



IMPACT OF SERVICE CHARGES CHARGED BY PUBLIC SECTOR BANKS WITH SPECIAL REFERENCE TO COIMBATORE CITY

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Cite This Article: G. Santhana Rajee & K. Karpagambigai, "Impact of Service Charges Charged by Public Sector Banks with Special Reference to Coimbatore City", *International Journal of Current Research and Modern Education*, Volume 3, Issue 1, Page Number 431-436, 2018.

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Abstract:

Now a days the usage of banking sector is been increased compared to olden days. Anybody can use the banking service anywhere at any time. But at the same there is some hidden charges that is charged by the charged public sector banks. Where that can be in terms of service charges that is been charged for their charges. Whether this can bring impact to the public this made the researcher to find out the impact of services charges charged by public sector banks. To find out this various element is used like awareness factor about the services, inconveniences faced by charging service are discussed detailed in the study.

Key Words: Service Charges, Public Sector Bank, Impact on Service Charges of Public Sector Bank

1. Introduction:

The growth of 'Banking' is evolutionary in nature. There is no sole response to the question of what is banking, because a bank performs a multitude of tasks and services which cannot be realized into a single definition. For a public, a bank means a storehouse of money, for a businessman it is an institution of finance and for a worker it may be a depository for his savings. It may be give details in brief as "Banking is what a bank does." But it is not clear enough to understand the subject in full. The Oxford Dictionary defines a bank as "an establishment for the protection of money which it pays out on a customer's order ". But this definition is also not enough, because it considers the deposit accepting and repayment functions only. The meaning of the bank can be understood only by its functions just as a tree-is, known by its fruits. As any other subjects, it has its own origin, growth and progress. Let us briefly trace the evolution of Banking.

2. Review of Literature:

(Zeithmal et al., 1990)Productivity of banks and its progress of customer base are interwoven. With growing competition in the market, it is very vital for the banks to understand "How customers choose their banks?" Thereafter, the banks can take proper marketing efforts to increase client base. Improper identification of true determinants of consumers' bank selection decision criteria may result in poor results for marketing efforts. Management's failure to categorize customers' desire is also a kind of quality gap.

Malhotra, Naresh K. et al. (1994) A study for a valuation of the factors of service quality between developed and developing countries. 10 dimensions of service quality, suggested by Parasuraman et al. was used and assigned some environmental factors such as economic and socio-cultural factors to each of ten dimensions. A main finding of the study was that the customers in developed countries have higher hopes and lower tolerance for ineffective services. On the other hand, customers in developing countries tend to have higher acceptance levels and lower quality expectations.

Thwaites and Vere (1995) studied the student buying performance of banking amenities and concluded that students are not influenced about the concept of financial supermarket and were more inclined to shop around for the best offer. They were also found conducting business with more than one banking institution and were not particularly loyal.

The study conducted by Kangis, Peter et al. (1997)-focused on the service quality opinions and opportunities of customers of private and public banks in Greece. They likened the views of customers of public sector banks about the quality view and expectations of services provided by the private banks and vice versa. The study considered five dimensions of service quality. One of the main finding of the study was that the service offered by banks in the private sector has a more capable influence on actual perceptions of quality received than in the case with the service from banks in the public sector.

Edris and Almahmeed (1997) conducted a study at Kuwait and concluded that the real factors of bank choice decision made by business consumers are more likely to be a function of both professed importance of bank features and the difference among banks in a given region with regard to each of these characteristics.

Huber et al. (1998) found that bank consumers tend to be loyal provided they are fulfilled with its

services and they stick on to the same bank for more than five to seven years on an average and change over only when they move to a new home in an area outer their bank's network.

Kandampully, Jay (1998) ~tried~ to scan how a industries service workers develop the emotional connection with customers which leads to distinctive service and the ability to surpass consumer capacities. It revealed that a customer's trustworthiness and faith is added by the service people's commitment to seem less, steady and higher service, which establishes itself to the customer as service quality. On this ground they argued that service quality precedes customer loyalty. They viewed service loyalty as a pre requisite in today's competitive environment if an organization desires to maintain market relationship.

Mylonakis et al. (1998) concluded that the most vital criteria for bank selection are suitability, bank status, and quality of products & amenities, interest rates & fees, education & personnel links, facilities, branch environment, services and after service satisfaction. The study on bank consumers of Greece showed that criteria like location, convenience and quality of service (attention to the customer, personalized service, no queues) influence the bank selection and factors like Advertising did not seem to inspiration bank consumers.

Nielson *et al.* (1998) conducted a survey of CEOs of corporate firms and banks to find out how well banking industry in Australia understands the need of their business clients. Important changes were found for six factors, which business firms measured prior to establishing a banking relationship. Business firms were found to place far more importance on the banks readiness to accommodate their credit wants, efficiency of banking processes and the fact that banks have facts of their specific business. On the other hand, banks felt it was more vital for them to offer respectable prices, full range of services and provide a personal banking relationship.

According to Kavita and Palanivelu (2012), banking organizations bloom more on charge old customers glad rather than getting new consumers, no bank probably meet all the needs of its consumers given to the assortment of their needs.

Sarang and Srivastava (2012) Banking Sector in India has practiced tremendous changes in its procedures during the last epoch. Due to the very competitive situation; it is pertinent to note that banks need to differentiate themselves from each other. He measured the strength and impact of the organizational culture and communication on facilitating employee engagement in Indian Private Banks.

3. Statement of the Problem:

The banking industry is the industry that is been used by all the people. People use banks for various purposes like to save the money, to get loans for education or for business development or for depositing amount. The public sector banks introduce various types of service charges to their customers. But most of the customers are not having much knowledge about the service charges that is been charged by the banks. So, in-order to identify the problems and inconvenience facing by the customers in charging the service charges by the public sector banks.

4. Scope of the Study:

Geographically Scope: The study was conducted in public sector banks in Coimbatore were it will create more awareness about the service charges charged by the banks because Coimbatore is the vibrant city with lots of inputs.

Theoretical Scope: The study was guided by the service charges that is been charged by the public sector through which it will create the impact on the respondents and it may guide the public sector banks to know about their customers.

Time Scope: The study on service charges of the public sector banks and its impact was conducted on June 2017-nov 2017 and it also contains secondary data that is been collected based on the study.

Content Scope: The study majorly concentrated on the impact, inconveniences that is been faced, level of satisfaction, level of likely service towards the service charges that is been charged by the public sector banks and its relationship with the demographic factor

5. Research Methodology:

5.1 Population of the Study: The population considered for present study is all persons of Coimbatore who is been using public sector bank services. The sample is been pick from Coimbatore city chosen widely accepted characteristics

5.2 Objective of the Study:

- ✓ To identify whether the respondents are aware of service charges charged for their service
- ✓ To identify the level of satisfaction of the respondents towards the service charges issued by the Public Sector Banks.
- ✓ To identify the areas of major problems faced by the type of account holder due to the services charges issued by the Public Sector Banks.
- ✓ To know whether the service charge is been charged in the beneficial manner

5.3 Sample Design: Convenient sampling method is used

5.4 Sample Size: 240 sample are used for the study

5.5 Data Source: This research descriptive in nature were the major tool used is questionnaire were questions were prepared and distributed to respondents and data are collected.

In the study both primary and secondary data is been used.

5.6 Tools:

- ✓ Descriptive
- ✓ Ranking Test
- ✓ Fired Man Ranking
- ✓ Chi-Square

5.7 Limitation of the Study:

- ✓ The survey was conducted only in Coimbatore. Hence, the results arrived from the study may or may not be practical to other district in Tamil Nadu. Further, the survey method which was adopted for collecting the data in this study has got its own limitations.
- ✓ For primary data, non-response mistake cannot be governed out.

6. Data Analysis & Interpretation:

6.1 Descriptive:

Particulars	Frequency	Percentage	Mean	Std Dev
Type of Account	SB	76	31.7	2.5 1.3
	Current	55	22.9	
	OD	23	9.6	
	Salary	86	35.8	
Age	18-25	54	22.5	2.4 1.1
	26-35	101	42.1	
	36-45	38	15.8	
	46-55	40	16.7	
	55 & Above	7	2.9	
Gender	Male	108	45.0	1.6 2.6
	Female	132	55.0	
Education Qualification	Illetrate	32	13.3	2.6 .9
	Graduate	84	35.0	
	Post Graduate	85	35.4	
	Professional	37	15.4	
	Others	2	8.0	
Occupation	Business	77	32.1	2.1 1.2
	Employed	120	50.0	
	Professional	11	4.6	
	Retired	75	2.9	
	Others	2	10.4	

6.1.1 Interpretation: From the above table we have found the descriptive statistics for demographic variables here type of account have of SB account at 31.7%, current account at 22.9%, OD account at 9.6%, salary at 35.8% were mean level at 2.5 and standard deviation. Age of respondents of 18-25 is at 22.5%, 26-35 is at 42.1%, 36-45 is at 15.8, 46-55 is at 16.7, 56 & above 2.9% they have mean level at 2.5 and standard deviation 1.1. Genders of respondents of male is at 45%, female is at 55% have mean level at 1.6 and standard deviation 2.6. Education qualification respondents of illiterate is at 13.3%, graduate is at 35%, post graduate is at 35.4%, professional is at 15.4%, others (housewives, students) is at 8% has mean level at 2.6 and standard deviation .9. Occupations respondents of business is at 32.1%, employed is at 50%, professional is at 4.6%, retired is at 2.9%, others (like house wives, students) is at 2.9% and mean level at 2.1 and standard deviation 1.2.

6.2 Chi-Square:

6.2.1 Gender & Awareness of the Service Charges Charged:

Gender	Frequency/ Percentage	Awareness of Service Charges Charged		Total	Percentage
		Yes	No		
Male	Frequency	105	3	108	45
	Percentage	97.2	2.8	100	
Female	Frequency	129	3	132	55
	Percentage	98	2	100	
Total		234	6	240	100

6.2.2 Chi-Square for Gender & Awareness of the Service Charges Charged:

Factor	Chi-Square Value	DF	Table Value	Asymp. Sig. (2-sided)	S/NS
Gender	0.062	1	3.841	0.803	Not Significant

6.2.3 Interpretation: It is marked from the above table that the calculated chi-square value is less than the table value and the result is not significant. Hence, the hypothesis “gender of the respondents and awareness level of service charges charged by public sector banks. From the analysis, it is concluded that there is no relationship between the gender of the respondents and awareness level of service charges charged by public sector banks.

6.3 Account Type & Inconvenience Faced:

Particulars	Frequency	Inconveniences Faced								
		ATM & CDM		Loan		Negotiable Instrument		Internet /Mobile Banking		All the Above
A/C Type		Yes	No	Yes	No	Yes	No	Yes	No	Yes
Current	Frequency	42	7	27	22	9	40	23	25	29
OD	Frequency	28	11	28	9	33	4	10	23	24
Salary	Frequency	13	1	4	9	13	0	6	3	15
Savings	Frequency	53	8	32	29	9	52	38	23	25

6.3.2 Chi-Square for Inconvenience Faced & Account Type:

Factor	Chi-Square Value	DF	Table Value	Asymp. Sig. (2-Sided)	S/NS
Inconvenience ATM	5.432	3	7.815	0.143	Not Significant
Inconvenience Loan	9.492	3	7.815	0.23	Significant
Inconvenience Negotiable Instrument	82.556	3	7.815	0	Significant at 5% level
Inconvenience Internet/Mobile Banking	9.837	3	7.815	0.02	Significant at 5% level
Inconvenience on all the Above	10.748	3	7.815	0.013	Significant at 5% level

Interpretation:

It is marked from the above table the calculated chi-square value is lesser than the table value and the result is not significant. From the analysis, it is concluded that there is relationship between the account type and inconveniences on ATM & CDM.

It is marked from the above table the calculated chi-square value is lesser than the table value and the result is significant. From the analysis, it is concluded that there is relationship between the account type and inconveniences on Loan.

It is marked from the above table the calculated chi-square value is greater than the table value and the result is significant. From the analysis, it is concluded that there is no relationship between the account type and inconveniences on Negotiable instrument.

It is marked from the above table the calculated chi-square value is greater than the table value and the result is significant. From the analysis, it is concluded that there is relationship between the account type and inconveniences on Mobile/Internet banking.

It is marked from the above table the calculated chi-square value is greater than the table value and the result is significant. From the analysis, it is concluded that there is relationship between the account type and inconveniences on all the factors.

6.4 Friedman Rank Test:

6.4.1 Ranking the Awareness on Service Charges:

6.4.2 Overall Awareness Level:

S.No	Particulars	Mean Score	Rank
1	ATM	2.01	I
2	Cheque / Deposits	3.36	IV
3	Loan	3.78	V
4	Internet Banking	2.59	II
5	Mobile Banking	3.26	III

6.4.3 Chi-Square for Ranking:

Factor	Chi-Square Value	DF	Table Value	Asymp. Sig. (2-sided)	S/NS
Ranking	188.277	4	9.488	0	Significant at 5% Level

6.4.4 Interpretation:

It is marked from the above table that the calculated chi-square value is greater than the table value and the result is significant. Hence, the hypothesis “ranking of the respondents and awareness level of service

charges charged by public sector banks. From the analysis, it is concluded that there is relationship between the ranking of the respondents and awareness level of service charges charged by public sector banks.

7. Findings:

- ✓ The findings are based on the objective that is framed for the study.
- ✓ To identify whether the respondents are aware of service charges charged for their service
- ✓ It is found that according to age, gender, occupation, account type category of respondents say that they are aware of the service charges charged at 97.5% and 2.5% say they are not aware of the respondents.
- ✓ To identify the level of satisfaction of the respondents towards the service charges issued by the Public Sector Banks.
- ✓ It is found that according to age, occupation, and gender of respondents say 11.25% are highly satisfied, 77.5% are satisfied, 7.9% are neutral, and 3.3% are dissatisfied.
- ✓ To identify the areas of major problems faced by the type of account holder due to the services charges issued by the Public Sector Banks.
- ✓ It is found that according to the account type current account holder 54 say maximum inconveniences is ATM & CDM, OD account type account holder 33 say maximum inconveniences is negotiable instrument, Savings account holder 13 say maximum inconveniences is to ATM & CDM and negotiable instrument, saving account holder say 53 maximum inconveniences to ATM & CDM.
- ✓ It is found that according to the age of the respondents at 18-25 say 37 say maximum inconveniences is ATM & CDM, 26-35 say 41 maximum inconveniences is ATM & CDM, 36-45 say 22 maximum inconveniences is to ATM & CDM, 45-55 say 32 maximum inconveniences to ATM & CDM and age above 55 say 4 maximum inconveniences to ATM & CDM
- ✓ It is found that according to the Gender of the respondents of 66 male say maximum inconveniences is ATM & CDM, 70 female say maximum inconveniences is ATM & CDM.
- ✓ It is found that according to the occupation of the respondents 47 business respondents maximum inconveniences is negotiable instrument, 65 employed respondents say maximum inconveniences ATM & CDM, 4 professional say maximum inconveniences is to ATM & CDM, 4 retired respondents say maximum inconveniences to ATM & CDM and internet banking, 24 other (house wife, students) respondents say maximum inconveniences to ATM & CDM
- ✓ It is been summarized from above table the respondents has given first rank for ATM, second rank for internet banking, third rank for mobile banking, fourth rank for cheques/deposits and fifth rank for loan with related to awareness level for the service charges charged.

7.1 Descriptive:

It is found that based on type of account holder's current holders is 22.9%, based on the age of respondent's age between 26-35 is 42.1%, based on gender of the respondents female is 42.1%, educational qualification of the respondents among them post graduate is 35.4%, based on the occupation respondents among them employed is at 50%.

8. Conclusion:

Based on this study, the view of the respondents among the public sector bank account holding customers based on the service charges and its impact towards it are evaluated using appropriate statistical techniques such as Cross tabulation analysis with Chi-square test, Friedman ranking in addition to descriptive statistics like mean and standard deviation. It is concluded from the results of the study that major respondents are aware of the service charges that is been charged for their transaction but they do not have much knowledge about the percentage that is been charged. It is determined that the mainstream of service users prefer service counter than internet and mobile banking service. But when they use other type of transactions they do could not find the service charges that is been made. It is concluded that majority of the Over Draft account holder face inconveniences in negotiable instrument and other account holder like saving, salary and current holder face inconvenience on ATM & CDM & Mobile/Internet banking. It is concluded that male face more inconveniences on loans and female face more inconveniences on ATM & CDM. It is concluded that based on the ranking the ATM & CDM is given first rank and loan is given fifth rank. It is concluded that based likely level service charges that is charged is ok among gender. From the above study it is concluded that the respondents are aware of the service charges that been charged by the public sector banks but their satisfactory level is neutral were they do not understand in what criteria the charges are made.

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