

Service Quality of Government Bank in Rural Area of Uttarakhand (India)

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ABSTRACT

We know that the approx and over 65% portion of India's population resides in the rural areas of the country and therefore rural banking plays an important role in the Indian financial system. Remote areas usually have limited number of opportunities for survival and growth. The need for proper rural banking infrastructure cannot be overlooked in these distant remote regions especially in the wake of sustainable development of the country as a whole.

Demand the higher agricultural technology, we need in turn higher uses of funds and that can only be fulfilled through rural banking. Economic liberalization lead lot many firms, companies, and SMSE to rise and live up to the expectation of rural society. These stakeholders are working in a challenging situation in hard geographical zones and hence need proper banking support and financial inclusion. Just to justify the topic 'Rural banking' and that too in hard geographical sphere, we selected hard remote region of Uttarakhand for research and 100 samples have collected through structured interview schedule. The paper is designed to investigate customer satisfaction of public banks in the rural segment.

Keywords-- Customer Satisfaction, Rural Banking

JEL Classification: G21, M31, P17, R11

I. INTRODUCTION

The Indian banking sector broadly divided into two parts organized and unorganized sectors. Organized sector includes all banks which are registered in the RBI. All organized banks have been controlled by Government whether directly or indirectly. Unorganized sector are sahuks etc. Traditional functions of the banking are performed by both organized and unorganized sector but Government and RBI have no effective control over unorganized banking sector. "The Traditional Functions of Banking were limited to accept deposits and to give loans and advances. Today banking is known as Innovative Banking. Information technology has given rise to new innovations in the product designing and their delivery in the banking and finance industries, customer services and customer satisfaction are their prime work." (Kuchara Ms. Varsha, 2012)

According to RBI website at present 12 public sector banks with more than 85,000 branches and 45

Regional Rural Banks in 28 States with more than 20,000 branches are working in India.

Table 1: PUBLIC BANKS IN INDIA

Sr.No.	Name of the Bank
1	Bank of Baroda
2	Bank of India
3	Bank of Maharashtra
4	Canara Bank
5	Central Bank of India
6	Indian Bank
7	Indian Overseas Bank
8	Punjab & Sind Bank
9	Punjab National Bank
10	State Bank of India
11	UCO Bank
12	Union Bank of India

Source: <https://www.rbi.org.in/scripts/banklinks.aspx>

According to Regional Rural Banks Act, 1976, Section 6, all Regional Rural Banks are government banks because 65% paid up share capital subscribed by Government.

In the research area survey, bank branches have no over workload like urban branches. Some bank branches are in the place where seeing only hills, forests, agricultural land, and no residential area had been seen from standing on front of the branch (Dewala Malla PNB Branch). Banks employees are also told big transaction customers are not coming.

Service Quality

Service Quality is the performance of organization to the customers and it can measure by assess of customer satisfaction. A good customer satisfaction indicates the good service quality and bad customer satisfaction indicates bad service quality. According to Buttle (1996), Every Customer is unique and has different expectations based on their prior experience, personal and potential needs. To maintain good quality of service to every customer, there is need to maintain the good quality of every service. According to Wong & sohel (2003), Service quality has a major impact on organizational performance outcomes such as

improvement in sales profit, increase in market share, strengthening customer relations and promotes customer loyalty.

II. REVIEW OF LITERATURE

Zhong Yongping, Moon Hee Cheol, (2020). The purpose of this study was to investigate how the determinants (perceived price, service quality, food quality, physical environment quality) could influence customer satisfaction, loyalty, and happiness with a special focus on moderating effects of gender. One of the important findings was that quality dimensions of a restaurant and perceived price had positive effects on customer satisfaction. Moreover, we found that a reasonable price could positively and directly affect customers' perceptions toward quality of a restaurant. The results also showed that satisfaction could have positive effects on loyalty.

Jothilingam K., Silambarasan S., and Padmasrimathi T., (2019). The study was conducted to identify the customer satisfaction in general and analyses the customer satisfaction of Lakshmi Villas Bank in Erode district. The study attempted to analyses the various factors response to satisfaction of banking services of customers. The study is concluded that the bank concentrate on rural area. Improve ATM facilities etc. So the bank takes necessary steps to concentrate these areas in order to improving the performance of the bank.

Simeon T. Asom & Victor Ushahemba Ijirshar (2017). found that the rural farmers have moderate level of accessibility to the BOA loan by the beneficiaries while most of the non-beneficiaries have informal financial institutions as their main source of income. However, the loans disbursed to the beneficiaries by the BOA were grossly inadequate. Government/BOA should create more awareness about the existence of formal agricultural credits for agricultural production among the farmers especially in the rural areas and should put in place deliberate policy to ensure that rural farmers have access to adequate credit facilities.

Raj Des, Saroj Kumari Sharma (2016). Concluded that NABARD has been instrumental in facilitating various activities under micro finance sector. It has improved the credit distribution for upliftment of weaker section in rural areas

Ayanda I.F., Ogunsekan O., (2012), examined farmers' perception of repayment of loans in Ogun State, Nigeria. A multi-staged sampling technique was used to select 120 respondents for the study. Descriptive and Pearson Moment Correlation Statistics were used to analyze the data. Results showed that loan beneficiaries were mostly youth. Majority (74.8%) disagreed with the loan payback period of 7-12 months while 74.2% of the farmers perceived loans as grant (not payable).

Abur Cyprian Clement, Iyoho Ngozi Edith, (2018), concluded that good number of farmers in the area had formal education, despite the number of years of experience acquired, rice farming household were found operating on 1-3 hectares of land due to inadequate credit facilities to fund large scale production. Based on the study findings, farm – specific factors such as education needs to be sustained.

Olowa Olatomide Waheed, Olowa Omowumi Ayodele, (2015), concluded that farmers were relatively more dissatisfied with the service quality dimension 'assurance'. In other words, assurance is the weakest area of BOA's services with a highest weighted gap score of 0.21, followed by reliability, responsiveness, empathy and tangibles with weighted gap scores of 0.20, 0.12, 0.08, and 0.05 respectively. This study is useful in determining the weak point of such an important bank-BOA's services where immediate steps are necessary.

Chaturvedi Ramesh Kumar, (2014). It is concluded that there is significant difference in perception of consumers of public and private banks with respect to quality of services rendered by them. A mean score analysis reflects that though the difference is significant in service quality perception, customers of Private sector banks have only slight higher mean value for perception for quality of service rendered to them in comparison of perception of customers of public sector banks. In order to benefit from the service quality, banks must constantly benchmark their service levels based on their service attributes to performance

III. RESEARCH METHODOLOGY

Objective

To identify rural customer Satisfaction level from public sector Banking Services.

IV. RESEARCH METHODOLOGY

This research is based on the primary and secondary data. This research has designed to observe the service quality through customer perception of rural braches of public sector banks. Three major banks have been selected for the sample collection. These banks are Punjab National Bank (PNB) State Bank of India (SBI) Uttarakhand Gramin Bank (UGB). Hypothesis has been tested through ANOVA single factor test.

100 samples have been collected by scheduled interview schedule during March 2020. Interview schedule includes the 10 demographic related questions and 20 customer satisfaction related questions. Secondary data collected from the RBI website and other online and offline sources.

V. DATA ANALYSIS

Table 2: Descriptive Statistics of Respondents

	PNB	SBI	Uttarakhand Gramin Bank	Total
Account Type				
Saving	16	56	18	0
Current A/c	2	2	0	4
Loan	2	2	1	5
Sukanya Samridhi A/C	0	1	0	1
Total	0	0	0	100
Time of Account Holding				
Below 1 year	0	5	2	7
1 to 5 years	12	33	11	56
5 to 10 years	6	13	1	20
Over 10 years	2	10	5	17
Total	20	61	19	100
Gender				
Male	18	44	15	77
Female	2	17	4	23
Total	20	61	19	100
Occupation				
Gov. Employed	3	7	1	11
Private Employed	0	6	2	8
Self Employed	11	26	8	45
Student or Unemployed	6	22	8	36
Total	20	61	19	100
Marital Status				
Married	13	42	9	64
Unmarried	7	19	10	36
Total	20	61	19	100
Educational Qualification				
Till 12 th	15	38	12	65
Graduate	4	19	7	30
Post Graduate or Above	1	4	0	5
Total	20	61	19	100
Age				
Below 18 years	1	4	4	9
18 Years to 60 Years	19	57	15	91
Total	20	61	19	100

Good descriptive state is the important part of the research, it gives an idea about the respondents on which results are based. The mean age of respondents is 30.97 years who have mean account holding time is 5.06 years. Mostly young customers (Mean Age 30.97 years) are coming in the rural bank branch it is a better

opportunity for bank employees to provide easily good banking services and 65% of respondents are qualified till 12th. Low educational qualification of customers may create problems in providing services by bank employees. 90% of participants have a saving bank account in the collection of 100 samples. The survey of

villages observed that small businesses, farmers and other business entities prefer the saving bank account for

personal work as well as business work also.

Table 3: Customer Satisfaction

No.	Service or Facility name	Customer Satisfaction Level		Standard Deviation	Variance
		Mean out of Five	Percentage (%)		
Group A Services					
1	Information of a/c activities by Mail/ Sms	4.32	86%	0.87	0.76
2	Bank branch infrastructure	4.24	85%	0.57	0.32
3	Secured bank transactions	4.14	83%	0.37	0.14
4	Behavior of bank staff	3.99	80%	0.87	0.75
5	Providing service within reasonable time	3.93	79%	0.82	0.67
	Average(A)	4.12	82.48%	0.70	0.53
Group B Services					
6	Safety in the bank	3.91	78%	0.60	0.36
7	Availability of forms	3.84	77%	0.63	0.39
8	Process of account open	3.82	76%	0.62	0.39
9	Help provided by the staff in filling up the forms	3.81	76%	0.54	0.29
10	Cash deposit and cash withdrawal services on bank counter	3.74	75%	0.84	0.71
11	Parking facility	3.70	74%	0.75	0.57
12	ATM card and credit card facilities	3.57	71%	0.71	0.51
13	Passbook & statement Printing	3.55	71%	1.04	1.09
14	Online banking services	3.53	71%	0.64	0.41
	Average(B)	3.72	74.38%	0.71	0.52
Group C Services					
15	Services related information	3.47	69%	0.89	0.79
16	Service charges	3.43	69%	0.84	0.71
17	Resolving the error in transaction	3.33	67%	0.57	0.32
18	Complaint solution	3.25	65%	0.71	0.51
19	TDS related services	3.19	64%	0.59	0.35
20	ATM machines availability / efficiency	3.05	61%	1.01	1.03
	Average(C)	3.29	65.73%	0.82	0.70
	Average (A+B+C)	3.71	74.20%	0.74	0.58

Satisfaction level of rural banking customers has been measure on 20 dimensions. Five Point Likert's Scale has been used to measure the satisfaction level developed by Citrin et al. (2003). The percentage of customer satisfaction has been determined through the multiplied by 100 and divided by 5 on likert's scale customer satisfaction. Group A service is a group of top most 5 satisfactory services and group B service is a group of 10 services on which satisfaction level is in middle and group D services is the group of top 5 dissatisfactory services. Overall customer satisfaction is

74%. Group A service satisfaction level is 82.48%, group B services satisfaction level is 74.38% and group C services satisfaction level is 65.73%. Satisfaction level of group B (74.38%) services is higher than the overall satisfaction level (74%). Group C service satisfaction level (65.73%) is the group of top most 5 dissatisfactory services therefore there is dominant needed to improve group C services. Standard Deviation shows quantity expressing by how much the members of a group differ from the mean value for the group and variance shows the measure of how to spread out a data set is.

Figure 1: Customer Satisfaction Level From Each Bank

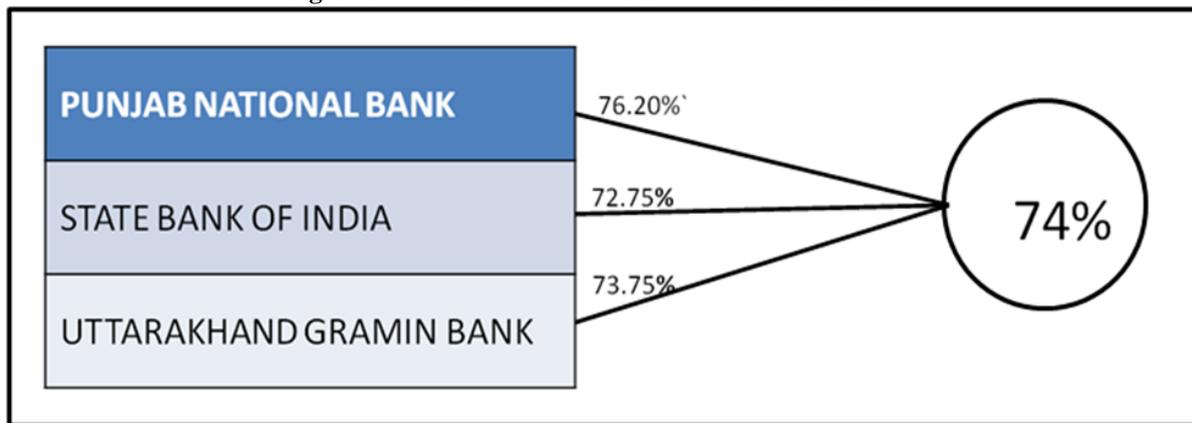


Figure 1. Customer satisfaction of PNB is 76.20%, SBI 72.75%, Uttarakhand Gramin bank 75.75% and Overall customer satisfaction level is 74%. PNB's customer satisfaction level is higher than the other banks.

Table 4: Hypothesis 1 Testing

	Hypothesis	Result	Alpha Value	P - value
H01	There is a moderate relationship between the service quality of PNB, SBI and Regional Rural Bank of Uttarakhand	Accept	0.05	0.345

Total 100 participants participated in the study. 20 responses collected related to customer satisfaction from each 100 participants. 20 Punjab National Bank Customers (Sum of means = 76.35, Average = 3.81, SD = +-0.35). 61 from SBI customer (Sum of means = 72.93, Average = 3.65, SD = +-0.36), and 19 from Uttarakhand Public bank (Sum of means = 73.95, Average = 3.3.70, SD = +-0.42).

Alpha value is 0.005 with Df1 = 2 (K-1=3-1), Df2 = 57 (N-K = 60-3) and p - value is 0.345. Alpha value 0.005 value is lesser than the p - value (Alpha value 0.005 < P - value 0.345). There is a moderate relationship between the service quality of PNB, SBI and Regional Rural Bank of Uttarakhand. Null hypothesis (H01) is accepted.

Table 5: Hypothesis 2 Testing

	Hypothesis	Result	Alpha Value	P - value
H02	There is a moderate relationship in customer satisfaction between employed and non employed customers.	Accept	0.05	0.27

Total 100 participants participated in the study. 20 responses collected related to customer satisfaction from each 100 participants. 64 participants is employed (Sum of means = 74.70, Average = 3.73, SD = +-0.37, Variance = 0.135) and 36 participants is non-employed (Sum of means = 72.22, Average = 3.61, SD = +-0.33, Variance = 0.11).

P-value is 0.27 with Df1 = 1 (K-1=2-1), Df2 = 38 (N-K = 40-2) and Alpha value is 0.05. Alpha value 0.05 value is lesser than the P value 0.27 (Alpha value 0.05 < P- value 0.27). There is a moderate relationship in customer satisfaction between employed and non employed

customers.. Null hypothesis (H04) is accepted and alternate hypothesis (Ha4) is rejected.

VI. CONCLUSION

The purpose of this is to assess the service quality of government bank in rural area of Uttarakhand (India). Empirical results show the, the customer satisfaction level is 74% of rural public banks in Uttarakhand State. Punjab National Bank Customers are 76.20% satisfaction, State Bank of India bank customers are 72.75% satisfied and Uttarakhand Gramin bank customer are 73.75% satisfied from the .

Results also show the moderate relationship between the service quality of PNB, SBI & Regional Rural Bank of Uttarakhand and moderate relationship in customer satisfaction between employed and non employed customers.

SUGGESTION

Banks need to provide more and efficient service-related information to the customers, reduce the service charges, improve the resolving procedure of error-full transactions, improve the complaint solution procedure, improve the TDS related information system and develop the more accountable procedure and to improvement is needed in the ATMs availability & efficiency.

LIMITATIONS

The research has been conducted in the rural area of the Uttarakhand State. The result can apply to the Uttarakhand State rural area only. Other areas the bank branches may have a different level of satisfaction.

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