
A Study on Customer Satisfaction towards Private Banks with special reference to Mysuru City

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Abstract

The banking industry has a tremendous growth in Indian market. The entrance of new technology has made lot of changes in Indian banking sector. Lately the Indian economy has seen the emergency of many banks in the private sector. The effort with customer mind is very problematic. Understanding the preference of customer is a challenging task. The growth of private bank is not possible without achieving customer satisfaction. Customer satisfaction is a contemporary approach to survive in the market .Gauging of customer satisfaction is nowadays very important to gain confidence to build the market .This paper presents an novel customer satisfaction survey in the private banks in the Mysore city .The research study is based on the following criteria's the parameters of customer satisfaction, Preference towards private banks, Factors influencing customer satisfaction towards private banks. The target population for the study is customers of private sector banks. Required analysis will be done to measure customer satisfaction. The current study focuses on identifying the key factors which lead to customer satisfaction. For the persistence of study primary data and secondary data will be used. The research results customer satisfaction towards private sector banks in Mysore city

Introduction

The **private-sector banks in India** represent part of the Indian banking sector that is made up of both private and public sector banks. The "private-sector banks" are banks where greater parts of stake or equity are held by the private shareholders and not by government. Banking in India has been conquered by public sector banks since the 1969 when all major banks were nationalized by the Indian government. However since liberalization in government banking policy in the 1990s, old and new private sector banks have re-emerged. They have grown faster & bigger over the two decades since liberalization using the latest technology, providing modern innovations and monetary tools and techniques.

The private sector banks are split into two groups by financial regulators in India, old and new. The ancient private sector banks existed prior to the nationalization in 1969 and kept their independence because they were either too small or specialist to be included in nationalization. The recent private sector banks are those that have gained their banking license since the liberalization in the 1990s. The banks, which came in operation after 1991, with the overview of economic reforms and financial sector reforms are called "new private-sector banks". Banking regulation act was then revised in 1993, which permitted the entry of new private-sector banks in the Indian banking sector.

Customer satisfaction

In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying. For this reason, a luxury resort, for example, might receive a lower satisfaction rating than a budget motel—even though its facilities and service would be deemed superior in 'absolute' terms.

Need for the study

Banking is the central nervous system of the economy .It plays a very important role in social, economic and cultural development of the society. Therefore the service offered by banks and quality assurance is very important for the development of the banks which always have direct impact on the customer satisfaction. With the changing scenario expectation of the customers is very high because of huge competition among the industries .People from different places prefer to have private banks as their major transaction since the facilities given by private banks is comparatively high so it is very essential for the private banks to focus more on satisfaction of employees which have its impact on customer satisfaction of service sector. This study investigated customer satisfaction towards private banks with special reference to Mysore city.

Literature review

- According to Kushubu Agarwal and Dr.manoj Baghmar in the study of “An empirical study on customer services of selected private sector banks with special reference to Udaipur city that quality services is the most influencing factor which leads customers to have an account in the private sector banks and majority of customers are aware about the deposit services and loan services in private banks.
- According to Uma Shankar Mishra Bibluti Bhushan Mishra, Swagat Praharaj Ramchandra Mahapatra, public banks are more aggressive than the private banks in attracting and retaining customers because of excellent relationship with the customers with their good services.
- A study is conducted on “A comparative study on customer satisfaction in Indian public sector and private sector banks by Ms. Pallavi Gupta Dr.Chhaya Mangal Mishra. Dr. Tazyn Rahman .According to them private banks seems to have satisfied its customers with good device and they have been successful in implementing tangible factor like modern equipment, infrastructure facilities, quality of material used, private sector banks have been successful in achieving a satisfying relationship with customer however public sector banks have to improve a lot in this area.
- A study is conducted on “A study on customer satisfaction, a comparison of public and private banks by Dr. Herinder Singh Gill Sourabha Arora. According there study the private banks need to work on gaining faith of customers. A customer feeling of being secure while dealing with their bank and trusting given terms and conditions is still tough for private banks. Private bank are comparatively younger in Indian financial system and don't carry the hierarchical trust the public sector banks have. Private bank need to make their work transparent. Public bank need to upgrade themselves on technology and premises outlook.
- According to Mr. M.E Doddaraju(2014)made a study on customer satisfaction towards public and private sector banking services with special reference to Anantapur district of Andrapradesh. A study on satisfaction level with regard to the public sector unit courtesy shown by bank staff at the counter is very low .Therefore the bank should pay special attention to HRD by giving timely training to employees to conduct themselves better .Banks should win customers confidence by

providing them guidance regarding service charges, service tax, interest rate, penalty if any etc. All the branches of bank should provide different facilities like parking, seating arrangements, drinking water and sanitary facilities. New investment schemes should also be displayed at appropriate price.

Research Objectives

1. To study the banking services and customer satisfaction towards private banks in Mysuru
2. To understand how employees are committed to customer satisfaction

Hypothesis

- H_01 : Service factors have in significant influence in the selection of private sector banks
- H_a1 : service factors have significant influence in the selection of private sector banks

- H_02 : There is no significant influence on employee commitment and customer satisfaction
- H_a2 : There is significant influence on employee commitment and customer satisfaction

Research Methodology

Proposed **Study on Customer Satisfaction towards Private Banks with special reference towards Mysuru City**. A structured questionnaire is designed and administered to elicit response from customers of private banks. Hence the proposed study is descriptive in nature.

The primary data is collected through structured questionnaire and secondary data is collected through journals, published magazines, published reports, research papers and websites.

- **Sample design**: Out of target population the sample used is the users of private banks like HDFC, ICICI, AXIS, YES BANK etc.
- **Sample size**: out of total population 100 samples are drawn, simple random sampling method is used to draw the sample from population.

Customer satisfaction refers the extent to which the customers are satisfied with Products and services of the organization. Customers are treated like god. Nowadays companies are providing lot of value added service to customers to gain the confidence of them. The study is conducted to know the services provided by the private banks to satisfy the customers. All of the items will be measured using Likert scale in questionnaire. Questionnaire will be distributed personally and data will be collected data from customers of private sector banks. SPSS is used to analyze the data, factor analysis and correlation, regression, ANOVA t-test is used to identify the relationship between the variables.

Results and Discussions**Table 1 –Mean and SD Score of Variables**

| particulars | N | Mean | Std. Deviation |
|--|----|--------|----------------|
| Private banks offer excellent service to customers | 50 | 4.1000 | .88641 |
| I always get prompt service whenever I visit bank | 50 | 3.7400 | .85261 |
| Your bank provide good interest rate on Saving A/C and FDs | 50 | 3.7000 | 1.11117 |
| Procedure to open account in private bank is difficult | 50 | 4.1200 | .87225 |
| Your bank provide good credit facilities | 50 | 3.8600 | 1.03036 |
| Your bank charge a variety of service charges (SMS/ATM) | 50 | 3.8200 | 1.20695 |
| Your bank charge unnecessarily for not maintaining minimum balance in a/c | 50 | 3.7800 | .76372 |
| Your bank provide ATM services in multiple locations | 50 | 4.1000 | .88641 |
| Your bank provide best e-banking services | 50 | 4.1800 | .74751 |
| Your bank provide necessary phone banking facilities | 50 | 4.1200 | .68928 |
| Your bank provide plastic money facilities | 50 | 3.7400 | .98582 |
| Your bank provide locker facility | 50 | 3.1400 | 1.16075 |
| Your bank properly advertise about innovative banking services | 50 | 3.6000 | 1.08797 |
| Your bank charge minimum interest rate on loans and advances | 50 | 3.8000 | .94761 |
| Your bank provide gold investment facility | 50 | 4.1800 | .74751 |
| Your bank provide timely services for collection of cheques and demand draft | 50 | 4.1200 | .68928 |
| The employees of banks are obliging | 50 | 3.7400 | .98582 |
| Your bank's staff efficiently solve customer problems | 50 | 3.1400 | 1.16075 |
| Employees give better information about the services of banks and offers | 50 | 3.6000 | 1.08797 |
| Employees of private sector banks are excellent in serving customers | 50 | 3.8000 | .94761 |

From the above table it can be inferred that the variables such as excellent service, account opening procedure , ATM service ,E-banking , gold investment facility ,timely service cheques and DD has the mean value close to 4 .this indicates the respondents are satisfied with the above service variable.

From the above table it can be inferred that the variables such as quick services, interestsales, credit facility, service charges, plastic money facility, advertisement of information,employees'service availability of information above service are value ranging from 3.6 to 3.86 .This indicates that the customers are somewhat satisfied with these variables

From the above table it can be inferred that 20% of respondents are using the service of ICICI

From the above table it can be inferred that the significant comparison of mean value of service variables among different banks namely HDFC, ICICI, and AXIS bank .The significance value in the table is 0.306 at 5% level of significance .This value is greater than 0.05 which indicates that there is no significant difference services offered by the banks.

Table 2 – T - Test Results

| One-Sample Test | | | |
|--|-----------------------|-----------|------------------------|
| Items | Test Value = 3 | | |
| | T | df | Sig. (2-tailed) |
| Private banks offer excellent service to customers | 8.775 | 49 | 0.00 |
| I always get prompt service whenever I visit bank | 6.137 | 49 | 0.00 |
| Your bank provide good interest rate on Saving A/C and FDs | 4.455 | 49 | 0.00 |
| Procedure to open account in private bank is difficult | 9.080 | 49 | 0.00 |
| Your bank provide good credit facilities | 5.902 | 49 | 0.00 |
| Your bank charge a variety of service charges (SMS/ATM) | 4.804 | 49 | 0.00 |
| Your bank charge unnecessarily for not maintaining minimum balance in a/c | 7.222 | 49 | 0.00 |
| Your bank provide ATM services in multiple locations | 8.775 | 49 | 0.00 |
| Your bank provide best e-banking services | 11.162 | 49 | 0.00 |
| Your bank provide necessary phone banking facilities | 11.490 | 49 | 0.00 |
| Your bank provide plastic money facilities | 5.308 | 49 | 0.00 |
| Your bank provide locker facility | 0.853 | 49 | 0.40 |
| Your bank properly advertise about innovative banking services | 3.900 | 49 | 0.00 |
| Your bank charge minimum interest rate on loans and advances | 5.970 | 49 | 0.00 |
| Your bank provide gold investment facility | 11.162 | 49 | 0.00 |
| Your bank provide timely services for collection of cheques and demand draft | 11.490 | 49 | 0.00 |
| The employees of banks are obliging | 5.308 | 49 | 0.00 |
| Your bank's staff efficiently solve customer problems | 0.853 | 49 | 0.40 |
| Employees give better information about the services of banks and offers | 3.900 | 49 | 0.00 |
| Employees of private sector banks are excellent in serving customers | 5.970 | 49 | 0.00 |

From the above table it is clear that all the items have significant influence on customer satisfaction. Customer will always expect banks to provide very good service with all the facilities. Thus study indicates that is met by all private banks but bank have to concentrate on two important items that is bank should have proper locker facility and it should also concentrate more on employees efficiency in solving customer problems , hence alternative hypothesis is accepted .

Table 3 - Regression Statistics

| <i>Regression Statistics</i> | |
|------------------------------|------|
| Multiple R | 0.92 |
| R Square | 0.85 |
| Adjusted R Square | 0.85 |
| Standard Error | 0.21 |
| Observations | 50 |

The above table indicates the correlation between employee's commitment and customer satisfaction. The correlation between employee's commitment and customer satisfaction is 0.92 which means perfectly positive correlation. The R square 0.85% it means the variance explained in customer satisfaction by employee commitment is 85%.

Table 4 - ANOVA Results

| ANOVA | | | | | |
|------------|-----------|-----------|-----------|----------|-----------------------|
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
| Regression | 1 | 12.58 | 12.58 | 274.85 | 0.00 |
| Residual | 48 | 2.20 | 0.05 | | |
| Total | 49 | 14.78 | | | |

The goodness of model fit is significant which is measured through f test ANNOVA

Table 5 - Regression Coefficients

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> |
|-----------|---------------------|-----------------------|---------------|----------------|
| Intercept | 1.66 | 0.14 | 12.14 | 0.00 |
| EC | 0.62 | 0.04 | 16.58 | 0.00 |

The model hold good since the employee commitment is significantly contributing to the customer satisfaction the intercept of the model is 1.66

Conclusion

The study indicates service and employee commitment is very important for customer satisfaction. This study focused on two important parameters like service and employee commitment. Structured questionnaire is distributed to customers to know the response on employee commitment and service. From the study it is very clear that the service has major role in providing customer satisfaction. The banks has provided with very good ATM facility , E-banking facility , phone banking facility , plastic money facility, good interest on loans and other financial facilities which is satisfying customers . Employee commitment is also playing major role in customer satisfaction, how employees respond to the problems of customer is also very important for customer satisfaction but our study indicates somewhere the employees are failed to solve the problems of the customers. The problems identified in this research are the customers are finding problem with locker facilities and employee commitment in solving customer satisfaction. The further research can be carried out in depth to understand the factors influencing customer satisfaction towards private banks .

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