

LEVEL OF CUSTOMER SATISFACTION BETWEEN SBI AND PRIVATE BANKS IN KRISHNAGIRI DISTRICT, TAMILNADU, INDIA

R. Muralidharan

Ph.D Research Scholar, Department of Management and Research,
AVS College of Arts & Science, Salem

Dr. D. Suthamathi

Research Supervisor & Head, Department of Management and Research,
AVS College of Arts & Science, Salem

ABSTRACT:

Indian banking can be broadly categorized into nationalized banks (government owned), private banks and specialized banking institutions. The private sector banks continue to enjoy formidable customer's confidence, goodwill and reputation as well as friendliness that have been created significantly in the rural and semi-urban areas. The strengths of a modern-day private bank are product innovation, diversification and optimum use of Information Technology, high level of capitalization, customers focus, less Non Performing Assets and higher profit growth and a team of specialized and highly motivated personnel.

Keywords: Customer Satisfaction, Customer Service Perception, Customer Focus

INTRODUCTION:

Banking in India traces its origin to as early as the Vedic period. It is popularly believed that the transition from money lending to banking must have occurred even before Manu, the great Hindu Jurist, who devoted a section of his work to place, progress and lay down by-laws concerning to tariff of interest. At some stage in the Mughal era, the indigenous bankers contributed a very significant role in lending money and financing export business. Later, during the rule of the East India Company, it

was the turn of the agency houses to carry on the banking business. Significantly, the General Bank of India as the first Joint Stock Bank was established in the year 1786.

Indian banking can be broadly categorized into nationalized banks (government owned), private banks and specialized banking institutions. The Reserve Bank of India acts as a centralized body and monitors any discrepancy in the shortcoming of the system. It is, hence, the foremost monitoring body in the Indian financial sector.

The Reserve Bank of India and the government of India points out the importance of the supervision and regulation for healthy growth of the banking system in India as per Narasimham committee report of 1991. Further the policy of corporate governance for banks is aimed at protecting the interest of all stakeholders and in enhancing to professionalism in the functioning of banks. Against this backdrop, majority of the sectorized banks have realized the importance of customer satisfaction as a strategic tool to survive and compete in the liberalized market.

The private sector banks continue to enjoy formidable customer's confidence, goodwill and reputation as well as friendliness that have been created significantly in the rural and semi-urban areas. The strengths of a modern-day private bank are product innovation, diversification and optimum use of Information Technology, high level of

capitalization, customers focus, less Non Performing Assets and higher profit growth and a team of specialized and highly motivated personnel.

OBJECTIVES OF THE STUDY:

1. To focus the major factors that affect customer satisfaction level between State Bank of India and Private Banks in Krishnagiri District
2. To gauge the level of customer satisfaction of banking services between State Bank of India and Private Banks in Krishnagiri District

REVIEW OF LITERATURE:

Gummesson in his article “Using internal marketing to develop a new culture in Banks”, has suggested that all employee must be well attuned to the mission, goals, strategies and system of the company. A suitable customer’s services climate or thematic coherence is necessary to model a good service experience of employees who will then do many things right and do the right things to create quality services experiences for the customer

Chowdhary and Saraswat, in their study “service leadership in Banks” opined that the service customer’s presence is followed by their demands for customization and responses are to be shifted to their requirement by the frontline personnel. Any service provided to the customer can be differentiated by the service providers and it possesses some unique selling proposition

RESEARCH DESIGN AND METHODS:

The study is consisting both on primary and secondary data as well. Personal interviews have been conducted with the Branch Managers, Marketing Managers, Operations Managers of various public and private sector banks in Krishnagiri District to elicit the relevant information. Administering self-made questionnaire to the sample units generated the

primary data with regard to customer satisfaction levels of public and private sector banks. The questionnaire on a 5-point Likert scale, where 1 indicated highly dissatisfied and 5 indicated highly satisfied consisting of 28 items has been used. In the study, convenience sampling method has been used. Direct interview technique has been adopted in the process of collecting primary data. A sample 200 customers has been selected for the purpose of this study and the study was carried out for a period of three months, during the month of January, February and March 2020.

There are various statistical tools used in this study such as correlation to check the consistency of variables, split half reliability to check the reliability, Factor analysis to bring out the underlined factors and ‘Z’ test to compare the customer satisfaction level between public and private sector banks have been used. Hypotheses have been constituted. i.e., the null hypotheses (H0) and the alternate hypotheses (H1).

H0: There is no significant difference between customer satisfaction between SBI Branches and private banks in Krishnagiri District.

H1: There is a significant difference between customer satisfaction between SBI Branches and private banks in Krishnagiri District.

RESULTS AND DISCUSSION:

Consistency:

Firstly, consistency of all the items in the questionnaire was computed by applying item to total correlation methods. Under this correlation of every item with total is measured and the computed value is compared with standard value (i.e.0.2045201). If the computed value is found less than the standard value, then the whole item is dropped and termed inconsistent.

Table 1

Items	Table Value	Accepted / Dropped
Friendly Atmosphere	0.3003937	Accepted
Credit facility	0.2349520	Accepted
Confidentiality	0.2168965	Accepted
Technology	0.3524707	Accepted
Security Arrangement	0.2484997	Accepted
Loan Flexibility	0.3099946	Accepted
Prompt Service	0.2953437	Accepted
Redressed of Complaint	0.2525552	Accepted
Response of phone	0.3304231	Accepted
Setting of Bill	0.2872270	Accepted
Minimum Balance Required	0.2674990	Accepted
Documentation	0.3040620	Accepted
Bank Charges	0.2174794	Accepted
Smooth Transaction	0.2538930	Accepted
Physical Setting	0.3710037	Accepted
Information Network	0.2830931	Accepted
Corporate Image	0.3710037	Accepted
Interest Rate	0.2595420	Accepted
Innovation Service	0.2595420	Accepted
Maintenance of Record	0.3587430	Accepted
Working Hours	0.2411640	Accepted
Network of Branches	0.2559720	Accepted
Customization	0.3240213	Accepted
Standard of Quality	0.2762100	Accepted
Grouping of Service	0.0220849	Accepted
Features of Service	0.3000648	Accepted

Reliability:

To check the reliability Split half method has been applied to all the items in the questionnaire. The value of reliability has been valued as .713

Factor Analysis:

To understand the factors contributing the most towards customer satisfaction in the banking sector, factor analysis has been applied. All the 200 respondents of public and sector banks were included for the factor analysis. Items below 0.5 loading were rejected. Factor analysis resulted in 11 factors. These factors were named depending upon the contents in each of them. They are as follows:

Table 2

S.No.	Factors	Variables	Loading
1	Network	Network of Branches	0.548755
2	Innovation Services	Grouping of Service Security plaintArrangement Re- dressal of Complaint	0.842709 0.744050 0.548755
3	Access	Information Network Minimun Balance Required	0.744050 0.565898
4	Technicalities	Technology used by Bank Physical Setting	0.76h7799 0.606641
5	Behaviour	Behaviour of Bank Personnel	0.876344
6	Comfort and Image	Friendly atmosphere Documentation Corporate Image	0.713855 0.642358 0.717818
7	Performance	Response or standard of quality	0.748236 0.670708
8	Competence	Smoothtransaction Featuresofservice	0.797555 0.521673
9	Other Features	Credit Facilities Bank Charges	0.736316 0.654551
10	Service Consistency	Interest Rate	0.825536
11	Promptness	Prompt Service Working Hours	0.826640 0.530139

Comparison of Customer Satisfaction:

In Table No. 3, Z- test has been applied to check whether there is significant difference between the customer satisfaction of SBI and private banks.

Table 3

Type	Mean	S.D	Square of S.D
SBI	3.4039	0.3119	0.097313
Private Banks	3.5624	0.2569	0.065970

In Table No. 4, the value of Z is .8412 that is less than standard value. i.e. 1.96 at 5% level of significance, the null hypothesis is accepted. It means that there is no significance difference the customer satisfaction of SBI and private banks.

Table 4

Standard Error	0.1884
Z-value	0.8412

CONCLUSION:

The efficiency level of a banking sector will always depend upon how best it can deliver services to its target customers. In order to survive in the competitive environment, provide continual customer satisfaction, the providers of banking services are now required to continually improve the quality of services and technology. Before making their banking products, banks should give importance to the various factors that have been highlighted in this research, will be helpful to retain their customers, and it can be concluded that both public sector banks and private sector banks lack of thing or the other so that there is no significant difference in the overall customer satisfaction in the private and public sector banks. Hence, all such banks should aim at satisfying the customer by providing maximum features in their banking services.

REFERENCES:

- 1) Chowdhary, N. & Saraswat, B.P. (2004), "service leadership in banks, "journal of service research,
- 2) vol. 3 (2), pp. 105-123
- 3) Gummesson, E.(1987). Using internal marketing to develop a new culture in Banks, "journal of Business and International Marketing, vol. 2(3), pp. 23-28
- 4) Report of Narasimham Committee, (1991) "Banking sector reform in India". Ramadass.Rand Wilson Aruni. A, Research and Writing, MJP Publishers, Chennai. Vijayalakshmi. G. & Sivapragasam. C. Research Methods, MJP Publishers, Chennai.
- 5) American Banker (2000) Web Banks Beat Branches on Ratios, but there's No Competition. Beer Stan (2006) Customers Preference on Internet Banking Survey.
- 6) Kevin B (2001) Has dot.com Banking Peaked? ABA Banking Journal. PP: 73-75.
- 7) Boss, S, Mc Granahan, D, Mehta, A (2000) Will the Banks Control Online Banking? The McKinsey Quarterly. Jim B (2002) Online Banking by the Numbers.
- 8) Chris C (2000) Pioneer Internet-Only Bank Has a new Strategy. American Banker, PP: 1. Tom E (2001) The Economics of Online Banking. Target Marketing. February, PP: 67.
- 9) Feinman, T, Goldman, D, Wong, R., & Cooper., N (1999) Security Basics: A Whitepaper.
- 10) Financial Services Security Lab Background (2001) Security Issues and Threats. Banking Industry Technology Secretariat.
- 11) Fugazy, Danielle (2002) Banking: Online Banking: To Be or Not to Be. Web Finance.
- 12) Furash, Edward, E (1994) Payments system under siege: customers want information along with monetary transfers, non- banks are providing it. ABA Banking Journal, PP: 55.
- 13) Furst, K, Lang, WW, Nolle, DE (2000) Internet Banking: Developments and Prospects. Office of the Comptroller of the Currency.
- 14) Healy, Thomas, J (1999) Why You Should Retain Your Customers. America's Community Banker.PP: 22.