

## **AN EVALUATION OF SERVICE OFFERED BY INDIAN BANK**

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### **ABSTRACT**

Nowadays, banks are realizing that quality constitutes the basis of their business and it is a strategy with which they could effectively differentiate their superiority from those of its competitors and to hold on vis-a-vis expand customers' base. These banks provide most services such as savings and current accounts, safe deposit lockers, loan or mortgages to private and business customers. For middle class users, for whom a bank is where they can save their money, facilities like Internet banking or phone banking is not very important. Although they are not better than private banks in terms of facilities provided, their interest rates are definitely competitive. The researcher has observed that some awareness regarding loan facilities are lacking among the customer. Major contribution of this study is to provide suggestion to the banker to provide more awareness regarding the loan facilities to the customer. Apart from that banker are also being responsible for repayment of loans, hence valuable suggestions were given to avoid such problem in the future for sustainable growth of the bank.

**Keywords:** Service quality, Customer relationship management, loan efficiency.

## **Introduction:**

Nowadays, banks are realizing that quality constitutes the basis of their business and it is a strategy with which they could effectively differentiate their superiority from those of its competitors and to hold on vis-a-vis expand customers' base. At present the banks have to find out the needs of the customers and make them available at competitive prices without delay. The banks cannot continue with the old strategy of one cap for all.

The identity dimensions reflection (i.e., image of the target group) and self-image (i.e., how the brand makes consumers feel) depict the receiver. The dimensions culture (i.e., values) and relationship (i.e., mode of conduct) form a bridge between the sender and the receiver (Sritharan R, and Samudhra Rajakumar C. 2008)

Tamizh Jyothi and Samudhra Rajkumar (2005) concluded in their study on the effectiveness of celebrity advertisements, wherein they have considered product categories and brands are the important factors that influence the effectiveness of celebrity advertisements.

Tamizh jyothi and Samudhra Rajkumar (2005) conducted a study on the effectiveness of celebrity advertisements, and identified that the products and brands are the key factors in the determination of the effectiveness of celebrity advertisements.

Kailasam Tamizhjyothi and Samudhra Rajakumar (2011) concluded in their study on the role of profession in the prediction of effectiveness of multiple celebrity endorsement, and found that attitude towards celebrity and attitude towards brands will be enhanced when it is endorsed by multiple celebrities. However, profession of the celebrity is a major factor in the prediction of multiple celebrity endorsement effectiveness.

Kailasam Tamizhjyothi and Samudhra Rajakumar (2011) found that attitude towards celebrity and attitude towards brands have significant influence on the purchase of multiple celebrity endorsed products or brands. Profession of the celebrity is also considered while predicting the effectiveness of multiple celebrity endorsement.

## **STATEMENT OF PROBLEM:**

According to Berry (2000)<sup>6</sup>, a key to success in services marketing is to “tangibilize the intangible” and one; way to increase the tangible of a service is to use an extrinsic cue as a brand. Services brands help to reduce the risk in consumers' purchase as well as consumption. The commercial banks are offering various types of loan to their customers. But after the disbursement of loan the customer are having some obstacles to repay the loan. As per the banking regulation if the borrower not paid the principle and interest amount of loan taken by them within 180 days it is to be considered as non-performing asset. Banks need to face further step to recover the loan it will also consume time and cost.

## **OBJECTIVES OF THE STUDY:**

- To know the profile of the customers
- To identify the factors influencing service quality of Indian bank
- To offer valuable suggestions for managerial implications

## **RESEARCH DESIGN:**

This study is the nature of descriptive research. In this study both primary and secondary data used. Primary data collected from Interview schedule and secondary data collected from RBI website, Indian bank website, journals and other sources. Total of 430 samples collected for this study based on the population parameter and convenience sampling was applied in this study.

## DATA ANALYSIS AND DISCUSSION:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.674
Bartlett's Test of Sphericity	Approx. Chi-Square	3.436
	Df	325
	Sig.	.000

From the Table shows that the minimum Kaiser-Meyer-Olkin (KMO) value of (0.5) required to attempt exploratory factors analysis .Hence it is inferred from this study attained (0.674) of sampling adequacy KMO values is excellent in this study to measure repayment of loan.

### Total Variance Explained:

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.031	19.352	19.352	3.837	14.757	14.757
2	4.187	16.105	35.457	2.835	10.902	25.659
3	2.811	10.810	46.266	2.663	10.243	35.903
4	2.357	9.064	55.331	2.337	8.988	44.891
5	1.769	6.804	62.135	2.156	8.291	53.182
6	1.464	5.632	67.767	2.081	8.003	61.184
7	1.281	4.926	72.693	2.062	7.930	69.115
8	.812	4.279	76.972			
9	.788	3.032	80.004			
10	.701	2.694	82.698			
11	.686	2.640	85.338			
12	.553	2.125	87.463			
13	.499	1.920	89.383			
14	.438	1.685	91.068			
15	.371	1.427	92.495			
16	.334	1.284	93.780			
17	.318	1.222	95.001			
18	.235	.904	95.906			
19	.205	.788	96.693			
20	.191	.734	97.428			
21	.156	.601	98.029			
22	.140	.540	98.569			
23	.111	.428	98.996			
24	.100	.386	99.382			
25	.088	.338	99.720			
26	.073	.280	100.000			

Principal component analysis (PCA) used to explain the factors under this study by using varimax extraction method. In this study 7 components has extracted and it explains the (69%) of variance to measure repayment of loan. First component has (14.75%) of influence to measure repayment of loan. Second component has (10.90%) of influence to measure repayment of loan. Third component has (10.24%) of influence to measure repayment of loan. Fourth component has (8.98%) of influence to measure repayment of loan. Fifth component has (8.29%) of influence to measure repayment of loan. Sixth component has (8.00%) of influence to measure repayment of loan. Seventh component has (7.93%) of influence to measure repayment of loan.

**Rotated Component Matrix:**

	Component						
	1	2	3	4	5	6	7
Q8A1	.838						
A2	.844						
A3						.487	
A4							.478
A5		.859					
Q13B1					.866		
B2						.291	
B3			.835				
B4						.730	
B5		.663					
B6			.699				
B7			.728				
B8						.719	
B9	.790						
B10		.841					
B11							
Q14C1							
C2							.877
C3							
C4				.732			
C5				.749			
C6	.628						
C7			.394				
C8				.500			
C9				.646			
C10			.544				

Rotated component matrix explains the relationship between 8 components and 26 variables based on factor scores. Factor scores computed on the basis of correlation matrix after the attempt of 12 iterations, it is converged. Based on the relative high scores of each variables with the factor has assigned or loaded with the respective factor.

Based on the above method 4 variables has assigned to factor 1,3 variables has assigned to factor 2,5 variables has assigned to factor 3,4 variables has assigned to factor 4,2 variables has assigned to factor 5,3 variables has assigned to factor 6,2 variables has assigned to factor 7 and3 variables has assigned to factor 8. After the loading of variables into the factors, Researcher labelled the suitable caption for each factors based on the literature support.

First component is named as process of Quality service, second component is named as Repayment facilities, third component is named as Procedure, fourth component is named as Charges and Recovery, fifth component is named as Awareness, sixth component is named as Relationship management, seventh component is named as Interest rate perception and eight components is named as Discharge formalities.

**First Factor:**

S.NO.	PROCESS OF QUALITY SERVICE	MEAN SCORE
1	Quality service	3.66
2	Quick response	3.87
3	Mode of repayment	3.36
4	Interest rate fluctuation lent to increase interest rate	3.85
	<b>AVERAGE</b>	<b>3.685</b>

From the above table, it describes that the highest mean score value is recorded as (3.87) for Quick response, mean score of Interest rate fluctuation lent to increase interest rate is recorded as 3.85, mean score of Quality service is recorded as 3.66, and the lowest mean score value is recorded as (3.24) for Mode of repayment.

It is clear that, from the average (3.68) shows that most of the respondents agreed that Process of quality service is the major cause for repayment of loan.

**Second Factor:**

S.NO.	REPAYMENT FACILITIES	MEAN SCORE
1	Flexible term for repayment	3.55
2	Mode of delivering loan	3.66
3	Installment fixed for repayment	3.70
	<b>AVERAGE</b>	<b>3.63</b>

From the above table, it describes that the highest mean score value is recorded as (3.70) for Installment fixed for repayment, mean score of Mode of delivering loan is recorded as 3.66 and the lowest mean score value is recorded as (3.55) for Flexible term for repayment.

It is clear that, from the average (3.63) shows that most of the respondents agreed that Repayment facility is the major cause for repayment of loan.

**Third Factor:**

S.NO.	PROCEDURE	MEAN SCORE
1	Procedure followed for sanctioning loan	4.04
2	Charges and other expenses related to loan	3.44
3	Period of loan	3.47
4	Non flexible repayment	3.84
5	Delay in issuing clearance certificate	3.62
	<b>AVERAGE</b>	<b>3.682</b>

From the above table, it describes that the highest mean score value is recorded as (4.04) for Procedure followed for sanctioning loan, mean score of Non flexible repayment is recorded as 3.84, mean score of Delay in issuing clearance certificate is recorded as 3.62 mean score of Period of loan is recorded as 3.47 and the lowest mean score value is recorded as (3.44) for Charges and other expenses related to loan.

It is clear that, from the average (3.68) shows that most of the respondents agreed that Procedure is the major cause for repayment of loan.

**Fourth Factor:**

S.NO.	CHARGES AND RECOVERY	MEAN SCORE
1	High processing charges	3.89
2	Other expenses also high	3.95
3	Delay in payment may considered as defaulter	3.43
4	Customer scared by the action taken for loan recovery	3.43
	<b>AVERAGE</b>	<b>3.675</b>

From the above table, it describes that the highest mean score value is recorded as (3.95) for Other expenses also high, mean score of High processing charges is recorded as 3.89, mean score of Delay in payment may considered as defaulter is recorded as 3.43 and the lowest mean score value is recorded as (3.43) for Customer scared by the action taken for loan recovery

It is clear that, from the average (3.67) shows that most of the respondents agreed that Charges and recovery is the major cause for repayment of loan.

**Fifth Factor:**

S.NO.	AWARENESS	MEAN SCORE
1	Information provided by staff about loan scheme	3.73
2	Information available in bank website	3.37
	<b>AVERAGE</b>	<b>3.55</b>

From the above table, it describes that the highest mean score value is recorded as (3.73) for Information provided by staff about loan scheme and the lowest mean score value is recorded as (3.37) for Information available in bank website.

It is clear that, from the average (3.55) shows that most of the respondents agreed that Awareness is the major cause for repayment of loan.

**Sixth Factor:**

S.NO.	RELATIONSHIP MANAGEMENT	MEAN SCORE
1	Good customer relationship	4.06
2	Interest rate	3.43
3	Duration of sanction	3.80
	<b>AVERAGE</b>	<b>3.76</b>

From the above table, it describes that the highest mean score value is recorded as (4.06) for Good customer relationship, mean score of Duration of sanction is recorded as 3.80, and the lowest mean score value is recorded as (3.43) for Interest rate.

It is clear that, from the average (3.76) shows that most of the respondents agreed that Relationship management is the major cause for repayment of loan

**Seventh Factor:**

S.NO.	INTEREST RATE PERCEPTION	MEAN SCORE
1	Lower interest rate for loan	3.96
2	High interest rate	3.38
	<b>AVERAGE</b>	<b>3.67</b>

From the above table, it describes that the highest mean score value is recorded as (3.96) for Lower interest rate for loan, and the lowest mean score value is recorded as (3.38) for High interest rate. It is clear that, from the average (3.67) shows that most of the respondents agreed that Interest rate perception is the major cause for repayment of loan.

**SUMMARY OF FINDINGS:**

- Majority of the respondents (56%) are male.
- Majority of the respondents (45%) are belongs to the age group of 21-30 years.
- Majority of the respondents (70%) are belongs to the marital status of married.
- Majority (37%) of the respondents completed Post graduation.
- Majority (41%) of the respondents are in the occupational category of Private employees.
- Majority (64%) of the respondents are having savings account.
- Majority (33%) of the respondents are availed loan amount of Rs 2, 00,000 to Rs 3,00,000.
- Majority (36%) of the respondents are getting information through word of mouth.

**SUMMARY OF SUGGESTIONS:**

- Only 8% of the respondents are possessing the qualification of schooling. So the banker may focus on such customers increasing awareness towards various loan schemes.
- Bankers must create more awareness regarding other loan facilities to the customers. It helps to meet out the financial consequences of the customers.

**CONCLUSION:**

The researcher has observed that some awareness regarding loan facilities are lacking among the customer. Major contribution of this study is to provide suggestion to the banker to provided more awareness regarding the loan facilities to the customer. Apart from that banker are also being responsible for repayment of loans, hence valuable suggestions were given to avoid such problem in the future for sustainable growth of the bank.

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