

A Study on Service Quality Emerging Needs and Challenges in Banking Sector with Special Reference to Thoothukudi District

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Abstract

The service sectors are mostly customer driven and their survival in the competitive environment largely depends on quality of the services provided by them. Due to the increasing competition in the service sector, providing customer care service is an important part of the organizational growth. A large number of research studies for service quality needs and challenges take place in the context of developing countries. The main objective of this paper is to critically appraise various service quality needs and challenges for future research based on the critical analysis of literature. This study aims identifies the needs and challenges of service quality in developing global business. Findings of the study explore new model and direction in service quality improvement for banking sector. Data for this study is collected from primary and secondary sources. Service quality is the excellent approach and plays a key role in service sector in general and banking sector in particular to satisfy the customers' needs and retain them. The present study aims at assessing the needs and challenges of service quality in banking sector. A successful banking sector provides excellent quality service to customers, and service quality is considered the life of banks. Thus a specific technique (SERVices QUALity) called SERVQUAL was introduced for measuring service quality. The SERVQUAL model has become the most popular instrument for measuring service quality. This present study will discuss how to provide the quality of service to bank customers in Thoothukudi and to study the needs and challenges of service quality is analysis, use the SERVQUAL principles and diagrams.

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I. INTRODUCTION

In many countries service sector plays important role in the markets. A bank is a main service sector that provides banking and other financial services to their customers. A bank is a financial institution, which provides fundamental banking services such as accepting deposits and providing loans. Quality service delivery is one of the most critical things in the life of humans. Once customers needs/wants keep changing, therefore, the methods of delivering service quality in banking sector have to change to satisfy customers. Delivering quality service to

banking customers, it should success and survival in today's competitive banking environment.

The design quality is a concept implying the presentation of products/services directed to the needs of the customers. The banking industry can satisfy the demands of the customers only if they are included in its procedures, methods, tools i.e. in order to do that, his demands need to be included or "built into" the product/service of the banks. The banks do market research in order to determine who their customers are and which of their demands require, taking special concentration.

SERVICE QUALITY

Service quality is an essential tool for improving and differentiating banking in financial institutions. Service quality is considered as the most critical determinant of competitiveness for establishing and sustaining satisfying relationship with customers (Lewis, 1989).

Business firms including banks have recognized the fact that the only one best way to manage the competition is the quality differentiation. Advance technology, customer oriented corporate culture, a well designed service-system and excellent information system are the major factors that decide the superior quality of service of an organization. Providing excellent service quality and maintaining the high customer satisfaction is the important issue and the challenge facing contemporary service industry (Hung, 2003).

Service quality in the service sectors becomes one of the most important factors for gaining a sustainable competitive advantage and customers' confidence in the highly competitive marketplace, and therefore service quality can give the banking industry a great chance to create competitive differentiation for organisations. It is thus considered as a significant core concept and a critical success factor in the banking industry. A successful service sectors delivers excellent quality service to customers, and service quality is considered the life of banks. Many benefits can be achieved by service quality such as

Definition of SERQUAL Dimension:

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S.No	Dimension	Definition
1.	Tangibles	Appearance of physical facilities, equipment, personnel and communication materials
2.	Reliability	Ability to perform the promised service dependably and accurately
3.	Responsiveness	Willingness to help customers and provide prompt service

establishing customer satisfaction, contributing to business image, establishing customer loyalty, and providing a competitive advantage to a business.

MEASUREMENTS OF SERVICE QUALITY

Although there is discrepancy among researchers about the measurements of service quality, several instruments or measurements have been developed to do so, such as SERVQUAL, SERVPERF, INTSERVQUAL and INSQPLUS. Many measurements have been developed by the researcher in the service sector for evaluating service quality such as HOLSERV, DINESERV, CASERV and LODGSERV. Thus a specific tool (SERVices QUALity) called SERVQUAL was introduced for measuring service quality. The SERVQUAL scale has become the most important instrument for measuring service quality. The model has been applied in various service industries including Tourism, Hospitality and Banking industry. The SERVQUAL model includes five dimensions, namely: empathy, reliability, assurance, responsiveness and tangibility.

Based on this model, Parasuraman et al. (1985) built the SERVQUAL scale. The SERVQUAL scale contains desirable attributes of services with ten dimensions and then it is summed up into five in 1988- tangibles, reliability, responsiveness, assurance and empathy.

4.	Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence
5.	Empathy	Caring, easy access, good /communication, customer understanding and individualized attention given to customers

THE IMPORTANCE OF SERVICE QUALITY

Service Quality is an important subject matter in both public and private sectors business firms and service industries. Banking sector is not an exception to this one. During the past few decades service quality has become a major role of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability.

Customer service is a dynamic interactive process which needs continuous development. Customer service is not only an important function but plays a vital role for the business and it is the next most important business strategy. To provide best customer service will definitely increase profitability. A bank can be said customer service as various banking activities such as organizational restructuring ,staffing and coordination are geared up to fulfill the needs of the customers. It's also called service quality. So service quality has become a significant research topic in banking sector due to high revenues, higher customer retention, and expanded market share.

EMERGING NEEDS AND CHALLENGES OF SERVICE QUALITY:

The following are the some challenges of delivering quality services to retain the customer.

1. Understanding Customer Expectations

The first, and probably the biggest, challenge is understanding diverse and constantly changing customer expectations. Most companies target specific customers -- by gender, race, age,

generation, etc. While these customer classifications may share similar basic requirements of a certain product, they do have varied desires that they take into account when purchasing a product. This is the reason why talking to customers is the best strategy. It is important for a business to get to know its clients, customers, and consumers. Find out their expectations, their needs, their preferences, their non-negotiables, their opinions on the product and their suggestions for improvement.

2. Reaching out to Customers

Doing research and gathering data on customer expectations bring us to the task of reaching out to customers. There are plenty of ways to advertise and get through the customers. We have print media, radios, televisions, phones, emails, social media and of course, face-to-face campaign. The primary challenge, though, is to get the message across. With telephones, the challenge is to understand just by listening. The challenge in emails and chats is to understand emotions by reading through the opinions that have no tone. In social media, the challenge is to present everything with the pressure of doing it in public. Implementing a customer feedback service and having a systematic approach to gathering data from customers will help the company understand and work for a better customer experience.

3. Exceeding Customer Expectations

In businesses, it is not just enough to meet the customer's expectations. The fact that these expectations are constantly changing, companies must then be always a step ahead. It is also noteworthy to know that often times, the expectations of customers are set by the competitors.

Stay ahead of the competition by being updated with new initiatives and suggestions based on customer feedbacks and current industry trends.

4. Consistency

Consistency is probably the most difficult challenge to achieve. Great customer service must be delivered to all customers, across all business channels, 24/7. Each and every experience of each and every customer must be equally good. In a research conducted by Rawson, Duncan, and Jones, they found out that customers do not care much about singular touch points. What affect customer satisfaction are cumulative experiences across multiple touch points and in multiple channels over time. Consistency can be achieved by having clear-cut policies on delivering great customer service. All employees must be made aware of these policies and strict implementation of these policies must be adhered to.

5. Employing Skilled Customer Service Professionals

As more businesses focus on customer service, the demand for skilled customer service professionals is on the rise. Hiring such employees is one thing, retaining them is another. Companies must have structured programs to teach and train new hires about company policies, values, culture and practices in dealing with customers. Additionally, considering that customer service is one of the most stressful jobs, companies must also provide benefits that offer work-life balance and support lifestyle activities that can reduce stress and boost productivity.

6. Creating a Customer-First Culture

The long-term solution to achieving consistency across all business channels is to instill a customer-first company culture. A customer-driven company culture can be described as having a distinct appreciation for customer service, understanding the impact of their service and are willing to go out of

their way to meet customer needs. In order to cultivate this culture, it must be emphasized during the hiring and training process. The employees must be able to see the company vision, fit into the culture and work with the company to achieving the company's goals. Employee retention is also a key factor to success. Staff turnover not only affects the internal aspects of the business, it is also not good for the customers. Dealing with the same person develops trust and is a good way to build long lasting relationships.

REVIEW OF RELATED LITERATURE:

Viriri Piason et al.,(2013)¹ in this study focused “Significance of Service Quality And Customer Satisfaction In Zimbabwe’s Banking Sector” It was discovered that uncertainty within banking fraternity about Zimbabwe Government’s indigenization and empowerment Laws and regulations were stifling financial institutions’ capability to invest in customer satisfaction projects and strategies. The study recommended that, organizations should always strive to ensure that their customers are very satisfied. The constructs investigated in this study all received positive marks by the respondents as factors that would influence their decision to stay with or leave their current banks. This study also found a positive relationship between all service quality dimensions and customer satisfaction.

Lisa Sathyan and John Mano Raj.S (2015)² in their article entitled “Service Quality Emerging Needs and Challenges In Banking Sector”. This paper is focused on various literatures to examine the relationship between the Service Quality and Customer satisfaction with respect to certain significant factors of customer. It is concluded that those literatures are based on some elements which are directly related to the service quality issues and these issues are equally important for an organization for sustainable growth of their profitability.

Edhi Asmirantho and Rorim Panday(2018)³ in their article revealed that “Banking Service Quality Analysis in Facing Challenges and Opportunities for Business Development”. The study conducted by researchers is different in its data processing and analysis methods. Researchers combined the results of t-test analysis with the results of the analysis of the IPA. It concluded that to face the challenges and opportunities in the business bank for business development, is necessary to evaluate the quality of service periodically.

Isaac Theophilus Ampah and Rabi Sidi Ali(2019)⁴ in their study focused on “The Role of Service Quality in Patients (Customer) Satisfaction in Public Healthcare Institutions in Ghana”. In this research to investigate whether the effective service quality delivery leads to customers’ satisfaction and to found the extent of service quality adoption among public healthcare institutions in Ghana. In this analysis showed that both internal and external factors influence the role of service quality in terms of patients’ satisfaction in public healthcare administration.

OBJECTIVES OF THE STUDY:

The study has the following objectives

To determine the respondent’s profile in terms of gender, education background, occupation and Income.

To measure service quality using SERQUAL model in banking sector.

To identification of factors affecting the service quality.

To identify the needs and challenges of service quality in banking sector.

To directions for improvement of service quality in banking sector.

METHODOLOGY:

The descriptive research design has been used in this study. The descriptive research means clear statement of the problem, specific hypothesis, detailed information needs, sample selection, data collection and processing and analysis of the collected data to get valid inferences in the form of findings. The present study deals with the needs and challenges of service quality in banking sectors. Hence the present study is entirely descriptive in nature. The required data for the present study has been collected from primary and secondary data sources. Primary data was collected with the help of structured questionnaire schedule from 228 respondents. The secondary data has been collected from various standard text books, research articles, reports, leading newspapers, magazines, Journals and websites.

TECHNIQUES OF ANALYSIS OF DATA:

The collected data was analyzed with the help of statistical tools such as averages, percentages, Rank, Likert Five point scale etc. The results are interpreted with the help of percentages in a meaningful manner.

RESULTS AND DISCUSSION:

TABLE: 1 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographic Profile	Variables	No. of Respondents	Percentage
Gender	Male	161	70.61
	Female	67	29.38
	Total	228	100
Age	Below 20 years	46	20.17
	21 – 30 Years	47	20.61
	31 – 40 Years	62	27.20
	41 – 50 Years	42	18.42
	Above 50 years	31	13.59
	Total	228	100
Marital Status	Married	96	42.10
	Unmarried	132	57.89
	Total	228	100
Educational Qualification	School level	36	15.78
	Graduate	59	25.87
	Post Graduate	61	26.75
	Professional	72	31.57
	Total	228	100
Occupation	Private Employee	48	21.05
	Govt. Employee	63	27.63
	Business	64	28.07
	Others	53	23.24
	Total	228	100
Income	Less than Rs.15,000	64	28.07
	Rs. 15,000 – Rs. 25,000	71	31.14
	More than Rs.25,000	93	40.78
	Total	228	100

The above table shows the respondents profile in concern to gender, age, educational level, occupation and Income. With concern to gender, majority of the respondents were male respondents.

Source: Primary data

This accounted for 70.61 of the total respondents while their female counterpart was 29.38%. Respondents varied about age, majority of the respondents (27.20%) were in the age range 31 – 40 Years, followed by the age range 21 – 30 Years (20.61%), followed by the age range below 20 Years (20.17%), age range 41 – 50 Years (18.42%) and the least Above 50 years accounted for 13.59%. In terms of educational level, most the total respondents (31.57%) indicated they had professional education, followed by postgraduate (26.75%), Graduates 25.87% and the least School level (15.78%). The data relating to occupation shows that 28.07 per cent of the total respondents

belonged to business category, 27.63 per cent belonged to Government employees category, 23.24 per cent belonged to profession, farmers, coolie and other such category, and the remaining 21.05 per cent of the total 228 in number belonged to Private Employee category. Majority 40.78 per cent of the respondents comes under the income group of More than Rs.25,000, 31.14 per cent of the respondents are come under the income level of Rs. 15,000 – Rs. 25,000 and 28.07 per cent of the respondents are come under the income group of Less than Rs.15,000.

MEASUREMENT OF SERVICE QUALITY USING SERQUEL DIMENSIONS:

Table No.2 SERQUEL dimensions

S.No	Attributes	Mean score	Rank
1.	Tangibility	3.8	III
2.	Reliability	3.45	IV
3.	Responsiveness:	3.95	II
4.	Assurance	3.25	V
5.	Empathy	4.90	I

Source: Computed data

The table 2 shows the mean score of service quality of banking sector about Empathy dimension is the highest. So the customers are feel Empathy services are gets first place, which is followed by Responsiveness as second place, Tangibility as third place, Reliability as fourth place and Assurance as fifth place of received service quality level of SERQUEL dimension.. Thus, with respect to dimensions of service quality, reliability may be considered as the best out of five dimensions considered in the study.

FACTORS AFFECTING THE QUALITY OF BANKING SERVICES:

The most important factors affecting the quality of banking services that order of importance are measured as follows:

Table No.3 FACTORS Affecting the Quality of Banking Services

S.No	Factors	No of Respondents	Percentage
1.	Employee Behavior	54	23.68
2.	Interest And Facilities	23	10.08
3.	Innovation In Banking Services	63	27.63
4.	Skills of Employees	45	19.73
5.	The Physical Facilities of The Bank	43	18.85
Total		228	100

Source: Primary data

CONCLUSION:

The table 3 shows majority 27.63 per cent of the respondents feels Innovation in Banking Services is the important factor affect the quality of banking services, 23.68 per cent of the respondents said Employee Behavior factor is affect the quality of banking services, 19.73 per cent of the respondents assumed Skills of Employees factor affect the quality of banking services, 18.85 of the respondents thought The Physical Facilities of The Bank was affect quality of banking services and rest 10.08 per cent of the respondents feel Interest And Facilities is the factor affect the quality of banking services.

SUGGESTIONS:

From the study of these models, it appears that the key ingredients to satisfy the needs of customers and to improve service quality. Because some of the factors to affect the quality of service. So the banking sector to be concentrate on the following factors:

Employees Behavior should needs of the customer satisfaction

Staffs are motivate to take care of customers

Effective innovation method to be follow in providing customer's service

Use effective measurement and feedback system.

Service quality should be used as a intentional tool to get a competitive advantage over the competitors. Innovative banking services now become a reality Recognition of service quality now acts as a competitive weapon. The SERVQUAL model was used to assess and compare the service quality delivered by the banks operating in of Thoothukudi district. Measurement of service quality revealed that the highest score in the dimension 'Empathy'. In order to stay competitive, the banks needs to improve on their service quality especially in the challenges areas 'Empathy'.

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