

**EVALUATION OF CUSTOMER SERVICE IN INDIAN OVERSEAS BANK -  
A STUDY WITH SPECIAL REFERENCE TO PARAMAKUDI TOWN IN  
RAMANATHAPURAM DISTRICT**

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**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 render 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 sectors reforms in 1990, the entire sector got revamped and reshaped in its functional and operational aspects, in tune with liberalization and globalization The nature of ownership of bank has no reference to reason for choosing a particular bank by a customer, as the banks at any sector have a wide net work of branches with wide range of services throughout the country. The only factor which differentiates a bank from other is the way in which it functions and renders service to the customers. It is evident that there is a changing phenomena regarding how the customers are being served by the bank During 1950s, and 1960s, the perception towards the customers was to serve the customers rather than satisfy the customers. Satisfaction was absent during such period after nationalization of banks in 1969, there came a shift towards of customer orientation instead of profit orientation. After financial sector reforms in 1990, the banks find to gratify the customers and want to retain them permanently.

The banks now days have come to understand that the 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 the 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 reforms era which is becoming day by day frighteningly competitive, only those banks which have been exclusively customer-focused will have 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 the poor service. Customer service should not merely be rhetoric. But it must be practiced with the right spirit.

#### **Profile of the Indian Overseas Bank**

The Indian Overseas Bank or IOB was established in India in 1937. It is a major Commercial bank in India that has 1400 domestic branches and six overseas branches. The bank is based in Chennai (Madras), India and is ranked as the number one Public sector bank among all commercial banks in the country. The bank has a network of over 500 ATMs all around India. The bank's Visa Debit card is acceptable at all ATMs that belong to the Cash Tree and NFS networks.

The bank is also nationalized bank India. It is also one of the few banks in India that have been approved by the Indian government to offer payment of taxes via the bank online. What sets apart the Indian Overseas Bank from most other Indian Commercial banks is that it boasts of its own in-house Information Technology department that is ISO certified.

This Information Technology department is solely responsible for the development of the software that is used by 900 of its branches to offer internet banking to its clients. The bank has plans to increase the number of branches that offer internet banking. The Indian Overseas Bank offers a host of services for its clients. In personal banking, there are services for savings and current accounts, term deposits, retail loans, home loans and mortgages, depository services, international VISA cards. Any Branch Banking, Insurance and Mutual funds. There are also NRI accounts that have on offer services like Non-resident

ordinary(NRO), Resident foreign currency accounts, Foreign currency Non-resident accounts, Tracking cell, IOB NRI shield and NRI Remittances among others.

The bank offers banking services for small and medium enterprises (SMEs), IT BPO and cash management services. The bank has shown continued support for a number of social causes in India through programs like the IOB-shakti It also offers agricultural short term loans to farmers that need them as well as Financial Inclusion. There is also provision by the bank for Agri business consultancy.Forex trading services are also offered by the bank which is reflected in its swift centers, Authorized branches in forex trading, forex collection services and overseas cash. As mentioned earlier, the bank is authorized to allow direct and indirect tax payments to the government through its internet banking services.

#### **Profile of the Ramanathapuram District**

The Ramanathapuram District Comprises 7 Taluk 11 block and 2762 villages as regards the hierarchy of administrated arranged they are 4 Municipalities 9 Town panchayats and 429 Village panchayats in the district. The comity developed blocks are Thiruvadanaï, Bogalur, RS Mangalam, Kadaladi, Kamuthi, Ramanathapuram, Thiruppullani, Mudukulathur, Paramakudi, Nainarkovil and Mamdapam. In 1910 paramakudi was formed from portions of Madurai and Thirunelveli District. With J.F.Bryant as first Collector. The another name of Paramakudi is also called as Parambai. Parambai that means the Vaigai river cross the town. That means of the Vaigai so called of th name Historically the area was ruled by the Pandiyan dynasty and later by King Sethupathi of Ramanthapuram. Formaly Paramakudi consists of two separate settlements.Paramakudi and Emaneswaram which merged to form the present municipal town in 1964.

The financial institution plays 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 bank and co-operative bank providing loan for purchasing form inputs like seeds fertilizers and pesticides, forming assets like pump sets and other machinery. The farmer borrow loan from non-institutional sources such as a money lender village merchants traders and commission agents. The number by financial institutions in Ramnathapuram District show in the table-1

Table 1: Financial Institutions in Ramanathapuram District

S.No	Name of the Banks	Number of Branch
1	State Bank of India	13
2	Indian Overseas Bank	21
3	Bank of India	2
4	Bank of Baroda	1
5	Canara Bank	3
6	Indian Bank	5
7	Central Bank of India	2
8	Union Bank of India	3
9	Punjab National Bank	3
10	Tamilnadu Mercantile Bank	7
11	Karur Visya Bank	3
12	ICICI bank	4
13	Pandian Grama Bank	23
14	Co-operative Urban Bank	5
15	R.D.D.C.C bank	26
16	S.L.D.B	4
17	TIIC	1
	<b>Total</b>	<b>126</b>

Source: Statistical Hand book, Ramanathapuram, 2014

### Statement of the Problem

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” Thus the objectives of social justice and balanced growth have been achieved but with a price in the form of decelerating customer service. Though the Indian Overseas bank has many credits to its performance in terms of net work 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 customer attitude towards its services.

### Objectives of the Study

The main objectives of this study are the following:

1. To analyse the attitude of customers towards service rendered by Indian Overseas Bank in Paramakudi Town in Ramanathapuram District.

2. To offer suitable suggestions for the improvement of customer services based on the finding of the study

### Scope of the Study

The study covers in paramakudi Town Indian Overseas Bank in Ramanathapuram District. The customers 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. 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 Paramakudi Town Indian Overseas Bank in Ramanathapuram District in the customers were selected by the Researcher for administering interview schedule. Asper the records of the Indian Overseas Bank in Paramakudi Branch the total customers shows 25,042. The Researcher has selected 250.42 (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 Customers	Total No of Respondents	Sample of Respondents
1	Savings Account	14462	144.62
2	Current Account	5380	53.8
3	Fixed Account	3585	35.85
4	Recurring Account	1615	16.15
	<b>Total</b>	<b>25042</b>	<b>250.42</b>

### 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 do 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

$$F = \frac{12}{nk(k-1)} \sum R_j^2 - 3n(k+1)$$

can be approximated to  $\chi^2$  with k-1 degrees of freedom.

The Researcher has analysed the customer attitude about the Occupational Status for five category employees 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 customer 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 do not require the assumptions of normality and homogeneity of variance. It is used whenever the number of sample is greater.

$$H = \frac{12}{n(n+1)} \sum_{j=1}^k \frac{r_j^2}{n_j} - 3(n+1) \text{ follows } \chi^2 \text{ with } (k-1) \text{ degrees of freedom}$$

k being no of samples

The Researcher has analysed for the customer attitude about the Bank services on Educational status for five category. 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 behaviour	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

### Findings

The following are major findings of the study;

#### Friedman's Test

1. Working time used in the highest rank for Private employees value (1.803%) and where as it is least rank Retired employees value (1.389%),
2. 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



3. Loan processing for the highest rank for Private employees value (1.741%) and where as it is least rank Retired employees value ( 1.600%)and
4. 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
5. Employee behavior in occupational status in the highest rank for Private employees value (1.786 %) and where as it is least rank Retired employees value( 1.564%) Occupational status mostly higher rank for the Private employee.

#### **The Kruskal-Wallist Test**

- 1 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%),
- 2 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
- 3 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
- 4 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
- 5 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 categeory persons

#### **The Mann-Whitney Test**

1. 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%),
2. Interest rate in the highest rank Urban level value (1.74%) and where as it is least rank Rural level value( 1.73%) and
3. 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
4. ATM services in the highest rank for Urban area level value (1.72%) and where as it is least rank Rural area level value( 1.71%) and
5. 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 categeory mean score persons.

### Suggestions

1. 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.
2. The employee can be Well -Trained to behave with the customers in accordance with their needs
3. The steps in the processing of loan can be mitigated to facilitate the customer for the easy execution.
4. The rate of interest may be increased in the lines of private banks

### Conclusion

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

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