A STUDY ON CUSTOMER SATISFACTION TOWARDS PRIVATE SECTORS BANKIN COIMBATORE CITY

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Abstract

This study focus on a comparative analysis of customer satisfaction towards private and public banking sectors in Coimbatore City. The developments of banking are evolutionary immature. A bank performs a crowd of functions and services which cannot be crunched into a single definition. Banks are different things to different people. For some it is a storehouse of money, for others an institution of funding or finance and yet to many others a bank is a depository for their savings. The system of banking occupies an important place in a national economy. Bank is indispensable institution in a modern society and forms the core of money market of the advanced countries. The banking sector is a central component of Indian services sector. Banks are the most common institutions for transfer of funds and investments. Prior to economic liberalization, public sector banks enjoyed a monopoly over market due to protectionist policies of the government.

KEY WORDS: Banking, Services, Customer, satisfaction, Performance

INTRODUCTION

In the present competitive environment, consumers are increasingly aware of alternatives in relation to services and organizations providing services. Consequently, expectations rise and consumers become more critical of quality of services. With a view to ensure efficient financial services, India has deregulated and liberalized the financial sector in general and the banking sector in particular. By all accounts, services symbolize the set of the third revolution in our modern history. The first revolution seemed to have occurred in our life in the form of agriculture where 'Man learnt to use, exploit and interact with nature (land and natural resources)' for his development. The revolution ended out dependence or the need to kill animals for human survival and heralded the arrival of human dignity. The second revolution could be traced to industrial revolution. Here man learnt to use, exploit and interact with equipment's and machines for development. The industrial revolution brought in its train, benefits of production, scale of operations, standardization and efficiency. Service sector symbolizes the third, and possibly the most romantic revolution of our time, where man learnt to use, exploit and interact with other man-made resources for development. The major ingredients of service revolution were not tangible products and resources, but intangible resources like human knowledge, information and ideas.

No wonder that service sector will be the biggest driver of the new electronic growth and profit earner in the next millennium for the work as well as India. Banks, today operate in a fast changing environment, the changes fuelled by intensifying competition, rapid innovation in financial instruments, products and services, changing consumer demands and the explosive growth in information technology. Only under such circumstances, banks that perform well on all trend fronts will survive the innovation of banking by technology that has created an era of informative commoditization of banking services. Technology provides customers seamless route to accessing the banking products to entry created by the huge capital investments required to meet the internal challenges. At the same time, even with huge capital investments, they have to face the fickle-mindedness of the net generation. Simply put, banks have to serve not only what customers want, but also when end how they want it.

REVIEW OF LITERATURE

Kathirvel and Karpagavalli (2014)[1] made a study on Customer Satisfaction with Internet Banking-An Analytical study with special reference to the selected customers in Tirupur District. The main objective is to study the customers' satisfaction and behavior on various Internet services offered by the bank in the study area. A sample of four hundred respondents was selected. Simple statistical

tools like Percentage, Average, Two Way Tables and Multiple Regression Analysis were employed appropriately. The study found that Gender, Type of family and Awareness positively influences the level of satisfaction, whereas Monthly Income negatively influences the level of satisfaction.

Kathirvel and Karpagavalli (2014)[2] made a study on Customer Services of the Select Private Sector Banks in Tirupur District. The main objective of the study was to know customer services in the selected Private Sector Banks in the study area. A sample of four hundred respondents was selected. Simple statistical tools like Percentage and Garrett Ranking Technique were employed appropriately. The study found that most of the respondents have preferred to use ATM service, Demat service, financial advisor service, Electronic Fund Transfer service, and RTGS service in ICICI Bank. Tele-Banking, ECS, Mobile Banking, credit card and Anywhere Banking was preferred by the respondents in Karur Vysya Bank. Multi City cheque Facility was used more by the respondents in Dhanalakshmi Bank. International Debit Care was used more by the respondents in HDFC Bank.

Sudesh Kumar and Bimal Anjum (2014)[3] in their study Electronic Banking: An Emerging Way of customer services examined the socio-economic profile of the bank's customers and their awareness level regarding E-Banking products. A sample of 30 respondents was selected from HDFC bank Amritsar. The analysis of the study stated that most of the respondents are aware of the E-Banking services and 85 % are having knowledge about these services. 94% of the respondents are satisfied with their experience of using e-banking services, and 55% of the respondents think that it saves time and money. The results found that convenience is the major reason that encourages customer to use e-banking services.

STATEMENT OF THE PROBLEM

In the Indian banking industry, the contours of development underwent radical changes, especially after the first phase of nationalization of commercial banks. Nationalization was done with the motto of raising the contributions of private in commercial banks for the development and welfare of the private, but they had failed to do it effectively. The job security to bank employees and domination of trade unions paved the avenues for degeneration in the quality of customer services. The process of degeneration reached its peak which developed a bias and the customers in general were found dissatisfied with the services of the private sector commercial banks. Meanwhile, the foreign banks and a few of the private banks got an opportunity to display their excellence and with the support of high-performing bank employees and technology-driven services, they got success in establishing an edge over the services of private sector banks. Of course, the regulation of the Reserve Bank of India de-motivated the private sector banks and especially the foreign banks while expanding their network, which has minimized the intensity of competition. However, private banks and foreign banks have been successful in building and projecting a positive Image private banks used all modern management tools and techniques to bring about appropriate level of differentiation in their services and get quick acceptance with the customers. Gradually, it formed a battle place for corporate customers, and banks did not hesitate to deploy high pressure sales techniques and advanced marketing tools for getting supremacy over private sector banks which had till then become lethargic and myopic about their existence and services. One of the hand tools which helped in creating a quality service in private and foreign banks was the use of information technology through heavy computerization and use of intranet and internet network for providing such services like money transfer in seconds which used to take weeks in private sector banks. Moreover, it is observed that the New Generation Private Banks charge heavy penalty / fines from the defaulters without giving any prior intimation of lapse period.

OBJECTIVES OF THE STUDY

The following are the objectives of the study.
1. To study the customers' awareness and behaviour on various services offered by the HDFC Bank.
2. To analyse the factors influencing the utilization of the services of HDFC Bank.
3. To identify the major problem faced by the customers of HDFC Bank in the study area.
4. To suggest better ways and means to improve the performance of the HDFC Banks.

Methodology of the study

Research design has been adopted in this study. Primary data as well as secondary data has been collected**.** Primary data has been collected by way of Interview Schedule Method. A sample size of two hundred respondents has been taken from private sector bank customers of the Coimbatore City, 200 respondents for this study. These respondents are residents at Coimbatore city. A bi-lingual format was used and Random Sampling Technique followed. Percentage Analysis, Chi Square and factor analysis used in this study. The primary data has collected during the period from December 2023 to February 2024.

LIMITATIONS OF THE STUDY

Limitations are common for all studies based on social survey. The conclusions arrived at this study are not without limitations, even though the study is innovative and extensive in some aspects of service in Indian Banking Industry. 1. The time spent for the customers to collect data was considerable. There may be certain reluctance on the part of customer to respond to some questions in the questionnaire. However, adequate care was taken to collect unbiased data. The cost factor is the other limitations.

Null Hypothesis: There is no significant relationship between personal variables and level of awareness towards private sector bank services in Coimbatore City

TABLE NO.1

The relationship between Personal variables and overall opinion on private sector bank services - **Chi-square test**

VARIABLE	CHI-SQUARE VALUE	DF	P.VALUE	S/NS	REMARKS
Gender	13.099	4	0.003**	S	Rejected
Age	20.324	12	0.041*	S	Rejected
Area of Residence	25.398	8	0.014*	S	Rejected
Maritial status	21.966	4	.042*	S	Rejected
Educational qualification	24.627	8	.014*	S	Rejected
Occupation	30.728	20	.012*	S	Rejected
Monthly income	14.636	12	.014*	S	Rejected
Type of family	23.222	4	.021*	S	Rejected
Number of members in family	29.239	12	.682	NS	Accepted
Number of earning members	6.157	12	.021*	S	Rejected
No. of years customers	22.552	16	.016*	S	Rejected

Source: Primary Data. ** 1 per cent significant, * 5 per cent significant, NS- Not significant

According to chi-square analysis, gender, age, area of residence, marital status, occupation, monthly income, type of family, number of earning members and number of years customers do have significant relationship in private sector bank services since the calculated chi-square value for these variables is less than the Value at 5 per cent level of significance, rejected null hypothesis except number of members in family. Hence, it can be concluded there is no significant relationship between number of members in family of the respondents and private sector bank services. On the other hand, gender, age, area of residence, marital status, occupation, monthly income, type of family, number of earning members and number of years customers towards private sector bank services. Based on their number of sizes in family members the private sector bank services by customers hoping differs.

Null Hypothesis: There is no significant relationship between personal variables and level of satisfaction towards private sector bank services

TABLE NO.2

The relationship between Personal variables and overall opinion on private sector bank services -Chi-square test

VARIABLE		DF	P.VALUE	S/NS	REMARKS
Gender	13.474	4	.000**	S	REJECTED
Age	20.553	12	.000**	S	REJECTED
Area of Residence	12.444	8	.000**	S	REJECTED
Maritial status	19.658	4	.000**	S	REJECTED
Educational qualification	13.108	8	.000**	S	REJECTED
Occupation	21.357	20	.000**	S	REJECTED
Monthly income	10.419	12	.000**	S	REJECTED
Type of family	15.077	4	.000**	S	REJECTED
Number of members	18.859	12	.000**	S	REJECTED
Number of earning members	10.333	12	.000**	S	REJECTED
No. of years customers	24.337	16	.000**	S	REJECTED

Source: Primary Data. ** 1 per cent significant, * 5 per cent significant, NS- Not significant
According to chi-square analysis, gender, age, area of residence, marital status, occupation, monthly income, type of family, number of members in family, number of earning members and no. of years customers do have significant relationship in level of satisfaction towards private sector bank services since the calculated chi-square value for these variables is less than the P.value at 5 per cent level of significance, rejected null hypothesis. On the other hand, gender, age, area of residence, marital status, occupation, monthly income, type of family, number of members in family, number of earning members and no. of years customers by private sector bank services.

Dimensionality of the Multi-Scale Items (Factor Analysis)

Table 3: KMO and BARTLETT'S Test for Factors Related to Level of Satisfaction about private sector Banking Services

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.618
Bartlett's Test of Sphericity: Approx. Chi-square	2461.925
Sig	0.00

From the above table, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows that the value of test statistics is 0.618, which means the Factor Analysis for the selected variable is found to be appropriate or good to the data. Bartlett's Test of Sphericity is used to test whether the data are statistically significant or not with the value of test statistics and the associated significance level. It shows that there exists a high relationship among variables.

Table 4. EIGEN Values and Proportion of Total Variance of Each Underlying Factors Related to Level of Satisfaction about private sector Banking Services

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.967	26.450	26.450	3.967	26.450	26.450	2.979	19.857	19.857
2	1.892	12.616	39.066	1.892	12.616	39.066	2.052	13.677	33.534
3	1.655	11.035	50.101	1.655	11.035	50.101	1.985	13.235	46.770
4	1.444	9.624	59.725	1.444	9.624	59.725	1.776	11.843	58.612
5	1.201	8.009	67.734	1.201	8.009	67.734	1.368	9.122	67.734

Extraction Method: Principal Component Analysis

The results of the Factor Analysis presented in the above Table 4.217 regarding factors influencing the Level of Satisfaction about Banking Services have revealed that there are fifteen factors that had Eigen value exceeding "one". Among the five factors, the first factor accounted for 26.45 percent of the variance, the second 12.616 percent, the third factor 11.035 percent, the fourth factor 9.624 per cent and the fifth factor 8.009 per cent of the variance in the data set. The first five factors are the final factors solution and they all together represent 67.734 percent of the total variance in the scale items measuring the factors related to Level of Satisfaction about Banking Services. Hence, from the above results, it is certain that all factors are related to Level of Satisfaction about Banking Services.

Table 5. Communalities for Factors Related to Level of Satisfaction about private sector Banking Services

S.NO.	ITEMS	Initial	Extraction(h^2)
1	Branch location	1.000	.800
2	Parking facility	1.000	.814
3	Adequacy of space	1.000	.515
4	Safety measures	1.000	.608
5	Provision of different forms	1.000	.728
6	Display of interest rate and other norms	1.000	.565
7	Maintenance of suggestion box	1.000	.742
8	Any time banking	1.000	.617
9	Electronic clearing system	1.000	.788
10	Phone banking	1.000	.690
11	Internet banking	1.000	.514
12	Mobile banking	1.000	.619
13	Multi city cheque	1.000	.777
14	Availability of locker facilities	1.000	.736
15	Number of ATM centers	1.000	.647

The above Table (Communalities) represents the application of the Factor Extraction Process, it was performed by Principal Component Analysis to identify the number of factors to be extracted from the data and by specifying the most commonly used Varimax Rotation Method. In the principal component analysis, total variance in the data is considered. The proportion of the variance is explained by the fifteen factors in each variable. The proportion of variance is explained by the common factors called Communalities of the Variance. Principal Component Analysis works on initial assumption that all the

variances are common. Therefore, before extraction the communalities are all 1.000. Then, the most common approach for determining the number of factors to retain i.e., Examining Eigen values was done.

Table.6: Rotated Component Matrix Factors Related to Level of Satisfaction about private sector Banking Services

	Variable code	Component				
		I	II	III	IV	V
Availability of locker facilities	X14	**.830**	-.079	.181	.085	.036
Parking facility	X2	**.759**	.301	-.332	.189	-.028
Display of interest rate and other norms	X6	**.705**	.211	.086	.122	-.033
Any time banking	X8	**.678**	-.072	.390	-.006	.002
Adequacy of space	X3	**.607**	.284	.123	-.074	.211
Provision of different forms	X5	.212	**.792**	-.188	-.145	-.011
Maintenance of suggestion box	X7	-.055	**.787**	.272	.094	.192
Safety measures	X4	.199	**.700**	-.014	.206	-.187
Internet banking	X11	.104	-.083	**.684**	.170	-.001
Electronic clearing system	X9	.301	.122	**.673**	-.476	.058
Number of ATM centers	X15	.084	.145	**.654**	.397	-.185
Phone banking	X10	.020	.093	.076	**.718**	-.079
Mobile banking	X12	.305	.010	.223	**.643**	.252
Branch location	X1	.135	.138	.352	.235	**.642**
Multi city cheque	X13	.123	.127	.321	.232	**.610**

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation Converged in 8 iterations.

The above table represents the Rotated Component Matrix, which is an important output of principal component analysis. The coefficients are the factor loadings, which represents the correlation between the factors and the fifteen variables (X_1 to X_{15}). From the factor matrix, it is found that coefficients for factor-I have high absolute correlations with variable X_{14} ( ), X_2 ( ), X_6 ( ), X_3 ( ) and X_8 ( ) that is, 0.830, 0.759, 0.705, 0.678, and 0.607, respectively. Similarly, factor-II has high absolute correlation with variables X_7 ( ), X_5 ( ) and X_4 ( ) that is, 0.792, 0.787, and 0.700, respectively. Next, factor III has high absolute correlation with variables X_{15} ( ) and X_{11} ( ) that is, 0.8 and 0.684, 0.673, and 0.654, respectively. Factor-IV has high absolute correlation with variables X_{10} ( ), X_9 ( ) and X_{12} ( ) that is, 0.718, -0.643, and 0.590, respectively. Finally, factor V has high absolute correlation with variables X_{13} ( ) and X_1 that is, 0.642 and 0.610, respectively. For example, in this study all variables are with absolute value of factor loading greater than or equal to 0.5. In such a complex matrix, it is difficult to interpret the factor. So it is proceeded to compute Rotated factor matrix.

Table.7: Component Transformation Matrix

Component	1	2	3	4	5
1	.775	.404	.379	.299	.067
2	-.138	-.593	.709	.304	-.187
3	-.478	.542	.012	.577	-.381
4	-.052	.311	.407	-.685	-.515
5	-.387	.308	.434	-.130	.741

The above Table 7, reveals the Factor Correlation Matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly low correlation.

CONCLUSION

Thus, the fifteen variables in the data were reduced to five component factor and each factor may be identified with the corresponding variables as follows:

Table 8: Table showing Factors Related to Level of Satisfaction about private sector Banking Services

X14	Availability of locker facilities	68.89	Factor I
X2	Parking facility	57.61	
X6	Display of interest rate and other norms	49.70	
X8	Any time banking	45.97	
X3	Adequacy of space	36.84	
X5	Provision of different forms	62.73	Factor II
X7	Maintenance of suggestion box	61.94	
X4	Safety measures	49.00	
X11	Internet banking	46.79	Factor III
X9	Electronic clearing system	45.29	
X15	Number of ATM centers	42.77	
X10	Phone banking	51.55	Factor IV
X12	Mobile banking	41.34	
X1	Branch location	41.22	
X13	Multi city cheque	37.21	Factor V

PROBLEMS FACED BY THE CUSTOMERS IN THE PRIVATE BANKS

A study was made to identify the major problems faced by the selected sample respondents in utilizing the new private banking services. For this purpose the respondents were asked to rank their problems based on their experience. The study used the main problems such as "under favoritism to some clients", "Lack of guidance about bank schemes and services", "too much dependents on superiors in clarifying doubts especially in advance section", Red tapism in advance section". Henry Garret ranking method was used for analysis. The following table shows the detail picture of the ranking.

TABLE NO. 9
PROBLEMS IN UTILIZING THE NEW BANKING SERVICES

S.No.	Problems	Total score	Mean score	Rank
1.	Too much dependence n superiors in clarifying doubts especially in advance section	2234	60.4	I
2.	Undue favoritism to some clients (rich people)	2141	56.4	II
3.	Poor in handling queries / doubts	2094	52.6	III
4.	Lack of guidance about bank schemes and services	2041	50.6	IV
5.	Indifferent attitude at the time of with drawing the fixed deposits.	1984	47.7	V
6.	Beauracratic Harassment	1854	42.4	VI
7.	Red Tapism in advance section	1741	34.4	VII

Source: Primary Data.

It could be observed from the table No. that "too much dependence on superiors in clarifying doubts especially in advance section" was ranked as the first problems by the customers in utilizing the new private bank which presents a Garret score of 2234 points. It is followed by "undue favoritism to some clients" with a Garret score of 2141 points. "Poor in handling queries" was placed in third rank with a Garret score of 2094 points. "Lack of guidance about bank schemes and services" was placed in fourth rank with a Garret score of 2041 points. "Indifferent attitude at the time of withdrawing the fixed deposits" was placed in fifth rank with a Garret score of 1944 points and "Red Tapism in advance section" was ranked in the seventh place with a Garret score of 1741 points.

SUGGESTIONS

- ➤ Customer services are a new concept in the Banking Sector and are fast growing and demanding. Here are some suggestions to make it more attractive.
- ➤ It is suggested for private sector banks to utilize positive attitude for their products. Enhancement of customer care, technology based services may give adequate potential business opportunity.
- ➤ Students and Married respondents have low level of perception on Internet banking so banks have to meet the customer expectations on service and various online banking services provided.
- ➤ The recent initiative by RBI regarding setting up of financial literacy cum counseling centre (FLCC) is a set up in this direction. Female respondents are with low level of awareness. The bankers have to take a comprehensive view of their delivery channels. Integrated Delivery channels could further enhance successful adoption of technology like e-mail, i-banking, ATMs, etc. Advertising the products and explaining the products elaborately will help in attracting more and more people. They must be gradually shifted from the concept of Brick Banking to Click Banking.
- ➤ The changes in the Banking and financial sector require a fundamental shift in skills required for Banking. To meet increased competition, the need for specialized banking functions, using IT as a competitive tool is required.
- ➤ With the increasing market orientation of the financial are making increased use of outsourcing for reducing costs and increasing efficiency.
- ➤ This will facilitate customers to use more on line banking services provided and not to visit the bank physically. Higher electronic transaction volumes will boost profits. Banks can also utilize their time for better purposes.
- ➤ The level of frustration and dissatisfaction escalates when customer encounters problems due to technology either while transacting business on site or off site. When customers file complaint, it must be resolved immediately.
- ➤ Marketing strategies must be formulated within the overall framework of corporate objectives and strategy of a Bank. Strategic marketing must begin with the effort to identify an attractive set of opportunities for the bank.
- ➤ The Banks do not have any database on customer's lifestyle, information and specific preferences and characteristics. Banks have to come up with a scheme where they ask the customers to give certain information while opening of their account.
- ➤ Money laundering activities in smaller chunks over a time-period may be carried out through Internet Banking. So, banks must take necessary steps to safeguard themselves and the interest of genuine customers.

CONCLUSION

Today's customers are not satisfied with care and courtesy alone, they expect concern and commitment. Therefore, customer centric approach is the need of the hour. In this competitive environment not the oldest, not the strongest and not the first can survive, but only the "Best" can survive. Therefore, usage of Modern Technology for better service is imperative. Educational level of respondents influences the use of quality of banking facility and highly satisfied with Equipment Satisfaction, Service Cost and Facilities followed by easy access while using the banking services. The success of banking not only depends on the technology, but also on to the large extent the attitude, commitment, and involvement of the operating at all levels and how far the customers reap the benefits from banking services.

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