

**QUALITY OF SERVICES OF BANKS IN HIMACHAL PRADESH: THE  
PERSPECTIVE OF EMPLOYEES UNDERSTANDING CUSTOMERS' NEEDS**

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ABSTRACT

Bank is an institution which deals with the hard earned money of the public and provides them credit and other financial services in such a manner, so that they can also make profit from the difference between the interest paid and charged by them. In the recent past the banking sector is unable to perform well and as such the process of merger of the banking institutions is taking place by the Government of India. After that structure, role, method and technique of providing service of these banking institutions have changed, as they are now equipped with modern technology to face the competition. The initiatives in banking have made the work easier and more interesting also improved the competitive edge of banks. Quality of service is the most important thing for the satisfaction of customers in any business and satisfaction of customer is the way to success. Service quality is a comparison of expectations with performance. Different categories of public and private sector commercial banks have their branches in Himachal Pradesh and perform diverse type of functions to satisfy the financial need of the different sectors like, trade, industry and agriculture etc. Banks being a business institution must pay attention towards quality measures for long run in the market. The research examines quality of services of SBI, PNB, ICICI and HDFC in Himachal Pradesh in context to the perspective of employees to understand the needs of customers.

Key Words: Quality of Services, Customers' needs, Commercial banks.

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## RATIONALE OF THE STUDY

Bank is an institution which deals with the hard earned money of the public and provides them credit and other financial services in such a manner, so that they can also make profit from the difference between the interest paid and charged by them. Regulatory initiatives towards banking in India include the recommendation of Rangarajan Committee and the Khan committee. Rangarajan Committee, 2008 has defined financial inclusion as the process of ensuring timely access to financial services and adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost. In the current phase of banking Government of India and RBI introduced schemes like Pradhan Mantra Jhandhan Yojana and Sarv Siksha Abhiyan to promote easy access towards financial services such as opening of bank accounts, credit, insurance and pensions and also to promote financial education. However, in the recent past the banking sector is unable to perform well and as such the process of merger of the banking institutions is taking place by the Government of India. After that structure, role, method and technique of providing service of these banking institutions have changed, as they are now equipped with modern technology to face the competition like, tele banking, mobile banking, CBS, NEFT, SWIFT etc., where CBS is networking of branches, which enables the customers to operate their accounts and avail banking services from any branch of the bank of CBS network, regardless of where he maintains his account and NEFT is a nationwide payment system facilitating one-to-one funds transfer. Under this scheme individuals and corporate enterprises can electronically transfer funds from any bank branch to any individual and corporate having an account with any other bank branch in the Country participating in this scheme. Such initiatives in banking have made the work easier and more interesting also improved the competitive edge of banks. The banking industry has been leading technology innovation in recent years and now

all banking transactions are completing through internet applications. Consumers are attracted to these technologies because of increasing ease of use, convenience and in some instances also cost savings.

Quality of service is the most important thing for the satisfaction of customers in any business and satisfaction of customer is the way to success. Service quality is a comparison of expectations with performance. Different categories of public and private sector commercial banks have their branches in Himachal Pradesh and perform diverse type of functions to satisfy the financial need of the different sectors like, trade, industry and agriculture etc. State Bank of India is the oldest bank in the existence and Punjab National Bank is the third largest bank by assets. ICICI Bank was established by the Industrial Credit and Investment Corporation of India, an Indian Financial Institution, as a wholly owned subsidiary in 1954 and in 2000, ICICI Bank became the first Indian bank to list on the New York Stock Exchange. It is the second largest bank in India by assets and third largest by market capitalization. HDFC Bank was incorporated in 1994 by Housing Development Finance Corporation Limited (HDFC), which is India's largest housing finance company. Apart from the public and private sector banks, foreign banks are providing services but still are not viable in all regions of states of the Country and are not yet accessible to all strata of population despite of the fact that they are being assumed to provide quality services. All such initiatives of the banking institutions encourage the human resource to render good quality services. Banks being a business institution must pay attention towards quality measures for long run in the market. The research endows to study the quality of services rendered by the banks in Himachal Pradesh in perspective of the understanding of customers' needs by the employees as per the responses of the customers.

## OBJECTIVES OF THE STUDY

The objectives of the research are as under:

- To study bank wise opinion regarding convenient location
- To examine bank wise opinion regarding efficient and speedy services
- To seek opinion regarding value and respect of customers

## SCOPE AND METHODOLOGY

The study was conducted in Himachal Pradesh. Four banking institutions viz. SBI, PNB, ICICI and HDFC were taken for primary information and sample of 500 respondents was taken. The results were analyzed by applying Likert rating scale and descriptive analysis as well as inferential analysis. The analyses are discussed as below:

## ANALYSIS AND DISCUSSION

The responses with regard to employees understanding about customers needs show that the respondents of both categories have similar responses as the mean scores are similar (3.236 from public sector and 3.305 from private sector). There are high variations in the responses and values of skewness are negative in both categories of respondents from both types of banks which shows that the respondents are tending towards higher side on five point scale analyzing that they consider the statement as undecided to agreed. It is also analyzed while applying chi square test that since p-values are significant at 5 per cent level of significance, there are significant differences in the opinion of the respondents regarding the statement.

**TABLE 1**

### **BANK WISE OPINION REGARDING CONVENIENT LOCATION**

Bank Name	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Total	Mean	St.d	Skew
<b>SBI</b>	52(34.7)	62(41.3)	29(19.3)	5(3.3)	2(1.3)	<b>150(150)</b>	4.0467	.8924	-.839
<b>PNB</b>	34(22.7)	69(46)	37(24.7)	10(6.7)	0(0)	<b>150(150)</b>	3.8467	.8492	-.367
<b>HDFC</b>	3(3)	62(62)	12(12)	23(23)	0(0)	<b>100(100)</b>	3.4500	.8804	-.751
<b>ICICI</b>	29(29)	33(33)	17(17)	21(21)	0(0)	<b>100(100)</b>	3.7000	1.1055	-.339
<b>Total</b>	<b>118(23.6)</b>	<b>226(45.2)</b>	<b>95(19)</b>	<b>59(11.8)</b>	<b>2(.4)</b>	<b>500(100)</b>			

Chi square: 77.377

P value: 000

Ho There is no significant difference between the two bank groups with respect to all the service quality dimensions taken together. Apart from analyzing the responses in terms of public and private sector banking institutions on the basis of the responses from both categories of respondent customers separately, attempt has been made to analyze the responses on the basis of the banking institutions. The above table depicts that in case of public sector banks i.e. SBI and PNB, majority of the respondents i.e. 76 percent and 69 percent respectively agreed or strongly agreed to the fact that they choose their respective bank due to the convenient location of the bank branch. On the other hand, in case of HDFC and ICICI, less than 65 percent respondents have admitted that they agree or strongly agree that they have chosen the bank branch due to convenient location. It is however analyzed from the responses that convenience of location is the major criterion for selection of a bank branch for transactions by the customers. Based upon the descriptive analysis, since the calculated value of mean in SBI and PNB is 4.0467 and 3.8467 respectively with Standard deviations .892 and .849, it is clear that the responses fall in the bracket agreed and there is high variation in the responses. Further since skewness values are negatively skewed it indicates that the responses are inclined towards strongly agreed. In case of private sector bank, in HDFC and ICICI bank, mean values are 3.4500 and 3.7000. Further standard deviation values indicate the higher level of variation from mean and the values of skewness (negative) indicate inclination towards strongly agreed. However, SBI and PNB are better in this regard. Moreover, the Chi square value is significant at 5 per cent level of significance which analyses that there is significant difference in the responses of the customers regarding selection of the bank branch by considering convenient location. It shows that public sector banks' customers are better strongly agreed to the above fact as compared to respondent customers of private sector banks.

**TABLE 2****BANK WISE OPINION REGARDING EFFICIENT AND SPEEDY SERVICES**

Bank Name	Strongly agree	Agree	Undecided	Disagree	Strongly disagreed	Total	Mean	St.d	Skew
<b>SBI</b>	25(16.7)	69(46)	44(29.3)	12(8)	0(0)	<b>150(100)</b>	3.7133	.83816	-.248
<b>PNB</b>	16(10.7)	65(43.3)	56(37.3)	13(8.7)	0(0)	<b>150(100)</b>	3.5600	.79832	-.079
<b>HDFC</b>	5(5)	64(64)	18(18)	13(13)	0(0)	<b>100(100)</b>	3.6100	.77714	-.903
<b>ICICI</b>	22(22)	32(32)	32(32)	12(12)	2(2)	<b>100(100)</b>	3.6000	1.02494	-.276

<b>Total</b>	<b>68(13.6)</b>	<b>230(46)</b>	<b>150(30)</b>	<b>50(10)</b>	<b>2(.4)</b>	<b>500(100)</b>			
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Chi square: 41.960

P value: 000

The above table shows that majority of the respondents of all the four banking institutions (more than 54%) agreed or strongly agreed to the fact that they have chosen the bank branch due to efficient and speedy services provided to them. The respondents were asked to rate efficiency of services of the banking institutions to deal with their customers addressing payments, transactions, claim cases, loans and other services. Interestingly, the mean scores have been computed above the standard score i.e. 3 in the five point scale which determines the moderate or undecided response and therefore, with regard to selection of the bank branch for transactions on the bases of the mean scores of responses, it can be stated that the respondents agree with it. However, as per the respondents, the role of banks to deal with claim cases is not much speedy. From the values of standard deviations being high and skewness being negatively skewed, it is clear that the responses which vary widely are inclined towards the higher sides indicating that the opinion is agreed or strongly agreed by the respondents and the p- value of chi-square supports that there is a variation in the responses supporting the above statement. It is however pertinent to mention that as per the earlier analysis, there is a contradiction in the results in case of public sector banks as the expectation of the customer while opening of the accounts are to seek the efficient services whereas the empathetic behaviour of such institutions is not considered up to mark by the customers. So expectations of the customers are not being met by the public sector banking institution as per the analyses drawn in this study.

**TABLE 3****OPINION REGARDING VALUE AND RESPECT OF CUSTOMERS**

<b>Bank Name</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Undecided</b>	<b>Disagree</b>	<b>Strongly disagreed</b>	<b>Total</b>	<b>Mean</b>	<b>St.d</b>	<b>Skew</b>
<b>SBI</b>	20(13.3)	70(46.7)	47(31.3)	10(6.7)	3(2)	<b>150(100)</b>	3.6267	.87122	-.551
<b>PNB</b>	21(14)	69(46)	47(31.3)	13(8.7)	0(0)	<b>150(100)</b>	3.6533	.82728	-.213
<b>HDFC</b>	13(13)	52(52)	19(19)	16(16)	0(0)	<b>100(100)</b>	3.6200	.90766	-.490
<b>ICICI</b>	13(13)	40(40)	33(33)	14(14)	0(0)	<b>100(100)</b>	3.5200	.89307	-.105
<b>Total</b>	<b>67(13.4)</b>	<b>231(46.2)</b>	<b>146(29.2)</b>	<b>53(10.6)</b>	<b>3(.6)</b>	<b>500(100)</b>	<b>3.6400</b>		

Chi square: 38.732

P value: 0.000

The results related to customers valued at their bank branches as an evaluation criterion for choosing a bank branch reveals that the majority of the responses related to all the four banking institutions fall in the brackets undecided or agreed. The table shows that more than 70 percent respondents support that they agree or are in the state of undecided about this statement. However, more than 60 percent respondents of these four banking institutions from both public and private sectors agree or strongly agree that they support the statement that one of the reasons for opening of the account in the concerned bank is related with the consideration of getting respect and value by the officials of the bank branch. Further, the results of standard deviation, skewness and chi-square test indicate that there is dispersion in the responses towards agreeing or strongly agreeing that one of the reasons for opening of the account is value of the customers paid by the bank branch.

#### CONCLUSION AND RECOMMENDATIONS

Public sector banks have been perceived with highest number of grievances as compared to the other categories of institutions and the complaints are with regard to non-cooperation of the bank staff, delays in settlement of payments of claim cases, undue procedural compliances, cumbersome procedure and customer not taken in priority of services. Private sector has been perceived with the grievances of un-necessary and unwanted phone calls to the customers, betrayal attitude of officials to capture clients and captivate them for adopting different schemes and higher limits of money to be kept in the accounts by customers.

The management of banking institutions should not simply rely upon attitude and behaviour of employees with customers based upon guidelines or directions or otherwise making provisions of liaison officers etc. but needs to frequently visit in counters of customer dealings and to personally intervene in matters concerning with the customers. Harassment of customers particularly those who have to get repayments or claim case matters need to be taken seriously if they have to come more than twice to settle the quarries raised by the dealing

official. In this regard, once the customer comes for any such matter, the concerned official should deal and assist and provide documented details to be attached or complied by the customers and the second date and time needs to be mentioned when the customers has to come with all such details and the matter be settled in the second instance. The tedious conditions need to be avoided and the procedure should not be cumbersome. The second date should be given by the dealing official as per the consultation and convenience of the customer.

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