CHAPTER-I

INTRODUCTION
1.1. GENERAL

Meghalaya has lot of scope to provide banking facilities to the doorstep of the people of the State and has been able to nurture and develop banking habit among the people. This has changed the saving habits of people from the traditional methods to the modern banking facilities to reap remunerative returns for their savings. State Bank of India (SBI) and other Public Sector Banks (PSBs) have introduced number of innovative schemes to increase the flow of credit and to create productive employment opportunities as well as to improve the general socio-economic conditions of the state. The overall banking system is undergoing drastic changes at technological level to ensure a better role in the emerging knowledge economy of India. The concern for quality has become vital and it has increased dynamism and competitiveness in the economy. For the service industry the issue of quality is more crucial due to intangible, personal and varied nature of services. Banking is a service oriented industry which is fast moving from a seller's market to a buyer's market. Banks are also changing their system, procedures, policies and thinking to the felt needs of their customers as the depositors or borrowers. They are also trying hard to meet the expectations and aspirations of the customers whose articulating needs and grievances are ever increasing.

A customer is one who buys the products and services. Drucker (1975), a great management thinker, states that there is only one such focus or one starting point it is
the customer. The customer defines the business. It is defined by the want the
customer satisfies when he buys a product or services. To satisfy customer is the
mission and purpose of business (p 79). The customer of a financial institution is the
one who buys products and services of such institution. Customers go back to
business that they like. They go back to business that enjoys dealing with, they enjoy
people who are nice to them and they enjoyed people who work hard to keep them
satisfied (Phelps, 2004, p 42). Further the important role of customer has been
emphasized by Mahatma Gandhi: “A customer is the most important visitor to our
premises; he is not dependent on us. We are dependent on him. He is not an
interruption in our work. He is the purpose of it. We are not doing him a favour by
serving him; he is doing us a favour by giving us an opportunity to do so”
(Upadhyaya, 1985; Misra 2008, p 28). Lastly we can say that a customer plays a very
important role for an organization since all the services and products reach their
potential user through them.

1.2 IMPORTANCE OF CUSTOMER SATISFACTION:

As stated above customer plays an important role in the life of an organization and for
the purpose of this study a Bank. It becomes important for the banking institutions to
see that their customers are satisfied. Here we discuss the importance of satisfying
customers and/or Customer Satisfaction (CS).
CS has been an important concern for all the business organizations in general and service industry in particular. Banks have responded to the expectations of the customers. It has become one of the sound concepts of modern management language. Not only does the idea of satisfying customers has a clear and sound appeal, it is also generally believed that customer satisfaction leads to loyalty and translates to high future earnings (Dahlsten, 2003). For these and other reasons, CS practices have become one of the core prescriptions for managers and organizations. Outstanding marketing companies as well as banking industry go out of their way to keep their customers satisfied and try to earn more revenue. Dahlsten (2003) further talks about the genuine understanding of the customers for ‘true customer orientation’. Any business firm’s success is basically based upon the satisfaction of the wants of the customers. The business approach of a company needs to be customer-centric, i.e., it should give more emphasis to customer care, customer satisfaction and customer retention for the long term survival of the company.

In today’s globalizing economy, competition is getting fiercer and it is becoming increasingly complicated for products and services to differentiate themselves from their competitor’s offerings. Therefore differentiation with original service offerings through relationship marketing is the only important source to have a competitive advantage. CS is the base line for success of any business organization (Kumar,
Earlier organizations focusing on meeting with customer expectations used to conclude that customers were satisfied but in reality this misunderstanding is no more to be continued because every one is providing high levels of CS in order to meet with the expectation of customers and in turn this helps organization to create loyal customers. Hence, an organization is going beyond meeting their expectations through effective customer service. *As the expectations of the customers are changing at a fast pace where companies have their own definition of superior or effective service it is worthless unless it completely aligns with the customer definitions. Their definitions of quality customer service will be based on their needs, wants and expectations to match these* (Kumar, 2006). To create a bonding relationship organization must see every individual customer as a bonding partner to build confidence, to earn trust and ultimately to retain them.

The customer pays for the satisfaction he/she derives from the products or service and not for the products or service offered. In other words, the company is not selling product/services to the customer but satisfaction. Successful selling takes place when the company matches its service with the customer expectations. This happens only when companies try to anticipate and understand the customer’s needs from the customer’s point of view and not from the company’s point of view, so the company needs to put itself in the customer’s position and then understand what the company would really need to do to gain the customer’s acceptance and CS. Individual firms
have discovered that increasing levels of CS can be linked to customer loyalty and profits. The ideal competitive strategy in this changing business environment and the era of globalizing seems to be specialized in creating long term value with customers, customer retaining and CS where organizations understand it fully and not see it as a promotional tool or a sales tool or as a short term goal. As satisfaction is an emotional state, it varies from person to person which makes the study and practice of CS more challenging.

It is a never-ending exercise to improve the quality of services to offer in today’s fast changing environment of banking. So there is a continuous attempt to improve the level of CS by offering new creation of unique services, which results in improvement of CS.

Attracting and retaining customers is a difficult task. Customers often face a confusing in selection of products and services from which to choose. To attract and keep customers a company was constantly seek ways to deliver superior CS. Customer delight means getting more what company promises. “Smart companies aim to delight customers by promising only what they can delivers, then delivering more than they promise. Customer delight creates an emotional relationship with a product and services not just a rational preference” (Kotler and Armstrong, 2004). This in turn, creates high customer loyalty. In order to delight customers the banking
companies also try to exceed customer expectations by providing more than they promise.

CS refers to the study of both expectations at the time of purchase and reactions at some time thereafter (Howard and Sheth 1969). CS is defined as an overall evaluation based on the customers total purchase and consumption experience with a goods or service over time (Anderson, et al., 2004; and Fornell, 1992). CS occurs when the perception of the reward from the purchase of goods or services by the customer meets or exceeds his/her perceived sacrifice. The perception is a consequence of matching past purchase and consumption experience with the current purchase (Bleuel, 2005).

Service quality is one of the element which contributes to CS as the type and practice of providing CS depends on the way the quality is delivered by the firm to the customer. In case of pure services provided by the organizations like health care, financial services, educational institutions, service quality is more dominant an issue as compared to industrial organizations. Service quality is a customer's judgment of the overall excellence or the superiority of the services (Parasuraman et al., 1988). It is a global evaluation by a consumer of a firm's service delivery system (Dobholkar, et al.1996). Service quality is a measure of how well the service delivered meets the expectations of service provided. In today's competitive business scenario, quality has
become one of the main concerns of banking sector. The performance of financial institutions is measured on the quality of services being provided. This has enhanced concern over increasing the quality so as to increase the sale of their product or/and services. The banking institution further depends on the acceptability by the customer for its survival and growth. *Customer is the king* clearly indicates the importance of customer, as such the bank is obliged to provide the service as desired by its customer. It offers a way of achieving success among competing services, particularly in case of the firms that offer nearly identical services such as banks, where establishing service quality may be the only way of differentiating oneself.

The quality of service is the cornerstone of CS. CS and service quality are closely related. Service quality is in relation to meeting customer's needs and requirements, and how well the service level delivered matches customer expectations. Service provision and consumption happen simultaneously. In order that customers derive a high level of satisfaction, the production of service has to be clearly in line with the customer expectation. In order to create customer loyalty and a long term relationship, it is important that the customer is satisfied with the service which he/she receives. A number of innovative ways and means can be used to increase CS. As the understanding of service quality grows, researchers started conceptualizing the dimensions of service quality. Parasuraman et al. (1985) found that customers perceptions of quality are influenced by various gaps which lead to service quality
short falls and in particular, the quality perceived in a service is a function of the gap between customer's desires/expectations and their perceptions of the service that is actually received, i.e., service quality is a measure of how well the service delivered meets the expectations of service. As we know that quality has come to be recognized as a strategic tool for attaining operational efficiency and improved business performance, poor quality places a firm at a competitive disadvantage. If customers perceive quality as unacceptable, they may be quick to shift to other firm. Thus, it is clear that service quality offers a way of achieving success among competing services. In this direction, much of the programme research work in the management sphere of services is the conceptual model of ‘SERVQUAL’ presented by Parasuraman et al., (1985). They had originally identified ten determinants of service quality as Tangibility, Reliability, Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication and Understanding the customer. These determinants are briefly explained hereunder:

a. **Tangibility**: It includes physical facilities, equipments; appearance of personnel, physical facilities can be a variety of objects such as carpeting, computer, desks, chairs, lighting, wall colors, pamphlets etc.

b. **Reliability**: It refers to the uniformity and steadiness of a firm’s performance. The customer might like to know whether the firm provides the same level of
satisfaction each time and every time or its quality varies with each and every service encounters.

c. **Responsiveness**: It refers to the extent to which bank employees are willing to help customers and provide prompt service or in other words the readiness of the employees of the service firm to provide service in a timely manner. It reflects the preparedness of the firm to provide the service.

d. **Assurance**: It refers to employees’ ability, politeness and aptitude to motivate faith and confidence in customers.

e. **Competence**: It depends on the service provider’s possession of the essential skills and knowledge to perform the service.

f. **Courtesy**: It means good manners, respect, selflessness and friendliness of the service provider.

g. **Credibility**: It refers to perceived trustworthiness, believability and sincerity of the service provider.

h. **Security**: It means the service should be free from risk, danger, and hesitation.

i. **Communication**: It means keeping customers informed in language they can easily understand. It also means listening to the customers carefully. It may also mean how well banker adjusts its language for different type of customers.
j. **Understanding the customer**: It refers to the efforts made by the service provider to know customers and their needs by providing individualized attention and recognizing the regular customers.

Parasuraman et al., (1988) through their subsequent research, analysis and testing reduced these ten determinants into five dimensions of service quality namely: Tangibility (Physical facilities, equipment, appearance of personnel), Reliability (Ability to perform the promised service dependably), Responsiveness (Willingness to help customers and provide prompt services), Assurance (Knowledge and courtesy of employees and their ability to convey trust and confidence) and Empathy (Caring individualized attention the company provides to its customers). The present study evaluates service quality vis-à-vis CS through these five important determinants/variables.

### 1.3. BANKING IN INDIA

#### 1.3.1 GENERAL

Banks play a very useful and dynamic role in the economic life of a modern society. They render very valuable services to the community, trade and industry. They keep the wheels of trade, commerce and industry always revolving. Banks in modern days act as the chief agent in mobilizing the dormant funds of the community and divert
them into productive channels. They contribute to the general welfare and prosperity of the nation. They are the backbone of the modern industry. Banking as a business has its own feature which distinguishes it from all other trade and business. Banking companies deal with the money belonging to others as they deal with the money which is deposited by the general public with it for safe keeping.

Bank services are unique in nature because they are produced and delivered at the service centers. Essentially, good customer service in banks should have three basic tenets i.e., courtesy, accuracy, and speed (Varghese and Ganesh, 2003). In today’s competitive environment banks are striving to attract and retain customers by introducing innovative products, enhancing the quality of customer services and marketing a variety of products through diverse channels targeted at specific customer groups. Hence they have to keep moving from CS to customer delight in every aspect of their functioning.

A drastic change has occurred in the banking sector in India after the enactment of the Banking Regulations Act 1949. Banking as a term has been defined under section 5(b) of the Banking Regulation Act (1949) as “accepting for the purpose of lending or investment, deposit of money from the public, repayable on demand or otherwise withdrawal by cheque, draft order or otherwise.” Commercial bank plays a significant role in the Indian financial system by mobilizing the savings from the masses and providing advance in the most desired way. As the economy becomes more and more
sophisticated, where more and more payments are matured mostly by means of cheques, the banks not only perform a credit function but also a monetary function. An effective, efficient, exciting and innovative banking stimulates economic growth by mobilizing savings and by allocating funds for productive purposes. The bulk of the savings in the economy is primarily generated by the household sector.

A fresh wave of economic liberalization and globalization has been sweeping most of the world since 1980’s and in India from 1990 onward. The banking scenario also has been undergoing a transformation especially with regard to competition and technological advancement. The evolution of bank marketing in post independence India can be broadly classified in three phases namely - Pre-nationalization period (era up to 1969); Post- nationalization to Pre-liberalization period (after 1969 up to 1991) and the Post- liberalization period (after 1991).

1.3.2. PRE-NATIONALIZATION PERIOD (ERA UP TO 1969)

In India, prior to independence the commercial bank system was based on the British banking pattern of branch banking, providing short-term finance to trade and industry. The branch network was small and mostly concentrated in cities and port-towns. There was a large spatial gap in the coverage of branch network in the country. Rural areas, where 80% of the population resided, were barely touched by the branches located in towns and port cities. Agriculture, which contributed to more than half of
the domestic products and provided livelihood to more than $3/4$th of the population, were neglected by commercial banks. The same was in case with the artisans, rural industries such as handicraft, handlooms etc., which provided the bulk of employment in the informal sector (Seth, 1997). As such, the banking industry was neither able to mobilize the savings of the community adequately nor to cater to the credit needs of the vast majority of productive activities. Such a banking system was not suited to meet the banking aspiration of a developing country, which had embarked on the path of rapid economic development.

Prior to nationalization of major commercial banks in India, all the banks used to operate on the basis of astute commercial lines with the objective of profit maximization and use to serve the interest of that sector of economy which was financially sound. The characteristic of this period was a strong accounting orientation of bankers down the line, as distinct from a marketing orientation. In other words, meticulous maintenance of account books and an inward looking approach in transacting business with the customers, which emphasized strict adherence to laid down rules and regulations. In this particular period the customer was presented with a set of pre determined options of banking products with an air which implied, “take it or leave it”. Given the limited banking network then available, perhaps the customer too had little choice. So the banking business kept prospering even with a limited customer base (Seth, 1997). In this period, the customer was not given attention because he was at mercy of banks, while bankers were quite choosy. SBI was alone
enjoying government patronage on one side and on the other side private banks were having ownership of few big industrial and business houses. The products and services offered by banks were limited. Banks in India operated within the narrow confines of the banking activities as defined by the Banking Regulation Act, 1949 and the overall policy guideline of Reserve Bank of India as the commercial banks in India operate within a rigid framework of guidelines prescribed by Reserve Bank of India in diverse areas like branch expansion, credit policies, interest rates CRR and SLR, deposit scheme and various other instruments (Mathur, 2001).

1.3.3. POST-NATIONALIZATION TO PRE-LIBERALIZATION PERIOD
(AFTER 1969 TO 1991)

After nationalization of 14 major commercial banks in 1969, banks woke up from isolation and found themselves placed in competitive and rapidly changing environment, with competition becoming fierce day by day. Seventies were marked by significant changes in the structure and content of banking operations. Branch network was expanded rapidly to rural and semi-urban areas. All this changed dramatically with the nationalization of 14 major commercial banks in 1969. Spurred by the well known socio-economic objectives of nationalization, the PSBs went for branch expansion during this period. Financial assistance on a very large scale was made available to economically weaker sections of society, agriculturalists, small scale industrialists, small traders, exports, rural employment and others. Customer
expectations from banking system changed over time. Customers started demanding new products and services to meet their needs and requirements and obtaining such services effectively and efficiently (Mathur, 2001, p 229).

1.3.4. POST-LIBERALIZATION PERIOD (AFTER 1991)

The process of liberalization in the banking sector began with the initiation of financial sector reforms and rightly the 90's have come to be a decade of the second revolution in Indian banking. The process of development started gaining the momentum after 1991. This period has witnessed tremendous changes in the Indian banking sector as a part of financial sector reforms. Prior to economic liberalization, PSBs enjoyed protected market. After liberalization, Indian banks were exposed to free market competition and consequently, they felt a deliberate need of customer retention. Banks tend to emphasize customer retention because the cost of acquisition of new customer was higher than their retention. Intense competition and continuously evolving customer demands have led Indian banks to identify drivers of customer satisfaction and loyalty (Lenka et al., 2009). Banks are operating today in a highly competitive and rapidly changing environment. They compete with non banking competitors of both the public sector (Life insurance Corporation of India, Unit Trust of India, and Postal saving, National Small Saving Scheme, Lotteries, etc) and private sector (chit fund companies, large industrial undertakings and other big houses raising funds from the public). They are regarded as providers of utility services involving public interest and welfare. In India,
banks offer numerous financial services to business concerns as because finance is a life blood of business. Certificate of deposits, commercial papers, 182 days treasury bills, participation certificate were introduced to add more instruments to the money market collection. The rates of return on all these instruments were allowed to determine by the interplay of market forces.

The process of disintermediation was another significant development during this period which affected the banking industry as banks were under pressure to diversify. Banks entered actively into leasing, factoring, investment and portfolio management, and merchant banking. Inter bank competition and competition with foreign banks forced the banks to improve customer service by introducing limited automation, faster communication network, speedier collection of instruments, ATMs, 24 hours service, and specialized branches. Thus, this period witnessed the emergence of new era in the banking sector causing high customer expectation and being offered with competitive products and services by PSBs, private banks, non-banking financial corporations and foreign banks. From the above we learn that in the first phase dominated by having distinction between banks, non-bank intermediaries and other agencies, banks being concerned mainly with maturity transformation and payment mechanism. The second phase is marked by widening and deepening of the financial system. The third phase is strongly marked by market orientation which is further widening the whole banking system. Banks are playing aggregate supply role by providing financial resources to investors and demand role by expanding financial
services in respond to demands. Therefore, it is essential to scrutinize the Indian banking industry from the angle of service quality and CS as because both the factors are important from banking point of view as well as customer’s point of view.

Banks are in the business of marketing their services. In today’s challenging and competitive era, the business organizations have to anticipate the needs of the customers and then to provide products and services accordingly. Amongst the various indicators of banks performances, the most crucial one is the level of satisfaction of its customers. Satisfied customers are the sources of free publicity for a bank. There are two types of customers - existing ones and potential ones. A successful banker converts the potential customer to existing while retaining the already existing ones. For this, the bank has to anticipate the needs of the customers and provide suitable services besides maintaining good standard of service. The liberalization and deregulation of banking sector has led to the entry of private and foreign banks making the banking market more competitive and quality conscious.

1.4 OBJECTIVES OF THE STUDY

The present study attempts to achieve the following objectives:

- To develop Customer Satisfaction Index (CSI) for SBI and other Public Sector Banks (PSBs) in Meghalaya.
• To compare CS for SBI and other PSBs across personal characteristics.
• To compare CS across different components of CS.
• To study the relationship between CS and bank performance.

1.5 HYPOTHESIS

H1: There exists no gap between the CS in SBI and other PSBs in Meghalaya.

H2: There exists a relationship between CS and bank performance.

1.6 RATIONALE OF THE STUDY

The work done in the area of customer satisfaction (Gani & Bhat, 2003; Bhattacharya & Rahman, 2002; Varghese & Ganesh, 2003; Aileni, 2003) suggests that the quality of service is the pre-condition for measurement of CS level. Further transaction time has also been identified as one of the major components of CS (Varghese & Ganesh, 2003). The problem faced by bank customers in Meghalaya includes lack of service quality and delay in transaction. From the schemes of different PSBs it is visible that there is competition amongst them. So far no research work has been done in the field of CS in PSBs in the state of Meghalaya. Therefore, the importance of such type of study is felt. The study is undertaken to establish the importance of CS in banking industry in general and service quality offered by SBI and other PSBs in particular and further the relationship between CS and bank performance is studied.
1.7 SCOPE & LIMITATION OF THE STUDY

This study has been undertaken to examine the relationship between the CS on service quality offered by PSBs and its performance. The study has its focus on the two groups of PSBs, viz, State Bank of India and other PSBs namely, Punjab National Bank, United Bank of India, UCO Bank, and Vijaya Bank in the state of Meghalaya. The study was conducted among the customers in the above said groups of banks during the period of 2007-2008. There are 86 branches of SBI and 45 branches of other PSBs in Meghalaya. Among all the seven districts, SBI has the largest network spreading across every nook and corner of the state; whereas other PSBs share is very negligible. The study is undertaken on the customers of PSBs located at such location where SBI also has a branch and there is competition between such branches. This is done in order to have better comparison as choice is available to the customer. In the absence of choice, a customer is forced to transact with available branch, irrespective of the level of CS. However it is assumed that given the choice the customer would transact with the bank/branch providing better satisfaction. At some places only one PSB is operational, hence such branches are ignored for the present study. Amongst all the seven districts only SBI has operation in South Garo Hills whereas in East Garo Hills, West Garo Hills and West Khasi Hills though other PSBs are operating but their share is very minimal. Therefore the study is basically concentrated on East Khasi Hills, Jaintia Hills, East Garo Hills and Ri-Bhoi District and five PSBs
(Annexure-I) only as aforesaid mentioned banks are common in every district except South Garo Hills and West Garo Hills.

The Selection of the customer was done randomly, yet the female respondents were less as compared to male because of various factors like less female account holders in banks, fearness and shyness among female respondents during the time of filling the questionnaire and female account holders are not operating their accounts. In case of branch performance, few of the branches have not provided statistical data on their performance.

1.8 RESEARCH METHODOLOGY:

In order to carry out the study following methodology is adopted.

1.8.1 SOURCES:

The comprehensive study is based on both primary and secondary sources of data. The primary data is collected from the banks as the questionnaire is filled up by the customers. The secondary data is collected through journals, periodicals, magazines and books. Relevant literature is downloaded from internet to make the study more relevant and appropriate.
1.8.2 AREA OF STUDY:

The present study is conducted in Meghalaya which consists of seven districts namely East Khasi hills, West Khasi Hills, East Garo Hills, West Garo Hills, South Garo Hills, Ri Bhoi and Jaintia Hills. The study concentrates on the branches located in 4 districts East Khasi hills, East Garo Hills, Ri Bhoi and Jaintia Hills.

1.8.3 SAMPLING:

The customers are selected randomly. The customers from only those branches were taken into consideration where they face competition from other PSBs. The research started with a pilot survey in the month of April 2005 and continued till the month of October 2005. A schedule was prepared (Annexure -II) for the pilot survey where a brief customer profile and satisfaction level was gathered. It contained 39 items with the aim of gathering the personal experience of the customers and to assign weights to different components of the CS. First Section of the schedule incorporates the customer profile which includes 11 items and second section had 28 items on various aspects of CS. 5- point Likert scale was used for closed-end questions considering 1 as ‘least satisfied’ and 5 as ‘more satisfied’. The schedule was completed by the researcher with the help of the 60 customers. The pilot survey had the customers from Shillong, Jowai, Cherrapunjee, Byrnihat, Mendipathar covering East Khasi Hills, Jaintia Hills, East Garo Hills and Ri-bhoi District. The data was collected personally
by sitting in the bank premises. Customers were randomly selected depending on the availability of the account holders in a queue. Same procedure was followed for final survey also.

On the basis of the results of the pilot survey and the review of the literature, a detailed questionnaire was drafted. Further comments as given by the experts were added and a final questionnaire (Annexure-III) was prepared to collect the relevant information from the customers of the respective banks. A total of 650 customers' feedback was taken with respect to CS for final study. The questionnaire consisted of 85 items and was divided into two sections. In the first section the customer profile was asked. The second section had closed-end questions related to CS level. 7-point Likert scale was used for closed-end questions considering 1 as ‘fully satisfied’ and 7 as ‘fully dissatisfied’. After collection of the data, the same was fed in the computer in excel format. While feeding the data, they were cross checked and verified.

1.8.4 DATA ANALYSIS AND INTERPRETATION:

Based on the pilot survey the weights were calculated (Table 1). These weights were studied to develop CSI for SBI and other PSBs in Meghalaya. Ten components were identified for the present study consisting of 5 items for service quality (Reliability, Responsiveness, Assurance, Empathy, and Tangibility) and 5 items for time factor
(time taken for withdrawal, deposit, money transfer, opening accounts and services offered). The individual scores were multiplied by their respective weights and then average value was obtained for every factor.

Table-1

Components and Weights of Customer Satisfaction

<table>
<thead>
<tr>
<th>Items</th>
<th>Components</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Responsiveness</td>
<td>0.05</td>
</tr>
<tr>
<td>2</td>
<td>Reliability</td>
<td>0.05</td>
</tr>
<tr>
<td>3</td>
<td>Tangibility</td>
<td>0.06</td>
</tr>
<tr>
<td>4</td>
<td>Empathy</td>
<td>0.08</td>
</tr>
<tr>
<td>5</td>
<td>Assurance</td>
<td>0.08</td>
</tr>
<tr>
<td>6</td>
<td>Time taken for Withdrawal</td>
<td>0.07</td>
</tr>
<tr>
<td>7</td>
<td>Time taken for Deposit</td>
<td>0.07</td>
</tr>
<tr>
<td>8</td>
<td>Time taken for Money transfer</td>
<td>0.19</td>
</tr>
<tr>
<td>9</td>
<td>Time taken for Opening Accounts</td>
<td>0.07</td>
</tr>
<tr>
<td>10</td>
<td>Time taken for other Services</td>
<td>0.28</td>
</tr>
</tbody>
</table>

To measure the service quality in banks the SERVQUAL instrument as developed by Parasuraman, et al., (1988) was used by different researchers like Bhattacharyya and Rahman (2002), Gani and Bhat (2003), Bodla (2004), Vanniarajan and Vikkraman (2006), Aileni (2006), Sudesh (2007) etc. for their research work. Varghese and
Ganesh (2003), Aggarwal and Gupta (2003), Krishnaveni and Prabha (2004), Moreau and Usunier (1999) have focused their work on time factor.

Based on the above ten components, CSI for SBI and other PSBs in Meghalaya has been developed. The raw data were captured in spreadsheet software twice to ensure accuracy. The spreadsheet was then imported into a software statistical package (SPSS 11.0 for Windows). The difference in satisfaction of services provided by various banks, and differences in the satisfaction of different account holders were tested. T-test was used to check the reliability of the data. The data is analyzed on the basis of different demographic variables like gender, age and education.

T-test was further used to test the hypothesis that there exists no gap in CS between SBI and other PSB's in Meghalaya. Correlation was used to study the relation between one component with other components as well as for studying the relationship between CS and bank performance parameters. District wise analysis was done by using regression analysis on ten components in order to know the impact of components in a particular district. In order to study the relationship between CSI and bank performance and to test the hypothesis that there exist a relationship between CS and bank performance, correlation was done and to further examine the impact of different parameters of bank performance on customer satisfaction regression analysis
was done. The results of these analyses are shown at their respective places in different chapters.

1.9 CHAPTERISATION

Chapter-1: INTRODUCTION
Chapter-2: REVIEW OF LITERATURE
Chapter-3: CUSTOMER SATISFACTION IN SBI AND OTHER PSBs IN MEGHALAYA
Chapter-4: COMPARATIVE STUDY OF CUSTOMER SATISFACTION (BANK-WISE, BRANCH -WISE AND VARIABLE- WISE)
Chapter-5: CUSTOMER SATISFACTION AND BANK PERFORMANCE
Chapter-6: MAJOR FINDINGS, SUGGESTIONS AND CONCLUSION.

1.10 CONCLUSION

As mentioned earlier in this chapter, CS is found to be one of the important areas of study from behavioral point of view. The next chapter would discuss the works done in this area in detail. In this context the present study was proposed to be undertaken and the researcher during the course of study came to learn many important concerns raised by a customer which is discussed in different chapters in the present study. Responding to the expectations of the customers is a great challenge before the banks
and most of the banks are following different practices in order to satisfy the customers. The use of technology for the advantage of banks as well as customers has revolutionized the whole sector. The present study has brought out interesting findings as to the importance of service quality as well as of response time. The previous studies have concentrated on service quality or time factor separately and in this light this work has tried to bring out different facets as perceived by the customers of banking sector in the state of Meghalaya.

This work is supposed to provide a feedback to the bank’s management as regards to the satisfaction level of their customers both on service quality and response time which could be used to provide effective and efficient banking service to their respective customers in order to boost the banking habits in the state of Meghalaya. It is also expected that the findings of the present study would help the bank to learn about the current requirement of customers and further would help them to take corrective steps and measures to improve the CS in SBI and other PSBs in Meghalaya.
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