CHAPTER-VII
CUSTOMER SATISFACTION TOWARDS BANKING SERVICES

Introduction

Satisfaction means the positive assessment of the service. It also means contentment/happiness/relief, achieving aims, happy with outcome. Customers are the lifeblood of banking industry and success of bank is mainly depends on them. Due to the introduction of LPG and IT Act of 2000, the scope of the market has enhanced customer’s expectations from the service industry like a bank. Therefore, in the present market driven era only those banks that are efficient in rendering customer desired services will survive. Customers always demand value for their money and expect more from the sellers. Therefore, with better understanding of customers’ perception, banker can determine the actions required in meeting their needs. They can identify their own strength and weaknesses in satisfying the customers and plan for future progress and improvement in their business. Every aspect of the bank’s functioning would have to be governed by the quality principles. As competition increases, quality will become the only true differentiator in services. The relationship between the banker and customer must be permanent and enduring one, which needs to be maintained with a good quality services. Thus, service quality has emerged as a key strategy to be adopted by the banker because service quality does not impact only on the customer decision making process, but also influences customer satisfaction, purchase retention, loyalty and business survival. In bank marketing, existence of the bank has no value or very little value without the existence of the customer. The key task of the bank is not only to create and win more and more customers but also to retain them through effective customer services because the level of customer satisfaction is not static one, it is vary with their changing level of standard. It also changes as per different customer segments, their attitudes as well as their life styles.
In bank marketing concept bankers have to focus in ascertaining customers’ needs and satisfy them protecting their own market share. Because there are so many players in the market to provide the most value added and efficient services to satisfy the customers. Satisfied customers possibly share their experience only with five or six people while dissatisfied clients might inform another ten. Similarly, it cost 25 per cent more to recruit new customers than to maintain existing customers. Therefore, bankers must try to retain their existing customers simultaneously with the process of adding new customer base in their business areas. New generation banks have become pioneer in providing quick and quality services to satisfy the customer. Therefore, due to the tough competition between the different banking groups, it becomes imperative for the researcher to study the performance of banks in providing quality services to the customer and to analyze the level of customers’ satisfaction.

**Analysis of Customer Satisfaction**

Customers of the banks are not from the homogeneous class but they come from varying socio-economic and cultural backgrounds. In a similar way, perception of the quality of banking services provided will also differ from customer to customer and even for the same customer at different points of time, depending on the mood and mindset. The bank marketing considers that the banking institutions must involve themselves to a great extent in the complex study of the customer’s income level, lifestyle, financial situations, market positions, etc. They must try to influence their behavior and then communicate properly in order to know their preferences and demands. Banking services cater the need of all categories of customers including individuals, small business, students group, women entrepreneurs and corporate customers.
Table 7.1: Demographic Profile of the Respondents

<table>
<thead>
<tr>
<th>Factors</th>
<th>Frequency</th>
<th>Frequency in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>186</td>
<td>62</td>
</tr>
<tr>
<td>Female</td>
<td>114</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below 25</td>
<td>54</td>
<td>18</td>
</tr>
<tr>
<td>26-35</td>
<td>84</td>
<td>28</td>
</tr>
<tr>
<td>36-45</td>
<td>93</td>
<td>31</td>
</tr>
<tr>
<td>Above 45</td>
<td>69</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>156</td>
<td>52</td>
</tr>
<tr>
<td>Unmarried</td>
<td>132</td>
<td>44</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td><strong>Monthly Income (₹)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upto 10000</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>10001-15000</td>
<td>111</td>
<td>37</td>
</tr>
<tr>
<td>15001-20000</td>
<td>78</td>
<td>26</td>
</tr>
<tr>
<td>20000 and Above</td>
<td>36</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under Graduate</td>
<td>72</td>
<td>24</td>
</tr>
<tr>
<td>Graduate</td>
<td>90</td>
<td>30</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Other</td>
<td>63</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
<tr>
<td><strong>Nature of Employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Employment</td>
<td>84</td>
<td>28</td>
</tr>
<tr>
<td>Service Related Work</td>
<td>105</td>
<td>35</td>
</tr>
<tr>
<td>Professional</td>
<td>81</td>
<td>27</td>
</tr>
<tr>
<td>Others</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field Survey*

Table 7.1 shows that among the 300 respondents, 62 per cent were male and 28 per cent female. Further, 18 per cent were in age group of below 25 years, 31 per cent in the age group of 26 to 35, 28 per cent in the age group of 36 to 45 and 23 per cent were in the age group of 45 years and above. Besides, 52 per cent were married, 44 per cent were single and only 4 per cent consisted of others. The survey shows that 25 per cent of the respondents come under the income group of below ₹10,000, 37 per cent
are in the group of ₹10,001 to ₹15,000, 26 per cent lies in between ₹15,001 to ₹20,000 and only 12 per cent in the group of above ₹20,000. Similarly, the educational level shows that 24 per cent of the respondents are under-graduate, 30 per cent graduate, 25 per cent post graduates and 21 per cent comprise others. Further, in employment status, 28 per cent are self employed, 35 per cent are engaged in service related work, and 27 per cent are professional and 10 per cent in other jobs. An attempt was made to find out in what extent the customers are satisfied with the services offered by the banks. Increase in the quality of services provided by the banks, increases the satisfaction level of customer.

**Convenience Factor**

This is one of the most important attributes which determines the customer’s satisfaction level regarding banking services. Since the customers are purchase the products and services to satisfy their needs and wants, banks have to understand the nature of their needs and wants, in order to ascertain the kind benefits customers expect to receive. To make the services more and more convenient to the extent it is possible; banker should reach to the doorsteps of the customers, by locating their branches at a suitable point. To measure customers’ satisfaction regarding convenient factor, it is necessary to know, how successful the organization is at providing services to the market place.

**Table 7.2: Satisfaction Level of Customer in Banks Regarding Convenience Factor**

<table>
<thead>
<tr>
<th>Convension Factor</th>
<th>Level of Satisfaction</th>
<th>Expected Mean</th>
<th>Observed Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procedure of Opening of an Account</td>
<td>HS 129 S 72 M 48 US 30 HUS 21</td>
<td>3 3.86</td>
<td></td>
</tr>
<tr>
<td>System of Depositing Cash</td>
<td>HS 114 S 90 M 54 US 30 HUS 12</td>
<td>3 3.88</td>
<td></td>
</tr>
<tr>
<td>Working Hours of Bank</td>
<td>HS 135 S 75 M 27 US 36 HUS 27</td>
<td>3 3.85</td>
<td></td>
</tr>
<tr>
<td>Location of Branches</td>
<td>HS 75 S 111 M 60 US 39 HUS 15</td>
<td>3 3.64</td>
<td></td>
</tr>
<tr>
<td>Procedure to Apply for Loans</td>
<td>HS 66 S 75 M 60 US 66 HUS 33</td>
<td>3 3.25</td>
<td></td>
</tr>
<tr>
<td>System to Repay Loans</td>
<td>HS 60 S 75 M 81 US 54 HUS 30</td>
<td>3 3.27</td>
<td></td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>HS 579 S 498 M 330 US 255 HUS 138</td>
<td>3 3.63</td>
<td></td>
</tr>
</tbody>
</table>


Table 7.2 depicts that observed mean for all six factors, Procedure of opening of an account, System of depositing cash, Working hours of bank, Location of branch,
Procedure to apply for loan, System to repay loans, is higher (i.e. 3.86, 3.88, 3.85, 3.64, 3.25, 3.27) than expected mean. (3) Further, the result of overall satisfaction level also shows that observed mean is higher (3.63) than expected mean (3) and therefore, it can be inferred that customers are satisfied towards convenience factors of banks.

Cost Factor

This is the most critical factor that affects the satisfaction level of customer. There are 7 items in the cost factor which have been considered for study. Among the different kinds of benefits that people expect to get while buying goods and services includes, good returns for their investment, novelty, availability and ease of use, etc.

Table 7.3: Satisfaction Level of Customer in Banks Regarding Cost Factor

<table>
<thead>
<tr>
<th>Cost factor</th>
<th>Level of Satisfaction</th>
<th>Expected Mean</th>
<th>Observed Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HS</td>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>Rate of return on SB A/c.</td>
<td>30</td>
<td>45</td>
<td>42</td>
</tr>
<tr>
<td>Rate of return on FD A/c.</td>
<td>39</td>
<td>51</td>
<td>60</td>
</tr>
<tr>
<td>Processing Charges on Loans</td>
<td>66</td>
<td>75</td>
<td>60</td>
</tr>
<tr>
<td>Interest on New Deposit Schemes</td>
<td>57</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>Fees for Collecting Outside Cheque</td>
<td>75</td>
<td>90</td>
<td>60</td>
</tr>
<tr>
<td>Charges on Other Services</td>
<td>87</td>
<td>60</td>
<td>54</td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>60</td>
<td>69</td>
<td>63</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>414</td>
<td>450</td>
<td>414</td>
</tr>
</tbody>
</table>

Source: Field Survey Result. HS; Highly Satisfied, S; Satisfied, M; Moderate, US; Un-Satisfied, HUS; Highly Un-Satisfied.
Table 7.3 depicts that observed mean of Rate of return on savings bank account and Rate of return on fixed deposits account is lesser (i.e. 2.44 and 2.70 respectively) than expected mean that is 3. So, it is clear that customers are not satisfied with these two types of services provided by the banker under cost factor. On the other hand, regarding processing charges on loans, Interest on new deposit schemes, Fees for collecting outside cheques, Charges on other services, etc., observed mean is higher than (i.e. 3.25, 3.07, 3.48, 3.32, 3.03) the expected mean (3) and therefore, it can be inferred that customers are satisfied towards the above mentioned services provided by the banker under cost factor.

Facility Factor

This is one of the prime factors in which highest level of customer satisfaction lies. Attributes of customer satisfaction can be summarized with different facilities like service quality, keeping delivery commitments, price responsiveness, overall communication, accessibility, attitude and ability to solve complaint and problems.
Table 7.4: Satisfaction Level of Customer in Banks Regarding Facility Factor

<table>
<thead>
<tr>
<th>Facility factor</th>
<th>Level of Satisfaction</th>
<th>Expected Mean</th>
<th>Observed Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HS</td>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>Loan Facility</td>
<td>111</td>
<td>78</td>
<td>48</td>
</tr>
<tr>
<td>O/D Facility</td>
<td>123</td>
<td>84</td>
<td>60</td>
</tr>
<tr>
<td>Cash Credit</td>
<td>75</td>
<td>66</td>
<td>63</td>
</tr>
<tr>
<td>Travelers Cheques</td>
<td>63</td>
<td>66</td>
<td>60</td>
</tr>
<tr>
<td>ATM</td>
<td>183</td>
<td>45</td>
<td>48</td>
</tr>
<tr>
<td>New Deposit Schemes</td>
<td>177</td>
<td>42</td>
<td>51</td>
</tr>
<tr>
<td>Mobile Banking</td>
<td>39</td>
<td>51</td>
<td>60</td>
</tr>
<tr>
<td>Credit Card</td>
<td>120</td>
<td>66</td>
<td>51</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>57</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>(WUMT)</td>
<td>30</td>
<td>45</td>
<td>42</td>
</tr>
<tr>
<td>RTGS</td>
<td>39</td>
<td>51</td>
<td>60</td>
</tr>
<tr>
<td>EFT</td>
<td>51</td>
<td>54</td>
<td>60</td>
</tr>
<tr>
<td>Demat Account</td>
<td>57</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>Safe Custody</td>
<td>165</td>
<td>60</td>
<td>63</td>
</tr>
<tr>
<td>Mutual Fund</td>
<td>66</td>
<td>45</td>
<td>51</td>
</tr>
<tr>
<td>Telephone Bills</td>
<td>75</td>
<td>57</td>
<td>60</td>
</tr>
<tr>
<td>Overall Satisfaction</td>
<td>1431</td>
<td>930</td>
<td>897</td>
</tr>
</tbody>
</table>


It is evident from table 7.4 that observed mean of Loan facility, Overdraft facility, Cash credit facility, Travelers cheques, ATM facility, New deposit schemes, Credit cards, Internet banking, Safe custody and Telephone bills, etc., is higher (i.e. 3.73, 3.96, 3.29, 3.10, 4.23, 4.17, 3.57, 3.07, 4.29, 3.17 respectively) than the expected mean (3). So, the study reveals that customers are satisfied with the above mentioned services provided by the banker under facility factor. On the contrary, observed mean of few services like Mobile banking, Western union money transfer, Real time gross settlement, Electronic fund transfers, Demat account and Mutual fund, etc., is lesser (i.e. 2.70, 2.44, 2.70, 2.87, 2.91, and 2.91 ) than expected mean (3). Therefore, it is inferred that customers are not satisfied with these above cited services provided by the banker under the facility factor. But again the observed mean of overall satisfaction
level is quite satisfactory (3.33), which is more than expected mean (3). So, it can be inferred that customers are satisfied with banking services provided by banker.

**General Factor**

As customers have become better educated, they always expect innovative type of services, better and more reliable delivery, as well as more responsive services. Customers’ expectations and needs for services have substantially increased. Therefore, in consequences to improve competiveness, banks have to understand the need of the hour and essential to concentrate towards efficient services, speed of transaction, friendliness of bank personnel, modernizations, communication, confidential of banks, etc.

| Table 7.5: Satisfaction Level of Customer in Banks Regarding General Factor |
|---------------------------------|-------------|-------|-------|-------|-------|
| General factor                  | Level of Satisfaction | Expected Mean | Observed Mean |
|                                 | HS | S      | M      | US   | HUS   |
| **Courtesy at the Counter**     | 51 | 60     | 63     | 66   | 20    | 3     | 2.92 |
| **Promptness in Transactions**  | 63 | 57     | 60     | 63   | 57    | 3     | 3.02 |
| **Prompt Redressal of Grievances** | 66 | 54     | 75     | 57   | 48    | 3     | 3.11 |
| **Modernization**               | 90 | 75     | 60     | 39   | 36    | 3     | 3.48 |
| **Communication**               | 87 | 82     | 57     | 48   | 36    | 3     | 3.42 |
| **Providing Guidance**          | 75 | 60     | 57     | 60   | 48    | 3     | 3.18 |
| **Overall Satisfaction**        | 432| 388    | 372    | 333  | 245   | 3     | 3.19 |

*Source: Field Survey Result.* HS; Highly Satisfied, S; Satisfied, M; Moderate, US; Un-Satisfied, HUS; Highly Un-Satisfied.
Table 7.5 indicates that customers are not satisfied with the most important bank’s service that is ‘Courtesy at the counter’ because observed mean is lesser (2.92) than expected mean (3). But for the rest of the services under general factor such as Promptness in transactions, Prompt redressal of grievances, Modernization, Communication and Providing guidance to customer, etc., the observed mean is higher (i.e. 3.02, 3.11, 3.48, 3.42, 3.18, etc.) than the expected mean (3). And therefore, it is clear that customers are satisfied with the above mentioned services provided by the banker under the general factor. Further, the result of overall satisfaction level is also quite good with the observed mean of 3.19 which is more than expected mean (3).

All these factors (facility, cost, convenient and general), significantly affects the level of customer satisfaction with regards to banking services and will be of concern to both bankers and customers. Therefore, banking institutions have to maintain the highest satisfaction level of the customer to preserve their market share. Organizations need to concentrate in retaining existing customers while targeting new customers. As a
service oriented business, image is a central factor in a bank’s effort to differentiate themselves from competitors. Generally, the way how services are made available to customers helps to create the image of the particular institution in the minds of the customers. This image is reflected in the customer’s perceptions and feelings about the services offered by banks. Few banks are lagging behind in introduction of modern customized services such as investment, tax advisory services, cash management services, KYC technique, etc. Performance of EFT, RTGS, and mobile banking services is also very poor. Modern technology and face to face communication is vital for the banks to win over the customers.