

Customers' Satisfaction Level on the Utilization of Various Services of Private and Public Sector Banks in Ramanathapuram District

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Abstract

Modern competitive environment necessitates the sustenance of quality service by banks, as any other business organization to the customers not only for immediate success but also survival. The benefits of quality service are manifold. The survival and success of a bank in the competitive banking environment largely depends upon its ability to satisfy its customers. This paper aims to find and measure the level of customer's satisfaction in the study area. The higher the level of satisfaction the better it is for the business. Banks both public and private are an important social institution which render financial services to their customers.

Keywords: Banking Services, Customer Opinion, Customer Satisfaction, Quality of Service, Ability to Satisfy.

Introduction

Quality service holds the key not only of success but of the very survival of any business organization and the banking industry is no exception. The benefits of quality service are manifold. Besides the retention of existing customers and enhanced enrolment of new ones it ensures increased productivity which, in turn, fetches higher market value. It also improves employees' morale which results in the reduction of operation costs. Above all, it guarantees better financial performance and higher profitability.

The creation and sustenance of a variety of products on account of increased innovative and aggressive financial services has totally changed the face of banking services which urge the banks to adopt customer oriented strategies. Variation in quality services is the key factor that makes all the difference. The banks which provide good services will survive under global competition (UgurYavas, Zeynep Bilgin and Donald J. Shemwell, 1997)ⁱ.

The urge to develop and offer new products and services through combined internal and external forces stimulates the banks to perform better. The new products are especially needed to attract customers from untapped markets, to cross-sell to the present customers. The marketing approach in banking involves anticipating, identifying, reciprocating (through designing and delivering customer oriented services) and satisfying the customers' needs, wants effectively and profitably. Banks have first to identify the needs of the customers and then offer the services to satisfy those needs.

Statement of the problem

As the banking sector's success as well as survival chiefly depends on the utmost satisfaction of the customers banking industry, the banks have first of all to identify the determinants of their satisfaction. A deep probe into the matter would make them understand that the ability and immaculate performance top the list of such determinants. Finally satisfied members would not only continue their relationship with these banks but also help in boosting the image of the banks by way of spreading favorable assessment which in turn fetches new members. In other words the qualitative performance of the banks alone holds the key for the increase in the quantitative strength of these banks which is a sure sign of the success rate of any organisation. Only customer-friendly banks which can deliver meticulous service to their target customers will succeed and survive in the market. That means that the survival and success of a bank in the competitive banking environment primarily depends upon its ability to satisfy its customers. The global competition and change in the needs of the customers force commercial banks to implement various innovative products and services to win the confidence and satisfaction of the consumer.

Review of literature

Geofry Smith and Rochelle Sharpeⁱⁱ observe that as big banks are the beneficiaries of the deregulated financial services, the banking industry fails to fulfil the promise of adopting a customer friendly approach, which requires immediate remedy. Hille and Erikⁱⁱⁱ ascertain that the establishment of a long term relationship with customers through the quality service alone ensures the retention of present customers by making them fully satisfied customers.

Eldon Y. Li et, al.,^{iv} conclude that by virile of being a global financial Centre, Hong Kang (HK) banking sector makes an important player. Robert Hall observes that ^v the workforce is the primary factor in influencing the customers' behaviour. Theresa Sweeney and Dane May Casperson^{vi} point out that although customers felt it more convenient to have all accounts at one place, more than one third of the

respondents complained that their banks were unaware of their needs before recommending them a service. Antreas Athanassopoulos, et al.,^{vii} elaborate the idea to be ultimate outcome of the satisfaction of customers on influencing factors namely determination to continue be association with the current contact through oral communication and intention of change of organization.

In order to improve the banking services, Sreenivasan^{viii} Strongly recommends that the bank should turn customer-orientated, the bank should realize that each customer has different need further, the bank should establish rapport with the customers and extent immediate and personal care to meet customer needs. Ram Kumar^{ix} points out that customers are still ignorant of bank facilities which can indeed save time and effort. Sushila Singhal^x registers scathing criticism against the poor customer care and service in Indian Banks and strongly condemns all the banks for their inability to render quality service to their customers.

Scope and Importance of the study

The present paper aims to find and assess the level of satisfaction of customers of the banks in Ramanathapuram district, Tamilnadu, India. The findings of the present study would shed light on the strengths and weaknesses of the various dimensions of customer satisfaction. The crucial role played by a customer in fully activating the performing ability of the banking sector which eventually requirements the profitability naturally the identification of variable which ensure success and survival through customer loyalty and be challenge of the growing market of the hectic competition.

Objectives of the study

1. Examine the customers' opinion on the utilization of various services extended by the study units.
2. To evaluate the customers satisfaction level on the services of private and public sector banks Ramanathapuram district.

Methodology of the study

In this study the primary were collected by administering a well structured interview schedule. The required data were collected by the researcher from the sample size of 360 respondents chosen on the basis of convenience from the selected banks. Two taluks of Ramanathapuram and Paramakudi were selected on the basis of number of branches functioning there in the District. Six banks –three e private and three public sector banks were chosen from each of these taluks and 30 customers from eachof the chosen banks are selected, making a total of 360 respondents.

Results of the study

Table 1 Socio Economic Profile

Socio economic profile		Number of Respondents		Total
		Public Sector Banks	Private Sector Banks	
Age	Upto 20	17 (9.44)	34 (18.89)	51 (14.17)
	21 to 35	90 (50.00)	83 (46.11)	173(48.05)
	36 to 50	47 (26.11)	43 (23.89)	90 (25.00)
	Above 50	26 (14.45)	20 (11.11)	46 (12.78)
	Total	180 (100)	180 (100)	360 (100)
Gender	Male	117 (65.00)	122 (67.78)	239 (66.39)
	Female	63 (35.00)	58 (32.22)	121 (33.61)
	Total	180 (100)	180 (100)	360 (100)
Marital status	Married	151 (83.89)	133 (73.89)	284 (78.89)
	Unmarried	29 (16.11)	47 (26.11)	76 (21.11)
	Total	180 (100)	180 (100)	360 (100)
Education	School	65 (36.11)	55 (30.56)	120 (33.33)
	UG	62 (34.44)	51 (28.33)	113 (31.39)
	PG	34 (18.89)	37 (20.56)	71 (19.72)
	Professional	12 (6.67)	25 (13.88)	37 (10.28)
	Others	7 (3.89)	12 (6.67)	19 (5.28)
	Total	180 (100)	180 (100)	360 (100)
Family Annual Income (in Rs "000"	Upto 50	74 (41.11)	51 (28.34)	125 (34.72)
	50 to 200	42 (23.33)	63 (35.00)	105 (29.17)
	200 to 500	37 (20.56)	49 (27.22)	86 (23.89)
	Above 500	23 (15.00)	17 (9.44)	44 (12.22)
	Total	180 (100)	180 (100)	360 (100)

Source: Primary Data

It is noted that 74 respondents from public banks earn an annual income of less than Rs. 50000 are high in the respondents whose annual income ranges between Rs. 50001 to Rs. 200000 are high (63) in the private sector banks. In the public sector banks, the respondents who earn an annual income of more than Rs. 500000 are 18 and 13 in the private sector banks.

Measurement of customers' opinion on utilization of banking services

The assessment of opinion of the customers on utilization of banking services was collected on three point scale as, with the respective sources top-3; medium-4; bottom -1. Sixteen statements were prepared on the basis of the previous studies related to the present and a healthy interaction with individual as important with the banks both as customers and officers. The level of opinion of respondents recorded in

Table 1 reveals that nearly half of the 360 respondents that is 48% are between 21-35 years of age. A comparison between these two bank groups shows that the number of male respondents (122) is higher in the case of the private sector banks and number of female respondents is higher (63) in the case of public sector banks.

Out of 360 respondents of the study area 284 are married and the remaining 76 respondents (21.11 per cent) are unmarried.

It is inferred that the respondents who have completed their school education have topped the list with 33.33 per cent.

the statement was measured through the three point scale. The total scores obtained by the respondents were computed by adding the scores for all the statements. Similarly the scores obtained by all respondents were computed, the results of which are presented in Table 2

Table 2 Customers' Opinion on Utilization of Banking Services – Mean Score Analysis

SL. No	Statements	Mean Score
1.	Savings bank account facility	2.3528
2.	Withdrawal facility	1.9722
3.	Overdraft facility	1.7500
4.	Payment facility	1.6833
5.	Money transfer facility	1.9944
6.	Internet banking services	1.8000
7.	Mobile banking services	1.7222
8.	Kisan Credit Card facility	2.0389
9.	Insurance services	1.7611
10.	Cheque facility	1.9778
11.	Loan facility	2.3333
12.	Locker service	2.1167
13.	Minimum balance account facility	2.3944
14.	Credit card facility	1.8611
15.	Demand Draft service	1.9667
16.	ATM cum Debit card facility	2.0556

Source: Primary Data

On the basis of the mean score obtain by each variable in customers minimum balance account facility is the mostly utilize facility (mean score: 2.3944) while the least utilized banking service by the respondents is payment facility (mean score: 1.6833).

Overall Customers Satisfaction on Banking Services

Table 3 Overall Customers Satisfaction on Banking Services

Level of Satisfaction	Public Sectors Banks		Private Sectors Banks	
	No	%	No	%
Low level	31	17.22	26	14.44
Medium level	124	68.89	125	69.45
High level	25	13.89	29	16.11
Total	180	100	180	100

Source: Primary Data.

Table 3 shows that out of 180 sample respondents of public sector banks, 31 (17.22 per cent) have a low level of satisfaction, 124 (68.89 per cent) have a medium level of satisfaction and the remaining 25 (13.89 per cent) have a high level of satisfaction. Out of 180 sample respondents from private sector banks, 26 (14.44 per cent) fall under the low level of satisfaction category, 125 (69.45 per cent) under the medium category and the remaining 29 (16.11 per cent) fall under the high level of satisfaction category.

Results of Hypothesis Testing

The results of the association amid the selected factors of bank customers and customer satisfaction of banking services are presented in the Table 4

Table 4 Independent variables and Level of Satisfaction

Association betwixt the Independent Variables and Level of Satisfaction	Public Banks	Private Banks
Age and Level of Satisfaction	Significant	Significant
Gender and Level of Satisfaction	Significant	Significant
Marital Status and Level of Satisfaction	Not Significant	Not Significant
Educational Qualification and Level of Satisfaction	Significant	Significant
Family Size and Level of Satisfaction	Significant	Significant
Occupation and Level of Satisfaction	Significant	Significant
Annual Income and Level of Satisfaction	Significant	Significant
Type of Account and Level of Satisfaction	Significant	Not Significant
Frequency of Operation and Level of Satisfaction	Significant	Significant
Usage of ATM and Level of Satisfaction	Not Significant	Not Significant
Frequency of usage of ATM and Level of Satisfaction	Significant	Significant
Reason for Bank Selection and Level of Satisfaction	Significant	Not Significant
Source of Awareness and Level of Satisfaction	Significant	Significant

From Table 4, it is clear that the selected independent variables like age, gender, educational qualification, family size, occupation, annual income, frequency of operation, frequency of usage of ATM and sources of awareness are significant and marital status, type of account, type of loan and usage of

ATM for as well as banks are not significant enough to influence the level of customer satisfaction banking services.

Conclusion

In the modern scenario convince is the key factor that influence any customer. As such in properly assuring the understanding of such access of the quality and indispensable need which world act as a categories to motivate the authorities concerned to enhance the service quality. The higher the level of satisfaction, the better it is for the business. Banks are an important social organization rendering various financial services to their customers through both public and private channels. To conclude, the customer satisfaction on banking services is moderate in all the banks irrespective of their classification as public/private in Ramanathapuram District.

Limitations of the study

1. The restriction on the entire of public and private banks in Ramanathapuram District of Tamil Nadu does not encourage generalization.
2. The findings of the study represent the current thinking and stated affairs which may change over a period of time

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