



COMPARATIVE STUDY ON CUSTOMER SATISFACTION TOWARDS BANKING SERVICES: A SUSTAINABLE MECHANISM FOR GROWTH OF BANKING INDUSTRY

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ABSTRACT

Competitive banking world and improvement in customer service is the most important tool for better growth of banking sector. Customer requirement and complaints are part of their banking business life. This is so more important for banks because banks are service industry. Banks offer so many channels to access their banking and other services. Therefore the need of the study arises because banking sector helps in economic development of the country and to fulfill this, customer satisfied first by providing quality services. Hence there is need for customer survey, identifying their requirements and satisfaction which helps the overall development of banking business with growth of banking industry. The main objectives of the study is customer satisfaction towards banking services and their quality, and to compare the customer services by public sector and private sector banks. For this purpose the field survey was conducted with sample size of 200 customers. Questionnaire method applied for collecting data from customers whereas convenience sampling method used for getting quick information. T-Test was applied to calculate difference between public sector and private sector banking about services in different aspects. The survey in this received positive and negative opinion by the respondents as factors that they satisfy with the services and required better or they leave from their current banks. So that to become successful in today's competitive marketplace, banks must be concentrate on understanding

the needs, attitudes, satisfactions and behavioural patterns of their customer and provide effective services.

Keywords: Customers, Improvement, Perception, Services

INTRODUCTION

In current situation of competitive banking world, improvement day-by-day in customer service is the most important tool for their better growth. Customer requirement and complaints are part of their banking business life. This is so more important for banks because banks are service industry. As a service industry, customer service and customer satisfaction are their prime work. Banks know that providing effective and efficient service is essential not only to attract new customers, but also to retain existing customers. Current banking sector has come up with a lot of initiatives that are oriented to providing a better customer service with the help of new technologies.

Banks offer so many channels to access their banking and other services. Such as ATM, Credit Card, Call Centers, Internet Banking, Mobile Banking, Telephone Banking, SMS Banking, Relationship Managers, Video banking etc. In banking sector customer service is important; therefore every bank creates customer service committee at their management level, to provide better services. In general commonly this committee has senior officers in it for examining issues of the customers. The Committee also examines any other issues having a bearing on the quality of customer service rendered.

PROBLEM STATEMENT

Banking sector utilize their service quality in large output and helps in economic development of the country. Banks play an important role in economic development of developing country. Economic development involves investment in various sectors of the economy. The banks collect savings from the people and mobilize that saving for investment in various projects. In normal banking the banks perform agency services for their customers and helps in economic development. The banks purchase and sale securities, shares, make payment, receive subscription funds and collect utility bills for the Government departments. Therefore banks save time and energy of busy peoples. Banks arrange foreign exchange for the business transaction with other countries. The facility of foreign currency account has resulted in an increase of foreign exchange reserves. Banking sector are not simply

collecting funds but also serve as a guide to the customer investment of their money. The policy of banks is an instrument in wide dispersal of credit in country.

Therefore the need of the study arises because banking sector helps in economic development of the country and to fulfill this, customer satisfied first by providing quality services. Hence there is need for customer survey, identifying their requirements and satisfaction which helps the overall development of banking business with growth of banking industry.

LITERATURE REVIEW

Sachdev & Verma (2004) described that today competition in Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency.

Agrawal & Rastogi (2009) determined factors affecting customer perception and attitude towards and satisfaction with e-banking is an essential part of a banks strategy formulation process in an emerging economy like India. To gain this understanding in respect of Indian customers, the study was conducted on respondents taken from the northern part of India. The major findings depict that customers are influenced in their usage of e-banking services by the kind of account they hold, their age and profession, attach highest degree of usefulness to balance enquiry service among e-banking services, consider security & trust most important in affecting their satisfaction level and find slow transaction speed the most frequently faced problem while using e-banking.

Jalal, Marzooq & Nabi (2011) stated that banking services through the internet is a way to keep the existing customers and attract other customers to the bank. The system credibility disturb both the current and potential customers who intended to use internet banking services. It may because of the risk that their personal information might fall into wrong hands or may lose their money during the transaction process. The same level of internet skills, familiarity with banks and banking transactions and have been exposed to or have knowledge of the existence of e-banking alternatives. The research study is to focus on the importance of understanding the customer's perception about internet banking by investigating and measuring the impact of selected factors such as perceived usefulness.

Shah (2011) stated that banking industry around the world has been undergoing a rapid transformation with information technology. The deepening of information technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for online customers and faster resolution of issues. Today, customers expect higher quality services from banks which, if fulfilled, could result in significantly improved customer satisfaction levels. This study also helps in assessing the power of these factors in the context of Internet banking and would, therefore, help the bank management not only in improving the level of satisfaction but also strengthening the bond between the banks and their customers, thereby helping them to retain and expand their overall customer base.

Gbadeyan & Akinyosoye (2011) discussed that the development and increasing progress are being experienced in the Information and Communication Technology. It has been brought about a lot of changes in almost all facets of life. In the Banking Industry, it seems in the form of online banking. And now replacing the traditional banking practice. Online banking has a lot of benefits which add value to customers satisfaction in terms of better quality of service offerings. But at the same time enable the banks gain more competitive advantage over other competitors. There are some associated risks identified in the study that seem to hinder the success of e-banking services and thus constitute major concern to both financial institutions and customers.

Mishra, Mishra & Praharaj (2011) described that Indian banking sector faces enormous challenges of attracting and retaining customers. The author revealed that the public banks are ahead of the private banks in attracting and retaining customers because of good personal relationship with the customers. Reasons for opening accounts with a bank by the customers are factors like convenient location, overall reputation, etc.

Shaikh & Mehta (2012) explained that banking sector in India is growing at a fast pace. It has become one of the most preferred banking destinations in the world. Indian markets provide growth opportunities, which are unlikely to be matched by the mature banking markets around the globe. Internet banking services not only can create new competitive advantages, it can improve its relationships with customers. As it gives one stop shop facility to the customers. The research is understand the impact and perception of variables towards internet banking on customer satisfaction. It deals in all the services provided by banks

through technology known as internet banking. Customer insight towards internet banking and satisfaction towards it.

OBJECTIVES OF THE STUDY

- To study the customer satisfaction towards banking services and their quality.
- To interact with customers regarding banking services and get their requirements.
- To compare the customer services by public sector and private sector banks.
- To obtain significant of customer satisfaction for growth of banking industry.
- To find out the elements of banking developments for overall economic development.

RESEARCH METHODOLOGY

The present study is restricted to Dhule District Maharashtra, India which consist of four tahsil starting with Dhule Tahsil then Shirpur, Shindkheda and Sakri Tahsil all are providing better banking services in their region through public sector and private sector banks. In Dhule District there are more than 20 banks public sector and private sector banks operating their services through their more than 150 branches. To find customer satisfaction and their requirements, identify their suggestion, the field survey was conducted in four banks. There are two public sector banks selected i.e. State Bank of India and Bank of Maharashtra whereas two private sector banks also selected i.e. HDFC Bank and ICICI Bank for fruitful comparison about customer satisfaction. Sample size has been fixed as 200 customers from four selected banks i.e. 50 each. Questionnaire method applied for collecting data from customers whereas convenience sampling method used for getting quick information.

TABLE 1. DEMOGRAPHIC PROFILE OF CUSTOMERS

Demographic Factor	Frequency	Percentage
Gender		
Male	130	65
Female	70	35
Total	200	100
Age		
18 to 30 years	78	39
30 to 40 years	50	25
40 to 50 years	42	21
Above 50 years	30	15
Total	200	100
Educational Qualification		
S.S.C.	20	10

H.S.C.	56	28
Graduate	52	26
Post Graduate	72	36
Total	200	100
Banking Experience		
Upto 5 Years	36	18
5 to 10 Years	104	52
Above 10 Years	60	30
Total	200	100
Income		
High	80	40
Middle	86	43
Low	34	17
Total	200	100

DATA ANALYSIS

Data Collection collected from the above customers of different demographic factor. T-Test was applied to calculate difference between public sector and private sector banking about services in different aspects. The various aspects such as customers perception on branch services, about use of modern technology, about internet and mobile banking, about investment services, customer perception and satisfaction of loan services and regarding other services. The test helps to signify the statistical difference between different measurements of the different aspects and the scope of further improvement through their mean values.

TABLE 2. CUSTOMER PERCEPTION ON BRANCH SERVICES

Measurements	Public	Private	t-value	p-value
Time & Cost Saving	3.33	3.57	-1.694	0.092
Overall Service Quality of Banks	3.41	3.89	-3.221	0.001**
ATM Facility Services	2.75	4.01	-8.271	0.000**
Benefits of Service Quality	3.14	4.14	-6.707	0.000**
Overall Customer Satisfaction	3.91	4.05	-1.199	0.232
Level of Services	3.06	4.27	-8.242	0.000**

(**Values are significant at 5% Level)

Table 2 shows analysis of branch services among public and private sector banks. Regarding the overall service quality of banks, ATM Facility services, Benefits of Service Quality and Level of services found to be significant at 5% level. Hence the improvement in public sector banks regarding the service is necessary.

TABLE 3. CUSTOMER PERCEPTION ABOUT USE OF MODERN TECHNOLOGY

Measurements	Public	Private	t-value	p-value
Bank Demand Draft	3.59	3.69	-0.704	0.482
Passbook Printing	4.02	4.05	-0.328	0.743
Locker Facility	3.95	3.50	3.358	0.001**
Investment Transactions	3.03	4.19	-7.812	0.000**
General Accounting Transactions	4.29	4.39	-1.083	0.280

(**Values are significant at 5% Level)

Table 3 shows statistical difference about locker facility and investment transactions services where significant different between public and private sector bank found at 5% level. The other services are equal about the use of modern technology at both public and private sector banks. But the locker facility of private sector banks need to be improve where as the investment transactions services of public sector banks are significant improvement required.

TABLE 4. CUSTOMER PERCEPTION ABOUT INTERNET & MOBILE BANKING

Measurements	Public	Private	t-value	p-value
Bank Website Presentation	3.84	4.12	-2.124	0.035**
Mobile App Performance	3.94	4.10	-1.487	0.139
Regular Upgradation	3.63	3.89	-1.843	0.067
Internet Banking Quality	4.32	4.38	-0.605	0.546
Internet and Mobile Banking Safe	4.33	4.30	0.309	0.757
Feel Comfortable	4.28	4.38	-1.075	0.284

(**Values are significant at 5% Level)

Table 4 shows that bank website presentation has significant at 5% level and other services about internet and mobile banking has equally at both public and private sector banks. Therefore bank website presentation of private sector banks are good as compare to public sector banks. So that the necessary development to be made in this regards.

TABLE 5. CUSTOMER PERCEPTION ABOUT INVESTMENT SERVICES

Measurements	Public	Private	t-value	p-value
D. Mat Account / Share	3.03	4.12	-7.008	0.000**
Mutual Fund	3.17	4.34	-8.061	0.000**
E-Fixed Deposit / E-Recurring Deposit	3.95	4.00	-0.370	0.712
Insurance	4.08	4.38	-2.609	0.010**
Foreign Exchange Services	3.54	4.26	-4.829	0.000**

(**Values are significant at 5% Level)

Table 5 shows analysis of investment services whereas all measurement except electronic fix deposit / electronic recurring deposit (0.712) are found to be significant at 5% level. Such as D.Mat / share, Mutual Fund, Insurance and Foreign Exchange services. Hence this services of public sector banks regarding investment is found necessary to be improve.

TABLE 6. CUSTOMER PERCEPTION AND SATISFACTION ON LOAN SERVICES

Measurements	Public	Private	t-value	p-value
Credit Card Services	3.61	4.25	-4.519	0.000**
Personal Loan Services	4.20	4.35	-1.621	0.107
Instant Cash Loan/ Jumbo Loan	2.45	4.41	-14.498	0.000**
Gold Loan Services	3.91	4.51	-5.060	0.000**
Other Loan Services	4.15	4.60	-4.334	0.000**

(**Values are significant at 5% Level)

Table 6 shows analysis of perception and satisfaction about loan services among public and private sector banks, whereas all services except personal loan services (0.107) are again found to be significant at 5% level. Such as Credit card services, Instant cash loan services, Gold loan services and Other loan services. Therefore public sector banks must understand the difference and try to fulfill the requirement and differences about this.

TABLE 7. PERCEPTION AND SATISFACTION ON OTHER SERVICES

Measurements	Public	Private	t-value	p-value
Telephone Banking	3.59	4.25	-4.610	0.000**
SMS Banking	4.32	4.59	-3.529	0.001**
Intimation about Offers	2.84	4.56	-11.642	0.000**
Informative Call Centre	4.37	4.67	-3.532	0.001**
Customer Grievance	4.19	4.63	-4.407	0.000**

(**Values are significant at 5% Level)

Table 7 shows statistical difference found to be significant at 5% level about all other services and satisfaction level of customers. Doing telephone banking, SMS Banking, Intimation about offers, informative call centre and customer grievance has required the improvement in public sector banks.

FINDINGS OF THE STUDY

The study made a comparative analysis to measure the service performance between public sector and private sector banks. T-test was applied to know the difference between the aspects and the scope of the further improvement through their mean values.

Regarding the customer services in banks there is statistical difference between overall service quality of banks (0.001), ATM Facility services (0.000), Benefits of Service Quality (0.000) and Level of services (0.000). Hence the improvement in public sector banks regarding the service is necessary. Therefore out of six measurement about customer services four measurement variables are found significant difference.

Customer perception regarding investment services shown significant difference at locker facility (0.001) and investment transactions services (0.000). The other four services are equal about the use of modern technology at both public and private sector banks. Therefore out of six measurement variables two made statistical difference. But the locker facility of private sector banks need to be improve where as the investment transactions services of public sector banks are significant improvement required.

The result of customer perception about internet and mobile banking shows that bank website presentation (0.035) has significant at 5% level and other five services about internet and mobile banking has equally at both public and private sector banks. So that there are only single measurement variables statistically different out of total six variables of this aspects.

As regards the investment services four out of five measurement variables found to be significant at 5% level such as D.Mat / share Account (0.000), Mutual Fund (0.000), Insurance (0.010) and Foreign Exchange services (0.000) only e-fixed deposit/ e-recurring deposit has no statistical difference.

The difference was significant at five out of six measurement variables about customer perception and satisfaction about loan services among public and private sector banks. Where Credit card services (0.000), Instant cash loan services (0.000), Gold loan services (0.000) and Other loan services (0.000) found to be significant at 5% level.

Customer perception and satisfaction on other services are found to be significant at 5% level whereas all five out of five measurement variables are differed at public and private sector banks. Doing telephone banking (0.000), SMS Banking (0.001), Intimation about offers (0.000), informative call centre (0.001) and customer grievance (0.000) found statistical difference in public and private sector banks.

CONCLUSION

Today in banking sector customers are more value oriented in their services because they have alternative choices in it. The present times demanded that bank consolidate with moderate and selective expansion in service, social banking with financial possibility, selective upgradation, computerization and innovative mechanization, better customer service, effective managerial culture, adequate profitability, strong organization culture, internal supervision and control. Therefore, banks must be able to provide complete personal service to customers who come with high expectations. For customers who value convenience most, banks must offer the latest product. In shortly, customer value services would be a strong driver of customer retention. The crisis provides an opportunity to the banking sector to reach out to the financially excluded, who have the capability to make productive use of the available financial resources.

The constructed survey in this study all received positive and negative opinion by the customers as factors that they satisfy with the services and required better or they leave from their current banks. To become successful in today's competitive marketplace, banks must be concentrate on understanding the needs, attitudes, satisfactions and behavioural patterns of their customer and provide effective services. Customers from HDFC Bank, ICICI Bank are satisfied about the services and infrastructure development, application modern technologies in their branches. But they required the development of locker facility at their branches. While State Bank of India customers are partly satisfied with the services and guidance about the products in their branches but they required effective utilization of computer in providing services. But customers from Bank of Maharashtra are in affirmative sense and required effective services such as ATM, Phone Banking, SMS Banking, loan services, investment services in their branches for their future development as well as their branches growth also.

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