

## **SERVICE QUALITY DIMENSIONS AND CUSTOMER SATISFACTION OF PATHANAMTHITTA DISTRICT CO-OPERATIVE BANK**

**Merry Elizabeth John\***

**Joby Joseph Thoomkuzhy\*\***

---

### **Abstract**

Co-operative banks generally provide their members with a wide range of banking and financial services like loans, deposits, banking accounts. Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body. A study on the service quality dimensions of Co-operative banks with special reference to Pathanamthitta Co-operative bank is conducted to analyze the satisfaction level of the customers who are availing services from the bank. There are many factors influencing their satisfaction level. Since the people in the district are mainly settled in rural areas, this study becomes significant.

***Keywords: Banking, Cooperative, dimensions, evaluation, financial inclusion, supervision***

---

**\* Post Graduate Scholar in Economics, Centre for Economic Studies, Central University of Punjab**

**\*\* Assistant Professor, Research and Post Graduate Department of Commerce, Marian College Kuttikkanam, Autonomous**

## INTRODUCTION

According to the International Co-operative Alliance Statement of co-operative identity, a co-operative is “*an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.*”

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities-co-operative banks generally provide their members with a wide range of banking and financial services like loans, deposits, banking accounts. Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on Co-operative banks are deeply rooted inside local areas and communities. They are involved in local development and contribute to the sustainable development of their communities, as their members and management board usually belong to the communities in which they exercise their activities.

### Research Gap And Objectives

Co-operative banks are now an important element of Indian Financial System and are much important in India than anywhere else in the worldCooperative Banks in India have become an integral part of the success of Indian Financial inclusion story. They have achieved many landmarks since their creation and have helped a normal rural Indian to feel empowered and secure. A Co-operative bank is a financial entity which belongs to its members, who are at same time the owners and the customers of their bank. It provides financial assistance to the people with small means to protect them from the debt trap of the moneylenders. They are often created

by persons belonging to the same local or professional or professional community or sharing a common interest. This study raises the following pertinent questions for enquiry. Are the customers satisfied with the services provided by the Co-operative banks? What are their needs for the future? What steps can be taken to improve the services quality of the Co-operative banks? .The service quality dimensions and customer satisfaction of Pathanamthitta district co-operative bank. is conducted to analyze the satisfaction level of the customers who are availing services from the bank. To analyze the services quality dimensions of the Pathanamthitta District Co-operative banks and to understand the level of client comfort towards the services of the Pathanamthitta District Co-operative banks. This study also aims at developing strategies to enhance the quality of services among the Pathanamthitta District Co-operative banks and also to suggest different ways of improving client comfort.

## **METHODS AND MATERIALS**

The study was purely investigative in nature. To achieve the objectives of the study, relevant primary data were collected from the customers of about six branches of the Pathanamthitta District Co-operative Bank, visiting their houses and the shops. Pathanamthitta District Co-operative Bank was selected because it was convenient to reach. There are 58 branches in the bank. The tool used to select six branches was random sampling. The name of 58 branches were written as lots and among that six branches were selected, so that all the 58 branches were having equal chance to get selected. The sample for the study was 40. The samples were selected through convenient sampling method. The questionnaire had two parts, the first part included the personal details which was prepared by ourselves and the second part included the questions to measure the service quality of the bank. The study has taken the SERVQUAL tool for measurement of the service quality of the bank. The data so collected has been tabulated and analyzed by using percentages. The data were presented in the form of tables, graphs and charts to draw meaningful conclusions.

## **THE REVIEW OF LITERATURE**

A review of previous studies revealed that studies that examined the customer satisfaction among the Co-operative Banks in India are scant in the literature. The present study is conducted to fill the void in the literature and to achieve the objectives and to suggest different ways to

improve client comfort based on the analysis of the data. Jain (2011) makes a performance analysis on Co-operatives of Western India. Anderson. E. W. et. al (1994) found that the most significant portion of customers in businessman and private service holders. Basavaraj. et. al (2013) investigate the preference and satisfaction level of customers towards loans, deposit schemes, insurance and value-added services. Beevi. F. A. (2014) focus on customer satisfaction provided by cooperative banks. Bhaskaran. et. al (2000) shows the recovery performance of cooperatives credit institutions. Sequira. A. H (2012) attempt to address issues related to transactions and customer satisfaction. Dutta. et. al (2005) suggest the ways and means to improve the recovery performance by adopting computerization. Gupta. J. et. al (2012) studies on successful cooperative banks in India. Gupta. P. et. al. (2013) makes a comparative analysis on public and private sector banks using SERVQUAL methods. Hervanto (2011) makes a comparative study on service quality and customer satisfaction. Jain. V. et. al. (2012) understand the perception on service quality and evaluate and suggest methods of evaluation to enhance customer loyalty. Malik. M. E. et. al (2011) draws a conclusion boosting up the satisfaction level. Mistry (2013) identify the factors affecting customer satisfaction in Banks. Munusamy. J. et. al (2010) assures a positive relationship with customer satisfaction without significant effect. Singh. S. (2006) studies on fund management in DCCB's in Punjab with special reference to financial margin. Sivesan (2012) find out the impact of the service quality measures on customer satisfaction. Usha. L. S. (2013) make a study on successful Delhi based cooperative banks. Harper. M. et. al (2005) studies the linkage between SHG's- Cooperative bank and suggest various tools to reform cooperative banking sector. Shah. D. (2007) studies on banking sector reforms and cooperative credit institutions in Maharashtra.

Nampoothiri K. and P. N. Rajendra Prasad (1987) studies the cooperative credit structure in Kerala. Sreeja E. S. (2016) Studies the service quality of cooperative banks with special reference to Thrissur district. Indira. R. (2009) attempts to contribute the cooperative banking efficiency by investigating the financial performance of cooperative banks in Tumkur district. Das Debabrata (2000) analyse the working of Arunachal Pradesh State Cooperative Apex Bank Ltd. A Nak and Sharma. R. K (2017) Study on Himachal Pradesh Cooperative banks. P. S Feroze (2017) studies on technical efficiency and its decomposition in district cooperative banks in Kerala with data envelopment approach. Dayanandan. R and Shashikumar R (1993, 1999) evaluate

the performances of cooperative banks in Kerala. Venkitesan.S.(1984)analyse the performance of cooperative banks in Kerala on the basis of operational efficiency of primary agricultural credit societies. Shankara P.N (1995)analyse the performance of primary cooperative agricultural development banks in Kerala. Padmini EVK and Ramakrishnan K (1997)studies the fund management by district cooperative banks in Kerala. A. K Chakrabarty and Ghosh (2009) makes an empirical study on the appraisal of rural cooperative banks on rural development. Saheena P and Rajitha V (1991) makes a specific study on Meenagadi Service Cooperative Bank Wayanad, Kerala by analyzing the utilization pattern and repayment performance. B.C. John (1992)studies the financial performance of District cooperative banks in Kottayam district.

## ANALYSIS AND DISCUSSIONS

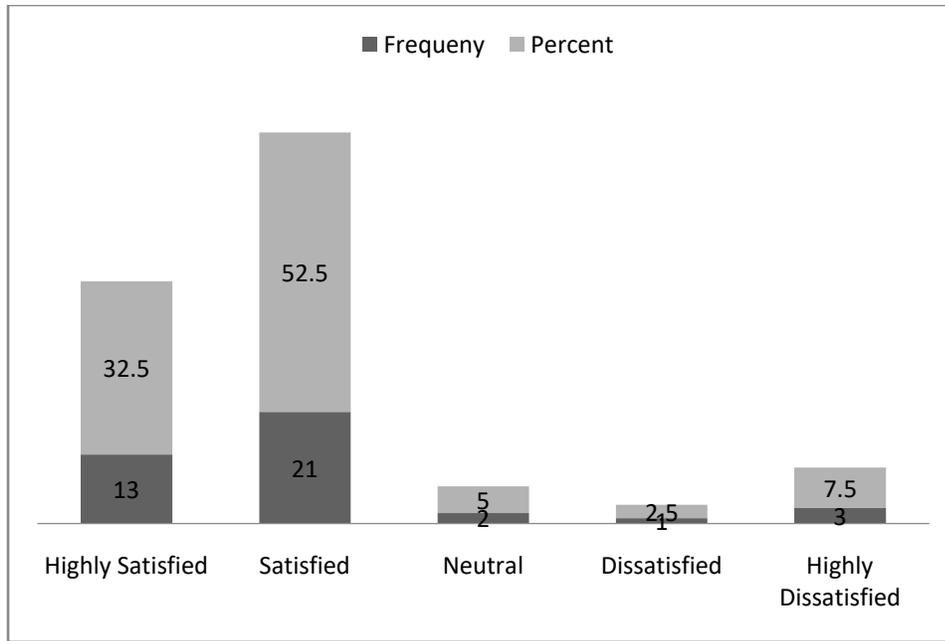
The analysis is done using Statistical Package for Social Sciences (SPSS) software. The data is presented using charts, graphs and tables. This helps us to understand the data in an easy and simple manner.

**Table 1: Level of Customer Satisfaction with the Bank**

	Frequency	Percent
Highly Satisfied	13	32.5
Satisfied	21	52.5
No Opinion	2	5.0
Dissatisfied	1	2.5
Highly Dissatisfied	3	7.5
Total	40	100

Source: Primary Data

**Figure 1: Level of Customer Satisfaction with the Bank**



**The percentage tabular Summary of Service Quality Dimensions**

Sl. No	Service Quality Dimensions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Bank has convenient banking hours.					
	Percent	57.5%	35%	5%	2.5%	0%
2.	Bank provides modern equipment.					
	Percent	32.5%	25%	17.5%	20%	5%
3.	Bank is fast in solving banking problems.					
	Percent	25%	37.5%	32.5%	2.5%	2.5%
4.	Bank keeps its promises.					
	Percent	32.5%	52.5%	12.5%	2.5%	0%
5	The employees of the bank are well behaved.					
	Percent	62.5%	30%	2.5%	0%	5%
6	Respondents are well supported by the bank.					

	Percent	30%	55%	7.5%	5%	2.5%
5.	Bank charges reasonable interest rates on loans.					
	Percent	7.5%	32.5%	30%	22.5%	7.5%
6.	Bank provides privacy to the respondents.					
	Percent	67.5%	22.5%	5%	2.5%	2.5%
7.	Bank attends the complaints and queries of the respondents.					
	Percent	40%	22.5%	35%	0%	2.5%
8.	Bank provides a wide range of products and services.					
	Percent	10%	47.5%	32.5%	5%	5%
9.	Transactions done through the bank is safe and secured.					
	Percent	80%	20%	0%	0%	0%
10.	Bank records transaction free from errors.					
	Percent	22.5%	40%	32.5%	0%	2.5%
11.	Respondents awareness of the services provided by the bank.					
	Percent	22.5%	35%	25%	12.5%	5%
12.	Bank gives personal attention to customers.					
	Percent	47.5%	42.5%	7.5%	2.5%	0%
13.	Bank has staff with required knowledge, skills and attitude.					
	Percent	35%	55%	2.5%	2.5%	5%
14.	Respondents are safe associating with the bank.					
	Percent	67.5%	27.5%	5%	0%	0%
15.	Bank has a good reputation.					
	Percent	35%	37.5%	22.5%	5%	0%
16.	Service charge in the bank is affordable.					

	Percent	20%	22.5%	22.5%	27.5%	7.5%
17.	The bank is best in the locality.					
	Percent	15%	32.5%	35%	12.5%	5%
18.	Respondents recommends the bank to others.					
	Percent	15%	30%	32.5%	10%	12.5%

Table:1 shows the level of satisfaction of the respondents with the Pathanamthitta district co-operative bank. It is significant to note that 85 per cent are either highly satisfied or satisfied with the service of the bank

. Only 10 per cent say that they are either dissatisfied or highly dissatisfied. For an institution like the Pathanamthitta District Co-operative Bank it is nothing less than a big achievement.

## FINDINGS AND SUGGESTIONS

### Summary of Findings

- More than half of the respondents (52.5 per cent) are fully satisfied with their bank.
- From the analysis (92.5 per cent) it is clear that bank has convenient banking hours.
- Only a small proportion of the respondents (32.5 per cent) agree that banks provides modern equipment.
- 37.5 per cent of the customers agree that the bank is efficient and fast in solving their problems.
- From the data (85 per cent) it is clear that the bank keeps its promises with the customers.
- The customers are much impressed (93 per cent) about the behavior of the employees.
- 55 per cent of the sample are gratified of the support given by the bank to them.
- 32.5 per cent of the respondents agree that the interest rate on loans charged by the Co-operative bank is reasonable and affordable.
- It is evident from the above data (90 per cent) that the co-operative bank provides privacy.

- Only less than half the proportion of the sample (40 per cent) are contented with the bank in attending their complaints and queries.
- 47.5 per cent of the respondents agree that wide range of products and services provided by the Pathanamthitta District Co-operative Bank.
- All the respondents have confidence in the safety and security in the transactions with the bank (100 per cent).
- The books of accounts maintained by the co-operative bank are free from errors to a certain extent (62.5 per cent).
- The bank is not updating the customers as only 35 per cent of the respondents are aware of the services provided by them.
- 91 per cent of the clients say that the bank gives personal attention to their customers.
- More than half of the service takers (55 per cent) state that the bank staff have the required knowledge, skill and pleasing attitude.
- The data shows that the service charge of the bank is affordable by even the low income group people.
- From all the above summaries of the findings it can be concluded that the Pathanamthitta District Co-operative bank has a good reputation in the locality since it is one of the best banks.
- The respondents are happy to recommend the bank to others banks. The respondents are happy to recommend the bank to others.

## **SUGGESTIONS**

- The bank should be updated with modern electronic banking facilities like E-Banking which may attract and comfort new generation users.
- The customers should be provided with more modern facilities like ATM (Automated Teller Machine), CDM (Cash Deposit Machine) etc.
- The bank should also come up with new services and products so that the youngsters also would be attracted.
- Since the customers are not updated with the new products and services provided by the bank, call service or toll free numbers can be provided so that the customers will be well informed about the activities of the bank.

- Various awareness programs can also be conducted to make the customers aware about the banks new services.

## CONCLUSION

Co-operative banks play an important role in the Indian Banking System. We have conducted a study on the service quality dimensions in Co-operative Banks with special reference to Pathanamthitta District Co-operative Bank. On the basis of the analysis of the study it can be concluded that the people under the low-income category are the main service takers of the co-operative banks. Even though they are comfortable with the service rates, they are dissatisfied with the bank in updating them with the information of new services. From the opinion of one of the staffs it is clear that the legal constraints put forward by the Government has restricted the growth of the co-operative banks.

## REFERENCES

- Padmini, E. V. K., & Ramakrishnan, K. (1997). *Fundsmanagement of district co-operative banks in Kerala* (Doctoral dissertation, Department of Industrial Fisheries).
- Anderson, E.W., Fornell, C. And Sehman, D.R. (1994), "*Customer Satisfaction, Market Share, and Profitability*", Journal of Marketing, Vol. 58, July, pp. 53-66
- Bandyopadhyay, A. (2004). Hundred Years of Co-operative Movement–Vision and Mission 2020. *Indian Co-operative Review*, 42(1), 1-25.
- Basvaraj, K. And Ravi, C.S. (2013),” *Customers Preference and Satisfaction Towards Banking Services with Special Reference to Shivamogga District In Karnataka*”, Trans Asian Journal Of Marketing Research Vol.2 Issue 1, January 2013.
- Bhaskaran, R. And Praful, J.P. (2000), “*Non-Performing Assets (NPAs) in Co-operative Rural Financial System: A major challenge to rural development*”, BIRD’s Eye View Dec.2000. 85, 597-610.

- Chakrabarty, A. K., & Ghosh, K. (2009). Appraisal of a rural co-operative with the thrust on rural development: an empirical study. *International Journal of Social Economics*, 36(1/2), 199-211.
- Dayanandan, R., & Shashikumar, R. (1999). Performance evaluation of the central co-operative banks in Kerala. *Ind. Co-op. Rev*, 31(2), 196-201.
- Dr. Sequeira, A.H. (2012),” *Customer Services in Co-Operative Banks: A Case Study*”, science research network, research paper,2012.
- Dutta, U., Basak and Amit (2008), “*Appraisal of financial performance of urban cooperative banks- a case study.*” *The Management Accountant*, case study, March 2008, 170-174.
- Fathima, S. And Edward Gnanadhas, M. (2011). “*Impact of Service Quality in Commercial Banks on the Customer Satisfaction: An Empirical Study.*” *International Journal of Multidisciplinary Research* Vol.1 Issue 6, October 2011, ISSN 2231-5780, 19-37.
- Feroze, P. S. (2012). Technical efficiency and its decomposition in district co-operative banks in Kerala: A data envelopment analysis approach. *South Asian Journal of Marketing & Management Research*, 2(3), 21-36.
- Fulbag Singh and Balwinder Singh (2006), "*Funds management in the central cooperative banks of Punjab- an analysis of financial margin*", *The ICFAI Journal of Management*, Vol. 5, 74-80.
- Gupta, J. And Jain, S. (2002), “*A study on Cooperative Banks in India with special reference to Lending Practices*” *International Journal of Scientific and Research Publications*, Volume 2, Issue 10, October 2012 1 ISSN 2250-3153.
- Gupta, P., Dr. Mishra, C.M. And Dr. Rahman, T. (2013), “*A comparative study on customer satisfaction in Indian public sector and private sector banks (with special reference to Delhi and NCR region)*”, *International Journal of Social Science & Interdisciplinary Research(IJSSIR)*, Vol.2 (8), August 2013.
- Harper, M., Berkhof, A., & Ramakrishna, R. V. (2005). SHG-Bank Linkage: A Tool for Reforms in Cooperatives?. *Economic and Political Weekly*, 1720-1725.

- Heryanto. (2011). “*Effect of Service Quality on Customer Satisfaction with Bank Nagari, Main Branch Padang*” International Journal of Business and Management Tomorrow Vol 1, No.2, November 2011 ISSN: 2249-9962, 1-19.
- Indira, R. A study on financial performance of co-operative banks in tumkur district.
- Jain (2001), “*Comparative study of performance of District Central Cooperative Banks (DCCBs) of Western India i.e. Maharashtra, Gujarat & Rajasthan for the year 1999-2000 from the point of view of net profit/loss*”, NAFSCOB Bulletin, April-June 2001.
- Jain, V., Gupta, S., Jain and Smriti (2012). “*Customer Perception on Service Quality in Banking Sector*”, With Special Reference to Indian Private Banks in Moradabad Region. IJRFM, Vol 2, Issue 2, February 2012, ISSN 2231-59
- John, B. C. (1992). Financial Performance of District Cooperative Banks-A case study of Kottayam District Co-operative Bank.
- Kumar, G. R., & Ravindran, S. (2013). Analysis of Service quality parameters among co-operative banks-a study with respect to Kerala. *Journal of Contemporary Research in Management*, 5(1).
- Malik, Muhammad, E., Naeem, B.A. And Zoune. (2011).” *How do service quality perceptions contribute in satisfying Banking Customer?*” Interdisciplinary Journal of Contemporary Research in Business Vol.3, No 8, December 2011, 646-653.
- Mistry, S.H. (2013), “*Measuring Customer Satisfaction in Banking Sector: With Special Reference to Banks of Surat City*”, Asia Pacific Journal of Marketing & Management Review, Vol.2(7), July 2013.
- Munuswamy, Jayaraman, Chelliah, Shankar, Mun and Horwai (2010),” *Service Quality Delivery and its impact on Customer Satisfaction in the Banking Sector in Malaysia*”, International Journal On innovation, Management and Technology, Vol 1, No.4 October 2010, ISSN:2010-0248,398-404.
- Nag, A., & Sharma, R. K. (2017). Cooperatives Banking In Himachal Pradesh–A Study of HP State Cooperative Bank. *International Journal of Innovative Knowledge Concepts*, 5(11).
- Saheena, P., & Rajitha, V. (1991). Utilization Pattern and Repayment Performance of Crop Loan by Co-operatives: A Study of Meenangadi Service Co-operative Bank, Wynad, Kerala. *Indian Co-op. Rev*, 28(3), 245-248.

- Shah, D. (2007). Banking Sector Reforms and Co-operative Credit Institutions in Maharashtra: A Synthesis. *Agricultural Economics Research Review*, 20(2).
- Shnakaran, P. N. (1995). Performance of primary co-operative agricultural development banks in Kerala; A model for quantitative analysis. *Indian Co-operative Review*, 33(1), 15-20.
- Sivesan, S. (2012), “*Service Quality and Customer Satisfaction: A Case Study – Banking Sectors in Jaffna District, Sri Lanka*” *International Journal of Marketing, Finance Services & Management Research*, Vol.1 Issue 10<sup>th</sup> October 2012.
- Soyeliya Usha L. 2013.” *A Study on Co-Operative Banks in India*”. *International Journal of Research in Humanities and Social Sciences*. Vol.1, Issue 7, September 2013. ISSN: (P) 2347-5404 ISSN (O) 2320-771X.
- Venkitesan, S. (1984). The Performance of Co-operative Banks in Kerala-A study on the Operational Efficiency of Primary Agricultural Credit Societies. *Kerala: Kerala University*.