

Customer Satisfaction on Banking Operations - A Study

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Abstract:

Over the years, the Indian Banking sector was vital for the Indian economy which had a stable and improved performance. The banking sector has retained the customer confidence and satisfaction which has got multiple dimensions varying from person to person and also the place of operation. Banking sector is customer driven sector and the customer service is the distinguished factor which influence the banking industry as a whole. Like all the service sectors, the banking sector is influenced by the continuous updating technologies, economic uncertainties, rapidly changing markets, intense competition among the players and enhanced demands of the customers which impose few challenges to the banks in serving their customers. The customer satisfaction is becoming increasingly important for their growth and inturn the economic development of the country. The paper is aimed at evaluating the customer satisfaction about the Basic Banking Services, Bank Deposit & Credit Facilities, and E-Services & Other Bank Facilities. The study is conducted on 1586 respondents spread across five mandals of Guntur district in the state of Andhra Pradesh. It is observed that there is significant relationship between the mandals and the satisfaction levels on the various services and products offered by the bank.

Keywords: Banking Services, Customer Satisfaction, Banking Sector, Financial Inclusion

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INTRODUCTION

The service sector is dominated by the Financial Services where the banking sector is a catalyst for commerce and modern day trading activities and also plays a vital role in the economic development of the country. Banking sector became an important integral part of all ongoing businesses and social activities. Highly complex and competitive market has been evolved due to the rapid transformations of the products and services offered by the banking sector. There is observed refinement of the services and products offered by the banking sector compelling the institutions to adopt themselves to meet the prevailing conditions. The

banks are playing a vital role in the economic development of the country and are also undergoing hectic pressure due to the rapidly changing business environment. The Indian Banking Sector had undergone huge changes post the liberalization of economy in 1990. Indian Banking Sector had experienced difficult times after the decision to privatize the public sector banks by reduction the government stake in the banks based on the recommendations of the Narasimhan Committee. With these changes, the purpose of banking itself is being redefined. Financial Institutions especially the banks are providing majority of their services at the doorsteps of the customer. In order to develop and

stabilize the business the focal point is moved onto the customer. The expectations of the customers increased with the advancements in the telecommunication and technology. The perception of the customers changed with the advent of the internet banking, ATMs, mobile banking etc which made the banking services available for the customer round the clock. The prevailing competition in the banking sector had redefined the concept of the entire banking system where the banks are adopting to innovative ways of attracting not only the new customers but also at the same time to retain the existing customers thereby gaining competitive advantage over their competitors. With the rapidly changing customer needs and expectations of the services, the banks are forced to deploy advanced, innovative sales techniques and marketing tools like any other business organizations to gain supremacy. Each interaction with customers can be an opportunity to develop or to destroy the faith of the customer on the Bank. With the changes in the technology the time spent on the banking transactions has been drastically reduced. With the advent of the universal banking concept, the players in the banking sector are providing the versatile services and products to the customers under a single roof as per the requirements of the customers. With the implementation of the economic reforms the private banks had emphasized on the technology and also on the customer centric issues.

Customer Satisfaction is vital for the marketers as well as the consumer researchers both in terms of theoretical and practical aspects. Customer satisfaction is perceived to be the feeling of the customer towards the service and product offered by the institutions. It is the attitude of the customer after the service or product is utilized and whether the same had met the prescribed expectations. Customer satisfaction is treated as corporate goal where the institutions strive to achieve quality in the services and products offered by them. Customer satisfaction is viewed as an outcome of the various marketing activities undertaken by the institution and at the same time serves as a relationship among the

multiple stages of consumer buying behavior. The satisfied customers are likely to engage themselves in repeated purchases and induce line extensions by referring it to others. Similarly the unsatisfactory customer service can lead to a dip in the customer satisfaction and generating a possibility in increasing the rate of switching to the services or products of the competitors. In these prevailing competitive pressures, it is vital for the banks to retain a loyal base of clients. Banks should formulate their policies and strategies so as to improve their market position, profitability and thereby increasing the customer satisfaction levels. Banks across the world identified the need and importance of the customer satisfaction. The profitability of the banks is leveraged through developing and maintaining effective customer relationship. In the present day scenario the customers are increasingly aware of their rights and at sometimes are demanding ever more than offered or served earlier. The prevailing trend is “customer-centric model” against the earlier “product-centric model” so as to enhance the customer satisfaction which determines the business growth. In this environment it is observed that the prioritization of performance and at the same time the close monitoring of the customer satisfaction is indispensable. Despite these efforts by the banking institutions there are few banks which are experiencing increasing level of retail customer dissatisfaction which is a major reason for shifting to other banks by the customers. Customer dissatisfaction could be of several reasons and the institutions need to identify them and resolve them to the expectations of the customers.

OBJECTIVES

- To evaluate the various banking operations.
- To evaluate the customer satisfaction on the banking services and products.

HYPOTHESIS

- H1: There exists significant relationship between the mandals and the satisfaction levels on the Basic Banking Services.

- H2: There exists significant relationship between the mandals and the satisfaction levels on the Bank Deposit and Credit Facilities.
- H3: There exists significant relationship between the mandals and the satisfaction levels on the e-Services and other Bank Facilities.

LITERATURE REVIEW

Jyothi Agarwal (2012) highlighted how the financial institutions are changing with the advancements in the technology along with the aspirations of the customers. There is immense competition among the financial institutions which transformed the banking sector into a customer centric industry. The study analyzed the customer satisfaction levels among fifty each customers of SBI and ICICI banks in the Aligarh district of Uttar Pradesh. The data collected through questionnaire is analyzed with the model developed by Zeithamal, Parsuraman and Berry. It is observed that the perceptual difference exists on the quality of service rendered by the public sector banks in comparison to the private sector banks.

Aayasha Nawaz (2017) analyzed the customer satisfaction levels towards the services and products offered by State Bank of India in Bareilly district of Uttar Pradesh. The study was conducted on 150 respondents with detailed analysis of their banking requirements. The study highlighted on the aspects such as the attitude of the staff towards the customers, provision of the infrastructure facilities for the customers, banking services and products offered for the customers along with other value added services. Percentage analysis was adopted to analyze the data and it is observed that there exists significant relationship between the banking services and the customer satisfaction. It is also observed that the customers are highly satisfied towards the banking services offered by State Bank of India in the district.

Anis Ali and Babita Ratwani (2017) irrespective of the field of operations all the business units are aiming to improve their business by improving the customer satisfaction. The Indian Banking Sector is offering various services and products to the customers and the level of customer satisfaction is vital for the success of their business. The study discussed the various issues pertaining to the banking customers such as infrastructure facilities, attitude of the employees, committed services rendered, physical resources etc. It is observed that majority of the customers are satisfied while few are dissatisfied with the behavior of the bank employees. It is also observed that the behavior of the employees is differentiated as per the occupation of the customers. The study suggested providing training facilities to the bank employee to effectively deal with the customers and thereby improving the level of customer satisfaction.

Ali and Bisht (2018) highlighted the role of the banking sector in the financial services and their contribution in the economic development of the country. The financial institutions are striving to retain the confidence of the existing customers and also attract new customers to their banking operations. In India the banking operations are conducted by both the public and private players and the level of services offered to the customers are different. The study analyzed the customer satisfaction levels towards the banking operations offered by both the public and private sector banks. The paper also depicted the variations in the satisfaction levels and the reasons for these differences among the banks. It is observed that the customers are satisfied with few differences such as the attitude of the bank staff, strategies adopted by the banks to serve the customers. The study concluded with few suggestions to further improve the employee participation to improve the customer satisfaction in the banks.

RESEARCH METHODOLOGY

As this is an empirical study a well structured questionnaire is used to collect the primary data

from the respondents. The study is conducted in five mandals of Guntur district, Andhra Pradesh. Two villages from each of these mandals were considered where one village is with the population of more than 2000 and the other with the population of less than 2000. In Amaravathimandal the villages considered are Lingapuram&PeddaMadduru, in

Amruthalurmandal the villages are Mulpur&Thurumella, in Pedakurapadumandal the villages are Gorantla&Kasipadu, in Rentachintalamandal the villages are Mallavaram&Paluvoi and in the Tsundurmandal the villages are Thottempudi&Vetapalem.

Table 1: Mandal – Village wise Respondents

Mandal	Village	Village wise Respondents	Mandal wise Respondents
Amaravathi	Lingapuram	196 (12.36)	266 (16.77)
	PeddaMadduru	70 (4.41)	
Amruthalur	Mulpur	278 (17.54)	368 (23.21)
	Thurumella	90 (5.67)	
Pedakurapadu	Gorantla	61 (3.85)	233 (14.69)
	Kasipadu	172 (10.84)	
Rentachintala	Mallavaram	94 (5.93)	378 (23.83)
	Paluvoi	284 (17.91)	
Tsundur	Thottempudi	63 (3.97)	341 (21.50)
	Vetapalem	278 (17.53)	
Grand Total		1586 (100)	

Source: Compiled from primary data, Percentages are in parenthesis

Table 1 describes the number of respondents from each of the village and Mandal wise considered for analysis. Out of the mandals under consideration, *Rentachintala* has highest number of respondents with 378 (23.83%) followed by *Amruthalur* with 368 (23.21%) respondents while the least number of respondents are in *Pedakurapadu* with 233 (14.69%). While considering the villages, the highest number of respondents is from *Puluvai* with 284

(17.91%) followed by 278 (17.53%) each from *Mulpur* and *Vetapalem*. The least number of respondents are from *Kasipadu* with 172 (10.84%) among the villages with more than 2000 population. Similarly, among the villages with less than 2000 population, *Mallavaram* with 94 (5.93%) have the highest population and least are from *Gorantla* with 61 (3.85%).

TESTING OF HYPOTHESIS

Table 2: Satisfaction levels on Basic Banking Services

	Satisfaction Levels					F Value	P Value	Result
	1	2	3	4	5			
Basic Banking Operations	0	0	366	474	746	2163.08	0	Accepted

Biometric Banking Facilities	1304	0	48	119	115			
Cheque Book Facility	1304	0	48	119	115			
Passbook Facility	95	22	329	795	345			
Locker Facility	1552	0	5	21	8			
KYC Norms	939	0	347	154	146			
DD / PO Facility	1556	0	16	12	2			
Banking Service Charges	1357	0	110	80	39			

Source: Compiled from primary data. df (Between Groups) = 7, df (Within Groups) = 11095. 1-Not Availing the service, 2-Dissatisfied, 3-Neither Dissatisfied not Satisfied, 4-Partly Satisfied, 5-Satisfied

Table 2 describes the Satisfaction level of the respondents towards the Basic Banking Operations. It is evident that 746 respondents are *Satisfied* of the Basic Banking Facilities followed by 474 are *Partly Satisfied* and 366 are *Neutral*. Regarding Biometric Banking Facilities 1304 are *Not Availing* the Facility followed by 119 are *Partly Satisfied*, 115 are *Satisfied* and 48 are *Neutral*. 1304 are *Not Availing* the Cheque Book Facility followed by 119 are *Partly Satisfied*, 115 are *Satisfied* and 48 are *Neutral*. 795 are *Partly Satisfied* of the Passbook Facility followed by 345 are *Satisfied*, 329 are *Neutral* and

22 are *Dissatisfied*. 1552 are *Not Availing* the Locker Facility followed by 21 are *Partly Satisfied* and 8 are *Satisfied*. 939 are *Not Aware* of the KYC Norms followed by 347 are *Neutral*, 154 are *Partly Satisfied* and 146 are *Satisfied*. 1556 are *Not Availing* the DD/PO facility followed by 16 are *Neutral*, 12 are *Partly Satisfied* and 2 are *Satisfied*. The ANOVA (One-Way) test revealed F value of 2163.08 implying that significant relationship existed between the variables with *p*-Value of 0.000 at $p < 0.05$. Thus the hypothesis is accepted.

Table 3: Satisfaction levels on Bank Deposit & Credit facilities

	Satisfaction Levels					F Value	P Value	Result
	1	2	3	4	5			
Cash Operations	0	0	277	572	737	1307.2	0	Accepted
Fixed Deposit Scheme	1342	0	18	153	73			
Recurring Deposit Scheme	1247	0	14	246	79			
Loan Account Operations	256	0	235	786	309			
Agri-Gold Loans	391	0	266	649	280			
Agriculture Loans	1222	0	126	184	54			
Business Loans	1519	0	7	54	6			

Education Loans	1580	0	0	0	6			
Personal Loans	1201	7	149	187	42			
Vehicle Loans	1562	0	6	11	7			
Over Draft Facility	1493	0	3	56	34			
Loans from SHG	1120	0	9	109	244			

Source: Compiled from primary data.df (Between Groups) = 13, df (Within Groups) = 14265. 1-Not Availing the service, 2-Dissatisfied, 3-Neither Dissatisfied not Satisfied, 4- Partly Satisfied, 5-Satisfied

Table 3 describes the Satisfaction levels of the respondents on the Bank Deposit & Credit Operations. It is observed that 737 are *satisfied* of the Cash Operations while 572 are *Partly Satisfied* and 277 are *Neutral*. 153 respondents are *Partly Satisfied* with Fixed Deposits while 73 are *satisfied*, 18 are *Neutral* and 1342 are *Not Availing* the Service. 246 respondents are *Partly Satisfied* with Recurring Deposits while 79 are *satisfied*, 14 are *Neutral* and 1247 are *Not Availing* the Service. With Loans Accounts, 786 respondents are *Partly Satisfied* while 309 are *satisfied*, 235 are *Neutral* and 256 are *Not Availing* the Service. 649 respondents are *Partly Satisfied* with Agri-Gold Loans while 280 are *satisfied*, 266 are *Neutral* and 391 are *Not Availing* the Service. 184 respondents are *Partly Satisfied* with Agriculture Loan while 126 are *Neutral*, 54 are *satisfied* and 1222 are *Not Availing*

the Service. 54 respondents are *Partly Satisfied* with Business Loan while 7 are *Neutral*, 6 are *satisfied* and 1519 are *Not Availing* the Service. 6 respondents are *Satisfied* with Education Loan while 1580 are *Not Availing* the Service. 187 respondents are *Partly Satisfied* with Personal Loan while 149 are *Neutral* and 1201 are *Not Availing* the Service. 11 respondents are *Partly Satisfied* with Vehicle Loan while 1562 are *Not Availing* the Service. 56 respondents are *Partly Satisfied* with Over Draft Facility while 34 are *satisfied*. 244 respondents are *Satisfied* with Loans from SHG while 109 are *Partly Satisfied*, and 1120 are *Not Availing* the Service.

The ANOVA (One-Way) test revealed F value of 1307.2 implying that significant relationship existed between the variables with *p*-Value of 0.000 at *p* < 0.05. Thus the hypothesis is accepted.

Table 4: Satisfaction levels on E-Services and Other Bank Facilities

	Satisfaction Levels					F Value	P Value	Result
	1	2	3	4	5			
ATM Facility	102	22	326	793	343	2276.9	0	Accepted
Debit / Credit Card Service	898	59	199	354	76			
General Credit Card (GCC)	1553	0	4	22	7			
Kisan Credit Card (KCC)	1506	0	10	54	16			
Internet Banking Facility	1446	0	14	103	23			
NEFT / RTGS Facility	1471	0	15	80	20			

Mobile Banking Facility	1458	0	9	99	20			
Financial Literacy	1185	0	251	137	13			
Insurance / Pension Schemes	443	67	449	525	102			
No-frill Accounts	749	0	327	392	118			
Information about BC/BF/USB	0	0	493	294	799			
OVERALL SATISFACTION	0	0	465	882	239			

Source: Compiled from primary data. df (Between Groups) = 12 df (Within Groups) = 20605. 1-Not Availing the service, 2-Dissatisfied, 3-Neither Dissatisfied not Satisfied, 4-Partly Satisfied, 5-Satisfied

Table 4 describes the Satisfaction levels of the respondents on the E-Services & Other Bank Facilities. It is observed that 793 respondents are *Partly Satisfied* with ATM Facility while 343 are *satisfied*, 326 are *Neutral*, 22 are *dissatisfied* and 102 are *Not Availing* the Service. 354 respondents are *Partly Satisfied* with Debit/Credit Card while 199 are *Neutral*, 76 are *satisfied*, 59 are *dissatisfied* and 898 are *Not Availing* the Service. 22 respondents are *Partly Satisfied* with General Credit Card while 7 are *satisfied*, and 1553 are *Not Availing* the Service. 54 respondents are *Partly Satisfied* with Kisan Credit Card while 16 are *satisfied*, 10 are *Neutral*, and 1506 are *Not Availing* the Service. Regarding Internet Banking, 103 respondents are *Partly Satisfied* while 23 are *satisfied*, 14 are *Neutral*, and 1446 are *Not Availing* the Service. 80 respondents are *Partly Satisfied* with NEFT/RTGS while 20 are *satisfied*, 15 are *Neutral*, and 1471 are *Not Availing* the Service. 99 respondents are *Partly Satisfied* with Mobile Banking while 20 are *satisfied*, 9 are *Neutral*, and 1458 are *Not Availing* the Service. Regarding Financial Literacy Programs, 251 respondents are *Neutral* while 137 are *Partly Satisfied*, 13 are *satisfied*, and 1185 are *Not Availing* the Service. 525 respondents are *Partly Satisfied* with Insurance/Pension while 449 are *Neutral*, 102 are *satisfied*, 67 are *dissatisfied* and 443 are *Not Availing* the Service. 392 respondents are *Partly Satisfied* with No-frill Accounts while 327 are *Neutral*, 118 are *satisfied*, and 749 are *Not Availing*

the Service. 799 respondents are *Satisfied* with BC/BF/USB Operations while 493 are *Neutral*, and 294 are *Partly Satisfied*. While considering the Overall Satisfaction of the respondents on the Banking Services, 882 are *Partly Satisfied* followed by 465 are *Neutral* and 239 are *satisfied*. The ANOVA (One-Way) test revealed F value of 2276.9 implying that significant relationship existed between the variables with p -Value of 0.000 at $p < 0.05$. Thus the hypothesis is accepted.

SUGGESTIONS

- Vulnerable sections are to be thoroughly educated of the available banking services at their disposal enabling them to choose the best out of the available.
- The people should be more educated about the advantages of holding the bank account and transacting through these accounts.
- The people should be given more knowledge about the No-Frill popularly known as Basic Savings Bank Deposit (BSBD) Accounts as these are zero balance savings account with minimum KYC requirements.
- The people should be more educated about the advantages of having savings habit and can be achieved through advanced savings deposit schemes to meet their financial requirements.

- Aggressive Financial Literacy Programs are to be conducted to bring awareness about various banking schemes through NGOs, Social Welfare organizations etc along with the banks.

CONCLUSIONS

With the advent of advancements in the technology and heavy competition among the competitors, huge changes were observed in the Indian Banking Sector. In these prevailing situations, the customers are anticipating better quality services to enhance their level of satisfaction. The services rendered to the customers need to match with the institution's marketing efforts which otherwise will lead to dissatisfaction and all the marketing efforts made by the institution would be exhausted. Tailor made banking services and products to suit the customer requirements are the need of the hour rather than making the customer accept what are being offered by the banks at their convenience. In this highly informative society, the customers are aware of the international banking standards and expect similar type of products and services from the banks. There is need for the banks to assess their services on a continuous basis to analyze the perception of the customers to know whether the bank meets or exceeds or is below the expectations of the customers. The evaluation of the customer satisfaction is dynamic and complex which is a tedious process. The banks need to emphasize on better serving the customer by paying special attention to customer by providing the bank staff with the required training to conduct themselves to improve the quality of services rendered to the customers. The customer satisfaction is the focal point for effective banking infrastructure which would lead to healthy and flourishing economy.

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