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Customer Attitude on Service Quality of Private Banks in Tiruchirappalli

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ABSTRACT

Marketing in today's world is so difficult for existing players and the new entrants due to the fast growing, changes in the customer preference and tastes, rapid growth of technology, penetration of foreign players in the local market, price sensitiveness of customers and quality consciousness of government for attracting, acquiring, retaining customers in the business. To identify the attitude of the customer in the banking sector, a study has been made in the Tiruchirappalli region among private bank.

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Introduction

Retail banking Industry is growing rapidly in a fast and study phase to acquire and retain the customers. To face the global competition the private banks are taking innumerable steps to defend their business in order to maximize their potential business. Better service quality can be given to the customers by framing effective marketing strategies.

In services, the marketers have to different their service offerings in efficient than the product marketing. Main drawbacks in services marketing is, services can be differentiated by service providers especially the employees of the concern. If the employees are not properly trained, the bank will obtain negative impression among the customers.

Almost all the products offered by the banking companies are similar to other banks. Differencing their products through the services is the only way of developing the banks in the cities.

Parasuraman et. Al (1985) and Zeithaml et., al (1990) noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers. The quality of services offered will determine customer satisfaction and attitudinal loyalty.

About private retail banking in India

Private banking is banking, investment and other financial services banks to private individuals who invest sizable assets. The term "private" refers to customer service rendered on a more personal basis than in mass-market retail banking usually via dedicated bank advisers. It does not refer to a private bank, which is a non-incorporated banking institution.

Private banking forms an important, more exclusive, subset of wealth management. At least until recently, it largely consisted of banking services (deposit taking and payments), discretionary asset management, brokerage, limited tax advisory services and some basic concierge-type services, offered by a single designated relationship manager. Taking a largely passive approach to financial decision making, most clients trust their private banking relationship manager to 'get on with it.'

Private-sector banks have been functioning in India since the very beginning of the banking system. Initially, during 1921, the private banks like bank of Bengal, bank of Bombay, bank of Madras, were in service, which all together formed Imperial bank of India.

Reserve bank of India (RBI) came in picture in 1935 and became the centre of every other bank taking away all the responsibilities and functions of Imperial bank. Between 1969 and 1980 there was rapid increase in the number of branches of the private banks. In April 1980, they accounted for nearly 17.5 percent of bank branches in India. In 1980, after 6 more banks were nationalised, about 10 percent of the bank branches were those of private-sector banks.^[2] The share of the private bank branches stayed nearly same between 1980 and 2000.

Then from the early 1990s, RBI's liberalization policy came in picture and with this the government gave licenses to a few private banks, which came to be known as new private-sector banks.

There are two categories of the private-sector banks: "old" and "new". The old private-sector banks have been operating since a long time and may be referred to those banks, which are in operation from before 1991 and all those banks that have commenced their business after 1991 are called as new private-sector banks. Housing Development Finance Corporation Limited was the first private bank in India to receive license from RBI as a part of the RBI's liberalization policy of the banking sector, to set up a bank in the private-sector banks in India.

Now a day there is a list of private banks which are effectively performing in the banking sector to attract the customers in India. Due to the technological development, the services of the banking sector become easy. Some of the private banks do the services such as ICICI bank, HDFC bank, City Union bank, Kotak Mahindra Bank, Yes bank, IndusInd Bank, Axis Bank, Karur Vysya Bank and so on.

At present, there are 32 private banks comprising of 24 old banks, which existed prior to 1993-94 and eight new private banks, which were established during 1993-94 and onwards after the RBI announced guidelines in January 1993 for establishment of New Banks in private sector following the recommendations of Narashimham Committee-I (1991). Compared to New private sector banks, the old banks are smaller in size. For example, at end March 2000, the average net worth of the 24 Old Private Banks (OPB) was 179.67 core per OPB compared to that of the New Private Bank (NPB) at Rs. 479.88 core per NPB.

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The onset of competition from the private players and initiation of banking reforms since early 1990s have led to an increased emphasis on efficient customer service (Narsimham Committee, 1991). Moreover, the tough competitive arena in which these banks operate today, maintaining the quality of service is a pre – requisite for survival. Therefore, measurement of service quality has increasingly created an interest among the service providers (banks) and scholars alike. It is so because service quality is being used to position the banks in the market place (Brown & Swartz 1989). However, the service quality is hard to measure (Rust, Zahorik & Keiningham, 1995). In case of banking services, the varied service products being offered and their interface with the information technology like banking on internet, electronic delivery channels, etc. help the banks in seizing the market and be the ultimate winners (Cooper & Edgett, 1996). This also forms an important aspect of service quality. Despite this understanding, conceptualization and measurement of service quality have been the most controversial and debated topics in service marketing literature. There has been considerable research as to how service quality should be measured (Babakus & Boller 1992; Brown, Churchill & Peter 1993; Parsuraman, Zeithaml and Berry 1985,1988, 1991 & 1994). Reseve done various alternate concepts for service quality, like the Nordic perspective (Gronroos 1982,1984) and the American perspective (Parsuraman, Zeithamal and Berry, 1988). Customers do not perceive quality as a uni - dimensional concept (Zeithamal, Parsuraman & Berry 1993). Later the increased interest in the multi – dimensions of service quality led to the development of another model (Rust & Oliver, 1994), which identified service quality as a three dimensional concept.

Reliability	Perceived Service	Percieved service quality
Responsiveness		
Empathy	Expected service	
Assurance		
Tangibles		

Model of Service Quality Perception

From the above model the service quality is explained by Parasuraman and Zeithaml as SERVQUAL model. This model is extremely different from other models because it indicates the gap between management perceptions and consumer expectations, gap between management perceptions and service quality specifications, gap between service quality specifications and service delivery, Gap between service delivery and external communication and the gap between expected service and perceived service. There are lot research has been done in this SERQUAL model and various perspectives have given in this area by different researchers. However, there is a wider agreement that the five dimensions i.e. reliability, responsiveness, empathy, assurance and tangibles are important aspects of service quality (Fisk, Baron & Bitner 1993). In fact, the researchers have proved that the Nordic as well as American perspective define the customer’s perception of the organization’s technical and functional quality, service product, service delivery and service environment, which reliability, responsiveness, empathy assurance and tangibles are associated with the service experience (Brady & Cronin Jr., 2001).

Research Methodology

The service quality model developed by Zeithamal, Parasuraman and Berry (1988) has been used in the present study. The main assumption of the model is to assess the service quality of the various banks in Tiruchirappalli region.

Likert’s five point scale has been used to measure the quality of the banks to the customers. 240 samples have been collected from various respondents in the dimensions of the

service quality in the selected four banks namely ICICI BANK, HDFC BANK, Karur Vysya Bank AND CUB.

Reliability test has been applied to measure the consistency, stableness of the questionnaire. Validity of the questionnaire also assessed to know the questions measured what it is supposed to measure. A proper survey research has conducted to collect data from the respondents and analyzed those data to reach conclusions.

Objectives and Scope of the Study:

- 1-To analyze the customer attitude towards the services of private banking in terms of quality
- 2-To understand the determinants of service quality in private banks

Hypothesis

The hypothesis of the study is: -

A tentative statement has been developed as a hypothesis to know the significant relationship between the dimensions of the service quality such as assurance tangibility, reliability, responsiveness, and empathy for all the banks under study.

It is also an important dimension of service quality, which has been represented in Table 1. As depicted in the table, it is clearly indicated that assurance has the highest score of 7.67

Table 1. Dimension in Assurance banks

Banks	Assurance Factor	Rank
ICICI Bank	8.12	2
HDFC Bank	8.23	1
KVB	7.23	3
CUB	7.10	4
Mean	7.67	

From the above table HDFC bank (8.23) score is higher and the rank is no. one than other banks in assurance. It shows that the assurance of the bank in services is higher than any other bank. The next to the HDFC bank, ICICI bank (8.12) occupied the second position in this assurance factor. KVB (7.23) and CUB (7.10) comes subsequently in the assurance factors of banking services.

Table 2. Tangibility of the Banks

BANKS	Tangibility Factor	Rank
ICICI bank	8.19	2
HDFC Bank	8.27	1
KV Bank	7.33	3
CUB	7.20	4
Mean	7.74	

From the above table HDFC bank (8.27) score is higher and the rank is no. one than other banks in tangibility. It shows that the tangibility of the bank in services is higher than any other bank. The next to the HDFC bank, ICICI bank (8.19) occupied the second position in this tangibility factor. KVB (7.33) and CUB (7.20) comes subsequently in the tangibility factors of banking services.

Table 3. Empathy Dimension in Banks

Banks	Empathy factor	Rank
Icici bank	8.41	2
Hdfc bank	8.57	1
Kv bank	7.80	3
City bank	7.57	4
Mean	8.08	

From the above table HDFC bank (8.57) score is higher and the rank is no. one than other banks in Empathy. It shows that the empathy of the bank in services is higher than any other bank. The next to the HDFC bank, ICICI bank (8.41) occupied the second position in this empathy factor. KVB (7.80) and

CUB (7.57) comes subsequently in the empathy factors of banking services.

Table 4. Responsiveness Dimension in banks

BANKS	Responsiveness	Rank
ICICI bank	8.18	2
HDFC Bank	8.64	1
KV Bank	7.84	3
CUB	7.72	4
Mean	8.09	

From the above table HDFC bank (8.64) score is higher and the rank is no. one than other banks in Responsiveness. It shows that the responsiveness of the bank in services is higher than any other bank. The next to the HDFC bank, ICICI bank (8.18) occupied the second position in this Reliability factor. KVB (7.84) and CUB (7.72) comes subsequently in the Responsiveness factors of banking services.

Table 5. Reliability Dimension in banks

BANKS	Reliability	Rank
ICICI bank	8.28	3
HDFC Bank	8.66	1
KV Bank	7.94	2
CUB	7.76	4
Mean	8.16	

From the above table HDFC bank (8.66) score is higher and the rank is no. one than other banks in Reliability. It shows that the Reliability of the bank in services is higher than any other bank. The next to the HDFC bank, ICICI bank (8.28) occupied the second position in this Reliability factor. KVB (7.94) and CUB (7.76) comes subsequently in the Reliability factors of banking services.

Private Sector Banks

The analysis reveals that among the private sector banks all the dimensions of service quality are equally important. However, the scores have been different for these banks. While comparing the dimensions, (see Table 6) the scores for HDFC have been higher in comparison to other banks.

Table 6. Private Sector Banks

Factor	Private Sector banks
Tangibility	7.74
Empathy	8.08
Assurance	7.67
Responsiveness	8.09
Reliability	8.16
Mean	7.94

The analysis of the private sector banks clearly identifies Reliability and Responsiveness as the most relevant factor of quality perception, as it has the highest value among the dimensions. Empathy has scored the minimum value in the private sector, which certainly is a big factor contributing towards the lower quality perception of the private sector banks. Comparison of individual scores with the average mean value also confirms the above average perceptions in public sector banks, as three out of five dimensions have scored higher than average values. In case of private sector banks, only two dimensions have higher than average values. This shows that public sector banks enjoy a better quality perception among their customers.

Findings of the study

The study consists of the major determinants of the service quality such as reliability, tangibility, responsiveness, assurance and empathy.

There are four banks have been taken to measure the quality of services, out of which HDFC bank scored highest mean. HDFC provide better ATM facilities, signboards, customer

services, less waiting time, fast transactions, net banking facilities, comfortable interior related to the dimension of reliability and tangibility, responsiveness and assurance. HDFC has four branches in Tiruchirappalli region provides almost similar facilities in all the banks in the same region. Even the other dimensions compare to the other banks such as ICICI Bank, KV Bank and CUB; the HDFC leads better than the others. HDFC holds excellent infrastructure, trust and confidence among the customers which makes them to provide an excellent service to the society. Measurement of the empathy dimension identifies better understanding of customers' needs, as being very high in the HDFC bank, followed by ICICI Bank, KV Bank and lastly by CUB.

Suggestions

Develop excellent infrastructure facilities in the cut throat competition.

Better customer services

Train the employees technically as well as psychologically to serve better

Cope up with the high-end technology and update to the contemporary world.

Technology enabled services provide fast and better service to the customers.

Banks should focus themselves in quality to differentiate their services.

Development and growth of the banks can be done through customer attraction and retention

Delighted customers convey all the positive aspects of the business to others. It is the duty of the bankers to delight the customers to bring new customers.

Internal environment such as interior decoration, air-conditioned waiting hall, token system for transactions, drinking water facilities, employees behavior, lighting, ventilation and sign boards. This ambience will create positive aspects about the banks among the customers.

Conclusions

From the above study, the overall effectiveness of service quality is good at HDFC compare to other banks such as ICICI bank, KVB and CUB. Employee training is also an important aspect in the services for better quality. In order to be successful in the banking sector, all the banks have to take innovative ideas to deal with the customer. By doing all the marketing efforts, the bankers can bring the customers inside, but at the same time, a continuous satisfaction in all the aspects will retain the customers for longer duration.

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