
**SERVICE QUALITY OF RETAIL BANKS IN CUDDALORE DISTRICT,
TAMIL NADU**

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ABSTRACT

In the wake of globalisation, Indian banking has been, in recent times, characterized by the pursuit of a seamless presence across markets. The most dynamic aspect of banking today is changing customer preferences and the demand for multi-products and efficient services at the flick of the finger. These days, banks have been vying not only to expand their clientele base as well. The offerings have become much more customer centric and customer specific than ever before. There is a need to identify the attributes of the service quality perceived by the customers of banks. This paper examines the effectiveness of the seven dimensions of service quality in the banking sector and measures service quality perceived by the customers.

Keywords: Customer Perception, Retail Banking, Service Quality, Service Dimensions.

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I INTRODUCTION

Retail banking represents one of the largest and most influential activities of any developed economy due to the strong linkages that exists with virtually any part of the economic system. It seeks to be the one-stop shop for as many as financial services as possible on behalf of retail clients. A highly satisfied and delighted customer is an important non-financial asset for the banks in the emerging information technology era. Due to increased competition in retail banking sector, the banks are in need of formulating the strategy to compete effectively with others.

The service quality is very important component in any business related activity without any doubt. This is especially so, to marketer, a customer's evaluation of service quality and the resulting level of satisfaction are perceived to affect bottom line measures of business success, including customer loyalty. According to the service quality theory, customers judge the quality to be low if the performance does not meet their expectations and the same to be quality as 'high' when the performance exceeds their expectations. Bridging the gap might require the toning down of the expectations or heightening the perception of what has actually been received by the customer.

II SERVICE QUALITY DIMENSIONS

Various authors have provided different conceptualisations regarding the dimension of service quality. One of the famous model, Servqual, used in service marketing was developed by Parasuraman(1). Servqual has been widely adopted for customer perception of service quality. Originally 10 dimensions of service quality were proposed (reliability, responsiveness, completeness, access, courtesy, communication, credibility, security, understanding the customer and tangibles). Later these were reduced to five (reliability, responsiveness, empathy, assurances and tangibles). Grouros (1984) suggested three dimensions – technical, functional and reputational quality; technical, functional and reputational quality; Lehtinen and Lehtinen (1982) suggested another three components – interactive, physical and corporate quality; Hedvall and Paltschik (1989) recommended two dimension – willingness and ability to serve; and physical and psychological access; Lablanc's and Nguyen (1988) suggested five components – Corporate image, internal organisation, physical support of the service producing system, staff/customer interaction, and the level of customer satisfaction; Garvins (1988) explained nine dimensions performance, features, conformance, reliability, durability, service, response, aesthetics, and reputation.

Assurance: Knowledge and accuracy of employees and their ability to convey trust and confidence.

Access: Working hours, ease of parking, convenient location.

Courteous: Greeted in an appropriate manner with a smile and made to feel comfortable

Empathy: Caring, individualized attention the firm provides to its customers.

Reliability: Ability to perform the promised service dependably and accurately.

Responsiveness: Willingness to help customer and provide prompt service.

Tangibles: Appearance of physical facilities, equipment, personnel and communication materials (physical evidence of facilities).

III REVIEW OF LITERATURES

Consumer perception of service quality is a complex process. Therefore multiple dimensions of service quality have been suggested (Brady). Barbara Culiberg (2010) suggested that service quality, referring to a customer's judgement about a bank's superiority, should be regarded as a source of competitive advantage in the retail banking, as it constitutes the major driver of customer satisfaction. Several studies have emphasized the link between satisfaction and the service quality construct (Taylor and Baker, 1994; Levesque and McDougall, 1996; Joohnston, 1997; Jamal and Naser, 2002; Ndubisi, 2006; Lassar et al., 2000; Oppewal and Vriens, 2000). Anderson suggested that service quality has become an increasingly important factor in determining market shares and profitability in the banking sector.

IV. STATEMENT OF THE PROBLEM

Service quality has become an important factor among the customers in retail banking. For the success and survival in the banking sector, provision of high service quality is necessary in meeting several requirements such as customer satisfaction and its consequent loyalty, attracting new customers and to increase the market share and profitability. Service quality is consistently viewed in the literature as a unique construct from customer satisfaction. A full understanding of its antecedents has therefore become a critical issue for both researchers and practitioners.

V. METHODOLOGY

A descriptive research was used to gain an insight into customers perceived service quality offered by retail banks in Cuddalore district. There are 16 public sector retail banks and 11 private sector retail banks in operation in Cuddalore district. 5 banks were (3 Public sector banks and 2 Private sector banks) selected based on the bank which is having large number of

branches. Convenient sampling technique has been used to select the sample respondents for the study. From each bank 5 savings bank account holders and 5 current account holders were selected on the purposive basis for the study. Therefore the sample size consists of 50 customers. A questionnaire was administered to 50 respondents. The respondents were selected on the basis of convenient sampling. A five point Likert type scale items are included in the questionnaire for obtaining the customers' view. The questionnaires are to be distributed to randomly selected bank customers in the study region.

VI. ANALYSIS AND FINDINGS

Demographic Profile of the Respondents

The demographic profile of the sample respondents in Cuddalore district is given in Table 1.

Table 1 Demographic Profile of the Respondents

Demographic Variable	Category	f	%
Gender	Male	39	78.0
	Female	11	22.0
Age	Less than 35	32	64.0
	35 – 45	12	24.0
	Above 45	6	12.0
Education	Upto Secondary	12	24.0
	Graduate	10	20.0
	Post Graduate	28	56.0
Occupation	Unemployed	2	4.0
	Self-Employed / Business	19	38.0
	Government Employee	10	20.0
	Private Employee	15	30.0
	Professional	4	8.0
Monthly Income	Up to Rs.10000	14	28.0
	Rs.10001 – 20000	25	50.0
	Rs.20001 – 30000	8	16.0
	Above Rs.30000	3	6.0

The respondents consisted of more males (78 per cent) than females (22 per cent). 64 per cent of the respondents were in the age group of below 35, 24 per cent were between 35-45 age groups, 12 per cent were above 45 years age group. Majority of the respondents (56 per cent) were post graduate. 20 per cent of the respondents are graduates and 24 per cent were only up to secondary level education. With regard to occupation 38 per cent of the respondents were business people. 30 per cent of the respondents were private employees. 4 per cent of the respondents were being unemployed. Majority of respondents (50 per cent) were in the income group of Rs.10001-Rs.20000. 28 per cent of the respondents were having below Rs.10000 income.

Analysis of Service Quality

Table 2

Average Means and Rank of Seven Dimensions of Service Quality

Q.No.	Assurance	Access	Courteous	Empathy	Reliability	Responsiveness	Tangibility
1	2.58	2.32	2.58	2.22	2.90	1.94	3.42
2	2.80	3.84	2.90	2.84	3.58	2.64	3.82
3	2.90	3.46	3.22	3.26	2.82	2.88	3.36
4	2.78	3.50	3.26	3.62	2.68	2.82	3.38
5	3.18	2.94	3.22	2.60	2.80	2.96	3.60
6	2.98	2.92	3.22	3.16	2.92	-	3.52
7	3.14	2.56	-	2.94	-	-	3.46
8	3.06	2.96	-	-	-	-	3.64
9	-	-	-	-	-	-	3.96
Mean	2.92	3.06	3.07	2.81	2.95	2.64	3.57
Rank	5	3	2	6	4	7	1

Table 2 showed the mean value of all items in seven dimensions of the service quality. It revealed that all items in Tangibility dimension are above the mean of 3.00 indicating that the scores are relatively high reflecting a good perception of banking service quality. The highest perception score of the respondents for item: Item-50: Materials associated with the service being visually appealing. Ass-5: Bank employees giving prompt service to customer, Ass-7: Bank employees always desirous to help customers, Ass-8: There is a warm relationship between employees of this bank and customers, ACC-2: ATM is being easy to

operate, ACC-3: Number of ATM services is sufficient, ACC-4: ATM has user friendly system, COU-3: Staff response politely when making enquiry, COU-4: The behaviour of employees instilling confidence in customers, COU-5: Friendly and courteous manner received from the bank's representative, COU-6: Doing the promises on time, EMP-4: Complaint handling time is short, EMP-6: Having operating hours convenient to all customers, REL-2: Performs all transactions accurately, TAN-1: The exterior of the bank is visually appealing, TAN-2: The interior of the bank is visually attractive, TAN-3: Employees of this bank have neat appearances, TAN-4: Service area of the banks are very spacious, TAN-5: Providing the services at the promised time, TAN-6: Modern looking equipment, TAN-7: Physical facilities being visually appealing, TAN-8: Bank statements are visually clear, TAN-9: Materials associated with the service being visually appealing were the items score high perception. The lowest perception scores of the respondent belong to RES-1: Provides prompt responses to my online request.

The mean score of seven dimension of service quality showed that the highest means score was Tangibility (3.57), Courteous (3.07) and Access (3.06) whereas Reliability, Assurance, Empathy and Responsiveness were 2.95, 2.92, 2.81 and 2.64 respectively. Thus on the tangibility parameters banks are rated high and responsiveness parameter it was rated low.

Table 3 Perception scale based on Cronbach Alpha

Dimension	Number of items	Cronbach alpha for dimensions	Mean	SD
ASSURANCE				
Giving customers individual attention			2.5800	1.17959
Bank employees have the knowledge to respond to problems			2.8000	1.01015
Bank Employees never being too busy to respond to customer requests	8	0.79	2.9000	1.11117
Bank employees are polite to customers			2.7800	1.16567
Bank Employees giving prompt service to customers			3.1800	1.25666
Bank Employees telling customers exactly when			2.9800	1.36262

service will be performed				
Bank Employees always being desirous to help customers			3.1400	1.21235
There is a warm relationship between employees of this bank and Customers			3.0600	1.31568
ACCESS				
All banking needs through online in menu option			2.3200	1.28476
ATM is being easy to operate			3.8400	.81716
Number of ATM services is sufficient			3.4600	1.19881
ATM has user friendly system	8	0.76	3.5000	1.31320
Website interface is accurate for internet banking			2.9400	.97750
Operates 24 hours a day			2.9200	1.12195
Have its ATMS conveniently located			2.5600	1.34255
Better services through mobile banking			2.9600	1.36964
COURTEOUS				
Customers feeling safe in their transactions			2.5800	1.37158
Employees being consistently courteous with customers			2.9000	1.11117
Staff response politely when making enquiry	6	0.64	3.2200	.91003
The behavior of employees instilling confidence in customers			3.2600	1.19198
Friendly and courteous manner received from the bank's representative			3.2200	1.21706
Doing the promises on time			3.2200	1.13011
EMPATHY				
Available to customers when needed	7	0.58	2.2200	1.01599
Individualized attention to every customer			2.8400	.99714
Professional and attractive appearance			3.2600	1.29063

Complaint handling time is short			2.6200	1.45532
No long line ups at counter			2.6000	1.10657
Having operating hours convenient to all customers			3.1600	1.16689
Employees understanding the specific needs of their customers			2.9400	1.03825
RELIABILITY				
Performs transactions immediately			2.2200	1.01599
Performs all transactions accurately			2.8400	.99714
Provide secure services through e-banking			3.2600	1.29063
My transactions through e-banking are processed accurately	6	0.57	2.6200	1.45532
Performs my online transactions right, the first time			2.6000	1.10657
Provides accurate records of all my internet transactions			3.1600	1.16689
RESPONSIBILITY				
Provides prompt responses to my online request			1.9400	.93481
Connects me immediately to the internet banking services			2.6400	.94242
The bank quickly resolves problems I encounter with my online transactions	5	0.59	2.8800	1.09991
The bank is easily accessible by telephone			2.8200	1.32002
Employees having the knowledge to answer customer questions			2.9600	1.41364
TANGIBILITY				
The exterior of the bank is visually appealing			3.4200	1.17959
The interior of the bank is visually attractive			3.8200	.69076
Employees of this bank have neat appearances	9	0.68	3.3600	.94242
Service area of the banks are very spacious			3.3800	1.12286
Providing the services at the promised time			3.6000	1.06904

Modern looking equipment			3.5200	1.18218
Physical facilities being visually appealing			3.4600	1.03431
Bank statements are visually clear			3.6400	1.17387
Materials associated with the service being visually appealing			3.9600	1.06828

Table 3 showed the reliability assessment based on Cronbach alpha method. Items of each dimension were subjected to reliability assessment. The cronbuch alpha values based on standardised items for the seven dimensions of service quality were .79, .76, .64, .58, .575, .591, .688 for Assurance, Access, Courteous, Empathy, Reliability, Responsiveness and Tangibility respectively. Looking at the reliability coefficients of all the seven dimensions of the above table, some dimensions have coefficients slightly below 0.7, tangibles (0.68) and responsiveness (0.59). This could as a result that some items under each dimension seemed too similar. The dimension, reliability had a very low reliability coefficient, 0.57 and this could have been because of the small number of items used in that dimension. Other dimensions, asses, assurance showed coefficients higher than 0.7, meaning these dimensions comprising of various items show a true measure of service quality.

VII. CONCLUSION

The study analyse the perception level of customers of banking service in Cuddalore district using seven dimensions of service quality. The servqual score were computed for all 50 items. All dimensions were not equally perceived by the customers. As per ranking, Tangibles are perceived high followed by Courteous, Access, Reliability, Assurance, Empathy and Responsiveness. Hence, it can be concluded that Responsiveness, Empathy and Assurance are the dimensions which needs to be taken care to improve the service quality in a better manner. In general, customers were satisfied with the existing services provided by the Retail banks in Cuddalore district.

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