
A STUDY ON CUSTOMER PERCEPTION TOWARDS THE SERVICES OF PUBLIC SECTOR BANKS IN MADURAI CITY

Article Particulars

Received: 25.12.2017

Accepted: 02.01.2018

Published: 20.01.2018



Dr. V. ANAND, M.Com., M.Phil., Ph.D., M.B.A., PGDCA., NET., SET., SET(Mgt).,
Department In-charge, Department of Commerce
Madurai Kamaraj University Constituent College of Arts and Science
Aruppukottai, Tamil Nadu, India

Abstract

Banks play a positive role in economic development of a country. The banks have over the years, shown remarkable responsiveness to the needs of a planned economy. Customer service implies the satisfaction of customer needs. Today's customers are smarter more demanding, less forgiving and they are approached by many more competitors with equal or better offers in this competitive world. For that they need to learn the customers' perception quality. A good customer service is building a bond with the customers. The success of every bank fully depends upon the various ranges of services provided to the customers and how much it fulfills customer needs. As a banker we are not doing them a favour by serving them. They are doing as a favour by giving us an opportunity to do so. Of the survey made by the researcher, classified the customer based on gender, age, marital status, education qualification, occupation, monthly income, type of family, size of the family and residential status. Majority of the customers have savings account and main purpose of open an account for savings purpose. Weighted arithmetic method indicates that "Reputation of the bank" are main reasons persuading the customers for having an account in public sector banks.

Keywords: Banking, services, customer attitude, perception, public sector bank.

Introduction

Banks play a positive role in economic development of a country. The banks have over the years, shown remarkable responsiveness to the needs of a planned economy. A service an activity that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Customer service implies the satisfaction of customer needs. Today's customers are smarter more demanding, less forgiving and they are approached by many more competitors with equal or better offers in this competitive world. As a result, today marketers spend less time on increasing the share of market and more time in enhancing share of customer. Banks

have to understand that merely acquiring customers is not sufficient but to retain the customer is very very important. In this scenario banks need to understand service quality as it could help them to provide different services to the customers. For that they need to learn the customers' perception quality. A good customer service is building a bond with the customers. The most important challenge of a bank is to retain the customers because there is direct link between customer retention and the growth of the bank over a period of time. The success of every bank fully depends upon the various ranges of services provided to the customers and how much it fulfills customer needs. Thus, the authors analyse the customer services of public sector banks in Madurai city of Tamil Nadu.

Statement of the Problem

Service quality is the great differentiator; it gets and keeps the customer's attention. Service excellence leads to overall profitability in the bank. For every bank service excellence is an important strategy for a survival, profitability and growth of banks. But it is not so easy to provide excellent service to the customers, because of stiff competition among the banker. Today all banks are offering same type of services, and facilitator to the customers. Now-a-days customers are becoming very conscious of their rights and they are demanding services more than ever before. But the quality of banking services has not seeing any remarkable change. The bank who wants to compete with other banks has to depend more on the efficient services and cordial relationship with their customers. Still, the customers are facing poor infrastructure and financial risk. The quality of banking services is not always satisfactory. Because of different kind of treatment offered to the customers to customers. So, the only way to provide good services to customer is they must keep the various issues in their minds and try to solve and include the customer service level. Whenever a bank wants to distinguishes from other banks they must provide good customer service that service is customer friendliness. This is an important factor that influences the customer choices of the bank. The success of the banking industry is generally depends on the quality of customer services, because customer is the king and also they are part and partial of the bank. Therefore the banks should be customer oriented to meet challenges to today's competitive environment. As a banker we are not doing them a favour by serving them. They are doing as a favour by giving us an opportunity to do so. So, it is the time for Indian banks to innovative new products and services also refine the existing services.

Review of Literature

Barsky (1994)² in his study analyzed, customer service loyalty can lower costs and increase profitability. The cost of retention of a customer is cheaper than to recruit a

new customer. Service loyalty is a behavioural aspect. Behaviour of a customer depends on the availability of the services and their quality.

Zillur Rahman (2005)³ in his study measured the services quality of banks in India. He investigated the difference between customer expectations and perceptions towards the quality of services. The study was conducted using the SERVQUAL instrument. The result indicates that the sample population has perceptual problems with their banking service experiences.

Dr. Jaynal Ud-din Ahmed (2009)⁴ observed in his article that the commercial banks in India are highly responsible organizations with respect to the economic development of the country. They must continuously ensure better profitability and productivity which is essential for their growth and viability as also for infusing public confidence.

Kumbhar Vijay M., (2010)⁵ found in his study that increase in service quality of the banks can satisfy and develop attitudinal loyalty which ultimately retains valued customers.

Vijay Maruti Kumbhar (2011)⁶ in his analysis that empirical evidences indicates that customers perception about Efficiency, Security and Responsiveness, Cost Effectiveness, Problem Handling and Compensation and Contact service related to ATM service is low in both public and privates sector banks (ranging between 3.00 to 3.50). Therefore both types of banks should aware about these aspects of ATM service to enhance customers' satisfaction.

Scope of the Study

The present study is confined to analysis the customer services of public sector banks in Madurai City. A study does not cover other district banks in Tamil Nadu and India. The study concentrates on the various banking services and the attitude of customers regarding services provided by the public sector banks.

Objectives of the Study

The following are the important objective of the study.

- To analyses the attitude of customers towards the service rendered by public sector banks in Madurai City.
- To study the reason for having accounts with public sector banks in Madurai City.

Methodology

The present study is based both primary and secondary data. The primary data has been collected through structured interview schedule from the customers of the public sector banks. The secondary data have been collected from unpublished records of banks, journals, periodicals, reports and lead bank report of Madurai District.

Sampling Design

Since, the study was concerned with attitude of customers towards service rendered by public sector banks in Madurai city. The researcher obtains the list of customers from the public sector banks in Madurai city. A sample size taken up for the study is limited to 150 customers of public sector banks. However care was taken that all classes of customers such as salaried employee, businessman, professional, house wives, retired person (pensioners), agriculturist, students and the like are covered by using convenient sampling under non-random sampling method. The sample customers are to be selected proportionately from branches of public sector banks at the rate of 150 customers from branches of public sector banks operating in Madurai City.

Period of the Study

The primary data for this study has been collected from sample customers in Madurai City during the period from September 2017 to November 2017.

Analysis and Interpretation

The analysis and interpretation of the sample customers based on demographic factor, nature of account holding and other services availed.

Classification of Respondents According To Demographic Profile

In this title an attempt has been made to study the demographic profile of the sample respondents with public sector banks in Madurai City. The following pages deal with the survey results.

Table 1 Demographic Profile of the Respondents

Variable	No. of Customers	Percentage	
Gender	Male	105	70.00
	Female	45	30.00
Age (in years)	Below 30	46	30.67
	30 to 40	33	22.00
	40 to 50	54	36.00
	Above 50	17	11.33
Marital status	Married	94	62.67
	Unmarried	56	37.33
Educational qualification	Illiterate	11	7.33
	Up to HSC	51	34.00
	Graduate	34	22.67
	Post Graduate	25	16.67
	Professional	12	8.00
	Diploma/Technical	17	11.00

Occupation	Business	21	14.00
	Agriculturist	11	7.33
	Employed (Govt.)	26	17.33
	Employed (Private)	43	28.67
	House Wife	13	8.67
	Retired Person	18	12.00
	Student	8	5.33
	Professional	10	6.67
Type of family	Joint Family	57	38.00
	Nuclear Family	93	62.00
Size of family	Upto 2 members	14	9.33
	Upto 3 members	26	17.33
	Upto 4 members	58	38.67
	Above 4 members	52	34.67
Monthly income of family	Less than Rs.10000	19	12.67
	Rs.10000 – Rs.20000	43	28.67
	Rs.20000 – Rs.30000	48	32.00
	Rs.30000 – Rs.40000	28	18.66
	Above Rs.40000	12	8.00

Source: Primary Data

The above table shows that out of 150 customers, 105 customers are male and 45 customers are female. After dividing the respondents on the basis of gender, they are further divided according to their age, in this 36 per cent of the respondents belonging to the age group of 40 to 50 years in public sector banks, more than 30 per cent of the respondents belonging to the age group of below 30 years and also reveals that only 11.33 per cent of the respondents were in the age group of above 50. Respondents are also classified according to their marital status, it is found that 62.67 per cent of the respondents are married and the rest of 37.33 per cent of the respondents are unmarried. Based on the education 35 per cent of the respondents had their education qualification up to school level, 22.67 per cent of them were graduate and only 8 per cent of the respondents were professional. According to occupation one-third of the respondents are working in public and private organizations and they are having accounts with public sector banks. Respondents are classified according to their family type, 38 per cent of the respondents are from joint family and 62 per cent of the respondents are from nuclear family. Based on the size of family, nearly 38 per cent of the respondents' family size has four members and only 9.33 per cent of the respondent has up to 2 members. According to monthly income, 32 per cent of the respondents are in the income group of from Rs.20000 to Rs.30000 and also reveals that

only 8 per cent of the respondents were belongs to above Rs.40000 income group in public sector banks.

Customers Perception towards Banking Services

In this title an attempt has been made to study the reason for having accounts with public sector banks in Madurai City. The following pages deal with the survey results.

Account Holdings of Sample Customers

Table 2 shows the nature of account held by sample customers.

Table 2 Account holdings of sample customers

Source: Primary data

Nature of Account	No. of Customers	Percentage
Savings account	109	72.67
Current account	19	12.67
Recurring deposit account	9	6.00
Fixed deposit account	13	8.66
Total	150	100.00

The above table reveals that more than 72 per cent of the respondents have saving account in public sector banks. Only 6 per cent of the respondents having recurring deposit account.

Duration of Account Held

The following table 3 shows period of account held by customers.

Table 3 Duration of Account Held of Sample Customers

Source: Primary data

Duration of Account (in years)	No. of Customers	Percentage
Less than one	13	8.67
1 to 3	35	23.33
3 to 5	39	26.00
5 to 10	49	32.67
Above 10	14	9.33
Total	150	100.00

less than one year.

The above table presents that more than 32 per cent of the respondents have accounts for 5 years to 10 years in public sector banks and only 8.67 per cent of the respondents have accounts for

Accounts in Other Bank of Customers

Table 4 shows the accounts held in other bank of sample customers.

Table 4 Accounts in Other Bank of Sample Customers

Source: Primary data

Accounts in Other Bank	No. of Customers	Percentage
Yes	131	87.33
No	19	12.67
Total	150	100.00

It is clear from above table that more than 85 per cent of the respondents have account in other

banks in public sector banks and only 12.67 per cent of the respondents don't have account in other banks.

Accounts Held in Other Bank

Table 5 shows accounts held in other bank.

Table 5 Customer Accounts Held in Other Bank

Source: Primary data

Number of Accounts Held in Other Bank	No. of Customers	Percentage
One	18	13.74
Two	39	29.77
Three	55	41.99
More than three	19	14.50
Total	131	100.00

The above table shows that more than 40 per cent of the respondents have three accounts with other banks in public sector banks. It also found that only 13.74 per cent

of the respondents have one account with other banks.

Purpose of Opening Accounts in the Bank

Table 6 brings out the reasons for purpose opening accounts in the bank.

Table 6 Purpose of Opening Accounts in the Bank of Sample Respondent

Source: Primary data

Purpose of Opening Accounts in the Bank	No. of Customers	Percentage
Savings	72	48.00
Security	19	12.67
High Interest Rate	27	18.00
Business	11	7.33
Loan	21	14.00
Total	150	100.00

This table concluded that nearly 48 per cent of respondents have opened an account for savings purpose in public sector banks and only 7.33 per cent of respondents have

opened an account for business purpose.

Frequency of Visit to the Bank

Table 7 shows the frequency of visit to the banks of sample customers.

Table 7 Frequency of Visit to the Bank of Sample Customers

Source: Primary data

Frequency of Visit	No. of Customers	Percentage
Daily	14	9.33
2 to 4 times a week	27	18.00
Once in a week	41	27.33
Twice a month	35	23.33
Once in a month	23	15.34
Occasionally	10	6.67
Total	150	100.00

The above table reveals that out of 150 respondents, 41 respondents visit the bank once in a week in public sector banks. Only 10 respondents were visit their bank occasionally.

Purpose of Visit to the Bank

The following table 8 shows the purpose of visit to the bank of sample customers.

Table 8 Purpose of Visit to the Bank of Sample Customers

Source: Primary data

Purpose	No. of Customers	Percentage
For withdraw cash	30	20.00
For cheque collection	22	14.67
For cash deposit	39	26.00
For enquiries	9	6.00
For receiving loan	24	16.00
For demand draft	26	17.33
Total	150	100.00

This table concluded that 26 per cent of the respondents' visits the bank for the purpose of cash deposit and 20 per cent of them visit the bank for the purpose of withdraw cash in

public sector banks. Only 6 per cent of respondents visit for enquiry purpose.

Reasons for Having Account with the Banks

There are various factors which influence the customers for having the accounts in the banks; the researcher identified six important factors which induce the customers for having accounts with banks. They are service is cheap better service, proximity, friendly approach by bankers, facility to modernized and reputation of the banks, accordingly the respondents where asked, to identify and rank them in order of performance.

To find out weighted arithmetic mean, the following scores were given

I Rank	-----	6 Points
II Rank	-----	5 Points
III Rank	-----	4 Points
IV Rank	-----	3 Points
V Rank	-----	2 Points
VI Rank	-----	1 Point

Table 9 brings out the reasons for having account in the public sector banks.

Reasons for Having Opened an Account in Public Sector Banks

Table 9 shown the various reasons for having the account in public sector banks

Table 9 Reasons for Having Opened an Account

S.No	Reasons	Rank						Total
		1	2	3	4	5	6	
1	Proximity	25	35	7	25	27	31	150
2	Service is cheap	14	17	39	35	10	35	150
3	Better service	43	32	19	13	29	14	150
4	Reputation of the banks	21	15	26	26	45	17	150
5	Friendly approach by bankers	29	37	31	29	12	12	150
6	Facility to modernized services	18	14	28	22	27	41	150

Source: Primary Data

On the basis of the points given and ranks obtained. The total score thus derived was divided by the total number of respondents for each factor to arrive at the mean score. Among the six factors is given, the one which had the highest mean score was identified as the most important factor influencing the respondents to have accounts with public sector banks.

The weighted arithmetic mean has been calculated for various reasons, the following table 10 shows the weighted arithmetic mean for various reasons.

Table 10 Weighted Arithmetic Mean for the Ranks

S.No	Reasons	Weighted Average Method
1	Proximity	3.58
2	Service is cheap	3.77
3	Better service	2.97
4	Reputation of the banks	3.99
5	Friendly approach by bankers	2.96
6	Facility to modernized services	3.73

Above table has revealed that among six factors reputation of the banks is the most important factor influencing respondents to have open account with banks

followed by service is cheap. It also reveals that better service and friendly approach by bankers were the least weighted average score among the six factors in public sector banks.

Findings of the Study

- Majority of the sample respondents are male customers in public sector banks.
- More than 36% of the respondents of public sector banks are 40 to 50 years.
- Nearly 63% of the respondents are married in public sector banks.
- Majority of the respondents have studied only up to school level.
- One-third of the respondents are working in public and private sector organization.
- Majority of the respondents are from Nuclear family.
- Majority of the respondents, family size are up to 4 members in public sector banks.
- Only 8% of the respondents' monthly income were above Rs.40000 in public sector banks.
- Most of the respondents have saving account in public sector banks.
- Majority of the respondents have accounts for 5 years to 10 years.
- Majority of the respondents have account in other banks.
- Nearly 40% of the respondents have held three accounts with other banks in public sector banks.
- Nearly 48% of the respondents have opened an account for savings purpose.
- Majority of the respondents visit the bank once in a week.
- Most of the respondents visit the bank for the purpose of deposit cash.
- Reputation of the banks is the most important factor for having opened an account in public sector banks.

Suggestion of the Study

- To motivate the illiterate people for open account in public sector banks.
- More attention should be focused on agriculturist for open account.
- Public sector banks should consider to designing special schemes related to fixed deposit account.
- To improve the friendly approach by bankers and better service for customers in public sector banks.

Conclusion

The activities of banking have growth in multi-directional ways as well as multi-dimensional manner. Banks have been playing a catalytic role in area development, backward area development, extended assistance to rural development all along helping agriculture, industry, international trade in a significant manner. In a way, public sector banks have emerged as key financial agencies for rapid economic development. Of the survey made by the researcher, classified the customer based on gender, age, marital status, education qualification, occupation, monthly income, type of family, size of the family and residential status. Majority of the customers have savings account and main purpose of open an account for savings purpose. Weighted arithmetic method indicates that "Reputation of the bank" was main reasons persuading the customers for having an account in public sector banks.

References

1. Annual Credit Plan for Madurai District 2011-12, Published by Lead Bank Section of Canara Bank, Madurai.
2. Barsky, J. (1994): "World-Class Satisfaction", Irwin Professional Publishing, Burr Ridge, IL;
3. Zillur Rahman (2005), 'Service Quality: Gaps in the Indian Banking Industry.' ICFAI Journal of Marketing Management, Feb 2005, Volume IV, pp 37-47.
4. Dr. Jaynal Ud-din Ahmed (2009), 'An autopsy on the operation of commercial banks in India.' Professional Banker, May 2009, p-40.
5. Kumbahr Vijay M. (2010). Reliability and validity of 'eBankQual' Scale in ATM Service Settings: A Study, in VINIMAYA, Vol. XXXI No. 4 January – March 2011, Published by National Institute of Bank Management, Pune.
6. V. M, Kumbhar (2011), "Reliability and Validity of 'eBankQual' Scale in ATM Service Settings: A Study", Vinimaya journal of NIMB, Pune, Vol. XXXI, No. 4.
7. www.mbaknol.com
8. www.rbi.org.in