

CUSTOMER SATISFACTION ON THE SERVICE RENDERED BY PRIVATE SECTOR BANKS**Dr.S.C.Vetrivel***Assistant Professor (SLG), School of Management Studies, Kongu Engineering College, Perundurai, Tamilnadu- India.***ABSTRACT**

The study is intended to identify customer satisfaction and retention is critical for banks, and investigates the major determinants of customer satisfaction and future intentions in the bank sector. This study tries to identify the determinants which include service quality dimensions service features, service problems, service recovery and products used. Because of globalization, internationalization, technical innovations, law deregulations, and market saturation, the current situation of the banking industry is changing. The intensity of competition increases due to new products and services as well as the entrance of competitors from other industries, such as the so-called non-and near-banks. Even more, the continuously growing educational standard as well as better opportunities to gather information induce enormous changes in customer behavior. Thus, competition for customers becomes more difficult and, considering the growing intensity of competition, the major banks' need for sustained competitive advantage.

Key Words: *Globalization, Competition, Market Saturation, Customer Behavior.*

1.1. INTRODUCTION

Organizations often think the way to measure customer satisfaction is to examine the number of customer complaints. The problems with this method is that it is reactive, it only responds (if at all) after the event and it does not really measure satisfaction only dissatisfaction. Monitoring complaint levels does not really tell if the customers are any more or less satisfied with the product or service. Banking in India in the modern sense originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786, and Bank of Hindustan, which started in 1770; both are now defunct. The oldest bank still in existence in India is the State Bank of India, which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955.

Despite the provisions, control and regulations of Reserve Bank of India, banks in India except the State Bank of India or SBI, continued to be owned and operated by private persons. By the 1960s, the Indian banking industry had become an important tool to facilitate the development of the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the nationalization of the banking industry. The Government of India issued an ordinance ('Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969')) and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the Government of India controlled around 91% of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19.

LIBERALIZATION IN THE 1990s

In the early 1990s, the then Narasimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global

Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, UTI Bank (since renamed Axis Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

CURRENT PERIOD

Banking in India was generally fairly mature in terms of supply, product range and reach-even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region.

With the growth in the Indian economy expected to be strong for quite some time-especially in its services sector-the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&As, takeovers, and asset sales.

In March 2006, the Reserve Bank of India allowed Warburg Pincus to increase its stake in Kotak Mahindra Bank (a private sector bank) to 10%. This is the first time an investor has been allowed to hold more than 5% in a private sector bank since the RBI announced norms in 2005 that any stake exceeding 5% in the Private Sector Banks would need to be vetted by them.

DESCRIPTION

The Indian Banking industry, which is governed by the Banking Regulation Act of India, 1949 can be broadly classified into two major categories, non-scheduled banks and scheduled banks. Scheduled banks comprise commercial banks and the co-operative banks. In terms of ownership, commercial banks can be further grouped into nationalized banks, the State Bank of India and its group banks, regional rural banks and Private Sector Banks (the old/ new domestic and foreign). These banks have over 67,000 es spread across the country.

INDIAN BANKING SECTOR OUTLOOK – 2014

Over the past couple of years, the Indian banking sector has displayed a high level of resiliency in the face of high domestic inflation, rupee depreciation and fiscal uncertainty in the US and Europe. In order to stimulate the economy and support the growth of banking sector, the Reserve Bank of India (RBI) adopted severe policy measures such as increasing the key monetary policy rates such as repo and reverse repo 16 times since April 2'009 to Oct 2011 and tightening provisioning requirements. Amidst this economic scenario, the key challenge for the Indian banking system continues in improving their operational efficiency and implement prudent risk management practices. Some of the key trends expected to emerge in the near future are as under Economic slowdown likely to impact the demand for credit.

High interest rates, subdued industrial production and domestic consumption impacted the growth of the Indian economy which slowed down from 8.4% in FY11 to 6.5% during FY12. The scheduled commercial banks' (SCBs) overall credit grew at a slower pace during FY12 at 17% y-o-y as compared to 21.5% registered during FY11. As per the recent RBI data, the non-food bank credit increased by 15.5% in Oct 2012 over its corresponding month previous year, as compared to 18.2% witnessed in Oct 2011 over its corresponding month previous year. Similarly, credit to industry and services sector recorded a slower growth of 15.2% and 13.7% respectively as against 23.1% and 18.4% during the same period. As per RBI's second quarter review of monetary policy for FY13, the GDP growth estimates for FY13 is revised downwards from 6.5% forecasted earlier to 5.8%. Any further slowdown in the Indian economic growth is likely to impact the demand for bank credit.

MOBILE BANKING, NEXT MAJOR TECHNOLOGICAL LEAP

With the adoption of technology, the Indian banking sector has undergone significant transformation from local banking to anywhere-anytime banking. Over the past couple of years, there has been huge growth registered in the number of transactions done through mobile devices.

TECHNOLOGICAL ACCOMPLISHMENTS

Private Sector Banks is one of the earliest banks in the country to achieve full networking of it's under Core Banking Solutions, offering services through multiple delivery channels. Some of the noteworthy accomplishments of Private Sector Banks Are

1. Any Banking
2. Multicity Account facilities for both current and savings bank customers.
3. Internet Banking
4. online TAX Payments through Internet Banking
5. On line utility bill payments and shopping facilities
6. On line Payment of Electricity Bill in Tamil Nadu (TNEB) through Net Banking
7. E-Commerce facilities backed with the safety of Verified by VISA
8. Mobile Banking
9. Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) facilities at all es
10. VISA and MasterCard Debit card facility with a card base of over 2 million
11. On-Line Train Ticket and Air Ticket Booking using PRIVATE SECTOR BANKSVISA Debit Card.
12. VISA enabled Gift and Travel Card
13. Payment of institutional fees through ATMs
14. Payment for air tickets (Kingfisher) through private sector banks ATMs.

REVIEW OF LITERATURE

PIJUSH CHATTOPADHYAY* DR. (SMT.) S SARALELIMATH (2012) ATM is one of the most popular delivery channels as it permits customers to do Anywhere, Anytime banking. Thus, ATM impacts the customer services and leads to better customer satisfaction.

P. Wolfersberger, "Elektronische Finanzdienstleistungen(2011) The advent of the internet is revolutionizing the financial services industry. We show that those generic customer models should include both, knowledge, e.g. about risk-affinity, attitude towards net present value and affinity towards special products, in the form of preferences, but also plain information, like age and know-how.

Santhiyavalli, G. and Sandhya, B (2010) Retail banking is an emerging sector in Indian Banking Industry. Economic prosperity and the consequent increase in purchasing power have given a fillip to a consumer boom. By using non-probability convenience sampling a survey of 180 Investors of Ahmadabad was carried out using a structured questionnaire to study consumer preference. Analysis was carried out using graphs & Chi-Square. This paper is intent to study on Customer's Preference on Retail Banking.

Bhide, M.G (2009) The present study investigates the level of awareness among the customers on the use of e-banking and their expectations from e-banking. From the findings of the study, it is inferred that the customers are satisfied with the quality of e-banking services. The customers prefer e-channels with time and cost utility which provide efficient services. Moreover, banks are uncertain about the regulatory framework for conducting e-business and taxation issues for governing cyberspace present formidable problems. Although there are some drawbacks in e-banking like complaints regarding use of ATMs.

Chakrabarty A (2008), In respect of this awareness, financial institutions of Bangladesh specially banking sectors are trying to expand their service net. And in this regard banking sector is playing a tremendous role through Retail Banking (RB). The study has revealed that during the period of 2006-2008 the sample banks have offered different types of retail products (deposits increased by 88.18%, loan products increased by 48.50%, and cards service by 21.15%) by increasing number of es by 19.28%.The authors have segmented the article into four parts Firstly an overview of RB, secondly, review of previous studies done in this area, thirdly a comparative analysis of data and its findings and finally conclusive remarks and policy implications.

Martina K. (2007) The study investigates the differences in customer preferences across the US, Germany and Russia within the financial services industry. Political and cultural factors. The study uses data obtained from a survey of a total of 600 respondents. We find that important differences and similarities in preferences across the respondents of the three countries exist. For example, trust in the institution, stability, financial conditions, and performance rank among the most important attributes in all three countries.

Uma Sekaran (2006). The various services offered by the banks can be utilized by the customers only when they are made aware of these services. The banker and customer have to know about one another. The banker has to understand the customers' needs and in the same way, the customer has to know about the various services offered by the banks. Increased level of awareness among the customers leads to increased preferences. The purpose of this study is to investigate the preference and satisfaction level of customers towards loans, deposits schemes, insurances and value added services rendered by private and public banks in Shivamogga district. The present study is to compare and analyze the customer preference and satisfaction towards banking services both private and public banks in Shivamoga district.

Rahman Ghazali (2005) This study analyses the factors considered important by customer in selection a private commercial bank and nationalized commercial bank in Bangladesh. This study relied on 30 selection factors extracted from relevant literature, personal experience, and interviews with the some bank officials and customers. The findings reveal that the most important factors influencing customers for selecting a private commercial bank are effective and efficient customer services, speed and quality services; image of the bank, online banking, and well management. On the other hand, the most important factors for choosing a nationalized commercial bank are low interest rate on loan, convenient location, safe investment, variety of services offered and low eservice charges. Findings also suggest that there are some of significant statistical differences between responses of PCB and NCB customers related to factors considered important in selection a bank.

Shajahan S (2004), Research study the impact of information technology variables on Jordanian customer preference towards Commercial Bank, which deals with, in order to encourage and assist banks to adopt a modern management and marketing philosophy which will help them to achieve their objectives and support capabilities and competitive advantages. The study recommended that banks need to keep pace with modern technological developments, which have not yet use such as providing banking services through the Internet and the future impact that will have with the increasing prevalence of this service, and increase the effectiveness of banking services based on the current information technology such as ATMs, es link, and the Visa cards.

Gonzalez, M.E et al (2003) Internet banking is becoming is increasingly becoming popular because of convenience and flexibility. The present paper explores the major factors responsible for internet banking based on respondents' perception on various internet applications. It also provides a framework of the factors which are taken to assess the internet banking perception.

OBJECTIVES OF THE STUDY

Primary Objective

To assess the relationship between the service qualities offered by Private Sector Banks and its consequences as satisfaction level among the customers.

Secondary Objectives

1. To know which service quality dimension the private sector banks is performing well and in which dimension it needs improvement.
2. To determine the attributes that influences the customers to choose ur
3. To analyze the closeness on development of technology towards customer service.
4. To find out the adequacy of facilities provided by the banks.

RESEARCH DESIGN

The Research design used here is Descriptive research design. Descriptive research designs are those studies which are concerned with describing the characteristics of a particular individual or a group.

SAMPLING METHOD

The Sampling method used here is Non-Probability Convenience Sampling method. Non-probability sampling is that sampling procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample. Convenience Sampling is that when population elements are selected for inclusion in the sample based on the access. Here the data are collected by selecting a fixed number of customers.

- Sampling Frame: All the customers of Private Sector Banks .
- Sampling Unit : Customers of Private Sector Banks .
- Sampling Area : Erode District, Tamilnadu
- Sample Size : 100 Respondents.

DATA COLLECTION METHOD

The data collection method followed here is Questionnaire method, which comes under Primary Data Collection method, which are those collected afresh and for the first time and thus to be original in character.

STATISTICAL TOOLS

The collected data were classified into suitable tabular forms for analysis and interpretation. The following statistical tool was used.

- o Chi square analysis

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF CHI SQUARE TEST AGE AND LEVEL OF SATISFACTION

- H0: There is no significant relationship between age and level of satisfaction
- H1: There is significant relationship between age and level of satisfaction.

| | Value | df | Asymp. Sig. (2-sided) |
|--|---------|----|-----------------------|
| Pearson Chi-Square | 22.888a | 8 | .004 |
| Likelihood Ratio | 20.341 | 8 | .009 |
| N of Valid Cases | 100 | | |
| a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .18. | | | |

Discussion

It is found that from the above table that the alternative hypothesis H1 is accepted since the significance value is less than 0.05.so; there is a significant relationship between level of satisfaction and age.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF CHI SQUARE TEST BETWEEN OCCUPATION AND LEVEL OF SATISFACTION

- H0: There is no significant relationship between occupation and level of satisfaction respondents.
- H1: There is significant relationship between occupation and level of satisfaction.

| | Value | df | Asymp. Sig. (2-sided) |
|---|---------|----|-----------------------|
| Pearson Chi-Square | 28.020a | 8 | .000 |
| Likelihood Ratio | 18.520 | 8 | .018 |
| N of Valid Cases | 100 | | |
| a. 10 cells (66.7%) have expected count less than 5. The minimum expected count is .18. | | | |

Discussion

It is found from the above table that the alternative hypothesis H1 is accepted since the significance value is less than 0.05.so; there is a significant relationship between level of satisfaction and occupation.

CONCLUSION

The bank should ensure that the quality of operations it offers is superior to that of the other private sector banks. Introduction of various banking products tailored to meet the needs of various segments is recommended. The effective training should be given to staffs.

If possible the bank should lower the minimum balance requirements of the savings account in order to that can attract more customers. On the basis the study that customers are happy to banking with private sector banks . They are highly satisfied with staffs conduct and support. All they need is good atmosphere equal to other sector banks. A comprehensive and prospective customer database should be maintained.

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