

International Journal of Computing and Corporate Research

ISSN (Online) : 2249-054X

Volume 3 Issue 4 July 2013

Manuscript ID : 2249054XV3I4072013-06

THE PRAGMATIC ANALYSIS ON CUSTOMER CONTENTMENT IN PUBLIC AND PRIVATE SECTOR BANK

Priya Gupta

Assistant Professor, Arya PG College, Panipat

Haryana, India

Aastha Gupta

Assistant Professor, Arya Kanya Mahavidyalya, Shahbad

Haryana, India

ABSTRACT

With the growing pace of the technology driven services and customer centric applications, one of prominent domain of banking is also demanding to improve its services and customer satisfaction. Assorted banking products and organizations are in marketplace providing excellent services in finance and banking sector. Banking services are provided by the government enterprises as well as private sectors but there are lots of differences in terms of retail banking, insurance plans, net banking, deposits and share trading facilities provided by the banks. This

manuscript highlights the difference between the prominence factor in public and private sector banks. The present study is of analytical and exploratory in nature. Therefore, the use has been made of primary as well as secondary data. The primary data is collected by administering pre-tested structured questionnaires. Questionnaires were devised and circulated to individual depositors. The relevant secondary data are drawn primarily from the newspapers like The Economic Times, The Financial Express, The Business Standard etc and the journals like RBI bulletin, IBA Bulletin, Professional Banker. In analysis of the responses, Ratio is used as a benchmark because absolute figure do not provide a meaningful understanding. **Comparative Analysis is also used to compare performance of Public and Private Sector.**

Keywords: Customer Contentment, Banking Products & Services.

Introduction

Nationalization brought a structural change in the Indian Banking Sector Wholesale banking paved the way for retail banking and there has been an all-round growth in branch network, deposits mobilization and credit disbursement. Indian banks did succeed in achieving the objectives of nationalization as there was an overall growth in savings, deposits and advances. But all this was at the cost of profitability of banks. Financial sector reforms began in 1992 and these reform measures necessitated the deregulation of banking sector which brought about a total shift in banking industry. After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. To face macro changes, many of the banks have framed strategies to survive by concentrating on rapidly changing markets, new technology, solving trade union issues, foreign banks entry, bank regulations, economic meltdown, and fierce competition and have also understood the realities of

long term survival which depends on the satisfaction of customers expectations. Still many of the banks are facing challenges to understand the mindset of their clients due to often changing preferences and expectations of the customers. The banks also rarely evaluate customer expectation. But well known MNC companies continuously evaluate the consumers' mindset with the help of marketing consultants, educational institutions and then concentrate on fulfilling expectations.

Customer Contentment

The most popular view of customer satisfaction by academia is that customer satisfaction is the judgment borne out of the comparison of pre-purchase expectations with post-purchases evaluation of the product or service experience. Customer satisfaction is a post-purchase judgment or evaluation done by customers by comparing their pre-purchase expectations. If it results in positive values, then one can assume that customers get satisfied and then it is easy for bankers to retain or delight them for longer periods, consequently bringing in profitability.

Literature Review

In view of the fact that customer's satisfaction is indispensable in the banking organization, many government and non-government agencies as well as individual academicians and practitioners undertook various studies. Oliver (1) expressed his view about customer's satisfaction that customer's satisfaction is a feeling or attitude of a customer towards a product or service after it has been used and is generally described as the full meeting of one's expectation. It argued that customer develops norms for product performance based on general product experience and these, rather than expectation from a brand's performance, determine the confirmation / disconfirmation process.

Westbrook and Oliver (3) argued that in addition to the cognitive components, satisfaction judgments are also dependent upon effective components as both coexist and make independent contribution to the satisfactory judgments.

Levesque (4) conducted a study to confirm and reinforced the idea that unsatisfactory customer service leads to a drop in customer's satisfaction and willingness to recommend the service to a friend. This would, in turn, lead to an increase in the rate of switching by customers. East (5) suggested that customer's satisfaction is a major outcome of marketing activities whereby it serves as a link between the various stages of customers' buying behaviors. If customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try time extensions.

Researchers like Jamal Ahmad (6) have evaluated services of the banks in term of customer's satisfaction parameters and, therefore, have made good contribution in the field of research in the area. However, a human customer is a complex organism, always changing with changing times, the preferences and priorities also do not remain static. which change his / her perception about the satisfaction or dissatisfaction regarding the services he / she gets from the banks. Taking this into consideration, the above studies lose their relevance and there is a need to conduct a fresh study on the subject. It is against this backdrop that the present study is undertaken with a view to fill up this gap.

Dr. Chippa(1969) while analyzing the relative growth of commercial banking in terms of various indications like branch expansion, deposits and advances in various States, he classified various States during 1969-79 as follows-highly developed states: Kerala, Maharashtra and Punjab, moderately developed states : Gujrat, Haryana and Karnataka, Low developed state :Andhra Pradesh, Assam, Bihar, Himachal Pradesh and Jammu & Kashmir.

Levitt (1972) suggested three ways for the betterment of customer services. The first was use of the technology which meant substituting machinery for people. The second was the use of soft technology by which he implied substituting pre-programmed systems to gain greater order, speed and efficiency and lastly, by employing hybrid technology, which implied combining the above two i.e. equipment with planned system.

Levitt (1974) has explained that to create and keep a customer means to provide each and every thing to customer that people would like rather than the competitors. Give the full satisfaction to attract and hold enough customers.

Sharma (1980) in his article “Marketing for Money Managers” said that with the traditional approach of servicing the customers, the banks can be self defeating because of changing pattern of the customer perceptions. \

Kansal (1996) worked out that the establishment of the banking ombudsman (grievance committee of Customers against banking services) is a land mark event in the Indian banking industry. The changes banking scenario necessitates fair and effective redressal of grievances to increase the satisfaction to the customer.

Biema and Greinwald (1997) were of view that productivity growth rate could be raised to a desirable extent by adopting the technologies, labour force and capital stock to work.

Chidambaram and Alamelu (1997) stated that the customer is the king is the adage governing the functioning of Indian banks today. In this context, the business strategies of banks center on three ‘Ps’ - Product, process (technology) and personnel (people).

CTDL (2000) according to contemporary Banking and Finance Journal of CTDL, Internet offers a potentially attractive ways to serve the customers without the heavy cost associated with the

traditional modes. Banks introduces new technology VAB like 24 hours e-banking instant facility and smart card/debit cards.

Bhaskar (2006) pointed out that customer service is the base for business expansion because of the stiff competitions prevalent in the banking Industry. They laid emphasis on customer satisfaction, to improve technology, satisfy customer expectation, perfect communication, mapping the customer needs, business process re-engineering and customer grievances and for changing the organizational structure for better servicing.

OBJECTIVES OF THE STUDY

The present study is conducted to achieve the following specific objectives:

- To make comparative analysis of customer contentment in private and public sector banks
- To identify the areas in which deficiency in customer service are prevalent.
- To examine the structural and operational rigidities and inadequacies in the existing systems and procedures which adversely affect the working of banks especially customer service in private and public sector banks.
- To study the present status of technology to ensure prompt and efficient service to customers, quicker flow of information and effective supervision and managerial control and competitive strengths.
- To suggest remedial measures with respect to improving the customer service in in private and public sector banks.

Research Methodology

The present study is of analytical and exploratory in nature. Therefore, the use has been made of primary as well as secondary data. The primary data is collected by administering pre-tested structured questionnaires. The genesis of the different questions incorporated in the questionnaires is to acquaint ourselves with the customer's reactions, opinion and suggestions to

achieve high level of performance at this front. Questionnaires were devised and circulated to individual depositors. The relevant secondary data are drawn primarily from the newspapers like The Economic Times, The Financial Express, The Business Standard etc and the journals like RBI bulletin, IBA Bulletin, Professional Banker. The journal of Indian Institute of Bankers, The Banker–A Monthly Banking and Financial Journals etc. To fill the gap and make necessary clarifications, some supplementary information were sought through personal interviews, discussions and consultations with the executives of the various public and private sector banks. All this have provided useful policy implications worth offering towards the end of present research work. In analysis of the responses, Ratio is used as a benchmark because absolute figure do not provide a meaningful understanding. **Comparative analysis** is also used to compare the performances of the Public and Private Sector Banks.

Findings of Study

One of the important dimensions of customers' satisfaction is the Ability to resolve Customers' Complaints. The fundamental philosophy to succeed for all the banks would be to view complaints of customers as opportunities to do better by turning a disgruntled customer into a satisfied one. Variables like outcome of complaints and handling of complaints are the important ingredients of measuring customers' satisfaction. The views of customers about this dimension under study are exhibited in Table 1.

Table 1: Distribution of Customers' Sample

Name of the Banks	Number of Respondents
SBI	50
PNB	50
AXIS	50

HDFC	50
Total Sample Size	200

Table 2

Points of Scale	Assigned Score
Very Satisfied	5
Satisfied	4
Neither Satisfied Nor Dissatisfied	3
Dissatisfied	2
Very Dissatisfied	1

The study of table 1 reveals that SBI provides the highest satisfaction to its customers as the combined mean score of two variables which determine the satisfaction of the customers on the basis of the ability to resolve complaints which is represented by the combined mean score is 4.67. This score is in between very satisfied and satisfied. The views expressed by the customers are consistent as the Standard Deviation (SD) is insignificant -0.38. The satisfaction of customers representing the PNB lies in between satisfied and neither satisfied / nor satisfied, mean value being 3.42. These views are consistent as the SD is 0.73.

The customers of the AXIS and the HDFC banks express their level of satisfaction below very satisfied mean value being 3.71 and 3.78 respectively. However, the score of SD shows some inconsistent views of customers in case of the HDFC bank.

Further analysis of table 1 indicates that in case of public sector banks and private sector banks, the outcome of complaints and handling of complaints are the equally contributed factors towards the satisfaction of customers. This was due to the fact that customers of both banks are satisfied with their respective banks or a few customers made complaints to their banks.

Responsiveness of the Bank Staff:

Customers' satisfaction with bank staff refers to the willingness of the bank employees to help customers and provide prompt services to its customers. When you go to a bank, minimum that you expect is that the employees would attend you rather than chitchat amongst themselves.

Table 3

Description of Behaviour of Bank Staff					
	(In Numbers)				
	Very Satisfied	Satisfied	Never Satisfied	Dissatisfied	Very Dissatisfied
Helpful	70	10	20	-	-
Polite	30	40	20	10	-
Irritating	-	30	40	20	10
Indifferent	-	-	60	40	-
Encouraging	-	-	40	10	50
Ignoring	-	-	40	10	50

This factor is linked to several minor ingredients of the satisfaction experienced by the customers such as courtesy of the staff; banks employees' willingness in helping customers; knowledge to perform the service; information delivery; quality of information received and attitude of bank staff. The politeness, respect, consideration and friendliness of the service providers can be bundled into the term courtesy. Information delivery refers to keeping the customers informed in the language they can understand. The attitude of the staff is referring to the behavior of officers and employees of the respective bank towards the customers. The response of the staff of the bank under study is exhibited in table 2.

An investigation of table 2 reveals that SBI provides the highest satisfaction to its customers, as the combined mean score of different variables which determine the satisfaction of the customers

on the basis of the Responsiveness of the Bank Staff which is represented by the combined mean 4.10. The mean score of the SBI lies in between satisfied or very satisfied. The views expressed by the customers of the SBI are inconsistent as the SD is 1.10.

The satisfaction level of customers of the PNB, the AXIS and the HDFC banks is in between neither satisfied / nor dissatisfied and satisfied, as mean score is 3.72, 3.32 and 3.63 respectively. However the score of standard deviation of the PNB and the AXIS banks shows some inconsistent views of the customers because the SD score is 1.01 and 1.18 for the PNB and the AXIS banks respectively.

In public sector banks namely the SBI and the PNB, the knowledge of the banks', staff, helpfulness of banks' staff and courtesy of the banks staff is the highly contributed factors towards satisfaction of the customers. In private sector banks, knowledge of staff is the highly contributed factor towards satisfaction of the customers of the AXIS Bank and courtesy of the staff and quality of information received is the highly contributed factor towards satisfaction of the customers of the HDFC Bank.

Banking Services

The variety of the product and services sold by the bank are dominant factors for the success of any bank. The prime aim of every bank is to provide excellent service to their customers. The services like, ATMs card; Demand Draft; Cheque Book; Net banking are the important ingredients of measuring customers' satisfactions. Customers' satisfaction with Banking Services refers to the satisfaction level of customers with quality of service providing by the bank.

The mean score of the PNB lies in between satisfied or very satisfied. The views expressed by the customers of the PNB are consistent as the standard deviation is insignificant 0.84. In case of

the SBI the satisfaction of customer lies in between satisfied and very satisfied as the mean score is 4.02 and the views expressed by the customers are consistent as the score of standard deviation is insignificant 0.91. In case of private sector banks, the satisfaction of customers of the AXIS Bank is in between neither satisfied, nor dissatisfied, and satisfied and the mean score of the HDFC Bank is in between neither satisfied, nor dissatisfied, and dissatisfied as the mean score is 2.93.

However, the score of standard deviation of the AXIS Bank shows some inconsistent views of customers, standard deviation is 1.07 for the AXIS Bank. ATM cards and cheque book service are the highly contributed factors towards the satisfaction of customers in public sector banks namely the SBI and the PNB. In private sector banks, net-banking and cheque book services are the highly contributed factors towards satisfaction of the customers of the AXIS and the HDFC Banks.

Speed of Counter Services

Customers' satisfaction with Counter Service refers to customers' satisfaction with the time taken for deposit cash and speed of withdrawal of cash from the bank, issue a draft and speedy collection of customers' cheques. All have an important role to play in determining the satisfaction of the customers pertaining to the efficiency of the bank.

The mean score of the AXIS Bank lies in between neither satisfied, nor dissatisfied, and satisfied. The views expressed by the customers of the AXIS Bank are inconsistent as the standard deviation is 1.09. In case of the SBI and the HDFC Banks' the mean score is in between neither satisfied, nor dissatisfied, and satisfied and the mean value is 3.00 and 3.29 for the SBI and the HDFC banks respectively. However, the satisfaction of customers of the PNB lies in

between dissatisfied and neither satisfied, nor dissatisfied, mean value being 2.33. The views expressed by the customers of SBI, PNB and HDFC banks are inconsistent as the standard deviation is 1.48, 1.46 and 1.24 respectively.

Accounts and Deposit of the Bank

Customer's satisfaction with Bank Accounts and Deposits refers to the satisfaction of customers with saving account, current account and fixed deposits of the bank.

Table 4

Following ranks are given by different respondents to different reasons for opening of a/c in bank				
	(In Ranks)			
Categories	SBI	PNB	AXIS	HDFC
Better Service	III	III	II	VI
Nearness to Office	VII	V	VI	III
Credit Facilities	IV	I	III	V
Banks Reputation	II	VI	V	II
Security of Deposits	I	IV	IV	I
Higher Interest Rates	V	VII	VII	IV
Variety of Service	VI	II	I	VII

The combined mean score of different variables which determine the satisfaction of the customers on the basis of the Accounts and Deposit of the Bank which is represented by the combined mean 4.64. The mean score of the SBI lies in between satisfied or very satisfied. The views expressed by the customers of the SBI are consistent as the standard deviation is insignificant 0.69. The satisfaction level of customers of the PNB, the AXIS and the HDFC Bank

is in between satisfied or very satisfied as mean score is 4.37, 4.24 and 4.21 respectively. However, the score of standard deviation of the AXIS Bank shows some inconsistent views of customers, because the standard deviation score is 1.33 for the AXIS Bank. The findings of present study reveal that customers have the highest satisfaction with saving accounts of the SBI and in case of the PNB customers have maximum satisfaction with current accounts of the bank. Similar kind of result is highlighted by the responses of the customers of the AXIS and the HDFC banks. Customers have maximum satisfaction with saving accounts of the AXIS Bank and current account of the HDFC Bank.

Overall Customers Satisfaction

The overall satisfaction of the customers which has been summed up and reveals that in all the banks the satisfaction level ranges between satisfied, and neither satisfied, nor dissatisfied, as the overall customers' satisfaction score in SBI, PNB, AXIS and HDFC banks are 3.78, 3.55, 3.56 and 3.78 respectively.

Table 5

Satisfaction level related with behaviour of bank staff				
Following responses were given by different respondents regarding this				
	(In Percentage)			
Categories	SBI	PNB	AXIS	HDFC
Fully Satisfied	85	75	80	85
Neutral	5	-	-	10
Not Satisfied	10	25	20	5

A comparison of two banks viz. SBI and PNB reveals that the customers in both the banks are somewhat close to each other. The calculated Z-value regarding ability to resolving complaints (1.12), responsiveness of the staff (1.81), and banking services (-0.94) is less than the table value

of Z-test at 5% level of significance. Thus, the alternative hypothesis that there exists a significant difference among the level of customers' satisfaction in the SBI and the PNB is rejected in favour of null hypothesis. This shows that the customers of both banks hold the similar views. However, the calculated Z value regarding Counter Service and Accounts and Deposits is greater than the critical value of Z-test that is +1.96 at 5% level of significance. Thus, the alternative hypothesis is correct and hence accepted.

Suggestions

- Satisfaction of needs and wants of the customers is the major role of effective marketing in the banks. The banks must commit the best possible customers' services. There are some suggestions to improve the banking services, which are given below:
- Public sector banks need to improve their counter services. All the banks should be motivated to set up specialized committee like audit committee, risk manager committees, compensatory committee etc. which will strength the corporate governance.
- The banking is a service industry so it should create friendly environment through Customer Relationship Management (CRM).
- The banks need to look at its advertising operations. In today's environment advertising is the media to reach the public faster. The bank should adopt more strategic audit of its advertising media.
- Since the service sector in India started contributing around 50 percent to the Gross Domestic Product, banks should explore the possibilities to tap this sector.
- The future strategies of banks should be to earn more of other income and reduce dependence of interest income.
- Customers' grievances should be redressed speedly and customers' satisfaction should always be on the top priority.

- Employees should be given training to improve their attitude.
- Banks should arrange meeting with their customers to promptness in providing the services.
- It is advisable for all the banks under study to keep a separate complaint-cum-suggestion box/book to enable customers to offer suggestions and complaints.
- The working hours of the banks must be as flexible as possible. The operating hours of banks must be extended depending upon the needs and desires of customers.
- Provision for separate enquiry counter at all the banks would be very useful especially to the illiterate customers.
- Efficient, knowledgeable, competent and versatile front-line staff is the prime requirement for all the banks surveyed.
- As so many customers use ATM cards, so there should be more ATM machines for the convenience of the customers.
- The banks must try to find out the specific needs of different customers, so that suitable package of services can be made available to them.

Rating of Various Suggestions for improving the bank services to the customers		
		Ranks
1	Customer Education and Counseling	V
2	Personalized Service/Door Step Service	IV
3	Simplification of Rules, Formats and Procedures	III
4	Mechanization and Automation	VII
5	Staff Training	II
6	Gearing up Grievances Settling Machinery	VI
7	Making Working Days/Hours more Flexible	I

Conclusion

The study is aimed at measuring the customers' preference and satisfaction levels for two basic services offered by private and public bank. Business and vehicle loans are fast moving than other services and overall satisfaction resulted at 50%. Further, overall satisfaction on bank deposit schemes resulted positively while other services of banking still need to be given attention by focusing on customer issues. New innovative schemes, strategies to cater to non users other services have to be adopted. A study or future research is recommended on all verticals of banking services. In value added services customer preference for net banking was least ranked and if the bankers with to increase net banking traffic, bankers should take maximum efforts to educate the customers by offering online training instead of handling out instruction manuals. Finally, if they want to sustain customers on a long term basis, bankers should work towards 100% customer satisfaction that automatically fosters customer delight.

References

1. East R., *Consumer Behavior: Advances and Application in Marketing*, Landon, Prentice Hall (1997).
2. Jamal Ahmand, "Customers" Satisfaction and Retail banking: An Assessment of some of the key Antecedents of Customers' Satisfaction in Retail Banking", *International Journal of Bank Marketing*, 20 (4), 146-60 (2002).
3. Levesque T. and McDougal G.H., "Determination of Customers' Satisfaction in Retail Banking", *International Journal of Marketing*, 14 (7), 12-20 (1996).

4. Vyas Parimal, "Customer Satisfaction: As Core Competence", Indian Journal of Marketing, 16-17 (1980).
5. Westbrook R.A. and Oliver R.L., "Development better measures of consumers' satisfaction; advance in consumer research", Journal of Marketing, 8 (1991).
6. Chakrabarty A (2003), "Banking Up the Wrong Tree: Customer Satisfaction in Retail Banking in the UK", International Journal of Applied Marketing UK, Vol.1, No. 1, pp 105-125.
7. Chippa, M.L., "*Commercial Banking Development in India*" 1969.
8. Levitt, Theodore, "*Marketing success through differentiation of anything*" Harvard Business Review, Jan-Feb 1980 pp. 83-91.
9. Levitt, Theodore, "*Marketing for Business Growth*" MC Graw Hill, New York, 1974.
10. Kansal, A. K., "*Banking Ombudsman- A New System in Customer Satisfaction*", State Bank of India, Monthly Review, Vol. XXXV, Feb. 1996 pp.85-94.
11. www.rbi.org.in
12. [www.bank](http://www.bankofindia.com) of India.com
13. Annual Reports of RBI