A COMPARATIVE STUDY OF CUSTOMER SATISFACTION OF TRADITIONAL SCHEDULED BANK AND NEW PRIVATE SECTOR BANK IN KERALA

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Abstract

The banking industry in India has undergone radical changes due to the globalisation, Liberalisation and privatization. Today Indian banking organization is one of the largest banking organisation in the world**.** Banking industry occupies the highest position in the industrial sector and it plays a considerable role in the overall socio-economic development of India. Banking Sector is an integral part of all business and social activities of the country. **Traditional Scheduled Bank and New private Sector bank plays an important role in providing banking services. It offers a wide range of banking products and financial services to customers through different branches in different places. A highly satisfied customer is essential for banking organizations in the emerging competitive market.** This research postulates on the present level of customer satisfaction of banking organizations and also tries to compare the satisfaction level of customers of traditional scheduled bank and new private sector bank in Kerala.

Key words: Customer Satisfaction, Traditional Scheduled Bank, New private Sector Bank,

Introduction

Customer satisfaction is a psychological concept that is more perceived than real. There are number of factors responsible for creating the perception in the customer's mind. But this perception is of huge significant for marketers as they lead to several distinct advantages as increasing loyalty, helping in customer retention, increasing repurchase intention and subsequently improving business performance . Thus enhanced customer satisfaction is of great help to sustain and further the business in the highly competitive market place. Every business organisation, today, must emphasise on serving the customer better when compared to their competitors. Intense competition prevailing in the banking industry has redefined the concept of the entire banking system. This has compelled the bank to turn out new ways not only to attract the customers but also to retain them. The banks are deploying highly sophisticated technological and innovative services to gain supremacy. As a result, numerous measures have been incorporated by the banks for satisfying their customers.

Significance of the Study

Banks are progressively more interested in retaining the existing customers apart from targeting non customers. Customer satisfaction provides an indication of how successful the organisation is in providing improved product or services to the customers. Customer satisfaction is the key factor in maintaining customer relationship so as to accomplish the success of an organisation. So it is imperative to measure customer satisfaction although it is a mind-numbing and complicated task. Customer Satisfaction is quite a complex issue and there are lot of debate and confusions about what exactly is required and how to go about it. This chapter is an attempt to measure the customer satisfaction in banks and compare the level of customer satisfaction between Traditional Scheduled bank and New Generation Private sector banks in Kerala.

Scope of the Study

The study is confined to making a comparative analysis of the Customer Satisfaction between Traditional Scheduled Banks and New Private Sector Bank in Kerala. Among the banks in Kerala three banks each of Traditional Scheduled Banks and New Private Sector Bank are considered. The customers selected for the study includes SBI, Federal Bank and South Indian Bank from Traditional Scheduled Bank and HDFC bank, Axis bank and ICICI bank from New private sector banks with equal representation. Moreover, the customers of the above said banks include customers of both urban and rural areas from the three districts selected.

1.5 Objectives of the study

The objectives of the study are:

(1) To Find out the Satisfaction level of Customers among the Traditional Scheduled Bank and New Generation Private Sector Banks in Kerala.

(2) To compare the level Customer Satisfaction between the Traditional Scheduled Bank and New Private Sector Bank in Kerala. .

Hypotheses

In this study the researcher has formulated and tested the following hypotheses:

1. HO_1: The level of Customer satisfaction in Banks is excellent.
2. HO_2: There is no significant difference in the level of Customer Satisfaction between Traditional Scheduled Banks and New Private Sector Bank in Kerala.

Research Methodology

Source of Data and Methods of Collection

The study is descriptive in nature and mainly based on primary data. Primary data was collected from the customers of Traditional Scheduled Banks and New Private Sector Bank in Kerala by using a well structured questionnaire. The study made use of some secondary data also, which was collected from magazines, journals, and the publication of RBI, books, reports, internet source and some other published and unpublished sources.

Universe and Sample Size

The study has been done from a large sample of customers from two sectors of banks in Kerala. The universe of the study consists of customers from two types of banks in Kerala, namely, Traditional Scheduled Bank and New Private Sector Bank in Kerala. In the present study, the researcher calculated the sample size using power analysis on the basis of information obtained from the pilot study.

Sampling Method

A stratified Random sampling technique was used for the selection of sample respondents of both the Traditional Scheduled Bank and New Private Sector Bank in Kerala. At the outset, considering the area of entity, the whole State of Kerala is divided in to three strata, namely northern, central and southern regions. The northern region comprises the districts of Kassaragod, Kannur, Wynad, Kozhikode and Malappuram, the central region comprises Palakkad, Thrissur, Ernakulam and Idukki and the rest of the districts Pathanamthitta, Koyyayam, Alappuzha, Kollam and Thiruvanthapuram fall under southern region. One district from each region was deliberately selected to represent the region – Kozhikode from northern region, Ernakulam from central region and Thiruvanthapuram from southern region, since all the Traditional Scheduled Bank and New Private Sector Bank are active presences in these districts. Each of these three districts was again divided in to two groups as Urban and Rural areas. The selection of banks under urban and rural areas was made by using simple random sampling. For the purpose of the study, six banks - SBI, Federal Bank and South Indian Bank in the Traditional Scheduled Bank and HDFC, ICICI and Axis bank in the New Private Sector have been considered and equal representation was given to all these individual banks. Then 90 customers were selected from each bank by using simple random sampling method.

Results of the Analysis and Discussion

One of the objective of the study is to find out the level of customer in banks. For this, the respondents are asked 11 questions on five point Likert scale regarding customer satisfaction in banks. The responses are scored as 1 for 'Strongly disagree', 2 for 'Disagree', 3 for 'Neither Dis agree nor Agree, 4 for 'Agree' and 5 for 'Strongly agree'. The total score of the 11 questions from all the 540 respondents is found out.

District Wise Customer Satisfaction Evaluation

For measuring the district wise customer satisfaction, the following hypothesis is framed.

HO: The mean score of customer satisfaction is same for all the districts

ANOVA is used to compare the mean score of different districts and the result is exhibited in Table given below.

Table Showing

Mean, S.D and F Value of Customer Satisfaction - District Wise

Variable	*District*	*N*	*Mean*	*Standard deviation*	*F*	*p value*
Customer Satisfaction	Kozhikode	180	38.67	8.64	1.612	0.201
	Ernakulam	180	39.06	8.96		
	Thiruvananthapuram	180	40.29	9.24		

Source: Primary Data.

The results of the ANOVA test depicted in Table reveals that the mean score customer satisfaction is high (40.29) with a SD of 9.24 for the respondents of Thiruvanthapuram district. The mean score of customer satisfaction is least (38.67) with a SD of 8.64 for the respondents of Kozhikode district.

It also reveals that P value is more than 0.05 for all the variables considered and so the hypothesis H_1 is accepted. Therefore, it can be concluded that the mean score of customer satisfaction among the respondents of different districts does not significantly differ.

Gender Wise Customer Satisfaction Evaluation

The following hypothesis is framed for the evaluation of gender wise customer satisfaction.

HO: The mean score of customer satisfaction is same for males and females.

Here, Z test is used and the results are shown in Table exhibited below.

Table Showing

Mean, S.D and Z Value of Customer Satisfaction - Gender Wise

Variable	*Gender*	*N*	*Mean*	*Standard deviation*	*z*	*p value*
Customer Satisfaction	Male	356	39.35	9.05	0.041	0.967
	Female	184	39.32	8.81		

. *Source: Primary Data*

Table reveals that the mean score doe not differ significantly as it ranges from 39.32 to 39.35 between male and female. The P value as depicted by the table (0.967) also substantiates that no significant difference exists between males and females regarding customer satisfaction.

Age Wise Customer Satisfaction

Following hypothesis is framed for age wise customer satisfaction evaluation.

HO: The mean score of customer satisfaction for all the age groups of customers is same

Here, F test is conducted, and the result is shown in Table given below:

Table Showing

Mean, Standard deviation and F value Customer Satisfaction – Age Wise

Variable	*Age*	*N*	*Mean*	*Standard deviation*	*F*	*p value*
Customer Satisfaction	Below 25 yrs	88	41.56	9.06	0.146	0.924
	25-40 yrs	242	37.14	8.66		
	40-55 yrs	136	35.07	9.36		
	55 yrs and above	74	37.06	9.16		

Source: Primary Data.

Table shows that the mean score of customer satisfaction is high (41.56) with a SD of 9.06 for the respondents of below 25 years of age category. The mean score of customer satisfaction is least (35.07) with a SD of 9.36 for the respondents category of 40 to 55 years age .As the P value in this case is greater than 0.05, the hypothesis is accepted and it can be concluded that that there is no significant difference among different age categories as to customer satisfaction.

Income Wise Customer Satisfaction Evaluation

For this, the following hypothesis is framed**.**

HO: The mean Score of Customer satisfaction is same for all respondents of different categories of income.

An independent sample F test is used to compare the mean scores of variables for respondents on the basis income level that is, Less than Rupees 20,000, 20,000 to 40,000, 40,000 to 60,000 and more than Rupees 60,000. The results are shown in Table given below.

Table Showing

Mean, S.D and F value of Customer Satisfaction - Monthly Income Wise

Variable	*Monthly income*	*N*	*Mean*	*Standard deviation*	*F*	*p value*
Customer Satisfaction	Less than 20,000	82	36.32	8.56	0.573	0.632
	20000 to 40,000	193	43.76	8,98		
	40000 to 60,000	154	39.78	9.26		
	More than 60,000	111	39.82	8.82		

Source: Primary Data.

Table shows that the mean score of customer satisfaction is high (42.75) with a SD of 8.98 for the respondents is belonging to the monthly income category of Rupees 20,000 to 40,000. The mean score of customer satisfaction is low (36.32) with a SD of 8.56 for the respondents of the income category of less than Rupees 20,000. Value of F is 0.573. As the calculated P value is more than 0.05 it can be concluded that there is no significant difference in the mean score of customer satisfaction among the respondents on the basis of monthly income.

Analysis of Level of Customer Satisfaction in Banks

For analysing the customer satisfaction in banks the mean percentage score of the same is calculated (65.96%) which indicates that the level of customer satisfaction in banks is good or medium. The CV indicates that the score is stable as the value is less than 20%. To verify whether the level of service quality in banks is good or it is excellent, Z test is used and the hypothesis is that the mean score of the customer satisfaction is excellent (75 percent of maximum possible score of 55 that is 41.25) against the alternative hypothesis is that the mean score of the customer satisfaction is not excellent. The result is shown in Table given below.

Table Showing

Mean, Standard Deviation and Z Value of Service Quality

Variable	N	Mean	Standard Deviation	Mean % score	CV	Z	P value
Customer Satisfaction	540	36.28	7.94	65.96	12.64	-4.962	<0.001

The above Table reveals that the mean score of customer satisfaction is 36.28 with a SD of 7.94, while the maximum score of the customer satisfaction is 55 (mean percentage score is 65.96). It further reveals that the calculated value of Z is -4.962 and P value is less than 0.001. As calculated Value of P is less than 0.05, null hypothesis is rejected and it is concluded that the level of customer satisfaction in banks is good. It indicated that the level of customer satisfaction in banks only at medium level.

Bank Wise Customer Satisfaction Evaluation

For analysing customer satisfaction on bank wise the following hypothesis is framed.

H_1: The mean Score of Customer satisfaction is same for all banks.

ANOVA is used to compare the mean score of customer satisfaction of different banks and the result is exhibited in Table given below:

Table Showing

Mean, S.D and F value of Customer Satisfaction – Bank Wise

Variable	*Bank*	*N*	*Mean*	*Standard deviation*	*F*	*p value*
Customer Satisfaction	SBI	90	40.25	9.88	14.638	<0.001
	Federal Bank	90	36.85	5.08		
	South Indian Bank	90	35.23	6.26		
	HDFC	90	43.72	10.19		
	Axis	90	37.53	7.03		
	ICICI	90	42.48	10.13		

Source: Primary Data.

The above Table shows the Bank wise customers' perception of the level of Customer Satisfaction. It shows that the mean score of the customer satisfaction is high (43.72) in HDFC, followed by ICICI Bank (42.48) with a standard deviation of 10.19 and 10.13 respectively. The mean score of SBI is 40.25, Axis Bank 37.53 and Federal Bank 36.85 with a SD of 9.88, 7.03 and 5.08 respectively and least mean score is South Indian Bank (35.23) with a SD of 6.26.

Bank type wise Customer Satisfaction Evaluation

In this case the following hypothesis is framed.

H1: The mean Score of Customer satisfaction is same for public and private sector banks.

An independent sample Z test is used to compare the mean scores of customer satisfaction of Traditional Scheduled Bank and New Private Sector Bank and the results are shown in Table given below.

Table Shoing

Mean, S.D and Z Value of Customer Satisfaction - Type of Bank Wise

Variable	*Type of bank*	*N*	*Mean*	*Standard deviation*	*Z*	*P value*
Customer Satisfaction	TSB	270	38.52	7.34	-4.434	<0.001
	NPSB	270	40.17	10.05		

Source: Primary Data.

Table reveals that the mean score of customer satisfaction evaluation is higher (40.17) in New private sector banks with a SD of 10.05 whereas the mean score of customer satisfaction of Traditional Scheduled Bank is (38.52) with a SD of 7.34.The result shows that there is a significant difference existing between New Private Sector Bank and Traditional Scheduled Bank in regard to customer satisfaction. Since P value is less than 0.05 and the hypothesis HO is rejected. Hence it can be concluded that the mean score of Customer satisfaction significantly differs between banks.

Findings of the Study

1. District wise customer satisfaction in banks reveals that reveals that the mean score customer satisfaction is high (40.29) with a SD of 9.24 for the respondents of Thiruvanthapuram district. The mean score of customer satisfaction is least (38.67) with a SD of 8.64 for the respondents of Kozhikode district.
2. Gender wise customer satisfaction in banks discloses that the mean score doe not differ significantly as it ranges from 39.32 to 39.35 between male and female. The P value as depicted by the table (0.967) also substantiates that no significant difference exists between males and females regarding customer satisfaction.
3. Age wise customer satisfaction in banks reveals that the mean score of customer satisfaction is high (41.56) with a SD of 9.06 for the respondents of below 25 years of age category. The mean score of customer satisfaction is least (35.07) with a SD of 9.36 for the respondents category of 40 to 55 years age .As the P value in this case is greater than 0.05, the hypothesis is accepted and it can be

concluded that that there is no significant difference among different age categories as to customer satisfaction.

4. Income wise customer satisfaction in banks reveals that the mean score of customer satisfaction is high (42.75) with a SD of 8.98 for the respondents is belonging to the monthly income category of Rupees 20,000 to 40,000. The mean score of customer satisfaction is low (36.32) with a SD of 8.56 for the respondents of the income category of less than Rupees 20,000. Value of F is 0.573. As the calculated P value is more than 0.05 it can be concluded that there is no significant difference in the mean score of customer satisfaction among the respondents on the basis of monthly income.
5. The level customer satisfaction in banks reveals that the mean score of customer satisfaction is 36.28 with a SD of 7.94 It further reveals that the calculated value of Z is -4.962 and P value is less than 0.001. As calculated Value of P is less than 0.05, null hypothesis is rejected and it is concluded that the level of customer satisfaction in banks is good. It indicated that the level of customer satisfaction in banks only at medium level.
6. Bank type wise customer satisfaction level reveals that the mean score of customer satisfaction evaluation is higher (40.17) in New private sector banks with a SD of 10.05 whereas the mean score of customer satisfaction of Traditional Scheduled Bank is (38.52) with a SD of 7.34.The result shows that there is a significant difference existing between New Private Sector Bank and Traditional Scheduled Bank in regard to customer satisfaction. Since P value is less than 0.05 and the hypothesis HO is rejected. Hence it can be concluded that the mean score of Customer satisfaction significantly differs between banks.

Conclusion

Satisfaction of customers plays significant role in high involvement industry like banks. In banking industry, there is a continuing relationship between the service provider and the customer is essential. Satisfaction is based on an evaluation of numerous interactions. A positive relationship between the service quality and loyalty has been found in the banking sector. Satisfied customers are more likely to concentrate their business with one bank, providing recommendations for the bank and in variably reduce a bank's cost of providing services because there are fewer complaints to deal with. . The present study on customer satisfaction in Traditional Scheduled Bank and New Private Sector Bank in Kerala concludes that CRM implementation in new private sector banks is better than Traditional Scheduled Bank.

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