

*A Study on Customer Satisfaction Banking Services with
Special Reference to SBI and IOB in Tiruchirappalli City*

Dr. P. Ravichandran

(M.Com, M.Phil, NET, PhD)

Assistant Professor,

Department of Commerce,

National College (Autonomous),

Tiruchirappalli-620 002 – India

Abstract: State Bank of India and Indian overseas Bank are the leading commercial banks operating in India. Both these banks claim that they are customer oriented as they have a good number of customers with them. They also assert that they follow all the customer service mandates and standards issued by the Reserve Bank of India. In every sense having a good number of customers is a blessing but large number of customer is not a measure (proof) of good customer service. Thus, this study is an attempt to measure the customer service and satisfaction- levels of these two leading banks of India. The present study is an attempt to identify factors influencing customer satisfaction of bank and also tries to know the perception of e-banking and digital transactional services provided by the bank. Customer satisfaction and customer retention is the most crucial element for any business organization. It is true for the banking industry, as well. Gone are the days of monopoly of bankers.

I. INTRODUCTION

The Indian banking industry has grown and evolved commendably over the years. The most appreciable part of this growth is the fact that how the banks have altered and developed themselves with the changing needs of the economy. The banking system is an integral part of every economy. As economic institutions, the banks are expected to be more directly and more positively related to the performance of the economy than the other non-economic institutions. They are considered to be the nerve-centre of economy and finance of a nation .They are not merely the dealers in money but, they are, in fact, the catalysts for growth and development. Banks are the important agencies for generation of savings of the community and are also the main agents of credit. They divert and employ the funds to make possible fuller utilization of the resources of a nation. Banks transfer funds from where it is available in plenty to where it can be efficiently utilized. This distribution of funds paves the way for balanced development of the different trades and market. Therefore, at any given level of saving, an efficient financial system will allow for a higher level of investment by maximizing the proportion of saving that actually finances investment.

Customer Satisfaction is a crucial concern for both customers and organizations including banks. Satisfaction is a subjective concept and therefore difficult to determine. In the current banking scenario it is obvious that banks gain competitive advantage by rendering efficient service and thereby enhancing customer relationship. More emphasis on creating loyal customers is the need of the hour. It is pivotal for all players in the financial service industry to understand the needs of the customer and customize services based on their needs. This in turn will pave way for achieving customer satisfaction to a larger extent. The measurement of the same is an important factor in banking sector.

During the period of planned economic development, it was the consumers that reached out to the banks for their needs, i.e., the bank products were bought and not sold. Unlike in the past, now the banks are customer driven and market responsive.

With the entry of new players and multiple channels, customers (both corporate and retail) have become more discerning and less “loyal” to banks. New customers are smarter, more demanding, less forgiving and they are approached by many more competitors with equal or better offers. The customers are looking for more value out of their money and they are not ready to compromise on service. This makes it imperative that banks provide best possible products and services to ensure customer loyalty.

Thus, in order to remain competitive in today’s market, the banks need to understand their customers’ perception of quality and they need to switch over from a product-centric model to a customer-centric one. Likewise, they also need to ensure a great service experience for their customers across all channels of interaction. Focus on excellence in service may help banks to cut down their costs and increase efficiency of their operations leading to a boost in revenues and increased customer loyalty. However, excellence in service cannot be achieved so easily, it demands a strategic focus from the top management and commitment and dedication from everybody in the organization. Besides having the right systems and processes in place coupled with advanced technology a positive environment and a ready to help employee attitude.

II. REVIEW OF LITERATURE

According to Oliver (1997)¹, customer satisfaction is the comparison of pre-purchase expectations with post-purchase evaluation of the products or services. In the current circumstances of retail banking in India, where a number of large corporate houses are soon expected to enter into the business of banking, it becomes highly imperative for the banks to know, whether their customers are satisfied or not, and what are the essentials of retail banking which lead to the satisfaction or dissatisfaction of its customers? The knowledge of current levels of satisfaction and, in particular the primary factors of satisfaction, is beneficial to those in the industry, thereby allowing them to focus and further strengthen the crucial areas that lead to highly satisfied customers.

Sandip Khosh Hazra, Dr.Kailash Srivatava (2010)-The study was done to find out the association between service quality, customer satisfaction ,loyalty and commitment. SERVQUAL is used and the study finds out that in private banks dimensions of service quality, assurance and reliability are significant for satisfaction of customers, loyalty and commitment. The banks taken differed in these parameters.

Dr Ravichandran et al(2010)- The paper analyses existing study and tries to understand socio demographic and rational profile of public retail banking consumers. It also finds out the importance of service quality dimensions to predict the multidimensional model of behavioral intentions among public sector consumers in India. Loyalty was found to be influenced by operating hours, modern equipments, error free records etc. Service quality parameters like tangibility, responsiveness and empathy dimensions were also found to be very important.

Kumbhar, Vijay (2011)- It examined the relationship between the demographics and customers’ satisfaction in internet banking,. It also found out relationship between service quality and customers’ satisfaction as well as satisfaction in internet banking service provided by the public sector bank and private sector banks. The study found out that overall satisfaction of employees, businessmen and professionals are higher in internet banking service. Also it was found that there is significant difference in the customers’ perception in internet banking services provided by the public and privates sector banks.

SNEHALKUMAR H MISTRY (2013)² identifies the factors affecting customer satisfaction in Banks and analyze their effects on the level of customer satisfaction. Service qualities of private and public banks were measured by using SERQUAL method. The result of this study provides evidence that the SERQUAL dimensions are useful tool to predict over all service performance of banks. In this paper we have found that a customer gives highest impotence to reliability dimension. Within that reliability dimension they give more focus on how banks fulfill their promise and how they show interest to do work. From

¹ Oliver, R. L. (1997). A cognitive model of the antecedents and consequences of satisfaction decisions. *Journal of Marketing Research*, 17, 460-469.

² SNEHALKUMAR H MISTRY (2013) “MEASURING CUSTOMER SATISFACTION IN BANKING SECTOR: WITH SPECIAL REFERENCE TO BANKS OF SURAT CITY”, *Asia Pacific Journal of Marketing & Management Review*, Vol.2 (7),pp. 132-140

Analysis it was found that a customer gives second importance to responsiveness of bank employees. It includes various criteria like, promptness in giving service, willingness to help customers etc. Customer gives third preference to assurance factor, it include criteria like safety of transaction, consistency in service etc.

III. IMPORTANCE OF THE STUDY

A customer is the core component in the banking industry. The business of banking cannot function without customers nor can the business be transacted by capturing a certain number of customers. Hence, the open- secret key factor of success is effective customer service. As compared to other business relationships, the relationship between a banker and a customer deserves a special attention because it can influence the future financial well-being of the nation, banks and customers. Good customer service can give a competitive edge to a bank by influencing customer loyalty, favorable word of mouth opinion about the bank and ultimately overall performance of the banks in the long run.

State Bank of India and Indian overseas Bank are the leading commercial banks operating in India. Both these banks claim that they are customer oriented as they have a good number of customers with them. They also assert that they follow all the customer service mandates and standards issued by the Reserve Bank of India. In every sense having a good number of customers is a blessing but large number of customer is not a measure (proof) of good customer service. Thus, this study is an attempt to measure the customer service and satisfaction- levels of these two leading banks of India.

IV. OBJECTIVES OF THE STUDY

The following objectives are framed by the present study.

- 1) To study the customer satisfaction of banking services in Tiruchirappalli city
- 2) To know the factors influencing customer satisfaction of banking services
- 3) To give suitable suggestions to improve the service quality in order to retain customer satisfaction in selected banks.

V. METHODOLOGY

The present study is descriptive by nature. The universe of the study covers bank customers in Tiruchirappalli city. The present study is confined as SBI and IOB bank customers. The study is selected sample size as 100 respondents. The IOB bank customers are selected 50 respondents. The SBI bank customers are selected 50 respondents. The sampling size is selected by adopting convenient sampling technique.

VI. SCOPE OF THE STUDY

The scope of this study is limited to study of customer satisfaction in State Bank of India and Indian overseas Bank in the city of Tiruchirappalli. This is study helps to know customer perception and satisfaction of services provided by the selected banks. The present study is an attempt to identify factors influencing customer satisfaction of bank and also tries to know the perception of e-banking and digital transactional services provided by the bank.

VII. ANALYSIS AND INTERPRETATION

Opinion of respondents about Bank is provided timely services

	No. of Respondents	Percent	No. of Respondents	Percent
strongly agree	12	24.0	14	28.0
Agree	17	34.0	12	24.0
neither agree nor disagree	5	10.0	4	8.0
disagree	8	16.0	10	20.0
strongly disagree	8	16.0	10	20.0
Total	50	100.0	50	100.0

The above table reveals that 58% of the respondents agree with the statement that SBI bank is provided timely services. 52% of the respondents agree with the statement that IOB bank is provided timely services. Compare to the above statement SBI customer having highly satisfied about the bank services.

Opinion of respondents about online services provided by the bank

	SBI		IOB	
	No. of Respondents	Percent	No. of Respondents	Percent
strongly agree	15	30.0	13	26.0
Agree	16	32.0	14	28.0
neither agree nor disagree	4	8.0	5	10.0
disagree	8	16.0	9	18.0
strongly disagree	7	14.0	9	18.0
Total	50	100.0	50	100.0

The above table reveals that 62% of the respondents agree with the statement that online services provided by the SBI bank. 54% of the respondents agree with the statement that online services provided by the IOB bank. Compare to the above statement SBI customer having highly satisfied about the online bank services.

VIII. SUGGESTIONS

In order to improve the customer service of the two banks it was suggested that the banks spread awareness and knowledge about the banking products and services both amongst the customers and employees. An aware customer is less likely to make mistakes or get duped. Development of alternate banking channel is also suggested so as to take away the load off the branches. Reducing the stress of sales on the front desk employees and appointing a specialist for the customer service desk can also help to improve the customers' satisfaction.

The banks should, through advertisements, relationship managers, letters, emails and calls make the customers aware of existence of the online complaint redressal procedure of their banks. Once the customers are aware, they will not waste their time wandering and writing complaint- letters to the wrong addresses. Also, since the complaints will be made online, the banking personnel will have to handle them unlike the present scenario where the employees do not bother to attend the complaints.

The technology enabled complaint mechanism will also help the banks to keep a track of the complaints which will help them analyses the areas in which they are getting maximum complaints and take corrective actions accordingly.

Banks usually make the biggest mistake when they designate a new employee or not so efficient employees to the customer desk/ 'May I help You' desk. These employees are usually unable to guide the customers efficiently, which in turn leaves a negative impression on the customers. Thus the banks should always ensure that the customer service desk or the 'May I help You' desk employee is the most knowledgeable so as to efficiently answer all the queries of the customers.

IX. CONCLUSION

Customer satisfaction and customer retention is the most crucial element for any business organization. It is true for the banking industry, as well. Gone are the days of monopoly of bankers. The modern and especially the young customer is conscious of services provided by the bankers. The analysis carried out proves that customers are really sensitive about services and it was found that they are not satisfied with the either bank included in the study. Actually, they expect more, but comparative dissatisfaction was found to be lower for Indian Overseas Bank.

References

1. Aghdaie ASF, Faghani F (2012) Mobile banking service quality and customer satisfaction. International Journal Management Business Research 2: 351-361.
2. Naeem H, Akram A (2009) Service quality and its impact on customer satisfaction: An empirical evidence from the Pakistani banking sector. International Business & Economics Research Journal 8: 99-104.

3. Lau MM, Cheung R, lan AYC, Chu YT (2013) Measuring service quality in the banking industry: A Hong Kong based study. Contemporary Management Research 9: 263-282.
4. Khalid S, Mahmmud B, Abbas M, Hussain S (2011) Customer satisfaction with service quality in conventional banking in Pakistan: The Case of Faisalabad. International Journal of Marketing Studies 3: 165-174.
5. Ben I (2010) Evaluating customer satisfaction in banking services. Management & Marketing 5: 143-150.
6. Tahir IM, Bakar NMA (2007) Service quality gap and customer' satisfaction of commercial banks in Malaysia. International Review of Business Research Papers 3: 327-336.
7. Nochai R, Nochai T (2013) The impact of internet banking service on customer satisfaction Thailand: A case study in Bangkok. International Journal of Humanities and Management Science 1: 101-105
8. Oliver, R. L. (1997). A cognitive model of the antecedents and consequences of satisfaction decisions. Journal of Marketing Research, 17, 460-469.
9. Snehal Kumar H Mistry (2013) "Measuring Customer Satisfaction In Banking Sector: With Special Reference To Banks Of Surat City", Asia Pacific Journal of Marketing & Management Review, Vol.2 (7), pp. 132-140

AUTHOR(S) PROFILE



Dr. P. Ravichandran, M.Com, MBA, NET M.Phil, PhD, Assistant Professor, Department of Commerce, National College (Autonomous), Tiruchirapalli -620 002. He has rich experience in the field of teaching commerce subjects more than 15 years. He published three research papers international and two national level journals. He has produced number of PG scholars during his valuable service.