



A Focus Study of Customer Satisfaction and its Impact on Banks

KEYWORDS

Savings Account, Services, Remedial Measures, Bank

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ABSTRACT *This paper examines the possible reasons of why savings account holders are not transacting through their respective bank account, inspite of maintaining the required balances & to understand whether this is due to lack of services provided by the bank. Data was taken from one of the Private Sector Bank (PSB) of Ahmedabad. The data was further tabulated & analyzed, using SPSS software. The sample consisted of 100 Account Holders. The results of this paper will suggest the possible remedial measures that can be taken to improve the ratio of more number of account holders transacting.*

INTRODUCTION

It has become very important for the banks to understand the customers needs and requirements so that they can serve customers properly. Though majority of customers are satisfied with their banks service, still banks need to focus on customer experience across the banking channels. It's very important for the banks to gauge how customers perceive the quality of their interactions with their banks across dimensions like: products, channels and customer transactions.

Savings Account

Saving accounts are accounts maintained by retail financial institutions that pay interest. These accounts let customers set aside a portion of their liquid assets while earning a monetary return. The interest rates vary as per the amount of money deposited (lying) in the saving bank account, scheme opted, and its maturity range. It is also subject to current trend of banking policies in a country.

PURPOSE

The purpose of this paper is to identify the possible reasons of why Savings account customers are not transacting through their respective account despite of maintaining required balances, and to know whether lack of services is a factor for it.

PROBLEM STATEMENT

The statement of problem is " **To know what are the reasons that result in, customers not transacting through their account, & understand whether lack of services is the reason**".

Times have changed. Customers still value speed, accuracy and ease of use, but they have added some requirements to the definition of a quality customer experience like, the convenience of performing ever-more-complex transactions on mobile phones, personalized service that recognizes and treats them as individuals, and seamless movement among various channels with a consistent experience at each.

So the PSBs are aiming to provide a quality customer experience. For which they have to revamp processes, support multichannel communications and most critically talk to the customer. For which banks should also incentivize staff to deliver a quality customer experience.

OBJECTIVES

- To examine the reasons for reluctance of Account Holders to transact through their Account.
- To determine whether lack of services is responsible for it and if so, then find out the means to improve it.

SCOPE

This study is restricted to 1 PSB of Ahmedabad only.

LITERATURE REVIEW

Customer satisfaction is one of the most essential elements of customer retention, customer loyalty, and product/service repurchase. The art and science of customer satisfaction involves strategically focusing on creating and reinforcing pleasurable experiences. So, it is of vital importance.

According to Jham, Vimi;Khan, & Kaleem Mohd, 2009

Customer satisfaction is ensured when the organization builds closer relationship with the customers, and which ultimately result in better return to the organizations. And with customer satisfaction, profitability ensues.

According to Oliver RL,1980 Customer satisfaction is described as fully meeting the expectations of customers, and the feeling or attitude of a customer towards a product or service after it has been experienced.

According to Crosby and Stephens, 1987 Customer Satisfaction comprises of three important dimensions, satisfactory dimensions with the personnel, satisfaction with the organization, and satisfaction with the core service or product, which ultimately results in good customer experience.

According to Pont, Marcin, McQuilken,Lisa, 2005 Customer satisfaction is an important indicator for customer loyalty.

According to Jamal & Nasar, 2003 Customer satisfaction is defined as the feelings or judgments customers have towards the products or services after they have used it.

According to Churchill and Carol, 1982 "Satisfaction is related to the direction and size of disconfirmation experiences, whereas, the disconfirmation experience is related to person's initial expectations".

RESEARCH FRAMEWORK

TYPE OF RESEARCH

The research type for this project report is **exploratory research**. Exploratory research Techniques simply involve conversations between a researcher and the people being studied. The research is usually informal and semi-structured. Here, the exploratory research is concerned with understanding and analyzing the factors /reasons of Savings account customers not transacting with the bank.

RESEARCH METHODOLOGY

It is a blueprint for completion of project work.

DATA TYPE

Primary Data is original and collected first hand for the problem under study by the researcher. This was collected by means of questionnaire and analysis was done according to responses received from the customers.

Secondary data is the data that already exists and that is used for reference or to gain knowledge from other people's experiences e.g. published books, Government publications, Journals and the internet.

DATA COLLECTION METHOD

For the purpose of preparation of this project report Primary Data Collection method was used in the form of telephonic interviews.

SAMPLE UNIT

Sampling unit refers to the targeted audience who are to be surveyed. Account Holders of 1 of the PSB in Ahmedabad.

SAMPLE SIZE

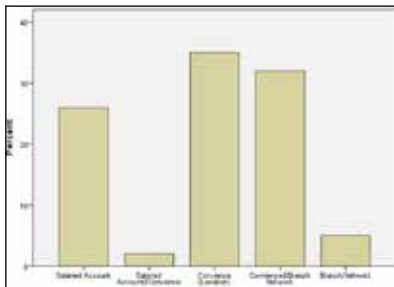
It refers to the number of items to be selected and to be surveyed from the total population. Determining the sample size to be selected is an important step in any research study. The sample size for the **Savings Account customers is 100**

SAMPLING TECHNIQUE

For the preparation of this report the **convenience sampling technique** is used. **Convenience sampling is a non-probability sampling technique** where subjects are selected because of their convenient accessibility and proximity to the researcher.

DATA ANALYSIS

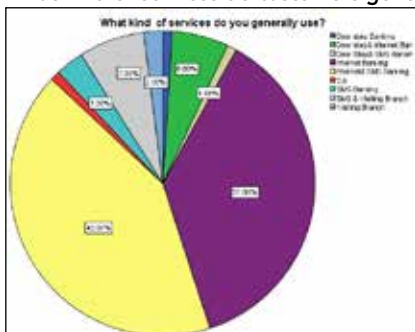
Which factors are taken into consideration while choosing primary bank?



Interpretation

In the above figure 35% of the customers said Convenience (location) as the reason for choosing their primary bank as their main bank for doing transaction, whereas 32% said both Convenience (location) & branch network as the reason for choosing their primary bank, and 26% said that they mainly do their transactions from the bank where their salary account is there.

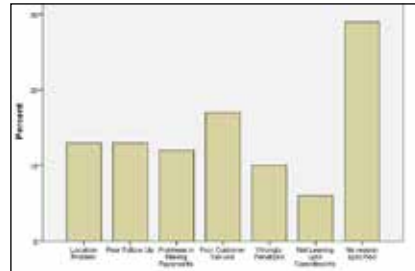
What kind of services do customers generally use?



Interpretation

In the above figure, about 42 % answered that they use Internet Banking & SMS Banking, whereas 37 % answered that use Internet Banking.

What are the possible reasons of account holders not transacting through their respective bank account?



Interpretation

In the above figure 29 % specified no reasons saying they are satisfied with the services, 17% said they are not satisfied with the services, whereas 13% said poor follow up as reason of not transacting .And 10 % said that they were wrongly penalized 2-3 times so they don't transact through their account.

FINDINGS

- Majority of customers are satisfied with the PSB services.
- Some of the customers stated some major factors which they want to be improved further like, Customer Service, Customer Follow up, and Wrongly Penalized (Charged).
- Customers were also encountered some problems like getting not the bank statements regularly, not getting regular messages of the transactions, and small percentage of customers also encountered problems regarding net banking facility, so they didn't transact that frequently.

RECOMMENDATIONS

- Proper training should be given to employees so that they can convince the dissatisfied customers & improve their experience with the bank.
- The key to repeat customers is relationship. And Relationships are established and maintained through communication and follow through. So the employees should track & follow through the commitments they have made to the customers. So responding to or communicating with customers in a prompt, in efficient manner is a critical aspect of bank customer service skills.

CONCLUSION

A bank's main aim is to satisfy the needs of their customer. If the Customer is satisfied it also increases the loyalty and thus increases the retention rate. In turn, it has become very important for the banks to understand the customers' needs and requirements so that they can serve customers properly. Though majority of customers are satisfied with their banks service, still banks need to focus on customer experience across the banking channels. And in today's challenging economic climate, banks should work hard to meet the needs of their most loyal customers.

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