CUSTOMER SERVICE UTILIZATION IN SELECTED PUBLIC AND PRIVATE SECTOR BANKS IN SIVAGANGA DISTRICT

[1] K.DEVAKI [2] Dr.S.PARITHI

[1]Lecturer in Business Administration &Research Scholar, Alagappa Govt. Arts College, Karaikudi – 630003, Tamilnadu

[2] Assistant Professor, Department of Management Studies ;JJ College of Arts Science, Pudukkottai-622422, Tamilnadu.

Abstract: *The growing demand for services of the banking industry, together with the increasing number of institutions in this sector due to the liberalized policy of the government, has resulted in the increasing competition among the banks that include the traditional public sector banks, private sector banks and foreign banks. This in turn, has necessitated the diversification of their activities synchronizing with the concept of modern banking. Above all, it has also been realized that the major strategy of withstanding the stiff competition is not only to retain the old customers but also to attract the new customers through provision of better services. This study examines the customer service utilization in selected public and private sector banks.*

Keywords--- *Customer Service*, Service utilization, Banking

1. INTRODUCTION

There has been a growing importance of service sector worldwide. In the Indian context also, the introduction of New Economic Reforms in 1991 has made the service sector to gain momentum which was in line with the global trend. As a result, the share of service sector to GDP which constituted 45.35 per cent in 1991-92 has increased to reach51.16 per cent in 1998-99 and further to 54.2 per cent in 2000-01. Between 2011-12 and 2013-14, the income from this sector has grown in real terms at the rate of 8.40 per cent. The Economic survey 2017-18 services sector contributes almost 72.5% of GVA (Gross Value Added) growth in 2017-18.These stand as an ample testimony to the increasing importance of this sector. Hence, in recent times, provision of better and quality services to customers has become one of the focal points in the service agenda of banks due to the realization that it is only the quality of the services provided that could help the banks to attract more and more of customers in a competitive banking environment.

2. THE BANKING INDUSTRY AND COMPETITION

The Indian banking sector has witnessed a paradigm shift after the financial sector reforms in 1991. The banks have realized that profit will be under pressure after the introduction of prudential norms and asset classification. There was a clear shift to a clean, transparent and healthy balance sheet as opposed to the view of large sized balance sheets. As the foreign exchange and money markets were gradually deregulated, the competition further intensified. The net result is that margins are under tremendous pressure and the banks are looking for new avenues to meet the challenges posed to them. They have realized that they have no other option than addressing the needs of the customers effectively if at all. They want to survive in a highly competitive market. Hence, customer loyalty programmes are gradually made an integral part of their service agenda to face new challenges.

3. CUSTOMER SERVICE

In the field of banking it is very difficult to define the term "customer". Different views have been expressed at different times. In the early periods, a man who held some sort of an account was considered to be a customer However, there were differences of opinion prevalent saying, "it is not necessary to say that the keeping of an ordinary banking account is essential to constitute a person customer of a bank".

At present the banks have to find out the needs of the customers and make them available at competitive prices without delay. The banks cannot continue with the old strategy of one cap for all. In today's competitive environment, it is not only winning the new customers, but also retaining the existing customers' base assumes greater importance. Though in the eighties transaction banking was the order of the day, relationship banking has regained its importance once again, with many banks in the globe strengthening this concept Studies indicate that it is much more profitable and cost effective for the banks to retain the existing customers rather than getting new customers. A successful bank of the future will be the one that excels in customer service and provides them a range of services and products and does a continuous exercise in improving its potential to serve better.

4. OBJECTIVES OF THE STUDY

 Based on the above mentioned issues, the following objectives were framed for the present study:
1. To examine the extent of utilization of banks' services by customers.
2. To offer suitable suggestions on the basis of the findings of the study.

5. METHODOLOGY

Since the present study constitutes an analytical research, the methodology adopted involves the measurement of service quality using a modified version of Service Quality (SERVQUAL).

Sources of Data

For the purpose of studying the objectives framed, the present study had to depend on the primary data from sample customer respondents. The primary objective of the study is to analyze the customers' perceived and desired levels of service quality. For this purpose, the study had to depend on the primary data for its analysis. However, to substantiate the views in course of the analysis and to provide the review, the secondary data were also collected and used. These data and information were collected from different sources like, newspapers, journals, magazines, reports, books etc

Sample Design

The primary objective of the study is to examine the customers' perceived and desired levels of service quality of the public and private sector banks of Sivaganga District. A study of this nature required the selection of a suitable place. The Sivaganga District was selected due to its heavy concentration of both public and private sector banks due to the strong Industrial base that is, Rice mill and Graphite base Industries. To fulfil this, collection of primary data from the customers of public and private sector banks became pertinent For this purpose, a list of public and private sector banks operating in the District was prepared. To prepare this list, the unpublished records were referred, which were obtained from Canara Bank, the lead bank of Sivaganga district.

There are totally 20 banks spread over in Sivaganga District. Of these, 15 are public sector banks and 5 private sector banks. All the 15 Public Sector Banks and Five private sector banks have been selected under census method. The next step in the sample process was the selection of sample respondents. For this purpose, the officials of each of the selected banks were met and a list of customers of each of those banks was obtained. From the list, by adopting the non-proportionate random sampling technique, 25 customers from each of the sample banks were selected at random. Thus the study has a total sample size of 500 respondents selected by adopting the Stratified Random Sampling Technique.

The major objective of this research is to examine the level of satisfaction of the customers of selected public and private sector banks on the services provided by these banks. However, to provide reliable information on the various aspects of the services, the customers should have a thorough knowledge on the types of services provided and their utilization. Hence, it becomes necessary to understand the extent of utilization of various services by the customers'. In the present chapter, it is attempted to examine customers' the type of account holdings, the frequency of operation of these accounts and the utilization of various other services.

Frame Work of Analysis

To assess the customer utilization in public and private sector banks simple percentage has been used.

6. ANALYSIS AND INTERPRETATIONS

An attempt has been made to discuss the account holdings position of 500 sample customers. These details include the type of account held, years of customer ship, reason for becoming customer of the bank and the source of awareness etc.

Respondents by type of account holdings

The type of account holdings position of the 500 sample customers selected for the study is shown in Table 1.1.

Table – 1: Distribution of Sample Respondents by Type of Account Holdings

SI.NO	Type of Account	No. of Samples	Percentage
1.	Savings A/c	240	48.00
2.	Current A/c	138	27.60
3.	Recurring deposit A/c	79	15.80
4.	Fixed deposit A/c	35	7.00
5.	NRI Deposit	8	1.60
6.	Total	500	100.00

Source: Primary Data.

It could be seen from the above Table 1,1, 48 per cent of the respondents maintain savings account with their banks. Another 27.60 per cent of the respondents hold current account. There are 15.80 per cent of the respondents who have recurring deposit account. Fixed Deposit holders constitute seven per cent of the total respondents and the remaining 1.60 per of the respondents are NRI deposit holders.

Thus from the analysis it can be concluded that savings account is more popular in the study area.

Respondents By Years of Customership

The discussion given below provides detailed information on the years of customer ship of the sample respondents in their banks. This analysis becomes essential as this constitutes the base for having a clear knowledge on the types of services provided by banks, to utilize these services and to evaluate clearly the perceived and desired level of service quality of their banks.

The distributions of respondents by year of sample respondents are present in Table 1.2

Table – 2: Distribution of Respondents by Years of Customership

SI.No.	Customership in Years	No. of. Samples	Percentage
1.	Less than in Years	78	15.60
2.	1-3 years	72	14.40
3.	3-5 years	135	27.00
4.	5-10 years	139	27.80
5.	10-15 years	25	5.00
6.	15 years and above	51	10.20
	Total	500	100.00

Source: Primary Data.

Thus from the above analysis it can be concluded that a majority of the respondents are customers of the bank for the past 5-10 years. It is observed from the Table 1.2, 27.80 per cent of the respondents have been the customers of their banks for the past 5-10 years. This has been closely followed by the respondents (27.00 per cent) who have been the customers of the bank for 3-5 years. There are 15.60 per cent of the respondents who have been the customers of their banks for less than one year. Another 14.40 per cent of the respondents happen to be the customers of their banks for 1-3 years. While, 10.20 per cent of the respondents have their customer ship for more than 15 years, the remaining five per cent of the respondents happen to be the customers of their banks for 1-3 years.

Reasons for Becoming Customer of the Bank

Having discussed the years of customer ship, an attempt was made to ascertain the reasons for the sample respondents to become the customers of the banks and the results are displayed in Table 1.3.

Table – 3: Distribution of Respondents By Reasons for Becoming Customers of The Bank

SI.No.	Reason	No. of samples	Percentage
1.	Nearest to house	125	25.00
2.	Nearest to Office	89	17.80
3.	Workplace compulsion	28	5.60
4.	Familiarity	42	8.40
5.	Better Service	80	16.00
6.	Availability of Various Schemes	43	8.30
7.	Computerized environment	52	10.40
8.	Cheap and quick service	41	8.20
	Total	500	100.00

Source: Primary Data.

It could be seen from Table - 3, among the various reasons for the respondents to open their account in a particular bank, location of the bank nearest to their houses constituted the major reason with 25 per cent. Another 17.80 per cent of the respondents opted the bank for the reason that it is nearest to their office. There are 16 per cent of the respondents who viewed that they have opened their account for the better services provided by their bank. Another 10.40 per cent viewed that they have opened their account due the reason that they could find a fully computerized environment in the bank. Another 8.60 per cent of the respondents have opened their account for the availability of wide variety of schemes. There are 8.40 per cent who have opened their account due the Familiarity of their bank while 8.20 per cent of the respondents have opened their account for their banks' cheap and quick services, 5.60 per cent have opened their account due to the compulsion in their workplace. Thus from the analysis it can be concluded that a majority of the respondents have opened their accounts due to the reason that the bank is located near to their houses.

Respondents by Source of Awareness about their Banks

The various sources through which 500 sample respondents have acquired knowledge on their banks were collected and presented in Table 3.4.

Table - 4: Distribution of Respondents By Source of Awareness

Sl.No	Source	No. of Samples	Percentage
1	Personal knowledge	54	10.80
2	Friends	145	29.00
3	Relatives	129	25.80
4	Business circle	72	14.40
5	Newspapers & magazines	54	10.80
6	Radio/TV	35	7.00
7	Internet	11	2.20
	Total	500	100.00

Source: Primary Data

A close perusal of the data provided in Table 1.4 would indicate that 29.00 per cent of the respondents have come to know of their banks from their friends. Another 25.80 per cent of the respondents have opened their accounts in the present bank due to the suggestion or compulsion of their relatives. There are 14.40 per cent of the respondents who have opened their accounts on the basis of the knowledge obtained from their office or business circle. While 10.80 per cent of the respondents have opened their accounts in their present bank either due to their personal knowledge or from the knowledge obtained through newspapers and magazines, seven per cent of the respondents have come to know of their banks through the knowledge obtained from radio/TV. A negligible portion of 2.20 per cent respondents have come to know of their banks through Internet.

Thus from the analysis it can be concluded that a majority of the respondents have come to know of their banks either through friends or relatives.

Details of Operation of Accounts
Having analyzed the customer ship details, an attempt was made to study the details of operation of these accounts in this section. These include the frequency of operation, the purpose or the business for which the customers visit the banks, usage of various facilities and the opinion on the time taken to obtain various services.

Respondents by Frequency of Operation of their Account

The paragraph below provides the frequency of operation the 500 sample customers' bank accounts.

Table - 5: Distribution of Respondents By Frequency of Operation

Sl.No	Frequency	No. of Samples	Percentage
1	Daily	130	26
2	Once in alternate days	63	12.6
3	Once in a week	42	8.4
4	Twice in a week	99	19.8
5	Once in a fortnight	66	13.2
6	Once in a month	81	16.2
7	As and when required	19	3.8
	Total	500	100.00

Source: Primary Data.

Table 5 shows that 26 per cent of the respondents operate their accounts daily. 19.80 per cent of the respondents, the frequency of operation is twice a week Another 16.20 per cent of the respondents operate their accounts once in every month. There are 13.20 per cent of the respondents who have their accounts operated once in every fortnight. While 12.60 per cent of the customers operate their accounts once in every alternate day, 8.40 per cent operate their accounts once in a week A negligible of 3.8 per cent customers operates their accounts as when they require.
Thus from the analysis it can be concluded that a majority of the respondents operate their accounts daily.

Purpose of Visiting the Bank
The paragraph below discusses the sample customers' major purpose of visiting the banks. Table 1.6 shows the distribution of sample respondents by purpose of visiting bank

Table - 6: Distribution of Respondents by Purpose of Visiting the Bank

Sl.No	Reason	No. of Samples	Percentage
1	To withdraw cash	140	28.00
2	To deposit money	138	27.60
3	To submit cheque	61	12.20
4	To credit the proceeds	33	6.60

5	To avail loan	47	9.40
6	To make enquires	14	2.80
7	To take draft	44	8.80
8	To get account statement	23	4.60
	Total	500	100.00

Source: Primary Data.

Thus from the analysis it can be concluded that a majority of the respondents visit their banks to withdraw cash. As it could be seen in Table 1.6, the highest 28 per cent of the respondents visit their banks to withdraw cash. This has closely been followed by the reason on 'to deposit money'. For this purpose, as high as 27.60 per cent of the respondents visit their banks. Another 12.60 per cent of the respondents visit their banks to deposit their cheques. While 9.40 per cent of the respondents visit their banks to avail loans, 8.80 per cent visit the banks to take draft There are 6.60 per cent of the respondents who visit their banks to credit the proceeds and 4.40 per cent of the respondents visit their banks to get account statement Just 2.80 per cent of the respondents visit their banks to make enquiries.

Customers' Opinion on the Time Taken to Receive the Cheque Book

The discussion provided below gives an idea on the time taken by the banks to issue a new cheque book

Table - 7: Distribution of Respondents By Opinion on the Time Taken to Receive the Cheque Book

Sl.No	Reason	No. of Samples	Percentage
1	Immediately	101	28.06
2	1- 2 Days	89	24.72
3	2 - 5 Days	170	47.22
		360	100.00

Source: Primary Data.

As it could be seen in Table - 7, among the 360 respondents who have availed the cheque facility, 47.22 per cent viewed that they could get their cheque books in 2-5 days. Another 28.06 per cent felt that they could the get it immediately. The remaining 24.72 per cent of the respondents viewed that they get their cheque book in 1-2 days after applying.

Thus from the analysis it can be concluded that according to a majority of the respondents, it takes 2-5 days' time for a banks to issue a cheque book

Respondents' Opinion on the Usage of ATM Facility The discussion given below provides an idea on the usage of ATM facility by the sample respondents in their banks.

Table - 8: Distribution of Respondents by Usage of ATM Facility

Sl.No	Nature	No. of Samples	Percentage
1	Yes	103	20.60
2	No	397	79.40
	Total	500	100.00

Source: Primary Data

As it could be seen from the Table 1.8, that out of the 500 respondents only 20.60 per cent use the ATM facility while the remaining 79.40 do not make use of ATM facilities. The higher proportion of the non-usage of ATM facility may be due to the reason that, apart from the customers not preferring this services, many of the sample banks do not have this facility. Thus from the analysis it can be concluded that a majority of the respondents do not use ATM facility.

Respondents by Frequency of Usage of ATM Facility
It has already been discussed that out of 500 respondents, only 103 sample respondents avail the ATM facility. The discussion given below provides an idea on the usage of this facility.

Table - 9: Distribution of Respondents by Frequency of Usage of ATM Facility

Sl.No	Frequency	No. of Samples	Percentage
1	Every day	17	3.4
2	Once in a week	39	7.8
3	Once in a fortnight	178	35.6
4	Once in a month	201	40.2
5	As and when required	65	13

	Total	103	100.00

Source: Primary Data.

As it could be seen in Table 1.9, as high as 40.20 per cent of the respondents use their ATM card once in a month. Another 35.60 per cent of the respondents use their card once in a fortnight. To 13.00 per cent of respondents, they use their ATM card as and when required. While 7.80 per cent of the respondents use their card once in a week, just 3.40 per cent of the respondents use the ATM card every day.
Thus from the analysis it can be concluded that a majority of the respondents use their cards once in a month.

Customers' Opinion on the Frequency of Usage of Credit Card Facility

The details regarding the frequency of usage of credit card facilities by the sample respondents are presented in Table 1.10.

Table - 10: Distribution of Respondents by Frequency of Usage of Credit Card Facility

Sl.No	Frequency	No. of Samples	Percentage
1	Every day	15	14.56
2	Once in a week	24	23.30
3	Once in a fortnight	33	32.04
4	Once in a month	14	13.59
5	As and when required	17	16.50
	Total	133	100.00

Source: Primary Data.

A close perusal of the data given in Table 1.10 indicates that a highest of 32.04 per cent respondents use the credit card facility once in a fortnight Another 23.30 per cent use their credit cards once in a week. There are 16.50 per cent respondents who use their credit cards as and when they are required. While 14.56 per cent of the respondents use their credit cards every day, 13.59 per cent of the respondents use their cards once in a month.

7. FINDINGS

On the basis of the above analysis the following findings have been derived. Saving account is more popular in the study area (48.00 per cent) and 10.20 per cent of the sample respondent have their customer ship more than 15 years. A majority of the respondent (25 per cent) have open their account due to nearest to the house hold.29.00 per cent of the customers aware through their friends, and 26 per cent of the sample respondent operate account daily. The most of the respondent visit the bank for withdrawal purpose. Majority of the respondents, it takes 2-5 days' time for a bank to issue a cheque book And 32.04 per cent respondents use the credit card facility once in a fortnight While 14.56 per cent of the respondents use their credit cards every day,

8. SUGGESTIONS

Customer satisfaction is the core of any banking institution. Satisfying the customers involves the provision of expected services faster. This can be achieved through the use of modern technology in service, innovative products, effective business operations, and amicable redressal of customer complaints. Training can be given to employees on the usage of computers in the related services. This would help to reduce the time of service provided and the paper work and stationary expenses. Concerted efforts can also be made to introduce "Core Banking Solutions" (CBS) in all sample banks.

9. CONCLUSION

The analysis on the usage of various services indicated that a majority of the customers are maintaining savings account and the usage of various e-banking services is only moderate. This may be due to the reason that majority of the sample banks either do not have all the services discussed above or they may not have propagated properly to their customers about the availability of these services.

REFERENCES

1.   Ajay Srivastava, "GATS - The Indian Scenario, Business for Development Challenges and Options for Government and Business after the Adoption of the WTO" July Package, Manila, Philippines, 21-22, October, 2004.

2.   Gordon, E & Natarajan, K. Banking Theory, Law and Practice, Himalaya Publishing House, Bombay, 2005, p.3.

3.   George, C.T., "Controversial Concepts of Customer Service", Financial Express, October 26, 1989, p.6.

4.   Ibid., P.4.

5.   Ibid., Pp. 3-4.

6.   Perry, Dictionary of Banking, McDonald and Evans, 1992, Pp. 61-62.

7.   Reserve Bank of India Bulletin, Reserve Bank India Study Group, 2003, Pp.47-59.

8.   The Institute of Bankers, The Banks and the Public, Paper Proceedings of the Cambridge Seminar, London, 1981.

9.   The Hindu Editorial, "Trends and Progress of Banking in India - A Snapshot", The Hindu, Nov.29, 2003. [10] Vimala, D., Customer Services in Commercial Banks (With Special Reference to Metro and Urban

10.   Branches in Tamilnadu), Unpublished Doctoral thesis submitted to University of Madras, June, 2003, p.1.

11.   Wayne Kwan and Tan Jing Hee, Measuring Service Quality in Singapore Retail Banking: A Gap Analysis & Segmentation Approach, Singapore Institute of Management, 2000.

12.   Zenios, C.V., Zenios, SA, Agathocleous, K and Soteriou. A., Bench- marks of the Efficiency of Bank

13.   Branches, Working paper 94-10, Department of Public and Business Administration, University of   Cyprus, Nicosia, Cyprus, 1995.