

**SERVICE QUALITY AND CUSTOMER SATISFACTION**  
**OF INDIAN OVERSEAS BANK WITH SPECIAL**  
**REFERENCE TO TIRUCHIRAPPALLI TOWN**

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**ABSTRACT**

The Indian Banking Industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. Today, Indian Banking Industry is one of the largest industry in the world. Banking sector in India like many other sectors has been experiencing a rapidly changing market, new and modern technologies, economic uncertainties, changing and more demanding customer services and above all fierce competition, that has presented an unpredictable set of challenges for them. In order to be successful in the market it is not only sufficient for commercial banks to attract new customers but also concentrate on retaining existing customers implementing effective policies of customer satisfaction. Service quality and Customer satisfaction can be considered as the essence of success in today's highly competitive world of business. The present study assesses the status of service quality and customers' satisfaction with respect to select dimensions of service quality in Indian Overseas Bank in Tiruchirappalli Town. A major contribution of this study is to identify the areas of customer satisfaction/ dissatisfaction of Indian Overseas Bank in Tiruchirappalli Town. Although the satisfaction levels are high on various service quality dimensions, there still remains a lot to be done by the management of the banks to maximise their customer satisfaction.

Keywords: customer satisfaction, service quality, competition.

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## INTRODUCTION

Since Independence, the Indian banking sector has been experiencing phenomenal growth. Though the commercial banks were largely confining their activities to urban affluent customers and to industry, trade and commerce, the nationalization of several commercial banks since 1969 have forced these banks to undertake aggressively various programs including: branch expansion in the rural and semi-urban areas, reallocation of bank credit in favor of priority sectors like agriculture, small-scale industry, transportation, exports and distribution of food and other agricultural products, and fixed interest rates for various types of deposits, thus expanding their horizon of customer interface.

Today, banking is also seen as a business related to information on financial transactions, since Information Technology (IT) has been pivotal to effective customer service at lower costs. For example, IT-based services such as automated teller machines (ATM), electronic fund transfer, anywhere-anytime banking, smart cards, net banking, etc. are now very common to Indian customers.

Customer satisfaction is the important factor for the long term success of the organization. By keeping the importance of customer satisfaction in mind there is a need of banks to maintain close and stable relationship with their customers by providing the high quality of product and services. So there is a need to judge the level of customer satisfaction. The satisfaction of customer cannot be measured unless the factors which affect the satisfaction level of customers are not determined. Banks are being aware of the importance of this fact that the provision of high quality service to customers is necessary for their survival and the success in today's global and competitive environment.

## REVIEW OF LITERATURE:

In order to have better understanding about the present study in its proper perspective, the researcher has undertaken to present the corresponding studies through review of what has already been done in the field.

According to Khattak and Rehman (2013), the one of essential factor of the strategy of any organization is the customer's satisfactions because customers are the ultimate source of company's revenue. So customer satisfaction is important for attracting the new customers and retaining the old ones.

From the last one and half decade, the banking industry is paying the attention towards the satisfaction of customers. It is because of the high competition among the banking sectors and mostly the marketing strategies of most of banks is the providing the satisfaction to customers. So, due to this competitive strategies the ultimate customers getting benefits (Khattak and Rehman, 2013).

The satisfaction of the customer especially in the service business had a great importance because the satisfaction of the customer directly linked with the customer loyalty or the repetition of using the services the modern banking has provided (Ravichandran et al., 2012).

Customer satisfaction is much vital in internet based companies. Good quality products and services are demanded by customers and if they don't get the desired services they can easily move away towards another option. All the online businesses are compelled to isolate and focus customer's need for their satisfaction (Kadir, Rahmani, & Masina, 2011).

All the customers who are using electronic and wireless banking services for their routine transaction may find modern banking according to their way of living and preferences. Subsequently if all modern banking firms want to catch the attention and retain customers, they must give importance and attention to the individual customer's way of living and his liking and disliking (Lin, 2011).

### STATEMENT OF THE PROBLEM

In today's techno-based banking, the banking sector have become indispensable. To ensure that the services of Indian Overseas Banks are properly rendered, the socioeconomic characteristics of the customers have to be studied. Today's customers are more dynamic in their thinking. Their taste, needs and preferences keep changing as per the current situations.

Therefore customers' satisfaction is an important factor for capturing the market and also for retaining the existing ones. With this as the backdrop, the present study analyzes the level of satisfaction of the Bank customers, and factors that influence the customers. Hence the researcher has selected the topic "Service Quality and Customer satisfaction of banking services: A study with the reference to Indian Overseas Bank at Tiruchirappalli Town".

## SCOPE OF THE STUDY

This study is much helpful to Banking industry for enhancing the customer satisfaction by adopting strategies which serves the purpose. An analysis of study proves useful, as the banks efforts are directed to attract and retain customers by offering them a basket of tailor made schemes supported by a state of the art distribution system.

## OBJECTIVES OF THE STUDY

Analyzing what is relevant to a successful banking relationship, so that Indian Overseas Bank can achieve and maintain Service Quality and customer satisfaction in the new climate; and identifying and commenting on what we see as the key actions that bank must take to retain and expand their customer base in this challenging and increasingly sophisticated market.

## DATA SOURCE AND METHODOLOGY

The study is based on primary data. The population of the study includes customers of Indian Overseas bank in Tiruchirappalli Town. In order to attain the objective of the study, various service quality dimensions that are capable of influencing the satisfaction of bank customers have been identified through extensive review of literature and out of them five dimensions of service quality have been selected. Against each select dimension of service quality, specific components have A structured questionnaire was served to seventy five(75) numbers of customers for obtaining their perception on various aspects relating to service quality in commercial banks which were considered necessary and useful for the present study. A five point rating scale ranging from Highly Satisfied (5) to Highly Dissatisfied (1) was employed. To analyze the responses of bank customers, weighted average score has been used.

Table 1 shows the profile of the respondents. The total numbers of respondents have been classified on the basis of gender, age, marital status, education.

Table 1 Profile of Respondents

Profile of the Respondents			
S.no	Demographics	F	%
	<b>Gender</b>		
	Male	45	60
	Female	30	40

<b>2</b>	<b>Age(Year)</b>		
	Below-25	15	20
	25 – 40	48	64
	40 – 55	12	16
<b>3</b>	<b>Marital status</b>		
	Married	55	73.33
	unmarried	20	26.67
<b>4</b>	<b>Educational qualification</b>		
	SSLC	14	18.67
	HSC	12	16
	UG	18	24
	PG	27	36
	OTHERS	04	5.33

The above table shows that among 75 respondents 60% are Male and 40% are female. Further Age wise, 20% are in the age group of below 25 years, 64% are in the age group between 25 – 40 years, and 16% of the respondents are in the age group between 40 – 55 years and above. As for marital status 73.33% are married and 26.67% are unmarried. Similarly the education level shows that 18.67% are SSLC level, 16% are HSC level, 24% are Undergraduates level, 36 % are post graduates

level and 5.33 % are other level. **DATA ANALYSIS:**

Level of Satisfaction of Bank Customers on Different Service Quality Dimensions

Service quality Dimensions	Mean Score	Rank
Reliability	3.62	4 <sup>th</sup>
Responsiveness	3.82	2 <sup>nd</sup>
Tangibility	3.68	3 <sup>rd</sup>
Assurance	3.90	1 <sup>st</sup>
Empathy	3.60	5 <sup>th</sup>

The summary of the mean scores of different service quality dimensions tabled above shows that how well the mean scores are related to one another in showing the overall performances of the banks offered to the customers. In the above table the mean scores are ranked in the order of customer satisfaction. The rankings show that the customers are on the whole satisfied with all the service quality dimensions selected for the study. According to the rankings, out of the five dimensions tabled above, it is evident that the customers are substantially satisfied with the assurance dimension. This is immediately followed by the responsiveness dimension. Whereas, the mean scores of the other three dimensions namely tangibility, reliability and empathy are

very close to each other. Although the rankings show that the tangibility dimension is fairly higher than the reliability and empathy dimension, but the

banks should make sincere efforts to improve their performances on these three dimensions.

#### **Level of Satisfaction with respect to Reliability Dimension of Service Quality**

S.No	Components of Reliability Dimension	Weighted Average Score	Rank
01	service provided by the bank	3.65	2 <sup>nd</sup>
02	Service handling customer's service problem	3.60	3 <sup>rd</sup>
03	Bank provides the service within the time it promises to do so	3.92	1 <sup>st</sup>
04	Record maintaining procedure of your account	2.52	4 <sup>th</sup>
	Mean score	3.42	

The above table reveals that the mean score of reliability dimension is 3.42 which imply that customers are satisfied on this dimension of service quality. There liability dimension is comprised of four components. The weighted average score of the first three components of reliability dimension are more than three which implies that customers of Indian Overseas banks in Tiruchirappalli town of Tamil Nadu are by and large satisfied on all these components In the order of ranking, the performance of employees in providing services at the first instance stands first which is immediately followed by sincerity of the employees to solve customers' problems.

#### **Level of Satisfaction with respect to Responsiveness Dimension of Service Quality**

S. No	Components of Responsiveness Dimension	Weighted Average Score	Rank
01	Information and Guidance of Employees	3.83	1 <sup>st</sup>
02	Employees attitude to hear the problem	3.57	4 <sup>th</sup>
03	Promptness in providing services	3.63	3 <sup>rd</sup>
04	Willingness of employees to help customers	3.69	2 <sup>nd</sup>
	Mean score	3.68	

The above Table reflects that the mean score of responsiveness dimension is 3.68 which indicate that customers are on the whole satisfied by this dimension of service quality. The responsiveness dimension is composed of four components. The weighted average score of all the four components of responsiveness dimension are more than 3 which imply that customers of Indian Overseas banks in Tiruchirappalli town of Tamil Nadu are satisfied on all these components at large. However, a lot needs to be done in providing prompt services to customers. In order of ranking, Information and Guidance of the employees to help the customer ranks first which is followed by willingness of the employees to help to customers

#### Level of Satisfaction with respect to Tangibility Dimension of Service Quality

S. No	Components of Tangibility Dimension	Weighted Average Score	Rank
01	Bank's physical features are visually appealing	3.63	3 <sup>rd</sup>
02	Bank has comfortable sitting arrangement	3.78	2 <sup>nd</sup>
03	Bank maintains cleanliness of its premises	3.82	1 <sup>st</sup>
04	Bank provides hygienic toilet facilities	3.33	4 <sup>th</sup>
05	Location of counters inside the branch is convenient to me	3.23	5 <sup>th</sup>
	Mean score	3.56	

From the above Table it is inferred that the mean score of tangibility dimension is 3.56 which imply that customers are satisfied on this dimension of service quality. The tangibility dimension is comprised of five components. The weighted average score of all the five components of tangibility dimension are more than 3 which connotes that customers of Indian Overseas bank in Tiruchirappalli town of Tamil Nadu are largely satisfied on all the components.

However, it is observed from the above table that customers' experiences are moderate in areas like providing hygienic toilet facilities and location of counters inside the branch. Thus, bank management is required to give more attention to these areas to gear up customer satisfaction

### Level of Satisfaction with respect to Assurance Dimension of Service Quality

S. No	Components of Assurance Dimension	Weighted Average Score	Rank
01	Employees are polite in their dealings	3.62	3 <sup>rd</sup>
02	Employees have sufficient knowledge to meet my queries	3.68	2 <sup>nd</sup>
03	I feel safe about the transaction that I make with the bank	3.92	1 <sup>st</sup>
	Mean score	3.74	

An analysis of the above Table suggests that the mean score of assurance dimension is 3.74 which imply that the customers are satisfied on this dimension of service quality. Out of the three components of assurance dimension, the value of weighted average score shows that the employees have sufficient knowledge to meet the customers' queries and the customers feel safe about their transaction. However, the politeness factor should be taken care of by the bank management properly by giving training to the new employees and by providing workshops and seminars for existing employees.

### Level of Satisfaction with respect to Empathy Dimension of Service Quality

S. No	Components of Empathy Dimension	Weighted Average Score	Rank
01	Employees understand varied needs of the customers	3.45	3 <sup>rd</sup>
02	Employees give personal attention to the customers	3.28	2 <sup>nd</sup>
03	Operating hours of the bank are convenient to me	3.48	1 <sup>st</sup>
	Mean score	3.40	

One of the striking features of above table is that the mean score of the service quality dimension Empathy provided by the customers is the lowest in comparison to other service quality dimensions. In all the three elements which were taken into consideration for the survey are very important components, but it is evident that the customers' status is complaining and they feel displeased especially with the employees' attention towards customers. The bank management should educate the employees about how to empathise with the customers by showing personal attention to their needs. In the above table, in order of ranking, convenience of



the operating hours of the bank stands first, while employees' understanding of the different needs of the customer stands second. The employees' personal attention to the customers' concerns ranks last in the above table.

### RECOMMENDATIONS

1. The staff should be adequately trained to deal with the customer on one to one basis.
2. Banks need to revive their infrastructure to have pace with the competing environment.
3. Many of the services needs improvement *e.g.*, ATM facilities.
4. Staff should be adequately trained to encourage face to face dealing.
5. Staff should be friendly and approachable.
6. Clearly defined customer policy should be adopted by the banks.
7. Customer's needs should be anticipated in advance so that they can be helped out in a better way.

### CONCLUSION

Satisfaction is the sum total of customers expression of service quality and depends upon customers' own perception and expectations. Customer satisfaction is the outcome felt by the buyers who have experienced a company's performance that has fulfilled their expectations. Customers are satisfied when their expectations are met and delighted when their expectations are exceeded. Customer satisfaction with respect to service quality is an invaluable asset for the modern organisations, providing unmatched competitive edge. Enhancing the customers' experience is now a crucial component of attracting new customers and retaining the existing customers in order to grow and protect a profitable business. It is because of these factors, marketers are always interested in knowing about the satisfaction of their customers towards their offerings. A major contribution of this study is to identify the areas of customer satisfaction/dissatisfaction of Indian Overseas Bank in Tiruchirappalli Town . Although the satisfaction levels are high on various service quality dimensions, there still remains a lot to be done by the management of the banks to maximise their customer satisfaction.

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