

## Customer's Perception of Service Quality of PSBs in Jharkhand

### Abstract

The Public Sector Banks are the Government owned banks in India. They are the oldest banks in India. The PSBs have seen a lots of changes throughout their life and they are changing to improvise upon. These banks went through various reforms since their nationalization and thereafter. The most significant changes were introduced with the introduction of new economic policy of India in the year 1991. This policy allowed various new Private Sector Banks as well as Foreign Banks to enter the Banking Business, which gave the Public Sector Banks a tough competition. Now the Public sector Banks had the question of survival in a perfect competitive situation.

**Keywords:** Public Sector Banks, FDI, Nationalization, Policy, Competition

### Introduction

The Public Sector Banks are the Government owned banks in India. They are the oldest banks in India. The PSBs have seen a lots of changes throughout their life and they are changing to improvise upon. These banks went through various reforms since their nationalization and thereafter. The most significant changes were introduced with the introduction of new economic policy of India in the year 1991. This policy allowed various new Private Sector Banks as well as Foreign Banks to enter the Banking Business, which gave the Public Sector Banks a tough competition. Now the Public sector Banks had the question of survival in a perfect competitive situation. They were required to increase their efficiency in terms of profitability, productivity and improved customer's service.

### Objective of the study

The main objectives of the study are as follows-

1. To understand the environmental impact on Public Sector Banks on their service quality.
2. To understand the customer's view about service quality of PSBs.
3. To find out the reasons behind customer's perception of PSBs.
4. To identify the factors affecting customer's satisfaction towards services provided by PSBs.

### Research Methodology

The present study is descriptive in nature. It will expose the reality concerned with the service quality of PSBs. The geographical area highlighted in the study is Jharkhand state. The bank customer belonging to the district of Ranchi, Hazaribagh, Dhanbad, Koderma, Palamu and Deoghar have been included in the study. A sample of hundred customers have been taken.

The data have been collected through a structured questionnaire. The questionnaire consists of seven most crucial questions which are relevant for assessment of service qualities rendered by Public Sector banks in India. As the study is about perception, it is not measured in quantitative terms. This is something qualitative, so the licert test has been applied in the study.

The researcher has also observed the attitude of customers towards banks.

### Impact of Introduction of Private Sector Banks Over PSB's

Private sector banks in India are banks where greater parts of state are add by private shareholders not by Government. Since liberalization in gait banking policy in 1990's old and new private sector banks have re-emerged they have grown tester and bigger over the period since liberalization using latest technology providing contemporary invocations and monotony tools and techniques. Old private sector banks are the banks which were not nationalized during 1969 & 1980 due to their small size and regional focus with the board of desistence consisting of locally prominent personalities from trade 2 business circles. New private

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sector banks one those which came in operation after 1991 with introduction of economic reforms & financial sector reforms economic reforms. Banking regulation Act was amended in 1993 which permitted the entry of new private sector banks in the Indian banking sector, with certain criteria.

These are

1. The bank should have a minimum net worth of Rs. 200 cr.
2. The promoters holding should be a minimum of 25% of the paid up capital
3. Within 3 years of starting of the operations the banks should offer shares to public and their net worth must increase to 300 cores

There has been a tremendous improvement in the banking sector reforms by loosening pre-emption and to strengthen the banking system through institution of capital adequacy norms in addition to income recognitions asset classification and provisioning requirements in line with the international standards competition was also promote through the entry of new private sector of foreign banks. PSB's had to make lots of improvement in their work culture and their services in order to be able to compare with the new entrants with aggressive marketing practice Since the introduction of PBs the PSBs have been started to be compared with them in many respects / terms of business. This comparison has pressurized PSB to improvise upon its business continuous better performance of has become the question for survival of PSB.

Before the entry of private sector banks the PSB were the market leader, but Private Banks broken the tradition amongst public to put their funds only in PSB. This condition has pressurized PSB, to adopt some survival strategies to sustain into the market Now the banks follow a strategy of building a rework of branch & ATMS with effective penetration so that they can continue to enlarge their geographical coverage with greater potential for growth. The private sector banks are increasing and RBI also decided to grant permission for opening few more foreign banks.

The PBs have extend themselves at a much faster rate than PSBs. The customer base of these banks has grown manifold since they are providing innovative services to the customer at a much faster pace . They have made their branches computerized earlier than PSB they hire computer literate personal. They are providing door step service. These all resulted in increased competitiveness in PSBs, and nowadays almost 100% branches of PSB have been computerized. The PSB's have long network of ATM's, Cheque cleaning system has been made faster, the staff of different categories are being trained. It helped them in increasing business per branches.

However the PSBs have improved a lot, then also they are lacking behind the PBs in certain manners. To know this the researcher has tried to conduct a quality measurement of PSBs.

### Customer's Perception of PSB

The researcher has tried to find out perception of customer of PSB, in India by sending and distributing a closed ended questioning consisting 7 questions which are found most important in the studies earlier conducted in the same area. Total 100

respondents were taken for drawing idea of perception. Area covered was state of Jharkhand only. The questionnaire drawn is very concise and to the point in order to save the respondent's time as they could not feel it as burden and a result could be drawn easily. The respondents have been chosen from various districts of Jharkhand, from personal contacts.

### Reliability

Means ability to perform the promised service dependably & accurately

Perception	No. of respondents
Poor	17
Moderal	45
Good	38
Total	100

### Interpretation

Reliability here refers to the ability of PSB to preterm the promised services. 17 out of 100, ranked it to be poor, 45 ranked moderate & 38 as good. This table indicate that more or less the respondents considers the PSB to be reliable in providing the exact services they have promised for the PSB can take the benefit of their good reputation in this. But still they need improvise upon raising reliability of these offered services for their customers.

### Responsiveness

Mean willingness to help customers & to provide prompt service

Perception	No. of Respondents
Poor	52
Moderate	27
Good	21
Total	100

### Interpretations

The responsiveness here is taken as the PSB's employee's willingness to help and provide prompt service to their customer. The 52 respondents have ranked it as poor, 27 ranked it moderate and 21 only ranked it good. This table is indicating the bad service to customer by PSB's. It shows the wrong attitude of the employees towards customer service. It could be considered to be one of the biggest reasons of shifting customers from public sector banks to private banks. This is the area which requires high attention as customers do not perceive PSB's to be responsive to their needs.

### Assurance

Means employee's knowledge and ability to inspire, trust & confidence

Perception	No. of Respondents
Poor	37
Moderate	28
Good	35
Total	100

### Interpretation

Assurance is about trust and confidence that the bank employees know about their product and are able to explain its service and benefits clearly. Regarding assurance 37 respondents have ranked it to be poor, and 35 have ranked it as good. Here respondents have given a mixed ranking. But as the poor ranking is high the banks need to cover-up this weakness by training the staff property. It has been

observed that employees of PSBs are nor very much clear about exact rates and criteria for advances.

**Empathy**

Mean treating customer as individual (personalized attention)

Perception	No. of Respondents
Poor	62
Moderate	31
Good	07
Total	100

**Interpretation**

Empathy is the treatment the customers are getting as an individual. The way the customer are being provided these services matter a lot, and unfortunately regarding this matter PSB' s are lacing behind than its competitors. The respondents have rated it very poor as 62 have moderate and only 7 have ranked it good.

**Tangibles**

Appearance of physical facilities equipment's, communication material.

Perception	No. of Respondents
Poor	21
Moderate	52
Good	27
Total	100

**Interpretation**

Tangibles refers to the appearance, neatness, sitting arrangements, queuing facility and communication materials etc. there are comfortable spending time at bank while they are receiving service only 21 out of hundred have ranked be poor, 52 have ranked it to be moderate and 27 have ranked it to be good this is a good indicator that customers one more or less satisfied with its tangibles.

**Systematization of Service Delivery**

Means process system & technology that could make service standardized & simplified so it can be received by the customers without any hassles from service provider.

Perception	No. of Respondents
Poor	45
Moderate	21
Good	34
Total	100

**Interpretation**

Systematization of the process and system that help the customers receive all the services easily and without any hassles has been ranked poor with the majority of 45, 21 have ranked it to be moderate and 34 have ranked it as good. The PSBs need to minimize hurdles of providing services to the Customers

**Social Image of bank**

Ethical behavior of bank safety of funds.

Perception	No. of Respondents
Poor	06
Moderate	38
Good	54
Total	100

**Interpretation**

Social image refers to the ethical behavior that their funds deposited into the bank are safe and they are not being cheated. Regarding this only 6 respondents considered it poor 38 ranked it moderate and the majority with 54 respondents has ranked it as good. This table indicates that PSB's are enjoying their social image and they must take the opportunity to hold and retain customers for its own better future.

**Conclusion**

Based on the above study, we can conclude that PSBs are enjoying the benefit of the support of the Government. The banks are being trusted by the customers as their money is safe with them. The customers consider them to be reliable in terms that they fulfill their promised services and they would not be cheated by the bankers.

As perceived by the customers the employees of PSBs are not very much interested to provide prompt service. Even they feel that they are not specially treated or indentified by them as individual customer. They do their work without considering CRM.

About the assurance of employee's knowledge of their service terms and condition, which help building confidence of customers on banks , people are not very much clear.

As far as PSB's physical appearance is concerned people accept that they improved a lot. Then also it is not very much attractive as Private or Foreign banks are. Their layout of facilities, arrangements and maintenance is not up to the mark. Majority of customers think that dealing with PSBs for any financial service need personal efforts. They are not proving door step service like new banks.

However it has been observer that they are overburdened with the service responsibility for Priority sectors, government projects and schemes, unreachable (Financial inclusion) and but above all the facts it has it is well accepted by majority of people that Public Sector Banks enjoy excellent social image. People trust them more than PBs and FBs.

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