

Customer Satisfaction on Services of Private Sector Banks in Erode District of Tamilnadu

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ABSTRACT

With the growth of the economy, the service sector, more specifically the banking industry has been gaining movement in the past two decades. The increasing competition has resulted in the need for increased customer services through the use of new technologies of service. The customers are also gaining knowledge on the service provision by various banks. Indian banking has witnessed a significant shift in its operating environment during the last decade. Various reform measures, both qualitative and quantitative, were introduced with an objective to revitalize Indian banking sector and to meet the future challenges, banks should create proper customer satisfaction on services by examining the consumers. This paper examines the satisfaction of services offered by private sector banks in Erode district of Tamilnadu. The study is mainly based on the primary data, collected from 316 bank customers in Erode district through questionnaire method during the year 2015. This study concludes that the customers of private sector banks are satisfied with the services offered by them. This study also concludes that the Customers can be retained if the bank tries to measure and improve customer service offered to them on a continuous basis.

Keywords: Customer Satisfaction, Banking services, Service Quality, Private Banks.

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 money market in an advanced country. The commercial banks in India comprise of both public sector as well as private sector banks. Banks have to deal with many customers every day and render various types of services to its customers. It is a well known fact that no business can exist without customers. Customer satisfaction, a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator with in business. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and service to service. The state of satisfaction depends on a number of both psychological and physical variables Ankit Agarwal and Raj Kamal (2015). The banking industry like many other financial services is facing a rapidly changing market, new technology uncertainties, fierce competition and more demanding customers and the changing climate presents an unprecedented set of the challenges.

The satisfaction is an overall psychological state that reflects the evaluation of a relationship between the consumer/customer and a company – environment – product/service. It involves one of the following three psychological elements: cognitive (thinking/ evaluation), affective (emotional/feeling) and behavioral. Bank marketing is concerned with the exchange association between the bank and its customers where customer services and quality are the key linkages of such association. In 1990s, the banking industry took a turn towards liberalization, privatization and globalization exposing them to unprecedented competition. The banks that rediscover the customer through the cutting edge known as association banking are able to do a good business. A

customer service is the most important duty of the banking operations. Prompt and efficient services with smile will develop good public relations, reduce complaints and increase business. The most important requirement for financial institutions like commercial banks is to understand and anticipate customers' needs. The key to successful attraction of customers will not only by the knowledge of the customers' needs but also the ferreting out of customers' potential wants and the strengthening of the consultative sales activities which address them.

It is important that banks do develop new functions to satisfy the changing needs of the customers. It is equally important that the customers are kept informed on new as well as existing functions. Innovative methods are launched from time to time. They go in for advertising, publicity and other promotional techniques. However, at times, investigations should be made to assess the extent of satisfaction among the customers regarding their satisfaction on banking services. This would help in designing future functions of the banks. Now-a-days customers of banks in India from both rural and urban areas are quite demanding. However, majority of the rural customers are illiterate but the savings from rural areas is more as compared to that of urban areas. To be able to survive the prevailing intense competition in the banking industry, what most of the bank attempt to do is to create convenient banking activities for their customers such activities include the Automated Teller Machine (ATM), Ready Cash Service, Money Transfers, Computer Banking, Banking Via Mobile Phone, etc. Though these services are virtually duplicated by other banks the focus now is on the quality of the service which is provided.

For this reason, most banks are now paying more attention to actual and potential customers in order to sustain their business in an environment of competition. Though it seems that the above is a means of remaining competitive, not all the banks emphasize on customer satisfaction and again it is only a few banks that have taken the trouble to develop their Marketing Strategy with regards to how their services should be provided to satisfy customers. The performance of the Commercial Bank in this direction has been very credible. Customer retention is an important element of banking sector in today's increasingly competitive environment where banks are not only competing with their peers but also with the non-banks and other financial institutions and the customer retention is possible only with the customer satisfaction. Bank management must identify and improve upon factors that provide satisfaction to customers. These include employee performance and professionalism, willingness to solve the problems, friendliness, and level of knowledge, communication skills and selling skills, among others.

REVIEW OF LITERATURE:

Fournier, Dobscha and Mick (2002) claim that customer satisfaction is the cap-stone of relationship marketing. For contemporary consumers, product satisfaction is linked inextricably with life satisfaction, and companies must attend to both these dimensions if they expect to win. They further argue that relationship marketing can work if it delivers services on the principles on which it was founded

Zhou (2004) analyzed the impact of Service Quality on Customer Satisfaction in China's retail banking. It concluded that, reliability and assurance were the primary drivers of Customer Satisfaction and there were significant variations in perceptions and expectations reported by customers across different cultural groups. Lower level of Customer Satisfaction would lead to actual and potential switching behavior.

Arora (2005) analyzed the factors influencing customer satisfaction in public sector and foreign banks in northern India. He found that there is significant difference in satisfaction level of customers in each group of banks regarding routine operators, situational and interactive factors and foreign banks were the leaders in mechanization and automation ; private and foreign banks customer were least satisfied.

Dabashish Mishra (2005) measured the Customer Satisfaction in branch services provided by nationalized banks in northern India. Customer Satisfaction was found to be strongly influenced by computerization in banks, accuracy in transaction, attitude of staff at respective bank counter. The least impacting factor was promotion and variables were awareness of customer regarding bank charges, banks innovativeness in new service and efficiency of staff in rectifying errors quickly. Overall service quality received by customer was good.

Naveen kumar and Gangal (2011) conducted a study on customer satisfaction in new generations banks. They found that the majority of India's banks are not very diversified in terms of the products and services they offer and strategic focus that banks and implement to remain competitive would be to retain as many customers as possible and customer retention is possible through customer's satisfaction only. Thus, Customer's satisfaction is the key of success in today's competitive era.

MajidKaboli, Saeed- Fathi, Marjan Azizi (2011) conducted their research on customer satisfaction of the banking customer in Isfahan city. They found that technical knowledge and environment of the bank are main factors which create dissatisfaction among the customers.

Malarvizhi (2011) in her study revealed that customers are more satisfied with the services provided by the

public sector banks than the private sector banks. The study suggested that, customers have to be educated in the use of every new technology. On the whole, e-banking increased operational efficiencies and reduces costs, besides giving a platform for offering valued added services to the customers, thereby fulfilling all the essential prerequisites for a flourishing banking industry. In a nutshell, to meet the emerging challenges banks have to undertake a series of changes in original structure, functions, practices and marketing to popularize e-banking.

OBJECTIVE OF THE STUDY:

The main objective of this study is to assess the level of satisfaction of the customers with the performance of the private sector banks in Erode district of Tamilnadu.

METHODOLOGY:

The study is mainly based on the primary data, collected from the bank customers in Erode district through questionnaire method. Erode district includes six taluks namely Anthiyur taluk, Bhavani taluk, Erode taluk, Gobichettipalayam taluk, Perundurai taluk, and Sathyamangalam taluk. The respondents of the study are the customers belonging to private sector banks which include viz., Industrial Credit and Investment Corporation of India (ICICI), Housing Development Finance Corporation (HDFC), AXIS Bank. The data were collected from 316 respondents during the year 2015.

Association Between Independent Variables and Level of Satisfaction:

The association between independent variables namely age, gender, Domicile Status, Educational Qualification, Monthly Income, Marital Status and satisfaction level of customers regarding facilities offered by private sector banks is examined. Significance of the association of all the above variables with the opinion of customers regarding their satisfaction was analyzed by applying the chi-square test.

Ho: There is no significance association between the level of satisfaction towards private sector banks and various categories of customers classified based on independent variables.

Chi square test was used to know the association between each independent variable with dependent variable.

Age and level of satisfaction:

A bank solicits deposits of money from the members of the public. Any person who is legally capable of entering into a valid contract may open an account in a bank. For this purpose, age of the customers is likely to influence the satisfaction level. The following table gives information regarding the age group of the respondents and their level of satisfaction. To test the hypothesis, which states that there is no association between the level of satisfaction of customers and their age, chi-square test is applied.

Table No 1: Age and level of satisfaction: Chi-square Test

Age (years)	Level of satisfaction			Total
	Low	Medium	High	
Below 25	11 (36.7)	10(33.3)	9(30.0)	30(100)
25-50	38(21.1)	35(19.4)	107(59.5)	180(100)
Above 50	17(16.0)	44(41.5)	45(42.5)	106(100)
Total	66(20.8)	89(28.2)	161(51.0)	316(100)

Chi-Square Value: 17.258

Degree of Freedom: 4

Result: Significant at 0.05.

Among 180 respondents of 25-50 age groups, 59.5% of the respondents are highly satisfied with the service offered by the private sector banks comparatively below 25years and above 50 years of age group. There is a significant association between age category and their level of satisfaction of customers and their level of satisfaction regarding the private sector banks. The calculated value of chi-square test (17.258) is greater than the table value (9.488) at 5% level of significance. Hence the hypothesis is rejected. Therefore it is concluded that there is a significant association between age of the respondents and their level of satisfaction of customers.

Gender and level of satisfaction:

There may be variation in the level of satisfaction depending upon the gender of the customers. Here an attempt is made to verify as to how far the gender of the customers influence the level of satisfaction. Table No: 2 gives information regarding the gender of customers and their level of satisfaction with different services of private

sector banks. To test the hypothesis which states that there is no association between the level of satisfaction of customers and their gender, chi-square test is applied.

Table No 2: Gender and level of satisfaction: Chi-square Test

Gender	Level of satisfaction			Total
	Low	Medium	High	
Male	6 (2.7)	94(42.9)	119(54.3)	219(100)
Female	5(5.2)	45(46.4)	47(48.5)	97(100)
Total	11(3.2)	139(44.0)	166(52.5)	316(100)

Chi-Square Value: 1.753 **Degree of Freedom:** 2 **Result:** Significant at 0.05

Out of 219 male respondents, 54.3% of the male respondents are highly satisfied and out of 97 female respondents 48.5% of the respondents are highly satisfied with the service offered by the private sector banks .maximum male respondent are highly satisfied compared with the female respondents. There is no association between the gender of the customers and their level of satisfaction regarding various services offered by the private sector banks. The calculated value of chi-square test (1.753) is less than the table value of chi-square (5.991) at 5% level of significance. Hence the hypothesis is accepted. Therefore it is concluded that there is no association between the gender of the customers and their level of satisfaction regarding various services offered by the private sector banks.

Domicile Status and level of satisfaction:

The place of residence of the customers may influence the satisfaction of various schemes of the banks. Hence, it is decided to analyze the association between the place of residence of the respondents and their level of satisfaction. Place of residence of the respondents is classified into three categories viz., Rural, Semi-urban, and Urban. The table gives information regarding the place of residence of the respondents and their level of satisfaction. To test the hypothesis, which states that there is no significant association between the level of satisfaction of customers and their place of residence, Chi-square test is applied.

Table No 3: Domicile Status and level of satisfaction: Chi-square Test

Domicile Status	Level of satisfaction			Total
	Low	Medium	High	
Rural	17(30.4)	26(46.4)	13(23.2)	56(100)
Semi-urban	27(23.9)	46(40.7)	40(35.4)	113(100)
Urban	28(19.0)	32(21.8)	87(59.2)	147(100)
Total	72(22.7)	104(33.0)	140(44.3)	316(100)

Chi-Square Value: 12.921 **Degree of Freedom:** 4 **Result:** Significant at 0.05

Out of 147 respondents of urban category, 59.2% of the respondents are highly satisfied with the services offered by the private sector. There is a significant association between the domicile status of the customers and their level of satisfaction regarding various services offered by the private sector banks. The calculated value of chi-square test (12.921) is greater than the table value (9.488) at 5% level of significance. Hence the hypothesis is rejected. Therefore it is concluded that there is a significant association between the domicile status of the customers and their level of satisfaction regarding various services offered by the private sector banks.

CONCLUSION:

This study is concluded that the customers of private sector banks are satisfied with the services offered by them. The customer satisfaction of banks depends upon the service quality, technology and customer relationship management between bankers and customers. The demographic variables of the customers’ very much influence their satisfaction. This study also concludes that the Customers can be retained if the bank tries to measure and improve customer service offered to them on a continuous basis. The banker must keep in touch with their customers always and a good and strong customer relationship must be maintained in order to satisfy their customers and create a strong bond of confidence in all respects. More self service technology can be introduced in banks to help customers carrying out bank transactions quickly and easily without much waste of time and advertisements regarding retail sale of gold coins/bars can be made in popular media.

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