CHAPTER - I
Introduction and Design of the study
CHAPTER – 1
INTRODUCTION AND DESIGN OF THE STUDY

1.0. INTRODUCTION

The services sector is one of the most important sectors, which contributes largely to the national economy. In India, the banking service is an important component of services sector. The share of banking and insurance sector within the services industry has burgeoned from 2.78 per cent of Gross Domestic Product in 1980-81 to 6.27 per cent in 1997-98\(^1\). It has been so due to the increased significance of financial services in post-reforms era. In the recent years the presence of a number of private sectors and foreign banks has made the Indian market more competitive.

Increasing competition has forced the banks to think of better ways and means of generating revenues from different sources, other than conventional borrowing and lending services. The onset of competition from the private players and the initiation of banking reforms since early 1990s have led to an increased emphasis on efficient customer service\(^2\). Moreover, in the tough competitive arena in which these banks operate today, maintaining the quality of service is a pre-requisite for survival. Therefore, measurement of service quality has increasingly created an interest among the banks and scholars alike.

1.1. SERVICE QUALITY IN BANKS

Quality in services is an elusive concept and as such there is no generic definition of service quality\(^3\). Service quality is considered as "a measure of how well

\(^1\) Economic Times, 2000, p .4
\(^2\) Narasimhan Committee Report, 1991, p. 27
the service is delivered and matches customers' expectations" or "providing the customer with what he wants, when he wants it, and at acceptable cost within the operating constraints of business "or "providing a better service than what the customers expect". Thus service quality is the conformance of services to the customers’ specifications and expectations. The quality of service therefore depends on the ability of the server to meet the expectations of the customers.

1.2. PARADIGM SHIFT IN INDIAN BANKING SYSTEM

Indian Banking system had undergone a paradigm shift especially after globalization. The paradigm shift scenario in India is presented below.

<table>
<thead>
<tr>
<th>Table 1.1</th>
<th>Paradigm Shift in Indian Banking System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Before 1991</strong></td>
<td><strong>After 1991</strong></td>
</tr>
<tr>
<td>Seller's market</td>
<td>Buyer's market</td>
</tr>
<tr>
<td>Limited brands</td>
<td>Open market</td>
</tr>
<tr>
<td>Protected markets</td>
<td>Increase in number of global brands</td>
</tr>
<tr>
<td>Friendly competition</td>
<td>Cut-throat competition</td>
</tr>
<tr>
<td>Patient customers</td>
<td>Demanding customers</td>
</tr>
<tr>
<td>Limited choice for customers</td>
<td>Increasing choice for customers</td>
</tr>
<tr>
<td>Limited Television promotion</td>
<td>Unlimited Television promotion</td>
</tr>
<tr>
<td>Cost plus pricing</td>
<td>Competitive price-cutting</td>
</tr>
<tr>
<td>Limited role of service</td>
<td>Increased role of services</td>
</tr>
<tr>
<td>Slower marketing reflexes</td>
<td>Quicker marketing reflexes</td>
</tr>
<tr>
<td>Speed @ will</td>
<td>Turbo speed</td>
</tr>
<tr>
<td>Fundamental Standalone System</td>
<td>Enterprise System (ERP/CRM)</td>
</tr>
<tr>
<td>IT-competitive advantage</td>
<td>IT-enabled</td>
</tr>
<tr>
<td>Gaining new customers</td>
<td>Retaining existing customers</td>
</tr>
<tr>
<td>Monologue</td>
<td>Dialogue</td>
</tr>
<tr>
<td>Transaction</td>
<td>Relationship</td>
</tr>
<tr>
<td>Standard of living</td>
<td>Quality of life</td>
</tr>
</tbody>
</table>

Source: IBA Bulletin 25 (8), August 2004


The paradigm shift in Indian banking industry is towards a stress on the need of quality service in the banking. The Indian banks focus on providing better customer service in the following ways:

i) Selling service with standards and improving management of service 
   some banks uses ISO certification for their branches and administrative offices

ii) Providing skill based training and product/service knowledge to the front line staff

iii) Establishing incentives and motivation for quality service

iv) Enunciating a new corporate philosophy based on quality of service by changing the cultural and attitudinal bias in the organization

v) Making customer satisfaction a central focus at the corporate level

Two major factors that shape the practice of marketing in service organizations are a) the environment and b) how a particular business views and organizes its marketing efforts. Both factors are equally important in creating and constraining Manager's opportunities for effective action. In the financial service industry, the three major external forces that affect competition are: increasing internationalization of all financial products and players, the change in the regulatory environment, and the accelerating impact and pervasiveness of information technology which create long-lasting change.

Three forces dominate the prevailing marketing environment in the banking sector namely the increasing competition from private players, changing technologies, and continuous shifts in the regulatory environment, which have led to the growing customer sophistication. Customers have become more and more aware of their requirements and demand higher standard of services. Their perceptions and
Expectations are continually evolving, making it difficult for the service providers to measure and manage services effectively. The key lies in improving the service selectively, paying attention to more critical service attributes/dimensions as a part of customer service management. It is an imperative to understand how sensitive the customers are to various services attributes or dimensions. Allocating resources in tune with customer priorities can enhance the effectiveness in the service operations. In addition, the management commitment is highly essential to provide a better environment among the service providers to deliver apt service to the customers. The service qualities, customers’ perceptions and managerial implications are the two important pre requisites in any bank to deliver the qualitative product/service to the customers.

1.3. STATEMENT OF THE PROBLEM

In the competitive environment of the post liberalization era, financial sector reforms have significantly deregulated the markets. It has become imperative to harness the best customer-oriented practices and perceptions and to internalize them for providing added satisfaction to the customer through the employees. Customer service is not merely the fulfillment of the Government's guidelines or the mechanical adherence to the time frame of services. It is a philosophy and an attitude of professional commitment, which believes in the ultimate satisfaction of each customer 'wants'.

Service marketers have experienced it for a past decade that competition can be well managed by differentiating through quality and of course there are exceptions where quality has traditionally been an internal affair. Importance of service lies in customer service management. In the banking sector, there is an increased financial sophistication of both consumer and business markets and the increased availability of
services and products from new competitors. In addition, improved technologies are resulting in customer service breakthroughs that significantly alter customer expectations. They increase the speed of processes such as solving of customer problems, handling of customer complaints, service delivery and handling of application. To the customers, service means customer satisfaction, customer delight, service delivery, customer's relationships, etc. Therefore interest in managing the services through customer service is considerably high. It requires setting customer service objectives in terms of relative importance of customer service elements.

In this study an attempt has been taken to study the services provided by the banks to its customers, the service quality dimensions and the factors influencing the service quality. The study also attempts to identify the problems faced by the customers while availing the services provided by the banks, their perceptions towards service quality and the level of satisfaction towards service quality of public sector banks.

**Figure 1.1**

**Proposed Research Model of the Study**

The proposed research model of the study is presented in the following figure.
1.4. OBJECTIVES OF THE STUDY

Based on the proposed research model, the following objectives have been formulated:

1) To study the services offered by the public sector banks.

2) To assess the customers’ perception towards banking services and service quality in public sector banks.

3) To identify the factors influencing the service quality of public sector banks.

4) To assess the customers’ perception towards service quality dimensions in the public sector banks.

5) To assess the impact of service quality on the services offered by the banks and on the overall attitude towards public sector banks.

6) To analyse the problems faced by the customers and its impact on the service quality and overall attitude towards public sector banks.

7) To summarise the findings and suggestions based on the analysis and interpretations of the study.

1.5. SCOPE OF THE STUDY

This study was conducted in Tirunelveli district and only four public sector banks namely State bank of India, Indian overseas bank, Indian bank and Canara bank were included. Only core services were taken up for assessing the quality of service rendered by the selected banks.

1.6. PERIOD OF THE STUDY

The study was carried out during the period from August 2010 to August 2012.
1.7. OPERATIONAL DEFINITION OF CONCEPTS

Quality in service is very important especially for the growth and development of service sector business enterprises (Powell, 1995)\(^6\). It works as an antecedent of customer satisfaction (Ruyter and Bloemer 1995)\(^7\). In the past, quality was measured only for the tangible products because of less dominance of service sector in the economy. Due to the increasing importance of service sector in the economy, the measurement of service quality became important. Banking is essentially a high contact service industry and there is a close interaction between service providers and the customers in the traditional banking scenario.

1.7.1. Service Quality

Quality in services is an elusive concept because of the intangible nature of the service offering and the definition of quality may vary from person to person and from situation to situation. The definition produced by Lassar and Winsor (2000)\(^8\) is that service quality in banking implies consistently anticipating and satisfying the needs and expectations of the customer.

Ramasamy (1996)\(^9\) identified three different sets of measures for service quality that a company should be concerned with: service performance measures, customer measures and financial measures.


1.7.2. Customers’ perception

Perception can be described as a process. Currently, the most widely adopted process of the theory is that of "expectancy discontinuation" in which perception is viewed as largely on meeting or exceeding estimations (Erevelles and Leavitt, 1992\textsuperscript{10} and Yi, 1990)\textsuperscript{11}.

In the present study, the perceptions on various attributes of service quality in banking activities have been measured. The identified variables in service quality of public sector banks are drawn from reviews. (Angar et.al., 1999)\textsuperscript{12}, Blanchard and Galloway (1994)\textsuperscript{13} and Srivastava (1994)\textsuperscript{14}.

1.8. HYPOTHESES OF THE STUDY

The hypotheses framed for the present study are as follows.

1) There is no significant association between the profile of the customers and their views about the services offered by the public sector banks.

2) There is no significant association between the profile of the customers and factors leading to service quality.


3) There is no significant association between the banking activities of the customers and their views about the factors leading to the service quality.

4) There is no impact of factors influencing the service quality of banks on the overall service quality of the banks.

5) There is no significant association between the banking activities of the customers and the customers’ perception towards the different dimensions of the service quality of banks.

6) There is no association between the profile of the customers and their level of service quality gap.

7) There is no impact of service quality on the services offered by the public sector banks.

8) There is no impact of service quality on the overall attitude of the customers towards the public sector banks.

9) There is no significant association between the profile of the customers and their views about the problems faced by them.

10) There is no impact of problems faced by the customers on the services offered by the banks.

11) There is no impact of problems faced by the customers on the service quality of the banks.

12) There is no impact of problems faced by the customers on the overall attitude of the customers towards the public sector banks.

1.9. RESEARCH METHODOLOGY

Research methodology is the way of systematically solving the research problem. It is a science of studying how research is conducted. The research
methodology enlightens the methods to be followed in research activities starting from investigation to the presentation of the research report.

1.9.1. Research design of the study

Research design is a framework or blue print for conducting research. It details the procedures necessary for obtaining the information needed to structure and / or solve research problems.

The present study is descriptive in nature since the study describes the characteristics of service quality in banking industry. It is also marked by the prior formulation of specific hypotheses. It is based on a pre-planned and structured research design. The tool used to collect the data is pre-structured interview schedule. Since the study describes the characteristics of relevant groups namely bank customers and their banking activities, perception on important banking services, factors leading to service quality, measurement of perception and expectation on service quality in banks, determines the degree of associations between the profile variables and the service quality, and make some predictions in service quality of banks and the problems encountered by the customers in availing banking services. It is descriptive in nature.

1.9.2. Locale of research

While studying the services in banking industry, it is imperative to select the bank branches, customers in banks. Hence it was decided to select the banks in urban, semi – urban and rural areas of Tirunelveli district through sampling techniques.

1. 9. 3. Selection of the study area

Tirunelveli district was purposely selected as the study area by the researcher for the following reasons:

- There are no recent exclusive studies about the service quality of banks in Tirunelveli district.
- Tirunelveli district consists of rural, semi–urban and urban areas in it. So the study can focus on the three groups of customers belonging to three different areas, and various aspects related to service quality of banks.
- Familiarity to culture and infrastructure facilities available would help the researcher to develop a good rapport with the customers and staff in banks. Hence, better and valid responses could be received.

1. 9. 4. Banks in the study area

The number of public sector banks in Tirunelveli district as on 31st March 2012 is given in the following table.

Table 1. 2
Number of Banks in Tirunelveli District as on 31.03.2012

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Banking sector</th>
<th>No. of Banks</th>
<th>No. of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public sector</td>
<td>16</td>
<td>181</td>
</tr>
<tr>
<td>2</td>
<td>Private sector</td>
<td>10</td>
<td>36</td>
</tr>
<tr>
<td>3</td>
<td>PandianGrama Bank</td>
<td>01</td>
<td>50</td>
</tr>
<tr>
<td>4</td>
<td>TCCB Ltd.,</td>
<td>01</td>
<td>26</td>
</tr>
<tr>
<td>5</td>
<td>TNCSARD (L.D Bank)</td>
<td>01</td>
<td>08</td>
</tr>
<tr>
<td>6</td>
<td>Urban Co-Operative Bank</td>
<td>01</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>TIIC</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>8</td>
<td>TAICO</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>32</strong></td>
<td><strong>314</strong></td>
</tr>
</tbody>
</table>

Source: Lead Bank Report 2012
In total there are 32 banks in Tirunelveli District. Out of the 32 banks, 26 banks are commercial banks whereas, the remaining 6 banks are co-operative banks and development banks. Out of 26 banks, 16 banks are public sector banks, whereas, the remaining 10 are private sector banks. The above said 16 public sector and 10 private sector banks consist of 181 and 36 branches respectively.

Since the present study focuses on the public sector banks, the details of the public sector bank branches at rural, semi-urban and urban areas in the district as on March 31st 2012 have been discussed and given in the following table.

Table 1.3
Number of public sector bank branches in Tirunelveli district.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Public Sector</th>
<th>Rural</th>
<th>Semi-Urban</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State Bank of India</td>
<td>06</td>
<td>10</td>
<td>06</td>
<td>22</td>
</tr>
<tr>
<td>2</td>
<td>State Bank of Travancore</td>
<td>01</td>
<td>05</td>
<td>02</td>
<td>08</td>
</tr>
<tr>
<td>3</td>
<td>Allahabad Bank</td>
<td>-</td>
<td>01</td>
<td>-</td>
<td>01</td>
</tr>
<tr>
<td>4</td>
<td>Andhra Bank</td>
<td>-</td>
<td>-</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td>5</td>
<td>Bank of Baroda</td>
<td>-</td>
<td>-</td>
<td>03</td>
<td>03</td>
</tr>
<tr>
<td>6</td>
<td>Bank of India</td>
<td>01</td>
<td>01</td>
<td>02</td>
<td>04</td>
</tr>
<tr>
<td>7</td>
<td>Canara Bank</td>
<td>13</td>
<td>10</td>
<td>09</td>
<td>32</td>
</tr>
<tr>
<td>8</td>
<td>Central Bank of India</td>
<td>02</td>
<td>03</td>
<td>04</td>
<td>09</td>
</tr>
<tr>
<td>9</td>
<td>Corporation Bank</td>
<td>-</td>
<td>-</td>
<td>03</td>
<td>03</td>
</tr>
<tr>
<td>10</td>
<td>Indian Bank</td>
<td>02</td>
<td>10</td>
<td>09</td>
<td>21</td>
</tr>
<tr>
<td>11</td>
<td>Indian Overseas Bank</td>
<td>27</td>
<td>23</td>
<td>12</td>
<td>62</td>
</tr>
<tr>
<td>12</td>
<td>Punjab National Bank</td>
<td>01</td>
<td>02</td>
<td>01</td>
<td>04</td>
</tr>
<tr>
<td>13</td>
<td>Syndicate Bank</td>
<td>-</td>
<td>01</td>
<td>02</td>
<td>03</td>
</tr>
<tr>
<td>14</td>
<td>UCO Bank</td>
<td>01</td>
<td>-</td>
<td>01</td>
<td>02</td>
</tr>
<tr>
<td>15</td>
<td>Union Bank of India</td>
<td>-</td>
<td>03</td>
<td>02</td>
<td>05</td>
</tr>
<tr>
<td>16</td>
<td>Vijaya Bank</td>
<td>-</td>
<td>-</td>
<td>01</td>
<td>01</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>54</strong></td>
<td><strong>69</strong></td>
<td><strong>58</strong></td>
<td><strong>181</strong></td>
</tr>
</tbody>
</table>

Source: Lead Bank Report 2011-12

Out of the 181 public sector bank branches in the district, a maximum of 62 branches belong to Indian Overseas Bank, 32 branches are belonging to Canara Bank
22 and 21 bank branches belong to State Bank of India and Indian Bank. The remaining branches are belonging to other 12 banks. Hence, the present study includes only top most four public sector banks.

1. 9. 5. Sampling plan of the study

The sampling plan of the study consists of two important components namely determination of sample size (David and Nazir, 2011) and sampling procedure (Levis, 1991).

In the present study, the sample size is determined by the given formula:

\[ N = \left( \frac{z \sigma}{D} \right)^2 \]

Where, 
- \( N \) = Sample size
- \( z \) = Z Statistics at five per cent level
- \( \sigma \) = Standard deviation of customer satisfaction at pilot study
- \( D \) = Degree of accepted error

In the present study,

\[ N = \frac{1.96 \times 0.5977}{0.05} = 548 \]

The proportionate sampling procedures have been followed to distribute the sample of 548 customers among the three groups namely urban, semi urban and rural public sector bank branches in this district. The sampling distribution is given in table 1.4.

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Table 1.4
Sampling Distribution of the Study

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>Rural</th>
<th>Semi urban</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>No. of branches from all public sector banks as on 31-03-2012</td>
<td>54</td>
<td>69</td>
<td>58</td>
<td>181</td>
</tr>
<tr>
<td>02</td>
<td>No. of Branches from four major banks (SBI, IOB, IB &amp; Canara) as on 31-03-2012</td>
<td>48</td>
<td>53</td>
<td>36</td>
<td>137</td>
</tr>
<tr>
<td>03</td>
<td>Sample selected per branch</td>
<td>04</td>
<td>04</td>
<td>04</td>
<td>04</td>
</tr>
<tr>
<td>04</td>
<td>No. of sampled customers</td>
<td>192</td>
<td>212</td>
<td>144</td>
<td>548</td>
</tr>
</tbody>
</table>

Source: Secondary Data

By the application of proportionate random sampling, total sample size of 548 bank customers are distributed to 192, 212 and 144 customers to the rural, semi-urban and urban branches of four important public sector banks.

1.9.6. Data collection

The present study highly rests on the primary data. The required primary data required for the study was collected from the structured interview schedule. The interview schedule was divided into four important parts. The first part covers the profile of the customers and their banking operations whereas the second part of the schedule includes the customers’ view on various services offered by the public sector banks, the third part of the schedule focuses on the customers’ view on the level of expectation and perception on the service quality of public sector banks and the factors leading to the service quality of public sector banks. The last part of the schedule consists of various problems encountered by the customers in availing bank services. The relevant variables related to the above said aspects were collected and operationalised with the help of review of previous studies.
1.9.7. Pilot study

A pilot study was conducted among 50 customers in four major banks namely, Indian Overseas Bank, Indian Bank, State Bank of India and Canara Bank. Based on the feedback from the pilot study, certain modifications, additions and deletions have been carried out to prepare a final draft of the interview schedule. The final draft of the interview schedule was used to collect the data from the respondents.

1.10. Framework of Analysis

In order to analyze the data collected from the customers, appropriate statistical tools have been applied based on the objectives of the study and the nature of data. The statistical tools included for the analysis are given below.

1. 10.1 SERVQUAL Scale

The foundation for the SERVQUAL scale is the gap model proposed by Parasuraman, Berry (1988)\(^{18}\) and Zeithamal (1985)\(^{19}\). As a gap or difference exist between customers' expectations and perceptions, service quality is viewed as lying along a continuum ranging from 'ideal quality' to 'totally unacceptable quality', with some points along with continuum representing service quality. The SERVQUAL scale (SQ) is measured by

\[
SQ = \sum_{j=1}^{k} (P_{ij} - E_{ij})
\]


Where,

\[ \text{SQ}_i = \text{Perceived Service Quality of individual 'i'} \]

\[ \text{K} = \text{Number of attributes/items} \]

\[ \text{P} = \text{Perception of individual 'i' with respect to performance of a Service firm attribute 'j'} \]

\[ \text{E} = \text{Service quality expectation for attribute 'j' that is the relevant norm for individual 'i'} \]

The application of the scale is evident in a number of empirical studies (Kassim and Bojei (2002)\(^2\) Carman, (1990)\(^2\)

In the present study, the SERVQUAL Score (SQS) is calculated by

\[ \text{SQS} = \sum_{j=i}^{k} (\text{P}_{ij} - \text{E}_{ij}) \]

Where,

\[ \text{SQS} = \text{SERVQUAL Score of service quality variables} \]

\[ \text{E}_{ij} = \text{Service Quality expectation for variable/factor} \]

\[ \text{P}_{ij} = \text{Service Quality perception for variable/factor} \]

\[ j=1, \ldots, k = \text{No. of variables/factors included in SERVQUAL analysis} \]

The positive SQS indicates the excess of expectation over the perception on service quality of the banking variables whereas the negative SQS indicates the excess of perception on the expression on service quality of the banking variables.


1.10.2. Exploratory Factor Analysis

Exploratory factor analysis identifies common dimensions of factors from the observed variables that link together the seemingly unrelated variables and provides insight into the underlying structure of the data. Varimax rotation is one of the most popular methods used in the study to simplify the factor structure by maximizing the variance of a column of the pattern matrix.

The common factors themselves are expressed as linear combinations of the observed variables (Nalini, 2006).

1.10.3 Factor Model

\[
\text{Factor Score} = W_{i1}X_1 + W_{r2}X_2 + \ldots + W_{ik}X_k
\]

Where

- \( F_i \) = estimate of ith factor
- \( W_i \) = weight or factor score coefficient
- \( X_i \) = variables included
- \( K \) = number of variables included

In the study, factor analysis has been applied to narrate the variables into the important factors influencing the service quality of public sector banks.

1.10.4. Confirmatory Factor Analysis (CFA)

The confirmatory factor analysis has been used to analyze the reliability and validity of the variables included in each factor. The convergent-validity of the factor is assessed by three measures: item reliability, construct (composite) reliability and

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Average Variance Extracted (Fornell and Larcker, 1981)\(^{23}\). Items validity is evaluated by the size of the standardized factor loading of the variables on their corresponding factors. The loading should be at least 0.60 and ideally at 0.7 or above (Chin, 1998)\(^{24}\). Composite reliability is assessed on the basis of internal consistency. It is similar to Cronbach alpha. The minimum acceptable level of composite reliability is 0.5 (Gerbing and Anderson, 1980)\(^{25}\). The significance of ‘t’ statistics of the standardized factor loading of the variable in each construct.

In the present study, the CFA has been used to analyze the validity and reliability of variables included in factors leading to service quality, overall service quality of banks and problems in availing banking services.

1.10.5. Reliability test

The reliability of the variables included in each construct has been tested with the help of cronbach alpha. The minimum threshold of cronbach alpha is 0.60 (Nunnally, 1978)\(^{26}\). In the present study, the cronbach alpha has been computed to test the reliability of variables in each construct related to major services, service quality, factors leading to service quality, overall service quality and problems in availing bank services.

1.10.6. Multiple Regression Analysis

When a variable is dependent on more than one independent variable, one analysis will not reveal the relationship. For this purpose, the multiple regression


analysis is administered. The cause and effect relationship between dependent and independent variables are carried out by the multiple regression analysis. The general form of the regression model is:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_n X_n + \epsilon \]

Where

- \( Y \) = Dependent variables
- \( X_1, X_2, \ldots, X_n \) = Independent variables
- \( \beta_1, \beta_2, \ldots, \beta_n \) = Regression co-efficient of independent variables
- \( \alpha \) = Constant and
- \( \epsilon \) = error term

In the study, the multiple regression analysis has been used to find out:

- The impact of factors leading to service quality on service quality in banks
- The impact of service quality on overall service quality in banks
- The impact of service quality on overall attitude towards banks
- The impact of problems in availing bank services on the perception on banks services, service quality and overall attitude towards banks.

1.10.7. One way analysis of variance

One way analysis of variance is used for examining the differences in the mean value of the dependent variable associated with the effect of the controlled independent variables, after taking into account the influence of the uncontrolled independent variables. One way analysis of variance involves only one dependent variable or a single factor. The null hypothesis is tested by the ‘F’ statistics based on the ratio between these two estimates.
\begin{align*}
Y_j &= \text{Individual observation} \\
Y_j &= \text{Mean for category (j)} \\
Y &= \text{Mean over the whole sample, or grand mean} \\
Y_{ij} &= \text{ith observation in the jth category} \\
C &= \text{Number of independent variables or groups} \\
N &= \text{Total sample size (nxc)}
\end{align*}

The 'F' statistics follows the ‘F’ distribution, with c-1 and N-c degree of freedom.

In the study, the one-way analysis of variance has been administered to find out the association between the profile of customers and their views on services offered by the banks, factors leading to service quality, service quality in banks and problems in availing banks services.

\textbf{1.10.8. Inter correlation analysis}

Correlation analysis involves measuring the strength of the relationship between two variables. The correlation coefficient provides a measure of the degree to which there is an association between two variables (X and Y).

The Pearson correlation coefficient measures the degree to which there is a linear association between two internally scaled variables. A positive correlation will reflect a tendency for a high value in one variable to be associated with a high value in the second. A negative correlation reflects an association between a high value in one variable and a low value in the second variable.

An ‘r’ of +1 indicates a perfect positive linear association between the two variables, whereas if ‘r’ is -1 there is perfect negative linear association. A zero
correlation coefficient reflects the absence of any linear association. In the study, the inter correlation analysis is used to study the relationship between various service attributes of banks, service quality factors, factors leading to service quality and important problems in availing banks service.

1.10.9. Multiple discriminant analysis

The multiple discriminant analysis is applied when the number of groups is greater than two (Thomas et.al, 1995). If there are G groups, G-1 discriminant function can be estimated. The selection of discriminant function for the interpretation of the discriminant RSQFs among the groups are the functions Eigen value, canonical correlation, Wilk's Lambda and the level of significance of Chi-square (Hair et.al. 1999). In the present study, multiple discriminant analysis has been applied to exhibit the important discriminant bank services, factors leading to service quality factors and the important problems in availing bank services among the urban, semi-urban and rural customers.

1.11. CHAPTERISATION

The present study is presented in seven chapters for neat and clear presentation. The contents of each chapter are summarized below.

The first chapter ‘introduction and design of the study’ includes need for the study, statement of the problem, proposed research model, objectives of the study, methodology, plan of analysis, limitations and chapterization of the study.


Second chapter deals with review of literature. The previous studies related to banking services, factors leading to service quality, overall bank service quality and problems in availing banking services are presented in this chapter.

Third chapter ‘service quality in banking sector–An overview’ covers the concepts on banking services, service quality, factors leading to service quality, problems in availing services and customers’ satisfaction.

Fourth chapter ‘Profile of customers and banking activities’ exhibits the profile of customers, their banking activities, sources of awareness on banking services among the customers and the association between the profile of the customers and their banking activities.

Fifth chapter deals with customers’ perception towards the services offered by banks. It consists of the customers’ perception on important banking services, service quality and service quality gap among the customers, impact of the services and service quality of public sector banks on the overall banking service quality and overall attitude towards the banks. It also deals with the discriminant bank services and service quality factors among the urban, semi-urban and rural customers.

The sixth chapter presents the problems in availing banking services and its linkage with the service quality of banks, discusses the problems encountered by the customers in availing banking services.

The final chapter deals with summary of findings and suggestions based on the analysis and interpretations of the study.

1.12. Conclusion

The twenty first century is experiencing a lot of changes in the banking services and these changes have triggered intense competition in the banking sector. This forced
the banking sector to introduce innovative banking services and to improve the service quality of banks. The study deals with the customer's perception towards service quality of banking sector. In this chapter a detailed research frame work has been given. This will throw light about the nature and scope of the study, tools used for the analysis and the organization of research report.