

A study to determine the level of customer satisfaction of private banks in Nagpur region

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Abstract

The present study was undertaken to determine the level of customer's satisfaction of bank in relation to specific background factors in selected private banks in Nagpur. The objective of the study were

1. To determine the level of customer satisfaction.
2. To find out the specific areas of satisfaction and dissatisfaction related to banking services.
3. To study the relationship of customer satisfaction with the following factors: Age.

The study assumes that bank customers were exposed to satisfaction and dissatisfaction conditions. The study was delimited to selected Private banks in Nagpur.

The descriptive survey approach was adopted to achieve the overall purpose. The research design was develop to enable the investigator to study the relationship between customer satisfaction and selected background factors. The sample was drawn from two selected private banks in Nagpur, using the purposive sampling techniques.

The samples were bank customers who were willing to participate in the study and were available during the data collection period. The data collection instrument consisted of a structured questionnaire having two parts. Part I was composed of items for obtaining personal Information.

Part II comprised of 30 items concerning customers satisfaction related to bank

Final data was collected from 100 bank customers from two selected private banks in Nagpur as per the data collection scheduled and analysed in terms of descriptive and inferential statistics.

Major Findings of the Study:

Findings related to sample Characteristics:

Of the 100 bank customers 11 % of the bank customer s belonged to age group of below 18 years where in 89 % were in the age group of above 18 years of age.

The highest percentage of the bank customers were Males i.e. 60% were as 40% were Females.

Regarding the marital status of bank customers, 72% were married where as 28% were unmarried.

Majority of the bank customers that is 50% were Graduate whereas HSSC and Post Graduate Bank Customers were 25% and 25% respectively.

Maximum Numbers of Bank Customers that is 55% of customers were in service, whereas 30% were from business Group, whereas only 5% were from any other group.

Regarding the relationship with the bank, majority of the customers that is 50% had the relationship between 1-5 years, and only 20% had the bank account for less than 1 year.

Findings on Customer satisfaction:

Mean Median and Standard deviation were computed for total satisfaction scores in each area. The distribution of the total satisfaction scores and area wise satisfaction scores was graphically presented in frequency polygon and bar graph respectively. The frequency polygon indicates that the mean of satisfaction scores was 136.2 and median 141.83 fall close to each other. This suggested that satisfaction scores were distributed around the mean and median and the distribution is normal.

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The area wise mean scores of customer satisfaction of 100 customers of two Private banks the data indicated that that highest satisfaction scores was obtained in the area of bank requirements (Mean= 140.2), followed by bank transactions (Mean= 135). The least satisfaction areas as reported by bank customers were Grievance and readressal (Mean=90.45) preceded by Interpersonal Relation (Mean= 60).

Findings related to relationship between customer satisfaction and age

The result indicated that there was no significant relationship between customer satisfaction and age ($\chi^2=3.97$) the finding indicated that customer satisfaction experience of the bank customer was not dependent on age.

Keywords: Customer, Bank Customer Satisfaction, Costumer Dissatisfaction

Introduction

Customer satisfaction is a term frequently used in marketing. It is a measure of how products and services supplied by a

company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with

a firm, its products, or its services (ratings) exceeds specified satisfaction goals." In a survey of nearly 200 senior marketing managers, 71 percent responded that they found a customer satisfaction metric very useful in managing and monitoring their businesses [1].

Here are the top six reasons why customer satisfaction is so important:

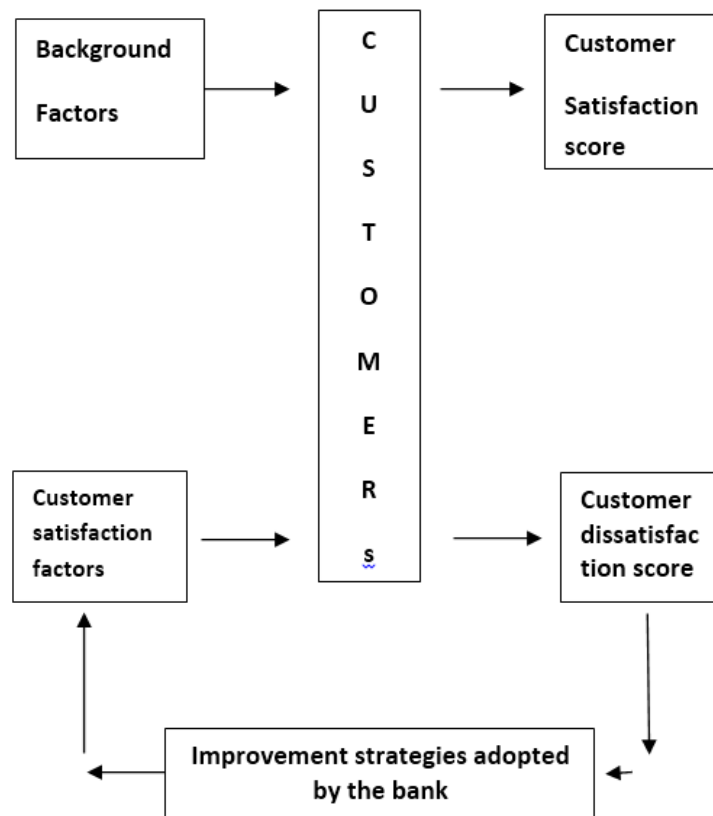
- It's a leading indicator of consumer repurchase intentions and loyalty
- It's a point of differentiation
- It reduces customer churn
- It increases customer lifetime value
- It reduces negative word of mouth
- It's cheaper to retain customers than acquire new ones [2]

Satisfied customers are central to optimal performance and financial returns. In many places in the world, business organizations have been elevating the role of the customer to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking companies are finding value in directly measuring and tracking customer satisfaction (CS) as an important strategic success indicator. Evidence is mounting that placing a high priority on CS is critical to improved organizational performance in a global marketplace. With better understanding of customers' perceptions, companies can determine the actions required to meet the customers' needs.

They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the company. When buyers are powerful, the health and strength of the company's relationship with its customers – its most critical economic asset – is its best predictor of the future. Assets on the balance sheet – basically assets of production – are good predictors only when buyers are weak. So it is no wonder that the relationship between those assets and future income is becoming more and more tenuous. As buyers become empowered, sellers have no choice but to adapt. Focusing on competition has its place, but with buyer power on the rise, it is more important to pay attention to the customer. Customer satisfaction is quite a complex issue and there is a lot of debate and confusion about what exactly is required and how to go about it. This article is an attempt to review the necessary requirements, and discuss the steps that need to be taken in order to measure and track customer satisfaction³.

Material and Methods: Research Approach: The research approach selected for this study is descriptive survey as per the nature of the study i.e. to determine the levels of customer satisfaction.

Research design



Keeping in view the objectives of the study a design was developed to enable the investigator to study the relationship between customer satisfaction and selected background factors.

Setting: The study was carried out in selected private banks at Nagpur. 1. Axis Bank, Civil lines, Nagpur 2. IDBI Bank Dharampeth, Nagpur.

Population: The present study population comprised of customers who were availing the services of private banks in Nagpur.

Sample and Sampling: The sample of the study comprised of the customers availing bank services of 1. Axis Bank civil lines Nagpur (75) in number 2. IDBI bank Dharampeth, Nagpur (25) in number. Keeping in mind the availability of sample, purposive sampling technique will be used in this study. The sample of 100 customers availing the bank services in Nagpur was chosen.

Criteria for selection of sample are: Customers who were willing to participate in the study 2. Who were available on the day of data collection 3. Who were able to understand English language.

Data Collection technique: In order to collect the information systematically a structured self-administered questionnaire was developed which was thought to be more suitable method.

Development of the tool: Keeping in mind the theoretical framework and objectives of the study a two part

questionnaire was developed for collection of the data. Part I consisted of demographic (personal information) data and part II had the self structured questionnaire on customer satisfaction. The tool was validated by the experts and modified.

Description of the questionnaire: The questionnaire had two parts. Part I It will contain items for obtaining personal information with regards to age, sex, general education, marital status, availing of bank service.

Part II It had questions on factors related to customer satisfaction i.e. factors of procedures of opening of bank account, Implementation of bank policies, Bank transactions, Internet banking system, Bank utilities, Bank loan system, attitudes of bank employees towards customers, retirement benefit plans, grievances and redressal.

Findings: Findings related to sample characteristics: This section describes the characteristics of sample i.e. bank customers. Sample subjects were selected from two banks in Nagpur. Frequency and percentages were computed to describe the sample characteristics. These are presented in Table I

Table 1: Number and Percentage Distribution of bank customers by Age, Sex, Marital Status, Educational Status, Occupation and Relationship with bank. N=100

Sr. No	Sample Characteristics	Number	Percentage
1.	Age		
1.1	Below 18 years	11	11
1.2	Above 18 years	89	89
2.	Sex		
2.1	Male	60	60
2.2	Female	40	40
3.	Marital Status		
3.1	Married	72	72
3.2	Unmarried	28	28
4.	Educational Status		
4.1	HSSC	25	25
4.2	Graduate	50	50
4.3	Post Graduate	25	25
5.	Occupation		
5.1	Home maker	10	10
5.2	Service	55	55
5.3	Business	30	30
5.4	Any other	05	05
6.	Since how long having Bank Account		
6.1	Less than 1 year	20	20
6.2	1 year-5 Years	50	50
6.3	More than 5 Years	30	30

Data in table I indicate that 11% of the bank customer s belonged to age group of below 18 years where in 89% were in the age group of above 18 years of age.

The highest % of the bank customers were Males i.e. 60% were as 40% were Females.

Regarding the marital status of bank customers, 72% were married where as 28% were unmarried.

Majority of the bank customers that is 50% were Graduate whereas HSSC and Post Graduate Bank Customers were 25% and 25% respectively.

Maximum Numbers of Bank Customers that is 55% of customers were in service, whereas 30% were from business Group, whereas only 5% were from another group.

Regarding the relationship with the bank, majority of the customers that is 50% had the relationship between 1-5 years, and only 20% had the bank account for less than 1 year.

Findings related to customer satisfaction:

Data related to customer satisfaction were obtained through a structured questionnaire consisting of thirty items in ten areas. The ten areas were Requirements related to banking, Policies of the Bank, Bank Transactions, Banking System, Bank Utilities, Bank Loan System, Attitude of bank employees, Retirement benefit plans, Grievance and Readresal, Interpersonal relation.

The bank customers were to indicate the degree of satisfaction experienced by them in bank related situations. The Maximum possible satisfaction Score was 150.

Mean Median and Standard deviation were computed for total satisfaction scores in each area. The distribution of the total satisfaction scores and area wise satisfaction scores was graphically presented in bar graph. The mean of satisfaction scores was 136.2 and median 141.83 fall close to each other. This suggested that satisfaction scores were distributed around the mean and median and the distribution is normal.

In order to identify source of satisfaction and dissatisfaction as experienced by the bank customers, mean and rank order of the satisfaction scores were computed area wise in table 2.

Table 2: Mean, Standard deviation and rank order of areas of customer’s satisfaction in private banks.

Area wise Customer Satisfactions scores	Mean	Rank
Requirements related to banking	140.2	1
Policies of the Bank	130	4
Bank Transactions	135	2
Banking System	120.10	6
Bank Utilities	110.42	7
Bank Loan System	130.81	3
Attitude of bank employees	120.82	5
Retirement benefit plans	100.70	8
Grievance and Readresal	90.45	9
Interpersonal relation.	60	10

The data given in table 2 and showed that highest satisfaction scores was obtained in the area of bank requirements (Mean= 140.2), followed by bank transactions (Mean= 135). The least satisfaction areas as reported by bank customers were Grievance and readressal (Mean=90.45) preceded by Interpersonal Relation (Mean= 60). It suggested that bank requirements and bank transactions cause maximum satisfactions to most of the bank customers and grievance and readressal and Interpersonal relationship appear to cause least satisfaction.

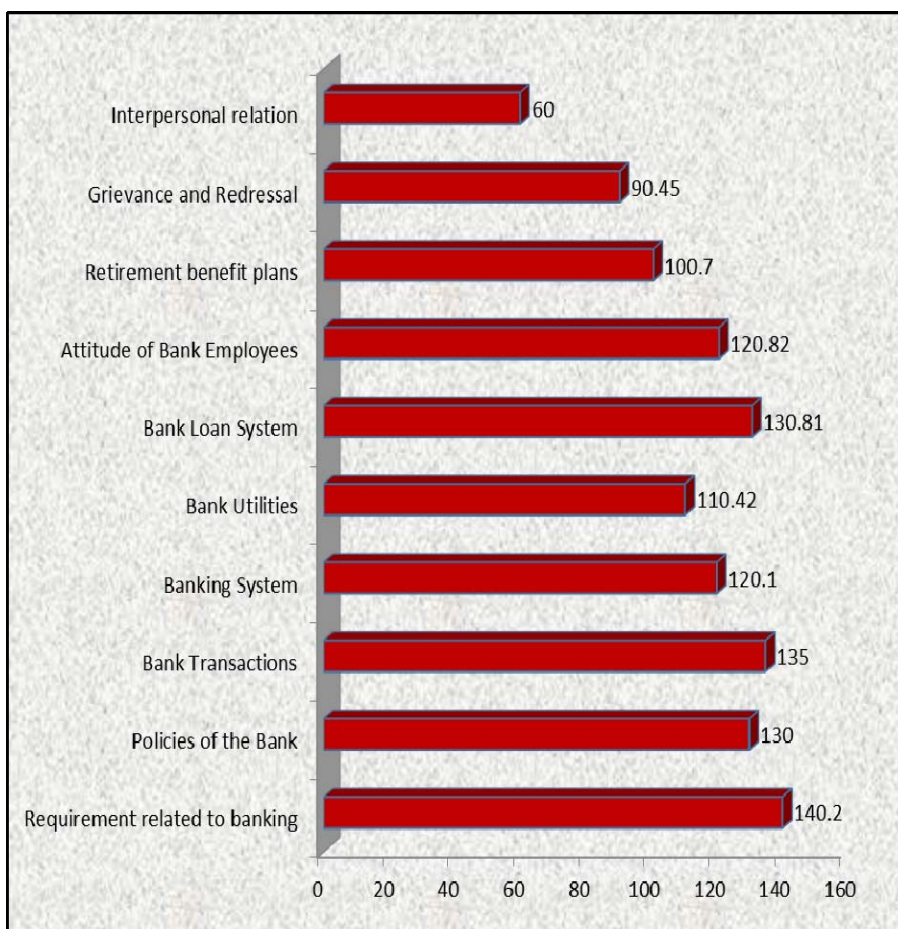


Fig 1: Mean, Standard deviation and rank order of areas of customer’s satisfaction in private banks.

Bar Graph in fig 1 showed the area wise mean scores of customer satisfaction of 100 customers of two Private banks the data indicated that that highest satisfaction scores was obtained in the area of bank requirements (Mean= 140.2),

followed by bank transactions (Mean= 135). The least satisfaction areas as reported by bank customers were Grievance and readressal (Mean=90.45) preceded by Interpersonal Relation(Mean= 60).

Table 3: Mean Frequency and percentage and range of scores of customers of private banks according to degree of satisfaction N=100

Degree of satisfaction	Mean	Frequency	Percentage	Range of scores
Very Dissatisfied (1-30)	-	-	-	-
Dissatisfied(31-60)	56	2	2	52-60
Indifferent (61-90)	77.5	26	26	65-90
Satisfied (91-120)	93.5	65	65	97-120
Very Satisfied (121-150)	131.5	7	7	122-141

Table 3 showed that Mean, Frequency and percentage distribution of bank customers satisfaction according to the degree of satisfaction, this indicated that maximum number of bank customers that is 65% were satisfied with the mean satisfaction score of 93.5% ranging between 97-120. 26% were indifferent with the mean score of 77.5, score ranging

Table 4: Chi square vales showing the relationship between the age and the level of customer satisfaction among bank customers. N=100

Age Group	Customer Satisfaction level					Total	Chi Square Value
	Very Dis-satisfied	Dissatisfied	Indifferent	Satisfied	Very Satisfied		
	F (%) F (%) F (%) F (%) F (%)						
Below 18 Years		- - 1 0.09 3 27.27 7 63.63 - -		11	$\chi^2 = 3.97^*$		
Above 18 Years		- - 1 1.12 23 25.84 58 65.16 7 7.8		89	P>0.05		

Df=4 * Not significant at 0.05 level

Data in table 4 reveal that the majority of the bank customers 7(63.63%) who were satisfied were belonging to the age group of below 18 years.

In the age group of above 18 years majority of the bank customers who were also satisfied were 58(65.16%)

The Chi Square value obtained was 3.97, which is not significant at 0.05 level. Thus, the result indicates that there was no significant relationship between customer satisfaction and age group of bank customers. Therefore the research hypothesis H₁ is rejected and Null hypothesis is accepted.

Discussion

Dr. Naveen Kumar & Dr. V.K. Gangal (2011) [4], held a study on Customer Satisfaction In Newgeneration Banks (A Case Study Of Hdfc Bank) and found that the majority of India's banks are not very diversified in terms of the products and services they offer. One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible. And customer retention is possible through customer satisfaction only. Thus, customers' satisfaction is the key of success in todays' competitive era.

Vijay M. Kumbhar (2011) [5], Factors Affecting On Customers' Satisfaction: An Empirical investigation Of Atm Service and examined that the cost effectiveness of ATM service were core service quality dimension and it was significantly affecting on overall customer satisfaction in ATM service provided by commercial banks. However, result of factor analysis indicates that cost effectiveness, easy to use and security & responsiveness were also influence customer satisfaction. Therefore, banks should concentrate their efforts on these dimensions for cater better ATM service to satisfy their customers.

JyotiAgarwal (2012) [6] studies customer satisfaction in banking services in Aligarh district. She examined that the banking sector in India is undergoing major changes due to competition and the advent of technology. The customer is

between 65-90. As many as 7% were very satisfied with mean score of 122-141. Whereas only 2% of bank customers were dissatisfied with a mean of 56 and score ranging from 52-60.

Findings on relationship between customer satisfaction and age. The following hypothesis were formulated for the study: H₁ There will be a significant relationship between customer satisfaction and age of the bank customer as evident from structured questionnaire at 0.05 level of significance.

Age: Data were analysed to seek the relationship between Customer satisfaction and age among bank customers.

In order to find out the significance of relationship between Customer satisfaction and age the following null hypothesis was formulated.

HO₁ There will be no significant relationship between Customer satisfaction and age of the bank customer as evident from the structured questionnaire at 0.05 level of significance.

looking for better quality services which enhance his/her satisfaction. This study derives its basis from various research findings and is also in line with empirical findings with respect to customer satisfaction by other researchers. To sum up, the results of the study lead us to the following conclusion and policy implication: The customer satisfaction in terms of service quality is a relational marketing paradigm. The relationships are mostly viewed from the perspective of the firm providing services. For service firm in our case the banks, building strong relationship is important for improving customer satisfaction through service quality. Public sector banks like SBI fall much below the perceptions of their customers on all dimensions of service quality. Private Banks such as ICICI bank are exceeding the perceptions of their customers on all dimensions of service quality. The above findings suggest the need and relevance of heavy investment on tangibles particularly computer based banking, internet and intranet services, tele-banking, anywhere and anytime banking, etc., besides physical facilities and communication material. This will help in delivering quick and accurate services to customers as well as reducing the workload of frontline staff and thereby providing ways to employees to respond to customer requests. This investment will also ensure convenient banking hours on which the services of our banks are perceived by the customers to be very low. Customer service must match with marketing efforts, otherwise a customer would remain a dissatisfied soul and all marketing efforts will go down the drain. The process of fulfilling customer needs, therefore, requires tailoring bank services to what customers want, rather than making them accept whatever banks can conveniently provide. Today, customers are exposed to the standards of international banking and expect the same range of service quality from Indian banks. If public sector banks fail to regulate the quality and efficiency of their financial services to match or surpass those of private banks or foreign banks, time is not far away when they will

lose substantial market share to private and foreign banks. Banks must pay attention to potential failure points and service recovery procedures, which become integral to employees training. In other words, it amounts to empowering employees to exercise responsibility, judgment and creativity in responding to customer's problems. Banks should continually assess and reassess how customers perceive bank services so as to know whether the bank meets or exceeds or is below the expectations of their customers. Such an appraisal, however, is a tedious task because customer service is complex in nature and dynamic in action. Moreover, it can vary greatly from one branch to another.

All of the above studies seems to be of similar nature as of the investigator's. Satisfaction and dissatisfaction occurs in one way or the other and what is good service today may become indifferent service tomorrow and bad service the next day. Frequent customer surveys, therefore, throw light on ratification and refinement which will go a long way to improve the service quality in banks.

Acknowledgement: I express my sincere gratitude to Dr (Ms) Dipti Christian Principal Hislop College Nagpur for her inspiration and encouragement. Under the able guidance of Prof Mrs Jigisha Naidu Director Dept of Commerce, Management and Computer Hislop College Nagpur for providing an opportunity to undertake this project. I am thankful to bank officials who permitted me for Data collection and Bank Customers who gave their opinion regarding Bank satisfaction. My Sincere thanks to my parents and above all I thank almighty God for strength he gave me throughout study.

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