CHAPTER - VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

INTRODUCTION

In this chapter an attempt has been made to briefly summarize the thesis and to give concrete suggestions on the basis of findings of the study.

CHAPTER - I

The banking system provides a large portion of the medium of exchange of a given country, and is the primary instrument through which monetary policy is conducted, through their deposit mobilization and lending operations. Commercial banks are the institutions specifically designed to further the capital formation process through the attraction of deposits and extension of credit they act as a financial lifeline of enterprise by providing the financial resources necessary for productions of goods and services demanded by the market. They make the productive utilization of ideal funds and thus assist the society to produce wealth.

The economic performance of a country is measured in terms of its sectoral contribution. In recent times, there has been a growing importance of
services sector worldwide and in the Indian context also this sector is gaining momentum. Of the various service industries that come under the ambit of service sector, the contribution of financial sector is one among the highest. This indicates the growing demand for the services of banking and insurance sectors. This is due to the effect of the Financial Sector Reforms which has resulted in the increased competition among the banks that include public sector, private sector and foreign banks.

In order to survive in the fierce competition faced by the domestic banks due to the entry of international players, rapid innovation and introduction of new financial instruments, understanding of changing customers’ needs and extensive use of information technology have all become essential. However, with the availability of similar technology among almost all the banks, it is felt that it is only through the provision of better services to its customers a bank can survive in the market. Hence, there is an imperative need for identifying their ability to satisfy the service quality requirements as per their customers’ expectations. Segmenting the industry into different strategic groups and positioning themselves according to the consumers’ mindset can help the banks to restructure their policy choices to compete in this dynamic business environment. This necessitated the banks to utilize the existing resources, process of delivering quality services to its customers and transforming the superior service to generate better financial performance.
However, the human perceptions change from time to time and from individual to individual. It is therefore, necessary for banks to continuously assess and reassess how customers perceive the various services, what are the new and emerging customer expectations and how best they can be satisfied on an ongoing basis. This requires a continuous and consistent analysis and assessment of the customers’ preferences. The present study attempts to analyze the customers’ perceived and desired levels of service quality and the resultant service quality gap of the selected public sector banks in Chennai.

CHAPTER - II

A review of literature places a research study in its proper perspective by showing the amount of work already carried out in the related areas of the study. Any effective research must be based upon past-knowledge that helps to eliminate the duplication of what has already been done and provides useful and important information for research. The operating environment in the Indian Banking industry is getting more and more complex after the economic liberalization and the financial sector reforms like deregulation and introduction of prudential norms. Many traditional and newly emerged risk factors brought in greater pressures on the banks’ profitability. This scenario makes it necessary to keep a closer and continuous watch on the service quality of the banking industry. A brief review of some of the selected studies with their scope and their objectives may be useful for understanding the present scenario of service quality
of the public sector banks. The previous studies made in the area of research are limited in number and they are not directly related the study.

The studies reviewed clearly indicated the importance of the customer service quality among the financial institutions. These studies have made use of various parameters to measure the service related variables. It can be noted that majority of these studies could establish their view on service quality in isolation. However, it can not be denied that the level of satisfaction are strongly influenced by the socio-economic background of the customers, and none of the studies attempted to identify the extent of influence of these factors on the level of satisfaction on the service quality opinion. This study, apart from analyzing the service quality perception of the customers, would examine the extent of influence of socio-economic background on the satisfaction levels of the customers. In this regard this is a maiden attempt and exploratory in character.

**CHAPTER - III**

The SERVQUAL is widely used within service industries especially banking sector to understand the perceptions of target customers of their service needs and to provide a measure of the service quality of the organization. It may also be applied internally to understand the employees' perceptions of service quality with the objective of achieving service improvement. This method essentially involves conducting a survey of sample customers to understand the customers’ desired service needs and to measure their perceptions of service quality for the organization in question.
Customers are asked to respond to numerous questions within each dimension that determines the relative importance of each attribute, a measure of performance expectations that would relate to an "excellent" company and a measure of performance for the company in question. This enables the gap to be assessed between desired and actual performance together with a ranking of the importance of service criteria that may assist an organization in directing its resources so as to maximize service quality whilst controlling costs.

The researchers and users have agreed that a comprehensive and thorough examination of the service quality needs of the customers and the service quality provision by a service industry provides an individual approach to improving its service quality. Customers’ perceptions of service (a benchmark established by the customers about their own service industry) performance levels as perceived by customers, Customers’ comments and suggestions, impressions from employees with respect to customers’ expectations and satisfaction. Appropriate strategies can be adopted by banks, based on this information to attract, retain and delight customers by offering the best quality products.

Customer retention is the need of the hour of every bank. Even in a mid-sized bank, having at least 50,000 customers, in the middle income bracket, at the beginning of their career, the bank has got a potential business over the customers’ life cycle. They can be retained if and only if the bank tries to measure and improve customer service offered to them on a continuous basis. This would also result in gaining a competitive advantage.
There is a strong link between customers’ satisfaction and customer’s retention. Customers’ perception of service will determine the success of the product or service in the market. With better understanding of customers’ perception, the banks can determine the actions required to meet the customers’ needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path for future progress and improvement. Customer’s satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the bank.

CHAPTER - IV

The main reason behind this exercise is to find out the present socio-economic conditions and the level of utilization of customers of public sector banks. The major objective of this research is to examine the level of satisfaction of the customers of selected public sector banks on the services provided by these banks. However, to provide reliable information on the various aspects of the services, the customers should have a thorough knowledge on the types of services provided and their utilizations. Hence, it becomes necessary to understand the extent of utilization of various services by the customers. In this chapter an attempt was made to provide socio economic conditions of the customers and also to examine customers’ types of account holdings, the frequency of operation of these accounts and the utilization of various other services.
The analysis on the usage of various services indicated that a majority of the customers are maintaining savings account and the usage of various e-banking services is only moderate. This may be due to the reason that majority of the sample banks either do not have all the services discussed above or they may not have propagated properly to their customers about the availability of these services.

CHAPTER - V

It is observed that among the selected 10 sample banks, the average total scores of all dimensions stood at 25.40. A dimension wise analysis indicates that the highest among all dimensions was found in the case of Reliability with 5.87. The next highest average could be seen in the case of Empathy with 5.60. This is followed by dimension on Responsiveness with a score of 5.22. The dimension on Assurance took up the third position with a score of 4.48 and Tangibility stood last in its order with an average score of 4.23.

The higher average value of Reliability dimension indicates that the customers have relatively a higher satisfaction on this dimension. This implies that the customers are concerned more on how quick the services are being provided. This is actually expected because, in a situation of almost equal physical facilities available with all the banks, it is only the reliable (quick) services provided and the cordial relationship maintained by the employees could help the banks to satisfy the existing customers.
Thus the analysis made on the basis of the five broad dimensions, provides the inference that the customers’ perceived levels of satisfaction are in the order of: Reliability, Empathy, Responsiveness Assurance and Tangibility. From this order, it can be understood that, among the various dimensions the factors associated with the types of personal services provided the highest preference while, the physical factors determining the service provided constituted the least. Thus based on the analysis, it can be suggested that in terms of other factors like, Tangibility, Responsiveness, Assurance, and Empathy the banks have to develop.

The rank correlation coefficient worked out for all the sample banks showed that there was a significant relationship between the perceived and the desired levels of service qualities for all the individual factors which implies that at higher perceived level of service quality, the desired level of service quality is also higher.

CHAPTER - VI

The socio economic status plays a major role in determining the perceived level of service quality. If the relationship between the socio economic status and the perceived levels of service quality is found to be significant, then it becomes essential on the part of the banks to provide different quality of services in tune with the expectations of the customers. Hence, it becomes essential to understand the significance of the relationship between these two sets of factors.
In this chapter an attempt was made to examine the relationship between the socio economic status and the customers’ perceived levels of service quality on the selected items of services quality categorized under the five broad dimensions. The factors which have recorded the highest and lowest difference between the perception and expectation scores were selected for examining the relationship. In the case of socio economic factors, the gender difference, the monthly income, the occupational status and the type of account of the customers are taken into account for analysis. The significance of the relationship is being tested with the help of the chi square test. The study shows that there is a significant relationship between the monthly income, the occupational status and the type of account of the customers and the perceived level of service quality on the selected items of services quality categorized under the five broad dimensions.

SUGGESTIONS

On the basis of the information obtained from the customers, the researcher feels that it is his duty to offer some salutary suggestions for enhancing better customer service and more efficient functioning of the public sector banks. Customer satisfaction is the core of any banking institution. Satisfying the customers involves the provision of expected services faster. This can be achieved through the use of modern technology in service, innovative products, effective business operations, and amicable redressal of customer complaints. In order to improve the Service Quality of customer services and thereby to improve their loyalty towards their banks, the following are the suggestions
that emerge from the study which can be categorized under the above mentioned headings:

1. Since the service quality factors have a significant positive impact on the customers’ satisfaction and that customers’ satisfaction leads to customers’ loyalty, the banking authorities are advised to formulate appropriate marketing strategies to create the service loyalty among their customers’ minds. Initially, the banks should focus on the customers’ satisfaction and their customers’ loyalty because only the extreme level of customers’ satisfaction can generate the service loyalty among the customers.

2. These have several managerial implications. These are supported by the findings of the previous researches, which indicate that customers’ contact with the employees, play an important role in affecting customers’ perception of service quality (Bitner, 1990207, Bitner et al., 1994208 and Hartline and Ferrell, 1996209). In general, it is important for managers to identify the relevant intrinsic and extrinsic cues used by the consumers in order to communicate the relevant quality signals to them.


3. Therefore a managerial priority should be to identify the most important performance cues used by the consumers in assessing quality within their respective establishments, and thereafter ensure that the key performers are equipped to perform well (Kelley, et al., 1992). This implication of this research is to design a service delivery system that promotes positive “moments of truth”. Moreover using a service quality assessment like the SERVQUAL score one ensure that fail points in customer encounters are reduced, leading to a positive experience and strong customer refusals.

4. For delivering high service quality to the customers, the service quality programmes should become high priority with expenditure viewed as long-term investment for future growth and profitability apart from the investment in the relevant banking technology.

5. Investment is to be done in research and understand customers’ needs and estimation at all service encounters i.e. at all stages in the service delivery process so as to determine key components of service quality.

6. Banks should also conduct frequent training programmes in areas like prompt cash payments and receipts at the counter, efficient pass book and statement service, prompt collections and remittance services, early decisions on credit applications and patient attention to complaints. All these areas also have direct bearing on customers’ perception towards service quality.

7. Offering such services would fully meet customers’ needs and develop systems and procedures that are customers and employee-focused, responsive, flexible and reliable.

8. Best use of technology must be made in products / services, systems and environment so as to ensure speed, accuracy and efficiency.

9. Banks must pay attention to potential failure points and service recovery procedures, which become integral to employees training. In other words, it amounts to empowering employees to exercise responsibility judgement and creativity in responding to customers’ problems.

10. In order to keep the gap between the estimated service and the perceived service as narrow as possible it is important that the promises about how the service will perform, given by traditional marketing activities, which are normally speculated / communicated by word of mouth, must not be unrealistic when compared to the service the customers eventually will perceive.

11. Since the profile of the customers plays an important role in their level of expectation and perception on the SQFs in the commercial banks, the banking authority should establish a research and development cell in order to analyze the customers’ behaviour in a continuous manner. Then only they can formulate a right service to the customers at right time. The customers’ expectations on the SQFs are significantly different among the different groups of customers based
on their profiles. The expectations on the SQFs have to be properly assessed and generate the differentiated product/service to satisfy all groups of customers.

TECHNOLOGY INTRODUCTION

1. Use of modern technology is considered the core of banking business. It is the use of machines in the process of service delivery. It is not just using the computer systems in banking business. It is all the knowledge, processes, tools, methods and systems employed in the creation of goods or in providing services.

2. In the analysis, it was found that there is gap between perception and expectation of the customers on the factor ‘use of modern technology in service’. This implies that the banks are the poor users of technology in services. Hence, attempts can be made to computerize the banks and their branches fully. For this purpose, training can be given to employees on the usage of computers in the related services. This would help to reduce the time of service provided and the paper work and stationery expenses. Concerted efforts can also be made to introduce “Core Banking Solutions” (CBS) in all banks.

3. Increasing the number of delivery channels like, Credit Card, Debit Card, ATM, Anywhere Banking, Multiple Delivery Channels, Single Window Service, Mobile Banking, Phone Banking, E-banking and service at the door steps would go a long way in improving the customer satisfaction and also in increasing the number of customers and the businesses of both public and private sector banks.
INFRASTRUCTURE

1. The discussions made with the officials of banks have helped to understand that due to the control of the RBI, and the association, the investment made on the development of infrastructure is comparatively less in the case of public sector banks than the private sector banks. Hence, more investment can be made on infrastructure and in the creation of fixed assets to increase the service provision and to make optimum utilization of the time so that the level of satisfaction of the customers can be increased considerably.

TRAINING AND MANPOWER PLANNING

1. Since there are no recruitments made in recent times by Banking Service Recruitment Board (BSRB), it is believed that there is shortage of manpower. Discussions made with a few officials of the banks have also confirmed this. Hence, the number of employees can be increased in tune with the requirement of the banks such that it could reduce the time taken to serve a customer. This would also help to have specialization in a specific service which in turn would increase the knowledge of the employees to answer the questions of customers. The employees can provide services without time delay. It would also be possible for the employees to give ‘personal attention to customers’.

2. The study could establish that ‘employees could not give personal attention’ to customers’ work. The reason identified is that there is shortage of manpower. Hence, depending on the daily turnover of the customers and the extent of
services provided, the number of employees can be increased such that it could reduce the time taken to serve a customer. Also, one senior most employee can be appointed in each of the crucial sections where an exclusive customer dealing is required. This can have multiple positive impacts on the services.

3. The response of the employees to the service request of the customers is a major area where more concentration is required by the employees. Hence, training can be given to the employees in the appropriate filed of their service. This would help the employees to carry out their services promptly and faster.

CUSTOMER SERVICE

1. Apart from the usage of modern technology in business, expansion of business hours through the introduction of seven days’ banking and evening branches can facilitate the customers to get their required services at their convenience. This would help to increase their satisfaction considerably.

2. To understand the customers’ needs and their grievances, to help them in opening an account for new clients, a “May I Help You” counter can be created by the banks.

3. The study could establish that the customers felt that the ‘bank employees are not consistently courteous’. In very clear terms it must be instructed to the employees who behave arrogantly to customers and in a rude manner will be punished.
4. During the peak hours of business, to carry out the services of the customers whose work may take much time, token system can be provided. The customers can also be informed in advance exactly when the bank employees will be attending to their service needs.

5. When a customer approaches the employee, he can welcome him cordially with a smiling face and respond to his request immediately without making him to wait much. This would make the customers to think that he is willing to help him.

6. A separate enquiry cell can be opened in which an experienced employee can be placed. Appropriate training can be given to him almost in all the fields. This would help to respond to all types of customers which in turn would increase their satisfaction on their banks’ services.

7. As provided in the analysis chapter, due to the job security, the employees are not taking interest in their dress code which has caused the customers’ dissatisfaction. Hence, the banking institutions can make the dress code to employees compulsory. Uniforms can also be provided. Separate dress allowance can be given to employees to dress neatly.

8. The banks can observe a specific day on every month, as the day of “Customer meet”. This meeting can be utilized as an opportunity to have personal contact with the customers and also to welcome suggestions and complaints from the customers and in creating awareness on the new schemes introduced, guiding
them in choosing the right scheme based on their requirements and above all in creating trust and loyalty.

**PRODUCT MIX AND SPREAD**

With the increasing competition, innovations in products and services will go a long way in increasing the satisfaction level of customers.

1. The cash holdings in Savings Banks and Current Accounts of the customers provide only a marginal rate of interest. The excess money holdings in the Savings Bank Account, beyond a certain sum of money can be given a higher rate of interest by converting it into Fixed Deposits as in the case of private banks.

2. The services like, timely reminder about the maturity of term deposits, sending account statements promptly, crediting the cheques and mail transfers were found to be more time taking process. This could have created dissatisfaction among the customers of the banks. To overcome this dissatisfaction, banks can fix specific time duration for carrying out each of the services. This may be intimated to the customers. Beyond the specified time, banks can add interest for the delay at Savings Bank rates for every day.

3. Though the sample banks are covered from the city of Chennai, many of the banks do not have locker facilities. Hence, it is suggested that this type of services may be provided by all the banks which do not have this facility. This would instill confidence on the part of the customers on the services.
PROFILE OF THE CUSTOMERS

1. It was attempted to identify the relationship between the socio economic status of the customers and the opinion on service quality. The analysis indicated that there is a significant relationship between the two. Hence, it is suggested that the service provision must be differentiated among the customers of different socio economic strata. To provide this and to have a close affinity with the customers, each bank must maintain a customer profile or data warehouse. On festivals and on other auspicious days like, customers’ birth days, wedding days etc. greeting cards can be send to them which would make the customers to feel that the employees are to the best interests and are at heart of employees. Such data warehouse would also help the bankers in analyzing and categorizing the customers into different groups to plan, organize and market their products.

SCOPE FOR FURTHER STUDIES

The present study has made an attempt to analyze the service quality in the public sector banks on the basis of customers’ perspective. The future study may be based on both customers and employees perspectives. The future study may link between the human resource management in the commercial banks and also to the service quality offered to their customers. The comparative study on service quality in the commercial banks may be extended to the new private sector banks and also the foreign banks. A sector wise analysis on service quality
in commercial banks may be focused in near future like the comparative study on individual household, business firms, corporates and government corporations. The antecedents of customers’ perception and expectation on the service quality of the commercial banks may be examined as a separate study in future. The scope of the study may be extended to the state level or national level.

1. This study deals with the service quality of the public sector banks in Chennai. The researcher feels that any number of micro level studies can be undertaken to study the various problems covered in the research work in order to obtain greater insights into these problems and suggest more effective and result oriented action program. These exercises can be undertaken by further researchers, each researcher concentrating on a specific problem such as implementation of government schemes, technology implementation, service quality of the private sector banks and the job satisfaction of the employee.

2. Majority of the studies, including the present study, have concentrated on the service quality measurement either on the public sector banks or on private sector banks or an analysis of both. With the introduction of the New Financial Sector Reforms and the entry of foreign banks, it is presumed that the foreign banks can lend itself to a better strategy of service quality. Hence, a future study on the comparison of the Indian private, public and foreign banks can be made. This will help to understand the extent of service quality gap among the three in
general and the relative position of the public and private sector banks with regard to customers’ preference in particular.

3. The emerging concept of ‘Customer Relationship Management’ (CRM) has provided adequate scope for further study by banks in customer retention. Hence studies on the various aspects of CRM can be carried out.

4. The present study has concentrated on the external service in isolation. There is further scope of research in the areas like the influence of internal service quality on external service quality, the influence of power struggles and conflicts on internal service quality, the influence of internal service quality on variables like organizational commitment, job stress, morale and the like on the customers’ perceived and desired levels of service quality.

**CONCLUSION**

The analysis of the data provided the conclusions that almost in all the five dimensions, the perceived level of service quality was far lower than the desired levels. The study could also reestablish the conclusions of the earlier studies that the customers consider the Reliability dimension as the foremost important factor in banking service. This shows that, apart from the availability of man, machines and other infrastructure – the employees play a deterministic role in customer service. This indicates that it is the personal care taken by the employees that will determine the success of a bank. With better understanding of customers’ perceptions, the banks can determine the best actions required to
meet the customers’ needs. They can understand their own strengths and weaknesses, identify opportunities and chart out proper avenues for further progress and improvement. Customer Satisfaction Measurement (CMS) helps to promote an increased focus on customers’ outcome and stimulate improvements in the work practices and processes adopted within the bank. The study can also establish a strong relationship between the socio economic status of the customers and their satisfaction on the service quality.