A Study On Measuring Customer Grievance Redressal Service Quality In Banks In India: A Bankers' Perspective

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*Abstract:*In the era of increasing competition of offering service quality to their customers, the banking industry in India is emphasising on service delight and customer satisfaction. In the present study, an attempt has been made to ascertain the service quality dimensions of grievance redressal system of banks in Punjab from the point of view of the bank officials. Every year banks receive several complaints and many of them remain pending at the end of the year, which demonstrates incompetency of the Grievance Redressal system of the banks to resolve all the customer complaints. The broad objective of the study has been to identify the determinants or variables those to be considered for customer satisfaction with grievance redressal services of the bank.

Keywords: Factor analysis, grievance, redressal, satisfaction.

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I.   INTRODUCTION

Banks contribute to economic growth by mobilizing small and scattered savings of the community and disbursing those as loans among enterprises.Therefore, banks perform the job of credit intermediation, and clearing and settlement of payments. Banking Regulation Act of India, 1949 defines Banking as "Accepting, for lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawals by cheques, draft, order or otherwise." At present, a wide variety of services such as issuance of credit and debit/ATM cards, facility of lockers for safe custody of valuable items, cheque drop-box and online transfer of funds, are offered by the banks.

The Government of India (GOI) and the RBI have been continuously emphasising on extending prompted, efficient, fair, and courteous customer service to the banking customers. They set up various high-level Working Groups and Committees for significant development in the quality of customer service in banks.

In the present era of changing global environment, providing innovative services to customers, enhanced customer loyalty and improve efficiency, are the key differentiating factors for banks to sustain in the market without sacrificing quality of service. As the market has become more competitive, banking organizations are facing intense customer service pressures than ever before. Keeping this in view the banks are offering a variety of quality services to their customers along with customer protection in terms the Customer Grievance Redressal System (CGRS) in banks, to satisfy them. In the present paper, an attempt has been made to identify the perceived service quality dimensions of CGRS in banks from the point of view of the banks officials.Thus, the objective of the study is to identify the perceived service quality dimensions of CGRS in banks from the bankers' perspective.

II.   REVIEW OF LITERATURE

Consumers across the world have become more quality conscious and expect highest quality services from their service providers (Lee, 2005). The increase and modernisation in technology and communication systems in banking industry has contributed to resemblance amongst banks across the world (Shanka, 2012). As a result, banks are now facing intense competition and are obliged to provide services of highest qualities to their customers (Harvey, 2010). Banking is pre-dominantly a customer focused business and on the prospect of the enhanced competition, the quality customer service is the key differentiating factor to stay relevant and forge in the lead in the business. Pahwa (2000) assessed the quality of customer service in commercial banks and found that banks should try to understand the psychology of their customers while dealing with them.

Debasish (2009) revealed that the foreign banks provide better service quality, as compared to private sector and public-sector banks. It was concluded that public sector banks, which accounted for over three-fourth of banking business in the country should

make necessary efforts to satisfy their customers. Karimi et. al. (2009) investigated services quality of banks, including, tangibles, human factors, main services, systematization of services, and social responsibility and found that the customers perceived all these components at moderate level. Mengi (2009) accentuated that the quality of services provided by a bank differentiate it from the other banks. The focus on the improvement of other variables of service quality having significant impact on customer satisfaction, such as responsiveness, assurance, and empathy, was recommended.

Sharma (2010) in his study, examined the corporate and public systems for redressing the customers' complaints in the insurance sector and found that only half of the surveyed respondents agreed that the grievance redressal system in insurance sector was effective in form of enhancement of customer satisfaction. Aborampah (2010) compared the perception of customers about the quality of the bank's services and found four dimensions viz., reliability, convenience, tangibles, and empathy as determinants of customer satisfaction, among which reliability, convenience and empathy are important for overall customer satisfaction.Matta (2011) conducted a study to extract main dimensions underlying the complaining behaviour of unsatisfied customers. The results revealed that Indian consumers, complaining behaviour depended on the three factors as - attitude towards the firm, consumer social responsibility and service characteristics. Tandon (2012) strived to explore the complainant's perceptions about the various factors which encourage or discourage their complaint initiative in a district consumer forum.

Dharmalingam et. al. (2012) found that there existed a gap between customer expectation and perception in reliability, price, and product variety. It was also understood that customers were having the highest expectations in Security and Accessibility and lowest expectations in Empathy. Balasubramanian (2013) analysed the effectiveness of the Grievance Redressal System available in Ramanathapuram District, Tamilnadu in solving consumer grievances. It was concluded that the very purpose of enacting the Consumer Protection Act 1986 was to provide speedy and economic relief to the grievances of consumers, but this was not the reality.

Sakhaej (2014) attempted to understand the impact of six service quality variables, such as, reliability, efficiency, responsiveness, fulfilment, security, and website designing, had been established under the study. Also, among the six variables, the reliability variable had the maximum impact and the website design had the least influence on customer satisfaction. Mittal and Gupta (2015) found that most of the customers had complaints about purchases and most of them either never or sometimes went for lodging the complaints. This showed the less involvement of customers in consumer redressal mechanism. It was concluded that for the proper functioning of the consumer redressal mechanism, the consumer education is very important and pertinent in a country like ours where a large section of the consumer is poor and illiterate, by displaying the consumer's rights with respect to their business activity.

III. SCOPE OF THE RESEARCH

The aim of this research is to identify the perceived service quality dimensions of CGRS in banks in Punjab. The study is restricted to public sector banks and private sector banks of four selected districts of Punjab. These four districts are Amritsar, Jalandhar, Ludhiana and Patiala selected on the basis of maximum number of bank branches and offices. The scope of the study is limited to selected Indian banks operating in the state of Punjab.

IV. RESEARCH METHODOLOGY

A descriptive form of research design has been used in order to achieve the objectives of the study, conducted from the bankers' perspective.The primary data was being gathered through a pretested structured questionnaire for customers' perspective covering different grievance redressal facets such as; customer guidance, customer support, complaint form, attitude of employees, prompt redressal etc.; to solicit the response of bank customers to various statements on five-pointLikert scale. Secondary data has been extracted from RBI Bulletins/Circulars, BO publications, reports of various govt. constituted working groups/committees, websites of several public and private sector banks and RBI, previous studies, research papers etc. were also being utilized.Customers of Public Sector banks and Private Sector banks were the target population for the research. All public and the private sector banks operating in Punjab formed the universe of the study.

Multi-stage sampling was used for the selection of sample of bank customers. Firstly, four districts of Punjab with maximum number of bank offices and branches in the state that is Amritsar, Jalandhar, Ludhiana and Patiala are selected. Also, these districts have the maximum number of bank offices and branches in the state (RBI Report, 2009). At the second stage, sampling respondents have been selected from the public sector and private sector banks of Punjab**.** The convenience sampling technique has been used to pick out 75 bank officials from each selected district, a total of 300 bank officials as respondents.

A pre-tested structured questionnaire has been used covering different Grievance Redressal facets such as; modes of complaint, employees' attitude, reliability of services, etc. to assess the level of agreement about them including their demographic profile. The findings of the study may be influenced by the personal bias of the respondents.

V. DATA ANALYSIS AND INTERPRETTATION:

The information about socioeconomic characteristics of the respondents was analysed based on four demographic factors such as age, gender, type of branch and their job experience. The demographic profile of the respondents was framed in Table 1.1. It reveals that most of the bank officials, i.e. 37.7 per cent belonged to the age group of '30-40 years', 25 per cent were of the age of

'below 30 years' and 18.7 per cent were of the age of 'between 40-50 years.' As far as their gender is concerned, it can be observed that 62.7 per cent of the selected bank officials were 'male' and 37.3 per cent were 'female.' The majority bank officials (51.7 per cent) were from the bank branches in the 'urban' areas of selected four districts of Punjab and were engaged in the banking sector from '3-6 years' (32 per cent).

Table 1.1 Social and Economic Profile of Bank Officials

S. No.	Attribute	Sub-category	Frequency	Percentage
I	Age	Below 30 years	75	25.0
		30-40 years	113	37.7
		40-50 years	56	18.7
		50-60 years	56	18.7
		Total	**300**	**100**
ii	Gender	Male	188	62.7
		Female	112	37.3
		Total	**300**	**100**
iii	Type of Branch	Urban	155	51.7
		Semi-urban	75	25.0
		Rural	70	23.3
		Total	**300**	**100**
Iv	Job Experience	Less than 3 years	73	24.3
		3-6 Years	96	32.0
		7-10 Years	44	14.7
		More than 10 Years	87	29.0
		Total	**300**	**100**

Source: Primary Data

Identification of Percieved Service Quality Dimensions of the CGRS:

In order to identify the perceived service quality dimensions of the Customer Grievance Redressal System (CGRS), that influences the customer satisfaction in banks in India, from the bankers' perspective, thirty-one service quality variables have been identified and responses have been obtained from the sample respondents on a five-point Likert rating scale with 'Strongly Disagree' (1), 'Disagree' (2), 'Neutral' (3), 'Agree' (4); and 'Strongly Agree' (5) responses. The value for Cronbach's Alpha for the 31 statements of service quality dimensions was found to be 0.815.

Exploratory factor analysis (EFA) has been applied to explore the possible underlying factor structure of a large set of observed variables without imposing a preconceived structure on the outcome. To assess the factorability of the data, the results of KMO and Barlett's test, applied to the variables, shows that KMO index is high at 0.828 greater than 0.5, hence acceptable and the approx. chi square is 5612.85, with the significance value 0.000 which is clearly less than 0.05, hence the data is appropriate for factor analysis as shown in table 4.15. The values of extraction communalities of the service quality variables of CGRS, was greater than 0.3, suggesting that the data set was appropriate (Stewart, 1981) for further analysis.

Interpretation Of Number Of Factors Based On Eigen Values:

The number of factors to be extracted were decided based on the Eigen value (column sum of squares for a factor) greater than one, for each component, which represented the amount of variance in the data. Hence, the model identified 6 factors for the given data as shown in table 1.2.

Table 1.2 Total Variance Explained

Factors	Initial Eigen Values	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.501	6.501	20.969	20.969	5.719	18.450	18.450
2	3.934	3.934	12.691	33.660	2.943	9.494	27.944
3	2.595	2.595	8.372	42.032	2.653	8.558	36.502

4	2.547	2.547	8.216	50.247	2.552	8.234	44.736
5	1.528	1.528	4.930	55.178	2.525	8.146	52.882
6	1.418	1.418	4.574	59.751	2.130	6.870	59.751

Source: Computed from the primary data

Table 1.2 depicts that, the cumulative variance as 59.751 per cent and the extent of variance explained by each factor out of total variance. It was found that after rotation factor 1 accounted for a variance of 6.501 which is 20.969 per cent of total variance, factor 2 accounted for a variance of 3.934, which is 12.691 per cent of total variance, factor 3 accounted for a variance of 2.595, which is 8.372 of total variance, factor 4 accounted for a variance of 2.547 which is 8.216 per cent of total variance, factor 5 accounted for a variance of 1.528 which is 4.930 per cent of total variance, whereas factor 6 accounted for a variance of 1.418 which is 4.547 per cent of the total variance after rotation of factor loadings.

Interpretation of Factors Based on Factor Loadings:
The factor loadings for all the variables, were significant, greater than 0.50 (Hair et al. 2006). The thirty-one service quality variables of CGRS have been split into six components. All the factors have been given appropriate names according to the variables that have been loaded on each factor. The factor loadings of each variable along with the alpha values of the six components have been summarised the table 1.3.

Factor 1: Assurance Based on the analysis of the Rotated Component Matrix, table 1.3 shows that, there were six variables in first component, viz, Dealt Equitable Manner, Take the ownership of complaint, Enhances Confidence, System is trustworthy, Employees are Trained, and Employees are Knowledgeable, with factor loadings 0.963, 0.962, 0.955, 0.952, 0.945 and 0.917, respectively, which were above the minimum acceptable level of 0.30 (Hair et al. 2006). These six variables were related to assurance dimension of the CGRS and hence labelled 'Assurance.'

Table 4.18 Results of Exploratory Factor Analysis

Statements	*Factor Loadings*	*Factors*	*Reliability coefficient*
Dealt equitable manner	.963	Factor 1 Assurance	.729
Take the ownership of complaint	.962		
Enhances confidence	.955		
System is trustworthy	.952		
Employees are trained	.945		
Employees are knowledgeable	.917		
Materials understandable	.836	Factor 2 Tangibles	.817
Information of officials displayed	.792		
Booklets of information placed	.780		
Complaint box or register placed	.724		
Website has detailed information	.583		
Personal attention	.719	Factor 3 Empathy	.718
Customer best interest	.718		
Individual attention	.670		
Efforts to understand	.666		
Polite and courteous	.574		
Sincere concern	.549		
Redress very first time	.815	Factor 4	.750

Maintain accurate records	.725	Reliability	
Grievances are satisfactorily resolved	.684		
Complaints are acknowledged	.626		
Redress within time frame	.605		
Modes of complaining	.676	Factor 5 Accessibility	.981
Approach nodal officer	.673		
Approach bank manager	.642		
Easy to find the correct person	.620		
Approach banking ombudsman	.601		
Bank staff ability	.796	Factor 6 Responsiveness	.731
Never too busy staff	.634		
Prompt response	.528		
Inform customers about the status	.519		

Source: Computed from the Primary Data

Factor 2: Tangibles The second components consisted of five variables, including, Materials understandable, Information of Officials are displayed, Booklets of Information placed, Complaint Box or Register Placed and Website has detailed Information, with factor loadings 0.836, 0.792, 0.780, 0.724 and 0.583, respectively, which were above the least acceptable level of 0.30 (Hair et al. 2006). These five variables were related to tangibles of CGRS, and hence labelled 'Tangibles.'

Factor 3: Empathy There were six variables in the third component, viz, Personal Attention, Customer Best Interest, Individual Attention, Efforts to Understand, Polite and Courteous and Sincere Concern, with factor loadings 0.719, 0.718, 0.670, 0.666, 0.574 and 0.549, respectively. These six variables were related to empathy characteristic of CGRS in banks, and hence labelled 'Empathy.'

Factor 4: Reliability There were five variables in the fourth component, viz, Redress of complaint First Time, Maintain Accurate Records, Grievances are satisfactorily resolved, Complaints are acknowledged and Redress within Time Frame, with factor loadings 0.815, 0.725, 0.684, 0.626 and 0.605, respectively, which were above the least acceptable level of 0.30 (Hair et al. 2006). These five variables were related to reliability dimension of the CGRS and hence labelled 'Reliability.'

Factor 5: Accessibility The fifth component consisted of six variables, viz, Modes of Complaining, Approach Nodal Officer, Approach Bank Manager, Easy to find the Correct Person and Approach Banking Ombudsman with factor loadings 0.676, 0.673, 0.642, 0.620 and 0.60, respectively, which are acceptable (>0.3), Hair et al. 2006. These five variables were related to accessibility characteristic of CGRS and hence labelled 'Accessibility.'

Factor 6: Responsiveness The sixth component also consisted of five variables such as, Approach Banking Ombudsman, Bank Staff Ability, Never too busy staff, Prompt Response, and Inform Customers about the status of the complaint, with factor loadings 0.601, 0.796, 0.634, 0.528 and 0.519, respectively, which were above the minimum acceptable level of 0.30 (Hair et al. 2006). These five variables were related to responsiveness characteristic of CGRS and hence labelled 'Responsiveness.'

In summary, the result of analysing exploratory factors (EFA) shows that the thirty-one service quality variables of CGRS have been extracted into six perceived service quality dimensions of CGRS including: Reliability component; Responsiveness component; Accessibility component; Tangibles component; Empathy component and Assurance component, from the bankers' perspective. The factors namely; reliability, responsiveness and accessibility were consisted of most of the variables with higher factor loadings (greater than 0.7), as compared to that of other factors that were tangibles, empathy, and assurance. Thus, it was concluded that the bank officials perceived 'Reliability,' 'Responsiveness' and 'Accessibility' components as the dominating dimensions which influence the service quality of CGRS in banks. Also, the variables of the dimensions viz., tangibles, empathy, and assurance, need attention by the bank's staff for the quality improvement in banks.

VI.   SUGGESTIONS
Based on the finding the following suggestions are considered:

- Procedure of lodging complaint should be made simple and information regarding should also be displayed at appropriate spots.
- To modernize the social banking environment, bank officials should keep good relationship with the clients.
- Frequent awareness programs for customers to accept greater appreciative with the modes of complaining
- Bank officials should make efforts to redress the grievances of customers without complaining. A separate grievance department can be established at branch level in banks and the employees should be trained in technical as well as behavioural aspects.
- The bank employees should offer quality services to their customers along with instilling confidence in the customers always during personal interactions with them.

VII.   CONCLUSION

The success of the bank mainly depends on its customers. Being a service industry, all banks should aim at meeting the customers' needs by providing maximum features in their services including grievance redressal services.Banks should provide an effective grievance redressal system to its customers and monitor recurrently the current degree of customer satisfaction. Banks are lagging behind in the responsiveness component and empathy component of a grievance redressal system of banks for customers. Thus, some remedial measures are vivacious for the banks to conquest over customers.

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