

## A Study on Customers Service among Tamilnadu Mercantile Bank in Erode Branch

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**ABSTRACT :** The Financial institution specially banking industry is one of the areas where many public, private & foreign banks are operating their businesses to different customers in every nuke of the country. This study is undertaking the customer service towards Tamilnadu Mercantile bank at Erode. Banking is considered to be nerve center of trade, commerce and business in a country .It plays a vital role in distributing the money for the development of trade, industry and commerce. Therefore we may say that banking is life blood of the modern commerce. A banker is not only dealers money but also leaders in economic development of a country. The fundamental aspects of banking i.e. trust and the confidence of the people on institution remain same. The majority of banks are still successful in keeping with the confidence of the customer even though the main problems of the customer are not well aware of the service provided by their bank. Financial institution specially banking industry is one of areas where many public, private & foreign banks are operating their businesses to different customers in every nuke of the country. In the process to attract customers these banks are providing highest level of service quality to satisfy the varying needs of today's customers, but service quality is not alone sufficient trust among the customers is another important factor which is a predictor of consumer service.

**Keywords:** Tamilnadu Mercantile Bank Customer Service in the Trade Commerce

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### I. INTRODUCTION

Banks are vital components of the economic developments in any countries development. They are contributing services in mobilizing public savings and channelizing the flow of funds for productive purposes. Government of India and Reserve Bank of India took several major initiatives after country attained independence to gear the banking system to serve the national objective. Banking industry is considered as one of the service businesses. The Indian Banking system plays a major role in country's economy. It is one of the catalysts for catapulting India as a major economic force in world. The real GDP growth has averaged 8 per cent over the past 3 years, services, and manufacturing exports sectors are booming. In the banking business banks offer both tangible products and intangible products (services). In today's highly competitive business environment, service has been increasingly played a critical role in banks operations. The general banking scenario in India has been become very dynamic now-a-days. Before pre-liberalization picture of Indian Banking was completely different as the Government of India initiated measures to play an active role in economic life of nation, Industrial Policy Resolution adopted by government in 1948 envisaged a mixed economy. This resulted into greater involvement of state in different segments of the economy including banking and finance.

Service Quality of the banks referred as an obligation of all banks to fulfill objectives and needs of customers. The present need of banks is to have good relationship with customers by providing quality services to retain existing and generate or acquire new customers. Thus, this study attempts to service quality in banking sector present scenario. The scope of this study is to identify the service quality of TMB in Erode district. This research is based on the primary data and secondary data. This study only focuses on the dimensions of service quality reliability, assurance, tangibility, empathy and responsiveness. The primary data was collected from 120 customers of banks located in Erode district.

### BANKING SERVICES

Banks are continuously adding services to their customers to improve their profits and positioning their brands in the customer sector. Now the customers have more choices in choosing their banks for sake of best service rendered by banks. A well competition has been established within banks operating in India. Especially the private banks took it challenge to penetrate into the Indian banking industry and established well because of their quality of service.

Service industries are playing an important role of economy in the many nations. In India more than 80% of Indian GDP comes from the services. Indian banking industry has been suddenly witnessed major boom. It is facing rapid changes, such as: new technologies, economic uncertainties, fierce competition, more demanding customers and changing climate which lead an unprecedented set of challenges. Being a globalized market, customers seek and demand world class products and services. In today's global market competitive advantage, differentiation and excellence lies in delivering high quality service to the customers. Growth and development of the enterprise majorly depends on service quality.

### IMPORTANCE OF THE STUDY

- Quality in service is very important especially for growth and development of service sector business enterprise.
- It works an antecedent of customer's satisfaction. In the past, quality was measured only for tangible products because of less dominance of service sector the economy.
- Due to the increasing importance of service sector in the economy, the measurement of service quality became important.
- Undoubtedly owing to the belief that delivery of high service quality is a must for attaining customers satisfaction and a number of other desirable behavioural outcomes, recent years have incensed a flurry of the research exploring interrelationship between service quality, satisfaction and behavioural outcomes.
- The objective of the present study are to identify the customer's perception on service quality factors in commercial banks and the customers satisfaction towards the banks; to analyses impact of perception on service quality factors in commercial banks among the different group customers based on their demographics. The applied sampling technique is purposive sampling. The present study concludes that there is a close link between customer's perception on the service quality factors and the customer satisfaction. But the impacts of service quality factor on customer satisfaction among customer are not unique. It depends upon the demographic profile of the customers

### SCOPE OF THE STUDY

- The study encompasses customer service quality of TMB banks in Erode branch.
- The study covers respondents both customers of banks and bankers.
- The customers belong to various professions, various places, of both genders, with varied income groups and various age groups.

- To analyses the various factors influencing the customer to open an account, to study the satisfaction of customer about the services and assess the customer services in TMB.

## II. OBJECTIVES OF THE STUDY

### (i) Primary Objective:

The main object of the study is to assess the customer service of TMB.

### (ii) Secondary Objectives

1. To identify importance attached to different attributes of customer service viz. reliability, responsiveness, empathy, tangibles and assurance the customers.
2. To examine the performance of public private and foreign banks on the basis of quality services.
3. To find the gap between customers' expectations and perceptions of quality of services for TMB.
4. To make suggestions for improvement of customer services in banks.

## III. RESEARCH METHODOLOGY

Research is composed of the two syllables prefix and a verb search. Re means again, a new, over again. Search means to examine closely and carefully, test and try, to probe. The two words form a noun to describe careful and systematic study in some field of knowledge, undertaken establish facts or principles. Research is organized and systematic way of finding answers to the questions. Basic Research and Applied Research Basic research is geared toward advancing our knowledge about human behavior with the little concern for any immediate practical benefits that might result. Applied research is designed with practical outcome in mind and with the assumption that some.

## DATA COLLECTION

### i) Questionnaire Design

Data is collected through pre structured questionnaire. Part-I Questionnaire was set to obtain personal information (gender, age, education Level, income, occupation and Customer's Bank) of the respondents. The SERVQUAL Model was used for the Questions in Part-II, consisted of 22 questions to measure the key dimensions of service quality i.e. reliability, empathy, responsiveness, assurance and tangibles through this the gap between perception and expectation will be analyzed. The questions were divided into two parts the first part evaluated actual quality of service offered (according to perception and experience) and second part into expected quality of service i.e. what customers expect from all banks to provide. Questions were set in Likert scale rating of each statement started with indicating "strongly disagree" and ended with 5

being “strongly agree”. The qualitative data converted into quantitative and then details analysis.

### ii) Sample

The study limited to customers of public, private, foreign banks which are located in Erode. Convenience is random sampling method has been adopted to select customers from bank. Sample constituted total two hundred of customers equally in male and female, aged 18 above, were requested to fill the questionnaire.

### Reliability and Validity

Reliability measurement is established by testing for the both consistency and stability. Cronbach alpha has been employed to evaluate the reliability scale construct, dimension of each construct and to ensure that the data collected is reliable. The Cronbach Alpha is calculated to measure the reliability of the five dimensions, Reliability, Responsiveness, Assurance, Empathy and Tangibility.

### INTERPRETATION OF THE RESULT:

Finally results that emerged from the study was analyzed and interpreted and suitable conclusions were drawn from those results.

### STATISTICAL TOOLS USED

- ❖ Simple Percentage Analysis
- ❖ Chi –Square test.

### Simple Percentage Analysis

The percentage method is a used for comparing certain feature. The data collected represented in the form of tables and graphs in order to give effective visualization of comparison made.

Sample Percentage = Actual population / Sample size X 100

### Chi – Square Analysis test

It is useful to determine the sign can't relationship between the two variables

The formula is used for chi-square test.

$$\text{chi-square} = (o-e)^2/e$$

where, -> Observed frequency

e -> Expected frequency

Expected frequency is calculated as follows

$$\text{Expected value} = \frac{\text{Row total X column total}}{\text{Grand total}}$$

Degree of freedom =(r-1) X(c-1)

Where,

R-Number of rows

C -Number of columns.

### LIMITION OF THE STUDY

Completing this research paper was not that easy. There were certain limitations that we had to face. These are discussed below:

1. The Study was based in Erode district only. If we could have gathered responses from the respondents from outside Erode district then our results would have been more accurate.
2. The sample size for our research was small where only 55% of the customers responded to the questionnaire.
3. Customers did not show interest in the filling of questionnaire. It took a lot of effort convince them to fill the questionnaire.
4. The study is limited to the study of expectation and perceptions of customers having an account in TMB.

### REVIEW OF LITRATURE

**Tooraj and Atefeh(2011)** Investigated customers' understanding and five dimensions of services quality and their relationship with customers' understanding of service quality. It was concluded after determining desirable services from standpoints of the customers (investigating customers' expectations) and its effective factors and also the examination of the current status of services quality (customers' understandings) that responses to customers' expectations in all of the branches under investigation and the understood services quality have been always more than service quality expected by the customers. The method used in the this research is cohesion or cooperation method for which a questionnaire was prepared and distributed among the customers.

**Karthikeyan and Mayilvaganan(2011)** In their study stated that banks cannot exist without customers. In service sector like bank, customer service should not only be a critical function, but a way of life also. Customer satisfaction should be the focal point. That alone serves the banks' objective of maximization of profit. It is obvious that bank cannot think of making the profit without customers. A customer assesses the quality of service delivery and the output delivery after a service is rendered. There is always bound to be a gap between the quality of service which is expected and the quality of service that is rendered. *Parasuram, Zeithaml and Berry* have identified five dimensions of service quality: Tangibles, Reliability, Responsiveness, Assurance and Empathy. They assessed the quality of service delivery and identified service gap to offer suggestions for the purpose of minimizing service gap.

**Reena Roy et al. (2011)** investigated the factors that are associated with customer satisfaction among customers of

Indian Foreign Banks in Tamil Nadu. Customer satisfaction was evaluated by the applying Gap Model of service quality proposed by *Parasuraman, Zeithaml and Berry*. A survey using is structured questionnaire was conducted among 275 customers in Tamil Nadu, India, to measure the five gaps proposed by the model. The differences between perceived quality and the services provided were analyzed with parameters such as Need Analysis, Service Features, Infrastructure and Behavior of Bank personnel. After analyzing each factor on Customer Satisfaction parameters, most important one was inferred. Service gap can be useful framework in assessing quality of care and product offerings provided to the customers.

## BANKING IN INDIA

**Banking in India**, in the modern sense, originated in the last decades of the 18th century. Among the first banks were Bank of Hindustan, which was established in 1770 and liquidated in 1829–32; and the General Bank of India, established in 1786 but failed in 1791.

The largest bank, and oldest still in existence, is the State Bank of India (S.B.I). It is originated as the Bank of Calcutta in June 1806. In 1809 it was renamed as the Bank of Bengal. This was one of the three banks funded by a presidency government, other two were the Bank of Bombay and the Bank of Madras. The three banks were merged in 1921 to form Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years the presidency banks had act as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935, under the Reserve Bank of India Act, 1934.

In 1960 State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its associate banks. In 1969 the Indian government nationalized 14 major private banks. In 1980, 6 more private banks were nationalized. These nationalized banks are the majority of lenders in the Indian economy. Dominate the banking sector because of their large size and widespread networks.

## SUGGESTION

- Bank must give to have motivated all age groups to select cards for their personal use to make payment in the shop.
- Online transaction/ net banking must be simplified because lot of procedures led them to confuse. If it is in simplified manner all kinds of people use it without any hesitation.
- It is suggested that photo card can be provided to the card holders. Hence, it can avoid many fraudulent activities and it case of loss of credit cards.

- Most probably banks will be located in city or down side. The customer who belongs to rural Side may suffer lot in banking services.
- If there was some problems occur in money transaction the solution to the problem will be delayed by them. The bankers must provide the customers will the addicted facility needed to them in the problem of transaction.
- The bank should provide good environment in order to face number of customer like head branch all sub branch need same facility.
- If the bank introduced new bank scheme and policy in the notice board should display in front of the bank.
- It is suggested that the facilities provided ATM like online banking, mobile banking and internet banking, money transfer and all the drosits. So the banker to reduce the rush during working hours in bank.

## IV. CONCLUSION

The present study identified, responsiveness, reliability, and empathy is the most important dimensions of services having stronger impact on service quality. This study identified that customer service quality satisfaction varies with categorical variables like, income, occupation and Customer's bank. However customer service quality satisfaction does not vary with age gender and Educational Level, The tangibility dimension (Location, Employees dressing, Printed materials, Availability of equipment & visually appealing layout) holds a least Seroquel gap between the customers' expectations and perceptions. It is very obvious that, the gap between the customers' expectations and perceptions on the responsiveness dimension (Customer support, less waiting time, ease of location and quick response) is the highest. This show all the dimensions of service quality, banks are lagging behind in being responsive to customer requirements. However, the gap scores on reliability, assurance and empathy dimensions seem to be more or less the same. It is advisable that the banks should focus more on "Responsiveness" dimension to win customers. Banks also have to look into aspects like reliability empathy and assurance in delivering their services. Banks have created enough tangible cues into impress upon the customers.

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