

A Study on Customer Satisfaction Towards Banking Services with Special Reference to Chennai City

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ABSTRACT - After the implementation of government rules and regulation on globalization and liberalization, the banks provide a numerous number of products and services to the customers. They are forced to draw up innovative customer strategies to achieve their desired results. With a view to providing their customers with the best possible service. The various services offered by the banks can be utilized by the customers only when they are made aware of these services. The banker has to understand the customers' needs and in the same way, the customer has to what are all the types of services offered by the banks. Increased level of awareness among the customers leads to increased preferences. The purpose of this study is to investigate the preference and satisfaction level of customers towards loans, deposits schemes rendered by private and public banks in chennai district. The present study is to analyze the customer preference and satisfaction towards banking services with both private and public banks in chennai district.

Keywords: Awareness, Services, customer satisfaction.

I. INTRODUCTION

The banking sector plays an important role in the development of Indian economy. Before the dawn of independence, the development of the banking sector was not satisfactory. In those days the aim of the bank was to earn profit rather than render services to the public at large. It is a strategic goal for all banks involved in the delivery of customer service. Dissatisfaction paves way for poor customer base. When there is high competition, even a small level of dissatisfaction may lead to loss of customers. High customer satisfaction attracts new customers and helps retain existing ones. In the context of deregulation and free market, measuring customer satisfaction in banks is very essential for them. Regulation and technological improvements are responsible for the vast majority of innovations in banking over the past quarter century. The regulatory changes also fueled much of the industry's growth. Now-a-days banks are competently introducing new and latest services very frequently, thereby attracting customers towards the utilization of their services. Customers are the lifeblood for any business and banking industry is a highly service oriented business. If the customers are satisfied with services provided by the bank, it is easy for bankers to retain or delight them for longer periods. Banks offering different types of product and services that should be suitable to the customer and most likely to result in revenue for the bank. There is a phenomenal change and paradigm shift towards customer focus over the past five decades. The banking business

found standing on the pillars of customer's satisfaction it is pertinent that policy makers and branch manager think over the problem on priority basis.

II. STATEMENT OF THE PROBLEM

Now banks are accessible even to a common man and their activities extend to areas hitherto untouched. The customers are able to choose their banker from a number of banks offering wide range of services and delivering quality service. The commercial banks in India are now becoming more market oriented and customer friendly. Efforts are being taken to improve their competitiveness through enhanced quality service, which is vital for keeping their customers well contented and satisfied. Satisfied customers are central to optimal performance and financial returns. Customers are viewed as a group whose satisfaction with the banks must be incorporated in strategic planning efforts. Banks are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. With better understanding of customers' perception, banks can determine the actions required to meet their customers' needs.

III. REVIEW OF LITERATURE

Abu-Mu'amar (2005)¹ found a strong, statistically significant relation between the customer's satisfaction and the banking service quality provided. He also concluded that the customers' continuation in dealing with banks and being more loyal to these banks basically depended on their

assessment of the service quality provided. He also indicated the necessity to understand the client's expectations in order to provide a better banking service to them and made them feel satisfied.

Sultan Singh (2004)² in his article titled, "An Appraisal of Customer Services of Public Sector Banks" has examined the level of customer service and satisfaction is determined by branch location and design, variety of services, rates and changes, systems and procedures, delegation and decentralization, mechanisation and computerisation. Competitive efficiency complaint, redressal and very importantly staff skills, attitudes and responses.

S. Gopalakrishnan (2005)³ in his article titled, "Customer Service: Vital Tool for Success" has studied that banks are realizing that customer retention has become more crucial than acquiring new customers. Growing competition and technological innovations are pulling customers awareness among customers whose expectations are growing day by day. Banks had no option but to address the needs of customers effectively to survive in the liberalised regime. Prompt and efficient customer service alone will tempt existing customers to continue and induce new customers to try the services preferred by the banks.

M. Selvam (2005)⁴ in his article entitled, "Customer Satisfaction of Banking Services: An Overview" has studied to assess the measurement criteria and to evaluate customer satisfaction regarding banking services and evaluate the level of satisfaction of customer services provided by the banks. He concluded that the bank has to keep in mind the mantra that "Customer is the King" and banks exist to serve them and should practice range of services which fulfill customers' satisfactions.

Jelsy Joseph and N.Shani (2008)⁵ in their book entitled, "Changing Role of Banks – A Global Perspective" have discussed the attitude of the customers towards banking services like time taken for opening saving account, time spent for depositing cash and withdrawal, satisfaction of customers and problems of customers. They conclude that the customers are benefited by long term profitable relationship with banks in terms of improved service quality, personalised care, reduction of customer stress, increased value for money, customer empowerment and so on.

IV. OBJECTIVES OF THE STUDY

1. To analyze the demographic profile of the sample respondents of the study area.
2. To analyse the types of services offered by banks.
3. To measure the level of customer satisfaction towards banking services.

V. SCOPE OF THE STUDY

The present study is undertaken from the view points of the customers of public and private banks in Chennai district. The banks are plan to achieve business growth by satisfying the expectation of their customers. So the banks are providing innovative services to attract the customers. In this context, the study will throw light on level of satisfaction on banking services.

VI. LIMITATIONS OF THE STUDY

The study has done in the Chennai city it may vary from other areas. Due to time and economic constraints of the researcher number of respondents limited .

VII. METHODOLOGY AND RESEARCH DESIGN

This study is based on the primary and secondary data. The primary data relating to the level of preferences and satisfaction customer of the banks about the services offered by commercial banks were collected from persons having their accounts in any public sector bank or private sector bank in Chennai city by interviewing them directly by the researcher with the help of an interview schedule. Secondary data were obtained from different brochures of banks, websites of banks, magazines and journals.

7.1. Sample selection

For the purpose of the study, totally two leading commercial banks are selected one public sector banks and another one private sector banks, they dominate the market in the category of different banking services in Chennai city. The selected banks are SBI bank and ICICI bank. So, it is perceived that an analysis of the primary data collected through interview schedule among the customers of these banks would help to understand the perception and satisfactions about banking services.

7.2. Sampling methods

The personal judgment method has employed for the selection of banks, where two banks has been chosen for the study. By using simple random method 100 customers has selected from each bank. This sample pack of 200 customers, has duly calculate on the base of sampling proportion. Chennai city is governed by the corporation of Chennai. It consists of two divisions called north and south and is divided to 10 zones .From each zone 10 sample respondents are taken from the both banks.

7.3. Statistical tools

Percentage method and chi square test is used for analysis of data.

VIII. INTERPRETATION AND ANALYSIS OF DATA

TABLE 1 CLASSIFICATION ON THE BASIS OF DEMOGRAPHIC PROFILE

S.No	DEMOGRAPHIC FACTORS	NO. OF RESPONDENTS	PERCENTAGE
1	Gender	Male	118
		Female	82
2	Age	Below 20	24
		21-30	50
		31-40	94
		41-50	32
			16
3	Education	Higher Secondary	42
		Graduate	114
		Post graduate	24
		Professional	20
4	Marital Status	Married	154
		Unmarried	46
5	Occupation	Unemployed	78
		Employed	122
6	Annual Income	Below 200000	54
		200000-500000	108
		Above 500000	38

Source: Primary data

From the above table it is indicated 59 per cent respondents are males and only 41 per cent are females. Age is an important influencing factor in operating bank transactions, similarly the factors viz., education, occupation to some extent, decides the usage of banks services. From the study, it was seen that majority 47 per cent of the respondents were from the middle age category (31-40), followed by 25 per cent of the respondents in the age group of 21-30, 16 per cent of the respondents were under the age group of 41 - 50 and 12 per cent of the respondents in the age group below 20.

57 per cent of the respondents are graduates, 21 per cent of the respondents have studied up to Higher secondary, 12 per cent of the respondents were postgraduates and remaining 10 per cent of the respondents are professionals like engineers and lawyers, etc. 77 per cent of the respondents were married and the remaining 23 per cent of the respondents single. Occupation is a predominant factor that reveals the customer social class, life style and willingness to buy and ability to buy because occupation provides the income which influences the purchases and services. Among the 200 respondents 61 per cent of the respondents are employed and the remaining 39 per cent of the respondents are unemployed. we know that occupation and income are interrelated, i.e., customers who earn less may take into account the price or next time services or customers who earn more, may not bother about the high priced services. It is observed that 54 per cent of the respondents belong to the income level of below Rs. 2 lakh – 5 lakh, 27 per cent of the respondents come under the income level of below Rs.2 lakh and remaining 19 per cent of the respondents are earning above Rs.5 lakh.

TABLE 2 CLASSIFICATION ON THE BASIS OF BANK DEPOSIT SCHEMES

S.No	PARTICULARS	NO. OF RESPONDENTS	PERCENTAGE
1	Kinds of deposits	Savings	76
		Current	22
		Recurring deposit	62
		Fixed deposit	40
2	No. of years experience in holding account	1 - 2	26
		2 - 4	68
		4 - 6	72
		6 - 8	34
3	Reasons for preferring deposit schemes	Better service	34
		High Interest	76
		Near to house or work	54

		place		
		Modern technology	26	13
		Others	10	5
4	Opinion about interest rates on deposits	Low	48	24
		Moderate	96	48
		High	56	28
5	Overall satisfaction	Yes	142	71
		No	58	29

Source: primary data

Table 2 reveals about the respondents on the basis of kinds of deposits maintaining in bank, number of years of having transactions with two banks and satisfaction related to deposit schemes . Out of 200 respondents have savings account of 38 per cent , 31 per cent of the respondents have recurring deposit account,20 per cent of the respondents have fixed deposits and 11 per cent of the respondents have current account. It is inferred that 36 per cent of the respondents have 4-6 years of experience with the same bank, followed by 2-4 years of bank transaction experiences as assigned by 34 per cent, 17 per cent of the respondents experience of 6 - 8years of experience while a very minimal 13 per cent of the respondents have experience of 1- 2. However, choosing a particular bank and its service schemes depends on the psychological factors like preferences, perception about schemes offered, influence of media, relatives, colleagues as well as mindset of the people. Our research work estimates that the interest rates offered by banks 38 per cent, near to house or work place 27 per cent, better services of the bank 17 per cent and modern technology 13 per cent were majority of customer preference factors for choosing particular deposit schemes. Specific attention is paid to know about opinion on interest rates on deposits and 48 per cent of the respondents opined that it was moderate, nevertheless 28 per cent of the respondents' opinions were favorable to bank interest rates 24 per cent of the customers opined that it was low;. Ultimately 71 per cent of the bank customers were satisfied on overall satisfaction on bank deposits schemes resulted positively and 29 per cent of the respondents are not satisfied.

TABLE 3 CLASSIFICATION ON THE BASIS OF BANK LOAN AVAILED

S.No	PARTICULARS		NO. OF RESPONDENTS	PERCENTAGE
1	Loan availed	Yes	156	78
		No	44	22
2	Kinds of loan	Personal loan	32	16
		Home loan	44	22
		Business loan	26	13
		Education loan	12	6
		Vehicle loan	48	24
		Gold loan	38	19
3	Opinion about interest rates on loan availed	Low	48	24
		Moderate	94	47
		High	58	29
4	Loan processing time	Very slow	44	22
		Very Fast	156	78
5	Reason for preferred particular bank for availing loans	Low interest	12	6
		Less process fee	56	28
		Speed processing	64	32
		Advice given by bankers	32	16
		Recommendation from friends	36	18
6	Opinion about over-all satisfaction level of bank loan service	Highly satisfied	18	9
		satisfied	84	42
		Dissatisfied	66	33
		Highly dissatisfied	32	16

Source: Primary data

Table 3 shows the customer preferences and their satisfaction with respect to bank loans availability. It is measured through customers' opinion about interest rates, loan processing time, reason for preferring particular banks services and overall satisfaction. Out of 200 respondents 78 per cent of the respondents are availed loans and 22 per cent of the respondents are not availed loan.24 per cent of the respondents are availed vehicle loans, 22 per cent availed home loans, followed by 19 per cent

availed gold loans, followed by 16 per cent availed personal loan, 13 per cent availed business loan. A meager number of respondents availed educational loans. Questions were posed to get opinion about interest rates on availed bank loans, in that majority of the respondents 47 per cent opined that interest rates on bank loans are moderate, 29 per cent of the respondents opined that high and low interest rate was responded by 24 per cent. It indicates that there were chances that customers had no clear idea about interest rates while availing bank loans, lack of knowledge about exact interest, late payment fine or charges, etc. When opinion was asked about processing time of loan, majority of the respondents opined that bankers' time taken to process the loan requested is reasonable and acceptable. 78 per cent of respondents opined that loan processing time is very quick and remaining 22 per cent response supports loan processing time is very slow. Customers' pleasure highly depends on many factors of the quality and quantitative services of the banks while our empirical survey results are more supportive of five factors, i.e., 32 per cent of the respondents are attracted by speed processing by banks, 28 per cent of the respondents selected for less process fee, 18 per cent of the respondents are selected due to recommendation from friends, 16 per cent of them preferred particular banking services due to good services assistance provided by banking employees and 6 per cent of respondents preferred for low interest rates. Finally when we come to know about bank loan availed by customers were asked for the overall satisfaction, majority of them were satisfied with the current bank services 42 per cent, followed by 33 per cent of the people who were dissatisfied due to penalties, fears of threatening, interest rate confusion, hidden charges and 16 per cent of the respondents were highly dissatisfied and confused with interest rate charges, hidden cost, unknown deduction, and only 9 per cent of the respondents are highly satisfied. Hence, the bankers should treat customer issues in a solvable manner, then only any bank can retain the customer for a long term else there may be chances of customer switchovers and loss of profitable customers.

Further chi square test is used. Table 4 shows the annual income and the level of satisfaction on banking services.

Null Hypothesis: There is no association between annual income and level of satisfaction on banking services of customers

TABLE 4 CHI-SQUARE TEST FOR ASSOCIATION BETWEEN ANNUAL INCOME AND LEVEL OF SATISFACTION ON BANKING SERVICES

ANNUAL INCOME (IN RS)	LEVEL OF SATISFACTION			TOTAL	CHI-SQUARE VALUE	P VALUE
	LOW	MODERATE	HIGH			
Below 200000	20 (37.0%) [35.7%]	25 (46.3%) [27.5%]	9 (16.7%) [17.0%]	54	12.555	0.005**
200000-500000	30 (27.7%) [53.6]	51 (47.2%) [56.0]	27 (25.0%) [50.9]	108		
Above 500000	6 (15.8%) [10.7%]	15 (39.5%) [16.5%]	17 (44.7%) [32.1%]	38		
Total	56	91	53	200		

Note: 1. The value within () refers to Row Percentage

2. The value within [] refers to Column Percentage

3. ** Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is association between monthly income and level of satisfaction on banking services of customers. Based on the row percentage, annual income of below 200000, 37.2 per cent customers are low level of satisfaction, 46.3 per cent are moderate level of satisfaction and 16.7 per cent are high level of satisfaction. The annual of income above 500000, 15.8 per cent are low level of satisfaction, 39.5 per cent are moderate level of satisfaction

and 44.7 per cent are high level of satisfaction. Hence annual income of below 200000 customer's are low level of satisfaction and above 500000 income of customers are high level of satisfaction.

IX. FINDINGS

Most of the customers were male. Majority of the customers were in the age group of 31 -40 years. Most of the customers were under graduates. Most of the customers were married. Most of the customers were employed. Most of the customers have annual income of Rs.200000 – 500000.

Majority of the customers hold savings account in a bank. Majority of the respondents have 4-6 years of experience with the same bank. Most of respondents choose deposit schemes for interest rates offered by banks. Majority of the respondents opined that interest rate on deposits is moderate. Most of the customers were satisfied on overall satisfaction on bank deposits schemes .

Most of the respondents were availed loans .Majority of the respondents are availed vehicle loans. Majority of the respondents opined that interest rates on bank loans are moderate. Most of the respondents opined that loan processing time is very quick .Majority of the respondents are attracted by speed processing for loan is the reason choosing the bank. Majority of the respondents were satisfied with the loan services.

X. SUGGESTIONS

1. The banks must provide more advertisements about their banking services then only it reaches customers fast.
2. The banks must provide frequent updates of their new banking services to customers.
3. Bankers should take maximum efforts to educate the customers by offering on line training instead of handing out instruction manuals.
4. Customers expect the bank prospect in order to know the bank procedure.

XI. CONCLUSION

Now days, due to increase in competition, customer satisfaction is considered to be the most important thing in banking industry. So the bankers are in the position to apt to the information technology to change the way of service to attract customers and increase their satisfaction level. Finally, if they want to sustain customers on a long term basis, bankers should work towards hundred per cent customer satisfaction that automatically fosters customer delight.

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