Chapter - VII

Findings, Suggestions and Conclusion
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7.1 INTRODUCTION

Prior to financial sector liberalization, the domestic banks were secured and were operating under the full control of RBI with the objective of serving the economy through expansion of branches. However, during the post liberalization period, the deregulation of the money markets in 1991 has resulted in the intensification of the competition due to the entry of new private sector banks and foreign banks. This has put the traditional Indian banks in stiff competition. More specifically, the traditional public and private sector banks were under tremendous pressure and to look for new avenues to meet the challenges posed to them. This, in turn, has necessitated the Indian banks to provide services in tune with the ever changing expectations and perceptions of the customers through the updation of technology and utilizing it optimally to improve customers’ satisfaction.

In fact, provision of quality and satisfactory services by banks to its customers depends on the factors like, technology improvement, diversification and innovation, office atmosphere and customer-employee relationship.

However, with the control of RBI and limited resources for investment, it is believed that the service provisions in the traditional public and private sector banks are not in tune with the expectations of the customers. Added with this, the security of job and a strong employees’ trade union has resulted in poor quality of services.
It is argued that the customers are skeptical about the updation of technology, its utilization and above all on the provision of quality services by these traditional banks to the changing customers' needs. There is also a counter argument that the prevailing competitive business environment has necessitated the traditional Indian public and private sector banks to update their technology, improve their services and adopt a customer friendly services. If the former argument is found true, it would have serious implications on the part of the public sector banks in terms of its growth and survival. Hence, it becomes pertinent to understand whether the traditional Indian public and private sector banks have improved the quality of their services or are they still adopting the traditional business techniques. To what extent the customers are satisfied over the present service quality? Is there still a gap that persists between the customers' perceived and desired level of service quality? To what extent there is difference in the perceived and desired levels of service quality between the traditional public and private sector banks? Are the customers from different socio economic status differ in their perceived level of service quality?

Based on the above logic, the study had addressed itself to the following issues: 1) Which service quality factor was more effective to measure the level of satisfaction in public and private sector banks? 2) What were the service quality variables that were highly discriminating in the public and private sector banks to measure customer satisfaction? 3) What was the relative influence of each of the
service quality dimensions on total service quality? 4) Was there a significant difference between the public and private sector banks in terms of customers’ perceived and desired levels of service quality? and 5) Was there any significant association between the socio economic status and the customers’ perceived level of service quality?

Based on the above mentioned issues, the following objectives were framed for the study: 1) to examine the extent of utilization of banks’ services by customers, 2) to analyze the customers’ perceived and desired levels of service quality of their banks, 3) to examine the service quality gap prevailed between the public and private sector banks, 4) to identify the relationship between the socio economic status of the customers and the perceived level of service quality and 5) to offer suitable suggestions on the basis of the findings of the study.

A study of this nature required the selection of a suitable place. For this purpose, Coimbatore city was selected since there is heavy concentration of banks in the city due to the strong industrial base that is engineering and technology. Of the total of 26 public and 21 private sector banks operating in the city limits of Coimbatore, 50 per cent were selected at random from each of the categories which accounted for 13 public and 11 private sector banks. Since State Bank of India is the major bank with many branches spread all over the country, with 21 per cent of the total bank business, this bank was selected purposely. Hence altogether, the researcher had 14 public sector banks and 11 private sector banks.
From these banks, keeping 500 as the total sample size, it was distributed proportionately among the sample banks to have 20 samples from each of the selected banks. This gave a sample of 280 customers from public sector banks and 220 customers from private sector banks. These samples were selected at random from a list prepared for each of the sample banks. A pre-tested questionnaire was used to collect the necessary primary data pertaining to opinion on service quality variables.

The collected data were analyzed by using the modified version of Service Quality Model proposed by Parasuraman, (SERVQUAL). Apart from this, the simple tools like, percentage analysis, simple arithmetic mean’t’ test and the techniques like, a full log multiple regression and the chi square test were also used.

7.2 MAJOR FINDINGS

The analysis of the data collected had provided the following conclusions:

❖ A dimension wise analysis carried out separately on the perceived and desired levels of service quality for all the sample banks, for the public and the private sector banks had provided the following findings:

⇒ For the sample banks as a whole, the Reliability dimension constituted the highest score in the case of the customers’ perceived (23.10 per cent) as well as the desired levels (22.47 per cent) of service quality. The service quality gap for the Reliability had also recorded the highest with 49.71 per cent.
⇒ For the public sector banks, the Reliability dimension constituted the highest score in the case of the customers’ perceived level with 22.86 per cent and for the desired level with 22.46 per cent of service quality. The service quality gap recorded the highest for the same dimension with 41.24 per cent.

⇒ Among the five broad dimensions considered under the private sector banks, again Reliability dimension constituted the highest score in the case of the customers’ perceived (23.27 per cent) as well as for the desired levels (22.55 per cent). The service quality gap has also recorded the highest with 46.97 per cent.

These indicate that the customers of both the public and private banks view Reliability dimension as the important factor under service quality.

❖ A factor wise analysis of the service quality gap for all the sample banks, had provided the following findings:

⇒ For the overall sample banks, in the case of Tangibility dimension the factor on ‘employees are neatly appearing’ (-2.93), on the Reliability dimension the factor on ‘bank employees keep their promises’ (-1.38), in the case of Responsiveness dimension the factor on ‘employees give prompt services’ (-0.97), on the Assurance dimension the factor on ‘employees behaviour instill customer confidence’ (-1.57) and on Empathy dimension ‘understand the specific needs of the customers’ (-3.87) have taken up the highest service quality gap in their respective dimensions.
\[\text{Factor wise, in the case of the public sector banks, on the Tangibility dimension the factor on 'use of modern technology in service' (-1.53), on the Reliability dimension the factor on 'bank employees keep their promises' (-1.20), on the Responsiveness dimension the factor on 'employees are always willing to help' (-0.47), on the Assurance dimension the factor on 'customers feel safe in their transactions' (-0.67) and on Empathy dimension the factor on 'convenient hours' (-0.80) have recorded the highest service quality gaps.}\]

\[\text{An analysis on the factor wise service quality gap for the private sector banks have indicated that in the case of the Tangibility dimension the factor on 'use of modern technology in service' (-3.40), on the Reliability dimension the factor on 'bank employees keep their promises' (-1.00), in the case of Responsiveness dimension the factor on 'employees are always willing to help' (-1.67), on the Assurance dimension the factor on 'employees behaviour instill customer confidence' (-0.54) and on Empathy dimension 'understand the specific needs of the customers' (-0.94) have recorded the highest service quality gaps.}\]

This indicates that the sample banks are not using the modern technology like computers to the expectations of the customers.

\[\text{The rank correlation coefficients estimated by factors to identify the degree of association between the perceived and desired levels of service quality indicated that on the Tangibility dimension, the factor on 'visually appealing}\]
facilities' (0.94), on the Reliability dimension the factor on ‘employees insist on error free records’ (0.94), under responsive dimension the factor on ‘employees give prompt service’ (0.73), on the Assurance dimension the factor on ‘employees’ behaviour instill customers’ confidence’ (0.88), under Empathy dimension the factor on ‘convenient hours’ (0.92) have recorded the highest rank correlation coefficients.

These findings indicate that in terms of infrastructure facilities like, ventilation, space, etc. maintaining error free records, providing confidence to customers through prompt services and serving the customers at the time of their convenience, the selected sample banks could improve their services in tune with the increasing expected levels.

❖ The attempt made to identify the extent of service quality difference between the public and private sector banks on each of the factors on the perceived and desired levels of service quality had provided the following findings:

⇒ In the case of the perceived level of service quality, the difference between the sample public and private sector banks on the Tangibility dimension was found to be more on ‘modern looking equipments’ (-1.93). In the case of other dimensions namely, on the Reliability dimension the factor on ‘bank employees keep their promises’ (-2.60), on the Responsiveness dimension the factor on ‘employees are never too busy to respond to the request’ (-1.06), on the Assurance dimension the factor on ‘employees have knowledge to answer
the questions' (-2.66) and on the Empathy dimension the factor on 'customers' interest' (-2.93) have all recorded the highest difference in the service quality. This indicates the better performance of the private sector banks in terms of these indicators on perceived level of service quality when compared to the public sector banks.

⇒ In the case of the desired level of service quality, the difference between the sample public and private sector banks on the Tangibility dimension was found to be more on 'use of modern technology' (-2.67). In the case of other dimensions namely, on Reliability the factor on 'employees show sincere interest in solving customers' problems' (-2.53), on the Responsiveness dimension the factor on 'employees are always willing to help' (-1.93), on the Assurance dimension the factor on 'employees have knowledge to answer the questions' (-2.80) and on the Empathy dimension the factor on 'customers' interest' (-2.87) have all recorded the highest difference in the service quality.

This indicates the better performance of the private sector banks in terms of these factors on the desired level of service quality.

⇒ In the case of the service quality gap, the difference between the sample public and private sector banks on the Tangibility dimension was found to be more on 'employees are neatly appearing' (-2.67). For other dimensions namely, on the Reliability dimension the factor on 'employees shown sincere interest in solving customers problems' (-0.53), on the Responsiveness dimension the
factor on 'inform exactly when services will be performed' (-1.54) on the Assurance dimension the factor on 'employees behaviour instill customer confidence' (-0.34) and on the Empathy dimension the factor on 'understanding the specific needs of the customers' (-0.67) have all recorded the highest difference in the service quality indicating a lower service quality gap of the public sector banks when compared to the private sector banks. This indicates the favourable position of the public sector banks measured in terms of these indicators.

❖ A full log regression model run to identify the relative influence of individual dimensions on the total service quality provided the major finding that in the case of all sample banks and for public and private sector banks the influence of Reliability dimension for both perceived and desired levels were higher when compared to other dimensions.

❖ The significance of the relationship between the selected socio economic status and the selected service quality factors has been tested using chi square test. The test has indicated that all the calculated values of chi square were significant at five percent level. This implies that 'there is a significant relationship between the socio economic status of the customers and their perceived level of service quality'.
7.3 HYPOTHESES TESTING

The present study formulated three hypotheses for testing.

1. The first hypothesis was “There is no significant difference between the public and private sector banks in service quality dimension”.

There are totally 22 factors that considered the various aspects of service quality categorized under five broad dimensions namely, Tangibility, Reliability, Responsiveness, Assurance and Empathy.

To test this hypothesis, the average scores and the combined standard deviation for each of the scores were calculated. The differences in the mean scores of each of the factors between the public and private sector banks were calculated and tested for its significance using 't' test.

The t value calculated for each of the factors indicated that for all the factors, the individual scores were higher and significant for the private sector banks than for the public sector banks. This has led to the conclusion that there is a significant difference between the public and private sector banks in service quality dimension.

Hence, this hypothesis has been rejected.

2. The second hypothesis formulated was “The influence of Reliability on the total service quality dimension is higher and significant”.

To test this hypothesis, the dimension wise total scores and grand total of the scores were calculated. These individual scores and total scores were
converted into log values and the individual scores were regressed upon the total scores to obtain the slope values for each of the dimensions. The standard errors of the coefficients were estimated and considered for their significance.

In terms of slope values, among all other dimensions, the dimension on Reliability was found to be higher in the case of both the desired level as well as perceived level, though the ‘t’ values calculated were found to be significant in the case of all other dimensions. This indicates the higher and significant influence of Reliability dimension on total score when compared to other four dimensions.

Hence, the hypothesis formulated ‘the influence of Reliability on the total service quality dimension is higher and significant’ has been accepted.

3. The third hypothesis formulated for testing was “there is a significant relationship between the socio economic status and the perceived level of service quality”.

This hypothesis pertains to the testing the significance of the relationship between the socio economic status and the service quality variables. The major socio economic variables considered were the gender of the customers and the monthly income of the respondents’ families. While gender was considered a social variable, the level of income was taken as the economic variable. In the case of the service quality variables, 10 factors which have recorded the highest and the lowest scores under five broad dimensions of the perceived level of service quality were considered.
To test the significance of the relationship between each of the socio-economic factors and the selected individual dimension variables, the chi square test was used. The required data were organized from the questionnaire by taking the opinion of the customers on 10 factors under perceived level of service quality and by broad categories of sex and income of the customers. The opinion thus culled out was summed up and the frequencies were brought in the form of tables. The calculated values for each of the tables were estimated and were compared with the critical value and the formulated null hypotheses were tested for their significance.

Comparison of the calculated values with the table values for all the these 10 service quality factors by categories of social and economic factors provided the inference that the calculated values for all the tables were greater than the critical values obtained for the appropriate degrees of freedom. This has led to the rejection of the null hypotheses and provided the conclusions that 'there is a significant relationship between the socio economic status of the customers and the various factors under perceived level of service quality'. Hence, the third hypothesis 'there is a significant relationship between the socio economic status and the perceived level of service quality' has been accepted.
7.4 SUGGESTIONS

❖ Customer satisfaction is the core of any banking institution. Satisfying the customers involves the provision of expected services faster. This can be achieved through the use of modern technology in service, innovative products, effective business operations, and amicable redressal of customer complaints. In order to improve the Service Quality of customer services and thereby to improve their loyalty towards their banks, the following are the suggestions that emerge from the study which can be categorized under the above mentioned headings:

7.4.1 TECHNOLOGY INTRODUCTION

Use of modern technology is considered the core of banking business. It is the use of machines in the process of service delivery. It is not just using the computer systems in banking business. It is all the knowledge, processes, tools, methods and systems employed in the creation of goods or in providing services.

❖ In the analysis, it was concluded that in the case of public sector banks the score on the factor ‘modern looking equipments’ was lower than the private sector banks. This implies that the public sector banks are the poor users of computer technology in services. Hence, attempts can be made to computerize the banks and their branches fully. For this purpose, training can be given to employees on the usage of computers in the related services. This would help to reduce the time of service provided and the paper work and stationary expenses. Concerted efforts can also be made to introduce “Core Banking Solutions” (CBS) in all sample banks.
Increasing the number of delivery channels like, Credit Card, Debit Card, ATM, Anywhere Banking, Multiple Delivery Channels, Single Window Service, Mobile Banking, Phone Banking, E-banking and service at the door steps would go a long way in improving the customer satisfaction and also in increasing the number of customers and the businesses of both public and private sector banks.

7.4.2 INFRASTRUCTURE

- The discussions made with the officials of sample banks have helped to understand that due to the control of RBI, and the association, the investment made on the development of infrastructure is comparatively less in the case of public sector banks than the private sector banks. Hence, more investment can be made on infrastructure and in the creation of fixed assets to increase the service provision and to make optimum utilization of the time so that the level of satisfaction of the customers can be increased considerably.

7.4.3 TRAINING AND MANPOWER PLANNING

- Since there are no recruitments made in recent times by Banking Service Recruitment Board (BSRB), it is believed that there is shortage of manpower. Discussions made with a few officials of the sample public sector banks have also confirmed this. Hence, the number of employees can be increased in tune with the requirement of the banks such that it could reduce the time taken to serve a customer. This would also help to have specialization in a specific
service which in turn would increase the knowledge of the employees to answer the questions of customers. The employees can provide services without time delay. It would also be possible for the employees to give 'personal attention to customers'.

❖ The study could establish that ‘employees could not give personal attention’ to customers’ work. The reason identified is that there is shortage of manpower. Hence, in the case of both public and private sector banks, depending on the daily turnover of the customers and the extent of services provided, the number of employees can be increased such that it could reduce the time taken to serve a customer. Also, one senior most employee can be appointed in each of the crucial sections where an exclusive customer dealing is required. This can have multiple positive impacts on the services.

❖ The response of the employees to the service request of the customers is a major area where more concentration is required by the employees. Hence, training can be given to the employees in the appropriate field of their service. This would help the employees to carry out their services promptly and faster.

7.4.4 CUSTOMER SERVICE

❖ Apart from the usage of modern technology in business, expansion of business hours in the case of both public and private sector banks through the introduction of seven days’ banking and evening branches can facilitate the customers to get their required services at their convenience. This would help to increase their satisfaction considerably.
❖ To understand the customers’ needs and their grievances, to help them in opening an account for new clients, a “May I Help You” counter can be created by both the public and private sector banks.

❖ The study could establish that the customers of both the public and private sector banks felt that the ‘bank employees are not consistently courteous’. In very clear terms it must be instructed to the employees who behave arrogantly to customers and in a rude manner will be punished.

❖ During the peak hours of business, to carry out the services of the customers whose work may take much time, token system can be provided. The customers can also be informed in advance exactly when the bank employees will be attending to their service needs.

❖ 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 of both the public and private sector banks to think that he is willing to help him.

❖ A separate enquiry cell can be opened in which an experienced employee can be placed. Appropriate training can be given to him almost in all the fields. This would help to respond to all types of customers which in turn would increase their satisfaction on their banks’ services.

❖ As provided in the analysis chapter, due to the job security, the employees are not taking interest in their dress code which has caused the customers’
dissatisfaction. Hence, the banking institutions can make the dress code to employees compulsory. Uniforms can also be provided. Separate dress allowance can be given to employees to dress neatly.

❖ 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.

7.4.5 PRODUCT MIX AND SPREAD

With the increasing competition, innovations in products and services will go a long way in increasing the satisfaction level of customers.

❖ The cash holdings in Savings Banks and Current Accounts of the customers provide only a marginal rate of interest. The excess money holdings in the Savings Bank Account, beyond a certain sum of money can be given a higher rate of interest by converting it into Fixed Deposits.

❖ The services like, timely reminder about the maturity of term deposits, sending account statements promptly, crediting the cheques and mail transfers were found to be more time taking in the case of public sector banks when compared to private sector banks. This could have created dissatisfaction among the customers of the public sector banks. To overcome this dissatisfaction, banks
can fix specific time duration for carrying out each of the services. This may be intimated to the customers. Beyond the specified time, banks can add interest for the delay at Savings Bank rates for every day.

❖ Though the sample banks are covered from the city of Coimbatore, many of the public and private sector banks do not have locker facilities. Hence, it is suggested that this type of services may be provided by all the banks which do not have this facility. This would instill confidence on the part of the customers on the services.

7.4.6 PROFILE OF THE CUSTOMERS

❖ It was attempted to identify the relationship between the socio economic status of the customers and the opinion on service quality. The analysis indicated that there is a significant relationship between the two. Hence, it is suggested that the service provision must be differentiated among the customers of different socio economic strata. To provide this and to have a close affinity with the customers, each bank must maintain a customer profile or data warehouse. On festivals and on other auspicious days like, customers’ birth days, wedding days etc. greeting cards can be send to them which would make the customers to feel that the employees are to the best interests and are at heart of employees. Such data warehouse would also help the bankers in analyzing and categorizing the customers into different groups to plan, organize and market their products.
In the case of public sector banks, during the survey, a oral discussion made with the customers indicated that the employees are attending to their first work 15 minutes later than the stipulated time. This has created much dissatisfaction on the part of the customers. Hence, the employees can be instructed strongly to be in the work place right at the time norm fixed. Employees who violate this can strongly be dealt with.

7.5 CONCLUSION OF THE STUDY

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. For a majority of the factors, the gaps were found to be more in the case of public sector banks than that of the private sector banks. 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. Customer Satisfaction Measurement (CMS) helps to promote an increased focus on customers’ outcome
and stimulate improvements in the work practices and processes adopted within the bank. The study can also establish a strong relationship between the socio economic status of the customers and their satisfaction on the service quality.

7.6 SCOPE OF FUTURE RESEARCH

❖ Majority of the studies, including the present study, have concentrated on the service quality measurement either on the public sector banks or on private sector banks or an analysis of both. With the introduction of New Financial Sector Reforms and the entry of foreign banks, it is presumed that the foreign banks can lend itself to a better strategy of service quality. Hence, a future study on the comparison of the Indian private, public and foreign banks can be made. This will help to understand the extent of service quality gap among the three in general and the relative position of the public and private sector banks with regard to customers’ preference in particular.

❖ Though as an item under Tangibility, the level of satisfaction on the extent of computerization of the services indicated that at the overall level the customers were relatively satisfied over this facility. This does not provide any idea on the extent of the usage of computers in day to day activities. Hence, a separate study on the computerization and customer service can also be taken for future research.
The emerging concept of ‘Customer Relationship Management’ (CRM) has provided adequate scope for further study by banks in customer retention. Hence studies on the various aspects of CRM can be carried out.

The present study has concentrated on the external service in isolation. There is further scope of research in the areas like the influence of internal service quality on external service quality, the influence of power struggles and conflicts on internal service quality, the influence of internal service quality on variables like organizational commitment, job stress, morale etc. on the customers’ perceived and desired levels of service quality.

*Service to Humanity is Service to God.*