

A study on customer services of commercial banks in wayanad district

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Abstract: A sound, progressive and dynamic banking system is the fundamental requirement for economic development. Hence, Commercial Banks act as the backbone of economic development. They inculcate the habit of saving and investment. The Indian banking is an essential component of the service industry. The share of banking and insurance within the service industry is very significant. Customer satisfaction has been widely debated as organizations/institutions increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both products and services. It is a highly personal assessment that is greatly affected by customer expectations. It is suggested this study, A system should be developed in such a way that a customer can use his ATM cards and ATM PIN for authentication in a transaction through net. The PIN issued to a person must be unique so that he is specifically identified by it and can do all transactions with it. It is concluded this, in a service industry like banking, where product differentiation is hard to maintain and the quality of service depends on the service provider, it is imperative for the Bank to have staff that realise that they are a part of the business concern.

Key Words: ATM, Tele Banking, Demat bank, etc.,

1. INTRODUCTION:

The Banking Industry is considered a service oriented Industry. It renders manifold services to the customers. Effective customer service is the center to all business operations and also plays an integral part in the growth strategy of the Banking Industry¹. A sound, progressive and dynamic banking system is the fundamental requirement for economic development. Hence, Commercial Banks act as the backbone of economic development. They inculcate the habit of saving and investment. They mobilize funds from numerous small household activities and help business firms spread over a wide geographical area.

Present scenario focuses, the environment of cut-throat competition, where private and foreign banks are leaving no stones unturned to attract new customers and existing customers of the banking sector to their turf, customer retention has become the key to the survival of national and international banks. In the competitive world, awareness level of customers is increasing day by day, their expectations are increasing as they have wider choice of products and services, and the concept of generation to generation banking has also undergone changes. Customers' loyalty is now conditioned by the quality of products and its delivery mechanism i.e. Service. All these necessitated the banks to provide better and excellent customer service. New products are added to the basket and above all, computerization and networking is adopted for faster processing and proper information. The latter opened the gate for a host of Delivery channels. Bank services today become a basic service when they become sufficiently common place and widely deployed to no longer provide substantive differentiation on a relative basis. They have unique characteristics and they relate to other services in a completely different way to the customers via; ATMs, Telebanking, Internet Banking, Credit Cards and Debit Cards and so on. Banks have been offering services in many product areas, either by way of additional attractive features or delivery mechanisms. Many banks have introduced Credit Cards, Insurance Linked Deposit Products, 24 Hour Banking, Any Day Banking, Mobile Banking, Cash Back Offers, Core Banking, Anywhere Banking and So on².

The Indian banking is an essential component of the service industry. The share of banking and insurance within the service industry is very significant. Interest in the measurement of service quality is thus understandably high and the consistent delivery of superior service is the strategy that is increasingly being offered as a key to service providers (like banks) to position themselves more effectively in the market place.

Service is an invisible offering which is dependent on and inseparable from the person who extends it. Services in Indian Banks are mostly branch-based in the public sector banks, while the foreign banks are making strides into full scale technology enabled banking (like Net Banking). Banking services constitute a hybrid type of offering that consists

¹ Dr.G.P.Kapoor, "Commercial Banking", A.P.H. Publishing Corporation, New Delhi-2, Ed.2004, Pp1-3.

² M.V. Nair, "Banking –Exciting growth avenues", The Hindu, Survey of Indian Industry 2007, Pp 49-51.

of both tangible goods (like loan schemes, interest rate paid, kinds of accounts) and the intangible services (like behavior and efficiency of the staff, speed of transactions, the ambience)³.

2. CUSTOMER SATISFACTION :

Customer satisfaction has been widely debated as organizations/institutions increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both products and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contacts with the organization and personal outcomes. Some researchers define a satisfied customer within the private sector as "one who receives significant added value" to his/her bottom line – a definition that may apply just as well to public services.

Customer satisfaction differs depending on the situation and the products or services. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these. Some researchers, "satisfaction" as a measurement objective because it is "too fuzzy an idea to serve as a meaningful benchmark. Instead, they focus on the customer's entire experience with an organization or service contact and the detailed assessment of that experience. Customer satisfaction is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. To avoid difficulties stemming from the kaleidoscope of customer expectations and differences, some experts urge companies to "concentrate on a goal that's more closely linked to customer equity. Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable.

3. LITERATURE REVIEW :

Eapan Varghese M & C Ganesh⁴ (2003) in their study titled "Customer service in banks: An Empirical study", mainly focus on how to measure the speed in which commercial banks are rendering service to their customers in 13 different dimensions. The result obtained from this study suggests there is no difference between the public sector banks and private sector banks in the customer's time consumed for transacting business with the bank. It is generally observed that bankers measure only action time and do not take into account the access time and queuing time which are critical to customers.

Ronald L.Hess Jr. Shankar Ganesan and Noreen M.Kpein⁵ (2003) together presented an article on, "Service Failure recovery: The impact of Relationship factors on Customer satisfaction". The main focus of the study was to understand how customer relationships either buffer or magnify the impact of service failures on customer satisfaction and also to learn about the conditions under which a service organization relationship can help to shield a service organization from the negative effects of failures on customer satisfaction.

Rao.et.al.⁶ (2003) provided a theoretical analysis of Internet banking in India and found that as compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place.

4. STATEMENT OF THE PROBLEM:

In the competitive and post liberalization era, every customer is concerned about the safety of their funds and also expects good and effective returns from their funds. They are always busy and expect to complete all their engagements from a single place. They are not ready to run around paying their electricity bill at one place, telephone bill at another place. In fact the perception and the expectation of the customers have undergone a vast change with the availability of banking services at their door steps through the help of technology. Sometimes customers faced many problems in services through unauthorized access within the network, inaccurate processing and transactions, data privacy and confidentiality, more hidden cost and so on. Seeing the requirement of customers, the banking industry has also moved forward from the basic concept and a definition of 'Banking' and 'Banking Company', of the Banking

³ Sathya Swaroop Debasish and Bishupriya Mishra, "Indian Banking System- Development Performance and Services", Mahamaya Publishing House, New Delhi, Ed-2005, Pp174-176.

⁴ Eapan Varghese M & C Ganesh "Customer Service in Banks: An Empirical Study"- Vinimaya Vol. XXIV, No:2, 2003-04, Pp 14-26.

⁵ Ronald L.Hess, Jr.Shankar Ganesan & Noreen. M. Kpein "Service Failure Recovery: The Impact of Relationship Factors on Customer Satisfaction", Journal of the Academy of Marketing Science, Vol.31, 2003, Pp 127-145.

⁶ Rao, G. R. and Prathima, K , "Internet Banking in India," Mondaq Business Briefing, April -2003.

Regulations Act, 1949 “Banking means accepting, for the purpose of lending”⁷, to cater to the needs of the customers by introducing various services and products for a minimum charge. They also manage the funds of their clients in an effective and productive way. Though all the Commercial Banks are providing services, enquiries on Banks customers have been made on the following.

- i. What are the services provided by the banks?
- ii. How far the services cater to the needs of the customers?
- iii. To what extent the services are utilized by the customers?

To succeed, a bank must distinguish itself from its competitors not just in the quality of the core product but also in how it manages the “SERVICE SURROUND”. Every interaction with a customer provides an opportunity to be “unique” and to “go beyond the call of duty”. Hence the present study has been carried out to examine the above enquiries and offer solutions.

5. OBJECTIVES OF THE STUDY:

1. To study the customer services provided by commercial banks in Wayanad District.
2. To give suggestions for providing good service to the customers.

6. METHODOLOGY AND RESEARCH DESIGN :

The validity of any research is based on the systemic method of data collection and analysis. Both primary and secondary data were used for the present study. The primary data were collected from hundred and twenty sample respondents from Wayanad District. For collecting the first-hand information from customers was chosen the purposive sampling method. The data thus collected from the primary sources of information were arranged systematically and sequentially to form simple tables. Purposive sample technique has adopted in this study. Simple statistical tools like Percentage, Standard Deviation, t test and F test were employed appropriately. The statistical tests are conducted at 5% and 1% level of significance. The following statistical tools are used. The study was confined to a period of one year, i.e. from March 2020 to June 2020.

**TABLE - 1
 RANK FOR SERVICES PROVIDED BY BANK**

S.NO	FACTORS	TOTAL SCORE	MEAN SCORE	RANK
1	ATM	23451	78.17	I
2	Tele Banking	18792	62.64	III
3	Demat Account	19257	64.19	II
4	Electronic Clearing Systems	14607	48.69	VII
5	Mobile Banking	18210	60.70	IV
6	Financial Advisor	13933	46.44	VIII
7	Anywhere banking	18183	60.61	V
8	Multicity Cheque book facility	12174	40.58	X
9	International Debit Card	11550	38.50	XII
10	Credit Card	17877	59.59	VI
11	Real Time Gross Settlement	12303	41.01	IX
12	Online Tax Accounting System	11571	38.57	XI
13	Cash Management Services	11261	37.54	XIII
14	Electronic Fund Transfer	11061	36.87	XIV
15	MICR Processing Centre	8937	29.79	XV

Source: primary data

⁷ Dr.K.M.Bhattacharya, O.P.Agarwal, “Basics of Banking and Finance”, Himalaya Publishing House, Ed-2006, p 1.

The above table reveals the ranking of services provided by Bank. “ATM” was ranked first by the selected sample respondents with the total score of 23451 and mean score of 78.17. “Demat Account” was ranked second with the total score of 19257 and mean score of 64.19. “Tele Banking and Mobile Banking” occupied third and fourth position with the total score of 18792 and 18210 and mean score of 62.64 and 60.70 respectively. “Any where banking” was ranked fifth with the total score of 18183 and mean score of 60.61. “Credit Card” occupied sixth position with the total score of 17877 and mean score of 59.59. “Electronic Clearing Systems and Financial Advisor” occupied seventh and eighth position with the total score of 14607 and 13933 and mean score of 48.69 and 46.44 respectively. “Real Time Gross Settlement” was ranked ninth with the total score of 12303 and mean score of 41.01. “Multicity Cheque book facility” occupied tenth position with the total score of 12174 and mean score of 40.58. “Online Tax Accounting System” was ranked eleventh with the total score of 11571 and mean score of 38.57. “International Debit Card” occupied twelfth position with the total score of 11550 and mean score of 38.50. “Cash Management Services and Electronic Fund Transfer” occupied thirteenth and fourteenth position with the total score of 11261 and 11061 and mean score of 37.54 and 36.87 respectively. “MICR Processing Centre” occupied last position with the total score of 8937 and mean score of 29.79. It is evident that most of the respondents gave top priority to ATM as the first rank for services provided by bank.

TABLE-2.
WEIGHTED AVERAGE TECHNIQUES BETWEEN PRIVATE SECTOR BANKS, SERVICES

S. L N o	NAME OF THE BANKS	ATM	T-B	DT	ECS	MB	FA	AN Y	MC B	ID C	CC	RT Gs	OT	CM S	EF T	MP C
1	AXIS Bank Ltd.,	1.860	1.090	1.190	0.700	1.080	0.500	1.120	0.390	0.300	1.000	0.375	0.59	0.160	0.160	0.130
2	ICICI Bank Ltd.,	2.040	1.390	1.440	0.470	1.150	0.710	1.260	0.220	0.260	1.080	0.271	0.41	0.240	0.240	0.030
3	ING Vysya Bank Ltd.,	1.550	1.110	1.020	0.470	1.060	0.340	1.170	0.330	0.500	1.030	0.385	-	0.350	0.200	0.240
4	The Karur Vysya Bank Ltd.,	1.710	1.440	1.570	0.710	1.410	0.670	1.360	0.390	0.410	1.250	0.271	-	0.340	0.260	0.190
5	The South Indian Bank Ltd.,	0.980	0.480	0.460	0.430	0.410	0.420	0.380	0.080	0.220	0.470	0.083	-	0.160	0.240	0.110
6	The Lakshmi Vilas Bank Ltd.,	0.940	0.640	0.730	0.570	0.750	0.250	0.780	0.140	0.180	0.510	0.365	-	0.190	0.030	0.240
7.	HSBC Bank Ltd.,	1.110	0.887	0.997	0.530	0.697	0.410	0.783	0.270	0.750	0.983	0.173	-	0.060	0.097	0.157

Source: primary data

From the above table in the Private Sector Banks and foreign banks, it is inferred that most of the respondents have preferred to use ATM service in ICICI Bank with weighted average score of 2.040. Tele- Banking was preferred by respondents in AXIS Bank with the score of 1.440. Respondents preferred Demat service in AXIS Bank with the score of 1.570. ECS and Mobile Banking were used more by respondents in Karur Vysya Bank with weighted average score of 0.710 and 1.410. Most of the respondents have preferred to financial advisor service in AXIS Bank with the score of 0.710. Respondents preferred Anywhere Banking in Karur Vysya Bank with weighted average score of 1.360. MCB was used more by respondents in ING Vysya Bank with the score of 0.392. IDC was used more by respondents in HSBC Bank with weighted average score of 0.75. Credit card was preferred by respondents in ICICI Bank with the score of 1.250. Most of the respondents have preferred to use the RTGs service in Lakshmi Vilas Bank with the score of 0.375. OT service was used more by respondents in AXIS Bank with weighted average score of 0.590. CMS was preferred by respondents in ING Vysya Bank with the score of 0.350. Respondents preferred EFT service in ICICI Bank with weighted average score of 0.242. MPC was preferred by respondents in AXIS Bank with weighted average score of 0.261.

7. SUGGESTIONS :

The bankers have to take a comprehensive view of their delivery channels. Integrated Delivery channels could further enhance successful adoption of technology like e-mail, i-banking, ATMs etc. Advertising the products and explaining the products elaborately will help in attracting more and more people. They must be gradually shifted from the concept of Brick Banking to Click Banking.

A system should be developed in such a way that a customer can use his ATM cards and ATM PIN for authentication in a transaction through net. The PIN issued to a person must be unique so that he is specifically identified by it and can do all transactions with it.

The changes in the Banking and financial sector require a fundamental shift in skills required for Banking. To meet increased competition, the need for specialised banking functions, using IT as a competitive tool is required. Special skills in retail banking, foreign exchange, etc., will have to be nurtured with care and built upon. Thus the twin pillars of the banking sector i.e., human resources and IT will have to be strengthened. Proper Technical training to staff must be provided to handle crisis situations.

According to the bank management there is no special set up or policy for encouraging the customers. Bank management thinks that because of their reliability, existence and facilities customers automatically are lured so there is no need to make retention programme and policy. Banks believe in the old adage that “old is gold” and banks keeps track of all accounts on a regular basis. There is no proper check to know the status of various accounts. If the customer wants to close the account, concerned employee asks the question to know the valid reason for closure, hence maintaining and retaining the existing customers.

8. CONCLUSION:

The study reveals that there are vast opportunities as well as challenges for services provided by banks in India. It is found that due to technological innovations and significant change in demographic profile of customers, there is huge market potential lying ahead. This study recommends among others that Banks should design new products as well as improve on the existing services provided. They should make the packages more attractive and if possible unique. They should ensure that the 4Ps -**Products, Place, Promotion, Price**) of services are customer oriented. The study reveals that the services are restricted to only a certain section of the society. Hence, Banks must concentrate on the needs and demands of various customers depending on their requirements. The study also reveals that ATMs and Credit Cards are the most common Value-added services utilised by the respondents. Efforts must be made to market the other services namely, E-banking, Demat accounts, Online tax filing, anywhere banking, etc., So that the customers as well as the banks are benefitted. In a service industry like banking, where product differentiation is hard to maintain and the quality of service depends on the service provider, it is imperative for the Bank to have staff who realise that they are a part of the business concern. They have to render services to the satisfaction of the customers. The Banks need to equip themselves with internal capabilities and build efficient and viable Business models to create advantage of new opportunities available into a long term sustainable competitive advantage. Implementation of Information technology to enhance customer service also calls for training and change in the mindset and attitude of employees and the organisation.

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