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Opinion of customers on satisfaction in the selected bank branches in India

T. Bayavanda Chinnappa¹, N Karunakaran^{2,*}

¹Dept. of Management, Caucasus International University, Tbilisi, Georgia

²Dept. of Economics, People Institute of Management Studies, Munnad, Kasaragod, Karella, India



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ABSTRACT

Banks are the mart of the world, the nerve centers of Economics and Barometers of nation's property. Banking in India is indeed as old as Himalayas. But, the banking functions became an effective force only after the first decade of 20th century. India is having around 600 banks with 4800 branches spread all over the country and these were nationalized in a three-phased manner. Today the cost of retaining a customer is just one-tenth the cost of acquiring a new one. Banks do offer tangible services but which cannot satisfy the customers, who need intangible services, which could be experienced like behavior and efficiency of staff, speed of transactions and the ambience.

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1. Introduction

Banks are the mart of the world, the nerve center of Economics and Barometers of Nations property. Service Sector has been made an instrument of social change in India. Banks essentially are social organizations, rendering financial services to sub serve the socio-economic objectives of the society. In order to serve effectively the nation's social objectives, banks have to remain healthy and profitable. Geographical expansion was one of the remarkable achievements of the Indian Banking System after Nationalizations. Banking in India is indeed as old as Himalayas. But, the banking functions became an effective force only after the first decade of 20th century. The East India Company laid foundation for modern banking in the first half of the 19th century with the establishment of Bank of Bengal in 1809, Bank of Bombay in 1840 and Bank of Madras in 1843.^{1,2} Today India is having around 600 banks with 4800 branches spread all over the country and these were all nationalized in a three-phased

manner. The practice of banking has undergone significant transformations in the nineties. While banks are striving to strengthen Customer Relationship and started moving towards relationship banking, the need for competition of higher productivity and efficiency of the banking system is now increasingly realized. The economic reform process has set in motion a stage when new private banks are allowed to set up. Studies conducted from time to time in different parts of India have indicated that bank customers are interested primarily in promptness, accuracy, completeness and speed in delivering service by the banks.³

As per RBI guidelines since January 1993, new banks in private sector have started operating in India. Transition of Banks from Class banking to Mass Banking and thrust upon profitability in recent period has led them towards customer orientation.^{2,4-15} Now, it is the duty of every banker to accept their customer's as "King" to serve in the present era of cut-throat competition. With the advancement of science and technology, world has reduced to a global village. Thus, change is inevitable and desirable. In such a situation, customer orientation has become the key word for competitive success. The need for introducing efficient

* Corresponding author.

E-mail address: narankarun@gmail.com (N. Karunakaran).

customer service in the banking industry is now keenly felt by all concerned.

1.1. Objectives

The need of this study is to bring out by what extent the selected bank branches cater the needs of customers of Ooty in Nilgris District, viz., State Bank of India, Indian Bank and the Canara Bank. This study is coined with twin objectives, (i) to understand how far the physical facilities are feasible and (ii) to elicit the opinion of the customers on their satisfaction of the selected branches.

1.2. Review of Literature

Sobhana. V. K (1998) studied that customers were dissatisfied with the existing communication devices and lack of effective suggestions. Benjamin Christopher and Maruthupandian (1976) analyzed the assessment of level of customer satisfaction in selected public sector banks by constructing satisfaction index. Dorairaju. S (1994) examined the Cumbersome and Procedural formalities in availing services. Dilshat. A (1994), Sanjay Shankar Kaptan (1997) and Subramanya M, Sharma, P. and Amaraveni, (2005) observed that the bank services need considerable improvement on an emerging basis. Anju Singla and Arora RS (2005), Karunakaran N (2020), Bayavanda Chinnappa T and Karunakaran N (2021) and Chinnappa T B and Karunakaran N (2022) observed that rapid growth of banking industry which is essentially a service industry, has tendered to lower the efficiency standards which being the worst affected area the customer service.

2. Historical Background

The first attempt to consider the issue of Customer Services by nationalized banks was made by the Banking Commission under the Chairmanship of R. G. Saraiya in 1972. Then a committee was appointed under the chairmanship of R .K. Talwar in 1975 to study the issue of Customer Services in particular. Indian Bankers Association conducted a nationwide survey in 1984. In 1990, the then Finance Minister Prof. Madhu Dandawate, while presenting the Annual Budget, observed that level of customer satisfaction in Banks is not high as it should be and asked RBI to go for one more committee to seek out various aspects of the services expected by the customers. Goipoira was appointed as Chairman for bringing out the problems of the Customer Services in 1990.

3. Customer Profile and Expectation

Banks cannot exist without customers.⁴ Customer can be defined as a user or a potential user of bank service, as service is just a day-in day-out activity or ongoing, never ending, unremitting, persevering compassionate type

of activity. Customers are of two categories, the existing customer or present customer and new customer including potential customer. Today the cost of retaining a customer is just one-tenth the cost of acquiring a new one. Customer coming to the banks now are quite different, compared to the one in the past expect quality of service, respect, courtesy and elegance. The customer knows more about banking, he knows about his alternatives, he is more demanding, he is aware of his bargaining capacity. Loyalty to a particular bank is a thing of past. Expectations of different types of customers are varied and are ever increasing. The customer is more conscious of quality service. Customers have their own time pressures and business commitments; they are expecting speed, convenience at low cost (Table 1). Some of the customers know that they can get better service from private and foreign banks. The borrowers expect expeditious decisions, prompt attention, and appropriate information, reduction in cumbersome paperwork, reasonable charges and transparency in relationship. Banks offer tangible services but which cannot satisfy the customers, who need intangible services, which could be experienced like behavior and efficiency of staff, speed of transactions and the ambience. When the customer experience the widening gap between the expectations and experience, the result is raising customer complaints about the banks.²

4. Methodology

Judgment sampling is used for selecting 150 respondents from the universe consisting of 2 lakh as its population. The collected data was coded by giving individual codes to each answer and was tabulated according to the specific objectives of the study. Sex, age, education, occupation, and marital status, monthly income, type of family and family size were considered as independent variables. The dependent variables are customers, bank, type of account, type of loan, and level of satisfaction. Quartile deviation has been used to find the customers level of satisfaction with their banks. For this purpose the factors considered for the level of satisfaction has been given scores 3, 2, and 1. i.e, highly satisfied with 3 as its score, satisfied with score 2 and score 1 for those not satisfied. The total score given by the respondents to their banks is put for quartile deviation and the scores secured are shown in Table 2. To understand how far the physical facility is feasible, and to elicit the opinion of the customers on their satisfaction of the selected branches, SBI, Canara Bank and Indian Bank branches were selected.

5. Results and Discussion

5.1. Personal profile

Out of the total customers male constitutes 62% and female with 38%. When age-wise composition made 18.7% are less than 25years, 44.7% are between 26 to 30years

Table 1: Customer’s expectation from banks.

Attitudinal Dimension	Extraneous Factors	Internal Factors	Human Factors
Courteous Treatment	Neat Visually	Knowledge of Procedures	Friendly
Counseling	Smart People	Simplification of Procedures	Bank feeling
Thinking together or problem solving attitude	Respect of timing	Spirit rather than latter ethics for procedural implementation	
Belief in Indian Works, ethics “work is worship”	Efficient dealing		
Respect for the organization	Helpful attitude		

Source: Indian Banking towards 21st Century, Deep & Deep Publications, New Delhi 1985, pp141

Table 2: Total score given by the respondents to their banks.

Name of Bank	Low Level	Moderate Level	High Level
State Bank of India	51-99	51-92	51-97
Canara Bank	51-92	93-102	103-153
Indian Bank	109-153	103-153	108-153

Table 3: Customers level of satisfaction with banks.

Level	SBI Bank		Canara Bank		Indian Bank	
	Number	%	Number	%	Number	%
Low Level	15	30	15	28.3	13	27.7
Moderate Level	24	48	25	47.2	21	44.7
High Level	11	22	13	24.5	13	27.7
Total	50	100	53	100	47	100

Source: Collected through Questionnaire.

Table 4: Chi-square test results.

Variable	Variable	Remark	Level / DF
Type of Account	Bank	No significance	5% / 6
Type of Account	Sex	No significance	5% / 3
Type of Account	Age	No significance	5% / 6
Type of Account	Education	No significance	5% / 9
Type of Account	Martial Status	No significance	5% / 3
Type of Account	Occupation	Significance	5% / 9
Type of Account	Monthly Income	Significance	5% / 6
Type of Account	Family Size	No significance	5% / 6
Type of Loan	Bank	No significance	5% / 6
Type of Loan	Sex	No significance	5% / 3
Type of Loan	Age	No significance	5% / 6
Type of Loan	Education	No significance	5% / 9
Type of Loan	Martial Status	No significance	5% / 3
Type of Loan	Occupation	No significance	5% / 9
Type of Loan	Monthly Income	No significance	5% / 6
Type of Loan	Family Size	No significance	5% / 6

Table 5: Level of customer satisfaction.

Sl. No	Variable (Level of Satisfaction)	SBI	Canara Bank	Indian Bank
1.	Sex	No	No	No
2.	Age	No	No	No
3.	Education	No	No	No
4.	Martial Status	No	No	No
5.	Occupation	No	No	No
6.	Monthly Income	No	No	No
7.	Family Size	No	No	No

and 36.7% are above 31 years of age. Qualification-wise 44% are Graduates, 20.7% belong to Technical graduates, Professional's constitute 20.7% and the balance 14.7% are having only school level of education.

Respondents working in Government Service are 35.3%, 36.7% are working in Private Offices, 25.3% is Self-Employed and 2.7% are Pensioners category. 61.3% of the account holders income stands between Rs.5001 and Rs.10000, 22% who are less than Rs. 5000 and 16.7% who are above Rs.10000. Nuclear Family constitutes 46.67% and Joint Family 53.3%. When asked about the family size 42% are having 4 to 6 members, 34.7% who are having upto 3 members and 23.3% are more than 6 members. When asked whether they use ATM card it was found that 50.7% are having and 49.3% said no for it. When asked for Debit Cards it was found that 47.3% are the holders and 52.7% do not having it. When the respondents replied for the type of account they possess it was found that 61.5% savings deposit account, 23.3% with current deposit account, 8.7% of them were holding recurring deposit account. At last when asked about the type of loan assistance taken from the bank it was found that Housing loan 69.8%, 11.3% equally for Education and Mortgage and 7.5% on consumer loan.

5.2. Main findings

Shows that the customers level of satisfaction for the banks made tangible and intangible services. Since, SBI and Canara Bank have more number of customers when compared with Indian Bank who have moderate level of satisfaction. Whereas, Indian Bank succeeded with customer satisfaction with the facilities and the services provided.

In order to study the factors influencing the level of customer satisfaction, Chi-Square Test is applied between the personal variables and the independent variables. From the analysis it is found that occupation and monthly income alone has influence the type of account the customers have (Table 4).

Further analysis made between the personal factors and the level of customer satisfaction to the independent variable for all the three banks and the results are shown in Table 5. From the Table 5 it is clear that the variables do not have any statistical relationship.

6. Conclusion

Almost all managers have agreed that the future belongs to the customers. The focus of banking business tomorrow will have to be customer centered. The role of Human Resources is found significant since customers are found more sensitive to the impolite behavior of bankers. Many a times disputes arise between customers and banks on various matters such as wrong debit to accounts, excess

recovery of interests charges, wrongful dishonor of cheques, inadequacy in services and so on. In order to set right these types of complaints the RBI introduced the Banking Ombudsman Scheme. The study has made clear that the nationalized banks are attempting its best to attract higher rate of customer's satisfaction however with sincerity to satisfy all the customers at all times.

7. Source of Funding

None.

8. Conflict of Interest

None.

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Author biography

T. Bayavanda Chinnappa, Assistant Professor

N Karunakaran, Principal and Research Guide in Economics

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