CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTION, CONCLUSION, AND DIRECTIONS FOR FURTHER RESEARCH
SUMMARY OF FINDINGS, SUGGESTIONS, CONCLUSION, AND SCOPE FOR FURTHER RESEARCH

The study on “Service Quality: A Comparative Study among Private and Public Sector Banks in Madurai” has multiple objectives. These multiple objectives of the study were accomplished in four stages. In the first stage, the profile of respondents, determinants of selection of banking services by respondents, underlying dimensions in determinants and its’ relationship with demographic profile of respondents in all three commercial banks are compared and analysed.

In second stage, respondents’ perception of banking service marketing mix and the relationship between the demographic profile and perception on banking marketing mix is analysed. In third stage, respondents’ expectation, perception, service quality gap, underlying dimension of banking service quality and the impact of respondents demographic profile on service quality perception is analysed and compared. In fourth stage, the structural relationship between service marketing mix, service quality, customer satisfaction and customer loyalty in banking service is analysed using structural equation model. Results of the analyses were presented and discussed in different chapters.

The specific objectives of this study were i) To reveal the profile of the customers in selected banks, ii) To examine the determinants of customer choice
of banks, iii) To measure customers’ perception towards marketing mix of Nationalised banks, State Bank group of banks, Old and New generation private sector banks, iv) To compare the customers’ expectation and perception towards service quality, service quality gap of banks, v) To understand the relationship between marketing mix, service quality, customer satisfaction and customer loyalty and vi) To make suggestions to develop strategies to offer unique service offerings, superior customer service and retaining the existing customers.

The concepts and methodology were formulated according to the objectives of the study with the help of a comprehensive review of previous studies. The total numbers of respondents are 594. The number of respondents from Nationalised banks, State bank group, Old generation and New generation private commercial banks are 216, 144,108, and 126 respectively. Convenient sampling method was adapted in selecting the respondents. The finding were summarized and presented below:

**FINDINGS**

Majority of the respondents were male. They constitute 60.26 per cent of total sample size. 39.74 per cent of the respondents were females. The major age group among the customers in the present study is 21 to 40 years, which together constitute 51.01 per cent to the total. The most important age group among sample respondents in Nationalised banks, State bank group of banks, Old and
new private banks are also 21-40 years. The important monthly income among the sample respondents were Rs.10001 to 25,000 and Rs.25001 to 50000, which constitute 32.99 and 32.49 per cent to the total respectively. The most important level of monthly income among the customers in new generation private bank is Rs.50,001 to 1,00,000.

The important level of education among the respondents is post graduation, and school level education, which constitute 26.76, and 24.57 per cent to the total respectively. In the old and new generation private sector banks, the most important level of education is post graduation which constitutes 33.33 and 28.57 per cent to the total respectively.

The majority of respondents in Nationalised banks are employees and business peoples, and in the old and new private sector banks, the major occupation among respondents is business. Majority of the respondents are living in urban and rural areas. In all sectors of banks, the first two important area of living among respondents are Urban followed by rural area. A maximum of 57.57 per cent of the respondents are dealing with only one bank. 53.96 per cent respondents of new generation private banks have two accounts. A maximum of 38.72 per cent of the respondents are availing deposit facilities only and 30.30 per cent of the respondents are availing the loan facilities only in sample units. In Nationalised banks, the first two important service availed by respondents are both
deposits and loans. In State bank group of banks and Old generation private banks, the important service availed by respondents are deposits. Majority of the respondents availed loans from the New generation private sector banks which constitutes 52.38 percent to the total.

The top four determinants of selection of bank among respondents from Nationalised banks are ‘Safety of funds’, ‘Efficient and timely services’, and ‘Employers request’ and ‘Low/reasonable service charges’. The top three determinants of selection of bank among respondents from State Bank Groups are ‘More number of ATM’s’, ‘Safety of funds’ and ‘Brand Name’. The top three determinants of selection of bank among respondents from Old generation private commercial banks are ‘Efficient and timely services’, ‘Safety of Funds’ and ‘Innovative and new technology’. The top four determinants of selection of New private commercial banks are ‘Easy of Opening an Account’, ‘Minimum waiting time’, ‘Good complaint handling’, and ‘Provision for fast and efficient service’

Through exploratory factor analysis, four factors were derived. The four factors are named as ‘Competency’ ‘Image’, ‘Proximity’, and ‘Value for Money’. The four factors explain the reason for choosing a bank by a customer to the extent of 65.876 per cent. There is a statistically significant difference in the perception of customers belongs to different types of banks.
Among five variables related to the products offered by banks, customers of private sector bank have better perception that private banks offers variety of services and offering innovative services than the customers of other commercial banks. Customers of New generation private banks have better perception that their banks are doing better job than other three banks in the variables such as providing need based products, and fulfilling all financial service needs of the customers. Overall product mix of new generation private bank is perceived better than other three groups of banks.

Customers of State Bank group of banks have perceives that their respective banks’ service commission are very fair and paying money to the bank services are worth. There is no difference in the perception of customers of all four commercial banks on interest rate and fairness in lending rates. State bank group outperforms both Public sector commercial banks and private sector commercial banks in price related variables. State bank group of banks have better image on pricing of services. New generation private sector bank customer has lower level perception in acceptable level of minimum balance.

Among four different groups of commercial banks, state bank group of banks out performance in the products and service placement or distribution. Customers of State Bank group perceives that the banks have large number of ATMs and the service offered by their banks may access from anywhere in India. They also perceive that services are easily accessed on their convenience. The
customers of State bank group have better perception than other types of banks. There is a significant perceptual difference between customers of different types of bank. Customers’ of old generation private sector and public sector commercial banks have lower level of perception towards distribution or placement variables of banks than State bank group and new generation private bank customers. Overall score of place element of marketing mix denotes that State bank group of banks have better image of physical distribution of services. New generation private customers have higher perception on service accessibility than other three group of banks.

The perception of customers of Nationalised banks related to the promotion of services and products variables is lower than other three groups of banks. New generation private sector bank customers have higher perception towards the variables named ‘ advertisements are attractive’, ‘Advertisement of this bank appears in different medias’ and ‘banks offers special offers to regular customers’. Customers of State bank group perceive that advertisements of the bank are informative, give clear instructions related to transaction and the bank is associated with good things happening in the society. The overall score of promotion element of marketing mix show that promotion aspect of new generation private banks are better perceived than other three groups of banks.
New generation private sector bank customers have higher level of perception that service staffs are well trained in handling customers, more humane in treating the customer, more committed to customer and responding properly to telephone enquiries. Customers of old generation private sector bank have higher level of perception that service staffs are well trained in handling customers and responding properly to telephone enquiries. Customers of state bank group have moderate level of perception on service staff compared to private banks but comparatively better than public sector banks. Employees of private banks have better image among their customers. Overall score of people element of service marketing mix reveals that new generation private banks are perceived better for its’ employees behaviour with customers. There is an inadequacy of employees in customer service in Nationalized and State bank group of banks.

Both New and Old generation private sector bank customers have higher level of perception that transaction in banking is made at very speed followed by state bank group of banks. Customers of private sector banks also perceive that banking transaction is simple in their banks and takes minimum time for banking transaction. But in the standardization aspect, Nationalised banks customers have higher level of perception than customers of other three banks. But the difference in the perception is not statistically significant. Overall score of service delivery process mix shows that old generation private bank customers have better perception on service delivery process mix than other three banks.
Customers of both new and old generation private sector bank have higher level perception that private banks have attractive physical layouts, better corporate image and beautiful surroundings. Customers of State Bank group of banks perceives that their banks are neatly displays various information. Nationalised Sector banks’ customers have lower level of perception compared to other three groups of commercial banks in physical evidence aspect of banking.

All bank customers perceive that Layout of the banks are not very convenient for age old people as well as it is not very convenient for disabled people. Among the customers of three banks, new generation private bank customers have better perception on physical aspect of service.

Overall product mix of new generation private bank is perceived better than other three groups of banks. Compared to old generation banks, the product mix offered by new generation private banks are perceived better by its customers. Overall score of price element of marketing shows that State bank group of banks have price advantages. Overall score of place element of marketing mix denotes that State bank group of banks have better image of physical distribution of services. New generation private customers have higher perception on service accessibility than other three group of banks.

The overall score of promotion element of marketing mix show that promotion aspect of new generation private banks are better perceived than other
three groups of banks. Overall score of people element of service marketing mix reveals that new generation private banks are perceived better for its’ employees behaviour with customers. Overall score of service delivery process mix shows that old generation private bank customers have better perception on service delivery process mix than other three banks. Among the customers of four banks, new generation private bank customers have better perception on physical aspect of service. The overall score on service marketing mix denoted that service marketing mix of new generation private bank is better than all other three groups of banks.

Females have lower level of perception than males in price and people elements of marketing mix. Customers with the age of above 60 have higher level perception on people and process element of service marketing. Customers with the age of below 45 have lower level perception on price, people and process element of service marketing than other customers.

Customers with income of less than Rs.25,000/- have lower level perception on Price, Promotion, People, Process and Physical evidence mix of service marketing. Customers with the education level of UG and School level have lower level perception on people and process mix of service marketing. Occupation of the respondents has statistically significant influence in the customers’ perception on all service marketing mix elements.
People living in rural area have lower level of perception in price and process element of marketing mix. They have higher level of perception on Product, Place, Promotion, People and Physical evidence of bank marketing mix than other customers who lives in semi urban and urban areas.

The most expected service quality variables in Nationalised banks’ customers are ‘Providing its services at promised time’, ‘Reasonable account administration fee’, and ‘Service with a smile’. The customers’ of State bank Group of banks have higher level expectation towards ‘Providing its services at promised time’, ‘Sufficient number of tellers’ and ‘Service with a smile’. The most expected service quality variables by the customers of Old generation private banks are ‘Employees knowledge to answer questions’, ‘Providing its services at promised time’, ‘Feel secured and safe in transactions’, ‘No delays due to bureaucratic factors’, ‘Sufficient number of tellers’, ‘Short waiting time to receive services’, ‘Rapid movement of queues in the bank’, ‘Error free services at every time’, ‘Keeping customers informed every time’, ‘Precision in account statements’ ‘Identifies and rectifies errors in the service’, ‘Promptness in service offerings’, ‘Service with a smile’ Courteousness of Employees’, and ‘Easy accessibility of staff’. The customers of New generation private banks have higher expectation in service quality variables except the variables namely ‘Employees instilling confidence’, ‘Employees knowledge to answer questions’, No contradictions in
service decisions’, ‘Shows high quality Indications Modern-looking equipments’, ‘Good explanations of service fees by the bank’ and ‘Reasonable account administration fee’. But, it is observed that the level expectations on these variables are higher than other three group of banks.

Women have statistically significant higher level of expectation than women. Customers with the age of below 20 years have higher level of expectation in all the banking service quality dimensions. Customers with the income of more than 1 lakh income have higher level of expectation of service quality than other customers. Professionals and business people have higher expectation than other customers. Customers with post graduate and professional qualification have higher level expectation than others. Customers in rural area have lower level of expectation than customer of semi urban and urban area.

Customers of Nationalized banks have higher level perception towards ‘Feel secured and safe in transactions’, ‘Good explanations of service fees by the bank’ and ‘Efficacious work environment of bank’ variables of service quality. State bank group customers have higher level perception towards ‘Banks’ precision of filing systems’, ‘Feel secured and safe in transactions’, and ‘Efficacious work environment of bank’. Most valued service quality variables by the customers of old generation private banks are ‘Service with a smile’, ‘Short waiting time to receive services’ ‘Courteousness of employees’ and ‘Error free
services at every time’, Highly perceived service quality variables by the
customers of new generation private banks are ‘Avoiding interruption in service’,
‘Shows high quality indications’, ‘Banks’ precision of filing systems’, ‘Modern-
looking equipment’, ‘The bank contacts are useful at every time’, ‘Banks’
good level of the cleanliness’ and ‘Well decorated bank facilities’.

There is a negative service quality gap in many banking service quality
variables in Nationalised banks except the variables named ‘Employees instilling
confidence’, and ‘Well decorated bank facilities’. There is a positive service
quality gap in variables named ‘Modern-looking equipment’, and ‘Well decorated
bank facilities’. It shows that, in these two variables of service quality, Nationalised banks exceed the expectations of its customers. The highest negative
service quality gap exist in variables named ‘Service with a smile’, ‘Easy
accessibility of staff’, ‘Identifying and rectifies errors in the service’ in
Nationalised banks.

There is a positive service quality gap in variables named ‘Shows high
quality Indications’, and ‘Sufficient number of tellers’. The positive service
quality gap score indicates that, in these two variables of service quality, state
bank group of banks exceed the expectations of their customers. The highest
negative service quality gap exist in variables named ‘Service with a smile’,
‘Employees knowledge to answer questions’ and ‘Rapid movement of queues in the bank’ in State bank Group of banks.

The highest negative service quality gap exists in variables named ‘Employees instilling confidence’ and ‘Keeping customers informed every time’ in old generation private sector commercial banks. There is a positive service quality gap in variables named ‘No contradictions in service decisions’, ‘Shows high quality Indications’, ‘Modern-looking equipment’, and ‘Well decorated bank facilities’. It shows that, in these four variables of service quality, private sector banks exceed the expectations of its customers.

The highest negative service quality gap exists in variables named ‘Identifying and rectifies errors in the service ‘Reasonable account administration fee’, ‘Keeping customers informed every time’ and ‘Great importance on customers’ confidentiality’. It is also observed from the analysis that service quality provided by new generation private sector banks meets the exact service expectations of customers in various aspects of service quality.

knowledge to answer questions’ are the observed variables of latent variable named ‘Employee Behaviour’. ‘Avoiding interruption in service’, ‘Banks’ precision of filing systems’, ‘Error free services at every time’, ‘Precision in account statements’, and ‘Identifying and rectifies errors in the service’ are the observed variables of latent variable named ‘Accuracy’.

‘Keeping customers informed every time’, ‘Good explanations of service fees by the bank’, ‘Providing its services at promised time’, ‘Sufficient number of tellers’, and ‘Reasonable account administration fee’ are the observed variables of latent variable named ‘Communication’. Latent variables named ‘Speed’ has following observed variables named ‘No contradictions in service decisions’, ‘Short waiting time to receive services’, Rapid movement of queues in the bank’, ‘Feel secured and safe in transactions’, and ‘No delays due to bureaucratic factors’. Observed variables named ‘Shows high quality Indications’, ‘Modern-looking equipment Banks’, ‘Good level of the cleanliness’, and ‘Well decorated bank facilities’ are represented by the latent variable named ‘Tangibility’.

Variables named ‘The bank contacts are useful at every time’, ‘Regular customers feel like very important’, ‘Great importance on customers’ confidentiality’, and ‘Reasonable value generation to customers’ are the observed variables of latent variable named ‘Value’. ‘Easy accessibility of staff’ and ‘Well-
trained service personnel’ are the observed variables of latent variable named ‘Access’.

Highest service quality gap exist in ‘Access’ dimension of banking service quality in nationalized banks, followed by ‘Employee Behaviour’ dimension. In State bank group of banks, the highest service quality gap exist in ‘Access’ dimension of banking service quality, followed by ‘Employee behaviour’. The highest service quality gap exist in ‘Value’ dimension of banking service quality in old generation private banks, followed by ‘Access’ dimension. The highest service quality gap exist in ‘Speed’ dimension of banking service quality, followed by ‘Accuracy’ dimension of banking service quality in New generation commercial banks. It is also observed that, there is a positive service quality gap in ‘Tangibility’ dimension of service quality in new generation private banks. When the service quality gap is compared among four groups of commercial banks, New generations private banks are perceived to be fulfilling the expectations of the customers than other group of banks. The service quality delivery of Nationalised banks is perceived very lower compared to other group of commercial banks.

There is a negative service quality gap in many banking service quality variables in Nationalised banks except the variables named ‘Employees instilling confidence’, and ‘Well decorated bank facilities’. There is a positive service quality gap in variables named ‘Modern-looking equipment’, and ‘Well decorated
bank facilities’. It shows that, in these two variables of service quality, Nationalised banks exceed the expectations of its customers. The highest negative service quality gap exist in variables named ‘Service with a smile’, ‘Easy accessibility of staff’, ‘Identifying and rectifies errors in the service’ in Nationalised banks.

There is a positive service quality gap in variables named ‘Shows high quality Indications’, and ‘Sufficient number of tellers’. The positive service quality gap score indicates that, in these two variables of service quality, state bank group of banks exceed the expectations of their customers. The highest negative service quality gap exist in variables named ‘Service with a smile’, ‘Employees knowledge to answer questions’ and ‘Rapid movement of queues in the bank’ in State bank Group of banks.

The highest negative service quality gap exists in variables named ‘Employees instilling confidence’ and ‘Keeping customers informed every time’ in old generation private sector commercial banks. There is a positive service quality gap in variables named ‘No contradictions in service decisions’, ‘Shows high quality Indications’, ‘Modern-looking equipment’, and ‘Well decorated bank facilities’. It shows that, in these four variables of service quality, private sector banks exceed the expectations of its customers.
Women have statistically significant higher level of expectation than women. Customers with the age of below 20 years have higher level of expectation in all the banking service quality dimensions. Customers with the income of more than 1 lakh income have higher level of expectation of service quality than other customers. Professionals and business people have higher expectation than other customers. Customers with post graduate and professional qualification have higher level expectation than others. Customers in rural area have lower level of expectation than customer of semi urban and urban area.

Men have statistically significant higher level perception than women in ‘Employee Behaviour’, ‘Communication’ and ‘Access’ dimensions of banking service quality. Respondents with the age of more than sixty have higher level perception in ‘Employee Behaviour’, ‘Accuracy’, ‘Tangibility’, and ‘Value’ dimension of banking service quality. Customers with the age of below 20 years have lower level of perception in all the banking service quality dimensions.

Customers with Rs.10,001-25,000 income have lower level of perception than other customers in ‘Employee Behaviour’, and ‘Accuracy’ dimensions of banking service quality. Customers with the income of Rs.1 lakh and above have better perception in ‘Employee Behaviour’ and ‘Access’ dimensions of service quality than other customers. They have lower level of perception towards ‘Accuracy’, ‘Communication’ and ‘Speed’ dimensions of banking service quality.
Customers with agriculture as their occupation have lower level of perception in ‘Employee Behaviour’, ‘Communication’ and ‘Access’ dimension of banking service quality than other customers. They have higher level of perception towards ‘Accuracy’ and ‘Tangibility’ dimension of banking service quality than other customers. Customers who are professionals perceives higher in ‘Employee Behaviour’, ‘Communication’, and ‘Access’ dimension of banking service quality dimensions than other customers with different occupation. Customers with Business perceives higher in ‘Value’ dimension of banking service quality than others.


Customers of New generation private bank have higher level of satisfaction in all the customer satisfaction related variables followed by customers of old
generation private banks. Customers of Nationalised banks have very low level of satisfaction compared to other three groups of commercial bank customers. Overall composite score of customer satisfaction denotes that customers of new generation private banks have more satisfaction followed by the customers of old generation private commercial banks.

Customers of New generation private banks have more loyal to their bank than other commercial banks’ customers. They have more willing to recommend, tell positive think about their bank, and do more business with their bank in future. But, the response related to paying premium price for service and intention to stay with the existing bank when another bank that asks for low service charge is lower than customers of state bank group of banks and old generation private banks. The customers of Nationalised banks are very low in their loyalty towards their existing banks compared to the customers of other three commercial banks.

Male customers have more satisfaction than Female customers in all commercial banks except public sector commercial banks. Level of satisfaction among respondents is high in new generation private banks followed by old generation private banks. Customers with the age group of less than 20 are highly dissatisfied with the services provided by the public sector commercial banks. It is also found that customers with more than 60 years of age have more satisfaction than other customers with different age group in all commercial banks. Customers
with the income of Rs.25,000/- to Rs.50,000/- have higher level of satisfaction in
the services provided by both old generation private and State bank group of
banks. It is also observed that customer who have studied up to H.Sc have lower
level of satisfaction towards the services offered by the banks.

Customers who have employed and involved in other occupation such as
students, housewives and retired employees are dissatisfied with the services
provided by public sector banks. Customers’ who are involved in business and
professionals are highly satisfied with the services of private and state bank group
of commercial banks. Customers who are employed have least satisfied with
services of Nationalised banks and State bank group of banks. There is a
contrasting level of satisfaction among customers living in urban area. While they
are highly satisfied with the services of old and new private sector banks, they are
dissatisfied with the services provided by the Nationalised banks. Customers
living in rural area are more satisfied with services provided by public sector
banks compared to other customers of public sector banks who are living in semi-
urban and urban area.

Female customers are more loyalty to their private and state bank group of
banking service provider except the public sector banks. In public sector banks,
male customers were more loyal than female customers. Female customers of New
generation private banks are more loyal than male customers. Customers with the
age group of less than 20 are not loyal towards Nationalised banks. It is also found that, the customers with more than 60 years of age are more loyal to public sector banks than other customers. It is also observed that customers with more than 46 years of age are more loyal to their service providers.

Customers with the income of more than Rs.50,000/- are less loyal to the Nationalised banks. Customers with the income of more than Rs.1,00,000/- are highly loyal to their private sector commercial banks. Customers who have are Post Graduates have higher level of loyalty towards the service providers except state bank group of banks. Business customers and Professionals more loyal towards old and new generation private and state bank group of commercial banks.

Customers with agriculture as their occupation are more loyal towards public sector banks. Customers living in rural area are more loyal to the Nationalised banks, customer living in semi urban area is more loyal to the State bank group of banks and, customers living in the Urban area more loyal to Private sector commercial banks.

There is strong correlation between customers’ satisfactions and product mix of Nationalised banks. There is a moderate level of positive correlation between customer satisfaction and service marketing mix in Nationalised banks. There is strong and statistically significant positive correlation between State bank
group of bank customers’ satisfaction and placement mix. It is inferred that product and promotional mix has positive correlation with the satisfaction level of public sector bank customers. Placement mix and Product mix has strong correlation with state bank group of banks’ customer satisfaction. In old generation private banks, there is strong correlation between customer satisfaction and people and process mix of service marketing. In new generation private banks, there is strong correlation between customer satisfaction and Process and people elements of service marketing mix.

Behaviour dimension of service quality have strong correlation with customers satisfaction in public sector banks. Accuracy and access dimension of service quality has high correlation with customer satisfaction in state bank group of banks. Behaviour and value have strong correlation with customers’ satisfaction in old generation private sector banks. Speed and behaviour have strong correlation with customers’ satisfaction in new generation private sector banks. Overall service quality in private bank has strong correlation with customer satisfaction than other banks.

There is a positive impact of marketing mix and perceived service quality on banks’ customer satisfaction. But, the impact of marketing mix on customer satisfaction is stronger than service quality. The direct impact of marketing mix on customer loyalty is insignificant. But, the direct impact of perceived service
quality on customer loyalty is statistically significant. The impact of customer satisfaction on customer loyalty is statistically significant. It reveals that customer satisfaction able to explain customer loyalty to the extent of 68%. There is full mediation of customer satisfaction in between the relationship of marketing mix and customer loyalty. There is partial mediation of customer satisfaction in between the relationship of perceived service quality and customer loyalty.

**SUGGESTIONS**

Nationalised banks should focus on simplifying the process of opening a bank account by a customer. Providing a separate service window along with a support staff, who are trained extensively in customer care and speaks in local language will improve the account opening process. Converting from conventional banking service system to single window system of service is need of the hour for public sector banks to improve their customer base. It will lead to reduced waiting time and availability of adequate teller services. Public sector banks must emphasis safety of customer funds in all customer related communications.

The main determinant in selecting State bank group of bank is availability of ATM services in several locations and reputation of the bank. Increasing the number of free ATM transactions than other banks or charging less than Rs.20 per transaction to state bank group customers will support in increase the customer base and the usage of ATM. Higher usage of ATM by customers will ease and
facilitate branch banking. Low numbers of customers per employee reduces the work burden of employees and improve their personalized services.

Fast and ease in banking is key strength of old and new generation private sector banks. Approaching various private organizations for maintaining their employees’ salary accounts with special concession in minimum balance and number of ATM withdrawals will support in increase the customer base in private banks. New private banks may provide additional interest to the minimum balance or creating provision for more ATM withdrawals than other group of banks. Old and new generation bank must emphasis the speed and efficiency in all customer related communications.

Nationalised banks must improve their product offerings by offering innovative services, conveniently grouping of services and fulfilling all the financial service needs of the customers. Private sector banks should improve the overall pricing mix especially in service commission and charges. They should provide services in a way, where the customer should feel that receiving more benefit than what they pay. New sector private banks must overcome the customer perception of “Over pricing” by adding more values or benefits in terms of additional interest or additional ATM withdrawals. Nationalised banks need to improve their physical distribution of services. Adopting technology platform to provide services will ease and enhance service availability of customers. Increased
number of ATM’s and extension of branch banking to village and semi urban areas, improve the physical distribution of service by Nationalised banks.

Both Nationalised and State bank group of banks lacks behind in promotional aspect of banking services. Integrating marketing communication and offering this communication through short message service to the mobile phones of customers is cost effective communication tools. Regular communication about changes in banking service charges and periodical alert of new services to customers is essential. Involving in activities that enhances the standard of living of local community will improve the overall brand image of banking service providers.

A strong emphasis of customer service, customer satisfaction and customer orientation must be emphasised in employee training. Selecting the employees with right attitude and empathy will enhance banks’ image. Necessary inputs on customer care and managing customer must be part of job design is critical. It is very essential to ensure employees commitment to customer service by top management. Periodical assessment of customer satisfaction through external agencies will give impetus on planning and improvement of overall banking service delivery. Adopting technology based customer relationship management, availability of adequate number of employee in customer service and treating the customer more human during the banking transactions is need of the hour in both
public sector and state bank group of banks. A report on customer satisfaction over the period of time on particular bank must be presented along with annual statements of banks.

Both Public sector and state bank group of banks enhance the speed of service and make them simple by standardization. Following single window system, more number of free ATM transactions and installing more cash depositing machines (CDM) in each branch will facilitate more speed and customized service delivery. Top management must facilitate and encourage the expansion of self service options such as printing of periodical account statements in ATM’s, and cash deposits through CDM. Creating awareness and training of customers on the simplicity and security of mobile banking and internet banking will reduce the customer traffic to branches. Providing a CD ROM with the simple multilingual videos demonstrating self service options along with the introductory kits improve the usage of self service option among customers that supports speedy branch specific banking service delivery.

Nationalised banks must improve that attractiveness of service area that provides cue on physical evidences on banking service delivery. All three commercial banks should plan or modify the physical layout of the bank that is very convenient for aged customers and customers with disability. Setting a ramp to access bank branches, providing a wheel chair with in the bank premises and
providing priority in services to aged and disabled customers is a current critical requirement in all commercial banks. There is an urgent need to improve service quality in banking services by Nationalised banks. There is a vast gap between expected service quality and perceived banking service quality. Top management must recheck the minimum acceptable service standards, and should ensure such standardized service quality delivery. It is critical to retain existing customers, when competitors aggressively pursuing the acquisition of new customers in the dominant markets of Nationalised banks.

It is essential to rethink the current system of Nationalised banks related to service quality, and customer relationship marketing tactics. It is very important to ensure in ‘providing services at promised time’, ‘easy accessibility of staff’, ‘identifying and rectifies errors in the service’ and ‘service with a smile’ to be remain competitive in the market by Nationalised banks. State bank group of banks must ensure their staff answers to customers’ enquiry, reducing waiting time by speed in service delivery. A branch level open grievance meeting once in three month on Saturday will create a positive and constructive employee and customer interaction.

Employee of old generation private sector banks should more focus on instilling customer confidence. A computerized customer relationship management system will support in keeping customers’ informed about banking
services and transaction with banks in private sector commercial banks. It is interpreted that customer’s perspective of service quality is as simple as ‘providing services at promised time’ and ‘service with a smile’. Employing a transparent Standard Operating Procedure (SOP) to solve customers’ grievance will reduce the service quality gap in identifying and rectifies errors in the service. Creating and reinforcing the perception among customers that their benefit is more than their cost is important to justify the administrative fee collected from the customers. Keeping and ensuring customer confidentiality and periodic information will improve the service quality perception among new generation private bank customers.

One or another way demographic profile influences the perception of banking service quality, customer satisfaction and customer loyalty. There is an urgent need for customer centric strategy that enhances customer satisfaction and retention in public sector banks. Caring and paying more attention to every individual customer and their needs, and fulfilling the needs in a customized ways are critical to the success and survival of any commercial bank. Private bank customers are comparatively more price sensitive than other bank customers. Adapting a competitive pricing of service is critical to customer retention in private commercial banks.
All banks must focus not only on service delivery but also on designing their service mix. A careful approach in decisions related to banking products, price, place, promotion, people, process and physical evidence and delivering this service as expected by customers is the key for customer satisfaction and customer loyalty.

CONCLUSION

This comparative study on service quality among public and private sector banks reveals the customers’ perception on factors that determining the choice commercial banks, service marketing mix of banks, and the banking service quality. It is explored that, customer’ perspective of service quality is as simple as ‘providing services at promised time’ and ‘service with a smile’. The negative service quality gap is very wide in Nationalised banks. There is a strong structural relationship between the elements of banking marketing mix, service quality, customer satisfaction and customer loyalty in banking industry. The customers of new generation private sector commercial banks are more satisfied than other three groups of commercial banks. The demographic profiles of customers have significant influence in customers’ perception on banking marketing mix, banking service quality, satisfaction and loyalty.

The competition continues to heat up in banking services around the country and emerging technology continues to empower customers with more
market knowledge and wider choice. A careful and informed decision related to the design of service mix, and quality in service delivery will increasingly become the pivotal determinant of survival of a banking organization. Banks hoping to garner an enduring competitive advantage must develop unique market offerings, and standardize the superior customer service, keeping in the mind that these are essential for their customer satisfaction and loyalty. It is the core component of success. The top management of commercial banks must believe that offering unique marketing mix and excelling in service quality is a tool for Survival, Profit, Market share, Brand Equity, Wealth Maximization and Sustainability of their business. Therefore, the role of top management initiative towards periodic research and review on the relevance of marketing mix, and service quality standards is a vital one.

**Scope for Further Research**

This research thesis has made an attempt to compare differences in the marketing mix and service quality of commercial banks in Madurai. The same study can be replicated in other services. Many services incorporated TQM in their business. So, it is necessary to study the need, procedure and implementation of TQM that provide competitive advantage to the service provider over competitors.

This study exposed the service quality delivery gap in commercial bank. A study on employees’ perspective on service quality gap, who actually delivers the
service, will give more input to narrow the service quality gap in banks. There is a wide scope for future studies in areas like:

1. Service Quality perception of Differently abled customers
2. Link between Marketing Mix, Service Quality and Return on Investment
3. Comparative study on Marketing Mix among Indian and Foreign Banks
4. Organisational Culture, Service Quality, Customer Satisfaction and Customer Loyalty
5. Service Excellence in Banking using TQM
6. Development of Bank Customer Satisfaction Index in India (BCSI)
7. Service Quality perception of Business and corporate customers
8. Customer Centricity in Bank Marketing Mix