis. The data was collected for the study based on convenience and administered a modified SERVQUAL questionnaire containing two sections: customers' expectations and customers' perception each consisting of 32 questions of 9 dimensions. The respondents were asked to rate their expectations and perceptions of service offered by the respective banks. A seven point Likert scale was used.

DATA COLLECTION

Data was collected from two sources: Primary data as well as Secondary data.

Primary data

Primary Data has been collected from commercial banks customers as well as bank managers from the area of Gulbarga District of Karnataka by administering the questionnaire and personal interview.

Secondary data

Secondary data is the base for the primary data. Primary data has been collected from the Journals, Books, Magazines, and websites.

DATA ANALYSIS

Each questionnaire item was scored on seven point numerical scale, where 1= extremely dissatisfied, 2 = highly dissatisfied, 3 = Dissatisfied, 4 = neither satisfied nor dissatisfied, 5 = satisfied, 6 = highly satisfied, 7 = extremely satisfied and customers were asked to respond to the statements in the SERVQUAL model. Likert (1932) developed the principle of measuring attitudes by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them, and so tapping into the cognitive and affective components of attitudes.

Likert-type or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions. These ordinal scales measure levels of agreement/disagreement.

Table no. 01 Age wise classification of respondents

| Si No | Particulars | No of Respondents | % |
|-------|-------------|-------------------|-----|
| 01 | >30 yrs | 27 | 11 |
| 02 | 30-40 yrs | 118 | 47 |
| 03 | 40-60 yrs | 61 | 24 |
| 04 | <60 yrs | 45 | 18 |
| Total | | 250 | 100 |

Source: Field Study

The above table depicts the age of the respondents 47 % of the respondents belong to the age group of 30-40 have high level of perception regarding the commercial banking services. 24% of respondents who are between the age group of 40-60 have medium level of perception regarding the e-banking services and majority of them who are between 40- 60 and 18 % of them who are between 60 and above.

Table No.02 Gender wise classification of respondents

| Si No | Particulars | No of Respondents | % |
|-------|-------------|-------------------|-----|
| 01 | Male | 198 | 79 |
| 02 | Female | 52 | 21 |
| Total | | 250 | 100 |

Source: Field Study

Above table shows that 79 % of the respondents belongs to the male and remaining 21% respondents are female

Table No.03 Education wise classification of respondents

| Si No | Particulars | No of Respondents | % |
|-------|---------------|-------------------|-----|
| 01 | Up to PUC | 45 | 18 |
| 02 | Graduate | 63 | 25 |
| 03 | Post Graduate | 81 | 32 |
| 04 | Professional | 61 | 25 |
| Total | | 250 | 100 |

Source: Field Study

Education level is directly effect on bank transaction table no.03 reveals that 32 % of respondents are post graduate and 25% respondents are only graduate it is highlighted that only 18 % of the respondents are complete the education up to PUC Level.

Table No.04 Occupation wise classification of respondents

| Si No | Particulars | No of Respondents | % |
|-------|---------------|-------------------|-----|
| 01 | Salaried | 108 | 43 |
| 02 | Self Employed | 18 | 07 |
| 03 | Business | 34 | 14 |
| 04 | Professional | 27 | 11 |
| 05 | Student | 36 | 14 |
| 06 | Retired | 18 | 07 |
| 07 | House Wife | 09 | 04 |
| Total | | 250 | 100 |

Source: Field Study

Above table showing the occupation of the respondents majority of the respondents are salaried i.e 43% and it is interestingly noted that only 04% of the respondents are House wife they are maintain the account in the commercial bank.

Table No 05 Analysis of gap score

| Statement | P | E | E-P |
|---|-----|-----|-----|
| Reliability: | | | |
| Banks promise to do something by a certain time, they do. | 6.5 | 5.7 | 0.8 |

| | | | |
|--|-----|-----|-----|
| Bank will show a sincere interest in solving it. | 6.6 | 6.1 | 0.5 |
| Bank will perform the service right the first time | 6.7 | 5.7 | 1.0 |
| Bank provides the service at time they promise to do so. | 6.6 | 5.4 | 1.2 |
| Error free records | 6.6 | 5.8 | 0.6 |
| Assurance: | | | |
| Instills confidence | 6.6 | 5.6 | 1.0 |
| Employees are always well mannered | 6.7 | 5.5 | 1.2 |
| Employee have enough Knowledge | 6.6 | 5.7 | 0.9 |
| Tangibility: | | | |
| Modern looking equipment | 6.7 | 5.9 | 0.4 |
| The physical facilities | 6.6 | 5.6 | 1.0 |
| Tidy manifestation of employee | 6.7 | 5.7 | 1.0 |
| Materials associated with the service | 6.7 | 5.9 | 0.8 |
| Empathy: | | | |
| Gives individual attention | 6.5 | 5.3 | 1.2 |
| Convenient working hours | 6.7 | 5.9 | 0.8 |
| Gives personal attention | 6.5 | 5.9 | 0.6 |
| Best interest in heart | 6.6 | 5.7 | 0.9 |
| Responsiveness: | | | |
| Prompt service to customers. | 6.7 | 5.7 | 1.0 |
| Banks will always be willing to help customers. | 6.6 | 5.4 | 1.2 |
| Tell you about performance of service | 6.5 | 5.7 | 0.8 |
| Willingness to help | 6.6 | 5.9 | 0.7 |
| Not busy to respond queries | 6.5 | 5.6 | 0.9 |
| Ease of use: | | | |
| Convenient branch locations | 6.7 | 5.8 | 0.9 |
| Extended working hours | 6.6 | 5.7 | 0.7 |
| ATM network | 6.7 | 6.1 | 0.6 |
| Secure net banking | 6.7 | 5.9 | 0.8 |
| Variety of products: | | | |
| The bank recommend products and services according to the needs of individuals | 6.5 | 5.5 | 1.0 |
| The bank recommend a extensive range of products and services | 6.6 | 5.7 | 0.9 |

The table No 05 shows the various dimensions of the service quality. In this table perceptions and expectation of the customers are taken for the study and also to calculate the service gap i.e. (expectations- perceptions).

TABLE NO.6 HIGHEST & LOWEST GAP SCORE OF COMMERCIAL BANKS

| S. NO | Dimensions | Gap score |
|-------|----------------------------------|-----------|
| 1 | Average score for reliability | 0.820 |
| 2 | Average score for assurance | 1.03 |
| 3 | Average score for tangibility | 0.800 |
| 4 | Average score for empathy | 0.875 |
| 5 | Average score for responsiveness | 0.920 |
| 6 | Average score for Ease of Use | 0.725 |

| | | |
|-----------------------------|---------------------------------------|-------|
| 7 | Average score for variety of products | 0.950 |
| Total | | 6.12 |
| Average e un-weighted score | | 0.874 |

In table No.06 the average gap score of public sector bank customers are recorded in it. This shows that each dimension has different point of view of customers. Each point in all dimensions has its own importance and also to calculate its average.

Table no. 07

| Attributes | Dimensions | Gap score |
|--|----------------|-----------|
| Highest score: | | |
| Banks provide the service at the time they promise to do so. | Reliability | 1.2 |
| Employees are always well-mannered | Assurance | 1.2 |
| Gives individual attention | Empathy | 1.2 |
| Banks will always be willing to help customers. | Responsiveness | 1.2 |
| Lowest score: | | |
| Modern looking quipment | Tangibility | 0.4 |
| Bank will show a sincere interest in solving it. | Reliability | 0.5 |
| ATM network | Ease of use | 0.6 |
| Error free records | Tangibility | 0.6 |
| Gives personal attention | Empathy | 0.6 |

Presumption

The table no. 07 represents the attributes having the highest and lowest scores observed from the table. These attributes shows that there is highest and lowest gap between customer expectation and perceptions of bank services. Highest scores indicate that the customers are not satisfied with the services provided by the bank. Hence it was observed that the more gaps are identified in reliability, assurance etc whereas the lowest score indicates that the customers are satisfied with the services provided by the bank. Hence it was observed that the fewer gaps are identified in empathy, ease of use.

Findings

Customer’s expectations of service quality in commercial banks in Gulbarga District are high and perceived quality of service is quite lower across public sector banks. For Public sector banks the most prominent gap is in reliability, empathy, responsiveness dimension of the service quality. Commercial Banks have to understand the shifting needs of customers, their objectives and opportunities to create value. Commercial Banks should have a strong customer relationship management system that would specify the importance of the customer and able to be aware of their needs.

Conclusion

The banking business is becoming more and more multifaceted as a result of liberalization and globalizations. With hostile marketing strategies for making business opportunities, banks have developed innovative products, keeping in view the needs of different classes of individual customers. Commercial Banks may pursue a feedback system to know the customers’ expectations for improving the level of customer satisfaction to the maximum level. Responses on service reliability should be continuously obtained from customers.

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