MEASURING CUSTOMER SATISFACTION IN BANKING SECTOR: WITH SPECIAL REFERENCE TO PUBLIC SECTOR COMMERCIAL BANKS IN TIRUCHIRAPALLI TOWN

Dr.M.MARIMUTHU 1 M.RADHAKRISHNAN 2

1 Assistant Professor in Commerce, Jamal Mohamed College, Trichy, Tamilnadu.
2 Ph.D Research Scalor in Commerce, Jamal Mohamed College, Trichy, Tamilnadu.

ABSTRACT

The Indian Banking Industry has undergone radical changes due to liberalization and globalization measures undertaken since 1991. Today, Indian Banking Industry is one of the largest industries in the world. With the expansion of banking services to peoples excluded from banking services to large corporate searching fund for their activities, makes the importance of banking services. New technologies are being introduced and there is always a fear of economic uncertainties. Therefore, customer satisfaction is the key for many banks to survive in competition. The purpose of this paper is to identify the factors affecting customer satisfaction in Banks and analyze their effects on the level of customer satisfaction.

KEYWORDS: Customer Satisfaction, Service Quality, Banking, Customer Relationship Management

INTRODUCTION

The banking industry in India has undergone change in post independence. More recently, liberalization, the opening up of the economy in the 1990s and the government’s decision to privatize banks by reduction in state ownership culminated in the banking reforms based on the recommendations of the Narasimham committee. This has led the Indian banking industry to experience difficult times. Banking institutions across the globe have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits.

Today, banking is also seen as a business related to information on financial transactions, since Information Technology (IT) has been pivotal to effective customer service at lower costs. For example, IT-based services such as automated teller machines (ATM), electronic fund transfer, anywhere-anytime banking, smart cards, net banking, etc. are now very common to Indian customers. Customer satisfaction is the important factor for the long term success of the organization. By keeping the importance of customer satisfaction in mind there is a need of banks to maintain close and stable relationship with their customers by providing the high quality of product and services. So there is a need to judge the level of customer satisfaction. The satisfaction of customer cannot be measured unless the factors which affect the satisfaction level of customers are not determined. Banks are being aware of the importance of this fact that the provision of high quality service to customers is necessary for their survival and the success in today’s global and competitive environment.

Measuring Customer Satisfaction

Customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceed over the lifetime of the product or service. The achievement of
which indicates and leads to company loyalty and product repurchase (Cacioppo, 2000). Because the nature if customer satisfaction is more of a function of the psychological state or behavior, much care should be taken into consideration in measuring it quantitatively and also in the processing of the data. A number of benefits can be derived from customer satisfaction measurements.

Customer satisfaction can change overtime. The changes in the level of customer satisfaction could be a result of greater experience with the program components; or the changes may be associated with a revaluation of the original experiences and the context of those experiences. Changes in the level of customer satisfaction and the different reasons or explanation of such changes suggest that the timing of measurement is important and measuring and interpreting customer satisfaction can be challenging.

Measuring customer satisfaction is a relatively new concept to many companies that have been focused exclusively on income statements and balance sheets. Companies need to understand how to quantify measure and track customer satisfaction. Customer satisfaction surveys are one of the primary tools for hearing the voices of the customers. It let the companies view their corporate performance through the views and perspectives of the customers. The most important opportunities for organizations creating or updating a customer feedback system are to be explicit about the motives and intentions regarding the use of customer feedback.

REVIEW OF LITERATURE

Naveen Kumar and V.K.Gangal (2011) carried out studies on customer satisfaction in new generation banks. This study shows that, customers’ expectations have increased rapidly in the banking industry Of India. New customers are looking for the best services at a reasonable price. The result of this study shows that, the majority of Indian banks are not very diversified in terms of the product and services they offer. Further, this study suggests that, in the competitive banking industry, Banks have to implement strategic focus for retaining as many customers as possible. It further emphasizes that customer retention is possible only Through customer satisfaction. Therefore, the customer satisfaction is the key to success in today’s competitive banking industry in India.

Nirmaljeet Virk and Prabhjot Kaur Mahal (2012) carried out a study on customer satisfaction in public and private banks of India. This study shows that the duration of the time which a customer spends With his officer or manager is very important. The result of this study shows that customers give more importance to their personal relationship with the officer or manager rather than the bank they represent. Further this study shows that private bank managers are ahead of public bank managers in making relationship with their customers, thus winning their satisfaction.

Mahalakshmi and Sarvanaraj (2011) studied the satisfaction towards the banking services in Trichy. This study shows that the key factors influencing customer’s selection of a bank are range of service, rates, fees and prices charged. This research further shows that the superior service alone is not sufficient to satisfy customers. The result of this research shows that excellent front office services, value added services, deposit oriented services and providing innovative product will satisfy the clients’ need, which are essential to select, succeed and retain in the existing banking industries.

STATEMENT OF THE PROBLEM

In today’s techno-based banking, the banking sectors have become indispensible. To ensure that the services of Public Sectors Banks are properly rendered, the socioeconomic characteristics of the customers have to be studied. Today’s customers are more dynamic in their thinking. Their taste, needs and preferences keep changing as per the current situations.
Therefore customers’ satisfaction is an important factor for capturing the market and also for retaining the existing ones. With this as the backdrop, the present study analyzes the level of satisfaction of the Bank customers, and factors that influence the customers. Hence the researcher has selected the topic “Measuring Customer Satisfaction In Banking Sector: With Special Reference To Public Sector Banks Of Tiruchirapalli Town”.

SCOPE OF THE STUDY

This study is much helpful to Banking industry for enhancing the customer satisfaction by adopting strategies which serves the purpose. An analysis of study proves useful, as the banks efforts are directed to attract and retain customers by offering them a basket of tailor made schemes supported by a state of the art distribution system.

OBJECTIVES OF THE STUDY

Hence for this study following objectives have been formed:

1. To know the various important service quality dimension in banking industry.
2. To know the satisfaction level of customers of bank in each service dimension.

RESEARCH METHODOLOGY

Sources of data

The sources of information for the study were primary and secondary. Primary source of information were obtained through the use of the interview schedule (Questionnaire) from the customers. Secondary data were also collected from library, books, Magazines, internet and journals etc.

Sampling Procedure

There are 25 Public sector commercial banks with 106 branches in Tiruchirappalli Town. I have Chosen Public sector Commercial banks only for my research. Here the sample size came to 120. So, the questionnaire was administered to 120 respondents. The questionnaire consists of six parts. The first part contains questions on demographic characteristics and some general information about the customers. The remaining five parts consists of questions on various service quality dimensions like Tangibility, Reliability, Responsiveness, Assurance and Empathy. Respondents were asked to rate the level of satisfaction based on the five-point Likert scale ranging from highly satisfied to highly dissatisfied. I have applied convenience sampling method. Sampling units were customers of the banks.

Data analysis and findings

The data collected were analyzed for the entire sample. Data analyses were performed with Statistical Package for Social Science (SPSS) using techniques that include the percentage, mean. The questionnaire also consists of customer profiles. The study of demographic features is also useful in formulating the bank’s marketing strategy. The demographic profile of the respondents is framed in
### Table 1: demographic profile of the Respondents

<table>
<thead>
<tr>
<th>S.no</th>
<th>Demographics</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>71</td>
<td>58.6</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>49</td>
<td>41.4</td>
</tr>
<tr>
<td>2</td>
<td><strong>Age(Year)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Below-25</td>
<td>23</td>
<td>18.6</td>
</tr>
<tr>
<td></td>
<td>25 – 40</td>
<td>82</td>
<td>68.6</td>
</tr>
<tr>
<td></td>
<td>40 – 55</td>
<td>12</td>
<td>12.9</td>
</tr>
<tr>
<td>3</td>
<td><strong>Marital status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>62</td>
<td>51.4</td>
</tr>
<tr>
<td></td>
<td>unmarried</td>
<td>58</td>
<td>48.6</td>
</tr>
<tr>
<td>4</td>
<td><strong>Educational qualification</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SSLC</td>
<td>7</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>HSC</td>
<td>7</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>UG</td>
<td>31</td>
<td>25.7</td>
</tr>
<tr>
<td></td>
<td>PG</td>
<td>46</td>
<td>38.6</td>
</tr>
<tr>
<td></td>
<td>OTHERS</td>
<td>29</td>
<td>24.3</td>
</tr>
<tr>
<td>5</td>
<td><strong>Occupation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>10</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>98</td>
<td>81.4</td>
</tr>
<tr>
<td></td>
<td>Self Employment</td>
<td>7</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>Housewife</td>
<td>5</td>
<td>4.3</td>
</tr>
<tr>
<td>6</td>
<td><strong>Monthly income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upto - 5000</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>5001 – 10000</td>
<td>72</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>10001 – 15000</td>
<td>11</td>
<td>8.6</td>
</tr>
<tr>
<td></td>
<td>15001 - 20000</td>
<td>19</td>
<td>15.7</td>
</tr>
<tr>
<td></td>
<td>Above - 20000</td>
<td>6</td>
<td>5.7</td>
</tr>
</tbody>
</table>

The above table shows that among 120 respondents 58.6% are Male and 41.4% are female. Further Age wise, 18.6% are in the age group of below 25 years, 68.6% are in the age group between 25 – 40 years, and 12.9% of the respondents are in the age group between 40 – 55 years and above. As for marital status 51.4% are married and 48.6% are unmarried. Similarly the education level shows that 5.7% are SSLC level, 5.7% are HSC level, 25.7% are Undergraduates level, 38.6% are post graduates level and 24.3% are other level. Further the employment status 8.6% are in government, 81.4% are in private sector, 5.7% are in the self employment, and 4.3% are in Housewife. The survey shows that 10% of the respondents come under the income group of below Rs 5000, 60% are in the group of Rs 5000 – 10000, 8.6% lives between Rs 10000 – 15000, 15.7% are between Rs 15000 – 20000, and 5.7% are above Rs 20000.
<table>
<thead>
<tr>
<th>S. no</th>
<th>Questions</th>
<th>RATING (Mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are you satisfied with the premises of the bank?</td>
<td>2.76</td>
</tr>
<tr>
<td>2</td>
<td>Are you satisfied with the technological update equipment of the bank?</td>
<td>2.81</td>
</tr>
<tr>
<td>3</td>
<td>Are you satisfied with the pamphlets distributed by the bank? Are they give clear and complete information?</td>
<td>2.95</td>
</tr>
<tr>
<td>4</td>
<td>Are you satisfied with the bank statement? Is it visually clear?</td>
<td>3.25</td>
</tr>
<tr>
<td></td>
<td><strong>Mean Score</strong></td>
<td><strong>2.94</strong></td>
</tr>
<tr>
<td>5</td>
<td>Are you satisfied with the service provided by the bank as promised?</td>
<td>2.28</td>
</tr>
<tr>
<td>6</td>
<td>Are you satisfied by the service handling customer’s service problem?</td>
<td>2.65</td>
</tr>
<tr>
<td>7</td>
<td>Are you satisfied with the way bank informs about the time when service will be performed?</td>
<td>3.07</td>
</tr>
<tr>
<td>8</td>
<td>Are you satisfied with the records maintaining procedure of your account?</td>
<td>3.25</td>
</tr>
<tr>
<td></td>
<td><strong>Mean Score</strong></td>
<td><strong>2.81</strong></td>
</tr>
<tr>
<td>9</td>
<td>Are you satisfied with the promptness in providing service to you?</td>
<td>1.87</td>
</tr>
<tr>
<td>10</td>
<td>Are you satisfied with the willingness of employees to help customers?</td>
<td>3.15</td>
</tr>
<tr>
<td>11</td>
<td>Are you satisfied with the bank service of sending timely bank statement?</td>
<td>2.35</td>
</tr>
<tr>
<td></td>
<td><strong>Mean Score</strong></td>
<td><strong>2.45</strong></td>
</tr>
<tr>
<td>12</td>
<td>Are you satisfied with the way employees behave with you?</td>
<td>3.05</td>
</tr>
<tr>
<td>13</td>
<td>Are you satisfied with the employee’s eagerness of instilling confidence in customers?</td>
<td>3.89</td>
</tr>
<tr>
<td>14</td>
<td>Are you satisfied by the employee’s behavior of showing consistently courteousness towards you?</td>
<td>3.55</td>
</tr>
<tr>
<td></td>
<td><strong>Mean Score</strong></td>
<td><strong>3.49</strong></td>
</tr>
<tr>
<td>15</td>
<td>Are you satisfied by the bank’s service of providing customers best interest at heart?</td>
<td>3.20</td>
</tr>
<tr>
<td>16</td>
<td>Are you satisfied by the bank service of providing the product that best suits you?</td>
<td>2.63</td>
</tr>
<tr>
<td>17</td>
<td>My bank gives me individual attention</td>
<td>3.08</td>
</tr>
<tr>
<td></td>
<td><strong>Mean Score</strong></td>
<td><strong>2.97</strong></td>
</tr>
</tbody>
</table>

The summary of the mean scores of different service quality dimensions tabled above shows that how well the mean scores are related to one another in showing the overall performances of the banks offered to the customers. In the above table the mean scores are ranked in the order of customer
satisfaction. The rankings show that the customers are on the whole satisfied with all the service quality dimensions selected for the study. According to the rankings, out of the five dimensions tabled above, it is evident that the customers are substantially satisfied with the assurance dimension (3.49). This is immediately followed by the Empathy dimension (2.97). Whereas, the mean scores of the other three dimensions namely Tangibility (2.94) Reliability and Responsiveness, are very close to each other. Although the rankings show that the tangibility dimension is fairly higher than the reliability and responsiveness dimension, but the banks should make sincere efforts to improve their performances on these three dimensions.

SUGGESTIONS

1. Banks need to revive their infrastructure to have pace with the competing environment.
2. Staff should be friendly and approachable.
3. The staff should be adequately trained to deal with the customer on one to one basis.
4. All branches of these banks must concentrate immediately to provide the quality facilities like parking, seating arrangements, drinking water and proper sanitary facilities.
5. The new technologies and sound environment communications are necessary for these banks to win over customers need.

CONCLUSION

Service qualities of public sector banks were measured by using SERQUAL method. The result of this study provides evidence that the SERQUAL dimensions are useful tool to predict over all service performance of banks. In this paper we have found that a customer gives highest impotence to Assurance dimension, it include criteria like safety of transaction, consistency in service etc. From Analysis it was found that a customer gives second importance to Empathy of bank employees. It includes various criteria like, understanding my specific needs, operating hours convenient etc. Customer gives third preference to Tangibility factor, it include criteria like modern equipment, neat appearance, etc. So, banking sector they should give more focus on increasing reliability, and responsiveness. For that they can give training to their employee which will help them to give personalized service.

REFERENCES