



Short Communication

A Study on the level of Consumer Satisfaction at Nationalised Banks of India

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Abstract

According to recent trends, it has been observed that Indian banking industry is going through intense competition now a days. In the earlier days, public sector banks were functioning in the protected environment. Now, to beat one another, service providers in the banking industry use new applications into banking services in every coming day. Consequently, quality of services becomes the focal point for the customers due to rise in their expectations. Therefore, it is now clear that, the quality of service will be the yardstick, in the coming days, to figure out the best banking sector out of the average one. In this regard, this study has been undertaken to understand the satisfaction level of customers and examine the various dimensions of the awareness with regard to the services provided by nationalized banks of India. Questionnaire based on Likert's five point scale has been used to collect the information for this study. Analysis has been done by using SPSS. The outcome of the research revealed that there are significant differences in the satisfaction level and dimensions of awareness of customers of nationalized banks in terms of services provided by them.

Keywords: Banking Service quality, Consumer Satisfaction, public sector bank.

Introduction

Banking scenario is currently experiencing radical transformation even at the global level because of the fast changing economic & political atmosphere of the world and we are not an exception to the ongoing trend. Bankers are putting their hard toil to satisfy customers in order to rule over the market and in this process factors beside price are getting importance day by day¹. All the banks are focussing this issue vigorously so that they can hold their customers for the maximum possible duration. In addition to the above, use of information technology in the banking industry made the competition fiercer. Every day, banks are coming with latest service features, due to the result of information technology, in order to lure the customers. And, so customers are now finding themselves in a difficult situation while picking up the bank to run their business, in today's cut throat competition.

Therefore, it has been established that quality of services offered by bank are important determinant for their growth. A satisfied customer always contributes in the profit of a bank by establishing long term association with it². So, the business of banking sector is ultimately dependent on service quality offered by it. This study has been undertaken to find out the customers view in relation to the services provided by nationalized bank of India.

Review of Literature: Reviewing of literature done to this subject, the following results have been observed. Biswa N. Bhattacharyya had tried to establish empirically, in his study "Is Customer Service deteriorating in the Indian Banking Industry"

that banking sector has not let deteriorated customer orientation even in the post nationalization era³. Vassilis, Kangis, Voukelatos and Peter, studied on "Private and public banks: a comparison of customer expectations and perception with reference to Greece" where it was realized that in terms of customer expectation and perception private banks had the edge over its counterpart viz. public sector bank⁴. Gani and Bhat, studied on "Comparative Study of commercial banks" where they reached on conclusion that Indian banks needs heavy investment for intangible dimension in order to improve its service quality⁵.

Therefore, results of various research studies conducted throughout the world on this issue, revealed the fact that the growth and survival of commercial banks depends largely on the quality of services offered by them to their customers keeping with view to maintain a long term mutual beneficial relationship. Hence, it is required to develop a customer-centric approach by the banks for future growth and survival.

Objectives of the Study: This study has been undertaken with following broad objectives: i. To understand the level of awareness and satisfaction of customers related to Indian nationalized banks. ii. To analyze the level of awareness and satisfaction of customers related to Indian nationalized banks. iii. Recommendations for enhancing customer satisfaction related to Indian nationalized banks.

Methodology

For this study, a sample size of 202 banking customers having account with two nationalized bank namely S.B.I and P.N.B.

had been consulted, by following convenience sampling conducted at New Delhi and Mumbai.

Data has been collected in this study through well structured questionnaire based on likert's five point scale, in which apart from the general information, 28 variables has been taken for this study. The method of factor analysis is used to understand and analyze the factors related to the level of awareness and satisfaction of customers out of the services offered by nationalized bank. SPSS has been used for data processing.

Findings

The following table gives the results of the basic test which is indispensable to run factor analysis to this problem. All the test results are within the prescribed limit.

Table-1
Various Test Statistics

Cronbach's Alpha		.969
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.854
Bartlett's Test of Sphericity	Approx. Chi-Square	7606.771
	Df	378
	Sig.	.000
No. of Items		28

Principal Component Analysis: To verify the existence of different dimensions proposed by the SERVQUAL model in the data, the principal component analysis is used to reduce 28 variables. Accordingly, a clear factor structure appeared as a result of the factor analysis (PCA) which identified four factors extracted and they accounted for 78.084 per cent of the variance across the sample (Table-2).

Table-2
Rotation Sums of Squared Loadings

Factors	Eigen values	% of Variance	Cumulative Variance %
1	17.436	62.270	62.270
2	1.980	7.072	69.342
3	1.417	5.060	74.401
4	1.031	3.683	78.084

Extraction Method: Principal Component Analysis.

These four factors are similar to the ones existing in the SERVQUAL scale but with different importance attached

(Table-2) as follows: i. A close look at all the variables in the first factor prompted us to conceptualize this factor as "Awareness regarding Modern and Value Added Services" which comprised twenty one items and accounted for 62.270 % of variance out of the total. ii. The second factor could be termed as Satisfaction regarding Competitive fees and Interest Rates, which comprised two items and accounted for 7.072 % of variance out of the total. iii. The third factor could be termed as Satisfaction regarding Accessible officers and convenient operating hours, which comprised two items and accounted for 5.06 % of variance out of the total. iv. The fourth factor of this analysis could be referred as Satisfaction regarding Approachable distance, which comprised one items and accounted for 3.683 % of variance out of the total.

All the above mentioned factors came out from principal component analysis showed Eigen value more than one. The corresponding values are 17.436, 1.980, 1.417 and 1.031 respectively. All the four factors extracted above represent 78.08 % of the total variance out of the 28 items considered for this study.

The Table-3 clearly depicts that all the twenty eight variables are belong to four factors discussed above.

The level of Satisfaction and the services provided by the Nationalized Bank: In order to derive the outcome of this study, descriptive statistics had been applied. And, therefore mean score was calculated to find out the real pictures about level of awareness and satisfaction of customer's from the services offered by nationalized banks.

The Table-4 clearly indicates that nationalized banks had score well as far as factor one, two and four are concerned while in case of factor three it scored low. Thus, nationalized bank should address factor three properly by making their officers accessible and operating hours convenient to the customers.

Conclusion

Overall, we can say that nationalized banks scored low on the criterion of convenient operating hours and accessible officers and therefore, the management of the public sector banks should consider it by increasing the working hours of the bank beyond the normal working hours, keeping in view the current needs of their customers, especially of the working ones. On the other hand, to make their officers accessible to the customers, senior managers of the public sector banks should design an orientation programme of a specific duration on customer handling issues. The programme should be on the pattern of foreign banks and leading private sector banks and it should be mandatory for each officer to participate in it after a regular interval during the whole of his or her service period. Thereby, public sector banks can score good enough on this issue too, in the days to come.

As far as the performance of nationalized banks are seen with reference to the introduction of modern and value added services and competitive rates of interest, it is up to the mark on these criterion. Therefore, it is recommended that nationalized

banks have to work in order to improve its marketing strategies and policies as per the needs of the current time with a view to enhance the levels of its service quality.

Table-3
List of Factors with its loading related to Awareness and Satisfaction

Name of Factor	Variables name	Factor's Loading
Factor I Awareness regarding Modern and Value-Added Services	My bank has modern equipment and tools	.863
	My bank has cash counting machines	.873
	My bank offers credit card facilities	.822
	My bank offers net-banking facilities	.898
	My bank provide timely updating of pass books	.826
	Statements and billings given by my bank are clear & understandable	.868
	Error free services is provided by my bank	.809
	Feeling safe in transaction with the bank	.870
	New services is introduced by my bank	.820
	My needs are attended readily by my bank	.837
	Grievances are redressed with no time	.797
	My bank replaces lost/damaged cards timely	.680
	Customers are being equally treated	.867
	Specific needs are understood by my bank	.783
	Fulfilments of promises take place within the given time	.896
	Bank's personnel are knowledgeable to address queries of their customers	.900
	Services realised is helpful to make relation cordial	.788
	Bank provides prompt services	.836
	Physical facilities provided by bank are soothing	.893
Waiting area is comfortable	.900	
Adequate parking Space is provided by bank	.765	
Factor II Satisfaction regarding Competitive fees and Interest Rates	The Charges and fees of my bank are competitive	.783
Factor III Satisfaction regarding Accessible officers and Convenient operating hour's	My banker answers queries made over telephone	.364
Factor IV Satisfaction regarding Approachable distance	Branch premise is located at approachable distance	.677

Extraction Method: Principal Component Analysis.

Table-4
The mean score of the four factors of service quality of nationalized banks

Factors	Mean Score
Factor I : Awareness regarding Modern and Value-Added Services	0.837
Factor II : Satisfaction regarding Competitive fees and Interest Rates	0.818
Factor III: Satisfaction regarding Approachable distance	0.670
Factor IV: Satisfaction regarding Accessible officers and Convenient operating hour's	0.355

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