



A STUDY ON CUSTOMER PERCEPTION AND BEHAVIOUR OF MODERN BANKING SERVICES: WITH SPECIAL REFERENCE TO BANK MUSCAT – SULTANATE OF OMAN

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ABSTRACT

Banking is one of the fastest growing industry providing modern services with the use of new technology in the form of PoSs, ATMs, CDMs, On-line banking, Privilege banking and Mobile banking etc., In recent years, plastic card is one of the banking products that cater to the needs of retail segment. However, banking is vital for trade and industry. Modern banking services are very useful to the economic activity, sustainable development of industry and for the progress of any country. So, banking occupies important position and plays a vital role in the modern economic world. Customer satisfaction has its effect on the services provided and had direct link with the customer loyalty and using the same services regularly. Providing the reliable, accurate, quality and prompted services with responsibility according to the customers demand at all the time of transaction is more worth full to the customers and helpful to the bankers to retain the valued customers. Moreover, customers always prefer the bankers who take responsibility while providing the promised services. On the whole, the factors have discussed affect the satisfaction level of the customers. Nevertheless the overall study shows that the customers are willing to use the modern banking if they provide reliable services on time with quality. The specific object of this paper is to investigate the level of customers' satisfaction concerning the use of modern banking services provided by the Bank Muscat.

KEYWORDS

Modern Banking, Banking Services, Customer Satisfaction, Bank Muscat,

Introduction:

The Sultanate's banking sector is one of the smallest in the GCC and has been developing by leaps and bounds. Before His Majesty Sultan Qaboos came to the power, the British bank of the Middle East had a monopoly in Oman. The day after the monopoly was over, standard chartered bank opened for business. In 1970, when His Majesty Sultan Qaboos Bin Said took over the bridles of the country, banking sector futures is in riddles in the country. As his valuable efforts, the banking sector in Oman has moved in tandem with the socio-economic development of the country. The two important bodies namely Muscat Currency Authority and Oman Currency Board paved the way for establishment of CBO in 1974 under the banking law.

In 1991, the banking law was amended and all other Omani banks have been controlled under the supervision of CBO, it has streamlined all the activities of banks and introduced state of the art technology into the banking sector. In Oman's history, modern banking started in operation in the middle of the last century, the last decade has been witnessing for the tremendous development in the banking sector in Oman. At present, the banking sector in Oman consists of 18 banks, Out of these, 6 are local commercial banks, 9 are foreign commercial banks and 3 are specialized local banks. In total 89% of the business holed by 9 local banks and remaining 11% only with 9 foreign banks. The local banks have 13 branches and one representative office in abroad.

In the beginning of the new era in Oman, to achieve the requirements and needs of fully self-sufficient nation, the help, involvement and cooperation of banks are mandatory. In the 40th year of the supremacy of his Majesty Sultan Qaboos, there are 18 commercial banks in Oman in operation and also gives great care of interests with responsibilities of the bank's customers. During the financial crisis, bank had reformed its financial sector under the competitive pressure. This has led that Omani's banking sector faces riddle. In this period, bankers' toughest task is retaining a reputed loyal customers in order to achieve aimed profit position, and market. So, retail bankers changing their policies and strategies to increase the satisfaction level of the customers by

providing improved service quality continuously with responsibility on time.

In today's competitive environment, customers want to use new technology and need more quick response. So, in order to meet out this situation, banks seek new strategies like mobile banking, online banking that facilitates online transaction, sharing of information, transferring funds from anywhere at any time, and getting financial details such as account balance, fund transferring details, remittance alert and etc.,

Bank Muscat – An overview:

In 90's, Amendment has been made in banking sector and merging had been taken place among many banks. Oman overseas trust bank, Al Bank al Ahli al Omani have merged and eventually led to the formation of bank Muscat. As the flagship of financial institution in sultanate, BM is a Joint Stock Company (SAOG) involved in commercial banking activity and investment banking activities under the guidelines, rules, and norms framed by the CBO. Bank Muscat is the largest banking in Oman and has a very good record of providing excellent service with 41% of market share. The head office of the bank is located in Muscat along with an extensive network of 142 branches all over Oman and it has overseas branches in Riyadh (KSA), Kuwait and Bahrain. However, representative office is also situated in Dubai (UAE) and Singapore. Bank Muscat is also one of the major stakeholders in bank of Punjab and Mangal Keshave Group in Indian stock market. Moreover, in line with the guidelines of CBO, BM has been playing an active role in promoting the area mainly on agriculture, real estate, small & medium scale industries through four segments of banking activities such as 1. Corporate Banking segments 2. Consumer Banking Segments 3. Al Wathsal Segment 4. Wholesale Banking Segment. The advent of 21st century, Bank has introduced many employment schemes to accommodate the educated new comers. In total, 3266 employees are working in all branches across the country. Bank provides modern services with responsibilities along with well-equipped 427 ATMs, 167 Cash Depositing Machines (CDMs) and 9273 Point of Sale Terminals (PoS) across the country.

Review of Literature:

Customer satisfaction can be defined as the feeling, perception and attitude of a consumer toward a product or service after the sale (Metawa & Almosawi, 1998; Wells & Prensky, 1996). Both Bankers and Customers are having a number of benefits of using mobile banking in banking business. The most important services of the mobile banking is receiving and sending of messages, checking account balance, fund transfer, deposits, withdraws and access of subscription. The mobile banking application is installed through customers' SIM. (Hernandez, 2011). The loyal and satisfied customers are never switch over to other providers and require less ongoing effort to retain them. (Reicheld and Sasser, 1990)

Customer satisfaction is a key performance indicator of success of the business and the level of satisfaction of the customers vary from person to person, product to product and service to service i.e. based on physical and psychological variables (P. Chopra, 2010). Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty (Farris, Paul W. and Reibstein 2010).

Delivering reliable services regularly with quality is not possible at all the time but profitable for service organizations. So it becomes important to retain the loyal customer in order to achieve the targeted profit (Leonard, Sesser and Rabin 1983). Customer satisfaction is to be considered as most important factor of long-term behavior of customers (Ndubisi, O, 2004). Customer satisfaction is considered as one of the important base for standard of performance and a possible standard of excellence for any business organization according to the contemporary management (S. F. Amiri Aghdaie and F. Faghani, 2012)

Banking sector is a consumer inclined services sector and its existence depends on the consumers' satisfaction in the aggressive competitive market. In order to satisfy its customers, the bankers should adopt a quality of services with different strategic options that leads to a high level of customer satisfaction and acquiring sustainable development (B.Sureshbabu, Devasenathipathi, and Vijay Anad, 2014)

Technology has been used by Conventional bank to improve their products and efficiency Whereas, Modern banking technology is not only changing the environment but also builds relationship with customers in greater focus, and bring good products and services today. Modern banking is also viewed as a tool of cost reduction and effective communication with people and institutions associated with the banking business (Jeyashree R. Kontnal and Dr. Meena R. 2015)

(Rajesh Kumar Srivastava, 2007) focused on his research work to understand customers' perception on internet banking and mobile banking, service quality, loyalty, and customer satisfaction. The main objective of this research is to find out the acceptance of services of internet banking provided by the banker, among the customers and how it is perceived by them.

New techniques have been providing by the bank to satisfy the customers, such as online banking, internet and e-banking, mobile banking, telephone and call centers. These important elements of banks which effect the overall satisfaction of customers are competitiveness and ease. So in order to increase the efficiency of the banking organization it is necessary to measure the customer satisfaction (Parasuraman, Zeithmal & Berry, 1988).

Significance of the Study:

In the current scenario, satisfying customer in all parts of proving services is a herculean task. So, customers' satisfaction plays a vital role in modern service concept. The researcher has been trying to light the overall satisfaction and dissatisfaction of the customers with modern banking services with special reference to bank Muscat.

Objectives of the Study:

In this paper, an attempt is made by the researcher to analyze the customer perception, satisfaction, dissatisfaction and behavior towards modern services provided by the bank Muscat. A case study on modern banking services of Bank Muscat has been taken to analyze the customer reaction towards banking services.

Methodology:

The data collection methods used in this research involves both primary and secondary data. A large part of the analysis is exclusively based on the primary data and survey was conducted to collect information through self-designed questionnaire and also tested the reliability and validity. Secondary data were collected by using bank website and sometimes researcher also visited in person to bank to collect the necessary data.

Sample Size

The sample size of the study is 75 respondents from the branches of lbri city. The respondents were selected through random sampling to cover the aspects of consumer perception and behavior in modern banking.

Scope of the Study

The study is confined only to lbri city. It relates to consumer perception and behavior towards the modern services provided by bank Muscat. The study confines the different factors affecting consumer satisfaction and modern services provided by the bank as well.

Limitations of the Study:

1. The sample size is small due to the specified reason.
2. The study is confined only in lbri City
3. There is a scope for biased results since the inferences are based on sample survey by using average as it has its own demerits.

Analysis and Interpretation:

From the view of customers, the provided modern banking services are indeed useful in all aspects. This study will provide the basic thoughts of modern banking services. By adopting the modern banking elements bank will get improved its services further. Moreover, in mid of the 90's, E-banking was introduced and now it becomes more important in spheres of everyone's life. So, modern banking services like ATM, online banking mobile banking and some other important services are the main reasons of motivation, satisfaction and maintaining the loyalty of the customers due to quick response, speedy transactions, fund transfer, security and reliability. In order to meet out the cutthroat competition in banking industry, bank has to adapt the new innovative technologies to maintain the customers' loyalty, retaining the loyal customers, and attracting the new customers.

Variables	Frequency	Total Number of Respondents	In Percentage	
Gender	Male	45	75	60%
	Female	30		40%
Age Group	Below 25 Years	7	75	9.33%
	Between 26 – 40 Years	25		33.33%
	Between 41 – 55 Years	20		26.67%
	Above 56 Years	23		30.67%
Education Level	Did not study	6	75	8%
	Diploma	22		29.33%
	Advance Diploma	25		33.33%
	Under Graduation	17		22.67%
	Post-Graduation	5		6.67%
Occupation	Students	10	75	13.33%
	Employed People	27		36%
	Businessman	25		33.33%

	Housewife	7		9.33%
	Retired Professionals	6		8%
Income in (OMR)	Below 250	20	75	26.67%
	Between 251 – 400	40		53.33%
	Between 401 – 600	10		13.33%
	Above 600	5		6.67%
Frequency of using modern banking services	Often	67	75	89.33%
	Rare	3		4%
	Never	5		6.67%
Common Services	Electronic Banking	15	70	21.43%
	Mobile Banking	10		14.28%
	ATM & CDM	45		64.29%

Source: Primary data

The above table exhibits male respondents 45 (60%) are more than female 30 (40%) respondents. Majority of the respondents (33.33%) fall in the age group between 26 – 40 years. As per as educational level is concerned, advance diploma holders (33.33%) are dominated. Amongst the total respondents, 27 (36%) are salaried employees whereas lesser (8%) are retired professionals. The researcher also found that, nearly 40 (53.33%) of the respondents income between RO. 251 – 400 and maximum number of respondents (64.29%) are very keen to use ATM and CDM facilities as feel sluggish to visit their bank even if bank staff are servicing effectively, efficiently and in friendly manner. Around 67 (89.33%) of the respondents are very often using modern banking services whereas 15 (21.43%) and 10 (14.28%) of the respondents propounded that using e-banking and mobile banking for quickest service. Most of the time respondents prefer to use mobile banking to know the status of account balance and their intention of using online banking services is clear, simple, easy for fund transfer and free transaction and especially to avoid travelling to bank and standing in the queue in front of counter. But only lesser number of respondents (4%) are using the modern banking services rarely whereas 5 (6.67%) of the respondents from rural and semi-rural area are not at all using modern services provided by the bank as they find difficulty in operation process, lack of assistance, security issues, dependent on internet always and limited services

Conclusion:

In today's global environment, banking sector is one of the fastest growing sectors like other financial service sector. It often faces many problems such as economic uncertainties, more demanding customers, fierce competition, market conditions and technological changes. It is a customer oriented service sector. So, the bank has to focus on its customers' satisfaction to fascinate new customers and retain the existing loyal customers. The level of satisfaction is directly linked with the customers' loyalty and repetition of using modern services provided. The satisfied customers are indeed more loyal to the bank or else they will switchover to other bank. So, this paper empirically analyzes the customers' satisfaction towards the use of modern banking services provided by the Bank Muscat in Sultanate. Providing quick, accurate, reliable, quality and promised services more effectively on time at all the transactions is more valuable to the customers. The researcher concluded that on the whole, customers are very keen on using modern services like e-banking, mobile banking, online banking, ATM, CDM etc. and they prefer to use the online facilities to pay electricity bills, water bills, insurance premium, fund transfer and to check the account balance whereas some factors like responsiveness and reliability have effect the level of satisfaction. Ultimately, in this study researcher found that the satisfaction level of customers continuously increasing towards the use of modern banking services and customers are indeed more comfortable in using such services. Moreover to attract (6.67%) of non-users of the modern banking services, bankers may launch ATM & CDM in remote area and should ease the operation process of modern banking services.

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