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A Comparative Study on Bankers Perception of Customer Service Quality of New Generation Banks and Foreign Banks in Chennai

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ABSTRACT: In the era of globalization and liberalization, economic reform has become an imperative to remain in the main stream of global economy. In this regard, banking sector being the backbone of the economy is facing rapid changes in the market such as new technologies, economic uncertainties, fierce competition, more demanding customers and the changing climate which lead to an unprecedented set of challenges. Customer is a vital for the development of trade, industry and service sector particularly in financial services. Therefore significance of customer service in the banking sector came to force to compete in a market driven environment. The purpose of this research was to assess the perceptions of bankers, in New Generation banks and foreign banks in Chennai. Using stratified random sampling technique, data was collected from 50 bankers of both banks and it was analysed using independent sample t-test. The study shows that both the banks were providing good quality of services to their customers but in case of ATMs and other facilities the foreign banks tried to increase the number of branches and ATMs in all areas for providing reliable service to their customers.

KEYWORDS: Bankers perception, NGB, FB

I.INTRODUCTION

Banks play an integral part of the financial system in developing Economies. Banking in India has witnessed remarkable changes and development since the onset of the processes of liberalization, globalization and privatization. Regulatory, structural and technological factors are significantly changing the banking environment throughout the world. In other words, financial liberalization has led to intense competitive pressures and banks are consequently directing their strategies towards increasing customer satisfaction and loyalty through improved service quality. It is true that structural changes have resulted in banks being allowed a greater range of activities, enabling them to become more competitive with non-bank financial institutions. Therefore, customer service is the backbone of banking and the banking system in India has the largest outreach for delivery of financial services. Increased competition, highly educated consumers and increase in standard of living are forcing many businesses to review their customer service strategy.

A. New Generation Private Sector Banks

In the earlier stage all the banks in India were private banks, which were founded to cater to the banking needs of the people. Narasimham Committee on financial sector reforms recommended the establishment of new banks in India. Thereafter, RBI issued guidelines for setting up of new private banks in India in January 1993. As per the guidelines, RBI granted licenses to 9 private sector banks namely Bank of Punjab Limited (since merged with Centurian Bank), Centurian Bank of Punjab (since merged with HDFC Bank), Development Credit Bank Limited, HDFC Bank Limited, ICICI Bank Limited, IndusInd Bank Limited, Kotak Mahindra Bank Limited, Axis Bank (earlier UTI Bank) and Yes



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Bank Limited. Housing Development Finance Corporation Limited became the first to receive an “in principle” approval from the Reserve Bank of India to set up a bank in the private sector.

B.Foreign Banks

Foreign banks now constitute the largest segment of scheduled commercial banks in the country. Totally there are 46 foreign banks operating in India Out of which 12 banks operating in Chennai. The recent trend of the foreign banks and the private sector banks has working with competitive spirit and providing better quality of services to the customers.

II.LITERATURE REVIEW

1) **Mohammed Arif shaik(2014)** in his study identified bankers perception of benefits and risks associated with electronic banking facilities in Ethiopia. Bank employees were the primary source of data and the data so collected was analyzed using mean score analysis. His findings revealed that bankers perceive ‘a means to save time’ and ‘minimize inconvenience’ as the most and the least advantage of electronic banking whereas ‘Need for expertise and training’ and ‘charge a high cost for services’ are considered as the most and the least risk associated with electronic banking.

2)**Madiha Arshad, Samina Aslam (2011)** in their study gauge the perceptions of employees, in both Islamic banks and conventional banks, of Islamic products and services, the training and experience gained in Islamic banking, and the potential of Islamic banking in Pakistan. The results revealed that bankers in Islamic banks have more positive perceptions on the above issues. The bankers also claimed that they require well-trained and skilled employees must be addressed critically by the government, industry players and educationists for the sustainable growth of Islamic banking in Pakistan

III.OBJECTIVES OF THE STUDY

To study the perception of bankers about the quality of service delivered to the customers of New Generation banks and foreign banks in Chennai.

IV.RESEARCH METHODOLOGY

To carry out the research work in a systematic way the following methodology has been used in the current study. To get the detailed opinion from the bankers, the researcher has made a descriptive research. Both primary and secondary data has been used for the research work. To collect the primary data questionnaire has been prepared and the respondents are selected by using stratified random sampling method. Questionnaire has been widely circulated among the bankers from different banks for the data collection. The collected data has been analyzed through Independent sample t test. The secondary data is collected from magazines, journals, books and websites.

V. COMPARING THE BANKERS PERCEPTION IN NEW GENERATION BANKS (NGB) AND FOREIGN BANKS (FB) IN CHENNAI CITY

The respondents’ demographic profile is presented in Table 1. A total of 50 bankers were involved in this study.

1. Demographic profile of respondent

Variable	Frequency	Percent
Gender	Male	30 60%
	Female	20 40 %
Age	Below 30 years	7 14%
	31-39 years	22 44 %
	40-49 years	18 36 %
	>=50 years	3 6%

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Highest education attained	Diploma and below	1	2%
	Bachelor's degree	16	32%
	Masters degree	32	64%
	Any other	1	2%
Work Experience	1 to 5 yrs	16	32%
	6 to 10 yrs	22	44%
	More than 10 yrs	12	24%
Respondents per bank	New Generation Banks	35	70%
	Foreign banks	15	30%

The above table shows that 60% of them were male while the rest were female bankers. In addition, of the 50 bankers surveyed, 14% were below or equal 30 years old, 44% were in the range of 30-39 years of age, and the rest were between 40 and 49 years old (36%) and above 50 years old (6%). Also, 1% bankers held at least a diploma level education, while the bankers who held undergraduate and postgraduate degrees accounted for 32% and 64% respectively. 32% of employees having work experience of 1 to 5 years, 44% were in the range of 6 to 10 years and 24% were more than 10 years. In addition, 70% respondents in this study were from the New Generation banks while 30% of the respondents worked with the foreign banks.

An analysis of the perception of bankers about the quality of services delivered to the customers is depicted in Table 2. The respondents gave their opinion in Likert's 5 point scale which ranges from 5 to 1. The comparison is done through a parametric independent t test to exactly ascertain the bankers' perception of providing service to the customers and the significance of t value is considered at 5% level.

2. COMPARISON OF BANKERS PERCEPTION IN NGB AND FB

Group Statistics							
Perception	bank	N	Mean	Std. Deviation	Std. Error Mean	t-value	significance
p1	NGB	35	4.49	.702	.119	1.669	.102
	FB	15	4.13	.640	.165		
p2	NGB	35	4.03	.785	.133	1.212	.231
	FB	15	3.73	.799	.206		
p3	NGB	35	4.26	.701	.118	1.851	.070
	FB	15	3.87	.640	.165		
p4	NGB	35	4.51	.818	.138	1.407	.166
	FB	15	4.20	.414	.107		
p5	NGB	35	4.14	.810	.137	.044	.965
	FB	15	4.13	.352	.091		
p6	NGB	35	4.09	.702	.119	.096	.924
	FB	15	4.07	.458	.118		
p7	NGB	35	4.23	.731	.124	1.044	.302
	FB	15	4.00	.655	.169		
p8	NGB	35	4.31	.832	.141	1.042	.303
	FB	15	4.07	.594	.153		
p9	NGB	35	4.34	.838	.142	1.458	.151
	FB	15	4.00	.535	.138		
p10	NGB	35	4.34	.906	.153	5.522	.001
	FB	15	2.73	1.033	.267		

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Source: Primary data

1. Physical facilities of the bank and ambience

From the above table it is found that the t value of physical facility is 1.669, $p=.102$ which is statistically insignificant @ 5% level. The mean value of physical facility for new generation bank is 4.49 and foreign bank is 4.13. This implies both NGB and FB bankers provide excellent physical facility and attractive ambience in their banks.

2. Rendering services as promised to its customers

It is found that t-value of rendering service as promised to its customers is 1.212, $p=.231$ which is statistically insignificant @ 5% level. The mean value for NGB is 4.03 and FB is 4.03. This indicates that both bankers provide services as promised in a well disciplined and prompt way.

3. Employees willingness to help customers

The analysis revealed that the t-value of employees willingness to help customers is 1.841, p value is 0.070 are statistically insignificant @5% level. It implies that NGB and FB bankers differ in showing willingness to help the customers. In particular NGB (mean= 4.26) and FB (mean= 3.87) clearly indicated that the NGB identify the customer needs and help them with individual interest where as foreign banks bankers having some problem in helping the customers.

4. Ensuring safety and security

In case of ensuring safety and security, t-value is 1.407, $p=.166$ which is statistically insignificant at 5% level. The mean value for NGB is 4.51 and FB 4.20. It indicates that safety and security provided by NGB is very good than Foreign bank.

5. Employees competent about banking operations

The analysis revealed that the t value of employees competent in banking services is .044 and $p=.965$ which is statistically insignificant @ 5% level. The mean value for NGB is 4.14 and FB is 4.13. It indicates that both the bankers are well qualified and competent in providing advice on deposits, investments, Tax benefits and answer the customer queries

6. Caring and individual attention to the customers

It is found that the t value of caring and individual attention of bankers to the customers is .096 and $p=.924$ is statistically insignificant @ 5% level .The mean value of NGB is 4.09 and FB is 4.07 which shows that both the bankers are very caring and give individual attention to every customer like opening an account, filling application forms, enquiries etc.

7. Courteous and polite

Providing courteous service is necessary in meeting several requirements such as customer satisfaction, customer loyalty and attracting new customers and to increase the market share and profitability. The bankers revealed that the t value of their courteous service is 1.044, $p=.302$ which is statistically insignificant @ 5% level. The mean value for NGB is 4.23 and FB is 4.00 which indicates that the courteous service provided to the customers in NGB banks are very good than FB

8. Honest and trustworthy in providing services

It is found that the t value of providing honest service to their customers is 1.042, $p=.303$ which is statistically insignificant @ 5% level. The data reveals that there is no hidden cost involved, no hiding information and employees understanding level towards customers are very high in NGB with the mean value of 4.31 than FB (Mean value 4.06) in providing honest and trustworthy services to their customers.

9. Easily approachable for their problems and request

It is found that the customers are easily approached the bankers for their problems and request with the t value is 1.458, $p=.151$ which is statistically insignificant @ 5% level. The data (Mean value of NGB is 4.34, FB is 4.00) revealed that both the bakers are friendly and they are ready to help to the customers and the customers are also easily approachable for their problems at any point of time.

10. ATMs and other facilities

In case of ATM and other facilities, t value is 5.522, $p=.001$ which is highly significant @ 5% level. The data reveals that the new generation banks have more branches and ATMs (Mean 4.34) when compared with foreign banks with mean value of 2.73. This shows that the foreign banks tried to increase the number of branches and ATMs in all areas for providing reliable service to their customers.



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VIFINDINGS

The detailed analysis of the respondents from the bankers of both New Generation Banks and foreign banks gives the following results

- Analysis revealed that NGB and FB differ in providing services to customers regarding bank branches, ATMs and other facilities for quick services
- From the overall analysis, both bankers providing good quality of services regarding physical facilities of the bank, rendering promised service, willingness to help customers, competent, caring and individual attention, courteous, honesty and easily approached the banker at any time.

VII. BANKERS' SUGGESTION TO IMPROVE THE BANK SERVICES

Most bankers from different banks suggested that there should be more recruitment of staff. They require more employees, especially young energetic staff to work. Also, Employees should be trained on technical aspect and behavioural aspects, so that they can provide quick and efficient services to the customers. Bankers also felt that they should have more presence across the nation, to deliver uniform quality service to the customers. Some foreign banks are focussing only on higher class customers; they should also concentrate on upper middle class. Increase in number of branches and ATMs are suggested by some bankers.

IX. CONCLUSION

In any service organization the quality of rendering service is considered as an important element in order to meet the specific requirements of the customer. Customer value is an asset to any organization. The success of the bank mainly depends upon the customer satisfaction. Hence in order to maintain the customer, the bank provides good quality of service and making it available at the right time for the customers. Modern technology and innovation are also required in every aspect of banking system. From the overall analysis it is quite clear that the perception level of bankers in relation to quality of service delivered to customers of New Generation banks and foreign banks in Chennai is very high.

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