

# “A STUDY TO EVALUATE THE BANKING SERVICES PROVIDED TO SME CUSTOMERS IN COIMBATORE”

Dr.K.P.Balakrishnan<sup>1</sup>

<sup>1</sup> Associate Professor, Department of Commerce, Park's College, Tirpur Tamilnadu, India

## ABSTRACT

*The primary objective of this research is to evaluate the banking services provided to small and medium enterprises (SME) customers in Coimbatore. The primary objectives are achieved through finding out the new product requirements of SME customers, customer satisfaction level and marketing effectiveness of banks at Coimbatore. The descriptive research is used by the researcher. The sampling technique that was adopted for the study was convenience sampling a type of non-probability sampling. The primary data was collected through the interview method using a structured questionnaire. The sample size was hundred, to get the results of the researcher the data are analysed using statistical tools like percentage analysis, chi-square test and weighted average analysis. Some respondents' unwillingness to answer the question is the difficulty faced while collecting the data the study reveals that majority satisfied about the banking services in Coimbatore. ICICI marketing effectiveness is high in Coimbatore. The use of interest banking in low the customer satisfaction level in the current account of ICICI bank is high compared to other banks. The customers also want introduction of need based new products. Suggestion and recommendation are made to increase the current level of performance by the banks.*

**Keyword :** SME Bank Customers, Bank services, Satisfaction

## 1. INTRODUCTION

### 1.1. COMPANY PROFILE

ICICI Bank is India's second-largest bank. The Bank has a network of about 573 branches and extension counters and over 2,000 ATMs. ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary.

ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank.

In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. In 2001, ICICI bank acquired Bank of Madura Limited.

ICICI Bank set up its international banking group in fiscal 2002 to cater to the cross border needs of clients and leverage on its domestic banking strengths to offer products internationally. ICICI Bank currently has subsidiaries in the United Kingdom, Canada and Russia, branches in Singapore and Bahrain and representative offices in the United States, China, United Arab Emirates, Bangladesh and South Africa.

Today, ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

## 2. OBJECTIVES AND LIMITATIONS

### 2.1.OBJECTIVES

#### Primary Objectives

- ❖ To evaluate the banking services provided to SME customers in Coimbatore.

#### Secondary Objectives

- ❖ Marketing effectiveness of banks in Coimbatore City.
- ❖ To find out the new product requirements of SME customers.
- ❖ To find out customers satisfaction level in current account of ICICI bank, Coimbatore.

### 2.2 LIMITATIONS

- ❖ During the study, these were several problems such a unwillingness to respond and uses co-operations from respondents due to this daily target during data collection.
- ❖ The respondents found a short span of time in spending for the direct interview.
- ❖ The study is restricted with Coimbatore alone.
- ❖ The time constrains had restricted the researcher from an in-depth study.
- ❖ The sampling method adapted to this study in the major limitation. Because in convenience sampling elements of the sample may not represent the whole population.

## 3. RESEARCH METHODOLOGY

### 3.1.INTRODUCTION

The meaning of research is a “Careful Study or investigation especially in order to discover new facts or information”.Research is defined as movement from the known to the unknown. It is an effort to discover something. According to Clifford Woody “Research comprise defining and redefining problems formulating hypothesis or suggested solutions, collecting/ organizing and evaluating data making, deduction & research conclusions and at last carefully testing the conclusion to determine whether they fit the formulation hypothesis.

### 3.2 .RESEARCH DESIGN

Research design is a plan of action that guides the entire research. There are four types of research design available. They are

1. Exploratory Research Design
2. Descriptive Research Design
3. Diagnostic Research Design
4. Experimental Research Design

In our Study **Descriptive Research Design has been adopted.**

### 3.3.QUESTIONNAIRE DESIGN

Quite often questionnaire is considered as the heart of a survey operation. Hence it should be very carefully constructed. Questionnaire was prepared with the combinations of various types of questions which have been listed below. The number of questions used under each type are 6 yes/no questions, 8 open ended questions, 18 close ended questions and 2 ranking questions.

### 3.4.SAMPLING TECHNIQUE USED

The sampling technique adopted for the study is convenience sampling.

### 3.5.SAMPLE SIZE

The sample size of 100 customers of the branch were interviewed.

### 3.6. PRE TESTING

Pre-testing is a method which has to be followed strictly. Once questionnaire is drafted it should be field tested before finalizing.The responses are studied to determine the need for restructuring the questionnaire. Pre-testing was done on a group of 15 respondents. Using the result of the pre-testing the researcher has reframed some of the questions.

### 3.7.PERIOD OF STUDY

The period of study is for three months i.e., January to March 2016.

### 3.8.METHOD OF DATA COLLECTION

The data collected for the study includes both primary and secondary data in order to attain the objectives of the study.Apart from this information regarding the company, future prospects etc have been collected from websites, clipping, from newspapers, magazines, journals, books.

### 3.9. STATISTICAL TOOLS USED

The role of statistics in research is to furnish a tool in designing research, analyzing its data and drawing conclusions there from. As every individual clearly knows that a researcher cannot ignore the science and statistics. Tools used are as follow.

**1. Chi-square Test**

The objective of the chi-square test is to determine whether there is any significant difference exists among the various factors. Chi-square test involves comparison of expected frequency (Ei) with observed frequency (Oi) to determine whether the difference between the two is greater than the tabulated value that might occur by chance. There are 5 steps in using chi-square test.

1. The difference between each observed frequency and each expected frequency is computed.
2. The difference is squared.
3. Each squared difference is divided by the respective expected frequency.
4. Their quotients are added together to obtain the computed chi square value.
5. This computed value is then compared to tabulate chi-square value.

If the computed  $\chi^2$  value is greater than the tabulated  $\chi^2$  value at a predetermined level of significance and degrees of freedom, the hypothesis is rejected.

On the other hand, if the calculated  $\chi^2$  value is less than the tabulated value, the hypothesis is accepted.

where

$$\begin{aligned} \chi^2 &= (O-E)^2/E \\ \chi^2 &= \text{Chi-Square} \\ O &= \text{Observed frequency} \\ E &= \text{Expected frequency} \end{aligned}$$

**2. Weighted Average Method**

When the relative importance of the different observations is not the same, we compute weighted arithmetic mean. The terms “Weight” stands for the relative importance of the different observations. The formula for this is,

$$X_w = \frac{\sum W X_i}{\sum W_i}$$

where

$$\begin{aligned} X_w &= \text{Weighted arithmetic mean} \\ X_i &= \text{The variable} \\ W_i &= \text{Weights attached to the variable } X_i \quad i=1, \dots, n \end{aligned}$$

**4. DATA ANALYSIS & INTERPRETATION**

**4.1 RANKING**

**TABLE NO.4.1.1**

**PRODUCT INNOVATION CUSTOMER CENTRIC**

S.No.	Bank	Weightage Score	Rank
1.	ICICI	431	I
2.	SBI	352	II
3.	Canara	257	III
4.	Indian	220	V
5.	IOB	245	IV

**INFERENCE**

It is observed from the above table that ICICI bank introduced new products which were innovative and it is ranked first by the respondents with weightage score of 431 points, SBI ranked second by the respondents with score of 352 points, third rank goes to Canara bank ranked by the respondents with scored by 257 points, IOB ranked fourth by the respondents with weightage score of 245 points and last rank occupies Indian bank with

weightage score of 220 points. From the above analysis maximum of the respondents expressed their opinion that ICICI bank introduces more innovative products.

TABLE NO. 4.1.2

**RANK OF BANKS IN COIMBATORE CITY IN TERMS OF SERVICES PROVIDED TO SME CUSTOMERS**

S.No.	Opinion	Weightage Score	Rank
1.	ICICI	484	I
2.	SBI	450	II
3.	Canara	327	III
4.	Indian	293	IV
5.	IOB	248	VI
6.	Any other bank	277	V

### INFERENCE

It is inferred from the above table that ICICI bank provides better services compared to other banks and it is ranked first by the respondents with a score of 484 points, SBI provides next better service which ranked second with a score of 450 points, Canara and Indian bank occupies third and fourth ranks with respective score of 327 and 293 points, last rank is occupied by IOB bank with weightage score of 248 points. From the above analysis majority of the respondents are satisfied with services provided by the ICICI bank.

### 4.2.CHI - SQUARE ANALYSIS

TABLE NO. 4.2.1

**YEAR OF ESTABLISHMENT AND LEVEL OF SATISFACTION TOWARDS BANKING SERVICES (TWO-WAY TABLE)**

S.No.	Year of Establishment	Level of Satisfaction				Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	
1	< 10 years	5	40	6	8	59
2	11 – 20 years	1	8	9	4	22
3	> 20 years	2	7	5	5	19
	<b>Total</b>	8	55	20	17	100

Null Hypothesis ( $H_0$ )

- There is no significant relationship between year of establishment and level of satisfaction towards banking services.

Alternative Hypothesis ( $H_1$ )

- There is close relationship between year of establishment and level of satisfaction towards banking services.

### CHI-SQUARE ( $\chi^2$ ) CALCULATION

Calculated $\chi^2$ value	=	14.219
Degree of freedom	=	6
Table value	=	12.592

Significant result = Significant at 5% level

## INFERENCE

From the above analysis, we find that the calculated value of  $\chi^2$  is greater than the table value and hence, the null hypothesis rejected. So, there is a close significant relationship between year of establishment and level of satisfaction towards banking services.

**TABLE NO. 4.2.2**

**DESIGNATION AND LEVEL OF SATISFACTION  
TOWARDS BANKING SERVICES  
(TWO-WAY TABLE)**

S.No.	Designation	Level of Satisfaction				Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	
1	Manager	3	4	10	1	18
2	Owner	1	14	3	6	24
3	Partner	3	11	3	4	21
4	Proprietor	1	14	5	4	24
5	Accountant	0	11	0	2	13
	<b>Total</b>	8	54	21	17	100

Null Hypothesis ( $H_0$ ) - There is no significant relationship between designation and level of satisfaction towards banking services.

Alternative Hypothesis ( $H_1$ ) - There is close relationship between designation and level of satisfaction towards banking services.

### CHI-SQUARE ( $\chi^2$ ) CALCULATION

Calculated  $\chi^2$  value = 27.054  
 Degree of freedom = 12  
 Table value = 21.026  
 Significant result = Significant at 5% level

## INFERENCE

From the above analysis, we find that the calculated value of  $\chi^2$  is greater than the table value and hence, the null hypothesis rejected. So, there is a close significant relationship between designation and level of satisfaction towards banking services.

TABLE NO. 4.2.3

**PERIOD OF MAINTAINING THEIR ACCOUNT AND LEVEL OF SATISFACTION TOWARDS  
BANKING SERVICES  
(TWO-WAY TABLE)**

S.No.	Period of Maintaining their account	Level of Satisfaction				Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	
1	Less than 5 year	3	6	6	7	22
2	6-10 years	3	11	5	3	22
3	11-15 years	0	24	3	2	29
4	Above 15 years	2	14	6	5	27
	<b>Total</b>	8	55	20	17	100

Null Hypothesis ( $H_0$ ) - There is no significant relationship between period of maintaining their account and level of satisfaction towards banking services.

Alternative Hypothesis ( $H_1$ ) - There is close relationship between period of maintaining their account and level of satisfaction towards banking services.

**CHI-SQUARE ( $\chi^2$ ) CALCULATION**

Calculated $\chi^2$ value	=	18.214
Degree of freedom	=	9
Table value	=	16.919
Significant result	=	Significant at 5% level

**INFERENCE**

From the above analysis, we find that the calculated value of  $\chi^2$  is greater than the table value and hence, the null hypothesis rejected. So, there is a close significant relationship between period of maintaining their account and level of satisfaction towards banking services.

TABLE NO. 4.2.4

**NUMBER OF CURRENT ACCOUNTS OPERATED AND LEVEL OF SATISFACTION TOWARDS  
BANKING SERVICES  
(TWO-WAY TABLE)**

S.No.	Number of Current Accounts	Level of Satisfaction				Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	
1	One	8	53	15	14	90
2	Two	0	2	5	3	10

	<b>Total</b>	8	55	20	17	100
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- Null Hypothesis ( $H_0$ ) - There is no significant relationship between number of current account operated and level of satisfaction towards banking services.
- Alternative Hypothesis ( $H_1$ ) - There is close relationship between number of current account operated and level of satisfaction towards banking services.

### CHI-SQUARE ( $\chi^2$ ) CALCULATION

Calculated $\chi^2$ value	=	8.188
Degree of freedom	=	3
Table value	=	7.824
Significant result	=	Significant at 5% level

### INFERENCE

From the above analysis, we find that the calculated value of  $\chi^2$  is greater than the table value and hence, the null hypothesis rejected. So, there is a close significant relationship between number of current account operated and level of satisfaction towards banking services.

**TABLE NO. 4.3.5**  
**PROCESSING PERIOD AND LEVEL OF SATISFACTION**  
**TOWARDS BANKING SERVICES**  
**(TWO-WAY TABLE)**

S.No.	Processing Period	Level of Satisfaction				Total
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	
1	Within 7 days	5	13	4	2	24
2	8-14 days	0	23	2	3	28
3	15-21 days	1	7	2	7	17
4	1 month	2	10	6	3	21
5	Above 1 month	0	2	6	2	10
	<b>Total</b>	8	55	20	17	100

- Null Hypothesis ( $H_0$ ) - There is no significant relationship between processing period and level of satisfaction towards banking services.

Alternative Hypothesis (H<sub>1</sub>) - There is close relationship between processing period and level of satisfaction towards banking services.

### CHI-SQUARE ( $\chi^2$ ) CALCULATION

Calculated $\chi^2$ value	=	34.412
Degree of freedom	=	12
Table value	=	21.026
Significant result	=	Significant at 5% level

### INFERENCE

From the above analysis, we find that the calculated value of  $\chi^2$  is greater than the table value and hence, the null hypothesis rejected. So, there is a close significant relationship between processing period and level of satisfaction towards banking services.

## 5. FINDINGS, SUGGESTIONS & CONCLUSIONS

### 5.1. FINDINGS

1. It is found from the analysis that (77.0%) of the respondents feel that ICICI bank advertisement can be majority recalled in their mind.
2. It is inferred from the analysis that majority (63.0%) of the respondents expressed their opinion that TV is the more effective media to advertise.
3. It is noted from the analysis that majority (54.0%) of the respondents feel that SBI bank logo is the most attractive.

### 5.2. SUGGESTIONS

- ❖ The charges levied in the current account may be rationalized to satisfy the customers.
- ❖ ICICI bank may concentrate more on customers having the average balance of Rs.1000 -50000 in their current account.
- ❖ To increase the customer satisfaction level the banks may give investment advices also.
- ❖ Banks should end our reduce the loan processing period and to ensure need based timely credit. May go in for brand / logo promotion programs.

### 5.3. CONCLUSION

The study is mainly focusing on evaluating the banking services provided to SME customer in Coimbatore. This evaluation is made with the help of finding the marketing effectiveness of banks in Coimbatore city, the new product requirement and satisfaction level in current account, loans, etc. Customers are yet to accept modern internet bank facilities. All most the marketing activities through TV, Printmedia had reached well to the customers.

The study reveals that customers have overall satisfaction about the banking services provided to them. Their suggestion to improve the banking services needed to SME customers are also brought out. The study also reveals their ICICI abnk is offering innovating product then other banks.

Recommendations are made to overcome the deficiencies and to achieve the competitive advantage.

### 5.3 CONCLUSION

The effect of Liberalization, Privatization and Globalization pave ways to launch the ICICI which are directly controlled by RBI. ICICI bank is one among the new private banks and if it work hard to achieve its goal through offering the best services for the SME customers as per their expectations Proper awareness should be created through attractive advertisement in the audio visual media. The research work is a rewarding exercise to the scholar and the scholar would be delighted if the findings and suggestions are incorporated by the ICICI bank in the study area.