

Influence of Income Status of the customers on Service Quality

Dr. S. Valli Devasena

Assistant Professor, Department of Commerce, Mother Teresa Women's University, Kodaikanal-624 102, Dindigul District, Tamil Nadu, India

Abstract—The customer choice and awareness have been increasing tremendously during this decade due to more open economy, the advent of information technology and media revolution, besides hectic competition for resources by banks. As markets have become increasingly competitive, customers can now immediately go elsewhere if they do not get what they want. Continuous improvement, gaining the competitive edge, increased market share, higher profits—none of these things is possible unless businesses can find new ways of maintaining the loyalty of existing customers. It takes only a few incidents and direct experiences for the knowledgeable customers to form an opinion about the quality of the services and the quality of the product offered. Hence, “customer service is not being viewed as just a business strategy but should become a corporate mission.”

Keywords—Service Quality, Income Status.

I. INTRODUCTION

“By entering into your premises, the customer is giving you opportunity to serve him, but you are not doing a favour by serving him”

- Mahatma Gandhi.

The liberalisation and globalisation of Indian economy took place almost a decade ago. Ever since, the focus point in any service organisation has been “customer service”, more so in the banking industry. The phrases such as “customer is the king in our business”, “service to customer is service to God” are no more a myth but have turned out to be a reality. Customer service is the base for business expansion because of the stiff competition prevalent in the banking industry. With the advent of new private banks, the concept of “customer service” has become an important and pivotal issue in banks, whether it is in the public sector, private sector, co-operative sector and so on. The survival of banking business is dependent on customer services.

II. CUSTOMER SERVICE-SIGNIFICANCE

“The Banking sector industry is considered a service oriented industry. It has to render manifold services to the people who visit the banks. Customer service refers essentially to counter level inter face or through other modes with the customers.”¹

The issue of proper customer service is central to all business operations. That is why management experts have for long, considered customer service as an integral part of the growth strategy of their businesses.

“The leader of an organisation should live and breathe customers’ needs and should communicate this across the organisation.”²

Hence, the major component of customer service is related to the involvement and commitment of the staff rendering such

service. Since the marketing of financial service offered by bank very much depends on the quality of customer service and the satisfaction that customers derive from the services they receive the important criterion to judge the benchmark of a bank is customer satisfaction in terms of good service.

III. BANKER AND CUSTOMER RELATIONSHIP

Today the relationship between the banker and customer has come under sharp focus both at the banker's as well as at the customer's ends. Many customers are expecting better service. The dominant questions which are bothering the minds of bank management today are how to improve customer service and competitive advantage. The products are almost the same; however, the battleground is service.

Paradigm Shift – Scenario in India

Before 1991	After 1991
Seller's market	Buyer's market
Protected market	Open market
Not many global brands	Increase in number of global brands
Friendly competition	Cut-throat competition
Patient customers	Demanding customers
Limited choice for customers	Increasing choice for customers
Limited role of service	Increased role of service
Speed @ will	Turbo speed
Fundamental standalone system	Enterprise system

IT-competitive advantage	IT-Enabler
Gaining new customers	Retaining existing customers
Monologue	Dialogue
Transaction	Relationship

Source: IBA Bulletin, August 2004, p-6.

IV. STATEMENT OF PROBLEM

Customers' preferences keep on changing at a rapid speed and their demands are turned insatiable. In order to cater to the changing preferences, bankers are bound to provide the services suitable to their needs to survive in the competition. Hence an attempt is made to analyse the influence of income status of customers on service quality of banks by Chi Square test

V. REVIEW OF LITERATURE

Kamath³ in his thesis entitled "Marketing of Bank Service with Special Reference to the Branches in Bombay City of Syndicate Bank" has concluded that quick and better services mattered in attracting and retaining a bank customer.

R.P Goyal⁴ in his article "Customer Service in Banks" has underlined the importance of improving customer service in banks and suggested that it could be achieved by motivating and orienting the staff, simple systems and procedures and specific schemes to suit customer needs.

H.K. Bedbak⁵ in his study entitled "Institutional Financing for Priority Sectors – An Analysis of Delay and Attitude," has analysed the delays in sanctioning of loans and attitude of institutional agencies towards the customers as borrowers.

Manjit Singh⁶ in his project "A Study of the Impact of Bank Lendings on Weaker Sections – A Case Study of Agricultural Development Branch of State Bank of India, Moga" has reviewed the standard of living of beneficiaries and non beneficiaries in Moga of Madhya Pradesh.

R. Neelamegam⁷ in his research study "Institutional Financing to Small Scale Industries" has reviewed the various types of institutional financing facilities available to small scale industrial units in Tamil Nadu.

Ranade⁸ in his study entitled "Marketing of Deposit and Allied Service to Non-resident" customers concluded that guide service is the major factor influencing an NRI in the selection of a bank.

Eugene W. Anderson, Daes and Furness and Donald R. Lehmann⁹ discussed the links between quality, expectations, customer satisfaction and profitability. The findings state that when quality and expectations increase, there is a positive impact on customer satisfaction and in turn, profitability.

VI. OBJECTIVES OF THE STUDY

- 1 To analyse the influence of income status of customers on service quality in banks.

- 2 to offer suggestions for the improvement of customer services in State Bank of India

VII. SCOPE OF THE STUDY

This study covers the customer services rendered by State Bank of India in Madurai city. As the study is an empirical study to identify the attitude of the customers towards the services rendered by the banker, the study has been focused towards customers who are the recipient of services and bank employees who are the agencies of delivery of services. As such, it has been projected from the point of view of bank employees and from the point of view of bank customers. It is analysed with reference to customers and employees attitude. The State Bank of India in Madurai city consists of 13 branches. The study was undertaken on the customers and Bank employees of 13 branches only.

VIII. METHODOLOGY

The present study is an empirical one based on survey method. Data were collected from both primary and secondary sources. The primary data were collected from banks' customers and bank employees by means of interview schedule and questionnaire.

Sampling Design

The study aims at analysing the attitude of customers of State Bank of India in Madurai city branches with regard its services.

242 bank employees were supplied with the questionnaire in 13 branches of State Bank of India in Madurai city. But only 240 respondents filled in the questionnaire. Out of these 240 respondents, 60 respondents were bank officials (Bank Managers and Officers). All of them have responded. The remaining was clerical which amounting to 60 per cent of the clerical staff selected on proportionate random sampling method. Indeed, the questionnaires were given through branch managers of the said 13 branches to the clerical staff and they got back researcher the questionnaire filled in by the clerical staff of the respective branches.

Geographical Area of the Study

The study covers the whole area of Madurai city only where the branches of the State Bank of India are situated. They are Amman Sannadhi Branch, Arasaradi Branch, Commercial Tax Complex, Madurai Agricultural Development Bank Branch, Madurai city Branch, Pasumalai Branch, Personal Banking Branch, Tallakulam Branch, Vinayaganagar Branch, West Tower Branch, Railway Station Branch and Madurai Main Branch.

IX. ANALYSIS OF THE STUDY

An attempt has been made to analyse the influence of income status on service quality of banks by Chi Square test.

Income Status of the Respondents and their Opinion Level
An attempt has been made by the researcher to analyse whether the monthly income of the sample customers has an impact on the opinion level.

TABLE 1

Residential Status and Opinion Level of Sample Customers

Sl. No.	Monthly income	Opinion Level			Total
		Low	Medium	High	
1.	Below Rs.3,000	10	83	11	104
2.	Rs.3,000 to Rs.6,000	47	183	51	281
3.	Above Rs.6,000	35	158	72	265
Total		92	424	134	650

Source: Computed from Primary Data.

It is inferred from Table 1 that out of 134 sample customers who have high level opinion, 11 are earning below Rs.3000, 51 are between Rs.3000 – Rs.6000 and 72 belong to above Rs.6000.

Of 424 sample customers who have medium level of opinion 83 are below Rs.3000 income group, 183 belong to Rs.3000 – Rs.6000 and 158 are above the Rs.6000 income group.

Of 92 sample customers who have low level opinion, 10 are earning below Rs.3000, 47 belong to Rs.3000 – Rs.6000 income level and 35 belong to the above Rs.6000 income level.

Null Hypothesis

There is no significant relationship between monthly income of the sample customers and their level of opinion. Table 2 shows the working of the chi-square test.

TABLE 2

Chi-square Test for Monthly Income and Opinion Level of Sample Customers

Cell	O	E	O-E	(O-E) ²	(O-E) ² /E
R ₁ C ₁	10	14.72	-4.72	22.278	1.51348
R ₁ C ₂	83	67.84	15.16	229.83	3.38776
R ₁ C ₃	11	21.44	-10.44	108.99	5.08366
R ₂ C ₁	47	39.772	7.228	52.24	1.31347
R ₂ C ₂	183	183.3	-0.298	0.0891	0.00049
R ₂ C ₃	51	57.929	-6.929	48.014	0.82884
R ₃ C ₁	35	37.508	-2.508	6.2885	0.16766
R ₃ C ₂	158	172.86	-14.86	220.87	1.2777
R ₃ C ₃	72	54.631	17.37	301.69	5.52235
Total					19.0954

$$\begin{aligned} \text{Degrees of freedom } =df &= (c-1)(r-1) \\ &= (3-1)(3-1) \\ &= 4 \end{aligned}$$

$$\text{Calculated value of } \chi^2 = 19.0954$$

$$\text{Table value of } \chi^2_{0.05} = 9.49$$

Since the calculated value 19.0954 is more than the table value at five per cent level of significance, the null hypothesis is rejected. Hence there is a significant relationship between the monthly income of the sample customers and their opinion level.

X. SUGGESTIONS

Recognition of service quality as a competitive weapon is relatively a recent phenomenon in the Indian Banking sector. Prior to the liberalisation era the banking sector in India was operating in a protected environment and was dominated by nationalised Banks. Banks at that time did not feel the need to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs. Hence banks should concentrate more on tech savvy products and services to have more customers and to retain their loyalty.

XI. CONCLUSION

Customers vary in their expectations and attitudes and belong to wide socio-economic and cultural backgrounds. The gap between the expectations of customers and their fulfillment is the root cause of grievances which affects the image of the bank. To overcome this situation, there should be an effective monitoring mechanism and constant vigil over the services provided to customers. Since they have a wide choice of services and multiplicity of products they are more conscious of convenience and cost, safety and speed, respect and quality, courtesy and elegance. State Bank of India has to be very careful in responding to the needs of their customers in an intensely competitive and rapidly changing environment.

REFERENCES

- [1]. K.V. Bhaskara Rao, "Customer Service in Banks" Banking and Finance, January 2006, p.8.
- [2]. Debashis Sarkar, TIPS for Customer Satisfaction, Beacon Books, New Delhi, 1997, p.10.
- [3]. Kamath, "Marketing of Bank Service with Special Reference to the Branches in Bombay City of Syndicate Bank" BMP Ph.D., Thesis, Submitted to NIBM Pune, 1979.
- [4]. R.P Goyal, "Improving Quality of Banking Service Commerce" Banking Supplement, Bombay, July 30, 1983 p.3.
- [5]. H.K. Bedbak, "Institutional Financing for Priority Sectors – An Analysis of Delay and Attitude," Commerce and Management Vol.3, No.1, pp.20-30, 1983.
- [6]. Manjit Singh, "A Study of the Impact of Bank Lending on Weaker Sections – A Case Study of Agricultural Development Branch of State Bank of India, Moga" Research Project Sponsored by Indian Council of Social Research, New Delhi, 1983.
- [7]. R. Neelamegam, "Institutional Financing to Small Scale Industries", Ph.D., Thesis Submitted to Madurai Kamaraj University, Madurai, 1983
- [8]. M.P.Ranade, "Marketing of Deposit and Allied Service to Non-Resident", BMP, Ph.D., Thesis Submitted to NIBM, Pune, 1985.
- [9]. Eugene W. Anderson, Daes, Furness and Donald R. Lehmann, "Customer Satisfaction, Market Share

- and Profitability: Findings from Sweden”, *Journal of Marketing*, Vol.58, July 1994, pp.53-66.
- [10]. R.M. Chidambaram, “Promotional Mix for Bank Marketing”, *IBA Bulletin*, Vol.16, No.3, March 1991, pp.24-26.
- [11]. Biswa N. Bhattacharyya, “Marketing Management and Innovators in the Light of Liberalisation”, *Prajnan*, Vol.20, No.5, 1991, p.419-425.
- [12]. 12. Valariee A. Zeithaml and Mary Jo Bitner, *Building Customer Relationship through Segmentation and Retention Strategies*, Service Marketing, McGraw Hill, 1996, pp.169-199.
- [13]. A.M. Sadare, “Competency Building for Improving Customer Service in Banks”, *Banking and Finance*, Vol.17, No.8, August 2004, pp.19-21
- [14]. *Financial Express* 8th March 2004.
- [15]. *Financial Express* 29th May 2004.
- [16]. Krachenberg, Anthony Richard, “The Marketing of Services with Particular Reference to Commercial Bank Services,” Ph.D., Thesis Submitted to University of Michigan, 1963.
- [17]. Person Marjorie, “Marketing and Banking – An Evaluation of Marketing Program Development in Selected Commercial Banks”, Ph.D., Thesis Submitted to Indiana University, 1965.
- [18]. Reed Jim Dale, “Commercial Bank Selection: A Factor Analysis of the Determinants of Consumer Choice”, Ph.D., Thesis University of Arkansas, 1972.
- [19]. Robert Lee Fitts, “Predictors of Usage Rates for Selected Commercial Bank Service - A Cross Sectional Approach Utilizing Socio-economic, Demographic and Attitudinal Variables” Ph.D., Thesis Submitted to University of Alabama, 1975.
- [20]. R.P Goyal, “Improving Quality of Banking Service Commerce” Banking.