

CRM through Service Quality Management: A Study of Selected Co-operative Banks in Surat District of Gujarat State

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Abstract

The Co-operative Bank has a history of almost 100 years. The Co-operative Banks are an important constituent of the Indian Financial System, judging by the role assigned to them, the expectations they are supposed to fulfill and the number of offices they operate. Customer is the core component in banking business. The business of banking cannot function without customers, nor is the business done by acquiring a certain number of customers. It is a continuing process of transactions culminating into a long term banker-customer relationship. In order to retain customer's organizations must work harder on managing individual customer's relationship. Relationship building can be possible through Quality delivery of service. Measurement of service quality is an important step towards relationship building with customers. The present study seeks to evaluate the gap between the customer's expectation and perception. This gap analysis clearly provides an insight into banks as to where they are lacking and how much.

KEY WORDS: Co-operative Banks, Relationship marketing, Quality, Satisfaction, Dimensions

INTRODUCTION

Today's world is distinct with its hyper competitive environment. 'Survival of the fittest' is the 'mantra' of this century and banking, being a service industry, is definitely no exception to it. Bank customers are changing in terms of their composition, needs, wants, desires and expectations. In this new competitive environment and globalize trading practices the marketing of banks assumes greater significance. Today's banks require new strategies to survive and continue to operate. They can adopt customer relationship marketing which would enable them to survive and meet the tough competition. Relationship marketing could help to build and maintain a base of committed customers and help provide more value to customers and banks. Customers will be more likely to stay in the relationship when they are consistently provided with quality services and good value overtime. Loyal customers are less likely to be pulled away by competitors. Over a period of time enhanced relationships can increase market

share and profits for the bank. The essence of customer relationship management is that all customers are equally valuable; but in practice some are more equal than others! Relationship Marketing rises above the "transactional banking". (Shrivastava, 2002, 267)

Banking sector in India functions under the umbrella of The Reserve Bank of India – the regulatory, central bank of the country. This sector broadly consists of commercial banks and co-operative banks. The co-operative banks have a history of a little of over 100 years. The co-operative banks are an important constituent of the Indian financial system, judging by the role assigned to them, the expectations they are supposed to fulfill, their number, and the number of offices they operate. The co-operative movement originated in the West, but the importance that such banks have assumed in India is rarely paralleled anywhere else in the world. Their role in rural financing continues to be important even today, and their business in the urban areas also has increased phenomenally in recent years, mainly due to the

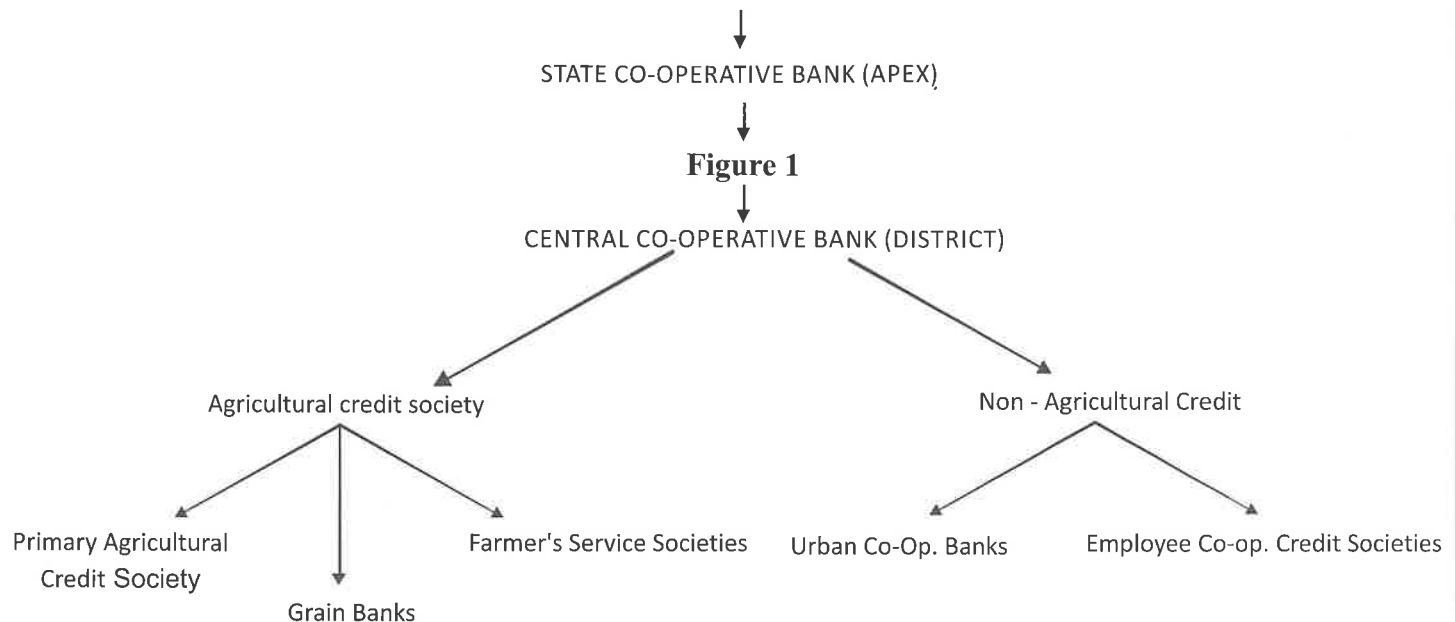
sharp increase in the number of primary co-operative banks. Some of the co-operative banks are quite forward looking and have developed sufficient core competencies to challenge state and private sector bank. The co-operative banking system in India is federal in

structure. It has a pyramid type of three-tier structure constituted by:

- Central Co-operative Banks (CCBs);
- State Co-operative Banks (SCBs).
- Primary Credit Societies (PCSs);

MARKETING OF BANKING

CO-OPERATIVE BANKING SYSTEM IN INDIA



Marketing of Banking Services

Philip Kotler defined marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value for consumers in the form of sales, profits, and long-term customer equity (Kotler, 2006 p. 4)

"Marketing of banking services" is a very difficult task for the bankers. Indian banking is dominated by the nationalized banks and it is largely felt that they do not care which clients go to which bank and its branch thereof. However, it is felt that private banks make all efforts to solicit deposits and make the clients use their services. (Shrivastava, 2002, pp., 292-296)

Indian banking sector today is experiencing intense competition as such banks are now

increasingly accepting customer relationship marketing (CRM) as a way to increase customer satisfaction, loyalty and profitability. This requires for banks to provide more value to the customer by enhancing quality.

The five determinants of service quality evaluated from the customer perspective are **RATER** (Reliability, Assurance, Tangibles, Empathy and Responsiveness). Service quality can be measured by banks in terms of customers' expectation of the service with the performance of specific service provider for each of the five quality dimensions.

CUSTOMER RELATIONSHIP MARKETING IN COOPERATIVE BANKS

A key goal of marketing is to develop deep, enduring relationships with all stakeholders that could directly or indirectly affect the

success of the bank marketing activities. The major stakeholders are customers and hence, relationship marketing has the aim of building mutually satisfying long-term relationships with - customers. (Kotler, Keller, Marketing Management 12th ed, p. 12). Relationship building can be possible through Quality delivery of service, which initially helps in building loyalty. Loyalty is a customer's willingness to continue patronizing a firm over the long term, purchasing and using its services on a repeated and preferably exclusive basis, and voluntarily recommending the firms services to friends and associates (Lovelock, p. 151). Customers amongst others look for product and service features, emotional bonds, and that leads to relationship with providers as the customer perceive fairness in providers' dealings. Customer equity a key to long term success, that helps banks understand how to grow and manage customers.

Leading service providers see quality as a strategic tool. By delivering excellent quality service providers can receive benefits including increased growth through improved customer retention and increased customer acquisition (Ferguson & Zawacki, 1993; Buzzell & Gale, 1987). But service quality has proved an elusive and indistinct construct which is difficult to delimit and to measure (Carman, 1990; Cronin & Taylor, 1992; Parasuraman, Zeithaml, & Berry, 1985, 1988). Three characteristics of services contribute to this difficulty: service intangibility, performance heterogeneity, and customer-producer inseparability (Gronroos, 1990; Zeithaml, Berry, & Parasuraman, 1990). These have implications for service quality as it is more difficult for consumers to evaluate than product quality; and evaluations may be made not only on output but also on the delivery process.

For improving the efficiency of co-operative banks the quality can be considered as a key competitive component. There is a growing need for bank to understand quality management as it could help them to create

differential advantage by having better service levels than competitors. In order to outsmart competition on quality-banks should aim at learning what customers' perception of quality is and the way service quality is influenced. Service quality can be measured by customer in terms of customers' expectation of the service with the performance of specific service provider for each of the five quality dimensions.

Dimensions represent how consumers organize information about service quality, in their minds. Therefore dimensions used for measuring service quality are: Tangibles, Reliability, Responsiveness, Assurance, and Empathy. Beyond the specific inherent benefits of receiving service value, customers also benefit in other ways from long term association with firms. Sometimes these relationship benefits keep customers loyal to a firm more than the attribute of the core service. Something different and special always gives satisfaction to customer. Satisfaction is directly related to quality delivery of services. Satisfaction is influenced by perception of service quality.

Customer Satisfaction

"Satisfaction is the consumer's fulfillment response. It is judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment." (Kotler, 9th Ed.)

Satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Based on this view, perceived service quality is a component of customer satisfaction.

Relationship Equity - Benefits to the customers and Banks

Relationship marketing can benefit the customers as well as the firm. For continuously or periodically delivered services that are personally important variable in quality and/or complex, many customers will desire to be

“relationship customers”.

The intangible nature of services makes them difficult for customers to evaluate prior to purchase. The heterogeneity of labor-intensive services encourages customer loyalty when excellent services are experienced.

In addition to the risk reducing benefits of having a relationship with a given supplier, customers can reap social benefits. Barlow (1992) points out “it fundamentally appeals to people to be dealt with on a one-on-one basis”(p.29). Jackson (1993) argues that relationship marketing addresses the basic human need to feel important. Czepiel (1990) writes that because service encounters also are social encounters, repeated contacts naturally assume personal as well as professional dimensions.

REVIEW OF LITERATURE

According to various researchers Customer Relationship Marketing is related to amongst others and Service Quality, Top Management Commitment, Market Orientation, A Commitment to International Excellence, Being Customer Centric, Data Envelopment Analysis, Costing in Banking Services, Identifying Barriers to Relationship Formation, Building Brands, Pricing of Banking Products, Systems, E-Banking, Maximizing Profit Over Life Time Value of Customer etc.

According to Reeves, Carol A; Bednar and David A (1994); in their contribution “Defining quality: Alternatives and implications”; they feel that search for a universal definition of quality has yielded inconsistent results. Such a global definition does not exist; rather, different definitions of quality are appropriate under different circumstances. The evolution of quality definitions are traced and the trade-offs inherent in accepting one definition of quality over another are described. The implications of using various definitions of quality in future research are also discussed.

It has been founded by Gani and Bhatt (2003), in their paper “Comparative Study”, studied service quality in commercial bank with a view to offer suggestions to make overall service quality in banks more effective and efficient. The result of study leads to the conclusion that service quality of foreign bank is comparatively much better than the Indian banks and suggests heavy investment by Indian banks in tangibility dimension to improve the quality of service to the customers.

The call center (CC) is a strategic investment, and therefore must be driven by top management. Dumblekar (2003), in his paper “Building Customer Relationships Through Call Centers In Banking And financial Services” points out CC is a CRM- embedded automation that builds long term, strategic relationships with its customers. The CC is technology-cum-attitude driven alternative to existing channels of the providers. However, process changes, technology integration and absorption, and regular cultural training are vital for success of the investment.

Kumar, (2002), points out that the quality of products, services and process will be highly critical for the success of any business enterprise. Banks have to adapt to the changes, innovate and introduce new technologies to meet the needs of the customer. Banks which have new and innovative business models in place will be geared to meet the challenges and compete effectively in the market.

According to Murty (2002) “CRM in Banks” indicates that some of the behavioral traits such as adaptation, trust, commitment, communication, cooperation, conflict, resolution, interdependence, past satisfaction, power equation etc., pave the way to build up relations as also to sustain them over a long period. CRM is a comprehensive business strategy that helps banks to convert their 'near' customers to 'dear' ones. Collecting in depth information about customers help the bank to develop customer insight and increase customer interaction. In addition, integration of

CRM with back end systems such as ERP enables banks to offer quality solutions to customer problems with increased speed.

Verma and Israney (2001), in their paper on "Market Orientation in Commercial Banks – A Study of Selected Banks in Delhi." seek to measure the extent of market orientation in the sampled commercial banks. The overall market-orientation score of the sample was components, viz, intelligence generation, intelligence dissemination, response design and response implementation.

Customer relationship to be successful needs a commitment by the top management and an effort by the customer to take the relationship forward.

In view of Prof. Jham (2004) in this race "Customer Marketing - The Tool of Customer Relationship Management" focuses on customer marketing which is a structured method. Implementing Customer Relationship Management with Customer Marketing brings with it the need to change the activities and attitudes of managers and employees. It is a process, which leads to dramatic profit increase in one's organization and enables organization to effectively manage relationships with their customers ultimately retaining them for a lifetime. It follows from above that commercial banks and foreign banks require continuous quality improvement and relationship building. Cooperative banks are facing challenges from private and foreign banks in Surat, so they need to implement the concept of Customer Relationship Marketing.

Rationale of The Study

In India, cooperative banks have played a big role in Indian economy. There are about 2,090 urban credit co-operatives and these societies together constitute for about 10 percent of the aggregate banking business and therefore are regarded as an important segment of the banking system. This exponential growth of co-operative banks is attributed mainly to their much better local reach, personal interaction

with customers, and their ability to catch the nerve of the local clientele. Hence it is required to make efforts to provide quality service and efforts made towards customer relationship marketing.

In the year 2000, scams in co-operative banks dented the image of co-operative banks. In order to overcome denting of image of co-operative banks, one of the tools that cooperative bank could use is relationship building with the customers in order to retain them. Cooperative banks have to establish their own image in such a competitive market. This image building will help in building loyalty with the customers and ultimately banks could develop long lasting relationship with loyal customers.

Objectives of the Study

The present study has following objectives:

- To make a comparative analysis of service quality in co-operative banks in Surat, district of Gujarat.
- To analyze the impact of quality of services on customers satisfaction.
- To suggest the measures to improve the quality of services provided by the service providers.

Research Methodology

For the present study both quantitative as well as qualitative approach has been adopted. Quantitative research approach was adopted to evaluate the service quality of banking services by contacting big customers. Relationship survey and within that SERVQUAL survey was found suitable for the study.

Relationship survey helps in:

- Tracking and monitoring service performance.
- To assess gaps between customer expectations and perceptions.

Relationship surveys are also effective in comparing banks performance with that of competitors. A sound measure of service quality is necessary for identifying the aspects of service needing performance improvement, assessing how much improvement is needed on each aspect and the base for building relationship with customers. One of the first measures to be developed specifically to measure service quality was the SERVQUAL survey.

Hypothesis of the Study

Null Hypothesis (H₀): Service qualities in co-operative banks do not have much difference.

Types of Data

Data are the base providing information which helps in research for the study. Both primary and secondary data were collected.

Sampling Plan

The present study has been conducted in Surat. About 33 cooperative banks are working in Surat. The study is restricted to three co-operative banks of Surat namely, The Surat Peoples Co-op. bank Ltd., Prime Co-op. Bank Ltd. and The Sarvodaya Sahakari Bank Ltd. This choice has been rationally made in view of the fact that Surat Peoples Co-op. Bank is the largest bank of Surat and number one in India on growth aspect. Prime Co-op bank relatively new Bank however is growing very fast. In a short span of 12 years it has 13 branches in Surat and outside Surat. Sarvodaya Sahakari bank is the 1st bank to be totally computerized and 1st co-operative bank to introduce VAT Machine (self counting machine) and 1st co-operative bank to extend working hours in Surat.

Sample Units

A sample is a part of the target population, carefully selected to represent that population.

Big customers of these banks were chosen for the study.

Sample size and Method

In total 180 customers were contacted for the study. Non Probabilistic sampling method has been selected and in that convenience and judgment sampling were selected.

SERVQUAL Instrument

Several tools have been developed for measurement of service quality in banks (Stevens. et al. 1995: Parasuraman, Zeithaml and Berry. 1988: Malhotra and Arora. 1999: Gronroos. 1984). While these tools may vary in terms of definitions, content and measurement, the SERVQUAL instrument developed by Parasuraman, Zeitham and Berry (1988) remains the most widely used. Zeithaml et al. (1988) defined perceived service quality in bank by their model as the difference between consumer expectations and their perceptions. (Bhatt, 2005, pp81)

Service Quality (S.Q.) = (P_i – E_i)

P = Perception of customers expectation

E = Customers expectation

The service quality is measured by the rating given by the customer on five point scale. After calculating the score of customer one can determine the SERVQAUL gap for each variable or for the firm as a whole. Even the analysis of responses at different levels in the organization can lead to strategic options to close the gap and also ensure a shared vision and values. (MM. Rajan Saxena 1997).

We define service quality as the difference between customer's expectations and perceptions of a delivered service. This can be stated as:

$$Q = P - E$$

Where Q equals the quality of the service.

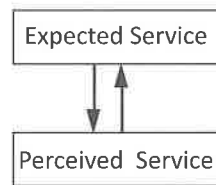
P is the perception of the delivered service, and

E is the customer's expectations of the service.

If perceived service is more than expected service, the obvious inference is that service quality is more than satisfactory. Customer is satisfied when the quality matches the customer expectation. Both expectations and perceptions are plotted and the gap between them shows the service quality shortfall. It allows bank managers to have a better grasp of service improvement priorities for their bank by comparing the banks service strengths and weaknesses against those of key competitors.

Figure 2

The Customer Gap



Result

Bank-wise variation in Service Quality

The researcher has tried to study the service quality of three cooperative banks. The quality score are given below in table 1.

Table 1: Gap between customer's Perception and Expectation

BANK →	SSB		PB		SPB	
Dimensions ↓	E Score	P Score	E Score	P Score	E Score	P Score
Reliability	1.66	1.03	1.53	1.39	1.68	1.12
Assurance	1.74	1.13	1.57	1.41	1.71	1.24
Tangible	1.65	1.00	1.47	1.32	1.75	1.32
Empathy	1.40	0.75	1.38	1.11	1.57	1.02
Responsiveness	1.67	1.10	1.50	1.36	1.75	1.17

E – Expected level of service

P - Perceived level of service

Table 1 is being presented in figure form to understand the gap between expected level of service and perceived level of service of three banks understudy

Figure 3 Gap between customer expectation and perception (Sarvodaya Shakari Bank)

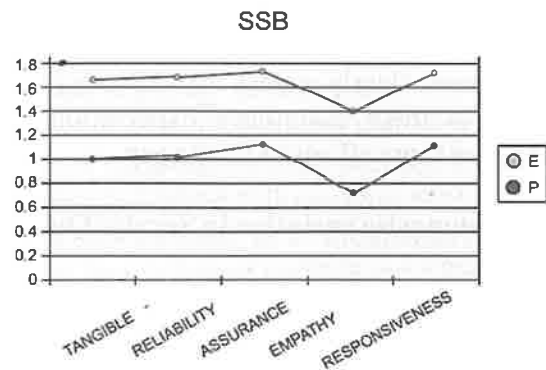


Figure 4 Gap between customer Expectation and Perception (Prime Bank)

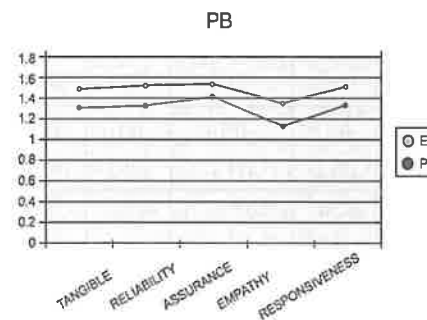
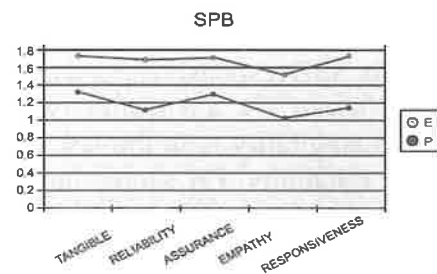


Figure 5 Gap between customer Expectation and Perception (Surat Peoples Co-operative Bank)



The perceived performance of PB is relatively close to expectations in comparison to SSB and SPB. SSB ranks last in performance as the gap between expectation and perception is highest amongst the three banks. Bank wise analysis of individual dimensions reveals that service quality of PB is very good on almost all the dimensions and rated 1st amongst three banks. The position of SPB on all dimensions is 2nd except responsiveness and assurance. SSB is comparatively very poor on all dimensions. PB customers are relatively close to expectation in

comparison to SPB and SSB Bank. Measurement of service quality is an important step towards relationship building.

These gaps clearly reveal that PB needs little efforts to meet customer's expectations and SSB need more efforts to fill the gap.

Dimension wise variation in Service Quality

The researcher has tried to study dimension wise service quality of three cooperative banks. The quality score are given below in the table 2.

Bank	Dimensions of Service Quality					Overall Service Quality Score
	Tangibility Score	Reliability Score	Responsiveness Score	Assurance Score	Empathy Score	
SSB	-0.65 (4) 3	-0.63 (3) 3	-0.57 (1) 2	-0.61 (2) 1	-0.65 (4) 3	-3.11 3
PB	-0.38 (5) 1	-0.15 (2) 1	-0.14 (1) 1	-0.16 (3) 2	-0.27 (4) 1	-1.10 1
SPB	-0.43 (1) 2	-0.56 (4) 2	-0.58 (5) 3	-0.47 (2) 3	-0.55 (3) 2	-2.69 2

Note: Figures within parenthesis depicts the ranks for each bank, dimension wise

Figures without parenthesis represent ranks for each dimensions, bank-wise

The dimension wise analysis of individual bank reveals that for SSB responsiveness score ranks highest followed by assurance whereas empathy and tangibility is in the last position followed by reliability. PB scores highest on responsiveness followed by reliability and ranks lowest on tangibility followed by empathy. The SERVQUAL Score of SPB as usual is high on tangibility followed by assurance and scores lowest on responsiveness followed by reliability. Responsiveness score of PB and SSB is high whereas tangibility score of SPB is high.

Service Quality variation across demographic variables

Service organizations need to provide consistent service quality to maintain and

increase their market share/profitability. Studying service quality across demographic variables help banks in knowing the level of quality provided to different segments.

Mean expectations and mean perceptions were calculated for different variables for each bank separately. SERVQUAL score, accordingly, for different groups and for each bank were computed which are presented below.

Service quality - Profession wise Variation of Customers

To study service quality variation across various professions, respondents were categorized into business, service and any other group. The SERVQUAL scores of the three groups for each bank understudy are presented in the table 3.

Table 3: Comparative Servqual – Distribution by Profession

Service Quality Dimensions	SERVICE CLASS			BUSINESS CLASS			ANYOTHER CLASS	
	SSB Score	PB Score	SPB Score	SSB Score	PB Score	SPB Score	PB Score	SPB Score
Tangibility	-0.59	-0.13	-0.63	-0.66	-0.11	-0.45	-0.45	-0.59
	(3) 2	(1) 1	(3) 3	(3) 3	(4) 1	(1) 2	(3) 1	(2) 2
Reliability	-0.68	-0.22	-0.72	-0.59	-0.04	-0.61	-0.41	-0.64
	(5) 2	(4) 1	(4) 3	(2) 2	(2) 1	(5) 3	(1) 1	(3) 2
Responsiveness	-0.48	-0.20	-0.89	-0.58	-0.01	-0.51	-0.72	-0.81
	(1) 2	(2) 1	(5) 3	(1) 3	(1) 1	(2) 2	(5) 1	(5) 2
Assurance	-0.50	-0.24	-0.55	-0.66	-0.08	-0.58	-0.43	-0.55
	(2) 2	(3) 1	(2) 3	(3) 3	(3) 1	(4) 2	(2) 1	(1) 2
Empathy	-0.62	-0.32	-0.81	-0.67	-0.18	-0.52	-0.58	-0.69
	(4) 2	(5) 1	(1) 3	(5) 3	(5) 1	(3) 2	(4) 1	(4) 2
Total	-2.87	-1.11	-3.60	-3.16	-0.42	-2.62	-2.59	-3.28
	(2)	(1)	(3)	(3)	(1)	(2)	(1)	(2)

Note: Figures without parenthesis represent the ranks for each bank, dimension wise.

Figures within parenthesis are the ranks for each dimensions bank wise

It clearly reveals that PB provides expectedly better service to all the groups in comparison to other banks. The overall analysis of data reveals

that in service group, PB is followed by SSB and the maximum gap in quality can be seen in SPB. In business group, PB is followed by SPB and maximum gap can be seen in SSB. Again in any other category, PB quality level is followed by SPB.

The dimension wise analysis of the table reveals that in PB tangible dimension is rated high in all the groups and it is followed by SSB in service group and by SPB in business and any other group. The SERVQUAL score of PB on reliability in all the groups is high followed by SSB. Reliability score is minimum for SPB in all the groups. Responsiveness, assurance and empathy score of PB is high in service group followed by SSB and SPB on all these dimensions are rated low by service group. The score again of responsiveness, assurance and empathy in business group of PB is high followed by SPB and the score of SSB on all these dimensions are very low. The score of any other group on all the five dimensions of PB is high followed by SPB.

According to service class SSB needs to improve on reliability, assurance and empathy but according to business class SSB need to improve on tangibility and assurance. SPB needs to improve on reliability and responsiveness for service class and according to business class it should improve on reliability and assurance, whereas in any other group it should improve on responsiveness and empathy.

The analysis of the table 3 reveals that as PB is new upcoming bank. The expectation level of customers is not so high and perception level is near to their expectation. SPB focuses more on business class than service class whereas SSB is providing better service to service class than to business class. The reason for better service quality to business group by SPB may be that this segment is the biggest source of revenue for the bank.

Service Quality - Income wise Variation of Customer

The comparative SERVQUAL scores income wise are reported in the Table 4. From the analysis of data, it is evident that SERVQUAL scores of 1st group (income over Rs. 2,15,000), PB rating is highest followed by SPB whereas SSB scores are least. In 2nd group also PB score is rated first followed by SSB and SPB is rated least.

Table 4: Comparative SERVQUAL – Distribution by Income

Service Quality Dimensions	Over Rs. 2,15,000			Rs. 45,000-2,15,000		
	SSB	PB	SPB	SSB	PB	SPB
Score	Score	Score	Score	Score	Score	Score
Tangibility	-0.71	-0.61	-0.21	-0.11	-0.50	-0.57
	(4) 3	(4) 2	(1) 1	(1) 1	(5) 2	(1) 3
Reliability	-0.59	-0.71	-0.65	-0.65	-0.16	-0.65
	(1) 1	(5) 3	(4) 2	(4) 2	(2) 1	(4) 2
Responsiveness	-0.62	-0.20	-0.67	-0.54	-0.09	-0.57
	(2) 2	(2) 1	(5) 3	(2) 2	(1) 1	(1) 3
Assurance	-0.88	-0.16	-0.57	-0.57	-0.16	-0.58
	(5) 3	(1) 1	(2) 2	(3) 2	(2) 1	(3) 3
Empathy	-0.63	-0.27	-0.62	-0.66	-0.27	-0.69
	(3) 3	(3) 1	(3) 2	(5) 2	(4) 1	(5) 3
Total	-3.43	-1.95	-2.72	-2.53	-1.18	-3.06
	(3)	(1)	(2)	(2)	(1)	(3)

Note: Figures without parenthesis indicate ranks for each bank, dimensions wise.

Figures within parenthesis represent ranks for each dimension bank wise

The dimension-wise analysis of Table 4 reveals that in the income group over 2,15,000 tangible element of SPB is rated number one followed by PB and the least score is of SSB. Reliability score of SSB is the best followed by SPB and

the least score is of PB. Responsiveness score of PB is rated first followed by SSB where as it is least of SPB. Assurance and Empathy score in this group remains same for all the three banks i.e., PB is followed by SPB and SSB score is least in both these dimensions. The analysis of salary group 45,000 – 2,15,000 remains same in all the cases except tangible element where SSB is rated best followed by PB and SPB is rated least whereas in reliability, responsiveness, assurance and empathy PB is followed by SSB and SPB is rated least. Relationship marketing allows service providers to become more knowledgeable about the customers requirement and needs. Knowledge of customer combined with social rapport built over the series of service encounters facilitate the tailoring or customizing of services to the customers specifications.

SUGGESTIONS

We could examine the following suggestions for improving the working of Cooperative banks:-

1. Make investment in research and understand customer needs and expectations at all service encounters, i.e., at all stages in the service delivery process so as to determine key components of service quality. One of the tool that bank could use is blue printing.
2. After thorough interaction with customers and employees of the banks it was found that there are areas where improvement is possible like prompt cash payments and receipts at the counter, efficient pass book and statement service, prompt collections and remittance services, early decisions on credit applications and patient attention to complaints. All these areas have bearing on customers' perception towards service quality. Performance matrix will have to be developed by banks. This will help the employees to know which parameters they are being evaluated as well as the performance of the bank be improved. Balanced performance score card to be used as a tool in this regard.

3. Offer such products/services as would fully meet customer's needs and develop systems and procedures that are customer and employee focused, responsive, flexible and reliable. Customers are becoming more aware of the different products and services being offered by various banks. They have lot of choices for the fulfillment of their needs. Customers are changing and also the pace of technology is advancing. Hence in order to keep abreast with the development in environment banks need to modify existing products and services and be innovative. Banks are making efforts in this direction but more need to be done in this direction.

CONCLUSION

The battle of customers has never been more intense. Deregulation, diversification and globalization have stimulated a dramatic rise in competition – and these unforgiving marketplace realities have forced co-operative banks to switch from a revenue centric approach to a customer centric approach. Customer Relationship Marketing depends on matching customer expectations and customer perceptions, this ultimately depends on matching Banks' perception of customer expectations to customer expectations. The need and expectations of the customers change from time to time and as such innovating new services and refinement of existing services becomes imperative. Today customers are aware of and exposed to the standards of international banking and other private banks and expect the same range of service quality from co-operative banks. If co-operative banks fail to offer their financial services of quality at least at par with that of international and private banks, time is not far away when they will lose substantial market share to foreign and private banks which are already sprouting enormously on the Indian soil. Though, most banks in India claim to serve the best interest of their customers, much remains to be done.

Customer satisfaction is ultimate in building relationship. Satisfaction is based on quality

delivery of service. All the three banks try to deliver quality service, however gaps can be seen. Maximum gap in quality delivery is found with Sarvoday Sahakari Bank, than Surat Peoples Bank and minimum gap in Prime Bank. Looking to the service quality gap, banks can adopt relationship marketing concept in order to reduce these gaps. This will help in increasing customer satisfaction, retention and ultimately building relationship.

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