Customers' Satisfaction in Indian Banks: Problems and Solutions

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Abstract: Customer satisfaction is playing a significant role in all organizations. In products manufacturing organizations, customers should be satisfied with the products especially quality and price of the product. Banking industry is the service industry and providing various financial services to its customers. Indian banking industry is rendering their services according to the directions of Reserve Bank of India. As banking industry is service providing industry and customers' satisfaction is vital in its business. This study tries to get various problems or satisfaction of banking customers in India regarding physical resources, courteous services, committed services and assurance etc. It is observed that mostly customers are satisfied with the banking services but some low satisfaction regarding the responsiveness and individual attention of customers by the banks employees. Customers are dissatisfied because of nature and behavior of the banking employees. There is discrimination in behavior of employees according to the profession of the customers. This leads to provide special training to change attitude of the employees towards customers. The customers are encountering problems might be because of insufficient staff or staff should be behaviorally equipped with to satisfy their needs to enhance satisfaction level.

Keywords: Customers satisfaction, Banking services, Banking customers, banking problems.

INTRODUCTION

In India, banking services are playing significant role in the different dimensions of the economy. Banking organizations are rendering their financial services in different fields such as education, telecom, real state, medical, hotels, restaurant, transportation, public administration and especially in wholesale and retail trade.

Indian banking was started in June 1806 as Bank of Culcutta existing as largest bank namely State Bank of India. Reserve bank of India was established in 1935 as central bank to govern the banking system in India. Indian government nationalizes 14 banks in 1969 and 6 banks in 1980. Now a days, Indian banks

are providing financial services in different constituents of economy to accelerate the growth of development (Wikipedia- Banking in India). Deposits, loans, money transferring etc. services are provided by Indian banks. To make easier cheaper and faster banking services, all the banks are applying advanced telecommunication or electronic/ internet facilities and increases level of customers' satisfaction. Customers' satisfaction in Indian banks depend upon the various factors like availability of tangibles, reliability of services, assurance of services, responsiveness or willingness and empathy of employees to serve to the customers. Customers' satisfaction will retain the existing employees and tries to attract new customers and ultimately resulting in improvement of profitability and sound financial position. Customers satisfaction is the main factor and responsible for the growth of any service sector and same applicable in banking sector. Profitability is the relative measurement and measures the earning capacity of an organization. Financial position reveals the financial soundness of the concern. Growth of an organization or company is depend upon the increased turnover which is driven by customer's satisfaction. So, indirectly customer's satisfaction increases profitability and improves the financial soundness of any organization.

OBJECTIVE OF THE STUDY

The main objective of this study is to get customers satisfaction level in Indian banks. The following are the specific objective for this analytical and survey based study.

1. To define level of customers' satisfaction in banks.
2. To get reasons responsible for low customer satisfaction level.
3. Provide suggestions to improve customers' satisfaction level.

HYPOTHESES OF THE STUDY

The null and alternative hypotheses of the study were are follow:

Hypothesis I

H_0-There is no significant difference in customers' satisfaction between urban and rural Brach.

Hypothesis II

H_0-There is no significant difference in satisfaction between customers from urban and rural residence

Hypothesis III

H_0-There is no significant difference in satisfaction among employees, businessmen, students and others.

RESEARCH METHODOLOGY

This research is based upon the secondary data obtained from the Indian banking customers. Questionnaire contains five factors namely tangibles, reliability, empathy, assurance and responsiveness. The measurement scale is developed with reference to SERVQUAL model (Parasuraman et al., 1988). To get difference between satisfaction levels of customers a questionnaire containing 50 questions (Demographical-10questions, Expectations- 20 questions, and Perceptions-20 questions) were administered to 230 respondents. These respondents were from the Uttar Pradesh, Chennai, Haryana, Maharashtra and Madhya

Pradesh but mostly were from Uttar Pradesh. There were 202 questionnaire fully filled and used for analysis purpose, remaining questionnaires cancelled due to incompleteness. Calculated mean difference between perceived and expected is calculated to know the variations. The Chi Square squire test is applied to know the relationship among factor that may affect customers' satisfaction levels in banks.

SAMPLING: POPULATION AD SAMPLE SIZE

The all banking services user of India were considered as population for the study and 202 random samples are obtained from different parts of country through questionnaire filling by different means.

LIMITATIONS OF THE STUDY

This study is based upon the secondary data information obtained from the respondents (banking service user). The following were the limitations of this study:

1. The respondents were from only few parts of India.
2. The rural respondents are lesser than urban.
3. Some respondents filled questionnaire unwillingly and some returned without filling it completely.
4. The study of customers' satisfaction is static in nature, this may reveal some deviating results.

LITERATURE REVIEW

Customers' satisfaction is playing a very significant role in all organization either goods producing or service rendering and increase earning capacity and market coverage (Rust ,Zahorik, 1993). The satisfied customers are the best means for building a positive image of the organization in the market that will attract more and more customers and exiting customer's remains in the business. Anantha Raj A. Arokiasamy explained that there is positive relationship between satisfaction level of customers' and earning capacity of the organization. Satisfied customers from the initial level of any successful business and customers satisfaction leads to frequent purchase, brand loyalty, and positive mouth advertisement (Hoyer MacInnis, 2001). NevineSobhy, Abdel Megeid (2013) has also revealed the importance servicequality and positive correlation between service quality and customers' satisfaction, ultimately improves financial performance. Quality of service is to be considered as main factor responsible for customers' satisfaction (Parasuraman *et al.*, 1994).

Now a days, banking is to be considered as a customer based services industry, the customer is the center-point and customer service has to be the prime factor and leads to maximum profitability and smooth operation of the business activity. The challenges for banks is to control and reduce costs, increase operational efficiency and market share and it is possible only improving the quality of services to enhance customers' satisfaction. Attention has now turned to improving the quality of service encounter, when customers enter the bank and come into face-to-face contact with bank staff (Chakravarty, 1996). Service quality is considered as one of the basic factors responsible in customer satisfaction (Parasuraman et al., 1994).

Customers' satisfaction is effecting earning capacity of banks and to helps to achieve repeat purchase by customers in the saturated competitive banking business, Organizations should organize their services according to expectations (express or implied) of their customers. Organizations should provide more

than expected service to get higher customer satisfaction level. To get customers again and again, organizations should provide services according to their express or implied expectations. They should provide services and products to meet or even exceed customers' expectations (Mesach G. Goyit, Teresa M. Nmadu, 2016). Atteia A. Marrie, Mohamed E Ibrahim, Amjad D al Nasser, 2014) revealed Strong positive relationship between quality of services and bank's performance (Islamic Banks) and that bank's internal operations mediate the relationship for external customers group. Elizabeth Duncan and Greg Elliott (2004) observed in his study that apart from direct correlation between customers service and financial performance, lack of uniform relationship between operational efficiency and financial performance or operational efficiency and customer service. But, Dimitrios I. Meditions(2013) found in his research that customers' satisfaction and loyalty does not have Following table is prepared after considering the information of 202 questionnaires filled by the banking customers, related tangibility, reliability, empathy, assurance and responsiveness. The responses were on 5 point likert scale.

DATA INTERPRETATION AND ANALYSIS

Branch Location	Perceived Tangibles	Expected Tangibles	Tangibles (P-E)
Urban	2.99	2.11	0.88
Rural	3.3	2.24	0.9
	Perceived Reliability	Expected Reliability	Reliability (P-E)
Urban	2.6	2.43	0.17
Rural	2.8	2.14	0.66
	Perceived Responsiveness	Expected Responsiveness	Responsiveness (P-E)
Urban	1.97	2.37	-0.4
Rural	2.85	2.32	0.53
	Perceived Assurance	Expected Assurance	Assurance (P-E)
Urban	2.36	2.18	0.18
Rural	2.35	2.18	0.17
	Perceived Empathy	Expected Empathy	Empathy (P-E)
Urban	2.7	2.63	0.09
Rural	2.05	3.1	-1.05

From the above table, it is clear that there is negative reflection in empathy in rural area branches and responsiveness of the employees are weaker in urban area.

Hypothesis I

The calculated value of Chi Square is 1.258187 at 5% level of significance to get the difference of satisfaction level of urban and rural branch customers. So, it can be concluded that there is no significant difference between the customers' satisfaction of rural branch and urban branch (Appendix 1).

Hypothesis II

The calculated value of Chi Square is 1.24294 at 5% level of significance to get the difference of satisfaction level of urban and rural customers. So, it can be explained that there is no significant difference between the customers' satisfaction from rural and urban areas (Appendix 2).

Hypothesis III

The calculated value of Chi Square is 30.8939 at 5% level of significance to get the difference among level of satisfaction of employees, owned business, students and other customers. So, it is concluded that there are significant difference between the satisfaction level of employees, owned business, students and other customers (Appendix 3).

RESULTS/OUTCOMES OF THE RESEARCH

From the above analysis, which is based upon the information obtained from the banking customers, it can be concluded that:

Positive factors for customers' satisfaction

1. Urban and rural area branches are equipped with latest information technology, employees are well behaved offices are neat and clean with sufficient number of employees.

2. All the branches are maintaining their records accurately honestly and providing fast loan sanctioning and depositing services. The ATM services of the banks are satisfactory and available in remote areas too.

3. There is no significant difference between level of satisfaction of customers from rural branch and urban branch.

4. There is no significant difference between level of satisfaction of customers form urban and rural areas.

Negative factors for customers' satisfaction

There is lack of willingness to help in providing detailed information of transactions, new loans and deposits schemes, interest on loans and deposits and banking charges and transactions etc., especially in urban area branches.

1. There is weak consideration of individual attention to customers and their specific needs in rural areas.

2. In rural areas, banking office hours are not convenient and customers have to wait long to get things done.

3. There are significant difference among the level of satisfaction of employees, businessmen, Students and others.

So, from the above, it is clear that there is lack of lack of empathy and responsiveness by the employees of the banks. Customers are satisfied with the physical resources, information services and honestly record maintenance by the banks.

RECOMMENDATIONS/ SUGGESTIONS

On the basis of above analysis and interpretation, it can be concluded that there is need to give special training to the employees who are working in rural areas directly dealing with the customers. The rural employees training should be based upon the analyzing and considering the behavior of different banking customers and their cordial treatment. The lack of employees are another reason for rural employees' dissatisfaction. In urban branches, there should be technological arrangement in banks website or online banking services to get detailed interest and banking charges information immediately. There should not be any discrimination on the basis of profession of the customers.

CONCLUDING OBSERVATION

This study observed that most of the Indian banking customers are satisfied with the services of banks. Few customers are dissatisfied because of the poor responsiveness and empathy of the employees in urban and rural area branches. Customers of banks are dissatisfied due to their special needs and no consideration or individual attention by the bank's employees. So, there is scope for further researches to know special needs of the customers and the behavioral problems of the employees while interacting with them regarding banking services.

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Appendix

Appendix 1: Satisfaction between Urban and rural Branch

	Urban Branch	Rural branch	Total
Satisfied	176	20	196
Not satisfied	6	0	6
Total	182	20	202

Expected Frequency			
	Urban Branch	Rural Branch	Total
Satisfied	177	19	196
Not satisfied	5	1	6
Toatl	182	20	202

fo	fe	fo-fe	(fo-fe)2	(fo-fe)2/fe
176	177	-1	1	0.005557
20	19	1	1	0.05263
6	5	1	1	0.2
0	1	-1	1	1
	Chi Square			1.258187

Appendix 2: Satisfaction between Urban and Rural customers

Observed Frequency			
	Urban customers	Rural customers	Total
Satisfied	168	28	196
Not satisfied	6	0	6
Total	174	28	202

Expected Frequency			
	Urban customers	Rural customers	Total
Satisfied	169	27	196
Not satisfied	5	1	6
Total	174	28	202

fo	fe	fo-fe	(fo-fe)2	(fo-fe)2/fe
168	169	-1	1	0.00591
28	27	1	1	0.03703
6	5	1	1	0.2
0	1	-1	1	1
	Chi Square			1.24294

Appendix 3: Satisfaction among employee, businessmen, students and others

Observed Frequency					
	Empl.	*Own. bus.*	*Stu.*	*others*	*Total*
Satisfied	30	130	20	16	196
Not satisfied	6	0	0	0	6
Total	36	130	20	16	202

Expected Frequency					
	Empl.	*Own. bus.*	*Stu.*	*others*	*Total*
Satisfied	35	126	19	16	196
Not satisfied	1	4	1	0	6
Total	36	130	20	16	202

fo	fe	fo-fe	(fo-fe)2	(fo-fe)2/fe
30	35	-5	25	0.7143
130	126	4	16	0.127
20	19	1	1	0.0526
16	16	0	0	0
6	1	5	25	25
0	4	-4	16	4
0	1	-1	1	1
0	0	0	0	0
	Chi Sqare			30.8939