

**A COMPARATIVE STUDY ON SERVICE QUALITY
PERCEPTION AND PREFERENCE OF CUSTOMERS
ABOUT PUBLIC AND PRIVATE SECTOR BANKS
IN TIRUNELVELI DISTRICT**

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CERTIFICATE

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DECLARATION

I hereby declare that the thesis entitled “**A COMPARATIVE STUDY ON SERVICE QUALITY PERCEPTION AND PREFERENCE OF CUSTOMERS ABOUT PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT**” submitted by me for the Degree of Doctor of Philosophy in Commerce is the result of my original and independent research work carried out under the guidance of **Dr. C. EUGINE FRANCO**, Associate professor, PG & Research Department of Commerce, St. Xavier's College (Autonomous), Palayamkottai and it has not been submitted for the award of any Degree, Diploma, Associateship, Fellowship of any University / Institution.

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LIST OF ABBREVIATION AND THEIR EXPANSION

S.No.	Abbreviation	Expansion
1.	ANOVA	Analysis of Variance
2.	ATM	Automatic Teller Machine
3.	BC	Before Christ
4.	CAGR	Compound Annual Growth Rate
5.	CCI	Controller of Capital Issues
6.	CRAR	Capital to Risk (Weighted) Assets Ratio(CRAR)
7.	CRM	Customer Relationship Management
8.	CRR	Cash Reserve Ratio
9.	DFIs	Development Finance Institutions
10.	ESQ	Electronic Service Quality
11.	IFCI	Industrial Finance Corporation of India
12.	FY	Fiscal Year
13.	GDP	Gross Domestic Product
14.	GLM	General Linear Model
15.	HDFC	Housing Development Finance Corporation
16.	HRM	Human Resource Management
17.	ICICI	Industrial Credit and Investment Corporation of India Bank
18.	IDBI	Industrial Development Bank of India
19.	IFCI	Industrial Finance Corporation of India
20.	IMF	International Monetary Fund
21.	Km	Kilometre
22.	LIC	Life Insurance Corporation
23.	NABARD	National Bank for Agriculture and Rural Development
24.	NBFC	Non-Banking Financial Corporation
25.	NHB	National Housing Bank

26.	NPA	Non-Performing Assets
27.	OLS	Ordinary Least Squares
28.	PLR	Prime Lending Rate
29.	PNB	Punjab National Bank
30.	POSB	Post Office Savings Bank
31.	PSA	Priority Sector Advances
32.	RBI	Reserve Bank of India
33.	RCS	Registrars of Cooperative Societies
34.	RoA	Return on Assets
35.	RoE	Return on Equity
36.	RRB	Regional Rural Bank
37.	SBI	State Bank of India
38.	SCB	Scheduled Commercial Banks
39.	SEBI	Security Exchange Board of India
40.	SEM	Structural Equation Models
41.	SERVPERF	Service Performance
42.	SERVQUAL	Service Quality
43.	SIDBI	Small Industries Development Bank of India
44.	SMAC	Social, Mobile, Analytics& Cloud
45.	SPSS	Statistical Package for the Social Sciences
46.	sq mi	square mile
47.	UAE	United Arab Emirates
48.	UK	United Kingdom
49.	USA	United States of America
50.	USD	United States Dollar
51.	UTAUT	Unified Theory of Acceptance and Use of Technology
52.	UTI	Unit Trust of India

CHAPTER I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The service sector makes significant contribution to economic and social development of countries around the world¹. The banking services industry in India has undergone rapid changes since post-independence. Especially, liberalisation, the opening up of the economy in the 1990s and the government's decision to privatise banks by reduction in state ownership culminated in the banking reforms based on the recommendations of the Narasimhan committee triggered up bank services. This also has led the Indian banking industry to experience difficult times. Regulatory changes highly tightened the level of competitions. As the numbers of banks are increasing, customers' expectations of service quality is growing. It has become imperative to measure the service quality of the bank so that the service providers can assess their level of service quality and identify the quality gaps for improvements. Quality is a multi-variable concept. Service quality is seen to be one of the main determinants of customers' satisfaction. As pointed out by Taylor and Baker in 1994², service quality has become a critical prerequisite for satisfying and retaining valued customers in banks. Rendering quality service to satisfy and retain customers is the key to success in banking business. Service quality has been identified as the critical ingredient to success and customers must be satisfied in order to stay ahead of the competitors. Service quality is defined as "a global judgment or attitude, relating to the overall

¹ Daniels P.W. and James Harrington, W. (2008), "Services and Economic Development in the Asia-Pacific Dynamics of Economic Space Organization of Industrial Space Series" the University of California, ISBN 0754648591, 9780754648598

² Taylor, S.A., and Baker, T.L. (1994), "An Assessment of the Relationship Between Service Quality and Customer Satisfaction in the Formation of Customers' Purchase Intentions", Journal of Retailing, Vol. 70, Pp. 163-178.

superiority of the service”.³ Product differentiation is impossible in a competitive environment like the banking industry. Banks everywhere are delivering the same products. So bank management tends to differentiate them from competitor’s through service quality. Service quality is an imperative element impacting customers’ satisfaction level in the banking industry. Since recognition of service quality being a competitive weapon for overcoming existing competitions, every bank is strived their maximum in differentiating its products. It is also noted that it is difficult to balance between winning new customers and retaining old customers. Customer expectation is still the major reason of bank customers’ switch over to other banks.

In the present scenario, with the increased competition, service quality has become a serious key factor that has to be examined, viewed, scrutinized, analysed and focused in keeping competitive advantage and sustaining satisfied relationship with the customers. When good service is extended to a customer, a loyal customer will work as an ambassador to the bank and facilitate growth of business.⁴ The customer acts as a propagandist in revealing the goodness of banking with a particular bank. A satisfied customer becomes a source to attract new customers to a bank. This is understood as customer loyalty. It is therefore, important to understand the customers’ expectations properly and delivering actual performances that exceed expectations so as to make them delighted customers.⁵

It emphasises the need of effective marketing system and practices in bank.

³ Parasuraman, A., Zeithaml and V.A., Berry, L.L. (1988), “SERQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality”, *Journal of Retailing*. Vol. 64 (1), Pp. 12-37

⁴ Bhaskar P.V. (2004). “Customer Service in Banks”, *IBA Bulletin*, Vol. 36(8), Pp. 9- 13.

⁵ Ghodeswar B.M. (2002), “Gaining Customer Loyalty through Superior Service”, *Search a Monthly Business*, Tata Infomedia Ltd., Vol. 2(2) Pp. 72-74.

1.2 BANKING INDUSTRY IN INDIA

Bank is a business of accepting deposits and lending money. It is carried out by financial intermediaries, which performs the functions of safeguarding deposits and providing loans to the public. Section 5 (b) of the Banking Regulation Act 1949 defines “banking” as “accepting for the purpose of lending and investment, deposits of money from the public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise”. Any company, which transacts the business of banking is called banking company. Banking System is a principal mechanism through which the money supply of the country is created and controlled.

As far as the evolution of banking in India is concerned, it came with the establishment of Bank of Bengal, Bank of Bombay and Bank of Madras was established in January 1868. In 1876, the Presidency Bank Act came into existence, which brought the three above stated banks under the common statute. The Swadeshi movement, which began in 1906, prompted the formation of a number of commercial banks, such as the Peoples Bank of India Ltd., the Central Bank of India, the Indian Bank Ltd., and the Bank of Baroda Ltd. A series of banking crises during the years 1913-1917 witnessed the failure of as much as 588 banks in India.

In 1921, the three Presidency banks and their branches were merged to form the Imperial Bank of India, which acquired the triple roles, namely, a commercial bank, a banker's bank and a banker to the Government. RBI Act was passed in 1934 and the Reserve Bank of India became the first central bank of our country w.e.f. April 1, 1935. It took over the central banking activities from the Imperial Bank of India in which majority of the shares were held by private people. The Reserve Bank of India was nationalised with effect from 1st January, 1949 on the basis of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948. All shares in the capital of the Bank

were deemed transferred to the Central Government on payment of a suitable compensation.

In 1951, when the first five year plan was launched, the development of rural India was given the highest priority. The All India Rural Credit Survey Committee recommended the creation of a State-partnered and State-sponsored bank by taking over the Imperial Bank of India and integrating with the former State-owned or State-associated banks. Accordingly, an Act was passed in the Parliament in May 1955 and the State Bank of India was constituted on July 1, 1955. Later, the State Bank of India (Subsidiary Banks) Act passed in 1959, enabling the State Bank of India to take over former State-associated banks as its subsidiaries, namely State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra and State Bank of Travancore. The Indian banking scene underwent significant changes, during the period 1969 to 1990. The Government of India, on 19th July, 1969 nationalised, 14 major Indian commercial banks, by an ordinance, having deposits of Rs. 50 Crore and above. The acquisition of ownership of banks was to enable banks to play more efficiently the role of a catalytic agent for the economic growth by extending banking facilities to the most deserving classes. Another important structural development was the formation of the Regional Rural banks (RRBs) which were started in 1976. Their ownership vests with the sponsoring commercial bank, the central Government and the State Government of the area. Under This approach, 16 RRBs were set up.

Indian banking system is a mixed banking system consisting of two major segments viz. public sector and private sector

Public sector banks are the one in which the government has a major holding. Public sector in the banking industry emerged with the nationalization of Imperial Bank

of India (1921) and creating the State Bank of India (1955) as a part of integrated scheme of rural credit proposed by the All India Rural Credit Survey Committee (1951). One of the objectives of establishing the SBI was to provide extensive banking facilities in rural areas by opening as a first step 400 branches within a period of 5 years from July 1, 1955.

The Public sector in the Indian banking got widened with two rounds of nationalization-first in July 1969 of 14 major private sector banks each with deposits of ₹ 50 crore or more and thereafter in April 1980, 6 more banks with deposits of not less than ₹ 2 crore each. It resulted in the creation of public sector banking with a market share of 76.87 per cent in deposits and 72.92 per cent of assets in the banking industry at the end of March, 2003. With the merger of 'New Bank of India' with 'Punjab National Bank' in 1993, the number of nationalized banks became 19 and the number of public sector banks 27. The number of branches of public sector banks, which was 6,669 in June, 1969, increased to 41874 by March 1990 and again to 46,752 by March 30, 2003. The public sector banks thus came to occupy a predominant position in the Indian banking scene.

The public sector banks are turning the spotlight on the customer and offering quicker and better service. That includes everything from ATM machines and computerized branches to never before seen marketing initiatives. Clearly, public sector banks have woken up to competition. After, post-liberalization, several new generation private sector banks changed the face of the industry, with a distinct customer focus. These changes are now taking place in many public sector banks. Private sector banks brought the concepts into existence like customer relation officers, focused marketing teams and single window banking. Moreover, with new technology, private sector banks like ICICI and HDFC Bank started to offer customer services like ATMs, phone

banking, internet banking, automatic money transfer, mobile banking, core banking solutions and computerized monthly statements.

The private-sector banks are banks where greater parts of stake or equity are held by the private shareholders and not by government. Banking in India has been dominated by public sector banks since the 1969 when majority of then banks were nationalised by the Indian government. 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, another 6 more banks were nationalized. In 1990s, RBI's liberalisation 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.

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. 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. Narasimham Committee (1991) which recommended the free entry of new banks in the financial market provided they confirm the minimum startup capital of ₹ 500 crores and other requirements by the permission of Reserve Bank of India.

1.3 MARKETING OF BANKING SERVICES

Bank marketing is the aggregate of functions of a bank related with satisfaction of its customers. It is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse and satisfy customer needs. To satisfy these financial

needs, customers want specific services. Indian banks are assigned a target marketing approach whereby a specific target market is assigned to each bank branch and after the identification of needs of the customers, all efforts of the bank are required to be concentrated to satisfy the customers' needs to achieve the bank's social objectives. Banks have to find out such financial needs and wants of the customers and offer the services which can satisfy those needs. The individuals and corporate bodies have certain needs in relation to money commodity.

Marketing for service industry like banks is a philosophy to be understood by the whole organisation from the chief executive to the person working at the counter. The first and most important step in applying the marketing concept is to have a whole hearted commitment to customer orientation by all the employees. Marketing is an attitude of mind. This means that the central focus of all the activities of a bank is customer. Marketing is not a separate function for banks; it is required to be integrated with operation.

1.4 IMPORTANCE OF MARKETING IN BANKING SECTOR

The various factors which have led to the increasing importance of marketing in the banking industry are explained below:

- **Government Initiatives**

The Indian economy embarked on the process of economic reform and various policy measures initiated by the government resulted in the increasing competition in the banking industry, thereby highlighting the importance of effective marketing. The Narasimhan Committee Report shows the evidence of the Government's desire to 'reregulate' the banking industry so as to encourage efficiency through competition.

- **Deregulation of Interest Rates**

The bank may reduce their Minimum Lending Rates so as to attract customers (individual and corporate). Such reduction in lending rates reduce the spread between the deposit rates and lending rates, i.e. the banks margins would decline and they would have to increase their volumes or provide attractive services so as to maintain profits. This calls for bank marketing.

- **Increasing Emphasis on Bank Profitability**

With the Narasimhan Committee Report, banks have been directed to improve their efficiency, productivity and profitability. Banks are required to be self-sufficient. In fact, the report has adopted the BIS standards of capital adequacy (though in a phased manner).

- **Foreign Banks**

Foreign banks offer stiff competition to the Indian Banks and with their superior services and technology offers them a competitive advantage. Thus Indian Banks have to effectively apply marketing concepts to attract customers.

- **Entry of New Private Banks**

In the early '90s new competition emerged in the form of new Private Banks, who brought along with them a high technology-based banking matching with International Standards and have made a significant dent in the banking business by capturing substantial share in the profits of the banking industry.

- **Reduction of Statutory Liquidity Ratio**

With the Government's aim of reducing the SLR to 25 percent, the banks will have surplus funds for which they will have to attract users.

- **Social Environment**

The higher literacy levels, migration to urban areas and higher awareness due to the boom in the mass media have important implications for the retail banker. He needs to be conscious of the fact the increasing proportion of people are aware of financial service and are, therefore demanding and expecting higher quality services.

- **Increasing Urbanization, Education and Awareness**

The higher literacy levels, migration to urban areas and higher awareness due to the boom in the mass media have important implications for the retail banker. He needs to be conscious of the fact the increasing proportion of people are aware of financial service and are, therefore demanding and expecting higher quality services.

Decline in Traditional Indian Values (Borrowing as Taboo), Rising Consumerism, Rise in the Percentage of Working Women.

- **Technology Development**

Modernization of Technology has facilitated the introduction of new banking services as to attract new customers. An example of this is the 'Automated Teller Machines' or the facility of 'Any Time Money'. Also in foreign countries, banks are experimenting with money transmission at Point of sale, e.g., petrol station linked with banking network. Credit is Easier to Obtain Growing Importance of Non-Banking Financial Institutions: Fixed Deposits being offered by the NBFC's are very attractive for the public, because of the wide gap of interest rates offered by banks on term deposits and that offered by the NBCS's. Further, they offer a variety of specialized services to their customers so as to attract and retain them.

- **Disintermediation**

The increasing role of capital markets in mobilizing funds is reducing the importance of banks as intermediaries. Companies are directly approaching the savers through the capital markets. Mutual funds help in attracting the small investors who do not want to take much risk.

1.5 ROLE OF CUSTOMER SERVICE IN BANK MARKETING

Customer services are recognized as a key factor in bank marketing. They play a vital role in banks' success. The following points justify the importance of customer services in banking business today.

- (i) No business can survive without customer. Any company that wants to stay in business has to understand what constitute quality in the eyes of its present and prospective customers.
- (ii) Banks are facing competition from non-banking financial institutions and other similar companies
- (iii) Due to the trend of disintermediation which is visible throughout the world, introduction of de-regulation and emergence of new financial instruments. Banks have to seek business by aggressively marketing their products.
- (iv) A bank must the meet financial needs of customers, by acting as a custodian of their assets.
- (v) Customer services assumes special significance as in developing countries like India, banks are not merely financial institution s aiming at profit, but determined to achieve a social purpose.

- (vi) Customer service in banks means satisfying the needs of customers at the right time.

1.6 STATEMENT OF THE PROBLEM

Banks, either public sector banks or private sector banks, are highly competitive with each other with their own objectives and targets. Banking is customer oriented service industry. So, customer is the focus point for banks like any other organisation. Customer service is not only a critical function but plays a vital role for the business. Banking is a catalyst and life of modern trade and commerce. It is an integral part of all the business and social activities. But, because of modern information era banking services are meeting transformation every day. This unpredictable transformation of the services in the banking system has led to the evolution of highly competitive and complex market where there is continuous refinement of services. Every engagement with the customer is an opportunity to either develop or destroy a customer's faith in bank. The expectations of the customers increased many folds. Customer has become the focus point for both achievement of winning confidence and get more market share. In one hand, the need of banking in developing Indian economy is increasing. On the other hand, change in business climate has put increased pressure on them. As a result banks are compelled to reorganise themselves in order to cope with the present condition. When expectations are greater than performance, then the perceived quality is less than satisfaction and customers' dissatisfaction occurs.⁶ Delivering quality service is imperative to have customer orientation as a culture in the bank. The customer orientation builds long term relationship resulting in customer satisfaction.⁷ Generally customers from urban India no longer want to wait in long queues and spend

⁶ Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985), "A Conceptual Model of Service Quality and its Implication", *Journal of Marketing*, Vol. 49, Pp. 41-50.

⁷ Swarup, K.S. (2004), "Customer Orientation in Banks for Building Long Term Relationships", *IBA Bulletin*, Vol. 26(8), Pp. 17-20

hours in banking transactions. On the other hand, customers from rural India don't have such reservations since they are more money conscious. In addition, generally laymen customers are quantity conscious whereas business customers are quality conscious. Like other organisations, banks are also deploying innovative sales techniques and advanced marketing tools to gain supremacy. As far as the public sector banks are concerned they are under statutory obligations that they need to implement certain schemes from time to time announced by the central government and RBI. Poor, middle class and higher income group people are given equal importance inspite of their volume of transactions. The working atmosphere is also quite normal except in some public sector banks and are conducive in nature. Higher middle class and higher income group of people are given much importance by the private sector banks. These banks are usually concentrated in urban areas with spacious layout and adequate infrastructure facilities. The amount spent per customer is quite high because the coverage is limited in urban area. Individual attention and care will be given as the number of customers may be less when compared to PSU's and the formalities, procedures and time taken may be less, easy and simple for many of the transactions. Private Banks has their own objectives and ways of attaining new customers. The quality of services rendered may also vary.

Formalities in processing credit applications and availing loans, interest rates for deposits and loans, spacious layout, adequate staff at counters, visible display of information, coverage of geographical area, individual attention, attractive advertisements, creative plans and policies and the friendly approach of staff towards the customers are some of the common areas where the degree of satisfaction of customers may vary in case of public sector and private sector banks.

As a result, need to study about the customers' satisfaction and the level of satisfaction of customers becomes inevitable as these factors affect the working of the industry in rendering fruitful and quality services and also for the upliftment of the industry in general.

1.7 NEED OF THE STUDY

"If you cannot measure it, you cannot improve it" Lord William Thomson Kelvin (1824-1907)

Increased competition, highly educated customers and increased in standard of living are forcing many business to review their customer service strategy. Many business firms are channeling more efforts to retain existing customers rather than to acquire new one since the cost of acquiring new customer is greater than 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. Maximising satisfaction of customer through quality customer service has been described as 'the ultimate weapon'.⁸ 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 customer's point of view may be sound and interesting at this juncture. Such an analysis will provide banks, a quantitative estimate of their service being perceived with intricate details such as whether banks are meeting the expectation of the customers or not.

⁸ Davidow, A., and B. Uttal (1989), "Total Customer Service: The Ultimate Weapon", New York: Hopper and Row.

1.8 SCOPE OF THE STUDY

The researcher focused attention to identify the customers' perception towards various service quality dimensions and their preference to the banks. In this research work, the researcher attempted to measure the perception of the customers towards the service quality dimensions, their expectations towards various facilities offered by the banks and their level of satisfaction towards various services.

The researcher has also made an attempt to explore the relationship between the demographic variables of customers and their perception of service quality dimensions and customer satisfaction. The study was carried out within the city limit of Tirunelveli district, Tamilnadu.

1.9 OBJECTIVES OF THE STUDY

- ❖ To study the **various customer services offered** in the public sector banks and private sector banks.
- ❖ To study and **compare the existing service quality dimensions** in the public and private sector banks.
- ❖ To find out the **service quality perception** of customers towards the public and private sector banks.
- ❖ To find out the **customers' preference** towards public and private sector banks and their similarities and differences.
- ❖ To study the **impact of various demographic variables on their selection of bank service**.
- ❖ To measure the **service quality gap** in providing the banking services.

- ❖ To find out the **problems** faced by the customers in availing banking services.
- ❖ To offer **better suggestions to banking companies** for improving their service quality.

1.10 HYPOTHESES

Ho: There is no significant difference in expectation towards tangibility aspect of service quality of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in expectation towards reliability aspect of service quality of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in expectation towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in expectation towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in expectation towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in perception towards tangibility of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in perception towards reliability of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in perception towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in perception towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in perception towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in customer satisfaction towards public sector banks and private sector banks in Tirunelveli district.

Ho: There is no significant difference in opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks and private sector banks in Tirunelveli district.

1.11 RESEARCH DESIGN

The methodology of the study is based on both primary data and secondary data. The primary data collected through well-framed and structured questionnaire to elicit the well-considered opinion of both public sector and private sector banks' customers. Stratified random sampling method has been used to collect the responses from the customers of both public and private sector banks.

This research is a combination of both exploratory and descriptive research designs. Exploratory Research has conducted with the purpose of gaining better insight about the banking sector scenario in study area. Since, the researcher has no control over the variables; he can only report what has happened and what is happening. This design refers to a set of methods and procedures that describe variables. It contains reviews and facts verdict enquiry of different kinds.

1.12 SAMPLING DESIGN

In this study stratified random sampling method has been followed. A total of 672 sample respondents have been selected for the study. Based on the available secondary data as regards, the number of both public and private sector banks, located in the rural, semi-urban and urban areas of Tirunelveli district, 528 sample respondents of public sector banks and 144 sample respondents of private sector banks have been randomly selected from all the strata of rural, Semi-urban and urban banks. However, as urban customers avail more number of banking services and as they transact with their banks more frequently, more number of sample respondents were taken from urban area, slightly lesser number of sample respondents from semi-urban area and still lower number of respondents from rural area. The composition of the total sample respondents 672, who have been randomly selected for the study is given in table 1.1.

Table 1.1**Composition of the total sample respondents**

Public Sector Banks					
Sl. No	Area	No. of Banks	Sample	Sub Total	Total
1	Rural	72	1	72	
2	Semi-urban	84	2	168	
3	Urban	72	4	288	
TOTAL		228		528	528
Private Sector Banks					
1	Rural	28	1	28	
2	Semi-urban	34	2	68	
3	Urban	16	3	48	
TOTAL		78		144	144
Total Sample size					672

1.13 STUDY AREA

The study was conducted in Tirunelveli district. Tirunelveli district is a district of Tamilnadu state in southern India. The city of Tirunelveli is the district headquarters. Tirunelveli district was formed on 1st September 1790 by the East India Company (on behalf of the British government) and comprised the present Tirunelveli and Thoothukudi districts and parts of Virudhunagar and Ramanathapuram districts. As per the statistics on October 2008, it is the second-largest district, after Villupuram district. As of 2011, the district had a population of 30,77,233.

1.14 DATA COLLECTION

Each public sector and private sector banks has different number of branches in Tirunelveli district. Therefore, due care was taken to ensure the selection of customers from each bank in a stratified proportionate manner. Pilot study was undertaken with 50 sample respondents. Based on the pilot study results, 672 questionnaires were

distributed to the customers of 228 public sector bank branches and 78 private sector bank branches. After consistent follow up, calculation to give proportionate weight was done by the researcher. Finally, 528 questionnaires from the respondents of public sector banks and 144 questionnaires from the respondents of private sector banks were collected.

1.15 PERIOD OF DATA COLLECTION

The required primary data were collected through the structured questionnaire from the sample respondents during the period between 1st April, 2016 and 31st March, 2017.

1.16 FRAMEWORK OF ANALYSIS

The primary data collected through questionnaire were analysed using SPSS 15 computer package. The statistical tools used for data analysis based on the data enumerated from the questionnaires are as follows:

1.16.1 Percentage Analysis

This tool is used to establish the contribution of variables in both optional and multiple choice questions raised in the questionnaire regarding demographic variables and different types of services offered by public sector and private sector banks.

1.16.2 SERVQUAL

SERVQUAL stands for Service Quality. Service quality (SQ) is a comparison of expectations (E) with performance (P). In the SERVQUAL instrument, 33 statements (Appendix I) measure the performance across these five dimensions, using a five point likert scale measuring both customer expectations and perceptions.

1.16.3 ANOVA

The Analysis of Variance, popularly known as the ANOVA can be used in cases where there are more than two groups. When we have only two samples we can use the t-test to compare the means of the samples. But, it might become unreliable in case of more than two samples. ANOVA is used to compare the means of more than two samples.

1.16.4 Garrett's Ranking Analysis

Garrett's ranking technique was used to rank the preference indicated by the respondents on different factors. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent position: } 100 (R_{ij} - 0.5) / N_j$$

Where

R_{ij} = Rank given for the i^{th} variable by j^{th} respondents

N_j = Number of variable ranked by j^{th} respondents

With the help of Garrett's table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor

1.16.5 Factor Analysis

Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. This technique extracts maximum common variance from all variables and puts them into a common score. As an index of all variables, we

can use this score for further analysis. Factor analysis is part of general linear model (GLM) and this method also assumes several assumptions. They are, 'there is linear relationship', 'there is no multi-co-linearity', 'it includes relevant variables into analysis' and 'there is true correlation between variables and factors'.

1.16.6 Chi-Square

This is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. For example, you expected 10 of 20 offspring from a cross to be male and the actual observed number was 8 males, then you might want to know about the "goodness to fit" between the observed and expected. Were the deviations (differences between observed and expected) the result of chance or were they due to other factors. How much deviation can occur before you, the investigator, must conclude that something other than chance is at work, causing the observed to differ from the expected. The chi-square test is always testing what scientists call the null hypothesis, which states that there is no significant difference between the expected and observed result. This approach consists of four steps: (1) state the hypotheses, (2) formulate an analysis plan, (3) analyze sample data, and (4) interpret results.

1.16.7 K-Means Cluster Analysis

K-means cluster analysis is applied to classify the sample unit into disjoint heterogeneous groups in public sector and private sector banks.

1.16.8 Multiple Regressions

Multiple regressions are used to find the influence of service quality dimensions on customer satisfaction over customer loyalty. Multiple linear regression attempts to model the relationship between two or more explanatory variables and a response

variable by fitting a linear equation to observed data. Every value of the independent variable x is associated with a value of the dependent variable y . In statistics, regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables. Classical assumptions for regression analysis include:

- The sample is representative of the population for the inference prediction.
- The error is a random variable with a mean of zero conditional on the explanatory variables.
- The independent variables are measured with no error.

1.16.9 Cronbach's Alpha

Cronbach's alpha is a measure of internal consistency, i.e. how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, Researcher wishes to provide evidence that the scale in question is unidimensional, additional analyses can be performed. The formula for the standardized Cronbach's alpha is given below:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$

Where, N is equal to the number of items, \bar{c} is the average inter-item covariance among the items and \bar{v} equals the average variance.

1.17 OPERATIONAL DEFINITIONS

Service Quality

Service quality is the customer's judgment of overall excellence of the service or the difference between customer's expectation and the actual service performed or perceived.

SERVQUAL

Twenty Two item scales is used to measure the perception of service quality; whereas the SERVQUAL uses the scale twice. Once to measure the expected service quality and once to measure the perceived service quality.

Measuring Service Quality

SERVQUAL is used to measure service quality as a multi-dimensional construct across five dimensions: tangibility, reliability, responsiveness, assurance and empathy

Tangibility

It means physical appearance of the facility which includes materials, equipment and personnel. This enhances the image of the company and provides a more positive image in the way the customer perceives the service.

Reliability

This refers to service reliability which is different from product reliability and involves the service provider to be able to perform the services accurately and dependably. This means that the company fulfils its promises with regard to the delivery of the service, the price and solving the customer's problems

Responsiveness

This refers to the readiness of the service provider to provide timely services to their customers. This includes paying attention to the customers and dealing with the customer's complaints and problems in a timely manner. Responsiveness is being flexible with the customer and trying to accommodate the customers' demands and performing the service without delay.

Assurance

Assurance means the ability to deliver services at a professional level. This includes the employees' knowledge and courtesy which inspires confidence in them. Having trust and confidence in the employee leads to the customer having more trust in the banking company itself.

Empathy

It means the ability to understand customer needs and to give personal attention. This includes the ability to show the customer that the service provider cares about him/her because the bankers know how valuable he/she is to the business. It is being able to build a relationship with the customers, understanding their needs and providing them with personalized services.

Preference

It is an individual's attitude towards a set of objects, typically reflected in an explicit decision-making process in banking transaction. It could be also interpreted as the evaluative judgment in the sense of liking or disliking towards banking process. Preference can be affected by a customer's surroundings and upbringing in terms of geographical location, cultural background, religious beliefs, and education.

Perception

It is the mental process of becoming aware of or recognizing banking offers and transactions. They are primarily cognitive rather than affective or conative. Perception allows banking customer to take the sensory information and make it into something meaningful.

1.18 LIMITATIONS

Every research is conducted under some constraints and this research is not an exception. Limitations of this study are as follows:

- ❖ The present study is limited to analyse the service quality perception and preference of customers in public sector and private sector banks in Tirunelveli district.
- ❖ A few respondents were reluctant to go in detail because of their busy schedule and as they had the fear of whether their bank details would be disclosed.
- ❖ The study may suffer from the element of biasness.
- ❖ No published data were available on the number of customers in the study area and no banks provide such data.

1.9 CHAPTER SCHEME

Chapter I “Introduction and Design of the Study” consists of introduction of the present study, brief history of Indian banking industry, scope of the study, need and importance of the study, statement of the problem, objectives of the study, hypotheses, research methodology, limitations of the study and the chapter scheme.

Chapter II “Review of Literature” presents the essence of various earlier studies relating to service quality, customer perception and customer preference.

Chapter III “Profile of the Banking Sector in the Study Area” deals with the general profile of the banking sector in Tamilnadu state and study area, i.e. Tirunelveli district.

Chapter IV “Conceptual Framework” gives a brief account of the conceptual framework of service, delivering quality services, service marketing, perception, preference and expectations of customers towards service providers.

Chapter V “Analysis of Service Quality Gap and Customers’ Satisfaction” portrays a detailed analysis relating to analysis of service quality gap and customers’ satisfaction based on data collected from respondents through questionnaire.

Chapter VI “Analysis of Factors Influencing Customers’ Perception and Reasons for Preferring the Bank” presents a detailed analysis relating to analysis of factors influencing customer perception and reasons for preferring the bank.

Chapter VII “Summary of Findings, Suggestions and Conclusion” gives the gist of the present study, its findings, suggestions based on the analysis conclusion and scope for further research in relation to the present study.

CHAPTER II

REVIEW OF LITERATURE

This study has attempted to find out the service quality perception and preference of customers about public and private sector banks in Tirunelveli district. In order to find out the uncovered areas, reviews were collected and analysed from both Indian studies and foreign studies.

FOREIGN STUDIES

Athanassopoulos (1997)¹ in his study linked the operational capabilities with quality of services and came out with the major conclusion that there is a close affinity between the two.

Walfried M. Lassar, Chris Manolis and Robert D. Winsor (2000)² examined the effects of service quality on customer satisfaction from two distinct analysis viz. SERVQUAL and Technical/Functional Quality. This research examined the potential utility of employing separate measures for customer satisfaction from the perspectives of both technical and functional aspects of the service delivery process.

Michael K Brady and Joseph Cronin Jr. (2001)³ through qualitative and empirical research found that the service quality construct conforms to the structure of a third-order factor model that ties service quality perceptions to distinct and actionable dimensions: out-come, interaction, and environmental quality. In turn, each has three sub dimensions that define the basis of service quality perceptions. From the above

¹ Athanassopoulos, A.D. (1997), "An Optimization Framework of the Triad: Capabilities, Service Quality and Performance", Working paper, Warwick Business School, University of Warwick, U.K.

² Walfried M. Lassar, Chris Manolis, Robert D. Winsor (2000), "Service Quality Perspectives and Satisfaction in Private Banking", Journal of Services Marketing, Vol. 14(3), Pp.244-271.

³ Michael K. Brady and J. Joseph Cronin Jr (2001), "Some New Thoughts on Conceptualizing Perceived Service Quality: A Hierarchical Approach" The Journal of Marketing, Vol. 65(3), Pp. 34-49.

reviews, it is evident that quality of service plays a vital role in attaining satisfaction. It is also clear that service quality has a direct and strong impact on customer satisfaction. Only when the customer's perception towards service quality is positive it leads to customer satisfaction.

Lori S. Cook & Rohit Verma (2002)⁴ in the study entitled as, “Exploring the Linkages Between Quality System, Service Quality and Performance Excellence: Service Providers Perspective”, explore the linkages between quality system, employee service quality culture, and performance excellence in the banking industry operating in a turbulent business environment. Properly conducted quality culture and strategic consensus assessment has the potential of informing a service organism of its current position and possible area of improvement. The purpose of the study was to assess the service employees' perception of an organization's quality management system on service quality and on operational performance. As discussed in the case study and shown by the survey results, the proposed relationship seem to hold for a large service organization operating in the turbulent business environment.

Sadiq Sohail M. and Balachandran Shanmugham B. (2003)⁵ conducted a study to analyse the preference and satisfaction level of customers. The study has three aims. The first is to determine if the basic demographic factors influence the internet usage for banking in Malaysia. The second is to examine the factors that affect the adoption of e-banking. The third is to investigate if there are any differences between the internet and non-internet users relating to the various factors. Results based on the analysis of data relating to 300 respondents indicate that while there are no significant

⁴ Lori S. Cook and Rohit Verma (2002), “Exploring the Linkages Between Quality System, Service Quality” and Performance Excellence: Service Providers Perspective”, *Quality Management Journal*, UTAH. Vol. 9(2), Pp. 12-20.

⁵ Sadiq Sohail, M. and Balachandran Shanmugham, B. (2003) “E-Banking and Customer Preferences in Malaysia: An Empirical Investigation”, *Information Sciences* Vol. 150(4), pages 207-217.

differences between the age and educational qualifications of the electronic and conventional banking users, some differences exist on other demographic variables. Analysis further reveals that accessibility of internet, awareness of e-banking and customers' reluctance to change are the factors that significantly affected the usage of e-banking in Malaysia.

Ding Hooi Ting (2004)⁶ conducted a study on the title ‘Service Quality and Satisfaction Perceptions: Curvilinear and Interaction Effect’. This study was focused on service quality and satisfaction judgments of customers in banking institutions throughout Malaysia. The study attempts to determine the relationship between service quality and satisfaction, where service quality is the independent variable and satisfaction is the dependent variable. Findings show that, service quality is the antecedent of satisfaction. The findings also support a curvilinear relationship for the variables under study. The results also show that bank-ownership moderates the relationship between service quality and satisfaction.

Gwo-Guang Lee, et al. (2005)⁷ developed a research model to examine the relationship between e-service quality dimensions and overall service quality, customer satisfaction and purchase intentions. Data of 297 online customers were used to test the research model. Confirmatory factor analysis was conducted to examine the reliability and validity of the measurement model and the structural equation modeling technique was used to test the research model. The analytical results showed that the dimensions of web site design, reliability, responsiveness, and trust affect overall service quality and customer satisfaction. Moreover, the latter in turn are significantly related to

⁶ Ding Hooi Ting (2004), “Service Quality and Satisfaction Perceptions Curvilinear and Interaction Effect”, *International Journal of Bank Marketing*, Vol. 22(6), Pp. 42-43.

⁷ Gwo-Guang Lee and Hsiu-Fen Lin, (2005), “Customer Perceptions of E-Service Quality in Online Shopping”, *International Journal of Retail & Distribution Management*, Vol. 33(2) Pp.161-176.

customer purchase intentions. However, the personalization dimension is not significantly related to overall service quality and customer satisfaction.

Huseyin Arasli et al., (2005)⁸ analysed and compared the quality of service in the commercial banking sector of Cyprus and investigated the relationship between overall bank customer satisfaction in the Turkish and Greek-speaking areas of Cyprus. The research results revealed that the assurance dimension had the largest influence on customer satisfaction and overall satisfaction of bank customers in both areas of Cyprus had a positive effect on their word-of-mouth and the expectations of bank customers in both areas were not met and that the largest gap was found in the empathy dimension.

Essam E Ibrahim et al., (2006)⁹ conducted a study on the tile “customers’ perception of electronic service delivery in the UK retail banking sector”. This study aims to explore the key factors of the electronic service quality (ESQ) perceptions of UK banking customers and to evaluate the customers’ perceptions of their banks’ actual performance on the identified ESQ dimensions. Exploratory factor analysis uncovered six composite dimensions of electronic service quality. They are convenient/accurate electronic banking operations, the accessibility and reliability of service provision, good queue management, service personalization, the provision of friendly and responsive customer service and the provision of targeted customer service. Further analysis using importance performance analysis revealed that the UK customers’ perceptions of their bank actual performance on these revealed that ESQ dimensions were largely modest.

⁸ Huseyin Arasli, Salih Turan Katircioglu and Salime Mehtap-Smadi, (2005), “A Comparison of Service Quality in the Banking Industry: Some Evidence from Turkish- and Greek-speaking areas in Cyprus”, *International Journal of Bank Marketing*, Vol. 23(7), Pp. 80-83.

⁹ Essam, E Ibrahim, Matthew Joseph and Kevin Ibeh, (2006), “Customers’ Perception of Electronic Service Delivery in the UK Retail Banking Sector”, *International Journal of Bank Marketing*, Vol.24(7), Pp.475-493.

Abu Shanab E. and Pearson J.M (2007)¹⁰ investigated the key determinants of the adoption of internet banking in Jordan. The author attempted to validate the appropriateness of the Unified Theory of Acceptance and Use of Technology (UTAUT) within the context of internet banking. The results of this study indicated that UTAUT provides a good foundation for future technology acceptance research. The three main predictors, viz. performance expectancy, effort expectancy and social influence were significant and gender moderated the relationships between the three independent variables and the dependent variable.

Durkin, et al., (2007)¹¹ conducted a study on the title “E-Banking Adoption: from Banker Perception to Customer Reality”. This study adopts a quantitative methodology and examines customer communication preferences when interacting with their bank. The customer satisfaction questionnaire was issued to over 2,000 retail customers. Through regression analysis, the key predictors that indicate whether or not customers will register as Internet banking users were identified. Twenty five senior branch bank managers were then asked to rank the same set of issues to ascertain what they felt to be the key influencers to customer registration for Internet banking. The similarities and differences between the two sets of findings are identified and the managerial implications for the case bank's marketing strategy discussed.

Istvan Szuts (2008)¹², in his report entitled as “Customer Loyalty Problems in Retail Banking” explains that to achieve higher business growth, banks must increase

¹⁰ Abu Shanab E. and Pearson J.M., (2007), “Internet Banking in Jordan: The Unified Theory of Acceptance and use of Technology (UTAUT) Perspective”, Journal of Systems and Information Technology, Vol. 9(1), Pp. 65-67.

¹¹ Durkin, Mark1, Aodheen O'Donnell, Gwyneth Mullholl and Jospeh Crowe (2007), “On E-Banking Adoption: from Banker Perception to Customer Reality”, Journal of Strategic Marketing, Vol.15(16), Pp. 237-252.

¹² Istvan Szuts (2008), “Loyalty Problems in Retail Banking”, 6th International Conference on Management, Enterprise and Bench Marketing, Budapest, Hungry.

customer loyalty by delivering a distinctive experience that combines the right mix of convenience, value and service and forge an emotional bond with customers.

Muslim Amin and Zaidi Isa (2008)¹³ made an attempt to examine the relationship between service quality perception and customers' satisfaction in Malaysian Islamic banking using the SEM approach. This model begins with SERVQUAL measurement scales consisting of six dimensions namely, tangibility, reliability, responsiveness, assurance, empathy and the compliance to measure Malaysian Islamic banking service quality. The results show that the proportion of Malaysian Muslims' awareness of the Islamic banking products and services were high compared to non-Muslim customers. The majority of the Islamic banking customers were satisfied with the overall service quality provided by their banks. The relationship between service quality and customer satisfaction was significant.

Akroush et al., (2009)¹⁴ in their study indicated that the service quality dimensions (functional and technical) have positively and significantly affected banks performance assessed based on financial performance and customer indicators. The functional quality dimension has a stronger effect on all banks performance indicators than the technical quality dimension. The effect of service quality dimensions (functional and technical) on the banks financial performance is still stronger than their effects on banks customer indicators.

¹³ Muslim Amin and Zaidi Isa (2008), "An Examination of the Relationship Between Service Quality Perception and Customer Satisfaction: A SEM Approach towards Malaysian Islamic Banking", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1(3), Pp. 43-45.

¹⁴ Akroush, Mamoun N.; Khatib and Fahed, S. (2009), "The Impact of Service Quality Dimensions on Performance: An Empirical Investigation of Jordan's Commercial Banks", *Journal of Accounting, Business & Management*, Vol. 16(1), Pp. 22-44.

Hummayoun Naeem et al., (2009)¹⁵ investigated the impact of service quality on customer satisfaction in the Pakistani banking sector. The constructs of SERVQUAL model developed by Zeithaml and Bitner (1996) and five point customer satisfaction tool developed by Taylor and Baker (1994) were adopted and used for data collection. Results of the study indicated that the service quality was proved to be a strong predictor of customer satisfaction in case of foreign bank. They concluded that if service quality is managed and maintained effectively, it can contribute significantly towards customer satisfaction.

Barbara Culiberg (2010)¹⁶ explored service quality in a retail bank setting in Slovenia and its influence on customer satisfaction. Based on SERVPERF a 28item scale has been developed for this study. Through factor analysis four dimensions of service quality have been obtained. The results of regression analysis suggest that all four dimensions of service quality as well as service range influence customer satisfaction.

Figen Yeilada et al., (2010)¹⁷ has three fold aim in his study. They are to test the dimensionality of the SERVQUAL instrument in the Northern Cyprus health care industry, to assess the service quality provided in public and private hospitals in Northern Cyprus and to identify the service quality dimensions that play important role in patient satisfaction. Data were collected in two phases from the same sample, which consisted of 806 systematically selected people above the age of eighteen. Factor analysis revealed a three factor solution, namely, reliability-confidence, empathy and

¹⁵ Hummayoun Naeem, Asma Akram and Iqbal Saif, M. (2009), "Service Quality and its Impact on Customer Satisfaction: An Empirical Evidence from the Pakistani Banking Sector", *International Business and Economics Research Journal*, Vol. 8(12), Pp.99-104.

¹⁶ Barbara Culiberg, (2010), "Identifying Service Quality Dimensions as Antecedents to Customer Satisfaction in Retail Banking", *Economic and Business Review*, Vol. 12(3), Pp. 151–166.

¹⁷ Figen Yeilada and Ebru Direktör (2010), "Health Care Service Quality: A Comparison of Public and Private Hospitals", *African Journal of Business Management* Vol. 4(6), Pp. 962-971.

tangibles. Gap analysis showed that private hospitals have smaller gaps than public hospitals in all three service quality dimensions. Finally, logistic regression findings indicated that while all three dimensions are somewhat influential on patient satisfaction, in public hospitals tangible dimension seems to exert no significant influence on satisfaction.

H.Emari and S. Iranzadeh (2010)¹⁸ conducted a study entitled as, “Determining the Dimension of Service Quality in Banking Industry: Examining the Gronroos’s Model in Iran”. They suggested that service quality consists of three dimensions, technical, functional and image. This research is an applied research and the results of the study showed that in case of a banking service the overall service quality is influenced more by a consumer’s perception of technical quality than functional quality.

Sadek and Kamaruzaman (2010)¹⁹ in their study present a comparative study on the quality of service offered by the Cooperative Bank (CB) and Islamic Banks of Britain (IBB) in Leicestershire, England. Both banks were compared based on the similarities and differences of their customer preference in terms of service quality. The findings of the study revealed that empathy and responsiveness are being prioritized for the CB customers while the compliance issues are preferred by IBB customers.

¹⁸ Emari, H. and Iranzadeh, S. (2010), “Determining the Dimension of Service Quality the Banking Industry: Examining the Gronroos’s Model in Iran” The Authors Journal Compilation, East Azarbaijan, Iran.

¹⁹ Sadek and Kamaruzaman (2010), “Service Quality Perceptions between Cooperative and Islamic Banks of Britain”, American Journal of Economics & Business Administration, Vol. 2(1), Pp1-5.

Abed Abedniya, et al., (2011)²⁰ investigated the direct impact of perceived service quality on customer satisfaction in the context of Islamic banking system in Malaysia. In this study researchers used CARTER instrument for measuring perceived service quality and customer satisfaction. In addition, this study indicates the gap between customer expectation and perception concerning service quality dimension base on CARTER instrument. By measuring this gap, researchers find the level of customers' perception service quality and compare it with customer satisfaction level. Therefore, comparison of this result can indicate the relation between customer satisfactions and perceive service quality.

Ahmad and Sultan (2011)²¹ in their study examine the relationship between service quality and performance of conventional banks operating in Pakistan. The researcher collected data from 864 respondents of 72 branches of selected banks. The data were collected by a structured questionnaire developed in the light of existing literature. The responses were analyzed through SPSS 15.0 version. The relationship between service quality and performance of conventional banks was assessed by Pearson's correlation and regression analysis. The results indicate that there is a weak positive relationship between service quality and performance of conventional banks. Bankers should improve their services by blending of traditional facilities and modern technology to meet customers' expectation for better performance in future. Similarly, bank managers should take quality initiatives to improve their products by considering demographic characteristics of the customers to retain them as satisfied customers for

²⁰ Abed Abedniya, Majid Nokhbeh Zaeim and Bardia Yousef Hakimi (2010), "Investigating the Relationship between Customers' Perceived Service Quality and Satisfaction: Islamic Bank in Malaysia", *European Journal of Social Sciences*, Vol. 21(4), Pp. 603-624.

²¹ Ahmad and Sultan (2011), "How Service Quality affects Performance of Conventional Banks in Pakistan", *Interdisciplinary Journal of Contemporary Research in Business*, Vol. 2(9), Pp150-156.

better performance. It is also suggested that bankers should introduce new, diversified and marketable products to meet requirements of different segments.

Ashfaq Ahmad, et al., (2011)²² analyzed the services quality of products offered by Islamic banks with the mediating effect of customer satisfaction on bank performance. There is an increasing competition among banks to capture new customers as well as to retain existing customers. It requires a study to measure the impact of service quality on customer satisfaction towards bank performance. Data were collected from 720 respondents of 60 branches of six full-fledged Islamic banks operating in Pakistan by simple random sampling method. The results indicate a strong positive relationship between service quality and customer satisfaction, while weak positive correlation exists between service quality and bank performance. But, negative relationship was found between customer satisfaction and performance of Islamic banks in Pakistan. Furthermore, it is found that customer satisfaction does not mediate between service quality and bank performance. The gap between customer satisfaction and bank performance may be due to bankers' concentration on network expansion instead of customer orientation and customer focus.

Issham Ismail, et al., (2011)²³ conducted a study to explore the level of satisfaction of customers on service quality of the banking services in Malaysia. They investigated the relationship between banking services and customer satisfaction. The results revealed that branch banking services and mobile banking services have significant relationship with customer satisfaction. Characteristics of customers and banking information of respondents are also identified as important factors influencing

²² Ashfaq Ahmad, Kashif-ur-Rehman and Nadeem Safwan (2011), "Testing a Model of Islamic Banking Based on Service Quality, Customer Satisfaction and Bank Performance", *African Journal of Business Management*, Vol. 5(5), Pp. 1880-1885.

²³ Issham Ismail, Nadiatul Rosley and Soo Sin Ling, (2011), "Banking Services and Customer Satisfaction: Analysis in Malaysia", *Crown Journal of Business Management*, Vol. 1(1), Pp.01-07.

the level of satisfaction of customers. It was also noted that customer satisfaction not only depends on the performance of the services but also on how it contributes to the overall service offerings.

Muhammad Ehsan Malik, et al., (2011)²⁴ in their study, it was hypothesized that clients using commercial retail services of the banks with favorable perceptions of service quality dimensions. Multiple regression of survey responses indicated that assurance satisfied banking customers more than did reliability whereas favorable perceptions regarding SERVQUAL remaining dimensions did not prove to be instrumental in satisfying customers. Implications for banking practitioners and future research were also discussed in the study.

Asma Abdul Rehman (2012)²⁵ investigated the relationship between customer satisfaction and six dimensions of service quality (CARTER model) in Islamic banks of Pakistan, the UK and UAE. This study uses a sample of 225 customers of Islamic banks. Seventy five responses have been taken from each country. The structured questionnaire technique has been used to collect data. The findings reveal that Pakistani and UK Islamic banking customers consider assurance, reliability and empathy as significant factors for customer satisfaction, whereas UAE customers consider assurance and tangible as significant dimensions of satisfaction.

Hua, L.Y. (2012)²⁶ explored the antecedents of post recovery satisfaction within the china's Big-4 commercial banks. The data were collected from 300 respondents from Changsha city. Factor Analysis was applied to test reliability /

²⁴ Muhammad Ehsan Malik, Basharat Naeem and Zoune Arif (2011), "How Do Service Quality Perceptions Contribute in Satisfying Banking Customers?" Vol. 3(8), Pp. 646-653.

²⁵ Asma Abdul Rehman (2012), "Customer Satisfaction and Service Quality in Islamic Banking: A Comparative Study in Pakistan, United Arab Emirates and United Kingdom", Qualitative Research in Financial Markets, Vol. 4(3), Pp.165-175.

²⁶ Hua, L.Y. (2012), "Customer Satisfaction Antecedents within Service Recovery Context: Evidence from "Big 4" Banks in China" Nankai Business Review International, Vol. 3(3) Pp. 284-301.

validity of data and the structural equation modeling was used to estimate hypothesized relationships among the latent constructs. The results found were consistent with most precious researchers. It was achieved that recovery expectation negatively influenced recovery quality perceptions, expectancy disconfirmation and recovery quality perceptions had positive effect on recovery satisfaction.

Mersha and Yonatan (2012)²⁷ in their study uses the SERVQUAL method to assess perceived service quality in selected Ethiopian banks based on customer surveys conducted in three private and the largest public bank in Addis Ababa. For all banks, service expectations were not matched by perceived performance. While there were only a few differences in service expectations between public and private banks, private banks were perceived to be relatively better in delivering service. The findings also indicate that perceived service quality falls short of customer expectations in all the five dimensions of service quality with the largest perception-expectation gap observed for the empathy dimension. As the banking sector becomes increasingly more competitive in Ethiopia, these findings can provide valuable insight to bank managers regarding the specific customer service issues that they need to address in their ongoing effort to attract and retain more customers.

Paschal Wanzalla Soita (2012)²⁸ pointed out that many service providers have emerged on the Ugandan market offering health and fitness services. Therefore, this study sought club customers' perception about service delivery in the sector with a modified 26 item SERVQUAL questionnaire. Data were collected from a random sample of 486 customers and 116 interviewees covering 58 purposively selected health-

²⁷ Mersha and Yonatan (2012), "Perceived Service Quality in Ethiopian Retail Banks", *Thunderbird International Business Review*, Vol. 54(4), Pp. 551-565.

²⁸ Paschal Wanzalla Soita (2012), "Customers' Perception about Service Quality in Commercial Health and Fitness Clubs", *Uganda, Journal of Education and Practice*, Vol. 3(4), Pp. 53-63.

and-fitness centers countrywide. Customers to gymnasia, aerobics clubs and aqua-based activities where vulnerability is high were considered. Major findings were that gaps exist in service delivery (Overall service perception $\mu = -1.73$) and that the current management model in most clubs falls far short of international standards. A single authority for standardization is lacking for professional certification and regulation. It is recommended that sport-specific Government of Uganda authorities must act promptly in a joint effort with federations, academia and the leading international certifying organizations to directly oversee and/or set standards of practice to meet the required quality levels and fitness industry needs.

Sayani, et al., (2013)²⁹ in their study aimed to identify the determinants of bank selection for Islamic and conventional banks in the United Arab Emirates (UAE). Data were collected from 246 respondents in the Emirates of Dubai and Sharjah and focused on aspects such as bank products, service quality, profit and reputation, cultural and religious factors, in addition to demographic attributes of the sample. Multiple discriminant analysis is used to identify the most important determinants of bank selection. The study concluded that the determinants for bank selection are more distinguishable amongst Islamic bank customers. Bank reputation and expectation of profit on deposits are not determinants of bank selection; however, religious preferences are the most important considerations in selection between Islamic and conventional banks.

²⁹ Sayani, Hameedah, Miniaoui and Hela (2013), "A Study on Identifying the Determinants of Bank Selection for Islamic and Conventional Banks in the United Arab Emirates (UAE)", *International Journal of Bank Marketing*, Vol. 31(3), Pp. 206-228.

Krystallia and Chrysochou (2014)³⁰ said that good branding dramatically influences customer satisfaction, behavior and attitudes toward service provision. The communication element control has a direct effect on customer perceptions of many brand dimensions, such as service quality and loyalty. This means the communication elements, advertising and promotions must be carefully implemented

Tran Van Quyet, et al. (2015)³¹ opined that all five factors were positively related to customer satisfaction. However, reliability had only partial support, indicating a need to improve reliability for Vietnamese commercial banks wishing to be more competitive in the market. According to the t-test and ANOVA results for differences in the level of satisfaction based on respondent characteristics, there is a difference in satisfaction between male and female respondents. More specifically, the results suggest that female customers require higher service standards in the banking industry than their male counterparts. Customer age and experience showed no differences in the level of satisfaction. Vietnamese commercial banks have developed banking services with many extra advantages, particularly for deposit services. This study examines the relationships between the factors in the SERVQUAL model and customer satisfaction with the use of deposit services of Vietnamese commercial banks.

INDIAN STUDIES

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1985)³² carried out an extensive exploratory investigation of quality in four service business organisations and developed a model of service quality. The research revealed ten

³⁰ Krystallia and Chrysochou (2014), "The Effects of Service Brand Dimensions on Brand Loyalty", *Journal of Retailing and Consumer Services*, Vol. 21(2), Pp. 139-147.

³¹ Tran Van Quyet, Nguyen Quang Vinh and Taikoo Chang (2015), "Service Quality and Its Effects on Customer Satisfaction with Deposit Services in the Banking Industry", *Advanced Science and Technology Letters*, Vol. 8(8) Pp.18-23.

³² Parasuraman A, Valarie A Zeithaml and Leonard L Berry, (1985) "A Conceptual Model of Service Quality and its Implications for Future Research", *The Journal of Marketing*, Vol. 49(4), Pp.41-50.

dimensions that consumers use to form expectation about services and perception about services. The research also pinpointed four key areas or gaps on the service providers' side that are likely to affect service quality as perceived by consumers.

Parasuraman A et al., (1988)³³ developed a 22-item instrument (called SERVQUAL) for assessing customer perceptions of service quality in service organizations, the procedures used in constructing and refining a multiple-item scale to measure the construct and the scale's reliability, factor structure, and validity on the basis of analyzing data from four independent samples are presented and concluded the paper with a discussion of potential application of the scale.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1993)³⁴ developed a conceptual model that depicts the nature and determinants of customer expectations of service. The model specified three different types of service expectations: desired service, adequate service and predicted service. They have also discussed about seventeen propositions about service expectations and their antecedents.

Gupta (2000)³⁵ stated all customers expect the bankers to be polite, courteous, helpful and understanding. He also viewed that the customers also expect to be treated as important individuals and would be satisfied if prompt, accurate and speedy attention is given to their work and banking problems. He said that customer services are made up of several aspects like technical, efficiency, advisory and behavioural, after sale service and customer amenities.

³³ Parasuraman A, Valarie A Zeithaml and Leonard L Berry (1988), "The Service-Quality Puzzle", Business Horizons, Pp.35-43.

³⁴ Parasuraman A, Valarie A Zeithaml and Leonard L Berry (1993), "The Nature and Determinants of Customer Expectations of Service", Journal of the Academy of Marketing Science, Vol. 21(1), Pp.1-12.

³⁵ Gupta, V.K. (2000), "Marketing of Financial Services", Mohit Publishers, New Delhi, Pp.206-22

Khong and Richardson (2001)³⁶ opined that as products and customer services within the banking industry become more and more similar and substitutable, switching costs of customers are lower and affordable. The competitive nature within the industry has become more challenging these days. Within an intense competitive industry “the bank that has the largest customer base and the highest customer retention rate will be a market leader in the industry”

Rohini Gupta Suri (2002)³⁷ concluded in his study that the services available in Indian banking industry is being fully utilized by the customers as the available services are not supplied by the bank employees effectively. Hence, the study suggested for an effective service provision by the bank officials.

Sureshchandar G.S, et al., (2003)³⁸ conducted a research to compare and contrast the three groups of banks in India with respect to the service quality factors from the perspective of the customers. They found that customers in developing economies seem to keep the technological factors of services as core service and systematization of the service delivery as the yardstick in differentiating good and bad service while the human factors play a lesser role in discriminating the three groups of banks.

Bhaskar, P.V. (2004)³⁹ said that, once good service is extended to a customer a loyal customer will work as an ambassador to the bank and facilitate growth of business.

³⁶ Khong K.W. and Richardson, S. (2001), “Business Process Re-Engineering: A Comparison with Other Management Techniques”, The Journal of the Institute of Bankers India, Vol.4(119), Pp. 32-44.

³⁷ Rohin Gupta Suri (2002), “Services Marketing”, Ammal Publications Pvt., Ltd., New Delhi, 2002.

³⁸ Sureshchandar, G.S., Rajendran, C., and Anantharaman, R.N. (2003) “Customer perceptions of Service Quality in the Banking Sector of a Developing Economy: A Critical Analysis”, International Journal of Bank Marketing, Vol. 21(5), Pp. 233-242.

³⁹ Bhaskar P.V. (2004), “Customer Service in Banks”, IBA Bulletin, Vol., 26(8) Pp. 9-13.

Bhat and Mushtaq (2005)⁴⁰ in their study stated delivering higher levels of service quality is the strategy that is increasingly being offered as a key to service provider's efforts to position themselves more effectively in the marketplace. Almost all banks perform same functions. Therefore, customer takes into account the relative efficiency while choosing a particular bank. Moreover, banks carry on business with public money and customers expect better services from them. Under such circumstances, customers' decision to patronize one and not the other is based on quality service offered to them. The results of the study lead us to the conclusion that customers perceive that service quality of all banks is below their expectations and suggests heavy investment on tangibility and improvement in other dimensions of service quality.

Chauhan, (2006)⁴¹ opined that the PSBs have been forced to adopt the way of marketing to survive in the market which further compelled to the bank employees to change their mindset towards more improved services. The future banking will be more technological and innovation oriented.

Jaiswal K.S and Neetu Singh (2007)⁴² in their study, "Retail Banking: Indian Scenario", have elaborated that customer retention and customer share are the two very important aspects for a concern apart from attracting new customers. Customer share is the ratio of a customer's purchase of a category of products or services from supplier X to the customer's total purchase of products or services of that category from all suppliers. This, thus, discard dead or nearly dead accounts from customer retained category. The authors have also elaborated upon demographics, value, attitude, belief,

⁴⁰ Bhat and Mushtaq (2005), "Service Quality Perceptions in Banks: A Comparative Analysis", Vol. 9(1), Pp. 11-20

⁴¹ Chauhan, M. (2006), "Banking Industry in India: The developing Trends", Monthly Commentary, Vol. 36(10), Pp. 28-32.

⁴² Jaiswa K.S. and Neetu Singh (2007), "Retail Banking: Indian Scenario" Vol. 37(1), Pp. 1-13.

knowledge, needs and motivation as a base for designing CRM and successful marketing.

Aruna Dhale and Manish Mittal (2008)⁴³ carried out a study to obtain the primary opinion of the customers of the State Bank of India, HDFC, ICICI, IDBI and UTI (now Axis Bank) as representatives of public and private sector banks. It was found from the study that the customers of private banks are more satisfied than the customers of the SBI. It was also identified that customers of SBI are more sensitive towards the processing time taken for account handling and technological updates while in the case of private banks, nearby location of bank to residential area and delay in the processing time are the reasons to change the existing bank with a new one.

Ashok Kumar and Rajesh (2009)⁴⁴ found from the study that both public sector banks and private sector banks bare lack in one or more aspect of service quality and there is no significant difference between overall customer satisfactions in the banks. They concluded that banks should aim at satisfying the customers by providing maximum features in their banking services. Technological upgradation can be undertaken through implementation of core banking solutions and development of techno-savvy innovative products and services should be carried out.

In the RBI report on trends and progress of banking in India (2009)⁴⁵ it is clearly stated that commercial Banks need to become conscious as they are entering a challenging environment and will have to redefine their position with the financial industry. New ways and methods will have to be determined in order to successfully

⁴³ Aruna Dhale and Manish Mittal (2008), "Preferences, Satisfaction Level and Chances of Shifting: A Study of the Customers of Public Sector and New Private Sector Banks", The ICFAI Journal of Bank Management, Vol. 7(2), Pp.62-74.

⁴⁴ Ashok Kumar and Rajesh (2009), "Whether Today's Customers are Satisfied? - A Study with Banks", Indian Journal of Marketing, Vol. 39(9), Pp.56-62.

⁴⁵ The Hindu Editorial (2003), "Trends and Progress of Banking in India – A Snapshot", The Hindu, Nov.29.

response to the new challenges, particularly when there is a growing demand from customers for high quality service.

Ramesh H Taxak and Manjeet Kaur (2009)⁴⁶ analysed and compared the customer satisfaction level in public and private sector banks. They concluded that public sector bank provides better services to their customer than private sector banks. The customer of public sector banks are more satisfied with traditional banking service such as demand draft and cheque book facility as compared to private sector banks whereas the customers of private sector banks are more satisfied with counter services such as cash deposits, cash payments, issue of draft, cheque payment and cheque deposit facilities provided by the bank.

Arun Kumar, et al., (2010)⁴⁷ examined the service quality dimensions of Indian private banks dealing with retail banking. The results revealed that responsiveness and reliability of service quality dimensions determine customer satisfaction more than assurance, empathy and tangible aspects. They concluded that the overall perceived service quality leads to customer's attitudinal loyalty through customer satisfaction.

Monica Bedi (2010)⁴⁸ investigated the relationship between service quality, overall customer satisfaction and behavioural intentions across public and private banks in India. The findings indicated that service quality is the significant determinant of customer satisfaction in public and private sector banks. Service quality dimensions

⁴⁶ Ramesh, H Taxak and Manjeet Kaur (2009), "A Study of Customer Satisfaction in Private and Public Sector Banks", *Gyan Management*, Vol. 3(1), Pp. 43-53.

⁴⁷ Arun Kumar, S. Tamil Mani, B. Mahalingam, S. and Vanjikovan, M. (2010), "Influence of service Quality on Attitudinal Loyalty in Private Retail Banking: An Empirical Study", *The IUP Journal of Management Research*, Vol. 9(4), Pp.21-38.

⁴⁸ Bedi and Monica (2010), "An Integrated Framework for Service Quality, Customer Satisfaction and Behavioral Responses in Indian Banking Industry - A Comparison of Public and Private Sector Banks", *Journal of Services Research*, Vol. 10 (1), Pp. 15-17.

were found to be statistically significant in public and private banks and customer satisfaction was strongly associated with propensity to recommend.

Ravichandran, et al., (2010)⁴⁹ examined the influence of perceived service quality on customer satisfaction using an adaptive Bayesian frame works in private sector banks. Bayesian structural regression estimates are shown to provide a banking institution with reliable information for use in positioning the private banks in its market place. The study concludes that increase in service quality of the banks can develop customer satisfaction which ultimately retains valued customers.

Uma Sankar Mishra, et al., (2010)⁵⁰ proposed two structural equation models (SEMs), one for the public and another for private sector banks in India, to show the relationship between customer satisfaction on bank services and the attributes of the perceived service quality. Specifically, the structural equation model is formulated to explore the impact of the relationship between customer satisfaction and service quality attributes. In this context, two proposed structural equation models (SEMs) show the relationship between customer satisfaction on bank services and the attributes of the perceived service quality. The proposed models was to identify the service quality attributes to improve, with the aim of offering banking services characterized by higher levels of quality.

⁴⁹ Ravichandran, K. Tamil Mani, B. Arun Kumar, S. and Prabhakaran, S. (2010), "Influence of Service Quality on Customer Satisfaction Application of SERVQUAL Model", *International Journal of Business and Management*", Vol. 5(4), Pp. 17-20.

⁵⁰ Uma Sankar Mishra, Jyoti Ranjan Das, Sanjib Pattnaik, Ayasa Kanta Mohanty (2010), "Service Quality Attributes Affecting Customer Satisfaction in Banking Sector of India", *European Journal of Economics, Finance and Administrative Sciences*, Vol. 24, Pp.89-99.

Haque and Imamul (2011)⁵¹ in their study stated service quality in Indian banking sector is considered as main determinant of customer satisfaction. Before liberalization the banking sector in India was mainly dominated by nationalized banks. In the pre-liberalized era, the nationalized banks did not pay much attention on the service quality performance and customer satisfaction. After liberalization and implementation of the Narsimham Committee Report, Indian Banks are facing tough competition from the new private and foreign banks. These new generation banks were characterized by the usage of modern information technology network and modern banking services, like ATM, debit card, online banking facilities. Customers were offered and delivered by modern private sector banks and foreign banks, a wide range of banking services. The need of hour for the Indian banking sector is to enhance their services quality and shore up their competitive capabilities, making the banks more market oriented and customer friendly.

Kajal Chaudhary and Monika Sharma (2011)⁵² in their article on evaluation of the financial economy stated that Narashiman Committee enabled the setting up of new banks in private sector which have grown considerably after its inception. But now the situations have changed new generation banks with use of technology and professional management has gained a reasonable position in the banking industry.

Narayan Swar and Biranchi (2011)⁵³ in their study stated that the need of the hour in the Indian banking sector is to build up competitiveness through service quality

⁵¹ Haque and Imamul, Service Quality in Retail Banking (2011), "A Comparative Study Between Public Sector Banks & Private Sector Banks", International Journal of Management & Innovation, Vol. 3(2), Pp. 26-34.

⁵² Kajal Chaudhary and Monika Sharma (2011), "Performance of Indian Public Sector Banks and Private Sector Banks: A Comparative Study", International Journal of Innovation, Management and Technology, Vol. 2(3), Pp. 249-256.

⁵³ Narayan Swar and Biranchi (2011), "A Study of Customer Satisfaction & Service Quality Gaps in Selected Private, Public & Foreign Banks", SIES Journal of Management, Mar 2011, Vol. 7(2), Pp. 62-73.

so as to making the banks more market oriented and customer friendly. Effective service quality is increasingly being seen as a key strategic differentiator within the financial services sector. Thus, the present study focuses on customer satisfaction and service quality gap (customers' perceptions and expectations) measurement among public, private & foreign banks in Orissa. The study conducted among six banks of the state, namely State Bank of India (SBI) and Punjab National Bank (PNB) in public sector banks, ICICI Bank & Axis Bank in the private sector banks, and Citi Bank and Standard Chartered Bank among the foreign banks. A sample of 440 banking customers was taken and 300 useable questionnaires were analyzed.

Pandit C. Bilamge (2011)⁵⁴ conducted a comparative study on customer satisfaction in ICICI bank and State Bank of India and found that the behavior of the ICICI Bank staff is more cordial than the staff of SBI. The maintenance of ATMs and token system in ICICI bank was much appreciated by all the customers where as it was not up to the expected level of customers in SBI and the basic facilities are lacking in both the banks.

Rama Mohana Rao K, et al., (2011)⁵⁵ conducted the study to examine the service quality perceptions of the customers of public sector and private sector banks in the city of Visakhapatnam, India. A total of 300 respondents were surveyed using the universally accepted SERVQUAL model in which 42 quality measurement parameters are used under the five dimensions of service quality namely tangibility, reliability, assurance, responsiveness and empathy. The study reveals that the reliability and assurance dimensions of service quality scored the highest ratings while the tangibility

⁵⁴ Pandit C. Bilamge (2011), "A Comparative Study of Customer Perception Towards Services Rendered by Public Sector and Private Sector Banks", Indian Journal of Commerce & Management Studies, Vol. 2(2), Pp.110-113.

⁵⁵ Rama Mohana Rao, K. and Tekeste Berhanu Lakew (2011), "Service Quality Perceptions of Customers: A Study of the Customers' of Public Sector and Private Sector Commercial Banks in India", International Journal of Research in Commerce & Management, Vol. 2 (11) Pp.13-16.

dimension got the lowest score. Moreover, the study found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Satendra Thakur, et al., (2011)⁵⁶ examined the relationship between service quality and customer satisfaction among group of customer towards the public sector banking industries in India. The study is cross sectional and descriptive in nature. Service quality consists of service product, service delivery and service environment, whereas service product refers to the technical quality of service, service delivery refers to functional quality and service environment refers to internal and external. 400 questionnaires distributed to the customer of different department and agency, where 304 is returned back. The hypotheses were tested using the multiple regressions. The finding indicates that service product is significantly and positively related to customer satisfaction. However, service delivery and service environment are not significant predictors of customer satisfaction.

Uppal R.K (2011)⁵⁷ examined the customer delightedness from different banking services in Punjab through a well-structured and pre-tested questionnaire. The results of the study indicated that customers of Indian private and foreign sector banks are more delighted than their counterparts and suggested that certain strategies are to be developed to enhance the quality of service in banks particularly in public sector banks.

⁵⁶ Satendra Thakur, A.P Singh (2011), "Service Quality and Customer Satisfaction: A Study with Special Reference to Public Sector Banking Industries in India", International Journal of Management Research and Review, Vol. 1(1), Pp.24-38.

⁵⁷ Uppal R.K. (2011), "Customer Delight - A Milestone for the Banks", Journal of Arts, Science and Commerce, Vol. 2(4), Pp.11-22.

Vanniarajan, T and Subbash Babu, K (2011)⁵⁸ in his study stated globalization leads to lot of changes in the financial service industry. The competitive pressures in the service industry are mounting up. The service quality is recognised as an only weapon to survive in modern banking industry. The service quality of commercial banks rests on the internal service quality. It reflects the concept of high-touch in banking activities. The study was conducted among the bank employees and the customers' in the public and private sector banks at Madurai, Tamilnadu. The study identified that the important internal service quality factors are their employees' and customers' orientation, team orientation and employee orientation, learning environment and outcome orientation.

Shobhana, V. K, et al., (2012)⁵⁹ conducted a study based on this SERVQUAL scale, covering 200 customers of the select commercial banks located in Erode District of Tamilnadu. Factor Analysis has been employed to analyze the data. The findings of the study indicated higher gaps for the service quality dimension empathy.

Jayant Kumar P.H. and Prajakta H. (2012)⁶⁰ examined the service quality aspects of public and private banks in north Gujarat region. Customer expectations and perceptions were measured and analyzed from current research. 300 customers of public and private banks were surveyed through questioner with 22 items on it. Independent T Test was carried out to compare expectations of both the group of customers. Multiple regressions was applied to understand the contributions of independent variables like age, gender, occupations, annual incomes, education in

⁵⁸ Vanniarajan, T. and Subbash Babu, K. (2011), "Internal Service Quality and its Consequences in Commercial Banks: A HR Perspective", *Global Management Review*, Vol. 6(1), Pp. 42-57.

⁵⁹ Shobhana, V.K. and Poornima, D. (2012), "Analysis of Gap in Service Quality of Banks Through Servqual", *Asian Journal of Research in Banking and Finance*, Vol. 2(5), Pp.51- 63.

⁶⁰ Jayant Kumar, H.P and Prajakta, H. (2012), "Expectation and Perception of Customers Across the Public and Private Sector Banks: An Empirical Study of Selected Banks in North Gujrat", *Journal of Applied Management & Computer Science*, Vol. 1, Pp. 12-13.

explaining expectations and perception. Two Regression models were developed. The result explained the in regression model for expectations, occupations and education were found to be the most explanatory variables among all and expectations was highly dependent on occupation and education.

Kailash, M. (2012)⁶¹ analyzed the performance among public and private sector banks in Vijayawada city using the list of service attributes based on different service dimensions such as tangibility, reliability, responsiveness, assurance and empathy during December 2011. The simple random sampling technique is adopted and 175 respondents taken as samples. The findings show that private sector banks performed significantly by satisfying its customers with good services and they have been successful in retaining its customers by providing better facilities than public sector banks. The research revealed that new financial products and services have to be continuously introduced in order to stay competent and that public sector banks have to build long term strategic relationships with its customers.

Murugan (2012)⁶² conducted a study to compare the customers' perceptions of service quality in public and private banks of Tirupati region. It was found from the research that customers of public sector banks are more satisfied than the customers of private sector banks as regards service quality.

Nirmaljeet Virk, et al., (2012)⁶³ attempted to make a comparative analysis of level of customer satisfaction towards services provided by public and private sector

⁶¹ Kailash, M. (2012), "A Study on Customer Satisfaction with Service Quality in Indian Public and Private Sector Banks", *Golden Research Thoughts*, Vol. 1(9) Pp.1- 4.

⁶² Murugan V.G. (2012), "Customer Satisfaction with Service Quality: An Empirical Study of Public and Private Sector Banks in Tirupati Region", *International Journal of Research in Commerce and Management*, Vol. 3(1), Pp.106-110.

⁶³ Nirmaljeet Virk and Prabhjot Kaur Mahal (2012), "Customer Satisfaction: a Comparative Analysis of Public and Private Sector Banks in India" *Information and Knowledge Management*, Vol. 2(3), Pp. 1-7.

banks. The study has been conducted in Chandigarh city. This study is based on questionnaire method. A sample of 160 customers has been selected using the convenience sampling method. This study concluded that private sector banks are more preferred by a majority of the customer as they emphasize more upon relationship building with their clients and are better equipped with modern infrastructure as compared to public sector banks.

Imamul Haque, S.M. (2013)⁶⁴ made a research on the title “Retail Banking in India since 1991: A Comparative Study of Public Sector Banks and Private Sector Banks”. His study revealed that the service quality dimension of 'tangibility' measures the physical features, physical appearance, physical material such as pamphlets etc. and reception desk employees. The perception of customers regarding the dimension 'tangibility' between public sector banks and private sector banks is different. The mean value of private sector banks is higher in comparison to public sector banks which indicate that there is significant variation in the perception of customers regarding the service quality dimension of tangibility between public sector banks and private sector banks. The customers of private sector banks have positive attitude towards the physical facilities of their banks in comparison to the customers of public sector banks. The mean values of private sector banks is higher in comparison to public sector banks which identifies that there is significant variation in the perception of customers regarding the service quality dimension of reliability between public and private sector banks.

⁶⁴ Immanuel Haque, S.M. (2013), “Retail Banking in India Since 1991: A Comparative Study of Public Sector Banks and Private Sector Banks”, Aligarh University, Aligarh, India.

Mary Sujatha. S (2013)⁶⁵ opined that the customers of both public sector and private sector banks have strongly agreed for easy accessibility of their banks from tangibility point of view and safety of transactions aspect of assurance. There is no difference of opinion among the customers of public sector banks and private sector banks as far as responsiveness aspect of quality of service and confidence building and technology augmentations by their respective banks. Customer's of age above 55 years in public sector banks have strongly agreed for the existence of assured quality with regard to responsiveness, assurance and empathy factors in public sector banks and all the customers whether married, single or others have strongly agreed for tangibility aspect of service quality. There is no influence of age and marital status in case of private sector banks.

Rashmi Sharma (2013)⁶⁶ conducted a study on the title "A Comparative Study of E-Banking in Public and Private Sector Banks with Special Reference to SBI and HDFC bank". This research was examined in Jaipur, Rajasthan. The major objectives of the research were to assess the customers' and bank employees' satisfaction level with the current banking facilities and to find the most important factor that is inducing people towards e-banking. This study concluded with the message that There is greater incidence of e-banking usage among the middle age men (26 to 50 years of age); and women customers use such services much less frequently. Occupation-wise, the professionals, followed by business class, make more use of e-banking services. In order to make e-banking more popular, banks must separate their customers based

⁶⁵ Mary Sujatha, S. (2013), "A Comparative Study on the Customer Satisfaction in Private Sector and Public Sector Banks with Reference to Chennai City" Mother Teresa Women's University, Kodaikanal, Tamilnadu, India.

⁶⁶ Rashmi Sharma (2013), "A Comparative Study of E-Banking in Public and Private Sector Banks with Special Reference to SBI and HDFC Bank", The IIS University, Jaipur, Tamilnadu, India.

on demographic priority (i.e., age, gender, occupation etc.) and customize e-banking services as per their needs and requirements.

Sathya S. (2013)⁶⁷ conducted a research on the title “A Study on Service Quality in Commercial Banks: A Comparative Study between Public and Private Sector Banks in Salem city”. The major objectives of the study were to analyze the customers’ perceived and desired levels of service quality of their banks, to examine the service quality gap prevailing between the public and private sector banks, to identify the relationship between the socio economic status and the perceived level of service quality of the customers. It is disclosed that the difference between the sample public and private sector banks on the tangibility dimension was found to be more on modern looking equipments. In the case reliability dimension factor, bank employees keep their promises. On the responsiveness dimension factor, employees are never too busy to respond to the request. On the assurance dimension factor, employees have knowledge to answer the questions and on the empathy dimension factor, customers’ interests have recorded the highest difference in the service quality. This indicates the better performance of the private sector banks in terms of these indicators on perceived level of service quality when compared to the public sector banks.

Sivaraman, P. (2013)⁶⁸ conducted a research on the title “A Study on the Effect of Service Quality on Customer Satisfaction in the Public Sector Banks in Tiruvarur district of Tamilnadu”. He found that the average score of total expectations is 24.18 and the overall perception score of tangibles is 1697. The score shows a -6.26

⁶⁷ Sathya, S. (2013), “A Study on Service Quality in Commercial Banks: a Comparative study Between Public and Private Sector Banks in Salem City” Manonmaniam Sundaranar University, Tirunelveli, Tamilnadu, India.

⁶⁸ Sivaraman, P. (2013), “A Study on the Effect of Service Quality on Customer Satisfaction in the Public Sector Banks in Tiruvarur District of Tamilnadu”, Khadir Mohideen College, Bharathidasan University, Adirampattinam, Tamilnadu, India.

difference. It implies that the expectations are higher than the perceived service quality. The respondents have a negative gap score for all the parameters except the parameter 'bank employees are well dressed and appear neat'. In this parameter perceptions of the customers are close to their expectations. The average score for overall expectations and perception about reliability was 18.33 and 32.01. The average service quality score was -13.68. It is understood from the study that there is a gap in service quality with regard to reliability. The respondents have secured negative gap score for all the parameters except the parameter 'bank keeps its records accurate'. The respondents have low perceived service quality for the parameter 'when bank promises to do something by a certain time, it does so' followed by the parameter 'bank performs the service right the first time'. Therefore, it can be inferred from the study that the customers are not at all satisfied with the service quality with regard to reliability.

Sunny et al., (2013)⁶⁹ studied the difference in service quality between public sector banks and new generation private sector banks in India based on SERVQUAL scale. The results revealed that the new generation private banks provide better quality of service when compared to the public sector banks.

Vinita Kaura (2013)⁷⁰ analysed the effect of service quality, perceived price and service convenience on customer satisfaction. The author identified employee behaviour, tangibility, information technology, access convenience, transaction convenience, decision convenience and benefit convenience as the dimensions of service quality. The study revealed that except tangibility all the other dimensions have positive impact on customer satisfaction in public sector banks and in case of private

⁶⁹ Sunny Bose and Nitin Gupta (2013), "Customer Perception of Services Based on the SERVQUAL Dimensions: A Study of Indian Commercial Banks", *Services Marketing Quarterly*, Vol. 34(1).

⁷⁰ Vinita Kaura (2013), "Antecedents of Customer Satisfaction: A Study of Indian Public and Private Sector Banks", *International Journal of Bank Marketing*, Vol. 31(3), Pp.167-186.

sector banks benefit, convenience and tangibility does not have a positive impact on customer satisfaction.

Rengaswamy Nalini, et al., (2014)⁷¹ said that the State Bank of India (SBI) ranks as 67th in the list of largest banks in the world based on market capitalization as of March 31st 2014. The quality of service extended by the SBI has resulted in customer satisfaction and expanded customer base for the bank. Random sampling method is adopted for the collection of data from the respondents. In Tiruchirappalli regional office of State Bank of India, area operations are selected within 10 Kilometer radius from the main branch and 60 questionnaires per branch have been distributed in 10 branches. Out of 600 questionnaires, 109 are found incomplete and 491 are fully complete with 81.83 per cent of response rate. The data collected were analysed with the help of MS Excel to identify the gaps. The Cronbach alpha, a measure of internal consistency obtained is 0.925 which is considered to be excellent. This study aims to identify the gaps in the dimensions of service quality by administering SERVQUAL model among the customers in State Bank of India. An overall weighted SERVQUAL score of -1.42866 was arrived, representing a significant inconsistency in meeting customer expectations across all service dimensions. Highest gap scores for reliability and empathy depicts that there is a need for courtesy and politeness among SBI employees which in turn will help to establish a long term relationship with the customers. The relatively low gap scores were found for responsiveness, tangibles and assurance dimensions. The State Bank of India has to take steps to close the gaps and it can be closed by establishing and implementing a service quality information system.

⁷¹ Rengaswamy Nalini, Ramachandran Amudha, Venkatarayareddiar Sujatha, Rengaswamy Radha (2014), "A Pragmatic Study on the Service Gap Analysis of an Indian Public Sector Bank", *Business: Theory and Practice*", Vol. 15(4), Pp. 381-389.

Mukta Dewan and Sadhana Mahajan (2014)⁷² stated that the perception of male and female customers varied significantly for the overall service quality and its dimensions reliability, responsiveness, assurance and empathy. It was found that the male customers had a more positive perception of service quality as compared to the female counterparts. The differences on the basis of age were significant for tangibility, responsiveness and empathy. The high mean scores of the older age groups for tangibility and empathy indicated that they had a more positive perception about the banks visually appealing facilities and personal attention they got from the staff. Different income groups varied significantly for their perception of the tangibility, reliability, responsiveness, assurance and empathy dimensions of the service quality of the HDFC bank. It was observed that in the HDFC Bank the higher income customers had a more positive perception regarding the overall service quality as compared to the lower income groups. There was a significant difference in the perception of married and unmarried customers for overall service quality. The married customers had a more positive perception of the overall service quality than their unmarried counterparts

Navneet Kaur and Ravi Kiran (2015)⁷³ opined that improvement in service quality would induce higher customer loyalty. The initial part of their research measures banking services through debit, credit, internet, telephone, mobile, depository, investment and multicity facilities in three types of banks. The results of ANOVA highlight that there is a significant difference in these facilities of public, private and foreign banks. Factor analysis results help to reduce 12 features of service

⁷² Mukta Dewan, SadhanaMahajan (2014), "A Study of the Perceived Service Quality and its Dimensions in Private Sector Banks", IOSR Journal of Business and Management (IOSR-JBM) E-ISSN: 2278-487X, Vol. 16(2), Pp. 44-51.

⁷³ Navneet Kaur and Ravi Kiran (2015), "E-Banking Service Quality and Customer Loyalty: Changing Dynamics of Public, Private and Foreign Bank Consumers in India", School of Behavioral Sciences and Business Studies, Thapar University, Patiala, Punjab, India.

quality into four factors. These four factors explain 84.014 per cent of variation. These four factors are website interface, security, convenience and access.

Pinky Dholakiya (2015) made a study on the title “A Comparative Study of Customer Friendly Services of Indian Private and Public Sector Banks with Special Reference to E-Banking and M-Banking”. From the study, it is understood that a majority of the respondents opined that service quality of private sector banks are comparatively better than public sector banks. In addition, 45 per cent of the respondents of private sector banks have been fast in keeping pace with the changing technology, whereas only 22.67 per cent of the customers were in favour of public sector banks and 32.33 per cent customers favour both the sectors.

Singh J.P. and Manish Seth (2016)⁷⁴ opined that capital adequacy performance of selected top 8 public and private sector banks in India (As per market capitalization). Capital adequacy performance of public sector banks such as State Bank of India, Bank of Baroda, Punjab National Bank and in private sector bank ICICI Bank, HDFC Bank, AXIS Bank and Kotak Mahindra Bank having sound capital adequacy performance. But there is a need to maintain adequate soundness to Central Bank of India. This bank does not fulfill the criteria of minimum prescribed level of percentage which is suggested by Reserve Bank of India of 12 per cent in several years under the study period. This bank's average percentage of Capital Adequacy ratio is also below the prescribed level of RBI. As per above study that Capital Adequacy performance of private sector banks is good in comparison to public sector banks.

⁷⁴ Singh, J.P., Manish Seth (2016), “An Inclusive Study on Capital Adequacy Performance of Selected Public Sector and Private Sector Banks in India”, International Journal of Multifaceted and Multilingual Studies, (Online): 2350-0476, Vol. 3(10).

Mahila Vasanthi Thangam (2016)⁷⁵ stated that the banks' overall profitability and productivity indices reveal that both public and private sector banks are profitable. With the increasing competition in the banking sector, profitability and productivity has become a greatest challenge to Indian commercial banks. Banks should explore every possibility for improvement and increase the profitability. Attempts should be made to control over expenses and also the resources should be utilised in a more efficient manner.

Dilpreet Singh et al., (2017)⁷⁶ stated that both private banks and public banks are using different means to achieve new market entry. While private sector banks make use of low cost innovative strategies to achieve penetration, the public sector banks rely on traditional high cost means. Growth and profits are the two most significant motivators that are driving new market entry in banking. But, while private sector banks are only driven by these motives, public sector banks also seek market penetration under regulatory and social obligations. This explains their interest in pursuing strategies likely to benefit the society and economy more than the banks themselves

RESEARCH GAP

Majority of the above said studies dealt with service quality of banking companies. Some of the studies concentrated on preference aspect in banking companies. A few of the studies focused on technical advancements in the field of banking companies. However, there are only a very few studies on service quality perception. Several earlier studies repeatedly stated that the respondents gave poor

⁷⁵ Mahila Vasanthi Thangam (2016), "Profitability Analysis of Selected Public and Private Banks in India", International Journal of Scientific Engineering and Applied Science (IJSEAS), Vol. 2(2).

⁷⁶ Dilpreet Singh, Dr. Harpreet Singh and Dr. Namrata Sandhu (2017), "New Market Entry Strategies: Public and Private Sector Banks in India", SCMS Journal of Indian Management, January - March, ISSN: 0973-3167, Vol. 14(1), Pp. 123-134.

opinion towards public sector banks compared with private sector banks as regards hospitality, technical advancement, reliability and the like. But the conundrum is that, public sector banks are having more number of customer base. This fact denotes that beyond customer satisfaction, there are some aspects which decide customers' perception and preference which haven't yet dealt with in the earlier studies.

Service quality, perception and preference are psychological phenomena which are driven by one another. Most of the above mentioned studies haven't included these three aspects together. Further, most of the previous researches failed to address the impact of poor service quality on customers' perception and preference. These three dimensional factors namely service quality, perception and preference must be discussed in the same floor in order to bring out the original mind map possessed by customers about service providers. Hence, the present study has been undertaken by the researcher for bridging the identified research gap.

CHAPTER III

PROFILE OF THE BANKING SECTOR IN THE STUDY AREA

3.1 GENERAL PROFILE OF TIRUNELVELI DISTRICT

Tirunelveli district was formed in 1790 by the East India company, later came under the direct control of the British Crown Queen Victoria. The name Tirunelveli has been composed from the three Tamil words i.e. 'Thiru – Nel – Veli' meaning Sacred Paddy Hedge. Tirunelveli District having geographical area of 6759 sq.kms, in the south eastern portion of Tamilnadu is triangular in shape. It lies between 8°.05' and 9°.30' of the Northern latitude and 77°.05' and 78°.25' of Eastern longitude. The district is located in the southern part of Tamilnadu and surrounded by Virudhunagar District in the north, Western Ghats in the West, Kanniyakumari district in the south and Tuticorin district in the East. The lifeline of the district river Tamiraparani feeds the district and quenches the thirst of residents of Tirunelveli and Tuticorin district too and also supplying drinking water to Virudunagar district

3.2 POPULATION

The population of the district was 30,77,233 as per 2011 census. The Density of Population per sq.km. was and 460 persons as per 2011 census. Tirunelveli, Tenkasi and Ambasamudram are the most densely populated Taluks in the District as per 2011 census. The Sex ratio is 1,023 females for every 1,000 males. The Literacy rate is 82.50% in the District as per 2011 census. Out of total population, males are 13,33,939 and females 13,90,049 in 2001 census and males are 1520912 and females 1556321 as per 2011 census. Total Schedule caste population is 5,69,714 which represent 18.5% to

the total population as per 2011 census. Schedule Tribes are found to be very small in numbers of 10,270 which is 0.33% to the total population.³

Table 3.1

Tirunelveli district population

Population	Number of people	Percentage
Male	15,20,912	49.424
Female	15,56,321	50.575
Total	30,77,233	100

Source: Censes of India 2011

3.3 CLIMATE, RAINFALL AND IRRIGATION

The district has a peculiar climate throughout the year and receiving rainfall in all the seasons which representing 1332.6mm in 2015-16. Excess of rainfall was received for the past seven years except 2012-13 in the district. However, in the current year in summer season, very hot weather was observed and received less rainfall when compared with the previous year. The maximum precipitation is contributed by the North East Monsoon (1050.6 mm) followed by South west monsoon (158.3 mm), Summer (111.1 mm) and Winter (12.1mm). However the current year shortage of rainfall was received during winter and hot summer seasons. Agriculture plays a vital role in the district's economy. The total cropped area was 2,06,858 hectares, which worked out 30.61% to the total area of 6,75,850 hectares. When compared with previous year i.e., 2014-15, the total cropped area was increased by 6.7%. Paddy, maize, cholam, black gram, green gram and other minor millets are the important food crops. Cotton, Chilies, Sugarcane and groundnut are the important commercial crops. Out of total cultivated area of 2,06,858 hectares, 31,771 hectares were sown more than

³ http://censusindia.gov.in/2011-prov-results/paper2/prov_results_paper2_indiavol2.html

once. The net area sown in the current year is increased by 12.7% due to excess of rainfall.

3.4 INDUSTRY

There are 25 medium and major industries such as cement, cotton yarn, sugar, rice bran oil, printing papers and flour mill etc. Among the other industries in the district, pin, clip, matches, beedi, vessels making and engineering industries are important. The important village industries which are functioning in the district are power loom, brick kiln and jaggery production. The products of handloom and power loom, like lungi, sarees etc. are marketed in northern India. The fine Korai mats from Pathamadi have one of the world fame. Kallidaikurichi pappads, Karukurichi mud pots and Tirunelveli “Halva” are specialities which earned many laurels to the district.

3.5 TOURIST SPOTS

Courtallam is situated in the Western Ghats in Tenkasi taluk. The famous waterfalls on rocks and tiny droplets are sprinkled in the air. The water falls of Courtallam have medicinal value as they run through forest and herbs before their decent. The Courtallam is called as ‘Spa’ of South India. Pappanasam Agasthiar falls also attracts the tourist and pilgrims. There is a wild life sanctuary at Mundanthurai and Kalakadu. Koonthankulam Birds sanctuary in Nanguneri Taluk is also attract the tourists.

3.6 EDUCATION

During the 1790s, Christian missionaries established a lot of schools in Tirunelveli. The number of converting Christians increased in the region during the 19th century and the number of schools also increased simultaneously. Tirunelveli is known for its educational institutions, many of which are located at Palayamkottai which is

known as the ‘Oxford of South India’. Tirunelveli has the following Educational Institutions⁴ in table 3.2.

Table 3.2

List of educational institutions

Sl. No.	Educational Institutions	No of Institutions
1	University	1
2	Arts and Science Colleges	25
3	Medical Colleges	1
4	Siddha Medical College	1
5	Engineering Colleges	20
6	Law College	1
7	Teacher’s Training Institute	28
8	Agriculture College	1
9	Veterinary College	1

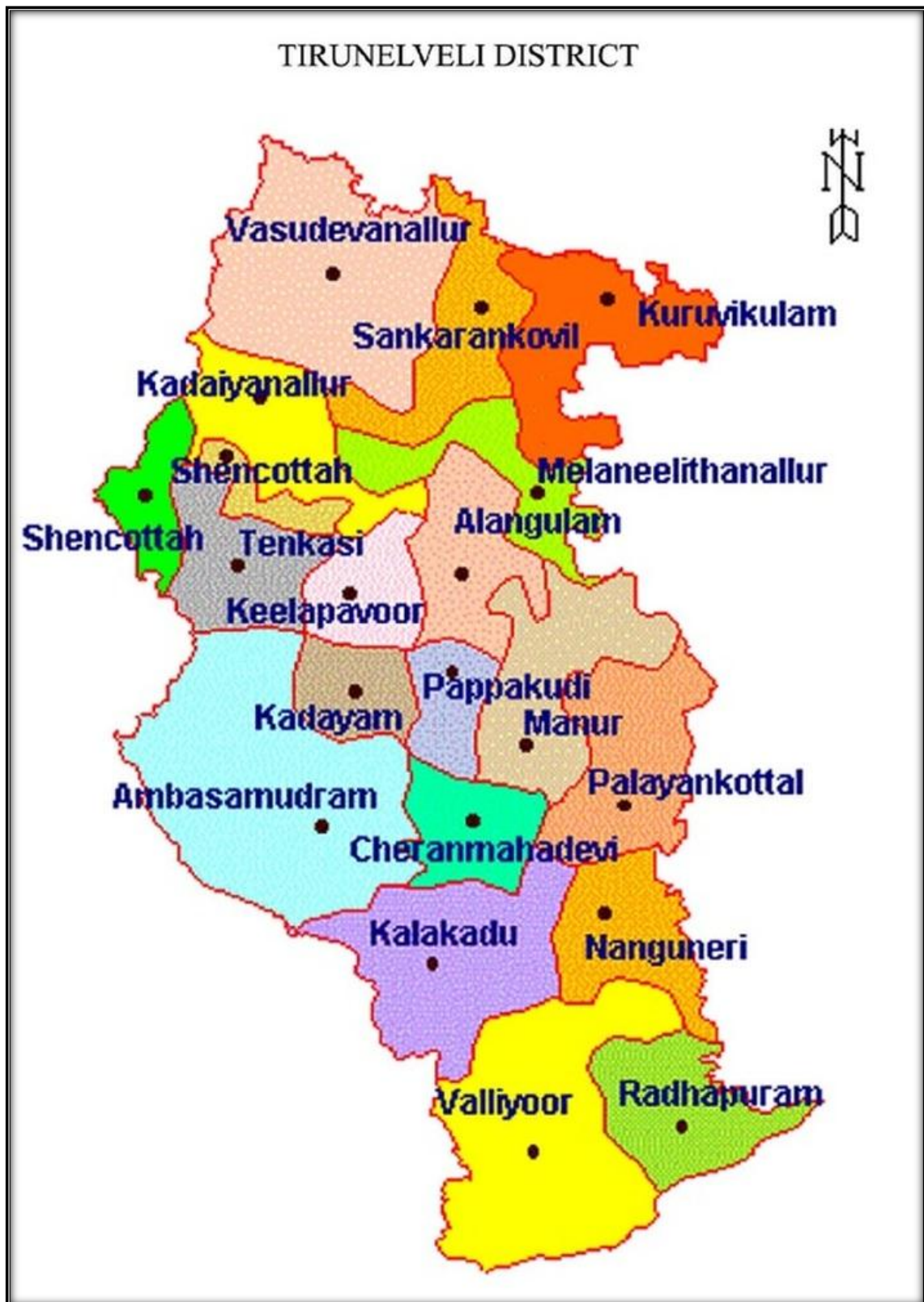
Source: Secondary Data.

<http://tirunelveli.nic.in/college.html>

⁴ Tirunelveli district profile, www.nelli.nic, 2017

Figure 3.1

District Map



3.7 PUBLIC SECTOR BANKS IN TIRUNELVELI

In Tirunelveli district as on 31st March 2016, there are 20 public sector banks which operates and performing various financial services through 228 branches. Apart from state bank groups, Indian Overseas Banks had contributed to entrepreneurial activities by providing ₹ 332,00,00,000 worth assistance to MSMEs.⁵ Indian Bank provided ₹ 35,91,15,000 worth financial assistance as export credit to export related units. Corporation banks contributed ₹ 2,40,000 worth financial assistance to social infrastructure projects.

3.7.1 Growth of branches public sector banks

In case of nationalised bank branches in study area, Indian Overseas bank stands first with having 67 branches in Tirunelveli. Next to Indian Overseas Bank, Canara bank stands second place in no. of branches with second maximum no. of 35 branches. Total no.3.3 of state banks groups were 38.

⁵ Indian Overseas Bank, (Lead Bank, Tirunelveli) Statistics, 2017.

Table 3.3**Public sector banks and number of branches in Tirunelveli**

Sl. No.	Name of the bank	No. of branches				
		R	SU	U	M	Total
1	State Bank of India	7	9	9	0	25
2	State Bank of Travancore	4	7	2	0	13
Nationalised Banks						
1	Allahabad Bank	1	1	1	0	3
2	Andhra Bank	0	2	1	0	3
3	Bank of Baroda	0	1	3	0	4
4	Bank of India	2	0	2	0	4
5	Bank of Maharashtra	0	0	1	0	1
6	Canara Bank	12	13	10	0	35
7	Central Bank of India	4	3	4	0	11
8	Corporation Bank	3	2	2	0	7
9	Dena Bank	0	0	1	0	1
10	IDBI	0	2	1	0	3
11	Indian Bank	5	10	11	0	26
12	Indian Overseas Bank	28	26	13	0	67
13	Oriental Bank of Commerce	0	0	1	0	1
14	Punjab National Bank	1	3	1	0	5
15	Syndicate Bank	2	2	3	0	7
16	UCO Bank	1	0	1	0	2
17	Union Bank of India	1	2	3	0	6
18	United Bank of India	0	0	1	0	1
19	Vijaya Bank	1	1	1	0	3
		72	84	72	0	228

Source: Secondary Data

3.7.2 Growth of Deposits in Public Sector Banks

Mobilization of resources is a key challenge facing the banking sector. The details of growth of deposits in Tirunelveli district are presented in the below table 3.4.

Table 3.4

Growth of deposits in public sector banks (in ₹)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
State Bank of India	68,74,249	8,1,14,500	91,55,100	1,14,26,300	1,29,40,200	1,58,76,000	1,84,23,400	2,09,33,500
State Bank of Travancore	13,17,342	16,99,367	19,82,698	22,38,721	21,35,679	28,09,011	33,85,800	39,32,100
Allahabad Bank	-	15,704	3,83,10	50,285	64,660	1,77,952	2,50,100	3,65,400
Andhra Bank	52,470	67,479	1,01,618	92,410	1,00,907	1,23,960	2,38,500	2,13,300
Bank of Baroda	4,22,705	5,59,833	-	13,74,207	5,01,912	14,42,060	15,61,000	18,35,900
Bank of India	1,98,866	5,55,792	2,44,561	3,61,720	3,92,554	5,52,400	6,40,300	7,75,800
Canara Bank	77,22,739	91,32,206	99,34,222	98,41,520	1,10,05,024	1,34,25,910	1,57,00,700	1,82,23,300
Central Bank of India	10,56,451	11,10,944	-	14,37,645	14,12,673	17,82,400	20,47,700	22,21,100
Corporation Bank	5,69,463	6,99,162	1,41,169	9,40,139	9,13,022	16,07,300	15,41,300	18,05,500
IDBI	-	-	-	34,553	34,553	4,89,800	15,75,700	5,61,400

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Indian Bank	42,70,463	52,59,000	63,32,057	74,44,090	87,30,872	98,86,387	11,045,900	1,20,76,710
Indian Overseas Bank	95,57,200	1,20,47,800	1,33,36,472	1,47,96,003	1,70,28,300	2,04,60,100	23,463,700	2,58,41,500
Punjab National Bank	4,83,569	6,27,321	6,78,491	8,46,601	8,46,601	9,90,066	11,79,900	12,16,400
Syndicate Bank	2,08,415	2,68,415	3,32,673	3,49,192	3,72,692	4,98,400	7,08,600	7,83,500
Union Bank of India	4,85,503	6,20,616	7,98,797	12,98,561	10,83,018	13,42,197	15,84,900	16,46,200
UCO Bank	2,59,525	2,78,678	2,97,627	3,76,787	3,93,654	5,15,959	5,55,500	6,28,900
Vijaya Bank	67,194	74,375	73,531	78,427	1,02,085	90,770	1,46,900	2,02,500
Bank of Maharashtra	-	-	-	-	-	22,470	43,400	55,540
United Bank of India	-	-	-	-	-	13,938	9,600	24,900

Source: Secondary Data

3.7.3 Growth of Advances in Public Sector Banks

Credit is a crucial input for economic development of any individuals and every individual need credit for a variety of reasons. They need credit to meet requirements for working capital, long term investment in agriculture and other income bearing activities apart from credit needs for food, housing, health, education and other social obligations. The details of growth of advances in Tirunelveli district are presented in table 3.5.

Table 3.5

Growth of advances in public sector banks (in ₹)

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
State Bank of India	72,31,353	77,69,400	78,19,400	79,90,600	92,20,500	1,14,39,400	1,23,40,800	1,27,86,100
State Bank of Travancore	15,56,112	18,06,977	21,70,994	22,47,507	27,24,935	37,43,151	36,10,100	37,08,900
Allahabad Bank	-	1,292	5,714	36,660	86,234	1,17,808	1,83,400	2,35,100
Andhra Bank	80,217	76,937	89,537	94,806	85,929	1,48,207	2,62,000	3,36,500
Bank of Baroda	3,00,332	3,71,437	-	3,04,685	2,49,307	7,09,075	7,50,300	6,74,500
Bank of India	2,66,405	3,09,496	2,81,185	3,79,011	4,85,408	8,21,400	8,87,100	8,99,200
Canara Bank	36,34,821	41,20,844	53,16,458	59,19,927	67,86,587	1,31,85,763	1,46,86,200	1,65,42,300
Central Bank of India	4,89,540	6,74,391	-	8,79,151	10,99,467	20,46,600	25,34,000	21,74,600

Banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Corporation Bank	1,51,875	1,70,375	12,051	3,78,626	5,94,784	30,50,900	27,77,000	22,96,200
IDBI	-	-	-	33,110	33,110	4,34,000	8,06,200	16,51,500
Indian Bank	32,86,086	39,31,900	50,97,492	63,49,582	71,34,197	82,56,187	82,86,100	81,03,294
Indian Overseas Bank	40,88,400	49,06,200	64,88,260	84,92,429	1,06,65,100	1,45,54,400	1,55,70,800	1,33,73,600
Punjab National Bank	4,53,226	6,23,835	6,48,892	10,40,749	10,40,749	15,21,156	14,64,500	17,13,000
Syndicate Bank	1,84,459	2,19,299	2,48,941	3,12,572	3,55,369	8,19,100	12,39,600	11,78,300
Union Bank of India	4,00,588	6,45,463	8,77,980	10,81,956	10,68,847	14,54,381	14,95,900	15,13,000
UCO Bank	2,53,267	2,62,418	2,81,936	3,11,251	4,09,485	7,29,028	7,80,000	7,13,900
Vijaya Bank	98,032	1,02,598	1,07,020	1,04,709	1,27,799	1,98,225	3,00,800	33,360

Source: Secondary Data

3.8 PRIVATE SECTOR BANKS IN TIRUNELVELI

In case of private sector banks, Tamilnadu Mercantile bank contributes ₹ 338,58,00,000 to the development of MSMEs. City union bank provides financial assistance of ₹ 56,00,000 as export credit during the financial year 2015-16. In case of contribution towards PSA, Union Bank of India had contributed a lot with a maximum average of 95.51%.

3.8.1 Growth of branches private sector banks

The following table reveals banks wise no. of private sector banks in Tirunelveli district. It is clear from the table that Tamilnadu Mercantile Bank has more no. of branches in Tirunelveli district with the maximum no. of 31 followed by ICICI with the very next maximum no. of 10. Altogether, there are 78 private sector banks branches in Tirunelveli district.

Table 3.6

Private sectors banks and number of branches in Tirunelveli

Sl. No.	Name of the Bank	No. of Branches				
		R	SU	U	M	Total
Private Sector Banks						
1	Axis Bank	2	0	2	0	4
2	City Union Bank	0	4	2	0	6
3	Federal Bank	1	3	1	0	5
4	HDFC	1	3	2	0	6
5	ICICI	6	2	2	0	10
6	Kanataka Bank	0	0	1	0	1
7	Karur Vysya Bank	1	6	1	0	8
8	Lakshmi Vilas Bank	1	1	2	0	4
9	South Indian Bank	1	1	1	0	3
10	Tamilnadu Mercantile Bank	15	14	2	0	31
		28	34	16	0	78

Source: Secondary Data

3.8.2 Growth of Deposits in Private Sector Banks

The details of growth of deposits in private sector banks located in Tirunelveli district is given below:

Table 3.7

Growth of deposits in private sector banks (in ₹)

Private sector banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Axis Bank Ltd.	4,54,374	7,89,900	7,89,900	7,89,900	9,77,285	19,19,049	16,87,400	19,44,000
City Union Bank Ltd.	9,35,006	10,17,603	10,17,603	12,59,621	13,74,614	21,07,071	24,72,200	27,89,400
Federal Bank Ltd.	11,746	1,43,165	1,43,165	1,78,431	2,68,912	7,20,399	7,86,900	8,14,400
HDFC Bank Ltd.	1,66,599	2,21,640	2,21,640	2,21,640	2,21,640	13,68,681	14,60,700	13,84,374
ICICI Bank Ltd.	12,09,100	13,41,700	13,41,700	17,14,723	19,12,000	19,29,600	22,61,700	25,50,000
Kanataka Bank	-	-	-	-	-	-	26,800	55,400
Karur Vysya Bank Ltd.	10,27,771	10,91,678	10,91,678	12,66,776	14,15,644	21,01,818	24,97,042	32,22,400
Lakshmi Vilas Bank Ltd.	4,15,730	5,106	5,106	5,106	6,68,179	10,07,731	11,88,676	12,15,000
South Indian Bank Ltd.	1,51,572	1,96,692	1,96,692	2,41,457	2,59,150	3,13,626	3,93,700	4,28,400
Tamilnad Mercantile Bank Ltd.	37,81,100	46,03,972	46,03,972	46,03,972	63,78,792	94,90,628	1,15,48,400	1,38,24,100

Source: Secondary Data

3.14.3 Growth of Advances in Private Sector Banks

The details of growth of advances of private sector banks in Tirunelveli district are presented in table 3.8.

Table 3.8

Growth of advances in private sector banks (in ₹)

Private sector banks	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Axis Bank Ltd.	3,66,358	9,62,473	14,11,000	14,11,000	16,10,577	30,85,056	35,02,000	66,91,800
City Union Bank Ltd.	4,08,268	3,91,074	8,81,121	8,80,043	10,18,633	24,54,858	29,83,500	35,81,200
Federal Bank Ltd.	73,819	84,534	97,427	1,07,825	3,25,250	7,81,902	9,00,300	8,36,000
HDFC Bank Ltd.	1,16,088	2,06,343	2,35,361	2,35,361	2,35,361	33,03,401	41,28,100	49,29,320
ICICI Bank Ltd.	30,61,200	29,79,000	23,67,700	2,39,99,629	32,83,800	33,27,600	60,66,200	59,50,000
Karnataka Bank	-	-	-	-	-	-	34,500	75,400
Karur Vysya Bank Ltd.	6,34,761	7,15,120	11,23,102	17,06,781	19,04,213	21,42,280	28,52,369	39,90,000
Lakshmi Vilas Bank Ltd.	5,97,390	7,28,250	5,707	5,707	5,98,278	13,86,885	13,17,638	13,74,500
South Indian Bank Ltd.	1,30,465	2,14,775	3,10,711	4,00,606	5,89,761	5,87,695	6,71,400	7,20,200
Tamilnad Mercantile Bank Ltd.	29,06,100	31,71,800	45,06,538	45,06,538	89,97,468	1,25,17,932	1,27,55,500	1,52,92,700

Source: Secondary Data

3.9 ANALYSIS OF CREDIT-DEPOSIT RATIO

Credit Deposit ratio (CD ratio) is the ratio of how much a bank lends out of its deposits. This ratio helps in assessing a bank's liquidity and indicates its health. If the ratio is too low, it means banks may not be earning as much as they could be. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements. CD ratio is computed through the following formula:

$$\text{Credit-Deposit Ratio} = \frac{\text{Total Advance}}{\text{Total Deposits}} \times 100$$

At all-India level the CD ratio of all SCBs stood at 75.9 per cent as on June 24, 2016. Among the 36 States/Union Territories, 6 States/ Union Territories had C-D ratios higher than the all-India level. The CD ratio was the highest for Tamilnadu (113.2 per cent) followed by Chandigarh (104.3 per cent), Andhra Pradesh (104.0 per cent), Telangana (102.2 per cent), Maharashtra (99.9 per cent) and Delhi (91.6 per cent) while the CD ratio for public sector banks was at 72.5 per cent, it stood at more than 80 per cent for private sector and foreign banks.⁶

Banks have been advised to achieve a credit deposit ratio of 60% in respect of their rural and semi-urban branches separately on an all-India basis. It is not necessary that this ratio should be achieved separately branch-wise, district-wise or region-wise, the banks should nevertheless, ensure that wide disparity in the ratios between different States / Regions is avoided in order to minimize regional imbalance in credit deployment.⁷ The following tables, table 3.12 and table 2.13 shows the three years' accumulated CD ratio of the Public and private sector banks during the study period 2014-17.

⁶ RBI Press Release : 2016-2017/537, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (SCBs) as on June 24, 2016.

⁷ Master Circulars-Lead Bank Scheme, Guidelines, RBI/2014-15/94, July 2014.

Table 3.9

Comparative analysis of public sector banks (in ₹)

Sl. No	Name of the Bank	Deposits			Total Deposits	Advance			Total Advance	CD ratio
		2014	2015	2016		2014	2015	2016		
1	State Bank of India	15,876,000	18,423,400	20,933,500	55,232,900	11,439,400	12,340,800	12,786,100	36,566,300	66.20
2	State Bank of Travancore	2,809,011	3,385,800	3,932,100	10,126,911	3,743,151	3,610,100	3,708,900	11,062,151	109.24
	TOTAL	18,685,011	21,809,200	24,865,600	65,359,811	15,182,551	15,950,900	16,495,000	47,628,451	72.87
	Nationalised Banks									
1	Allahabad Bank	177,952	250,100	365,400	793,452	117,808	183,400	235,100	536,308	67.59
2	Andhra Bank	123,960	238,500	213,300	575,760	148,207	262,000	336,500	746,707	129.69
3	Bank of Baroda	1,442,060	1,561,000	1,835,900	4,838,960	709,075	750,300	674,500	2,133,875	44.10
4	Bank of India	552,400	640,300	775,800	1,968,500	821,400	887,100	899,200	2,607,700	132.47
5	Bank of Maharashtra	22,470	43,400	55,540	121,410	29,005	51,500	52,610	133,115	109.64
6	Canara Bank	13,425,910	15,700,700	18,223,300	47,349,910	13,185,763	14,686,200	16,542,300	44,414,263	93.80
7	Central Bank of India	1,782,400	2,047,700	2,221,100	6,051,200	2,046,600	2,534,000	2,174,600	6,755,200	111.63
8	Corporation Bank	1,607,300	1,541,300	1,805,500	4,954,100	3,050,900	2,777,000	2,296,200	8,124,100	163.99
9	Dena Bank	9,133	18,100	42,000	69,233	15,961	18,700	39,000	73,661	106.40
10	IDBI	489,800	1,575,700	561,400	2,626,900	434,000	806,200	1,651,500	2,891,700	110.08
11	Indian Bank	9,886,387	11,045,900	12,076,710	33,008,997	8,256,187	8,286,100	8,103,294	24,645,581	74.66

Sl. No	Name of the Bank	Deposits			Total Deposits	Advance			Total Advance	CD ratio
		2014	2015	2016		2014	2015	2016		
12	Indian Overseas Bank	20,460,100	23,463,700	25,841,500	69,765,300	14,554,400	15,570,800	13,373,600	43,498,800	62.35
13	Oriental Bank of Commerce	-	-	19,200	19,200	-	-	1,300	1,300	6.77
14	Punjab National Bank	990,066	1,179,900	1,216,400	3,386,366	1,521,156	1,464,500	1,713,000	4,698,656	138.75
15	Syndicate Bank	498,400	708,600	783,500	1,990,500	819,100	1,239,600	1,178,300	3,237,000	162.62
16	UCO Bank	515,959	555,500	628,900	1,700,359	729,028	780,000	713,900	2,222,928	130.73
17	Union Bank of India	1,342,197	1,584,900	1,646,200	4,573,297	1,454,381	1,495,900	1,513,000	4,463,281	97.59
18	United Bank of India	13,938	9,600	24,900	48,438	-	10,700	22,100	32,800	67.72
19	Vijaya Bank	90,770	146,900	202,500	440,170	198,225	300,800	333,600	832,625	189.16
	TOTAL	53,431,202	62,311,800	68,539,050	184,282,052	48,091,196	52,104,800	51,853,604	152,049,600	82.51
	Public Sector Banks Total (SBI+Nationalized)	2,116,213	84,121,000	93,404,650	249,641,863	63,273,747	68,055,700	68,348,604	199,678,051	79.99

Source: Secondary Data

From the above table, it is visible that Indian Overseas Bank (62.35), State Bank of India (66.20), Allahabad Bank (67.59), and United Bank of India (67.72) are able to secure ideal CD ratio prescribed by RBI guidelines. While analyzing bank's liquidity through CD ratio, it is further clear from the above table that Vijaya Bank (189.16), Corporation Bank (163.99), Punjab National Bank (138.75), UCO Bank (130.73) and Bank of India (132.47) are having high CD ratio which is slightly danger to meet unforeseen fund requirements.

Table 3.10**Comparative analysis of private sector banks (in ₹)**

Sl. No	Name of the Bank	Deposits			Total Deposits	Advance			Total Advance	CD ratio
		2014	2015	2016		2014	2015	2016		
1	Axis Bank	1,919,049	1,687,400	1,944,000	5,550,449	3,085,056	3,502,000	6,691,800	13,278,856	239.24
2	City Union Bank	2,107,071	2,472,200	2,789,400	7,368,671	2,454,858	2,983,500	3,581,200	9,019,558	122.40
3	Federal Bank	720,399	786,900	814,400	2,321,699	781,902	900,300	836,000	2,518,202	108.46
4	HDFC	1,368,681	1,460,700	1,384,374	4,213,755	3,303,401	4,128,100	4,929,320	12,360,821	293.34
5	ICICI	1,929,600	2,261,700	2,550,000	6,741,300	3,327,600	6,066,200	5,950,000	15,343,800	227.61
6	Karnataka Bank	-	26,800	55,400	82,200	-	34,500	75,400	109,900	133.70
7	Karur Vysya Bank	2,101,818	2,497,042	3,222,400	7,821,260	2,142,280	2,852,369	3,990,000	8,984,649	114.87
8	Lakshmi Vilas Bank	1,007,731	1,188,676	1,215,000	3,411,407	1,386,885	1,317,638	1,374,500	4,079,023	119.57
9	South Indian Bank	313,626	393,700	428,400	1,135,726	587,695	671,400	720,200	1,979,295	174.28
10	Tamilnadu Mercantile Bank	9,490,628	11,548,400	13,824,100	34,863,128	12,517,932	12,755,500	15,292,700	40,566,132	116.36
TOTAL		20,958,603	24,323,518	28,227,474	73,509,595	29,587,609	35,211,507	43,441,120	108,240,236	147.25

Source: Secondary Data

From the above table, it is clear that all private banks are very liberal in lending money, loans and advances. Financial experts and journalists said that private sector banks have been more successful in raising low-cost funds, which are demand deposits in their current and savings accounts and it creates their financial position strong. As public sector banks are very rigid in sanctioning loan they posted a negative return on assets and equity, the same for private banks was in double digits.⁸

⁸ Gayatri Nayak (2017), “Higher Current and Savings Accounts, Credit-Deposit Ratio Helped Private Banks” The Economic Times, January 11.

CHAPTER IV

CONCEPTUAL FRAMEWORK

4.1 INTRODUCTION

A service has been described as a deed, act or performance.¹ The literature suggests that differences between goods and services exist, resulting in four basic characteristics of services: intangibility, inseparability of production and consumption, heterogeneity and perishability. Intangibility is the key determinant of whether an offering is a service or product.² These service characteristics have created problems and challenges for managers of services. A recurring theme in service companies is the difficulty experienced in translating customers' expectations into service quality specifications.

Shostack³ views service as fulfilling certain wants and needs. Further, he stated that "services are those separately identifiable, essentially intangible activities, which provide want satisfaction and are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However, when such use is required, there is no transfer of title (permanent ownership) to these tangible goods." In reality, it is found that many services contain at least some goods elements, e.g., the written policy of insurance by an insurance company, bank account statements from a bank, etc. On the other hand, take the example of a company supplying a ubiquitous item like common salt to a grocer—the company may sell this item in different innovative ways to differentiate its product from the competitors.

¹ Berry, Leonard, L. (1983), "Relationship Marketing in Emerging Perspectives on Services Marketing", American Marketing Association, Chicago, Pp. 25-28.

² Bebeko, C.P. (2000), "Service Intangibility and its Impact on Consumer Expectations of Service Quality", Journal of Services Marketing, Vol. 14(1), Pp. 9-26.

³ Shostack, G. Lynn (1977), "Breaking Free From Product Marketing", Journal of Marketing, Vol. 41(2), Pp. 73-80.

Some companies do business in both goods and services. For example, General Motors of USA which is known for its goods manufacturing activity generates nearly 20 per cent of its revenues from services such as financial and insurance businesses. All these make the meaning of goods and services as inter related. However, in general, goods can be defined as objects, devices or things whereas services can be defined as deeds, efforts or performances.

More amusingly, services have also been described as ‘something which can be bought and sold, but which you cannot drop on your foot’.⁴

Services have traditionally been difficult to define. The way in which services are created and delivered to customers is often hard to grasp, since many inputs and outputs are intangible. Here are two approaches that capture the essence of service.⁵

A service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production.

Services are economic activities that create value and provide benefits for customers at specific times and places, as a result of bringing about a desired change in – or on behalf of – the recipient of the service.

4.2 CLASSIFICATION OF SERVICES

The classifications of services, when undertaken on the basis of their marketing and process dimensions like customer involvement, demand variations, capital utilisation, manpower quality and its requirements, technology concentration and others will give us an insight into the kind of services that can be developed by an economy

⁴ Christian Gronroos (1990), “Service Management and Marketing”, Lexington, MA: Lexington Books, Pp. 7-26.

⁵ Evert Gummesson (1987), “Lip Service - A Neglected Area in Services Marketing”, Journal of Services Marketing, Vol. 1, Pp. 22.

depending on the resources available to the economy. We have approaches of classifying the services based on factors like, processing needs and marketability of services that could also explain the uniqueness of services. Lovelock classified services based on the theory of processing required for their marketing efforts.⁶ These categories are:

1. People processing services

A service where physical evidence is more manifested for delivery of services that is, the presence of the customer is necessary when the service is being rendered. Such services include the beauty business, medical and health services, health spas, airlines, travel and tourism, railways and road passenger services.

2. Possession processing services

These are the services that are linked to peoples' possessions. Such services do not necessarily need a customer's presence and can be rendered effectively by the services provider even in the absence of the customer. Motor garage services, goods transportation, shipping, air transportation, laundry, warehousing are some of the services that can be categorised as possession processing services.

3. Information processing services

These are the services that are aimed at peoples' cerebral assets. These services need mental stimulus. The services relate to the process and delivery of information to the customer and that can be done on the internet. Personal contact in such services is not required. Technology has been a large factor in the marketing of such services across the globe.

⁶ Lovelock, C.H and Yip (1996), "Developing Global Strategies for Service Businesses", Californian management Review, Vol. 38(2), Pp.64-86.

4.3 FACTORS FUELLING GROWTH OF SERVICES

Demographic changes taking place throughout the world are causing a chain reaction, which is facilitating the growth of the service sector. Today's customers are time pressured. This has led to an increase in time saving services such as housekeeping, laundry, beauty parlours, restaurants, etc. The time that is saved through use of these services is being spent on entertainment, travel and other recreation services. Each area's demographic make-up is contributing to continuous growth of the service sector throughout the world.

In the new millennium, supplemental services—peripheral services which are outside the core, which assist a firm in differentiating its service from the competitor, have grown. These can provide differential advantage to different service rendering firms. These services could be of the nature of information, consultation and advice, order taking, hospitality, billing, electronic transfer payments etc.

Technological advancement has also led to tremendous demand for services. New and emerging occupations are those of conservation managers, event specialists, web masters, environment specialists, desk top publishing specialists, job coaches, customer credit counselors, to name a few.

4.5 COMPONENTS OF INTEGRATED SERVICE MANAGEMENT

Product Elements: Managers must select the features of both the core product (either a good or a service) and the bundle of supplementary service elements surrounding it, with reference to the benefits desired by customers and how well competing products perform. In short, we need to be attentive to all aspects of the service performance that have the potential to create value for customers.

Place and Time: Delivering product elements to customers involves decisions on the place and time of delivery, as well as on the methods and channels used. Delivery may involve physical or electronic distribution channels or both, depending on the nature of the service being provided. Firms may deliver service directly to customers or through intermediary organisations, such as retail outlets that receive a fee or a percentage of the selling price, to perform certain tasks associated with sales, service and customer contact. Speed and convenience of place and time for the customer are becoming important determinants in service delivery strategy.

Process: Creating and delivering product elements to customers requires the design and implementation of effective processes. A process is the method and sequence of actions in the service performance. Badly designed processes often used to slow, bureaucratic and ineffective service delivery and result in dissatisfied customer. Similarly, poor processes make it difficult for front-line staff to do their jobs well, resulting in low productivity and increased the likelihood of service failures.

Productivity and Quality: These elements, often treated separately, should be seen as two sides of the same coin. No service firm can afford to address either element in isolation. Productivity relates to how inputs are transformed into outputs that are valued by customers, while quality refers to the degree to which a service satisfies customers by meeting their needs, wants and expectations. Improving productivity is essential to keep costs under control, but managers must beware of making inappropriate cuts in service levels that are resented by customers (and perhaps by employees, too). Service quality, as defined by customers, is essential for product differentiation and for building customer loyalty. However, investing in quality improvement without understanding the trade-off between incremental costs and incremental revenues may place the profitability of the firm at risk.

People: Many services depend on direct, personal interaction between customers and a firm's employees (like getting a haircut or eating at a restaurant. The nature of these interactions strongly influences the customer's perceptions of service quality. Customers will often judge the quality of the service they receive largely on their assessment of the people providing the service. Successful service firms devote significant effort to recruiting, training and motivating their personnel, especially – but not exclusively – those who are in direct contact with customers.

Promotion and Education: No marketing programme can succeed without effective communications. This component plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific product, and encouraging them to take action at specific times. In services marketing, much communication is educational in nature, especially for new customers. Companies may need to teach these customers about the benefits of the service, where and when to obtain it, and provide instructions on how to participate in service processes. Communications can be delivered by individuals, such as salespeople and trainers, or through such media as TV, radio, newspapers, magazines, posters, brochures and websites. Promotional activities may serve to marshal arguments in favour of selecting a particular brand or use incentives to catch customers' attention and motivate them to act.

Physical Evidence: The appearance of buildings, landscaping, vehicles, interior furnishing, equipment, staff members, signs, printed materials and other visible cues all provide tangible evidence of a firm's service quality. Service firms need to manage physical evidence carefully, since it can have a profound impact on customers' impressions. In services with few tangible elements, such as insurance, advertising is

often employed to create meaningful symbols. For instance, an umbrella may symbolise protection, and a fortress, security.

Price and Other Costs of Service: This component addresses management of the costs incurred by customers in obtaining benefits from the service product. Responsibilities are not limited to the traditional pricing tasks of establishing the selling price to customers, setting trade margins and establishing credit terms. Service managers also recognise and, where practical, seek to minimise other costs that customers may bear in purchasing and using a service, including time, mental and physical effort and unpleasant sensory experiences such as noises and smells.

4.7 MANAGEMENT OF THE THREE ADDITIONAL P'S OF SERVICES MARKETING MIX

Marketing of services need a special arrangement of an additional 3 Ps namely, people, processes, and physical evidence due to the special features inherent in the marketing of services intangibility, inseparability, perishability and heterogeneity. A customer as we understand from these features has to personally be present to savour the services at a place where the service processing takes place before it is delivered to him and confirm whether it has been delivered as per his expectations either overtly or by implied post-purchase behaviour. That means marketing of services conceptually will have a combination of the four traditional components and three additional elements known as people, process and physical evidence.

People: There are three levels where people are involved in marketing of services. At the first level we have the sales and service staff and the other front office people who come in direct contact with the customer and are the interface of the firm administering series to the customers. These people are the back bone of the services marketing firm as the customer is either happy because of the interaction or he may not

come back if there was any mishandling. The firm has to provide skills for handling customer relationship and communication. The next level comprises of the staff in the back office. These people are the processing staff and need special technical skills in understanding the need and expectation of the customer to create the right service product and ambience. Lastly at the top most level we have the customer himself. He is totally involved in the marketing of services as he has to manage the inseparable part of the service delivery by being present at the service delivery point. Services marketing firms today have woken up to the fact that they have to get the services marketing particularly front office staff that comes in direct touch with the customer. He has to be fully trained in various aspects of human soft skills in addition to the hardcore requirements of marketing and selling. That is why companies are picking up their staff young from the schools and colleges and getting them trained from professional institutes. The exhibits below indicate how companies are sending them to training schools before deploying them for services duties in retail mega malls and others.

Physical Evidence: The essential physical evidence has been explained as the service environment framework that can be looked at from three different dimensions - the ambient conditions, spatial layouts, and signs and symbols.⁷ The physical evidence could be the essential physical framework of environmental evidence whereby the firm establishes the evidence of services by way of providing the intangible component of the services being offered. The product component of peripheral beauty products along with the intangible services of face and body massage, the tangible component of the operation theatre and the medicines along with the intangible services of curing for the disease are examples of the peripheral physical evidence without the framework too. But most of the services firms prefer including tangibles to the intangible components

⁷ Bitner, Mary, J. (1992), "Services Cape: The Impact of Physical Surroundings on Customers and Employees", *Journal of Marketing*, Vol.56, Pp. 57-71.

to establish the evidence of having delivered a better service. Some of the airlines supply free personal name tags, silver, gold, or platinum personal identity cards to the members of elite travelling clubs to establish such physical evidence. Banks such as Citibank, ICICI and IDBI provide cheque books to esteemed customers with their names printed on the cheques, without charging any additional fee for the same.

Process: Process in services is the system established for the creation and delivery of the services to the customer. It involves all those value addition steps that are taken by the services firms to affect the delivery to the customer as expected by him. Many a times, it is at this level that glaring service gaps can be noticed by the services (inns. Process has been called the heart and matter of the services delivery and operating system. That is why firms have to be extra careful in establishing the expected quality standards in the process. While it could be easy to establish standardised systems at the delivery places managed by the service vendor himself, the problem and difficulty arises when many franchisees are also involved in the services delivery systems and process. The franchise service staffs despite regular training by the principles have many times faltered in providing service as per the norms laid down due to short sighted policy of the franchisee on easy profits and earnings.

4.8 STRATEGIC ISSUES IN MARKETING OF SERVICES

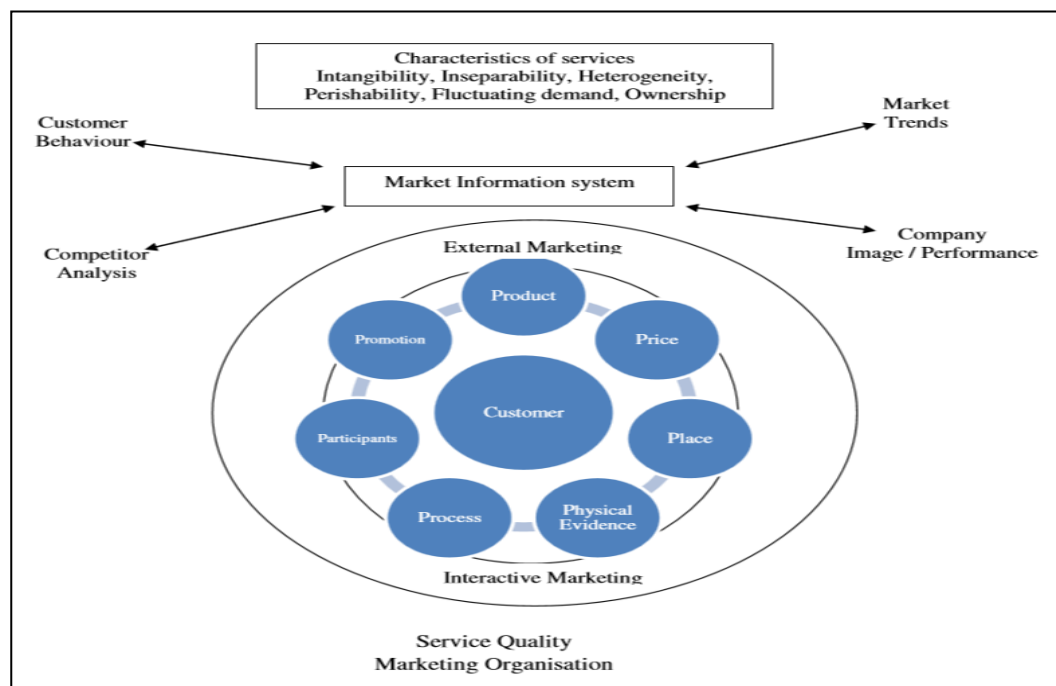
The fundamental characteristics of services are quite different as compared to those of the products. Products are tangible in nature. Products can be carried from one place to another after they have been purchased by the customers. The legal ownership of the product can be transferred once the price has been paid by the buyer. Services on the other hand are intangible in nature. Services cannot be transferred or shipped from one place to another. Services are perishable and have to be consumed instantly. Services can be consumed only when the customer himself is physically present. Thus

inseparability of the services and its consumer is a major key factor that distinguishes services from the products. Products are always solid, tangible elements whereas the services are more of cerebral experiences. Only the person who has availed the services can reflect on their quality too. Such exceptional and unique distinctiveness of services come with many strategic issues in marketing of services.

These issues have been brought out very clearly by Daly, Aidan with McDonnell, Juliana in the figure below.

Figure 4.1

Dalay's framework of service marketing issues



Source: Kapoor, (2011) "Service Marketing: Concepts & Practices", Tata McGraw-Hill Education, ISBN 1259083853, 9781259083853, P. 36

The authors have discussed, besides the distinctive characteristics of the services, other issues such as marketing information systems for services, understanding consumer behaviour, looking at the market trends, analysing and building up the company perception through service quality. The strategic issues as

brought out by them can be identified namely managing differentiation in services, managing productivity and managing service quality.⁸

4.9 MANAGING DIFFERENTIATION IN SERVICE MARKETING

Most of these services do have some tangible component that the customer has to purchase along with the intangible services. The tangibles can be in the shape of the décor, ambience and taste of food in a restaurant. It can be the comfort provided by the airlines in their waiting lounges along with the care taken of the passengers during travel.

Service Ambience

The ambience pertains to the atmosphere and the visual impression created at the location determined and fixed by the services firm where the services are administered to its customers. This is the premises where a service customer has to visit to get in touch with the front line staff of the service provider. The customer comes here to avail of the services on the offer. This may include service property like hotel, restaurants, morns, lobbies, other amenities; airlines travel lounges, reception and recovery rooms of nursing homes, the lobbies of shopping malls, waiting lounges at the beauty parlours and the waiting areas of car service garages. A services provider is very keen always to distinguish the tangible components by providing the ambience that is pleasant to the senses and is pleasing to the eye. The difference of the darer at a five-star hotel can be felt and seen when compared to other smaller hotels. The difference can be felt and experienced from the plush carpets, cushy and comfortable sofas, regular air conditioning and the pleasantly smiling courteous staff. The lobby area is full of Indoor plants, fresh smelling flowers and a sweet smell

⁸ Daly, Aidan with McDonnell, Juliana (2005), "Marketing Service Internationally - A rich Topic for Much Needed Research", International Business & Economy, 4th Annual Conference, Honolulu, Hawaii, Vol. 6(9), Pp. 45-47.

surrounds the atmosphere. The first encounter should be so impressive that a customer should distinctly feel the difference in value. Modern shopping malls exercise lots of special emphasis on creating a very opulent yet functional ambience. International airports at Mumbai, Delhi, Bangalore and Chennai have been able to create a difference by providing facilities like vast spaces that are seamless unless and enclosed, shopping and recreation amenities of International standards within the premises, neat and clean public convenience systems and melodious piped music. Digital flight information boards and kiosks have been introduced for providing flight schedule of all airlines. A pleasant fragrance prevails all over the travel lounge and at the restaurants situated within the premises.

Service Packaging

A warm pizza delivered by Domino's in a hot case within the stipulated time lag of a few minutes all over the world fetch them orders for the pizzas repeatedly because of the packaging involved in their home delivery service. Packaging does not include only the container used; it is also the way this container has been used. An environment friendly packaging material, information supportive covers and envelopes and smartly dressed staff all form part of the packaging.

Service Personnel

The frontline employees will be coming directly in touch with the service customers regularly. However, at the service delivery centre, many employees may have to deal with the service customers through voice interactive systems, telephones, internet and other modern gadgets of communication. The service personnel are the symbol and ambassadors of the service providing firm. A service customer will appreciate and participate in the services much later but in the beginning he comes in

contact with the front staff and makes up his mind and perception about the services firm.

In order to gain a positive perceptive acceptance from the customer, the service providing establishments have to undertake a complete grooming of its employees and personnel involved in the delivery process of services at all points. The grooming includes the use of identifiable corporate uniforms, the normal dressing etiquettes, knowledge about the products, services, policy and plans of the firm. The normal civilized attitude towards strangers, use of polite manners and language and an attitude to be always helpful to the customers go a long way in differentiating one service from the other. We have mentioned earlier that services marketing is relationship marketing. Relationships will be built only when people involved in the delivery are of acceptable and amiable nature. But learning the mannerisms and cultural traits of one's own country may not be sufficient. The services today have to meet the expectations of global customers and have to compete with the global level of excellence. The services providers will have to get their people trained in mannerisms of different ethnicity and traditions of the cultures of the world. International airlines, multinational hotel chains, multinational service firms employ personnel from all kinds of nationalities to make sure their people do not lag behind in any manner when it comes to attending to foreigners and clients from other countries.

4.10 SERVICE SUPPORTING EQUIPMENT

The services supporting equipment could be the equipment that is used in rendering services to the customers. An online reservation and ticket booking system of a travel company will need an error free network system that does not drop after every few minutes. A mobile telephone services system should provide a system whereby the network should be available to everyone at all the places, unlike the system being

provided by some of the mobile telephone companies in India. This is happening because companies have allotted more connections than their permissible and feasible capacity. The service systems and the equipment attached providing the service must run efficiently, economically and without frequent breakdowns to distinguish it from other service providers. A roadways bus transport system that can reach its passengers well in time and safely to their destination is definitely preferable to a luxurious transport system that has no value for strict schedule or safety of its passengers. Similarly, a hotel has to provide a breakdown free air conditioning, generation of in-house electricity in case of frequent power cuts and round the clock room service to cater to the needs of its guests. It is not that the breakdowns in services do not occur but it depends with what speed, agility and honesty these collapses in services are attended to by the service personnel of the firm. The total attitude towards providing a free from trouble service will differentiate the best from the ordinary.

Customer References

The signing of endorsements by the customers who have already used the best services of the firm and displaying them as certificates of merits definitely will help the service firms differentiate their offers from others. Differentiation can also be managed by maintaining a select club of distinguished and elite customers who use the services of the firms. The airlines do it by inviting such select distinguished guests to become members of their elite frequent fliers clubs. Some of the luxury chains of hotels also maintain exclusive relationships with such highly valuable guests. The service firms must however undertake such differentiation cautiously without offending the sensibilities of the other ordinary guests. The intention is to use each Influence positively and not create negative implosions of discrimination amongst the customers.

Service Conveniences

Service firms provide many kinds of conveniences to the service customers for differentiating their services with the competitors. These conveniences are not the normal expectations of the customers nor are these conveniences a part of the package dad with the customers. Such conveniences are provided to the customers to maintain good public relations and create favourable perceptions about the services offered.

Identity and Brand of Service

Nothing else can distinguish a service as better from its competitors than its own exclusive name, identity and brand ownership. It takes ages to build a brand in the memory of the user public and each service firm must guard its hard built brand and identity very dearly. The identity can be created by adopting distinguishable insignia that can be carved in the memory of the customers. Similarly, appropriate slogans that define the service policy of the firm clearly distinguish it from their competition. Many service firms adopt different mascots, cartoons characters and features to be put on their corporate advertisings, stationery, signboards and corporate offices to differentiate their identity from others. The first element that always creates a distinct identity for everyone is always the name. The name of the service corporate must coincide with the kind of business rendered by the organisation. This name must be easily pronounceable easy to remember, easy to relate and easy to recall. Many a time similar sounding mimes do create confusion in the mind of the customers. As far as possible the firm must avoid common names and names that have already become very popular. This will fail to gain a distinct identity for the firms' separate, identifiable name.

Managing Service Productivity

Service productivity refers to the contribution of the staff at two points of service administration - The front line staff and the staff at the back office.

The staff at the back office is always involved in extending support to the creation and delivery of the services. Their productivity does not suffer once they have understood the need of the customer and his expectation. They then basically focus on the creation of the service. It is not difficult to manage the back office support with an efficient communication between both the wings. The productivity at the front office definitely suffers on account of the nature of the jobs.

4.11 INNOVATIONS IN SERVICE MARKETING

The growth of new innovations in information and communication technology has completely changed the definition and delivery system of many services. It has given new meaning and scope to product and process of services. There are many kinds of service systems that cannot run without the installation of the information and communication technology infrastructure. But such highly technical infrastructure also calls for creation of another level of services that is providing higher technical level education and training to the staff involved in administering the new service.

4.12 SERVICE EMPLOYEES ARE CRUCIALLY IMPORTANT

Among the most demanding jobs in service businesses are the so-called frontline jobs. Employees working in these customer-facing jobs span the boundary between inside and outside the organization. They are expected to be fast and efficient in executing operational tasks as well as courteous and helpful in dealing with customers. In fact, frontline employees are a key input for delivering service excellence and competitive advantage.

4.12.1 Importance of frontline employees

Service employees are so important to customers and the firm's competitive positioning because the frontline:

- ***Is a core part of the product:*** Often, the service employees are the most visible element of the service. They deliver the service and significantly determine service quality.
- ***Is the service firm.*** Frontline employees represent the service firm and from a customer's perspective, they are the firm.
- ***Is the brand.*** Frontline employees and the service they provide often are a core part of the brand. The employees determine whether the brand promise is delivered.
- ***Affects sales.*** Service personnel often are crucially important for generating sales, cross-sales and up-sales.
- ***Determine productivity.*** Frontline employees have heavy influence on the productivity of frontline operations.

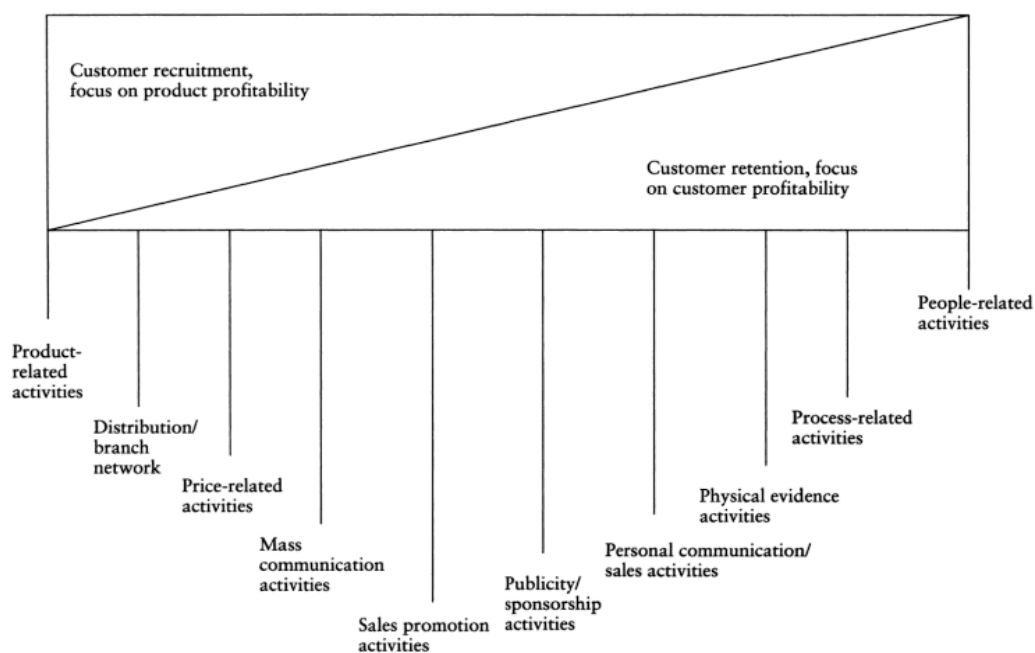
4.13 SERVICE DIMENSIONS FOR RETAIL BANKING SERVICES

Traditionally, retail bank distribution was based upon the branch network and automatic teller machines (ATMs). Today the service can be delivered through telesales and web-based banking. Pricing aspects of retail services include fees and service charges for processing transactions. In order to reach a mass audience, retail banks use mass communication to reach customers, sending the same advertising message to everyone, emphasizing the current package of financial products with the same logo and promotional details. Sales promotions are usually price-based or product-based, featuring generic products and using branch promotional literature.

Publicity and sponsorship activities revolve around local and national events and sporting associations. Personal communication and sales activities often use a similar message, a message for the mass audience but sent to customers via the branch outlet with a specific local manager's name attached.

Also for retail bank services, the physical evidence dimension of the branch network - space, management of queues and ATMs - is important in the overall marketing activity. Some banks have attempted to separate this dimension of service delivery for relationship and transaction with customers. The service process is inherently linked with the physical evidence and the whole management of the service delivery will require careful integration of all the dimensions of marketing which are often encapsulated in the interactions with front-line staff. Therefore the people dimension in terms of managing staff and giving customers an effective and efficient service is vital. The scope of service dimensions for retail banks is illustrated in Figure 4.2.

Figure 4.2
The scope and range of service dimensions for retail banks



4.14 SERVICE QUALITY

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either.⁹ There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations).¹⁰ Service quality can thus be defined as the difference between customer expectations of service and perceived service.

If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs.¹¹ Always there exists an important question that is why should service quality be measured? Measurement allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery. Edvardsen et al.¹² State that, in their experience, the starting point in developing quality in services is analysis and measurement. The SERVQUAL approach, which is studied in this paper, is the most common method for measuring service quality.

It is the principal instrument widely used to assess the service quality for a variety of services rendered by banks. Parasuraman et.al has conceptualized a five dimensional model of service quality such as reliability, tangibility, responsiveness,

⁹ Wisniewski, M. (2001), "Using SERVQUAL to Assess Customer Satisfaction with Public Sector Services", *Managing Service Quality*, Vol.11(6), Pp. 380-388.

¹⁰ Lewis, B.R. and Mitchell, V.W. (1990), "Defining and Measuring the Quality of Customer Service", *Marketing Intelligence & Planning*, Vol. 8(6), Pp. 11-17

¹¹ Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985), "A Conceptual Model of Service Quality and its Implication", *Journal of Marketing*, Vol. 49, Pp. 41-50.

¹² Edvardsen, B., Tomasson, B. and Ovreteit, J. (1994), "Quality of Service: Making it Really Work", McGraw-Hill, New York, NY.

assurance and empathy. This has become almost the standard way of measuring service quality. The five dimensions of service quality are:

- ❖ Tangibility : 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, individualized attention the firm provides to its customers

It is commonly said that what is not measured is not managed. Without measurement, managers can't be sure whether service quality gap exists, where they exist and what potential corrective actions should be taken. In the present competitive global environment, service industries, especially, the banking services are utilized by almost each and every person irrespective of their nature of work. It becomes necessary for the service provider, whether public sector or private sector, to maintain the quality of their service in order to retain their customers. As a result measuring service quality gains importance in all service industries.

4.15 IMPORTANCE OF SERVICE QUALITY

Londe et al, 1988¹³ stated that it is the customer service management that will derive the importance of service. In services marketing, customer service is regarded as a component of marketing mix. Zeithaml and Bitner¹⁴ mentioned that high quality

¹³ La Londe B.L, M.C. Cooper and T.G. Noordewier (1988), "Customer Service: A Management Perspective", Council of Logistics Management.

¹⁴ Zeithaml, V.A. and Bitner, M.J. (1996), "Services Marketing", McGraw-Hill, New York, NY.

customer service is not just customer service department but all levels of management and staffs need to accept and have a state of mind regarding customer care.

On the other hand, Payne¹⁵ added that there is a pressure on delivering customer service due to competition and technology. He also stated that higher standards of service are being demanded by consumers as they are becoming more sophisticated and updated in their requirements and to them service refers as customer satisfaction, customer delight, service delivery, customer relationship. Hence, to provide good service to customers, service companies need to take into consideration the important variables of service quality namely, assurance, empathy, reliability, responsiveness and tangibles.

As per Payne¹⁶ customer service and quality improvement initiatives are closely related to each other. Moreover, marketing, customer service and relationship marketing are brought together through relationship marketing and marketers are very concerned about the attainment of quality. (Christopher and Ballantyne, 1991)¹⁷

Moreover, Anderson and Zeithmal, 1984; Philips, Chang and Buzzell, 1983 claimed that, customers' buying decisions are influenced by quality which is considered as the most important purchase decision factor. It also contributes to market share and return on investment. Garvin added that quality has strategic benefits in terms of improving productivity and lowering manufacturing costs.¹⁸

¹⁵ Payne, Adrian (1995), "The Essence of Service Marketing", Prentice-Hall international (UK) Ltd.

¹⁶ Ibid.,

¹⁷ Christopher and Ballantyne (1991), "The Essence of Service Marketing in Payne", Adrian, Prentice-Hall International (UK) Ltd.

¹⁸ Garvin and David A. (1983), "Quality on the Line", Harvard Business Review, Vol. 61, Pp. 65-73.

4.16 MODEL OF SERVICE QUALITY GAPS

There are seven major gaps in the service quality concept, which are shown in Figure 4.3. The model is an extension of Parasuraman et al., (1985). According to the following explanation (ASI Quality Systems, 1992; Curry, 1999; Luk and Layton, 2002), the three important gaps, which are more associated with the external customers, are Gap1, Gap5 and Gap6; since they have a direct relationship with customers.

Gap 1: Customers' Expectations vs. Management Perceptions: as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

Gap 2: Management Perceptions vs. Service Specifications: as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardization and an absence of goal setting.

Gap 3: Service Specifications vs. Service Delivery: as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

Gap 4: Service Delivery vs. External Communication: as a result of inadequate horizontal communications and propensity to over-promise.

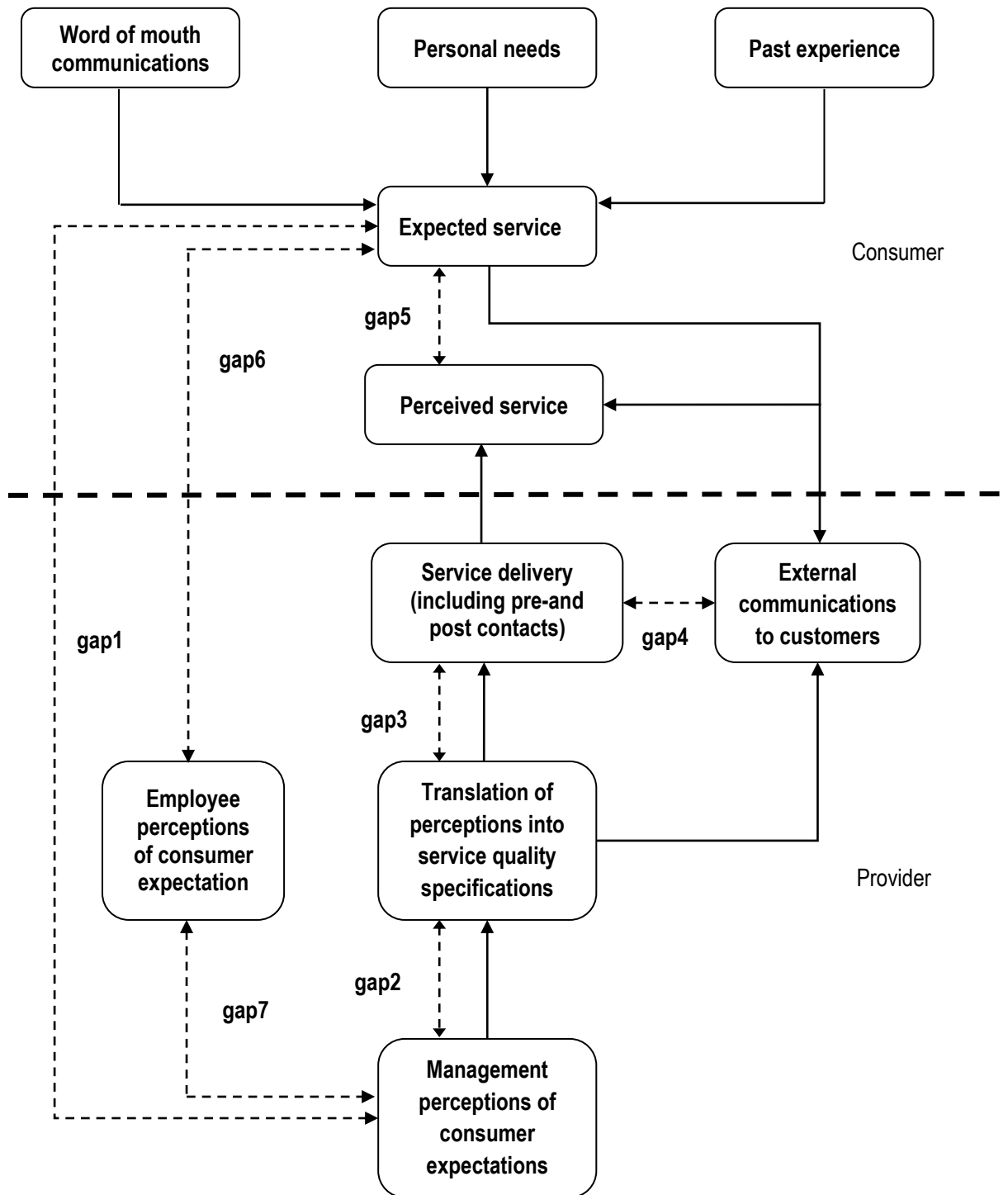
Gap 5: Discrepancy between Customers' Expectations and Customers' Perceptions of the Service Delivered: as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.

Gap 6: The Discrepancy between Customers' Expectations and Employees' Perceptions: as a result of the differences in the understanding of customer expectations by front-line service providers.

Gap 7: The Discrepancy between Employee's Perceptions and Management Perceptions: as a result of the differences in the understanding of customer expectations between managers and service providers.

Figure 4.3

Model of service quality gaps (Parasuraman et al., 1985;
Curry, 1999; Luk and Layton, 2002)



PERCEIVED SERVICE QUALITY

Expectation exceeds	$ES < PS$ (Excellent Quality)
Expectation met	$ES = PS$ (Satisfaction Quality)
Expectation not met	$S > PS$ (Unacceptable Quality)

4.17 PERCEPTION

Perception is defined as the process by which an individual selects, organises and interprets stimuli into a meaningful and coherent picture of the world. No two individuals are alike. Although two persons may be exposed to the same stimuli and under the same environmental conditions, how each one of them recognises, selects, organises, and interprets the stimuli will be a highly individualised process. Often the perceptual process is based on each one's own needs, values and expectations. Marketers are interested in knowing how each of these variables will influence the perception process.

Sensation may be described as an immediate direct response of a physical sensory organ. The physical senses are vision, hearing, touch, smell and taste. These physical senses are continuously exposed to internal and external stimuli and human sensation occurs because of them. The sensation may be in the form of reaction of the eye to colour or mouth to taste and so on. Thus, sensation is related to a very elementary or basic behaviour which is based on physiological functioning. Sensitivity of the person to the stimuli will vary depending on the individual's sensory receptors and the intensity of the stimuli to which he or she is exposed.

Perception is something more than sensation. It correlates, integrates and comprehends the various sensations and information received from the different organs of the body by means of which a person develops his sensitivity to various things and

objects. Perception is determined by both physiological and psychological factors. This is because perception is developed based on previous experience (learning), feeling and motives, whereas, sensation only activates the sensory organs of the body. Simply stated, activation of the ears to hear what another person is saying is sensation and the inference of what is heard is perception.

4.18 INTERNAL VS EXTERNAL FACTORS INFLUENCING PERCEPTION

The manner in which either a product or service is perceived will depend upon both internal and external factors. This is to say that both external reality and internal reality are intertwined. As living beings, we carry all of our experiences in our mind and have our own selfish interests, set motives and expectations in the way in which we would like 'reality' to exist in the world. Now-a-days, no firm can make a strong claim about having brand loyal customers because researches conducted have revealed that for a number of products where there is strong brand loyalty and what taste would appear to have a strong influence on the buying decisions, there is little sensory difference between products.

4.19 THE PERCEPTION PROCESS

The perceptual process is a sequence of steps that begins with stimuli in the environment and ends with our interpretation of those stimuli. This process is typically unconscious and happens hundreds of thousands of times a day. An unconscious process is simply one that happens without awareness or intention. When you open your eyes, you do not need to tell your brain to interpret the light falling onto your retinas from the object in front of you as 'computer' because this has happened unconsciously. When you step out into a chilly night, your brain does not need to be told 'cold' because the stimuli trigger the processes and categories automatically.

4.19.1 Selection

The world around us is filled with an infinite number of stimuli that we might attend to, but our brains do not have the resources to pay attention to everything. Thus, the first step of perception is the (usually unconscious, but sometimes intentional) decision of what to attend to. Depending on the environment, and depending on us as individuals, we might focus on a familiar stimulus or something new. When we attend to one specific thing in our environment—whether it is a smell, a feeling, a sound, or something else entirely—it becomes the attended stimulus.

4.19.2 Organization

Once we have chosen to attend to a stimulus in the environment (consciously or unconsciously, though usually the latter), the choice sets off a series of reactions in our brain. This neural process starts with the activation of our sensory receptors (touch, taste, smell, sight, and hearing). The receptors transducer the input energy into neural activity, which is transmitted to our brains, where we construct a mental representation of the stimulus (or, in most cases, the multiple related stimuli) called a percept. An ambiguous stimulus may be translated into multiple percepts, experienced randomly, one at a time, in what is called "multi-stable perception."

4.19.3 Interpretation

After we have attended to a stimulus, and our brains have received and organized the information, we interpret it in a way that makes sense using our existing information about the world. Interpretation simply means that we take the information that we have sensed and organized and turn it into something that we can categorize. For instance, in the Rubin's Vase illusion mentioned earlier, some individuals will interpret the sensory information as 'vase', while some will interpret it as 'faces'. This

happens unconsciously thousands of times a day. By putting different stimuli into categories, we can better understand and react to the world around u

4.20 EXPECTATIONS OF SERVICE

Customer expectations are beliefs about service delivery that serves as standards or reference points against which performance is judged.¹⁹ Customers evaluate service quality by comparing their perceptions of service with their expectations. Service quality dimensions are those attributes of service about which customers may have expectations and which need to be delivered at some specified level.²⁰ Service quality and customer service expectations respectively can be categorized into five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.²¹

4.21 CUSTOMER PREFERENCE

Customer preference is a marketing term which means a customer likes one thing over another. For instance, a trend may indicate customers prefer using debit cards over credit cards to pay for goods. It is defined as the subjective tastes, as measured by utility of various bundles of goods. They permit the customer to rank these bundles of goods according to the levels of utility they give the customer. Note that preference is independent of income and prices. Ability to purchase goods does not determine a customer's likes or dislikes. One can have a preference for Porsches over Fords but only have the financial means to drive a Ford.

¹⁹ Wilson A, Zeithaml V, Bitner M, Gremler D (2008), "Service Marketing: Integrating Customer Focus across the Firms", First European Edition, McGraw Hill, UK P 58.

²⁰ Clark, G., Johnston, R., Shulver, M. (2000), "Exploiting the Service Concept for Service Design and Development in: New Service Design", Sage, Thousand Oaks, CA, Pp. 71–91.

²¹ Parasuraman, Berry and Zeithaml (1991), "Understanding Customer Expectations of Service", Sloan Management Review, Pp. 39-48.

4.21.1 Importance of studying customer preference

The preference of the customers is a positive motivation, expressed by the affective compatibility towards a product, service or trading form. Preference can be triggered by: the features related to the material substance of the goods (shape, size, print, taste, colour, consistency, package, etc.); elements referring to label, name, use instructions that accompany the product; the statute granted to the person owning and using that particular product.²² Knowledge of customer preference is especially important with respect to the various activities carried out at the organizational level, necessary for its survival. For instance, if an entrepreneur must determine what features must have the product he wants to create, he will interview more potential buyers, asking them to mention the level of preference for each separate feature. The customer preference and behavior represent the basis of the pretesting models for the new products which implies determining the functional relationships between the buyer's opinion concerning a product, testing it and the purchase behavior.

4.21.2 Factors affecting customer preference

Customer preference is the major reason for the choices people make when selecting products and services. Analyzing the factors that determine customer preference helps businesses target their products towards specific customer groups, develop new products and identify why some products are more successful than others.

Advertising: It plays an important role in customer preference, especially for non-durable goods such as food, magazines etc. Advertising informs customers about available goods and services and also shapes their impressions of these products. Advertising also creates demand.

²² Catoiu, I and Teodeorescu, N. (2004), "Consumer Behavior", Uranus Publishing House, Second Edition, Bucharest, P. 22

Social Institutions: Parents, friends, schools, religion and television shows also influence customers' preference. For example, kids might want to have the same toys their schoolmates have, while young adults may purchase the same products their friends used to buy.

Cost: Customers usually choose to purchase more of a good if the price falls. For example, a sale or reduced prices may increase consumption of a good. On the other hand, an increase in price may cause reduced consumption, especially if the good has available substitutes.

Customer Income: Customers often desire more expensive goods and services when their income increases. If they suffer a decrease in income, they are more likely to choose less expensive goods and services. For example, business selling luxury goods, such as jewelry, will probably be more successful in a high-income area than a low-income area.

Available Substitutes: If a product has several substitutes - alternative products that customers may choose instead a particular brand of product - customers will be more sensitive to changes in price.

CHAPTER V

ANALYSIS OF SERVICE QUALITY GAP AND CUSTOMERS' SATISFACTION

5.1 INTRODUCTION

This chapter deals with the perception of customers towards the service quality of public sector banks and private sector banks in Tirunelveli district. The researcher has analysed the customers' preference towards public sector banks and private sector banks, impact of various demographic variables of customers on their selection of bank, service quality gap in availing the banking services and problems faced by the customers in availing banking services.

5.2 DEMOGRAPHIC PROFILE OF CUSTOMERS

5.2.1 Age

Customers belonging to different age groups have account in public sector banks and private sector banks. The age wise classification of customers of public sector banks and private sector banks in Tirunelveli district is presented in the table.

Table 5.1

Age wise classification of respondents

Sl. No.	Age	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below 20 years	59(11.2)	-	59(8.8)
2.	20-30 years	172(32.6)	65(45.1)	237(35.3)
3.	31-40 years	111(21.0)	49(34.0)	160(23.8)
4.	41-50 years	73(13.8)	14(9.7)	87(12.9)
5.	51-60 years	89(16.9)	14(9.7)	103(15.3)
6.	Above 60 years	24(4.5)	2(1.4)	26(3.9)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.1 shows that of the total 672 respondents, majority i.e. 237 respondents (35.3 per cent) are in the age group of 20 to 30 years and the next majority of 160 respondents (23.8 per cent) are in the age group of 31 to 40 years.

Bank wise analysis reveals that among the customers of public sector banks, majority (32.6 per cent) of the respondents are in the age group of 20 to 30 years and in private sector banks, majority (45.1 per cent) of the respondents are in the age group of 20 to 30 years. The reason for the majority of the young aged respondents have account in public sector banks and private sector banks in the study area is that young

aged respondents are more eager to save money in the banks. Hence, majority of the young aged respondents have account in public sector banks and private sector banks than old aged respondents.

5.2.2 Gender wise classification of respondents

Male and female customers have account in the public sector banks and private sector banks in Tirunelveli district. The following table shows the gender of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.2

Gender wise classification of respondents

Sl. No.	Gender	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Male	300(56.8)	80(55.6)	380(56.5)
2.	Female	228(43.2)	64(44.4)	292(43.5)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

From table 5.2 it could be inferred that of the total 672 respondents, 380 respondents (56.5 per cent) are male and the remaining 292 respondents (43.5 per cent) are female.

Bank wise analysis reveals that among the customers of public sector banks, majority (56.8 per cent) of the respondents are male and also in private sector banks, majority (55.6 per cent) of the respondents are male. The reason for the majority of the male respondents have account in public sector banks and private sector banks in the study area is that male respondents are independently open account in banks. But the

female respondents are not financially liberated. They are in the control of their fathers and/or spouses. Hence, majority of the male respondents have account in public sector banks and private sector banks than female.

5.2.3 Marital Status wise classification of respondents

Married and unmarried customers have account in the public sector banks and private sector banks in Tirunelveli district. The following table shows the marital status of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.3

Marital status wise classification of respondents

Sl. No.	Marital Status	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Married	361(68.4)	104(72.2)	465(69.2)
2.	Unmarried	167(31.6)	40(27.8)	207(30.8)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

From table 5.3, it could be inferred that of the total 672 respondents, 465 respondents (69.2 per cent) are married and the remaining 207 respondents (30.8 per cent) are unmarried.

Bank wise analysis reveals that among the customers of public sector banks, majorities (68.4 per cent) of the respondents are married and in also private sector banks, majorities (72.2 per cent) of the respondents are married.

The reason for the majority of the married respondents have account in public sector banks and private sector banks in the study area is that married respondents are

independent open account in banks. But the unmarried respondents are not financially liberated. They are in the control of their father. Hence, majority of the married respondents have account in public and private banks than unmarried.

5.2.4 Area of residence wise classification of respondents

Customers reside in different places such as rural, urban and sub-urban have account in public sector banks and private sector banks. The following table shows the place of living of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.4

Area of residence wise classification of respondents

Sl. No.	Area of residence	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Rural	280(53.0)	75(52.1)	355(52.8)
2.	Urban	217(41.1)	59(41.0)	276(41.1)
3.	Sub-urban	31(5.9)	10(6.9)	41(6.1)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.4 shows that out of the total 672 respondents, 355 respondents (52.8 per cent) are residing in rural area, 276 respondents (41.1 per cent) are residing in urban area and 41 respondents (6.1 per cent) are residing in sub-urban area. Bank wise analysis reveals that among the customers of public sector banks, majority (53 per cent) of the respondents are residing in rural area and also in private sector banks, majority (52.1 per cent) of the respondents are residing in rural area. The reason for the majority of the rural and urban respondents have account in public sector banks and

private sector banks in the study area is that they have more banking facility and they have easy access to the banks. Hence, majority of the rural and urban respondents have account in public sector banks and private sector banks than sub-urban respondents.

5.2.5 Educational Qualification wise classification of respondents

Customers of different educational qualification have account in public sector banks and private sector banks. The following table shows the educational qualification of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.5

Educational qualification wise classification of respondents

Sl. No.	Educational Qualification	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Illiterate	33(6.3)	2(1.4)	35(5.2)
2.	SSLC	125(23.7)	30(20.8)	155(23.1)
3.	HSC/PUC	57(10.8)	2(1.4)	59(8.8)
4.	Diploma	9(1.7)	12(8.3)	21(3.1)
5.	Undergraduate	194(36.7)	56(38.9)	250(37.2)
6.	Postgraduate	94(17.8)	26(18.1)	120(17.9)
7.	Professional	13(2.5)	12(8.3)	25(3.7)
8.	Doctoral	3(0.6)	4(2.8)	7(1.1)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

The above table clearly reveals that out of the total 672 respondents, majority i.e., 250 respondents (37.2 per cent) are undergraduates and the next majority of 155 respondents (23.1 per cent) have completed SSLC.

Bank wise analysis reveals that among the customers of public sector banks, majority (36.7 per cent) of the respondents are undergraduates and also in private sector banks, majority (38.9 per cent) of the respondents are undergraduates.

The reason for the majority of the respondents with graduate qualification and SSLC qualification have account in public sector banks and private sector banks in the study area is that they have more awareness and high literacy about banks. But the illiterate respondents have no knowledge on banking services and they have no awareness about banks. Hence, majority of the respondents of graduate qualification and SSLC qualification have account in public sector banks and private sector banks than illiterate.

5.2.6 Occupation wise classification of respondents

Customers of different occupations have account in public sector banks and private sector banks. The following table shows the occupation of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.6
Occupation wise classification of respondents

Sl. No.	Occupation	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Daily wage earner	37(7.0)	2(1.4)	39(5.8)
2.	Business person	103(19.5)	34(23.6)	137(20.4)
3.	Agriculture	32(6.1)	4(2.8)	36(5.4)
4.	Government employee	89(16.9)	7(4.9)	96(14.3)
5.	Private sector employee	124(23.5)	42(29.2)	166(24.7)
6.	Professional	39(7.4)	23(16.0)	62(9.2)
7.	Home maker	104(19.7)	32(22.2)	136(20.2)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

It is clear from the above table that out of the total 672 respondents, majority i.e. 166 respondents (24.7 per cent) are private sector employees and the next majority of 137 respondents (20.4 per cent) are business person.

Bank wise analysis reveals that among the customers of public sector banks, majority (23.5 per cent) of the respondents are private sector employees and in private sector banks also majority (29.2 per cent) of the respondents are private sector employees.

The reason for the majority of the private sector employees have account in public sector banks and private sector banks in the study area is that they must have account for payment of salary. But the agricultural respondents have no such necessary for payment of salary in their account. Hence, majority of the private employees have account in public sector banks and private sector banks than others.

5.2.7 Monthly family income wise classification of respondents

Customers belonging to different monthly family income have account in public sector banks and private sector banks. The following table shows the monthly income of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.7**Monthly family income wise classification of respondents**

Sl. No.	Monthly family income	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Up to ₹ 20,000	200(37.9)	38(26.4)	238(35.4)
2.	₹ 20,001 to 40,000	129(24.4)	47(32.6)	176(26.2)
3.	₹ 40,001 to 60,000	127(24.1)	28(19.4)	155(23.1)
4.	₹ 60,001 to 80,000	39(7.4)	14(9.7)	53(7.9)
5.	₹ 80,001 to 1,00,000	20(3.8)	7(4.9)	27(4.0)
6.	Above ₹ 1,00,000	13(2.5)	10(6.9)	23(3.4)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

From table 5.7, it could be inferred that of the total 672 respondents, 238 respondents (35.4 per cent) belong to monthly family income of upto ₹ 20,000, 176 respondents (26.2 per cent) belong to monthly family income of ₹ 20001 to 40000.

Bank wise analysis reveals that among the customers of public banks, majority (37.9 per cent) of the respondents belong to monthly family income of upto ₹ 20,000 and also in private banks, majority (32.6 per cent) of the respondents belong to monthly family income of ₹ 20,001 to 40,000.

The reason for the majority of the respondents belong to high monthly family income have account in public and private banks in the study area is that they prefer to save money in the banks. But the respondents belong to low monthly family income do not prefer to save money in the banks. Hence, majority of the respondents belong to high monthly family income have account in public and private banks than low monthly family income.

5.2.8 Monthly average savings wise classification of respondents

Customers having account in public sector banks and private sector banks may not have uniform amount of monthly average saving. The following table shows the monthly average savings of customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.8

Monthly average savings wise classification of respondents

Sl. No.	Monthly average savings	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below ₹ 5,000	250(47.3)	57(39.6)	307(45.7)
2.	₹ 5,000 to 10,000	158(29.9)	41(28.5)	199(29.6)
3.	₹ 10,001 to 15,000	13(2.5)	13(9.0)	26(3.9)
4.	₹ 15,001 to 20,000	40(7.6)	13(9.0)	53(7.9)
5.	Above ₹ 20,000	67(12.7)	20(13.9)	87(12.9)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

It could be inferred from the above table that of the total 672 respondents, 307 respondents (45.7 per cent) belong to the category of monthly average savings of below ₹ 5,000 and 199 respondents (29.6 per cent) have monthly average savings of between ₹ 5,000 to 10,000.

Bank wise analysis reveals that among the customers of public sector banks, majority (47.3 per cent) of the respondents belong to the category of monthly average savings of below ₹ 5,000 and also in private banks, majority (39.6 per cent) of the respondents belong to the category of monthly average savings of below ₹ 5,000.

5.2.9 Monthly average savings in banks

The following table shows the monthly average savings of customers in banks.

Table 5.9

Monthly average savings in banks

Sl. No.	Monthly average savings in banks	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below ₹ 2,000	221(41.9)	62(43.1)	283(42.1)
2.	₹ 2,000 to 4,000	134(25.4)	36(25.0)	170(25.3)
3.	₹ 4,001 to 6,000	38(7.2)	11(7.6)	49(7.3)
4.	₹ 6,001 to 8,000	62(11.7)	8(5.6)	70(10.4)
5.	₹ 8,001 to 10,000	39(7.4)	12(8.3)	51(7.6)
6.	Above ₹ 10,000	34(6.4)	15(10.4)	49(7.3)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

From table 5.9, it could be inferred that of the total 672 respondents, 283 respondents (42.1 per cent) save below ₹ 2,000 in banks and 170 respondents (25.3 per cent) save between ₹ 2,000 to ₹ 4,000.

Bank wise analysis reveals that among the customers of public sector banks, majority (41.9 per cent) of the respondents save below ₹ 2,000 in banks and also in private banks, majority (43.1 per cent) of the respondents save below ₹ 2,000 in banks.

5.3 ANALYSIS OF MAINTAINING OF BANK ACCOUNT

5.3.1 Number of years availing banking services

Customers have account in public and private banks for many years. The following table shows the number of years the account has been maintained by the customers of public and private banks in Tirunelveli district.

Table 5.10

Number of years of availing banking services

Sl. No.	Number of years availing banking services	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below 5 years	209 (39.6)	32(22.2)	241(35.9)
2.	5-10 years	136(25.8)	79(54.9)	215(31.9)
3.	11-15 years	93(17.6)	11(7.6)	104(15.5)
4.	Above 15 years	90(17.0)	22(15.3)	112(16.7)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.10 clearly reveals that out of the total 672 respondents, 241 respondents (35.9 per cent) have account for below 5 years and 215 respondents (31.9 per cent) have account for 5-10 years. Bank wise analysis reveals that among the customers of public banks, majority (39.6 per cent) of the respondents have account for below 5 years but in private banks, majority (54.9 per cent) of the respondents have account for 5-10 years.

5.3.2 Kind of account maintained in the bank

Customers are having different type of account in public sector banks and private sector banks. The following table shows the type of account maintained by customers of public sector banks and private sector banks in Tirunelveli district.

Table 5.11

Kind of account maintained in the bank

Sl. No.	Kind of account maintained in the bank	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Savings	432(81.8)	104(72.2)	536(79.8)
2.	Current	25(4.7)	18(12.5)	43(6.4)
3.	Loan account	9(1.7)	2(1.4)	11(1.6)
4.	Both savings and loan account	7(1.3)	3(2.1)	10(1.5)
5.	Both current and loan account	41(7.8)	14(9.7)	55(8.2)
6.	Credit card	7(1.3)	2(1.4)	9(1.3)
7.	Demat account	7(1.3)	1(0.7)	8(1.2)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.11 clearly reveals that out of the total 672 respondents, 536 respondents (79.8 per cent) have savings account and 55 respondents (8.2 per cent) have both current and loan account.

Bank wise analysis reveals that among the customers of public sector banks, majority (81.8 per cent) of the respondents have savings account and also in private sector banks, majority (72.2 per cent) of the respondents have savings account. The main reason why majority of the respondents have saving account is that majority of

the respondents are salaried people and as now-a-days salary is directly credited with employees' bank account. Another reason for the majority of the respondents have savings account is that people prefer to save money in the banks. Hence, majority respondents have savings account than other account.

5.3.3 Ranking of reasons for selecting public sector banks to safeguard hard earned money

An attempt has been made to analyse the reasons for selecting public sector banks to safeguard hard earned money. Table 5.12 shows the details with regard to the reasons for selecting public sector banks to safeguard hard earned money.

Table 5.12

Reasons for selecting public sector banks to safeguard hard earned money

Sl. No.	Reasons	Rank					Total
		I	II	III	IV	V	
1.	No risk	125	173	96	57	77	528
2.	Tax savings	105	67	95	133	128	528
3.	Investment opportunity	47	83	138	123	137	528
4.	Capital appreciation	67	114	123	124	100	528
5.	A good mode of savings	184	88	76	94	86	528
	Garrett's Table Value	75	60	50	39	24	

Source: Primary Data

Table 5.12 shows that 184 respondents have given first rank to a 'good mode of savings', 125 respondents have given first rank to 'no risk' aspect. 105 respondents have given first rank to tax savings and only 47 respondents have given first rank to 'investment opportunity'. Moreover, to identify the reasons for selecting public sector banks to safeguard hard earned money, the researcher has used Garret Ranking

Technique. Table 5.13 shows the ranking of reasons for selecting public sector banks to safeguard hard earned money.

Table 5.13
Ranking of reasons for selecting public sector banks to safeguard
hard earned money

Sl. No.	Reasons	Total Score	Average	Rank
1.	No risk	28626	54.22	I
2.	Tax savings	24904	47.17	IV
3.	Investment opportunity	23490	44.49	V
4.	Capital appreciation	25251	47.82	III
5.	A good mode of savings	28610	54.19	II

Source: Computed Data

It is observed from the table 5.13 that ‘no risk’ has been ranked as the first reason for selecting public sector banks to safeguard hard earned money, ‘a good mode of savings’ has been ranked as second, ‘capital appreciation’ in third position, ‘tax savings’ is ranked as fourth followed by ‘investment opportunity’ ranked as fifth position.

5.3.4 Ranking of reasons for selecting private sector banks to safeguard hard earned money

An attempt has been made to analyse the reasons for selecting private sector banks to safeguard hard earned money. Table 5.14 shows the details with regard to the reasons for selecting private sector banks to safeguard hard earned money.

Table 5.14**Reasons for selecting private sector banks to safeguard hard earned money**

Sl. No.	Reasons	Rank					Total
		I	II	III	IV	V	
1.	No risk	39	35	14	32	24	144
2.	Tax savings	32	8	23	17	64	144
3.	Investment opportunity	19	38	42	26	19	144
4.	Capital appreciation	25	27	31	43	18	144
5.	A good mode of savings	29	36	34	24	21	144
	Garrett's Table Value	75	60	50	39	24	

Source: Primary Data

Table 5.14 shows that 39 respondents have given first rank to 'no risk', 32 respondents have given first rank to 'tax savings', 29 respondents have given first rank to 'a good mode of savings' and only 19 respondents have given first rank to 'investment opportunity'. Moreover, to identify the reasons for selecting private sector banks to safeguard hard earned money, the researcher has used Garret Ranking Technique. Table 5.15 shows the ranking of reasons for selecting private sector banks to safeguard hard earned money.

Table 5.15

**Ranking of reasons for selecting private sector banks to safeguard
hard earned money**

Sl. No.	Reasons	Total Score	Average	Rank
1.	No risk	7549	52.42	I
2.	Tax savings	6229	43.26	V
3.	Investment opportunity	7275	50.52	III
4.	Capital appreciation	7154	49.68	IV
5.	A good mode of savings	7475	51.91	II

Source: Computed Data

It is observed from the table 5.15 that “no risk” has been ranked as the first reason for selecting private sector banks to safeguard hard earned money, ‘a good mode of savings’ has been ranked as second, ‘investment opportunity’ in third position, ‘capital appreciation’ is ranked as fourth followed by ‘tax savings’ ranked as fifth position.

5.3.5 Bank caters to all the banking needs

An attempt has been made to find out whether the bank caters to all the banking needs. In this regard, the data have been collected from the customers of public sector banks and private sector banks and the results are presented below:

Table 5.16
Bank caters to all the banking needs

Sl. No.	Bank caters to all the banking needs	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Yes	260(49.2)	51(35.4)	311(46.3)
2.	No	268(50.8)	93(64.6)	361(53.7)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.16 clearly reveals that out of the total 672 respondents, 361 respondents (53.7 per cent) opined that bank not caters to all the banking needs and 311 respondents (46.3 per cent) opined that bank caters to all the banking needs.

Bank wise analysis reveals that among the customers of public sector banks, majority (50.8 per cent) of the respondents opined that bank not caters to all the banking needs and also in private banks, majority (64.6 per cent) of the respondents opined that bank not caters to all the banking needs.

5.3.6 Banks conducting recreation facilities for the customers

An attempt has been made to find out whether the banks conducting recreation facilities for the customers. In this regard, the data have been collected from the customers of public sector banks and private sector banks and the results are presented below:

Table 5.17

Banks conducting recreation facilities for the customers

Sl. No.	Bank conducting recreation facilities for the customers	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Yes	205(38.8)	46(31.9)	251(37.4)
2.	No	323(61.2)	98(68.1)	421(62.6)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Figures in parentheses indicate percentage)

Table 5.17 clearly reveals that out of the total 672 respondents, 421 respondents (62.6 per cent) opined that banks not conducting recreation facilities for the customers and 251 respondents (37.4 per cent) opined that banks conducting recreation facilities for the customers.

Bank wise analysis reveals that among the customers of public sector banks, majority (61.2 per cent) of the respondents opined that banks not conducting recreation facilities for the customers and also in private sector banks, majority (68.1 per cent) of the respondents opined that banks not conducting recreation facilities for the customers.

5.3.7 Main features considered in the bank

Customers consider different features in the bank namely personalised service, wide branch network, quality service, computerised banking and core banking. The following table shows the main features considered by the customers in the bank:

Table 5.18

Main features considered in the bank

Sl. No.	Main features considered in the bank	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Personalised service	111(21.0)	24(16.7)	135(20.1)
2.	Wide branch network	141(26.7)	36(25.0)	177(26.3)
3.	Quality service	138(26.1)	41(28.5)	179(26.6)
4.	Computerised banking	87(16.5)	33(22.9)	120(17.9)
5.	Core banking	51(9.7)	10(6.9)	61(9.1)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary Data

(Parentheses indicates percentage)

Table 5.18 clearly reveals that out of the total 672 respondents, 179 respondents (26.6 per cent) consider ‘quality service’ of banks and 177 respondents (26.3 per cent) consider ‘wide branch network’. Bank wise analysis reveals that among the customers of public sector banks, majority (26.7 per cent) of the respondents consider ‘wide branch network’ but in private sector banks, majority (28.5 per cent) of the respondents consider ‘quality service’ of banks.

5.4 FACTORS MOTIVATING TO CHOOSE THE BANK

Customers of two different types of banks namely public sector banks and private sector banks are motivated by different factors to choose the bank. In order to

find out the significant difference in factors motivating to choose the bank among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in factors motivating to choose the bank among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of 't' test for factors motivating to choose the bank among customers of public sector banks and private sector banks is presented in table 5.19.

Table 5.19

Motivating factors to choose the bank among customers of public sector banks and private sector banks

Factors	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Performs services correctly at the first time	3.9242	3.8542	0.798
Provides prompt service	3.6326	3.1944	5.098*
Offers competitive pricing	3.4356	3.2569	1.769
Situated at a convenient location	3.4413	3.1458	2.803*
Provides friendly service	3.5663	3.4028	1.566
Convenient service hours	3.4811	3.3264	1.636
Clean surroundings and premises	3.6231	3.2847	3.851*
Transparency	3.4792	3.3889	0.877
Simple and easy process / procedures	3.7008	3.4792	2.600*
Provides value added service	3.5644	3.1458	4.198*
Provides e-banking services	3.8428	3.4583	4.037*
Has competent employees for better performance	3.3182	3.4792	1.609
Provides visually appealing facilities	3.3864	3.0833	3.458*
Existence of physical evidences for quality services	3.4337	3.3056	1.332
Provides better communication system	3.4659	3.6042	1.368

Source: Computed data

***Significant at five per cent level**

Table 5.19 shows the mean score of factors motivating to choose the bank among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important factors motivating to choose the bank among customers of public sector banks are ‘performs services correctly at the first time’ and ‘provides e-banking services’ and their respective mean scores are 3.9242 and 3.8428 and among the customers of private sector banks, ‘performs services correctly at the first time’ and ‘provides better communication system’ and their respective mean scores are 3.8542 and 3.6042. Regarding the factors motivating to choose the bank, the significant difference among the customers of public and private sector banks are identified in the case of provides prompt service, situated at a convenient location, clean surroundings and premises, simple and easy process / procedures, provides value added service, provides e-banking services and provide visually appealing facilities since the respective ‘T’ statistics are significant at 5 per cent level, the null hypothesis is rejected.

5.4.1 Factors motivating to choose the bank and Demographic Variables of the Customers of Public Sector Banks

In order to find out the relationship between factors motivating to choose the bank and demographic variables of the customers of public sector banks, the null hypothesis is framed as, “there is no significant relationship between the demographic variables of customers of public sector banks and factors motivating to choose the bank”. The result is given in the table 5.20.

Table 5.20

**Motivating factors to choose the bank and demographic variables of the
customers of public sector banks**

Factors	Demographic Variables (F Statistics)					
	Age	Area of residence	Educational Qualification	Occupation	Monthly family income	Monthly average savings
Performs services correctly at the first time	3.234*	1.098	4.245*	4.532*	1.675	1.187
Provides prompt service	5.243*	1.022	4.386*	6.428*	3.247*	2.181*
Offers competitive pricing	4.354*	1.459	4.156*	2.533*	3.118*	1.743
Situated at a convenient location	5.359*	1.561	4.134*	3.081*	1.663	4.200*
Provides friendly service	6.118*	2.392*	1.989	5.796*	4.511*	2.690*
Convenient service hours	9.493*	3.027*	2.406*	4.971*	4.163*	0.753
Clean surroundings and premises	1.996	2.004	2.488*	2.919*	3.594*	1.812
Transparency	5.914*	1.223	4.579*	3.624*	5.072*	4.105*
Simple and easy process / procedures	8.468*	2.419*	2.030*	2.198*	0.810	2.176*
Provides value added service	4.603*	4.193*	7.106*	4.470*	5.676*	0.782
Provides e-banking services	1.053	1.193	6.810*	2.558*	3.462*	1.276
Has competent employees for better performance	5.012*	1.272	4.749*	7.239*	3.047*	9.137*
Provides visually appealing facilities	7.678*	1.091	5.118*	1.600	3.183*	1.012
Existence of physical evidences for quality services	5.652*	1.657	2.530*	2.115*	4.204*	2.944*
Provides better communication system	1.496	1.661	2.005	2.270*	2.475*	7.841*

Source: Primary Data

***Significant at five per cent level**

It is understood from the table 5.20 that in public sector banks, there is a significant relationship between age group of customers and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provides friendly service, convenient service hours, transparency, simple and easy process / procedures, provides value added service, has competent employees for better performance, provide visually appealing facilities and existence of physical evidences for quality services. Table 5.20 further shows that there is a significant relationship between area of residence and factors motivating to choose the bank namely provides friendly service, convenient service hours, simple and easy process / procedures and provides value added service.

It is found from the above table that there is a significant relationship between educational qualification and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at a convenient location, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, provide value added service, provides e-banking services, has competent employees for better performance, provides visually appealing facilities and existence of physical evidences for quality services. It is identified from table that there is a significant relationship between occupation and factors motivating to choose the bank namely perform services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provide friendly service, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, provides value added service, provide e-banking services, has competent employees

for better performance, existence of physical evidences for quality services and provide better communication system.

It is also clear from the table that there is a significant relationship between monthly family income and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, provides friendly service, convenient service hours, clean surroundings and premises, transparency, provides value added service, provides e-banking services, has competent employees for better performance, provides visually appealing facilities, existence of physical evidences for quality services and provides better communication system.

It is further clear from the table that there is a significant relationship between monthly average savings and factors motivating to choose the bank namely provides prompt service, provide friendly service, transparency, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.

5.4.2 Factors motivating to choose the bank and Demographic Variables of the Customers of Private Sector Banks

In order to find out the relationship between factors motivating to choose the bank and demographic variables of the customers of private sector banks, the null hypothesis is framed as, “there is no significant relationship between the demographic variables of customers of private sector banks and factors motivating to choose the bank”. The result is given in the table 5.21.

Table 5.21

**Motivating factors to choose the bank and demographic variables of the
customers of private sector banks**

Factors	Demographic Profile Variables (F Statistics)					
	Age	Area of residence	Educational Qualification	Occupation	Monthly family income	Monthly average savings
Performs services correctly at the first time	5.534*	9.725*	5.085*	3.788*	4.815*	6.947*
Provides prompt service	2.277*	2.501*	6.911*	3.747*	4.754*	5.595*
Offers competitive pricing	0.661	2.130*	4.978*	2.533*	3.499*	3.187*
Situated at a convenient location	3.643*	3.765*	2.366*	3.871*	3.552*	2.483*
Provides friendly service	3.876*	3.095*	4.690*	5.873*	4.865*	4.454*
Convenient service hours	3.664*	9.104*	3.294*	6.036*	1.974	2.148*
Clean surroundings and premises	2.888*	0.402	1.310	1.784	2.389*	5.714*
Transparency	5.984*	5.183*	6.401*	2.141*	2.944*	0.194
Simple and easy process / procedures	4.398*	3.140*	1.864	2.439*	1.175	5.119*
Provides value added service	1.588	0.228	2.455*	2.244*	1.230	2.928*
Provides e-banking services	0.309	0.196	3.665*	2.220*	2.767*	1.379
Has competent employee for better performance	6.362*	11.989*	4.188*	4.728*	3.183*	0.976
Provides visually appealing facilities	1.633	4.792*	3.276*	5.395*	2.790*	2.136*
Existence of physical evidences for quality services	2.854*	2.147*	3.754*	2.291*	2.539*	2.008*
Provides better communication system	11.629*	3.153*	2.508*	3.293*	1.868	0.156

Source: Primary Data

***Significant at five per cent level**

It is understood from table 5.21 that in private sector banks, there is a significant relationship between age group of customers and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, situated at a convenient location, provides friendly service, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.

The table further shows that there is a significant relationship between area of residence and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provides friendly service, convenient service hours, transparency, simple and easy process / procedures, has competent employees for better performance, provides visually appealing facilities, existence of physical evidences for quality services and provides better communication system.

It is found from the above table that there is a significant relationship between educational qualification and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provides friendly service, convenient service hours, transparency, provides value added service, provides e-banking services, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.

It is identified from the table that there is a significant relationship between occupation and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provides friendly service, convenient service hours,

transparency, simple and easy process / procedures, provides value added service, provides e-banking services, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.

It is clear from the table that there is a significant relationship between monthly family income and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at a convenient location, provides friendly service, transparency, simple and easy process / procedures, provides e-banking services, has competent employees for better performance and existence of physical evidences for quality services.

It is further clear from the table that there is a significant relationship between monthly average savings and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, situated at a convenient location, provides friendly service, convenient service hours, clean surroundings and premises, simple and easy process / procedures, provides value added service, provides visually appealing facilities and existence of physical evidences for quality services.

5.5 SERVICE QUALITY GAP IN BANKING SECTOR

In order to find out the service quality gap of banking sector such as public and private banks in Tirunelveli district, the data have been collected from the customers. The service quality gap is calculated by the simple formula i.e. Service quality gap = Expectation – Perception

5.5.1 Service quality Gap in Public Sector Banks in Tirunelveli District

The following table shows the service quality gap in public sector banks in Tirunelveli district:

Table 5.22

Service quality gap in public sector banks in Tirunelveli district

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	3.8885	2.8645	1.0240
1.	Adequate infrastructural facilities	4.3144	2.9931	1.3213
2.	Physical appearance of the staff is professional	3.9261	2.6875	1.2386
3.	Visually appealing features	3.7292	2.8333	0.8959
4.	Location is easily accessible	3.8958	2.5486	1.3472
5.	Location is free from pollution	3.9931	2.8889	1.1042
6.	Bank uses latest technologies in providing services	3.7639	2.9028	0.8611
7.	Vehicle parking facility is available	3.8403	2.7431	1.0972
8.	Information is easily available	3.8731	3.0972	0.7759
9.	Bank is having a memorable advertisement	3.7847	3.0833	0.7014
10.	Beautiful elevation of the office building	3.7652	2.8681	0.8971
	Reliability	3.8653	2.9680	0.8973
11.	Get things right at the first time	3.9186	2.9375	0.9811
12.	Provides services at time promises to do so it	3.8056	2.9306	0.875
13.	Insists on error free records	3.8333	3.0278	0.8055
14.	Bank has competitive pricing compared to others	3.8542	3.0139	0.8403
15.	Provision of documentary evidences for banking services	3.9148	2.9306	0.9842
	Responsiveness	4.0369	2.8694	1.1675
16.	Staff tell exactly when the services will be performed	4.2708	3.0833	1.1875

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
17.	Staff are prompt in responding to questions and queries	4.0069	2.6944	1.3125
18.	Front office staff responding to phone calls instantaneously	3.9318	2.8472	1.0846
19.	Staff are willing to help anytime	3.9583	2.7778	1.1805
20.	Organised time table	4.0170	2.9444	1.0726
	Assurance	3.9863	2.9999	0.9864
21.	Employees are trustworthy and honest	3.9931	2.8611	1.132
22.	Employees in banks have knowledge and competence to solve customer's problem	3.9489	2.9722	0.9767
23.	Bank is widely known	3.8681	3.1875	0.6806
24.	Bank is well liked	3.8689	2.8194	1.0495
25.	Bank is unique compared to others	3.9394	2.9444	0.995
26.	Bank Staff give assurance as to deliverance of the services	4.1477	3.1181	1.0296
27.	Data revealed by customers are kept confidential	4.0000	3.0208	0.9792
28.	Bank staff give assurance with regard to their efficient service	4.1250	3.0764	1.0486
	Empathy	3.9920	3.0097	0.9823
29.	Customers get individual attention	4.0455	3.0556	0.9899
30.	Bank has its customer's best interest in heart	3.9583	2.9306	1.0277
31.	Client friendly service hours	4.2197	3.3056	0.9141
32.	Bank staff have concern and they understand customer problems	3.8655	2.9931	0.8724
33.	Seeks to understand customer's need and their problems	3.8712	2.7639	1.1073

Source: Computed data

It is clear from the table 4.22 that among the customers of public sector banks in Tirunelveli district, the mean scores of expectations are high and ranged from 3.7292 for (item 3: Visually appealing features) to 4.3144 for (item 1: Adequate

infrastructural facilities). Among the five dimensions, the highest expectation related to the responsiveness dimension (dimension's mean score = 4.0369) and the lowest expectation related to the reliability dimension (dimension's mean score = 3.8653).

The mean score of the perceptions ranged from 2.6875 for (item 2: Physical appearance of the staff is professional) to 3.3056 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.0097) and the lowest perception related to the tangibility dimension (dimension's mean score = 2.8645).

The gap score for each item and dimension was computed. Table 5.22 shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 1.1675), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.8973).

5.5.2 Service quality Gap in Private Sector Banks in Tirunelveli District

The following table shows the service quality gap in private sector banks in Tirunelveli district:

Table 5.23

Service quality gap in private sector banks in Tirunelveli district

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	3.7223	3.2159	0.5064
1.	Adequate infrastructural facilities	4.2986	3.5170	0.7816
2.	Physical appearance of the staff is professional	3.6597	3.1174	0.5423
3.	Visually appealing features	3.6136	2.8864	0.7272
4.	Location is easily accessible	3.5227	3.3030	0.2197
5.	Location is free from pollution	3.7045	2.9299	0.7746
6.	Bank uses latest technologies in providing services	3.7481	3.1553	0.5928
7.	Vehicle parking facility is available	3.4867	3.2860	0.2007
8.	Information is easily available	3.8333	3.4091	0.4242
9.	Bank is having a memorable advertisement	3.5928	3.2822	0.3106
10.	Beautiful elevation of the Bank building	3.7639	3.2727	0.4912
	Reliability	3.7956	3.3204	0.4752
11.	Get things right at the first time	3.8542	3.4167	0.4375
12.	Provides services at time promises to do so it	3.6913	3.2140	0.4773
13.	Insists on error free records	3.7443	3.1856	0.5587
14.	Bank has competitive pricing compared to others	3.8201	3.3333	0.4868
15.	Provision of documentary evidences for banking services	3.8681	3.4527	0.4154
	Responsiveness	3.9332	3.2026	0.7306
16.	Staff tell exactly when the services will be performed	4.1117	3.3125	0.7992
17.	Staff are prompt in responding to questions and queries	3.7633	3.2102	0.5531
18.	Front office staff responding to phone calls instantaneously	3.9028	3.0038	0.899
19.	Staff are willing to help anytime	3.9508	3.2367	0.7141
20.	Organised time table	3.9375	3.2500	0.6875

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
	Assurance	3.8699	3.3167	0.5532
21.	Employees are trustworthy and honest	3.8239	3.2595	0.5644
22.	Employees in banks have knowledge and competence to solve customer's problem	3.9296	3.1534	0.7762
23.	Bank is widely known	3.5811	3.4375	0.1436
24.	Bank is well liked	3.8111	3.3295	0.4816
25.	Bank is unique compared to others	3.7986	3.5379	0.2607
26.	Bank Staff give assurance as to deliverance of the services	4.0000	3.1951	0.8049
27.	Data revealed by customers are kept confidential	3.9878	3.3466	0.6412
28.	Bank staff give assurance with regard to their efficient service	4.0278	3.2746	0.7532
	Empathy	3.9920	3.4583	0.5337
29.	Customers get individual attention	4.0455	3.1970	0.8485
30.	Bank has its customer's best interest in heart	3.9583	3.3030	0.6553
31.	Client friendly service hours	4.2197	3.8049	0.4148
32.	Bank staff have concern and they understand customer problems	3.8655	3.5739	0.2916
33.	Seeks to understand customer's need and their problems	3.8712	3.4129	0.4583

Source: Computed data

It is clear from the table 5.23 that the mean scores of expectations are high and ranged from 3.4867 for (item 7: Vehicle parking facility is available) to 4.2986 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the empathy dimension (dimension's mean score = 3.9920) and the lowest expectation related to the tangibility dimension (dimension's mean score = 3.7223). The mean score of the perceptions ranged from 2.8864 for (item 3: Visually appealing features) to 3.8049 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy

dimension (dimension's mean score = 3.4583) and the lowest perception related to the responsiveness dimension (dimension's mean score = 3.2026).

The gap score for each item and dimension was computed. Table 5.23 shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 0.7306), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.4752).

5.5.3 Service quality gap in public and private sector banks in Tirunelveli district

The following table shows the service quality gap in public and private sector banks in Tirunelveli district.

Table 5.24

Service quality gap in public and private sector banks in Tirunelveli district

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	3.7764	3.1406	0.6358
1.	Adequate infrastructural facilities	4.3110	3.4048	0.9062
2.	Physical appearance of the staff is professional	3.8690	3.0253	0.8437
3.	Visually appealing features	3.6384	2.8750	0.7634
4.	Location is easily accessible	3.6027	3.1414	0.4613
5.	Location is free from pollution	3.7664	2.9211	0.8453
6.	Bank uses latest technologies in providing services	3.7515	3.1012	0.6503
7.	Vehicle parking facility is available	3.5625	3.1696	0.3929
8.	Information is easily available	3.8646	3.3423	0.5223
9.	Bank is having a memorable advertisement	3.6339	3.2396	0.3943
10.	Beautiful elevation of the Bank building	3.7649	3.1860	0.5789
	Reliability	3.8232	3.2449	0.5782
11.	Get things right at the first time	3.9048	3.3140	0.5908

Sl. No.	Statements	Expectation Mean	Perception Mean	Service quality gap
12.	Provides services at time promises to do so it	3.7158	3.1533	0.5625
13.	Insists on error free records	3.7634	3.1518	0.6116
14.	Bank has competitive pricing compared to others	3.8274	3.2649	0.5625
15.	Provision of documentary evidences for banking services	3.9048	3.3408	0.564
	Responsiveness	3.9678	3.1312	0.8366
16.	Staff tell exactly when the services will be performed	4.1458	3.2634	0.8824
17.	Staff are prompt in responding to questions and queries	3.8155	3.0997	0.7158
18.	Front office staff responding to phone calls instantaneously	3.9256	2.9702	0.9554
19.	Staff are willing to help anytime	3.9524	3.1384	0.814
20.	Organised time table	4.0000	3.1845	0.8155
	Assurance	3.9134	3.2488	0.6646
21.	Employees are trustworthy and honest	3.8601	3.1741	0.686
22.	Employees in banks have knowledge and competence to solve customer's problem	3.9448	3.1146	0.8302
23.	Bank is widely known	3.6473	3.3839	0.2634
24.	Bank is well liked	3.8408	3.2202	0.6206
25.	Bank is unique compared to others	3.9092	3.4107	0.4985
26.	Bank Staff give assurance as to deliverance of the services	4.1161	3.1786	0.9375
27.	Data revealed by customers are kept confidential	3.9881	3.2768	0.7113
28.	Bank staff give assurance with regard to their efficient service	4.0015	3.2321	0.7694
	Empathy	3.9607	3.3622	0.5985
29.	Customers get individual attention	4.0417	3.1667	0.875
30.	Bank has its customer's best interest in heart	3.8839	3.2232	0.6607
31.	Client friendly service hours	4.1964	3.6979	0.4985
32.	Bank staff have concern and they understand customer problems	3.8423	3.4494	0.3929
33.	Seeks to understand customer's need and their problems	3.8393	3.2738	0.5655

Source: Computed Data

It is clear from the table 5.24 that the mean scores of expectations are high and ranged from 3.5625 for (item 7: Vehicle parking facility is available) to 4.3110 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the responsiveness dimension (dimension's mean score = 3.9678) and the lowest expectation related to the tangibility dimension (dimension's mean score = 3.7764).

The mean score of the perceptions ranged from 2.8750 for (item 3: Visually appealing features) to 3.6979 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.3622) and the lowest perception related to the responsiveness dimension (dimension's mean score = 3.1312).

The gap score for each item and dimension was computed. Table 5.24 shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 0.8366), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.5782).

5.6 EXPECTATION OF CUSTOMERS TOWARDS BANKS

5.6.1 Expectation towards tangibility aspects of service quality of banks

Customers of public sector banks and private sector banks may have different expectation towards tangibility aspect of service quality of banks. In order to find out the significant difference in expectation towards tangibility aspects of service quality of banks among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in expectation towards tangibility aspect of service quality of banks among customers of public sector banks and private sector banks in**

Tirunelveli district”. The result of ‘t’ test for expectation towards tangibility aspect of service quality of banks among customers of public sector banks and private sector banks is presented in table 5.25.

Table 5.25

Expectation towards tangibility aspect of service quality of banks among customers of public sector banks and private sector banks

Tangibility	Type of Banks (Mean Score)		T-Statistics
	Public Sector Banks	Private Sector Banks	
Adequate infrastructural facilities	4.3144	4.2986	0.196
Physical appearance of the staff is professional	3.9261	3.6597	3.479*
Visually appealing features	3.7292	3.6136	1.184
Location is easily accessible	3.8958	3.5227	3.546*
Location is free from pollution	3.9931	3.7045	2.686*
Bank uses latest technologies in providing services	3.7639	3.7481	0.148
Vehicle parking facility is available	3.8403	3.4867	3.073*
Information is easily available	3.8731	3.8333	0.422
Bank is having a memorable advertisement	3.7847	3.5928	1.808
Beautiful elevation of the Bank building	3.7652	3.7639	1.012

Source: Computed data

***Significant at five per cent level**

Table 5.25 shows the mean score of expectation towards tangibility aspect of service quality of banks among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important expectation towards tangibility aspect of service quality of banks among customers of public sector banks are adequate infrastructural facilities and location is free from pollution as their

respective mean scores are 4.3144 and 3.9931 and among the customers of private sector banks, adequate infrastructural facilities and information is easily available as their respective mean scores are 4.2986 and 3.8333. Regarding the expectation towards tangibility aspect of service quality of banks, the significant difference among the customers of public and private sector banks are identified in the case of physical appearance of the staff is professional, location is easily accessible, location is free from pollution and vehicle parking facility is available as the respective 'T' statistics are significant at 5 per cent level and accordingly the null hypothesis is rejected.

5.6.2 Expectation towards reliability aspect of service quality of banks

Customers of public sector banks and private sector banks have different expectation towards reliability aspect of service quality of banks. In order to find out the significant difference in expectation towards reliability aspect of service quality of banks among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in expectation towards reliability aspect of service quality of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of 't' test for expectation towards reliability aspect of service quality of banks among customers of public sector banks and private sector banks is presented in table 5.26.

Table 5.26

**Expectation towards reliability aspect of service quality of banks among
customers of public sector banks and private sector banks**

Reliability	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Get things right at the first time	3.9186	3.8542	0.635
Provides services at time promises to do so it	3.8056	3.6913	1.214
Insists on error free records	3.8333	3.7443	0.820
Bank has competitive pricing compared to others	3.8542	3.8201	0.363
Provision of documentary evidences for banking services	3.9148	3.8681	0.419

Source: Computed data

***Significant at five per cent level**

Table 5.26 shows the mean score of expectation towards reliability aspect of service quality of banks among customers of public sector banks and private sector banks along with its respective 'T' statistics. The important expectation towards reliability aspect of service quality of banks among customers of public sector banks are get things right at the first time and provision of documentary evidences for banking services as their respective mean scores are 3.9186 and 3.9148 and among the customers of private sector banks, provision of documentary evidences for banking services and get things right at the first time as their respective mean scores are 3.8681 and 3.8542. Regarding the expectation towards reliability aspect of service quality of banks, no significant difference among the customers of public and private sector banks, is identified in the cases of get things right at the first time, provide services at time promises to do so it, insists on error free records, bank has competitive pricing compared to others and provision of documentary evidences for banking services since

the respective ‘T’ statistics are not significant at 5 per cent level and therefore the null hypothesis is accepted.

5.6.3 Expectation towards responsiveness aspects of service quality of banks

Customers of public sector banks and private sector banks have different expectation towards responsiveness aspect of service quality of banks. In order to find out the significant difference in expectation towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in expectation towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for expectation towards responsiveness of banks among customers of public sector banks and private sector banks is presented in table 5.27.

Table 5.27

Expectation towards responsiveness of banks among customers of public sector banks and private sector banks

Responsiveness	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Staff tell exactly when the services will be performed	4.2708	4.1117	1.784
Staff are prompt in responding to questions and queries	4.0069	3.7633	2.698*
Front office staff responding to phone calls instantaneously	3.9318	3.9028	0.299
Staff are willing to help anytime	3.9583	3.9508	0.078
Organised time table	4.0170	3.9375	0.838

Source: Computed data

***Significant at five per cent level**

Table 5.27 shows the mean score of expectation towards responsiveness of banks among customers of public sector banks and private sector banks along with its respective 'T' statistics. The important expectation towards responsiveness of banks among customers of public sector banks are staff tell exactly when the services will be performed and organised time table as their respective mean scores are 4.2708 and 4.0170 and among the customers of private sector banks, staff tell exactly when the services will be performed and staff are willing to help anytime as their respective mean scores are 4.1117 and 3.9508. Regarding the expectation towards responsiveness of banks, the significant difference among the customers of public and private sector banks is identified in the case of staff are prompt in responding to questions and queries since the respective 'T' statistics is significant at 5 per cent level and the null hypothesis is rejected.

5.6.4 Expectation towards assurance aspect of service quality of banks

Customers of public sector banks and private sector banks have different expectation towards assurance of banks. In order to find out the significant difference in expectation towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **"there is no significant difference in expectation towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district"**. The result of 't' test for expectation towards assurance of banks among customers of public sector banks and private sector banks is presented in table 5.28.

Table 5.28

**Expectation towards assurance of banks among customers of public sector
banks and private sector banks**

Assurance	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Employees are trustworthy and honest	3.9931	3.8239	1.713
Employees in banks have knowledge and competence to solve customer's problem	3.9489	3.9296	0.201
Bank is widely known	3.8681	3.5811	2.890*
Bank is well liked	3.8689	3.8111	0.355
Bank is unique compared to others	3.9394	3.7986	1.505
Bank Staff give assurance as to deliverance of the services	4.1477	4.0000	1.734
Data revealed by customers are kept confidential	4.0000	3.9878	0.162
Bank staff give assurance with regard to their efficient service	4.1250	4.0278	1.971*

Source: Computed data

***Significant at five per cent level**

Table 5.28 shows the mean score of expectation towards assurance of banks among customers of public sector banks and private sector banks along with its respective 'T' statistics. The important expectation towards assurance of banks among customers of public sector banks are bank staff give assurance as to deliverance of the services and bank staff give assurance with regard to their efficient service as their respective mean scores are 4.1477 and 4.1250 and among the customers of private sector banks, bank staff give assurance with regard to their efficient service and bank staff give assurance as to deliverance of the services as their respective mean scores are 4.0278 and 4.0000. Regarding the expectation towards assurance of banks, the significant difference among the customers of public and private sector banks is

identified in the cases of bank is widely known and bank staff give assurance with regard to their efficient service since the respective 'T' statistics are significant at 5 per cent level and therefore the null hypothesis is rejected.

5.6.5 Expectation towards empathy aspect of service quality of banks

Customers of public sector banks and private sector banks have different expectation towards empathy aspect of service quality of banks. In order to find out the significant difference in expectation towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in expectation towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of 't' test for expectation towards empathy of banks among customers of public sector banks and private sector banks is presented in table 5.29.

Table 5.29

Expectation towards empathy of banks among customers of public sector banks and private sector banks

Empathy	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Customers get individual attention	4.0455	4.0278	0.208
Bank has its customer's best interest in heart	3.9583	3.8636	1.027
Client friendly service hours	4.2197	4.1111	1.247
Bank staff have concern and they understand customer problems	3.8655	3.7569	1.617
Seek to understand customer's need and their problem	3.8712	3.7222	1.575

Source: Computed data

***Significant at five per cent level**

Table 5.29 shows the mean score of expectation towards empathy of banks among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important expectation towards empathy of banks among customers of public sector banks are client friendly service hours and ‘customers get individual attention’ as their respective mean scores are 4.2197 and 4.0455 and among the customers of private sector banks, ‘client friendly service hours’ as ‘customers get individual attention’ as their respective mean scores are 4.1111 and 4.0278. Regarding the expectation towards empathy of banks, no significant difference among the customers of public and private sector banks has been identified in the cases of customers get individual attention, bank has its customer’s best interest in heart, client friendly service hours, bank staff have concern and they understand customer problems and seek to understand customers’ need and their problems since the respective ‘T’ statistics are not significant at 5 per cent level and accordingly the null hypothesis is accepted.

5.7 PERCEPTION OF CUSTOMERS TOWARDS BANKS

5.7.1 Perception towards tangibility aspect of service quality of banks

Customers of public sector banks and private sector banks may have different perception towards tangibility aspect of service quality of banks. In order to find out the significant difference in perception towards tangibility of banks among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in perception towards tangibility of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for perception towards tangibility of banks among customers of public sector banks and private sector banks is presented in table 5.30.

Table 5.30

**Perception towards tangibility of banks among customers of public sector
banks and private sector banks**

Tangibility	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Adequate infrastructural facilities	2.9931	3.5170	5.023*
Physical appearance of the staff is professional	2.6875	3.1174	4.191*
Visually appealing features	2.8333	2.8864	0.499
Location is easily accessible	2.5486	3.3030	6.966*
Location is free from pollution	2.8889	2.9299	0.361
Bank uses latest technologies in providing services	2.9028	3.1553	2.529*
Vehicle parking facility is available	2.7431	3.2860	5.154*
Information is easily available	3.0972	3.4091	3.098*
Bank is having a memorable advertisement	3.0833	3.2822	1.887
Beautiful elevation of the Bank building	2.8681	3.2727	3.446*

Source: Computed data

***Significant at five per cent level**

Table 5.30 shows the mean score of perception towards tangibility of banks among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important perception towards tangibility of banks among customers of public sector banks are ‘information is easily available’ and ‘company is having a memorable advertisement’ as their respective mean scores are 3.0972 and 3.0833 and among the customers of private sector banks, ‘adequate infrastructural facilities’ and ‘information is easily available’ as their respective mean scores are 3.5170 and 3.4091. Regarding the perception towards tangibility of banks, the significant difference among the customers of public and private sector banks is identified in the cases of adequate infrastructural facilities, physical appearance of the

staff is professional, location is easily accessible, bank uses latest technologies in providing services, vehicle parking facility is available, information is easily available and beautiful elevation of the office building since the respective ‘T’ statistics are significant at 5 per cent level and the null hypothesis is rejected.

5.7.2 Perception towards reliability aspect of service quality of banks

Customers of public sector banks and private sector banks have different perception towards reliability of banks. In order to find out the significant difference in perception towards reliability of banks among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in perception towards reliability of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for perception towards reliability of banks among customers of public sector banks and private sector banks is presented in table 5.31.

Table 5.31

Perception towards reliability of banks among customers of public sector banks and private sector banks

Reliability	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Get things right at the first time	2.9375	3.4167	4.639*
Provide services at time promises to do so it	2.9306	3.2140	2.529*
Insists on error free records	3.0278	3.1856	1.450
Bank has competitive pricing compared to others	3.0139	3.3333	3.022*
Provision of documentary evidences for banking services	2.9306	3.4527	5.858*

Source: Computed data

***Significant at five per cent level**

Table 5.31 shows the mean score of perception towards reliability of banks among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important perception towards reliability of banks among customers of public sector banks are insists on error free records and bank has competitive pricing compared to others as their respective mean scores are 3.0278 and 3.0139 and among the customers of private sector banks, provision of documentary evidences for banking services and get things right at the first time as their respective mean scores are 3.4527 and 3.4167. Regarding the perception towards reliability of banks, the significant difference among the customers of public and private sector banks is identified in the cases of get things right at the first time, provides services at time promises to do so it, bank has competitive pricing compared to others and provision of documentary evidences for banking services since the respective ‘T’ statistics are significant at 5 per cent level, the null hypothesis is rejected.

5.7.3 Perception towards responsiveness aspect of service quality of banks

Customers of public sector banks and private sector banks have different perception towards responsiveness of banks. In order to find out the significant difference in perception towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in perception towards responsiveness of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for perception towards responsiveness of banks among customers of public sector banks and private sector banks is presented in table 5.32.

Table 5.32

**Perception towards responsiveness of banks among customers of public sector
banks and private sector banks**

Responsiveness	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Staff tell exactly when the services will be performed	3.0833	3.3125	2.171*
Staff are prompt in responding to questions and queries	2.6944	3.2102	4.733*
Front office staff responding to phone calls instantaneously	2.8472	3.0038	1.433
Staff are willing to help anytime	2.7778	3.2367	4.207*
Organised time table	2.9444	3.2500	3.249*

Source: Computed data

***Significant at five per cent level**

Table 5.32 shows the mean score of perception towards responsiveness of banks among customers of public sector banks and private sector banks along with its respective 'T' statistics. The important perception towards responsiveness of banks among customers of public sector banks are staff tell exactly when the services will be performed and organised time table as their respective mean scores are 3.0833 and 2.9444 and among the customers of private sector banks, staff tell exactly when the services will be performed and organised time table as their respective mean scores are 3.3125 and 3.2500. Regarding the perception towards responsiveness of banks, the significant difference among the customers of public and private sector banks is identified in the cases of staff tell exactly when the services will be performed, staff are prompt in responding to questions and queries, staff is willing to help anytime and organised time table since the respective 'T' statistics are significant at 5 per cent level and the null hypothesis is rejected.

5.7.4 Perception towards assurance aspects of service quality of banks

Customers of public sector banks and private sector banks have different perception towards assurance of banks. In order to find out the significant difference in perception towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in perception towards assurance of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of 't' test for perception towards assurance of banks among customers of public sector banks and private sector banks is presented in table 5.33.

Table 5.33

Perception towards assurance of banks among customers of public sector banks and private sector banks

Assurance	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Employees are trustworthy and honest	2.8611	3.2595	3.910*
Employees in banks have knowledge and competence to solve customer's problem	2.9722	3.1534	1.977*
Bank is widely known	3.1875	3.4375	2.839*
Bank is well liked	2.8194	3.3295	4.881*
Bank is unique compared to others	2.9444	3.5379	6.103*
Bank Staff give assurance as to deliverance of the services	3.1181	3.1951	0.698
Data revealed by customers are kept confidential	3.0208	3.3466	3.374*
Bank staff give assurance with regard to their efficient service	3.0764	3.2746	1.963

Source: Computed data

***Significant at five per cent level**

Table 5.33 shows the mean score of perception towards assurance of banks among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important perception towards assurance of banks among customers of public sector banks are bank is widely known and bank staff give assurance as to deliverance of the services as their respective mean scores are 3.1875 and 3.1181 and among the customers of private sector banks, bank is unique compared to others and bank is widely known as their respective mean scores are 3.5379 and 3.4375. Regarding the perception towards assurance of banks, the significant difference among the customers of public and private sector banks is identified in the cases of employees are trustworthy and honest, employees in banks have knowledge and competence to solve customer’s problem, bank is widely known, bank is well liked, bank is unique compared to others and data revealed by customers are kept confidential since the respective ‘T’ statistics are significant at 5 per cent level and the null hypothesis is rejected.

5.7.5 Perception towards empathy aspect of service quality of banks

Customers of public sector banks and private sector banks have different perception towards empathy of banks. In order to find out the significant difference in perception towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in perception towards empathy of banks among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for perception towards empathy of banks among customers of public sector banks and private sector banks is presented in table 5.34.

Table 5.34

**Perception towards empathy of banks among customers of public sector
banks and private sector banks**

Empathy	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Customers get individual attention	3.0556	3.1970	1.365
Bank has its customer's best interest in heart	2.9306	3.3030	3.467*
Client friendly service hours	3.3056	3.8049	5.644*
Bank staff have concern and they understand customer problems	2.9931	3.5739	6.830*
Seeks to understand customer's need and their problems	2.7639	3.4129	6.366*

Source: Computed data

***Significant at five per cent level**

Table 5.34 shows the mean score of perception towards empathy of banks among customers of public sector banks and private sector banks along with its respective 'T' statistics. The important perception towards empathy of banks among customers of public sector banks are client friendly service hours and customers get individual attention as their respective mean scores are 3.3056 and 3.0556 and among the customers of private sector banks, client friendly service hours and bank staff have concern and they understand customer problems as their respective mean scores are 3.8049 and 3.5739. Regarding the perception towards empathy of banks, the significant difference among the customers of public and private sector banks is identified in the case of bank has its customer's best interest in heart, client friendly service hours, bank staff have concern and they understand customer problems and seek to understand customer's need and their problem since the respective 'T' statistics are significant at 5 per cent level and therefore the null hypothesis is rejected.

5.8 CUSTOMERS' SATISFACTION TOWARDS BANKS

Customers of public sector banks and private sector banks may have different satisfaction. In order to find out the significant difference in customer satisfaction towards public sector banks and private sector banks in Tirunelveli district, 't' test is attempted with the null hypothesis as, **“there is no significant difference in customer satisfaction towards public sector banks and private sector banks in Tirunelveli district”**. The result of 't' test for customer satisfaction towards public sector banks and private sector banks is presented in table 5.35.

Table 5.35

Customers' satisfaction towards public sector banks and private sector banks

Customer Satisfaction	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Experiences with the bank	3.8920	3.3750	6.909*
My choice of this bank	3.7311	3.2083	5.810*
Behaviour of the staff	3.4470	3.1528	3.261*
Trust worthiness of the bank	3.4830	3.4583	0.240
Accessibility of the bank	3.6496	3.1389	5.257*
Customer orientation of the bank	3.5511	3.1806	3.829*
Handling of complaints	3.1667	3.2292	0.693
Communication system of bank	3.4564	3.2222	2.664*
Quality of the services	3.5284	3.7847	1.429
Cost of the services offered	3.3977	3.2361	1.778
Maintenance of suggestion box	3.2367	3.0972	1.414
Promotional activities like advertisement	3.3314	3.0833	2.722*
Procedures and processes	3.6439	3.3881	2.951*
Services by the staff	3.4015	3.1389	2.647*
E-Banking marketing services	3.3561	3.1944	1.511

Source: Computed data

***Significant at five per cent level**

Table 5.35 shows the mean score of customer satisfaction towards public sector banks and private sector banks along with its respective ‘T’ statistics. The important satisfaction among customers of public sector banks are experiences with the bank and my choice of this bank as their respective mean scores are 3.8920 and 3.7311 and among the customers of private sector banks, quality of the services and trust worthiness of the bank as their respective mean scores are 3.7847 and 3.4583. Regarding the satisfaction, the significant difference among the customers of public and private sector banks is identified in the cases of experiences with the bank, my choice of this bank, behaviour of the staff, accessibility of the bank, customer orientation of the bank, communication system of bank, promotional activities like advertisement, procedures and processes and services by the staff since the respective ‘T’ statistics are significant at 5 per cent level and the null hypothesis is rejected.

5.9 OPINION ABOUT THE REACHABILITY OF PROMOTIONAL STRATEGIES ADOPTED BY THE BANK

Customers of public sector banks and private sector banks have different opinion about the reachability of promotional strategies adopted by the bank. In order to find out whether there is a significant difference in their opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks and private sector banks in Tirunelveli district, ‘t’ test is attempted with the null hypothesis as, **“there is no significant difference in opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks and private sector banks in Tirunelveli district”**. The result of ‘t’ test for opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks and private sector banks is presented in table 5.36.

Table 5.36

**Opinion about the reachability of promotional strategies adopted by the bank
among customers of public sector banks and private sector banks**

Promotional Tool	Type of Banks (Mean Score)		T- Statistics
	Public Sector Banks	Private Sector Banks	
Advertising on television	3.8788	3.6806	2.557*
Personal selling	3.3864	3.2639	1.663
In journals and magazines	3.1989	3.2708	0.736
Advertising in newspapers	3.4754	3.1181	3.098*
Tele calling by Bank staff	3.1515	3.3472	2.288*
Outdoor advertising, hoarding etc,	3.2784	3.2431	0.345
Schemes / Gifts/prizes for customers	3.1913	3.1528	0.403
Public relations /Events / Programme	3.2367	3.1111	1.172
Online marketing / E - Mail	3.4186	3.5139	0.921
Pamphlets / Brouchers	3.3239	3.1319	1.761

Source: Computed data

***Significant at five per cent level**

Table 5.36 shows the mean score of opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks and private sector banks along with its respective ‘T’ statistics. The important opinion about the reachability of promotional strategies adopted by the bank among customers of public sector banks are advertising on television and advertising in newspapers as their respective mean scores are 3.8788 and 3.4754 and among the customers of private sector banks, advertising on television and online marketing / e-mail and their respective mean scores are 3.6806 and 3.5139. Regarding the opinion about the reachability of promotional strategies adopted by the bank, the significant difference among the customers of public and private sector banks is identified in the case of advertising on television, advertising in newspapers and tele calling by bank staff, since the respective ‘T’ statistics are significant at 5 per cent level and the null hypothesis is rejected.

5.10 CUSTOMERS' SATISFACTION AND DEMOGRAPHIC VARIABLES OF THE CUSTOMERS OF PUBLIC SECTOR BANKS

In order to find out the relationship between customers' satisfaction and demographic variables of the customers of public sector banks, the null hypothesis is framed as, "there is no significant relationship between the demographic variables of customers of public sector banks and their satisfaction". The result is given in the table 5.37.

Table 5.37

Customers' satisfaction and demographic variables of the customers of public sector banks

Customer Satisfaction	Demographic Profile Variables (F Statistics)					
	Age	Area of residence	Educational Qualification	Occupation	Monthly family income	Monthly average savings
Experiences with the bank	3.258*	1.539	4.590*	4.978*	6.498*	3.465*
My choice of this bank	9.072*	1.017	5.900*	13.943*	3.377*	1.794
Behaviour of the staff	11.592*	4.383*	4.013*	5.064*	5.267*	0.810
Trust worthiness of the bank	6.902*	0.240	5.563*	9.548*	1.167	2.572*
Accessibility of the bank	21.282*	0.292	5.569*	6.692*	5.270*	1.623
Customer orientation of the bank	5.219*	5.796*	3.431*	4.104*	2.340*	6.406*
Handling of complaints	13.797*	1.287	7.006*	5.563*	2.803*	2.121
Communication system of bank	7.831*	6.382*	3.070*	5.383*	2.440*	3.380*
Quality of the services	6.702*	1.149	3.818*	5.509*	4.985*	3.326*
Cost of the services offered	8.552*	0.714	0.794	4.335*	2.380*	0.730
Maintenance of suggestion box	4.151*	3.432*	1.925	5.873*	2.770*	2.294*
Promotional activities like advertisement	7.536*	1.579	2.400*	5.138*	7.229*	8.407*
Procedures and processes	6.138*	2.542*	3.346*	4.325*	1.798	7.141*
Services by the staff	7.073*	5.268*	5.048*	3.780*	3.955*	9.453*
E-Banking services	8.996*	0.971	5.718*	3.552*	1.856	2.929*

Source: Primary Data

***Significant at five per cent level**

It is understood from the table 5.37 that in public sector banks, there is a significant relationship between age group of customers and customer satisfaction with regard to experiences with the bank, the choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services. The table further shows that there is a significant relationship between area of residence and customer satisfaction with regard to behaviour of the staff, customer orientation of the bank, communication system of bank, maintenance of suggestion box, procedures and processes and services by the staff. It is also found from the above table that there is a significant relationship between educational qualification and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services. It is identified from the table that there is a significant relationship between occupation and customer satisfaction with regard to experiences with the bank, the choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services. It is clear from table that there is a significant relationship between monthly family income and customer satisfaction with regard to experiences with the banker, my

choice of this bank, behaviour of the staff, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, and services by the staff. It is further clear from table that there is a significant relationship between monthly average savings and customer satisfaction in experiences with the banker, trust worthiness of the bank, customer orientation of the bank, communication system of bank, quality of the services, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services.

5.11 CUSTOMERS' SATISFACTION AND DEMOGRAPHIC VARIABLES OF THE CUSTOMERS OF PRIVATE SECTOR BANKS

In order to find out the relationship between customers' satisfaction and demographic variables of the customers of private sector banks, the null hypothesis is framed as, "there is no significant relationship between the demographic variables of customers of private sector banks and their satisfaction". The result is given in the following table 5.38.

Table 5.38

**Customers' satisfaction and demographic variables of the customers
of private sector banks**

Customer Satisfaction	Demographic Profile Variables (F Statistics)					
	Age	Area of residence	Educational Qualification	Occupation	Monthly family income	Monthly average savings
Experiences with the bank	1.246	1.714	5.536*	3.553*	2.977*	2.536*
My choice of this bank	1.980	9.248*	3.055*	5.403*	1.443	4.644*
Behaviour of the staff	5.101*	4.375*	7.850*	11.544*	5.256*	3.440*
Trust worthiness of the bank	4.460*	2.175	3.665*	3.712*	5.040*	3.328*
Accessibility of the bank	5.244*	7.633*	5.744*	2.466*	2.161	1.835
Customer orientation of the bank	6.453*	3.488*	5.611*	1.753	0.561	0.600
Handling of complaints	3.373*	1.585	1.143	2.541*	2.090	1.457
Communication system of bank	5.203*	2.730*	3.973*	6.395*	5.730*	2.607*
Quality of the services	1.266	1.657	1.161	2.870*	1.389	1.112
Cost of the services offered	3.140*	10.474*	4.364*	2.052	1.623	2.578*
Maintenance of suggestion box	2.968*	1.989	4.466*	3.841*	2.224*	1.909
Promotional activities like advertisement	2.570*	2.383*	6.020*	3.522*	6.311*	3.289*
Procedures and processes	4.365*	2.240*	3.365*	6.976*	6.205*	2.710*
Services by the staff	1.347	1.518	8.721*	5.691*	4.022*	2.294*
E-Banking services	2.481*	1.786	3.367*	3.970*	3.022*	0.743

Source: Primary Data

***Significant at five per cent level**

It is understood from the table 5.38 that in private sector banks, there is a significant relationship between age group of customers and customer satisfaction with regard to behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of

bank, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes and e-banking services. The table further shows that there is a significant relationship between area of residence and customer satisfaction with regard to my choice of this bank, behaviour of the staff, accessibility of the bank, customer orientation of the bank, communication system of bank, cost of the services offered, promotional activities like advertisement and procedures and processes. It is also found from the above table that there is significant relationship between educational qualification and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, communication system of bank, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes and e-banking services. It is identified from the table that there is a significant relationship between occupation and customer satisfaction with regard to experiences with the bank, the choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, handling of complaints, communication system of bank, quality of the services, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services. It is clear from the table that there is a significant relationship between monthly family income and customer satisfaction with regard to experiences with the banker, behaviour of the staff, trust worthiness of the bank, communication system of bank, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking services. It is further clear from the table that there is a significant relationship between monthly average savings and customer satisfaction with regard to experiences with the bank, the choice of this bank,

behaviour of the staff, trust worthiness of the bank, communication system of bank, cost of the services offered, promotional activities like advertisement, procedures and processes and services by the staff.

5.12 RANKING OF PROBLEMS FACED BY CUSTOMERS OF PUBLIC SECTOR BANKS WHILE AVAILING BANKING SERVICES

An attempt has been made to analyse the problems faced by customers of public sector banks while availing banking services. Table 5.39 shows the details with regard to the problems faced by customers of public sector banks while availing banking services.

Table 5.39

Ranking of problems faced by customers of public sector banks while availing banking services

Sl. No.	Problems	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	Waiting for a long time	109	96	66	25	40	30	82	20	10	50	528
2.	Unsatisfactory services	38	36	60	110	88	40	40	38	49	29	528
3.	Inadequate staff	65	70	89	20	66	34	40	79	19	46	528
4.	Unfriendly staff	49	69	52	20	60	88	75	20	26	69	528
5.	Lack of proper direction by bank staff	89	20	60	58	79	46	30	30	39	77	528
6.	Inadequate infrastructure	50	38	30	117	42	30	56	69	50	46	528
7.	Exaggeration of benefits	40	51	30	55	40	40	89	36	68	79	528
8.	Imprompt service by the staff	49	20	37	69	30	65	60	66	80	52	528
9.	No proper and timely reminders	-	68	56	40	97	70	50	10	67	70	528
10.	No complete information about banking transactions	39	60	38	30	16	79	26	140	90	10	528
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 5.39 shows that 109 respondents have given first rank to ‘waiting for a long time’, 89 respondents have given first rank to ‘lack of proper direction by bank staff’, 65 respondents have given first rank to ‘inadequate staff’ and only 38 respondents have given first rank to ‘unsatisfactory services’. Moreover, to identify the problems faced by customers of public sector banks while availing banking services, the researcher has used Garret Ranking Technique. Table 5.40 shows the ranking of problems faced by customers of public sector banks while availing banking services.

Table 5.40

Ranking of problems faced by customers of public sector banks while availing banking services

Sl. No.	Problems	Total Score	Average	Rank
1.	Waiting for a long time	29976	56.77	I
2.	Unsatisfactory services	28095	53.21	II
3.	Inadequate staff	27845	52.74	III
4.	Unfriendly staff	26337	49.88	V
5.	Lack of proper direction by bank staff	26822	50.79	IV
6.	Inadequate infrastructure	25977	49.19	VI
7.	Exaggeration of benefits	24223	45.88	IX
8.	Imprompt service by the staff	24400	46.21	VIII
9.	No proper and timely reminders	20275	38.39	X
10.	No complete information about banking transactions	24930	47.22	VII

Source: Computed Data

It is observed from the table 5.40 that ‘waiting for a long time’ has been ranked as the first problem faced by customers of public sector banks while availing banking service with a Garrett mean score of 56.77, ‘unsatisfactory services’ has been ranked as second, ‘inadequate staff’ in third position, ‘lack of proper direction by bank staff’ is ranked as fourth, ‘unfriendly staff’ is ranked as fifth, ‘inadequate infrastructure’ is

ranked as sixth, ‘no complete information about banking transactions’ is ranked as seventh, ‘imprompt service by the staff’ is ranked as eighth, ‘exaggeration of benefits’ is ranked as ninth followed by ‘no proper and timely reminders’ ranked as tenth position with the least Garrett mean score of 38.39.

5.13 RANKING OF PROBLEMS FACED BY CUSTOMERS OF PRIVATE SECTOR BANKS WHILE AVAILING BANKING SERVICES

An attempt has been made to analyse the problems faced by customers of private sector banks while availing banking services. Table 5.41 shows the details with regard to the problems faced by customers of private sector banks while availing banking services.

Table 5.41

Ranking of problems faced by customers of private sector banks while availing banking services

Sl. No.	Problems	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	Waiting for a long time	12	20	25	21	5	12	9	12	18	10	144
2.	Unsatisfactory services	26	23	12	13	8	11	13	8	14	16	144
3.	Inadequate staff	20	11	13	11	13	8	18	12	12	26	144
4.	Unfriendly staff	17	25	7	22	13	12	14	17	7	10	144
5.	Lack of proper direction by bank staff	16	14	15	16	23	8	14	14	12	12	144
6.	Inadequate infrastructure	8	14	14	14	16	16	8	23	20	11	144
7.	Exaggeration of benefits	7	9	24	11	16	12	21	23	14	7	144
8.	Imprompt service by the staff	10	8	8	17	29	22	12	17	12	9	144
9.	No proper and timely reminders	18	8	18	10	8	20	15	8	21	18	144
10.	No complete information about banking transactions	10	14	6	15	15	17	22	12	12	23	144
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 5.41 shows that 26 respondents have given first rank to ‘unsatisfactory services’, 20 respondents have given first rank to ‘inadequate staff’, 18 respondents have given first rank to ‘no proper and timely reminders’, 17 respondents have given first rank to ‘unfriendly staff’ and only 7 respondents have given first rank to ‘exaggeration of benefits’. Moreover, to identify the problems faced by customers of private sector banks while availing banking services, the researcher has used Garret Ranking Technique. Table 5.42 shows the ranking of the problems faced by customers of private sector banks while availing banking service.

Table 5.42

Ranking of problems faced by customers of private sector banks while availing banking services

Sl. No.	Problems	Total Score	Average	Rank
1.	Waiting for a long time	7480	51.94	III
2.	Unsatisfactory services	7674	53.29	I
3.	Inadequate staff	6896	47.89	IX
4.	Unfriendly staff	7645	53.09	II
5.	Lack of proper direction by bank staff	7361	51.12	IV
6.	Inadequate infrastructure	6946	48.24	VII
7.	Exaggeration of benefits	6974	48.43	VI
8.	Imprompt service by the staff	7011	48.68	V
9.	No proper and timely reminders	6929	48.12	VIII
10.	No complete information about banking transactions	6606	45.87	X

Source: Computed Data

It is observed from the table 5.42 that ‘unsatisfactory services’ has been ranked as the first problem faced by customers of private sector banks while availing banking service with a Garrett mean score of 53.29, ‘unfriendly staff has been ranked as

second, 'waiting for a long time' is in third position, 'lack of proper direction by bank staff' is ranked as fourth, 'imprompt service by the staff' is ranked as fifth, 'exaggeration of benefits' is ranked as sixth, 'inadequate infrastructure' is ranked as seventh, 'no proper and timely reminders' is ranked as eighth, 'inadequate staff' is ranked as ninth followed by 'no complete information about banking transactions' ranked as tenth position with the least Garrett mean score of 45.87.

CHAPTER VI

ANALYSIS OF FACTORS INFLUENCING CUSTOMERS’ PERCEPTION AND REASONS FOR PREFERRING THE BANK

6.1 FACTOR ANALYSIS FOR CUSTOMERS’ PERCEPTION TOWARDS PUBLIC SECTOR BANKS

Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter-correlation within themselves. Hence, factor analysis is attempted to reduce the numerous variables into limited number of factors. In order to apply factor analysis, the basic assumption to be fulfilled is the factorability of the correlation matrix. KMO measures of sampling adequacy and the Bartlett’s test of sphericity determine the factorability of the correlation matrix. The results of the calculation are presented below.

Table 6.1

KMO and Bartlett’s test for customers’ perception towards public sector banks

Kaiser-Meyer-Olkin measure of Sampling Adequacy		0.556
Bartlett’s Test of Sphericity	Chi-Square	20827.82
	Degrees of freedom	861
	Significance	0.000

Source: Computed Data

High value of Kaiser – Meyer – Olkin (KMO) test of sample adequacy (0.556) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be appropriate in this model.

The Bartlett's test of sphericity chi-square indicates the population correlation matrix. It is an intensity matrix. The test of statistics for sphericity is based on X^2 test, which is significant. The value is 20827.82.

Findings of the KMO and Bartlett's test reveal that the factor analysis can be rightly employed in this context as evidenced through a higher KMO Measure (0.556) and a significant Bartlett's test result. Hence, factor analysis is attempted. Analysis of customers' perception towards public sector banks is made through rotated factor matrix which reveals that there are nine major factors of customers' perception towards public sector banks. The findings of the rotated factor analysis on the customers' perception towards public sector banks are presented in table 6.2.

Table 6.2

Rotated factor matrix for customers' perception towards public sector banks

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h²
The number of installment is normal	.890	.129	.006	.009	.006	.036	.006	.003	.012	.616
The loan is granted but the payment is delayed	.842	.285	.018	.071	.260	.149	.090	.037	.295	.605
Bank normally accepts installment repayment method	.822	.015	.290	.035	.215	.131	.209	.029	.061	.660
The time taken for the encashment of cheque is normal	.803	.078	.008	.046	.293	.094	.265	.045	.053	.491
Availability of money transfer/mail transfer	.706	.124	.350	.010	.121	.142	.068	.065	.105	.915
The banker feels that customers are the real assets of the bank	.647	.129	.306	.043	.220	.011	.023	.010	.088	.624
The banker issues the draft within the specified time	.578	.139	.040	.217	.192	.183	.241	.066	.104	.431
Availability of collection of cheque	.044	.650	.166	.228	.171	.126	.130	.118	.158	.624
The customer opens an account with the bank enjoys the non-material services offered by the bank	.026	.618	.293	.071	.208	.271	.145	.113	.024	.502
Customers' complaints and grievances are redressed quickly	.043	.613	.325	.084	.210	.293	.028	.130	.196	.710

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h ²
Availability of electronic clearing services	.225	.591	.224	.184	.057	.023	.097	.171	.298	.603
The granted loan amount is released in installments	.354	.584	.043	.162	.104	.014	.131	.030	.092	.476
The interest rate on the loans and advances is low	.088	.581	.249	.106	.074	.008	.103	.171	.021	.707
The time required for opening of an account is normal	.211	.167	.724	.305	.127	.267	.170	.145	.069	.653
The services are provided to all needed customers	.028	.162	.667	.188	.146	.226	.224	.188	.088	.390
The customer selects a bank based on the quality of services offered by the bank	.139	.155	.592	.013	.232	.012	.017	.246	.045	.532
The charges and fees for providing such services are low	.088	.053	.579	.015	.086	.173	.193	.293	.079	.791
The interest rate of RD is high	.141	.237	.568	.232	.054	.060	.109	.178	.076	.781
The parking space is enough	.066	.236	.564	.125	.187	.174	.104	.115	.170	.999
The customers are required to make many visits for getting a loan	.136	.235	.510	.097	.236	.231	.205	.258	.142	.474
For getting a loan, the customer is required to undergo many formalities	.055	.223	.280	.691	.072	.215	.250	.188	.109	.663
The selection of bank is influenced by the range of services	.187	.220	.116	.612	.173	.228	.105	.102	.001	.560
The customers are well informed about the default of repayment	.122	.211	.318	.608	.148	.105	.137	.172	.201	.704
The amount of each installment is convenient for repayment	.247	.204	.036	.583	.245	.214	.256	.033	.104	.604
Availability of ATM facilities	.243	.200	.174	.526	.064	.121	.135	.069	.312	.724
The bank business hours is convenient to customers	.094	.199	.264	.517	.230	.278	.285	.187	.311	.732
The DD is realized within the specified time	.043	.194	.444	.092	.589	.113	.119	.227	.069	.689
The customer always feels that borrowing from the bank is more easy	.225	.291	.268	.038	.577	.128	.288	.218	.027	.711
The loans and advances are granted to customers	.116	.287	.218	.245	.551	.126	.180	.098	.217	.729
Availability of collection of drafts	.173	.285	.264	.156	.546	.064	.218	.178	.029	.623
Customers are satisfied with the existing services	.115	.238	.171	.271	.238	.714	.102	.159	.127	.736

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h²
The bank is easily accessible	.102	.225	.239	.402	.230	.664	.050	.022	.083	.549
Customers are given sufficient time for the repayment of loan	.237	.194	.240	.207	.207	.592	.122	.047	.128	.680
The purpose of opening of an account is to get loans and advances	.076	.198	.186	.066	.246	.171	.634	.144	.286	.749
The cash certificate enjoys a high interest rate	.074	.209	.014	.142	.064	.138	.599	.133	.086	.624
All the services are done quickly	.078	.269	.126	.149	.166	.126	.507	.061	.272	.618
The banker takes more time to grant a loan	.062	.248	.033	.128	.196	.183	.263	.811	.240	.737
Ownership of the bank is the criterion for the selection of the bank	.240	.251	.220	.264	.063	.131	.162	.774	.164	.597
The customer opens an account to realize draft and cheque	.108	.279	.148	.008	.151	.121	.215	.766	.145	.687
The recovery procedure is harsh	.127	.184	.062	.045	.040	.113	.033	.007	.737	.750
Availability of safety locker	.281	.143	.072	.125	.158	.156	.173	.054	.710	.659
The interest rate offered for FD is high	.204	.282	.222	.171	.003	.199	.123	.137	.652	.676

Extraction Method : Principal Component Analysis

Rotation Method : Varimax with Kaiser Normalization

Source : Primary Data

The above table exhibits the rotated factor loading for the forty two statements (variables) of customers' perception towards public sector banks. It is clear from the table that all the forty two statements have been extracted into nine factors.

Table 6.3**Customers' perception towards public sector banks - factor wise analysis**

Sl. No	Factors	Eigen Value	Percentage of Variance	Cumulative Percentage of Variance
1.	Easy installment and repayment factor	15.730	29.868	29.868
2.	Low interest and quick grievances redressal factor	11.105	21.086	50.954
3.	Quality services factor	3.070	5.830	56.784
4.	Convenient factor	2.054	3.900	60.683
5.	Easy borrowing factor	1.923	3.651	64.334
6.	Accessibility factor	1.840	3.494	67.829
7.	Loans and advances factor	1.505	2.857	70.686
8.	Ownership factor	1.321	2.508	73.194
9.	Safety factor	1.275	2.421	75.615

Source: Computed Data

The executed factor analysis results in nine important factors namely easy installment and repayment factor, low interest and quick grievances redressal factor, quality services factor, convenient factor, easy borrowing factor, accessibility factor, loans and advances factor, ownership factor and safety factor.

The first two important factors influencing customers' perception towards public sector banks are easy installment and repayment factor and low interest and quick grievances redressal factor since their eigen values are 15.730 and 11.105 respectively. The percentage of variance explained by these two factors is 29.868 and 21.086 per cent respectively. The next two factors are quality services factor and convenient factor since their eigen values are 3.070 and 2.054 respectively. The last two factors noticed by the factor analysis are ownership factor and safety factor since

their eigen values are 1.321 and 1.275 respectively. The percentage of variation explained by the above two factors are 2.508 and 2.421 per cent respectively. The analysis reveals that the narrated nine factors explain the 42 variables leading to customers' perception towards public sector banks to an extent of 75.615 per cent.

➤ **Variables in Easy Installment and Repayment Factor and its Reliability**

The easy installment and repayment factor consists of seven variables since their factor loading in this factor are higher than the other factors. The overall reliability of the variables in this factor has been estimated with the help of Cronbach Alpha. The results are given in table 6.4.

Table 6.4

Easy installment and repayment factor

Sl. No.	Variables	Factor Loading	Communality	Cronbach's Alpha
1.	The number of installment is normal	.890	.616	0.835
2.	The loan is granted but the payment is delayed	.842	.605	
3.	Bank normally accepts installment repayment method	.822	.660	
4.	The time taken for the encashment of cheque is normal	.803	.491	
5.	Availability of money transfer/mail transfer	.706	.915	
6.	The banker feels that customers are the real assets of the bank	.647	.624	
7.	The banker issues the draft within the specified time	.578	.431	

Source: Computed Data

The factor loading of the variables in the easy installment and repayment factor varies from 0.578 to 0.890. The communality value is identified as higher in the case of availability of money transfer/mail transfer since its communality value is 0.915.

The included seven variables in easy installment and repayment factor explain it to an extent of 83.50 per cent since its Cronbach Alpha is 0.835.

➤ **Variables in Low Interest and Quick Grievances Redressal Factor and its Reliability**

The number of variables in low interest and quick grievances redressal factor are six namely availability of collection of cheque, the customer opens an account with the bank enjoys the non-material services offered by the bank, customers' complaints and grievances are redressed quickly, availability of electronic clearing services, the granted loan amount is released in installments and the interest rate on the loans and advances is low. The factor loading of the variables in low interest and quick grievances redressal factor and its communality values are drawn from the factor analysis. The overall reliability has been tested with the help of Cronbach Alpha. The results are given in table 6.5.

Table 6.5

Low interest and quick grievances redressal factor

Sl. No.	Variables	Factor Loading	Communality	Cronbach's Alpha
1.	Availability of collection of cheque	.650	.624	.822
2.	The customer opens an account with the bank enjoys the non-material services offered by the bank	.618	.502	
3.	Customers' complaints and grievances are redressed quickly	.613	.710	
4.	Availability of electronic clearing services	.591	.603	
5.	The granted loan amount is released in installments	.584	.476	
6.	The interest rate on the loans and advances is low	.581	.707	

Source: Computed Data

The factor loading of the variables in the low interest and quick grievances redressal factor varies from 0.581 to 0.650. The higher communality value is noticed in the case of customers' complaints and grievances are redressed quickly since its value is 0.710. The included variables in low interest and quick grievances redressal factors explain it to an extent of 82.20 per cent since its Cronbach Alpha is 0.822.

➤ **Variables in Quality Services Factor and its Reliability**

In total, there are seven variables noticed in the quality services factor since their factor loadings are higher in this factor than in other factors. The Cronbach Alpha is computed to find out the overall reliability. The factor loading of the variables in quality services factor, its communality and Cronbach Alpha are given in table 6.6.

Table 6.6

Quality services factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The time required for opening of an account is normal	.724	.653	.817
2.	The services are provided to all needed customers	.667	.390	
3.	The customer selects a bank based on the quality of services offered by the bank	.592	.532	
4.	The charges and fee for providing such services is low	.579	.791	
5.	The interest rate of RD is high	.568	.781	
6.	The parking space is enough	.564	.999	
7.	The customers are required to make many visits for getting a loan	.510	.474	

Source: Computed Data

The included seven variables in quality services factor explain it to an extent of 81.70 per cent since its Cronbach Alpha is 0.817. The factor loading of the variables

vary from 0.510 to 0.724. It reveals that the highly correlated variable in the quality services factor is ‘the time required for opening of an account is normal’ since its factor loading is 0.724. The higher communality is noticed in the case of ‘the parking space is enough’ since its value is 0.999.

➤ **Convenient Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘for getting a loan, the customer is required to undergo many formalities’, ‘the selection of bank is influenced by the range of services’, ‘the customers are well informed about the default of repayment’, ‘the amount of each installment is convenient for repayment’, ‘availability of ATM facilities’ and ‘the bank business hours is convenient to customers’ in convenient factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.7.

Table 6.7
Convenient factor

Sl. No.	Variables	Factor Loading	Communality	Cronbach's Alpha
1.	For getting a loan, the customer is required to undergo many formalities	.691	.663	.812
2.	The selection of bank is influenced by the range of services	.612	.560	
3.	The customers are well informed about the default of repayment	.608	.704	
4.	The amount of each installment is convenient for repayment	.583	.604	
5.	Availability of ATM facilities	.526	.724	
6.	The bank business hours is convenient to customers	.517	.732	

Source: Computed Data

The factor loading of the variables in convenient factor varies from 0.517 to 0.691. It reveals that the highly correlated variable in the convenient factor is ‘for getting a loan, the customer is required to undergo many formalities’ since its factor loading is 0.691. The higher communality is seen in the case of ‘the bank business hours is convenient to customers since its communality value is 0.732. The included six variables in convenient factor explain it to an extent of 81.20 per cent since its Cronbach Alpha is 0.812.

➤ **Easy Borrowing Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the DD is realized within the specified time’, ‘the customer always feels that borrowing from the bank is more easy’, ‘the loans and advances are granted to customers’ and ‘availability of collection of drafts’ in easy borrowing factors since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.8.

Table 6.8

Easy borrowing factor

Sl. No.	Variables	Factor Loading	Communality	Cronbach's Alpha
1.	The DD is realized within the specified time	.589	.689	.809
2.	The customer always feels that borrowing from the bank is more easy	.577	.711	
3.	The loans and advances are granted to customers	.551	.729	
4.	Availability of collection of drafts	.546	.623	

Source: Computed Data

The factor loading of the variables in easy borrowing factor varies from 0.546 to 0.589. It reveals that the highly correlated variable in the easy borrowing factor is ‘The DD is realized within the specified time’ since its factor loading is 0.589. The higher communality is seen in the case of ‘the loans and advances are granted to customers’ since its communality value is 0.729. The included four variables in easy borrowing factor explain it to an extent of 80.90 per cent since its Cronbach Alpha is 0.809.

➤ **Accessibility Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘customers are satisfied with the existing services’, ‘the bank is easily accessible’ and ‘customers are given sufficient time for the repayment of loan’ in accessibility factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.9.

Table 6.9

Accessibility factor

Sl. No.	Variables	Factor Loading	Communality	Cronbach's Alpha
1.	Customers are satisfied with the existing services	.714	.736	.807
2.	The bank is easily accessible	.664	.549	
3.	Customers are given sufficient time for the repayment of loan	.592	.680	

Source: Computed Data

The factor loading of the variables in accessibility factor varies from 0.592 to 0.714. It reveals that the highly correlated variable in the accessibility factor is ‘customers are satisfied with the existing services’ since its factor loading is 0.714.

The higher communality is seen in the case of ‘customers are satisfied with the existing services’ since its communality value is 0.736. The included three variables in accessibility factor explain it to an extent of 80.70 per cent since its Cronbach Alpha is 0.807.

➤ **Loans and Advances Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the purpose of opening of an account is to get loans and advances’, ‘the cash certificate enjoys a high interest rate’ and ‘all the services are done quickly’ in Loans and Advances factor since their factor loadings are higher in these factor than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.10.

Table 6.10

Loans and advances factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The purpose of opening of an account is to get loans and advances	.634	.749	.804
2.	The cash certificate enjoys a high interest rate	.599	.624	
3.	All the services are done quickly	.507	.618	

Source: Computed Data

The factor loading of the variables in loans and advances factor varies from 0.507 to 0.634. It reveals that the highly correlated variable in the loans and advances factor is ‘the purpose of opening of an account is to get loans and advances’ since its factor loading is 0.634. The higher communality is seen in the case of ‘the purpose of opening of an account is to get loans and advances’ since its communality value is

0.749. The included three variables in loans and advances factor explain it to an extent of 80.40 per cent since its Cronbach Alpha is 0.804.

➤ **Ownership Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the banker takes more time to grant a loan’, ‘ownership of the bank is the criterion for the selection of the bank’ and ‘The customer opens an account to realize draft and cheque’ in ownership factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.11.

Table 6.11

Ownership factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The banker takes more time to grant a loan	.811	.737	.801
2.	Ownership of the bank is the criterion for the selection of the bank	.774	.597	
3.	The customer opens an account to realize draft and cheque	.766	.687	

Source: Computed Data

The factor loading of the variables in ownership factor varies from 0.766 to 0.811. It reveals that the highly correlated variable in the ownership factor is ‘The banker takes more time to grant a loan’ since its factor loading is 0.811. The higher communality is seen in the case of ‘The banker takes more time to grant a loan’ since its communality value is 0.737. The included three variables in ownership factor explain it to an extent of 80.10 per cent since its Cronbach Alpha is 0.801.

Safety Factor and its Variables and Reliability

The factor analysis identified the variables namely ‘The recovery procedure is harsh’, ‘Availability of safety locker’ and ‘The interest rate offered for FD is high’ in safety factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.12.

Table 6.12
Safety factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The recovery procedure is harsh	.737	.750	.798
2.	Availability of safety locker	.710	.659	
3.	The interest rate offered for F.D is high	.652	.676	

Source: Computed Data

The factor loading of the variables in safety factor varies from 0.652 to 0.737. It reveals that the highly correlated variable in the safety factor is ‘The recovery procedure is harsh’ since its factor loading is 0.737. The higher communality is seen in the case of ‘The recovery procedure is harsh’ since its communality value is 0.750. The included three variables in usage factor explain it to an extent of 79.80 per cent since its Cronbach Alpha is 0.798.

6.15 FACTOR ANALYSIS FOR CUSTOMERS’ PERCEPTION TOWARDS PRIVATE SECTOR BANKS

Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter–correlation within themselves. Hence factor analysis is

attempted to reduce the numerous variables into limited number of factors. In order to apply factor analysis, the basic assumption to be fulfilled is the factorability of the correlation matrix. KMO measures of sampling adequacy and the Bartlett's test of sphericity determine the factorability of the correlation matrix. The results of the calculation are presented below:

Table 6.13
KMO and Bartlett's test for customers' perception towards
private sector banks

Kaiser-Meyer-Olkin measure of Sampling Adequacy		0.729
Bartlett's Test of Sphericity	Chi-Square	3282.830
	Degrees of freedom	861
	Significance	0.000

Source: Computed Data

High value of Kaiser – Meyer – Olkin (KMO) test of sample adequacy (0.729) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be appropriate in this model.

The Bartlett's test of sphericity chi-square indicates the population correlation matrix. It is an intensity matrix. The test of statistics for sphericity is based on X^2 test, which is significant. The value is 3282.830.

Findings of the KMO and Bartlett's test reveals that the factor analysis can be rightly employed in this context as evidenced through a higher KMO Measure (0.729) and a significant Bartlett's test result. Hence factor analysis is attempted. Analysis of customers' perception towards private sector banks is made through rotated factor matrix which reveals that there are nine major factors of customers' perception

towards private sector banks. The findings of the rotated factor analysis on the customers' perception towards private sector banks are presented in table 6.14.

Table 6.14

Rotated factor matrix for customers' perception towards private sector banks

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h²
The amount of each installment is convenient for repayment	.717	.043	.160	.284	.111	.096	.171	.135	.006	.639
The customer opens an account to realize draft and cheque	.713	.033	.173	.020	.209	.138	.017	.291	.059	.844
Availability of collection of cheque	.705	.361	.025	.233	.056	.233	.020	.033	.105	.612
The selection of bank is influenced by the range of services	.661	.110	.126	.162	.172	.144	.073	.049	.050	.759
The customers are well informed about the default of repayment	.647	.215	.079	.197	.153	.066	.218	.177	.178	.775
The customer selects a bank based on the quality of services offered by the bank	.248	.646	.237	.102	.023	.068	.022	.019	.098	.734
The number of installment is normal	.260	.617	.042	.260	.082	.103	.014	.042	.292	.529
The granted loan amount is released in installments	.288	.615	.115	.133	.347	.085	.289	.271	.021	.811
The services are provided to all needed customers	.276	.605	.221	.100	.130	.191	.178	.064	.160	.569
Availability of electronic clearing services	.084	.604	.035	.048	.229	.238	.034	.265	.004	.666
Availability of money transfer/mail transfer	.122	.051	.589	.221	.078	.142	.380	.254	.196	.636
The purpose of opening of an account is to get loans and advances	.130	.131	.566	.165	.253	.262	.384	.150	.287	.673
Ownership of the bank is the criterion for the selection of the bank	.162	.085	.559	.060	.149	.046	.010	.007	.018	.693
Bank normally accepts installment repayment method	.105	.288	.557	.373	.258	.106	.171	.011	.007	.619

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h²
The bank is easily accessible	.194	.112	.554	.020	.262	.089	.036	.197	.205	.573
Customers are given sufficient time for the repayment of loan	.553	.092	.040	.579	.308	.016	.010	.110	.217	.864
Availability of collection of drafts	.009	.104	.121	.552	.195	.085	.024	.153	.176	.556
For getting a loan, the customer is required to undergo many formalities	.068	.170	.162	.527	.047	.278	.200	.042	.102	.717
The bank business hours is convenient to customers	.033	.371	.188	.525	.044	.031	.013	.041	.307	.710
The customers are required to make many visits for getting a loan	.082	.435	.060	.524	.057	.006	.004	.163	.041	.638
The DD is realized within the specified time	.398	.231	.029	.513	.176	.130	.101	.261	.291	.705
The interest rate offered for FD is high	.034	.153	.062	.511	.093	.171	.267	.215	.252	.607
The customer always feels that borrowing from the bank is more easy	.190	.125	.393	.101	.604	.021	.242	.039	.098	.760
The customer opens an account with the bank enjoy the non-material services offered by the bank	.169	.214	.049	.025	.602	.024	.225	.077	.124	.782
The interest rate on the loans and advances is low	.108	.053	.383	.090	.601	.031	.184	.309	.022	.794
The time required for opening of an account is normal	.037	.004	.045	.049	.592	.180	.198	.033	.279	.690
The parking space is enough	.249	.383	.054	.359	.586	.182	.087	.081	.185	.658
The cash certificate enjoys a high interest rate	.163	.237	.106	.200	.575	.095	.034	.079	.006	.494
The loans and advances are granted to customers	.087	.177	.350	.248	.009	.645	.081	.071	.193	.674
Availability of ATM facilities	.249	.116	.147	.226	.121	.635	.094	.049	.061	.783
Customers are satisfied with the existing services	.246	.244	.168	.240	.301	.621	.106	.273	.041	.680
The banker takes more time to grant a loan	.279	.259	.160	.238	.273	.202	.615	.154	.207	.777
The loan is granted but the payment is delayed	.016	.135	.025	.016	.100	.252	.594	.252	.170	.792

Factors	F1	F2	F3	F4	F5	F6	F7	F8	F9	h²
The banker feels that customers are the real assets of the bank	.326	.124	.162	.248	.006	.343	.573	.159	.046	.783
Availability of safety locker	.028	.112	.202	.031	.312	.223	.529	.649	.010	.768
The interest rate of RD is high	.008	.494	.115	.263	.058	.107	.164	.557	.254	.724
The banker issues the draft within the specified time	.331	.004	.113	.359	.141	.023	.184	.532	.087	.732
All the services are done quickly	.098	.268	.352	.182	.073	.016	.085	.522	.106	.556
Customers' complaints and grievances are redressed quickly	.082	.193	.190	.062	.173	.184	.101	.133	.726	.667
The time taken for the encashment of cheque is normal	.005	.242	.215	.029	.032	.066	.048	.193	.678	.621
The recovery procedure is harsh	.136	.183	.187	.260	.066	.108	.133	.017	.617	.545
The charges and fee for providing such services is low	.034	.101	.238	.005	.099	.251	.103	.116	.563	.658

Extraction Method : Principal Component Analysis

Rotation Method : Varimax with Kaiser Normalization

Source : Primary Data

The above table exhibits the rotated factor loading for the forty two statements (variables) of customers' perception towards private sector banks. It is clear from table that all the forty two statements have been extracted into nine factors.

Table 6.15**Customers' perception towards private sector banks - factor wise analysis**

Sl. No.	Factors	Eigen Value	Percentage of Variance	Cumulative Percentage of Variance
1.	Convenient and Repayment Factor	13.509	27.910	27.910
2.	Good Installment and Quality Service Factor	2.781	5.745	33.655
3.	Accessibility Factor	2.409	4.976	38.632
4.	Time and Loan Availability Factor	2.170	4.484	43.116
5.	Easy Borrowing and Infrastructure Facilities Factor	1.915	3.957	47.073
6.	Loans and Advances and ATM Facilities Factor	1.846	3.814	50.887
7.	Safety Factor	1.727	3.568	54.455
8.	Quick Services Factor	1.629	3.365	57.820
9.	Quick Grievance Redressal and Low Charges Factor	1.575	3.253	61.073

Source: Computed Data

The executed factor analysis results in nine important factors namely convenient and repayment factors, good installment and quality service factors, accessibility factor, time and loan availability factors, easy borrowing and infrastructure facilities factors, loans and advances and ATM facilities factors, safety factor, quick services factor, quick grievance redressal and low charges factors.

The first two important factors influencing customers' perception towards private sector banks are 'convenient and repayment factor' and 'good installment and quality service factor' since their eigen values are 13.509 and 2.781 respectively. The percentage of variance explained by these two factors are 27.910 and 5.745 per cent respectively. The next two factors are 'accessibility factor' and 'time and loan

availability factor’ since their eigen values are 2.409 and 2.170 respectively. The last two factors noticed by the factor analysis are ‘quick services factor’ and ‘quick grievance redressal and low charges factor’ since its eigen values are 1.629 and 1.575 respectively. The percentage of variance explained by the above two factors are 3.365 and 3.253 per cent respectively. The analysis reveals that the narrated nine factors explain the 42 variables leading to customers’ perception towards private sector banks to an extent of 61.073 per cent.

➤ **Variables in Convenient and Repayment Factor and its Reliability**

The convenient and repayment factor consists of five variables since the factor loading in this factor are higher than the other factors. The overall reliability of the variables in this factor has been estimated with the help of Cronbach Alpha. The results are given in table 6.16.

Table 6.16

Convenient and repayment factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The amount of each installment is convenient for repayment	.717	.639	0.780
2.	The customer opens an account to realize draft and cheque	.713	.844	
3.	Availability of collection of cheque	.705	.612	
4.	The selection of bank is influenced by the range of services	.661	.759	
5.	The customers are well informed about the default of repayment	.647	.775	

Source: Computed Data

The factor loading of the variables in the convenient and repayment factor varies from 0.647 to 0.717. The communality value is identified as higher in the case of the customer opens an account to realize draft and cheque since its communality value is 0.844. The included five variables in convenient and repayment factors explain it to an extent of 78.00 per cent since its Cronbach Alpha is 0.780.

➤ **Variables in Good Installment and Quality Service Factor and its Reliability**

The variables in good installment and quality service factor are five namely the customer selects a bank based on the quality of services offered by the bank, the number of installment is normal, the granted loan amount is released in installments, the services are provided to all needed customers and availability of electronic clearing services. The factor loading of the variables in good installment and quality service factor and its communality values are drawn from the factor analysis. The overall reliability has been tested with the help of Cronbach Alpha. The results are given in table 6.17.

Table 6.17

Good installment and quality service factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The customer selects a bank based on the quality of services offered by the bank	.646	.734	.775
2.	The number of installment is normal	.617	.529	
3.	The granted loan amount is released in installments	.615	.811	
4.	The services are provided to all needed customers	.605	.569	
5.	Availability of electronic clearing services	.604	.666	

Source: Computed Data

The factor loading of the variables in the good installment and quality service factor varies from 0.604 to 0.646. The higher communality value is noticed in the case of the granted loan amount is released in installments since its value is 0.811. The included variables in good installment and quality service factor explain it to an extent of 77.50 per cent since its Cronbach Alpha is 0.775.

➤ **Variables in Accessibility Factor and its Reliability**

In total, there are three variables noticed in the accessibility factor since their factor loadings are higher in this factor than in other factors. The Cronbach Alpha is computed to find out the overall reliability. The factor loading of the variables in accessibility factor, its communality and Cronbach Alpha is given in table 6.18.

Table 6.18

Accessibility factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Availability of Money transfer/mail transfer	.589	.636	0.768
2.	The purpose of opening of an account is to get loans and advances	.566	.673	
3.	Ownership of the bank is the criterion for the selection of the bank	.559	.693	
4.	Bank normally accepts installment repayment method	.557	.619	
5.	The bank is easily accessible	.554	.573	

Source: Computed Data

The included three variables in accessibility factor explain it to an extent of 76.80 per cent since its Cronbach Alpha is 0.768. The factor loading of the variables vary from 0.554 to 0.589. It reveals that the highly correlated variable in the

accessibility factor is ‘availability of money transfer/mail transfer’ since its factor loading is 0.589. The higher communality is noticed in the case of ‘ownership of the bank is the criterion for the selection of the bank’ since its value is 0.693.

➤ **Time and Loan Availability Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘customers are given sufficient time for the repayment of loan’, ‘availability of collection of drafts’, ‘for getting a loan, the customer is required to undergo many formalities’, ‘the bank business hours is convenient to customers’, ‘the customers are required to make many visits for getting a loan’, ‘the DD is realized within the specified time’ and ‘the interest rate offered for FD is high’ in time and loan availability factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.19.

Table 6.19

Time and loan availability factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Customers are given sufficient time for the repayment of loan	.579	.864	0.759
2.	Availability of collection of drafts	.552	.556	
3.	For getting a loan, the customer is required to undergo many formalities	.527	.717	
4.	The bank business hours is convenient to customers	.525	.710	
5.	The customers are required to make many visits for getting a loan	.524	.638	
6.	The DD is realized within the specified time	.513	.705	
7.	The interest rate offered for FD is high	.511	.607	

Source: Computed Data

The factor loading of the variables in time and loan availability factor varies from 0.511 to 0.579. It reveals that the highly correlated variable in the time and loan availability factor is ‘customers are given sufficient time for the repayment of loan’ since its factor loading is 0.579. The higher communality is seen in the case of ‘customers are given sufficient time for the repayment of loan’ since its communality value is 0.864. The included seven variables in time and loan availability factor explain it to an extent of 75.90 per cent since its Cronbach Alpha is 0.759.

➤ **Easy Borrowing and Infrastructure Facilities Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the customer always feels that borrowing from the bank is more easy’, ‘the customer opens an account with the bank enjoy the non-material services offered by the bank’, ‘the interest rate on the loans and advances is low’, ‘The time required for opening of an account is normal’, ‘the parking space is enough’, and ‘the cash certificate enjoys a high interest rate’ in easy borrowing and infrastructure facilities factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.20.

Table 6.20**Easy borrowing and infrastructure facilities factors**

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The customer always feels that borrowing from the bank is more easy	.604	.760	0.748
2.	The customer opens an account with the bank enjoy the non-material services offered by the bank	.602	.782	
3.	The interest rate on the loans and advances is low	.601	.794	
4.	The time required for opening of an account is normal	.592	.690	
5.	The parking space is enough	.586	.658	
6.	The cash certificate enjoys a high interest rate	.575	.494	

Source: Computed Data

The factor loading of the variables in easy borrowing and infrastructure facilities factor varies from 0.575 to 0.604. It reveals that the highly correlated variable in the easy borrowing and infrastructure facilities factor is ‘the customer always feels that borrowing from the bank is more easy’ since its factor loading is 0.604. The higher communality is seen in the case of ‘the interest rate on the loans and advances is low’ since its communality value is 0.794. The included six variables in easy borrowing and infrastructure facilities factor explain it to an extent of 74.80 per cent since its Cronbach Alpha is 0.748.

➤ **Loans and Advances and ATM Facilities Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the loans and advances are granted to customers’, ‘availability of ATM facilities’, and ‘customers are satisfied with the existing services’ in loan and advances and ATM facilities factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.21.

Table 6.21

Loans and advances and ATM facilities factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The loans and advances are granted to customers	.645	.674	.739
2.	Availability of ATM facilities	.635	.783	
3.	Customers are satisfied with the existing services	.621	.680	

Source: Computed Data

The factor loading of the variables in loans and advances and ATM facilities factor varies from 0.621 to 0.645. It reveals that the highly correlated variable in the loans and advances and ATM facilities factor is ‘the loans and advances are granted to customers’ since its factor loading is 0.645. The higher communality is seen in the case of ‘availability of ATM facilities’ since its communality value is 0.783. The included three variables in loans and advances and ATM facilities factor explain it to an extent of 73.90 per cent since its Cronbach Alpha is 0.739.

➤ **Safety Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the banker takes more time to grant a loan’, ‘the loan is granted but the payment is delayed’, ‘the banker feels that customers are the real assets of the bank’ and ‘availability of safety locker’ in safety factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.22.

Table 6.22

Safety factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The banker takes more time to grant a loan	.615	.777	.731
2.	The loan is granted but the payment is delayed	.594	.792	
3.	The banker feels that customers are the real assets of the bank	.573	.783	
4.	Availability of safety locker	.529	.768	

Source: Computed Data

The factor loading of the variables in safety factor varies from 0.529 to 0.615. It reveals that the highly correlated variable in the safety factor is ‘the banker takes more time to grant a loan’ since its factor loading is 0.615. The higher communality is seen in the case of ‘the loan is granted but the payment is delayed’ since its communality value is 0.792. The included four variables in safety factor explain it to an extent of 73.10 per cent since its Cronbach Alpha is 0.731.

➤ **Quick Services Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘the interest rate of RD is high’, ‘the banker issues the draft within the specified time’ and ‘all the services are done quickly’ in quick service factor since their factor loadings are higher in these factors than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.23.

Table 6.23

Quick services factor

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	The interest rate of RD is high	.557	.724	0.725
2.	The banker issues the draft within the specified time	.532	.732	
3.	All the services are done quickly	.522	.556	

Source: Computed Data

The factor loading of the variables in quick services factor varies from 0.522 to 0.557. It reveals that the highly correlated variable in the quick services factor is ‘the interest rate of RD is high’ since its factor loading is 0.557. The higher communality is seen in the case of ‘the banker issues the draft within the specified time’ since its communality value is 0.732. The included three variables in quick services factor explain it to an extent of 72.50 per cent since its Cronbach Alpha is 0.725.

➤ **Quick Grievance Redressal and Low Charges Factor and its Variables and Reliability**

The factor analysis identified the variables namely ‘customers’ complaints and grievances are redressed quickly’, ‘the time taken for the encashment of cheque is normal’, ‘the recovery procedure is harsh’ and ‘the charges and fee for providing such

services is low' in quick grievance redressal and low charges factor since their factor loadings are higher in these factor than in other factors. The internal consistency of the factor is tested with the help of Cronbach Alpha. The results are shown in table 6.24.

Table 6.24

Quick grievance redressal and low charges factors

Sl. No.	Variables	Factors Loading	Communality	Cronbach's Alpha
1.	Customers' complaints and grievances are redressed quickly	.726	.667	.721
2.	The time taken for the encashment of cheque is normal	.678	.621	
3.	The recovery procedure is harsh	.617	.545	
4.	The charges and fee for providing such services is low	.563	.658	

Source: Computed Data

The factor loading of the variables in quick grievance redressal and low charges factor varies from 0.563 to 0.726. It reveals that the highly correlated variable in the quick grievance redressal and low charges factors is 'customers' complaints and grievances are redressed quickly' since its factor loading is 0.726. The higher communality is seen in the case of 'customers' complaints and grievances are redressed quickly' since its communality value is 0.667. The included four variables in quick grievance redressal and low charges factor explain it to an extent of 72.10 per cent since its Cronbach Alpha is 0.721.

6.16 RANKING OF REASONS FOR PREFERRING THE PUBLIC SECTOR BANKS

An attempt has been made to analyse the reasons for preferring the public sector banks. Table 6.25 shows the details with regard to the reasons for preferring the public sector banks.

Table 6.25

Reasons for preferring the public sector banks

Sl. No.	Reasons	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	More reliable	29	146	95	56	20	36	56	30	40	20	528
2.	Varied banking services	95	45	60	30	30	36	69	99	30	34	528
3.	Lesser bank service charges	53	30	19	40	30	46	25	80	109	96	528
4.	Large customer base	40	55	70	20	79	40	70	34	55	65	528
5.	Existence of more branches	16	60	39	59	72	68	59	40	25	90	528
6.	High popularity/widely known	59	42	95	70	47	20	40	55	60	40	528
7.	Core banking services	60	100	39	68	50	30	26	35	80	40	528
8.	Innovative banking services	60	20	26	39	76	76	59	69	46	57	528
9.	More customer friendly	40	-	75	65	46	87	40	50	60	60	528
10.	Quick services	76	30	10	65	84	89	59	40	49	26	528
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 6.25 shows that 95 respondents have given first rank to 'varied banking services', 76 respondents have given first rank to 'quick services', 60 respondents each have given first rank to 'innovative banking services', and to 'core banking services' respectively and only 16 respondents have given first rank to 'existence of more branches'. Moreover, to identify the reasons for preferring the public sector banks, the

researcher has used Garret Ranking Technique. Table 6.26 shows the ranking of reasons for preferring the public sector banks.

Table 6.26

Ranking of reasons for preferring the public sector banks

Sl. No.	Reasons	Total Score	Average	Rank
1.	More reliable	29431	55.74	I
2.	Varied banking services	28253	53.51	II
3.	Lesser bank service charges	22411	42.44	X
4.	Large customer base	25557	48.40	VII
5.	Existence of more branches	24519	46.44	IX
6.	High popularity/widely known	27198	51.51	V
7.	Core banking services	27595	52.26	IV
8.	Innovative banking services	24967	47.29	VIII
9.	More customer friendly	28006	53.04	III
10.	Quick services	26949	51.04	VI

Source: Computed Data

It is observed from the table 6.26 that ‘more reliable’ has been ranked as the first reason for preferring the public sector banks with the highest Garrett mean score of 55.74, ‘varied banking services’ has been ranked as second, ‘more customer friendly’ in third position, ‘core banking services’ is ranked as fourth, ‘high popularity/widely known’ is ranked as fifth, ‘quick services’ is ranked as sixth, ‘large customer base’ is ranked as seventh, ‘innovative banking services’ is ranked as eighth, ‘existence of more branches’ is ranked as ninth followed by ‘lesser bank service charges’ ranked as tenth position with the Garrett mean score of 42.44.

6.17 RANKING OF REASONS FOR PREFERRING THE PRIVATE SECTOR BANKS

An attempt has been made to analyse the reasons for preferring the private sector banks. Table 6.27 shows the details with regard to the reasons for preferring the private sector banks.

Table 6.27

Reasons for preferring the private sector banks

Sl. No.	Reasons	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	More reliable	15	21	20	14	20	15	12	15	6	6	144
2.	Varied bank services	24	7	12	13	12	19	13	20	15	9	144
3.	Lesser bank service charges	30	18	5	22	12	21	14	5	2	15	144
4.	Large customer base	20	20	16	9	12	14	14	11	18	10	144
5.	Existence of more branches	9	8	15	12	17	13	24	16	20	10	144
6.	High popularity/widely known	3	28	19	16	10	16	7	12	9	24	144
7.	Core banking services	14	20	14	9	19	14	12	12	17	13	144
8.	Innovative banking services	10	10	21	14	19	13	11	21	14	11	144
9.	More customer friendly	11	8	17	13	12	8	14	22	25	14	144
10.	Quick services	12	8	11	22	13	17	21	6	12	22	144
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 6.27 shows that 30 respondents have given first rank to 'lesser bank service charges', 24 respondents have given first rank to 'varied banking services', 20 respondents have given first rank to 'large customer base', 15 respondents have given first rank to 'more reliable' and only 3 respondents have given first rank to 'high popularity/widely known'. Moreover, to identify the reasons for preferring the private sector banks, the researcher has used Garret Ranking Technique. The respondents have

been asked to rank them. Table 6.28 shows the ranking of reasons for preferring the private sector banks.

Table 6.28

Ranking of reasons for preferring the private sector banks

Sl. No.	Reasons	Total Score	Average	Rank
1.	More reliable	7814	54.26	II
2.	Varied banking services	7320	50.83	IV
3.	Lesser bank service charges	7966	55.32	I
4.	Large customer base	7509	51.14	III
5.	Existence of more branches	6757	46.92	IX
6.	High popularity/widely known	7003	48.63	VII
7.	Core banking services	7238	50.26	V
8.	Innovative banking services	7052	48.97	VI
9.	More customer friendly	6620	45.97	X
10.	Quick services	6796	47.19	VIII

Source: Computed Data

It is observed from the table 6.28 that ‘lesser bank service charges’ has been ranked as the first reason for preferring the private sector banks with the highest Garrett mean score of 55.32, ‘more reliable’ has been ranked as second, ‘large customer base’ in third position, ‘varied banking services’ is ranked as fourth, ‘core banking services’ is ranked as fifth, ‘innovative banking services’ is ranked as sixth, ‘high popularity / widely known’ is ranked as seventh, ‘quick services’ is ranked as eighth, ‘existence of more branches’ is ranked as ninth followed by ‘more customer friendly’ ranked as tenth position with the least Garrett mean score of 45.97.

6.18 RANKING OF PREFERENCE OF CUSTOMERS OF PUBLIC SECTOR BANKS' SERVICES

An attempt has been made to analyse the preference of customers of public sector banks services. Table 6.29 shows the details with regard to the preference customers of customers of public sector banks services.

Table 6.29

Ranking of preference of customers of public sector banks towards banking services

Sl. No.	Bank Services	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	Fast transaction	26	168	76	104	20	-	29	40	49	16	528
2.	Safe transaction	143	42	60	90	68	20	30	46	10	19	528
3.	Bank service charges	36	19	111	39	70	94	20	29	50	60	528
4.	ATM 24 hours service	180	70	19	10	105	19	25	-	41	59	528
5.	Staff behaviour	49	105	15	60	26	80	66	20	39	68	528
6.	Existence of loan facility	-	16	99	50	79	60	40	114	40	30	528
7.	Reasonable interest rate	10	10	48	60	49	39	91	56	79	86	528
8.	Accuracy	25	40	60	50	36	91	58	89	59	20	528
9.	Foreign exchange transaction	19	38	20	-	30	46	89	95	40	151	528
10.	Procedure for bank account	40	20	20	55	45	79	80	39	131	19	528
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 6.29 shows that 180 respondents have given first rank to 'ATM 24 hours service', 143 respondents have given first rank to 'safe transaction', 49 respondents have given first rank to 'staff behaviour', 40 respondents have given first rank to

‘procedure of bank account’ and only 10 respondents have given first rank to ‘reasonable interest rate’. Moreover, to identify the preference of public sector banks services, the researcher has used Garret Ranking Technique. Table 6.30 shows the ranking of preference of public sector banks services as given below:

Table 6.30

Ranking of preference of customers of public sector banks’ services

Sl. No.	Bank services	Total Score	Average	Rank
1.	Fast transaction	29989	56.79	III
2.	Safe transaction	31457	59.58	I
3.	Bank service charges	25934	49.12	V
4.	ATM 24 hours service	30901	58.52	II
5.	Staff behaviour	26643	50.46	IV
6.	Existence of loan facility	24619	46.63	VII
7.	Reasonable interest rate	22012	41.69	IX
8.	Accuracy	25315	47.95	VI
9.	Foreign exchange transaction	20215	38.29	X
10.	Procedure for bank account	23993	45.44	VIII

Source: Computed Data

It is observed from the table 6.30 that ‘safe transaction’ has been ranked as the first preference of customers of public sector banks services with the highest Garrett mean score of 59.58, ‘ATM 24 hours service’ has been ranked as second, ‘fast transaction’ in third position, ‘staff behaviour’ is ranked as fourth. ‘Bank service charges’ is ranked as fifth, ‘accuracy is ranked’ as sixth, ‘existence of loan facility’ is ranked as seventh, ‘procedure of bank account’ is ranked as eighth, ‘reasonable interest rate’ is ranked as ninth followed by ‘foreign exchange transaction’ ranked as tenth position with the least Garrett mean score of 38.29.

6.19 RANKING OF PREFERENCE OF CUSTOMERS OF PRIVATE SECTOR BANKS' SERVICES

An attempt has been made to analyse the preference of private sector banks services. Table 6.31 shows the details with regard to the preference of customers of private sector bank services.

Table 6.31

Preference of customers of private sector banks' services

Sl. No.	Bank Services	Rank										Total
		I	II	III	IV	V	VI	VII	VIII	IX	X	
1.	Fast transaction	23	21	14	19	15	8	4	12	20	8	144
2.	Safe transaction	19	27	19	9	8	12	14	18	10	8	144
3.	Bank service charges	26	10	14	18	6	6	12	6	17	29	144
4.	ATM 24 hours service	14	20	20	9	22	14	10	9	12	14	144
5.	Staff behaviour	19	7	18	14	11	17	18	16	18	6	144
6.	Existence of loan facility	7	18	15	14	8	16	16	15	15	23	144
7.	Reasonable interest rate	10	10	11	16	23	11	18	19	14	12	144
8.	Accuracy	6	12	6	15	25	24	19	19	10	8	144
9.	Foreign exchange transaction	8	10	4	11	14	22	23	18	17	17	144
10.	Procedure for bank account	12	9	21	19	12	14	10	12	16	19	144
	Garrett's Table Value	81	70	63	57	52	47	42	36	29	18	

Source: Primary Data

Table 6.31 shows that 26 respondents have given first rank to 'bank service charges', 23 respondents have given first rank to 'fast transaction', 19 respondents have given first rank to 'safe transaction', 19 respondents have given first rank to 'staff behaviour' and only 6 respondents have given first rank to 'accuracy'. Moreover, to identify the preference of private sector banks' services, the researcher has used Garret Ranking Technique. Table 6.32 shows the ranking of preference of private sector banks' services.

Table 6.32**Ranking of preference of customers of private sector banks' services**

Sl. No.	Bank services	Total Score	Average	Rank
1.	Fast transaction	7778	54.01	II
2.	Safe transaction	7789	54.09	I
3.	Bank service charges	7043	48.91	VI
4.	ATM 24 hours service	7453	51.76	III
5.	Staff behavior	7207	50.04	IV
6.	Existence of loan facility	6770	47.01	VIII
7.	Reasonable interest rate	6726	46.71	IX
8.	Accuracy	7106	49.35	V
9.	Foreign exchange transaction	6402	44.46	X
10.	Procedure of bank account	6948	48.25	VII

Source: Computed Data

It is observed from the table 6.32 that “safe transaction” has been ranked as the first preference of customers of private sector banks services with the highest Garrett mean score of 54.09, ‘fast transaction’ has been ranked as second, ‘ATM 24 hours service’ in third position, ‘staff behaviour’ is ranked as fourth, ‘accuracy is ranked’ as fifth, ‘bank service charges’ is ranked as sixth, ‘procedure of bank account’ is ranked as seventh, ‘existence of loan facility’ is ranked as eighth, ‘reasonable interest rate’ is ranked as ninth followed by ‘foreign exchange transaction’ ranked as tenth position with the least Garrett mean score of 44.46.

6.20 RANKING OF SUGGESTIONS TO IMPROVE THE SERVICE QUALITY OF PUBLIC SECTOR BANKS

An attempt has been made to analyse the suggestions from customers' perspective to improve the service quality of public sector banks. Table 6.33 shows the details with regard to the suggestions to improve the service quality of public sector banks.

Table 6.33

Customers' suggestions to improve the service quality of public sector banks

Sl. No.	Suggestions	Rank							Total
		I	II	III	IV	V	VI	VII	
1.	Minimum bank service charges	69	115	94	62	58	100	30	528
2.	Fast service	75	103	20	89	106	40	95	528
3.	Friendly service	124	40	36	120	85	30	93	528
4.	Adequate infrastructure	69	56	132	84	88	40	59	528
5.	Vehicle parking facility	46	78	39	39	46	174	106	528
6.	Efficient and empathetic front office staff	100	56	119	29	86	88	50	528
7.	Transparency	45	99	59	96	69	56	104	528
	Garrett's Table Value	78	65	57	50	42	34	21	

Source: Primary Data

Table 6.33 shows that 124 respondents have given first rank to 'friendly service', 100 respondents have given first rank to 'efficient and empathetic front office staff', 75 respondents have given first rank to 'fast service', 69 respondents have given first rank to 'adequate infrastructure', 69 respondents have given first rank to 'minimum bank service charges' and only 45 respondents have given first rank to 'transparency'. Moreover, to identify the priority of suggestions to improve the service quality of public sector banks, the researcher has used Garret Ranking Technique.

Table 6.34 shows the ranking and priority of suggestions to improve the service quality of public sector banks.

Table 6.34

Ranking of suggestions to improve the service quality of public sector banks

Sl. No.	Suggestions	Total Score	Average	Rank
1.	Minimum bank service charges	27781	52.62	I
2.	Fast service	25942	49.13	V
3.	Friendly service	26867	50.88	IV
4.	Adequate infrastructure	27041	51.21	III
5.	Vehicle parking facility	22905	43.38	VII
6.	Efficient and empathetic front office staff	27327	51.75	II
7.	Transparency	25094	47.53	VI

Source: Computed Data

It is observed from the table 6.34 that “minimum bank service charges” has been ranked as the first suggestion to improve the service quality of public sector banks with the highest Garrett mean score of 52.62, ‘efficient and empathetic front office staff’ has been ranked as second, ‘adequate infrastructure’ in third priority, ‘friendly service’ is ranked as fourth, ‘fast service’ is ranked as fifth, ‘transparency’ is ranked as sixth followed by ‘vehicle parking facility’ ranked as seventh position with the least Garrett mean score of 43.38.

6.21 RANKING OF SUGGESTIONS TO IMPROVE THE SERVICE QUALITY OF PRIVATE SECTOR BANKS

An attempt has been made to analyse the suggestions from customers' perspective to improve the service quality of private sector banks. Table 6.35 shows the details with regard to the suggestions to improve the service quality of private sector banks.

Table 6.35

Customers' suggestions to improve the service quality of private sector banks

Sl. No.	Suggestions	Rank							Total
		I	II	III	IV	V	VI	VII	
1.	Minimum bank service charges	27	22	27	26	12	24	6	144
2.	Fast service	30	22	19	14	17	16	26	144
3.	Friendly service	15	25	14	22	28	12	28	144
4.	Adequate infrastructure	14	25	24	30	20	17	14	144
5.	Vehicle parking facility	20	16	21	12	26	26	23	144
6.	Efficient and empathetic front office staff	12	19	22	18	17	37	19	144
7.	Transparency	26	17	23	23	22	10	26	144
	Garrett's Table Value	78	65	57	50	42	34	21	

Source: Primary Data

Table 6.35 shows that 30 respondents have given first rank to 'fast service', 27 respondents have given first rank to 'minimum bank service charges', 26 respondents have given first rank to 'transparency', 20 respondents have given first rank to 'vehicle parking facility' and only 12 respondents have given first rank to 'efficient and empathetic front office staff'. Moreover, to identify the priority of suggestions to improve the service quality of private sector banks, the researcher has used Garrett Ranking Technique. Table 6.36 shows the ranking and priority of suggestions to improve the service quality of private sector banks.

Table 6.36**Ranking of suggestions to improve the service quality of private sector banks**

Sl. No.	Suggestions	Total Score	Average	Rank
1.	Minimum bank service charges	7821	54.31	I
2.	Fast service	7357	51.09	III
3.	Friendly service	6865	47.67	V
4.	Adequate infrastructure	7297	50.67	IV
5.	Vehicle parking facility	6856	47.61	VI
6.	Efficient and empathetic front office staff	6696	46.50	VII
7.	Transparency	7404	51.42	II

Source: Computed Data

It is observed from the table 6.36 that ‘minimum bank service charges’ has been ranked as the first and top priority suggestion to improve the service quality of private sector banks with the highest Garrett mean score of 54.31, ‘transparency’ has been ranked as second, ‘fast service’ in third priority, ‘adequate infrastructure’ is ranked as fourth, ‘friendly service’ is ranked as fifth, ‘vehicle parking facility’ is ranked as sixth followed by ‘efficient and empathetic front office staff’ ranked as seventh priority with the least Garrett mean score of 46.50 as regards the suggestions to improve the service quality of private sector banks.

CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

7.1 INTRODUCTION

This chapter presents the summary of findings, suggestions and conclusion. This study is conducted with the main objective of finding out the service quality perception and preference of customers about public and private sector banks in Tirunelveli district. The findings of the study are briefly presented in this part. Purely primary data have been collected through the questionnaire. To prepare, finalise and fine tune, the questionnaire a preliminary survey has been conducted by the researcher. The necessary secondary data have also been collected and included wherever it is needed.

To be specific, the objectives of the study are: (i) to find out the perception of customers towards the service quality of public and private sector banks (ii) to find out the customers preference towards public and private sector banks (iii) to study the impact of various demographic variables of customers on their selection of bank (iv) to measure the service quality gap in availing the banking services (v) to find out the problems faced by the customers in availing banking services and (vi) to offer suggestions to the banks for improving their service quality.

The study was carried out with both primary and secondary data. The primary data were collected from 672 customers of public sector banks and private sector banks located in Tirunelveli district. The analysis was carried out with the responses of the customers of the public sector banks and private sector banks by adopting stratified random sampling through questionnaire and presented in the form of tabulation.

The tools for analysis like percentage analysis, factor analysis, mean score, ANOVA, 't' test and Garrett ranking technique were used.

7.2 SUMMARY OF FINDINGS

Banking play vital role in providing banking services to their customers. Sustaining and enhancing the quality of banking services are the key aspects as to retaining the existing customers and attracting new customers towards banking companies. Bank of both the sector need to pay attention as to all the five dimensions of service quality namely assurance and empathy. As stiff competition is prevailing in the banking industry, banks should be very keen in providing quality services to their customers. It is in this backdrop, this study has been concluded and the study has brought out many facts and findings. The following are the summary of major findings of the study.

7.2.1 Findings of Demographic Profile of Customers of Public Sector Banks and Private Sector Banks

- It is found that majority i.e. 35.3 per cent of the respondents are in the age group of 20 to 30 years and the next majority of 23.8 per cent are in the age group of 31 to 40 years. Bank wise analysis reveals that among the customers of public banks, majority (32.6 per cent) of the respondents are in the age group of 20 to 30 years and also in private banks, majority (45.1 per cent) of the respondents are in the age group of 20 to 30 years. The reason for the majority of the young aged respondents have account in public and private banks in the study area is that young aged respondents are more eager to save money in the banks and also they prefer to take money through ATM. But the old aged respondents are eager to invest in other investment avenues other than banks. Hence, majority of the

young aged respondents have account in public and private banks than old aged respondents.

- It is identified that 56.5 per cent are male and the remaining 43.5 per cent are female. Bank wise analysis reveals that among the customers of public banks, majority of (56.8 per cent) the respondents are male and also in private banks, majority of (55.6 per cent) the respondents are male. The reason for the majority of the male respondents have account in public and private banks in the study area is that male respondents are easily independently opening account in banks. But the female respondents are not adequately financially liberated. They are in the control of their fathers, spouses. Hence, majority of the male respondents have account in public and private banks than female.
- It is observed that 69.2 per cent are married and the remaining 30.8 per cent are unmarried. Bank wise analysis reveals that among the customers of public sector banks, majority of (68.4 per cent) the respondents are married and also in private sector banks, majority of (72.2 per cent) the respondents are married. The reason for the majority of the married respondents have account in public and private banks in the study area is that married respondents are independently opening account in banks. But the unmarried respondents are not financially liberated. They are in the control of their fathers. Hence, majority of the married respondents have account in public and private banks than unmarried.
- It is learnt that 52.8 per cent are residing in rural area, 41.1 per cent are residing in urban area and 6.1 per cent are residing in suburban area. Bank wise analysis reveals that among the customers of public banks, majority (53 per cent) of the respondents are residing in rural area and also in private banks, majority (52.1 per cent) of the respondents are residing in rural area. The reason for the

majority of the rural and urban respondents have account in public and private banks in the study area is that they have more banking facilities and they have easy access to the banks. Hence, majority of the rural and urban respondents have account in public and private banks than suburban respondents.

- It is noted that majority of the respondents i.e. 37.2 per cent are undergraduates and the next majority of 23.1 per cent have completed SSLC. Bank wise analysis reveals that among the customers of public banks, majority (36.7 per cent) of the respondents are undergraduates and also in private banks, majority (38.9 per cent) of the respondents are undergraduates. The reason for the majority of the respondents with graduate qualification and SSLC qualification have account in public and private banks in the study area is that they have more knowledge and awareness about banks. But, the illiterate respondents have no knowledge on banking services and they have no awareness about banks. Hence, majority of the respondents with graduate qualification and SSLC qualification have account in public and private banks than illiterate.
- The present study clearly shows that majority of the respondents i.e. 24.7 per cent are private sector employees and the next majority of 20.4 per cent are business persons. Bank wise analysis reveals that among the customers of public banks, majority (23.5 per cent) of the respondents are private sector employees and also in private banks, majority (29.2 per cent) of the respondents are private sector employees. The reason for the majority of the private sector employees have account in public and private banks in the study area is that they must have account for the payment of salary. But, the agricultural respondents have no necessary for payment of salary in their account. Hence, majority of the private employees have account in public and private banks than others.

- It is understood from the study that 35.4 per cent belong to monthly family income of upto ₹ 20,000, 26.2 per cent belong to monthly income of ₹ 20,001 to 40,000. Bank wise analysis reveals that among the customers of public banks, majority (37.9 per cent) of the respondents belong to monthly family income of upto ₹ 20,000 and in private banks, majority (32.6 per cent) of the respondents belong to monthly family income of ₹ 20,001 to 40,000.
- It is noted that 45.7 per cent belong to monthly average savings of below ₹ 5,000 and 29.6 per cent belong to monthly average savings of ₹ 5,000 to 10000. Bank wise analysis reveals that among the customers of public sector banks, majority (47.3 per cent) of the respondents belong to monthly average savings of below ₹ 5,000 and also in private banks, majority (39.6 per cent) of the respondents belong to monthly average savings of below ₹ 5,000.
- It is understood from the study that 42.1 per cent save below ₹ 2,000 in banks and 25.3 per cent save between ₹ 2,000 to 4,000. Bank wise analysis reveals that among the customers of public sector banks, majority (41.9 per cent) of the respondents save below ₹ 2,000 in banks and also in private banks, majority (43.1 per cent) of the respondents save below ₹ 2,000 in banks.

7.2.2 Analysis of Maintaining of Bank Account

- It is observed that 35.9 per cent have account for below 5 years and 31.9 per cent have account for 5-10 years. Bank wise analysis reveals that among the customers of public banks, majority (39.6 per cent) of the respondents have account for below 5 years whereas in private banks, majority (54.9 per cent) of the respondents have account for 5-10 years.

- It is found that 79.8 per cent have savings account and 8.2 per cent have both current and loan account. Bank wise analysis reveals that among the customers of public banks, majority (81.8 per cent) of the respondents have savings account and also in private banks, majority (72.2 per cent) of the respondents have savings account. The reason for the majority of the respondents have savings account is that people prefer to save money in the banks. Hence, majority respondents have savings account than other accounts.
- The present study clearly shows that 53.7 per cent mentioned that bank not caters to all the banking needs and 46.3 per cent said that bank caters to all the banking needs. Bank wise analysis reveals that among the customers of public banks, majority (50.8 per cent) of the respondents opined that bank not caters to all the banking needs and also in private banks, majority (64.6 per cent) of the respondents opined that bank not caters to all the banking needs and also in private banks, majority (64.6 per cent) of the respondents opined that bank not caters all the banking needs.
- It is understood from the study that 62.6 per cent mentioned that bank not conducts recreation facilities for the customers and 37.4 per cent said that bank conducts recreation facilities for the customers. Bank wise analysis reveals that among the customers of public banks, majority (61.2 per cent) of the respondents mentioned that bank not conducts recreation facilities for the customers and also in private banks, majority (68.1 per cent) of the respondents mentioned that bank not conducts recreation facilities for the customers.
- It is found that 26.6 per cent consider 'quality service' of banks and 26.3 per cent consider 'wide branch network' as main features. Bank wise analysis reveals that among the customers of public banks, majority (26.7 per cent) of the respondents

consider ‘wide branch network’ whereas in private banks, majority (28.5 per cent) of the respondents consider ‘quality service’ of banks as main features.

7.2.3 Findings of Ranking Analysis

- “Risk Coverage” has been ranked as the first reason for selecting private sector banks to safeguard hard earned money, ‘a good mode of savings’ has been ranked as second, ‘investment opportunity’ in third position, ‘capital appreciation’ is ranked as fourth followed by ‘tax savings’ ranked as fifth position.
- ‘Waiting for a long time’ has been ranked as the first and foremost problem faced by customers of public sector banks while availing banking services, ‘unsatisfactory services’ has been ranked as second, ‘inadequate staff’ in third position, ‘exaggeration of benefits’ is ranked as ninth followed by ‘no proper and timely reminders’ ranked as tenth position.
- ‘Unsatisfactory services’ has been ranked as the first and foremost problem faced by customers of private sector banks while availing banking service, ‘unfriendly staff’ has been ranked as second, waiting for a long time in third position, ‘inadequate staff’ is ranked as ninth followed by ‘no complete information about banking transactions’ ranked as tenth position.

7.2.4 Factors motivating to choose the bank

- The important factors motivating to choose the bank among customers of public sector banks are ‘perform services correctly at the first time’ and provide ‘e-banking services’ as their respective mean scores are 3.9242 and 3.8428 and among the customers of private sector banks, ‘perform services correctly at the

first time’ and ‘provide better communication system’ as their respective mean scores are 3.8542 and 3.6042.

- It is found that there is a significant difference in the factors motivating to choose the bank among the customers of public and private sector banks, in the cases of ‘provides prompt service’, ‘situated at convenient location’, ‘clean surroundings and premises’, ‘simple and easy process / procedures’, ‘provides value added service’, ‘provides e-banking services’ and ‘provides visually appealing facilities’.

7.2.5 Factors motivating to choose the bank and Demographic Variables of the Customers of Public Sector Banks

- It is understood from the study that in public sector banks, there is a significant relationship between age group of customers and factors motivating to choose the bank namely ‘performs services correctly at the first time’, ‘provides prompt service’, ‘offers competitive pricing’, ‘situated at convenient location’, ‘provides friendly service’, ‘convenient service hours’, ‘transparency, simple and easy process / procedures’, ‘provides value added service’, ‘has competent employees for better performance’, ‘provides visually appealing facilities’ and ‘existence of physical evidences’ for quality services.
- It is identified that there is a significant relationship between area of residence and factors motivating to choose the bank namely provides friendly service, convenient service hours, simple and easy process / procedures and provides value added service.
- It is found that there is significant relationship between educational qualification and factors motivating to choose the bank namely perform services correctly at

the first time, provides prompt service, offer competitive pricing, situated at convenient location, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, provides value added service, provides e-banking services, has competent employees for better performance, provides visually appealing facilities and existence of physical evidences for quality services.

- It is identified that there is a significant relationship between occupation and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at convenient location, provides friendly service, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, provides value added service, provides e-banking services, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.
- It is noted that there is a significant relationship between monthly family income and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offers competitive pricing, provides friendly service, convenient service hours, clean surroundings and premises, transparency, provides value added service, provides e-banking services, has competent employee for better performance, provide visually appealing facilities, existence of physical evidences for quality services and provide better communication system.
- It is learnt that there is a significant relationship between monthly average savings and factors motivating to choose the bank namely provides prompt service, provide friendly service, transparency, has competent employee for

better performance, existence of physical evidences for quality services and provide better communication system.

7.2.6 Factors motivating to choose the bank and Demographic Variables of the Customers of Private Sector Banks

- It is understood from the study that in private sector banks, there is a significant relationship between age group of customers and factors motivating to choose the bank namely perform services correctly at the first time, provide prompt service, situated at convenient location, provides friendly service, convenient service hours, clean surroundings and premises, transparency, simple and easy process / procedures, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.
- It is identified that there is a significant relationship between area of residence and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at convenient location, provides friendly service, convenient service hours, transparency, simple and easy process / procedures, has competent employees for better performance, provides visually appealing facilities, existence of physical evidences for quality services and provides better communication system.
- It is found that there is significant relationship between educational qualification and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at convenient location, provides friendly service, convenient service hours, transparency, provides value added service, provides e-banking services, has

competent employee for better performance, existence of physical evidences for quality services and provides better communication system.

- It is identified that there is a significant relationship between occupation and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at convenient location, provides friendly service, convenient service hours, transparency, simple and easy process / procedures, provides value added service, provide e-banking services, has competent employees for better performance, existence of physical evidences for quality services and provides better communication system.
- It is noted that there is a significant relationship between monthly family income and factors motivating to choose the bank namely performs services correctly at the first time, provides prompt service, offer competitive pricing, situated at convenient location, provides friendly service, transparency, simple and easy process / procedures, provides e-banking services, has competent employees for better performance and existence of physical evidences for quality services.
- It is learnt that there is a significant relationship between monthly average savings and factors motivating to choose the bank namely performs services correctly at the first time, provide prompt service, offer competitive pricing, situated at convenient location, provide friendly service, convenient service hours, clean surroundings and premises, simple and easy process / procedures, provides value added service, provides visually appealing facilities and existence of physical evidences for quality services.

7.2.7 Expectation towards tangibility aspect of service quality of banks

- The important expectation towards tangibility aspect of banks among customers of public sector banks are adequate infrastructural facilities and location is free from pollution as their respective mean scores are 4.3144 and 3.9931 and among the customers of private sector banks, adequate infrastructural facilities and information is easily available as their respective mean scores are 4.2986 and 3.8333.
- It is found that there is a significant difference in expectation towards tangibility of banks among the customers of public and private sector banks, in the cases of physical appearance of the staff is professional, location is easily accessible, location is free from pollution and vehicle parking facility is available.

7.2.8 Expectation towards reliability aspect of service quality of banks

- The important expectation towards reliability of banks among customers of public sector banks are get things right at the first time and provision of documentary evidences for banking services as their respective mean scores are 3.9186 and 3.9148 and among the customers of private sector banks, provision of documentary evidences for banking services as get things right at the first time as their respective mean scores are 3.8681 and 3.8542.
- It is learnt that there is no significant difference in expectation towards reliability of banks among the customers of public and private sector banks, in the cases of get things right at the first time, provides services at time promises to do so it, insists on error free records, bank has competitive pricing compared to others and provision of documentary evidences for banking services.

7.2.9 Expectation towards responsiveness aspect of service quality of banks

- The important expectation towards responsiveness of banks among customers of public sector banks are staff tell exactly when the services will be performed and organised time table as their respective mean scores are 4.2708 and 4.0170 and among the customers of private sector banks, staff tell exactly when the services will be performed and staff are willing to help anytime as their respective mean scores are 4.1117 and 3.9508.
- It is noted that there is a significant difference in expectation towards responsiveness of banks among the customers of public and private sector banks, in the case of staff are prompt in responding to questions and queries.

7.2.10 Expectation towards assurance of banks

- The important expectation towards assurance aspect of banks among customers of public sector banks are bank staff give assurance as to deliverance of the services and bank staff give assurance with regard to their efficient service as their respective mean scores are 4.1477 and 4.1250 and among the customers of private sector banks, bank staff give assurance with regard to their efficient service and bank staff give assurance as to deliverance of the services as their respective mean scores are 4.0278 and 4.0000.
- It is understood from the study that there is a significant difference in expectation towards assurance of banks among the customers of public and private sector banks, in the cases of bank is widely known and bank staff give assurance with regard to their efficient service.

7.2.11 Expectation towards empathy aspect of service quality of banks

- The important expectation towards empathy of banks among customers of public sector banks are client friendly service hours and customers get individual attention as their respective mean scores are 4.2197 and 4.0455 and among the customers of private sector banks, client friendly service hours and customers get individual attention as their respective mean scores are 4.1111 and 4.0278.
- It is noted that there is no significant difference in expectation towards empathy of banks among the customers of public and private sector banks, in the case of customers get individual attention, bank has its customer's best interest in heart, client friendly service hours, bank staff have concern and they understand customers' problems and seek to understand customer's need and their problems.

7.2.12 Perception towards tangibility aspect of service quality of banks

- The important perception towards tangibility of banks among customers of public sector banks are information is easily available and company is having a memorable advertisement as their respective mean scores are 3.0972 and 3.0833 and among the customers of private sector banks, adequate infrastructural facilities and information is easily available as their respective mean scores are 3.5170 and 3.4091.
- It is noted that there is a significant difference in perception towards tangibility of banks among the customers of public and private sector banks, in the cases of adequate infrastructural facilities, physical appearance of the staff is professional, location is easily accessible, bank uses latest technologies in providing services, vehicle parking facility is available, information is easily available and beautiful elevation of the office building.

7.2.13 Perception towards reliability aspect of service quality of banks

- The important perception towards reliability of banks among customers of public sector banks are insists on error free records and bank has competitive pricing compared to others as their respective mean scores are 3.0278 and 3.0139 and among the customers of private sector banks, provision of documentary evidences for banking services and get things right at the first time as their respective mean scores are 3.4527 and 3.4167.
- It is identified that there is a significant difference in perception towards reliability of banks among the customers of public and private sector banks, in the cases of get things right at the first time, provides services at time promises to do so it, bank has competitive pricing compared to others and provision of documentary evidences for banking services.

7.2.14 Perception towards responsiveness aspect of service quality of banks

- The important perception towards responsiveness of banks among customers of public sector banks are staff tell exactly when the services will be performed and organised time table as their respective mean scores are 3.0833 and 2.9444 and among the customers of private sector banks, staff tell exactly when the services will be performed and organised time table as their respective mean scores are 3.3125 and 3.2500.
- It is noted that there is a significant difference in perception towards responsiveness of banks among the customers of public and private sector banks, in the cases of staff tell exactly when the services will be performed, staff are prompt in responding to questions and queries, staff is willing to help anytime and organised time table.

7.2.15 Perception towards assurance aspect of service quality of banks

- The important perception towards assurance of banks among customers of public sector banks are bank is widely known and bank staff give assurance as to deliverance of the services as their respective mean scores are 3.1875 and 3.1181 and among the customers of private sector banks, bank is unique compared to others and bank is widely known as their respective mean scores are 3.5379 and 3.4375.
- It is found that there is a significant difference in perception towards assurance of banks among the customers of public and private sector banks, in the cases of employees are trustworthy and honest, employees in banks have knowledge and competence to solve customers' problems, bank is widely known, bank is well liked, bank is unique compared to others and data revealed by customers are kept confidential.

7.2.16 Perception towards empathy aspect of service quality of banks

- The important perception towards empathy of banks among customers of public sector banks are client friendly service hours and customers get individual attention as their respective mean scores are 3.3056 and 3.0556 and among the customers of private sector banks, client friendly service hours and bank staff have concern and they understand customer problems as their respective mean scores are 3.8049 and 3.5739.
- It is found that there is a significant difference in perception towards empathy of banks among the customers of public and private sector banks, in the cases of bank has its customer's best interest in heart, client friendly service hours, bank

staff have concern and they understand customer problems and seek to understand customers' need and their problems.

7.2.17 Service quality Gap in Public Sector Banks in Tirunelveli District

- It is found that among the customers of public sector banks in Tirunelveli district, the mean scores of expectations are high and ranged from 3.7292 for (item 3: Visually appealing features) to 4.3144 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation is related to the responsiveness dimension (dimension's mean score = 4.0369) and the lowest expectation is related to the reliability dimension (dimension's mean score = 3.8653). It is further found that the mean score of the perceptions ranged from 2.6875 for (item 2: Physical appearance of the staff is professional) to 3.3056 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception is related to the empathy dimension (dimension's mean score = 3.0097) and the lowest perception is related to the tangibility dimension (dimension's mean score = 2.8645). It is learnt that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 1.1675), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.8973).

7.2.18 Service quality Gap in Private Sector Banks in Tirunelveli District

- It is understood from the study that the mean scores of expectations are high and ranged from 3.4867 for (item 7: Vehicle parking facility is available) to 4.2986 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation is related to the empathy dimension (dimension's mean

score = 3.9920) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 3.7223). The present study clearly shows that the mean score of the perceptions has been ranged from 2.8864 for (item 3: Visually appealing features) to 3.8049 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.4583) and the lowest perception related to the responsiveness dimension (dimension's mean score = 3.2026). It is noted that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 0.7306), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.4752).

7.2.19 Service quality Gap in public and private sector banks in Tirunelveli district

- It is found that the mean scores of expectations are high and ranged from 3.5625 for (item 7: Vehicle parking facility is available) to 4.3110 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation is related to the responsiveness dimension (dimension's mean score = 3.9678) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 3.7764). It is further found that the mean score of the perceptions ranged from 2.8750 for (item 3: Visually appealing features) to 3.6979 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception is related to the empathy dimension (dimension's mean score = 3.3622) and the lowest perception is related to the responsiveness dimension (dimension's mean score = 3.1312). It is understood that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 0.8366), and

there is a considerable gap between the customers' expectations and perceptions.

The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.5782).

7.2.20 Customers' satisfaction towards banks

- The important satisfaction among customers of public sector banks are with regard to 'experiences with the banker' and 'my choice of this bank' as their respective mean scores are 3.8920 and 3.7311 and among the customers of private sector banks, 'quality of the services' and 'trust worthiness' of the bank as their respective mean scores are 3.7847 and 3.4583.
- It is found that there is a significant difference in the satisfaction among the customers of public and private sector banks, in the cases of 'experiences with the banker', 'my choice of this bank', 'behaviour of the staff', 'accessibility of the bank', 'customer orientation of the bank', 'communication system of bank', 'promotional activities like advertisement', 'procedures and processes' and 'services by the staff'.

7.2.21 Opinion about the reachability of promotional strategies by the bank

- The important opinion about the reachability of promotional strategies by the bank among customers of public sector banks are advertising on television and advertising in newspapers as their respective mean scores are 3.8788 and 3.4754 and among the customers of private sector banks, advertising on television and online marketing / e-mail as their respective mean scores are 3.6806 and 3.5139.
- It is noted that there is a significant difference in the opinion about the reachability of promotional strategies by the bank among the customers of public

and private sector banks in the cases of advertising on television, advertising in newspapers and tele calling by bank staff.

7.2.22 Customers' Satisfaction and Demographic Variables of the Customers of Public Sector Banks

- It is understood from the study that in public sector banks, there is a significant relationship between age group of customers and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.
- It is identified that there is a significant relationship between area of residence and customer satisfaction with regard to behaviour of the staff, customer orientation of the bank, communication system of bank, maintenance of suggestion box, procedures and processes and services by the staff.
- It is found that there is significant relationship between educational qualification and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.

- It is identified that there is a significant relationship between occupation and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.
- It is noted that there is a significant relationship between monthly family income and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, accessibility of the bank, customer orientation of the bank, handling of complaints, communication system of bank, quality of the services, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, and services by the staff.
- It is learnt that there is a significant relationship between monthly average savings and customer satisfaction with regard to experiences with the banker, trust worthiness of the bank, customer orientation of the bank, communication system of bank, quality of the services, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.

7.2.23 Customers' Satisfaction and Demographic Variables of the Customers of Private Sector Banks

- It is understood from the study that in private sector banks, there is a significant relationship between age group of customers and customer satisfaction with regard to behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, handling of complaints, communication

system of bank, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes and e-banking marketing services.

- It is found that there is a significant relationship between area of residence and customer satisfaction with regard to my choice of this bank, behaviour of the staff, accessibility of the bank, customer orientation of the bank, communication system of bank, cost of the services offered, promotional activities like advertisement and procedures and processes.
- It is found that there is significant relationship between educational qualification and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, customer orientation of the bank, communication system of bank, cost of the services offered, maintenance of suggestion box, promotional activities like advertisement, procedures and processes and e-banking marketing services.
- It is identified that there is a significant relationship between occupation and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, accessibility of the bank, handling of complaints, communication system of bank, quality of the services, maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.
- It is learnt that there is a significant relationship between monthly family income and customer satisfaction with regard to experiences with the banker, behaviour of the staff, trust worthiness of the bank, communication system of bank,

maintenance of suggestion box, promotional activities like advertisement, procedures and processes, services by the staff and e-banking marketing services.

- It is noted that there is a significant relationship between monthly average savings and customer satisfaction with regard to experiences with the banker, my choice of this bank, behaviour of the staff, trust worthiness of the bank, communication system of bank, cost of the services offered, promotional activities like advertisement, procedures and processes and services by the staff.

7.2.24 Findings of Factor Analysis

- Among the various factors of customer perception towards public sector banks, ‘Easy Installment and Repayment Factors’ consisting of seven variables such as the number of installment is normal, the loan is granted but the payment is delayed, bank normally accepts installment repayment method, the time taken for the encashment of cheque is normal, availability of Money transfer/mail transfer, the banker feels that customers are the real assets of the bank and the banker issues the draft within the specified time is found to be the most important factors of customer perception towards public sector banks. The next important factor of customer perception towards public sector banks is ‘Low Interest and Quick Grievances Redressal Factors’ which consists of the variables such as availability of collection of cheque, the customer opens an account with the bank enjoy the non-material services offered by the bank, customers’ complaints and grievances are redressed quickly, availability of electronic clearing services, the granted loan amount is released in installments and the interest rate on the loans and advances is low.

7.3 SUGGESTIONS

In the light of the above findings, the following suggestions are offered to improve the service quality of public and private banks in Tirunelveli district.

7.3.1 Suggestions to the Banks

- ✓ The customers' perception of tangibility dimension of service quality is lower in public sector banks. So, the public sector banks may take steps to improve latest technologies in providing services and also in providing adequate infrastructural facilities.
- ✓ The customers' perception of responsiveness dimension of service quality is lower in private sector banks. So, the private sector banks' staff should be prompt in responding to questions and queries of customers and the staff should be willing to help any time by following organised time table.
- ✓ Both the public and private sector banks must train all the employees in the areas of customer care, customer approach, body language, customer communication, customer need assessment and compliant management. This will help to pave the way for maintaining cordial relationship and improving the quality of services.
- ✓ ATM services must be provided within the accessibility of the customers. When ATM centers are available within a short distance, it will improve the quality of services.
- ✓ Bank employees of both the sectors have to be trained especially in the rural branches to improve the quality of banking services.

- ✓ As the results of the study reveal that reliable communication and responsiveness have a direct bearing on perceptions of quality, banking institutions should put emphasis on that service quality dimension.
- ✓ As of responsiveness dimension of service quality, banks' employees must have the desire, willingness and readiness to assist customers and deliver prompt service. It is suggested that the employees should exhibit a pleasant, courteous and friendly behaviour in service delivery.
- ✓ It is also suggested that the knowledge and competency of service employees in answering specific customers' queries and requests have to be enhanced by providing due training to such employees.
- ✓ It could be inferred that in this era of competition, for retaining their satisfied customers, banks should maintain error-free customer's orders and records, provide services as promised, and try to gain the first impression of the customers. The public sector banks should also learn how to provide prompt service to customers at once.
- ✓ As banks' staff play an important role towards the sustenance and enhancement of the service quality of the banks, issues related to staff must also be duly considered. In order to improve banks' service quality, the banks should conduct different programmes such as training courses and workshops to their staff. These programmes would help the banks' staff to identify the needs of customers and to offer the identified needs
- ✓ Banks of both the sectors should extend services correlated to customers' demands and expectations.

- ✓ Banks of both the sectors should employ active staff and utilize deserved, responsible, effective and dynamic managers in the banks to sustain and enhance service quality.
- ✓ In most of the private sector banks, the infrastructural facilities such as ventilation, seating arrangements and parking facilities etc. are very good and more comfortable when compared to the public sector banks. Hence, these facilities should be provided by the public sector banks too.
- ✓ The banks' staff may necessarily have to know their customers and understand their requirements and inform them about the various services and facilities available with the banks. Further, the staff may guide the customers in making the right choice from among the available range of services and facilities by describing the product features effectively.
- ✓ Now-a-days, most of the public and private sector banks are computerized. But a few of staff working with the computer seem to be slow in carrying out their work. They take more time for completing transactions. So, properly trained staff must handle the systems. It will improve the quality of the banking services.
- ✓ It is revealed in this study that in public sector banks customer relationship management is poor compared to private sector banks. The relationship between customer and staff is not very fair. But the private sector banks are following customer relationship management in a very good manner and the customers are treated in a friendly manner. Thus, it is suggested that the public sector banks should exercise effective customer relationship management.

- ✓ The customers' perception of responsiveness dimension of service quality is slightly lower both in public sector banks and private sector banks. Hence, it is suggested that the employees of both public sector banks and private sector banks may be motivated to provide prompt services to customers and assist the customers in filling up the forms, challans. Further, it is suggested that the staff should provide and display necessary information to the customers. This will promote the service quality of the banks and build up the image of the banks in the retention of existing customers and attraction of new customers.
- ✓ Based on the customers' perspectives and their ranking of suggestions to improve the service quality of private sector banks, it is suggested that the banks should minimise the service charges, maintain transparency and provide services in a fast manner.
- ✓ Based on the customers' perspectives and their ranking of suggestions to improve the service quality of public sector banks, it is suggested that the banks should minimise service charges, employ efficient and empathetic front office staff and provide adequate infrastructural facilities.

7.4 CONCLUSION

Banks are providing voluminous services to their customers in an effective and efficient way due to heavy competition among banks and to sustain their business in the banking industry. The performance of banks always primarily depends on the quality of services that they provide to their customers. This study has focused to assess and evaluate service quality aspects in various banking services and their approaches to the customers. A universally accepted instrument to assess the service quality called SERVQUAL was the base to frame variables and to assess the service

quality in banks on the five dimensions namely tangibility, reliability, responsiveness, assurance and empathy. This study brought to light the fact that the customers were satisfied on the service quality of the banks in the study area but at the same time they expect a lot more from the banks in the present scenario of technological developments in banks.

Based on the findings of the study, necessary specific suggestions have been given by the researcher to public and private sector banks. Further, there are a few common suggestions are given to both the public and private sector banks. If the given suggestions are duly looked into by the responsible officer of the banks, the quality of banking services will go up and the identified service quality gap could be redressed. The researcher hopes that this piece of research work will pave a better way for providing quality banking services for the banks in general and in the study area in specific. The researcher also hopes that this research work would be the key instrument in the minds of potential researchers to pursue further studies on service quality perception of customer of banking companies.

7.5 SCOPE FOR FURTHER RESEARCH

The present study has made an attempt to study the service quality perception and preference of customers about public and private sector banks in Tirunelveli district. There still remains a viable prospect for future research. They are:

- (i) A Study on Service Quality Perception of Customers of Nationalized Banks in Tamilnadu
- (ii) A Comparative Study on Service Quality Perception and Preference of Customers about Private Sector Banks and Foreign Banks in the Southern District of Tamilnadu.

- (iii) Service Quality Perception of Users of Innovative Banking Services in Tirunelveli District.
- (iv) A Study on Strategies for Sustaining and Enhancing Quality of Public and Private Sector Banks in Tirunelveli District - Customers' Perspective.
- (v) Strategies for Bridging Service Quality Gap Prevailing in Public and Private Sector Banks in Tirunelveli District - A Comprehensive Approach.

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QUESTIONNAIRE

A COMPARITIVE STUDY ON SERVICE QUALITY PERCEPTION AND PREFERENCE OF CUSTOMERS ABOUT PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT

I. DEMOGRAPHIC PROFILE

1.1 Age (in years)

- | | | | | | |
|-------------|--------------------------|------------|--------------------------|-------------|--------------------------|
| a. Below 20 | <input type="checkbox"/> | a. 20 – 30 | <input type="checkbox"/> | b. 31 – 40 | <input type="checkbox"/> |
| c. 41 – 50 | <input type="checkbox"/> | d. 51 - 60 | <input type="checkbox"/> | e. Above 60 | <input type="checkbox"/> |

1.2 Gender:

- | | | | |
|---------|--------------------------|-----------|--------------------------|
| a. Male | <input type="checkbox"/> | b. Female | <input type="checkbox"/> |
|---------|--------------------------|-----------|--------------------------|

1.3 Marital Status:

- | | | | |
|------------|--------------------------|--------------|--------------------------|
| a. Married | <input type="checkbox"/> | b. Unmarried | <input type="checkbox"/> |
|------------|--------------------------|--------------|--------------------------|

1.4 Area of residence:

- | | | | | | |
|----------|--------------------------|----------|--------------------------|-------------|--------------------------|
| a. Rural | <input type="checkbox"/> | b. Urban | <input type="checkbox"/> | c. Suburban | <input type="checkbox"/> |
|----------|--------------------------|----------|--------------------------|-------------|--------------------------|

1.5 Educational Qualification:

- | | | | | | |
|-----------------|--------------------------|------------------|--------------------------|-----------------|--------------------------|
| a. Illiterate | <input type="checkbox"/> | b. SSLC | <input type="checkbox"/> | c. HSC/PUC | <input type="checkbox"/> |
| d. Diploma | <input type="checkbox"/> | e. Undergraduate | <input type="checkbox"/> | f. Postgraduate | <input type="checkbox"/> |
| g. Professional | <input type="checkbox"/> | h. Doctoral | <input type="checkbox"/> | | |

1.6 Occupation

- | | | | | | |
|------------------------|--------------------------|----------------------------|--------------------------|----------------|--------------------------|
| a. Daily wage earner | <input type="checkbox"/> | b. Business person | <input type="checkbox"/> | c. Agriculture | <input type="checkbox"/> |
| d. Government employee | <input type="checkbox"/> | e. Private sector employee | | | <input type="checkbox"/> |
| f. Professional | <input type="checkbox"/> | g. Home maker | <input type="checkbox"/> | | |

1.7 Monthly family income

- | | | | |
|-------------------------|--------------------------|-----------------------|--------------------------|
| a. Up to ₹ 20,000 | <input type="checkbox"/> | b. ₹ 20,001 to 40,000 | <input type="checkbox"/> |
| c. ₹ 40,001 to 60,000 | <input type="checkbox"/> | d. ₹ 60,001 to 80,000 | <input type="checkbox"/> |
| e. ₹ 80,001 to 1,00,000 | <input type="checkbox"/> | f. Above ₹ 1,00,000 | <input type="checkbox"/> |

- 1.8 What is your monthly average savings?
- | | | | |
|-----------------------|--------------------------|-----------------------|--------------------------|
| a. Below ₹ 5,000 | <input type="checkbox"/> | b. ₹ 5,000 to 10,000 | <input type="checkbox"/> |
| c. ₹ 10,001 to 15,000 | <input type="checkbox"/> | d. ₹ 15,001 to 20,000 | <input type="checkbox"/> |
| e. Below ₹ 20,000 | <input type="checkbox"/> | | |
- 1.9 What is your average monthly savings in bank?
- | | | | |
|----------------------|--------------------------|---------------------|--------------------------|
| a. Below ₹ 2,000 | <input type="checkbox"/> | b. ₹ 2,000 to 4,000 | <input type="checkbox"/> |
| c. ₹ 4,001 to 6,000 | <input type="checkbox"/> | d. ₹ 6,001 to 8,000 | <input type="checkbox"/> |
| e. ₹ 8,001 to 10,000 | <input type="checkbox"/> | f. Above ₹ 10,000 | <input type="checkbox"/> |
- 1.10 If you save in bank, why did you select bank to safeguard your hard earned money?
(Rank them according to importance as 1, 2, 3, 4, 5)
- | | | | |
|---------------------------|--------------------------|-------------------------|--------------------------|
| a. Risk coverage | <input type="checkbox"/> | b. Tax savings | <input type="checkbox"/> |
| c. Investment opportunity | <input type="checkbox"/> | d. Capital appreciation | <input type="checkbox"/> |
| e. A good mode of savings | <input type="checkbox"/> | | |
- 1.11 Type of bank in which you have your account.
- | | | | |
|-----------------------|--------------------------|------------------------|--------------------------|
| a. Public Sector bank | <input type="checkbox"/> | b. Private Sector Bank | <input type="checkbox"/> |
|-----------------------|--------------------------|------------------------|--------------------------|
- 1.12 How long have you been availing banking services?
- | | | | |
|------------------|--------------------------|-------------------|--------------------------|
| a. Below 5 years | <input type="checkbox"/> | b. 5 - 10 years | <input type="checkbox"/> |
| c. 10 - 15 years | <input type="checkbox"/> | d. Above 15 years | <input type="checkbox"/> |
- 1.13 What kind of account do you maintain in this bank?
- | | | | |
|----------------|--------------------------|----------------------------------|--------------------------|
| a. Savings | <input type="checkbox"/> | b. Current | <input type="checkbox"/> |
| c. Loan a/c | <input type="checkbox"/> | d. Both Savings A/c and Loan a/c | <input type="checkbox"/> |
| e. Demat | <input type="checkbox"/> | e. Both Current A/c and Loan a/c | <input type="checkbox"/> |
| f. Credit card | <input type="checkbox"/> | g. Demat a/c | <input type="checkbox"/> |
- 1.14 Do you think that your bank caters all your banking needs?
- | | | | |
|--------|--------------------------|-------|--------------------------|
| a. Yes | <input type="checkbox"/> | b. No | <input type="checkbox"/> |
|--------|--------------------------|-------|--------------------------|
- 1.15 Does your bank conduct any recreation facilities for the customers?
- | | | | |
|--------|--------------------------|-------|--------------------------|
| a. Yes | <input type="checkbox"/> | b. No | <input type="checkbox"/> |
|--------|--------------------------|-------|--------------------------|

1.16 When do you think of your bank what comes first in your mind

- a. Personalised service ☐ b. Wide branch network ☐
 c. Quality service ☐ c. Computerised banking ☐
 e. Core banking ☐

II. Rate the given items regarding the factors to select bank at 5 point scale

[HI - Highly Important; I - Important; M - Moderate; NI - Not Important;

NAI - Not at All Important]

Sl. No.	Influencing Factors	HI	I	M	NI	NAI
1	Perform services correctly at the first time					
2	Provide prompt service					
3	Offer competitive pricing					
4	Situated convenient location					
5	Provide friendly service					
6	Convenient service hours					
7	Clean surroundings and premises					
8	Transparency					
9	Simple and easy process / procedures					
10	Provide value added service					
11	Provide e banking services					
12	Has competent employee for better performance					
13	Provide visually appealing facilities					
14	Existence of physical evidences for quality services					
15	Provide better communication system					

III. Service quality of banking services. Rate the given variables at 5 point scale on the basis of your expectation and perception.

[HE - Highly Expected, E - Expected, M- Moderate, NE - Not Expected, NAE - Not at all Expected]

[HS - Highly Satisfied, S - Satisfied, M- Moderate, DS- Dissatisfied, HDS- Highly Dissatisfied]

[Please (✓) tick mark in the appropriate boxes]

Sl. No.	Statements	Your expectation					Your perception				
		HE	E	M	NE	NAE	HS	S	M	DS	HDS
	Tangibility										
1	Adequate infrastructural facilities										
2	Physical appearance of the staff is professional										
3	Visually appealing features										
4	Location is easily accessible										
5	Location is free from pollution										
6	Bank uses latest technologies in providing services										
7	Vehicle parking facility is available										
8	Information is easily available										
9	Company is having a memorable advertisement										
10	Beautiful elevation of the office building										
	Reliability										
11	Get things right at the first time										
12	Provide services at time promises to do so it										
13	Insists on error free records										
14	Bank has competitive pricing compared to others										

Sl. No.	Statements	Your expectation					Your perception				
		HE	E	M	NE	NAE	HS	S	M	DS	HDS
15	Provision of documentary evidences for banking services										
	Responsiveness										
16	Staff tell exactly when the services will be performed										
17	Staff are prompt in responding to questions and queries										
18	Front office staff responding to phone calls instantaneously										
19	Staff are willing to help anytime										
20	Organised time table										
	Assurance										
21	Employees are trustworthy and honest										
22	Employees in banks have knowledge and competence to solve customer's problem										
23	Bank is widely known										
24	Bank is well liked										
25	Bank is unique compared to others										
26	Bank Staff give assurance as to deliverance of the services										
27	Data revealed by customers are kept confidential										
28	Bank staff give assurance with regard to their efficient service										
	Empathy										
29	Customers get individual attention										
30	Bank has its customer's best interest in heart										

Sl. No.	Statements	Your expectation					Your perception				
		HE	E	M	NE	NAE	HS	S	M	DS	HDS
31	Client friendly service hours										
32	Bank staff have concern and they understand customer problems										
33	Seek to understand customers' need and their problems										

IV. Customer satisfaction: rate the given variables at 5 point scale:

[HS - Highly Satisfied, S - Satisfied M - Moderate, DS - Dissatisfied, HDS - Highly Dissatisfied]

		HS	S	M	DS	HDS
4.1	Experiences with your banker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2	My choice of this bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3	Behaviour of the staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4	Trust worthiness of the bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.5	Accessibility of the bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.6	Customer orientation of the bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7	Handling of complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.8	Communication system of bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.9	Quality of the services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.10	Cost of the services offered	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.11	Maintenance of suggestion box	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.12	Promotional activities like advertisement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.13	Procedures and processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.14	Services by the staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.15	E-Banking marketing services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

V. Problems faced by customers while availing banking services

(Rank them according to importance as 1, 2, 3, 4, 5, 6, 7, 8, 9, 10)

- a. Waiting for a long time ☐
- b. Unsatisfactory services ☐
- c. Inadequate staff ☐

- d. Unfriendly staff ☐
- e. Lack of proper direction by bank staff ☐
- f. Inadequate infrastructure ☐
- g. Exaggeration of benefits ☐
- h. Imprompt service by the staff ☐
- i. No proper and timely reminders ☐
- j. No complete information about banking transactions ☐

VI. Opinion about the reachability of promotional strategies by your bank.

Rate the given variables at 5 point scale:

[HR - Highly Reached, MS-Moderately Reached, N – Neutral, SR-Somewhat Reached, NR- Not Reached]

Sl. No.	Promotional tool	HR	MR	N	SR	NR
1	Advertising on television					
2	Personal selling					
3	In journals and magazines					
4	Advertising in newspapers					
5	Tele calling by Bank staff					
6	Outdoor advertising, hoarding etc,					
7	Schemes / Gifts / prizes for customers					
8	Public relations / Events / Programme					
9	Online marketing / E - Mail					
10	Pamphlets / Brouchers					

VII. Customer Perception: (Tick in the appropriate column)

Rate the given variables at 5 point scale:

[SA-Strongly Agree; A-Agree; N-Neutral; D-Disagree; SD-Strongly Disagree]

Sl. No.	Factors	SA	A	N	D	SD
1	The selection of bank is influenced by the range of services					
2	The customer selects a bank based on the quality of services offered by the bank					
3	Ownership of the bank is the criterion for the selection of the bank					
4	The customer opens an account to utilize bankers' facilities and services.					
5	The purpose of opening of an account is to get loans and advances					
6	The customer opens an account with the bank enjoy the non-material services offered by the bank					
7	The interest rate offered for F.D is high					
8	The interest rate of R.D is high					
9	The cash certificate enjoys a high interest rate					
10	The interest rate on the loans and advances is low					
11	The customer always feels that borrowing from the bank is more easy					
12	The loans and advances are granted to customers					
13	The banker takes more time to grant a loan					
14	The customers are required to make many visits for getting a loan					
15	The loan is granted but the payment is delayed					
16	The granted loan amount is released in installments					
17	For getting a loan, the customer is required to undergo many formalities					
18	Bank normally accepts installment repayment method					
19	The number of installment is normal					

Sl. No.	Factors	SA	A	N	D	SD
20	Customers are given sufficient time for the repayment of loan					
21	The amount of each installment is convenient for repayment					
22	The recovery procedure is harsh					
23	The customers are well informed about the default of repayment					
24	Availability of Collection of cheque					
25	Availability of Collection of drafts					
26	Availability of Money transfer/mail transfer					
27	Availability of ATM facilities					
28	Availability of Safety locker					
29	Availability of Electronic clearing services					
30	All the services are done quickly					
31	The services are provided to all needed customers					
32	Customers are satisfied with the existing services					
33	The charges and fee for providing such services is low					
34	The time required for opening of an account is normal					
35	The banker issues the draft within the specified time					
36	The D.D is realized within the specified time					
37	The time taken for the encashment of cheque is normal					
38	The bank is easily accessible					
39	The parking space is enough					
40	The bank business hours is convenient to customers					
41	The banker feels that customers are the real assets of the bank					
42	Customers' complaints and grievances are redressed quickly					

VIII. Why do you prefer Public Sector Bank?

Rank the given reasons for preferring the bank according to their importance as 1, 2, 3, 4, 5, 6, 7, 8, 9, 10)

Reasons	Rank
More reliable	
Varied bank services	
Lesser bank service charges	
Large customer base	
Existence of more branches	
High popularity / widely known	
Core banking services	
Innovative banking services	
More customer friendly	
Quick services	

IX. Do you have account both in Public Sector Bank and Private Sector Bank?

a. Yes ☐ b. No ☐

IX.1A. If yes, where you perceive more quality?

a. Public Sector Bank ☐ b. Private Sector Bank ☐

IX. 1B. If yes, after having availed services for both the banks, which one you prefer more?

State the reasons :

a. Public Sector Bank ☐ b. Private Sector Bank ☐

State your reasons:

1. _____

2. _____

X. Rank your preference of bank services

(Rank them according to your priority as 1,2,3,4,5,6,7,8,9,10)

Bank services	Rank
Fast transaction	
Safe transaction	
Bank Service charges	
ATM 24 hours service	
Staff behavior	
Existence of loan facility	
Reasonable interest rate	
Accuracy	
Foreign exchange transaction	
Procedure of bank account	

XI. Rank the given suggestions on the basis of their importance in order to improve the service quality of your bank as 1,2,3,4,5,6,7.

- a. Minimum bank service charges ☐
- b. Fast service ☐
- c. Friendly service ☐
- d. Adequate infrastructure ☐
- e. Vehicle parking facility ☐
- f. Efficient and empathetic front office staff ☐
- g. Transparency ☐

XII. Any other suggestions

1. _____

2. _____

3. _____



Management

A COMPARITIVE STUDY ON SERVICE QUALITY PERCEPTION AND PREFERENCE OF CUSTOMERS ABOUT PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT

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Abstract

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. The present need of banks is to have good relationship with customers by providing quality services to retain the existing and generate or acquire new customers. Thus, this study attempts to study the service quality in the banking sector in the present scenario. The scope of this study is to identify the service quality of public and private banks in Tirunelveli district. This research is based on primary data and secondary data. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The primary data was collected from 300 customers of banks located in Tirunelveli district. The analysis was carried out with the responses of the customers of the public sector banks and private sector banks by adopting stratified random sampling through questionnaire and presented in the form of tabulation. This study brought to light the fact that the customers were very much satisfied on the service quality of the banks in the region but at the same time they expect a lot more from the banks in the present scenario of technological developments in banks.

Keywords: Service Quality; Perception; Preference; Banking; Public & Private Sector.

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1. Introduction

Across all service industries, service quality remains a critical issue in maintaining and propagating business in the competitive marketplace. To survive in a highly competitive service

environment, it is apparent that service industries need to provide customer with high quality services. Customer today demands quality and from their point of view, quality is nothing but an integral and expected part of service that is service quality. In banking, quality means not just meeting but exceeding customer expectations. For this reason, service quality is viewed as an important aspect in the banking industry. Further, it is evident that over the years, bank customers' perception of service quality has been changed tremendously. Today, quality includes a commitment towards continuous improvement and service relationships with customers. Also, the need for technology based services, new and improved product services and e-services are also viewed as important aspects of banking service quality that supports improved and superior quality services provided to customers. Hence, these are the areas where banks have to focus upon in order to satisfy their customers.

2. Statement of the Problem

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. In General it is perused that, service quality in private sector banks is good compared to public sector banks. The various issues the banks are not able to provide immediate response to customers, service time duration is more, long queue to deposit the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. Parking facility in banks is very poor compared to private sector banks. The biggest challenge today for the bank is to establish customers intimacy without which all other efforts towards operationed excellence are meaningless. The present need of banks is to have good relationship with customers by providing quality services to retain the existing and generate or acquire new customers. Thus, this study attempts to study the service quality in the banking sector in the present scenario.

3. Scope of the Study

The scope of this research is to identify the service quality of public and private banks in Tirunelveli district. This research is based on primary data and secondary data. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. It aims to understand the skill of the banks in the area of service quality that are performing well and shows those areas which require improvement. The study was done taking two types of banks such as public and private banks in Tirunelveli district into consideration. The survey was restricted to the bank customers in Tirunelveli district only.

4. Objectives of the Study

The study has the following objectives.

- To examine the service quality gap determinants on the quality of services of banking sector.
- To compare the service quality provided by public and private sector banks in Tirunelveli District.

5. Methodology of the Study

The study was carried out with both primary and secondary data. The primary data was collected from 300 customers of banks located in Tirunelveli district. The analysis was carried out with the responses of the customers of the public sector banks and private sector banks by adopting stratified random sampling through questionnaire and presented in the form of tabulation.

6. Sampling Design

For the purpose of primary data collection, ten banks were selected. Five banks from public sector banks namely State Bank of India (SBI), Indian Overseas Bank (IOB), Canara Bank (CB), Indian Bank (INB) and State of Bank of Travancore (SBT) and five banks from private sector namely Housing Development Finance Corporation Bank (HDFC), Industrial Credit and Investment Corporation of India Bank (ICICI), AXIS Bank, Tamilnadu Mercantile Bank (TMB) and Karur Vysya Bank (KVB) in Tirunelveli district. Out of these banks, 30 customers were selected each from public sector banks and private sector banks in Tirunelveli district. Thus, 300 customers were selected on the basis of stratified random sampling method for the present study.

7. Limitations of the Study

- All the answers given by the respondents have been assumed true.
- Customers have provided necessary information for some questions from their memory and experience whose accuracy is not satisfactory.
- In this research, only 300 respondents are considered to suggest the five dimensions of service quality of banking in Tirunelveli district. Large sample of respondents may produce better results.
- The service quality is a vast subject consisting of a number of dimensions. The most common five service quality dimensions namely, Tangibility, Reliability, Responsiveness, Assurance, and Empathy only were analyzed in the present study.

8. Analysis and Interpretation

Table 1: Gender wise classification of Respondents

Type of Banks	Gender		Total
	Male	Female	
Public banks	92(61.3)	58(38.7)	150(100)
Private banks	133(88.7)	17(11.3)	150(100)
Total	225(75)	75(25)	300(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, a majority of 92 respondents (61.3 per cent) are male and in private banks, also a majority of 133 respondents (88.7 per cent) are male. The simple reason for the majority of the male respondents having account in public and private banks in the study area is that male respondents independently open accounts in banks. But the female respondents are not financially liberated and they are

dependent upon their father or husband for opening of accounts with banks. Hence, majority of the male respondents have account in public and private banks than female.

Table 2: Age wise classification of Respondents

Type of Banks	Age (Number of Respondents)					Total
	Below 20 years	21-40 years	41-50 years	51-60 years	Above 60 years	
Public banks	51(34)	56(37.3)	15(10)	19(12.7)	9(6)	150(100)
Private banks	22(14.7)	78(52)	28(18.7)	16(10.7)	6(4)	150(100)
Total	73(24.3)	134(44.7)	43(14.3)	35(11.7)	15(5)	300(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, a majority of 56 respondents (37.3 per cent) are in the age group of 21 to 40 years and in private banks, a majority of 78 respondents (52 per cent) are in the age group of 21 to 40 years. Majority of the young aged respondents have account in public and private banks in the study area. The reason is that young aged respondents are more eager to save money in the banks and also they prefer to take money through ATM. But the old aged respondents are eager to invest in other investment avenues other than banks. Hence, majority of the young aged respondents maintain account in public and private banks than old aged respondents.

Table 3: Motivational factors to choose the Banks

Type of Banks	Factors (Number of Respondents)					Total
	Fast services	Easy access	Quick transactions	Good approach	Low interest rate on loan	
Public banks	28(18.7)	91(60.7)	27(18)	4(2.7)	-	150(100)
Private banks	21(14)	92(61.3)	25(16.7)	5(3.3)	7(4.7)	150(100)
Total	49(16.3)	183(61)	52(17.3)	9(3)	7(2.3)	300(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, 91 respondents (60.7 per cent) are motivated by easy access and in private banks, 92 respondents (61.3 per cent) are also motivated by easy access. Among various factors that influence the customers to open up an account with a bank, may be private or public, easy access to the bank gets prime importance. In a fast moving world customers want to get the job done immediately. It is evident from the study that the factor easy access to the bank has motivated the customers to open up accounts with banks in Tirunelveli district.

Table 4: Type of Account

Type of Banks	Type of account (Number of Respondents)				Total
	Savings account	Current account	Fixed deposit account	Recurring deposit account	
Public banks	127(84.7)	13(8.7)	8(5.3)	2(1.3)	150(100)
Private banks	94(62.7)	42(28)	13(8.7)	1(0.7)	150(100)
Total	221(73.7)	55(18.3)	21(7)	3(1)	300(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, a majority of 127 respondents (84.7 per cent) have savings account and in private banks, a majority of 94 respondents (62.7 per cent) have savings account. Generally customers prefer to maintain savings accounts with private or public banks. They really find it more convenient to have savings account. Current accounts are being maintained by business people only.

Table 5: Period of Maintaining the Account

Type of banks	Period of maintaining the account			Total
	Below 3 years	3 to 6 years	Above 6 years	
Public banks	61(40.7)	39(26)	50(33.3)	150(100)
Private banks	40(26.7)	48(32)	62(41.3)	150(100)
Total	101(33.7)	87(29)	112(37.3)	300(100)

Source: Primary Data (Parentheses indicates percentage)

Bank wise analysis reveals that among the customers of public banks, a majority of 61 respondents (40.7 per cent) have account for below 3 years and in private banks, a majority of 62 respondents (41.3 per cent) of the respondents have account for 6 years and above. Majority of the respondents are having their account for over 6 years. Thus, the half of the respondents is customers of the bank and they need to be provided utmost care to retain them as customers for longer period.

Service Quality Gap in Banking Sector

In order to find out the service quality of banking sector, that is of the public and private banks in Tirunelveli district, the data have been collected from the customers using 33 variables. The service quality gap is calculated by

$$\text{Service quality gap} = \text{Expectation} - \text{Perception}$$

Service quality Gap in Public Sector Banks in Tirunelveli District

The following table shows the service quality gap in public sector banks in Tirunelveli district.

Table 6: Service quality Gap in Public Sector Banks in Tirunelveli District

Sl. No	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	4.46	2.66	1.80
1	Bank location	4.03	3.08	0.95
2	Parking services	4.42	2.62	1.80
3	Seating facility	4.54	3.76	0.78
4	Ventilation	4.97	2.45	2.52
5	Bank equipments	4.32	2.14	2.18
6	Bank slips (forms)	4.23	2.55	1.68
7	Location of ATM Centre	4.77	2.05	2.72
	Assurance	4.69	2.53	2.16
8	Safety of transaction	4.71	2.46	2.25
9	Savings interest rate	4.68	2.86	1.82
10	Loan interest rate	4.70	2.26	2.44
11	Working hours	4.70	2.58	2.12
12	Safety of deposits	4.70	2.48	2.22
	Reliability	4.67	2.44	2.23
13	Speed transaction on services	4.65	2.25	2.40
14	ATM services	4.68	2.76	1.92
15	Credit card services	4.68	2.29	2.39
16	Transaction accuracy	4.64	2.69	1.95
17	Loan facility	4.66	2.13	2.53
18	Service charges	4.69	2.31	2.38
19	Mortgage facility	4.64	2.53	2.11
20	Employee reliability	4.70	2.53	2.17
	Responsiveness	4.64	2.36	2.28
21	Providing information	4.67	2.67	2.00
22	Solving the problem	4.68	2.46	2.22
23	Relationship	4.66	2.43	2.23
24	Immediate responses	4.64	2.14	2.50
25	Employees knowledge	4.63	2.32	2.31
26	Services promptness	4.62	2.08	2.54
27	Multitude services	4.62	2.43	2.19
	Empathy	4.63	2.46	2.17
28	Employees courtesy	4.62	2.69	1.93
29	Staff behavior	4.64	2.44	2.20
30	Individual attention	4.65	2.44	2.21
31	Understanding the need of customers	4.64	2.35	2.29
32	Sincerity in problem solving	4.65	2.58	2.07
33	Pro-activeness	4.61	2.52	2.09

Source: Primary Data

It is clear from the table 6 that the mean scores of expectations are high and range from 4.03 for (item 1: bank location) to 4.97 for (item 4: ventilation). Among the five dimensions, the highest expectation is related to the assurance dimensions (dimension's mean score = 4.69) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 4.46). The mean score of the perceptions ranged from 2.14 for (item 5: Bank equipment's) to 3.76 for (item 3: seating facility). Among the five dimensions of quality, the highest perception related to the tangibility dimension (dimension's mean score = 2.66) and the lowest perception related to the responsiveness dimension (dimension's mean score = 2.36).

The gap score for each item and dimension was computed by subtracting the perception score from the expectation score. Table 6 further shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score =2.28), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.80).

Service quality Gap in Private Sector Banks in Tirunelveli District

The following table shows the service quality gap in private sector banks in Tirunelveli district.

Table 7: Service quality Gap in Private Sector Banks in Tirunelveli District

Sl. No	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	4.49	3.48	1.01
1	Bank location	3.57	3.17	0.40
2	Parking services	4.44	3.05	1.39
3	Seating facility	4.68	3.38	1.30
4	Ventilation	4.68	4.52	0.16
5	Bank equipments	4.65	3.80	0.85
6	Bank slips (forms)	4.71	2.18	2.53
7	Location of ATM Centre	4.71	3.01	1.70
	Assurance	4.48	3.11	1.37
8	Safety of transaction	4.67	2.68	1.99
9	Savings interest rate	4.73	3.43	1.30
10	Loan interest rate	4.72	3.03	1.69
11	Working hours	4.71	3.57	1.14
12	Safety of deposits	3.57	2.83	0.74
	Reliability	4.69	3.06	1.63
13	Speed transaction on services	4.72	2.61	2.11
14	ATM services	4.66	3.82	0.84
15	Credit card services	4.69	2.58	2.11
16	Transaction accuracy	4.69	4.06	0.63
17	Loan facility	4.70	2.42	2.28
18	Service charges	4.71	2.44	2.27
19	Mortgage facility	4.70	3.44	1.26
20	Employee reliability	4.72	3.12	1.60

	Responsiveness	4.66	3.29	1.37
21	Providing information	4.72	3.32	1.40
22	Solving the problem	4.74	2.68	2.06
23	Relationship	4.62	2.68	1.94
24	Immediate responses	4.72	3.02	1.70
25	Employees knowledge	4.62	3.80	0.82
26	Services promptness	4.59	3.92	0.67
27	Multitude services	4.62	3.61	1.01
	Empathy	4.67	3.53	1.14
28	Employees courtesy	4.67	3.52	1.15
29	Staff behavior	4.65	3.52	1.13
30	Individual attention	4.68	3.64	1.04
31	Understanding the need of customers	4.65	3.69	0.96
32	Sincerity in problem solving	4.71	3.68	1.03
33	Pro-activeness	4.66	3.44	1.22

Source: Primary Data

It is clear from the table 7 that the mean scores of expectations are high and range from 3.57 for (item 1: bank location) to 4.74 for (item 22: solving the problem). Among the five dimensions, the highest expectation is related to the reliability dimensions (dimension's mean score = 4.69) and the lowest expectation is related to the assurance dimension (dimension's mean score = 4.48). The mean score of the perceptions ranged from 2.18 for (item 6: Bank slips (forms) to 4.52 for (item 4: ventilation). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.53) and the lowest perception related to the reliability dimension (dimension's mean score = 3.06).

The gap score for each item and dimension was computed by subtracting the perception score from the expectation score. Table 7 further shows that the highest gap of the quality relates to the reliability dimension (gap mean score =1.63), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.01).

Service quality Gap in public and private sector banks in Tirunelveli District

The following table shows the service quality gap in public and private sector banks in Tirunelveli district.

Table 8: Service quality Gap in public and private sector banks in Tirunelveli District

Sl. No	Statements	Expectation Mean	Perception Mean	Service quality gap
	Tangibility	4.51	3.01	1.50
1	Bank location	4.41	3.40	1.01
2	Parking services	3.99	2.90	1.09
3	Seating facility	4.79	4.10	0.69

4	Ventilation	4.67	3.06	1.61
5	Bank equipments	4.00	2.83	1.17
6	Bank slips (forms)	4.94	2.68	2.26
7	Location of ATM Centre	4.74	2.11	2.63
	Assurance	4.71	2.85	1.86
8	Safety of transaction	4.71	2.73	1.98
9	Savings interest rate	4.68	3.14	1.54
10	Loan interest rate	4.71	2.65	2.06
11	Working hours	4.72	3.07	1.65
12	Safety of deposits	4.71	2.65	2.06
	Reliability	4.68	2.75	1.93
13	Speed transaction on services	4.69	2.43	2.26
14	ATM services	4.65	3.26	1.39
15	Credit card services	4.68	2.43	2.25
16	Transaction accuracy	4.68	3.41	1.27
17	Loan facility	4.69	2.36	2.33
18	Service charges	4.68	2.28	2.40
19	Mortgage facility	4.67	2.98	1.69
20	Employee reliability	4.71	2.83	1.88
	Responsiveness	4.65	2.83	1.82
21	Providing information	4.69	3.00	1.69
22	Solving the problem	4.71	2.57	2.14
23	Relationship	4.64	2.55	2.09
24	Immediate responses	4.68	2.58	2.10
25	Employees knowledge	4.63	3.06	1.57
26	Services promptness	4.60	3.00	1.60
27	Multitude services	4.62	3.02	1.60
	Empathy	4.65	2.99	1.66
28	Employees courtesy	4.65	3.10	1.55
29	Staff behavior	4.64	2.98	1.66
30	Individual attention	4.67	3.04	1.63
31	Understanding the need of customers	4.64	3.02	1.62
32	Sincerity in problem solving	4.68	3.13	1.55
33	Pro-activeness	4.64	2.98	1.66

Source: Primary Data

It is clear from the table 8 that the mean scores of expectations are high and range from 3.99 for (item 2: parking services) to 4.79 for (item 3: seating facility). Among the five dimensions, the highest expectation is related to the assurance dimensions (dimension's mean score = 4.71) and the lowest expectation is related to the tangibility dimension (dimension's mean score = 4.51). The mean score of the perceptions ranged from 2.11 for (item 7: Location of ATM Centre) to 4.10 for (item 3: seating facility). Among the five dimensions of quality, the highest perception is related to the tangibility dimension (dimension's mean score = 3.01) and the lowest perception is related to the reliability dimension (dimension's mean score = 2.75).

The gap score for each item and dimension was computed by subtracting the perception score from the expectation score. Table 8 shows further that the highest gap of the quality relates to the reliability dimension (gap mean score =1.93), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the tangibility dimension (gap mean score = 1.50).

9. Suggestions to the Banks

- The customer's perception of reliability dimension of service quality is lower in public sector banks. So the public sector banks may take steps to improve their sincerity in solving the problems of customers and keeping their promises.
- Banks must train all the employees in the areas of customer care, customer approach, body language, customer communication, customer need assessment and compliant management. This will help to pave the way for maintaining cordial relationship and improve the quality of services.
- The customer's perception of assurance dimension of service quality is lower in private sector banks. Hence, it is suggested that private sector banks may take steps to improve their trustworthiness and safety feelings in the minds of customers.
- Although there is no much difference in the customers perception of the customer contact programmes in both the banking sectors, the public sector banks may pay more attention to the customer's awareness programmes about new products and services, the periodical customer meets and the telephone recalls to remind customers.
- Bank should maintain good relationship with customers by providing necessary and needed services to the customers.

10. Suggestions to the Customers

- To get effective quality of services from the bank, customers should provide adequate time to the bank to do the work rather than disturbing and waiting in long queues and crowding before the counter.
- A customer has to learn about the banking formalities with the help of co-customers or with specific bank employee rather than disturbing employees involved in other activities.
- Customers should be aware of the modern developments in the banking activities, to facilitate the banks to provide quality services.
- To get quality banking services a customer has to utilize the available technological services in their bank rather than traditional way of approach.
- The evaluation of service quality during definite periods in order to identify new demand/needs of the customers must be done periodically & permanently.

11. Conclusion

This study brought to light the fact that the customers were very much satisfied on the service quality of the banks in the region but at the same time they expect a lot more from the banks in the present scenario of technological developments in banks. Hence, this study will pave way to

further research to explore this mechanism in depth to provide quality banking services to facilitate the customers, the society and the economy as a whole.

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A Study on Perception of Banking Customers towards Quality of Services in Tirunelveli District

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ABSTRACT

Service quality is a critical element for establishing, sustaining and satisfying relationship with customers. Customer service is the process of ensuring customer satisfaction with a product or service. Perception means the way in which something is regarded, understood, or interpreted. Banking company means any company which carries on the business or which transacts the business of banking in India. With the increasing consumer demands, banks have to constantly think of innovative customized services to remain competitive. This study focuses customers' perception towards quality of banking services in Tirunelveli district. This study is limited to Tirunelveli area only, Tamil Nadu. The objectives of this study are to find out the demographic profile of the respondents, to find out the awareness level of the respondents, to find out opinion of the respondents about quality of banking services and to offer the suggestions for the improvement of modern banking. Convenience sampling method have adopted for this study. The primary data were collected from questionnaire method. This study has the limitations like inadequacy of respondents and non-applicability to other than Tirunelveli city. From the analysis, it is found that majority of the respondents are male, majority of the respondents are opined that the online banking is good. It is suggested that people should be educated about the use of demat accounts,

tax benefits too and awareness about cashless transaction should be gear up. Banking services are targeted from various corners by different types of competitors. Perception results in attitude. Attitude leads to behavior. If banks want of achieving maximum market share and profit retaining, customer and is necessary.
Keywords: Attitude, Perception, Demat a/c, Service quality.

INTRODUCTION

Service quality is a critical element for establishing, sustaining and satisfying relationship with customers. The liberalisation of the Indian economy in 1991 set off a chain of paradigmatic changes in most sectors especially in service sector. One of the sectors that came in for immediate structural changes was the financial sector. The concept of quality management in business organizations is as old as the advent of the industrial revolution, which change the pattern of production processes from personalised and integrated to mass and assemble based ones. What could

not be accomplished in terms of quality control in the pre-industrial production processes could be easily achieved in the industrial production process through the standardization of process and products. Unlike in the case of manufacturing companies, where the goods are manufactured and then sold to customers, in the services sector, the customer is a part and parcel of the process that provides the service. In this context, this study attempts to assess the level of perception of customers towards banking companies and map out macro level scenario.

IMPORTANT DEFINITIONS

Customer service:

Customer service is the process of ensuring customer satisfaction with a product or service. Often, customer service takes place while performing a transaction for the customer, such as making a sale or returning an item. Customer service in banks is the most cliched phrase at the banks. Great service can play a key role in customer retention. Banks are service-based businesses, so most of their activities involve elements of service. While they do sell banking and financial products, there is often little tangible

product variation among their offerings.

Perception

Perception means the way in which something is regarded, understood, or interpreted. In simple words it means immediate or intuitive recognition or appreciation, as of moral, psychological.

Banking Company

Banking company means and includes any company which carries on the business or which transacts the business of banking in India. Therefore, any company which is engaged in trade or manufacture, which accepts deposits of money from the public for the purpose of financing its business only, shall not be deemed to carry on the business of banking.

Demat A/C

Demat Account or dematerialized account provides the facility of holding shares and securities in electronic format. During online trading, shares are bought and held in a Demat account, thus facilitating easy trade for the users. A Demat Account holds all the investments an individual makes in shares, government securities, exchange traded funds, bonds and mutual funds in one place.

NEED FOR THE STUDY

India is a labour intensive country. Here people are more money conscious. Compared with tangible products, service products i.e., financial products are more difficult to convey. Most cases, people are started using bank services after making compulsion. For example nowadays for receiving scholarship, it is must to keep a bank account. Workers of 100 days employment schemes are given salaries through their bank account. People especially from rural and semi-urban areas are hesitate to use banking services. But as this paragraph depicts earlier, the number of banking customers are increasing gradually. But the rate of motivation to the first time customers is questionable. It is cent percent true that customers with rationale mentality and of long period will not get dissatisfaction with banking services. But initial customers may feel dissatisfaction with it.

Banking services are more far from personalized services. Nowadays, banks are compelling customers to use internet and plastics cards like ATM card, credit card to all type of transactions in order to gear up dematerialization. If you cannot

measure it, you cannot improve it. This is said by Edward Demings.

SCOPE OF THE STUDY

The study is limited to Tirunelveli area only. Customers with long track record also excluded for want of fulfilling exact objectives of the research. The scope of the study is restricted to service provided by commercial banks to the first time bank customers in Tirunelveli district, Tamil Nadu.

REVIEW OF LITERATURE

It is imperative for a researcher scholar to do a review on the related literature for the study to have an in depth knowledge about the subject. The literature on previous studies will help the researcher on the limitations of the study and there by the researcher could take measure to overcome them.

The following earlier studies have been conducted by various researchers in the area of consumer attitude of internet banking user. A review, of these studies enabled the researcher to formulate the research problem.

H.C and Avinash D. Pathardikar (2007) said that the perceptions of the consumers on different banks differ due to the behavior of the individual employees or officers. The five

dimensions of SERVQUAL were observed as ideal in all the banks except reliability of the employees.

Ramesh Kumar Miryala (2011) evaluated the customer perceptions of service quality in select private sector banks. Gap analysis and Multi regression were used for analysis of data. The results indicated that empathy and accessibility dimension of service quality has more gap, as the customer expectations are high to their perceived service. The result also indicated that Empathy, Reliability and Assurance have a positive influence on the service quality. The author suggested that superior service quality helps to retain existing customers and attract new customers as well.

Rama Mohana Rao K and Tekeste Berhanu Lakew (2011) conducted a study to examine the service quality perceptions of customers of public sector and private sector banks in the city of Visakhapatnam, India. The researcher used SERVQUAL model with 42 items pertaining to the five dimensions of service quality viz. Tangibility, Reliability, Assurance, Responsiveness and Empathy for the study and found that the reliability and

assurance dimensions of service quality scored the highest ratings while the tangibles dimension got the lowest score. The study also found a strong dissimilarity in service quality perceptions between customers of private sector and public sector banks.

Premraj H and Sankaralingam N (2012) analysed the service quality perception of retail banking customers in Chennai with reference to SBI group, Nationalized banks, Private sector and Co-operative banks to assess their satisfaction level regarding the services rendered by banks and identified the factors which have the maximum impact on customer satisfaction. The research revealed that the satisfaction level of customers is high in Nationalised banks, followed by SBI and its associates, Private sector and Co-operative banks. The study also indicated that reliability and competitiveness have the maximum impact on customer satisfaction.

RESEARCH GAP

Some researcher conducted the research study on consumer perception on specific aspects like internet banking or retail banking. Some researchers conducted study on urban areas. Some researchers conducted the

study with educated people, government employees, professionals, Business man, and students this study will be conducted in the district. But most studies failed to concentrate on identify the attitude and perception of collective people in financial field. This study will be focused only on first time users of banking services in Tirunelveli District, Tamil Nadu.

STATEMENT OF THE PROBLEM

The level of expectation differs from person to person but everyone wants the banks to provide the products and services which can satisfy their needs up to their expected level or to a higher level so as to offer them a higher satisfaction. The level of satisfaction of customers is affected by some other attributes also other than the quality of service such as their experience with the bank employees etc. As there is a huge competition in the banking sector in India, the customer satisfaction is an important factor in the success of the banks. So with this background an attempt has been made to study the satisfaction of the customers of various banks taking into consideration some important attributes which customers consider for

rating their satisfaction with a particular bank.

If banks have to retain their competitiveness, they must focus not only on acquisition of new customers but also on retaining earned customers. With the increasing consumer demands, banks have to constantly think of innovative customized services to remain competitive. This study focus on first time customers' perception towards quality of banking services in Tirunelveli district.

OBJECTIVES OF THE STUDY

The overall objective of the present study is to analyze the consumer perception of quality of banking services with reference to Tirunelveli District. The specific objectives of the study are enunciated below.

- To find out the demographic profile of the respondents.
- To analysis the factor influence the respondents to use banking services.
- To find out the awareness level of the respondents.
- To find out opinion of the respondents about quality of banking services
- To offer the suggestions for the improvement of Internet banking.

RESEARCH DESIGN

Research design refers to the researchers over plan for obtaining

answers to the research questions and the strategies that the researchers adapt to develops information that as adequate, accurate, objective and interpretable. Research design is a blue print study that maximizes control over factors that could interfere with the study-desired outcome.

POPULATION

The population is all elements that meet certain criteria for inclusion in study. The population for this study is only from the rural area in Tirunelveli District.

SAMPLING

Convenience sampling method have adopted for this study. The primary data were collected from 50respondents through using of questionnaire in rural village in Tirunelveli district.

DATA USED

Primary Data and Secondary data were used in the study.

LIMITATION OF THE STUDY

1. The researcher the number of sample respondents limited to 100 consumers.
2. The study is not applicable to other than Tirunelveli city.
3. The study is only about the consumer perception on Internet banking.

ANALYSIS AND INTERPRETATION OF THE STUDY

Table 1: Gender wise Classification of the Respondents:

Gender	No. of Respondents	Percentage
Male	25	50%
Female	25	50%
Total	50	100%

Source: Primary Data

From the above table, it is clear that out of 50 respondents taken for the study, 50% of the respondents are male

and 50% of the respondents are female. To conclude, majority of the respondents are male.

Table 2: Age Wise Classification of the Respondents

Age	No. of Respondents	Percentage
Below 20 Years	10	20%
21 to 30 Years	17	34%
31 to 40 years	17	34%
Above 40 Years	6	12%
Total	50	100%

Source: Primary Data

The above table shows that out of 50 respondents, 20% of the respondents belong to the category of Below 20 ages, 34% of the respondents belong to the 21-30, 34% of the respondents belong to the 31-40 and

12% of the respondents belong to the above 40 age groups. To conclude, the majority of the respondents come under the age groups of 21-30 years and 31-40 years.

Table 3: Marital Status Wise Classification of the Respondents

Marital Status	No. of Respondents	Percentage
Married	13	26%
Unmarried	37	74%
Total	100	100%

Source: Primary Data

The above table clearly shows the marital status of the respondents. Among the total respondents 26% of the respondents are married and only

74% of the respondents are unmarried. To conclude majority of the respondents are unmarried.

Table 4: Educational Qualification Wise Classification

Educational Qualification	No. of Respondents	Percentage
Below HSC	--	--
HSC	10	20%
UG	22	44%
PG	15	30%
Diploma	3	6%
Total	50	100%

Source: Primary Data

The respondents are classified into five categories according to the qualification as Below HSC, HSC, and Under Graduate, Post graduate and Professional Table 4 exhibits 20% of the respondents have complete their HSC, 44% of the respondents have

complete their Under Graduation, 30% of the respondents have complete their Post graduation, 6% of the respondents have completed Diploma courses. To conclude majority of the respondents are Under Graduation.

Table 5: Occupation Wise Classification

Occupation	No. of Respondents	Percentage
Business	7	14%
Profession	2	4%
Private employee	16	32%
Govt. employee	10	20%
Student	16	32%
Others	--	--
Total	50	100%

Source: Primary Data

Interpretation

The respondents are classified into six categories according to the occupation as Government Employee, Private Employee, Business, Profession, Student, and Others. it is clear from the above table that 14

percentages of the respondents are business people, 4% of the respondents are doing their profession, 32 per cent of the respondents are private employee category, 20% of the respondents are government employee Business people, 32% of the respondents are some comes under students category.

Table 6: Income wise classification of the respondents

Income range	No. of respondents	Percentage
Uo to 20,000	30	60%
20,001 - 25,000	10	20%
25,001 and above	10	20%
Total	50	100%

Source: Primary Data

The above table said that 60% of the respondents are earning the income range upto Rs. 20,000. 10% of the respondents are earning the income

range between Rs. 20,001 to rs. 25,000. 20 % of the respondents are earning Income range above Rs. 25,000.

Table 7: Awareness cashless transactions

Awareness	No. of Respondents	Percentage
Yes	45	90%
No	5	10%
Total	50	100%

Source: Primary Data

The above table said that 90% of the respondents are aware of ways of cashless transactions, 10% of the

respondents are not aware about that. The majority of the respondents are aware about Internet bank.

Table 8: Factors Influencing for Choosing Banking Services

Factors	No. of Respondents	Percentage
Capital appreciation	22	44%
Security	25	50%
other	3	6%
Total	50	100%

Source: Primary Data

The respondents are classified into three categories according to their respective of their internal motive to use banking services. From the above table it is clear that 44 per cent of the respondents influenced to use banking services because of capital

appreciation. 50 per cent of the respondents used it because of security concern. Only 3% of the respondents used it because of other reason like send money to far away places, tax reasons and so.

Table 9: Opinion on modern banking service offer

Opinion	No. of Respondents	Percentage
Excellent	21	42%
Good	27	54%
Neutral	2	4%
Total	100	100%

Source: Primary Data

The above table shows that 42%of the respondents are opined that the banking is excellent, 54% of the respondents opined that online banking is good, 4% of the respondents opined about banking services as neutral. The majority of the respondents opined that bill payment method, because it is good.

Association between income and modern banking services usage wise classification of the respondents

Hypothesis

The association between income and banking usage is analyzed and the result were given in the following table

Table 9: Income and usage of modern banking services

Usage of modern banking services wise classification of the respondents	Income wise classification of the respondents			Total
	Up to 20,000	20,001 - 25,000	25,001 to 30,000	
Less than one month	7	2	3	12
1 to 6 month	13	4	3	20
6 to 12 month	8	1	2	11
More than a year	2	3	2	7
Total	30	10	10	50

Source: Primary data

Chi square test has been applied to find if there is any significant difference between the Internet usage and income wise classification of the respondents.

Ho- there is no significant relationship between the modern banking usage and income level of the respondents

Table 9(A): Chi-Square Tests

	Calculated value	df	Table value
Pearson chi-Square test	15.478	6	.017

The chi square result shows that the at 5% level of significance, with the significant value .017, there is a significant difference between the Internet usage and income level of the respondents. Hence the hypothesis is rejected.

FINDINGS

- From the analysis, out of 100 respondents taken for the study, 61% of the respondents are male and 49% of the respondents are female. To conclude, majority of the respondents are male.

- It reveals from the analysis, out of 100 respondents, 18% of the respondents belong to the category of Below 20 ages, 66% of the respondents belong to the 21-30 and 11% of the respondents belong to the 31-40 and 5% of the respondents belong to the above 40 age groups. To conclude, the majority of the respondents come under the age group of 21-30 years.

- It is clear that clearly shows the marital status of the

respondents. Among the total respondents 24% of the respondents are married and only 75% of the respondents are unmarried. To conclude majority of the respondents are unmarried.

- The respondents are classified into five categories according to the qualification as Below HSC, HSC, and Under Graduate, Post graduate and Professional Table 4 portrays 10% of the respondents are at below HSC level, 7% of the respondents have complete their HSC, 24% of the respondents have complete their Under Graduation, 34% of the respondents have complete their Post graduation, 25% of the respondents are professional. To conclude majority of the respondents are Post Graduation.
- The respondents are classified into six categories according to the occupation as Government Employee, Private Employee, Business, Profession, Student, and Others. it is clear from the table 5 that 35 percentages of

the respondents are students, 25% of the respondents are private employee category, 19% of the respondents are Business people, 10% of the respondents are some others category, 6% of the respondents are Govt employee and 5% of the respondents are profession people. To conclude that Majority of the respondents belongs to the category of others such as student

- The respondents are classified into six categories according to the occupation as Government Employee, Private Employee, Business, Profession, Student, and Others. it is clear from the table 5 that 35 percentages of the respondents are students, 25% of the respondents are private employee category, 19% of the respondents are Business people, 10% of the respondents are some others category, 6% of the respondents are Govt employee and 5% of the respondents are profession people. To conclude that Majority of the respondents

belongs to the category of others such as student

- The majority 54% of the respondents are opined that the online banking is good, 42% of the respondents opined that the online banking is excellent, 4% of the respondents opined that they used neutral category. The majority of the respondents opined that bill payment method, because it is good.
- The chi square result shows that the at 5% level of significance, with the significant value .017, there is a significant difference between the Internet usage and income level of the respondents. Hence the hypothesis is rejected.

SUGGESTIONS

- Most of the respondents opined that they are using bank services for security reasons and capital appreciation alone. They should be educated about the use of demat accounts, tax benefits too.
- Though the number of people who have no idea about cashless transaction is minimum bankers should take it as the need of the hour.

CONCLUSION

Keeping track of the ever changing banking industry and the latest update in Internet technology, banks need to equip themselves for the competition. Because banking services are targeted from various corner by different types of competitors. Because perception results in attitude. Attitude leads to behavior. So for the want of achieving maximum market share and profit retaining customer and is necessary.

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Management

SERVICE QUALITY OF PUBLIC AND PRIVATE SECTOR BANKS IN TIRUNELVELI DISTRICT

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Abstract

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. Service quality in private sector banks is good compare to public sector banks. The various issues the banks are not able to provide immediate response to customers, service time duration is more, long queue deposit the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. The scope of this research is to identify the service quality of public and private sector banks in Tirunelveli district. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The study was done taking two types of banks such as public and private sector banks in Tirunelveli district into consideration. The survey was restricted to the bank customers in Tirunelveli district only. As the population size is infinite, 672 respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 528 from public sector bank customers and 144 from private sector bank customers in Tirunelveli district.

Keywords: Service Quality; Reliability; Assurance; Tangibility; Empathy And Responsiveness.

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1. Introduction

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions. SERVQUAL has been proposed as a useful instrument for diagnostic purposes. It has been found to effectively identify

the gaps in the dimension and thus help the service organization to assess service quality and do the needful to bridge the GAP. Service quality is an approach to manage business processes in order to ensure full satisfaction of the customers which will help to increase competitiveness and effectiveness of the industry. Quality in service is very important especially for the growth and development of service sector business enterprises.

2. Statement of the Problem

Service Quality of the banks referred as an obligation of all banks to fulfill the objectives and needs of the customers. In General it is perused that, service quality in private sector banks is good compare to public sector banks. The various issues the banks are not able to provide immediate response to customers, service time duration is more, long queue deposit the money, waiting for long time, staff behavior is not good, especially public sector banks are not providing multitude services like payment of bills, payment of tax, Banc assurance etc. and problem relating to banking service such as bank statements, error in the statements are not provided immediate response to customers. Parking facility in banks is very poor compared to private sector banks. The biggest challenge today for the bank is to establish customers intimacy without which all other efforts towards operationed excellence are meaningless. The present need of banks is to have good relationship with customers by providing quality services to retain the existing and generate or acquire new customers. Thus, this study attempts to study the service quality of public and private sector banks in the present scenario.

3. Scope of the Study

The scope of this research is to identify the service quality of public and private sector banks in Tirunelveli district. This study only focuses on the dimensions of service quality i.e. reliability, assurance, tangibility, empathy and responsiveness. The study was done taking two types of banks such as public and private sector banks in Tirunelveli district into consideration. The survey was restricted to the bank customers in Tirunelveli district only.

4. Objectives of the Study

The study has the following objectives

- i. To study the demographic profile of customers of public and private sector banks in Tirunelveli district.
- ii. To study and compare the existing service quality dimensions in the Public and Private sector banks.
- iii. To find out the problems faced by the customers in availing banking services.

5. Methodology

The methodology of the study is based on both primary data and secondary data. The primary data collected through well-framed and structured questionnaire to elicit the well-considered opinion of both public sector and private sector bank customers. Stratified random sampling method has been used to collect the responses from the customers of both public and private sector banks.

6. Sampling Design

As the population size is infinite, 672 respondents are selected as sample among the population using stratified random sampling. The sample has been stratified as 528 from public sector bank customers and 144 from private sector bank customers in Tirunelveli district.

Table 1: Sampling of the Study

Public Sector Banks					
Sl. No	Area	No. of Banks	Sample	Sub Total	Total
1	Rural	54	3	162	
2	Semi-urban	66	3	198	
3	Urban	56	3	168	
TOTAL		176	3	528	528
Private Sector Banks					
Sl. No	Area	No. of Banks	Sample	Sub Total	Total
1	Rural	19	3	57	
2	Semi-urban	19	3	57	
3	Urban	10	3	30	
TOTAL		48	3	144	144
Total Sample size					672

7. Limitations of the Study

In this research, 672 respondents are considered to suggest the five dimensions of service quality of banking in Tirunelveli district. Large sample of respondents may produce better results. The service quality is a vast subject consisting of a number of dimensions. The most common five service quality dimensions namely, Tangibility, Reliability, Responsiveness, Assurance, and Empathy only were analyzed in the present study.

8. Data Analysis and Interpretation

Table 2: Age wise classification of Respondents

Sl. No	Age	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Below 20 years	59(11.2)	-	59(8.8)
2.	20-30 years	172(32.6)	65(45.1)	237(35.3)
3.	31-40 years	111(21.0)	49(34.0)	160(23.8)
4.	41-50 years	73(13.8)	14(9.7)	87(12.9)
5.	51-60 years	89(16.9)	14(9.7)	103(15.3)
6.	Above 60 years	24(4.5)	2(1.4)	26(3.9)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary data
(Parentheses indicates percentage)

Table 2 shows that of the total 672 respondents, majority i.e 237 respondents (35.3 per cent) are in the age group of 20 to 30 years and the next majority 160 respondents (23.8 per cent) are in the age group of 31 to 40 years. Bank wise analysis reveals that among the customers of public sector banks, majority (32.6 per cent) of the respondents are in the age group of 20 to 30 years and in private sector banks, majority (45.1 per cent) of the respondents are in the age group of 20 to 30 years.

Table 3: Gender wise classification of Respondents

Sl. No	Gender	Type of Banks		Total
		Public Sector Banks	Private Sector Banks	
1.	Male	300(56.8)	80(55.6)	380(56.5)
2.	Female	228(43.2)	64(44.4)	292(43.5)
	Total	528 (100)	144 (100)	672 (100)

Source: Primary data
(Parentheses indicates percentage)

From table 3 it could be inferred that of the total 672 respondents, 380 respondents (56.5 per cent) are male and the remaining 292 respondents (43.5 per cent) are female. Bank wise analysis reveals that among the customers of public sector banks, majority (56.8 per cent) of the respondents are male and in private sector banks, majority (55.6 per cent) of the respondents are male.

Table 4: Kind of account maintain in the bank

Kind of account maintain in the bank	Type of Banks		Total
	Public Sector Banks	Private Sector Banks	
Savings	432(81.8)	104(72.2)	536(79.8)
Current	25(4.7)	18(12.5)	43(6.4)
Loan account	9(1.7)	2(1.4)	11(1.6)
Both savings and loan account	7(1.3)	3(2.1)	10(1.5)
Both current and loan account	41(7.8)	14(9.7)	55(8.2)
Credit card	7(1.3)	2(1.4)	9(1.3)
Demat account	7(1.3)	1(0.7)	8(1.2)
Total	528 (100)	144 (100)	672 (100)

Source: Primary data
(Parentheses indicates percentage)

Table 4 clearly reveals that out of the total 672 respondents, 536 respondents (79.8 per cent) have savings account and 55 respondents (8.2 per cent) have both current and loan account. Bank wise analysis reveals that among the customers of public sector banks, majority (81.8 per cent) of the respondents have savings account and in private sector banks, majority (72.2 per cent) of the respondents have savings account.

Service quality Gap in Public Sector Banks in Tirunelveli District

The following table shows the service quality gap in public sector banks in Tirunelveli district.

Table 5: Service quality Gap in Public Sector Banks in Tirunelveli District

Statements	Expectation Mean	Perception Mean	Service quality gap
Tangibility	3.8885	2.8645	1.0240
Adequate infrastructural facilities	4.3144	2.9931	1.3213
Physical appearance of the staff is professional	3.9261	2.6875	1.2386
Visually appealing features	3.7292	2.8333	0.8959
Location is easily accessible	3.8958	2.5486	1.3472
Location is free from pollution	3.9931	2.8889	1.1042
Bank uses latest technologies in providing services	3.7639	2.9028	0.8611
Vehicle parking facility is available	3.8403	2.7431	1.0972
Information is easily available	3.8731	3.0972	0.7759
Company is having a memorable advertisement	3.7847	3.0833	0.7014
Beautiful elevation of the office building	3.7652	2.8681	0.8971
Reliability	3.8653	2.9680	0.8973
Get things right at the first time	3.9186	2.9375	0.9811
Provide services at time promises to do so it	3.8056	2.9306	0.875
Insists on error free records	3.8333	3.0278	0.8055
Bank has competitive pricing compared to others	3.8542	3.0139	0.8403
Provision of documentary evidences for banking services	3.9148	2.9306	0.9842
Responsiveness	4.0369	2.8694	1.1675
Staff tell exactly when the services will be performed	4.2708	3.0833	1.1875
Staff are prompt in responding to questions and queries	4.0069	2.6944	1.3125
Front office staff responding to phone calls instantaneously	3.9318	2.8472	1.0846
Staff is willing to help anytime	3.9583	2.7778	1.1805
Organised time table	4.0170	2.9444	1.0726
Assurance	3.9863	2.9999	0.9864
Employees are trustworthy and honest	3.9931	2.8611	1.132

Employees in banks have knowledge and competence to solve customer's problem	3.9489	2.9722	0.9767
Bank is widely known	3.8681	3.1875	0.6806
Bank is well liked	3.8689	2.8194	1.0495
Bank is unique compared to others	3.9394	2.9444	0.995
Bank Staff give assurance as to deliverance of the services	4.1477	3.1181	1.0296
Data revealed by customers are kept confidential	4.0000	3.0208	0.9792
Bank staff give assurance with regard to their efficient service	4.1250	3.0764	1.0486
Empathy	3.9920	3.0097	0.9823
Customers get individual attention	4.0455	3.0556	0.9899
Bank has its customer's best interest in heart	3.9583	2.9306	1.0277
Client friendly service hours	4.2197	3.3056	0.9141
Bank staff have concern and they understand customer problems	3.8655	2.9931	0.8724
Seek to understand customer's need and their problem	3.8712	2.7639	1.1073

Source: Computed data

It is clear from the table 5 that among the customers of public sector banks in Tirunelveli district, the mean scores of expectations are high and ranged from 3.7292 for (item 3: Visually appealing features) to 4.3144 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the responsiveness dimensions (dimension's mean score = 4.0369) and the lowest expectation related to the reliability dimension (dimension's mean score = 3.8653).

The mean score of the perceptions ranged from 2.6875 for (item 2: Physical appearance of the staff is professional) to 3.3056 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.0097) and the lowest perception related to the tangibility dimension (dimension's mean score = 2.8645).

The gap score for each item and dimension was computed by subtracting the expectation score from the perception score. Table shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 1.1675), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.8973).

Service quality Gap in Private Sector Banks in Tirunelveli District

The following table shows the service quality gap in private sector banks in Tirunelveli district.

Table 6: Service quality Gap in Private Sector Banks in Tirunelveli District

Statements	Expectation Mean	Perception Mean	Service quality gap
Tangibility	3.7223	3.2159	0.5064
Adequate infrastructural facilities	4.2986	3.5170	0.7816
Physical appearance of the staff is professional	3.6597	3.1174	0.5423
Visually appealing features	3.6136	2.8864	0.7272
Location is easily accessible	3.5227	3.3030	0.2197
Location is free from pollution	3.7045	2.9299	0.7746
Bank uses latest technologies in providing services	3.7481	3.1553	0.5928
Vehicle parking facility is available	3.4867	3.2860	0.2007
Information is easily available	3.8333	3.4091	0.4242
Company is having a memorable advertisement	3.5928	3.2822	0.3106
Beautiful elevation of the office building	3.7639	3.2727	0.4912
Reliability	3.7956	3.3204	0.4752
Get things right at the first time	3.8542	3.4167	0.4375
Provide services at time promises to do so it	3.6913	3.2140	0.4773
Insists on error free records	3.7443	3.1856	0.5587
Bank has competitive pricing compared to others	3.8201	3.3333	0.4868
Provision of documentary evidences for banking services	3.8681	3.4527	0.4154
Responsiveness	3.9332	3.2026	0.7306
Staff tell exactly when the services will be performed	4.1117	3.3125	0.7992
Staff are prompt in responding to questions and queries	3.7633	3.2102	0.5531
Front office staff responding to phone calls instantaneously	3.9028	3.0038	0.899
Staff is willing to help anytime	3.9508	3.2367	0.7141
Organised time table	3.9375	3.2500	0.6875
Assurance	3.8699	3.3167	0.5532
Employees are trustworthy and honest	3.8239	3.2595	0.5644

Employees in banks have knowledge and competence to solve customer's problem	3.9296	3.1534	0.7762
Bank is widely known	3.5811	3.4375	0.1436
Bank is well liked	3.8111	3.3295	0.4816
Bank is unique compared to others	3.7986	3.5379	0.2607
Bank Staff give assurance as to deliverance of the services	4.0000	3.1951	0.8049
Data revealed by customers are kept confidential	3.9878	3.3466	0.6412
Bank staff give assurance with regard to their efficient service	4.0278	3.2746	0.7532
Empathy	3.9920	3.4583	0.5337
Customers get individual attention	4.0455	3.1970	0.8485
Bank has its customer's best interest in heart	3.9583	3.3030	0.6553
Client friendly service hours	4.2197	3.8049	0.4148
Bank staff have concern and they understand customer problems	3.8655	3.5739	0.2916
Seek to understand customer's need and their problem	3.8712	3.4129	0.4583

Source: Computed data

It is clear from the table 6 that the mean scores of expectations are high and ranged from 3.4867 for (item 7: Vehicle parking facility is available) to 4.2986 for (item 1: Adequate infrastructural facilities). Among the five dimensions, the highest expectation related to the empathy dimensions (dimension's mean score = 3.9920) and the lowest expectation related to the tangibility dimension (dimension's mean score = 3.7223).

The mean score of the perceptions ranged from 2.8864 for (item 3: Visually appealing features) to 3.8049 for (item 31: Client friendly service hours). Among the five dimensions of quality, the highest perception related to the empathy dimension (dimension's mean score = 3.4583) and the lowest perception related to the responsiveness dimension (dimension's mean score = 3.2026).

The gap score for each item and dimension was computed by subtracting the expectation score from the perception score. Table shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 0.7306), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the reliability dimension (gap mean score = 0.4752).

Table 7: Ranking of problems faced by customers of public sector banks while availing banking services

Sl. No	Problems	Total Score	Average	Rank
1.	Waiting for a long time	29976	56.77	I
2.	Unsatisfactory services	28095	53.21	II
3.	Inadequate staff	27845	52.74	III
4.	Unfriendly staff	26337	49.88	V
5.	Lack of proper direction by bank staff	26822	50.79	IV
6.	Inadequate infrastructure	25977	49.19	VI
7.	Exaggeration of benefits	24223	45.88	IX
8.	Imprompt service by the staff	24400	46.21	VIII
9.	No proper and timely reminders	20275	38.39	X
10.	No complete information about banking transactions	24930	47.22	VII

Source: Primary data

It is observed from the Table 7 that “Waiting for a long time” has been ranked as the first problem faced by customers of public sector banks while availing banking service, unsatisfactory services has been ranked as second, inadequate staff in third position, lack of proper direction by bank staff is ranked as fourth, unfriendly staff is ranked as fifth, inadequate infrastructure is ranked as sixth, no complete information about banking transactions is ranked as seventh, imprompt service by the staff is ranked as eighth, exaggeration of benefits is ranked as ninth followed by no proper and timely reminders ranked as tenth position.

Table 8: Ranking of problems faced by customers of private sector banks while availing banking services

Sl. No	Problems	Total Score	Average	Rank
1.	Waiting for a long time	7480	51.94	III
2.	Unsatisfactory services	7674	53.29	I
3.	Inadequate staff	6896	47.89	IX
4.	Unfriendly staff	7645	53.09	II
5.	Lack of proper direction by bank staff	7361	51.12	IV
6.	Inadequate infrastructure	6946	48.24	VII
7.	Exaggeration of benefits	6974	48.43	VI
8.	Imprompt service by the staff	7011	48.68	V
9.	No proper and timely reminders	6929	48.12	VIII
10.	No complete information about banking transactions	6606	45.87	X

Source: Primary data

It is observed from the Table 8 that “Unsatisfactory services” has been ranked as the first problem faced by customers of private sector banks while availing banking service, unfriendly staff has been ranked as second, waiting for a long time in third position, lack of proper direction

by bank staff is ranked as fourth, imprompt service by the staff is ranked as fifth, exaggeration of benefits is ranked as sixth, inadequate infrastructure is ranked as seventh, no proper and timely reminders is ranked as eighth, inadequate staff is ranked as ninth followed by no complete information about banking transactions ranked as tenth position.

9. Suggestions

- The customer's perception of tangibility dimension of service quality is lower in public sector banks. So the public sector banks may take steps to improve latest technologies in providing services, adequate infrastructural facilities and location is easily accessible.
- The customer's perception of responsiveness dimension of service quality is lower in private sector banks. So the private sector banks staff should be prompt in responding to questions and queries of customers, staff should be willing to help anytime and may follow organised time table.
- Banks must train all the employees in the areas of customer care, customer approach, body language, customer communication, customer need assessment and compliant management. This will help to pave the way for maintaining cordial relationship and improve the quality of services.
- Bank should maintain good relationship with customers by providing necessary and needed services to the customers.
- ATM services must be provided with accessibility of the customers, that is ATM centers should be within a short distance and it will improve the quality of services.
- Bank employees have to be trained especially in the rural branches to improve the quality of banking services.

10. Conclusion

Banks are providing voluminous services to their customers' in an effective and efficient way due to heavy competition among banks and to sustain their business in the banking industry. The performance of bank always depends on quality of services they provide to their customers. This study has focused to assess and evaluate quality aspects in various banking services and their approaches to the customers. Universally accepted instruments to assess the service quality in SERVQUAL were the base to frame variables to assess the service quality in banks on those five dimensions (Tangibles, Assurance, Reliability, Responsiveness and Empathy). This study brought to light the fact that the customers were very much satisfied on the service quality of the banks in the region but at the same time they expect a lot more from the banks in the present scenario of technological developments in banks. Hence, this study will pave way to further research to explore this mechanism in depth to provide quality banking services to facilitate the customers, the society and the economy as a whole.

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