

# A Study on Customer Perception towards Service Quality Management of Selected Private Sector Banks in Thoothukudi City, Tamil Nadu

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## Abstract

The banking sector has considered their customer perception in order to survive in intense competition and to increase the market share. Almost all the banks are taking effort to win over competition through enhanced service quality like 24/7 banking, anywhere banking, internet banking, E-banking, ATM network, extended business hours, customers meet and the like. Further increased competition in the Indian banking industry has paved the way for the customers to make a choice among various service providers by referring to trade off between relationships and economies, trust in service and efficiency. They are increasingly aware of the options of on offer in relation to the rising standards of service. Hence, customer perception is becoming the major target of banks to increase their quality of service.

In this paper, the perceptions of customers towards the services offered by their respective banks are discussed in terms of 5 dimensions of the services offered they are Reliability, Responsiveness, Tangibility, Assurance, and Empathy. For analyzing each dimension, the perception of the customers on different aspects has been elicited on a five point scale. By consolidating the scores obtained by every customer for each statement with the help of five point scale namely H.S. – Highly Satisfied (5), S. – Satisfied (4), N.O. – No Opinion (3), D. – Dissatisfied (2) and H.D. – Highly Dissatisfied (1), the total scores have been computed. The total scores secured by the 210 sample of Private Sector Commercial Banks are TMB, HDFC, ICICI and AXIS Bank in Thoothukudi City, customers show the significance of each statement used to measure the dimensions. Besides, the total scores, the mean, standard deviation and co-efficient of variance also show the level of perception of the respondents on various dimensions of service quality offered by the banks selected for the study.

**Key Words: Reliability, Responsiveness, Tangibility, Assurance and Empathy.**

## Introduction

In the present day that too in the globalised era, banks are vigorously focusing on retaining existing customers and attracting new customers in the cut-throat competition situation. Customer loyalty is very significant in retaining and creating competitive advantage in the banking industry. Both the public and private sector banks emphasis on establishing superior bench marks of efficiency, focusing on niche customers, providing impressive service and bringing out operational efficiencies by using high-end technology. Further, in order to improve efficiency in the banking operations, they recruit the finest manpower, employ state-of-the art technologies and are oriented towards building up a strong brand image. The banks have understood that the loyal customers they do not just come back, they do not simply recommend others, and they insist that their friends do business with them. Hence, they have realized the importance of customer loyalty and friendliness and thus pay much customer satisfaction. The Service Quality Dimensions developed by Parasuram et.al. , has referred to study the customer expectation, and perception in the research study. In this paper, an attempt has been made to discuss the customer perception towards the services offered by their respective private sector banks

## Objectives of the Study

- To know the demographic Profile of the customers in private sector banks
- To understand the Customer Perception of Service Quality offered by their respective Bank

## Methodology

The author collected data from customers of private sector banks in Thoothukudi City of 210 sample respondents of selected private sector banks. The non-Random sampling technique of convenience sampling method is used for collecting Primary Data and secondary data collected from various books, articles and Journals to determine their perception on Service Quality Management. This study is descriptive in nature.

## Demographic Profiles of the Respondents

The customers' perceptions and expectations are dependent on the psychology of the customers which are influenced by demographical factors such as age, education, income, occupation and the like. Thus, information about the profile of the customers are collected and presented in the Table I

**Table 1**  
**Demographic character of the consumers**

Sl. No	Characters	Details	Frequency	Percentage to total
1	Gender	Male	136	64.76
		Female	74	35.24
2	Age	Below 25	41	19.52
		26-40	89	42.39
		41-55	70	33.33
		Above 55	10	4.76
3	Marital status	Married	140	66.67
		Unmarried	70	33.33
	Education	Illiterate	40	19.05
		School level	39	18.57
		Graduate	94	44.76
		Post Graduate	37	17.62
4	Occupation	Business	48	22.86
		Private employee	77	36.66
		Government employee	27	12.86
		Agriculturist	23	10.95
		Retired	35	16.66
5	Type of Family	Nuclear Family	138	65.71
		Joint Family	72	34.29
6	Monthly Income	Rs.10000-20000	97	46.19
		Rs.20000-50000	42	20.00
		Rs.50000-100000	38	18.10
		Above Rs.100 000	33	15.71

Source: Primary Data

The Table I depict that out of 210 respondents 136(64.79%) are Male customers. The age group of 26-40 years (42.39%) of the respondent highly used banking sector. The majority 140((66.67%) of the respondents are married. In educational qualification of the respondent are 94(44.76%) graduate. The major portion of the respondent out of 210, 77(36.66%) of the respondents are Private employee .The most of the respondents living with Nuclear family out of 210, 138(65.71%). The major portion 97(46.19%) of the respondents earn Rs. 10,000 to Rs.20, 000 of monthly income.

## Overall view of the perception

To ascertain the significance of the five dimensions of service quality the average, standard deviation and co-efficient of variance were calculated from the perception scores of customers selected for the study.

Table:2 shows the measures of perception of customers on various dimensions of service quality parameter of the private sector commercial banks in Thoothukudi City.

**Table 2**  
**Measures of Perception of Customers on Various Dimensions of Service Quality**

Sl. No.	Dimensions	Private Sector Banks		
		Mean	S.D.	C.V.
1.	Reliability	67.76	14.67	21.65
2.	Responsiveness	65.38	15.35	23.47
3.	Tangibility	69.43	15.92	22.93
4.	Assurance	67.02	14.65	21.86
5.	Empathy	62.86	14.74	23.44

Source: Primary Data.

Note: S.D. – Standard Deviation, C.V.- Co-efficient of Variation

It is evident from Table 2 that the customers of the private sector banks selected for the study are satisfied with Tangibility dimension of service quality which occupies the first place with the mean of 69.43 and standard deviation of 15.92 followed by the dimension 'Reliability' with the mean score of 67.76. Empathy in providing service is also lacking in private sector banks as it is evident from the least average score of 62.86.

### Dimension – Wise Analysis

#### (a) Perception of Customers on Reliability

Reliability refers to the trust in banks ability to perform service in a proper way, such as acting according to promises and declarations, ability of the bank to perform the promised service dependably and accurately. Banks need to be aware of customer expectations of reliability. When service failures occur customer's tolerance zones are likely to shrink

The total score for each component of reliability are presented in Table 3

**Table 3**  
**Customers on Reliability – Component-wise Analysis**

Sl. No	Statements	H.S.	S.	N.O.	D.	H.D.	Total Score
1.	Being sincere in solving the problem	23 (10.95)	109 (51.90)	47 (22.38)	26 (12.38)	5 (2.38)	749
2	Performing the service right from the beginning	28 (13.33)	67 (31.90)	80 (38.10)	28 (13.33)	7 (3.33)	879
3.	Providing service at the promised time	41 (19.52)	56 (26.67)	48 (22.86)	57 (27.14)	8 (3.81)	695
4.	Maintaining error-free record	23 (10.95)	72 (34.29)	70 (33.33)	33 (15.71)	12 (5.71)	656

Source: Primary Data.

Note: Figures in Brackets indicates percentage to total

It is observed from Table 3 that customers of private sector banks are satisfied with the Statement “performing the service right from the beginning” with the maximum score of 879 followed by “being sincere in solving the problem” with the score of 749.

The statement “maintaining error free record” has got least score of 656, since it is the duty of the employees to maintain the record perfectly.

### (b) Perception of Customers on Responsiveness

Responsiveness is the willingness of the employees to help the customers and to provide prompt service. It emphasizes attentiveness and promptness in dealing with customers’ requests, questions, complaints and problems. To excel on the dimension of responsiveness, a bank should monitor the process of service delivery and the handling of requests from the customer’s point of view rather than from the banker’s point of view.

**Table 4**  
**Perception of Customers on Responsiveness – Component-wise Analysis**

Sl. No	Statements	H.S.	S.	N.O.	D.	H.D.	Total Score
1.	Providing prompt service to the customer	17 (8.10)	110 (52.38)	48 (22.86)	32 (15.24)	3 (1.43)	736
2.	Willing to help the customers	29 (13.81)	59 (28.10)	59 (28.10)	51 (24.29)	12 (5.71)	672
3.	Secrecy of Keeping customer’s information	18 (8.57)	69 (32.86)	74 (35.24)	37 (17.62)	12 (5.71)	745
4.	Always ready to customer’s request	20 (9.52)	71 (33.81)	56 (26.67)	49 (23.33)	14 (6.67)	678

Source: Primary Data.

Note: Figures in Brackets indicates percentage to total

The Table 4 Exhibits that the statement “Secrecy of Keeping customer’s information” has got maximum score of 745 with 8.57 per cent of the respondents to give highly satisfied opinion and 32.86 per cent of them to get satisfaction with the service. Thus, it can be understood that the employees of private sector banks maintain rapport with the customers, guide them for their transaction, and gets fulfilled. In addition to that, the employees provide prompt service to the customer’s and therefore the statement has got second importance with 8.10 percent of the respondents to highly satisfy the statement and 52.38 percent of them to satisfy the statement.

Willing to help the customer’s request is lacking as this component gets the minimum score of 672 in private sector banks also in Thoothukudi City.

### (c) Perception of Customers on Tangibility

Tangibility is the appearance of physical facilities, equipments, and personal and communication materials. All of these provide physical representation or the image of the service that the customers consider evaluating the quality of service.

**Table 5**  
**Perception of Customers on Tangibility – Component-wise Analysis**

Sl. No	Statements	H.S.	S.	N.O.	D.	H.D.	Total Score
1.	Employees have a neat and professional appearance	38 (18.10)	49 (23.33)	68 (32.38)	37 (17.62)	18 (8.57)	682
2.	Availability of safe locker facility	75 (35.71)	80 (38.10)	33 (15.71)	16 (7.62)	6 (2.86)	832
3.	Location of the bank	25 (11.90)	72 (34.29)	75 (35.71)	31 (14.76)	7 (3.33)	710
4.	Availability of facilities like space, parking place furniture and so on	39 (18.57)	90 (42.86)	16 (7.62)	49 (23.33)	16 (7.62)	717

Source: Primary Data.

Note: Figures in Brackets indicates percentage to total

Table 5 elucidates that the customers are satisfied with the statement availability of safety locker facility in the private sector banks as this component gets the maximum score of 832. Thus it is clear that, the private sector banks maintain a good safety locker facility and also have enlarged the availability to a larger number of customers with availability of facilities like space, parking place, furniture and so on. Thus, the statement “Availability of facilities like some, parking place, furniture and so on has got second importance with the score of 717.

#### (d) Perception of Customers on Assurance

The knowledge, courtesy and ability of the banker and his employees inspire trust and confidence in the customers. This dimension is particularly important in the case of services where the customers perceive as high risk in banking, Insurance, medical and legal services. A good employee should link the customer and thus create in him an assurance.

**Table 6**  
**Perception of Customers on Assurance – Component-wise Analysis**

Sl. No	Statements	H.S.	S.	N.O.	D.	H.D.	Total Score
1.	Customers have confidence in employees	27 (12.86)	86 (40.95)	55 (26.19)	34 (16.19)	8 (3.81)	720
2.	Customers feel comfortable in interacting with the Bank staff	12 (5.71)	92 (43.81)	69 (32.86)	26 (12.38)	11 (5.24)	698
3.	Employees are consistently courteous	14 (6.67)	93 (44.29)	58 (27.62)	38 (18.10)	7 (3.33)	699
4.	Employees solve customer’s queries	14 (6.67)	92 (43.81)	55 (26.19)	46 (21.90)	3 (1.43)	698

Source: Primary Data.

Note: Figures in Brackets indicates percentage to total

Table 6 elaborates that then customers have good opinion on the employees of private sector banks. They feel that the employees are sincere, listen to the customers queries, talk to the customers freely on transaction matters and therefore the statement “Customers have confidence in the employees” has got maximum score of 720 points with 12.86 per cent of the respondents to have highly satisfied and 40.95 per cent of them to have statistical opinion. The other statements have got equal and almost equal score.

#### (e) Perception of Customers on Empathy

Empathy is the individualized attention the bank provides to its customers. The essence of empathy is conveying through personalized or customized service that the customers are unique and special.

**Table 7**  
**Perception of Customers on Empathy – Component-wise Analysis**

Sl.	Statements	H.S.	S.	N.O.	D.	H.D.	Total
1.	Employee give individual attention	20 (9.52)	70 (33.33)	82 (39.05)	29 (13.81)	9 (4.29)	693
2.	Employees understand the needs of the customers	13 (6.19)	74 (35.24)	62 (29.52)	53 (25.24)	8 (3.81)	661
3.	Bank working hours are convenient to the customers	20 (9.52)	70 (33.33)	63 (30.00)	40 (19.05)	17 (8.10)	666
4.	Employee have the customer's best interest at heart	15 (7.14)	40 (19.05)	93 (44.29)	44 (20.95)	18 (8.57)	620

Source: Primary Data.

Note: Figures in Brackets indicates percentage to total

It is understood from Table 7 that the statement “Employee give individual attention” has got the maximum score of 693 with 9.52 per cent of the respondents to give highly satisfied and 33.33 per cent of them to give satisfied opinion about the statement. Hence, it is clear that the private sector bank employees are more sincere and listen to the needs of every customer, In addition to that, the private sector banks are flexible to the working hours in the interest of the customers hence “banking hours are convenient to the customers” has got second importance. Like the employees of private sector banks are not having best interest at heart for the customers. Thus the statement has got the least score.

#### **Application of Reliability Test for the Perception of the Customers about Service Quality Parameters in Private Sector Banks in Thoothukudi City**

In order to analyse the reliability of the opinion of the customers about the service quality parameters provided by the public and private sector banks in Thoothukudi District, Cronbach's Alpha Test has been applied by using SPSS and the results have been shown in Table 7

**Table 8**  
**Reliability Statistics of Opinion of the Customers about Service Quality Parameters in Private Sector Banks**

Service Quality Parameter Statements	Private Sector Banks
	Cronbach's Alpha Score
Reliability	0.701
Responsiveness	0.723
Tangibility	0.720
Assurance	0.750
Empathy	0.702

Source: Primary Data.

Table 8 shows that the calculated value of Cronbach’s Alpha score for the opinion of the customers about the service quality parameters provided by the private sector banks in Thoothukudi City are more than 0.7, therefore, it is concluded that customers’ opinion about the service quality parameters and services provided by the private sector banks could be relied upon.

**Opinion of the Customers about the Service Quality Parameters and Services provided by the Banks - Kruskal Wallis Test (or H value)**

In order to test the significant difference in the perception score of different groups of respondents, based on personal variables, the Kruskal Wallis Test (or H test) was used.

Where

$$H = \frac{12}{N(N+1)} \left( \frac{R_1^2}{n_1} + \frac{R_2^2}{n_2} + \dots + \frac{R_k^2}{n_k} \right) - 3(N+1)$$

$n_1, n_2, \dots, n_k$  are the number in each of K samples

$N = n_1 + n_2 + \dots + n_k$  and  $R_1, R_2, \dots, R_k$  are rank sums of each sample.

The statistical analysis was done using the Statistical Package for Social Science (SPSS)

**Monthly Income and their Perception**

In order to test the relationship between the monthly income of the customers and their perception towards service quality management of the private sector banks, the following null hypothesis was framed for the study.

Ho, the monthly income of the customers doesn’t influence their perception towards the service quality management in the private sector banks.

**Table 9**

**Relationship between the Monthly Income and Perception Regarding the Service Quality Parameters towards the Banks – Kruskal Wallis Test**

Sl. No.	Dimensions	H Value	Level of Significance	Result
1.	Reliability	8.572	0.127	S.
2.	Responsiveness	5.773	0.328	N.S.
3.	Tangibility	5.541	0.353	N.S.
4.	Assurance	5.888	0.317	N.S.
5.	Empathy	4.741	0.448	N.S.
	Overall Perception	4.848	0.434	N.S.

Source: Computed Secondary Data.

S - Significant, NS - Not Significant

It is clear from Table 9 that as the level of significance for overall perception is more than that 0.05, the null hypothesis is accepted.

Hence, it is concluded that there is no significant difference in the perception of customer based on the monthly income. It shows that monthly income does not influence the perception of customers on service quality parameters in private sector banks.

However, there is no significant difference among the groups of customers based on all the five factors.

**Findings**

- The majority of the customers are male category and the age group of 21 to 40 years mostly graduates are used banking sector, hence the earning of 10,000 to 20,000 are highly used in private sector banks

- The dominating quality dimension is the banks is tangibility and the mean score is 69.43 with standard deviation 15.92 and co-efficient of variance 22.93. The Tangibility dimension the dominating factor is “Availability of facilities like space, parking place, furniture and so on”
- The second dominating quality dimension is Reliability. The mean score is 67.76 with standard deviation of 14.67% and co-efficient of variance is 21.65. The reliability dimension, the dominating factor is “Performing service right from the beginning”

### Suggestion

The banks are suggested to conduct customers meet at least once or twice in a year in order to study their requirements and to enhance the customer satisfaction for retaining them and to welcome the news customers in the competitive situation.

There is requirement of more contribution from the employees of the bank. They should maintain fair dealing with the customers. Hence, the staffs may be asked to be co-operative, friendly and must be capable of understanding the needs and problems of the customers

### Conclusion

Competition in the banking industry has intensified due to Globalization and adoption of Universal banking system and “Anywhere” and “Anytime” banking is a reality now. Hence, to win over the competition, the service quality should be asked as a strategic tool and customer satisfaction is of paramount importance to the banks for their survival and growth. In the present situation banks have to conduct customer survey to obtain their opinion pertaining to various factors for their satisfaction.

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