



ASSESSING CUSTOMER SATISFACTION IN SMALL FINANCE BANKS: AN ANALYTICAL STUDY IN THRISSUR DISTRICT

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ABSTRACT

Small Finance Banks (SFBs) have emerged as significant players in advancing financial inclusion by providing accessible banking services to underserved communities. This study aims to assess the satisfaction levels of customers associated with SFBs in Thrissur District, Kerala. Using a structured questionnaire, primary data was gathered from customers belonging to different demographic backgrounds. The research evaluates overall customer satisfaction, examines how demographic factors influence satisfaction, and identifies the common issues, customers encounter in their banking experience. To analyze these aspects, the Chi-Square test was applied to determine the relationship between demographic variables and satisfaction, while the Garrett Ranking method was used to rank the major customer challenges. The outcomes of the study offer meaningful insights for SFBs to enhance service delivery, strengthen customer relationship and build greater trust among their customers.

KEYWORDS

Small Finance Banks, Customer Satisfaction, Demographic Factors, Service Challenges, Banking Services

INTRODUCTION

Small Finance Banks (SFBs) have become key drivers of financial inclusion by delivering core banking services to low-income groups and communities in less accessible regions. As their out-reach increases, assessing customer satisfaction is essential to understand service effectiveness, trust levels, and overall operational performance. Maintaining customer satisfaction is not only supports client retention but also strengthens

institutional growth. Ongoing evaluation of customer feedback helps SFBs, refine their services and build stronger customer relationships.

CUSTOMER SATISFACTION

Customer satisfaction indicates the extent to which a bank's services align with customer expectations, encompassing service quality, staff conduct, accessibility, and trust. For Small Finance Banks, achieving strong customer satisfaction is essential for building loyalty, enhancing reputation, and supporting long-term growth in a competitive environment.

STATEMENT OF THE PROBLEM

While Small Finance Banks are designed to improve financial access for underserved communities, many customers continue to encounter difficulties that impact their satisfaction. This research aims to evaluate satisfaction levels, explore the influence of demographic factors, and highlight major service-related concerns specific to the region.

SCOPE AND SIGNIFICANCE OF THE STUDY

The research investigates customer satisfaction in Small Finance Banks by assessing factors such as service efficiency, ease of access, staff interaction, and demographic impact. The results offer guidance for enhancing banking services and assist policymakers in strengthening financial inclusion and long-term development.

OBJECTIVES OF THE STUDY

1. To assess the level of customer satisfaction with the services provided by Small Finance Banks in Thrissur District.
2. To examine the relationship between selected demographic variables and customer satisfaction with banking services.
3. To identify and rank the major challenges faced by customers while availing services from Small Finance Banks in the district.

RESEARCH METHODOLOGY

Primary data was gathered from 150 customers of five selected Small Finance Banks in Thrissur District through a structured questionnaire. The study used a non-probability approach, specifically the convenience sampling method. To analyze the data, the Chi-Square test was applied to examine the relationship between demographic factors and customer satisfaction, while the Garrett Ranking method helped prioritize major service-related concerns.

REVIEW OF LITERATURE

Dr. Jyoti Agarwal (2012)¹ in her study titled “**Customer Satisfaction in Indian Banking Services: A Study in Aligarh District**”, found that private banks received more consistent customer satisfaction than public banks, recommending improved service delivery, staff training, and technology adoption to enhance public bank performance.

Gupta Vijay Prakash (2016)² studied “**Customer Satisfaction in Commercial Banks in Meerut Division**”, concluded that timely service, issue resolution, and personalized interactions are key to customer satisfaction in commercial banks, recommending customer-focused strategies and staff training to enhance loyalty and long-term growth.

VipulKumar et al (2024)³ explored the study of “**Customer Satisfaction in Small Finance Banks in India**”, emphasizing its role in enhancing growth and long-term sustainability. The study found that factors like accessibility, trust, and responsiveness are crucial, recommending that SFBs strengthen customer relationships, embrace technology, and leverage feedback to improve services and expand out-reach.

Mohan Kumar B.M and Gurudath A.S (2025)⁴ examined the study on “**Influence of Ujjivan Small Finance on customers satisfaction of Banks in Ramanagara District**” found that Ujjivan Small Finance Bank positively influences customer satisfaction in semi-urban areas, particularly through courteous staff and service delivery, recommending improved personalization and communication to strengthen trust and long-term relationships.

DATA ANALYSIS AND INTERPRETATION

Ho: There has been no significant association between demographic variables and level of satisfaction

Table No.3
Association between Demographic Factors and Satisfaction

Demographic Variable	Level of Satisfaction	Dissatisfied	Neutral	Satisfied	Very dissatisfied	Very satisfied	Test Value	P Value	Remarks
Age	Below 25 years	3	12	16	1	17	20.893	.052	No Significant
	25–35 years	4	18	43	3	31			
	36–45 years	3	9	23	5	20			
	Above 45 years	9	3	16	3	11			
	Male	3	11	25	4	28	7.297	.121	No

Gender	Female	10	19	27	4	19			Significant
Education	Below 10th	4	7	7	2	8	10.943	0.534	No Significant
	10th/12th	2	0	4	1	8			
	Graduate	5	12	24	3	20			
	Postgraduate	2	11	17	2	11			
Occupation	Business	4	4	11	1	17	17.554	0.130	No Significant
	Salaried Employee	4	12	24	5	22			
	Self- Employed	5	8	10	2	4			
	Student	0	6	7	0	4			

(Source: Computed) No Significant means Accepted Significant means Rejected

The table illustrates the association between different demographic variables—namely age, gender, education, and occupation—and customer satisfaction levels with Small Finance Banks. A chi-square test was applied to determine whether these demographic factors significantly affect satisfaction. Since all the p-values (Age = 0.052, Gender = 0.121, Education = 0.534, and Occupation = 0.130) are above the 0.05 threshold, the results show no statistically significant relationship between any of the demographic variables and customer satisfaction. As a result, the null hypothesis is accepted in each case, indicating that customer satisfaction levels remain generally uniform regardless of age, gender, education, or occupation. This suggests that demographic characteristics do not have a notable influence on how customers perceive the services of Small Finance Banks.

CHALLENGES FACED BY CUSTOMERS

To understand and prioritize these challenges from the customers' perspective, a structured survey was conducted among 150 customers of various Small Finance Banks. Participants were asked to rank eight commonly faced challenges based on their personal experiences. These challenges include:

1. Limited branch network
2. Poor customer service
3. High interest rate on loans
4. Lack of awareness about products
5. Insufficient digital banking services
6. Long waiting time for services

7. Limited product variety
8. Lack of transparency in policies

The data collected was analyzed using the **Garret Ranking Technique**, a statistical tool that converts rank orders into scores to identify the most significant issues. This method allows for a clear and quantifiable comparison of factors, helping stakeholders pinpoint priority areas for improvement in customer service and banking operations.

The responses of customers have been converted to numerical scores using Garrett technique. The garret value was calculated based on the Garret ranks,

The Garrett's score conversion formula is

$$\text{Per cent position} = 100 (R_{ij} - 0.5) / N_{ij}$$

Where R_{ij} – Rank given for the i th variable by the j th respondents

N_{ij} – Number of variables ranked by j th respondent

Table No. 4
Percent Position and Garret Value

Rank	Percent Position	
1	6.25	80
2	18.75	68
3	31.25	60
4	43.75	53
5	56.25	47
6	68.75	40
7	81.25	32
8	93.75	20

(Source: Computed)

The table shows percent positions and corresponding Garret values in cases of eight variables

Table No. 5
The Frequency Distribution of Customer Rankings

Factors	Rank							
	1	2	3	4	5	6	7	8
Limited Branch Network	14	17	32	83	57	17	15	15
Poor Customer Service	39	40	70	35	26	24	10	6
High Interest on Loans	16	12	12	47	80	46	23	14
Lack of Product Awareness	112	40	52	18	9	8	4	7

Insufficient Digital Services	27	98	52	29	16	8	13	7
Long Waiting Time	8	23	9	7	21	25	93	64
Limited Product Variety	21	10	8	13	12	35	53	98
Lack of Transparency	13	10	15	18	29	87	39	39
	250	250	250	250	250	250	250	250

(Source: Computed)

Table No .6**Factors of Small Finance Banks**

Factors	Rank								
	1	2	3	4	5	6	7	8	
Limited Branch Network	8	6	20	52	34	11	11	8	150
Poor Customer Service	24	26	39	22	16	15	6	2	150
High Interest on Loans	11	7	8	30	54	22	10	8	150
Lack of Product Awareness	67	29	29	7	5	5	4	4	150
Insufficient Digital Services	13	55	36	18	11	4	7	6	150
Long Waiting Time	5	16	3	2	9	16	62	37	150
Limited Product Variety	15	7	5	6	7	19	28	63	150
Lack of Transparency	7	4	10	13	14	58	22	22	150
	150	150	150	150	150	150	150	150	

(Source: Computed)

Table No.7**Ranking of various challenges**

Challenges	Total Score	Average Score	Rank
Limited Branch Network	7554	50.36	4
Poor Customer Service	8778	58.52	3
High Interest on Loans	7324	48.83	5
Lack of Product Awareness	10086	67.24	1

Insufficient Digital Services	8915	59.43	2
Long Waiting Time	5561	37.07	7
Limited Product Variety	5539	36.93	8
Lack of Transparency	6243	41.62	6

(Source: Computed)

The table highlights the ranking of key challenges experienced by customers of Small Finance Banks, based on total and average scores. Lack of Product Awareness is identified as the most critical challenge, with the highest average score of 67.24, placing it at the top rank. This is followed by Insufficient Digital Services (59.43) and Poor Customer Service (58.52), which are ranked second and third, respectively, reflecting customers' growing need for improved service quality and better digital infrastructure. Limited Branch Network and High Interest on Loans are ranked fourth and fifth, indicating moderate concern. Meanwhile, challenges such as Lack of Transparency, Long Waiting Time, and Limited Product Variety received lower average scores—41.62, 37.07, and 36.93—ranking sixth, seventh, and eighth respectively, showing they are of comparatively lesser concern. These insights suggest that Small Finance Banks should focus primarily on increasing product awareness and strengthening their digital service capabilities to enhance customer experience.

RESULT AND DISCUSSION

The study reveals that while customer satisfaction with Small Finance Banks is generally positive and not significantly influenced by demographics, key challenges identified—such as lack of product awareness, inadequate digital services, and poor customer service—require focused improvements to enhance overall customer experience.

CONCLUSION

The study concludes that customer satisfaction with Small Finance Banks is generally positive, but improvements in product awareness, digital services, and customer support are essential, as service-related issues outweigh demographic influences.

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