



ORIGINAL RESEARCH PAPER

Commerce

CUSTOMER SATISFACTION IN CO-OPERATIVE BANKS IN COMPARISON WITH NATIONALISED BANKS WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT

KEY WORDS:

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ABSTRACT

Banking sector is playing vital role in Indian economy. In the present situation every individual is dealing with bank. Different types of banks are functioning in the country. Co-operative sector and Nationalised banks have their own distinctive role. A study on satisfaction level of customers at these two types of banks is of academic interest. This is a study conducted on the customer satisfaction level at Nationalised banks and co-operative banks. Both Nationalised banks and co-operative banks have their distinctive roles in catering the financial needs and other banking related services. Both these banks are widely accepted in the state with identical services which can be clearly distinguished in the process of delivery.

1. INTRODUCTION TO THE STUDY

Customer satisfaction is measured at the individual level, but it is almost always reported at an aggregate level. It can be, and often is, measured along various dimensions. Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate.

2. STATEMENT OF THE PROBLEM

Banking sector is a service oriented industry. The success of any branch depends on the quality of the services rendered by them. The banking codes and standards board of India is set up for ensuring better services within the stipulated time frame from the banks to their customers. The time taken for each and every services rendered to their customer is clearly spelt out in the hand book issued by Banking Code and Standard Bureau of India. The copies of such hand books are made available the branches of commercial banks for the ready reference of the customers. The clientele of the co-operative bank is different from nationalized bank. Yet the co-operative banks are vying with nationalized banks with improved customer service and making available almost all products of nationalized banks to their customers. Therefore the interesting topic the study about the customer satisfaction in co-operative banks in comparison with nationalized banks in Palakkad district.

3. OBJECTIVES OF THE STUDY

1. To study the customer satisfaction towards co-operative bank and nationalised bank.
2. To know the service activity in which the customers are more satisfied.
3. To identify what are the factors influencing customers towards co-operative bank and nationalized bank.

4. SCOPE OF THE STUDY

The study encompasses customer satisfaction level at nationalised

bank in comparison with co-operative bank, these banks located at various areas in Palakkad district. This district is having rural, semi-urban, and urban location. The distribution of bank network is somewhat even in this district. The district is having satisfaction level of infrastructure development which enables easy travel between rural, semi urban and urban areas. Palakkad is a well developed district with residents from all works of life like farmers, employees, businessmen, NRIs etc. A study conducted at this place will provide information which form as a sample for a large area of our state. The study is conducted among peoples in among Palakkad district about customer satisfaction level at nationalised bank in comparison with co-operative bank.

5. RESEARCH METHODOLOGY

Research methodology explains the various steps used to collect information and data for the purpose of research. As the main aim of the research is to identify the customer satisfaction level at nationalized and co-operative bank, the project is purely described in nature. The data needed for the study are collected through questionnaire. The sampling method used in this study is stratified random sampling. The Palakkad district is divided into several areas and samples are selected from these areas. Rural, semi-urban, urban are selected from this district. The total number of branches of nationalised banks in Palakkad district is 173 and co-operative is 44. The sample size taken for the research is 200 customers from two banks.

6. STATISTICAL TOOLS FOR ANALYSIS

The following tools were applied for the analysis of data collected.

- ANOVA
- Z test
- Multiple Regression

7. LIMITATION OF THE STUDY

1. The information furnished by the customers may or may not be true.
2. The sample selected by me may not be across section of a society.
3. The information is collected within a short period.
4. The study area was restricted to Palakkad district only.

8. ANALYSIS AND INTERPRETATION

1. ANOVA

Table No. 1
AGE OF THE CUSTOMER AND SATISFACTION ON FACTORS

H₀: There is no significance difference between age of the customer and satisfaction on factors

Satisfaction factors	Age	Nationalised bank					Cooperative bank				
		N	Mean	Std. Deviation	F	Sig.	N	Mean	Std. Deviation	F	Sig.
Information about products	21-40	38	2.553	.686	9.067	.000 (*)	37	2.568	.835	2.812	.065 (NS)
	41-60	55	3.109	.629			46	2.348	.566		
	60-80	7	3.143	.378			17	2.118	.485		
	Total	100	2.900	.689			100	2.390	.680		
Problem handled by bank	21-40	38	4.289	.565	1.477	.233(NS)	37	2.541	.730	6.231	.003 (*)
	41-60	55	4.109	.599			46	3.000	.730		

Timely update passbook	60-80	7	4.000	.000	3.200	.045 (*)	17	3.176	.636	.109	.897 (NS)
	Total	100	4.170	.570			100	2.860	.752		
	21-40	38	4.105	.727			37	4.000	.624		
	41-60	55	4.073	.634			46	4.022	.649		
	60-80	7	3.429	.535			17	3.941	.429		
Easiness of approach	Total	100	4.040	.680	.635	.532 (NS)	100	4.000	.603	3.079	.051 (NS)
	21-40	38	3.632	.998			37	3.676	.626		
	41-60	55	3.800	.621			46	3.717	.621		
	60-80	7	3.571	.787			17	3.294	.588		
	Total	100	3.720	.792			100	3.630	.630		

*- Significant at 5% level

NS-Not Significant

Source: Primary data

Inference

The above table explains that there is no significant difference between nationalised bank and co-operative bank on the timely update of pass book, problem handled by bank, easiness of approach and information about the products based on age of the customers. So null hypothesis is accepted.

TABLE NO. 2 EDUCATIONAL QUALIFICATION OF THE CUSTOMERS AND CUSTOMER SATISFACTION ON FACTORS

H0: There is no significance difference between educational qualification of the customers and customer satisfaction on factors

Satisfaction factors	Educational qualification	Nationalised bank					Cooperative bank				
		N	Mean	Std. Deviation	F	Sig.	N	Mean	Std. Deviation	F	Sig.
Information about products	SSLC	5	2.600	.894	2.460	.196 (NS)	12	2.333	.492	3.309	.014 (*)
	Plus two	4	3.500	1.000			7	2.857	.900		
	Degree	57	2.965	.626			45	2.200	.505		
	PG	32	2.750	.718			30	2.467	.819		
	Others	2	3.000	.000			6	3.000	.632		
	Total	100	2.900	.689			100	2.390	.680		
Problem handled by bank	SSLC	5	4.000	.000	.051 (NS)	.562 (NS)	12	2.167	.577	4.602	.002 (*)
	Plus two	4	3.500	.577			7	3.000	.816		
	Degree	57	4.140	.515			45	3.022	.753		
	PG	32	4.344	.653			30	2.967	.669		
	Others	2	4.000	.000			6	2.333	.516		
	Total	100	4.170	.570			100	2.860	.752		
Timely update passbook	SSLC	5	4.200	.447	.748	.018 (*)	12	4.250	.452	8.264	.000 (*)
	Plus two	4	4.000	.000			7	3.143	.378		
	Degree	57	4.123	.758			45	4.067	.495		
	PG	32	3.875	.609			30	4.133	.629		
	Others	2	4.000	.000			6	3.333	.516		
	Total	100	4.040	.680			100	4.000	.603		
Easiness of approach	SSLC	5	4.200	.447	3.143	.018 (*)	12	3.333	.492	3.713	.007 (*)
	Plus two	4	4.000	.000			7	3.286	.488		
	Degree	57	3.860	.667			45	3.533	.694		
	PG	32	3.344	.971			30	3.900	.548		
	Others	2	4.000	.000			6	4.000	.000		
	Total	100	3.720	.792			100	3.630	.630		

*-Significant at 5% level

NS-Not Significant

Source: Primary data

Inference

The above table explains that there is no significant difference between nationalised bank and co-operative on the timely update of pass book, problem handled by bank and information about the products and easiness of approach based on various educations of customers. So the null hypothesis is accepted.

Table No. 3 YEAR OF BANKING USAGE AND PUNCTUALITY OF BANK

Punctuality/loan disposal	Years of banking	Nationalised bank					Cooperative bank				
		N	Mean	Std. Deviation	F	Sig.	N	Mean	Std. Deviation	F	Sig.
Satisfied with punctuality	Less than 5 yrs	72	2.556	.603	.052	.949 (NS)	15	2.400	.507	.987	.376 (NS)
	5-15	14	2.571	.756			84	2.238	.688		
	16-25	14	2.500	.760			1	3.000	.		
	Total	100	2.550	.642			100	2.270	.664		
Turnaround time loan disposal	Less than 5 yrs	72	1.972	.731	1.336	.268 (NS)	15	2.000	.756	2.009	.140 (NS)
	5-15	14	1.929	.267			84	1.833	.618		
	16-25	14	2.286	.726			1	3.000	.		
	Total	100	2.010	.689			100	1.870	.646		

H0: There is no significant difference between years of banking and punctuality of bank

*-Significant at 5% level

NS-Not Significant

Source: Primary data

Overall service Quality	Nationalised Bank					Cooperative Bank				
Occupation	N	Mean	Std. Deviation	F	Sig.	N	Mean	Std. Deviation	F	Sig.
Students	4	3.250	.957	3.728	.004 (*)	3	3.333	.577	1.633	.159 (NS)
Business	8	1.625	1.408			7	2.571	.535		
Employee	61	2.475	.959			46	2.261	1.084		
Pensioner	5	1.200	.447			10	2.100	.316		
Professionals	13	2.538	.967			15	2.733	1.033		
Others	9	2.889	.782			19	2.211	.631		
Total	100	2.420	1.037			100	2.360	.927		

Inference

The above analysis shows that there is no significant difference between nationalised bank and cooperative bank with regard to

satisfied with punctuality; turn round time on loan disposal based on the years of banking. So the null hypothesis is accepted.

TABLE NO. 4 OCCUPATIONAL STATUS OF THE CUSTOMERS AND OVERALL SERVICE QUALITY

H₀: There is no significant difference between occupation of the customers and overall service quality quality

*-Significant at 5% level NS-Not SignificantSource: Primary data
Inference

The above analysis shows that there is no significance in cooperative banks with regard to occupation of customers. So the null hypothesis is accepted.

3. Z TEST

TABLE NO. 5 GENDER OF THE CUSTOMERS AND OVERALL SERVICE QUALITY

H₀: There is no significant difference between gender of the customers and overall service quality

Overall service quality	Nationalised Bank					Cooperative Bank				
Gender	N	Mean	Std. Deviation	Z	Sig	N	Mean	Std. Deviation	Z	Sig
Male	40	2.2000	1.20256	-1.751	.083 (NS)	47	2.4894	.80413	1.319	.190 (NS)
Female	60	2.5667	.88999			53	2.2453	1.01727		

*-Significant at 5% level NS-Not Significant Source: Primary data

Inference The above analysis shows that there is no significance difference between nationalised banks and co-operative bank with regard to overall service quality of gender of customers. So the null hypothesis is accepted.

TABLE NO. 6 GENDER OF THE CUSTOMERS AND FACILITIES OF THE BANK

H₀: there is no significant difference between gender of the customers and facilities of the bank

Facilities of the bank	Gender	Nationalised bank					Cooperative bank				
		N	Mean	Std. Deviation	Z	Sig	N	Mean	Std. Deviation	Z	Sig
Recreation facility	Male	40	1.750	.439	-.586	.559 (NS)	47	1.809	.398	-.035	.972 (NS)
	Female	60	1.800	.403			53	1.811	.395		
Satisfied with ambience of the bank	Male	40	1.200	.405	.421	.675 (NS)	47	1.489	.505	-1.537	.128 (NS)
	Female	60	1.167	.376			53	1.642	.484		
Bank Caters all needs	Male	40	1.250	.439	-.364	.716 (NS)	47	1.532	.504	.222	.824 (NS)
	Female	60	1.283	.454			53	1.509	.505		
Bank charge for minimum balance	Male	40	1.025	.158	.289	.773 (NS)	47	2.000	.000	.941	.349 (NS)
	Female	60	1.017	.129			53	1.981	.137		
Core banking for customer	Male	40	1.225	.423	1.723	.088 (NS)	47	1.553	.503	1.573	1.119(NS)
	Female	60	1.100	.303			53	1.396	.494		

*-Significant at 5% level NS-Not Significant Source: Primary data

Inference

The above table explains that there is no significant difference between nationalised banks and co-operative on the recreation facility, satisfied with ambience of bank, Bank caters all need, bank charge for minimum balance and core banking for customers with regard of gender of customers. So the null hypothesis is accepted.

4. MULTIPLE REGRESSIONS

TABLE NO. 7 MULTIPLE REGRESSION ANALYSIS SHOWING THE EFFECT OF PERSONAL VARIABLES AND OVERALL SERVICE QUALITY OF NATIONALISED BANK

Personal variable	N	Mean	Std. Deviation	Regression coefficient	t	Sig
Gender	100	1.6000	.49237	.045	.433	.666(NS)
Age	100	1.6900	.59789	-.375	-3.169	.002(*)
Marital Status	100	1.1400	.34874	-.067	-.609	.544(NS)
Education	100	3.2200	.77303	.154	1.572	.119(NS)

Occupation	100	3.4200	1.20755	.168	1.697	.093(NS)
Years of Banking	100	1.4200	.72725	.014	.140	.889(NS)

*-Significant at 5% level

NS_Not significant

Source: Primary data

Interpretation

Multiple regression analysis was used to find out the effect of personal variables on overall service quality of nationalised bank.

From the above table it is seen that multiple correlation (r value is 0.394) which indicates that there is moderate level of correlation between work motivation and set of predictor variables. R^2 value (0.155) when expressed in terms of percentage shows that 15% of the variation in over all service quality has been explained by the set of independent variables.

The regression coefficient gives the effect of each of the independent variable separately on over all service quality of nationalised bank. Among the selected variables age have negative effect. Age is be the predictor variables for overall service quality of nationalised bank

TABLE NO.8 MULTIPLE REGRESSION ANALYSIS SHOWING THE EFFECT OF PERSONAL VARIABLES AND OVERALL SERVICE QUALITY OF COOPERATIVE BANK

Personal variable	N	Mean	Std. Deviation	Regression coefficient	t	Sig
Gender	100	1.5300	.50161	-.154	-1.199	.233 (NS)
Age	100	1.8000	.71067	.026	.198	.843 (NS)
Marital Status	100	1.1500	.35887	-.212	-1.945	.055 (NS)
Education	100	3.1100	1.04345	-.039	-.318	.751 (NS)
Occupation	100	3.8400	1.38331	-.033	-.266	.791 (NS)
Years of Banking	100	1.8600	.37659	-.123	-1.136	.259 (NS)

*-Significant at 5% level NS_Not significant Source: Primary data

R=0.267

Rsquare=.071

F=1.189(NS)

Interpretation

Multiple regression analysis was used to find out the effect of personal variables on overall service quality of cooperative bank.

From the above table it is seen that multiple correlation (r value is 0.267) which indicates that there is moderate level of correlation between overall service quality and set of predictor variables. R^2 value (0.071) when expressed in terms of percentage shows that 7% of the variation in over all service quality has been explained by the set of independent variables.

The regression coefficient gives the effect of each of the independent variable separately on over all service quality of cooperative bank. The selected independent variables does not have an effect on overall service quality of cooperative bank.

9. FINDINGS ANOVA

There is no significant difference between nationalised bank and co-operative bank on the timely update of pass book, problem handled by bank, easiness of approach and information about the products based on age of the customers.

- There is no significant difference between nationalised bank and co-operative on the timely update of pass book, problem handled by bank and information about the products and easiness of approach based on various educations of

R=0.394

Rsquare=.155

F=0.2845(*)

customers.

- there is no significant difference between nationalised bank and cooperative bank with regard to satisfied with punctuality; turn round time on loan disposal based on the years of banking.
- There is no significance in cooperative banks with regard to occupation of customers.

Z TEST

- There is no significance difference between nationalized banks and co-operative bank with regard to overall service quality of gender of customers.
- There is no significant difference between nationalized banks and co-operative on the recreation facility, satisfied with ambience of bank, Bank caters all need, bank charge for minimum balance and core banking for customers with regard of gender of customers.

MULTIPLE REGRESSIONS

- Moderate level of correlation between work motivation and set of age is to be the predictor variable for overall service quality of nationalized bank.
- Moderate level of correlation between overall service quality and personal variable (such as gender, age, marital status etc) does not have an effect on overall service quality of co-operative bank.

10. SUGGESTIONS

NATIONALISED BANKS

- The nationalized bank may attract more aged customers by canvassing pensioners etc with more customer friendly services.
- Nationalized bank improve their process of updating passbook.
- Nationalized banks may educate their staff to be more customers friendly.
- Nationalized banks have to improve their service quality.

CO-OPERATIVE BANKS

- Co-operative banks may add to the services more activities that will attract the students and middle age group.
- Co-operative may launch deposits and loan schemes that will attract more employed persons to them.
- Co-operative bank may educate their front office staff with knowledge about their various products and schemes so that they can handle the customer queries effectively.
- Co-operative banks adopt more technology to their day to day banking including e-banking facilities to attract more customers.
- Co-operative banks may improve the ambience of their officers.
- Co-operative banks may think of introducing reasonable service charges which will improve their profitability.
- Co-operative banks may introduce core banking solutions to their branches.
- Co-operative banks by adopting more technology should educate their customers about the same.

NATIONALISED BANKS AND CO-OPERATIVE BANKS

- Both types of banks may improve the punctuality to 100%.
- Both types of banks may provide some recreation facilities to their customers.
- Both types of banks may educate their customers to adopt more e-banking facilities.

11. CONCLUSION

Nationalized Banks and Co-operative Banks serve mainly two distinctive sectors of the economy. Both play their vital role efficiently and vying with each other in improving quality of their

services and products. More or less the customer service level at co-operative banks and Nationalized banks is satisfactory in spite of their catering the needs of the different segments of the society with varied socio economic back ground. Co-operative banks can improve their customer satisfaction level by adopting technology, introducing ATM and e-banking facilities. They can also improve the services to the salaried class by incorporating products satisfying their requirement. Nationalized banks can improve the quality of service by becoming more customer friendly and improving the operations from rural areas. They can improve their lending to farmers and rural households. Housing finance is another area in which PSBs (Public sector Bank i.e. Nationalized Bank) are concentrating. In short both types of Banks under study are improving day by day in their services to the customers thereby attaining improved customer satisfaction.

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