

Evaluation of Customer Service in Indian Overseas Bank -A Study with Special Reference to Peravurani Town in Thanjavur District

S.RAJAMANI¹, Dr.R.P.RAMESH²

¹Ph.D.-Research Scholar, PG & Research Department of Commerce, Rajah Serfoji Govt College (Autonomous), Affiliated to Bharathidasan University, Tiruchirappalli-620 017, Tamil Nadu, India.

²Assistant Professor and Research Advisor, PG & Research Department of Commerce, Rajah Serfoji Govt College (Autonomous), Affiliated to Bharathidasan University, Tiruchirappalli-620 017, Tamil Nadu, India.

ABSTRACT

The banking industry in India plays a very important role because most people in India make their deposits in saving accounts or in fixed deposits. The banking industry in India has opened a lot of branches in the country. India is becoming a banker country. The banking industry in India is the fastest and largest growing market globally. Indian Overseas Bank is the most profitable bank in India. The leader of an organization should live and breathe customer needs and should communicate this across the organization. IOB has a strong legacy of having an in-house Information Technology department for developing their software needs. The quality of customer service in banks, particularly in private sector banks, has been the topic of vehement criticism during the post nationalization phase with the shift of so called class banking to mass banking. To analyse the attitude of customers towards service rendered by Indian Overseas Bank in Peravurani Town in Thanjavur District. The researcher has analysed the customer attitude to bank services on educational status for five categories. The researcher hopes that this study will definitely be helpful to the Peravurani Town in Indian Overseas Bank in Thanjavur District for improving the customers' service in accordance with the customers' expectations.

KEYWORDS: Banking, Customer Service, Banking Management, Quality, Indian Overseas bank.

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I. INTRODUCTION

Today, the relationship between banker and customer has come under sharp focus both at the banker's as well as at the customer's end, since many customers are expecting better services. The dominating questions which are bothering the minds of bank management today are how to improve customer service and competitive advantage. Since the products are almost the same "The banking sector is considered as a service oriented industry and it has to provide many services to the people who visit the banks. The issue of proper customer service is central to all business operations. Hence, management experts Consider customer service as an integral part of the growth strategy of their business. The leader of an organization should live and breathe customer needs and should communicate this across the organization. Hence, the major component of customer service is related to the involvement and commitment of the staff rendering such service. Since the marketing of financial services offered by banks very much depends on the quality of customer service and the satisfaction that customers derive from the services they receive, the important criterion to judge the bench mark of a bank is customer satisfaction in terms of good service. After financial sector reforms in 1990, the entire sector was revamped and reshaped in its functional and operational aspects, in tune with liberalization and

Globalization The nature of ownership of a bank has no reference to the reason for choosing a particular bank by a customer, as banks in any sector have a wide network of branches with a wide range of services throughout the country. The only factor which differentiates a bank from others is the way in which it functions and renders service to the customers. It is evident that there is a changing phenomenon regarding how customers are being served by the bank. During the 1950s and 1960s, the perception of customers was to serve them rather than to satisfy them. Satisfaction was absent during such a period after the nationalization of banks in 1969, there came a shift towards customer orientation instead of profit orientation. After financial sector reforms in 1990, the banks found to gratify the customers and wanted to retain them permanently.

The banks have come to understand that business can come from satisfied customers and they have a strong notion that there is a need for transformation from product centric to customer centric. Of late, the customer preferences keep on changing at a rapid speed and their demands are insatiable. In order to cater to the changing preferences, bankers are bound to provide a service suitable to their needs to with stand the competition. Besides, the business relationship between a bank and its customer is not a one-time transitory

relationship but a relatively permanent and enduring one which requires being nurtured with good quality of service. In such a situation, any bank not having a mind towards bettering the quality of its customer service is almost certain to lose its business. Needless to say, in the post reform era, which is becoming day by day frighteningly competitive, only those banks which have been exclusively customer focused will have a better chance of survival and growth. Despite so many measures initiated at various levels to improve the standard of customer service, the level of satisfaction perceived by various segments of customers has been low. Demand for improvement in customer service continues to be louder and so is the level of customer complaints regarding poor service. Customer service should not merely be rhetoric. But it must be practiced with the right spirit.

PROFILE OF THE INDIAN OVERSEAS BANK

Indian Overseas Bank (IOB) is a major Indian government owned bank. It is owned by the Ministry of Finance, Government of India, and is headquartered in Chennai, India, with approximately 3,400 domestic branches, 6 foreign branches, and a representative office. Founded in February 1937 by M. Ct. M. Chidambaram Chettyar with twin objectives of specialising in foreign exchange business and overseas banking, it has created various milestones in the Indian Banking Sector. IOB was the first bank to venture into consumer credit by introducing a personal loan scheme. During nationalisation, IOB was one of the 14 major banks taken over by the Government of India.

IOB has a strong legacy of having an in-house Information Technology department for developing their software needs. The team has coded one of the lightest; CLI based Core Banking Solutions, which was running till recently (2015). Almost 80% of the software products used by the bank are built by its own dedicated IT development team. The IT department includes personnel with diversified work experience having worked at field and administration levels.

PROFILE OF THE THANJAVUR DISTRICT

Thanjavur District is on the east coast of Tamil Nadu. The district lies between 78. 4' and 79.23 ' of the Eastern longitudes and 9.50' and 11.25' of the Northern Latitudes. Since composite Thanjavur is large in extent, for administration convenience, two districts were carved out from Thanjavur composite district. The area of the district is 3396.57Sq.km. It consists of three divisions: Thanjavur, Kumbakonam, Pattukottai and nine Taluks of Thanjavur, Kumbakonam, Papanasam, Pattukottai, Peravurani, Orathanadu, Thiruvudaimarudur, Thiruvaiyaru and Budalur. The district headquarters is in Thanjavur. Thanjavur district is called 'The Rice Bowl of Tamil Nadu' because of its agricultural activities in the delta region of river Cauvery. The River Cauvery is the main source for cultivation in this district, which is known for its heritage in water management. Composite Thanjavur District, with its fertile soil, is one of the largest paddy cultivation areas, not only in Tamilnadu but also in South India. Financial institutions play a vital role in the development of agriculture activities. Agriculture finance is generally available from both institutional agencies and private institutional agencies like nationalised and commercial banks and co-operative banks providing loans for purchasing inputs like seeds, fertilizers and pesticides, forming assets like pump sets and other machinery. The farmer borrows loans from non-institutional sources such as a money lender, village merchants, traders and commission agents. The number of financial institutions in Thanjavur District is shown in table-1

Table 1: Financial Institutions in Thanjavur District

S.NO	Name of the Banks	Number of Branch
1	State Bank of India	26
2	Indian Overseas Bank	48
3	Bank of India	07
4	Bank of Baroda	07
5	Canara Bank	15
6	Indian Bank	39
7	Central Bank of India	04
8	Union Bank of India	07
9	Punjab National Bank	02
10	Tamilnadu Mercantile Bank	03
11	KarurVisya Bank	08
12	ICICI bank	09
13	Laxmi Vilas Bank	19

14	UCO Bank	02
15	City Union Bank	39
16	TIIC	01
17	Federal Bank	02
18	South Indian Bank	02
19	Oriental Bank of Commerce	01
20	Syndicate Bank	04

Source: Statistical Hand book, Thanjavur, 2020

STATEMENT OF THE PROBLEM

The quality of customer service in banks particularly is private sector banks has been the topic of vehement criticism during the post nationalization phase with the shift of so called “class banking to mass banking” Thus the objectives of social justice and balanced growth have been achieved but with a price in the form of decelerating customers service. Though the Indian Overseas bank has many credits to its performance in terms of network of branches and technology oriented service, it faces criticisms for its service to customers, It has laurels on one side, for it is effective and efficient and it is subject to criticisms on the other side, Hence this attempt is made by the researcher to evaluate the services rendered by the Indian Overseas Bank and the customers attitude towards its services.

OBJECTIVES OF THE STUDY

The main objectives of this study are the following:

- To analyses the attitude of customers towards service rendered by Indian Overseas Bank in Peravurani Town in Thanjavur District.
- To offer suitable suggestions for the improvement of customer services based on the finding of The study
- To assess past and current performance of the bank
- To study liquidity and solvency position
- To study profitability of IOB

SCOPE OF THE STUDY

The study covers in PeravuraniTown Indian Overseas Bank in Thanjavur District. The customer’s satisfaction towards the services rendered by the bank is analyzed with reference to the customer service. The study covers the transactions made by customer who are directly related with bank in depositing cash, encashing a cheque and receiving loans.

METHODOLOGY

The study is based on the primary data and Secondary data. The data has been collected through a well-structured interview schedule from customers and bank employees.

SAMPLING DESIGN

Since the study aims to examine customer services and facility provided by the Peravurani Town Indian Overseas Bank in ThanjavurDistrict in the customers were selected by the Researcher for administering interview schedule. As per the records of the Indian Overseas Bank in Peravurani Branch the total customers shows 30,022. The Researcher has selected 350.32 (1%) of the universe by the proportionate random sampling method. The sample size were shown in table -2

Table 2: Sample Size

S.No	Types of Customer	Total No of Respondents	Sample of Respondents
1	Saving Account	15662	212.12
2	Current Account	8310	65.40
3	Fixed Account	4212	35.10
4	Recurring Account	1838	37.7
	Total	30,022	350.32

TOOLS OF ANALYSIS

The Researcher has used Friedman’s Test, Kruskal –Wallis Test and Mann –Whitney Test for analysing the data.

FRIEDMAN’S TEST

This test is a Non-parametric Test. This test requires less restrictive assumptions concerning the level of data measurement. The Friedman’s Test is test purpose applying the significant relationship between customer and banker service attitude. It does not require the assumptions of normality and homogeneity of variance. It is used whenever the number of sample is greater.

Friedman’s test Formula is

$$H = \frac{12}{n(n + 1)} \sum_{j=1}^k \frac{R_j^2}{n_j} - 3(n + 1)$$

Can be approximated to x2 with k-1 degrees of freedom

The Researcher has analysed the customer attitude about the Occupational Status for five category employee’s namely Private employee, Government employee, Self employees, Retired employee and other type of employee which is depicted in Table 3.

Table 3: Customers’ Attitude about Bank Services

Bank Services	Occupational Status				
	Private employees	Govt employees	Self employed	Retired	Others
Working time	1.803(5)	1.788(4)	1.719(2)	1.389(1)	1.750(3)
Processing time	1.788(5)	1.711(3)	1.729(4)	1.222(1)	1.695(2)
Satisfactory deposit Scheme	1.893(5)	1.751(2)	1.819(4)	1.555(1)	1.779(3)
Fixed deposit scheme	1.734(4)	1.660(3)	1.795(5)	1.583(1)	1.649(2)
Loan & Advances	1.760(4)	1.688 (3)	1.781(5)	1.678(1)	1.686(2)
Interest rates	1.813(5)	1.713(3)	1.791(4)	1.629(1)	1.654(2)
Loan processing	1.741(5)	1.740(4)	1.674(3)	1.600(1)	1.662(2)
Loan repayment	1.817(5)	1.702(3)	1.707(4)	1.444(1)	1.693(2)
ATM services	1.754(4)	1.657(2)	1.762(5)	1.576(1)	1.678(3)
Safety locker service	1.867(5)	1.683(2)	1.801(4)	1.472(1)	1.730(3)
Employee behaviour	1.786(5)	1.657(2)	1.756(4)	1.564(1)	1.667(3)
Physical facilities	1.708(5)	1.658(3)	1.701(4)	1.461(1)	1.607(2)
Sum of ranks	57	34	48	12	29
Mean rank	4.893	2.775	4.047	1.000	2.350

Sources: Primary data

From the Table3 it is found that Friedman’s Test showed that there is significant Difference in the overall mean rank on customer attitude about services of bank among the Occupational groups of respondents and the mean rank is higher in Private employees where as it is the least for Retired employees

THE KRUSKAL-WALLIS TEST

The Kruskal-Wallis is a Non-parametric Test. The purpose of this test is to find whether there is cutomer attitude among Educational qualification of the respondent. Kruskal Wallis Test is test applying purpose of the significant relationship between customer and banker service attitude. It does not require the assumptions of normality and homogeneity of variance. It is used whenever the number of sample is greater.

$$H = \left[\frac{12}{n(n + 1)} \sum_{j=1}^c \frac{T_j^2}{n_j} \right] - 3(n + 1)$$

Follows J2 with (k-1) degrees of freedom

K being no of samples

The Researcher has analysed for the customer attitude about the Bank services on Educational status for five categories. Level of Higher secondary level, Graduate level, Post graduate level Diploma level, and other type of level which is depicted in Table.4

Table 4: Customers’ Attitude about Bank Services

S.No	Bank Services	Upto higher secondary	Graduate	Post graduate	Diploma	Others
1	Working time	1.671(1)	1.807(5)	1.782(3)	1.803(4)	1.732(2)
2	Processing time	1.660(1)	1.718(3)	1.794(5)	1.727(4)	1.677(2)
3	Satisfactory deposit scheme	1.851(4)	1.737(1)	1.892(5)	1.749(2)	1.798(3)
4	Fixed deposit scheme	1.678(4)	1.662(3)	1.797(5)	1.660(2)	1.656(1)
5	Loans & Advances	1.728(3)	1.731(4)	1.816(5)	1.661(2)	1.635(1)
6	Interest rates	1.687(2)	1.722(3)	1.842(5)	1.678(1)	1.789(4)
7	Loan processing	1.577(1)	1.764(4)	1.826(5)	1.696(3)	1.688(2)
8	Loan repayment	1.680(2)	1.728(4)	1.825(5)	1.701(3)	1.677(1)
9	ATM services	1.166(2)	1.693(3)	1.825(5)	1.637(1)	1.763(4)
10	Safety locker service	1.767(3)	1.798(4)	1.834(4)	1.699(1)	1.762(2)
11	Employee behaviour	1.672(2)	1.728(3)	1.843(5)	1.613(1)	1.835(4)
12	Physical facilities	1.603(1)	1.669(4)	1.778(5)	1.614(2)	1.633(3)
	Sum of ranks	26	41	57	26	29
	Mean ranks	2.053	3.405	4.984	2.104	2.394

Source: Primary data

From the Table 4 it is found that, The Kruskal Wallis Test showed that there is significant difference in the overall mean rank among the educated groups of respondents and the mean rank is higher for the Post graduates whereas it is the least for the Diploma group of respondents.

THE MANN- WHITNEY TEST

The Mann Whitney Test is Non parametric Test can be applied any when two variables or less than two variable. The Researcher has analysed the customer attitude about the bank services and customer attitude regarding residential status of Urban and Rural category of persons. The results are shown in the Table -5

Table 5: Residential Status and Customer Attitude

S.No	Customer Attitude Regarding	Residential Status			
		Urban mean score	Rank	Rural Mean score	Rank
1	Working time	1.79	22	1.75	18
2	Processing time	1.70	5	1.74	15
3	Satisfactory deposit scheme	1.89	24	1.77	20
4	Fixed deposit scheme	1.72	11	1.69	4
5	Loan & Advances	1.73	14	1.72	10
6	Interest rates	1.74	16	1.73	13
7	Loan processing	1.78	21	1.68	3
8	Loan repayment	1.76	19	1.72	9
9	ATM services	1.72	8	1.71	6
10	Safety locker service	1.80	23	1.75	17
11	Employee behavior	1.71	7	1.72	12
12	Physical facilities	1.65	1	1.66	2
	Sum of ranks		S1=171		S2=129

Source: Primary data

From the Table 5 it is found that, The Mann –Whitney Test showed that the overall mean score on customer attitude on bank services is on a par among urban and rural respondents.

II. FINDINGS

The following are major findings of the study;

Friedman's Test

- Working time used in the highest rank for Private Employee's value (1.803%) and where as it is least rank Retired employee's value (1.389%),
- Interest rate in the highest rank for Private employees value (1.813%) and where as it is least rank Retired employees value(1.629%) and
- Loan processing for the highest rank for Private employees value (1.741%) and Whereas it is least rank Retired employees value (1.600%) and
- ATM services for occupational status in the highest rank for Government employees Value (1.657%) and where as it is least rank retired employees value (1.576%) and
- Employee behavior in occupational status in the highest rank for Private employees value (1.786 %) and where as it is least rank Retired employee's value (1.564%) Occupational status mostly higher rank for the Private employee.

THE KRUSKAL-WALLIST TEST

- Educational level in bank service in working time used in the highest rank for Graduate level value (1.807%) and where as it is least rank Upto higher secondary level value (1.671%),
- Interest rate in the highest rank for Post graduate value (1.842%) and where as it is least rank Diploma level value(1.678%) and
- loan processing for the highest rank for Post graduate level value (1.825%) and where as it is least Upto higher secondary level value (1.577%)and
- ATM services in the highest rank for Post graduate level value (1.825%) and where as it is least rank Diplomo level value(1.637%) and
- Employee behavior in the highest rank for Post graduate level value (1.843 %) and where as it is least rank Diplomo level value (1.613%) educational level mostly higher rank for the Post graduate level category persons

THE MANN-WHITNEY TEST

- Residential status on Urban and Rural area level in working time used in the highest rank for Urban level value (1.79%) and where as it is least rank Rural level value (1.75%),
- Interest rate in the highest rank Urban level value (1.74%) and where as it is least rank Rural level value(1.73%) and
- Loan processing for the highest rank for Urban area level value (1.78%) and where as it is least Rural level value (1.68%)and
- ATM services in the highest rank for Urban area level services value (1.72%) and where as it is least rank Rural area level value(1.71%) and
- Employee behavior in the highest rank for rural area level value (1.72 %) and where as it is least rank urban area level value (1.71%) Residential status level mostly higher rank for the Urban area level category mean score persons.

III. SUGGESTIONS

- The functioning of ATM facilities can be monitored by the bankers since the operations are out of service many times this leads to inconvenience to the customers.
- The employee can be Well –Trained to behave with the customers in accordance with their needs
- The steps in the processing of loan can be mitigated to facilitate the customer for the easy execution.
- The rate of interest may be increased in the lines of private banks

IV. CONCLUSION

It is very important that they should take constructive steps to retain existing customers and to attract new customers. To render effective service to customers to their fullest satisfaction, the bank should obtain opinion from customers' attitude about the services they expect from the bank. The researcher hopes that this study will definitely be helpful to the Peravurani Town in Indian Overseas Bank in Thanjavur District for improving the customers' service in accordance with the customers' expectations.

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