

CUSTOMER SATISFACTION TOWARDS BANKING SERVICES IN RURAL AREAS OF KARIMNAGAR DISTRICT- A STUDY ON SELECTED BANKS

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Abstract

The World Economy is passing through some intricate circumstances as bankruptcy of banking & financial institutions, debt crisis in major economies of the world and euro zone crisis. The scenario has become very uncertain causing recession in major economies like US and Europe. This poses some serious questions about the survival, growth and maintaining the sustainable development of the nation. However, the banks play a stellar role in the development of the nation with its high social content and commitment. The banks act as a development agency and are the source of hope and aspirations of the masses. Banking and finance is like oxygen to any democracy. Banking sector participates in macro economic and monetary policies of any country. It plays a crucial role in supporting companies and projects. The business dynamics of banking sector largely differs from other sectors. They exist in order to screen potential borrowers, monitor customers' actions and efforts, provide liquidity risk insurance and create safe assets. Therefore, the present study focuses on customer satisfaction towards banking services in rural areas of karimnagar district of selected banks.

Key Words: *Customer Satisfaction, Banking Services, Indian Economy, Rural Areas.*

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

Avasthi & Sharma (2000-01) have analyzed in their study that advances in technology are set to change the face of banking business. Technology has transformed the delivery channels by banks in retail banking. It has also impacted the markets of banks. The study also explored the challenges that banking industry and its regulator face. B. Janki (2002) analyzed that how technology is affecting the employees' productivity. There is no doubt, in India particularly public sector banks will need to use technology to improve operating efficiency and customer services. The focus on technology will increase like never before to add value to customer services, develop new products, strengthen risk management etc. the study concludes that technology is the only tool to achieve their goals. Technological change and the advent of the internet are among the most dramatic and challenging areas of change for the sector. Technological innovations have shown the increased productivity as stated by Rishi and Saxena (2004). Study identified that technological innovations in the banking sector in industrialized countries have been shown to increase productivity of banking industry around the world. Arora(2003) highlighted the significance of bank transformation. Technology has a definitive role in facilitating transactions in the banking sector and the impact of technology implementation has resulted in the introduction of new products and services by various banks in India. Hua G. (2009) investigates the online banking acceptance in China by conducting an experiment to investigate how users' perception about online banking is affected by the perceived ease of use of website and the privacy policy provided by the online banking website. Jalan, B. (2003), IT revolution has brought about a fundamental transformation in banking industry. Perhaps no other sector has been affected by advances in technology as much as banking & finance. It has the most important factor for dealing with the intensifying competition & the rapid proliferation of financial innovations. Mittal, R.K. & Dhingra, S.(2007) studied the role of technology in banking sector. They analyzed investment scenario in technology in Indian banks but this study was

related to the time period before the Information Technology Act and at that time technology in Indian banks was very low. But both the researchers nicely presented their views. Padhy, K.C. (2007) studied the impact of technology development in the banking system and he also highlights the future of banking sector. The core competencies will provide comparative advantages.

OBJECTIVES OF THE STUDY

The present study entitled “A Study on Customer Satisfaction of Banking Services in Rural Areas of KARIMNAGAR District with Special Reference to SBI and TELANAGANA GRAMEENA BANK” 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.

NEED & IMPORTANCE OF THE STUDY

In many countries service sector plays dominant role in the markets. According to (Kotler, 2003), in the US economy, nearly 80 per cent of the employment opportunities provided and 76 per cent of the GDP contributed by the service sector. In India also service sector playing greater role in the nation's economy by contributing nearly 64 per cent of the GDP, having higher share in exports, 42 per cent of total exports from India, and providing high number employment opportunities. In this scenario banking is one of the most preferable service sector in India. India's banking sector is growing at a fast pace. It has become one of the most preferred banking destinations in the world. Indian markets provide growth opportunities, which are unlikely to be matched by the mature banking markets around the world. The banking sector is the backbone of any economy. The stronger and efficient the banking sector in an economy the easier can business take place, the more attractive the market is for companies and more beneficial it is for the customer. The efficiency of a banking sector in rural areas depends upon how best it can deliver services to its target customers. In order to survive in this competitive environment and provide continual customer satisfaction, the providers of banking services are now required to continually improve the quality of services in rural areas. Customer satisfaction plays a major role in all parts of the services. This research work is used to predict the over-all customer satisfaction and dissatisfaction with banking services with help of loan services, bank deposits, insurance services and value added services and how gender and income influence the kind of loans offered by banks. An assessment would be made to understand the relationship between marital status and changes recommended to commonly accepted services. This study helps to identify the customers' preferences and satisfaction of banking services.

Statement of the Problem

Customers are lifeblood for any business. And banking industry is highly service oriented business. When there is service concern, it always deals with the level of satisfaction decision taking of the customer.

The researcher has chosen this topic to study about customer satisfaction of banking services in rural areas of KARIMNAGAR district by SBI and TELANAGANA GRAMEENA BANK. Here, in this research, the researcher will try to figure out the reason for the perception of the people residing in KARIMNAGAR city for choosing the banking service on the basis of cost, convenience, facility and general factors like modernization of the bank, promptness for attending customer.

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 SBI and TELANAGANA GRAMEENA BANK banks would be collected from persons having their accounts in SBI and TELANAGANA GRAMEENA BANK banks in KARIMNAGAR district 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, 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 KARIMNAGAR district. The selected banks are SBI bank and TELANAGANA GRAMEENA BANK. 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 method 150 customers may selected from each bank. This sample pack of 300 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 KARIMNAGAR district are Huzurabad, Kesavapatnam and Manakonduru.

SCOPE OF THE STUDY

A number of surveys are conducted in the main cities of India like Bangalore, Chennai, Hyderabad and Delhi but the customers of the big cities differ with the customers of rural areas in attitude, usage pattern and recall etc., therefore the present work would be undertaken in the rural areas of KARIMNAGAR district in Telangana state, the most people are being in use of banking services. This study is mainly confined to the customer satisfaction towards banking services only, who have been using the particularly ATM, and mobile banking in KARIMNAGAR district of Telangana state. The study covers respondent who are the customers of SBI and

TELANAGANA GRAMEENA BANK banks only. These customers belong to places, of both genders, with varied income groups, varied age groups and various people living in rural areas in of KARIMNAGAR district in Telangana state.

Factors		
Gender	Male	55%
	Female	45%
Age	Upto 20	3%
	20-40	64%
	40-60	27%
	Above 60	6%
Occupation	Business	15%
	Govt job	8%
	Private job	66%
	others	11%
Education	HSC	5%
	UG	19%
	PG	71%
	Others	9%
Marital status	Married	75%
	Unmarried	25%
Income	>10000	18%
	10000-30000	30%
	<30000	52%

SERVEQUAL Factors (In Percentage)

Data Analysis and Interpretation

➤ Modern gear utilized: - If we investigate the substantial variables like current supplies utilized we locate that private segment score more here. 34 % of the individuals having an association with the private bank find that the advanced types of gear utilized by the private banks are astounding when contrasted with just 14 % of the individuals having an association with the nationalized bank.

➤ Physical offices: - As far as physical offices are concerned clients of private banks are more fulfilled than those of the nationalized banks. It is clear from the way that 48% of the clients of private banks have given a rating of brilliant and great. Though just 35% of the clients of nationalized banks have given a rating of phenomenal and great.

- Employee's appearances: - Customers of the private banks feel that the representatives are entirely satisfactory as it is apparent from the way that 47% of the clients of private banks feel so. In contrast with this solitary 27 % of the clients of nationalized banks feel so.
- Material quality: - If we consider the nature of the materials utilized for pass book, Check book and so on we find here likewise the clients of private banks are happy with it. As 46% of the clients have given a reviewing of brilliant and great when contrasted with 33% on account of nationalized banks.
- Time calendar for the activities: - Private Banks reasonable well when contrasted with nationalized banks in keeping up time plan for tasks. 45% of the private bank clients feel so when contrasted with 23% of the nationalized bank clients.
- Employee's enthusiasm for taking care of client's issues: - Customers of private banks feel that representatives of these banks are keen on tackling their concern. It is clear from the way that 45% of the clients of private banks feel so. In contrast with this solitary 23 % of the clients of nationalized banks feel so.
- Consistency of administration gave by the representatives: - If we investigate the consistency of the administrations being rendered by the banks from both the parts we locate that 44% of the private bank clients feel so when contrasted with 25% of the nationalized bank clients.
- Time taken for activity against standard time: - 44% of the clients of private banks have given an evaluating of incredible and great with respect to the time taken for activity as against the standard time. Where as just 23% of the nationalized bank clients have given an evaluating of phenomenal and great here.
- Quality of record kept up by the representatives: - Customers of private banks feel that the banks keep up the records in a legitimate way. It is clear from the way that 57% of the clients of private banks feel so. In contrast with this lone 29 % of the clients of nationalized banks feel so.
- Information and direction to the representatives: - 44% of the clients of private banks feel that the bank gives legitimate data and direction to its workers yet just 24% of the clients of nationalized banks feel so. Promptness of service rendered by the employees: - Customers of private banks are pretty satisfied with the promptness of services rendered by these banks. It is evident from the fact that 37% of the customers of private banks feel so. In comparison to this only 20 % of the customers of nationalized banks are satisfied in this area.

CONCLUSION

At the point when the private area banks are contrasted and open segment banks, Private Banks score more in all the 22 parameters considered for this examination. Private Banks appears to have fulfilled its clients with great administrations and they have been effective in actualizing substantial variables like present day gear, infrastructural offices, nature of materials utilized and so on. Private part Banks have been fruitful in accomplishing a delightful association with clients anyway open division banks need to improve a great deal around there. The vast majority of the respondents felt that the representatives of the private banks are extremely quick to fulfill their clients. Then again clients of nationalized banks felt that the representatives were least worried about their clients. Private Banks clients feel that their banks take due thought about their comfort and are prepared to adapt up to their inclinations of working hours. Although in this investigation it was endeavored to cover all parts of administration quality, there might be sure perspectives that may have been overlooked or that may get applicable as new patterns in banking develop. In future research, clients may uncover new parts of administration quality in retail banking that are essential to them, and these would need to be joined in the scale in order to additionally investigate the idea of administration quality in the retail banking field.

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