

An Exploration of Satisfaction on Five- Dimensions of ServQual on Rural Banking Customers

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Abstract

Digital technology and changing customer tastes have transformed banking, emphasising service quality, especially in rural areas where financial services are limited and specific demands are satisfied. Tangibles, Reliability, Responsiveness, Assurance, and Empathy are used to measure Service Quality and suggest areas for improvement in the SERVQUAL paradigm. This research article discusses rural India's banking service quality and offers studies, components, and solutions. The study examines the impact of rural banking services on customer retention, focusing on reliability, tangibility, assurance, empathy, and responsiveness and suggested actionable recommendations. It provides policy recommendations for leveraging technology and analyzes data from 625 respondents, using descriptive and inferential statistics, cross-tabulations, and chi-square tests. Service Quality improves client happiness and loyalty; therefore, banks with high-quality services retain customers. Indian banks cannot differentiate their products and services since the RBI controls them. Expanding into rural areas and boosting market share may set them apart. Financial institutions must explore alternate business models and understand rural client needs to improve rural banking services. These needs can be met with ultra tiny branches, branch in a box, ATMs, and BC-Banking correspondent models. The paper also further examines if reliability, tangibility, assurance, empathy, and responsiveness improve rural client retention. Simplifying procedures and policies, utilising technology, encouraging relationship management-focused service, addressing safety issues, and focusing on human-culture-process strategies are practical solutions for banks, government, and customers that are highlighted in this research work.

Keywords: loyalty, retention, rural, service quality, satisfaction, tangibles

Introduction:

Digital technologies and changing consumer preferences have significantly transformed the banking sector, emphasizing the importance of service quality. This is particularly crucial in rural areas, where access to financial services is limited and clients have specialized needs. High-quality services are essential for rural customers, who rely on in-person interactions with bank employees. Effective assessment and management of service quality aspects are crucial for ensuring these services are provided in rural areas.. The SERVQUAL model(Parasuraman et al., 1988; Sureshchandar et al., 2002), which includes dimensions such as tangibles, reliability, responsiveness, assurance, and empathy, has been widely used in the banking industry to measure service quality and identify areas for improvement. This research paper explores the importance of service quality in the banking sector, focusing on rural India. It discusses research, components, and methods for enhancing service quality in rural areas, aiming to enhance understanding and guidance for banks enhancing rural service delivery.

"Service quality has a positive influence on customer satisfaction, and banks that provide high-quality services are likely to enjoy greater customer loyalty and retention" "In the rural context, service quality is particularly important, as customers may have limited access to banking services and may be more reliant on face-to-face interactions with bank staff. Therefore, providing high-quality services that meet the unique needs and expectations of rural customers is critical for building trust and fostering long-term customer relationships" (Khan and Mohammad, 2016; Saha and Saha, 2017). "Tangibles, reliability, responsiveness, assurance, and empathy are the key dimensions of service quality that influence customer satisfaction in the banking industry. By focusing on these dimensions and improving their service quality, banks can enhance customer satisfaction and build a competitive advantage" (Zeithaml et al., 1990; Kumbhar, 2011). The Reserve Bank of India (RBI) regulates Indian banks and mandates that they strictly adhere to its guidelines, which means that banks cannot differentiate themselves in terms of their products and services. However, they can establish uniqueness by expanding into rural markets and gaining a greater market share. Given the highly competitive environment, banks must try to reach unbanked areas and expand their potential (Singh & Singh, 2018). Currently, more than 50% of India's population does not have a bank account, which highlights the need for inclusive growth through financial literacy. Achieving this goal requires support from three important parties: the government, bankers, and potential customers. This research aims to bridge the gap between banks and so-called "potential" rural customers, ultimately leading to more efficient and profitable delivery of financial services to all (Patil, 2018).

Review of Literatures:

Dadzie, Winston, & Afriyie, (2003) Studied the effects of traditional beliefs of the society, customer satisfaction with service quality and demographic variables on the saving behavior of the rural households in Ghana. The study unequivocally asserts that, when pooled together, modest holdings owned by tiny

households can provide a sizable sum of money for national development initiatives with effective mobilisation. The study has demonstrated that rural consumers do have a sizable amount of savings capacity, and policymakers should concentrate on the rural population that earns a substantial income. The researcher then notes that more investigation in her study area may yield intriguing details regarding the characteristics of the rural populace, which may be exploited.

Service quality is considered important as it increases the customer loyalty(Boyer, 2005). Hence, a study conducted by Rui Sousa et al (Rui Sousa, 2008)attempted to address the research gap by studying the effects of customer heterogeneity on service quality. This study set out to determine whether users of different profiles would place varying values on the e-banking website's quality attributes. According to the survey, demographic characteristics have an impact on the pattern of services used, and older clients use electronic channels for banking less frequently than they use physical channels.

In an International journal of marketing, authors named George and Kwasi from Ghana in their research article have shared an insight relating to the rural banks located in Ghana. (George K. Amoako, 2012) The paper examines service quality in rural Ghanaian banks, focusing on supply side aspects and management perspectives. It highlights the benefits of strategic marketing in rural areas and service quality dimensions.

An Iranian study relating to customer satisfaction using service quality as a tool to study its impact (Sahereh Habibi, 2013) was conducted to identify those factors which can increase or promote banking activities amongst customers. The paper explores service quality in rural banks, identifying factors like accuracy, speed, security, compliance, and politeness as key to customer satisfaction. Empathy was found to have the most significant impact, indicating relevance in service quality.

Biranchi Narayan Swar (2011) studied customer satisfaction and service quality gaps in selected private, public, and foreign banks in his paper "A Study of Customer Satisfaction and Service Quality Gaps in Selected Private, Public and Foreign Banks." The author emphasised that, as the financial services industry's strategic differentiator, banks must increase their competitiveness through providing high-quality services. According to the survey, private sector banks outperformed public sector banks in terms of service quality, with the former suffering from deficiencies in tangibility, responsiveness, and empathy. The paper emphasises ServQual's need for improvement.

Journal of Services Research published the work of Sanjiv Mittal and Rajat Gera (Sanjiv Mittal, 2012-13) that empirically studied the causal relation of service encounter constructs with behavioral intentions in public sector banks in India. The study's use of structural equation modelling revealed that customer perceptions, satisfaction ratings, and behavioural intentions were all significantly impacted by service quality. The findings showed that in order for banks to keep consumers, they need to raise their assessments of the quality of their systems. The dimensions of the product and the process are important since they both directly and indirectly influence the behaviour of the client. The scholar's definition of her goal—identifying rural customers' perspectives by using service quality as a tool—has received good support from the review of this literature.

Mahapatra (2013) attempted to carry out a feasibility study to understand the awareness and acceptance of financial services among the rural poor in India in her paper "Feasibility Study of Integrated Banking Product for the Rural Poor in India." With a focus on those living below the poverty line, the study discovered that there is no "one size fits all" solution when it comes to the needs and wants of the impoverished; instead, local circumstances must be taken into account. The report makes recommendations for policy makers on how to determine the actual needs of the impoverished in rural areas.

Joyce and Umamaheswari (2018) conducted a study titled "Does Perception towards Internet Banking Differ over Different Category of Customers?" and found that Factors including age, gender, place of employment, and profession influence how people view net banking. The study contends that regardless of age, gender, occupation, or location, users must feel trusted and valuable in order to get the most out of net banking.

"Customer Satisfaction and Loyalty in Online Banking Services: Evidence from Turkey," by Umit Ozcan and Ozgur Ozdemir (2018) - This study looks into the connections between service quality, customer satisfaction, and loyalty in Turkish internet banking. The authors discover that customer satisfaction and loyalty are significantly correlated with service quality, and that consumer loyalty is strongly impacted by customer satisfaction.

Research Gap:

Studies on technological advancements in banking, the implementation of E-banking services, and related topics are carried out in numerous nations worldwide. There has been a scarcity of research conducted in India, especially in rural areas. There has been a lack of progress in rural India when it comes to using technology, e-banking services, branchless banking, and other operational matters related to banks. This lack of progress is impeding the profitability of banks in rural areas. The majority of the studies conducted on electronic banking in the District did not differentiate between rural and urban regions. This necessitates a comprehensive examination of banking in rural areas. Financial institutions must seek alternative, economically efficient business models with suitable organisational frameworks in order to access the rural market. It may be necessary to comprehend the specific financial service needs of rural customers, and banks can meet these needs by implementing appropriate models such as ultra small branches (mobile branches), branch in a box, various types of ATMs, and the BC-Banking correspondent model. The research seeks to investigate the correlation between service quality and customer retention, and to determine the impact of this relationship on the effectiveness of rural banking services.

Research Objectives:

The study has the following objectives:

1. To analyze the effectiveness of rural banking services to link the service quality and customer retention.
2. To determine whether Reliability, Tangibility, Assurance, Empathy and Responsiveness can lead to customer satisfaction and thereby achieve loyalty amongst rural users. This point aims to study the various dimensions of service quality in banking and whether it has been effective to the users of its services.

3. To render suggestions or policy recommendations to the rural banks to leverage the usage of technology for banking the unbanked.

Operational Definitions:

Service Quality and its 5 dimensions: Service quality is nothing but the difference between expected performance and actual performance of any service. It is an assessment from the customer's perspective to express how well their expectations were fulfilled in reality. The 5 dimensions of Service Quality that is dealt with, in this study are defined in simple terms as follows:

Reliability- ability to perform a promise accurately

Tangibility- the appearance of physical facilities, aesthetic part (staff appearance, materials, equipment, facilities etc.)

Assurance- ability or courtesy of the employees to inspire trust and confidence

Empathy- customer understanding, caring, ease, attention given to customers

Responsiveness- willingness to provide prompt service and help customers in resolving their problems.

Research Design/ Methodology:

Information pertaining to surveys is basically primary which is carried out through fieldwork. The researchers have used both primary and secondary data sources. Primary data has been collected through sample surveys and interviews using a stratified random sampling method, with the target respondents being rural customers and non-customers of banks, as well as key managers of banks. Secondary data has been obtained from various sources, including journals, bulletins published by the Indian Banks Association and RBI, annual reports of banks and NBFCs, research literature, and information from government surveys. The data has been analyzed using SPSS Version 25. The sample of 625 respondents were chosen randomly but in proportion to the size of the Talukas considered for study. Descriptive and inferential statistics were used for univariate and multivariate analysis. Cross-tabulations, quartiles, and chi-square tests were used to test the association between variables. Cronbach alpha was used to measure the reliability of the research instrument, and a pilot survey was conducted to test the validity and reliability of the questionnaire. (Elmes, D. G., 2011). While demographic variables have been analysed using frequencies and percentages to define the nature of the respondents, servqual satisfaction level has been studied using Quartiles, Visual Binning and Chi-square. The findings or general discussions in the paper shall also reveal the reflections arisen from dimension wise percentage analysis that has been conducted during the study. However, the paper will focus primarily on providing practical solutions that can be implemented by banks, government, and customers.

Analysis & Discussions:

The study is focused on analyzing the quality of banking services in rural areas from the perspective of service quality dimensions, including reliability, tangibility, assurance, empathy, and responsiveness. The

study used a questionnaire with five-point scale responses to measure each dimension, and the total score was used as the overall score for the study. The next step in the analysis involved computing quartiles for each variable to group the responses and determine satisfaction or dissatisfaction of the respondents for each quality dimension. The study also used cross-tabulation of selected pairs (the summary of which is discussed in this section) and a chi-square test to derive valid conclusions. Overall, the study's methodology comprehensively allowed a thorough analysis of the quality of banking services in rural areas. By examining each dimension of service quality and computing quartiles, the study has provided insights into specific areas where banks can improve their services to better meet the needs and expectations of their rural customers. The use of cross-tabulation and chi-square tests has helped to validate the findings and draw more strong conclusions

Pilot Survey Results for Reliability testing:

The research instrument, a questionnaire, was pilot tested by collecting responses from 30 rural residents, ensuring wide coverage despite a small sample size. The questionnaire was framed based on objectives and three dimensions were derived to check internal consistency. The Alpha value for each dimension in the questionnaire was computed using Cronbach alpha, and any opinions, views, or issues mentioned during the survey were noted for final drafting.

Results From Calculation of Cronbach Alpha

Dimensions	Alpha value
ServQual Dimensions	0.7869
Banking Utility	0.7744
Overall	0.7915

As the value of this Alpha was above 0.6, this confirmed the reliability of the data. The data was analyzed not only for validity or alpha calculations, but also was analyzed to obtain brief idea about the nature of the rural demographics.

Ethical Consideration

The respondents were informed of the study's purpose well in advance, their consent was taken only after which the data was collected. They were also assured that their responses will be maintained with confidentiality and shall be used only for academic purpose. Respondents were also free to withdraw from the data collection process even after commencement.

Demographics (Based on survey data)

Demographic Characteristics of the respondents surveyed. Total: 625

Demographic factors	Particulars	Frequency/ No. of Respondents	Percentage Respondents
Gender	Male	210	33.60
	Female	415	66.40
Age Group	<18yrs	40	6.40
	19-30 Yrs	192	30.70
	31-45yrs	211	33.80
	46-60 Yrs	139	22.20
	61&Above	43	6.90
Occupation	Business	110	17.60
	Beedi Rolling	120	19.20
	Student	68	10.90
	Housewife	174	27.80
	Cultivation	19	3.00
	Driver/Mason/Labors	56	9.00
	Others	78	12.50
Educational Qualification	High School And Below	348	55.70
	Sslc	110	17.60
	Diploma/Plus Two	91	14.60
	Graduate	60	9.60
	Post Graduate	15	2.40
	Professional	1	0.20
Total Annual Income of Household (Rs.)	Below 1lakh	595	95.20
	1-3lakh	20	3.20
	3-5lakh	3	0.50
	Above 5lakhs	7	1.10
	No Answer	0	0.00
Nature Of Residence	Permanent (Own)	572	91.50
	Rented	49	7.80
	On Lease	1	0.20
	Others	3	0.50
Number Of Dependents	None	261	41.80
	One	52	8.30

	Two	70	11.20
	Three	89	14.20
	Four	62	9.90
	Above Four	91	14.60
Family Type	Nuclear	526	84.20
	Joint	93	14.90
	Extended	6	1.00
Kind Of Ration Card	Apl	118	18.90
	Bpl	485	77.60
	No Answer	22	3.50
Marital Status	Single	158	25.30
	Married	439	70.20
	Widow/Widower	27	4.30
	Divorcee	1	0.20
	Separated	0	0.00

Implications:

The survey reveals that the majority of respondents in rural Dakshina Kannada are female, middle-aged, and poorly qualified, with a high literacy rate but low education levels. The majority of respondents, particularly housewives, do not have secondary education. The majority of respondents, particularly those in Beedi rolling, housewives, and students, have incomes below Rs. 1 Lakh per annum. This rural setting is characterized by low income, low education, and low skilled occupations. The demographic profile of the Rural Dakshina Kannada is characterized by females, middle-aged individuals, married, belonging to the BPL class, and living in nuclear families with incomes below Rs. 1 lakh per annum.

Analysis of Service Quality Satisfaction:

Reliability, Tangibility, Assurance, Empathy and Responsiveness are the Five Important Dimensions defining Service Quality studied in this section together with Overall Service Quality for Satisfaction. Questions relating to Reliability were concerned with bank's work timings, check on network or server issues, mistakes or errors in service, Tangibility questions were concerned with ease of access, facilities inside and outside the banks, display of products and service information, (visually appealing pamphlets/brochures etc.), ease of contacting or locating branch, Assurance dimension questions were concerned with uniformity in quality of service, hidden costs, cyber crime risks, grievance redressal, wideness of services being offered in banks, Empathy dimension covered questions seeking response on bank staff behavior and training, Responsiveness sought response on Guidance related, facilities of ATMs, promptness etc..

The study is conducted in the following manner:

1. Cross tabulation of selected pairs to enable to derive valid conclusions.
2. Computation of Quartiles
3. Chi-square Test.

Summary of results:

Cross-Tabulation Analysis Between each Dimensions and Demographics revealed the following:

Summary of Satisfied and Dissatisfied Groups		
Observations Summarised		
Demographics	Particulars	
Gender	Male respondents seems to be the dissatisfied group when analyzed from all the dimensions taken in common.	6/6 times Male dissatisfied
Age group analysis	The senior citizen group i.e. aged 61 & above were dissatisfied with three of the dimensions-Reliability, Assurance and Empathy while the Middle-aged groups expressed concerns with dimensions relating to Tangibility, Responsiveness and Overall.	3/6- Senior citizens 3/6- Middle aged
Occupation	Respondents engaged in Manual labor were dissatisfied with Reliability, Tangibility and Assurance dimensions while Cultivation i.e. Agriculturists were unhappy with Responsiveness & Empathy dimensions	2/6-Cultivation 3/6- Manual labor
Education	The observation is that, with higher qualification, the respondents showed dissatisfaction in the dimensions. The Post graduates were unhappy as regards Reliability, Assurance & Overall dimensions and Graduates with Responsiveness & Empathy.	3/6- PGs 2/6- Graduates
Income group analysis	The higher income groups are the dissatisfied lots in service quality. The groups that earn between Rs. 3-5 lakhs expressed low satisfaction on Assurance, Empathy, Responsiveness and Overall.	4/6- Rs.3-5 lakhs

Taking Quartiles for each of these Dimensions will provide the researcher a well-organized and proper/real distribution of Level of Satisfaction meant for each of the Quality Dimensions. The SPSS output for Quartiles computed for each of the Variables' scores are tabulated below:

Variable/ Dimensions	Lowest Quartile (Q1)	Median	Upper Quartile
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		(Q2)	(Q3)
Var1- Reliability	08	09	12
Var2- Tangibility	08	09	11
Var3-Assurance	14	15	20
Var4-Empathy	08	09	12
Var5- Responsiveness	13	16	19
Var6- Overall	51	58	71

The table below shows the Distribution of Low, Medium and High values obtained for each Variables or Dimensions based on the Quartiles arrived at.

Variables/ Dimensions (short forms used)												
Levels Of Dissatis- faction	Rel- V1	%- V1	Tan- V2	%- V2	Assu- V3	%-V3	Emp- V4	%- V4	Resp- V5	%- V5	Over- V6	%- V6
Low	220	35.2	236	37.8	190	30.4	215	34.4	175	28.0	166	26.6
Medium	243	38.9	178	28.5	249	39.8	248	39.7	274	43.8	296	47.4
High	162	25.9	211	33.8	186	29.8	162	25.9	176	28.2	163	26.1
Total	625	100	625	100	625	100	625	100	625	100	625	100

The table above infers that 220 respondents i.e. about 35.2% of total samples surveyed fall below 25% who are Satisfied with Reliability dimensions of the bank, while 25.90% of responses fall in the High level meaning that these many respondents are dissatisfied with the Reliability dimension of the bank. Similarly, 37.80%, 30.40%, 34.40%, 28.00% and 26.60% of respondents have expressed low level of dissatisfaction towards Tangibility, Assurance, Empathy, Responsiveness and overall service quality dimension. This leads to a conclusion that Service Quality dimensions in rural areas in banking is Satisfactory.

Chi-square Analysis is conducted as follows:

Chi Square Analysis:

Variable	H0	H0: There is no significant Association between	H0: There is no significant Association between	H0: There is no significant Association between	H0: There is no significant Association between	H0: There is no significant Association between	H0: There is no significant Association between
	Dimensions	Reliability	Tangibility	Assurance	Empathy	Responsiveness	Overall quality
	Chi- Sq	67.24	62.37	59.29	72.15	66.31	68.59
Gender	P Val	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **
Age	Chi- Sq	211.48	248.51	237.51	201.24	237.14	224.51

	P Val	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **
Occupation	Chi- Sq	162.47	157.21	176.987	184.25	149.27	164.941
	P Val	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **
Edu Qua	Chi- Sq	724.86	752.67	724.56	761.24	761.41	772.52
	P Val	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **
Income	Chi- Sq	1652.21	1672.41	1643.691	1662.47	1649.51	1652.67
	P Val	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **	0.00 **

The Chi-Square Analysis conducted in the table above clearly shows that the Gender, Age, Occupation, Educational Qualification and Income are associated with Reliability, Tangibility, Assurance, Empathy, Responsiveness and Overall Quality of Service of the banks. All the Null Hypothesis has been Rejected since the Significance value is less than 0.05. Thus, it can be concluded that there are significant association between each of the service quality dimension with that of each of the Demographics. i.e. Reliability is associated with Gender, it is associated with Age, Occupation and like-wise all other Service quality dimensions are associated with the Gender, Age, Occupation, Educational Qualification and Income. It can be concluded that the satisfaction in service quality has an association with demographic characteristics of the region. The researchers have further analyzed the specific sub-groups to bring out relevant findings with this respect.

This 3 Stage analysis was steered to examine the quality of service of rural banks that can achieve customer retention. It was found that the Service quality dimensions were satisfactory and expressed low level of dissatisfaction in the percentage range of 26-37% of the responses for the various dimensions. The Chi-square test and the subsequent cross tabulations showed that there is a significant association between Gender, Age, Occupation, Qualification, Income with all the Service quality dimensions.

SUMMARY OF SATISFIED AND DISSATISFIED GROUPS (DIMENSION-WISE)

Dimensions	Demographics	Satisfied Group (Max. Low)	Dissatisfied Group (Max. High)	Remarks
Reliability	Gender	Female	Male	Reliability based aspects in banking like banks being easily available, regular, free from network issues must be tackled so that elderly aged, highly qualified, and even low-income groups would become satisfied.
	Age	Less than 18	61&Above	
	Occupation	Beedi-rolling	Manual Labour	
	Education	Diploma/ PUC	Post graduates	
	Income (In Rs.)	Rs. 3-5 lakhs	Below Rs. 1 lakh	
Tangibility	Gender	Female	Male	Focus on providing

	Age	46-60	31-45	good aesthetics and bank information in a language understandable by illiterates also (use of cartoons, images etc)
	Occupation	Beedi rolling	Manual labour	
	Education	Diploma/ PUC	HSC/ Below	
	Income (In Rs.)	Rs. 1-3 lakhs	Below Rs. 1 lakhs	
Assurance	Gender	Female	Male	Must work on avoiding hidden costs, quick handling of complaints, uniformity in service etc
	Age	<18	61 & above	
	Occupation	Business	Manual labour	
	Education	Diploma/ PUC	PGs	
	Income (In Rs.)	Rs. 1-3 lakhs	Rs.3-5 lakhs	
Empathy	Gender	Female	Male	More focus should be given on training the bank staff to behave well and decently with different category of customers.
	Age	<18	61 & above	
	Occupation	Manual labour	Cultivation	
	Education	Diploma/ PUC	Graduates	
	Income (In Rs.)	< 1 lakh	Rs. 3-5 Lakh	
Responsiveness	Gender	Female	Male	Focus on managing time in giving prompt service, fully functional ATMs, guiding customers in bank operations
	Age	46-60	31-45	
	Occupation	House-wife	Cultivation	
	Education	Diploma/PUC	Graduates	
	Income (In Rs.)	Rs. 1-3 lakhs	Rs.3-5 lakhs	
Overall	Gender	Female	Male	Focus on improving the products and services and make the customers comfortably resolve their needs.
	Age	< 18	31-45	
	Occupation	Beedi rolling	Others	
	Education	SSLC	PGs	
	Income (In Rs.)	Rs. 1-3 lakhs	Rs.3-5 lakhs	

Actionable Recommendations:

Encouraging Process improvement in Banking: Simplifying procedures and policies and leveraging technology can make banking processes easier. For example, application forms and withdrawal/deposit slips can be available in regional languages. Customers can also choose their language of communication at account opening. Larger co-operative banks have taken this initiative, and commercial banks in rural regions could follow suit. This infrastructural change should be a policy/rule by governments, as it requires significant capital investment for technology development. This will help reach rural customers and improve communication across the country.

Relationship Management focused service: Banking relies on strong relationships, with cooperatives showing superior customer management compared to nationalized or private banks. However, frequent rotation of bank officials can hinder customer satisfaction and confidence. Bankers often promote products to meet sales targets, but are often unavailable to address customer needs. Personal investment in customers' aspirations can lead to rejection of projects, as seen in the MUDRA project. To improve customer satisfaction, it is crucial to establish an effective rapport between the lender and the customer. Bank officials stationed in their local areas or familiar with clients can show more personal attention to proposals. This can lead to customers becoming more comfortable entering their sites, leading to the transformation of savings habits into banking habits. Bankers should show interest in consumers' dreams, benefiting the region and promoting financial inclusion. Effective relationship management is the most important strategy for achieving financial inclusion.

Removing the Fear of Safety/Risk of losing money: Rural masses trust their trusted landlords or neighbors, even if they have criminal or cheating backgrounds, with their money. However, they wouldn't trust a newly established bank. Bankers need to build trust and prove the safety of their money, which can only be achieved by having a known person in the banking premises.

Attitudinal change management and Behavioral change: The rural population should be educated about "Building for Rainy Day," which involves creating an emergency fund through channels like Recurring Deposits (RD) and Fixed Deposits (FD). Bankers should prioritize young people as a target group for effective training in modern banking methods. These young trainers should promote the abandonment of non-banking savings methods, such as keeping cash under the bed, emotional credit, and hoarding bricks. However, the traditional customs of carrying physical currency and engaging in informal borrowing will diminish as the younger generation becomes more engaged in modern banking methods. As the generation progresses, automated solutions become available, and data from banks and authorities shows a significant surge in the use of ATMs, online banking, and electronic/digital payments.

Promotional activities: Banks can promote financial literacy through effective advertising and promotional campaigns. They should target the right people at the right time for the right reason, such as promoting zero balance or no-frill minor accounts in schools.

Effective Staff Training: Bank staff play a crucial role in customer creation opportunities. Proper language, understanding, anger management, inter-personal communication, empathy, and professional development training are essential. Inappropriate behavior contributes to poor banking practices. Bank staff should be trained in developing interpersonal skills with diverse individuals, focusing on behavioral training over technical sessions.

. An Appraisal system involving customer inputs can keep staff on track by allowing them to be rated confidentially by customers. This system should include a financial/emotional goal attached to the entire branch, and can be rewarded with monetary or non-monetary incentives. Using technology can further enhance this transparency.

Safety Issues&Strengthening of Network connectivity: Banks should enhance their technology infrastructure to enhance network strength and customer safety. This includes developing parallel marketing channels, such as specialist stores, electronic sales, and online partnerships. Implementing branchless banking and delegating money management to trusted third parties can also help. By leveraging customers, banks can increase customer adoption and create a safer banking experience.

Complaints/ Grievance management: Banks need an effective complaint handling mechanism, predicting issues and implementing principles like "do it right the first time" to improve retention strategies, encourage complaints, treat customers fairly, learn from lost customers, and analyze root causes.

.In a nut shell, to enhance financial inclusion and customer satisfaction, the banking system should focus on promoting financial literacy, targeting the right audience, providing staff training, implementing transparent appraisal systems, and ensuring safety and convenience in transactions.

Block chain introduction:The introduction of Block Chain technology can help reduce paper work and duplication of work in banking habits. This eliminates the need for customers to submit multiple documents multiple times, making it more convenient and efficient. This technology-based approach can be strongly linked to the technology-based approach discussed earlier.

Banks should offer micro-loans, even up to Rs. 50000/-, to rural customers with limited income and simple living conditions. These loans don't require lengthy formalities and can be sanctioned within hours. Rural customers are not accustomed to trading-based accounts and find documentation complicated. Banks should create simple loan products specifically for rural residents, similar to those offered to businessmen, women, and students. This will not complicate the system but help bankers handle rural customers differently than urban customers.

Banks should prioritize developing user-friendly technology and building customer confidence. However, they should also focus on managing their staff effectively. While banks provide rigorous training and advertise to promote new products, they often neglect rural customers. Staff need to be trained on interpersonal skills and behavioral aspects to better serve them. It is suggested that banks or the Controlling Authority, like RBI or Banker's Association, organize comprehensive training programs for staff in direct contact with rural customers. While banks spend on employee welfare, it is more meaningful to invest in training staff on interpersonal and communication skills, as well as topics like anger management and customer relationship management.

Banking Service Improvement shall be the focus of the discussion here. Authors would like to coin the following terms created by them that are inter-related: Banking Quality Improvement (BQI) to be made possible through Human-Culture- Process focused strategies- via Banks Human Improvement (BHI), Banks Culture Improvement (BCI), and Bank Process Improvement (BPI).The current imperative is a profound shift

in the staff' attitude towards rural clients. Each step in the provision of banking services, such as completing an application for opening an account or approving credit or other advanced services, should be organised to ensure client convenience. Full-time personnel can be allocated to address customer inquiries, guaranteeing minimal waiting time for each customer, among other benefits. It is imperative to reform the operational methods of banks in accordance with their cultural framework. The Indian demographic landscape is highly intricate due to the diversification of individuals based on factors such as caste, occupation, culture, lifestyle, and economic status. Bank Culture Improvement can be attained by the implementation of a flexible approach in catering to diverse consumer segments. A native or vernacular language application form can be offered, offering a No-Frill account with Zero Maintenance charges and free check books to economically disadvantaged farmers with little income. Banking Process Improvement relies solely on the efforts of its staff. A specialised clientele could be offered a door-to-door banking service. Nevertheless, each of these elements is interdependent.

Scope for Further researches/ Future Scope:

The researcher conducted a study on specific locations in Dakshina Kannada district, focusing on specific results. The report suggests expanding the geographical scope and replicating the methodology in other areas for further research and validation. This could involve banks, universities, or collaboration, enhancing the effectiveness of financial institutions in providing services.

Conclusion

The study's findings and conclusions have revealed the dire situation of financial literacy and banking habits among the rural population in the region. This study has reinforced the researcher's conviction that the banking potential of the rural population remains untapped. It aligns with the statement made by the renowned figure C.K Prahlad, who asserted that there is a significant opportunity for financial success in the rural sector, sometimes referred to as the "bottom of the pyramid." This study provides evidence supporting this claim in the context of rural banking. It is imperative to prioritise the quality of life for individuals in rural areas. Furthermore, it is imperative to raise awareness about the need of instilling savings and investment habits in individuals. From a marketing standpoint in the banking business, it is clear that the non-users in this district can be targeted as a "mass market" by the banks. Put simply, there are many of potential for using technology in banking and digitization to achieve financial inclusion by effectively implementing service quality characteristics. This research article represents one of several attempts to identify and address issues related to credit, remittances, government pension plans, micro-insurance, and other areas. There is still ample opportunity for more research in these domains. This work has undoubtedly reinforced the researchers' dedication to pursue future research in this area of interest on a broader scale. The "Unbanked Dakshina Kannada" district has significant untapped potential. Service quality satisfaction is a complex concept. The level of satisfaction with these aspects of a financial service would vary greatly among different groups of individuals. A consumer with a limited income may prefer a bank account that requires less maintenance or

has no associated costs, but a wealthy businessperson would want a fast and efficient trading bank account for their activities, even if it is expensive. Therefore, if banks persist in offering identical goods to all segments, it would be impossible to cater to the needs of all demographic groups. The banking industry urgently need the ability to identify the needs, requirements, capacities, and other relevant factors of potential clients in order to provide tailored and innovative products and services.

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