

CUSTOMER SATISFACTION Viz-a-Viz BANKING SERVICES – A STUDY

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Abstract

The banks lessen both good danger and antagonistic determination by gathering data from singular contributors, distinguishing beneficial speculations and afterward directing these assets to gainful endeavors. The financial business in India has an immense canvas of history, which covers the conventional financial practices from the hour of Britishers to the changes time frame, nationalization to privatization of banks and now expanding quantities of remote banks in India. Along these lines, banking in India has experienced a long voyage. Indian Banking Sector has seen various changes. It has experienced a gigantic change in the years since Independence. It is apparent from the higher pace of credit improvement, growing gainfulness and efficiency like banks in created markets, lower frequency of non-performing resources and spotlight on money related consideration have added to making Indian banking energetic and solid. Indian banks have started to modify their development approach and reexamine the possibilities close by to keep the economy rolling. The financial division is one of the greatest assistance parts in India and now-a-days is in a manner to draw in the greatest market of Asia in speculation. The financial division today is concentrating on the most proficient method to give productive administrations to its clients. The Indian Banking System comprises of different budgetary establishments whose goal is serving the individuals for their monetary and financial needs.

Key Words: *Customer Satisfaction, Indian Banking Services, Telangana State.*

INTRODUCTION

The banks reduce both moral hazard and adverse selection by collecting information from individual depositors, identifying profitable investments and then channeling these funds to productive ventures. The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of Britishers to the reforms period, nationalization to privatization of banks and now increasing numbers of foreign banks in India. Therefore, Banking in India has been through a long journey. Indian Banking Sector has witnessed a number of changes. It has undergone a huge transformation in the years since Independence. It is evident from the higher pace of credit development, expanding profitability and productivity similar to banks in developed markets, lower incidence of non-performing assets and focus on financial inclusion have

contributed to making Indian banking vibrant and strong. Indian banks have begun to revise their growth approach and re-evaluate the prospects on hand to keep the economy rolling. The banking sector is one of the biggest service sectors in India and now-a-days is in a way to attract the biggest market of Asia in investment. The banking sector today is focusing on how to provide efficient services to its customers. The Indian Banking System consists of various financial institutions whose objective is serving the people for their financial and economic needs.

After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. International banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. In the era of globalization customer has more rights to choose right product according their profile, opportunities available for their money.

REVIEW OF LITERATURE

Parasuraman *et.al* (1985)¹, "Noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers".

Zeithaml (1988)², "Argued that perceived service quality as the customers' assessment of the overall excellence of the service. Banks are providing new innovative techniques of satisfying customers, such as online system and internet banking, telephone and call center. The two important elements of banks which effect the overall satisfaction of customers are competitiveness and ease. So in order to increase the efficiency of the organization it is necessary to measuring the customer satisfaction".

Anderson *et.al* (1994)³, "Analysed that firms with higher reported satisfaction levels also show significantly higher returns. They say that an annual 1% increase in customer satisfaction is worth an 11.4% improvement in current return on investment".

Levesque.T&McDougall.G.H.(1996)⁴, "Argued that banks works by offering services and understanding the needs of customers. Services rendered varies from one bank to another and the technique used to satisfy customers also varies. Lewis said that better the service rendered higher the customer satisfaction. The paper also discusses about the methods adopted to attain maximum satisfaction of customers. And provide good quality service and satisfaction. The banks work by understanding what is expected by the customers and by the interactions of the bank authorities in a proper way the customer expectations can be satisfied. Customer satisfaction can also be considered as the key factor in evaluating the performance of the bank and also its

¹. Parasuraman A, Berry LL, Zeithaml VA. SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*. 1988; 64(1):12.

²Zeithaml, V. A. and Bitner, M. J. (2003), 'Services Marketing. Integrating Customer Focus across the Firm', Boston: McGraw-Hill Irwin. Relationship between Types of Problems and Customer Responses. *Canadian J. Admin. Sci.*, 13(3), 264-76.

³ Anderson FW., Formell C., Lehmann DR. (1994) "Customer satisfaction, market share, and profitability: Findings from Sweden", *Journal of Marketing*, 58, 53-66.

⁴Levesque.T&McDougall.G.H.(1996), "Determinants of customer satisfaction in retail banking. *International Journal of Bank Marketing*", 14(7), 12-20.

service rendered. The customer satisfaction and rendering of services has an important relation and only through proper rendering of quality services the customer can be satisfied and can attain success in business”.

Colgate, M. (1997)⁵,”Described that measurement of the rate of customer satisfaction is also a measurement of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator. This is due to the fact that one of the factors needed in order to attain high competency and also high competitiveness is a high market share through an increased, established and well-sustained customer or client population. Industries are beginning to understand the concept that their customers, the ones who purchase their products and use their services, are the primary drivers of their position on the profitability ladder”.

Curry and Penman(2000)⁶,”Analysed that service quality is inevitable for differentiation to compete in the banking sector. They suggested that the right service could retain the customers for long- term benefits. So banks should maintain the level of services by proper allocation of resources to meet customer requirements. Findings indicated that financial institutions require reasonable procedures to evaluate the overall satisfaction of their customers”.

Pahwa(2000)⁷,”Efficiency and quality can be maintained not necessarily through automation alone, but also through personal approach. Thus, in providing all these services, emphasis should be laid on the quality of services rather than the quantity or variety of services. Banks should try to understand the psychology of their customers while dealing with them. They should satisfy their customers well so that not only their relationship with the banks may continue, but it will also become beneficial and pay dividends in the form of attracting new customers to the banks”.

Erdem and Hosver(2000)⁸,”Focused that found that analyzing strategic and analytical CRM is equally important operational aspects. He suggested that targeted campaigns through internet and the call center for customers actively using one or both of these innovative channels for their banking operations”.

Ahmad Jamal(2002)⁹,”It has been a growing trend today, for banks to move away from a transactional- based marketing approach to a relationship-based approach that has its core the recognition of the lifetime value of the customer. Satisfaction with banking services has been an area of growing interests to researchers and managers. There are a number of studies supporting and reinforcing that customer satisfaction is linked with performance of the banks”

⁵ Colgate, M. (1997) “Personal bankers and relationships marketing: A new Zealand Case study” Journal of Financial services marketing, 2910, 84-96.

⁶ Adrienne Curry and Susan Penman, “The Relative Importance of Technology in Enhancing Customer Relationship in Banking: A Scottish Perspective”, *Managing Service Quality*, Vol. 14, No. 4, pp. 331-341, 2000.

⁷ Pahwa, M. S. (2000). A study of customer banker relationship in Udaipur city. *Indian Banking in the New Millennium*, RBSA Publishers, 19-27.

⁸ Semi Onut Ibrahim Erdem and Bora Hosver, “Customer Relationship Management in Banking sector”, *Journal of Business Research*, Vol. 18, No. 3, pp. 312-327, 2000.

⁹ Ahmad Jamal, 2002. "Customer Satisfaction and Retail Banking: An Assessment of Some of the Key Antecedents of Customer Satisfaction in Retail Banking", *International Journal of Bank Marketing*, Vol 4 No 5, p 146

OBJECTIVES OF THE STUDY

The present study entitled “A Study on Customer Satisfaction towards Banking Services in rural areas has the following objectives have been framed by keeping in view of the relevance of the study in the present scenario.

1. To understand the banking scenario in India.
2. To highlight the importance of quality in Banking Services in rural areas.
3. To analyze the problems involved in rural banking transactions.
4. To know in which service quality dimension the bank is performing well and in which dimension it needs improvement.
5. To examine the awareness and preferences of customers in banking sector.
6. To analyze the recent banking technology and its repercussions on the quality of customer services.
7. To establish the facts and figures about the awareness and perception of customers towards banking services in rural areas of Telangana state.
8. To know the overall satisfaction regarding the quality of different services provided by the banks in rural areas of Telangana State.

NEED & IMPORTANCE OF THE STUDY

The more grounded and proficient the financial part in an economy the simpler would business be able to happen, the more alluring the market is for organizations and progressively useful it is for the customer. The effectiveness of a financial division in rustic regions relies on how best it can convey administrations to its objective clients. So as to get by in this focused condition and give persistent consumer loyalty, the suppliers of banking administrations are currently required to consistently improve the nature of administrations in rustic territories. Consumer loyalty assumes a significant job in all pieces of the administrations. This examination work is utilized to foresee the general consumer loyalty and disappointment with banking administrations with assistance of credit administrations, bank stores, protection administrations and worth included administrations and how sexual orientation and salary impact the sort of advances offered by banks. An evaluation would be made to comprehend the connection between conjugal status and changes prescribed to regularly acknowledged administrations. This examination recognizes the clients' inclinations and fulfillment of banking administrations.

RESEARCH METHODOLOGY AND RESEARCH DESIGN

Data Collection:

This study will be an empirical study; it will be based on the primary and secondary data. The primary data relating to the level of preferences and customer satisfaction of the banks about the services offered by selected banks in the state of Telanganaby 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, encyclopedias, government surveys, web portals and journals.

Sample Selection

For the purpose of the study, totally two leading public sector banks will be selected; they dominate the market in the category of different banking services in rural areas of Telangana. So, it is perceived that an analysis of the primary data collected through the survey conducted among the customers of these banks would help to understand the satisfactions about banking services.

Sampling Methods

The personal judgment method will be employed for the selection of banks, where two banks has been chosen for the study. By using simple random . This sample of 200 customers, has duly calculate on the base of sampling proportion. In the research the stratified and area sampling will be used for collection of data from rural areas of Telangana.

DATA ANALYSIS AND INTREPRETATION

Table Showing The Relationship of the Various Banking Services

		Degree of Freedom	Sum of Squares	Mean Square	F	Sig .
Banking Services Time Saving & cost Effective in the Telangana state	Between Groups	3	287.32	122.33	0.772	3.28
	Within Groups	16	2146.8	194.075		
	Total	19	1724			
E-Banking is Easy to Use in the rural areas of the telangana	Between Groups	3	767.2	195.73	1.18	3.28
	Within Groups	16	1656.8	110.425		
	Total	19	1944			
Banking Provides safety & Security	Between Groups	3	397.2	132.73	1.656	3.28
	Within Groups	16	1564.8	126.55		
	Total	19	1942			
Banking Provides	Between	3	1861.96	653.98	2.898	3.28

Factor s	Nationalized Rural Bank In the state of Telangana					Private Rural Bank in the state of Telangana				
	E	G	M	B	W	E	G	M	B	W
Modernequipmentusedbybank(computer,cashcountingmachine, Atm etc)	12	22	8	1	0	32	4	2	0	0
Physicalfacilitiesatthebank(building,furniture,counter,water facility, space etc)	9	23	11	3	2	7	24	3	0	0
Employees neatness and appearances	7	5	19	2	1	23	1	3	0	0
Material quality and appearances (pamphlets, challans, pass book, cheque book etc)	12	29	17	0	0	12	33	4	0	0
Time schedule for the operations(standard time)	7	15	22	5	0	15	30	5	0	0
Employees interest in solving customers problems	6	18	15	9	1	15	29	7	0	0
Consistency of service provided by the employees	3	12	17	7	1	17	26	7	1	0
Time taken for operation against standard time	2	15	21	6	1	14	29	6	1	0
Quality of record maintained by the employees (neatness, error ,accuracy etc)	4	23	15	5	0	26	21	4	0	0
Information and guidances to the employees	3	11	17	7	1	13	29	5	2	0
Promptnessofservicerenderedbytheemployees(clarity,speed, softness etc)	5	13	21	7	9	27	11	4	2	0

Employees willingness to help the customers	4	16	22	4	2	30	12	7	0	0
Employees attitude to hear the customers problem	3	16	16	8	3	28	13	7	3	0

SERVEQUAL Factors (In Percentage)

E= Excellence, G= Good, M=Moderate, B=Bad, W =Worst

- Information and direction to the workers: - 44% of the clients of private banks feel that the bank gives appropriate data and direction to its representatives yet just 24% of the clients of nationalized banks feel so.
- Promptness of administration rendered by the representatives: - Customers of private banks are quite happy with the instantaneousness of administrations rendered by these banks. It is apparent from the way that 37% of the clients of private banks feel so. In contrast with this solitary 20 % of the clients of nationalized banks are fulfilled around there.
- Employee's eagerness to support the clients: - 43% of the clients of private banks feel that the representatives of these banks are happy to support the clients. Where as just 22% of the nationalized bank clients feel so. Employee's frame of mind to hear the clients issue: - Customers of private banks feel that the workers of these banks have an uplifting demeanor towards taking care of the customer's issue. It is apparent from the way that 41% of the clients of private banks feel so. In contrast with this solitary 22 % of the clients of nationalized banks are fulfilled around there.
- Employee's conduct to build the certainty of clients: - 41% of the clients of private banks feel that the workers of these banks attempt to expand the certainty level of their clients. Where as just 24% of the nationalized bank clients feel so.
- Confidence of wellbeing of assets with the bank: - It appears clients of private banks are very certain about the security of the assets with the banks. 44% of the clients of private banks feel so. In contrast with this solitary 34 % of the clients of nationalized banks are sure about the wellbeing of the assets.
- Employee's cordiality with clients: - 44% of the clients of private banks feel that the representatives of these banks are considerate towards their clients. Where as just 23% of the nationalized bank clients feel so.
- Employee's information to address the inquiries of clients: - Customers of private banks feel that the workers of these banks are exceptionally proficient in offering an explanation to the questions of the clients. It is obvious from the way that 40% of the clients of private banks feel so. In contrast with this solitary 28 % of the clients of nationalized banks are fulfilled around there.
- Employee's individual regard for the clients: - 41% of the clients of private banks feel that the representatives of these banks give individual consideration regarding its clients. While just 21% of the

nationalized bank clients feel so.

- Convenience of bank working hours: - Customers of private banks locate the working hours extremely helpful. It is apparent from the way that 41% of the clients of private banks feel so. In contrast with this lone 22 % of the clients of nationalized banks are fulfilled around there.
- Employee's own connection with clients: - Customers of private banks feel that the workers of these banks build up an individual connection with their clients. As 42% of the clients of private banks feel so. In contrast with this solitary 22 % of the clients of nationalized banks feel so.
- Employees mean to advance the client premium: - 42% of the clients of private banks feel that the representatives of these banks progress in the direction of client premium. Though just 23% of the nationalized bank clients are of this assessment.
- Employee's enthusiasm to comprehend the predetermined needs of clients: - Customers of private banks feel that the workers of these banks comprehend the particular needs of the clients. It is apparent from the way that 41% of the clients of private banks feel so. In contrast with this lone 24% of the clients of nationalized banks feel so.

CONCLUSION

Private Banks seems to have satisfied its customers with extraordinary organizations and they have been viable in realizing considerable factors like present day gear, infrastructural workplaces, nature of materials used, etc. Private part Banks have been productive in achieving a magnificent relationship with customers in any case open division banks need to improve a lot around there. Most by far of the respondents felt that the agents of the private banks rush to satisfy their customers. Of course customers of nationalized banks felt that the delegates were least stressed over their customers. Private Banks customers feel that their banks take due idea about their solace and are set up to adjust up to their tendencies of working hours. Although in this examination it was attempted to cover all pieces of organization quality, there may be certain viewpoints that may have been disregarded or that may get relevant as new examples in banking create. In future research, customers may reveal new pieces of organization quality in retail banking that are fundamental to them, and these would should be participated in the scale so as to furthermore explore the possibility of organization quality in the retail banking field.

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