

A Study on Service Quality of Co-Operative Banks with Special Reference to Agra District

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Abstract

District cooperative banks play a vital role in the Indian Financial System and rural welfare by providing loans to enhance economic stability. The nexus between service quality and customer satisfaction significantly influences banking dynamics. Research consistently demonstrates the interdependence of service quality and customer satisfaction. The evolving service sector relies on differentiated services to foster customer retention, prioritizing existing clientele over acquiring new ones. Customer expectations underscore the necessity for personalized, high-quality services. The rising significance of service quality underscores a potential disparity between customer expectations and actual experiences. Cooperative banks contribute substantially to national development through a diverse range of products and services, including various deposit and loan options. This study examines the service quality of district cooperative banks in Agra District, utilizing a descriptive approach. Primary and secondary data inform the evaluation, with the SERVQUAL tool employed to measure dimensions such as Reliability, Responsiveness, Assurance, Empathy, and Tangibility.

Keywords: Service quality, District cooperative banks, service quality and customer loyalty of cooperative banks and dimensions of service quality

Introduction

From the viewpoint of business administration, service quality the basic objective of every type of organization is to increase the profit by increasing the net revenue and by reducing cost. Now a day's customer satisfaction is one of the important factors which influence the return on an organization. Enhancement of customer satisfaction leads to customer loyalty. Keeping good relationship with customers is an easy way for capturing competitive markets. Service sector of Indian economy has tremendous development because of their services. Banking industry especially co-operative banks is not an exempted service sector from this. In order to compete in this sector, cooperative banks have to more changes in their practices. Customer satisfaction is an important factor for every bank to retain their customers. Customer satisfaction means the attitudinal response of customers towards the functioning of their products and services.

Cooperative banks in India have become an integral part of the success of the Indian Financial Inclusion story. Uttar Pradesh is the most populous state in the country. Its population is 199,812,341 and growth rate is 20.23% as per census 2011. According to the data of 2019-20 the total number of DCBs in India is 351 and in Uttar Pradesh in 50 DCBs the state contributes 16.16% of India's population. The population density is 829 people per square kilometer while the national average is 382 per sq. km, making it one of the densest states in the country. Uttar Pradesh is divided in 75 district and 18 region. Agra region in one of them. Agra region is Famous for Tourist places, religious places, large number of small scale industries in West Uttar Pradesh. Agra region is hold Four District (Agra, Mathura, Firozabad, Mainpuri) there is a large network of public, private and cooperative banks in Agra region. But the Half of the population in Agra region in lives in rural areas.in rural areas the district cooperative is plays a very important role. There is a large network of district co-operative banks in Agra region with a total of 63

branches including H.O. (Agra 17, Firozabad 15, Mathura 19, Mainpuri, 12) functioning in the state as on 31.3.2016 But, so far a comprehensive and detailed study on the workings of the district co-operative banks at Agra district in Uttar Pradesh has not been undertaken. The District co-operative banks have occupied an important place in the State's economy in terms of financing the major economic activities.

Cooperative Banks in India

Cooperative banks in India have become an integral part of the success of Indian Financial Inclusion story. They have achieved many land marks since their creation and have helped normal rural Indian to feel Empowered and secure. Cooperative banks in India have a history of almost 100 years. Cooperative banks are registered under the Cooperative Societies Act. These banks are also regulated by the RBI and governed by the Banking Regulation Act 1949 and Banking Laws Cooperative Societies Act 1955. The need for cooperative banks in India is much important to support the financial requirements of people. The major strengths of cooperative banks are their local reach, transparent interaction with the customers and their efficient services to common people. It functions with the no profit and loss model. As the other banks in India cooperative banks perform all the basic banking functions look borrowing and lending credits. Thus cooperative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to sustainable development of communities, as their members and management board usually belongs to communities in which they exercise their activities

The cooperative banks can be divided in to three categories Based on their functions. They are,

- State cooperative Banks (State Level)
- District Cooperative banks (District level)
- Primary Agricultural Cooperative Societies (Village Level)

Cooperative banks in India finance rural areas under:

- Farming
- Cattle
- Milk
- Personal Finance

Cooperative Banks in India finance urban areas under:

- Self-Employment
- Industries
- Small Scale Units
- Home Finance
- Personal Finance
- Consumer Finance

Service quality in banking sector is the most important criteria. It helps to evaluating and satisfying customer's and there by increases the customer loyalty and average retention of customers. Among service quality determinants reliability, assurance and empathy have always played a pivotal role.

Significance of study

Now days a lot of cooperative banks are entered in to our service sector. Cooperative societies provide a number of services but with different qualities. Quality is an important factor for surviving in the competitive market. Customers are entering into cooperative banks with lot of expectations especially customers in rural areas. Sometimes the expectations are fulfill otherwise it is not possible. So this study is an attempt to analyses the expectation and actual perseverance of different customers and also for understanding is there any gap or mismatch between the expectations and actual perseverance of customers of district cooperative banks at Agra district.

Statement of the problem

The banking industry is undergone rapid changes, followed by a series of fundamental developments due to liberalization and deregulation of trends. Quality is the important factor which leads to development banks. A lot of recent services are improving the satisfaction of customers. Especially rural customers are entering in to cooperative banks with lot of expectation. These expectations are fulfilled by cooperative banks. Sometimes there may be success or failure. So this study is an attempt to understand the quality of district cooperative banks in Agra District

Objectives of the study

- To understand the socio-demographic conditions of customers
- To determine the different dimensions of service quality
- To evaluate the service quality of district cooperative banks in Agra District

Research Methodology

This study includes both primary and secondary data. Primary data collected from 80 customers of cooperative bank of Agra District. A structured questioner is used for collecting information. Four District cooperative banks in Agra district are selected for data collection. The data collected from customers who visit the bank during the data collection. The objective of the study is explained to customers for their cooperation it was a free talk between them. Secondary data were collected from different books, journals and various websites like NAFSCOB and NABARD.

Tools used

In in this study various Mathematical and statistical tools were used like percentage, mean score etc. For data analysis. Mainly the mean score of different statements of five dimensions were computed for measuring the service quality.

Dimension of service quality

The service quality of district co-operative banks was determined by using SERVQUAL tool of Parasuraman. It includes five dimensions Reliability, Responsiveness, Assurance, Empathy, and Tangibility.

Data Analysis

Table 1: Socio-Demographic data of customers

Variables	Category	Number	Percentage
Gender	Male	43	54
	Female	37	46
Age	20-30	6	8
	30-40	21	26
	40-50	25	31
	50-60	17	21
	Above 60	11	14
Educational Qualification	Illiterate	5	6
	High School	34	43
	Secondary Education	25	31
	Higher Education	10	13
	Professional Education	7	9
Residence	Urban	26	33
	Rural	54	67
Overall Service Quality	Very Bad	2	3

	Bad	8	10
	Average	10	13
	Good	37	46
	Very Good	22	28

Table No1 shows the demographic profile of customers. When analyzing it is clear that 46% of customers are female and 54 % are male. 31 % customers are included under the age category of 40-50. Only 8% included under 20-30. Majority of customers have high school education (43%) and a little percentage carried out degree or more education. 67% of customers are included under rural category and rest in urban category. When analyzing overall service quality 46% of respondents said that service quality is good; and only 3% admitted very bad.

Table 2: Identification of 20 dimensions in five dimensions and measurement of service Quality

Dimensions	Mean Perception	Mean Expectation	Mean Quality Gap
Reliability	4.15	4.30	-0.15
Performs service at right time	4.24	4.43	-0.19
Wide range of products and services provided	4.03	4.28	-0.25
Security on transactions	4.17	4.24	-0.07
Overdraft privilege on current accounts	4.15	4.31	-0.16
Responsiveness	4.10	4.22	-0.12
Always willing to help	4.09	4.27	-0.18
Never too busy to respond to queries	4.00	4.14	-0.14
Availability of credits and favorable credits	4.05	4.12	-0.07
Fast and efficient counter services	4.18	4.27	-0.09
Assurance	3.92	4.23	-0.31
Have the knowledge to answer the questions	3.91	4.22	-0.31
Politeness and friendly staff	4.00	4.21	-0.21
Gives individual attention	3.90	4.29	-0.39
Ease of access to account information	3.90	4.17	-0.27
Empathy	4.01	4.25	-0.24
Understand specific needs	4.01	4.28	-0.27
Lower service charge	4.12	4.21	-0.09
Products and service profitability	3.99	4.23	-0.24
Convenient operating hours to all its customers	3.84	4.23	-0.39
Tangibility	4.17	4.24	-0.07
Modern looking equipment	4.15	4.28	-0.13
Physical facilities are usually appearing	4.00	4.15	-0.15
Employees are well groomed	4.19	4.28	-0.09
Counter partition in banks and its branches	4.16	4.20	-0.04

For measuring the service quality 20 statements under 5 dimension where considered such as reliability, responsiveness, assurance, empathy, tangibility. For this purpose the expected mean score and perceived mean score of these statements were calculated. And the difference of these two scores was found for calculating the quality gaps score. The mean expectation scores are very high and it is ranged from 4.12-4.43. The highest expectation was related to overdraft to Performs service at right time, lower service

charge, knowledge of customers business and willingness to help etc. the lowest expectation is related to the availability of credit on favorable terms.

The mean perception score was ranged from 3.84 to 4.24. The highest perception score was related to reliability dimensions (performs service at right time) and the lowest perception score was related to empathy dimension on convenient operating has all its customers.

When analyzing the quality gap scores for it is clear that the expectations of actual perception of all five dimension and 20 statements are statistically different. Hence, there is a gap between the customers' perception and expectation of service quality of different cooperative banks. The highest gap of the quality related to assurance dimension with the gap score of 0.39 and the lowest gap score of the quality related to dimension of tangibility, with gap score 0.07.

Findings

- It is found that 54% of customers are Males and 46% are females.
- Majority of customers were included under 40 – 50 age category
- Most of customers have only high school education and a little percentage had degree and more education
- 67 % of customers were come from rural area and rest were from urban area
- 46 % were admitted that overall service quality was good
- There is gap between perception mean score and expectation mean score.
- Quality gap was more in assurance dimension and less in tangibility dimension

Conclusion

Now a days it is clear that district cooperative banks have very much importance for national development. They are active part in local communities with stronger commitments and social responsibilities. The SERVQUAL was useful for analyzing the service quality. It helped to evaluate and monitor various dimensions of statements. The customers especially from rural areas were come to district co-operative banks with lot of expectations. The expectation and the actual perception of customers were different and a mismatch is existed between these two points. The quality gap was more on assurance dimension and it was less in tangibility dimension. The district cooperative banks must take care for improving service quality. Otherwise the level of satisfaction will reduce it will affect the future growth of cooperative banks. In the service sector delivering of high quality service has been recognized as a critical factor for developing and maintaining long term and satisfying relationship with customers. In terms of customer- bank relation cooperative banks tend to foster a consciousness and unconsciousness feeling of cognitive trust among customers and anticipate a perception of being fair and more honest institution's compared with other banks.

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Indian Journal Of Science and Technology, 5(1), 1956-1960.