CHAPTER - 6

FINDINGS, CONCLUSION AND SUGGESTIONS
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There was a time when it was believed that the industrial revolution was the only solution to the problems of poverty, unemployment and other problems of society, now however the services sector promises to fulfill the task. Services touch the life of every person everyday whether it is in the field of food services, communication, leisure services, financial services, to name only a few. Our welfare and the welfare of our economy is now based on services. Services lie at the very hub of economic activity in any society. No wonder that services sector will be the biggest driver of new economic growth and the profit earner in the new millennium for the world in general as well as for India in particular.

Banking sector, being a very important part of service sector plays a significant role of considerable economic significance as intermediaries in mobilizing public savings and channelizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country.

After liberalization suddenly there were several players emerged in the field of services sector. As a result of that competition has intensified, now banks have competition not only from other banks but also from non-banking sectors. The growth of capital market and mutual funds houses have given customers multiple options to choose from. There are specialized shops with tailor made financial products to meet his needs that too at his doors steps. Customers have become more choosy and conscious. This throws up a challenge for banks. In such a situation it is important for banks to focus on customers’ satisfaction. It is vital for service providers to know the expectations of the customers, so that they should be able to meet it and even exceed it to provide maximum customer satisfaction. It is also very important to know the customers perceptions of services.
Many researchers have conducted studies on customer satisfaction, perceptions and expectations of customers from banking services. The name of the few scholars who made contributions in this field were to include R.M. Chidambaram and K. Alamelu, K. Ramunaaidu, Bal & Jena, Ahmad Jamal and Kamal Naser, Dash and Mahapatra, Clement, Sudhahar and Selvam, Reena Roy and D. Mahalakshmi, R. Kansal and Singh, Kirti and Anil Dutta, Lenka, Saur, and Mohapatra, Uma Sankar Mishra, Bibhuti Bhusan, Saroj Kanta Biswal and Bidhu Bhushan, Anant, A. Ramesh and B. Prabhaharan R.K. Uppal and Bishnupriya Mishra, J.U. Ahmed, Singh and Arora.

Through various studies and survey of literature, researcher has observed that earlier there was lot of criticism against the quality of customer service in the banks. Banks have taken certain measures to improve customer service. Many banks have started the process of setting up core banking solutions in order to provide their customers better services at reasonable costs. RBI has also set up many committees in order to understand the problems faced by the customers and has taken certain remedial measures to improve them. In spite of all these measures taken by banks it has been observed that at times consumer interests are not necessarily accorded full protection and their grievances are not properly attended.

A study of the Reserve Bank reports on complaints received against commercial banks, show that customers from all bank groups i.e. Public, Private and Foreign banks have complaints. The complaints have been categorized into seven broad heads viz. deposit account related, remittance / collection facility, loans / advances (General and housing loan) credit cards related, activities of direct selling agents, harassment in recovery of loans, and general others. It has also been observed that Banking Ombudsmen office have received most of the complaints from Mumbai Metropolitan region. These complaints show that customers are not satisfied with the customer service provided by the banks especially in Mumbai city. Therefore it becomes necessary to understand the expectations of the customers and to study the experienced satisfaction level of consumers from banking services and assess the reasons for the gap between expectations and experiences.
Though some of the researches, to know the expectations and experiences have been conducted in different parts of the country but no such study till date could be made in Mumbai city, from where most of the complaints have been received. Therefore the researcher has chosen to study consumer expectations and experiences with respect to banking services in Mumbai.

In order to study the expectations and experienced satisfaction level of customers from banking sector, three categories of banks viz. public sector, private sector and foreign sector banks have been selected. Three banks have been included in public sector, two in private sector and two in foreign sector.

These banks are:
- Public Sector (State Bank of India, Canara Bank, Punjab National Bank)
- Private Sector (HDFC Bank Ltd., ICICI Bank)
- Foreign Sector (HSBC Bank Ltd., Standard Chartered Bank)

The population of the study covers bank customers of all the above mentioned banks in Mumbai Metropolitan region. The type of the study is in the form of ‘ex-post-facto’ study in which the researcher tried to study expectations and experiences of the customers related to banking services without manipulating, in any way, the scenario as it stood at the time of survey. The nature of the study is sampling type enquiry, based on 500 sampled banking customers, every effort has been made to ensure that this sampling study largely proves to be representative of the population of the study.

The study has been carried out with the following main objectives:
1. To study the consumers’ expectations and their relative popularity from Banking Services
2. To study the experienced satisfaction level of consumers from Banking Services.
3. To make a comparative study between the consumer expectations and experiences of cross sections of customers in terms of banking categories. (Public, Private and Foreign sectors)
In this study, the researcher has identified the following hypotheses:

1. The customers of the commercial banks including all types of cross sections of the customers have similar expectations from the commercial banks and the relative popularity of the expectations is almost equal among them.

2. Customers including their cross sections have experienced above average level of satisfaction with regard to all the prominent expectations revealed by them while getting banking services.

For this study, the researcher collected primary data through well designed, structured and comprehensive questionnaire developed by the researcher in view of the theoretical literature and existing research findings as also the objectives of the research study. To conduct this study questionnaire was designed in such a way so that customers’ expectations as well as experiences could be studied. To know the customer’s expectations, 10 prominent expectations of customers’ from banking services were identified viz., Long operating hours, Wide product range, Call center services, No. of branches, Small opening balance, Internet banking, Transparency of charges, Security of investments, Efficient services and Courteous employees. In addition to the expectations of customers’ from banking services an effort was also made to know the level of satisfaction being experienced by them from the same criteria.

The questionnaire contained ranking question, scaling questions with three point scale, some dichotomic questions and an open-ended question.

The data so collected through the questionnaires were classified, tabulated and analyzed with the help of statistical tools such as One Sample Sign Test, Chi-square test, Spearman’s Rank Correlation Coefficient, Kendall’s Coefficient of Concordance and ANOVA. The process of analysis and hypotheses testing have been done for scheduled commercial banks as a whole and separately for public sector, private sector and foreign sector bank customers and also for cross sections of the customers such as gender, age, education and occupation as researcher felt it relevant for knowing customers’ expectations and experiences. The major findings and the overall conclusions of the study have been summarized below.
Major Findings

The major findings of this study could be narrated as follows:

1. In this study 42% of the respondents were from public sector banks, 38.4% from private sector banks and 19.6% from foreign sector banks.

2. It was good to notice that most of the respondents were interested in telling about their expectations and experiences from banking services.

3. Out of the ten expectation criteria included in the questionnaire it has been observed that all the ten criteria have different popularity among the banking customers and as per their relative popularity the criteria have been ranked as follows.

<table>
<thead>
<tr>
<th>Expectation Criteria</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security of Investments</td>
<td>1</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>2</td>
</tr>
<tr>
<td>Efficient Services</td>
<td>3</td>
</tr>
<tr>
<td>Transparency of Charges</td>
<td>4</td>
</tr>
<tr>
<td>Courteous Employees</td>
<td>5</td>
</tr>
<tr>
<td>No. of Branches</td>
<td>6</td>
</tr>
<tr>
<td>Call Centre Services</td>
<td>7</td>
</tr>
<tr>
<td>Long Operating Hours</td>
<td>8</td>
</tr>
<tr>
<td>Small Opening Balance</td>
<td>9</td>
</tr>
<tr>
<td>Wide Product Range</td>
<td>10</td>
</tr>
</tbody>
</table>

4. The relative popularity of the expectation criteria among all the customers, and also among their cross sections in terms of gender, age, education and occupation was found significantly similar. No significant difference has been noticed between the ranks assigned by them to the expectation criteria.

5. All the three sectors of the bank customers expressed their high degree of satisfaction (80 to 90%) for security measures of their banks. The difference between the public sector, private sector and foreign sector bank customers regarding their satisfaction level for security measures were only due to sampling fluctuations.
6. It was found that 80% of the banking customers accepted that banks were providing Internet/Telephone banking facilities to the customers. However the acceptance percentage of the customers in the case of foreign banks was 100% followed by private sector banks (91%) and thereafter of the public sector banks (60%). In other words, the percentage of acceptance of the customers of public sector banks was below the overall percentage of acceptance of all the customers.

Further, the cross sections of the customers on the basis of gender, age, education and occupation also revealed the same trend, i.e. the percentage of acceptance were found above average, in the case of private sector and foreign sector bank customers while it was found below average in the case of public sector bank customers.

Moreover the acceptance level for Internet/telephone banking services in case of foreign banks was found similar in all the categories of cross sections of customers, while in the case of private sector and public sector bank customers acceptance level was found higher in male customers as compared to female customers; less than average level of acceptance in the case of customers of 36-55 age group and above 55 age group; in the case of undergraduate customers and in the case of students and housewives from their corresponding overall average of their corresponding groups.

7. 79% of the banking customers liked to be provided with Internet/Telephone banking services. However in the case of foreign sector banks, the percentage of the customers who liked to be provided with Internet/telephone banking services was highest (88%) followed by private sector banks (86%) and thereafter of the public sector banks (67%)

Further, the cross sections of the customers on the basis of gender, age, education and occupation also revealed the same trend, i.e. the percentage of the customers who like to be provided with Internet/telephone banking services were found above average, in the case of foreign sector and private sector bank customers while it was found below average in the case of public sector bank customers.
In case of public sector banks the percentage of the customers who like to be provided with Internet/Telephone banking services was found higher in male customers as compared to the female customers; less than average level of percentage in the case of customers of above 55 age group; in the case of undergraduate customers and in the case of students and housewives from their corresponding overall average of their corresponding groups.

In case of private sector banks, the percentage of the customers who liked to be provided with Internet/Telephone banking services was found higher in male customers as compared to the female customers; less than average level of percentage in the case of customers of 36-55 age group and above 55 age group; in the case of undergraduate customers and in the case of students, housewives and business persons from their corresponding overall average of their corresponding groups.

Similarly, in case of foreign sector banks the percentage of the customers who liked to be provided with Internet/Telephone banking services was found higher in male customers as compared to the female customers; less than average level of percentage in the case of customers of above 55 age group; in the case of undergraduate customers and in the case of students, housewives and business persons from their corresponding overall average of their corresponding groups.

8. No differences were noticed in the level of customers’ satisfaction regarding efficiency of the bank employees of three sectors of the banks viz., public, private and foreign. The average score of all the customers of the banks was 2.40 on a 3 point scale which indicates 80% of the maximum level of satisfaction of the customers.

9. It was found that the level of customers’ satisfaction regarding promptness of the bank employees of the commercial banks under study had above average level of satisfaction and the level of satisfaction did not differ among the various categories of the banks and also among the different cross sections of the customers.
10. All the three sectors of the bank customers expressed their high level of satisfaction (75% to 85%) regarding knowledge of the bank employees of their banks. The level of satisfaction did not differ among the various categories of the banks and also among the different cross sections of the customers.

11. It was found that in case of foreign banks 75% of the banking customers accepted that their bank provide their services at the time they promise to do so. While in case of Private sector banks 66% of the banking customers accepted that their banks provide timely services followed by Public sector banks (48%). In other words the percentage of acceptance of the customers of public sector banks was below the overall percentage of acceptance of all the customers.

Further, the cross sections of the customers on the basis of gender, age, education and occupation also revealed the same trend, i.e. the percentage of acceptance were found above average, in the case of private sector and foreign sector bank customers while it was found below average in the case of public sector bank customers.

In case of public sector banks the percentage of acceptance for timely services was found higher in female customers as compared to the male customers; less than average level of percentage in the case of customers of 18-35 years and 36-55 years age group; in the case of postgraduate customers and in the case of professionals and students from their corresponding overall average of their corresponding groups.

In case of private sector banks the percentage of acceptance for timely services was found higher in female customers as compared to the male customers; less than average level of percentage in the case of customers of (36-55) years age group and above 55 age group; in the case of postgraduate customers and in the case of business persons from their corresponding overall average of their corresponding groups.
Similarly in case of foreign sector banks the percentage of acceptance for timely services was found higher in female customers as compared to the male customers; less than average level of percentage in the case of customers of 18-35 age group; in the case of graduate and postgraduate customers and in the case of students and business persons from their corresponding overall average of their corresponding groups.

12. It was found that in case of foreign banks 72% of the customers accepted that their bank levy charges beyond a stipulated number of transactions. While in case of private sector banks 51% of the banking customers accepted that their banks levy charges beyond a stipulated number of transactions followed by Public sector banks (38%). In other words the percentage of acceptance of the customers of public sector banks was below the overall percentage of acceptance of all the customers.

Further, the cross sections of the customers on the basis of gender, age, education and occupation also revealed the same trend, i.e. the percentage of acceptance were found above average in the case of private sector and foreign sector bank customers while it was found below average in the case of public sector bank customers.

In all the three sectors of the banks i.e. public, private and foreign sectors the percentage of acceptance for charges levied by banks beyond a stipulated number of transactions was found higher in male customers as compared to female customers; less than average level of percentage in the case of customers of 18-35 age group; in the case of undergraduate customers and in the case of students and housewives from their corresponding overall average of their corresponding groups.

13. The level of customers’ satisfaction regarding cost charges of the commercial banks under study have above average level of satisfaction and the level of satisfaction does not differ among the various categories of the banks and also among the different cross sections of the customers.
14. The customers’ of all the three sectors of the banks showed 79.6% of overall level of satisfaction regarding politeness of bank employees. The level of satisfaction did not differ among the various categories of the banks and also among the different cross sections of the customers.

15. The customers’ of all the three sectors of the banks showed 74% of overall level of satisfaction regarding concern of bank employees. The level of satisfaction did not differ among the various categories of the banks but it has been observed that among the different cross sections of the customers, age wise group shows significant differences.

16. No differences were noticed in the level of customers’ satisfaction regarding number of bank branches of three sectors of the banks viz., public, private and foreign. The average score of all the customers of the banks was 2.39 on a 3 point scale which indicates 79.6% of the maximum level of satisfaction of the customers.

17. All the three sectors of the bank customers expressed their high level of satisfaction, regarding call centers of their banks. The level of satisfaction does not differ among the various categories of the banks and also among the different cross sections of the customers.

18. In case of private sector banks, the customer satisfaction regarding operating hours of the banks was 86%, followed by foreign sector banks (77%) and thereafter of the Public sector banks (60%). In other words the percentage of satisfaction of public sector banks was below overall percentage of satisfaction of all the customers.

Further the cross sections of the customers on the basis of gender, age, education and occupation also revealed the same trend i.e., the percentage of satisfaction was found above average in the case of private sector and foreign sector bank customers while it was found below average in the case of public sector bank customers.

In case of public sector banks satisfaction level with regard to the operating hours of banks was found higher in female customers as compared to the
male customers; less than average level of satisfaction in the case of customers of 18-35 age group; in the case of graduate and postgraduate customers and in the case of professionals and students from their corresponding overall average of their corresponding groups.

In case of private sector banks satisfaction level with regard to the operating hours of the banks was found higher in female customers as compared to male customers; less than average level of satisfaction in the case of 36-55 age group customers and in the case of students and housewives from their corresponding overall average of their corresponding groups.

While in case of foreign sector banks satisfaction level with regard to the operating hours of the banks was found higher in male customers as compared to female customers; less than average level of satisfaction in the case of 36-55 age group customers and above 55 age group customers; in the case of postgraduate customers and in the case of housewives from their corresponding overall average of their corresponding groups.

The customer satisfaction regarding opening balance of the banks in case of private sector banks was 88% followed by public sector banks (78.3%) and thereafter of the foreign sector banks (57.6%). In other words the satisfaction level of foreign sector bank customers with regard to the opening balance of the banks was below overall percentage of satisfaction of all the customers.

No differences were noticed in the level of customers’ satisfaction regarding number of products offered by the three sectors of the banks viz., public, private and foreign and also no differences were observed among various cross sections of the customers. The average score of all the customers of the banks was 2.39 on a 3 point scale which indicates 79.6% of the maximum level of satisfaction of the customers.

40.20% of the sampled bank customers had complaints and the percentage of customers having complaints were found above overall percentage in case of foreign sector banks (42.86%) and private sector banks (40.63%) while it was found below average in the case of public sector banks (38.57%).
It was found that the relative seriousness of the complaints were unequal. The complaints were mainly related to credit cards and loans/advances and the least no. of complaints were related to harassment in recovery of loans.

22. All the three sectors of the bank customers expressed their high level of satisfaction regarding overall services provided by their banks. The level of satisfaction did not differ among the various categories of the banks and also among the different cross sections of the customers.

Overall Conclusion

Hypotheses Viewed as per the Analysis

On the basis of analysis and findings, the researcher could conclude as follows:

(i) The different expectation criteria (Security of Investments, Internet / Telephone Banking, Efficient Services, Transparency of Charges, Courteous Employees, No. of Branches, Call Centre Services, Long Operating Hours, Small Opening Balance, Wide Product Range) were not found equally popular. In another words their relative popularity differed rank wise for all the banking customers as a whole. The different cross sections of the customers did not show much variation from the overall ranking of all the expectation criteria. Security of investments was found the most popular expectation criterion while the least popularity was in the case of wide product range. As per this finding the first broader hypotheses of the study which related to enjoying equal popularity of all the expectation criteria gets rejected

(ii) By and large, the level of experienced satisfaction of customers from banking services was found above average, i.e. more than 65% on a 3 point scale. The level of satisfaction among the cross sections of the banking customers was not found different from the level of satisfaction of all the banking customers. As such, the second hypotheses which state that ‘banking customers including their cross sections have experienced above average level of satisfaction with regard to all the prominent expectations revealed by them while getting banking services’ stood accepted.
Suggestions

Though the level of satisfaction was found above average as per our benchmark, yet as per the responses to the researcher’s open ended question the following suggestions could be considered for still enhancing the level of satisfaction and for making banking services more effective.

- Synergy need to be developed between call centers and branches in order to avoid duplicacy of work and it will also help in timely addressing the problem of customers.
- There should be more service desks in branches to avoid long queues for transaction.
- Banks should be more proactive in giving information regarding any banking product. Banks should act as customer friendly service provider and as a financial advisor.
- In case of public sector banks front-end staff should not be ‘cold’ and ‘mechanical’ but must carry an individual dimension displaying personalized uniqueness, relevance and accuracy.
- First and foremost, bank staff and sales force must orient their mindset to become ‘customer-centric’. This change can be brought about, through interactive training sessions, workshops, counseling, proper reward system, etc.
- Direct selling agents should have basic knowledge of banking products and range of distribution channels.
- All the information related to customers such as phone numbers, email id, fax etc. should be with banks so that in case of any discrepancy, customers can be contacted immediately and it will help banks in providing timely services to them.
- Information related to no frill account should be communicated to the customers.
- The bank must educate the customers for the credit card as an opportunity for deferring immediate payments and purchases without cash payments. Bank
should educate its customers related to the benefits as well as penalty and charges, so that customer can enjoy this service.

- Banks should ensure full transparency to the customers in levying various fees/service charges and penalty.

- In case of loans and advances related issues banks should be very transparent and keep informed to the customers regarding changes in interest or base rate. In case of any confiscation action or recovery of payments customers must be informed and given a warning without damaging the social image of the borrower.

- Customers recommend public sector banks to provide hassle-free loans.

- Customers suggest foreign banks to reduce minimum opening balance.

Customer experiences play a pivotal role in satisfying customers. Customer experience is a way to meet and exceed the expectation of end customers through all channels of interaction. This leads to increased advocacy and referrals for the bank and ultimately profitable revenue growth. Customers expect their banks to understand their financial need and the way they would like to bank. The customer continues to expect outstanding service, customized product, anytime-anywhere access to their money, real time update and alerts of transaction across all channels. Customer satisfaction depends on how well banks perform on these factors. As the analysis and findings of this study show that, customers of all the sectors of the banks have experienced above average level of satisfaction, however those who will continue the journey of continuous improvement of customer experiences will be the winners. As aptly stated by Gary Hamel “Simply catching up to where others have been is necessary to stay in the game, but the winners will be those who have the ability to invent fundamentally new games”