

AN EVALUATION OF SERVICE QUALITY PROVIDED BY KERALA GRAMIN BANK

Anoop K G¹, Dr. Biju John M²

Research Scholar, Department of Commerce, St. Thomass College (Autonomous), Thrissur, Kerala.¹

Associate Professor and Research Guide, Department of Commerce, St. Thomass College (Autonomous), Thrissur, Kerala.²

Abstract: - In the service industry, descriptions of service quality tend to focus on meeting customers' requirements, and needs and how well the service delivered meets their expectations. Customer satisfaction has become an essential buzzword for any organization, whether in the public or private sectors. The Regional Rural Banks have been instrumental in serving the customer for a reasonably long time. However, they have still been trying to formulate how they could serve the customer better. The present study attempted to evaluate the level of service quality offered by the Kerala Gramin Bank, the only RRB in Kerala. The study covered 120 retail customers of the bank in the Thrissur district. The five magnitudes of the SERVQUAL model include tangibility, reliability, responsiveness, assurance and empathy used to evaluate the service quality. The customers feel a moderate level of quality on all the services of the bank.

Keywords: *Service quality, customer satisfaction, Regional Rural Banks, SERVQUAL and retail customers.*

I INTRODUCTION

In the service industry, service quality tend to focus on meeting customers' wants, and necessities and how well the service delivered their expectations. In order to deliver and sustain service quality, an institute must first identify what it is that constitutes quality to those it serves. Service quality classified into technical quality, primarily focused on what consumers actually received from the service, and functional quality focused on service delivery.

Customer satisfaction has become the most crucial buzzword for any organization, whether in the public or private sectors. The quality of the service delivered by any organization can be gauged by how satisfied customers are with the present service quality. An important consideration is an ease which the customer gets during the service process. Regional Rural Banks have been instrumental in serving the customer for a reasonably long time, but they have still been trying to formulate how they could serve the customer better. The banks are doling out several fringe benefits to catch the eyes of the customer. In order to retain customers and attract prospective customer, the banking industry has to focus on improving the service quality.

The bank is a business of accepting deposits and lending money. It carried out by financial intermediaries, which performs the functions of safeguarding deposits and providing loans to the public. Section 5 (b) of the Banking Regulation Act 1949 defines banking as accepting for lending and investment, deposits of money from the public repayable on request or otherwise and withdrawable by cheque, draft, order or otherwise. Any company, which manages the business of banking is called banking company. Banking System is a

principal mechanism through which the money supply of the country is created and controlled.

Regional Rural Banks

Regional Rural Banks have been in reality for around 44 years in the Indian economic prospect. The of Regional Rural Banks (RRBs) was formed to meet the surplus request for institutional credit in the rural areas, particularly among the economically and socially marginalized sections. The Banking Commission (1972) recommended establishing an alternative institution for rural credit, and ultimately Government of India established Regional Rural Banks as an independent institution basically for rural credit based on the Working Group's recommendations under the Chairmanship of M. Narashimham. In order to deliver access to low-cost banking facilities to the poor, the Narashimham Working Group (1975) suggested the establishment of a new set of banks, as institutions which "combine the local feel and the familiarity with rural problems which the cooperatives possess and the degree of business organization, ability to mobilize deposits, access to central money markets and modernized outlook which the commercial banks have".

Subsequently, the Regional Rural Banks set up through the promulgation of the RRB Act of 1976. The RRBs Act, 1976 succinctly sums up this overall vision to sub-serve both the developmental and the redistributive objectives. The RRBs established "to develop the rural economy by providing, for development of agriculture, trade, commerce, industry and other productive events in the rural areas, credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for

matters connected therewith and incidental thereto". Their equity is held by the Central Government, Concerned State Government and the Sponsor Bank in the proportion of 50:15:35 respectively.

Kerala Gramin Bank

Kerala Gramin Bank (KGB) is the one and only Regional Rural Bank of Kerala State, sponsored by Canara Bank, formed on 08.07.2013, under the Sub-Section (1) of Section 3 of the RRB Act 1976 (27 of 1976). The bank formed by combining the two RRBs of Kerala, namely South Malabar Gramin Bank and North Malabar Gramin Bank, through a notification by the government of India. Kerala Gramin Bank is a Regional Rural Bank in Kerala with enormous rural population. Even though the bank is a Regional Rural Bank, KGB provides all the primary financial services of a Public Sector Bank. The bank's primary focus is to initiate a proper intervention for overall economic upliftment and progression of the people of Kerala by generous financial support to the segments like Agriculture, Micro, Small and Medium Enterprises, education, housing, micro-credit, weaker sections, SC/ST communities etc.

KGB has engraved a niche for itself through its 40-year-old antiquity of devoted and modified service to the clientele by its ancestor RRBs. With 634 branches as on 31st March 2020, it is the second-largest bank in Kerala in terms of the branch network. Its wide-ranging branch network feasts into the deepest and farthest corners of Kerala. Kerala Gramin Bank covered 14 districts of the state through 53 rural branches, 543 semi-urban branches and 38 urban branches. KGB leads other Banks in the state to assist under Kisan Credit Card (KCC) and SME (Priority) schemes. For the past 40 years, the forerunner RRBs of the bank has succeeded in building a warm association with its customers. Now KGB's objective is to strengthen this relationship and thus emerge as a robust, vibrant and socially committed Kerala's Own Bank'.

II REVIEW OF LITERATURE

(Venkatesh & Ghai, 2010) conducted a comparative Study of Private, Public, Foreign and Cooperative Banks in India. This study aimed to understand how Indian customers perceive these four types of banks. The study measured these four different types of banks on various parameters to assess the overall evaluation of banking services. (Naeem, Akram, & Saif, 2009) examined the impact of service quality on customer satisfaction in the Pakistani banking sector. The analysis indicated that service quality was proved to be a strong predictor of customer satisfaction in case of the foreign bank compared with the public sector bank. The study concluded that service quality if managed effectively, can contribute significantly towards customer satisfaction (Amudha & Banu, 2007) emphasize the necessity of employee contacts and evaluation of service experiences. (Elango & Kumar, 2005), The comparative

analysis of the services among three major banking segments revealed that the foreign banks have topped the list to deliver qualitative customer service compared to private sector banks. (Dash & Kumar, 2007) In their study, customer's expectations exceeded their perceptions with regards to various dimensions of service quality. They further claimed that perception of either positive or negative service quality was related to the customer's future behavioural intentions.

(Malli, 2011) conducted a comparative study on marketing of Banking products and customer services and satisfaction level in Gujarat, conducted in the major cities of the state, to evaluate marketing strategies of public, private & cooperative banks The findings indicate the differences in public, private and cooperative bank's marketing efforts majorly in the products and services offerings and its communication through promotional efforts. (Prasad & Prasad, 2015) conducted a study on Customer Satisfaction & Service gaps in selected Private, Public & Foreign Banks. the study examined the service quality features, GAPS model and SERVQUAL model. Each model signifies a different approach to quality improvement. The chief aims to enhance understanding of service quality and identify models that managers in the service industry can employ to improve quality. The two popular multi-item scales of measuring service quality are SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) and SERVPERF (Cronin & Taylor, 1992)

SERVQUAL Model:-

The SERVQUAL model evaluates service quality by using five dimensions such as tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman, Zeithaml, & Berry, 1985).

These five dimensions are as follows:

1. Tangibles: Physical facilities, equipment, the external appearance of the store and the appearance of personnel.
2. Reliability: An entity's potential of performing the promised service dependably and accurately.
3. Responsiveness: Entity's willingness of the employees to help customers for their financial needs and provide services promptly.
4. Assurance: Employees' knowledge and courtesy levels and their ability to inspire trust and confidence. This dimension also includes competence, courtesy, credibility, and security.
5. Empathy: Caring and personalized attention that the firm provides to its customers.

This dimension also includes access, communication and understanding the customer. SERVQUAL is an instrument for measuring service quality in terms of the discrepancy between customers' expectation regarding service offered and the

perception of the service received; Respondents required to answer questions about both their expectation and their perception

Objectives of the study: major objectives of the study are

1. To study the factors affecting service quality in Kerala Gramin Bank
2. To study the level of service quality offered by the Kerala Gramin Bank.

Significance of the study: The performance of a regional rural bank affects the growth and development of a state's rural and semi-urban area to a large extent. The customers of a financial institution satisfied only if they provide maximum quality through their services and financial products. In the highly competitive financial market, the regional rural banks struggling to cope with other banking institutions. The present study attempted to evaluate the level of service quality offered by the customers of Kerala Gramin Bank, hence significant too.

Scope of the study: The present study evaluated the service quality offered by the Kerala Gramin Bank to its customers. The area of study limited to the retail customers of 46 branches of Kerala Gramin Bank in Thrissur District of Kerala State.

III RESEARCH METHODOLOGY

Source of data: Both secondary and primary data used for the present study. Secondary data collected from various published sources like journals, books, reports, websites etc. Primary data collected from the customers of Kerala Gramin Bank in thrissur district by using a structured questionnaire.

Population: The study population includes the retail customers of Kerala Gramin Bank in the Thrissur district.

Sample: a sample of 12 branches of Kerala Gramin Bank in the Thrissur district selected by employing the lottery method of simple random sampling. Ten customers from each selected branches by applying a convenient sampling method. Totally 120 retail customers of the bank selected for the study.

Sampling method: Multi-stage sampling used for the present study.

Period of study: The period of study limited to one month, i.e. the month of January 2021.

Tools Used: The statistical tools like quartiles, mean and chi-square test with the help of IBM SPSS 21 software package.

Hypotheses of the study: The hypotheses of the study are follows:

H₀₁: Proportions of the level of tangibility factor offered by the Kerala Gramin Bank is equally distributed

H₀₂: Proportions of the level of reliability factor offered by the Kerala Gramin Bank is equally distributed

H₀₃: Proportions of the level of responsiveness factor offered by the Kerala Gramin Bank is equally distributed

H₀₄: Proportions of the level of assurance factor offered by the Kerala Gramin Bank is equally distributed

H₀₅: Proportions of the level of empathy factor offered by the Kerala Gramin Bank is equally distributed

Limitations: The study limited to the retail customers of the Kerala Gramin bank. The other category of customers wholly ignored. So the conclusions derived from the study may not be possible to generalize the entire customers. The present study based upon the responses of 120 sample customers of Kerala Gramin Bank. The opinion of the other groups of customers may vary from different dimensions such as time, place, types of service etc.

IV ANALYSIS AND FINDINGS

H₀₁: Proportions of the level of tangibility factor offered by the Kerala Gramin Bank is equally distributed

Table No.1 The level of tangibility factor offered by the Kerala Gramin Bank

Attribute	Low level (Q1)	Moderate level (Q2)	High level (Q3)	Total	Chi-Square value	P value
Level of tangibility factor offered by the Kerala Gramin Bank	32 (26.6%)	52 (43.3%)	36 (30%)	120 (100%)	28.52	<0.001 **

Source: Primary data ** indicates significant at 1% level

Since the P value is <0.01, the proportions of the tangibility factor offered by the Kerala Gramin Bank are not equally distributed. It indicates a significant difference regarding the level of tangibility factor offered by the Kerala Gramin Bank. From the above table, it can be observed that 26.6 percent of Gramin bank customers consider low level tangibility features (Up to date and modern equipment, visually appealing physical facilities, well dressed and apparently neat employees, and clean bank environment) offered by the Kerala Gramin Bank. 43.3 percent of bank customers consider moderate level tangibility features. On the other hand, 30 percent of the bank customers consider high level tangibility features offered by the Kerala Gramin Bank. So, it can be inferred that Kerala Gramin Bank offers moderate level tangibility to their customers. It means that Kerala Gramin Bank has moderate level up to date and modern equipment, visually appealing physical facilities, well dressed and neat employees, and a clean bank environment.

H₀₂: Proportions of the level of reliability factor offered by the Kerala Gramin Bank is equally distributed

Table No.2 The level of reliability factor offered by the Kerala Gramin Bank

Attribute	Low level (Q1)	Moderate level (Q2)	High level (Q3)	Total	Chi-Square value	P value
Level of reliability factor offered by the Kerala Gramin Bank	39 (32.5%)	50 (41.6%)	31 (25.8%)	120 (100%)	27.36	<0.001**

Source: Primary data ** indicates significant at 1% level

Since the P value is <0.01, the proportions of the level of reliability factor offered by the Kerala Gramin bank is not equally distributed. This indicates a significant difference in the amount of reliability factor provided by Kerala Gramin Bank. From the above table, it can be inferred that 32.5 percent of bank customers consider low level reliability features (right service promptly, sincere interest in problem solving, offering promised services, and maintenance of error-free records) offered by the Kerala Gramin Bank. On the other hand, 41.6 percent of bank customers consider moderate level reliability features offered by the Kerala Gramin Bank. On the other hand, 25.8 percent of customers consider high level reliability features. So, it can be inferred that Kerala Gramin bank offers a moderate level of reliability to their customers. It means that the banks have a moderate level in service reliability, such as providing the right services promptly, sincere interest in problem solving, offering promised services, and maintaining error-free records.

H₀₃: Proportions of the level of responsiveness factor offered by the Kerala Gramin Bank is equally distributed

Table No.3 The level of responsiveness factor offered by the Kerala Gramin Bank

Attribute	Low level (Q1)	Moderate level (Q2)	High level (Q3)	Total	Chi-Square value	P value
Level of responsiveness factor offered by the Kerala Gramin Bank	30 (25%)	49 (40.8%)	41 (34.2%)	120 (100%)	22.69	<0.001**

Source: Primary data ** indicates significant at 1% level

Since the P value is <0.01, the proportions of level of responsiveness factor offered by the Kerala Gramin bank is not equally distributed. It indicates a significant difference in the

amount of responsiveness factor offered by Kerala Gramin Bank. The above table interpreted that 25 percent of bank customers consider low-level responsiveness features (quick replies on customer queries, timeliness in services, efficient customer support, and willingness to help customers) offered by the Kerala Gramin Bank. 40.8 percent of bank customers consider moderate level responsiveness features offered by the Kerala Gramin Bank. 34.2 percent of customers consider high level responsiveness features. So, it can say that Kerala Gramin bank offers moderate level responsiveness to their customers. It means that the banks have moderate level responsiveness in their services, such as offer quick replies to customer queries, timeliness in services, efficient customer support and, willingness to help customers.

H₀₄: Proportions of the level of assurance factor offered by the Kerala Gramin Bank is equally distributed

Table No.4 The level of assurance factor offered by the Kerala Gramin Bank

Attribute	Low level (Q1)	Moderate level (Q2)	High level (Q3)	Total	Chi-Square value	P value
Level of assurance factor offered by the Kerala Gramin Bank	32 (26.7%)	56 (46.6%)	32 (26.7%)	120 (100%)	51.85	<0.001**

Source: Primary data ** indicates significant at 1% level

Since the P value is <0.01, the proportions of the level of assurance factor offered by the Kerala Gramin bank is not equally distributed. This indicates a significant difference in the amount of assurance factor offered by Kerala Gramin Bank. In the above table, it can be interpreted that 26.7 percent of bank customers consider low level assurance features (quick and efficient delivery of services, politeness of staff towards customers, well knowledge for customers questions, and safe bank transactions) offered by the Kerala Gramin Bank. On the other hand, 46.6 percent of bank customers consider moderate level assurance features offered by the Kerala Gramin Bank. 26.7 percent of customers consider high level assurance features. So, it can be said that Kerala Gramin bank offers moderate level assurance to their customers. It means that the banks provide moderate level assurance on quick and efficient delivery of services, politeness of staff towards customers, well knowledge for customers' questions, and safe bank transactions.

H₀₅: Proportions of the level of empathy factor offered by the Kerala Gramin Bank is equally distributed

Table No.5 The level of empathy factor offered by the Kerala Gramin Bank

Attribute	Low level (Q1)	Moderate level (Q2)	High level (Q3)	Total	Chi-Square value	P value
Level of empathy factor offered by the Kerala Gramin Bank	33 (27.5 %)	55 (45.8 %)	32 (26.7 %)	120 (100 %)	47.14	<0.001 **

Source: Primary data ** indicates significant at 1% level

Since the P value is <0.01, the proportions of the level of empathy factor offered by the Kerala Gramin bank is not equally distributed. This indicates a significant difference in the factor of empathy offered by Kerala Gramin Bank. The above table said that 27.5 percent of bank customers consider low-level empathy features (understanding customers’ needs, strong customer relationship, priority towards customers interest, individual attention, and convenient operating hours) offered by the Kerala Gramin Bank. 45.8 percent of bank customers consider moderate level empathy features. On the other hand, 26.7 percent of customers consider high level empathy features offered by the Kerala Gramin Bank. So, it can be said that Kerala Gramin bank offers a moderate level of empathy to its customers. It means that the banks have a moderate level understanding towards their customers’ needs, moderate level customer relationship, moderate level consideration in priority towards customers’ interest, moderate level individual attention to the customers and convenient operating hours for the customers.

Findings of the study

- Kerala Gramin banks offer moderate level tangibility factor to their customers. It means the Kerala Gramin banks have moderate level up to date and modern equipment, visually appealing physical facilities, well dressed and neat employees, and a clean bank environment.
- The banks offer moderate level reliability factors such as promptness in right services, sincere interest in solving the customers’ problems, offering promised services, and maintenance of error-free records to their customers.
- Kerala Gramin banks have moderate level responsiveness to their customers, such as quick replies on customer queries,

timeliness in services, efficient customer support and willingness to help customers.

- The banks offer moderate levels of assurance factor such as quick and efficient delivery of services, politeness of staff towards customers, well knowledgeable answers for customers’ questions, and safe bank transactions.
- KGB offers moderate level empathy towards their customers. It means that the banks have a moderate level of understanding of their customers’ needs, strong customer relationship, priority towards customers’ interest, individual attention to the customers, and convenient operating hours for the customers.

Table No.6: Findings summary of level of service quality offered by KGB to their customers

SI. No.	Constructs	Level of attainment
Level of service quality factors offered by the Kerala Gramin Banks		
1	Tangibility	Moderate level
2	Reliability	Moderate level
3	Responsiveness	Moderate level
4	Assurance	Moderate level
5	Empathy	Moderate level

Source: Data analysis

Suggestions: The Kerala Gramin Bank provides a moderate level of quality on all the bank services. The bank should take all measures to improve the quality of services to a high level. The authorities of the bank should provide modern technology and equipment through the branches. The quality of service might improve through the prompt accomplishment of the needs of the customers. The behaviour of the bank employees and their capacity to answer the queries of the customers and solve the problems of the customers regarding the financial services also helps the bank increase the quality of service from the bank and thereby increase customer satisfaction.

Scope for further research: Any research work not completed because of the limited scope of the study. The present study also not an exemption from this limitation. The scholars can conduct research works on post service behaviour of the customers of the Kerala Gramin Bank. The study also could conduct research work on the quality of service provided to the current account holders of the bank.

V CONCLUSION:

Quality is the most critical factor related to any business entities including the service sector. Banking services are the most crucial sector for the development of any nation. The RRBs provides essential financial services to the rural population in the specified geographical area of operation. Therefore, the RRBs should provide more quality to ensure customer satisfaction.

BIBLIOGRAPHY

1. Abedin, M. Z., Kabir, Z., Rahman, M., & Akhter, R. (2016). Service quality perceptions: A comparative study between Islamic banks and conventional banks in Bangladesh. *Journal for Worldwide Holistic Sustainable Development*, 2(1), 44-64.
2. Alkhlaifat, B., & Alshaweesh, R. G. (2017). The impact of service quality and relationship quality on e-advertising success: Knowledge management as a moderator. *International Journal of Academic Research in Economics and Management Sciences*, 6(3), 189-213. doi:10.6007/IJAREMS/v6-i3/3156
3. Amudha, R., & Banu, V. (2007). Service quality in banking with special reference to ICICI Bank Ltd. Tiruchirappalli district. *Asia-Pacific Business Review*, 3(2).
4. Anoop, K. G., & Biju, J. M. (2020). An evaluation of performance of Kerala Gramin Bank- one and only Regional Bank of Kerala State. *IDEES- International Multidisciplinary Research Journal*, 6(2), 1593-1607.
5. Anoop, K. G., & Biju, J. M. (2021, March). Performance evaluation of Kerala Gramin Bank. *Mukt Shabd Journal*, X(III), 200-214.
6. Aruna, K. (2018, November). Service quality dimensions of e-banking services- A study with reference to Vellore district. *International Advanced Research Journal in Science, Engineering and Technology*, 5(11), 45-52. doi:10.17148/IARJSET.2018.51110
7. Cronin, J. J., & Taylor, S. (1992). Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, 56(1), 55-68.
8. Dash, M. K., & Kumar, S. (2007). Measuring customer satisfaction in the banking industry with special reference to service quality model. *Effulgence*, 5(2).
9. Elango, R., & Kumar, V. (2005). A comparative study on the service quality and customer satisfaction among private, public and foreign banks. *JIM Quest*, 1(1).
10. Gronroos, C. (2007). *Service management and marketing* (Third ed.). Wiley, New York: Chichester.
11. Kamlani, R. (2016). Comparative study service quality assesment of public and private sector banks using SERVQUAL model. *International Journal of Processing in Engineering, Management, Science and Humanities*, 2(3), 23-34.
12. Malli, R. R. (2011). A comparative study on marketing of banking products and customer service and satisfaction level in Gujar. Retrieved from <http://etheses.saurashtrauniversity.edu/id/eprint>
13. Naeem, H., Akram, A., & Saif, M. I. (2009, December). Service Quality and its Impact on Customer Satisfaction: An Emperical Evidence from the Pakistani Banking Sector. *International Business & Economic Research Journal*, 8(12), 99-104.
14. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing*, 49, 41-50.
15. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring cnsumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40.
16. Prasad, E. H., & Prasad, G. B. (2015). Service Quality of Commercial Banks in Rural Areas- A Study of Selected Commercial Banks in Karimnagar District of Telangana State. *Pacific Business Review International*, 7(12), 81-92.
17. Soni, A. K., & Kapre, A. (2012, November). Performance evaluation of Regional Rural Banks in India. *ABHINAV*, 1(11), 132-144.
18. Venkatesh, B., & Ghai, S. (2010). Compatitive study of Private, Public, foreign and cooperative banks in India. *Sugyaan Management Journal*, 2(2).