

A Study on Customers' Attitude towards Service Quality of Private Sector Banks in Krishnagiri District

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Abstract-

Quality of service is very important, especially for the growth and development of service sector business enterprise. Due to the increasing importance of the service sector in the economy, the measurement of service quality became important. Undoubtedly owing to the belief that delivery of high service quality is a must for attaining customers satisfaction and a number of other desirable behavioural outcomes, recent years have incensed a flurry of research exploring the interrelationship between service quality, satisfaction and behavioural outcomes. This study was undertaken to know study the Customers' Attitude towards Service Quality of Private Sector Banks in Krishnagiri District.

Keywords: *Service Quality, Satisfaction, Private Banks*

I. INTRODUCTION

Banking is essentially a service industry. Customer service is the first casualty. Satisfying the customers is the main purpose of every business, but it is generally found that the customers are not satisfied with the existing banking facilities and services. So, that the government of India has been appointed committees from time to time to probe into the nature of customer service. The committee with one identical finding that, the customer service in the Private sector banks was not up to the mark. Hence, necessary steps are being taken to improve the banking system to suit the changing requirement of the customers. All these issues can be addressed by implementation of the right type of technology for the right purpose. The focus on the use of computerization has refused the predominance of its applications from business orientation to customer orientation. It has facilitated the banks to reach to their customers without the physical presence. Computer resources provide anywhere and anytime services. Further, the various committees established by RBI over the year with customer service recommended banks offer excellent customized service and to enhance the satisfaction level of the customers. On the other hand the bank with respect to retaining the existing customers, rendering innovative, technology- base, value- added, customized services to fulfill the customers' expectations and to enhance the customer level of satisfaction for sustainable development of the banks.

Currently, Indian banking industry has a dynamic and complex environment. Increasing development of Private and private commercial banks and improvements in the kind and way services have been offered, increasing expansion of financial and credential institutions and organs to provide financial and non financial services, and increasing development of technology in banking industry offers a competitive and special environment to any organization. It requires that an active organization in the banking industry of the country pays more attention to customer satisfaction. This goal will not be achieved without localized models and indicators through which one can make sure of customer satisfaction. However, appropriate studies have not been done to realize the dimensions of service quality. So this study aims to estimate and evaluate indicators of Parasuraman model of service quality through a survey from customers of Melli bank to have a better understanding of these dimensions.

Service quality is a recent and more dynamic, decisive issue in the marketing thought. It also helps control the competitive position and consequently determines the market share and profits (Shabib, 2002). Therefore, the ability of banks to continue and survive in the market depends on their ability to respond to the requirements of change and interact with the output of it. As the customers' needs and wishes are shaped and formed in the light of their economic, social and civilisation conditions, there is a close relationship between the banks' ability to continue and survive and their ability to produce services that fit in with the increasing and changing needs of the customers. Hence, service organizations, especially banks, work hard to find effective ways to counter external changes in order to survive and they enhance their effectiveness by means of activating their services and creating and developing new ones. Thus, The importance of achieving high levels of quality lies in the number of economic and non-economic benefits resulting from quality commitment and lies in eliminating its problems and the causes of these problems.

II. BASIC CONCEPTS

2.1 Definition of Customer Attitudes

Customer Attitudes are a composite of three elements: cognitive information, affective information and information concerning a consumer's past behavior and future intentions. In other words, attitude consists of thoughts or beliefs, feelings, and behaviors or intentions towards a particular thing, which in this case is usually a good or service. For example, you may have a very positive view of a particular sports car (for example, you believe it performs better than most), it makes you feel good, and you intend to buy it.

2.2 Service quality

Service quality has become ever more important to improving customer satisfaction in the Private sector organization. Private sector organization specially knows that customer satisfaction is one of the most vital factors that contribute in establishment reputation and credit in the Private view. The Private complained about long queues poor service delivery and deficiency physical facilities direct effect on the level of service quality in the Private sector organization.

2.3 Private Sector Banks

The private-sector banks in India represent part of the Indian banking sector that is made up of both private and Private sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government. The onset of competition from the private players and initiation of banking reforms since early 1990s has led to an increased emphasis on efficient customer service. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level. Private Banks have grown faster and bigger over the two decades since liberalisation using the latest technology, providing contemporary innovations and monetary tools and techniques. Typically, customers perceive very little difference in the banking products offered by private banks dealing in services as any new offering is quickly matched by competitors. Thus the quality of services offered will determine customer satisfaction and attitudinal loyalty. Moreover, the tough competitive arena in which these banks operate today, maintaining the quality of service is a pre – requisite for survival.

III. IMPORTANCE OF THE STUDY

This study was conducted to understand the perception of service quality in the private sector banks in Krishnagiri district and also to evaluate how it helps in enhancing the reputation and attract customer loyalty. With the increased competition among the private sector banks, this study would help in defining a strategy to achieve the competitive edge and also satisfied customers. And hence service quality has been used to position the banks in the tough market. The study was administered through the private banks like ICICI, HDFC, KOTAK& INDUSIND BANKS.

The study has taken the SERVQUAL tool for measurement of the service quality offered by the private players in the banking industry. The main assumption is Service quality is multi dimensional concept and these dimensions help in measuring the service quality. The responses were collected based on the five dimensions, namely **assurance, reliability, responsiveness, tangibility and empathy**.

The study identifies that Reliability and Responsiveness are the most relevant factors for the service quality perception and they have compared the individual scores with the average mean value scored by the private banks under the study.

IV. STATEMENT OF THE PROBLEM

The strategies adopted by the Private Sector Banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operational efficiencies by using high-end technology. The Private Sector Banks recruit the finest manpower, employ state-of-the-art technologies and are oriented towards building a strong brand image. The Private Sector Banks have made banking more efficient and customer friendly. Undoubtedly, being tech-savvy and full of expertise, the Private Sector Banks have played a major role in the development of the Indian banking industry. The Private Sector Banks always try to introduce new products and make the industries achieve expertise in their respective fields by offering quality service and guidance. Therefore, excellent service performance can improve the bank's ability to lure affluent prospects, elevate the bank's profitability, lower bank operation costs, and create greater customer loyalty. At this juncture, some key questions that the Private Sector Banks have to ask themselves are "What are the factors that influence the customers to select a private bank? What is the extent of perceived service quality and the degree of loyalty of the customers? Is there any gap in the service performance of the Private Sector Banks? This research makes a modest attempt to find out answers to the above questions. In this context, the researcher has made an attempt to study the Customers' Attitude towards Service Quality of Private Sector Banks in Krishnagiri District.

V. ROLE OF BANKING IN INDIAN ECONOMY

The Government of India, after independence had to focus on many areas among which one of the important tasks was economic development of the country. In this context, the Industrial policy resolution in 1948 focused on mixed economy, which played an active role in the development of different sectors including banking and finance. A major step in this direction was the nationalisation of banks in 1948. The Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) to regulate, control and inspect the banks in India. In other words, all the banks in India fell under the jurisdiction of Reserve Bank of India under the Banking Regulation Act.

The Government of India nationalised the private banks in 1969 and later in 1980 in order to have better control over this sector. Government of India controls around 91% of the banking business in India. In early 1990s, the then prime minister of India P.V NarsimhaRao liberalized the sector by giving licenses to a small number of private banks, which came to be known as new generation tech-savvy banks. Among these banks were, Global Trust Bank (Now acquired by Oriental Bank of Commerce), UTI Bank (now re-named as Axis Bank), ICICI Bank and HDFC Bank. The banking sector in India constitutes government, banks, private banks and foreign banks. In the era of Liberalization, Privatization, and Globalization (LPG) banks play a dynamic role in contributing to the economic development of the

country. Some of the contributions of banks to the economy of the country are discussed below:

Facilitator for Monetary Policy: The fiscal and monetary policy of a country has greater impact on its economic development, and a well-developed banking system is pre-requisite for successful implementation of the monetary policy.

Promoting Capital Formation: Banks are the reservoirs of capital providing loans to the individuals and business. Pooling of financial resources and formation of capital is encouraged by banks by way of deposits and other activities. This capital is utilized by entrepreneurs and contributes to the economic development of the country.

Encourages Innovation: Entrepreneurship and Innovation go hand-in-hand. Banks encourage entrepreneurship by attractive credit, which empowers them towards innovation.

Monetization: The coining of currency or printing of banknotes is done by the central bank. In other words; banks are the manufacturers of money, which is important for the economy.

Influence Economic Activity: Banks influence the rate of interest in the money market through its supply of funds. It can influence a monetary policy with low-interest-rates, which will tend to stimulate economic activity.

The Banking sector has become so important that the absence of banking industry leads to stagnation in the economic development of the country, the savings would sit idle in our homes, the entrepreneurs would not be in a position to raise money, innovation of new products or business models will get affected. Ordinary people having dreams of a new car or house will not be able to purchase-which will affect automobile and real estate business.

VI. INDIAN BANKING INDUSTRY & SERVICE QUALITY

The banking industry is facing rapid changes in the market, such as: new technologies, economic uncertainties, fierce competition, more demanding customers and the changing climate which lead to an unprecedented set of challenges. Banking is a customer oriented service industry, which has witnessed a radical shift in the market power. The effectiveness and efficiency became the buzzword of the success of banking operations and its proper functioning, particularly with respect to providing services to the customers. Service is an invisible thing which is indispensable from the person who extends it. An efficient or effective service is one which is extended appropriately by identifying and understanding the needs of the individual customer from time to time. Customer service is a dynamic, interactive process which needs continuous improvement. With the advancement of information technology and communication system, the whole world has been reduced to a global village.

The customers at the present juncture are well exposed to unstoppable innovations in communication technology. He/she is aware of the kind of service level available around the world and thus expects the best from his/her bank. Customer service is not only a critical function but plays a vital role for the business. It is the next most important business strategy. The improved customer service will definitely increase profitability. A bank can be said as customer oriented if its various organizational activities like organizational restructuring, staffing, and coordination are geared up to fulfil the needs of customers.

During the past two decades or so, regulatory, structural and technological factors have significantly changed the banking environment in India. In a milieu which becomes increasingly competitive, service quality as a critical measure of organizational performance continues to compel the attention of banking institutions. The interest is largely driven by the realization that higher service quality results in customers' satisfaction and loyalty, greater willingness to recommend to someone else, reduction in complaints and improved customer retention rates

VII. IMPORTANCE OF SERVICE QUALITY IN BANKS

Increased competition, highly educated consumers, and increase in standard of living are forcing many businesses to review their customer service strategy. Many business firms are channelling more efforts to retain existing customers rather than to acquire new ones since the cost of acquiring new customers is greater than the cost of retaining existing customers.

There is enough evidence that demonstrates the strategic benefits of quality in contributing to market share and return on investment. Maximizing customer satisfaction through quality customer service has been described as 'the ultimate weapon' by Davidow and Vital (1989).

According to them, in all industries, when competitors are roughly matched, those with stress on customer's service will win. In view of the above mentioned facts, an analysis of service quality perceptions from the customer's point of view may be sound and interesting at this juncture. Such an analysis will provide banks, a quantitative estimate of their services being perceived with intricate details such as whether banks are meeting the expectations of the customers or not.

VIII. MEASURING SERVICE QUALITY IN BANKING SECTOR

The Customer is vital for the development of trade, industry and service sector particularly in financial services. Therefore, the significance of customer service in the banking sector came to force to compete in a market driven environment. Measuring service quality in the service sector, particularly in the banking sector is more difficult than measuring the quality of manufactured goods. The service sector as a whole is very heterogeneous and what is heterogeneous may hold true for one service and may not hold for another service sector.

Each bank is having a variety of services. Due to this differentiation, services in this industry could not be standardized, moreover these services are intangible in nature which could not be compared or seen.

IX. SERVICE QUALITY: CONCEPTUALIZATION AND OPERATIONALIZATION

'Quality' is a concept which requires a concern both in products as well as in services. Experts have defined it as, "fitness for use", "conformance to requirements", "freedom from variation" etc. To market a product, quality plays a pivotal role to sell a product. In fact, quality is considered as the most important factor that influence on the buying behavior of the customer. In tangible goods like products, quality can be measured by its durability and number of defects, usage of product, packaging, handling etc. However measuring the quality in intangible is a different one. As services are intangible so they are very difficult to measure. Services have a lot of intangible dimensions like communication, credibility, security, competence, reliability, responsiveness which are qualitative by nature and their value is subjective. Service quality is an abstract and elusive construct because of 4 unique features of services viz.:

- Intangibility (Bateson, 1977)
- Heterogeneity (Booms and Bitner, 1990)
- Inseparability (Carman & Langard, 1980)
- Perishability (Stanton, J. William 2004)

Services are those economic activities that typically produce an intangible product such as education, entertainment, food & lodging, transportation, insurance, trade, government, finance, real estate, medical, repair & maintenance etc. Intensified competition and deregulation has led many services and retail businesses to seek profitable ways to differentiate them. One strategy that has been related to success in these businesses is the delivery of high service quality. So service quality has become a significant research topic in past decade due to high revenues, increased cross sell ratios, higher customer retention, purchasing behaviors and expanded market share.

X. THE DISTINCTION BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION

A review of the emerging literature suggests that there appears to be relative consensus among marketing researchers that service quality and customer satisfaction are separate constructs which is unique and share a close relationship (Cronin and Taylor, 1992; Oliver, 1993). Most researchers in the services field have maintained that these constructs are distinct (Bitner, 1990; Carman, 1990; Boulding et al., 1993; Spreng and Mackoy, 1996).

Table 1 identifies a number of key elements that distinguish customer satisfaction from service quality.

Table 1. The Distinction between Customer Satisfaction and Service Quality

Sl. No.	Customer Satisfaction	Service Quality
1.	Customer satisfaction can result from any dimension, whether or not it is quality related.	The dimensions underlying quality judgements are rather specific.
2.	Customer satisfaction judgements can be formed by a large number of non-quality issues, such as needs, equity, perceptions of fairness.	Expectations for quality are based on ideals or perceptions of excellence.
3.	Customer satisfaction is believed to have more conceptual antecedents.	Service quality has less conceptual antecedents.
4.	Satisfaction judgements do require experience with the service or provider.	Quality perceptions do not require experience with the service or provider.

Source: Adapted from various sources (Taylor, 1993; Oliver, 1993; Rust and Oliver, 1994; Spreng and Mackoy, 1996; Choi et al., 2004; Grace and O'Cass, 2005)

XI. DIMENSIONS OF SERVICE QUALITY

The SERVQUAL scale is the principal instrument widely utilized to assess service quality for a variety of services. Parasuraman et al., (1988) have conceptualized a five dimensional model of service quality such as: reliability, responsiveness, empathy, assurance and tangibility. Their measurement instrument is known as SERVQUAL, which has become almost the standard way of measuring service quality. Further, each item of SERVQUAL has been used twice: to measure expectations and perceptions of service quality. The central idea in this model is that service quality is a function of difference scores or gap between expectations and perceptions. The five dimensions of SERVQUAL Includes:

Tangibles: Physical facilities, equipment and appearance of personnel.

Reliability: Ability to perform the promised service dependably and accurately.

Responsiveness: Willingness to help customers and provide prompt service.

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Empathy: Caring and individualized attention that the firm provides to its customers.

XII. CONCLUSION

Banks have to understand the changing needs of customers, their aspirations and expectations to create value. Banks should also have a strong customer relationship management system that would indicate the worth of the customer and be able to understand his needs while interacting with him, so as to cross sell their products. To manage growth and continuity in business, human resources play an important role. The new generation private sector banks and foreign banks enjoy a lead in this regard when compared to PSBs and old generation private sector banks. Skill sets of employees

need up gradation so as to make them more comfortable with the latest technology that will increase their comfort level while educating customers to use the same in their day to day dealings. Efficient and knowledgeable employees are always a big boon for any organization. Employees should be trained in technical and behavioral aspects, so that banks can deliver quick and prompt services. Establishing branches in every possible area would be a better way to progress. This would really help banks to create more accounts and give more reach to the banks.

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