"An Analytical study on customer satisfaction of Retail Banking services offered by Commercial Banks"

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Abstract: The retail banking space is emerging in banking sector with a motto of "Banking at Your Door step". The commercial banks aim to provide new and better innovative products and services to the retail customers and thus to improve the position of their customers in general and the banks in particular. In the present competitive banking scenario retention of customers and their satisfaction are critical for commercial banks (retail banks), Therefore it is very much necessary for commercial banks to investigate the major determinants of customer satisfaction and retention of customers.

Key words: Retail Banking, Customer satisfaction, Retail Customers, Commercial Banks

Introduction:

Theoretical background of the Study:

Retail banking arrived rather later in the country at least from the perspective of the staid commercial banks in the country public sector. However, with the passage of time and the financial crisis that rolled the global economy in 2008, banks in the emerging market economies like India realised that enlarging their portfolio of products and services to include retail customers will reduce the risk that typically arises from such diversification. The realisation proved right since they eventually found that it was more viable to transact with retail customers than to transact with high net worth individuals and corporate customers. This led public sector banks to concentrate on retail banking.

The retail banking space is emerging in banking sector with a motto of "Banking at Your Door step". The commercial banks aim to provide new and better innovative products and services to the retail customers and thus to improve the position of their customers in general and the banks in particular. In the present competitive banking scenario retention of customers and their satisfaction are critical for commercial banks (retail banks), Therefore it is very much necessary for commercial banks to investigate the major determinants of customer satisfaction and retention of customers.

Retail banking is the most visible face of banking for the general public. It aims at the one stop shop for all the individual finance needs. These services are typically offered at the Universal and 24 hour ATMs. The delivery channel for retail banking is now no longer restricted to branches and ATMs but also spans telephone and the fastest growing channel i.e. internet. In fact, some retail banks in the west operate solely via the internet and do not have facilities to serve customers at physical outlets. Generally, however, the banks that focus purely on retail clientele are relatively few and retail banking activities are generally conducted by separate divisions within banks.

Statement of the Problem

Retail banking is still in progressing stage in our country, Banks for a long time in to wholesale segment and corporate lending had trouble in retail space to attract, provide quality services to the retail customers and in retaining the customers. The retail services offered by banks will influence the attitude and behaviour of retail bank customers which in turn helps banks to tap the bottom of lines. Banks have managed to introduce some innovations with changing attitude of retail borrowers with usage of mobile banking, internet banking (online banking) with advancement of technology and financial reforms.

Customer service is the vital role in retail banking services which predominantly a customer oriented business and a good customer service is the key to banks growth and stability of banking business. The present study seeks to find the solution to what is the level of satisfaction of retail banking services of commercial banks?

Review of literature

1. Schmenner (1986)[1] described in his study "How can service businesses survive and prosper", Identify the retail banking industry as a mass Banking. Retail banking industries have a low degree of variation in customer interaction/ customization. Retail banking firms face several challenges including the problem of making their services "warm" or responsive (dimension of SQ), developing innovative marketing practices to attract and retain customers and paying attention to physical surroundings (the tangible dimension of the SQ construct). The retail banking firms also faced problem with staff members in innovating and implementing retail banking practices and services.
2. Johnson (1995), in his study on "the determinants of service quality". He revealed that there are some service quality determinants of internet banking, namely satisfiers and dissatisfies. The main sources of satisfaction are responsiveness, care, diligence and friendliness. Another main source of dissatisfaction is reliability, integrity, availability and functionality.
3. Govindarajulu (1996), in his article "Satisfaction and dissatisfaction with bank services". Banks have lost the quality of customer service due to lack of knowledge by the bank employees about banking services. This lead dissatisfaction of customers and the study focuses difficulties in development of banking sectors.
4. Bhide (1997), in his study "Information Technology in banks". Revealed that customer expectation was changing. So, banks were under pressure what kind of service to be provided in the future. Therefore, information technology plays a very important role in satisfying the future needs of the customers. He stated that the ATM, PC banking, internet banking, electronic delivery channel, MICR and bank net have cut down cost and increased the productivity of the banks. He concluded that service institutions like banks had to evolve the implement strategies in fulfillment of their mission.

Research Gap

The numerous studies have made on retail banking practices like, mobile banking, online or internet banking, customer relationship management (CRM), debit cards, credit cards, ATM and Retail loans which are exceptional and diverse. These studies helps to understand determinant factors to cater needs and satisfy retail banking customer which are different on the basis perception of customer and place of availing these services. Hence this study focuses customers' satisfaction of retail banking services offered by commercial banks in Bengaluru.

Scope of the present study

The study covers both public sector and private sector commercial banks in Bengaluru, Karnataka. However co-operative and foreign banks are excluded in the study.

Objectives of the study

The objectives of the study are to:
1. To examine the factors that influence the retail banking practices offered by commercial banks.
2. To analyze the level of customer satisfaction and its impact on services offered by the commercial banks

Hypothesis proposed to be tested

The study proposes to test the following hypothesis:
1. There is no significant difference between the factors influencing the level of customer satisfaction with independent variable gender
2. There is no significant association between the factors influencing the technology based services with independent variable educational qualification

Research Design

Research methodology

This is a descriptive and analytical study involving investigation and adequate interpretation. Since it is fact finding study data has been collected through personal interviews with the sample respondents.

Sources of data

The data required for the present study have been collected from both primary and secondary sources. Primary data was collected from respondents that is retail customer or borrowers. Secondary data was collected from reputed financial journals, banking websites and RBI bulletin.

Sampling Plan

The retail borrowers of both public and private sector banks in Bengaluru represents sampling frame.

For the purpose of study, the data have been collected from 100 respondents consisting customers of both public and private sector banks in Bengaluru. Since sampling is unknown to the researcher non probability sampling technique under which convenient sampling was followed to collect the data.

Data Collection instruments

A structured questionnaire was drafted and administered to the respondents for collection of primary data. The questionnaire consists of both open and close ended questions.

Analysis and Interpretation

The data collected from the borrowers of the banks are analyzed in this section. The details are furnished in the following table:

LEVEL OF BANKS CUSTOMER SATISFACTION

The level of customer satisfaction in retail banking among the borrowers was measured by the selected variables of services of front office staff, Information of new products, after service of the bank, relationship with bank employees, easy accessibility, satisfactory technology, customer friendly products, turnaround time. The responses were scored by Likert five point scaling technique.

GENDER AND LEVEL CUSTOMER SATISFACTION

The distribution of sample respondents according to the gender and level of banks customer satisfaction variables like front office staff, Information of new products, after service of the bank, relationship with bank employees, easy accessibility, satisfactory technology, customer friendly products, turnaround time which always supports in overcoming the problems faced by the borrowers in retail banking, wherein their level of satisfaction and also to be loyal to their banks in a diverse groups of workplace which increases their efficiency and organizational productivity are shown below

In order to find out the relationship between gender and level of customer satisfaction a hypothesis was framed and analyzed with the help of T-test. The result of the ANOVA test is shown in the following table.

Null Hypothesis: There is no significant difference between the factors influencing the level of customer satisfaction with independent variable gender

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Level of satisfaction of the services of front office staff of your bank	male	78	3.54	.893	.101
	Female	22	3.45	.912	.194

T-Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Level of satisfaction of the services of front office staff of your bank	Equal variances assumed	.020	.888	.388	98	.699	.084	.217	-.346	.514
	Equal variances not assumed			.383	33.236	.704	.084	.219	-.362	.530

It is It observed from the above analysis that there is no significant difference between the independent variable like gender and dependent variable level of customer satisfaction of retail banking borrowers. Therefore all the predictor variables like Level of satisfaction of the services of front office staff of your bank, Information on new products, Are you satisfied with after service of the bank, Personalized relationship with bank employees, Easy accessibility, Satisfactory technology level, Customer friendly products, Turnaround time (TAT) with independent variable gender. Here when the commercial banks introduce the innovative practices for the customers the various retail banking practices does not varies according to the independent variable gender which always holds good. There is a strong association between the gender of the borrowers with level of satisfaction. It is believed in informed circles that there is a strong relationship between the bank borrowers and level of customer satisfaction. Hence, the null hypothesis, gender and level of customer satisfaction in retail banking is accepted.

IMPACT OF TECHNOLOGY BASED SERVICES FOR CUSTOMER SATISFACTION

The impact of technology based services offered by retail banking for customer satisfaction among the retail bank borrowers was measured by the selected variables addressed by the banks. The responses were scored by Likert five point scaling technique.

EDUCATIONAL QUALIFICAION AND TECHNOLOGY BASED SERVICES

The distribution of sample respondents according to the educational qualification and technology based services, the variables like promptness in delivering the mobile banking services, online banking services, SMS alert, ATM services

In order to find out the relationship between educational qualification and technology based services offered by banks towards the Impact of customer satisfaction at retail banks a hypothesis was framed and analyzed with the help of Chi-Square test. The result of the Chi-Square test is shown in the following table.

Null Hypothesis: There is no significant association between the factors influencing the technology based services with independent variable educational qualification

Educational Qual * Technology Based Services

Count

| | | Technology Based Services | | | Total |
		ND	S	HS	
Educational Qual	Graduation	4	22	0	26
	others	10	59	5	74
Total		14	81	5	100

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.862[a]	2	.394
Likelihood Ratio	3.114	2	.211
Linear-by-Linear Association	.779	1	.377
N of Valid Cases	100		

It is observed from the above analysis that there is no significant association between the independent variable like educational qualification and dependent variable technology based services offered by the banks. Therefore all the predictor variables like promptness in delivering the mobile banking services, online banking services, SMS alert, ATM services. Here when the educational qualification of the borrowers varies between upto SSLC, Intermediate, graduation and others varies the kind of technology of services offered by the bank borrowers to be adopted does not varies, it means they are not ready to adopt to the new technology based on the educational qualification. Hence, the null hypothesis, educational qualification and technology based services is accepted.

DESIGNATION AND PROVISION AMENETIES AT THE BANK

The distribution of sample respondents according to the designation and provision amenities at the bank, the variables like location of branch, parking facilities, rest rooms, drinking water facility

In order to find out the relationship between designation and provision amenities at the banks towards the Impact of customer satisfaction at retail banks a hypothesis was framed and analyzed with the help of Chi-Square test. The result of the Chi-Square test is shown in the following table.

Null Hypothesis: There is no significant association between the factors influencing the provision amenities at the bank with independent variable designation

Designation * Provision Amenities at the Bank

Count

| | | Provision Amenities at the Bank | | | Total |
		S	ND	S	
Designation	Government	0	9	7	16
	Private	2	38	30	70
	Profile & Self emp	0	11	3	14
Total		2	58	40	100

Designation * Provision Amenities at the Bank

Count

		Provision Amenities at the Bank			Total
		S	ND	S	
Designation	Government	0	9	7	16
	Private	2	38	30	70
	Profile & Self emp	0	11	3	14

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.460[a]	4	.484
Likelihood Ratio	4.173	4	.383
Linear-by-Linear Association	1.259	1	.262
N of Valid Cases	100		

It is observed from the above analysis that there is no significant association between the independent variable designation and dependent variable provision amenities at the banks. Therefore all the predictor variables like location of branch, parking facilities, rest rooms; drinking water facility is not related with designation of the borrowers. Here when the designation of the borrowers varies between government, private, professional and self-employed and others the provision amenities at the bank borrowers to be adopted varies according to the designation of the borrowers which always holds good. Hence, the null hypothesis, designation and provision amenity at the bank is accepted.

Limitations of the study

- The study focuses only on retail banking services provided by the public and private sector banks in Bengaluru city only.
- Some respondents are biased while answering questions in turn which may not help to find real satisfaction of retail borrowers.

Results and Discussion:

- It is found from the analysis the level of customer satisfaction towards retail banking offered by commercial banks among male and female borrowers does not varies because there is no any gender difference while offering the banking services to the borrowers like housing loans, offering of debit and credit card, CRM etc.
- It is found from the analysis the technology based services offered to the retail banking borrowers does not varies based on the educational qualification because of high risk factor involved in real-time operations. Therefore, most of the borrowers prefer only traditional banking services instead of on-line transactions.
- It is found from the above analysis most of the borrowers were not happy with the amenities offered by the bank.

Conclusion:

Retail Banking is a fast growing and emerging sector in banking industry which concentrates on individual customers' needs and helps the banks in enhancing the growth and profitability. Therefore, it is very essential for banks to tap unidentified strategies which help the bank overall performance and development. It is necessary for banks to enlighten the customers through offering varied quality services with the help of advanced technology and to face the competition. The innovation is only choice for banks to attract the new customers and retain the existing customers.

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