CHAPTER 6

RESULTS, CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with the results of the whole research exercise conducted on primary data collected for the purpose of understanding the level of service quality provided by the selected public and private sector banks. The data was examined by various analysis techniques as mentioned in chapter four. This has produced some conclusive results which are presented below:

Section 6.1 deals with summary of empirical results and conclusions based on the same. Section 6.2 deals with recommendations for the same. Section 6.3 describes limitations and scope for further study.

6.1 EMPIRICAL RESULTS AND CONCLUSIONS

6.1.1 Results of customer data

1. The analysis summarizes the responses of 345 customers of public sector banks and 305 customers of private sector banks. Most of the customers under survey fall into the age group of 18-25 years for public sector banks (50%) whereas in case of private sector banks the same fall into the age group of 26-40 years (35.4%). As far as their gender is concerned 66% males and 34% females responded for public sector bank whereas 62% males and 38% females responded for private sector bank. Majority of the respondents both in public and private sector banks were “salaried”. The least respondents belonged to business class in both the type of banks.

2. Majority of respondents in both the types of banks held savings account so the number of visits were majorly restricted to less than 10 times in month. Close to 50% of public sector bank customers preferred passbook for examining their transactions. The preferred mode of statements in private sector banks was SMS and ATM statements. Close to 90% of private sector bank customers held the
ATM/debit and credit card. The public sector bank customers who hold such cards were lesser in number (78.26%). Only 19.41% customers of public sector bank used e banking and the number in private sector banks was 42.3%. Most of the public sector bank customers never availed of e banking, SMS intimations, and door to door facility and also were never aware of the presence of suggestion box and so did not use the same to register their feedback. In case of private sector banks, more than 50% of customers availed of door to door facility and SMS intimations. Quite a few customers of private sector banks were well aware of suggestion box in their branches but again out of those only 20% used it to drop their feedback.

3. The awareness of bank charges was high in private sector banks as compared to public sector banks. A major complaint of both the type of respondents, more so in private sector banks was that their banks deducted abnormal charges without informing them beforehand. Out of those who reported this, majority of public sector bank customers were satisfied with the reason specified by the bank but the customers of private sector banks expressed dissatisfaction for the same.

4. Most of the customers who resorted to ATM centers for transactions were satisfied with the number of locations and convenience of the same. 40% of the public sector bank customers believed that the security was not strict at their centers. Also, more technical problems were faced by the customers of public sector banks. They also showed discontent for the speed of solving such errors. The customers of private sector banks faced lesser technical errors and also believed that such errors were promptly solved.

5. Most of the e banking users of both public and private sector banks were satisfied with ease of navigation, speed of downloading, diversity of services, updation of information, privacy and safety of transactions. The only problem identified was the number of
technical problems faced by public sector bank customers. They were also not happy with the promptness of solving such errors. The overall satisfaction was a little high in respondents of private sector banks.

6. The banks carry out programs for fulfilling their social responsibility. Such programs aim at welfare and long run development of the society. But sadly very few respondents were aware of such efforts made by the bank. In case of public sector banks, the awareness was only among 13.62% and 10.82% in case of private sector banks. Those who were aware believed that such efforts would have been conducted in order to support education primarily and then rural development.

7. The chi square analysis of demographic data revealed the dependence of age and occupation on choice of bank whereas gender did not affect the same. The chi square findings of bank facilities and service quality dimensions have been reported in chapter 5. Satisfaction level and service quality perceptions also showed dependence on type of bank. Also service quality perceptions and overall satisfaction level showed dependence on each other.

8. All the identified service quality dimensions were cross tabulated with overall satisfaction level of customers. The level of satisfaction was high in private sector bank customers especially tangibles and employee behavior.

9. As mentioned in chapter 5, Cronbach’s Alpha coefficient scores were calculated in order to assess the internal reliability of the measuring instrument, which revealed a value of 0.946. A score above 0.5 is acceptable. Hence, this questionnaire can be considered reliable in measuring service quality.
10. The results of ANOVA analysis showed significant differences in the means of public and private sector banks with reference to customer perceptions and satisfaction level.

11. Exploratory factor analysis identified four factors for public sector banks namely a) employee behavior b) operational efficiency and c) tangibles with a KMO sampling adequacy measure of 0.921 explaining 60.807% variance. The fourth one was identified as parking, which had only one variable loading on one factor and hence has not been considered for further analysis. For private sector banks three factors were identified namely a) operational efficiency b) employee behavior and c) tangibles with a KMO sampling adequacy measure of 0.926 explaining 64.978% variance. EFA was applied to entire banking industry where again ‘employee behavior’ was identified as the key factor.

12. Multiple regression analysis was conducted with identified factors, which were scored as factor scores in SPSS. The factors identified (independent variables); FS1 (employee behavior). FS2 (operational efficiency) and FS3 (tangibles) explained a variance of 63.9% in overall service quality (dependent variable). All of them exerted a statistically significant positive influence on overall service quality. Regression was also run for overall satisfaction level (dependent variable) and overall service quality (independent variable) which explained a variation of 58.6%. Even service quality accounted for statistically significant positive influence on overall customer satisfaction. Thus hypothesis 3 and 4 as mentioned in chapter 3 were not accepted.

6.1.2 Results of employee data

1. Majority of employees of both the sectors were well aware of the service quality policy of their banks. Most of the public sector employees said that their banks conducted regular training programs and attending them was mandatory, due to which 80% of
them were able to solve customer queries and need not take consent of managers. The private sector employees were less capable to do so and hence required manager consent most of the times. Most of the front line executives were able to take charge during emergency.

2. So far customer feedbacks were concerned; private sector employees were more prompt in collecting the same from customers. More of private sector employees enjoyed functional flexibility as compared to their public sector counterparts.

3. Private sector employees were encouraged to participate in decision making most of the times whereas public sector employees were not made a part of it most of the times. This tendency of private sector banks helped to boost the spirit of their employees and hence they were keen to give suggestions for improvement of service quality. The appraisal of private sector employees was also based on the kind of feedback customers were giving. 80% of private sector employees got support from their managers in decision making and were also rewarded for their initiatives most of the times.

4. Quality circles were held by both types of banks regularly and 60% employees attended them most of the times.

5. The private sector employees were aggressive in promoting internet banking. Technology was upgraded frequently in both the sectors but training for technology was high in private sector banks and hence they could promptly solve queries related to internet banking.

6. Public sector banks were prompt in providing information to employees about competition as well as developments of their banks, new schemes, etc. The private sector employees were not satisfied with the delay caused by their banks in updating such information.
7. Private sector employees stayed beyond working hours most of the times to fulfill their duties whereas public sector employees did not do so.

8. Only 20% of private sector employees believed that their bank met their expectations most of the times but public sector employees seem to be more satisfied in this case. Also very few private sector employees believed that their manager was satisfied with them. But most of the employees of both the types of banks responded that their customers were satisfied most of the times.

9. 98% of public sector employees were aware of the various social programs carried out by their banks but only 86% of private sector employees were aware of the same. They also rated education as the most preferred area for development. The private sector employees also believed that their bank has done considerable work in the area of health and wellness.

10. When asked about how many of them faced problems with customers and what was the nature of the problem, only 24% of public sector employees responded positively and majority of them said that the problem was due to delay in processes due to prolonged documentation task. In private sector banks, 36% of employees felt that there was a problem with customers due to bank charges as well as their lack of knowledge regarding certain aspects.

11. Chi square analysis displayed dependence of a) ability to solve queries b) Take charge during emergency c) Take customer feedback d) Job changes e) Promote online banking f) Participate in decision making e) Appraisal on customer feedback f) Reward for service quality initiatives g) Trained for technology h) Solve online queries i) Information about latest developments j) Stay beyond working hours k) Bank meets expectations on the type of bank.
12. The results of ANOVA analysis (variable wise) are mentioned in chapter five. Significant difference in the means of two groups of banks were found in the analysis.

13. An EFA was run on the observed variables, which reduced them to nine factors with a KMO score of 0.586 explaining 68.754% variance. The first factor causing close to 10% variance was identified as functional flexibility as a key factor to the success of employee-customer encounter.

6.1.3 Results of manager data

Managers or senior branch executives were approached in order to get their view regarding bank's policies as well as their level of awareness about such policies. They were approached with a schedule where majority of the questions intended to identify loopholes in the system of services so as to get valuable insights for improving the same. The results are as follows:

1. The public sector bank managers used the experience of senior staff to review quality of services provided by their front line staff, whereas private sector bank managers relied on reports of the customer relationship manager.

2. The public sector bank managers rated infrastructural issues as a matter of key concern whereas the private sector bank managers seem to be concerned about documentation and processes.

3. The managers of both types of banks were regular in taking customer feedback and meeting customers on annual or bi annual basis. The public sector banks collected the feedbacks through grievance redressal cell and private sector banks encouraged customer to use all means like letters to manager, suggestions, redressal cell etc.
4. When asked about major hindrances in providing good service quality, again the public sector managers rated high on infrastructure issues whereas private sector managers rated high on lack of awareness among employees.

5. The private sector managers felt that staff was not adequate. The private sector managers believed that rigorous training schedule of employees could help them improve service quality whereas public sector managers needed assistance in training of online methods.

6. 60% of bank managers of private sector banks responded that their staff enjoys complete functional flexibility and reinforced the same by stating that empowerment of staff would lead to improved services. The flexibility in carrying out functions was less in public sector banks. They had to follow certain set norms and procedures which marred their enthusiasm.

7. Most of the public sector bank managers rated their superior subordinate relationship as excellent whereas private sector managers rated it as average.

8. All the executives of both the banks said that there were regular training programs by the banks aimed to benefit employees at all levels. Again sizable efforts were made to reduce complexities, upgrade technology and thus increase customer convenience.

9. All the respondents of both the banks said that they were well aware of the banks’ CSR initiatives. The public sector bank managers said that substantial efforts were made by their banks in area of education and rural development whereas for private sector, such efforts were made in the area of rural development and health and wellness.
6.2 RECOMMENDATIONS

1. The banks should approach undergraduate and post graduate colleges to attract the young generation and explain the importance of banking as a habit. It can also launch favorable schemes for businessmen based on their banking profile. Maintaining database of such HNI (High Net worth Individuals) businessmen will help them in cross selling the product designed to suit their needs.

2. The above results that the use of internet banking is very low in customers. The banks need to promote and train the employees to encourage customers to use this aid not only to fulfill banking requirements but also make them tech savvy. This would not only increase the convenience of the customers but would also help in cost reduction for banks. Awareness and training sessions should be conducted by banks especially for middle aged customers, housewives, and retired people so as make them aware about the benefits of such banking methods. Up gradation of systems would also increase the technical quality. Separate employees with a special counter to explain e-processes can be appointed for raising the awareness levels and reducing the hitches in the customer’s minds regarding the genuineness of such methods. They can also be trained regarding the safety aspects of e banking.

3. The bank can also increase delivery of services at home to increase the customer’s convenience. The customers should be made aware regarding the same using advertisements.

4. Since customers do not seem to be very happy with the regularity of SMS intimations in public sector banks, the same problem can be worked upon by updating the database of customers. This keeps the customer continuously informed about banking charges, schemes etc apart from transaction related SMS.

5. Since customers are much aware about the presence of suggestion box/register, they should be prompted to drop suggestions not only regarding problems but also regarding improvement of systems. A large
pool of suggestions can then be studied so as to implement better systems and service quality initiatives.

6. A big gap has been found in the awareness level regarding various charges. The banks have been intimated by the RBI to issue handbook on charges. Marketing efforts need to be increased in order to make them aware. This would not only help customers to avail services but would also reduce bankers’ efforts to update the customers regarding charges. It would thus help in increasing their customer base availing diverse services.

7. Customer service initiatives go a long way in increasing corporate reputation and brand equity as they focus on social upliftment. The banks seem to be focusing on these areas but customers are not aware of the same. 60% of the respondents have no idea about such efforts made by their bank. Around 25% are aware but have no clue regarding the areas where bank has made efforts. Hence the banks should advertise largely about CSR initiatives and also ensure that their customers can be a part of the same, especially where their efforts would contribute immensely to their own well being like environment, health, nutrition, donations to trusts, hospitals, old age homes, education of the poor etc. This would augment their brand image and help in better market positioning.

8. Customers are not very much satisfied regarding the infrastructure, parking adequacy, signage etc as far as public sector banks are concerned. Since they are old banks, it is important for them to allocate some funds for modernization of the branches. Also the number and accessibility of counters can be increased to increase customer convenience. The private sector banks usually spend more time beyond their working hours in order to meet the needs of customers. The public sector banks need to focus on such issues, at least for a specific group of customers.

9. Significant difference is witnessed in the speed of documentation for both the banks. The private sector banks are faster in accomplishing their tasks
compared to public sector banks. Time has become very precious nowadays, so customers expect speed and accuracy in processes. Especially in service industry, time plays a crucial factor in determining efficiency. The marketing mix of service marketing identifies people and processes as more important than other parameters. Also, since banking is a high touch industry, customers are sensitive during service encounter.

Queues can be managed by token systems and display of the same on digital panels. Digital signage can be used to display new schemes, changes in rates, financial results, awards received, employees awarded etc. Advertisements running inside the premises can grab the customers' attention during the waiting period which might be fruitful for bank in terms of business.

10. The respondents of public sector banks are very dissatisfied regarding updating information by the bank. The results display lack of awareness as well as interest in case of providing information to customers. Delay in informing customers about new developments can be critical to the growth of the banks. Regular letters / e mails/ SMS etc to the customers can keep the customers updated about the bank developments or changes.

11. The average age of private sector employees seem to be much less compared to the ones in public sector banks, which directly impact the speed, efficiency and willingness of work in them. The public sector bank employees show considerable lack of awareness of new schemes, rates etc which directly influences their communication skills. Intensive training and performance appraisal programs can help increase their efficiency, speed and awareness levels. The average age of public sector employees makes it difficult to adopt technological advancements but gradual training and benchmarking can be of great help to arouse their interest levels. A flexible structure can also increase the level of empowerment which would enhance their speed as well as communication skills. Homogenous clusters of customers can be handed over to individual employees along with targets. This would help them interact and deal with the customers in a flexible way as desired by the customers. Newer programs of human
resource development can be introduced through professional trainers to boost their motivation levels, skill developments and self development in turn. Security of the job is known to induce lethargy and complacence but a self appraisal model would help challenge the same. All the motivation theories have empirically proven that an individual aims at self actualization needs once their basic and social needs are satisfied. Hence such programs can bring a major change in their behavior and empathy towards customers’ needs.

12. Majority of the private sector employees who responded for the survey complained of insufficient growth opportunities when asked about key driver of job satisfaction. Enhancement of the same can boost their motivation levels and help the banks in securing better results. Appreciation and compensation for initiatives and more business respectively will go a long way in improving the health of the private sector banks. Also majority of private sector employees showed discontent regarding extended working hours, which can be planned so as to increase convenience of the employees. The employees of public sector banks were not satisfied with the use of technology. They believed that better systems and their training regarding the same would enhance their satisfaction levels. Still quite a few employees have little knowledge of technological advancements which makes them feel ill equipped. Technology and training are the key aspects of improvement of service quality.

13. Most of the public sector bank managers believe that infrastructural hassles need to be removed in order to improve service quality and hence resources should be diverted for modernizing the bank premises but from the view point of customers employee behavior need to be monitored to improve service quality. Hence there seems to be a gap in understanding of senior executives and customer issues need to be assessed so as to comprehend the real cause of grievances. Tangibles explain a variation of only 13% against employee behavior which explains 23% variation in service quality. The private sector managers thought that the lack of
awareness among employees was a major hindrance in providing services in the best possible way. The bank should be more watchful in recruiting the kind of employees and give ample training before such employees start working on the front line. The results are consistent with the customers’ responses. Maximum variation (30%) in service quality of private banks is explained by ‘operational efficiency’ against tangibles which explain a variation of only 10%. The private sector banks are well equipped with state of the art facilities but they should allot more resources and attention in recruiting training and equipping them with proper and thorough knowledge of operations. Internal quality is an antecedent of service quality management. Empowerment of employees and moderate level of flexibility will lead to alteration of output and customer satisfaction level. The employees of public sector banks were not satisfied with the use of technology. They believed that better systems and their training regarding the same would enhance their satisfaction levels. Still quite a few employees have little knowledge of technological advancements which makes them feel ill equipped. Technology and training are the key aspects of improvement of service quality. The employees of public sector banks were not satisfied with the use of technology. They believed that better systems and their training regarding the same would enhance their satisfaction levels. Still quite a few employees have little knowledge of technological advancements which makes them feel ill equipped. Technology and training are the key aspects of improvement of service quality.

14. The public sector employees do not enjoy flexibility in functions and are supposed to work in pre determined formats. Secondly they are not involved in decision making and hence they do not show enthusiasm in improving the quality of services. The responsibility of top management is to involve employees in decision making and motivate them to give inputs for the betterment of the organization. This is known to boost productivity of employees and hence should be put to optimal use in the right way.
The awareness regarding CSR initiatives of the banks was very high both in public and private sector employees as well as managers. The only concern is that the bank should reach out to areas which would aid in overall societal development. The manager of SBI reported that every branch has adopted one girl child and will bear the responsibility of her studies and upbringing till she becomes 18. This seems to be a very important move in the said direction which is not only aimed towards social welfare but also is completely disassociated from their business motives.

It is high time that banks realize the need of the hour and adopt a “total quality management” approach and focus on an integrated model to intertwine customer relationship management, employee empowerment and technological enhancements aimed to build a solid foundation of satisfied and loyal customers eventually leading to improved profitability, reduced costs and unrivaled growth.
6.3. LIMITATIONS AND SCOPE OF THE STUDY

An endeavor has been made to comprehend various aspects of service quality management in the present context. Due care has been taken to summarize the literature in the present research problem. Yet it is bound to have certain limitations due to time and non cooperation of respondents. Be it customers, employees or bank managers, it was very difficult to take the consent for the questionnaire. The customers felt that it was too long and showed little interest in filling the same. A few of them could be convinced when the academic motive was communicated. The constraints though did not hamper the essence of the research and reasonable conclusions could be drawn. Meeting these below mentioned constraints can give a new direction for further research in the said area.

The study was carried out during the period September 2011 and December 2013 and hence all the figures collected during literature survey reflect the position of the banks for the mentioned period. The amendments made in the bank, post the research period would not have been incorporated.

The sample size of 650 customers may be insufficient to reinforce the conclusions and increasing the same might yield different results. Secondly it was done on a non probabilistic convenient manner as it is a daunting task to take the customer list from the banks. Replication studies using longitudinal samples from other areas could test whether the findings are indeed universal and stable over time

Although the demographic data of the customers was collected yet the segmentation was not done according to their loyalty to the banks, for example, in terms of the length of time for which they have maintained their account, number of financial products they are using or referrals. Such customer loyalty- based segmentation would definitely provide added insight to the bank managers in terms of understanding specific customer requirements and estimating their profit potential. Finally, the analysis is from a macro-perspective without going into the details of the individual bank’s long-term objective or business planning. The study could be followed by a more comprehensive micro-level study with data collected from the decision makers of individual banks to understand their policy directives.
The study was conducted in the city of Ahmedabad, particularly urban Ahmedabad and reflects perceptions of the sample selected from the identified places and hence may not be a true representation of the population. The same can be extended to the rural areas surrounding Ahmedabad to get a comprehensive judgment of the overall banking developments. The banks are making substantial efforts for business development in rural areas and also training the customers of rural areas to learn newer methods. This would uplift the face of rural areas as far as adoption of technology is concerned. The rural areas have deep pockets and their resources can thus be put to productive uses and investments can be diverted in liquid as well as reasonably profitable assets thus leading to growth and development of Ahmedabad.

The banks under study are selected on the basis of maximum number of branches and other banks of the same sector can be considered for further studies.

Only non financial aspects of banks are considered for the present study. The same could be linked to financial data to understand the impact of enhancement of service quality and profitability and customer retention.

Empirical researches of such types can go a long way in helping the practitioners in drawing out contemporary structures for betterment of the service quality. Culture specific models definitely work well in a dynamic business environment. Thus academicians and practitioners can work in tandem for the benefit of customers and bankers as well.