



## CUSTOMER SATISFACTION AMONG CREDIT CARD HOLDERS IN A PUBLIC SECTOR BANK: A CASE STUDY OF ANDHRA BANK, TIRUPATI

Mr.G S Prasad\* Mr.K Sivaiah\*\* Prof Vk Ravindra Kumar\*\*\*

\*Research Scholar, S.K.University, Tirupati, India.

\*\*Research Scholar, Dept. Of Econometrics, S.K.University, Tirupati, India.

\*\*\*Dept. Of Population Studies, S.K.University, Tirupati, India.

### Abstract

Credit cards are Plastic cards. Customer Satisfaction is a key indicator of the operational and financial performance of any organisation dealing with products and services. Banks also provide products and services. Customer satisfaction is closely connected with service quality. It has strategic significance to management of the organisation. There exists a positive relationship between customer satisfaction and the product/service of the Bank. If a customer perceives a service provided to them is of good quality, they would be satisfied, because their expectations are fulfilled. Customer satisfaction has great significance for the growth of income and profit of the bank. The present project work makes an effort to study the satisfaction levels of credit card holders of a public sector bank-Andhra Bank, Tirupati

**Keywords:** Credit Cards, Customer Satisfaction, Customer Service, Income and Profit.

### 1. INTRODUCTION

Banks are playing major role in Indian financial system in development and growth of economy of the country. The Central Banking authority in India is Reserve Bank of India which monitors the banking system in India. Commercial Banks include public sector banks, private sector banks, foreign banks, regional rural banks. In India, 14 major Banks were nationalised in the year 1969 with social objective of reaching the poorest of the poor by Smt. Indira Gandhi, the then Prime Minister of India. And 6 more Banks were nationalised in the year 1980.

#### 1.1.History of Credit Cards

Credit cards are the plastic cards issued by the Banker to its customer for facilitating the cardholder to use it for purchase of goods and services on credit or actually draw cash at bank's various business outlets. A credit card conveniently facilitates to buy goods now, avail services now or draw cash now and pay later". The development of such credit card was attributed to John C Biggins of National Bank of Brooklyn, New York, who launched a credit plan in 1946 called 'charge', which had some of the features of modern credit card.

In 1950, 'Diners club International' introduced the first Travel and Entertainment card and later in 1951, Franklin National Bank, New York issued first modern credit card, followed by a number of Banks.

The major International Credit card organisations are 'VISA', 'Masters', Japanese Credit Bureau (JCB), Diners Club International and American xpress Bank (Amex). Diners club is the first to introduce its card in India too in the year 1960 followed by Central Bank of India and Andhra Bank in 1981.

#### 1.2 .Credit card and its benefits

There are three distinct parties to credit card transactions viz.,

- Credit Card Holders
- Merchant Establishments
- Banker.

#### Benefits to card holder

- Card holder can avail credit up to 20 to 50 days.
- Card can be used anywhere at branch, ATM or merchant establishment.
- Card is globally valid
- Card holder can draw cash up to 50% of card limit
- Insurance cover up to Rs.5lacs depending on the card.
- Add on card facility to spouse/children of card holder.
- Discounts and offers from merchant establishments/banks



### Benefits to Merchant establishments

- Improves the business turnover
- Guaranteed payment through bank
- Gets advertising and promotional support
- Increase of clientele base.
- Service charges to merchant establishments

### Benefits to Bank

- Increase in business
- Increase in non-interest income/profit in the form of commission, interest charges etc.
- Cross selling of banks products and services.

### 1.3.No. Of Credit Cards Issued by All Scheduled commercial Banks in India as on 31.03.2012 to 31.03.15

| Category                             | 31.03.2012 | 31.03.2013 | 31.03.2014 | 31.03.2015 |
|--------------------------------------|------------|------------|------------|------------|
| Total cards issued by banks in India | 176,53,818 | 195,38,329 | 191,81,567 | 211,10,653 |
| SBI (highest in PSBs)                | 22,29,141  | 25,72,777  | 28,58,116  | 31,58,032  |
| HDFC (Highest in Pvt. Sector banks)  | 56,02,439  | 65,57,564  | 51,37,406  | 59,73,188  |

Source: RBI Reports, India

It is observed that the issue of credit cards during 2013-14 has shown negative growth and in 2014-15 it has shown growth rate of 10.05%. But State Bank of India has shown constant growth, whereas HDFC Bank shown negative growth during 2013-14 and shown positive growth during 2014-15.

## 2. ABOUT ANDHRA BANK

Andhra Bank was established in the year 1923, by famous freedom fighter Dr.Bhogaraju Pattabhi Seetharamaiah in Machilipatnam of Andhra Pradesh. Andhra Bank is nationalised in the year 1980, and it is having its Head Office at Hyderabad.

The total Business of the Bank as on 31.0.2014 is Rs.252,494 cr which includes deposits of Rs.141,845cr and advances of Rs.110,649 cr. Net profit of the Bank is Rs.436 cr. Bank is having 2114 branches as on 31.0.2014 spread over 25 states and 3 Union Territories as given below.

### 2.1 No. Of Cards issued by Andhra Bank as on 31.03.2012 to 31.03.2015

| Category                             | 31.03.2012 | 31.03.2013 | 31.03.2014 | 31.03.2015 |
|--------------------------------------|------------|------------|------------|------------|
| Total cards issued by banks in India | 176,53,818 | 195,38,329 | 191,81,567 | 211,10,653 |
| Andhra Bank                          | 1,20,625   | 1,25,175   | 1,32,096   | 1,42,295   |

Source: RBI Reports, India

Andhra Bank showing constant growth in issue of credit cards. During the year 2013-14, the Bank has issued 10690 new cards, Merchant business is Rs.772cr.

## 3. ANDHRA BANK CARDS

Andhra Bank is pioneer in introducing credit cards in India in 1981 in association with VISA international, the leading card service organisation. In 1987, Andhra Bank has made a tie up with Master card international for issuing of credit cards. Andhra Bank is the first to issue pictorial card, to introduce electronic data capture terminals and the only bank to issue all photo cards in the country. Andhra bank is having its apex credit card division at Hyderabad.

Andhra Bank is issuing the following cards to customers.

- VISA Platinum card,
- VISA Gold card,
- VISA Classic card
- Master Card,



- Master Card Electronic,
- Corporate Card

#### **Salient features of Andhra Bank cards**

VISA cards are globally valid. The service charges on Andhra Bank credit card is 2.50% which is lowest in the industry. Free Card lost insurance facility, roll over facility, cash advance of 50% of card limit, Insurance facilities are some of the salient features of Andhra Bank cards.

#### **4. FOCUS OF THE PROBLEM & NEED FOR THE STUDY**

The main objective of the present study is to understand whether the card holders are really satisfied with service of credit cards of Bank or not.

Andhra Bank is having good market share in India especially in Andhra Pradesh with its customer friendly products and services. Andhra Bank has to always think to sustain its position in the market against stiff competition in the banking sector as many public sector, private sector, foreign banks are operating in the plastic card market. The bank has to know the customer perception, satisfaction level and the problems facing by the credit card holders and to take appropriate action. Hence it necessitated this study.

#### **5. OBJECTIVES OF THE STUDY**

##### **5.1 Primary objective**

- To know the satisfactory levels among card holders of Andhra Bank and
- To know the problems faced by the card holders.

##### **5.2. Secondary Objective**

- To look at modes to improve credit card business by improving customer satisfaction among card holders.
- To know the overall satisfaction grading for credit card business.

#### **6. SCOPE OF THE STUDY**

In two ways context, both markets and marketing is complex. The organisation's growth and making profit depends on customer satisfaction. Keeping in this in view, the study is undertaken among the credit card holders of Andhra Bank to know the customer awareness and customer satisfaction. The study gathered information/data from Andhra bank credit card holders in tirupati. A sincere attempt was made to bring the customer feedback on the product i.e., credit card. Mainly the study looks into the user profile to check and any relevant aspects to the customer satisfaction from dimensions and brackets of age, income, and occupation of the respondents from usage at merchant establishment and credit card centres.

The Study restricts itself to Tirupati only. This may benefit the bank also to improve the customer satisfaction and enhance credit card business in Tirupati area by taking positive and customer friendly dynamic decisions both at local credit card centres and apex credit card division. The same analogies, observations and findings may also be incidentally useful and relevant at macro level credit card management of the Bank as a whole.

#### **7. RESEARCH DESIGN**

The Objective of the study is to know the customer satisfaction levels among credit card holders as fully satisfied, to some extent satisfied, not satisfied and also to know the features of the credit card. The research design specifies the method of data collection and analysis.

The present research methodology includes seven stages approach that is followed sequentially

- Determine the Problem,
- Specify the information needed,
- Identify the source of data,
- Obtain the data,
- Process the data,
- Interpret the data,
- Present the findings



### 7.1 Study Design

The study conducted would be mainly descriptive and analytical. To know the satisfactory level of credit card holders Purposive random sampling technique is used for collection of data.

### 7.2 Data Sources

Data sources are the sources from which we get the information. There are two types of data viz., primary and secondary data. Data collected through interview of customers with approved questionnaire have been used as the primary source of data. And secondary is also used wherever applicable

#### Primary Data Source

It is done with pre drafted fully structured questionnaires with a prescribed sequence of open ended, and closed ended questions, multiple choices, discriminate, rating and ranking to capture the appropriate responses from the respondents.

#### Secondary Data Source

It is through bank's profile and brochures, through personal discussion with branch managers, credit card centre etc.

#### Sampling procedure

A sample of 100 respondents belonging into different areas in Tirupati was drawn. The sample collected is divided into different groups in such a way that it would represent different categories of the people.

#### Sampling Technique

Simple random technique is used for sampling. A sampling technique in which every element of population of interest has an equal probability has been included in the sample.

#### Population

The credit card holders of Andhra Bank has been deemed as the "population of the study"

#### Sample Size

100 samples are collected for the study from credit card holders of the Andhra Bank, Tirupati

#### Period of the Study

The period of the study is 3 months duration.

#### Questionnaire Design

The questionnaire is of structured type, which consists of closed ended, open ended, multiple choice and graded type of questions to suit the study.

## 8. DATA ANALYSIS AND INTERPRETATION

The data collected through questionnaire presented before 100 credit card holders of the bank to know the customer satisfaction has been tabulated and analysed. This forms base for the whole study through findings and suggestions.

Interpretation of results is the "So What of Research". Interpretation of the results is done to bring out observations & findings during analysis and suggestions are made.

### I.PERSONAL PROFILE OF CARD HOLDERS

The Personal profile of the selected card holders is presented in the Table

| S.No. | Parameter     | Structure                      | No. of Respondents |
|-------|---------------|--------------------------------|--------------------|
| 1.    | Age           | 18-35                          | 15                 |
|       |               | 36-55                          | 65                 |
|       |               | >55                            | 20                 |
| 2.    | Education     | Non-graduates                  | 12                 |
|       |               | Graduates                      | 54                 |
|       |               | Post graduates & Professionals | 34                 |
| 3.    | Occupation    | Self employed/Business         | 25                 |
|       |               | Salaried                       | 62                 |
|       |               | Retired/dependents             | 13                 |
| 4.    | Annual Income | <Rs.1.80 lacs                  | 18                 |
|       |               | Rs.1.81- R.3.60 lacs           | 54                 |
|       |               | >Rs.3.60 lacs                  | 28                 |



## II. AWARENESS OF CARD FEATURES

Awareness of some of the features of the Andhra Bank credit cards are given below:

### II.2 Level of Awareness of credit card features

| S.No. | Parameter                     |       | Yes        | No         | Total        |
|-------|-------------------------------|-------|------------|------------|--------------|
| 1.    | Accidental Insurance Coverage | No. % | 40<br>(40) | 60<br>(60) | 100<br>(100) |
| 2.    | Cash advance Facility         | No. % | 35<br>(35) | 65<br>(65) | 100<br>(100) |
| 3.    | On line payment Facility      | No. % | 85<br>(85) | 15<br>(15) | 100<br>(100) |

It is observed that 53% of the cardholders aware of the features of the card like, accidental insurance facility, cash advance facility, online payment facility etc., and 47% of card holders are not aware of it.

## 9. LEVEL OF SATISFACTION ON CREDIT CARDS

The Satisfaction level on Credit Cards was estimated on the following aspects

- Adequacy of credit limits
- Adequacy of Credit Period
- Level of Annual Fees
- Level of Reported Service Charges/Interest
- Courteousness of staff at branches/Credit Cards Centers
- Courteousness of staff at Merchant establishment

### Level of Satisfaction of Credit Card Holders of Andhra Bank

| S.No. | Parameter   |       | Level of Satisfaction |            |            | Total        |
|-------|---|-------|-----------------------|------------|------------|--------------|
|       |   |       | Poor                  | Moderate   | High       |              |
| 1.    | Adequacy of credit limits                         | No. % | 15<br>(15)            | 25<br>(25) | 60<br>(60) | 100<br>(100) |
| 2.    | Annual Subscription                               | No. % | 20<br>(20)            | 25<br>(25) | 55<br>(55) | 100<br>(100) |
| 3.    | Adequacy of free credit period                    | No. % | 10<br>(10)            | 25<br>(25) | 65<br>(65) | 100<br>(100) |
| 4.    | Services charges/Interest                         | No. % | 45<br>(45)            | 25<br>(25) | 30<br>(30) | 100<br>(100) |
| 5.    | Courteousness of staff branch card/ centres       | No. % | 5<br>(5)              | 20<br>(20) | 75<br>(75) | 100<br>(100) |
| 6.    | Courteousness of staff at Merchant Establishments | No. % | 15<br>(15)            | 60<br>(60) | 25<br>(25) | 100<br>(100) |

## 10. FINDINGS OF THE STUDY AS PER ABOVE TABLE

Subjects of the present study are selected from credit card holders of Andhra Bank, Tirupati. A total of 100 subjects are selected from Tirupati.

- Customer satisfaction is measured using different variables. 1. Service charges (annual subscription, service charges, interest), 2.adequacy of credit (limit, period) 3.Awareness of benefits (insurance charges discounts etc. 4. Service rendered (at merchant establishments, branches, credit card centres) 5. Rating of cards.
- Is observed that most of the respondents are well satisfied with Andhra Bank credit cards and the level of satisfaction is as high as 69%.
- 20% of the respondents feel that annual subscription is high
- 45%of the respondents feel that service charges/interest is high.
- 65% of the respondents feel that free credit period is more than sufficient.
- 60% of the respondents feel that credit limit is more than sufficient.



- 60% of the respondents are not aware that there is free accident insurance facility.
- 65% of the respondents are not aware that there is cash advance facility.
- 15% of the respondents are not aware that there is online payment facility.
- 75% of the respondents are satisfied with service at branch/credit card centres.
- 25% of the respondents are satisfied with service at merchant establishments.
- 70% of the card holders are satisfied with Andhra bank cards, they rate them very high and they opinion that the cards are user friendly.
- Majority of the card holders express that they would like Andhra bank card and positively appreciate and to recommend Andhra Bank credit cards to their friends and relatives

### 11. INDEX ON SATISFACTION

If one need to express the level of satisfaction an index has to be developed including all related aspects through allotting scores. For developing the index the following related aspects are included viz., Adequacy of Credit Limit, Adequacy of Credit Period, Annual subscription fee, Reported service charges,/Interest, Courteousness of staff at Branches, credit card centres, merchant establishments are considered. Here, the level of satisfaction was estimated based on the above aspects and rank was given to them as follows,

A) less satisfied -1 , B) Moderately satisfied – 2, C) Highly satisfied -3

#### Index on Employee Job Satisfaction Level

Based on the individual score on ranks, the card holders were divided into the three categories as follows:

Less satisfied : 11 & less  
Moderately satisfied: from 12 to 16  
Highly satisfied : 17 & above

| S.No. | Level of Satisfaction | No. Of Respondents | Percentage |
|-------|-----------------------|--------------------|------------|
| 1.    | Less satisfied        | 17                 | 07.25      |
| 2.    | Moderately Satisfied  | 28                 | 24.00      |
| 3.    | Highly satisfied      | 55                 | 68.75      |
|       | Total                 | 100                | 100.00     |

As per index on customer satisfaction on Credit Cards of Andhra Bank, Majority of the respondents (69%) uttered high satisfaction. Around one forth (24%) expressed moderate satisfaction. The remaining only 7.2% expressed less satisfaction on services of Credit Cards. As per this finding the Andhra Bank is doing well on Credit Card Services and still has to concentrate on certain aspects like reducing service charge/ interest, Annual fees and improving the customer services at merchant establishments.

### 12. LIMITATIONS OF THE STUDY

- Time duration for the study is for 3 months only.
- The study is restricted to Tirupati only.
- A convenience sample is taken from Tirupati and the sample is restricted to 100 credit card holders.
- The unwilling of some respondents here and there to give required information is one of the obstacles.

### 13. SUGGESTIONS AND RECOMMENDATIOIS:

Basing on the above findings the researcher wants to make certain suggestions to Andhra Bank keeping in view of the cardholder's expectations through this study.

- Customer care should be improved at branches/credit card centres to make timely and quick service to the card holders.
- Annual subscription fee should be reviewed to lower it to attract more card users to Andhra bank credit cards.
- Other reported charges/interest also should be reviewed
- More thrust may be given to propagate certain features of the card like free accidental insurance, free credit period etc by conducting awareness camps, road shows, publicity in media addressing welcome letters to selected group people like corporate, organisations, and doctors etc., highlighting the card features.



#### **14. CONCLUSION**

Customer satisfaction plays pivotal role in sales & profit of any organisation. It plays a major role in banks also. Customer satisfaction is closely connected with service rendered by the bank. Satisfaction/dissatisfaction of the customer influences the behaviour after effecting the transaction. A satisfied customer reacts less to service charges and is prepared to pay higher for a service rendered by the bank. A satisfied customer also canvasses intentionally and unintentionally to other prospective customers. Improving customer service at credit card centres/branches, conducting publicity camps for awareness will improve the credit card portfolio of the bank.

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