

## CUSTOMERS PERCEPTION AND SATISFACTION TOWARDS SERVICE QUALITY OF CANARA BANK INMADURAI CITY

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### **Abstract**

*Banks are economical backbone of financial system of any country. In India bankers are acting as a major role in providing financial services to the customer. Canara Bank is one of the oldest public sector banks in India. All the public and private sector banks are stepping ahead by introducing new technology and creating new milestone in this competitive world. But this is not enough for the banker to stand in this industry. Apart from that, they should fulfill the needs and wants of the customer from their service. This paper is focus on the service quality of Canara bank in Madurai City. Canara Bank is the lead bank in Madurai district. To make this study in an effective manner, five service quality dimensions are measured namely Tangibility, Assurance, Reliability, Responsiveness, and Empathy. And also analysis the level of customer usage and satisfaction towards services provided by Canara Bank in Madurai city.*

**Key Words:** *Service Quality, Service Utilisation and Customer Satisfaction.*

### **I. Introduction And History of Canara Bank**

Canara Bank is the largest and oldest public sector bank in India. Headquarter of this bank is located in Bangalore. It was established in the year 1906 at Mangalore by AmmembalSubbaRaoPai. The government nationalized this bank in 1969. As at June 2018, the Bank has further expanded its domestic presence, with 6291 branches spread across all geographical segments. Keeping customer convenience at the forefront, the Bank provides a wide array of alternative delivery channels that include 9221 ATMs, covering 4572 centers. The bank also has offices abroad in London, Hong Kong, Moscow, Shanghai, Doha, Bahrain, South Africa, Dubai, Tanzania and New York. Today, Canara Bank inhabits a leading position among all the Indian banks. Canara Bank has numerous firsts to its credit like credit card to farmers, intercity ATM network Agricultural Consultancy Services and subsidiary for IT consultancy. It was undertaken the several IT initiatives for their customer convenience. The Bank has recently introduced a series of customer friendly mobile application as BHIM Aadhaar Pay, Canara mServe, Canara GeoLocate, Canara Tech, Canara Cart and Canmoney.

**Table-1 Significant Milestones of Canara Bank**

<b>Year</b>	<b>Details of Growth</b>
1906	Canara Hindu Permanent Fund Ltd. formally registered with a capital of 2000 shares of 50/- each, with 4 employees.
1910	Canara Hindu Permanent Fund renamed as Canara Bank Limited
1969	14 major banks in the country, including Canara Bank, nationalized on July 19
1976	1000th branch inaugurated
1983	Overseas branch at London inaugurated Cancard (the Bank's credit card) launched
1985	Takeover of Lakshmi Commercial Bank Limited Commissioning of Indo Hong Kong International Finance Limited
1987	Canbank Mutual Fund & Canfin Homes launched
1989-90	Canbank Factors Limited, the factoring subsidiary launched

1995-96	Became the first Bank to be conferred with ISO 9002 certification for one of its branches in Bangalore
2003-04	Launched Internet Banking Services
2005-06	Launched Core Banking Solution in select branches
2008-09	The Bank crossed the coveted 3 lakh crore in aggregate business. The Bank's 3rd foreign branch at Shanghai commissioned.
2011-12	Total number of branches reached 3600.
2014-15	Global Business of the Bank crossed 8 lakh crore.
2015-16	The Bank's 8th foreign branch at DIFC (Dubai) opened.
2017-18	One of the best 5 nationalized banks in India.

Source: Canara bank website

## II. Dimensions of Service Quality

Dimensions of Service Quality refer to process quality, as judge by consumers during a service and output quality judged after a service is performed. While assessing service quality, consumers examine the following factors: Tangibility, Assurance, Reliability, Responsiveness, and Empathy.

In this present study Tangibility refers to physical facilities or physical evidence of the banker. Assurance refers to the knowledge and courtesy of the bank employees and their ability to stimulate confidence in the customer. Reliability is the ability of the banker to perform the service promised dependably and accurately. Responsiveness is the willingness of the bank's staff to help their customer and to deliver him with prompt service. Empathy refers to caring and individual attention to each customer.

## III. Review of Literature

NirmaljeetVirkPrabhjotKaurMahal (2012), studied that the expectations and the level of satisfaction of the customers towards the services rendered by public and private sector banks. According to this research, if the facilities in the branch viz. infrastructure, ambience, décor, sitting facility, signage, etc. are adequate, it not only leads to customer satisfaction but overall improvement in working of the branch as well whether it is services by teller, managers, loan services or mutual fund services.

E.Ashraf andDr.K.Venugopalan (2018) through his article made an attempt to study the Service Quality and Customer Satisfaction, from the perspective customers, between public and private sector banks in Kerala. It enables us to have an understanding of service quality perceptions of banking customers and leads how to improve the level of customer satisfaction with respect to reliability, responsiveness, and assurance, empathy and tangibility aspects.

(Parasuraman&Berry.L, 1988) made an attempt to develop conceptual framework of service quality based on the interpretation of qualitative data from extensive explanatory research performed in four service businesses and introduced 10 dimensions through which service quality can be assessed. Later these dimensions have been integrated into only five ones. This new model is known as 'Servqual', The name consists of the two words 'Service' and 'Quality', these five dimensions include: Assurance , Empathy, Reliability, Responsiveness, and Tangibility.

(Hayat Muhammad Awan&Iqbal, 2011) have investigated the service quality and its relationship to customer satisfaction among the customers of conventional banks and Islamic banks by using SERVQUAL scale. This study found that the relationship between multi-dimensional service quality dimensions customer satisfaction factors also validated the significance of service quality aspects for behavioral intentions for customers from conventional banks and Islamic banks.

Manikyam (2004) in this paper author explains the changing banking scenario, the impact of economic reforms and analyses the challenges and opportunities of national and commercial banks. He stated that apart from traditional banking services, Indian banks must adopt some product innovation so that they can compete in range of competition. The level of consumer awareness is significantly higher.

#### IV. Research Methodology

##### 1. Objectives

1. To examine the profile of the customers utilizing the services rendered by Canara bank in Madurai city.
2. To determine the level of customers expectation and perception towards Service Quality of Canara Bank in Madurai City
3. To analysis the level of customer satisfaction of services provided by Canara banks in Madurai city.
4. To render suitable suggestion for improving their service quality.
- 5.

**2. Research Design:** Descriptive research method is used in this study.

**3. Sample Size and Area of Research:** 150 Respondent are from various five Canara bank account holders in Madurai city.

**4. Sampling technique:** Convenient Sampling method is used to frame sample respondents of 150 Canara bank account holder.

**Period of Research:** 3 months from November 2018 to January 2019.

**6. Data collection:** Both primary (questionnaire) and secondary (website, journals and books) data are used in this study.

**7. Tools used for analysis:** In this study various statistical tools were used like Percentage Analysis, Chi-Square Test, Weighted Average Method and Sign Test.

#### V. Data Analysis and Interpretation

##### 1. Level of Utilization of Services Provided By Canara Bank in Madurai City

Various traditional and Modern services are provided by Canara bank. Level of usage of these services can analyze through Percentage Analysis and chi-square test.

**H<sub>0</sub>:** there is no significant relationship between the demographical profile and Utilization of services provided by Canara Bank.

**Table-2 Level of Service Utilization (Percentage Analysis and chi-square test)**

Factors	Level of Usage			Total
	Frequently used (N=79)	Rarely used (N=25)	Not used (N=46)	
<b>Gender</b>				
Male	54 (68.35%)	21 (84 %)	29 (63.04 %)	104 (69.33%)
Female	25 (31.65%)	04 (16%)	17 (36.96%)	46 (30.67%)
<b>Total</b>	<b>79</b>	<b>25</b>	<b>46</b>	<b>150 (100%)</b>
<b>Chi-square test</b>	<b>CV=3.42, TV=5.991, DF=2, level of sig =0.05 H<sub>0</sub> is Accepted</b>			
	<b>Age</b>			
Below 20	19 (24.05%)	03 (12%)	07 (15.22%)	29 (19.33%)
21-40	21 (26.58%)	09 (36%)	15 (32.61%)	45 (30.00%)
41-60	25 (31.65%)	08 (32%)	20 (43.48%)	53 (35.33%)
Above 60	14 (17.72%)	05 (20%)	04 (8.70%)	23 (15.33%)

<b>Total</b>	<b>79</b>	<b>25</b>	<b>46</b>	<b>150 (100%)</b>
<b>Chi-square test</b>	<b>CV=5.937, TV=12.991, DF=6, level of sig =0.05 H<sub>0</sub> is Accepted</b>			
<b>Education qualification</b>				
Illiterate	03 (3.80%)	04(16%)	02(4.35%)	09 (6.00%)
Up to school	16 (20.25%)	03(12%)	02(4.35%)	21(14.00%)
Graduate	49 (62.02%)	22(88%)	11(23.91%)	82(54.67%)
Post graduate & Profession	11 (13.92%)	09(36%)	18(39.13%)	38(25.33%)
<b>Total</b>	<b>79</b>	<b>25</b>	<b>46</b>	<b>150 (100%)</b>
<b>Chi-square test</b>	<b>CV=25.459, TV=12.991, DF=6, level of sig =0.05 H<sub>0</sub> is Rejected</b>			
<b>Monthly Income (Rs)</b>				
Below 20000	44(55.69%)	14(56%)	28(60.87%)	86(57.33%)
20000-40000	27(34.18%)	07(28%)	15(32.61%)	49(32.67%)
40000-60000	08(10.13%)	04(16%)	03(6.52%)	15(10.00%)
<b>Total</b>	<b>79</b>	<b>25</b>	<b>46</b>	<b>150 (100%)</b>
<b>Chi-square test</b>	<b>CV=1.824, TV=9.488, DF=4, level of sig =0.05 H<sub>0</sub> is Accepted</b>			
<b>Occupation</b>				
Govt. employee	5(6.33%)	02(8%)	02(4.35%)	09(6.00%)
Pvt employee	59(74.68%)	07(28%)	08(17.39%)	74(49.33%)
Business	08(10.13%)	06(24%)	10(21.74%)	24(16%)
Agriculture	02(2.53%)	08(32%)	01(2.17%)	11(7.33%)
Student	04(5.06%)	01(4%)	13(28.26%)	18(12%)
House wife	01(1.27%)	01(4%)	12(26.09%)	14(9.33%)
<b>Total</b>	<b>79</b>	<b>25</b>	<b>46</b>	<b>150 (100%)</b>
<b>Chi-square test</b>	<b>CV=8.58, TV=18.307, DF=10, level of sig =0.05 H<sub>0</sub> is Accepted</b>			

Source: Primary Data, CV=Calculated Value, TV=Table Value, DF=degree of Freedom.

Table 2 clearly explain that, the profile of respondents and utilization of services in percentage and also describe the relationship of utilization and demographical profile of the respondents with the help of chi-square test.

## 2. Service quality gap in Canara bank in Madurai city

Weighted Average Method is used to find an accurate service gap between customer's expectation and Perception.

**Table-3 Service Quality Gap**

S.No	Factors	Expectation Mean	Perception Mean	Service Quality Gap
<b>I</b>	<b>Tangibility</b>	<b>4.08</b>	<b>3.36</b>	<b>0.72</b>
1.	Adequate infrastructural facilities	4.23	3.17	1.06
2.	Vehicle parking facility is available	3.89	3.02	0.87
3.	Bank uses latest technologies in providing services	4.12	3.90	0.22
<b>II</b>	<b>Reliability</b>	<b>4.34</b>	<b>3.55</b>	<b>0.79</b>
4.	Provides services at time promises to do so it	4.78	3.98	0.80
5.	Insists on error free records	3.96	2.79	1.17
6.	Get things right at the first time	4.28	3.89	0.39
<b>III</b>	<b>Responsiveness</b>	<b>4.13</b>	<b>2.92</b>	<b>1.21</b>
7.	Staff are prompt in responding to questions and queries	3.73	2.90	0.83

8.	Staff are willing to help anytime	3.76	2.79	0.97
9.	Front office staff responding to phone calls instantaneously	4.89	3.06	1.83
<b>IV</b>	<b>Assurance</b>	<b>4.10</b>	<b>2.91</b>	<b>1.19</b>
10.	Bank is widely known	4.00	3.11	0.89
11.	Bank staff give assurance with regard to their efficient service	3.85	2.56	1.29
12.	Employees in banks have knowledge to solve customer's problem	4.45	3.07	1.38
<b>V.</b>	<b>Empathy</b>	<b>4.14</b>	<b>3.19</b>	<b>0.95</b>
13.	Customers get individual attention	3.44	3.20	0.24
14.	Client friendly service hours	4.89	3.09	1.80
15.	Bank has its customer's best interest in heart	4.08	3.28	0.80

Source: Computed data

It is clear from the table 2 that the mean scores of expectations are high and ranged from 4.89 for (item 14: Client friendly service hours) to 3.44 for (Item 15: Customers get individual attention). Among the five dimensions, the highest expectation related to the Reliability dimension (dimension's mean score = 4.34) and the lowest expectation related to the tangibility dimension (dimension's mean score = 4.08).

The mean score of the perceptions ranged from 2.56 for (item 11: Bank staff give assurance with regard to their efficient service) to 3.89 for (item 4: Provides services at time promises to do so it). Among the five dimensions of quality, the highest perception related to the Reliability dimension (dimension's mean score = 3.55) and the lowest perception related to the Assurance dimension (dimension's mean score = 2.91).

The service gap score for each item and dimension was computed. Table 2 shows that the highest gap of the quality relates to the responsiveness dimension (gap mean score = 1.21), and there is a considerable gap between the customers' expectations and perceptions. The lowest gap of the quality relates to the Tangibility dimension (Gap mean score = 0.78).

### 3. Application of Sign Test to Analyze the Level of Satisfaction of the Customers Due to services provided by Canara Bank

**H<sub>0</sub>:** There is no significant difference between the overall mean and the individual mean of the statements regarding the level of satisfaction due to the services provided by Canara Bank in Madurai City.

**Table-4 Level of Satisfaction Towards Services (Sign Test)**

S.No	Services	H.S	S	N.O.	D.S	H.D.S	Total Score	Mean Score	Sign
1.	Deposit Schemes	70 (350)	31 (124)	15 (45)	19 (38)	15 (15)	150 (572)	3.813	+
2.	Loans and advances	62 (310)	38 (76)	18 (54)	11 (22)	21 (21)	150 (483)	3.220	-
3.	Cheque clearance	68 (340)	44 (176)	12 (36)	16 (32)	10 (10)	150 (594)	3.960	+
4.	ATM	64 (320)	36 (72)	06 (18)	21 (42)	23 (23)	150 (475)	3.167	-
5.	ATM cash deposit service	54 (270)	33 (132)	28 (84)	24 (48)	11 (11)	150 (545)	3.633	+
6.	Mobile banking	69 (345)	34 (102)	09 (27)	20 (40)	18 (18)	150 (532)	3.547	-

7.	Credit Card	57 (285)	29 (116)	14 (42)	35 (70)	15 (15)	150 (528)	3.520	-
8.	NEFT/RTGS service	63 (315)	39 (156)	06 (18)	29 (58)	13 (13)	150 (560)	3.733	+
9.	Online Banking service	58 (290)	35 (140)	16 (48)	22 (44)	19 (19)	150 (541)	3.607	+
10.	Agency Services	69 (345)	32 (128)	15 (45)	19 (38)	15 (15)	150 (571)	3.807	+
11.	Lockerfacility	50 (250)	35 (140)	13 (39)	28 (56)	24 (24)	150 (511)	3.407	-
12.	SMS Alters	53 (265)	41 (164)	11 (33)	19 (38)	26 (26)	150 (526)	3.507	-
13.	Interest rates	64 (320)	37 (148)	10 (30)	24 (48)	15 (15)	150 (578)	3.853	+
14.	Complaint handling mechanism	63 (315)	43 (172)	12 (36)	18 (36)	14 (14)	150 (573)	3.820	+
15.	Customer feedback service	54 (270)	20 (80)	16 (48)	27 (54)	33 (33)	150 (485)	3.233	-
Overall Mean		<b>3.589</b>							

**Source:** Compiled from Primary Data.H.S-Highly Satisfied (5 points), S- Satisfied (4 points), N-Neutral (3 points), D.S- Dissatisfied (2 points), H.D.S- Highly Dissatisfied (1 Point).

From table-3 we find that there are eight plus signs and 7 minus signs,  $n=15$ ,  $\mu=0.05$  (15)= 7.5,  $\sigma=\sqrt{0.25n}$ ,  $\sigma = \sqrt{0.25 \times 15} = 1.936$ ,  $Z=8- 7.5/1.936= 0.258$ . Hence, the Z value is within the acceptance region of null hypothesis( $Z = -1.96$  to  $Z = +1.96$ ) and it is concluded that there is no significant difference between the overall mean and the individual mean of the statements regarding the level of satisfaction due to the services provided by Canara Bank in Madurai City.

## VI. Findings of the Study

1. Majority of the respondents are male (69.33%).
2. Out of 150 respondents, 53 (35.33%) are in the age group of 41-60. 82(54.67%) respondents are Graduate.
3. 86(57.33%) respondents month income is Below Rs. 20000. Out of 150 respondents, 74(49.33%) are working in a private concern.
4. From chi-square test, we find that only education have a significant relationship with utilization of services. All other demographical factors like Gender, Age, Monthly Income and Occupation are not have a significant relationship with utilization of services provided by Canara Bank in Madurai City.
5. Canara bank have highest service gap in Responsiveness and Assurance.
6. Most of the respondents are having high level of satisfaction in Cheque clearance and Low level of Satisfaction in ATM facility and Customer feedback Services.

## VII. Suggestion and Recommendation

1. For improving utilization of services, the bankers should create awareness and benefits about the products and services which are all newly introduced.
2. To reduce the service gap, they should give more concentration in responsiveness of customer. Staff are playing very important role in improving responsiveness. So proper training should be given to staff.
3. Bankers should rectify the customer's problems through feedback service or complaint handling mechanism.



4. The Canara Bank must update the customer friendly innovative technologies to offer modern banking services effectively and it will definitely increase the level of satisfaction of the customers.
5. Banks must exercise sufficient efforts to collect information about their customers, their needs and requirements.

### VIII. Conclusion

Canara Bank provides many modern banking services throughout the country. The customers are the strong pillars supporting the services in any field and the ultimate cause of its success. Therefore, Canara Bank has to concentrate to widen its customers base to strengthen its activities and achieve success through them by true, sincere and excellent services. It has created an effective distribution channel. The first achievement of public service provider is to survive in the market among many powerful competitors and admits a big competition. The objective of the public service providers must be to serve the public along with its profit motive. In order to survive in the competitive world, Canara Bank have provided a variety of services which are beneficial to all types of customers. Customers' satisfaction must be given top priority by the public service providers.

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