A). BOOKS, THESES and ARTICLES:


• Mathur, K. B. L. (2002). Public Sector Banks In India- Should They Be Privatized?. *Economic and Political Weekly*, 37(23), 2245-2256.


**B). REPORTS/SURVEY/OTHER OFFICIAL PUBLICATIONS:**


C). JOURNALS/PUBLICATIONS/PERIODICALS/NEWSPAPERS/MAGAZINES:

- *Academy of Marketing Science Review*.
- *Banking Annual*.
- Banking Finance.
- Business and Economy.
- Business India.
- Business Perspectives.
- Business Today.
- Business World.
- Capital Market.
- Chartered Financial Analyst.
- Decision.
- E-Business.
- Economic and Political Weekly.
- Educational and Psychological Measurement.
- Emerging Perspectives in Services Marketing.
- European Journal of Marketing.
- European Journal of Operational Research.
- Finance India.
- Frontline.
- Global Business Review.
- Harvard Business Review.
- Indian Economic Panorama.
- Indian Journal of Accounting.
- Indian Journal of Marketing.
- Indian Management.
- International Journal of Bank Marketing.
- International Journal of Hospitality Management.
• Journal Multivariate Behavioral Research.
• Journal of Accounting and Finance.
• Journal of Advertising Research.
• Journal of Bank Research.
• Journal of Banking and Finance.
• Journal of Consumer Research.
• Journal of Emerging Market Finance.
• Journal of Indian Institute of Banker.
• Journal of Marketing.
• Journal of Marketing Research.
• Journal of Retailing.
• Journal of Service Research.
• Journal of Services Marketing.
• Journal of Social Sciences.
• Management Decision.
• Managing Service Quality.
• Marketing Mastermind.
• Marketing Science.
• Modern Management.
• Monthly Commentary on Indian Economic Condition.
• Outlook Business.
• Prabandhan: Indian Journal of Management.
• Psychometrika.
• Slone Management Review.
• Southern Economist.
• *The Assam Tribune.*
• *The Banking Finance.*
• *The Business Line.*
• *The Business Review.*
• *The Business Standard.*
• *The Chartered Accountant.*
• *The Economic Times.*
• *The Financial Express.*
• *The Hindu.*
• *The ICFAI Journal of Services Marketing.*
• *The Indian Journal of Commerce.*
• *The International Journal of Bank Marketing.*
• *The International Journal of Bank Marketing.*
• *The Journal of Banking, Information Technology and Management.*
• *The Journal of Indian Institute of Bankers.*
• *The Management Accountant.*
• *The Times of India.*
• *Vikalpa.*
• *Vinimaya.*

**D). WEBSTES:**

• http://www.hailakandinic.in, accessed on 20th January 2010.
• http://www.irma.ac.in, accessed on 4th January 2011.
• http://www.karimganjnic.in, accessed on 16th September 2009.
• http://sbinfocanada.about.com/cs/marketing/g/custserv.htm, accessed on 18\textsuperscript{th} January 2011.
• http://www.answers.com/service%20charge, accessed on 9\textsuperscript{th} March 2010.
• http://www.booksites.net/download/chadwickbeech/Glossary.htm, accessed on 3\textsuperscript{rd} January 2011.
• http://www.consumercourt.netfirms.com/consumercourtCPA.htm#who, accessed on 28\textsuperscript{th} September 2009.
• http://www.economictimes.com, accessed on 7\textsuperscript{th} September 2010.
• http://www.essays.se/about/banking+services+and+customer+satisfaction/, accessed on 10\textsuperscript{th} December 2010.
• http://www.forum.nokia.com/main/resources/user_experience/quality, accessed on 30\textsuperscript{th} November 2010.
• http://www.ibef.org/economy/services.aspx, accessed on 21\textsuperscript{th} January 2010.
• http://www.ingentaconnect.com/content, accessed on 09th October 2010.
• http://www.thefreedictionary.com/price, accessed on 11\textsuperscript{th} November 2009.
• http://www.thehindu.com, accessed on 13\textsuperscript{th} February 2010.
• http://www.wbconsumers.nic.in/cpa-detail.htm, accessed on 8\textsuperscript{th} January 2008.
Dear Sir/ Madam,

I am a research scholar pursuing Ph. D program in the Department of Business Administration, Assam University, Silchar, in the area of Customer Services and Satisfaction in the Banks Operating in Barak Valley. The study aims at understanding the services rendered by the banks and satisfaction level of the customer from those banking services. The research is purely for academic perspectives. I fully understand that your time is precious and valuable, but would sincerely be appreciated if you can kindly respond to the questionnaire enclosed. I am sure that your contribution to this study will go a long way in shaping the service industry in our country in right direction. Further, information furnished by you would strictly be kept confidential and exclusively be used for academic purpose.

Yours sincerely

N. Biswas

PERSONAL INFORMATION : (Please put tick mark (√) in the right-side box).

1. Name of the customer: __________________________________________________________

2. Age: □ Below 20 yrs □ 21 to 30 yrs □ 31 to 40 yrs □ 41 to 50 yrs □ 51 to 60 yrs □ 61 and above □

3. Gender: □ Male □ Female

4. Educational Qualification: □ Under Matriculation □ HSLC □ Higher Secondary □ Graduate □ Post-graduate □ Doctorate □

5. Occupation: □ Business □ Govt. Service □ Private Service □ Agriculture □

6. Monthly income level: □ Below Rs. 10,000 □ Rs. 10,001 to 20,000 □ Rs. 20,001 to 30,000 □ 30,001 and above □
**BANK RELATED INFORMATION:** (Please put tick mark (✓) in the right-side box).

1. Name of the Bank:

2. Location / Address of the Branch:

4. How long you are associated with this bank?  
   - 1 to 2 yrs □  
   - 3 yrs □  
   - 4 yrs □  
   - 5 yrs □  
   - More than 5 yrs □

5. What type of Account you have?  
   - Savings A/c □  
   - Any other (please specify) __________

**SATISFACTION SURVEY:** (Please put tick mark (✓) in the appropriate box).

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Banking Services</th>
<th>Highly Satisfied</th>
<th>Satisfied</th>
<th>Neither Satisfied nor Dissatisfied</th>
<th>Dissatisfied</th>
<th>Very Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Computerized Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bank Provided Innovative Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Services are Systematic, Accurate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Services are Smooth, Hassle Free</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Bank Renders Timely Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Availability of Staff at Counter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Waiting time in Queue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Bank Provides Timely Information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Employee Serves with Smile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Commitment of Employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Skilled, Knowledgeable Employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Cordial, Friendly, Helpful Employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Service Charge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Specious Premises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Seating, Lavatory Facility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Hygienic Atmosphere</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Transparency in Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Effective Complaint Handling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Recognize as Individual Customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Customer Relationship Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Reliable Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Service Assurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Service Infrastructure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Empathy to Customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Responses of Service Provider</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A Synopsis of Ph. D Thesis presented in Pre-Submission Seminar on

CUSTOMER SERVICES AND SATISFACTION: AN EMPIRICAL STUDY ON BANKING SECTOR IN THE CONTEXT OF BARAK VALLEY

By

Nigamananda Biswas

(Ph. D Registration Number – Ph. D/ 450 / 2006, Dated 24th April 2007)

(Assam University Registration Number- 74400024 of 2006-07)

Supervisor

Professor R. K. Raul

Head and Dean

DEPARTMENT OF BUSINESS ADMINISTRATION
(Jawaharlal Nehru School of Management)
ASSAM UNIVERSITY, SILCHAR
1.1. INTRODUCTION

Financial sector reform measures in India heralded major breakthrough in banking operations since 1991. Absolutely regulated ‘seller’s market’ transformed to deregulated ‘customer’s market’. There was a shift to enormously competitiveness with greater autonomy, operational flexibility, and decontrolled interest rate which led to the emergence of new generation private sector banks and foreign banks with sophisticated technology and value-added services which intensified the intra and inter-competition and challenged the old generation banking operations in India. In the deregulated, hypercompetitive and tumultuous environment, customers’ expectations keep on accelerating. The Public Sector Banks, which were enjoying privileged status during the pre-liberalization era, abruptly pushed through competitive ambience.

The country was flooded with private and foreign banks and their ATM stations. The facility of internet banking, core banking, credit/debit cards, NEFT, RTGS and other contemporary banking services revolutionized the choice accessible with the customers. Efforts were being put to give a satisfactory service to customers. The entire system became more expedient and swift, and has shown a great deal of resilience.

The service quality of banking sector enhanced with the advent of IT. The industry witnessed an emergence of host of new and innovative services. Ensuring excellent services in the changing and dynamic surroundings is progressively occupying central stage of sustainable growth in the sector (Bhattacharya, 1997; Nainta, 2005; and Seshand, 2007). However, the prospect of banks will largely depend on stupendous provisions of customer services by keeping pace with shifting technology and translucent operations.

Further, the economic liberalization, privatization and globalization, advancement in information technology, changing customer’s expectations and rising competition etc. posed challenges to the existing banking operations. Thus, to uphold its growth trajectory, banks require espousing new strategies and appropriate work culture as per the altering demand of the customers (Sharma and Sharma, 2006). Further, the Indian banking sector has been confronting with the host of challenges in this changing global milieu (Kamesam, 2001).
But it was also established that banking sector reform measures over a decade have not made any earth-shattering perfection in the service performance particularly in public sector banks (Mathur, 2002). Customers were relatively discontented with the services offered by the banks. Many of the branches of PSBs have old, worn out interior, which has affected the efficiency, diligence and gracefulness of the staff in carrying out the assigned job and customers have to hang around in queue to get their work done (Raul, 2005).

The RBI has taken several initiatives for ensuring recovered services to the customer. The Banking Ombudsman Schemes (1995, 2002, and 2006) have widened its domain to address varied range of customer’s complaints with appropriate redressal measures. Further, with the advent of information technology, communication system, technology infusion and mindset transformation, customer’s gratification has come to the vanguard. The dynamic nature of the market, coupled with an increased number of demanding and well heeled consumers brought greater challenges to banks in retaining the customers. Various committees formed by RBI over the years recommended banks to propose preeminent services with a view to augment the contentment level of customers. Customers rummage around for more convenient and bendable service options available at competitive rate from the players operating in the field. This constitutes a formidable task for banks to enjoy customer patronage. The traditional banks therefore compelled to revolutionize their attitude towards customers. In this competitive state of affairs, customers are most vital ingredient of banking sector. The onus therefore, lies on the banks with respect to retaining the existing customers and rendering innovative, technology-based, value-added tailor made services to fulfill customers’ expectations and ultimately achieving sustainable growth in the competitive environment.

Against this backdrop, the present study raises a few fundamental questions. Whether the aforementioned derivatives of banking services administered over the years have brought any remarkable improvement in the customer services especially in the context of enhancing the pace of loyalty towards a bank? Whether such services ensured fuller satisfaction of customer? Whether banks are taking remedial measures in resolving grievances in the cutthroat market for their continued existence and growth? An in-depth study was therefore undertaken to explore the possible strategies enabling banks to sustain its growth in the ever-changing socio-economic competitive milieu.
1.2. **OBJECTIVES OF THE STUDY**

Following objectives were taken into consideration for the purpose of the study:

- To appraise the state of affairs in regard to customer services rendered by Indian banking sector.
- To measure the level of customer satisfaction among bank customers.
- To identify the determinants of customer satisfaction with reference to services rendered by the banks.
- To evolve strategies for expediting the pace of customer satisfaction level for sustainability of banking sector.

1.3. **HYPOTHESES**

The entire gamut of present work may be understood by the help of following flowchart.

**Figure – 1.1: Flowchart**

![Flowchart](source: Self-Developed.)
A pertinent observation is that banks used to develop host of services considering the nature of competition, technology, socio-economic environment, customer’s requirements, government policy, etc. and cater to heterogeneous set of customers locating at different points of rural and urban areas. On the other hand, fierce competition amongst the banks in mounting their customer base, up-gradation in communication technology especially in the global village concept and so on, the perception of customers is shifting over night. Under such state of affairs, endurance of banks largely depends on how fast and ahead banks are adapting to the altering atmosphere. Thus we hypothesized that,

1. There is no significant difference in satisfaction level among bank customers.
2. There is no significant variation among banks rendering host of services irrespective of their location.

Further, the natural growth of banks largely depends on minimizing the gap between customer’s perception about the services and actual services rendered by the banks. Thus, while developing bundle of services, the determinants of customer satisfaction to be considered. Hence, we hypothesized that,

3. There is no variation among the factors determining the level of customer satisfaction.

1.4. RESEARCH METHODOLOGY

- **Place of empirical study:** To study customer services and the satisfaction level of customers from the services rendered by the banks, we have considered Southern parts of Assam, i.e. Barak Valley comprising of three districts (Cachar, Karimganj and Hilakandi).

- **Research Type and Collection of Data:** The type of research is empirical in nature. The study relies on both primary and secondary sources of data. The secondary sources of data include various publications and reports of RBI, Trend and Progress Report of Banking in India (TPRBI), RBI Bulletins, IBA bulletins, Banking Statistics, Annual Reports of banks operating in the study area, various reports on banking services, surveys, articles published, theses, books and websites. The primary data were directly collected from bank customers personally and individually through structured questionnaire.
• **Identification of Research Population:** As on March 2007, there were 17 different banks with its 145 branches operating in Barak Valley considered in the study. As far as the number of bank customer is concerned, population could not be defined properly and infinite in nature.

Presently there are 24 banks (out of which there are 18 PSBs and 6 private banks) with 164 branches are meeting the needs of customers of Barak Valley. In Cachar district there are 88 branches, in Karimganj 52 branches and in Hailakandi district there are 24 branches of different banks catering the needs of the people.

• **Defining Sample Units:** 51 number of bank branches of 17 different banks operating in Barak Valley were considered in this study. From each district 1 urban (or semi-urban) branch of each bank and 1 rural branch of each bank was identified and considered for survey (if the bank is having service branch in that particular area). From Cachar district 16 urban and 7 rural bank branch (total 23 branches), from Karimganj district 9 urban and 7 rural bank branch (total 16 branches) and from Hailakandi district 5 urban and 7 rural bank branches (total 12) have been identified for collecting primary data from the customers. For selecting respondents from those bank branches, customers were classified into 4 different groups based on their occupation i.e. business, government service, private service, and agricultural activities. From these occupational groups, attempts were made to select equal number of respondents. From each occupational group 3 customers are identified for data collection. So, from each bank branch 12 (4x3) customers were selected for the purpose. The final data set included 612 (4x3x51) number of customers.

• **Sampling Type and Process:** With a view to collect primary data from the customers, systematic sampling method was used.

We followed multi-stage sampling technique to select the sample units.

- Classification of bank branches on the basis of rural or urban / semi-urban areas constitutes the first stage of sampling process.

- Selection of bank branches (from each district 1 urban or semi-urban branch of each bank and 1 rural branch of each bank identified for survey, if the bank had service branch in that particular area) constitutes the second stage.
Third stage constitutes the selection of customers from the selected bank branches. In this respect bank customers were classified into 4 different groups based on their occupation i.e. business, government service, private service, and agricultural activities and then sample units were selected.

**Development of Questionnaire and Pre-testing:** A structured questionnaire was developed with 43 variables with a view to collect primary data from the bank customers. A pilot study was conducted with a small sample size of 70 to clarify the overall structure of questionnaire. The respondent provided comments on clarity of some items. Out of 43 items, 25 items were chosen for the scale/ questionnaire. Then, the corrected item-to-total correlation was computed and found suitability of questionnaire. Item-to-total correlation equal to or greater than 0.7 is considered acceptable (Nunnally, 1978).

**Primary Data Collection:** The questionnaire was personally administered among the bank customers (during March 2008 - till the end of 2009). Further, the data were specifically collected from the external bank customers (with savings accounts), who had been availing the services from the respective banks at least 1 year (from March 2007) on regular basis.

**Tools and Scaling Technique Used:** With a view to analyze the data, we used a wide range of statistical tools and techniques. For the purpose of the study, Mean, Median, Inter-quartile range, t test, F test, etc. were considered in appropriate cases. Data reduction method i.e., ‘Factor Analysis’ to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables was used. In this respect to measure the satisfaction level of the customers 5 point likert scale has been used.

### 1.5. SCOPE AND LIMITATIONS OF THE STUDY

Despite our earnest endeavors, the constraints like time, budget, manpower etc. compelled us impediments the scope and level at research. Besides this following limitations are also to be considered in the study.

- So far the geographical location and span of the field is concerned, the present study had been limited within 3 districts i.e. Cachar, Karimganj and Hailakandi of southern part of Assam. Primary data were limited up to only 17 different banks with its 51 branches and
612 customers. Primary data were collected from March 2008 to till the end of 2009. Secondary data collected for the study for the year 1991 to 2009. Only 25 variables were identified for the study. Dimension of factors interacting the degree or level of customers’ satisfaction was also limited.

1.6. SCHEME OF THE STUDY

The entire research has been presented in the following six chapters –

- **Chapter I - Introductory:** The first and preliminary chapter exclusively devoted to present the statement of the problem, theoretical underpinning, objectives of the study, hypotheses, research methodology, variables identified for the study, scope and limitations of the study, and scheme of the study.
- **Chapter II - Review of Literature:** Exhaustive review of literature was undertaken in this chapter to explore the research gap for the study.
- **Chapter III - Customer Services in Banking Sector in India: A Paradigm Shift:** The third chapter examined the dimensional shift of customer services in India over the period.
- **Chapter IV - Customers’ Perception and Level of Satisfaction on Banking Services: An Empirical Analysis:** The fourth chapter delves analysis of primary data collected by administering questionnaire. It covered the customer profile, customer perception in general and satisfaction level of customers towards services rendered by the banks operating in the area under the study.
- **Chapter V - Determinants of Customer Satisfaction in Bank: Application of Factor Analysis:** The fifth chapter identified the determinants of customer satisfaction in the banks.
- **Chapter VI - Epilogue:** The concluding chapter exclusively presents the key findings, recommendations and scope for further research.

Chapter – II: REVIEW OF LITERATURE

2.1. BRIEF REVIEW OF COMMITTEE ON CUSTOMER SERVICES

Saraiya Committee (1972) recommended for improvement of customer services in the bank. Talwar Committee (1975) suggested to have a customer service committee / staff committee;
customer meets to be held at least once in a half year; 15th day of every month to be observed as customers’ day; and provision for complaint - cum - suggestion box; "May I help you" counter etc. in the bank office. Goiporia Committee (1991) emphasized on amicable banker-customer relationship; commencement of employees' working hours 15 minutes before commencement of business hours; all the customers who enter the banking hall before the close of business hours should be attended to; branches to indicate the timings for all the services; no counter remains unattended during the business hours and uninterrupted service is rendered to the customers; there should be provision for 'Enquiry' or 'May I help you counter, complaint book, in every branch, infrastructure facilities at branches should be upgraded by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, etc.

Narasimham Committee – I (1991) recommended for opening of more private sector banks; motivating foreign banks to expand their network by opening new branches; making RBI as a regulator of all banks, corporate governance for promoting customer relations and office culture; E-Banking and voluntary retirement scheme. Further, Narasimham Committee – II (1998) emphasized on continuous evaluation and improvement of the level of customer satisfaction; to identify the weakness of bank, recommended provisions for an independent outside agency may be involved to assess customers’ satisfaction level. Consumer Protection Act (1986) intended to provide simple, speedy and inexpensive redressal to the consumers' grievances, award relief and compensation wherever appropriate to the consumer; to provide better protection to the consumers. Moreover, Banking Ombudsman Scheme (1995, 2002 and 2006) suggested inexpensive resolution of deficiencies in banking services and redressing customer complaints against certain deficiency in banking services and act as a quasi judicial authority.

2.2. BRIEF REVIEW OF INDIVIDUAL / GROUP STUDIES

On Computerized Services, Zenoff (1989); Srivastava (2000); Biswas (2008) articulated that innovation has become an industry phenomenon and computerized environment in banking has transformed the banking services which ensured better customer satisfaction.

On Banking Technology, Shanthi (2006) viewed that, banks have been upgrading technology day by day and delivering the products and services through various innovative channels like ATM, internet banking, mobile banking etc.
On Information Technology (IT), Sharma (2002); Agboola (2003) opined that, IT has now become a permanent concern to the business environment and it is an important component in the overall strategy of banking operations to ensure competitive strength.

On Internet Banking, Ramani (2007) found that internet banking services have revolutionized the functioning of the entire banking sector. This has resulted in the quality of services to consumers.

On Relationship Management and Customer Loyalty, Roy (2001) suggested that customer loyalty management program must be a vital part of relationship marketing exercise should be undertaken at the bank branches. Customer loyalty is a useful tool in retail banking.

On Marketing Strategy, Jha (2000); Watkins and Wright (1989); Mohamed (1995); Aurora and Malhotra (1997) observed that, to survive present day world of competition, the banks will have to formulate marketing strategies in a way to woo the customers towards the level of customer satisfaction is becoming one of the major targets in the hands of banks to increase their market share.

On Customers’ Complaint, Gopalakrishnan (2006); Reddy (1998); Sharma and Bardia (2003); Murthy (2006); found that, customer grievances stem from the gaps between the customer expectations and communication processes. Further they suggested that the grievances of customers should be handled properly on regular basis for ensuring customer satisfaction.

On Human/Employee factor, Dash et. al., (2007); Selvaraju and Vasanthi (2009); Rangarajan (1996); Sureshchandar et al. (2003); Nainta (2005); Hartline et al.(2000); Parasuraman et. al. (1985) observed that, the human aspects are very important drivers of service performance in Indian banks. Customers develop personal relationships with service personnel through this process. The production of quality service is crucial because of the strong presence of human factor. Efficient interpersonal interactions between customers and employees can improve customer satisfaction.

On CRM, Sesa and Sai (2006); Uppal (2008); Nair (2006); Kumar et. al. (2006); Gopal (2006) viewed that, customer relationship management can be levered to improve customer satisfaction. Banks can turn customer relationship into a key competitive advantage through strategic development across a broad spectrum. Banks are laying on building relationship with customer and providing quality service to entice them to move from transaction banking to relationship banking.
On Competition, Zenoff (1989); Watkins et. al. (1989) opined that, to increase in awareness and literacy ratio the customer of today has become more learned about the various banking services. As consequences, banks have had to face the brunt of intense competition from many fronts. On Tangible/Physical Aspects, Baker et. al. (2002) articulated that, physical environment can have an influence on customer perception of service quality and better tangible aspects of service quality of the bank branches enhance customers’ satisfaction.

On Service Quality, Bolton and Drew (1991); Parasuraman et. al. (1985, 1988) expressed that, customer satisfaction is the function of service quality. Customer satisfaction is an important aspect for service organizations and is highly related with service quality. Banks now know that delivering quality service to customers is essential for success and survival in today’s global and competitive banking environment. Service quality is a function of customers’ expectations and performance gap.

2.3. THE RESEARCH GAP

Comprehensive study on banking sector considering the recommendations of various committee established by Reserve Bank of India over the years had not been conducted so far. However, the major studies were concerned about computerized services, customers’ complaints and grievances, technological factor, information technological factor, internet banking, customer loyalty, marketing strategy, human factor, competition, customer relationship management, service quality, customer perception, customer satisfaction etc. There is a dearth of literature particularly abridging the gap between banking services and customer satisfaction in the context of banking sector. Further, considering a host of service marketing mix variables, with a view to render appropriate services to customer, no single study has been conducted so far. In the study area, barring a few studies undertaken at individual level, no exhaustive study has so far been made considering all the services marketing mix elements (7Ps), service quality and customer satisfaction as a whole. Further, no single study is available highlighting quality of services rendered by the banks operating in this backward region vis-à-vis level of satisfaction of wide range of customers. Here lies a research gap that demands a fresh study on customer services and customer satisfaction in present realm.
2.4. VARIABLES SELECTED FOR THE STUDY

As many as 25 variables were identified based on extensive review of literature which is found to be adequate to determine the satisfaction level of the customers. A brief description of these variables is given below.

Table - 2.1: Variables Identified for the Study

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Variables</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Computerized services</td>
<td>Services delivered with the help of computer (eg. printing facility)</td>
</tr>
<tr>
<td>2</td>
<td>Innovative service</td>
<td>Ability to offer new services frequently (eg. Biometric ATM)</td>
</tr>
<tr>
<td>3</td>
<td>Systematic and accurate service</td>
<td>Ability to cater services in a systematic and accurate manner</td>
</tr>
<tr>
<td>4</td>
<td>Smooth and hassle free service</td>
<td>Ability to offer smooth and hassle free service</td>
</tr>
<tr>
<td>5</td>
<td>Timely service</td>
<td>Ability to render services on time (without wasting time of customer)</td>
</tr>
<tr>
<td>6</td>
<td>Staff availability at counter</td>
<td>Availability of employee/staff/service provider at the counter</td>
</tr>
<tr>
<td>7</td>
<td>Waiting time</td>
<td>Time required for getting actual service (eg. more or less time)</td>
</tr>
<tr>
<td>8</td>
<td>Timely information</td>
<td>Any service related information to be provided by the banks</td>
</tr>
<tr>
<td>9</td>
<td>Service with smile</td>
<td>Services are rendered by the employee with the smiling face</td>
</tr>
<tr>
<td>10</td>
<td>Committed employees</td>
<td>The level of commitment of the employees who are rendering services</td>
</tr>
<tr>
<td>11</td>
<td>Skilled and knowledgeable employee</td>
<td>The level of skill and knowledge of the employee</td>
</tr>
<tr>
<td>12</td>
<td>Cordial, customer friendly and helpful employee</td>
<td>How cordial, customer friendly and helpful the employees are</td>
</tr>
<tr>
<td>13</td>
<td>Service charge</td>
<td>Amount of money asked for or given in exchange for services</td>
</tr>
<tr>
<td>14</td>
<td>Spacious Premises</td>
<td>Bank premises is spacious to accommodate all</td>
</tr>
<tr>
<td>15</td>
<td>Seating, drinking water and lavatory facilities offered</td>
<td>Quality of seating, drinking water and lavatory facilities offered by the banks</td>
</tr>
<tr>
<td>16</td>
<td>Hygienic atmosphere</td>
<td>The level of hygiene maintained in the bank (eg. cleanliness)</td>
</tr>
<tr>
<td>17</td>
<td>Transparency in services</td>
<td>The level of transparency maintained by the banks</td>
</tr>
<tr>
<td>18</td>
<td>Effective handling of complaints</td>
<td>Ability to handle the customer complaints effectively</td>
</tr>
<tr>
<td>19</td>
<td>Recognize as individual customer</td>
<td>Knowing the individual customer (eg. seeing face)</td>
</tr>
<tr>
<td>20</td>
<td>Customer Relationship Management</td>
<td>Relationship builds by the banks with the customers</td>
</tr>
<tr>
<td>21</td>
<td>Reliable services</td>
<td>Ability to perform the promised service dependably and accurately</td>
</tr>
<tr>
<td>22</td>
<td>Service assurance</td>
<td>Knowledge and trust; ability to convey trust and confidence</td>
</tr>
<tr>
<td>23</td>
<td>Service infrastructure</td>
<td>Appearance of physical facilities, equipment, personnel</td>
</tr>
<tr>
<td>24</td>
<td>Empathy to customer</td>
<td>Caring and individualized attention provided to customers</td>
</tr>
<tr>
<td>25</td>
<td>Service responsiveness</td>
<td>Willingness to help customers and provide prompt service</td>
</tr>
</tbody>
</table>

Source: Self Compilation from Literature Reviewed.

Chapter – III: CUSTOMER SERVICES IN BANKING SECTOR IN INDIAN: A PARADIGM SHIFT

The aim of this chapter was to appraise the state of affairs in regard to customer services rendered by banking sector in India. The section was developed exclusively based on secondary data collected particularly from RBI reports. Here growth rate has been calculated using exponential function and linear growth has been calculated using linear function. Percentage
method was also adopted to find out the growth or changes in various banking services. The findings related to qualitative and quantitative changes in customer services by the banking sector are briefly presented below.

- There has been a paradigm shift in banking services in India and has undergone a major structural transformation over the five decade. The nature of services in terms of quantity and quality of service has been altered over the time period. The nature of banking activities got shifted from social banking to commercial banking, traditional class banking to mass banking, brick and mortar banking (banking at fixed branch premises) to electronic banking, local banking to universal banking. ‘Queue banking’ has been replaced by ‘click banking’ and ‘computerized banking’ substituted the ‘manual banking’. Many Innovative solutions in retail and corporate banking such as plastic money, electronic banking, phone banking, Short Message Service (SMS) banking, internet banking, core banking etc. become the need of the hour. CRM has been transformed into Electronic Customer Relationship Management (ECRM).

- There has been a radical shift in the market power from banks to their customers. Effectiveness and efficiency became the buzzword in the success of banking operation particularly in respect of providing services to the customers. There has been a shift in scope, context, structure, functions and governance of banking. Indian banking industry today is in the midst of an IT revolution. The information and communication technology revolution is radically and perceptibly changing the operational environment of the banks. “Technology-driven” products and services have now become common parlance in the corridors of the banking industry. Universal banking, virtual banking, mergers and acquisitions are increasingly becoming the order of the day. For customers, it is the realization of their “anywhere, anytime, anyway, banking dream”. For the banks, technology has emerged as a strategic resource for achieving higher efficiency, control of operations, productivity and profitability. The recent trend shows that most banks are shifting from a ‘product-centric model to a customer centric model’ as they develop their new e-banking capability.

- Customers are now demanding multiple channels through which they can interact with their providers including face-to-face contact, phone, websites, e-mail, mobile devices etc. This has forced the banking sector to explore new distribution channels, so that
ordinary customers have more information about multiple banking products than even before. This is aimed not only to present the customers from taking their business elsewhere but also to ensure that they are offered the products and services that are most appropriate and most likely to result in new revenue for the bank. There is phenomenal change towards customer services over the past five decades. ‘Anywhere banking’ and ‘anytime banking’ have become a reality in Indian banking sector. At the time of nationalization, the primary importance was given to ‘more banking’. Now the thrust is to be upon ‘better banking’ than more banking. The overall banking size and structure has increased considerably.

➤ Quantity of banking products and banking business over the period of time has increased and the quality became more sophisticated. Number of bank offices / bank branches and number of employees have significantly increased. Further, the amount of deposit mobilization, credit, priority sector lending and investment in the government projects changed over the period shown as under.

### Table – 3.1: Progress of Banking in India: At a Glance (As on End March)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of branch offices of CB</th>
<th>No. of Employees</th>
<th>Deposits (Rs. crore) (i)</th>
<th>Credit (Rs. crore) (ii)</th>
<th>Investment in India (Rs. crore) (iii)</th>
<th>Total (Rs. crore) (i+ii+iii)</th>
<th>SCBs' Advances to Priority Sector (Rs. crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth @</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-2009</td>
<td>0.015</td>
<td>0.01</td>
<td>0.160</td>
<td>0.174</td>
<td>0.149</td>
<td>0.163</td>
<td>0.171</td>
</tr>
<tr>
<td>1991-2000</td>
<td>0.011</td>
<td>0.005</td>
<td>0.157</td>
<td>0.148</td>
<td>0.142</td>
<td>0.151</td>
<td>0.134</td>
</tr>
<tr>
<td>2001-2009</td>
<td>0.025</td>
<td>-0.01</td>
<td>0.170</td>
<td>0.219</td>
<td>0.130</td>
<td>0.179</td>
<td>0.214</td>
</tr>
</tbody>
</table>

Growth@ has been calculated using exponential function; \( y = ae^{bx} \), Where, \( b \) = growth rate.

Deposits per office, credit per office, per capita deposit, per capita credit, Credit Deposit (CD) ratio, and Investment Deposit (ID) ratio changed over the years in Indian banking sector.

### Table - 3.2: Progress of Banking in India: At a Glance

<table>
<thead>
<tr>
<th>Year</th>
<th>Banking Business of SCBs</th>
<th>Credit Deposit (CD) Ratio</th>
<th>Investment-Deposit (ID) Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deposits per office (Rs. lakh)</td>
<td>Credit per office (Rs. lakh)</td>
<td>Per capita Deposit (Rs.)</td>
</tr>
<tr>
<td>Growth @</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991-2009</td>
<td>0.148</td>
<td>0.165</td>
<td>0.144</td>
</tr>
<tr>
<td>1991-2000</td>
<td>0.146</td>
<td>0.136</td>
<td>0.139</td>
</tr>
<tr>
<td>2001-2009</td>
<td>0.156</td>
<td>0.204</td>
<td>0.158</td>
</tr>
</tbody>
</table>

Growth@ has been calculated using exponential function; \( y = ae^{bx} \), Where, \( b \) = growth rate. (lin) growth has been calculated using linear function.
There has been a phenomenal growth of foreign bank in India, computerization and technological adaptation in bank, number of on-site and off-site ATM stations, total number and volume of electronic payments. Since 2001, there has been a rigorous effort to improve the payment and settlement systems. Electronic Fund Transfer system (EFT), introduction of electronic clearing services, number and amount of electronic payment increased over the time. Electronic Clearance Service (ECS) through debit and credit cards, National EFT increased. Growing trend in terms of number of clearing houses increased. Real Time Gross Settlement (RTGS) transaction in terms of number and amount increased. Kisan Credit Card (KCC) has exhibited an exponential growth over the period of time. With the shift in the nature of services provided by the banks, number, type and complexity of complaints received by the banks also increased. With the introduction of BO scheme, settlement of customer’s complaints become better and smooth over the period of time. Banking the unbanked has been back on top of the agenda.

After analyzing the data using various statistical techniques it has been established that there is qualitative and quantitative transformation in banking service over the last two decades. The magnitude of changes sometimes varies. Advancement in information and communication technology had a greater impact on nature of customer services rendered by the banks over the period of time.

Chapter – IV
CUSTOMERS’ PERCEPTION AND LEVEL OF SATISFACTION ON BANKING SERVICES: AN EMPIRICAL ANALYSIS

The objective of this chapter was to measure satisfaction level of customer in respect of services rendered by banks in the districts under study. The primary data collected were analyzed in Microsoft Excel and SPSS (version 15). In this context, Mean, Median, Mode, Inter Quartile Range (IQR), etc. were used in relevant cases. Above and beyond, a likert-scale to measure the satisfaction level of the bank customers was used.

4.1. A BRIEF PROFILE OF BANK CUSTOMERS
It is noticed that, the young generation has also developed banking habits and availing of the banking services almost equally. Banking behavior amongst male is very high-flying over their
female counterparts. Even in this modern era, females are shy of availing services from the banks. Banking habits amongst them were negligible and they are still lagging behind comparatively than that of their male counterpart. Banking lifestyle amongst the educated people (above HSCL) is reasonably more than that of less educated people (upto HSCL). Educated customers were more associated with the banks and availing banking-services more than relatively less educated customers. The income level of businessmen as well as people occupied in agricultural activities is relatively low (below Rs. 10,000 per month). Only a negligible segment of respondents linked with agricultural activities were earning more than Rs. 10,000 per month. So, it is noted that, monthly income of farmers in the area was relatively less than other occupational groups. The financial health of the respondents connected with government services is comparatively better followed by business persons and private service persons in the area under study. Further, it is observed that, the new customers (who were availing services for 1 to 3 years) were comparatively less educated and the monthly income of this group is relatively lesser than old customers who were availing services for more than 3 years from the bank.

4.2. CUSTOMERS’ PERCEPTION ON SERVICES FROM BANK

All selected 25 variables pertaining to quality of services were used to assess respondents’ perception about banking services rendered in the area under study. Further, 5 point Likert Scale ranging from ‘Highly Satisfied’ (HS) was ranked 5 followed by ‘Satisfied’(S) 4, ‘Neither Satisfied nor Dissatisfied’ (NSD) 3, ‘Dissatisfied’ (D) 2 and ‘Very Dissatisfied’ (VD) with 1. It is demonstrated that, excluding the variable timely information, median and mode (is = 2) in all other cases is 3. This suggested that, respondents i.e. user groups of banking services were indifferent towards nature and quality of services provided by the bank. Further, the value of Inter Quartile Range (IQR) was not more than 1 (in 5 point likert scale) in any case, and also relatively low. This indicates that, the respondents hold almost similar kind of opinion in the context of services rendered by the banks in all 3 districts of Barak Valley. This warrants indentifying the exact nature of opinion. On the basis of identified variables, satisfaction level among bank customers is summarized as under in the following table.
Table 4.1: Opinion of Bank Customers on Banking Services Rendered

<table>
<thead>
<tr>
<th>Variables</th>
<th>VD (No. (pc))</th>
<th>D (No. (pc))</th>
<th>NSD (No. (pc))</th>
<th>S (No. (pc))</th>
<th>HS (No. (pc))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computerized services (CS)</td>
<td>36(5.9)</td>
<td>159(26)</td>
<td>314(51.3)</td>
<td>90(14.7)</td>
<td>13(2.1)</td>
</tr>
<tr>
<td>Innovative service (IS)</td>
<td>54(8.8)</td>
<td>184(30.1)</td>
<td>278(45.4)</td>
<td>86(14.1)</td>
<td>10(1.6)</td>
</tr>
<tr>
<td>Systematic and accurate service (SAS)</td>
<td>1(0.2)</td>
<td>152(24.8)</td>
<td>392(64.1)</td>
<td>57(9.3)</td>
<td>10(1.6)</td>
</tr>
<tr>
<td>Smooth, hassle free service (SHFS)</td>
<td>3(0.5)</td>
<td>160(26.1)</td>
<td>359(58.7)</td>
<td>81(13.2)</td>
<td>9(1.5)</td>
</tr>
<tr>
<td>Timely service (TS)</td>
<td>0(0)</td>
<td>71(11.6)</td>
<td>432(70.6)</td>
<td>102(16.7)</td>
<td>7(1.1)</td>
</tr>
<tr>
<td>Staff availability at counter (SAC)</td>
<td>0(0)</td>
<td>77(12.6)</td>
<td>348(56.9)</td>
<td>179(29.2)</td>
<td>8(1.3)</td>
</tr>
<tr>
<td>Waiting time (WT)</td>
<td>1(0.2)</td>
<td>147(24)</td>
<td>383(62.6)</td>
<td>72(11.8)</td>
<td>9(1.5)</td>
</tr>
<tr>
<td>Timely information (TI)</td>
<td>85(13.9)</td>
<td>277(45.3)</td>
<td>181(29.6)</td>
<td>60(9.8)</td>
<td>9(1.5)</td>
</tr>
<tr>
<td>Service with smile (SWS)</td>
<td>2(0.3)</td>
<td>173(28.3)</td>
<td>365(59.6)</td>
<td>64(10.5)</td>
<td>8(1.3)</td>
</tr>
<tr>
<td>Committed employee (CE)</td>
<td>2(0.3)</td>
<td>96(15.7)</td>
<td>406(66.3)</td>
<td>105(17.2)</td>
<td>3(0.5)</td>
</tr>
<tr>
<td>Skilled and knowledgeable employee (SKE)</td>
<td>2(0.3)</td>
<td>78(12.7)</td>
<td>348(56.9)</td>
<td>181(29.6)</td>
<td>3(0.5)</td>
</tr>
<tr>
<td>Cordial, customer friendly, helpful employee (CCFHE)</td>
<td>1(0.2)</td>
<td>79(12.9)</td>
<td>334(54.6)</td>
<td>194(31.7)</td>
<td>4(0.7)</td>
</tr>
<tr>
<td>Service charge (SC)</td>
<td>3(0.5)</td>
<td>65(10.6)</td>
<td>329(53.8)</td>
<td>211(34.5)</td>
<td>4(0.7)</td>
</tr>
<tr>
<td>Spacious premises (SP)</td>
<td>0(0)</td>
<td>116(19)</td>
<td>350(57.2)</td>
<td>142(23.2)</td>
<td>4(0.7)</td>
</tr>
<tr>
<td>Seating, drinking water, lavatory facility (SDWLF)</td>
<td>0(0)</td>
<td>137(22.4)</td>
<td>381(62.3)</td>
<td>87(14.2)</td>
<td>7(1.1)</td>
</tr>
<tr>
<td>Hygienic atmosphere (HA)</td>
<td>19(3.1)</td>
<td>160(26.1)</td>
<td>371(60.6)</td>
<td>56(9.2)</td>
<td>6(1)</td>
</tr>
<tr>
<td>Transparency in services (TIS)</td>
<td>0(0)</td>
<td>70(11.4)</td>
<td>256(41.8)</td>
<td>251(41)</td>
<td>35(5.7)</td>
</tr>
<tr>
<td>Effective handling of complaint (EHC)</td>
<td>0(0)</td>
<td>48(7.8)</td>
<td>333(54.4)</td>
<td>225(36.8)</td>
<td>6(1)</td>
</tr>
<tr>
<td>Recognize as individual customer (RIC)</td>
<td>12(2)</td>
<td>99(16.2)</td>
<td>395(64.5)</td>
<td>99(16.2)</td>
<td>7(1.1)</td>
</tr>
<tr>
<td>Customer relationship management (CRM)</td>
<td>37(6)</td>
<td>194(31.7)</td>
<td>296(48.4)</td>
<td>77(12.6)</td>
<td>8(1.3)</td>
</tr>
<tr>
<td>Reliable services (RS)</td>
<td>0(0)</td>
<td>44(7.2)</td>
<td>347(56.7)</td>
<td>214(35)</td>
<td>7(1.1)</td>
</tr>
<tr>
<td>Service assurance (SA)</td>
<td>0(0)</td>
<td>74(12.1)</td>
<td>375(61.3)</td>
<td>159(26)</td>
<td>4(0.7)</td>
</tr>
<tr>
<td>Service infrastructure (SI)</td>
<td>5(0.8)</td>
<td>128(20.9)</td>
<td>385(62.9)</td>
<td>83(13.6)</td>
<td>11(1.8)</td>
</tr>
<tr>
<td>Empathy to customer (EC)</td>
<td>0(0)</td>
<td>127(20.8)</td>
<td>422(69)</td>
<td>56(9.2)</td>
<td>7(1.1)</td>
</tr>
<tr>
<td>Service responsiveness (SR)</td>
<td>0(0)</td>
<td>132(21.6)</td>
<td>388(63.4)</td>
<td>80(13.1)</td>
<td>12(2)</td>
</tr>
</tbody>
</table>

Figures showing the number of respondents and Figures in parentheses showing percentage of respondents.  
Source: Computed from Primary Data.

The table exhibits that, majority of the cases, customers viewed that they are neither contented nor discontented from the services offered by the banks. A very tiny segment of the customers were either highly gratified or very dissatisfied in regard to service offered to the customers.

4.3. CUSTOMER SATISFACTION LEVEL FROM THE BANKING SERVICES

To observe how customers ranked various variables in terms of satisfaction, average score was derived for each of the variables using the weighted average method. The average score measuring the contentment level was categorized into four groups – highest (average score is 4-and above), modest (average score is 3 to 3.99), slight (average score is 2 to 2.99) and lowest
(average score is 1 to 1.99) level of satisfaction. It is found that, in service variables like transparency in services; effective handling of complaints; reliable service; service charge; cordial, customer friendly and helpful employee; staff availability at counter; skilled and knowledgeable employee; service assurance; timely service; spacious premises; and committed employees as average score ranges from 3.02 to 3.41 and average of all 11 variables is 3.19 indicating that customers were modestly gratified.

Further, in connection with recognition as individual customer; service infrastructure; service responsiveness; seating, drinking water and lavatory facility; empathy to customer; waiting time; smooth and hassle free service; systematic and accurate service; service with smile; computerized service; customer relationship management; hygienic atmosphere; innovative service; and timely information; customers were only slightly gratified as the mean score was only 2.83. But, the overall satisfaction level was modest being the mean score was 3.11. Further, the following table is exhibiting the comparative satisfaction level of customer.

**Table - 4.2: Satisfaction Level of Bank Customer: A Comparison**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Classification</th>
<th>Mean Value</th>
<th>Customer Satisfaction Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Upto 30 years</td>
<td>3.00</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Above 30 years</td>
<td>2.98</td>
<td>Slight</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>3.06</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>2.98</td>
<td>Slight</td>
</tr>
<tr>
<td>Education</td>
<td>Upto HSLC</td>
<td>2.99</td>
<td>Slight</td>
</tr>
<tr>
<td></td>
<td>Above HSLC</td>
<td>2.99</td>
<td>Slight</td>
</tr>
<tr>
<td>Monthly Income</td>
<td>Below Rs. 10,000</td>
<td>2.96</td>
<td>Slight</td>
</tr>
<tr>
<td></td>
<td>Above Rs. 10,000</td>
<td>3.02</td>
<td>Modest</td>
</tr>
<tr>
<td>Occupation</td>
<td>Business</td>
<td>3.00</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Government Service</td>
<td>3.00</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Private Service</td>
<td>3.02</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Agricultural Activity</td>
<td>2.94</td>
<td>Slight</td>
</tr>
<tr>
<td>District Location</td>
<td>Cachar</td>
<td>3.07</td>
<td>Modest</td>
</tr>
<tr>
<td></td>
<td>Karimganj</td>
<td>2.96</td>
<td>Slight</td>
</tr>
<tr>
<td></td>
<td>Hailakandi</td>
<td>2.86</td>
<td>Slight</td>
</tr>
<tr>
<td>Type of Branch</td>
<td>Rural</td>
<td>2.89</td>
<td>Slight</td>
</tr>
<tr>
<td></td>
<td>Urban</td>
<td>3.06</td>
<td>Modest</td>
</tr>
</tbody>
</table>

Figures showing mean value of all 25 variables together.  
*Source: Computed from Primary Data.*
The factors wise average score regarding customers’ opinion in the area under study revealed that none of the variable was found to have scored 4 and above. Out of total 25 variables customers are modestly contented only in 11 variables, while remaining 14 variables came under slight satisfaction category. This signifies that, respondents were more or less discontented with the services of their banks. The reasons may be attributed to the banks were least bothered to provide enhanced services to customers.

- It is revealed that, young respondents (less than 30 years) were modestly satisfied, whereas the respondents above 30 years were slightly contented from the banking services. It means young generations were relatively more delighted than other group of customers.
- Female respondents were modestly contented than that of their male counterparts who were slightly happy in connection with the banking services in the area under the study.
- It is noted that, there was no difference in context of customer satisfaction as far as education of the respondents is concerned. Both the groups (i.e., below and above HSLC) were only slightly gratified regarding the services offered by the banks.
- Further, it is exhibited that, higher income group (above Rs. 10,000 per month) of customers were modestly pleased than that of lower income group (below Rs. 10,000 per month) of customers who were slightly gratified in regard to banking services offered to them.
- Further, it is found that, amongst the different occupational groups of respondents, viz., business; government service; and private service; respondents are modestly satisfied as regard to banking services offered to them. Whereas, the only occupational group i.e. the respondents were associated with agricultural activities were slightly contented from the banking services in the area under study.
- It is demonstrated that, bank customers in Cachar district are modestly gratified, while, in Karimganj and Hailakandi districts they were only slightly satisfied from the banking services.
- Again, urban customers were modestly contented, while, rural customers were only slightly satisfied from the banking services.
4.4. HYPOTHESES TESTING

The hypotheses of the study were tested by using ‘t’ test and ‘F’ test and results are displayed as under:

**Table 4.3: Interrelationship among Variables (Test of Hypotheses)**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Demographic Factors</th>
<th>Geographic Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Age t value</td>
<td>Gender t value</td>
</tr>
<tr>
<td>CS</td>
<td>.522 (.602)</td>
<td>1.862 (.063)</td>
</tr>
<tr>
<td>IS</td>
<td>1.019 (.309)</td>
<td>.237 (.813)</td>
</tr>
<tr>
<td>SAS</td>
<td>1.251 (.211)</td>
<td>2.291 (.022)*</td>
</tr>
<tr>
<td>SHFS</td>
<td>-1.252 (.600)</td>
<td>1.328 (.185)</td>
</tr>
<tr>
<td>TS</td>
<td>-1.600 (.110)</td>
<td>.122 (.903)</td>
</tr>
<tr>
<td>SAC</td>
<td>-.605 (.546)</td>
<td>.001 (.961)</td>
</tr>
<tr>
<td>WT</td>
<td>-.570 (.569)</td>
<td>.813 (.417)</td>
</tr>
<tr>
<td>TI</td>
<td>-.584 (.560)</td>
<td>-1.184 (.854)</td>
</tr>
<tr>
<td>SWS</td>
<td>-1.222 (.221)</td>
<td>3.045 (.002)*</td>
</tr>
<tr>
<td>CE</td>
<td>-.629 (.529)</td>
<td>.427 (.670)</td>
</tr>
<tr>
<td>SKE</td>
<td>-2.262 (.024)*</td>
<td>2.182 (.030)*</td>
</tr>
<tr>
<td>CCFHE</td>
<td>-.911 (.363)</td>
<td>-1.846 (.065)</td>
</tr>
<tr>
<td>SC</td>
<td>-.295 (.768)</td>
<td>.254 (.800)</td>
</tr>
<tr>
<td>SP</td>
<td>-.916 (.360)</td>
<td>2.562 (.011)*</td>
</tr>
<tr>
<td>SDWLF</td>
<td>-558 (.577)</td>
<td>1.391 (.165)</td>
</tr>
<tr>
<td>HA</td>
<td>.132 (.895)</td>
<td>1.170 (.242)</td>
</tr>
<tr>
<td>TIS</td>
<td>-.2397 (.017)*</td>
<td>.179 (.858)</td>
</tr>
<tr>
<td>EHC</td>
<td>-.1501 (.134)</td>
<td>.035 (.972)</td>
</tr>
<tr>
<td>RIC</td>
<td>1.107 (.269)</td>
<td>1.209 (.227)</td>
</tr>
<tr>
<td>CRM</td>
<td>.235 (.814)</td>
<td>-.426 (.670)</td>
</tr>
<tr>
<td>RS</td>
<td>-.1715 (.087)</td>
<td>1.464 (.144)</td>
</tr>
<tr>
<td>SA</td>
<td>.519 (.604)</td>
<td>2.786 (.006)*</td>
</tr>
<tr>
<td>SI</td>
<td>1.823 (.069)</td>
<td>-1.43 (.886)</td>
</tr>
<tr>
<td>EC</td>
<td>-.079 (.937)</td>
<td>1.556 (.120)</td>
</tr>
<tr>
<td>SR</td>
<td>.430 (.668)</td>
<td>.786 (.432)</td>
</tr>
</tbody>
</table>

*Indicating the Existence of Significant Relationship. Figures in Parentheses Showing p Value at 5% Level. District Location includes Cachar, Karimganj and Hailakandi District together. Type of Branch includes Rural and Urban Branch.

**Source: Computed from Primary Data.**

- From the table it is revealed that, the variables like skill and knowledge of employee; and transparency in services; differ significantly between the two age groups i.e. less than 30 and more than 30 years.
- Further, it is exhibited that, the variables systematic and accurate service; service with smile; skill and knowledge of employee; spacious premises; and service assurance; differ significantly amongst male and female.
The table demonstrated that, the service attributes like cordial, customer friendly and helpful employee; and physical infrastructure like seating, drinking water and lavatory facility; differ significantly amid the respondents’ up to HSLC and above HSLC.

Further, it is observed that, variables like smooth and hassle free services; service with smile; committed employees; service charge; seating, drinking water and lavatory facility; transparency in services; customer relationship management; and service infrastructure; differ significantly between two income groups viz, below Rs. 10,000 and above Rs. 10,000 per month.

From the table it is exhibited that, the variables like smooth and hassle free service; service with smile; committed employees; spacious premises; recognize as individual customer; and service assurance; differ significantly amongst the occupational groups of the respondents.

Further, it is demonstrated that, some of the customer service variable like service with smile; service charge; and effective handling of complaints; do not differ significantly and statistically with the location of banks. While, in all other cases (variables) it differs significantly and statistically.

Further, it is observed that, some of the determinants of customer services like innovative services; recognition as individual customer; and customer relationship management in banks; do not differ significantly between the respondent’s view in rural and urban type bank branch. In all other cases the judgment of rural respondents and urban respondents differ significantly. The reasons may be attributed to generation gap and IT influence on urban customers than that of rural customers.

Chapter – V: DETERMINANTS OF CUSTOMER SATISFACTION IN BANK: APPLICATION OF FACTOR ANALYSIS

The endeavor of the chapter was to identify the determinants of customer satisfaction in respect of banking services. With the purpose of determining the number of factors influencing customer contentment in banks under the study and to be acquainted with the relative strength of the each factor in influencing the customer’s satisfaction level, the Factor Analysis (FA) was performed with the help of SPSS software (version 15). The findings of the chapters are briefly presented below.
It is revealed that most of the service variables are correlated with each other. But, some of the specific variables are not correlated with each other and some of them are negatively correlated. Further, all 25 variables were put under 7 factors responsible for customer satisfaction from the banking services. These factors were named as Routine Operation factor (factor 1); Technology factor (factor 2); Human factor (factor 3); Management factor (factor 4); Environmental factor (factor 5); Behavioral factor (factor 6); and Interactive factor (factor 7).

Table 5.1: Influencing Factors of Customer Satisfaction in Banks

<table>
<thead>
<tr>
<th>Factor – 1</th>
<th>Factor – 2</th>
<th>Factor – 3</th>
<th>Factor – 4</th>
<th>Factor – 5</th>
<th>Factor – 6</th>
<th>Factor – 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine Operation factor (EV=5.958)</td>
<td>Technology Factor (EV=2.658)</td>
<td>Human Factor (EV=1.306)</td>
<td>Management Factor (EV=1.187)</td>
<td>Environmental Factor (EV=1.084)</td>
<td>Behavioral Factor (EV=1.045)</td>
<td>Interactive Factor (EV=1.010)</td>
</tr>
<tr>
<td>C8. Timely information (0.711)</td>
<td>C1. Computerized services (0.775)</td>
<td>C17. Transparency in services (0.739)</td>
<td>C11. Skilled and knowledgeable people (0.734)</td>
<td>C14. Spacious premises (0.698)</td>
<td>C10. Committed employees (0.751)</td>
<td>C7. Waiting time (0.676)</td>
</tr>
<tr>
<td>C15. Seating, drinking water, lavatory facility (0.641)</td>
<td>C2. Innovative services (0.686)</td>
<td>C12. Cordial, customer friendly helpful employee (0.565)</td>
<td>C13. Service charge (0.709)</td>
<td>C16. Hygienic atmosphere (0.483)</td>
<td>C5. Timely service (0.558)</td>
<td>C22. Service assurance (0.577)</td>
</tr>
<tr>
<td>C20. Customer Relationship Management (0.584)</td>
<td>C3. Systematic and accurate service (0.554)</td>
<td>C21. Reliable services (0.56)</td>
<td>C18. Effective handling of complaints (0.683)</td>
<td>C9. Service with smile (0.474)</td>
<td>C19. Recognize as individual customer (0.497)</td>
<td></td>
</tr>
<tr>
<td>C25. Service responsiveness (0.544)</td>
<td>C4. Smooth and hassle free service (0.381)</td>
<td>C6. Staff availability at counter (0.402)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EV= Eigen Value. Figures in Parentheses Showing Factor Loading Value.
Source: Calculated based on Primary Data.

Further, based on mean value of all the variables under a particular factor, factor ranking is made. Factor with lowest mean value will be the first position. Accordingly, the routine operation factor ranked first out of 7 factors followed by technology factor, environmental factor, behavioral factor, interactive factor, management factor, and human factor, respectively.

Further, Factor wise satisfaction level of customers was calculated using mean/average score, which reflected that in some cases customers were modestly gratified and some cases they were slightly contented from the services delivered by the bank in the area under the study. Following table exhibited the mean value/average score of all the underlying factors. It also highlighted the level of satisfaction (LOS) and factor ranking based on mean value.
Table - 5.2: Factor Ranking

<table>
<thead>
<tr>
<th>Factor</th>
<th>Name of the Factor</th>
<th>Mean Value</th>
<th>LOS</th>
<th>Factor Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor – 1</td>
<td>Routine Operation Factor</td>
<td>2.81</td>
<td>Slight</td>
<td>1</td>
</tr>
<tr>
<td>Factor – 2</td>
<td>Technology Factor</td>
<td>2.82</td>
<td>Slight</td>
<td>2</td>
</tr>
<tr>
<td>Factor – 3</td>
<td>Human Factor</td>
<td>3.28</td>
<td>Modest</td>
<td>7</td>
</tr>
<tr>
<td>Factor – 4</td>
<td>Management Factor</td>
<td>3.24</td>
<td>Modest</td>
<td>6</td>
</tr>
<tr>
<td>Factor – 5</td>
<td>Environmental Factor</td>
<td>2.9</td>
<td>Slight</td>
<td>3</td>
</tr>
<tr>
<td>Factor – 6</td>
<td>Behavioral Factor</td>
<td>3.02</td>
<td>Modest</td>
<td>4</td>
</tr>
<tr>
<td>Factor – 7</td>
<td>Interactive Factor</td>
<td>3.03</td>
<td>Moderate</td>
<td>5</td>
</tr>
</tbody>
</table>

Mean value is calculated against all the variables under a particular factor. Factor ranking is based on mean value of all the variables under a particular factor.

*Source: Calculated from Primary Data.*

Mean value of each factor is calculated based on the average/mean value of all variables incorporated under a particular factor. Further, factor ranking has been done based on lowest mean value. More importance is supposed to be given on the factor having relatively lower mean value when strategies would be implemented. The factor wise average score exposed that none of the variables ranked 4.00 and above which indicates that the customers of banks in regard to the service rendered was quite dismal. They were either modestly satisfied or slightly satisfied from the services.

It is very noteworthy that banks operating in the study area are not exceeding their routine operations to the fullest satisfaction of the customers. The factor wise average scores in respect of technology factor and environmental factors exposed that the customers were turned to be dissatisfied a lot. It is because of the fact that, banks were incapable of improving the service quality standard. In technology front, banks in the area under the study were lagging behind. The rural areas of the districts under study are still remaining unbanked and rural masses are yet to get pleasure from contemporary banking amenities. From the above analysis it is apparent that banks in the districts necessitate adopting certain unambiguous marketing strategies with the intention of enduring in the present globalized IT enabled hyper-competitive milieu.

**Chapter – VI: EPILOGUE**

The final chapter summarizes the findings, and offers pragmatic solutions for sustainable development of banks and branches in general operating in the area under study in particular. The key findings are presented as under:
6.1. MAJOR FINDINGS

- Globalization, liberalization and privatization of banking sector in India heralded a breakthrough in its operations since 1991. It has experienced a paradigm shift for last few decades. There has been a qualitative as well as quantitative escalation in this sector. Quantity of banking products and banking business over the period of time has amplified and the quality became classier. Number of bank offices/bank branches, number of employees, amount of deposit mobilization, total credit, priority sector lending and investment in the government projects enlarged over the period. Deposits per office, credit per office, per capita deposit, per capita credit, credit deposit (CD) ratio, and investment deposit (ID) ratio, number of foreign banks in India, computerization in banks, fund clearing houses, ATM centres, number and amount of RTGS, EFT, KCC, etc. increased over the years in Indian banking sector.

- A good number of banks did not have any branch catering needs particularly in rural area and implementation of financial inclusion is still embryonic stage in the area under study. Even in this modern era, females are shy of availing services from the banks. Banking habits amongst the less educated people is also less. The income level of businessmen as well as people engaged in agricultural activities was relatively less than other occupational groups. Majority of the customers in the area under study was only modestly to slightly gratify in regard to services catered by the banks. It is because of gap between actual services with expected or perceived services.

- In the study area, out of 7 factors accountable for customer satisfaction from the banking services, routine operation factor ranked first (in terms of lowest customer satisfaction) followed by technology factor, environmental factor, behavioral factor, interactive factor, management factor, and human factor respectively demonstrating thereby that these are to be considered cautiously while developing services.

- In technology front, banks in the area under the study were lagging behind. The rural areas of the districts under study are still remaining unbanked and rural masses are yet to enjoy modern banking facilities.

6.2. CONCLUDING REMARKS

The future expansion of banking industry is likely to depend on the way it is going to endow with better services to its customer. Under the new tumultuous environment, banks necessitate to
reinvent the marketing strategy for its subsistence and growth. There are some pertinent issues in the framework of financial inclusion. Despite of transformation in the banking activities, in both qualitative and quantitative stipulations, followings are the veracity in this regard.

Out of the 600,000 villages in the country, only about 50,000 have a commercial bank branch. Only 40% of the population has bank accounts, means 60% of our population does not have even a bank account. In rural area the state of affairs is gloomier. Only 13% people of India having debit cards and 51% of the 89.3 million farmer households did not inquire about credit from any banking institution. There is colossal deficiency in customer consciousness. There is no foreign bank branch in rural India. Only 13,381 Public Sector Bank branches and 1,113 Private Sector Bank branches are operating. Some PSBs have trifling technological development and service innovations. Self Service Technology adoption is still in its babyhood juncture of Product Life Cycle. As on March 2009, number of Biometric ATM centres was restricted to 100 only. ECRM is restricted to urban Indian bank customers only. The gravity of the state of affairs generates further research inquisition. Whether the transformation is ample to dole out approximately 121 crore population of the country? Is it feasible to accomplish complete “Banking Inclusion” in India? Following strategies might be serviceable in the context banking sector in the area under the study.

- Opportunities are immense for the Indian bankers to swell their business. In this respect, espousal of Business Correspondents (BC) model may perhaps be the suitable executive verdict in the banker’s point of view to guarantee absolute financial inclusion for the bank customers in general and rural customers in particular.

- Service components must be developed in such a way that they are compatible to those who are financially excluded. Offering additional number of Kisan Credit Cards and ‘No Frills’ account may be an appropriate judgment from the banker’s standpoint.

- Another strategy for effective marketing is bank necessitate to transform the focus from the traditional banking to universal banking. A universal bank is a supermarket for financial products.

- As the banking behavior in the study area is relatively near to the ground particularly amongst the females and less educated customers, therefore, they can be aggravated, encouraged and steered to develop banking habits by informing the payback of holding accounts with a bank.
In this regard, conceptualizing more number of avenues and creating provisions for supplementary benefits for customers may possibly be appropriate from the banker’s end. As the banks are hitherto to become accustomed with technology particularly PSBs, they ought to ensure all kinds of technological supports desired for smooth operations of bank with an intension to gratify customer for enhancing loyalty level and retain existing ones for business growth.

The human aspects are unbelievably significant drivers of overhaul performance of banks. Efficient interpersonal interactions between customers and employees, enrichment of knowledge of employee, ensuring service with smile can enliven customer gratification. In this context, incessant training and skill up-gradation of human capital are critical significance towards assimilation of innovative technologies. ECRM needs to be built. Alignment flanked by HR and IT is a necessity. Communication with clientele and the reaction from them must be precious input for revising its product, strategies and services to meet customer requirements. Operating staffs and providing prompt and efficient service with smile is a must and need of the hour. Delays in customer services flow not only out of malfunctioning systems, but with attitudes of employees. Even if the systems are customized, unless the employee’s attitudes revolutionize, the desired results can not be achieved. The employees must be enthusiastically involved in developing customer service and superior fulfillment of their psychological needs to be met.

Additional emphasis should be given on the factor having relatively low mean value. Taking into consideration of the mean value, out of 7 factors accountable for customer satisfaction from the banking services, routine operation factor ranked first. So, added stress is supposed to be given to routine operation factor followed by technology factor. So, emphasis ought to be given accordingly for ensuring improved customer satisfaction for healthier growth of banking business in the area under the study.

Banks in the region under study ought to look after the troubles of old customers, male customers, lower income group customers, customers associated with agricultural activities, customers in Karimganj and Hailakandi districts, and rural customers as they were only slightly gratified from the banking services offered.

Majority of the customers were neither contented nor discontented in regard to the services catered by the banks. In this context, rendering excellent and tailored services
may perhaps be capable of ensuring enhanced customer satisfaction level which will further pave the way to escalating customer loyalty level to retaining existing customers over and above attracting new potential ones. That will indisputably enlarge the market share of bank branches and ensure their expansion.

- It is imperative for the bank to endow with mandatory display requirements, to receive delivery of respond to customer complaints and resolution of complaints/grievances of customers in respect of services rendered within the time frame.

- To leverage profitability from treasured customers, banks should abandon the traditional product centric operations and focus on customer-centric state of mind to fabricate healthier relationship.

- As superior tangible aspects of bank branches augment clients’ contentment, therefore, it ought to be existed.

Lastly it can be concluded that, customer pleasure is the hymn to endure in the blood-thirsty markets where new entrants with urbane technology throwing challenges to existing bankers. Modern banks with professionally skilled service providers are sentient of the tricks how to please and keep hold of the existing clientele as well as to magnetize fresh ones. It is necessitate of meticulously and religiously catering to desires and demands of the patrons more than that of their expectations, which eventually lay concrete on the way to guarantee enhanced elevation of customer gratification escort to sustainable development of business.

On contrary, the old PSBs with antiquated technology and semi-skilled manpower confronting challenge from the new generation banks. If they are to continue to exist in the tumultuous market, they ought to become accustomed with the shifting necessities of the customer and proffer whatsoever desirable to gratify them with a view to overwhelm their counterparts and to confirm of their sustainability in the world of antagonism.

6.3. SCOPE FOR FURTHER RESEARCH
In this study, amongst demographic factor, religious attribute has been overlooked by contemplating that it might be merely an aspect with less importance in the present milieu, which has provided avenues for the prospective researchers to work with. The study measured merely some preferred universal dimensions which did not reckon all contemporary customer service variables (like core banking, internet banking, SMS banking, phone banking, service with
biometric ATM and credit cards etc.) since of non-availability of these services with all banks, which have shaped span in favor of advance researchers to deem in their researches. Service superiority attributes of bank were not measured with SERVQUAL tool (a widely accepted tool for measuring customer service quality and satisfaction) which perhaps be used to gauge the excellence of banking services and customer contentment. Future investigators may possibly pay attention to these dimensions to add new horizon of scrutiny of banking services in the context of the Barak Valley.

6.4. RELEVANT PUBLICATIONS


REFERENCES


