

# Customer's Perception towards Services of the Selected Banking Sector in South Indian District

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## Abstract:

The present study aims to determine the factors which constitute customers' perception towards services of the selected banking sector in south Indian district. Banking has become a vital instrument in the economic development of the country. Banks are basically human organisation. They employ large number of people in the society so as to fulfil their own organisational and national objectives. The perception is the formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience as it is observed as a larger concept than user satisfaction. The digital era has opened up the door for more banking players to enter the financial field. Owing to this, the public and private sector banks have attempted more competition for finding their growth and to sustain the brand in the market. Challenges in marketing of financial services come in many forms and pose significant hurdles for public and private sector banks. The reason of the study explores the factors influencing the customers' perception towards services offered by the selected banks and to study socio-economic profile of the selected customers of banks in south Indian district. The research design used in this study is descriptive research design. The customers' perception towards services of the selected banking sector in south Indian district is analyzed by using the statistical tools like Correlation and Multiple Regression Analysis. The results may help the banking sectors to understand about the factors that influence the customers' preferences towards services of the selected banking sector in south Indian district.

**Keywords:** customers' perception, Banking, Services, Consumers' experience, Technology.

## 1. INTRODUCTION AND CONCEPTUAL FRAMEWORK

The perception is the formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience as it is observed as a larger concept than user satisfaction. From this perspective, assessing the user experience is essential for many technology products and services. Attitudes are a predisposed response to an object and are a crucial concept in studying consumer behavior.

Customers may have various attitudes towards objects which are important for marketers. Attitudes can be used as a theoretical summary of a customer's evaluation of an object. It can also give indication of positive and negative feelings and behavioral tendencies. However the attitude-behavior link may not always be accurate as there are other variables which may affect behavior.

## **2. CURRENT SCENARIO OF INDIAN BANKING INDUSTRY**

The Indian banking system consists of 20 public sector banks, 22 private sector banks, 44 foreign banks, 44 regional rural banks, 1,542 urban cooperative banks and 94,384 rural cooperative banks in addition to cooperative credit institutions. As on January 31, 2020, the total number of ATMs in India increased to 210,263 and is further expected to increase to 407,000 by 2021.

Asset of public sector banks stood at Rs. 72.59 lakh crore (US\$ 1,038.76 billion) in FY19. According to Reserve Bank of India (RBI), India's foreign exchange reserve stood at approximately US\$ 490.04 billion as on May 22, 2020. During FY16-FY20, credit off-take grew at a CAGR of 13.93 per cent. As of FY20, total credit extended surged to US\$ 1,936.29 billion.

During FY16–FY20, deposits grew at a CAGR of 6.81 per cent and reached US\$ 1.90 trillion by FY20. Credit to non-food industries increased 3.3 per cent y-o-y, reaching Rs. 89.1 billion (US\$ 1.26 trillion) on February 28, 2020 and Rs. 100.80 lakh crore (US\$ 1.42 trillion) on March 13, 2020.

Indian banks are increasingly focusing on adopting integrated approach to risk management. The NPAs (Non-Performing Assets) of commercial banks has recorded a recovery of Rs. 400,000 crore (US\$ 57.23 billion) in FY19, which is highest in the last four years. As per Union Budget 2019-20, investment-driven growth required access to low cost capital, and this would require investment of Rs. 20 lakh crore (US\$ 286.16 billion) every year.

RBI has decided to set up Public Credit Registry (PCR), an extensive database of credit information, accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed and is expected to strengthen the banking sector. Total equity funding of microfinance sector grew 42 per cent year to year to Rs. 14,206 crore (US\$ 2.03 billion) in 2018-19.

Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY) increased to Rs.1.28 lakh crore (US\$ 18.16 billion) during the week ended April 8, 2020. As of November 2019, there were a total of 19 million subscribers under Atal Pension Yojna. Rising income is expected to enhance the need for banking services in rural areas, and therefore, drive the growth of the sector. The digital payments revolution will trigger massive changes in the way credit is disbursed in India. Debit cards have radically replaced credit cards as the preferred payment mode in India after demonetisation. Transactions through Unified Payments Interface (UPI) stood at 1.23 billion in May 2020, valued at Rs. 2.18 lakh crore (US\$ 30.97 billion). As per

Union Budget 2019-20, the Government proposed a fully automated GST refund module and an electronic invoice system to eliminate the need for a separate e-way bill.

### 3. REVIEW OF LITERATURE

**Fatemeh Sakhaei et al. (2014)** explored that the service quality indexes in Internet Banking. This research was a descriptive-surveying kind. The data were collected from 384 costumers, using internet banking services in Tehran, Iran. The customers were selected by random sampling method. The tools used were KolmogorovSmirnov test, Kruskal-Wallis test and correlation. The Spearman correlation coefficient was utilised to look at the relationship between variables. The correlation resulted in a 99 percent confidence level of p-value association between the dependent variable and independent variables, dependability, efficiency, responsiveness, fulfilment, privacy / security, and website design for service quality in internet banking. The researchers found that the internet banking service quality dimensions of dependability, efficiency, responsiveness, fulfilment security/privacy, and website design had been discovered, and presented indicators to gauge customer satisfaction with service quality consumer surveys confirmed. The indicators were offered to evaluate the service quality and customer satisfaction as a result of Internet banking works in Iran. The results indicated that the reliability index had the most effective and website design has the least effective on customer satisfaction than other indicators. Since the average customer satisfaction does not differ between the websites of different banks can be the result of different banks in our country in terms of quality of web services was not statistically significant.

**Mubbsher Munawar Khan and Mariam Fasih (2014)** determined that the satisfaction level of banking customers regarding quality of different services provided by their bank and their loyalty with the respective bank. The total number of 225 respondents was taken for the study. Descriptive statistics, one sample t-test, correlation and regression were used to analyze the data. The findings revealed that service quality 60 and all of its aspects, including tangibles, reliability, assurance, and empathy, had a strong and positive relationship with customer satisfaction and loyalty to their respective financial service providers. In Pakistan, bank employees rarely give timely service, and consumers must wait for longer periods of time to be assisted. According to the researchers, it is critical to innovative services in response to the needs and desires of clients. Every plan must put the customer first. Financial institutions must consider the end effect of their service quality innovations in this regard. The long term should take precedence over the immediate circumstances.

Neelam Sujeet Yadav (2012) in his research examined the customers' perception towards e-banking services of selected banks. The main aim in this research was to examine the importance of e-banking in banking sector and its impact on the customer satisfaction with a special reference to State Bank of India

(SBI), ICICI, Bank of Maharashtra and Dena Bank. The sampling technique used was simple random sampling and convenient sampling. For this purpose, the sample was collected from 600 customers and 40 managers of selected banks. The statistical method used in this was Chi-square, Anova, customers' expectancy model and factor analysis. It was found that there was a significant difference in all the aspects of e-banking with reference to traditional banking. It was difficult to keep clients in a highly competitive, dynamic market. Customers have a favourable perception of e-banking, according to the report. The good influence of technology infusion could now be seen in practically every aspect of banking operations, particularly in the country's retail and payment systems. As a result, e-banking has become an unavoidable marketing technique that can be viewed as a vital market obligation for banks in the current environment.

**Arpita Khare (2011)** in the study explored that the customers' perception and attitude towards service quality in multinational banks in India. For this purpose, the data was collected among the 198 respondents of the banks. ICICI, HDFC (Private Banks), State Bank of India, Union Bank, and Punjab National Bank were among the banks chosen (Public sector banks). Data was collected using a random sample technique. Customers' attitudes regarding international banks in India were shaped by their experiences with Indian banks. The disparity in service quality, both in terms of delivery and outcome, was a crucial factor in their opinions that international banks provide superior service. They believe multinational banks operate in several countries and have effective methods for meeting the needs of their consumers. Despite the fact that the majority of the clients in the poll had never visited a foreign bank, they were confident in its quality attributes. Although Indian banks have made various attempts to improve their services in recent years, clients perceive that foreign banks' service quality is far greater. The positive image can assist international banks in developing marketing strategies. The 34 foreign banks must focus on the service quality by improving their tangibles as it would help in differentiating them from Indian banks. The results showed that Indian customers

**Maya Lohani and Kamlesh Kumar Shukla (2011)** conducted a study to know the customer perception towards services provided by Bank of Baroda (BoB) and ICICI bank of Lucknow region. The total sample size of the study was 200 consisting 100 from Bank of Baroda and 100 from ICICI bank. These respondents had selected on random sampling basis. According to the findings, using the internet to conduct financial transactions is one of the most promising channels for connecting customers with financial service providers. In ICICI bank, 24-hour Customer Care was always accessible to answer any questions or take directions, however this service was not provided to BoB customers. In the Lucknow city region, it was determined that the perceived quality of services offered by private sector banks was superior to that of public sector banks. Although public sector banks had a substantial presence in the market, they had recently faced tough competition from private sector banks in terms of the range and quality of

services they provided. To stay ahead of the competition in the current environment, banks needed to be service-oriented. Public sector banks must focus on giving consumers with up-to-date information about new services they offer. **Santhiyavalli (2011)** discussed that the service quality of State Bank of India by identifying the major factors responsible for customer satisfaction. For this purpose, SERVQUAL technique was adopted. The five branches of State Bank of India with ATM centers located at R.S Puram, Saibaba colony, Singanallur, Race Course Road (Avanashi road) and Ganapathy were selected for the study. Convenience sampling method was used to select sample respondents. The questionnaires were distributed to 300 people, and 250 completed questionnaires were received in the end. Factor analysis, weighted analysis, and percentage analysis were employed as methods. The investigation revealed that service quality should be used as a strategic instrument for gaining a competitive edge over competitors. The banking sector in India has become more competitive as the country's banking industry has become more globalised and universal banks have been adopted. According to the gap score analysis, of the four dimensions, 'Empathy' had the 39 highest average score of 3.240 in the State Bank of India. The factor analysis clearly showed that among the five dimensions, 'Reliability,' 'Responsiveness,' 'Empathy,' and 'Tangibility' were the primary factors responsible for customer satisfaction, which stood at 90% for State Bank of India services

#### **4. RESEARCH METHODOLOGY**

For the present study, the perception of the selected customers, who are possessing and accessing their account both public and private sector banks, towards services offered by banks in south Indian district have been collected. The banks are selected both in public and private sector with the basic criteria of having more than 10 branches. In this way, the researcher has selected six public sector banks and seven private sector banks in south Indian district of Tamilnadu. In this research, a total of 900 respondents have been selected consists 450 respondents from public sector and 450 respondents from private sector banks. The data were analyzed by using statistical tools like percentage, Correlation analysis and Multiple Regression analysis.

#### **5. RESULTS AND DISCUSSION**

**Perception towards services offered (correlation analysis)**

**Degree of relationship between selected independent variables and perception towards services offered by the banks (correlation analysis)**

The relationship between the selected independent variables and the dependent variable perception towards services offered by the banks has been found by using correlation analysis. The independent variables viz., age, educational qualification, monthly earnings, family size, period of account with the bank, attitude towards services offered by the banks and level of satisfaction towards service offered by the banks. The goal of the correlation analysis is to observe what extent the selected independent variables predict the dependent variable perception towards services offered by the banks. The result of the correlation between the independent and dependent variables is discussed in the following table.

Table no. 1. Degree of Relationship between Selected Independent Variables and Perception towards Services Offered By the Banks (Correlation Analysis)

No.	Independent variables	'r' value	'p' value
1.	Age	-0.105	0.002*
2.	Educational qualification	-0.103	0.002*
3.	Monthly earnings	0.008	0.816 <sup>NS</sup>
4.	Family size	0.297	0.000*
5.	period of account with the bank	-0.066	0.047**
6.	Attitude towards services offered by the banks	-0.182	0.000*
7.	Level of satisfaction towards service offered by the banks	-0.266	0.000*

**Note : \* - Significant at 1% level**

It is noted from the above table that how the selected independent variables affect the perception towards services offered by the banks. It is observed that among the seven selected independent factors, only one factor viz. family size is having positive correlation with the perception towards services offered by the banks in the study area. The variables age, educational qualification, period of account with the bank, attitude towards services offered by the banks and level of satisfaction towards service offered by the banks are having negative association. On the other hand, the variable monthly earning is not associated with the perception towards services offered by the banks. It is found that whenever the family size increases their perception towards services offered by the banks also positively increases. Further, whenever the age, educational qualification, period of account with the bank, attitude towards services offered by the banks and level of satisfaction towards service offered by the banks increases their perception towards services offered by the banks decreases.



## PERCEPTION TOWARDS SERVICES OFFERED BY THE BANKS (MULTIPLE REGRESSION ANALYSIS)

In the following analysis, the strength of the relationship between the selected independent variables and their perception towards services offered by the banks was studied and the regression results are discussed in the following table.

Table no. 2.Perception towards services offered by the banks (multiple regression analysis)

No.	Variables	Coefficient	SE	't' value	'p' value
	(Constant)	5.300			
1.	Age	-0.040	0.015	-2.567	0.010*
2.	Educational qualification	-0.064	0.016	-3.971	0.000*
3.	Monthly earnings	0.020	0.012	1.713	0.087 <sup>NS</sup>
4.	Family size	0.115	0.018	6.421	0.000*
5.	period of account with the bank	-0.065	0.018	-3.620	0.000*
6.	Attitude towards services offered by the banks	-0.077	0.032	-2.422	0.016**
7.	Level of satisfaction towards service offered by the banks	-0.167	0.029	-5.722	0.000*
	<b>R Value</b>	<b>0.402</b>			
	<b>R<sup>2</sup> Value</b>	<b>0.161</b>			
	<b>F Value</b>	<b>24.541*</b>			

Note: \* - Significant at 1% level; \*\* - Significant at 5% level; NS – Not Significant

The resulted equation is formulated as follows:

### Perception towards services offered by the banks

$$\begin{aligned}
 &= 5.300 \\
 &\quad - 0.040 (\text{Age}) \\
 &\quad - 0.064 (\text{Educational Qualification}) \\
 &\quad + 0.020 (\text{Monthly earnings})
 \end{aligned}$$

- + 0.115 (Family Size)
- 0.065 (Period of account with the bank)
- 0.077 (Attitude towards services offered by the banks)
- 0.167 (Level of satisfaction towards service offered by the banks)

The multiple linear regression co-efficient is found to be statistically fit as  $R^2$  is 0.161 for perception towards services offered by the banks. It shows that the independent variables contribute about 16.1 percent of the variation in the perception towards services offered by the banks and this is statistically significant at 1 percent level. It is found from the analysis that the family size is having positive association.

The resulted equation shows that perception towards services offered by the banks is predicted by the 0.040 unit decrease of age, 0.064 unit decrease of educational qualification, 0.020 unit increase of monthly earnings, 0.115 unit increase of family size, 0.065 unit decrease of period of account with the bank, 0.077 unit decrease of attitude towards services offered by the banks and 0.167 unit decrease of level of satisfaction towards service offered by the banks.

## 6. FINDINGS OF THE STUDY

- It is noted from the analysis that the majority of the respondents are male.
- It is examined from the analysis that the majority of the respondents belong to 41-50 years age category.
- It is observed from the analysis that the majority of the respondents are qualified with professional degree.
- It is inferred from the analysis that the majority of the respondents are engaged in business.
- It is determined from the analysis that the majority of the respondents are earning Rs.30001-40000 monthly.
- It is found from the analysis that the majority of the respondents are married.
- It is obtained from the analysis that the majority of the respondents are having 4-5 members in their family.
- It is stated from the analysis that the majority of the respondents belong to nuclear family.
- It is evaluated from the analysis that the majority of the respondents are deals with saving account in the bank.



- It is surmised from the analysis that the majority of the respondents are maintained the account in private sector bank.
- It is revealed from the analysis that the majority of the respondents are high utilization of banking services.
- It is noted from the analysis that selected all the respondents opined that services using offered by the banks like 'automated teller machine, debit card and Mobile banking services'.
- It is examined from the correlation analysis that whenever the family size increases their perception towards services offered by the banks also positively increases. Further, whenever the age, educational qualification, period of account with the bank, attitude towards services offered by the banks and level of satisfaction towards service offered by the banks increases their perception towards services offered by the banks decreases.
- It is showed from the analysis that the family size is having positive association. The perception towards services offered by the banks is predicted by the 0.040 unit decrease of age, 0.064 unit decrease of educational qualification, 0.020 unit increase of monthly earnings, 0.115 unit increase of family size, 0.065 unit decrease of period of account with the bank, 0.077 unit decrease of attitude towards services offered by the banks and 0.167 unit decrease of level of satisfaction towards service offered by the banks.

## **7. SUGGESTIONS OF THE STUDY**

- It is confirmed from research that the customers qualified professional degree have the maximum perception towards banking services for the reason that they well known about the services and schemes. So, the bank managers should take necessary action to create awareness about the services and schemes of the banking among the customers have low qualification and educate them to increase their using bank services.
- It is revealed from the results that businessmen have the high level of perception towards banking services because they can do more bank performances in their convenience time. Thus, the banks should induce all the customers to do their bank operations through internet banking and mobile banking via all the customers can enrich the perception level on banking services.
- The banking sector should improve the additional services to ensure extreme customer perception and satisfaction and they should also focus on services which can attract customers and regulate them.

## 8. CONCLUSION

This study mainly focused on customer perception towards banking services in south Indian district District. Banks as a service organization must ensure that every elements of service delivery to the customers are well thought out and customer oriented. The banking managers have to arrange awareness programs to educate the customers about services and schemes. The banking sectors have to initiate steps to educate the customers regarding the using services through the adoption of latest technology.

The bank has to make familiar its innovative services to the customers by effective awareness strategies. The bank should provide good environment in order to face huge number of customer and customer queries should be cleared quickly in order to avoid customer facing problem. They concluded that the banks should enhance the additional services to ensure supreme customer satisfaction and also focuses on safety and security which can attract customers prefer banks.

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**APPENDIX****CUSTOMERS' PERCEPTION TOWARDS SERVICES OF THE SELECTED BANKING  
SECTOR IN SOUTH INDIAN DISTRICT****QUESTIONNAIRE****I. SOCIO-ECONOMIC DETAILS**

- 1) Name : \_\_\_\_\_
- 2) Gender : a) Male ☐ b) Female ☐
- 3) Age
  - a) Upto 30 years ☐
  - b) 31-40 Years ☐
  - c) 41-50 years ☐
  - d) 50 Years ☐
- 4) Educational Qualification
  - a) School level ☐
  - b) College Level ☐
  - c) Professional ☐
- 5) Occupation
  - a) Govt. employee ☐
  - b) Private sector ☐
  - c) Business ☐
  - d) Professional ☐
  - e) Others ☐
- 6) Monthly earnings (Rs.)
  - a) Upto Rs.20000 ☐
  - b) Rs.20001 -30000 ☐
  - c) Rs.30001-40000 ☐
  - d) Above Rs.40000 ☐
- 7) Marital Status :
  - a) Single ☐
  - b) Married ☐
- 8) Family size
  - a) Upto 3 members ☐
  - b) 4-5 members ☐
  - c) Above 5 members ☐
- 9) Family Style
  - a) Nuclear Family ☐
  - b) Joint Family ☐
- 10) Area of Residence
  - a) Rural ☐
  - b) Semi Urban ☐
  - c) Urban ☐
- 11) Name of the account, you deal with
  - a) Savings A/c ☐
  - b) Current A/c ☐
  - c) Both ☐
- 12) In which bank have you maintained the account ?

- a) Public Sector ☐                      b) Private Sector ☐  
c) Both ☐
- 13) How many accounts have you maintained with the bank ? \_\_\_\_\_
- 14) How long are you operating your A/c with the bank ?  
a) Upto 5 Years ☐                      b) 6-10 Years ☐  
c) Above 10 years ☐
- 15) How often have you go to bank ?  
a) Daily ☐                      b) 2-3 days ☐  
c) Once in a week ☐                      d) Twice a month ☐  
e) Once a month ☐                      f) Quite often ☐
- 16) Area of the bank  
a) Rural ☐                      b) Semi Urban ☐                      c) Urban ☐
- 17) Information about the category of your bank  
a) Manual ☐                      b) Partially computerised ☐  
c) Fully computerised ☐                      d) Core banking ☐
- 18) Please tick (✓) in the appropriate boxes based on your opinion on service offered by the banks.  
**SA** – Strongly Agree; **A** – Agree; **N** – Neutral; **DA** – Disagree; **SDA** – Strongly Disagree

No.	Statements	SA	A	N	DA	SDA
	<b>Tangible</b>					
1	Employees have a neat, professional appearance					
2	The bank has modern equipment					
3	The bank has visually appealing material associated with the service					
4	The facilities of bank are visually appealing					
	<b>Reliability</b>					
5	Bank employees provide services as promised					
6	Bank employees are dependable in handling customer's service problems					
7	Bank employees perform services right at the first time					
8	Bank employees provide services at the promised time					

No.	Statements	SA	A	N	DA	SDA
9	Information that is provided is accurate					
10	The web page are functioning properly					
11	Information content and text are easy to understand					
12	Links are problem free, accurate and page downloads quickly					
	<b>Empathy</b>					
13	Bank employees giving customers individual attention					
14	Bank employees deal with customers in a caring fashion					
15	Bank employees have the customer's best interest at heart					
16	Bank has hours convenient to all customers					
17	Bank employees understand the individual needs of their customers					
	<b>Assurance</b>					
18	Bank employees instill confidence in customers					
19	Bank employees make customers feel safe in their transaction					
20	Bank employees are consistently courteous					
21	Bank employees have the knowledge to answer customer Questions					
22	The bank provides financial security and confidentiality					
23	The bank's site is secured for your credit card information					
	<b>Responsiveness</b>					
24	Bank employees provide prompt service to customers					
25	Bank employees are always willing to help customers					
26	Bank employees are ready to respond to customers request					
27	Bank employees are never too busy to respond to customer questions					

No.	Statements	SA	A	N	DA	SDA
28	The bank takes care of problems properly and compensate for the problems					
29	You are able to talk to customer service representative in the bank over phone					
30	The bank is willing to help customers, provide prompt service and information					