
A Study on Perception of Bank Customers towards Financial Services Quality in Selected Cities of Gujarat

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ABSTRACT

Today services sector is a most growing sector in the world, because of advancement in technology it is used everywhere. Strongly it is believed that services are different than tangibles goods and there for it require different services strategies and frameworks, and it is inevitable to know the perception of different groups to identify their views in terms of services quality. This present topic mainly focus on perception of Banks Customers towards the services quality of Banks (Public v/s Private) the data has been collected through structured questionnaire administered among the employees of financial services firms. The main part of the study is to find out the Customers perception towards services in which they hold the bank account. The result shows that in conformity with the changes there should be changes in Banks services, training, attitudes and images, changes in strategies and practices of the organization, new technology and more personalized services gives more chances to win the market.

KEYWORDS: Perception, Bank, Financial Services, Gujarat

INTRODUCTION

The Indian banking Industry was standardized during the period of 1900 to 1950.it saw the birth of Reserve Bank of India (RBI) and enactment of Banking regulation Act 1949, which empowers the RBI to regulate, supervise and develop banking system in India. The decades of 1950s and 1960s provided real foundation for Indian banking system which was also called as the foundation stage. There was a rapid expansion of Indian banking As a result population per branch fell considerably from 63000 in 1969 to 20,000 in 1980.

The entry of new private sector banks and foreign banks fuelled more competition in the Indian banking sector. In India 27 public sector banks,38 foreign banks,196 regional rural banks, 57 scheduled urban co-operative banks and 16 schedule state co-operative banks were

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operating as on March 31,2008,due to branch expansion, number of branches in rural, semi urban, urban and in metropolitan areas has been increased to 31105,17897,15530 and 14134 respectively and total no of branches is 78666 in the year 2008, these massive expansion of banks branches have created competition among banks.

As we know that majority of challenges in service marketing comes from basic characteristics of services like Intangibility, Heterogeneity, and Inseparability and Parish ability. The above all the Characteristics poses the great difficulties while dealing with customers, so that the marketer always have to frame specific strategies to solve these problems.

The challenges turnaround understanding the need and expectation of the customers for services, tangiblizing the service offering, dealing with numerous people and delivery issues and keeping with the promises given to them. The characteristics is always creates a great challenge while customer evaluation, greater variation in operation input and output and the weight age on time factor.

Banking in Gujarat

In Gujarat, as on 31st March, 2005 there are 68 SCBs providing banking services. It includes all the public sector banks 3, 6 FB sout of 31 FB operating in India. Gujarat secures 6th position as it has 25 out of 29 private sector banks operating in India. RRBs, which confine only to a district or a group of contiguous districts, have 9 RRBs in Gujarat out of 196 in the country. These 68 SCB provide services through 3807 offices⁴. These offices are situated in 1672 centers⁵. These centers constitute about 4.79% of India's bank centers and 5.44% of country's offices are located in these centers, indicating higher representation of centers. This also indicates high representation of office network in the state. On an average, an office in the state serves about 14,000 persons whereas an office at India level serves 16, 000 persons. Gujarat is better placed than India's average banking density. Rank of Gujarat as per banking density is 18th. Among the major states (the states having population more than 5 crores as per 2001 census), Karnataka and Tamil Nadu are better placed than Gujarat.

How Indian Banks Treat Their Customers?

Every citizen of India has to right to fair, proper and equal tr5eatment in law as well as in the market place. The freedom of pricing and deregulation of interest rates granted to the banks was in the nature of bridled freedom given to them. The laid down condition was quite explicit that the banks will treat their customer fairly and non discriminatory manners while pricing their products/Services to their treatment to customers was lying with the Board level for approval of reasonableness of changes. In spite of this, the banks head offices and offices of the banking ombudsman received number of complaints arising out tout of unfair treatment /unreasonableness of service changes etc. In this regard the role of Board of Directors is very

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vital .Such complaints/grievances be used as a feedback mechanism to make correction in the policy/procedures being adopted by the banks instead of attempting to justify a wrong action at the cost of deposits/stakeholders of all the first Indian banks should know their customers well, right from the small branch offices to the top most level of head offices and Board. There should be fair and transparent link between the small offices and the level of the board of Directors, and Head office. Such link will minimize number of Complaints arising out of unfair treatment, unreasonable service changes etc.

Fair and transparent treatment should be ideally based on the following principles:

- Minimum courtesy and behavioral standards
- Transparency
- Non- Discriminatory policy
- Deliver what is Promised
- Firm and polite stand against unreasonable customer demands.

In reality, the banks very well know that every Indian citizen has right to fair and equal treatment in law as well as in the place of Market. This pricing freedom and deregulation of interest rates conferred on the banks was not in the nature of unbridled freedom given to them. it was quite explicit that the banks will be treating their customers fairly , in transparent and non-discriminatory manner while pricing their products/services. Further expectation of fair treatment to customers and reasonableness of fair changes was resting with the board level approval.

In spite of above, Banking ombudsman and Head offices started receiving number of complaints arising out of unfair treatment, unreasonable service changes, wrong action, etc. here the role of the Board of Directors and Head offices is very significant. They should treat such complaints/grievances as a feedback mechanism to make corrections in the policy/procedures adopted by banks rather than trying to justify a wrong action at the cost of depositors/stakeholders.

REVIEW OF LITERATURE

The public sector banks hold over 75% of total assets of the banking industry, with the private and foreign banks holding 18.2% and 6.5% respectively.

The Indian banks are continuously strive to improve the services in the past years ,but customers are still diverting to the foreign multinational banks because of the superiority in the services, layout and facilities. People believing in the well planned layout, interiors and well-dressed bank staff of foreign banks. This difference stand out as the staff in Indian banks do not exhibit professionalism and provide correct information .the courteousness, friendly and pleasing appearance of staff of foreign bank gives confidence that they have sound understanding and like to provide true information. The positive image can help multinational banks in building their

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marketing strategy. The foreign banks focus on customer delightment by providing well-furnished décor and providing friendly environment through which you can attract more customers.. Personal interaction can enable in banks in establishing rapport with the customers, the infrastructure of Indian banks does not give customers the impressions of good service. The staff is not cooperative and does not give priority to customer needs. These areas can be identified for devising positioning strategies by multinational banks.

The effects of modernization of banking industry provide lot of new features to enhance the existing service quality of the bankers.

T Vansanthi and D Gowris (February 2013) study on Customers perception about public private banks, they applied six dimensions(infrastructural, customer care, Technology, transactional, procedural and Security) to measure the services quality of bankers and they found that there are different perspectives among public and private sector banks, the study reveals the interesting information that in terms of technological advancement the private sector banks are far ahead than public sector banks the second thing reveals that there is a significant relationship of quality with transactional and Procedural service quality. In recent time the majority of the banks have implemented core banking solution and improved themselves as technology driven banking. The study also suggest that there is significant difference in the customers perception towards services quality in relation to services quality attributes (infrastructural, customer care, Technology, transactional, procedural and Security) furthermore it also suggest that there is a huge differences of customer perception regarding services quality among public and private sector banks.

Khare (2011) The strategy which is used by private multinational is that they are targeting different customers on the basis of age. For instance old age people can get promised reliable, convenient and trouble-free banking service where they would not have to wait for the services; recently banks have started different customized services which can fulfill the demand of the customers like Tele-calling of customers, home based clearance of cheques etc.

now a days Indian banks (Private and Public) have started of using internet marketing technology like ATMs, internet banking, credit loans, transferring money by using credit and debit cards etc. the more interesting thing is that now in India women also plays an important role of using banking services and that's why banking companies have started to target for the same. Now The Indian banks can also try to project easy banking image to help customers change their perceptions about poor service quality of the banks.

Linda Mary Simon (2012) has researched on customers perception towards services provided by Indian private and public sector bank in Coimbatore region she conclude that compared to

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public sector bank private sector bank is far better. No doubt the public sector bank having strong presence but the important thing is that they have to improve the services to compete in the market. They have to update information and retain customers by providing up to date services and improve the policies, norms and service efficiency by adopting good market strategies and need to upgrade technology.

Juan Carlos Fandos Roig, Javier Sanchez Garcia, Miguel Angel Moliner Tena and Jaume Llorens Monzonis have found a significant fact about perceived value in banking services they said that the dimensions like Functional value of establishment, value of personnel, value of services, value of prices, value of emotions have significant impact on the customers and if the bank manager will develop a good strategies on the basis of this dimensions it will definitely prove to be a competitive advantage for him except convenience, accuracy and efficiency the Australian banks did not match the importance rating matching of customer expectation.

Parsuraman 1985, Gronroos, 1990, Zeithml (1990).found that quality is defined from the users perspective wherein goods and services exceeds the customers' expectations.

Sakalya Venkata (2007) have suggested 15 different factors having significant impact on customers choices regarding retail banking (1) Safety of Deposits, (2) Size and Strength, (3) Accuracy, (4) General Service Quality, (5) Speed of Delivery, (6) Proximity (7)Security of Environment, (8) Cordiality of Staff, (9) Price and Service Charges, (10) Product Packaging, (11) General Public Impression, (12) Peer Group Impression, (13) Face Lift (Structural), (14) Friendship with Staff and (15) Advertisement and Publicity.

Parsuraman (1985) suggest that customer's perceptions regarding service quality depends upon the gap that exists between what customers' expectation and what they receive in the service.

Dr. S Fatima Holy Ghost; Dr. M Edwin Gnanthas (2011).Customer's perception has reached on highest in the prompt and accuracy in transactions followed by safety of customer's investments and keep confidentiality of account and transactions and lowest in the service of modern equipment and decor. Due to increasing competition the bank need to consider the weak areas in order to meet customer perception about service quality.

Dr. Nagabhusanam M. found that with the immense competition and rapid changes in the services sector strategy helps to achieve the goal. the study was conducted among the Private sector banks (ICICI, HDFC, KOTAK and INDUSIND) in Moradabad region, with the help of SERVQUAL tool and it reveals that the in the service dimensions the most relevant factors of qualities perception was reliability and responsiveness and as per the dimensional study HDFC bank has highest quality perception among the customers.

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RESEARCH METHODOLOGY

Total 120 customers were surveyed in the Anand city; Baroda city and Surat city .each city consist of 40 customers who is having bank accounts in different types of banks.

Banks have been selected for the study

Sr. no	PUBLIC BANKS	PRIVATE BANKS
1	State bank of India	ICICI bank
2	Central bank of India	Axis bank
3	Bank of India	Kotak Mahindra bank
4	Bank of Baroda	HDFC bank

Objectives Of The Research:

- ✓ To find out the critical problems or challenges faced by Marketers while delivering the services and consumers while using service
- ✓ To find out the perceived difference of perception regarding the challenges of service marketing across sector(Public and Private)
- ✓ To compare the performance of both the service sector from both the Sector (Public and Private) from Customer perspective.
- ✓ To find out the level of customer satisfaction with both the sector(Public and Private)

Hypothesis testing

H1: There is no significance difference in the Customers perception about banking services between respondents of Public and Private Banking Companies

H2: Perceived difference or perception regarding the challenges of service marketing across sector (public and private) is same

H3: Customer satisfaction is same in both the sector (Public and Private)

Data Analysis and Interpretation

In order to know that whether Perception of Customers towards Public and Private Banks have same perception or not. Following hypothesis is framed and two independent samples t test is carried out to test the hypothesis

Table showing mean score of Perception of Customers towards Public and Private Banks.

In order to know that whether Customers of both the sector have same perception or not. Following hypothesis is framed and two independent samples t test is carried out to test the hypothesis.

H0 = There is no significance difference in the Customers perception about Banking services between respondents of Public and Private Banking Companies.

H1 = There is significance difference in the Customers perception about Banking services between respondents of Public and Private Banking Companies.

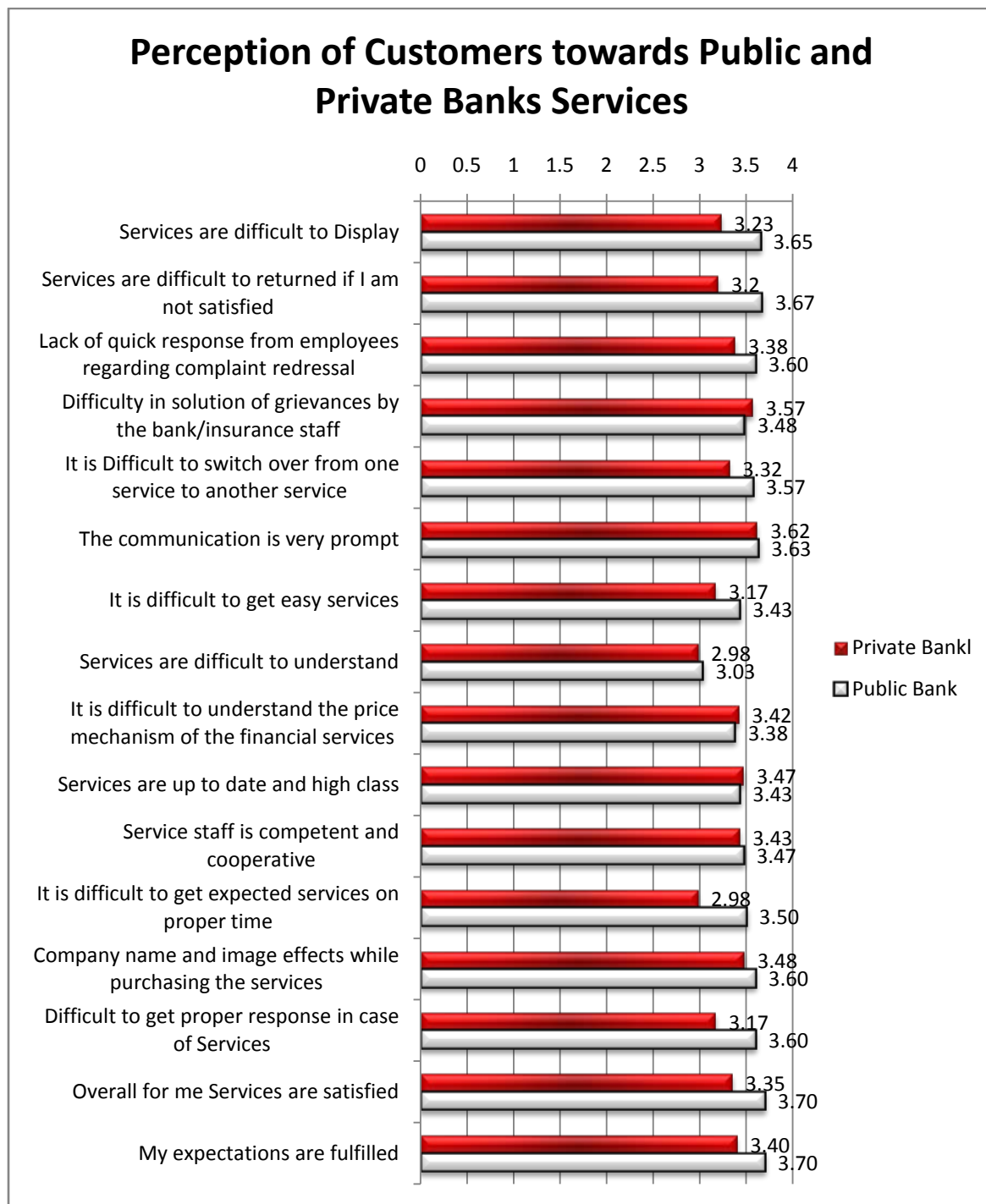
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Statements	Type of Bank	N	Mean	Std. Deviation	t	Sig. (2-tailed)
Services are difficult to Display	Private Sector Bank	60	3.23	1.294	-1.945	.054
	Public Sector Bank	60	3.65	1.039	-1.945	.054
Services are difficult to returned if I am not satisfied	Private Sector Bank	60	3.20	1.070	-2.408	.018
	Public Sector Bank	60	3.67	1.052	-2.408	.018
Lack of quick response from employees regarding complaint redressal	Private Sector Bank	60	3.38	.958	-1.103	.272
	Public Sector Bank	60	3.60	1.182	-1.103	.272
Difficulty in solution of grievances by the bank/insurance staff	Private Sector Bank	60	3.57	.963	.439	.662
	Public Sector Bank	60	3.48	1.112	.439	.662
It is Difficult to switch over from one service to another service	Private Sector Bank	60	3.32	1.033	-1.316	.191
	Public Sector Bank	60	3.57	1.047	-1.316	.191
The communication is very prompt	Private Sector Bank	60	3.62	.993	-.094	.925
	Public Sector Bank	60	3.63	.938	-.094	.925
It is difficult to get easy services	Private Sector Bank	60	3.17	1.167	-1.365	.175
	Public Sector Bank	60	3.43	.963	-1.365	.175
It is difficult to evaluate services	Private Sector Bank	60	3.15	1.087	-.946	.346
	Public Sector Bank	60	3.33	1.036	-.946	.346
Services are difficult to understand	Private Sector Bank	60	2.98	1.066	-.256	.798
	Public Sector Bank	60	3.03	1.073	-.256	.798
It is difficult to understand the price	Private Sector Bank	60	3.42	1.094	.165	.869

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Statements	Type of Bank	N	Mean	Std. Deviation	t	Sig. (2-tailed)
mechanism of the financial services	Public Bank	60	3.38	1.121	.165	.869
Services are up to date and high class	Private Bank	60	3.47	1.065	.163	.871
	Public Bank	60	3.43	1.170	.163	.871
Service staff is competent and Cooperative	Private Bank	60	3.43	1.095	-.169	.866
	Public Bank	60	3.47	1.065	-.169	.866
It is difficult to get expected services on proper time	Private Bank	60	2.98	1.157	-2.598	.011
	Public Bank	60	3.50	1.017	-2.598	.011
Company name and image effects while purchasing the services	Private Bank	60	3.48	1.200	-.553	.581
	Public Bank	60	3.60	1.108	-.553	.581
Difficult to get proper response in case of services	Private Bank	60	3.17	1.181	-2.114	.037
	Public Bank	60	3.60	1.061	-2.114	.037
Overall for me Services are satisfied	Private Bank	60	3.35	1.071	-1.839	.068
	Public Bank	60	3.70	1.013	-1.839	.068
My expectations are fulfilled	Private Bank	60	3.40	1.210	-1.536	.127
	Public Bank	60	3.70	.908	-1.536	.127

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The above table shows Customers perception towards Public and Private Banks wise descriptive statistics of Analysis of Variance i.e. Mean and Standard deviation of all statements pertaining to perception about Banking services It is shows that only in case of statement -Services are difficult to Display(.054),Services are difficult to returned if I am not satisfied(.018),It is difficult

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to get expected services on proper time(.011), Difficult to get proper response in case of services(.037) F value is significant at 0.05 level of significant. For all other statements, value of F is not significant. Hence it can be concluded that Customer wise mean score of perception about banking services do not differ significantly. Means responses of different Customers perceived Banking service in same way in case of above statement are Public Sector Bank 3.65, Public Sector Bank 3.67, and Public Sector Bank.3.50, Public Sector Bank3.60 respectively which is higher than any other group.

FINDINGS AND SUGGESTIONS

Most of the respondent's believe that if the services are not proper they were not able to give back their services and for that banks have to take necessary steps to take care of their customers once they dissatisfied.

Majority of the respondents having same response that banks were not give proper response when they complaint about bad services, that's why banks must pay due attention to reduce the customer complaint for gaining more customer.

The main fact is that banks staff were fails to give solutions of grievances to the customers. In most of the cases respondents were Highly disagree and disagree that it is difficult to transfer from one services to the another services in the same banks. so here banks try to retained their customers by giving best services to the customers. Banks must provide all the information regarding Schemes and Programme and policy of the banks to the customer, if the communication is prompt your customers will be delighted and he or she will retain for longer period.

The company name and image affects a lot while they are purchasing any services from the banks. In most of the banks the customers complaining about Employees response regarding services if banks reduces the complaints than there is a chance to attract and retain more customers. Providing services in time is a greater advantage for the banks which boost confidence in the minds of the customer

CONCLUSION

Clients for economic services are converting in terms of their want and desires, goals, expectancies and issues. Economic carrier carriers ought to recognize who their customers are, what they select, why they prefer, why they buy, who makes the selections and how the customers use merchandise and provider.

In conformity with those adjustments there ought to be changes in the banks offerings, education, attitudes and snap shots, advertising and marketing strategies and styles of organization and

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control. New era driven products combined with the conventional ones and personalised services will enable to increase a variety of economic offerings underneath one roof.

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Conflict of Interests

The author declared no conflict of interests.

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