



CUSTOMER PERCEPTION TOWARDS THE PROBLEMS FACED BY CUSTOMERS OF PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS – A COMPARITIVE STUDY (in Chennai City)

KEYWORDS

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ABSTRACT

The banking industry plays an important role in a nation's economy. The economic development of a country depends on growth of the banking industry. Globalisation has brought significant changes in the products / services offered by the banks which have led to a notable change in the last decade. In this paper, the customer perception towards the services of selected private sector, public sector and foreign banks in Chennai is studied and suggestions are given to improve its services.

1. Introduction

A bank is a financial intermediary and money creator that create money by lending money to a borrower, thereby creating a corresponding deposit on the bank's balance sheet. Due to their importance in the financial system and influence on national economies, banks are highly regulated in most countries. The banking industry plays an important role in a nation's economy. The economic development of a country depends on growth of the banking industry. Globalisation has brought significant changes in the products / services offered by the banks which have led to a notable change in the last decade. In this paper, the customer perception towards the services of selected private sector, public sector and foreign banks in Chennai is studied and suggestions are given to improve its services.

2. Review of literature

Ritu Sehgal & Dr. Sonia Chawla, 2011 have found out that male respondents use internet banking more when compared to the female respondents. The respondents of the age group under 30yrs use it greatly and least usage is by age group about 50 yrs. It is also found that the maximum users of internet banking possess either Bachelor's or Master's Degree. Mostly industrialists and professionals use internet banking services almost every day. It is found that the respondents prefer internet banking to traditional banking. Out of the 3 banks SBI, ICICI and Standard Chartered bank, majority of Standard Chartered banks' respondents feel the internet banking service is excellent. It is found that there is no relationship between the age groups, occupation and choice of banks. **Er-Vishal Mohan Goyal and Mrs. Gania Goyal, 2012** have found that the respondents ranked factors which they think is very important in Internet banking. The factors may be convenience, safety, rates charged, curiosity, easy for shopping. The respondents have also given reasons like security, time consumption, and unwillingness to try new things, non-availability of infrastructure facilities for not opening an internet bank account. It is also stated that the customers fear hacking of accounts and banks are trying the best in making the system more secured. It is found that customers opt internet banking as it is convenient.

3. Objectives

- To find the general banking decisions ie, choice of type of banks, tenure of operations and mode of banking.
- To ascertain the customers' preference of banks for depositing money and raising loans and the reasons associated with such preference.
- To understand the preference of customers of various types of banks (public sector, private sector and foreign banks) with respect to their mode of banking.
- To compare the problems faced by customers of Public Sector, Private Sector and Foreign Banks while using E-Banking.

4. Methodology

This is an empirical research on finding out the general banking habits and comparative analysis of the various types of banks in Chennai city. The questionnaire method was chosen for its speed and cost benefits. Due to shortage of time the researcher used only descriptive statistical tools to arrive at findings and conclusion. The respondents were selected through random sampling method. Data was collected from 200 respondents.

5. Data analysis and interpretation

5.1 Percentage Analysis

Particulars	Groups	Frequency	Percentage
Age	Below 25 years	32	16
	25-35 years	73	36.5
	36- 45 years	52	26
	Above 45 years	43	21.5
Gender	Male	127	63.5
	Female	73	36.5
Marital Status	Married	127	63.5
	Single	73	36.5
Educational Qualification	Master Degree	70	35
	Bachelors Degree	107	53.5
	Diploma	16	8
Monthly Income	Professional	7	3.5
	Below Rs. 25,000	79	39.5
	Rs.25,001- Rs.50,000	75	37.5
	Rs.50,001 - Rs.75,000	26	13
Occupation	Above Rs.75,000	20	10
	Government employee	33	16.5
	Private Company	95	47.5
	Business	39	19.5
	Student with part time job	15	7.5
Choice of banks	Student	94	9
	Public sector banks	98	49
	Private Sector Banks	78	39
	Foreign Banks	24	12
Deposits	Private Sector Banks	74	37
	Foreign Banks	31	15
	Public Sector Banks	91	46
	NBFCs/ Chit Funds	4	2
Loans	Private Sector Banks	77	38.5
	Foreign Banks	13	6.5
	Public Sector Banks	99	49.5
	NBFCs/ Chit Funds	11	5.5
Type of Banking	Traditional / Branch Banking	68	34
	Tele Banking/Phone Banking	30	15
	Mobile Banking	26	13
	Online/E Banking	76	38

5.1 Comparative analysis of problems faced by Public Sector , Private Sector and Foreign Banks while using E-Banking (Henry Garrett Ranking Technique)

Here, the problems faced by bank customers (public, private and foreign sector) while using E Banking account are analyzed. For the purpose of this study, ten problems (listed below) have been taken for examination. To identify the most important problem, Henry Garrett ranking technique was employed and the ranks assigned by the customers of public sector, private sector and foreign banks are compared using rank correlation technique and is shown in the following tables.

Sl. No.	Problems	Ranks		
		Public Sector	Private Sector	Foreign Banks
1	Theft	IX	IX	X
2	Weakness in the software and hardware architectures	III	VIII	VIII
3	Virus/ worms	VIII	V	VI
4	Attacks from hackers	IV	III	II
5	Unauthorized access to personal information	VII	I	I
6	Alteration of confidential information	V	II	III
7	Lack of privacy	II	IV	IV
8	Difficulty to remember the user name & password	VI	VI	V
9	Lengthy procedures	I	VII	VII
10	Rumors relating to bank services	X	X	IX

Source: Computed

Comparison	D ²	Rank Correlation
Public Sector VS Private Sector	121	0.267
Private Sector VS Foreign Banks	6	0.964
Foreign Banks VS Public Sector	116	0.297

Source: Computed

The rank correlation proves that there is a high degree of positive correlation between private sector and foreign banks (0.964). The customers of foreign and private sector banks have given similar ranks to the problems in operating E-Banking account. Unauthorized access to personal information of customers is the major threat to private sector and foreign banks. They also face problems with respect to Attacks from hackers, Alteration of confidential information, Lack of privacy, Difficulty to remember the user name & password, Virus/ worms. The factors that least bother the customers of private sector and foreign banks are Lengthy procedures, Weakness in the software and hardware architectures.

The rank correlation proves that there is a low degree of positive correlation between foreign and public sector banks (0.297), private and public sector banks (0.267). The customers of public sector banks face different problems when compared to customers of foreign and private sector banks. The ranking of the problems shows that customers have to bear with lengthy procedures and quite often the hardware and software architectures of the banks are weak. It is worth noting that irrespective of the bank rumors relating to bank services have seldom affected the customers.

6. Findings and Recommendations

Majority of the respondents are married men belonging to the age group of 25yrs – 35yrs, holding bachelor's degree, earning below Rs25000 and are employed in private concerns. The respondents prefer public sector banks to deposit their money and to raise loans. Their tenure of bank operations is 1 yr – 5yrs. As most of the respondents are young, they prefer online banking when compared to traditional banking. It is inferred from the analysis that the type of bank is irrelevant to the preferred mode of banking which is rather dependent on the customer himself. The reasons for depositing in a

particular bank are ranked with safety given the highest rank, followed by high interest rates, capital appreciation, easy withdrawal, varied services etc. Similarly the reasons for raising loans from a particular bank are ranked with low interest rates ranked the first followed by simple formalities, lack of security etc. There is a high degree of correlation between private and foreign banks. Unauthorized access to personal information of customer is the major threat to the above mentioned banks. The factors that least bothers the customers of private and foreign banks are lengthy procedures, weaknesses in the bank's hardware and software. The customers of all the three type of banks hardly ever encounter the problem of theft while accessing their E- Banking account.. Public sector banks should ensure that human resource problems are dealt away with, in order to serve the customers swiftly. Regular training on changing technology would help banks to empower its employees to have an edge over its competitors. The stringent formalities in public sector banks need to be dealt away with. Private and Foreign banks should safe guard the customers' data base prohibiting unauthorized access by hackers.

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