

International Conference on "Research avenues in Social Science" Organize by SNGC, Coimbatore

Customer Satisfaction Towards the Services Provided by Commercial Banks – An Analysis

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Introduction

In the organized segment, banking system occupies an important place in nation's economy. It plays a pivotal role in the economic development of a country and forms the core of the money market in an advanced country. The commercial banks in India comprise of both public sector as well as private sector banks. There are total 28 Public sector and 27 private sector banks functioning in the country presently. Banks have to deal with many customers everyday and render various types of services to their customer. It is a well known fact that no business can exist without customers.

Banking in India has witnessed remarkable changes and development since the onset of the processes of liberalization, globalization and privatization. The challenges ahead for banks have greatly increased with increasing competition and the growing demand for a greater variety and superior quality of banking services. The growth of the banking industry has generated a lot of interest primarily because of the entry of many private sector banks and also foreign banks resulting in the availability of a wide variety of innovative products and services for the customers.

The customer orientation of the banking sector has significantly increased in recent times. The introduction of a new variety of products and services with emphasis on quality of service clearly indicates how banks address the issue of customer needs and requirements through a customer-centric approach.

Statement of the Problem

After financial sector reforms in 1990 the entire Banking sector got revamped and reshaped in its functional and operational aspects in tune with liberalization, privatization and globalization. It is to be noted that banking industry is unique and distinct in one respect that the products offered by the banks are identified with little difference from one to another. Thus, the product attraction receives less importance, as the products of other banks are identical in nature. The only factor that differentiates a bank from others is the way in which it functions and renders services to the customers. It is evident that there is a changing phenomenon regarding how the customers are being served by the banks. During 1950s to 1960s, the perception towards the customers was to serve the customers rather than to satisfy the customers. Service to customer to their satisfaction was absent during the period. After nationalization of banks in 1969, the banks give more importance to customer orientation rather than profit orientation. After the financial sector reforms in 1990, the banks are bound to gratify the customers and thereby the customers are retained as the customers of the banks concerned.

Despite so many measures initiated at various levels to improve the standard of customer service, the level of satisfaction perceived by various segments of customers has been low.

The effectiveness, efficiency, growth and success of a bank amongst its competitors depend upon the level of satisfaction of its customers towards services rendered to them.

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Hence the Researcher made an attempt to study the satisfaction of customers towards the services of commercial banks in terms of four dimensions namely, towards Infrastructure/Location, Attitude of staff, Operation/Services, Service Charges.

Review of literature

In the past, number of studies on customer's satisfaction was undertaken by bank and researchers. The present study of customer and banking relationship is unique of its kind even though a few attempts were made earlier. **Mr. Ninehil ChandraShil and Mr. Muzakkeeral Huda**, in their study entitled "Explicating customer satisfaction: survey on private commercial banks", identified the factors influencing customer satisfaction and measured the level of satisfaction. **Alok kumar Srivastava and Dr. P. Chatarjee**, in their study entitled

"An analytical study of commercial banking services and customer satisfaction". (With special reference to SBI, Korakphur), observed that "Responsiveness" was main dimension governing customer satisfaction of SBI. **R.A. Ravi**, in his study entitled "User perception of retail banking services: A comparative study of public and private sector banks" identified positive perception for both sector banks. **Mr. Muthian** in his study entitled "A study of customer's attitude towards services rendered by the banks in Trinaveli town", found that the customers in public sector bank have a low level of attitude when compared to customer in private sectors and co-operative banks.

Methodology

This is an analytical study based mainly on the primary data collected through scientifically developed interview schedule. The interview schedule was personally administered on a sample size of 200, chosen on a convenient basis from among five public sectors and five private sector bank customers in the city of Madurai. The sample size of 200 is divided equally as 100 from five public sector banks and 100 from five private sector banks. As a representation, two branches from each of the five banks in public sector and five banks in private sector were chosen for the study. Twenty customers represent each bank. State bank of India, Indian bank, Indian overseas bank, Canara bank and Union bank represent the public sector banks, while Axis bank, ICICI bank, Karurvyasa bank, Lakshminivas bank and Tamil Nadu Mercantile bank represent the private sector banks. In order to study the customers satisfaction towards the services provided by commercial banks, a pre tested interview schedule was administrated and their opinion regarding various attributes contributing satisfaction to customers were collected.

In order to measure the level of satisfaction 24 statements were administered to the respondents. The statements were so designed to assess their satisfaction on various aspects, namely Accessibility, Sufficient space, Seating arrangements, Parking facilities, Drinking water facilities, Interior decoration, Air conditioner, Courteous treatment of staff, Grievance redresal, Opening an account, Speed of withdrawal, Speed of depositing money, Convenient working hours, Collection of Cheques, Modern Banking Services, Availability / Working of ATMs, Speed of Processing and distribution of loans, Locker facilities, Collection charges for cheque / Demand Draft, Interest on Jewel loans, Interest on home loan, Interest on other loans, Locker charges and Fund transfer charges.

Results and discussion

The researcher intended to analyse, using chi-square test, the Dependency relationship between customer satisfaction and profile variables like Age (Lower - up to 35 years, Middle - above 35 years but less than 45 years and Upper - 45 years and Above), Sex (Male and Female), Income (Low - up to Rs.2,00,000, Middle - above Rs.2,00,000 but less than Rs.4,00,000 and High -Rs. 4,00,000 and above), Educational Qualification (School, UG and PG), Occupation (Private/Self, Government and Business) and Transaction(Low- up to Rs.20,000, Middle- above Rs.20,000 but less than Rs.50,000 and High-Rs.50,000 and above). Using Likert's 5 point scaling technique, response was solicited for all the 24 variables from each of the 200 sample respondents. For this purpose, the respondents were grouped into two categories (Low and High), based on their score values. The scores were used to assess the level of satisfaction of each respondent. The Mean and Standard deviation of scores were worked out and the respondents were grouped at the above mentioned criteria.

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Table -1
Satisfaction and Profile Variable

Variable		Level of Satisfaction			P-Value	H0
		Low	High	Total		
Age	Lower	36	27	63	.010	Reject
	Middle	53	53	106		
	Upper	25	6	31		
Total		114	86	200		
Sex	Male	88	64	152	.649	Accept
	Female	26	22	48		
Total		114	86	200		
Income	Low	64	48	112	.598	Accept
	Middle	39	26	65		
	High	11	12	23		
Total		114	86	200		
Educational Qualification	School	30	13	43	.078	Accept
	UG	46	33	79		
	PG	38	40	78		
Total		114	86	200		
Occupation	Pvt/Self	38	24	62	.075	Accept
	Business	28	34	62		
	Govt	48	28	76		
Total		114	86	200		
Transaction	Low	68	59	127	.363	Accept
	Middle	24	16	40		
	High	22	11	33		
Total		114	86	200		

Table -1 discloses that 57 per cent (114) of respondents have low level of satisfaction and the rest 43 per cent (86) have high level of satisfaction. It could be seen that the level of satisfaction is comparatively low for the majority of the respondents. Further the researcher intended to analyse the existence of relationship between the level of satisfaction and the profile variables of the respondents. The following hypotheses were framed and tested using chi-square test.

H₀: Level of Satisfaction is Independent of Age

Table - 1 shows $\chi^2 (2, N=200) = 9.191, P=.010$. As the p value is less than 0.05 it is statistically evident to reject the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is dependent of age of respondents. So the level of satisfaction varies from one age group to another.

H₀: Level of Satisfaction is Independent of Sex

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Table – 1 depicts that $\chi^2 (1, N=200) = 0.21, P=.649$. As the p value is greater than 0.05 it is statistically evident to accept the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is independent of sex and does not vary between male and female.

H₀: Level of Satisfaction is Independent of Income

Table – 1 records that $\chi^2 (2, N=200) = 1.029, P=.598$. As the p value is greater than 0.05 it is statistically evident to accept the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is independent of income. The level of satisfaction does not vary among respondents falling under different income groups.

H₀: Level of Satisfaction is Independent of Educational Qualification

Table – 1 reveals that $\chi^2 (2, N=200) = 5.091, P=.078$. As the p value is greater than 0.05 it is statistically evident to accept the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is independent of Educational qualification and does not vary depending on educational qualification

H₀: Level of Satisfaction is Independent of Occupation

Table – 1 shows $\chi^2 (2, N=200) = 5.187, P=.075$. As the p value is greater than 0.05 it is statistically evident to accept the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is independent of occupation of the respondents. The level of satisfaction does not vary among respondents falling under different categories based on their employment in Private and Government organisation and engaged in own Business.

H₀: Level of Satisfaction is Independent of Transaction

Table – 1 shows $\chi^2 (2, N=200) = 2.024, P=.363$. As the p value is greater than 0.05 it is statistically evident to accept the null hypothesis at 5% level of significance. Hence it is inferred that the level of satisfaction is independent of volume of transaction made by the respondents and does not vary among groups.

Conclusion

At present, the commercial banks, both public and private sector, render various services to the customers that ensure safety of funds, secured transfer of funds, easy remittances, convenient banking operations and Any time and Any where banking. The customers also depend much on the banks, even for their routine affairs. The ever-increasing demands for banking service and the competition between public and private sector banks add pressure to the bankers to satisfy their customers. The introduction of modern high-tech banking services simplified the banking operations and its fruits are enjoyed by both the bankers and customers.

However, many research studies reveal that the commercial banks are not serving upto the expectations of their customers. So it becomes imperative on the part of every banker to take stock of the situation and initiate constant efforts to satisfy their customers.

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