

Financial services in India : the challenges on the new millennium

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Financial markets, though inherently volatile and vulnerable, have been attracting the attention of investors the world over. Given the existing situation of being just a step away from the 21-century, the scenario is filled with uncertainty and a whole lot of challenges. Irrespective of whatever is being marketed, quality is the buzzword of the present decade. While quality of products can be assessed easily due to tangible factors, the idea of quality seems elusive with respect to services. This paper makes an attempt, based on some important studies done so far in the context of services, to understand the quality aspects that have a perceptible impact on financial services. It is part of a study currently being done of the perception of quality factors. Responses are elicited from professionals, employees and customers in the field of financial services. Therefore, this paper focuses on clarity the quality parameters for financial services, especially so in the Indian context.

Financial services are all pervasive. They are 'part and parcel' of the everyday life of the common man, one way or the other. Today, there is an increased level of awareness level of awareness among the public and 'finance' is no longer as intimidating as it was before. A marked change has been observed in the consumption pattern of the Indian consumer and an almost corresponding change in the investment pattern as well. The number of people who have a little bit to invest has increased, so has their new-found confidence in the financial markets.

Marketing of products and services depends to a large extent on the kind of reception that they get from the public. Given the fact that it is no longer a sellers' market, but a buyers' market that exists today, it is all the more challenging to each out to the target groups. For one, the competition is severe and it is not easy to make

a dent in the market and capture a chunk. Second, customers give a lot of importance to the aspect of quality now as they never did before. And it is here that the defining factors of intangibility, heterogeneity, impassability and separability of production from consumption come in. These factors make quality of products seem measurable. As for services, the idea of quality is elusive, leading to apprehensive of the unknown on the part of the customer. While factors like size, shape, colour and packaging for a product, stand on satisfaction provided. Satisfaction is relative and rests on the 'quality' as perceived by the recipient.

The idea of quality has always been associated with a product or service, but it evolved gradually as a concept in itself. It caught on in the 1980s and today is a motto in industry circles. The service industry took some time to get used to the idea that quality was expected of services just as with products. Liberalization brought about greater competition and services acquired a new dynamism. The academic world also saw a spate of literature in the neglected area of services and quality.

Existing literature discusses the 'service' and the 'goods' activities separately. Work done so far has looked into various aspects of services like quality, price and value-both individually as well as in relation to each other. There have been repeated attempts to highlight the distinguishing characteristics that bring about a distinction between products and services. The commonly highlighted characteristics, as gleaned from the literature are: intangibility, heterogeneity, imperishability, and the inseparability of production and consumption (Zeithaml *et al.*, 1988). These characteristics help to understand why it is so difficult to perceive and evaluate service quality.

Exploratory studies have been conducted to know the quality perceptions leading to the development of a service quality model. The benefits, as observed by the studies, are contributions to market share and return on investment (Anderson and Zeithaml, 1984; Phillips *et al.* (1983). Also mentioned are aspects like lowering manufacturing costs and improving productivity (Garvin, 1983). Overall discussions of service quality (Gronroos,

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