CUSTOMER SATISFACTION ON VARIOUS SERVICES OFFERED BY SELECTED PRIVATE SECTOR BANKS IN ERODE DISTRICT OF TAMILNADU

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ABSTRACT Indian banking has witnessed a significant shift in its operating environment during the last decade. Various reform measures, both qualitative and quantitative, were introduced with an objective to revitalize Indian banking sector and to meet the future challenges banks should create proper customer satisfaction on services by examining the consumers. Customers can be retained if the bank tries to measure and improve customer service offered to them on a continuous basis. This paper examines the satisfaction of services offered by selected private sector banks in Erode district of Tamilnadu.

INTRODUCTION

The banking industry is expected to be a leading player in e-business. While the banks in the developed countries are working primarily via the Internet as non-branch banks, banks in the developing countries use the Internet as an information delivery tool to improve their relationship with customers. Banks have established an Internet presence with various objectives. Most of them are using the Internet as a new distribution channel with the help of Information and Communication Technology (ICT).The banks have already started focusing on increasing and improving their e-banking services. As a part of this, the banks have begun to collaborate with various utility companies to enable the customers to perform various functions online.

Indian banking industry has suddenly witnessed a major boom. Being a globalized market, the customers seek and demand world class products. In today's global market, the competitive advantage lies in delivering high quality services to the customers. The need to achieve customer satisfaction lies in its ability to deliver better quality products to the customers. Therefore, customer satisfaction is considered as a prerequisite for customer retention, loyalty and convenience which ultimately helps in realizing the goals of profitability, market share, growth, return on investment, productivity etc.

Definition of Bank:

"Banking is the business of accepting for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise and withdraw-able by cheque, draft, and order or otherwise"-Indian Banking Regulation Act, 1949.

Review Of Literature

Ramya T J (2016) in her study "A Study on Customer Satisfaction towards Private Banks with special reference to Mysuru City" The banking industry has an incredible growth in Indian market. The doorway of new technology has made lot of changes in Indian banking sector. Newly the Indian economy has seen the emergency of many banks in the private sector. The growth of private bank is not possible without achieving customer satisfaction. Customer satisfaction is a present-day come within reach of to survive in the market .Gauging of customer satisfaction is currently very central to gain self-assurance to build the market. The study indicates service and employee commitment is very important for customer satisfaction.

Arumugarajan (2016) in his article "A Comparative Study on the Customers' Satisfaction in Select Private Sector and Public Sector Banks in Tirunelveli District" concluded that private and foreign sector banks are quite successful in providing their customers with what they want, when they want and where they want. But public sector banks are still lagging behind their counterparts in these aspects.

Vasudevan (2018) identified that the customers of private sector banks are satisfied with the services offered by them. He also concluded that the customers can be retained if the bank tries to measure and improve customer service offered to them on a continuous basis.

Jaydeb Ray (2018) identified that significant difference exists between public and private sector banks with regard to customer satisfaction. He found that customer satisfaction in private bank is more as compared to public sectors banks. He found that the service quality dimensions of tangibles, responsiveness, reliability, assurance and empathy influence the customers overall satisfaction. The tangibility dimension is found to be the most influential predictor of customer satisfaction, whereas empathy dimension is the least satisfaction influencing factor with customer satisfaction.

Statement Of The Problem

Today bank plays essential role for the customer services. Banking sector is an important ingredient of the country's economic liberalization; it has become urgent and pertinent for the banking industries in India to prepare itself to stand competition from the giant foreign banks. In order to retain and gain the existing Nowadays customers are more dynamic in their thinking. Their taste, needs and preferences keep changing as per the present situations. Therefore customer satisfaction is an important factor for capturing the market and also for retaining the existing ones. With this as the backdrop, the present study analyzes the level of satisfaction of the customers towards banking service and factors that influence the customers.

Objective Of The Study

The objective of the study is as follows
To evaluate the determinants of satisfaction and level of satisfaction of the customers on various services offered by selected public and private sector banks.

Area And Period Of The Study

The study on the problems faced by the customers regarding the services of selected public sector banks is confined to 300 customers from three major Private Sector banks in Erode District only. The study was conducted from May 2020 to September 2020.

Collection Of Data

The study used only primary data. The required primary data are collected through well structured questionnaire.

Sampling Design

To achieve the objective of the study, three major Private Sector banks in Erode district have been purposively selected. The population of the research consists of all the customers who hold any type of account in these banks in Erode district. The list of customers holding account could not be obtained. Using Judgment sampling it was decided to select 100 customers from each selected bank for the study and hence from three banks 300 customers have been selected. The method of sampling used for selecting sample respondents for the study is non-probability convenience sampling method. The sample size selected for the study is 300 customers who actively hold account at least for one year.

Tools Used For Data Analysis
Multiple Regression Analysis:

Multiple regression analysis is used to predict the value a dependent variable based on the values of two or more independent variables.

FACTORS INFLUENCING SATISFACTION OF CUSTOMERS ON VARIOUS SERVICES OFFERED BY SELECTED PRIVATE SECTOR BANKS: MULTIPLE REGRESSION ANALYSIS

Multiple linear regression analysis has been carried out here to measure the nature and extent of relation of identified variables with the satisfaction score. To analyze the factors influencing satisfaction score, the following functional form has been used:

$$Y_i = b_0 + b_1 X_{1i} + b_2 X_{2i} + b_3 X_{3i} + b_4 X_{4i} + b_5 X_{5i} + b_6 X_{6i} + b_7 X_{7i} + b_8 X_{8i} + b_9 X_{9i} + b_{10} X_{10i} + b_{11} X_{11i} U_i \quad \text{........(4.2)}$$

The above model is specified as,

Y_i = Satisfaction Score on Private Sector Banks (score)
X_{1i} = Age (years)
X_{2i} = Monthly Income (□ rupees)
X_{3i} = Number of Dependents (numbers)
X_{4i} = Education (years)
X_{5i} = Years of Operation of Account (years)
X_{6i} = Type of Account (numbers)
X_{7i} = Account Holding Bank (numbers)
X_{8i} = e-CRM Issues (score)
X_{9i} = CRM Strategies (score)
X_{10i} = Problems in Banking Service (score)
X_{11i} = Awareness of Customers (score)
b_0 = Constant
b_1 to b_1 = Partial regression coefficients to be estimated
U_i = Stochastic disturbance term

In order to test the goodness of fit, the multiple coefficient of determination (R^2) and Adjusted R^2 have been calculated. In order to test the overall significance of regression equation, F test has been used. R Square is a basic matrix that tells that the degree to which the input variables explain the variation of the output/predicted variable in the model. Keeping on adding new variables in a multivariate linear regression always results in the increase of R square value irrespective of the variable significance. But Adjusted R square calculates R square from only those variables whose addition in the model which are significant. Adjusted R-square penalizes for adding variables which do not improve the existing model. Hence, when building linear regression on multiple variables, it is always better to look at Adjusted R-squared to judge goodness of model. The estimated regression coefficients of factors influencing the satisfaction score of customers on various services offered by selected public sector banks in the study region are presented in Table 1.

Table: 1 Factors Influencing Satisfaction of Customers on Various Services Offered by Selected Private Sector Banks – Multiple Regression Analysis

Independent Variable	Parameter	Regression Coefficients (βi)	Standard Error	t value
Constant		26.432	11.382	2.322*
Age	X1	-0.013	.049	-0.264
Monthly Income	X2	-8.686	.000	-3.129**
Number of Dependents	X3	-0.112	.455	-0.246
Education	X4	1.397	.515	2.713**
Years of Operation of Account	X5	-1.908	.832	-2.292*
Type of Account	X6	-0.967	.502	-1.928
Account Holding Bank	X7	-0.532	.382	-1.394
e-CRM Issues	X8	0.355	.155	2.284*
CRM Strategies	X9	1.211	.120	10.084**
Problems in Banking Service	X10	0.074	.101	0.732
Awareness of Customers	X11	0.115	.042	2.717**
F	30.947**			
R2	0.738			
Adjusted R2	0.545			

**Significant at 1% level of probability; *Significant at 5% level of probability; Dependent Variable: Satisfaction Score on Various Services Offered by Selected Private Sector Banks.

From Table 1, it is clear that CRM Strategies is the most important factor affecting the satisfaction score of customers on various services offered by selected private sector banks in the study region, Awareness of Customers is the second most important factor affecting the satisfaction score of customers on various services offered, Education is the third most important factor affecting the satisfaction score of customers on various services offered and e-CRM Issues is the fourth most important factor affecting the satisfaction score of customers on

various services offered as they are positive and statistically significant. The significant variable from the analysis i.e. CRM Strategies, Awareness of Customers, Education and e-CRM Issues are positively contributed to the satisfaction score of customers on various services offered by selected private sector banks. On an average, per unit increase in the variable CRM Strategies over and above its mean level would lead to an increase in the satisfaction score of customers by 1.21. On an average, per unit increase in the variable Awareness of Customers over and above its mean level would lead to an increase in the satisfaction score of customers by 0.12.

On an average, per unit increase in the variable Education over and above its mean level would lead to an increase in the satisfaction score of customers by 1.40.On an average, per unit increase in the variable e-CRM Issues over and above its mean level would lead to an increase in the satisfaction score of customers by 0.36.The regression coefficients of Problems in Banking Service (0.732) is positive but not statistically significant. The regression coefficients of Monthly Income and Years of Operation of Account are negative and significant which indicates that the Monthly Income and Years of Operation of Account may not be significantly contributing factors as compared to other factors. Interestingly, Account Holding Bank, Age and Number of Dependents have not displayed any statistically significant relationship with the satisfaction score of customers although with a negative sign.

The model used is best fit to the data as indicated by the highest and significant F-value (30.947) which means that all the included explanatory variables are important for explaining the variation in satisfaction score of customers on various services offered by selected private sector banks in the study region. The adjusted R^2 is worked out to 0.545indicating 54.5per cent of variation in the satisfaction score of customers on various services offered by selected private sector banks is by the independent variables included in the model.

CONCLUSION

In a country like India, there is demand for providing better service to their customer. Banks must be able to satisfy their customer by their service in order to retain the customers from vary area. The present study shows that customers are more enthusiastic to join new technologies or methods that might contain little risk. Banks should ensure that the modern banking service is safe and secure for financial transaction compare with traditional banking. So, it is concluded that overall service provided by the bank satisfies the customers. And it helps to retain their customers.

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