"A Comparative study of banks in relation with satisfaction of customers"

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Abstract: *With the economic progress of country is on fast mode, role of banking system is additionally important during this growth. Banking industry looking for massive funding to enlarge its services to people who are excluded from banking services makes the importance of banking services. New technologies being introduced and there's continually a concern of economic uncertainties. Fierce competition to attract customers posed incomparable set of challenges for banks within the country. Therefore, customer satisfaction is the key factor for several banks to survive in competition. The aim of this paper is to spot the factors for client satisfaction in banks and analyse their effects on the extent of client satisfaction.*
Keywords: *banking system, economic uncertainties, client satisfaction*

I. Introduction

Increased competition, highly educated consumers, and increase in standard of living are forcing many businesses to review their customer service strategy. Many business firms are channeling more efforts to retain existing customers rather than to acquire new ones since the cost of acquiring new customer is greater than cost of retaining existing customers [1]

The banking industry in India has undergone sea change post independence. More recently, liberalization, the opening up of the economy in the 1990s and the government's decision to privatize banks by reduction in state ownership culminated in the banking reforms based on the recommendations of the Narasimham committee. This has led the Indian banking industry to experience difficult times. In such testing times of mature and acute competitive pressures, it is very urgent and important that banks are able to retain a loyal base of clients. To attain this and to improve their market and profit positions, banks in India have to formulate their strategies and policies towards increasing customer satisfaction levels [2,3,4]

Banking institutions across the globe have recognized the importance of customer satisfaction and of developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits. At the same time, several banking institutions are experiencing increasing level of retail customer dissatisfaction. Research suggests that customer dissatisfaction is still the major reason of bank customers' switch to other banks .This dissatisfaction could be because of a variety of reasons. [5,6,7]

Excellent service quality is not an optional competitive strategy which may, or may not, be adopted to differentiate one bank from another: today it is essential to corporate profitability and

Survival. The link between service quality and customer satisfaction has been submitted to intense scrutiny by leading service quality researchers.

As service quality reflects the way the banks are performing, this study attempts to explore the perception of customers in respect to the services provided by the banks. The entry of private and foreign banks, the nature of functioning of these banks and the promotional attempts of these banks has changed the landscape of the Banking sector in India. In respect to customer services there are notable perceived differences. Hence this study on customer service quality of Indian banks looks for bringing out the differences between perceptions of customers of these banks [8, 9, 10 &11]

II. Literature Review

Sl No.	Study	Year of Publishing	Objective	Methodology	Outcomes
1	Impact of Service Quality in Commercial Banks on the Customers Satisfaction: An Empirical Study.	Oct-11	To Understand the various customers perception about the service quality factors and satisfaction level towards the banks.	Survey method, data collection from the customer based on various demographics like rural- urban area, education standards,	1. The existence of close bond between the service quality factors and customer satisfaction level.2. The impact of service
2	Customer perception on Service Quality in Banking sector: with Special Reference to Indian Private Banks in Moradabad Region.	Feb-12	To understand the perception of service quality in banking and to evaluate how it helps	Survey method, data collection based on SERVQUAL tool for measurement of service quality.	1. *Reliability* and *Responsiveness* are the most relevant factors for service
			Banks under the study are HDFC, Kotak, ICICI and IndusInd.		2. HDFC Bank has the highest quality perception in terms of
3	Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia.	Oct-10	Measurement of customer satisfaction through delivery of service quality in banking sector Malaysia.Highlights the parameters for measure- ment of service quality and customer satisfaction.	Survey method, data collection from random respondents of general population.	1. The study found that *assuranee* factor has a positive relationship with customer
					2. *Reliability* factor does not have much impact on customer satisfaction, as it is the
					3. *Tangibility* factor has higher positive correlation with
					4. There is no relation between *empathy* and satisfaction.
					5. *Responsiveness* is highly related to customer satisfaction.
4	Effect of Service Quality On customer Satisfaction with Bank Nagari Main Branch Padang.	Nov-11	To understand the influence of service quality on customer satisfaction on the main branch of Bank Nagari.	Survey method, data collection from population by accidental random sampling techniques. Simple regression model is fitted to the data.Various indicators are measured on a 5 level Likert scale and Regression model was estimated using SPSS Tool.	1. There is a significant relation between service quality and customer satisfaction.2.And it consist of actions like quick response, commitment, staff availability, right service at right time, complain solutions, competency and capability of the staff in the bank.

Data Collection & Analysis
A) Selection of organisation
Three Private & Three Nationalised Banks were considered for the study. Geographical area comprising of Bijapur , Bagalkot & Belgaum Districts of Karnataka were considered for the study .
B) Sampling population
A total of Six Hundred Respondents were questioned with help of questionnaire.
C) Data collection
Data was collected with help of questionnaire, there was a primary survey and a secondary survey done .Results was then run through SPSS Software for analysis.

III. Results

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is one-dimensional.

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

The reliability of questionnaire was 0.84, which means our Questionnaire is good and acceptable.

Table 1: Frequency Distribution of respondents with respect to sufficient & comfortable seating arrangement in Private & Nationalized Banks

| Private Banks	The Bank has sufficient and comfortable seating arrangements?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	90	80	20	80	30
Percentage	30.00	26.67	6.67	26.67	10.00
Nationalized Banks	The Bank has sufficient and comfortable seating arrangements?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	80	70	30	70	50
Percentage	26.67	23.33	10.00	23.33	16.67
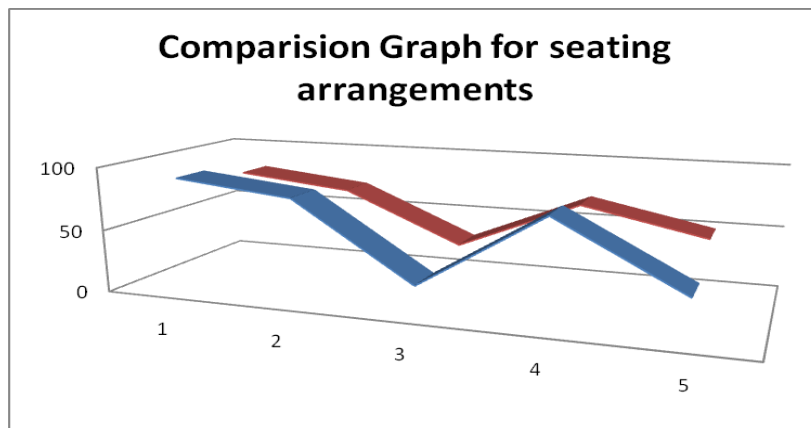
Figure 1: Comparison Line Graph for Frequency Distribution of respondents with respect to sufficient & comfortable seating arrangement in Private & Nationalized Banks

It can be observed from the above graph and table that for the question posed to respondents regarding 'The Bank has sufficient and comfortable seating arrangements?', The respondents of Private Banks answered as follows – 30% of respondents strongly agreed, 26.67% of respondents agreed, 6.67% of respondents didn't hold any opinion, whereas 26.67% of respondents disagreed and 10% of respondents strongly disagreed. The respondents of Nationalized Banks answered as follows – 26.67 % of respondents strongly agreed, 23.33% of respondents agreed,10% of respondents didn't hold any opinion, whereas 21.33% of respondents disagreed and 16.67% of respondents strongly disagreed.

Table 2: Frequency Distribution of respondents with respect to sufficient staff and customer representatives in Private & Nationalized Banks

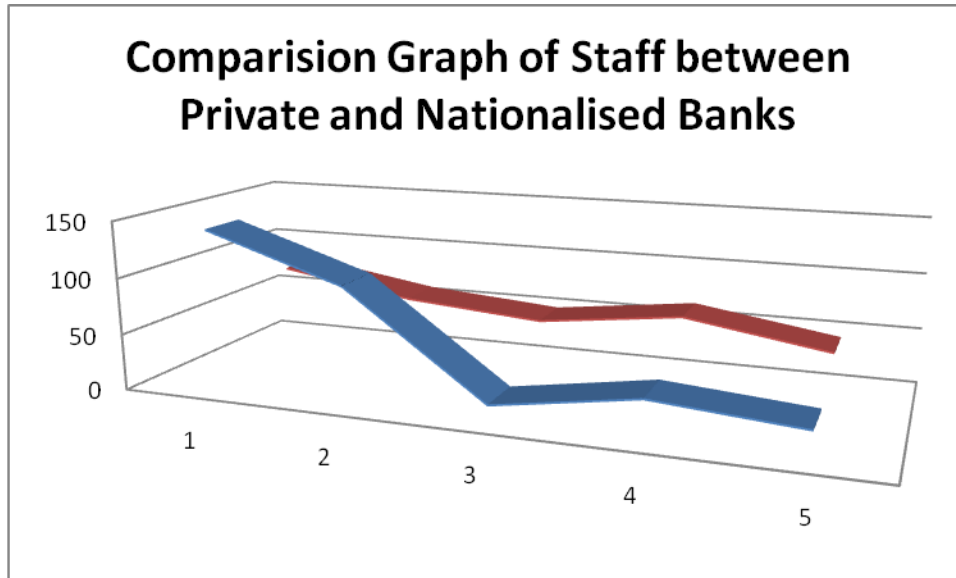| Private Banks	The Bank has sufficient staff and customer representatives and tellers for your needs?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	140	100	10	30	20
Percentage	46.67	33.33	3.33	10.00	6.67
Nationalized Banks	The Bank has sufficient staff and customer representatives and tellers for your needs?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	80	60	50	65	45
Percentage	26.67	20.00	16.67	21.67	15.00

Figure 2: Comparison Line Graph for Frequency Distribution of respondents with respect to sufficient staff and customer representatives in Private & Nationalized Banks

It can be observed from the above graph and table that for the question posed to respondents regarding 'The Bank has sufficient staff and customer representatives and tellers for your needs?', The respondents of Private Banks answered as follows – 46.67% of respondents strongly agreed, 33.33% of respondents agreed, 3.33% of respondents didn't hold any opinion, whereas 10% of respondents disagreed and 6.67% of respondents strongly disagreed. The respondents of Nationalized Banks answered as follows – 26.67 % of respondents strongly agreed, 20% of respondents agreed,16.67% of respondents didn't hold any opinion, whereas 21.67% of respondents disagreed and 15% of respondents strongly disagreed.

Table 3: Frequency Distribution of respondents with respect to usefulness of online banking in Private & Nationalized Banks

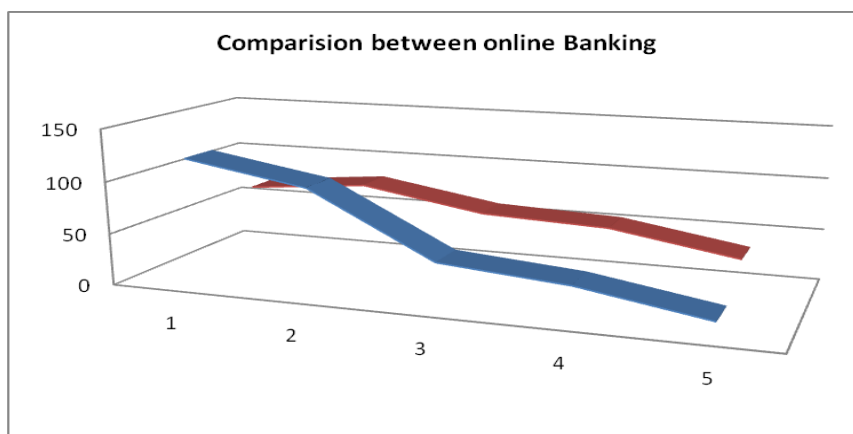| Private Banks	How would you rate ease of access and usefulness of online Banking /Channels?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	120	100	40	30	10
Percentage	40.00	33.33	13.33	10.00	3.33
Nationalized Banks	How would you rate ease of access and usefulness of online Banking /Channels?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	70	80	60	55	35
Percentage	23.33	26.67	20.00	18.33	11.67

Figure 3: Comparison Line Graph for Frequency Distribution of respondents with respect to usefulness of online banking in Private & Nationalized Banks

It can be observed from the above graph and table that for the question posed to respondents regarding 'How would you rate ease of access and usefulness of online Banking /Channels?', The respondents of Private

Banks answered as follows – 40% of respondents strongly agreed, 33.33% of respondents agreed, 13.33% of respondents didn't hold any opinion, whereas 10% of respondents disagreed and 3.33% of respondents strongly disagreed. The respondents of Nationalized Banks answered as follows – 23.33% of respondents strongly agreed, 26.67% of respondents agreed, 20% of respondents didn't hold any opinion, whereas 18.33% of respondents disagreed and 11.67% of respondents strongly disagreed.

Table 4: Frequency Distribution of respondents with respect to services offered on online banking platforms in Private & Nationalized Banks

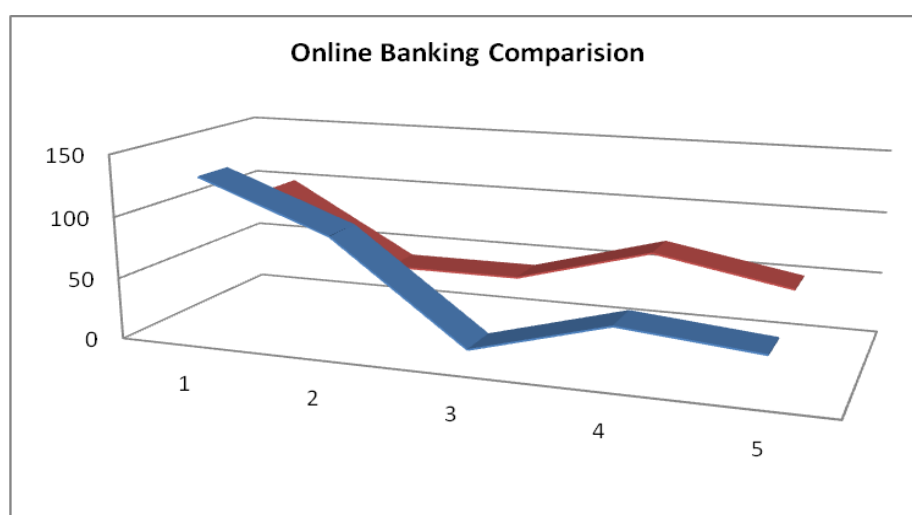| Private Banks	Are you satisfied with the number of services offered on online banking platforms?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	130	90	10	40	30
Percentage	43.33	30.00	3.33	13.33	10.00
Nationalized Banks	Are you satisfied with the number of services offered on online banking platforms?				
	Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree
Frequency	100	40	40	70	50
Percentage	33.33	13.33	13.33	23.33	16.67

Figure 4: Comparison Line Graph for Frequency Distribution of respondents with respect to services offered on online banking platforms in Private & Nationalized Banks

It can be observed from the above graph and table that for the question posed to respondents regarding 'Are you satisfied with the number of services offered on online banking platforms?', The respondents of Private Banks answered as follows – 43.33% of respondents strongly agreed, 30% of respondents agreed, 3.33% of respondents didn't hold any opinion, whereas 13.33% of respondents disagreed and 10% of respondents strongly disagreed. The respondents of Nationalized Banks answered as follows – 33.33% of respondents strongly agreed, 13.33% of respondents agreed, 13.33% of respondents didn't hold any opinion, whereas 23.33% of respondents disagreed and 16.67% of respondents strongly disagreed.

IV. Conclusion

In this paper, I found that a client offers highest importance to reliable dimension. From the analysis, it had been found that a client offers second importance to responsiveness of bank workers. It includes various criteria like promptness in giving service, disposition to assist customers etc. Customer gives third preference to assurance issue, it embodies the criteria like safety of dealing, consistency in commission etc.

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