



Banking Services and Customer Satisfaction – A Study of Public and Private Sector Banks in Navsari City

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ABSTRACT

To develop and to sustain business any of the banks must have quality of customer service that can link up cordial relation with the customer and result in to the satisfaction to the customer. In the present research an efforts has done to measure satisfaction level of the customers by comparing various factors that can impact on satisfaction of customer to bank located in Navsari city of Gujarat. The main focus is done on whether private bank bring more satisfaction then public sector banks to the people residing in Navsari, and what are those factors which are considered when people say they are satisfied.

Keywords : Customer Satisfaction, Public Sector Banks, Private Sector Banks.

Introduction:

In the developing country like India international banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. In the era of globalisation customer has more rights to choose right product according their profile, opportunities available for their money. There are 9 branches of Bank of Baroda and 11 branches of state bank of india, along with two branches of private sector bank like HDFC and ICICI and Axis bank in navsari. it shows that Navsari has less no. of branches of private sector banks then public sector banks which is 07% of the total market share of bank branches located in Navsari. That shows private sector banks are having less deposits and accounts of people residing in Navsari then of public sector banks.

Customer is king in market” by Adam Smith suggest that in this competitive era of service industry customer hold power to choose the best and having maximum opportunity with wide range of product with the variety of services with different schemes. Now the king means customer must be satisfied to retain and create brand loyalty converting in to brand equity, which is like asset for the any of the service provider. That’s why the study draw importance that why people are not preferring private sectors bank in navsari city, ?which are the factors derives satisfaction to the customer residing in navsari city. does their demographic profile have impact on their satisfaction level and preference between public sector and private sector bank? Present study has focused on such issues.

Literature review

PrernaDawar(2013) on her study found factors affecting satisfaction are staff knowledge, behaviour,online banking, e-channel management & support system, amount charges, and language information. Alabar, t. timothy (2012) has focused on e banking and customer satisfaction in Nigeria, and concluded that there is an impact of e banking on satisfaction of the customer of the banks in Nigeria. MajidKaboli, saeed-Fathi, MarjanAjiji,(2011) has done their research on customer satisfaction of the banking customer in Isfahan city. Results were technical knowledge and environment of the bank are main factors which dreates dissatisfaction in Isfahan City.

Kumar and Rajesh (2009) covered that working performance of the bank must be improved and derived that the factors

which brings satisfaction to customer are modernisation and technological advancement. Trivedi and Agrawal (2009) has focused on five major dimation to measure customer satisfaction towards bank, viz.,tangibility, assurance, responsiveness, empathy, and reliability.Rayappan and shunmgan (2008) have tested regression of customer satisfaction with demographic profile of the customer. Bharathe et al (2008) have found that inaccuracy in transaction nak charges, staff attitude; complaint handling, system and procedure are some of the factors which derive dissatisfaction to the customers. Keerthe and Vijayalkshmi (2009) analysed perception level of the customer with their demographic profile. Virani (2008) suggested that traditional bank must have realise the importance of ATM, Mobile Banking, Debit card, Online Banking. Ghosh and kailash (2010) has strongly argued that customer’s knowledge is also one of the most important factor which can affect satisfaction.

Statement of the problem :

Customers are lifeblood for any business. And banking industry is highly service oriented business. When there is service concern, it always deals with the perceptual decision taking of the customer. Here in this paper researcher tried out to figure out the reason for the perception of the people residing in Navsari for choosing the banking service on the basis of cost, convenience, facility and general factors like modernisation of the bank, promptness for attending customer.

Objectives:

- To study the banking services and customer satisfaction of public and private sector banks in Navsari..
- To know in which service quality dimension the bank is performing well and in which dimension it needs improvement

Limitations:

- The geographical scope of the study was limited to NAVSARI city and does not represent the whole state, which makes it difficult to generalize the findings.
- The result is based on primary and secondary data that has its own limitations.

Research Methodology;

To meet up with the objectives of study 300 customers were selected as sample unit. So, the questionnaires were filled by 300 respondents which were structured with questions of demographic profile, satisfaction level and dimension which derives satisfaction to the customers. To carry out the study in more accurate convenience random non probability sam-

pling method was selected. Covariance and standard deviation were used as tool for statistical analysis and to bring interpretations.

Data Analysis and Findings:

1.The demographic profile of the any region customer can help banks to create their marketing strategy. Let us have look at demographic profile of people residing in Navsari city. (Table.1)

Table. 1 Demographic Profile of Respondants

Age Group	Respondents	Qualification	Respondents	Occupation	Respondents	Income	Respondents
Below 20	18	Under Graduate	65	Business	66	Below 10000	44
20 to 40	189	Graduate	144	Professional	48	10001– 25000	191
40 to 60	71	Post Graduate	91	House Wife	18	25001 – 40000	53
Above 60	22	Others	0	Student	46	Above 40000	12
Total	300	Total	300	Retired	7	Total	300
				Service	115		
				Total	300		

Table no. 1 clearly shows that the maximum numbers of the customers are from 20-40 years age followed by the age 40-60 years. There are 71 customer having age 40-60 years, which can show that most of the customer are mature enough to take the decision by their own. This demographic profile also seems that most of the customers do have graduate degrees with them, and post graduate degree holder numbers are not less. Because 91 respondents from 300 are post graduate which indicate that most of them are at least graduate do they are having good education background and also may have good analytical skill.

1. Variance between income and the satisfaction of customers towards public and private sectors banks.

H_0 = There is no significance variance between income and the satisfaction of customers towards public and private sectors banks.

H_1 = There is significance variance between income and the satisfaction of customers towards public and private sectors banks.

Table .2 ONEWAY ANOVA bank by Income Oneway

ANOVA					
Banks	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.796	3	.932	3.964	.009
Within Groups	69.591	296	.235		
Total	72.387	299			

INTERPRETATION:

According our study $0.009 < 0.05$.so there is significance variance between banks and income of customers. so H_0 is rejected.

2. Variance between occupation and the satisfaction of customers towards public and private sectors banks.

H_0 = There is no significance variance between occupation and the satisfaction of customers towards public and private sectors banks

H_1 = There is significance variance between occupation and the satisfaction of customers towards public and private sectors banks.

Table .4 Oneway Anova of all determinants with Satisfaction

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Process of opening	Between Groups	5.772	1	5.772	12.019	.001
	Within Groups	143.108	298	.480		
	Total	148.880	299			
Cash deposit	Between Groups	8.685	1	8.685	13.319	.000
	Within Groups	194.312	298	.652		
	Total	202.997	299			

Table .3 ONEWAY ANOVA bank by occupation

ANOVA					
Bank	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2.246	5	.449	1.883	.097
Within Groups	70.141	294	.239		
Total	72.387	299			

INTERPRETATION:

According to our study $0.097 > 0.05$.so there is no significance variance between banks and income of customers. so H_0 is accepted

Looking to Two above mentioned hypothesis It is proven that income and occupation profile of the customer do not impact on the level of satisfaction towards banks.

2. Satisfaction : majority of the respondents are having account with Public sector banks and they are satisfied with their services like minimum balance is less compare to private sector banks.

Options	Respondents
Public	178
Private	122
Total	300

3. Dimensions:

For the study various dimension are taken and that are tested with use of ANOVA on satisfaction on private banks and public banks. See Table no.2

H_0 :There is no significant variance between process of opening an account and satisfaction level to the bank.

H_1 : There is Significant variance between process of opening an account and satisfaction level to the bank.

Likewise other dimensions are taken in to consideration with the help of various literature review that are,

Processofopninganaccount, Cashdeposit, Workinghours, Location, Proccesofloan, Interest Loan, Rate on Return,Process Charges on loan, Fees for collection, Loan, Cashcredit, O/D, Creditcard ,Internetbanking, Demataccount ,Mobilebanking, ATM, Travelcheque, Courtesy,Quickness,Modernization,Communication, Guidance, BY bank

Working hours	Between Groups	29.999	1	29.999	43.397	.000
	Within Groups	206.001	298	.691		
	Total	236.000	299			
Location	Between Groups	2.977	1	2.977	5.997	.015
	Within Groups	147.943	298	.496		
	Total	150.920	299			
Process of loan	Between Groups	3.943	1	3.943	7.455	.007
	Within Groups	157.604	298	.529		
	Total	161.547	299			
Interest on loan	Between Groups	12.317	1	12.317	15.986	.000
	Within Groups	229.613	298	.771		
	Total	241.930	299			
Rate on return	Between Groups	62.670	1	62.670	68.019	.000
	Within Groups	274.567	298	.921		
	Total	337.237	299			
Process charges	Between Groups	5.566	1	5.566	11.897	.001
	Within Groups	139.430	298	.468		
	Total	144.997	299			
Fees for collection	Between Groups	40.883	1	40.883	53.642	.000
	Within Groups	227.117	298	.762		
	Total	268.000	299			
Loan	Between Groups	3.634	1	3.634	9.076	.003
	Within Groups	119.336	298	.400		
	Total	122.970	299			
Cash credit	Between Groups	1.349	1	1.349	8.342	.004
	Within Groups	48.171	298	.162		
	Total	49.520	299			
O/d	Between Groups	1.481	1	1.481	12.342	.001
	Within Groups	35.756	298	.120		
	Total	37.237	299			
Credit card	Between Groups	1.770	1	1.770	4.215	.041
	Within Groups	125.150	298	.420		
	Total	126.920	299			
Internet banking	Between Groups	1.980	1	1.980	4.425	.036
	Within Groups	133.366	298	.448		
	Total	135.347	299			
Demat account	Between Groups	.472	1	.472	7.663	.006
	Within Groups	18.364	298	.062		
	Total	18.837	299			
Mobile banking	Between Groups	.232	1	.232	2.660	.104
	Within Groups	26.018	298	.087		
	Total	26.250	299			
ATM	Between Groups	10.970	1	10.970	24.180	.000
	Within Groups	135.200	298	.454		
	Total	146.170	299			
Travel cheque	Between Groups	.009	1	.009	1.377	.242
	Within Groups	1.978	298	.007		
	Total	1.987	299			
Courtesy	Between Groups	53.035	1	53.035	52.290	.000
	Within Groups	302.245	298	1.014		
	Total	355.280	299			
Quickness	Between Groups	63.979	1	63.979	80.648	.000
	Within Groups	236.407	298	.793		
	Total	300.387	299			
Modernization	Between Groups	28.550	1	28.550	33.107	.000
	Within Groups	256.980	298	.862		
	Total	285.530	299			
Communication	Between Groups	13.413	1	13.413	18.673	.000
	Within Groups	214.067	298	.718		
	Total	227.480	299			
Guidance	Between Groups	4.423	1	4.423	5.312	.022
	Within Groups	248.124	298	.833		
	Total	252.547	299			

Looking to the oneway ANOVA it depicts that process of opening account have impact on the level of satisfaction, as the significance value between these two variables is 0.001, when p value is less than 0.05, then there can be significant relation between that two variables. There are many more other factors which are having p value less the 0.05 that are Cash deposit, working hours, location, interest of loan, process charges, rate of return, overdraft facility, demat account, internet banking.

Suggestions

Satisfaction level with regard to the PSU courtesy shown by bank staff at the counter is very low. Therefore, the banks should pay special attention to 'Human Resource Develop-

ment' by giving timely training to the employees to conduct themselves better. Different types of advertisement media should be tried to attract more and more customers from wider areas. An efficient grievances redressal cell should be formed to process customer's complaints. With this they can improve their customer care services. Banks should win customers confidence by providing them guidance regarding service charges, services tax, interest rate, penalty if any, etc., at an early stage. All branches of a bank should provide different facilities like parking, seating arrangement, drinking water and sanitary facilities. Procedure of applying loans should be made simple and information regarding new investment schemes should also be displayed at appropriate places. Modern technology and innovation are required in every as-

pect of banking system. To develop the social banking environment, bank officials should maintain good relationship with the customers. As majority of private banks doing aggressive marketing they have succeeded in attracting more customers, but PSU are lacking in these skills so different ways to attract customers must be done like advertisement, workshops, and sales promotion activities.

Conclusion

The success of the bank mainly depends on its customers. Being a service industry, all banks should aim at satisfying the

customers' needs by providing maximum features in their services. Gap analysis of customer expectation and actual services should be carried out regularly to measure the current level customer satisfaction. Banks are lagging behind in introducing modern customized products such as investments and tax Advisory Services, cash management service, and so on. Growth of electronic fund transfer (EFT) real time gross scheme and mobile banking services are very poor. Modern technology and face-to-face communication are vital for the banks to win over customers.

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