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# CUSTOMERS PERCEPTION TOWARDS BANKING HABITS IN RURAL AREAS (An Empirical Study with Special Reference to Coimbatore City)

*Dr. B. Maheswari, M.Com, M.Phil, PGDCA, B.Ed. Ph.D,  
Assistant Professor, Department of Commerce,  
Kovai Kalaimagal College of Arts & Science, Coimbatore.*

## Introduction

Banking system is an important constituent of overall economic system. It plays a crucial role in the attainment of macro-economic objectives. It acts as a vehicle for socio economic transformation and also as a catalyst to economic growth. It plays an important role in mobilizing the nation's savings and in channelizing them into high investment priorities and better utilization of available resources. In the present competitive environment consumers are increasingly aware of alternatives in relation to services and organizations providing services. Consequently, expectations rise and consumers become more critical of the quality of services. With a view to ensure efficient financial services, India has de-regulated and liberalized the financial sector in general and the banking sector in particular.

## Statement of the Problem

Problem related to customer services and customer satisfactions have been given high priority by even the higher level of policy planners and this is one of the most favorable topics of discussions in the board room. With the increasing level of customer expectations, it is essential that to be more specific both the public and private sector commercial banks innovate strategies and promotes technology-driven, user friendly services to increase the market share as well as image building. This makes a strong advocacy in favour of bank marketing since its application in a right fashion would answer to a number of unsolved questions. The customer is being offered services in his drawing room. In order to succeed and stay successful, marketers need continually to capitalize on the changes in the market. They must cope with the speed of change.

One of the handy tools which helped in creating a quality service in private and foreign banks was use of Information Technology through heavy computerization and use of intranet and internet network for providing such services like money transfer in seconds which used to take weeks in public sector banks. The differentiators were – drastically different banking environment, responsive employees, quality of service delivered etc. The RBI regulates the banking service industry. The customers in addition to the public sector banks increasingly prefer private sector service providers. Though all the commercial banks are providing value added services, enquiries on banks customers have been made on the following;

- What are the services provided by the banks?
- How far the services cater to the needs of the customers?
- To what extent the services are utilized by the customers?

## Objectives of the Study

1. To study the demographic and socio economic status of the bank customers in Coimbatore city.
2. To study the banking habits in rural areas.

## Hypotheses of the Study

1. Demographic status of the customers' significantly influences their level of perception towards their service quality dimensions.
2. Customers' relationship with the bankers significantly influences their level of perception towards their service quality dimensions.

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### Scope of the Study

The measurement of service quality is a pre-requisite for improving customer satisfaction. This study encompasses service quality of all public and private sector banks in Coimbatore city. This study covers respondents who are the customers of the public and private sector banks these customers belong to various professions, area, gender and income. It is expected that the output of this study will help the banks to improve their services and it will also be useful to the policy makers in framing future policies of the bank.

### Research Methodology

The research methodology consists of two stages: exploratory descriptive in nature. This was done in two phases. The initial phase was to undertake detailed secondary data search about the customers' perception trend and satisfaction level based on the services offered by the banks. This forms the desk research work where the reviews of available secondary literature for the study were collected. This exploratory search forms the basis for preparing the interview schedule for the next stage. Data for the study were collected from customers' of the bank in Coimbatore city. The tool used for data collection is an interview schedule, which covered the demographic profile, their banking habits, perception level and satisfaction level of the customers towards service quality provided the banks.

### Limitations of the Study

The results of the study are based on the survey involving 250 samples, small strata of the bank customer in Coimbatore city. The customers selected public sector vs private sector banks were excluded through interview schedule and the analysis was purely statistical in nature. Evaluation of the responses is within the limits of the interview schedule. The emotional content of the satisfaction varies from one individual to another and may differ in different situations. So the researcher found it difficult to assess the expectation level and perception level of customers.

### Review of literature

The Karur Vysya Bank (1991)<sup>1</sup> undertook a study on the image of the bank. The study discloses that the banks' marketing is directly proportional to the bank's image in the minds of the customers. Archana Mathur (1994)<sup>2</sup> in her study revealed that customer faced the problems of delayed services, lack of proper guidance, discrimination between small and big customer by bank staff. She suggested automation system and customer feedback system may be implemented effectively to reduce the delay in offering of services and other related problems regarding delivery of services. It was further suggested that there must be a periodical review of the existing feedback system for proper updating. Choudhury and Koushiki(2008)<sup>3</sup> Their study results shows that the Indian banking industry is going through turbulent times. With the lowering of entry barriers and blurring of product lines of banks and non banks since the financial sector reforms banks are functioning increasingly under competitive pressures. Hence, it is imperative that banks maintain a loyal customer base. In order to achieve this and improve their market and profit positions, many retail banks are directing their strategies towards increasing customer satisfaction and loyalty through improved service quality.

### Results and discussion

The discussion discussed in this section is grouped into two (1) demographic profile of the customers' (2) banking habits.

#### I. Demographic Profile of the Customers'

The analysis of socio-economic features of selected segment of customers who are cluster based on their demographic, socio-economic and life style features help bankers and researcher to understand the functions such as decisiveness, neutrality, anonymity, monotonicity, unanimity and homogeneity of an actual consumer. This section of the study analyses about the demographic profile of the bank customers' surveyed in Coimbatore city. This section of the study analyses about the demographic profile of the bank customers' surveyed in Coimbatore city

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**TABLE: 1**  
**GENDER-WISE DISTRIBUTION OF BANK CUSTOMERS**

Sl. No	Gender	No. of Respondents	Percentage
1.	Male	143	57.20
2.	Female	107	42.80
	Total	250	100

Source: Primary Data

The above table indicates that out of 250 respondents' surveyed, majority i.e., 57.20 per cent of the respondents' are male and the remaining 42.80 per cent of the respondents' are female. Thus it has been concluded that majority i.e., 57.20 per cent of the respondents' are male.

**TABLE: 2**  
**AGE-WISE DISTRIBUTION OF BANK CUSTOMERS**

Sl. No	Age	No. of Respondents	Percentage
1.	Below 30 years	102	40.80
2.	30- 40 years	75	30.00
3.	Above 40 years	73	29.20
	Total	250	100

Source: Primary Data

From the above table it is inferred that 40.8 per cent (102) of the respondents are comes under the category of below 30 years, 30 per cent (75) of the respondents are comes under the category of 30 – 40 years and 29.2% (73) of the respondents are comes under the category of above 40 years. Majority (40.8 per cent) of the respondents are comes under the category of below 30 years.

**TABLE: 3**  
**EDUCATIONAL QUALIFICATION OF THE BANK CUSTOMERS**

Sl. No	Education	No. of Respondents	Percentage
1.	School Level	134	53.60
2.	Graduates	51	20.40
3.	Post Graduates	55	22.00
4.	Technical /Professional	10	4.00
	Total	250	100

Source: Primary Data

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From the above table it is inferred that 53.6 per cent (134) of the respondents are having school level education, 20.4 per cent (51) of the respondents are Graduates, 22 per cent (55) of the respondents are Post Graduates and 4per cent (10) are Technical/ Professionals. Majority 53.6 per cent (134) of the respondents are having school level education.

**TABLE: 4**  
**OCCUPATIONAL STATUS OF THE BANK CUSTOMERS**

Sl. No	Occupation	No. of Respondents	Percentage
1.	Government Employee	172	68.80
2.	Private Employee	31	12.40
3.	Professional	15	6.00
4.	Self-Employment	0	0.00
5.	Business man	32	12.80
6.	Student	0	0.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that among the 250 respondents 172 (68.8 per cent) are Government employees, 31 (12.4 per cent) are Private employees, 15 (6per cent) are Professionals and 32 (12.8 per cent) are Business man. Majority 172 (68.8 per cent) are Government employees

**TABLE: 5**  
**MARITAL STATUS OF BANK CUSTOMERS**

Sl. No	Status	No. of Respondents	Percentage
1.	Married	188	75.20
2.	Unmarried	62	24.80
	Total	250	100

Source: Primary Data

From the above table it is inferred that 75.2 per cent (188) of the respondents are married and 24.8 per cent (62) of the respondents are Unmarried. Majority 75.2 per cent (188) of the respondents are married.

**TABLE: 6**  
**REGIONAL HALING OF BANK CUSTOMERS**

Sl. No	Area	No. of Respondents	Percentage
1.	Rural	175	70.00
2.	Urban	15	6.00
3.	Semi urban	60	24.00

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	Total	250	100
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Source: Primary Data

From the above table it is inferred that 70 per cent of the respondents are living in rural area, 6 per cent of the respondents are living in urban area and 24 per cent of the respondents are living in semi urban area. Majority of the respondents (i.e. 70 per cent) are living in rural area.

**TABLE: 7**  
**MONTHLY INCOME OF BANK CUSTOMERS**

Sl. No	Income	No. of Respondents	Percentage
1.	Less than ₹10000	110	44.00
2.	₹10001 - ₹25000	80	32.00
3.	₹25001 - ₹50000	50	20.00
4.	Above ₹50000	10	4.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that among the 250 respondents 44 per cent of the respondents are having monthly income of less than ₹ 10000, 32 per cent of the respondents are having monthly income between ₹ 10001- ₹ 25000, 20 per cent of the respondents are having monthly income between ₹ 25001- ₹ 50000 and 4 per cent of the respondents having monthly income more than Rs. 50000. Majority (44 per cent) of the respondents having monthly income of less than ₹ 10000.

**TABLE: 8**  
**FAMILY SIZE OF BANK CUSTOMERS**

Sl. No	Family size	No. of Respondents	Percentage
1.	Adults'	140	56.00
2.	Children	110	44.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that the 56 per cent of the respondents' family size are adults and 44 per cent of the respondents' family size are children. Majority (56 per cent) of the respondents' family size are adults.

**II. Banking Habits**

Traditional functions of banks are limited to accept deposits & to give loan & advances. Banks are the safe haven for parking one's money and debit cards are a boon to avoid carrying bulky purses and wallets while also ensuring increased saving. Thus, majority of the common man in India prefer to save in banks in comparison to other saving/investment avenues. This section of the study draws a detailed discussion on the banking habits of the sample customers.

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**TABLE:9**  
**CUSTOMERS' OPINION ON BANK OF ACCOUNT HOLDING**

Sl. No	Bank Name	No. of Respondents	Percentage
<b>Public Sector Banks</b>			
1.	Nationalized Banks	136	54.40
2.	SBI & Associates	56	22.40
<b>Private Sector Banks</b>			
3.	Old Generation Private Sector Banks	16	6.40
4.	New Generation Private Sector Banks	42	16.80
	Total	250	100

Source: Primary Data

From the above table it is inferred that 54.4 per cent of the respondents are having account with the nationalized banks, 22.4 per cent of the respondents are having account with SBI banks & Associates, 6.4 per cent of the respondents are having account with the old generation private sector banks and 16.8 per cent of the respondents are having account with the new generation private sector banks. Majority 54.4 per cent of the respondents are having account with the nationalized banks.

**TABLE:10**  
**CUSTOMERS' OPINION ON NATURE OF ACCOUNTS OWNED**

Sl. No	Type	No. of Respondents	Percentage
1.	SB Account	245	98.00
2.	Current Account	5	2.00
3.	Loan Account	0	0.00
4.	Other Accounts	0	0.00
5.	More than one Account	0	0.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that among the 250 respondents' 98 per cent of the respondents having savings bank account and 2 per cent of the respondents having current account and no one having any other accounts. Majority (98 per cent) of the respondents having savings bank account.

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**TABLE:11**  
**CUSTOMERS' OPINION ON LONGEVITY OF**  
**RELATIONSHIP WITH THIS BANK**

Sl. No.	Period	No. of Respondents	Percentage
1.	Less than 1 year	41	16.40
2.	1-5 years	188	75.20
3.	5-10 years	16	6.40
4.	Above 10 years	5	2.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that 16.4 per cent of the respondents having relationship with banks for less than 1 year, 75.2 per cent of the respondents having relationship with banks for 1–5 years, 4.4 per cent of the respondents having relationship with banks for 5–10 years and 2 per cent of the respondents having relationship with banks for above 10 years. Majority (75.2 per cent) of the respondents having relationship with banks for 1–5 years.

**TABLE: 12**  
**CUSTOMERS' OPINION ON FREQUENCY**  
**OF TRANSACTION WITH THE BANK**

Sl. No	Transact	No. of Respondents	Percentage
1.	Daily	10	4.00
2.	Weekly once / twice	67	26.80
3.	Fortnightly	5	2.00
4.	Monthly	108	43.20
5.	Rarely (Once in 3 months)	60	24.00
	Total	250	100

Source: Primary Data

From the above table it is inferred that 4 per cent of the respondents having daily transaction with their banks, 26.8 per cent of the respondents having transactions with their banks for weekly once or twice, 2 per cent of the respondents having transactions with their banks for fortnightly, 43.2 per cent of the respondents having transactions with their banks for monthly once and 24per cent of the respondents having transactions with their banks for rarely (once in 3 months).

Majority 43.2 per cent of the respondents having transactions with their banks for monthly once.



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**TABLE:13**  
**CUSTOMERS' PERCEPTION FACTORS THAT INFLUENCED**  
**THEM TO OPEN BANK ACCOUNT WITH SPECIFIC BANKERS**

Reasons	Sum	Mean	Rank
Nearness to place of residence	2208	8.83	1
Nearness to place of work	1935	7.74	2
Convenient working hours	1702	6.81	4
Salary / pension gets credited	1734	6.94	3
Formalities are simple	1588	6.35	6
Avail Loan facilities	1622	6.49	5
E-facilities are very efficient	1234	4.94	9
Anywhere banking facilities	1323	5.29	8
ATM facilities, Mobile Banking facilities are good	1564	6.26	7
Demat Account	810	3.24	10
Foreign exchange facility	795	3.18	11

Source: Primary Data

The table 13 explains the customer's perception factor influencing them to open bank account with the specific bankers the factor nearness to the place of residence have been ranked as first with an average mean of 8.83, the factors such as nearness to the place of work and the salary/pension gets credited has obtained second and third rank with an average mean of 7.74 and 6.94 respectively. The factors viz., convenient working hours, avail loan facilities, simple formalities, good ATM facilities, Mobile Banking facilities, Anywhere banking facilities, efficient E-facilities, Demat Account and Foreign exchange facility have been ranked as four, five, six, seven, eight, nine, ten and eleven with mean score of 6.81, 6.49, 6.35, 6.26, 5.29, 4.94, 3.24 and 3.18 respectively. From this table it is concluded that the factor, Nearness to the place of residence have been ranked as first with an average mean of 8.83.

## **FINDINGS, SUGGESTIONS AND CONCLUSION**

### **Findings of the Study**

#### **I. Demographic Profile of the Customers'**

It has been clearly observed that 57.2 per cent of the respondents are Male and 42.8 per cent of the respondents are Female. From the study it has been observed that 40.8 per cent of the respondent comes under the age group of below 30 years. 30 per cent of the respondents are comes under the age group of 30 – 40 years and 29.2 per cent of the respondents are comes under the age group of above 40 years. It has been found that 53.6 per cent of the respondents have completed school level education, 20.4 per cent of the respondents have completed their under graduation and 22 per cent have completed their post graduates and 4 per cent of the respondents have completed technical/professional courses. It has been inferred that 12.4 per cent of the respondents are private employees, 6 per cent of the respondents are professionals and 12.8 per cent of the respondents are Business men. From the study it has been observed that 75.2 per cent of the respondents are married and 24.8 per cent of the respondents are un-married. It can be seen that 70 per cent of the respondents are living in rural area, 6 per cent of the respondents are living in urban area and 24 per cent of the respondents are living in semi urban area. From the study it has been observed that 44 per cent of the respondents are having monthly income of less than ₹ 10000, 32 per cent of the respondents are having monthly income between ₹ 10001- ₹ 25000, 20 per cent of the respondents are having monthly income between ₹ 25001- ₹ 50000 and 4 per cent of the respondents having monthly income more than ₹



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50000. It has been observed that 56 per cent of the respondents' family size is adults and 44 per cent of the respondents' family size is children.

## II. Banking Habits of the Customers' in rural areas

It has been inferred that 54.4 per cent of the respondents are having account with the nationalized banks, 22.4 per cent of the respondents are having account with SBI banks & Associates, 6.4 per cent of the respondents are having account with the old generation private sector banks and 16.8 per cent of the respondents are having account with the old generation private sector banks. It has been clearly observed that 98 per cent of the respondents having savings bank account and 2 per cent of the respondents having current account. It has been seen that 16.4 per cent of the respondents having relationship with banks for less than 1 year, 75.2 per cent of the respondents having relationship with banks for 1–5 years, 4.4 per cent of the respondents having relationship with banks for 5–10 years and 2 per cent of the respondents having relationship with banks for above 10 years. It has been observed that 4 per cent of the respondents having daily transaction with their banks, 26.8 per cent of the respondents having transactions with their banks for weekly once or twice, 2 per cent of the respondents having transactions with their banks for fortnightly, 43.2 per cent of the respondents having transactions with their banks for monthly once and 24 per cent of the respondents having transactions with their banks for rarely (once in 3 months). It has been observed that the customers are satisfied with the variable of nearness to the place of residence for opening account with a specific bank and the variable has been ranked first with an average mean value of 8.83. It has been observed that 79.2 per cent of the respondents having dealings with their bank through ATM.

## Suggestions of the Study

The Public sector banks have to increase human resources, hire skilled and young staff and want to bring technological improvements provided like by the private sector banks. The Private sector banks have to recruit employees who are well versed in local language, increase number of branches nationwide including rural areas. The expectations of the customers are on the increase, especially those customers who belong to generation. Hence banks have to satisfy their traditional practices and adopt themselves to satisfy the needs of the young customers.

## Conclusion

In the present technological era, no banks can survive without the wholehearted support of the customers. So, all the banks are keen interest to provide good services to their customers. It is felt that offering good, quick and innovative services is a vital for success of any banks especially private sector banks. Banking is termed as the nation's engine of economic growth. It is an integral part of business activity. Banking in India presumes to be the most important component in economic development of the country.

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