

Service Quality offered to Demat account holders in selected banks of Pune city

Harsha Gandhi¹, Dr. Mamta Mishra²

¹Department of Management Studies, Smt. Kashibai Navale College of Engineering, Savitribai Phule Pune University, (India)

²Department of Management Studies, Sinhgad College of Engineering, Savitribai Phule Pune University, (India)

ABSTRACT

Service Quality, a measure of the overall value of a service, is a key concept in service marketing. Service Quality has a significant impact on customer satisfaction. [1] The aim of this study is to find customer perceptions on service quality dimensions among demat account holders. The results show service quality is an important element to create customer that will lead to customer satisfaction. [2] Therefore, in trying to develop strong service quality, service provider should be interested in assessing the degree of customer service dependence. A total of 235 current consumer of a service provider participated in this study. Gap analysis was used to determine the perceived importance and satisfaction on each factor of service quality. This paper is attempted to identify the factors impacting service quality provided to demat account holders in selected banks of Pune city. The Pune city is divided among four zones. So during this research will be considering the different banks & brokerage houses in that cluster and will carry out probability sampling for Demat account holders.

Keywords: Bank, Customer satisfaction, Dematerialization, DEMAT, Service quality

I. INTRODUCTION

Service quality, customer satisfaction and customer loyalty are among the most important factors that affect service sector's market share and profitability, yet they remain understudied in India's service sectors.[3] These study surveys 235 demat account holders to explore the real importance of various aspects of service quality in banking sector of India. The study identifies the following critical factors, which causes dissatisfaction among account holders: core service failure, higher charges, ethical problems, competition, inconvenience, service encounter failure, and influence from family/friends/group. [4]

Statement of the Problem

One of the challenge before Indian capital market is expanding investor base and providing them the access to quality services. Out of 1.35 billion population, merely 1 % of population participates in capital market, and only fractions of that are actually active. Trading volume is low as compared to other markets such as Germany, China, United Kingdom, etc. Equity ownership has come down to 3 % since last seven years. Corporate see markets as low risk capital, investors see liquid secondary markets for exit options.

If the capital market wants to overcome bottlenecks and to deepen the capital market, participation of retail investors, directly or through intermediates, portfolio managers needs to be promoted. This can be only achieved through investor education initiatives, quality service, development of quality independent financial advisors and using the cutting edge information technology to reach out to every mass in India.

For this study, demat account holders in selected banks of Pune city has been chosen, as active demat participation can be seen in very few cities and Pune being among one of them.

II. REVIEW OF LITERATURE

Bloemer J., Ruyter K. and Peters P. (1998), defines bank loyalty as the biased (i.e. non random) behavioral response (i.e. revisit), expressed over a period of time, by some decision-making unit with respect to one bank out of a set of banks, which is a function of psychological (decision-making and evaluative process resulting in brand commitment). They also reveal that image is indirectly related to bank loyalty via perceived quality and in the product

literature there is ample evidence that image significantly affects perceptions of quality.[5] G.S. Suresh Chandar, Chandrascharan R.N. Anontharaman (2003) critically examined the service quality issues from the customer's point of view. In their study conducted in a developing country, India, authors selected three groups of banks for their study viz. Public sector, Private sector and foreign banks. Authors in their study found that in terms of the customer perception of service quality, the technological factors appear to contribute more in differentiating the three sectors and the people oriented factors appear to contribute less in differentiation among three sectors. In terms of performance, foreign banks tapped among three groups, and performance of public sector banks is even less than private sector banks. Sureshchandar et al. developed a new model which they believe could improve understanding of the way in which customers perceive service quality. The model, developed in the financial services context, covers: core service or service product; human element of service delivery; systematization of service delivery (non-human element); tangibles of service; and social responsibility. [6]

Objectives of the study

1. To know the demographic profile of respondents
2. To understand reasons for selecting a bank as Demat service provider
3. To identify the different problems faced by Demat account holders
4. To suggest suitable suggestions for problems.

Scope of the Study

The present study deals with the customer expectations and perceptions of demat account holders of selected banks of Pune City. It is only considering demat account holders who have opted for internet as operating mode. The study has revealed the problems faced by Demat account holders and why they have selected that specific bank as a service provider.

III. RESEARCH DESIGN

The research design adopted for the present research work is narrated below. The present study has used a structured questionnaire for the purpose of collecting primary data from the consumer respondents. [7] The secondary data were collected from books, journals, periodicals etc. For collection of primary data, non probability convenience sampling method was followed. [8]

The researcher has collected responses from 235 consumer respondents. The collected data was analyzed and interpreted by using the statistical tools and Graphs.

IV. ANALYSIS AND INTERPRETATION OF DATA DESCRIPTIVE ANALYSIS

The demographic variables namely Gender, Marital Status, Age, Qualification, Profession, Income/ Annum, No of Demat account a person holds are taken into account to study the status of the consumer respondents participated in the survey.

Table 1: Demographic Variables of 235 Respondents		
Variables	No. of consumers	Percentage
Gender		
Male	160	68.1
Female	75	31.9
Marital Status		
Single	108	46
Married	127	54
Age		
Under 20 years	31	13.2
Between 21-30 Years	64	27.2
Between 31-40 Years	44	18.7
Between 41-50 Years	49	20.9
Above 50 Years	47	20
Qualification		
Undergraduate	30	12.8

Graduate	56	23.8
Post Graduate	65	27.7
Professional Qualification	39	16.6
Other	45	19.1
Profession		
Business	52	22.1
Service	54	23
Student	37	15.7
Other	42	17.9
Retired	50	21.3
Income /Annum		
Up to 2 Lakh	50	21.3
Between 2 -5 Lakh	51	21.7
Between 5- 8 Lakh	48	20.4
Above 8 Lakh	34	14.5
Above 10 Lakh	52	22.1

Table 1 shows the distribution of sample respondents by their demographic variables. From the above table, it is evident that the total number of respondents is 235 and maximum respondents are male constituting 68.1 percent. The share of female respondents is 31.9 percent. It implies that the sample is unequally distributed gender wise with dominance of male respondents. It is further revealed that the investment is generally done by married members' i.e.127 with 54 percent and followed by single 108 members with 46 percent. It is further revealed that the maximum respondents i.e. 64 are in the age group of 21-30 years constituting 27.2 percent. It is followed by age group of 41-50 years with 20.9 percent. It is observed that among the 235 respondents, 65 i.e. 27.7 percent belong to the category of post-graduates. At the same time 23.80 percent respondents are Graduates. It can be said that majority of the sample respondents are from post-graduate or graduate category. From the above table, it is further observed that 36.33 percent of the consumer respondents are from service followed by 21.63 percent in retired category. From this, it can be noted that service holders are the maximum participants in the total sample. The table also reveals that there are 52 i.e. 22.10 percent consumer respondents in the annual income group above Rs.10, 00,000. Respondents earning below Rs.200000 income are 50 in number i.e. 21.30 percent. It can be stated that majority of the consumer respondents are in the annual income group above Rs.10, 00,000.

Inferential Analysis

The analysis is based on the transaction history of Demat account holders with respective bank. This will consider the number of accounts a customer holds, number of years they are operating Demat account and Frequency of operating Demat account.

Table2: Transaction History with Bank

Table 2: Transaction History with Bank		
Variables	No. of consumers	Percentage
No of Demat Account		
Single	134	57.0
Multiple	101	43.0
No of years operating Demat account		
less than 1 year	45	19.1
1 -3 years	65	27.7
3-6 years	45	19.1
Above 6 years	38	16.2
Above 8 Years	42	17.9

Frequency of Operating Demat Account		
Everyday	36	15.3
Once in a week	43	18.3
More than one every week	55	23.4
Once in a month	33	14.0
Not Specific	68	28.9

Table 2 shows the distribution of sample respondents by their transaction history with bank. From the above table, it is evident that the total number of respondents is 235 and maximum respondents are having single account, i.e. 57.0 percent. The share of respondents having multiple accounts is 43.0 percent. It implies that the maximum members are operating their demat account only between 1-3 years are 65 i.e. 27.7 percent and it is followed by respondents who are operating Demat account less than a year are 45 i.e. 19.1 percent. The highest percentage i.e. 28.9 is of respondents who are having frequency of operating demat account which is not specific. It is followed by respondents who operate their account more than once every week i.e. 55.

Table 3: Reasons for selecting a bank Selection of bank

		Responses		Percent of Cases
		N	Percent	
Selection of bank	Reputation	126	22.2%	55.3%
	Accessibility	113	19.9%	49.6%
	Cost	114	20.1%	50.0%
	Flexibility	101	17.8%	44.3%
	Different modes	113	19.9%	49.6%
Total		567	100.0%	248.7%

a. Dichotomy group tabulated at value 1.

Table 3 shows the different reasons to select a bank. They are Reputation, Accessibility (near to their residence/office, Cost (Different cost of transactions, annual maintenance charges, Flexibility and Different modes of operation.) From the table, it is inferred that maximum respondents choose the bank based on its reputation i.e. 22.2 percent and followed by accessibility and different modes offered to consumers' i.e. 19.9 percent.

Table 4 Benefits provided by bank Benefits provided by Bank

		Responses		Percent of Cases
		N	Percent	
Benefits provided by bank	Locations	121	17.3%	53.3%
	Statements by email	110	15.7%	48.5%
	Demat services online facility	130	18.6%	57.3%
	Mobile alerts	122	17.4%	53.7%
	Online trading facility	111	15.9%	48.9%
	E instructions	106	15.1%	46.7%
	Total	700	100.0%	308.4%

a. Dichotomy group tabulated at value 1.

Table 4 shows the different benefits provided by a bank. They are Reputation, Accessibility (near to their residence/office, Cost (Different cost of transactions, annual maintenance charges, Flexibility and Different modes of operation.) From the table, it is inferred that maximum respondents choose the bank based on its reputation i.e. 22.2 percent and followed by accessibility and different modes offered to consumers' i.e. 19.9 percent.

Table 5 Problems associated with Online Trading Problems associated with Online Trading

		Responses		Percent of Cases
		N	Percent	
Problems associated with Online Trading	Delay in Opening of demat account	120	8.4%	53.8%
	Difficulty in accessing your account	108	7.6%	48.4%
	Delayed stock quotes	96	6.7%	43.0%
	Only accepting orders during trading hours	112	7.8%	50.2%
	Errors in transmission	105	7.4%	47.1%
	Delays in receiving confirmation of order execution	95	6.7%	42.6%
	Fail to update status of order or by email to confirm trade	99	6.9%	44.4%
	Clarifications regarding trading in overseas market	94	6.6%	42.2%
	Non acceptance of intraday option	93	6.5%	41.7%
	Discrepancy in transfer of holdings	113	7.9%	50.7%
	No communication regarding increase in all types of charges	95	6.7%	42.6%
	Resetting user id or password	110	7.7%	49.3%
	Carried out future trades	93	6.5%	41.7%
	When losses become big that time it was informed to you	94	6.6%	42.2%
	Total	1427	100.0%	639.9%

a. Dichotomy group tabulated at value 1.

Table 5 shows the different problems associated with online trading. They are Delay in Opening of demat account, Difficulty in accessing your account, Delayed stock quotes (free of cost), Only accepting orders during trading hours, Errors in transmission, Delays in receiving confirmation of order execution, Fail to update status of order or by email to confirm trade, Clarifications regarding trading in overseas market, Non acceptance of intraday option, Discrepancy in transfer of holdings, No communication regarding increase in all types of charges, Resetting user id or password, Carried out future trades , when losses become big, that time it was informed to you. From the table, it is inferred that maximum respondents have the problem with delay in account opening i.e. 8.4 percent and followed by discrepancies in account holdings i.e. 7.9 percent. The rest of the problems do have significance like only accepting orders during trading hours, Resetting user id or password, Fail to update status of order or by email to confirm trade.

CONCLUSION

According to E-Servqual, there are eight different factors like efficiency, fulfillment of promises, system availability, privacy, assurance/trust, site aesthetics, responsiveness, contact are considered for the study. [7] But researcher is more interested to find out what factors are most important to customers while investing in capital market. There are a very less percentage of customers who are actively trading in capital market. As compared to other developed nations, the percentage of investment in capital market is very less. The major reasons for not opting share market as a convenient investment option may be trust, site aesthetics, personalized service to customer, updated knowledge about the share market.

SUGGESTIONS

As the investor is not fully aware about online trading, there are so many things a bank or brokerage firm can provide. The investors are not considering it as a future saving; they think it as a tool by which they can make money overnight. [9] Hence if interactive counseling is offered to investors, it will give the feel of personal guidance to investors. Most of

customers are looking for back end support in terms of toll free number, customer care center. Hence it will ensure reliability of the service provider. [10] Most of customers are taking investment decisions on their own. If banks started providing them investment guidance along with analysis part, that will be a value addition in itself. The banks can track all the records of transactions done for future reference. [11] The customers also require a future value calculator, depending upon the changes in share price. The site response rate also should be considered while loading of such pages. [12]

REFERENCES

- [1] Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2): 31-46.
- [2] 2.Prof. Gopalkrishnan, J., Dr. Mishra, B. B., Dr. Gupta, V. K. & Prof. Vetrivel, A. (2011) The impact of service quality and customer satisfaction on customer retention in the Indian banking industry: An empirical analysis. *Research Journal of Social Science and Management*, 1(3): 52-68.
- [3] Petersen, P.E., Nysveen, H. (2001). Shopbot Banking: an Exploratory Study of Customer Loyalty Effects. *International Journal of Marketing*. Vol. 19, No. 4, pp. 146-155.
- [4] Beerli, A., Martin, J.D., & Quintana, A. (2004). A Model of Customer Loyalty in the Retail Banking Market. *European Journal of Marketing*. Vol. 38, No. 1/2, pp. 253-275.
- [5] Bloemer, J., Ruyter, K. and Peters, P. (1998), "Investigating the drivers of bank loyalty: the complex relationship between image, service quality and satisfaction", *International Journal of Bank Marketing*, 16/7, pp.276-286;
- [6] G.S. Suresh Chandar, Chandrascharan R.N. Anontharaman (2003), Determinants of customer-perceived service quality: a confirmatory factor analysis approach, *Journal of Services Marketing*, Volume 16 Number 1 2002 pp. 9-34, ISSN 0887-6045
- [7] A.Parasuraman, Valarie A. Zeithaml Arvind Malhotra, (2005), E-S-QUAL A Multiple-Item Scale for Assessing Electronic Service Quality, *Journal of Service Research*, Volume 7, No. X, Month 20051-21
- [8] Dick, A., & Basu, K. (1994). Customer Loyalty: Toward an Integrated Conceptual Framework. *Journal of the Academy of Marketing Science*. Vol. 22, No. 2, pp. 99-113.
- [9] Dr. J. Sethuraman, *Retail Banking*, Macmillan Publications, 2012
- [10] Nunes, J.C., Dreze, X. (2006). Your Loyalty Program is Betraying You. *Harvard Business Review*.
- [11] Foo, M-H., Douglas, G. & Jack, M.A. (2008). Incentive Schemes in the Financial Services Sector. *International Journal of Bank Marketing*. Vol. 26, No. 2, pp. 99-118.
- [12] Szűts, I. & Tóth, Z. (2010). Customer Loyalty Problems in Retail Banking. MEB 2008 6th International Conference on Management Enterprise and Benchmarking.