CHAPTER VI
SUMMARY, MAJOR FINDINGS, CONCLUSIONS AND SUGGESTIONS

6.0 SUMMARY

The information technology revolution has entirely changed the banking business and widened its range of products and service. There is a shift from ‘Brick and Mortar’ branches to ‘click and portal’ banking. It has also increased the expectations and demands of the customers. The adoption of technology helps banks to become more responsive and flexible to the customer’s need and more efficient in customer service. With the introduction of information technology, banking in India will never be the same again. In terms of general functional styles and environment and the ability to adapt quickly to emerging situations, PSBs may not have the type of flexibility that is possessed by Indian private sector banks and foreign banks operating in India. In fact, in the face of the new competitive pressures, inherent rigidities to enhance their overall efficiency, PSBs require a totally new set of skills for competing in the future.

With the adoption of information technology by many banks there are radical changes in the psychology of the customers regarding the banking environment. It is therefore necessary for PSBs to continuously assess how customers perceive the various services, what the new and emerging customer’s expectations are and how best they could be satisfied. This requires a continuous and consistent analysis of the customer’s preference. Due to this fact the present study makes an attempt to analyze customer’s preference for the quality of services of the public sector banks in Madurai district.

6.1 MAJOR FINDINGS

The analysis of the data collected has provided the following findings:
6.1.1 DEMOGRAPHIC DATA OF THE SAMPLE CUSTOMERS

(a) Out of the 500 sample customers 185 (37%) are in the age group of 51-60 years. Only 35 (7%) customers are in the age group of below 30 years.

(b) 395 (79%) sample customers are male.

(c) Out of the sample customers 165 (33%) are graduates.

(d) With regard to distribution of respondents by occupation 225 (45%) are government employees.

(e) 135 (27%) customers are in the monthly income group of Rs.15001-20000. Only 15(3%) customers are in the monthly income group of Rs40001-50000.

6.1.2 INFORMATION ABOUT SAMPLE CUSTOMERS BANK ACCOUNTS

The analysis of the data collected revealed the following facts about the sample customer’s bank accounts.

(a) Out of the 500 sample respondents 325 (65%) hold savings accounts whereas only 35 (7%) customers hold current account. No respondent has NRI account.

(b) With regard to the duration of the customership in the bank 200 (40%) have been customers for 6-10 years. Only 25 (5%) have been customers for 1-3 years.

(c) Among the various reasons for selecting a particular bank for opening a bank account 250 (50%) cited the proximity to residence. Only 10 (2%) customers referred to familiarity with the bank.

6.1.3 SOURCES OF AWARENESS AND PURPOSE OF VISITING BANKS

The following are the findings from, the analysis of the data on the sample customer’s awareness, purpose of visit and frequency of visit to bank.
(a) 225 (45%) customers came to know of their banks out of their personal experience.

(b) Out of the 500 sample respondents 140 (28%) customers operate their bank accounts once a fortnight a negligible 10 (2%) respondents operate them once in alternate days.

(c) A majority 195 (39%) customers visit their bank to deposit cash whereas only 5 (1%) visit their banks to take drafts.

6.1.4 INFORMATION ABOUT THE OPERATION OF BANK ACCOUNT BY SAMPLE CUSTOMERS

The following are the findings from the analysis of data on the operation of bank accounts by sample customers.

(a) 260 (52%) customers said that it takes more than 16 minutes to deposit and withdraw cash during their banking operation. Only 35 (7%) customers feel below 5 minutes for the transaction.

(b) 352 (97.24%) respondents felt that it takes two days to credit the amount of local cheque to their accounts, whereas no one said it takes more than five days for the service.

(c) On the time taken to credit outstation cheques 114 (64.77) customers said that it takes 6-8 days. None of the respondents said it takes less than two days for the service.

(d) 278 (97.21%) respondents said that they do not receive any advance intimation from their banks on the maturity of fixed deposits.

(e) 464 respondents (92.8%) do not give any standing instruction to their banks.

(f) Out of the 500 sample respondents 327 (65.4) have the cheque book facility.

(g) Out of these 327 respondents 227(69.42%) said that it could take more than five days to get a cheque book.

(h) 417 (83.4%) customers have ATM card facility.
(i) Out of these 417 sample respondents 273 (65.47%) got their ATM cards within two years.
(j) Out of the 417 sample respondents 217 (52.04%) use their ATM card once in every 15 days.
(k) 475 (95%) respondents do not use internet banking facility.
(l) Out of the 25 respondents with internet banking facility 19 (76%) got the facility within one year.
(m) Out of these 25 respondents 10 (40%) use the internet banking facility as and when required.
(n) 445 (89%) respondents do not have credit card facility.
(o) Out of the 55 respondents who have credit cards 34 (61.8%) got the credit card facility within two years.
(p) Out of the 55 respondents 25 (45.47%) use their credit cards as and when required.
(q) 410 (82%) respondents said that their banks do not conduct customers meeting.
(r) 100 percent of the respondents said that their banks do not send invitation about the customers meeting.
(s) Out of the remaining 90 respondents 82 (92.12) said that their banks conduct customer meets as and when required.

6.3 FINDINGS OF SAMPLE CUSTOMER’S PERCEPTION, EXPECTATION AND SERVICE QUALITY GAP

The following are the findings from the analysis of data on the 500 sample customer’s perception and expectation of the service quality and the resultant service quality gap.

(a) Under the tangibility dimension among the various descriptions of factors “Adequacy of space and layout of counters” constituted the highest perceived and desired score of 6.68 and 7.58 respectively. Service quality gap worked out for all description of factors recorded a
negative value which shows that the customers desired level of quality is higher than their perceived level on the tangibility dimension.

The highest score of -1.86 service quality gap prevailed in the case of the sufficiency of the bank staff.

(b) Under the reliability dimension among the various descriptions of factors “Transaction with the bank are safe” constituted the highest perceived score of 5.90, whereas with regard to the desired score “The staff are sincere in solving customers problems” recorded the highest score of 7.50. The service quality gap worked out for all descriptions of factors recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the reliability dimension.

The highest score of -2.05 service quality gap prevailed in the case of “bank renders service as promised”

(c) Under the responsiveness dimension among the various descriptions of factors “Response in the case of emergency and seriousness” constituted the highest perceived and desired score of 6.05 and 7.70 respectively. Service quality gap worked out for all descriptions of factors have recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the responsiveness dimension.

The highest score of -1.87 service quality gap prevailed in the case of interest and willingness of the bank staff to answer when there are doubts and queries.

(d) Under the assurance dimension among the various descriptions of factors “Bank staff has knowledge to answer questions” constituted the highest perceived and desired score of 6.40 and 7.80 respectively. Service quality gap worked out for all descriptions of factors has recorded a negative value which shows that the customers desired level
of quality is higher than their perceived level on the assurance dimension.

The highest score of -1.90 service quality gap prevailed in the case of uninterrupted service rendered at the counter during business hours.

(e) Under the accessibility dimension among the various descriptions of factors “Accessibility of service counters” constituted the highest perceived and desired scores of 5.89 and 7.18 respectively. Service quality gap worked out for all descriptions of factors has recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the accessibility dimension.

The highest score of -1.90 service quality gap prevailed in the case of uninterrupted service rendered and accessibility and conduct of bank staff.

(f) Under the empathy dimension among the various descriptions of factors “Bank working hours are convenient” constituted the highest perceived and desired scores of 6.22 and 7.66 respectively. Service quality gap worked out for all description of factors have recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the empathy dimension.

The highest score of -2.03 service quality gap prevailed in the case of punctuality in the commencement of work.

(g) Under the financial dimension among the various descriptions of factors “Commission charged for draft” constituted the highest perceived score of 6.12, whereas with regard to the desired score “Rate of interest charged” recorded the highest score of 7.12. Service quality gap worked out for all description of factors has recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the financial dimension.

The highest score of -1.8 service quality gap prevailed in the case of the reasonability of the rate of interest given.
(h) Under the technological dimension among the various descriptions of factors “Provision of e-banking facility” constituted the highest perceived score of 6.08, whereas with regard to desired score “Use of computers and modern technology” recorded the highest score of 7.44. Service quality gap worked out for all descriptions of factors has recorded a negative value which shows that the customers desired level of quality is higher than their perceived level on the technological dimension.

The highest score of -2.12 service quality gap prevailed in the case of the use of computers and modern technology

(i) Service quality gap worked out on the overall eight dimensions indicate a negative value. The highest score of -33.07 service quality gap prevailed in the case of accessibility dimension, whereas the lowest score of -16.83 service quality gap prevailed in the case of the tangibility dimension. This shows that the customer’s desired level of service quality is higher than the perceived quality on the overall dimension.

6.4 SERVICE EXPECTATION OF THE SAMPLE CUSTOMERS

ACCORDING TO RANK CORRELATION COEFFICIENT

The perception and expectation of the sample customers are analysed with the help of the rank correlation coefficient. The findings are given as follows.

(a) The highest rank correlation co-efficient of .970 is found in the case of “Furniture, water and toilet facilities” under the tangibility dimension. It shows that the customers expect good service with regard to furniture, water and toilet facilities.

(b) The highest rank correlation co-efficient of .875 is found in the case of the level of service is the same at all time under the reliability
dimension. It shows that the customers expect the same level of service at all times.

(c) The highest rank correlation co-efficient of .961 is found in the case of the responsiveness to comments and suggestions under the responsiveness dimension. It shows that the customers expect proper response to their comments and suggestions.

(d) The highest rank correlation co-efficient of .919 is found in the case of conveying of information in the language known to customers under the assurance dimension. It shows customers expect the conveying of information in the language known to customers.

(e) The highest rank correlation co-efficient of .962 is being found in the case of accessibility of the location of the bank. It shows customers expect easy accessibility of the location of the bank.

(f) The highest rank correlation co-efficient of .971 is found in the case of efforts taken by the bank staff to understand the customers and their needs under the empathy dimension. It shows that the customers expect the bank staff can take efforts to know them and their needs.

(g) The highest rank correlation co-efficient of .938 is found in the case of the reasonability of the commission for transfer of funds. It shows that the customers expect a reduced rate of commission for transfer of funds.

(h) The highest rank correlation coefficient of .968 is found in the case of core banking facility under the technological dimension. It shows that the customers expect core banking facility.

(i) The result worked out with the help of the Index of satisfaction on the individual dimension of service quality shows that the highest number of respondents were satisfied 76 percent to 100 percent on technological dimension. With regard to the overall service quality almost 499 (99.8%) customers are satisfied to the extent of 51 percent to 75 percent. No customer comes under the 100 percent satisfaction; similarly no customer comes with the upto 25 percent satisfaction.
6.5 FINDINGS OF CUSTOMERS PERCEPTION ON SERVICE QUALITY

The following are the findings of the sample customer’s perception on the service quality.

(a) In the perception of the sample customers on various services under the tangibility dimension, “indication of timings and boards” received the lowest score of 1790.

(b) In the perception of the sample customers on the various services under the reliability dimension, “the level of service is same at all times” received the lowest score of 2250.

(c) In the perception of the sample customers on the various services under the responsiveness dimension, “interest and willingness of the bank staff to answer when there are doubts and queries” received the lowest score of 2150.

(d) In the perception of the sample customers on the various services under the assurance dimension, “conveying of information in the languages known to customers” received the lowest score of 2050.

(e) Among the various services under the accessibility dimension, “waiting time to avail service is not extensive” received the lowest perception score of 1996.

(f) Among the various services under the empathy dimension, “effort taken by the bank staff to know about the customers and their needs” received the lowest perception score of 2227.

(g) Among the various services under the financial dimension, “reasonability of rate of interest charged on housing loan” received the lowest perception score of 2160.
(h) Among the various services under the technological dimension, “provision of internet banking” received the lowest perception score of 2420.

(i) The sample customers overall perception indicates that the tangibility dimension receives the lowest mean score of 29.38. Six various customer services such as parking space on the bank premises, adequacy of space and layout of counters, availability of slips, chalans and pamphlet, indication of timings and boards, furniture, water and toilet facilities and sufficiency of bank staff are included under the tangibility dimension.

(j) A majority of the sample customers level of perception on eight individual dimensions of service quality is medium. With regard to the overall perception on all dimensions also a majority of the respondents fall under the medium level.

(k) The result of the Kolmogorov-Smirnov test shows that there is significant difference in all the services rendered by the sample PSBs. Hence all the eight dimensions of service quality are equally important.

6.6 FINDINGS ON THE RELATIONSHIP BETWEEN SOCIO-ECONOMIC FACTORS AND THE LEVEL OF PERCEPTION

With the help of chi square tests the relationships between the socio-economic factors and the level of perception on the various dimensions of services are analysed and the findings are given below.

(a) There is a significant relationship between age and the level of perception on reliability, responsiveness, assurance, financial and technological services rendered by PSBs, whereas there is no significant relationship between age and the level of perception on tangibility, accessibility and empathy services.

There is no significant relationship between age and the overall perception of the services
(b) There is a significant relationship between sex and the level of perception on the responsiveness services rendered by PSBs, whereas there is no significant relationship between sex and the level of perception on the tangibility, reliability, assurance, accessibility, empathy, financial and the technological services.

There is significant relationship between sex and the overall perception of the services.

(c) There is a significant relationship between educational qualification and the level of perception on the reliability, responsiveness, assurance, financial and technological services rendered by PSBs, whereas there is no significant relationship between educational qualification and the level of perception on the tangibility, accessibility and the empathy services.

There is no significant relationship between educational qualification and the overall perception of the services.

(d) There is a significant relationship between occupation and the level of perception on the reliability, responsiveness, assurance, financial and technological services rendered by PSBs, whereas there is no significant relationship between occupation and the level of perception on the tangibility, reliability, assurance, accessibility and the empathy services.

There is no significant relationship between occupation and the overall perception of the services.

(e) There is a significant relationship between income and the level of perception on the tangibility, reliability, responsiveness, assurance, empathy, financial and the technological services rendered by PSBs, whereas there is no significant relationship between monthly income and the level of perception on the accessibility services.

There is a significant relationship between monthly income and the overall perception of the services.
(f) There is a significant relationship between the type of bank account and the level of perception on the responsiveness, assurance, financial and technological services rendered by PSBs, whereas there is no significant relationship between the type of bank account and the level of perception on the tangibility, reliability, accessibility and the empathy services.

There is no significant relationship between the type of bank account and the overall perception of services.

6.7 SUGGESTIONS

Based on the findings in this study, in order to improve the quality of customer service and thereby increase the loyalty of the customers, the following suggestions are given

1. A majority of the customer visit banks for depositing and withdrawing cash. Usually customers are in a hurry and do not have enough time, and so desire that they should be attended to without loss of time and their work should be given priority. The front line staff can handle transactions quickly in order to avoid inordinate delay.

2. PSBs have invested huge amounts to establish internet banking. It will pay dividends only when PSBs are able to encourage the use of these facilities extensively and convert their customers from traditional banking. PSBs have to educate the customers on the benefits of internet banking.

3. PSBs can observe a specific day every month as the day of “customer meet”. Invitation for the meeting should be sent for every customer. This meeting could be utilised as an opportunity by the bankers to provide customers with a checklist on what is expected of them to serve them better. This will go a long way in making things easy for all.

4. Timely reminders on the maturity of the fixed deposits to the customers is a valuable service. It helps the customers in financial planning.
5. Quality services can be provided by sufficient quantity of bank staff. Banking is primarily a labour intensive service sector. PSBs have a bloated size and aging manpower. The number of customers and the volume of transaction are increasing every day. Hence it will not be possible for PSBs to sustain effectiveness unless sufficiency of staff is given prime importance. Technology is only an aid to human effort and not a substitute. So the management of PSBs can consider to appoint sufficient number of bank staff to render quality service.

6. It is common to observe that PSBs in order to attract or retain existing customers and also to promote their banking business announce innovative promotional schemes, free gifts, prizes and reward points. However sometime PSBs fail to keep with their promises during the promotional period. Hence PSBs should render the services as promised.

7. Interruption at the counter during the business hours leads to spoiling the satisfaction and creates frustration to the customers. The counter staff are suggested to plan that the service is rendered continuously during the business hours.

8. The lack of the punctuality of the commencement of work raises a high service gap score of - 2.03. PSBs are strictly required to enforce the commencement of work as per time. There is a general feeling among the customers of the PSBs that the employees attend to their work 10-15 minutes late. So that the credibility of the bank will be established and surely this may also contribute to better business growth in due course.

9. Due to inflation pressure customers expect some resonable rate of interest while depositing their money with their banker. Hence PSBs can consider paying a reasonable rate of interest on deposits.

10. The highest service quality gap -33.07 prevailed on the accessibility dimension. Six various services are included in this dimension. PSBs must take necessary steps to improve the quality of these services.
11. Most of the physical branches of PSBs are very simple with no basic facilities like furniture, water and toilet. Private and foreign banks have taken the initiative to design the interiors of the branches aesthetically. PSBs can take innovative steps in this regard. These initiatives will translate into enlargement of customer base through word of mouth advertising.

12. PSBs should consider customers complaints, suggestions and comments as a gift for in this hurried world no one has time to complain. Many times it could relate to discourteous behaviour of the counter staff. This should be handled carefully, acknowledging the complaints promptly and taking corrective action to set right the situation.

13. Banking is a hospitable industry and not hostility industry. Every customer desires that he should be welcomed on the bank premises. He should not get an impression that he is an unwanted person on the premises. The attitude of the counter staff is very important. They should be selected with care and given due inputs before assuming their job. PSBs should reorient the mindset of their employees to achieve total uniformity.

14. The present study has attempted to identify the relationship between the socio-economic status of the customers and the level of perception on the service quality of PSBs. It indicated that there are some significant relationships between the two. It helps in segmenting, targeting, positioning and focusing on specific customers. It is a method of customer centric approach where the customers are the cornerstone of banking. 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 PSB must maintain a customer profile data or customer data warehouse.
6.8 SCOPE OF FUTURE RESEARCH

1. A study of managing bank profitability in economic downturns is another very important area of research.

2. The present study has concentrated on the external service. 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, job stress, morale, etc, on the service quality provision and the resultant impact of the customer’s perception on the service quality.

3. The emerging concept is “Customer Relationship Management” which provides adequate scope for further study.

4. A comparative study of the Indian private and public sector banks and foreign banks can be made. This would help to understand the extent of service quality gap among the three in general and the position of the PSBs with regard to customer preference in particular.