

A STUDY OF ROLE OF SERVICE MARKETING IN BANKING SECTOR WITH SPECIAL REFERENCE TO AURANGABAD DISTRICT

* *Dr. Mohammed Abdul Raffey, Assistant Professor,*

** *Dr. Akther Anwar, Assistant Professor, Millennium Institute of Management, Aurangabad.*

INTRODUCTION

India's growth is at present service sector driven. According to RBI's data, the contribution of service sector to real GDP growth was 57%, in 2008-09. Even in 1990s, the sector contributed highly in this regard. There is a noticeable trend that when the contribution of service sector to GDP has risen from 47.5% to 57%, the contribution of agriculture has declined from 31.5% to 22.2% in 2008-09.

In India, nowadays the growth of service sector is taking place in consumer services, Information Technology (IT) services and business process outsourcing services. According to an estimate given by World Bank, "India's share as a supplier of software services is as higher as 17%, compared to 3.2% in textiles and apparel. The share of software exports has risen from 19% to 34% in 1997-98, 96% of all software exports were from of services like custom application Development, IT Training and Education, etc. The share of BPO has risen to 24% of total software exports.

The growth of services are in a dominant form in the industrial growth of India. According to an estimate, the contribution of „services is 41% to the GDP of country. In a quick and successful manner, the quality and benchmarking of the services has risen up to the global standard. One may take the examples from financial services, software services, accounting services, etc., which are getting operationalized in a global manner. India is becoming a destination for IT sector. According to NASSCOM, over 185 Fortune 500 companies apply Indian software services. Multinationals are interested due to the relatively low cost of operation, high-skilled manpower and knowledge reservoirs the chief reasons for promotion of Indian software industry.

OBJECTIVES OF THE STUDY

The study of banking sector involves the following objectives:

- To analyze the comparative studies of public sector and private sector banks.
- To examine various process and sub process of the operational features of banks.
- To examine the quality elements in the claims of various organizations. To analyze the customer satisfaction status.
- To suggest an alternative system, if required.

REVIEW OF LITERATURE

Philip et al. (2005), critics of Indian Regional Rural Banks (RRBs) and their prevailing culture have argued that a product-focused rather than a market-oriented approach to New Service Development (NSD) is responsible for their inadequate performance. Keeping this in mind, this work aims to develop a conceptual understanding of the factors influencing market orientation in these institutions, and assess its impact on outreach performance. Research propositions for further evidence-based investigation are posited. The attitudes and behaviors of the managers,

along with the institutional characteristics, are identified as influences on market orientation, service innovation, customer satisfaction and outreach performance, within RRL3s. Banking practitioners need to be aware of the fact that market orientation may influence performance in NSD and related contextual situations. The conceptual relationships proposed, inform those seeking to enhance the performance of RRBs of some of the key internal marketing issues involved in their success, and thus give direction to the development of policies to reduce poverty. In particular, cultural issues relating to the perceptions of the customers and their effect on NSD are examined.

Mukherjee et al (2003), presented the development of a theoretical framework for measuring the efficiency of banking services, taking into account physical and human resources, service quality and performance. Expenditures on -quality improvement efforts and the impact of service quality on financial outcomes have long intrigued researchers. Banks have traditionally focused on how to transform their physical resources to generate financial performance, but have inadvertently ignored the mediating intangible factor of service quality. A theoretical framework on the optimization triad of resource, service quality and performance is proposed here, thereby linking the marketing variables to the financial metrics. A measure for the return on quality is developed from the ratio of the potential improvements in financial performance by enhancement of service quality, to the observed performance figures. Empirical results obtained from a study of 27 Indian public sector banks and their customers, allow us to measure the impact of service quality on financial performance and the optimal level of service quality, which can be generated by using existing resources and the opportunity cost for sub-optimal service delivery. Banks delivering better service are found to have better transformation of resource to performance, using superior service delivery as the medium. Results confirm the linkage between resource, service quality, and performance for services.

Sureshchandar et al. (2003), focuses on investigating the critical factors of customer perceived service quality in banks of a developing economy—India. It compares and contrasts the three groups of banks in India, with respect to the service quality factors from the perspective of the customers. There, seems to be a great amount of variation with respect to the level of service quality offered by the three groups of banks. The factors that discriminate the three groups of banks are identified. Customers in developing economies, seem to keep the „technological factors“ of services such as core service and systematization of the service delivery as yardsticks in differentiating between good and bad service, while the „human factors“ seem to play a lesser role in discriminating the three groups of banks. The service quality indices, with respect to the three groups and the Indian banking industry as a whole, offer interesting information at the level of service quality delivered by banks in India.

Sureshchandar et al. (2002), say that there is an insufficiency of knowledge with respect to the banking industry in developing economies. The differences between public sector banks, private sector banks, and foreign banks were investigated with respect to the Total Quality Service dimensions (TQS). Multiple discriminate analyses were used to find out those dimensions of TQS which contribute more to the discrimination between the three sectors of Indian banks.

Several areas need to be improved with respect to the effectiveness of quality management implementation and the quality, of service delivered, when compared to the best banks elsewhere in the developed world, like the US and. Europe,

Singh (1985), says that the marketing orientation has permeated the commercial banks in India. The results indicate that bank marketing in India has yet to proress beyond the stage of pronouncement and lip service of top management. This was reflected in: the lack of representation of the marketing function in a clear and specific manner; fragmentation of marketing activities across various departments, with no clear-cut coordination or control; the absence of marketing databases; and the lack of trained marketing personnel, as well as the mere neglect of marketing orientation in the various training courses offered for professional development.

METHODOLOGY

The research carried out under the topic was based on the combination of primary and secondary based data. The questionnaire method was adopted. There are more than 121 Nationalize Banks, 62 Commercial Banks and 145 Co-operative Banks in Aurangabad District, but due constraint of time and money a convenience sample of only of 60 branches, which included public, private sector banks and co-operative bank, was selected for the study purpose.

The customers and bank officials were surveyed. The research design was a blend of descriptive and exploratory method. The customers and staff members were given the questionnaires, which was a blend of open-ended and closed-ended questionnaires. The ranking scale method was applied in this process. The research area was Aurangabad District. The hypothesis formulated for research is the following:

A₁: Efficiency of a banking organization depends on internal marketing strategy

A₂: Role of the people play's an important role in deciding the positioning of banking organization.

The research carried out, concentrated on these two hypotheses.

DATA COLLECTION

According to the available data, one can observe that customers always provide grade to the level of services, they keep an objective in their attitude. The internal grading system could be applied within the company. Satisfaction level in excellent is maximum (Table 1).

Table 1: Satisfaction with the Services			
SR. No.	Grade	Response Rote (in %)	Frequency
1.	Excellent	30	Always
2.	Very Good	25	Sometimes
3.	Good	20	Uncertain
4.	Below Good	25	Sometimes

Source: - Primary Data

Banks are trying to achieve the excellent status. Today, every category of banks will have to hold the customers by making improvements. Banks are no more just clearing houses, but are marketable places too. Private sector banks have realized this fact. Private sector banks are in a leading position (Table 2).

Table 2: Excellent Status by Banks		
SR. No.	Type of Organization	Response Rate (in %)
1.	Public Sector	20
2.	Private Sector	60
3.	Cooperative Sector	20

Source: - Primary Data

The competitive scenario has made banks learn many service concepts. Customers have many options today. Banks have to improve their scores on negative factors. Nowadays, in any banking organization, flexibility plays an important role for attracting the interest of customers (Table 3).

Table 3: Service Rating Scale		
SR. No.	Service Features —	Customer Rating (in %)
1.	Simplified Procedures	35
2.	Flexible Operations	40
3.	Extended hours of Services	25

Source: - Primary Data

The attitude of staff members is very important in this regard. Banks are not only service providers but also solution providers to the customers. Employees are required to have maximum awareness in this regard. Public sector banks have a negative impact about the customer service role (Table 4).

Table 4: Attitude of Staff Members in Public sector Banks		
SR. No.	Grade	Response Rate (in %)
1.	Excellent	10
2.	Very Good	20
3.	Good	30
4.	Below Good	50

Source: - Primary Data

Banks may fix an internal standard level of quality. Customer interest could be taken at the center of scale. The customer may expect flexibility many a time. Flexibility plays a very important role in determining the quality of operations of bank (Table 5).

Table 5: Quality of Operations of Private Banks		
SR. No.	Level of Quality	Response Rate (in %)
1.	Time Efficiency	10
2.	Flexibility	70
3.	Friendly Behavior	20

Source: - Primary Data

Employee may take jobs as a mission or as a casual approach. Today, for survival and growth, employees will have to take job as nothing less than a mission. Private sector employees consider their job as a mission (Table 6).

Table 6: Perception of Bank's Employees about Job as Mission		
SR. No.	Bank	Response Rate (in %)
1.	Public Sector	20
2.	Private Sector	60
3.	Cooperative Sector	20

Source: - Primary Data

Technology plays an important role in business. Banking technology is becoming rich day by day; Banks are trying to adopt these technologies. Changes are observable. Ecommerce is playing a great role in the bank operations. Public sector banks are relatively lagging behind in this regard (Table 7).

Table 7: Awareness about E-Commerce Operations		
SR. No.	Bank	Response Rate (in %)
1.	Public Sector	30
2.	Private Sector	45
3.	Co-operative Sector	25

Source: - Primary Data

In today's banking, information desk has an important role. Customers may require some assistance in various transactions, in which help desk should be strength of bank. The technology assistance could also be useful in this regard. The private sector banks have efficient help desk which differentiate the performance of banks (Table. 8).

Table 8: Role of Customer Help Desk		
SR. No.	Bank	Score on Responsiveness (in %)
1.	Public Sector	10.
2.	Private Sector	60
3.	Cooperative Sector	30

Source: - Primary Data

Innovation and renovation are the keys of success. Innovation in operations and promotion is always subject to review. Adoption of these innovations plays an important role (Table 9).

Table 9: Innovation		
SR. No.	Bank	Adoption Rates (in o/o)
1.	Public Sector	25
2.	Private Sector	60
3.	Cooperative Sector	15

Source: - Primary Data

Communication system is the effective tool for customer information and persuasion. It could be researched frequently so that, new features may be incorporated. The mood and the taste of a customer is a very important factor for the success of the communication system. As per the available data, customers prefer an informal rather than a formal atmosphere/communication system (Table 10).

Table 10: Opinion about Communication System of Banks		
SR. No.	Status'	Response (in %)
1.	Effective	30
2.	Informal	60
3.	Convincing	10

Source: - Primary Data

Many advanced customized software are in use. The banks may adopt these gradually to gain global position. The private sector banks have high acceptance about the customized software application (Table 11).

Table 11: Customized Software Application		
SR. No.	Bank	Response Rate (in %)
1.	Public Sector	30
2.	Private Sector	50
3.	Cooperative Sector	20

Source: - Primary Data

RESULTS AND DISCUSSIONS

1. Private sector banks own excellent status in general opinion.
2. Simplified procedure and flexibility are very important features.
3. Attitude plays a contributory role in service marketing organization.
4. Public sector banks lack state of art technology.
5. The internal grading system is an important measure for improvement.
6. Banks are no more just clearing houses, but are marketable places too.
7. Competitive scenario has made banks to learn many service concepts.
8. Banking technology is becoming rich day by day.
9. Help desk is an important strength of the bank. It may use modern technology for customer help.
10. Innovation is required in every aspect of banking operation.
11. The banks may adopt these gradually to gain global position by adopting customized software.

CONCLUSION

To conclude, here are a few suggestions:

- (a) The banks will have to adopt the diversified services like selling insurance,. etc., so that they can be of multiple uses.
- (b) The business transaction hours, can be flexible. The customer may have access any time whenever it is required.

- (c) They can open their branches at the shopping places so that customers may have easy availability of finance.
- (d) Banks can install the web system so that transactions can be done in a speedy manner;
- (e) Proper professional training system could be a solution to the working „style of bank employees. The attitude towards the job should be that of a professional.
- (f) Defining high performance system can also help the bank employees for an improvement in their behavior.
- (g) Customer complaint system can be more effective and informative.
- (h) Technology training to employees could be an additional feature that banks may adopt.
- (i) Performance, based appraisal system can be introduced at branch level.+

REFERENCES

1. Khan, M.Y, (1980) Indian Financial System, New Delhi, Vikas Pub. House.
2. L.M.Bhole (2006) “Financial Institutions and Markets” structure growth and innovations printed by Tata McGraw Hill New Delhi
3. Mukherjee A, Nath P and Pal M (2003), “Resource, Service Quality and Performance Triad: A Framework for Measuring Efficiency of Banking Services” The Journal of the Operational Research Society, Vol. 54, No. 7, pp. 723-735.
4. Mahesh.k. Jain, (2005) “Research Methodology And Statistical Techniques”, Shree Publishers & Distributors, Mumbai.
5. Philip Megicks, Atul Mishra and. Jonathan Lean (2005), “Enhancing Microfinance Outreach through Market-oriented New Service Development in Indian Regional Rural Banks”, The International Journal of Bank Marketing, Vol. 23, pp. 107-125.
6. Singh J D (1985), “Bank Marketing in India: The State of the Art”, The International Journal of Bank Marketing, Bradford.
7. Sureshchandar GS, Chandrasekharan Rajendran and Anantharamar R N (2003), “Customer perception of Service Quality in the Banking Sector of a Developing Economy: A Critical Analysis”, The International Journal of Bank Marketing, Bradford,
8. Sureshchandar GS, Chandrasekharan Rajendran, Anantharaman R N and Kamalanabhan T J (2002), “Management’s Perception of Total Quality Service in the Banking Sector of a Developing Economy A Critical Analysis” The International Journal of Bank Marketing, Bradford.
9. Dr. Sarwade W.K., Conceptual Development Of Green Marketing In India, Excel Journal of Engineering Technology and Management Science, Vol. I No. 2, January - June 2012.