



Service Quality and Its Effect on Customer Satisfaction of the Selected DCC Banks in Tamil Nadu

Dr. S. Ruth Smiely

Assistant Professor, Department of Commerce Industry Integrated, Sri Krishna Arts and Science College, Coimbatore.

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ABSTRACT

To ensure sustained development, banks must cater to the needs of their customers. The banking industry is also characterized by rapid change and customers who are becoming more educated as a result of the introduction of advanced technology, which has opened the door for bigger improvements in every field, including the banking sector. The determination of the service quality parameters that are relevant to the customer's decision process by banks in Tamil Nadu has become extremely significant. The purpose of this paper is to examine the impact of service quality dimensions (tangibles, responsiveness, empathy, assurance, reliability, access, financial aspect, and employee competencies) on customer satisfaction of selected district central co-operative banks in Tamil Nadu using the modified SERVQUAL model, which can be used to measure customer satisfaction. 425 customers of Tamil Nadu District Central Co-operative Banks provided the information. The SPSS program statistically analyzed the sample data using exploratory factor analysis to assess service quality and customer satisfaction.

KEYWORDS: *Servqual, Customer Satisfaction, Service Quality, Cooperative bank.*

1. INTRODUCTION

A vital part of a country's economic growth is played by banks. It is a type of financial institution that takes deposits and uses them for lending, either directly or indirectly through capital markets. Rapid market developments, including the introduction of new technology, fluctuating economic conditions, intense rivalry, increasingly demanding customers, and climatic changes, have never before presented the banking sector with such a unique mix of difficulties. The present key challenge in Tamil Nadu's banking sector is figuring out the service quality dimensions as viewed by the customer. The service managers should be able to increase the delivery of customer-perceived quality

within the service process and have greater control over the final result if service quality dimensions are recognized. Academics can construct a model of customer service with the aid of a better knowledge of how customer satisfaction and service quality affect service loyalty. Additionally, it can give practitioners recommendations for where to focus limited corporate resources on marketing. Banking is a customer-focused service sector that has seen a dramatic shift in the balance of power. A reassessment of customer service strategies is becoming progressively essential due to increased competition, highly educated consumers, and rising living standards. A thorough customer review of a specific service's compliance with their expectations and

level of satisfaction can be used to define service quality. Since it costs more to recruit new consumers than it does to keep existing ones, many businesses are focusing more of their efforts on keeping their current customers. As a multidimensional research tool for measuring customer satisfaction, the SERVQUAL model is primarily applied. In this study, service quality dimensions (tangibles, responsiveness, empathy, assurance, reliability, access, financial aspect, and employee competences) that can be used to measure customer satisfaction will be identified, and their effects on customer satisfaction in the selected District Central Co-operative Banks in Tamil Nadu will be evaluated.

SERVICES QUALITY AND BANKING

It is now critical to corporate profitability and survival. Leading service quality researchers have scrutinized the relationship between service quality and customer satisfaction, as well as the relationships between quality, customer satisfaction, customer retention, and profitability (Parasuraman, A., Berry, L. L. and Zeithaml, V. A. 1985). The link between service quality and corporate profitability is now seen to be dependent on high levels of customer satisfaction, successful targeting of "quality" customers, and retention of those banking sector customers (Prabhakaran, S. and Satya, S. 2013).

OBJECTIVE OF THE STUDY

1. Analyse the service quality of Selected district central Cooperative Banks in Tamil Nadu
2. Determine the relationship between the dimensions of Banking Service Quality and their influence on the customer satisfaction factor; and
3. Make recommendations based on the study's findings.

STATEMENT OF THE PROBLEM

The banking industry is undergoing rapid change, which will be followed by a series of critical developments as a result of trend liberalization and deregulation. In the Tamil Nadu banking sector, the recognition of service quality as a competitive weapon is a relatively new phenomenon. Quality is the most important factor that leads to the development of banks. Banks at the time did not see the need to focus on service quality issues, and they placed a low priority on identifying and satisfying customer needs. The need of the hour in Tamil Nadu's Selected District Central Cooperative Banks is to increase competitiveness through improved service quality, making the banks

more market-oriented and providing more loans to customers who want to improve their standard of living. Many new services are increasing customer satisfaction. Customers, particularly in rural areas, have high expectations of cooperative banks. There may be success or failure at times. Despite many fundamental banking reforms, cooperative banks continue to lag behind commercial banks on many fronts. As a result, cooperative banks have a relative weakness in service and product quality when it comes to domestic customers. This study aims to ascertain customer satisfaction with the quality of service provided by Selected District Central Cooperative Banks in Tamil Nadu.

2. LITERATURE REVIEW

Biju John The "Dynamics of Service Quality in the Indian Banking Sector" in his article stated that in this modern era of global competition, factors such as customer expectation and customer satisfaction are critical to the success of any industry, and the Indian banking industry is no exception. It is the responsibility of banks to satisfy their customers in order to retain them and ensure their continued survival and success. Customer expectations, customer satisfaction, and service quality are all inextricably linked. Banks should be able to reduce and eliminate the gap between customers' perceived service quality and the actual service provided. The current paper assesses the level of service quality provided by a commercial bank in Kerala. In addition, the study attempted to determine the dimensions of service quality in banks. The current study identifies tangibility and assurance as the most important dimensions of service quality, with a significant impact on customers. However, both the responsiveness and empathy parameters indicate a lower level of customer satisfaction. It is suggested that the banking sector, in addition to ensuring customer trust, improve its operations in providing highly advanced technological services to customers with easy access and instant delivery features. Thus, by improving the quality of banking services, banks will be able to create a wide range of satisfied customers, leading to increased efficiency and performance in the banking landscape.

S. Ruth Smiely and Dr. P. Kannapiran, Customer satisfaction serves as a key performance indicator within

organizations, with significant consequences. They educate employees on the importance of exceeding customers' expectations. As a result, expectations play a significant role in satisfaction. When customers have high expectations and the reality falls short, they are disappointed and are likely to rate their experience as only satisfactory. This paper attempts to examine customer satisfaction with various services provided by Tamil Nadu Southern District Central Cooperative Banks. Responses from 400 customers were chosen at random to learn about their banking experiences. The analysis revealed that bank customers were extremely satisfied with their services and expressed their dissatisfaction with the lack of technological advancements. Customers frequently use the various services provided by banks if they are made aware of these services. The banker must understand the customer's needs, and the customer must understand the various services provided by banks. Customers' preferences increase as their level of awareness rises.

Customers do, in fact, compare the performance of services in order to ensure that their expectations are met. Satisfaction is a psychological phenomenon caused by perceived quality that exceeds or meets the customer's expectations (Eklof, Podkorytova & Malova, 2020). According to the theory, customer satisfaction is directly related to the quality of services provided by banks. Quality of services establishes standards that provide banks with a competitive advantage in this dynamic sector. The services' predetermined standards assist cities in meeting their predictive needs and expectations.

3. DATA ANALYSIS

SATISFACTION LEVEL REGARDING THE VARIOUS SERVICE QUALITY DIMENSIONS:

To analyse and draw conclusions, the respondents' level of satisfaction is required. The research applied 40 variables to identify and test the level of satisfaction of customers toward various dimensions of service quality. Following the application of factor analysis, the 40 variables are grouped and a proper name is identified for each group in order to gain a clear understanding of the customers' level of satisfaction in a more understandable manner. The table below shows customer satisfaction with banking services

provided by Selected District Central Cooperative Banks in Tamil Nadu.

Satisfaction Level of Selected District Central Cooperative Banks in Tamil Nadu

SATISFACTION	TOTAL
TANGIBILITY	
The bank has modern equipment and technology.	3.31
The Bank's Address	3.92
A sufficient number of ATMs	3.33
Counting Machines for Cash	4.57
Counter divisions in banks and their branches	3.99
Employees approach materials associated with the bank's office (pamphlets, brochures) that are visually appealing.	2.91
Guide signs indicating which counters provide which services	4.41
RELIABILITY	
A wide range of products and services are available.	3.64
Up to date content	3.79
Process of transactions	3.40
RESPONSIVENESS	
Customer service representative	3.93
Bank performs the services right at the first time	3.86
Rapid confirmation	3.87
Our requests are handled quickly	3.79
ASSURANCE	
Bank employees are knowledgeable enough to respond to customer inquiries.	3.44
Staff that is courteous and friendly	3.36
Employees are always ready to help customers.	3.12
Management team with extensive experience.	3.72
EMPATHY	
Time bound work of employee	3.20
Help desks of bank	3.27
Specific requirements are fully comprehended.	2.68
Advice on financial matters	4.10
EFFICIENCY	
Log-in facility that is rapid	2.78
Plastic card performance (debit)	3.37
ACCURACY	
Solving problems with real-time data	3.14
The bank requires error-free transaction records.	3.66
Fees for services	2.78
SECURITY	
ATM protection	3.76
Banking transaction security	3.73
The bank's confidentiality.	4.84
Personal information should be collected with caution.	4.04

EASE AND CONVENIENT BANKING	
Language and information content	3.31
Easy to find and change	3.91
User friendly system	3.93
Hours of operation are convenient (24 X7)	3.98
CUSTOMER SERVICE	
customer-friendly environment.	3.20
customer feedback	3.57
capable of adequately resolving complaints	3.88
Brochures to inform new users	2.99
Services for the elderly and disabled	3.34

Source: Primary Data

Tangibility According to the average score, customers are extremely satisfied with the cash counting machines. Customers, on the other hand, are dissatisfied with bank-related materials such as pamphlets and brochures. **Inference** Cash counting machines are thought to be quite simple and capable of counting large sums without counting each and every currency note. It is also claimed that bank materials are overly long, ambiguous, and challenging to comprehend.

Reliability According to the mean score, customers are extremely satisfied with the wide range of products and services. Customers, on the other hand, are dissatisfied with the transaction process.

Inference It is assumed that a wide range of products and services are widely available. Customers are also concerned about the transaction process, according to research.

Responsiveness According to the mean score, customers are very satisfied with customer service representatives but not with the speed with which their requests are handled.

Inference Customer service representatives are assumed to be performing well, but customer requests are not being fulfilled on time.

Assurance According to the mean score of the assurance dimension of service quality, customers are highly satisfied with the experienced management team, but they are dissatisfied with the employees' unwillingness to assist customers.

Inference It is clear that the bank's management has assembled a capable team to deal with customers. Customers, on the other hand, have reported that the majority of bank employees are unwilling to assist them.

Empathy According to the mean score, customers are highly satisfied with the financial advice provided by bank employees, but they are dissatisfied with the variable of specific needs being duly understood by the employees.

Inference Customers are said to receive prompt financial advice, particularly on investments, from bank employees. Customers, on the other hand, have revealed that employees are explaining various products and services without understanding their expected services and specific banking needs.

Efficiency According to the mean score, customers are extremely satisfied with the Plastic Card Performance (Debit), but they are dissatisfied with the login facility.

Inference Customers are said to be at ease with the Plastic Card Performance (Debit), but the login facility to access the account is a little difficult. The account was logged out before the transaction could be completed. The account was logged out before the transaction could be completed.

Accuracy According to the mean score, customers are extremely satisfied with the provision of error-free transaction records, but they are dissatisfied with the service fees collected by banks.

Inference Banks are said to provide customers with error-free records for their transactions for future reference and document filing. Customers, on the other hand, are completely dissatisfied with the service fees that banks collect.

Security According to the mean score, customers are extremely satisfied with bank confidentiality, but they are dissatisfied with banking transaction security.

Inference Customers trust banks' confidentiality, but a greater number of customers are afraid to provide personal information.

Ease and Convenient Banking Customers are highly satisfied with the convenient hours of banking services (24/7), but they are dissatisfied with the language and information content, according to the mean score.

Inference Customers can access banking services 24 hours a day, seven days a week, but the language and information content are difficult to understand.

Customer Support According to the mean score, customers are very satisfied with the employees' ability to resolve complaints adequately, but they are dissatisfied with the brochures provided to educate new users.

Inference Employees are assumed to be capable of resolving customer complaints about banking services. However, it is also implied that the ambiguity of the brochures issued to educate new users causes some confusion as to which services must be obtained from the specific bank.

4. RECOMMENDATIONS

To remain viable in today's competitive environment, cooperative banks must retain existing high-value customers. The research findings demonstrated that some factors influence customer dissatisfaction in the selected District Central Cooperative Bank in Tamil Nadu. To improve customer retention, marketing managers should seek to improve areas where customers are dissatisfied. Banks should educate customers on the benefits of cashless transactions. The research findings clearly show that the customer prefers the drive toward ease of banking operation and convenience to customer orientation. As a result, banks should seek alternative strategic paths to improve service delivery, whether through human or technological means. Bank customers' attitudes toward human resource-related services, as well as their subsequent level of satisfaction, will have a greater impact on bank switching than when the same service is delivered through automation. The bank should introduce new services and products such as ATMs (Automated Teller Machines), CDMs (Cash Deposit Machines), Passbook Printers, and so on. More importantly, they are strongly linked to customer satisfaction with how these bank services are delivered. These perceptual outcomes will have an impact on bank customer satisfaction, retention, and switching rates.

5. CONCLUSION

This study describes the demographic profile of customers who have used the District Central Cooperative banks in Tamil Nadu to obtain banking services. The respondents' personal variables have been thoroughly described using descriptive analysis. This study also analysed the service quality and its impact on customer satisfaction at the selected District Central Cooperative banks in Tamil Nadu. The service quality satisfaction has been determined using the SERVQUAL tool. The study could also rebuild the previous literature's conclusions that customers regard the

reliability dimension as the most important factor in banking services. It demonstrates the importance of employee care in determining the success of a selected District Central Cooperative Bank in Tamil Nadu. Consistent customer satisfaction promotes increased performance, which aids in the advancement of employees' work practices in order to satisfy their customers, as well as the growth and development implemented within the bank. Customers' satisfaction with various aspects of service quality, such as tangibility, dependability, responsiveness, assurance, empathy, efficiency, accuracy, security, ease, and convenience of banking and customer service, has also been included in this chapter. The following chapter focuses on customer satisfaction with banking services.

SCOPE FOR FUTURE RESEARCH

The findings of this study cannot be applied to the entire banking sector in Tamil Nadu. Despite the fact that all of the anticipated hypotheses were based on previous research studies and evidence shown in the previous literature, the absence of a longitudinal research design makes it impossible to explain fundamental relationships among the study's service quality variables. As a result, the study's findings do not indicate any relationships between service quality dimensions and customer satisfaction variables. There are numerous issues in this study that are related to time constraints and cost. Because the sample was drawn from Selected District Central Cooperative Banks in Tamil Nadu, the study's broad spectrum of results may be limited to other banks in Tamil Nadu. Furthermore, future researchers should concentrate on service quality and customer satisfaction in terms of customer expectations and insight gaps.

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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