

A COMPARATIVE STUDY ON BANK CUSTOMER COMPLAINTS WITH RESPECT TO FLOOR BANKING AND NET BANKING

Anosh Paul* & Dr. T G Saji**

Research and Development Centre, Bharathiar University, Coimbatore – 641 046

(*De Paul Institute of Science & Technology (DiST), Angamaly, Kerala, India.)

(** Sri C Achutha Menon Govt. College, Thrissur, Kerala, India)

Abstract

“Banking company as any company which transacts the business of banking in India’. - Sec. 5(1) (c) of the Banking Regulation Act 1949. The term ‘banking’ has been defined by the same Act as “accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise”. [sec. 5(1) (b)]. These definitions says that every bank is undertaking their business with others’ money. So it is mandatory to take care of that amount. If the banker is not managing this amount properly customers get dissatisfied naturally and they raise their complaints. But the level of complaints might be different from bank to bank. These complaints will also be different for floor banking and net banking services such as ATM, debit and credit card, CDM, mobile banking, EFT, telebanking, etc.

This study is focused on bank customer complaints on net banking and floor banking services with special reference to Ernakulam Dist., Kerala. The main objective of this study is to compare the complaints on net banking and floor banking. 50 samples were taken, data collected through questionnaire and Chi-Square Test along with Percentage Analysis are used to analyse the data. It will also help the banker to understand the area where the customer got dissatisfied and can take remedial measures.

Key words: Banking, net banking and floor banking

Introduction

Customer satisfaction is the major objective of every organization irrespective of service or business. It is true that a satisfied customer is the brand ambassador of every business and he/she can direct more and more customers to that organization. This study is a study about the customer complaints in banking sector in the context of on line services and off line services with special reference to Ernakulam District, Kerala. Banks are generally offering variety of services and

customer complaints are also happening in faster rates nowadays. Complaints are arising especially with the innovative services that are using Information Technologies more.

Kerala is one of the states which occupies one of the leading position in development as well as literacy. Literacy rates of Keralites in Information Technology is also higher. Many of the Keralites are depending more on innovative services of banks due to high literacy. Ernakulam is the Industrial Capital of Kerala where almost all the people have bank accounts. Since literacy level in Kerala is more people will identify easily the problems associate with the services they get. This study is conducted to compare the complaints of bank customers on net banking and floor banking in Ernakulam District, Kerala.

Statement of the Problem

A person has a lot of options of banks to open an account or to be a bank customer. Presently banking field is most competitive field and they are offering many innovative services to the customers. They are trying to follow 3 R's – Recruit the customer, Regain the customer and Retain the customer. If a customer is not satisfied, he/she might shift to another option. So, to identify the area where customers got dissatisfaction with respect to online and offline services is the key element of every banker and they can take remedial measures accordingly.

The volume of complaints received by the Office of Banking Ombudsman (OBO) increased to 1.3 lakh in 2016-17, up 27.45 per cent over the previous year, said a report released by the Reserve Bank. There were 1.02 lakh complaints in 2015-16. "Out of 1,36,000 complaints (approx) handled by the OBOs in 2016-17 (including the complaints brought forward from previous year), 92 per cent were disposed within the year as against the disposal of 95 per cent of the 1,06,000 complaints handled in the previous year," said the annual report of the Banking Ombudsman Scheme. In this scenario a comparative study is required about bank customer complaints with respect to net banking and floor banking.

Literature review

Nippatlapalli A R (2013) says that a proper advertisement programme is required to promote loan facilities such as agriculture, industry, personal, etc. This study also says that every banker should create an awareness on online transactions, interest rates on loans, A.T.M. facilities etc. to their customers. That's why it is required to concentrate on online services, solving banking problem with a quick time. **Shaik S & Abdul N B (2014)** in their study on customer satisfaction towards e-banking services and products in commercial banks reveals that there is a positive relationship between the satisfaction of customers related to public sector and private sector banks and the informative service provided through the Automatic Voice Respond System related to SMS / Mobile service of public sector and private sector banks. The customers are highly satisfied with the willingness of employees to help the customers. So this situation reveals that if the bank officials' attitude is changed it will create some problems and dissatisfaction among customers.

Prameela N, Geetha KV & Azeem A B (2012) say that according to a survey, the weekly use of internet banking by Indian consumers has risen 130% since 2007. In addition to the increasing use of e-banking, the industry is experiencing increased competition and pressures to cut expenses. Under such contexts, banks need to attract and retain their customers by creating, maintaining and highlighting attractive features of e-banking. **B Revathy & Devi K S (2014)** stated in their study of "Customers satisfaction with internet banking in public and private sector banks" that in the

case of both the public and private sector banks there is no relationship between the usage of internet banking and level of satisfaction of the respondents among the public and private sector banks. **George A & Gireesh S (2014)** illustrate in their study “A customer centric study on Internet banking in Kerala” that the problems encountered during on line banking service delivery process identified through factor analysis were customer support problems, service problems, web based problems and password problems. The percentage score was highest for web based problems followed by password problems, customer support problems and service problems. Customer support problems and web based problems have significant negative effect on customer satisfaction and hence these hinder customer satisfaction. Due to the increased rate of internet banking every banker should ensure that their customers are satisfied in this field. This means, there are some other factors which may cause problems among customers of banks rather than internet banking and most probably it is off line transactions.

Robert R S & Raja J E (2014) say in their study of “a comparative study on customer benefits with special reference to public and private sector banks” bankers are bound to attract customers by providing them a spectrum of services like, online banking, ATM banking and tele-banking. Banks can enhance customer service by leveraging on technology, maintaining efficient service delivery standards and business process. Further, it is observed that some banks lose their good clients to competitors due to a variety of reasons. Since the customers frequently use ATM facilities, there is a chance of research about the satisfaction with ATM. This phenomenon is to be studied which will point out satisfaction rating as well as complaints.

Komwut Unyathanakorn Kasikornbank PCL (2014) states that the value given to customers, such as reasonable transaction fees, no charge for transfer of funds within the bank or a lower fee for cross -bank transfers within the same area has a significant effect on customer satisfaction. A more satisfied customer means a more loyal customer, which eventually flows through to the bank’s profit. Combined these are key to operating a successful service business. Satisfied customers rarely file complaints and are overall more loyal to the bank. With this study we can also point out the area of dissatisfaction in bank charges and other nominal fees.

Keshari M & Mishra B P (2016) recommended that Customers have complained of long waiting time and customers are not aware of all the products of public sector and private sector banks. Therefore awareness level of the people about the products of both the banks is needed to be increased to the maximum and waiting time should be reduced. This awareness programme can be done through proper communication methods like SMS and other campaign programmes.

Objective of the study

The objective of the study is to compare the customer complaints with respect to net banking and floor banking in Kerala with Special reference to Ernakulam District.

Research Design & Sampling

Descriptive Research Design has used by the researcher because we can observe the present situation and describe the things that are happening. Population is the bank customers in Ernakulam District, Kerala who are using both net banking & floor banking. We have approached the banks’ customer grievance cell and data has not been provided. Therefore total 50 samples have been selected through convenience sampling.

Data Collection Method

Questionnaire is used to collect the data from bank customers in Ernakulam District, Kerala.

Result & Discussion

Major complaints at a glance

Table 1: Details of complaint

Sl. No.	Complaints	Percentage
NET BANKING		
1	Complaints on ATM Services	16
2	Complaints on SMS Alert System	26
FLOOR BANKING		
3	Complaints on approach of bank staff & Partiality on floor	24
4	Complaints on working time of bank	16
GENERAL		
5	Complaints on timely information	32

Source: primary data

Testing of Hypothesis

Hypothesis

H₀: Mode of bank service and status of complaint is dependent

Chi-Square Test

$$\text{Chi-Square} = \sum \frac{(O-E)^2}{E}$$

Table 2: Table showing details of observations

Services	Customers without complaints	Customers with complaints	Customers with no opinion about complaints	Total
Floor banking	35	7	8	50
Net banking	30	11	9	50

Source: primary data

Chi-Square Value = 1.32Degree of freedom = $(r-1)(c-1) = 1*2 = 2$

Table value at 5% level of significance = 5.991

Since the Table Value (5.991, at 5% level of significance) is greater than calculated value (1.32) H_0 is accepted and we can say that mode of service ie floor banking or net banking and customer complaints are dependent. It is clear that this dependency is more in net banking i.e. number of complaints are more in net banking.

Hypothesis H_0 : Age wise difference and status of complaint is correlated.**Table 2:** Table showing details of age-wise complaints

Age (x)	No. of complaints (y)
22	1
34	4
35	2
38	6
45	1
48	2
55	1
58	1

Pearson's Correlation Co-efficient

x	y	xy	x ²	y ²
22	1	22	484	1
34	4	136	1156	16
35	2	70	1225	4
38	6	228	1444	36
45	1	45	2025	1
48	2	96	2304	4
55	1	55	3025	1
58	1	58	3364	1

$$\text{Pearson's Correlation Co-efficient} = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Pearson's Correlation Co-efficient is -0.29. Since the value is negative it is clear that age and number of complaints are negatively correlated.

Floor Banking & Net Banking

Banks offers Floor banking as well net banking services to customers and customers' approach may be different to these two areas. Therefore we should assess both floor banking and net banking services in terms of customer complaints separately. By that we can have an idea about the depth of customer complaints in floor banking and net banking services of banks.

Floor Banking

Out of 50 customers 14% have complaints with floor banking.

Table 3: Table shows the complaint status with regards to floor banking services of Banks in Ernakulam District.

Status	Number	%
Customers without complaints	35	70
Customers with complaints	7	14
Customers with no opinion about complaints	8	16
TOTAL	50	100

Source: primary data

Net Banking

In the case of net banking the statistics is higher because 22% of customers have complaints on net banking.

Table 4: Table shows complaint status with regards to net banking services of Banks in Ernakulam District.

Status	Number	%
Customers without complaints	30	60
Customers with complaints	11	22
Customers with no opinion about complaints	9	18
TOTAL	50	100

Source: primary data

Timely Information

One of the major problem which has been identified is the delay in communicating relevant information and updates to customers. 32% of customers opined that they have got delayed information from banks regarding important updates and changes. Irrespective of floor banking and net banking option customers need timely information from banks. Following diagram shows the status regarding delayed communication.

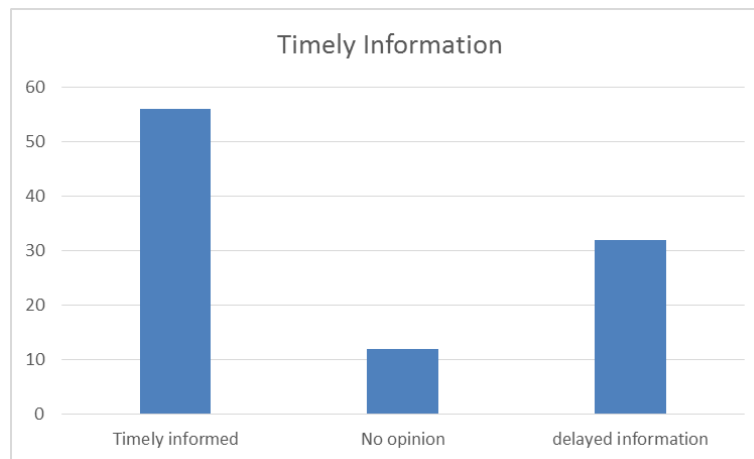


Figure 1: Figure shows the details regarding timely communication by banks to customers.

Source: primary data

Delayed Information is the major complaint

Out of 32% (16 out of 50) of the customers who have informed lately by bank, 75% (12 out of 16) says that delayed communication is the major problem faced by them.

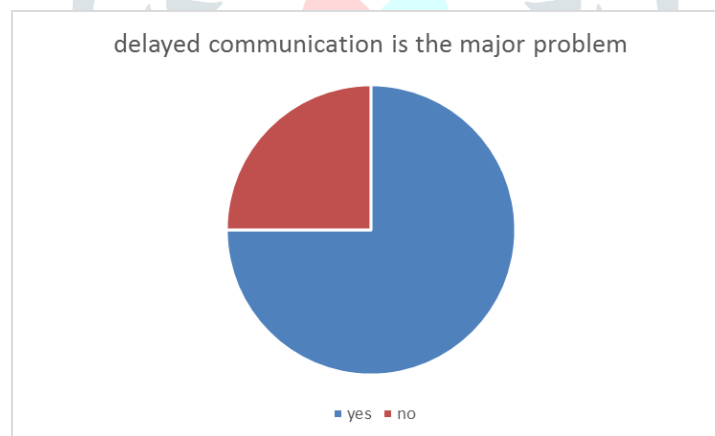


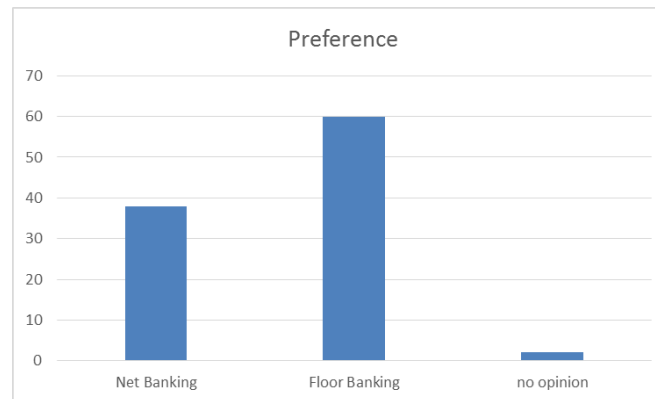
Figure 2: Figure shows the details about delayed information as the major complaint.

Source: primary data

Preference to Online Services

This study reveals that a good number of customers prefer online services than off line services. 38% customers opined that they are preferring net banking transactions and other services. This reveals that in the modern era customers are busy and due to that busy schedule as well as speedy transactions use of net banking facilities are increasing.

Figure 2: Figure shows the details about the customers' preference to net banking or floor banking services.



Source: primary data

Recommendations

1. In the meantime customers have more complaints with respect to net banking than that of floor banking it is suggested that to arrange programmes to educate customers about the use and precautions taken in net banking.
2. Banks should inform all the relevant information and updates timely to customers. Present system says that 32% customers are not informed properly by banks. If the banks can inform all the updates at right time, customers may not raise complaints and we can reduce the number of complaints.
3. There are significant complaints on ATM services, SMS alert system, impartial service and approach of bank staff to customers. Every banker should try to reduce this statistics of complaints and bank staffs should trained regularly. ATM should not be out of money and the software should be updated. Since the technology is advanced they can keep SMS alerts in a proper way.
4. This study also reveals that the growing importance of net banking. So banks should adopt strategies to avoid complaints in net banking because in India net banking will dominate floor banking very soon.

Conclusion

This study reveals that bank customers have more complaints with respect to net banking services than that of floor banking. It is also says that many of the customers didn't get the timely information from banks. All the customers should treat equally and banks should realize that they are traded with others money. People are very busy in this competitive world and they prefers net banking. Since the complaints with net banking is greater than that of floor banking, every banker should take several measures to reduce the complaint and thereby they can ensure a good customer relationship.

Scope for further research

This research work is focused only on Ernakulam District, Kerala followed through convenience sampling. Therefore the findings of the study may not generalize. It enables a detailed study on the same topic to generalize the research findings.

Limitations

1. Since the study is focused on a limited area we cannot generalize the findings.
2. Customers' response may not be genuine due to various factors and we are not sure that the findings are true.
3. Researcher has used convenience sampling to collect the data and the study has all the drawbacks of convenience sampling

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