

Integrating Bankers' Inconvenience and Customers' Expectation

Abstract

Satisfaction is a crucial concern for both customers and organization including banks. Satisfaction is a subjective concept and therefore difficult to determine (European Institute of Public Administration, 2008). Bank customer satisfaction could be regarded as banks fully meeting the customer expectation (Bloemer, Ruyters and Peeters, 1998). It is the feeling or attitude formed by the bank customers after service which directly link to various purchasing behavior (Jamal and Naser, 2002). Previous research in bank customers' satisfaction suggests that customers' satisfaction leads to a better retention of customers more profit and increase customers' loyalty with banks. It also encourages banks to improve service quality, provide innovative products and efficient bank management (Anderson, Fornell and Lehmann, 1994; Cohen, Gan, Yang and Choong, 2006). In the banking system, excellence in customer service is the most important tool for sustained business growth (Heskett et al., 1994). Customer complaints are part of the business life of any corporate entity. This is more so for banks because they are service organizations. As a service organization, customer service and satisfaction should be the prime concern of any bank (Heskett et al., 1994). The bank believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. However, banks minimize instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redress of customer complaints and grievances (Heskett et al., 1994).

Bankers' face lot of challenges while delivering services. This is due to stiff competition in the market as well as customers are demanding more day by day. Customer complaints are increasing and they ask for prompt solution of their complaint (Avikaran,1997).One of the prominent framework explaining the link between a bank's employees, customers and their connection to overall bank performance is the service-profit chain (Heskett et al., 1994) which suggests that satisfied employee, achieved internally through various resource management practices can deliver high-quality service, creating satisfied customers; satisfied customers would subsequently become loyal to the bank, leading to improved business performance through outcomes such as repurchase and advocacy.

To integrate the bankers' inconvenience and customers' expectation, this study has been undertaken with the following objectives:

- 1) To identify the inconveniences faced by the banking sector while delivering quality service in the study area.
- 2) To measure the perceived service quality of bank customers in the study area.
- 3) To rank service firm attributes as per priority on the basis of perception of the bank customers.
- 4) To make a comparative analysis of quality perception regarding service provided by different categories of banks.

This research is exploratory and quantitative in nature. The primary data used in this study was collected through a questionnaire. Information is collected from people involved in the banking sector and customer of banking services. The study area is Assam.

As the study involves finding out the inconvenience factor of the banking sector as well as customers, the managers of the branches of the different private and public sector banks constitute one set of population for the study. Another objective of the study is to rank the attributes of the bank on the basis of perceptions of the customers. Hence any individual having a bank account in any of the branches of different banks operating in Assam constitute the second set of population.

The sample size for the bank customer is proposed to be 600 (James Bartell, Joe W Kortik and Chadwick. C. Higging in the paper "Determining appropriate sample size in survey research"). The sampling technique for selecting bank customer is purposive. The sampling unit is selected on the judgmental way on the basis of transactions of the respondents in the particular bank.

To find out inconveniences factors of the bankers, factor analysis was used. Through the rotated component matrix the factors were identified on the basis of loading (more than 0.5). By this process 11 factors were identified and reliability test were conducted to measure the consistency among the variables. After conducting the reliability test 7 factors came out that were accepted for strategy formulation.

To measure the performance attribute of different banks Radar Diagram is used. Through the diagram it is easier to find out which bank is doing better in which attribute. To find out if any difference in perception among customers of different demographic groups and usage of banking services, ANOVA has been carried out.

To find out importance of customers on different attribute for different demographic factors and different service using pattern, ANOVA has been carried out. Through ANOVA, it is easier to compare which attribute is more important than other from customers' point of view.

The following are the variables used to measure the perception and importance of bank customers:

Trust worthiness, ATM coverage, Addressing grievances, Maintain transaction, Level of ease, Core banking, Banking instrument, Service charge, Complaint resolution, Personalized service, Friendly staff, On line banking, Communication, Extra mile, Frequent changes, Knowing customer, Phone banking, Number of branches, Body language, Average quarterly to monthly, Third party, Credit card and Bill payment.

Major findings of the study are as follows:

A. The inconvenience factors are:

1. Third party related inconvenience
2. High expectation related inconvenience
3. Service related inconvenience
4. Infrastructure related inconvenience
5. Process related inconvenience

B. Some of the findings regarding perception of customers with respect to service delivery by the banks are:

- 1) Regarding "communication of new product", "body language of bank employee", "employee going extra mile to help", "complaint resolution", "addressing the grievances", "core banking", "personalized service", "third party products", "number of branches", "banking instrument delivery", attributes, people visiting more frequently think the attributes of delivered better.
- 2) Regarding "communication of new product", "body language of bank employee", and "wide ATM coverage", attribute student group is more satisfied than other groups.
- 3) Regarding "communication of new product", "friendly staff", "phone banking", attributes 18 to 25 years and 61 and above years are more satisfied compared to others.

C. Some of the findings regarding expectation of customers with respect to service delivery by the banks are:

- 1) Customers visiting once in a month put more priority in the following attributes “communication of new product”, “knowing the customer and needs”, “phone banking”, “on line banking”, and “complaint resolution”.
- 2) Customers who are in service business and pensioner assigned higher priority on the following attributes “knowing the customer and needs”, “employee going extra mile to help”, “wide ATM coverage”, and “service charge”.
- 3) People who are age group of 26 to 35 years and 36 to 50 years put more importance on “knowing the customer and need” , “level of ease”, “changes from average quarterly to monthly”, “trust worthiness”, “wide ATM coverage”, “core banking”, and “service charge”.

D. Bank wise findings: List of attributes where there is positive or negative gap between customer expectation and their perception regarding delivery by the banks.

Allahabad Bank: a) ATM coverage b) Friendly staff

Assam cooperative Bank: a) Friendly staff b) ATM coverage

Axis Bank: a) Employee going extra mile b) Phone banking

Bank of India: a) Core banking b) Banking instrument delivery

Canara Bank: a) Complaint handling b) ATM coverage

Central Bank: a) Addressing the grievances b) Level of ease for applying products

ICICI Bank: a) Knowing customer and need b) Service charge

HDFC Bank: a) Third party products b) Service charge

Indian Bank: a) Level of ease b) On line banking

Langpi Dihang Bank: ATM coverage

Punjab National Bank: a) Knowing customer and need b) Communication of new product

State Bank of India: a) Service charge and b) ATM coverage.

UCO Bank: a) Service charge and b) Friendly staff.

Union Bank: a) Level of ease for applying products and b) Phone banking.

United Bank: a) Service charge and b) ATM coverage.

Bank wise Strategies to reduce the Performance and Expectation Gap:

- 1) Increase number of ATM is to be implemented in Allahabad Bank, Assam Cooperative Bank, Canara Bank, Langpi Dihang Bank, and State Bank of India and United Bank.
- 2) Relationship building priority is to be improved in Assam Cooperative Bank, Axis Bank, Punjab National Bank and Union Bank.
- 3) On line banking facility is to be improved in Indian Bank, Punjab National Bank, Union Bank and United Bank.
- 4) Phone banking facility is to be improved in Axis Bank, Indian Bank, Punjab National Bank, Union Bank and United Bank.
- 5) Core banking facility is to be improved in Bank of India, Union Bank and ICICI Bank.
- 6) Third party product service is to be improved in HDFC Bank, Punjab National Bank, Union Bank and United Bank.
- 7) Complaint handling process is to be improved in Canara Bank, Central Bank, ICICI Bank and Punjab National Bank.
- 8) Service charge is to be reduced in ICICI Bank, HDFC Bank, State Bank of India, UCO Bank and United Bank.
- 9) Proper tracking mechanism is to set up to track the delivery of product instrument in Bank of India and HDFC Bank.

Contribution to the existing body of knowledge:

As has been started in the research gap, no studies could be found where inconvenience of the bankers and satisfaction level of the banking customer have been studied together. It is obvious that inconveniences faced by the bankers have direct impact on service delivery by the banks and ultimately affecting the satisfaction level of the customers. This study tried to look into enhancing overall satisfaction level of customers integrating bankers' inconveniences and customers' dissatisfaction on particular attributes. This is a major contribution to the existing body of knowledge in the field of banking services.

Conclusion:

This study has highlighted the expectation of bank customers regarding service quality and perception regarding their delivery by banks. The findings will go a long way in tackling the inconvenience of the banks and providing better quality service to the customers