STUDY OF AWARENESS AND SATISFACTION OF CUSTOMERS REGARDING RETAIL SERVICES PROVIDED BY BANKS IN INDIA

Authors:

Amarpreet Kaur & Inderpreet Kaur

Assistant Professor
SGTBIMIT
B.com, MBA, M.Phil

Assistant Professor
SGTBIMIT
B.com, M.Com, M.Phil.

Banking Industry has faced many challenges and has emerged as one of the dynamic industry. The rapid growth of retail lending, especially, in emerging economies, is linked directly to the rapid developments in information technology, the dynamic macroeconomic environment, financial market reforms etc.

Today’s banking services are customer oriented. Indian banking industry, during the course of its evolution and growth, has transverse through innumerable twists and turns.

The secret of its success lies in its ability to adapt to changes in the most competitive manner. There was a time, when Public Sector Banks were reluctant to open up for retail loans but today the situation is totally different. Banks irrespective of their size are increasingly focusing on Retail segment for both resource mobilization and lending. Banks privately owned or in public sector are all into retailing now. The study basically focuses on retail banking products and services and customer awareness and satisfaction towards them. Both the primary and secondary research is used for studying the customer preference and awareness. It was found that present banking industry do offer valuable customer services and products but still there is much scope to develop the business by effective spread of technology.

Key words: Retail Banking, customer, Products.

OBJECTIVES OF THE STUDY

- To know the Customer’s preference and perception towards different products of Retail Banking.
- The main objective of this project is to study the awareness and satisfaction of customers regarding Retail Services provided by banks.
- In this dynamic Retail Banking scenario, the study is an attempt to understand the different models and strategies adopted by the bank, their performances across Retail Banking business lines and also derive the inferences for the future.
Research Methodology Used

A quantitative approach was used for the study. Visiting to the customers and interactions with them helped to know the trend and market in retail banking. This study is based on exploratory research based in a large measure on the collection of primary data and also the secondary sources.

Primary sources:

For Primary source a questionnaire and scheduled interviews / personal observations was used.

Secondary sources:

Data was collected from internet, journals, magazines, text books etc.

INTRODUCTION

Today’s customers are service oriented. Customers want prompt, efficient service and demand customized products to meet their demands. The face of Indian Banking changed irreversibly soon after liberalization in the early 90’s- after the advent of the new private sector banks. In this context, the paper surveys the needs of the customers.

Meaning of Retail Banking

Retail Banking has emerged as a new keyword in the Indian Banking System in last few years. Retail Banking includes all the services like retail deposit schemes, retail loans, credit cards, debit cards, insurance, mutual funds etc catering to the needs of individual customers. Retail banking take care of the banking needs of individual customers in an integrated manner.

Retail banking scenario

Globalization, liberalization, privatization, together with developments made in information technology, has brought cut throat competition in every field of activity. The marketing complexities have increased so much, product life cycles have shortened and the market is more turbulent than ever before. Indian industry is desperately looking for strategy and action plans that would ensure its survival and growth. In the fast changing socio-economic environment the consumer is truly a moving target today. Sharp product segmentation based on consumer insights is highly desirable. The challenge for the marketers is to use the tools of branding and pricing at their disposal to ensure that the most valuable package in the customer's perception is represented by his brand. The cooperative and collaborative relationships with customers are the most prudent way to keep track of changing expectations. The classification of services, customization in order to regain lost customers, differentiation strategies to command premium price and gastronomy strategies to provide a great deal of interaction and personalization to consumers, are amongst the prominent strategies, which could be used in customer relationship management. The market research should be visualized as a series of building blocks of information necessary for strategy development. The Indian marketers must give emphasis upon strategic marketing of their products/services in the changing business scenario.
Growth of Retail Banking

The retail banking sector in India has witnessed phenomenal growth and changes in last few years. It has faced up to the need of the hour and introduced anytime, anywhere banking, for its customers through ATMs, mobile and internet banking. It has also offered services like D-MAT, plastic money (credit and debit cards), online transfers, etc. This has not only helped in reducing operational costs but facilitated greater conveniences to its customers.

High-Tech Banking

ATMs - With growing technological innovations, banks have significantly expanded their ATM network over the past three years.

Loan disbursement

Technology has facilitated the growth in retail loan disbursements, making the whole process simpler and faster. The sector has delivered a growth of around 30 per cent per year over the past 4-5 years.

Plastic Money

Credit cards have also played an important role in promoting retail banking. The use of credit cards has been growing significantly over the last few years.

Core Banking Solutions (CBS)

The concept of CBS, which allows a customer to fulfill a wide range of banking operation online, has come alive during the past four years. Electronic fund transfer facilities and mobile banking provides a further fillip to the retail banking in the coming years.

DATA ANALYSIS

Data have collected from the consumers using several different retail banking services through questionnaire, analyzed and classified the data into tables

1. Services Expected From Banks

Quick Response –140
Interpretation Out of 200 customers, 140 of them said that they expect Quick Response, 20 said they expect Good Customer Relationship and 40 customers said that they expect Extra Facility for Existing Customer.

2. Factors that Customers look before Opening Account with a Bank

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Very Important</th>
<th>Fairly Important</th>
<th>Not Important</th>
<th>Neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location of the bank</td>
<td>130</td>
<td>40</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Opening hours</td>
<td>120</td>
<td>50</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Branch network</td>
<td>75</td>
<td>90</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>Security in transacting business</td>
<td>170</td>
<td>30</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Services offered</td>
<td>120</td>
<td>40</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Prospects for accessing loans</td>
<td>170</td>
<td>30</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Personal services</td>
<td>170</td>
<td>30</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Customer waiting period</td>
<td>120</td>
<td>40</td>
<td>15</td>
<td>25</td>
</tr>
</tbody>
</table>
3. AWARENESS OF CUSTOMERS ABOUT RETAIL PRODUCTS

The given Bar chart below shows the customer awareness about bank’s Retail Products existence and availability.

Response: Yes – 180 No – 20

Interpretation: Out of 200 customers, only 180 people were known about all Retail Products and 20 of them were said that they are unaware of Retail Banking.

This shows that there is a lack of awareness nearly in 20% of people/customers of bank.
4. Which factor promotes you to use the new techniques in banking? (Tick all that are applicable)

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced time of transactions</td>
<td>200</td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>140</td>
</tr>
<tr>
<td>Ease of use</td>
<td>130</td>
</tr>
<tr>
<td>Technology savvy</td>
<td>150</td>
</tr>
</tbody>
</table>
5: INFLUENCING FACTOR FOR TAKING LOAN

The given below Bar chart shows the —What Influences the Customers While Taking loan

Advertisement – 25
Friends – 40
Easy Availability of Loan – 90
Trust – 45
Interpretation

Out of 200 customers, nearly half of them are accepted that they influenced by easy availability of loan trust to avail loan. Then second most influencing factor is Trust. The least influencing factor is Advertisement, the reason is now-days there are many loan givers are available in market so no one is sure that which company/bank is so effective. Advertisements are not performing well as influencing factor.

6. How frequently do you use the following banking services per month?

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Nil</th>
<th>1 to 3 times</th>
<th>4 to 6 times</th>
<th>Over 6 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Banking</td>
<td>55</td>
<td>130</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>ATM</td>
<td>15</td>
<td>95</td>
<td>60</td>
<td>30</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>35</td>
<td>70</td>
<td>55</td>
<td>40</td>
</tr>
<tr>
<td>Tele Phone banking</td>
<td>140</td>
<td>45</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>Mobile banking</td>
<td>40</td>
<td>85</td>
<td>45</td>
<td>30</td>
</tr>
</tbody>
</table>
Strategies for growth of Retail Banking

1. **Updated Technology**: Without technology support, it is very difficult to grow fast in the field of retail banking. Technology plays a vital role in maintaining customer relationship management system, automation of loan process, e-banking etc. It helps in increasing the efficiency of banking services, reducing costs and enhancing profits.

2. **Customer Relationship**: Know your customer is the most important thing to focus upon in Retail Banking. Good customer relationship helps in cross selling and up selling. For this, banks need to maintain data of customers, their preferences etc.

3. **Correct pricing**
   Appropriate pricing is very important in retail banking because of cut throat competition. Pricing should be such which provides value to the customer. Proper transparency needs to be there in pricing of the product as there are many hidden charges which customer comes to know afterwards which breaks his loyalty for the bank.

4. **Innovative products**
   Product innovation is yet another challenge in retail banking. Even though all the banks are coming up with new products but not all banks are successful. Banks need to innovate products suiting the needs and requirements of different types of customers.

5. **Cross selling of products**
   Cross selling enhances customer loyalty. Marketing has become an essential ingredient for being successful in banking industry. With the continuous innovation and upgradation of services and products, banks have to recourse to innovative marketing strategies. Today banks are like departmental stores selling all the financial
products under one roof therefore banks of the future has to be essentially a marketing organization that sells all the banking products under one roof. By cross selling, banks get higher profits and sustainability.

CONCLUSION

The paper presented outcome of the study in the form of general observations, conclusions based on factual analysis and findings on analysis of data.

It was found that present banking industry do offer valuable customer services and products but still there is much scope to develop the business by effective spread of technology.

In future, banks need to equip themselves with internal capabilities and build efficient and viable business models to create the advantage of new opportunities viable into a long term sustainable competitive advantage.

REFERENCES


