



## Influence of Services and Quality of Private Banking in India

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### Abstract

Private banking in India was practiced since the beginning of banking system in India. The first private bank be set up in India was the IndusInd Bank. It was one of the fastest growing banks, among private sector banks in India." A customer is one who receives a product or service from an organization. So defined, a customer would obviously include an account holder or his representative, or a person carrying on casual business transactions with a bank, or a person who on his own initiative may come within the ambit banking fold. The study entitled customer perception to the services of commercial banks in Madurai city is carried out in the Temple city which is the second largest one in Tamil Nadu. Twenty four public sector banks and fifteen private sector banks function in Madurai district.

**Keywords:** Private banking; Bank customer; Commercial banks; Perception

### Introduction

Private banking in India was practiced since the beginning of banking system in India. The first private bank be set up in India was the IndusInd Bank. It was one of the fastest growing banks, among private sector banks in India. IDBI ranked the tenth largest private development bank in the world and has promoted world class institutions in India. The Housing Development Finance Corporation Limited established a bank in the private sector as part of the RBI's liberalization of the Indian banking industry. The private banks have made banking more efficient and customer friendly. In the process, they have jolted public sector banks out of complacency and forced them to become more competitive. The present study is based on both primary and secondary sources. The primary data was collected from the customers of commercial banks by sample survey through structural interview schedule. The secondary data were collected from books, journals, newspapers, periodicals, reports, Internet and the like.

Every person who uses any of the services offered by a bank is a customer of the bank. According to the view expressed by Sir John Paget, "to be a customer, there must be some recognizable course or habit of dealing in the nature of regular banking business." A customer is one who receives a product or service from an organization. So defined, a customer would obviously include an account holder or his representative, or a person carrying on casual business transactions with a bank, or a person who on his own initiative may come within the ambit banking fold.

### Bank customer

Persons who keep either a savings account or current account or both and carry on regular dealings are considered as customers for the purpose of this study excluding companies, corporation, governments and other organizations.

### Period of the study

The study covers a period of ten years from 2005-2006 to 2014-2015.

### Sample Design

The study entitled customer perception to the services of commercial banks in Madurai city is carried out in the Temple city which is the second largest one in Tamil Nadu. Twenty four public sector banks and fifteen private sector banks function in Madurai district. On the whole twenty branches were selected from public and private sector banks respectively.

### Field work and collection of data

Field work for this study was carried out by the researcher himself. The researcher had used the interview schedule for collecting data from bank customers. After collecting the information through the interview schedule the data were verified and edited. The survey was conducted during the period from January 2015 to June 2015 [1].

### Frame work of analysis

After the collection of data, the filled in interview schedules were edited. A master table was prepared to sum up all the information contained in the interview schedule. The classification of tables had been made for analysis. While analyzing the data the Rank Correlation Coefficient were applied.

In this paper, the statistical tool Pearson rank correlation coefficient was applied to analyze the relationship between perceived and desired levels of perception for private sector banks in all the ten dimensions.

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in tangibility dimension

Table 1 examines the rank correlation coefficient between the perceived and desired levels of service quality for the tangibility dimension.

Factors/Correlation	Parking space on the bank premises	Space layout and of counters adequacy	Availability of bank stationery	Sign boards of indicating timings appropriate counters	Upholstery and convenience at	Bank staff adequacy
Between Perceived and Desired	0.398*	0.368*	0.597*	0.331*	0.417*	0.546*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 1:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in tangibility dimension.

It could be seen that the rank correlation coefficient worked out on all the factors indicated that they were significant at 5 per cent level which pointed out that the relationship between the customers' perceived and desired level was high. The lowest correlation coefficient of 0.331 was found in the case of the individual factor on "sign boards indicating of timings at appropriate counters".

From the analysis it can be concluded that the customers expected a still better display of "sign boards indicating of timings at appropriate counters".

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in reliability dimension

The rank correlation coefficient between the perceived and desired levels of service quality for the reliability dimension is presented vide Table 2.

Factors/Correlation	Uniform level of service at all times	Rendering promised service	Clarity of entries in the pass book	Safe transactions bank	Prompt services	Appropriate and updating of the account statements
Between Perceived and Desired	0.442*	0.375*	0.473*	0.03	0.208*	0.423*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 2:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in reliability dimension.

The correlation coefficient worked out indicated that they were significant at 5 per cent level while the relationship between the customers' perceived and desired levels was high except in the individual factor on "safe bank transactions (0.030)" which was not significant. The lowest correlation coefficient of 0.208 was found in the case of the individual factor on "prompt services".

From the analysis it can be seen that the customers desired a still better rendering of "prompt services" by the banks.

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in responsiveness dimension

The rank correlation coefficient between the perceived and desired levels of service quality for the responsiveness dimension for private sector banks is discussed vide Table 3 below.

Factors/Correlation	Interest and willingness of the bank staff to clarify doubts and queries	Emergency and reflex response	Attitude of the bank staff if a scheduled appointment is not kept up by the customer	Grievance care and the follow up actions	Rendering of services when approached	Service without sulking
Between Perceived and Desired	0.449*	0.463*	0.536*	0.259*	-0.041	0.393*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 3:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in responsiveness dimension.

From the coefficients, it could be seen that for all the individual variables the rank correlation coefficient worked out indicates that they were significant at 5 per cent level bringing out the fact that the relationship between the customers' perceived and desired levels was high except on the individual factor on "rendering of services when approached". It showed the negative correlation coefficient of -0.041. This individual factor was not significant at 5 per cent level. The lowest

correlation coefficient of 0.259 was found in the case of the individual factor on "grievance care and the follow up actions".

From the analysis it can be assumed that the customers expected more on "grievance care and the follow up actions".

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in assurance dimension

Table 4 explains the rank correlation coefficient between the perceived and desired levels of service quality for the assurance dimension.

Factors/Correlation	Staff's skill in computer technology	Staff attitude and courtesy	Conveying information of customer known languages	Instilling customer confidence	Continuous service during business hours	Staff response to grievances
Between Perceived and Desired	0.496*	0.201*	0.102	0.493*	0.496*	0.582*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 4:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in assurance dimension.

The rank correlation coefficient of the perceived and desired levels of service quality on the assurance dimension of private sector banks indicated that they were significant at 5 per cent level which meant that the relationship between the customers' perceived and desired levels was high except on the individual factor on "conveying information in customers known languages (0.102)". It was not significant. The lowest correlation coefficient of 0.201 was found in the case of the individual factor on "staff attitude and courtesy".

From the analysis it can be surmised that the customers expected more qualitative care from the bank staff [2].

Factors/Correlation	Staff accessibility and contact	Branch manager and officials' accessibility	Staff accessibility over telephone	Service counters accessibility	Proximity of the bank location	Bank branch adequacy in other areas
Between Perceived and Desired	0.586*	0.319*	0.546*	0.300*	0.193*	0.418*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 5:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in accessibility dimension.

It could be seen that for all the individual variables the rank correlation coefficient worked out indicated that they were significant at 5 per cent level which shows that the relationship between the customers' perceived and desired levels was high. The lowest correlation coefficient of 0.193 was found in the case of the individual factor on "proximity of the bank location".

From the analysis it can be concluded that the customers expected a still closer "proximity of the bank location".

Factors/Correlation	Understanding the specific needs of customers	Individual attention to the customers	Convenient banking hours	Customer discrimination	Bank's efforts to know the customer and his needs	Staff's polite approach with customers
Between Perceived and Desired	0.523*	0.269*	0.494*	0.445*	0.556*	0.662*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level

**Table 6:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in empathy dimension.

The correlation coefficient worked out indicated that they were significant at 5 per cent level which presumes that the relationship

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in accessibility dimension

The rank correlation coefficient between the perceived and desired levels of service quality for the accessibility dimension is presented vide Table 5.

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in empathy dimension

Table 6 examines the rank correlation coefficient between the perceived and desired levels of service quality for the empathy dimension.

between the customers' perceived and desired levels was high. The lowest correlation coefficient of 0.269 was found in the case of the individual factor on "individual attention to the customers".

From the analysis it can be summed up that the customers expected from the bank a still better quality on "individual attention to the customers".

**Rank correlation coefficient of perceived and desired levels of perception for private sector banks in financial dimension**

The rank correlation coefficient between the perceived and desired levels of service quality for the financial dimension is presented vide Table 7.

Factors/Correlation	Reasonability of the rate of interest paid	Justification of the rate of interest charged	Fair draft commission	Affordability of the safety locker rent	Less commission for funds transfer	Reasonability of housing loan rate of interest
Between Perceived and Desired	0.569*	0.358*	0.547*	0.623*	0.633*	0.252*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level

**Table 7:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in financial dimension.

It could be seen that all the individual factors the rank correlation coefficient worked out indicated that they were significant at 5 per cent level. This shows that the relationship between the customers' perceived and desired levels on this factor was high. The lowest correlation coefficient of 0.252 was seen in the case of the individual factor on "reasonability of housing loan rate of interest".

From the analysis it can be adduced that the customers expected more reduction on "reasonability of housing loan rate of interest".

**Rank correlation coefficient of perceived and desired levels of perception for private sector banks in technology dimension**

The rank correlation coefficient between the perceived and desired levels of service quality for the technology dimension is shown in Table 8.

Factors/Correlation	Adoption of computers technology to provide service	Provision of ATM	Provision of e-banking	Provision of core banking	Provision of mobile banking	Provision of online banking security
Between Perceived and Desired	0.357*	0.415*	0.376*	-0.005	0.024	0.004

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level

**Table 8:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in technology dimension.

The correlation coefficient worked out, indicated that they were significant at 5 per cent level which denotes that the relationship between the customers' perceived and desired levels was high except the three individual factors namely, provision of core banking, provision of mobile banking and provision of online banking security which were insignificant. Out of these three factors, the individual factor on provision of core banking indicated a negative correlation coefficient of -0.005. The lowest correlation coefficient of 0.357 was found in the case of the individual factor on "adoption of computers technology to provide service".

From the analysis it can be assessed that the customers expected more development of the individual factor on "adoption of computers technology to provide service".

**Rank correlation coefficient of perceived and desired levels of perception for private sector banks in agency dimension**

It is attempted to estimate and discuss the rank correlation coefficient between the perceived and desired levels of service quality for the agency dimension (Table 9).

Factors/Correlation	Payments and collection of subscriptions, dividends, salaries, pensions, etc.,	Purchase and sales of securities	Acting as executor, administrator and trustee	Acting as attorney	Acting as cash exchanger	Acting as financial planners, investment advisors and brokers.
Between Perceived and Desired	0.312*	0.430*	0.290*	0.347*	0.384*	0.563*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level.

**Table 9:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in agency dimension.

It could be seen that for all the individual variables the rank correlation coefficient worked out indicated that they were significant at 5 per cent level which shows that the relationship between the customers' perceived and desired level was high. The lowest correlation coefficient of 0.290 was observed in the case of the individual factor on "acting as executor, administrator and trustee".

From the analysis it can be evaluated that the customers expected a still better qualitative performance by the banks on the factor "acting as executor, administrator and trustee".

Factors/Correlation	Safe custody of valuables	Letter credit of	Traveller's cheques	Dealing foreign exchange business in	Leasing finance	Factoring
Between Perceived and Desired	0.564*	0.566*	0.441*	0.179*	0.192*	0.367*

Source: Computed from primary data. \*Correlation is significant at the 5 per cent level

**Table 10:** Rank correlation coefficient of perceived and desired levels of perception for private sector banks in miscellaneous dimension.

The correlation coefficient worked out indicated that they were significant at 5 per cent level which pointed out that the relationship between the customers' perceived and desired level was high. The lowest correlation coefficient of 0.179 was discernible in the case of the individual factor on "dealing in foreign exchange business".

From the analysis it can be presumed that the customers expected a better performance on the individual factor "dealing in foreign exchange business".

### Summary

In the case of tangibility dimension the factor on "sign boards indicating of timings at appropriate counters" constituted the lowest rank correlation co-efficient. On reliability dimension the factor on "safe bank transactions" was not significant and the lowest correlation coefficient was found in the case of the factor on "prompt services". On responsiveness dimension, the factor on "rendering of services when approached" indicated that the negative correlation coefficient was not significant and the lowest correlation coefficient was found in the factor on "grievance care and the follow up actions". In the case of assurance dimension, the individual factor on "conveying information in customers known languages" indicated that the correlation coefficient was not significant and the lowest correlation coefficient was found the factor on "staff attitude and courtesy". In the case of accessibility dimension the factor on "proximity of the bank location", on empathy dimension, the factor on "individual attention to the customers", on financial aspect the factor on "interest charged for housing loan" constituted the lowest correlation coefficients. On technology dimension, the three factors namely, "provision of core banking", "provision of mobile banking" and "provision of online banking security" were not significant. Among these three factors the factor on "provision of core banking" indicated a negative correlation coefficient. The lowest correlation coefficient was found in the factor on "adoption of computers technology to provide service" under technology. In the case agency, the factor on "acting as executor, administrator and trustee" and on miscellaneous dimension, the factor on "dealing in foreign exchange business" recorded the lowest correlation coefficients.

### Rank correlation coefficient of perceived and desired levels of perception for private sector banks in miscellaneous dimension

Table 10 shows the rank correlation coefficient between the perceived and desired levels of service quality for the miscellaneous dimension.

Under the tangibility dimension, "parking space in the bank premises", on reliability dimension the factor on "clarity of entries in the pass book", on responsiveness dimension the factor on "attitude of the bank staff if a scheduled appointment is not kept up by the customer" and in case of assurance dimension, the factor on "continuous service during business hours" constituted the lowest scores. In the case of the accessibility dimension, the factor on "bank branch adequacy in other areas", on empathy dimension the factor on "customer discrimination" and in the case of financial dimension the factor on "justification of the rate of interest charged" had received the lowest scores. In the case of technology dimension the factor on "provision of core banking", on agency dimension the individual factor on "acting as cash exchanger" and in the case of miscellaneous dimension the factor on "leasing finance" got the lowest scores.

An overall perception of the customers indicated that the financial dimension recorded the lowest mean score. A majority of the customers' level of perceptions on ten individual variables of service quality and overall perception on all dimensions fall under the medium level.

### Suggestions

In the case of private sector banks, services like sign boards indicating of timings at appropriate counters, prompt services, grievance care and the follow up actions, staff attitude and courtesy, proximity of the bank location, individual attention to the customers, interest charged for housing loan, adoption of computer technology to provide service, acting as executor, administrator and trustee and dealing in foreign exchange business should find bolstering up to the satisfaction of the customer.

### References

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2. www.expressindia.com