Chapter – VI

Findings, Suggestions and Conclusion
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SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 INTRODUCTION

This chapter deals with the summary of the findings and suggestions for service quality dimensions in accordance with the customer perception, satisfaction and loyalty which were revealed through this study. The present study probed the customer’s perception on the various service quality dimensions of the banking industry. The analysis of the data revealed several findings, which are listed below.

6.2 FINDINGS OF THE STUDY

FINDINGS PERTAINING TO OBJECTIVE 1

- The majority of the respondents fall under the age group of 21-30 years (35.8%) and 31-40 years (26.4%). Further the respondent group is dominated by male respondents with 51.6%. It is found that a major portion of the sample respondents is either graduates (35.5%) or post graduates (24.4%).

- The student community occupies a lesser portion (5.1%) as it is quite casual to find less banking habits among students. The majority of the respondents are employed for whom a bank account is almost mandatory. The study offered an interesting finding that nearly 76.2% of the respondents are with an income less than Rs.30,000 while only 23.8% are earning an income more than Rs.30,000.
• The study revealed that the public sector bank is the most preferred banks as 68.7% respondent avail the services of public sector bank and only 31.3% respondent seek the services of private sector banks. The savings account is found to be popular among the respondents and this is validated by the findings that the majority of respondents are employed. Current account is preferred by the business people and occupies a negligible part.

• It is further found that most of the customers are attached on to a bank for less than 5 years (48.4%) while only 19.4% are loyal customers by having account for more than 10 years. On an average, the respondents visit the bank 2-4 times in a month 48.4% and 16.6% of them visit 5-7 times per month while 10.1% of them use it for more than 8 times.

**FINDINGS PERTAINING TO OBJECTIVE 2**

• It is found that the debit cards are more popular (97.4%) among respondents than the credit cards (82.3%). Insurance services and mutual funds offered by the banks are found to be quite familiar among the respondents with 69.6% and 60.5% awareness rates respectively.

• The concept of core banking has not reached the customers effectively and only 58.2% of the respondents are aware of it. Internet banking (83.4%), telebanking (76.8%) and mobile banking (84.3%) are found to be popular while WAP banking (43.2%) has not reached the customers effectively.
The core function of banks are namely safety locker (80.3%), current account (83.1%), recurring deposit (82%), cheque bank facility (93.1%), overdraft facility (78.8%), demand draft (89.2%), bill payment (80.8%) and loan facilities such as vehicle loans (81.6%), housing loan (83.7%) and education loan (82.3%) are found to share a higher awareness among the respondents.

FINDINGS PERTAINING TO OBJECTIVE 3

- The ‘t’ test analysis revealed that the customers perceive ‘tangibility’ to be more in private sector banks than public sector banks. The variables are modernized, visually appealing, physical facilities, number of branches, punctuality, and availability of information desk are positively perceived in private sector banks than public sector banks by the customers.

- Regarding the ‘reliability’ factor, efficient service, customer grievance redressed, maintenance of customer records, attractive interest rates are found to be higher in private sector banks whereas, ATM services and reasonable charges are found to be appreciated in public sector banks.

- It is found that customers of private sector banks highly perceive the presence of bank’s willingness to help customers, prompt response, good credit facilities and proper information to customers, than the customers of public sector banks.
The variables, politeness, adequate knowledge, honesty, well trained, handling of customer grievances are found to be higher in private sector banks than in public sector banks on the dimension ‘assurance’.

Regarding ‘empathy’, the private sector bank customers felt better than the public sector bank customers.

The ‘technology’ oriented variables, electronic banking, mobile and net banking services, provisions of e-statements, EFT, high security for card holders, SMS banking were found to have received a higher positive perception from the customers of private sector banks than public sector banks.

It is evident from the analysis that the ‘confidence building’ measures such as safe net banking, restriction of unauthorized access, multilevel security control, recommending the bank to others are found to have a positive appreciation perception of the customers of private sector banks than public sector banks.

The factors pertaining to customer perception of service quality were emerged out of 79 variables through factor analysis. Functional quality, Service technology, Infrastructure, Security technology, Service confidence, Security confidence, Preciseness, Innovation, Convenience, Trust and Confidence, Round the clock, Prompt service, Employee attitude, Service charges, Ambience and Service efficiency were emerged through factor analysis.
Three dominant groups were emerging out of the sample respondents based on their opinion on service quality. They were ‘Cost Oriented Customers’; exhibits agreement towards the sixteen factors of service quality, ‘Improvement Seekers’; showing moderate agreement and ‘Demanding seekers’; demand towards the factors of service quality.

It is found that ‘age’ of the customers has a significant influence on their perception of satisfaction. It was inferred that the customers of age group below 20 years and 21-30 years are highly satisfied regarding the functional quality and prompt service. It is found that ‘female customers’ are more satisfied regarding the service efficiency than the male customers.

It is evident from the analysis that the demographic factors ‘education’ exercises a significant influence on the factors of functional quality, service technology, employee attitude, service charges, prompt service and security confidence. It is further revealed that functional quality, employee attitude and confidence were highly influenced by the graduates than others.

It is experienced through analysis that ‘occupation’ of the respondents exercises influence on their perception of service quality strategies. Prompt services, ambience and security confidence were highly influenced by the business category respondents and it is quite natural to expect the business category respondents to demand security, prompt service and congenial ambience.
The ANOVA exhibits a significant influence of ‘type of account’ on factors of customer perception of service quality. Stronger agreements were found among the current account holders regarding service technology and innovations whereas service charges were given importance by savings account holders.

The ‘number of years as customer’ exercises a greater influence on customer perception of service quality, namely functional quality, infrastructure, innovation, service confidence, service charges, service efficiency and employee attitude are greatly influenced by the demographic factor.

Customers of ‘less than one year’ preferred round the clock services, functional quality, employee attitude and service efficiency while ‘customers for more than 10 years’ prefer infrastructure and convenience. It was quite visible that long run customer’s perception tends to change regarding the infrastructure and convenience while short run factors are preferred by customers for a short period.

Customers transacting for ‘less than one time’ offer higher weight age to functional quality and prompt services whereas service technology is preferred by customers transacting for more than 5-7 times.

FINDINGS PERTAINING TO OBJECTIVE 4

It was found that safe and secured services, technology updation, customer friendly approach, and customer centric approach were the dominant factors
that contribute to the satisfaction of customers of the public sector banks and private sector banks.

- It is found through analysis that the customers express their loyalty by way of not switching over and recommending it to others and also by suggesting the banks to augment the services so as to remain with the same bank.

- The customer satisfaction was grouped into three major factors namely Efficiency satisfaction, Staff relationship satisfaction and Service improvement satisfaction through factor analysis.

- The cluster analysis of perception of customer satisfaction resulted in the emergences of three major clusters. The cluster exhibiting strong satisfaction is termed as “Culminated Customers”, cluster with moderate agreement is called “Efficiency Seekers” and customers expressing dissatisfaction are given the name “Cynical Customers.

**FINDINGS PERTAINING TO OBJECTIVE 5**

- The analysis for association revealed that the age group 21-30 years was dominated by ‘Cost oriented Customers’ (34.6%), whereas ‘Improvement Seekers’ are found in both 21-30 years and 31-40 years category. The age group was found to have a strong association with the perception on service quality dimension as customers of different age group express the importance of different factors of service quality.
• Gender has shown a disassociation with the clusters on service quality. Both male and female customers have no difference among them in their perception towards the factors of service quality dimensions.

• Under the demographic profile educational qualification, graduates (38.4%) dominate the ‘Cost oriented Customers’, 30.9% of the post graduates are improvement seekers and ‘Others’ category occupy the least portion in all the three clusters. It was further found that the education qualification possess a significant association with the clusters and it was quite natural that education do create awareness on the concept ‘Service Quality’ and the perception tends to vary with varied educational backgrounds.

• Occupation does not share a significant association with the cluster of service quality. Irrespective of their occupation, customer’s perception tend to vary and occupation does not exercise any influence in altering their perception.

• The analysis revealed that 43.7% of the ‘Demanding Seekers’ earn an income of Rs.10,001- Rs.20,000 and 41.7% of the improvement seekers also fall in this category. The monthly income of the respondents decides the nature of frequency of transaction and hence has an association with the service quality dimension.

• 56.1% of the ‘Cost oriented Customers’ are making use of public sector banks whereas 85.8% of the improvement seekers are using public sector banks. It was found that a significant association exists between the type of
bank and clusters of service quality dimension. The experience with the bank at various times regarding service quality will surely have an influence on the perception of the customers.

- 86.2% of the ‘Cost oriented Customers’ possess savings bank account. All the three clusters hold least number of current accounts. It was further inferred that the type of account held will not alter the perception of service quality.

- It was found that 46% customers who are having account for 1-5 years are ‘Cost oriented Customers’ and 23% of customers holding account for more than 10 years seek improvement in the quality of services provided. The number of years remaining as customers with banks certainly has an association with the perception.

- The number of transactions per month also has an association with the customer’s perception. The frequency of visiting the banks will make the customer to have a clear idea on the quality of services offered.

- It was found that the credit cards, insurance services, mutual funds, 8 to 8 banking, core banking, internet banking, WAP, ATM service, telebanking, mobile banking, EFT, demat account, cheque book facility, demand draft, bill payment services, gold loan, vehicle loan, personal loan and educational loan exhibit a strong association with the clusters of service quality dimensions, offering of these unique and much needed services will surely have an influence on the perception of the customers on the service quality aspects.
Core services like debit cards, current account, recurring deposit, overdraft, housing loan do not share an association with the cluster of service quality as these are considered to be the regular services that are offered by the banks.

FINDINGS PERTAINING TO OBJECTIVE 6

It was found through the regression analysis that functional quality, visually appealing and adequate infrastructure of the banks, confidence in service and security, secured technological implications, convenience in usage, charges for service offered, round the clock service, promptness in service, attitude of employees towards the customers, preciseness and innovation are found to have an impact on the customer perception on satisfaction of service efficiency.

It was found that the factors, functional quality, security confidence, innovative measures by the banks, plays a major role in determining the customer perception on relationship of staff with customers.

It was further revealed that the perception on convenience in operation, efficiency in service, and pleasing infrastructure are able to predict the perception on service improvement satisfaction.

It was evident that innovative strategies adopted by banks, the functional quality and preciseness in service, technological updating, security in transactions, promptness in service and confidential service are the major factors that are able to determine the customer loyalty towards the bank.
- It was found through regression analysis that the three satisfaction dimensions, namely, efficiency satisfaction, staff relationship satisfaction and satisfaction regarding the improvement in service play a dominant role in assessing and determining the loyalty of customers.

A significant association was found among the clusters of loyalty regarding the factors of customer satisfaction. It was quite evident that the loyalty was directly dependent on the satisfaction of the customers.

### 6.3 SUGGESTIONS

- Most of the respondents prefer to transact with public sector banks. The private sector banks can reduce the minimum balance norms and other procedural formalities, open more branches in all areas to attract more number of customers.

- Efforts can be taken to increase the customer satisfaction and customer loyalty as only 19% are attached to the banks for more than 10 years.

- The concept of core banking needs to be disseminated to the customers, so that perception of place hindrance will be reduced and customers will prefer to transact more.

- The various dimensions of service quality needs to be improved in public sector banks to enhance their image among the customers, as the study revealed that the customers have felt the presence of their factors in private sector banks than public sector banks.
➢ The public sector banks can adopt and implement technological innovations as today’s customers are more tech-savvy than yester year customers.

➢ Banks can introduce flexible procedures for senior citizens as least satisfaction is experienced among them.

➢ Policies can be revised to attract fewer illiterates so that it will be an all inclusive banking.

➢ Since service quality has a direct impact on the satisfaction and thereby on loyalty, banks can adopt customer and technological friendly banking practices to compete with competition in the banking sector.

➢ The employee attitude in public sector banks needs to be revamped to create socially acceptable banking practices and to be on competitive edge with sprouting private sector banks.

➢ The private banks can strategically plan to curb the geographical boundaries to create a competitive edge in the rural areas alone.

➢ Precautionary steps to ensure more security for online transactions will surely build customer confidence and the bankers need to concentrate on this aspect.

➢ Strict adherence to know your customer (KYC) policies will ensure proper monitoring over transactions.
Competency building sessions can be organized at frequent intervals for public sector bank employees, in order to update and upgrade their working skills.

Quality of staff and service can be augmented at 360 degrees, which would bring an overall change in the function of banks, thereby having a positive incremental effect on customer satisfaction and loyalty.

The public sector banks can opt for benchmarking to enhance and to be on par with the quality of services rendered by private banks.

It is advisable for the private banking industry to adopt society friendly banking rather than concentrate extensively on employees from the corporate sector.

Innovation in service as well as products will help in creating new customer base and also to retain the existing market share. In addition, three steps can convert the ‘dissatisfaction’ into satisfaction and ‘satisfaction’ into ‘wow’ effect.

The increasing number of online purchase payments, the customer preference for secured transaction, and the banks should equip themselves with highly secured mechanisms.

Better and safe e-service can lead to better e-satisfaction and thereby can have a positive impact on customer loyalty.
Sincere attempts for prompt customer relationship management in public sector banks would fill the gap between quality expected and quality perceived, thus reducing the negative impact on satisfaction and loyalty.

Apart from the discussed factors, corporate social responsibility creates an optimistic impression in the minds of customers and can impact positively on the reliability of banks.

6.4 CONCLUSION

Customer satisfaction is a behavioral issue that emerges out of the situation in perspective. The concept of service quality and satisfaction are parallel paths and are interdependent. Service quality has been an inevitable issue in the ever changing industry and can be the key to survival and success. The ever growing customer demands and multiplicity of new banks have always placed the banking industry in hot seat. Banks compete with each other to carve a niece in the highly competitive industry. The present study focused on the customer perception on the service quality of banks, satisfaction and loyalty. The results offered a clear understanding as to the sequential relationship between service quality perception, customer satisfaction and customer loyalty. Customer’s perception differences towards service quality of private sector and public sector banks is thoroughly analyzed in the research work. Private sector banks deliver a variety of services to meet every need of the customer with operational efficiency, while the services are offered at affordable rates by public sector banks. The major insight gained from this study suggests that the banking sector, both private and public need to stick on to the best standards of service quality which can produce a positive sequential impact on
satisfaction and loyalty. Revamping the strategies for deliverance of business is the need of the hour for the public sector banks. Thus the perception of service quality is influenced by several factors which are discussed factors in the study and influential in determining the customer loyalty, which the banks need to concentrate and can culminate development.

6.5 SCOPE FOR FURTHER RESEARCH

Customer perception is a vast area which tends to change with change in time. Hence, in future, researches can be undertaken as a longitudinal study. Comparative studies of specific sector across different geographical area can also be preceded. Research on foreign banks and cooperative banks can be conducted or ignored. E-banking by different banks can alone be taken for further study. Perceptual differences across gender are ignored as a viable area for research. The scope of studying managers and employee perception of service quality and customer responsiveness also can be considered. A multi sector study would provide a better insight.