



Service Quality in Private Sector and Public Sector Banks in Udumalpet

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ABSTRACT

The provision of essential financial services is the prime activity of commercial banks. This is doubly essential in economics of developing countries like India. The developing country faces many peculiar problems like poverty, scarcity of capital, lack of entrepreneurship skills and unemployment. Another vital issue in these economics is that there is more dependence on agriculture and at the same time agriculture is not modernized. There are inter-regional disparities and there is unequal distribution of wealth. The commercial banks can work as catalytic agents in growth by following appropriate policies in the designing and marketing of their services. The present study has made an attempt to evaluate the performance of public and private banks and to assess the opinion of the customers on the quality of services offered by the banks. To achieve the goal, especially in private sector banks, flexibility is the key factor. In the emerging competitive business environment, only those banks that adhere to the strict financial discipline will survive. To create a cordial atmosphere and smooth relationship between the bank and the customers, it is essential to satisfy the need of the later.

KEYWORDS

Service Quality, Public Sector Banks, service quality gap.

INTRODUCTION

The provision of essential financial services is the prime activity of commercial banks. This is doubly essential in economics of developing countries like India. The developing country faces many peculiar problems like poverty, scarcity of capital, lack of entrepreneurship skills and unemployment. Another vital issue in these economics is that there is more dependence on agriculture and at the same time agriculture is not modernized. There are inter-regional disparities and there is unequal distribution of wealth. The commercial banks can work as catalytic agents in growth by following appropriate policies in the designing and marketing of their services.

The human perceptions change from time to time and from individual to individual. It is therefore, necessary for banks to continuously assess and reassess how customers perceive the various services, what are the new and emerging customer expectations and how best they can be satisfied on an ongoing basis. This requires a continuous and consistent analysis and assessment of the customers' preferences. The present study attempts to analyze the customers' perceived and desired levels of service quality and the resultant service quality gap of the selected public and private sector banks in Udumalpet.

OBJECTIVES OF THE STUDY

Based on the above mentioned issues, the following objectives were framed for the present study:

- 1) To analyze the customers' perceived and desired levels of service quality of their banks.
- 2) To examine the service quality gap prevailing between the public and private sector banks.
- 3) To offer suitable suggestions on the basis of the findings of the study.

METHODOLOGY

Since the present study constitutes an analytical research, the methodology adopted involves the measurement of service quality using a modified version of Service Quality (Servqual).

SAMPLING DESIGN

There are totally 22 banks spread over the Udumalpet Taluk. Of these, 12 are public sector banks and 10 private sec-

tor banks. To get representative samples, 50 per cent of the banks were selected at random from each of these two broad categories of banks. This gave a sample size of 6 public sector and 5 private sector banks respectively. The sample of 11 banks thus selected for the study by adopting the method of simple random sampling is fairly representative.

The officials of each of the selected banks were met and a list of customers was obtained. From the list, by adopting the non-proportionate random sampling technique, 15 customers from each branch of the sample banks were selected at random. Thus the study has a total sample size of 165 respondents selected by adopting the Random Sampling Technique.

SOURCES OF DATA

The present study is based on both primary data and secondary data. The main source of primary data has been employees and customers. To elicit information from the employees a schedule was designed and administered. The schedule was pre-tested and suitable modifications were carried out. To elicit information from the customers' questionnaire was designed and administered. After having an in-depth review of previous studies and literatures, information were gathered for constructing the questionnaire. The interview schedule was pre-tested and suitable modifications were carried out. The schedule has been used for collecting information relating to the personal data of the customers and also contains questions relating to the perception and expectation of the customers on the various services of private banks. Primary data were also collected through personal interview with the Departmental Heads of Administrative Office, Branch Managers and Staff Members of Banks. The filled-up questionnaire was thoroughly checked to ensure accuracy, consistency and completeness.

The secondary data was collected from leading journals, magazines, newspapers, reports etc. A good number of standard text books were referred to obtain pertinent literature on the subject. The secondary data was also collected from the Annual and Audited reports of the banks.

FRAMEWORK OF ANALYSIS

The general plan of analysis ranges from simple descriptive statistics to multiple regression models.

To analyze the collected primary data, Simple Percentage, Correlation and Chi-square test were used. The application of these tools and techniques were identified on the basis of the objectives framed for the study. The tools and techniques applied are Simple Percentage Method, Standard Deviation, Co-efficient of Variation and Chi Square Test.

FINDINGS

A comparison of the perceived and desired levels of service quality of the public sector banks with the private sector banks indicated that the performance of the private sector banks in terms of both desired and perceived levels of service quality were found to be higher than the public sector banks. As a result, the service quality gaps were also found to be more in the case of public sector banks. The rank correlation coefficient worked out for all the sample banks showed that there was a significant relationship between the perceived and the desired level of service quality for all the individual factors which implies that at higher perceived level of service quality, the desired level of service quality is also higher.

It is also found that that in terms of service quality gap, the public sector banks were found to be in a favourable position with a lower gap recorded in the case of the majority of the factors under Tangibility and Responsiveness dimension, while in terms of Reliability, Assurance and Empathy dimension, for majority of factors, the private sector banks were in favourable situation.

The analysis of impact of individual dimension on total service quality provides the suggestion that in the case of Reliability, Assurance and Empathy the customers expect more from the private sector banks and the bank employees must try to satisfy the customers on these dimensions.

SUGGESTIONS

The researcher has given the following suggestions based on the findings of the study for the development of banking sector.

Unnecessary formalities in providing loans and advances are the problems perceived in this study area. Though the formalities are universal in nature, steps may be taken to liberalise the procedures and formalities so that the people in this area may get the benefit of getting loans quickly with reasonable formalities.

Suitable changes in bank timings may be made so that the customers can get the benefit of withdrawal and deposits as

and when required. In metro cities and in many major cities, 24 hours banking have come into existence. Similar facilities can be extended to certain bank branches.

Whenever complaints are made in branches, all the staff in the banks should come forward to minimize the distress. Officers alone cannot minimize the distress. Hence suitable instructions may be given to staff with regard to redress of grievances. This activity is to be considered as a team work.

The services rendered by the banks are intangible in nature. Hence steps may be taken by the banks to provide quality services within a short span of time. Only efficient staff can provide quality services. Hence steps may be taken to give proper training to rural and semi-urban bank branch staff in handling the customers.

When a customer approaches the employee, he can welcome him cordially with a smiling face and respond to his request immediately without making him to wait much. This would make the customers to think that he is willing to help him.

The banks can observe a specific day on every month, as the day of "Customer meet". This meeting can be utilized as an opportunity to have personal contact with the customers and also to welcome suggestions and complaints from the customers and in creating awareness on the new schemes introduced, guiding them in choosing the right scheme based on their requirements and above all in creating trust and loyalty.

CONCLUSION

The analysis of the data provided the conclusions that almost in all the five dimensions, the perceived level of service quality was far lower than the desired levels. The study could also reestablish the conclusions of the earlier studies that the customers consider the Reliability dimension as the foremost important factor in banking service. This shows that, apart from the availability of man, machines and other infrastructure, the employees play a deterministic role in customer service. This indicates that it is the personal care taken by the employees that will determine the success of a bank. With better understanding of customers' perceptions, the banks can determine the best actions required to meet the customers' needs. They can understand their own strengths and weaknesses, identify opportunities and chart out proper avenues for further progress and improvement.