

# A STUDY ON CUSTOMER EXPECTATIONS AND SATISFACTION LEVEL TOWARDS SERVICES PROVIDED AT BANKS

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## **ABSTRACT:**

Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, NOW which started in 1786, and Bank of Hindustan , which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India , which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras , all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India.

**KEYWORDS:** Banking history in INDIA, Conclusion, Customers satisfaction, List of Commercial Banks, Research Methodology,

## **1. INTRODUCTION**

"Customer satisfaction is measured at the individual level, but it is almost always reported at an aggregate level. It can be, and often is, measured along various dimensions. A hotel, for example, might ask customers to rate their experience with its front desk and check-in service, with the room, with the amenities in the room, with the restaurants, and soon.

Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." In a survey of nearly 200 senior marketing managers, 71 percent responded that they found a customer satisfaction metric very useful in managing and monitoring their businesses.

"Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty." Customer

satisfaction data are among the most frequently collected indicators of market perceptions.

Customer service is the provision of service to customers before, during and after a purchase. According to Turban et al. (2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation."

Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's services.

## 2. LITERATURE REVIEW

It is seen as a key performance indicator within business and is often part of a **Balanced Scorecard**. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

"Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective." Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able to do this, firms need reliable and representative measures of satisfaction. "In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations.

**Aurora and Malhotra (1997)** studied the level of customer satisfaction and marketing strategies in both private and public sector banks in India. It revealed six factors of customer satisfaction in public sector banks viz, routine operations, price, situational environmental technology and interaction. But in private banking sector, they found seven factors in total, having staff factors as the top ranked and situational factors as the lowest ranked items. Instead of price factor, promotional factors have been explored by researchers. In private sector banks the customer level of satisfaction is comparatively more.

**Dutta K. and Dutta A. (2009)** investigated the perception of expectation of customers across all the banks in India. This study showed that customers are most satisfied with the services of foreign banks followed by private and public banks. This study suggested that Indian public banks should improve their banking services.

**Edwin M. & Fathima S. (2011)** conducted a study on the impact of service quality and customer satisfaction in commercial banks. This study shows that there is close link between the customers' perception on the service quality factor and customer satisfaction. It further showed that the impact of the service quality factor on customer satisfaction is unique. It brought the suggestion that bank managers have to formulate appropriate marketing strategies to satisfy their customers.

**Hallowell Roger (1996)** carried out a study on customer satisfaction in banks and suggested that banks should target service to only those who need it most. By adopting this strategy customers will be retained for longer periods since the bank can satisfy customers better than competitors.

**Kotovalas and Siomkos (2006)** conducted studies on customers' satisfaction in Greek banks. It revealed that there was a direct and positive correlation between perceiving service quality and customers' loyalty in the case of both private and public sector banks. The significant relationship has recorded demographic characteristics and perceived qualities of both types of banks. Customers of both banks were willing to express their complaints to the bank employees. The result revealed that bank's promotional efforts, aimed at providing relevant information to the public might increase loyalty level.

**Naveen Kumar and V.K. Gangal (2011)** examined customer satisfaction in new generation banks showing customers' expectations increasing rapidly in the banking industry of India. New customers looked the best services at a reasonable price. The result revealed that, the majority of Indian banks were not very diversified in terms of the product and services they offer. Further, it suggests that, in the competitive banking industry, banks have to implement strategic focus customer satisfying aspects for retaining as many customers as possible.

**Nirmaljeet Virk and Prabhjot Kaur Mahal (2012)** carried out a study on customer satisfaction in public and private banks of India. Private Bank managers maintain better personal relationship with customers than the public bank managers and this factor determines the customers' satisfaction to a large extent.

**Mahalakshmi and Sarvanaraj (2011)** studied the customers' satisfaction towards the banking services in Trichy. This study showed the key factors influencing customer's selection of a bank are range of service, rates, fees and prices charged. It further showed that not only superior service is sufficient to satisfy customers but also excellent front office services, value added services, deposit oriented services and providing innovative products will satisfy the clients' need.

**Tyler K and Stanley (2001)** in their research show that customer satisfaction in banking depended on the customers' relationship with officer or manger rather than the bank they represented. Further this study shows that the attitude of bank officers or managers and their relationship with customers lead to customer retention and satisfaction.

**Uppal R.K. (2010)** conducted studies on customer complaints and this research showed that excellent customer service and customer satisfaction help to sustain business growth. Furthermore it showed that customer complaints are continuously increasing in the public sector banks adversely affecting customers' satisfaction and performance. This research also suggested that establishing a customer care center in all banks would help solve customer complaint on a priority basis.

### 3. LITERATURE REVIEW

Respondents were asked to give on different aspects of customer satisfaction towards the services provided by the SBI bank on a five- point scale ranging from "strongly agree" "strongly disagree" and on ranking.

#### 3.1 Method of data Collection:

A descriptive research design was adopted for the study. It accounts for both primary and secondary data. Primary source of data were collected from customers through structured interview schedule by way of personal interview. Secondary data were collected from books, journals and Websites.

### 3.2 Sampling Techniques and Size:

Sampling is a technique or method of selection of samples. Convenient sampling method is used. The researcher has taken 120 samples from customers.

## 4. DATA ANALYSIS AND INTERPRETATION

**Table 4.1**

Table Shows Rank Correlation between Core Banking services and Online Banking services:

Respondents	Core Banking Services(x)	Online Banking Services(y)	Rank <sub>x</sub>	Rank <sub>y</sub>	(d)	d <sup>2</sup>
Students	10	12	7	6	1	1
Govt.Employees	30	14	1	4	-3	9
Businessmen	8	13	8	5	3	9
Agriculture	13	17	5	2	3	9
Rtd.Employees	17	16	2	3	-1	1
Housewives	12	10	6	7	-1	1
Workers	14	8	4	8	-4	16
Pvt.Employees	16	30	3	1	2	4
						∑d <sup>2</sup> =50

**Spearman's rank correlation equation:**

$$\rho = 1 - \frac{6 \sum d_i^2}{n(n^2 - 1)}$$

$$1 - \frac{6 * 50}{120 * 119} = 0.4047$$

8(64-1) INFERENCE

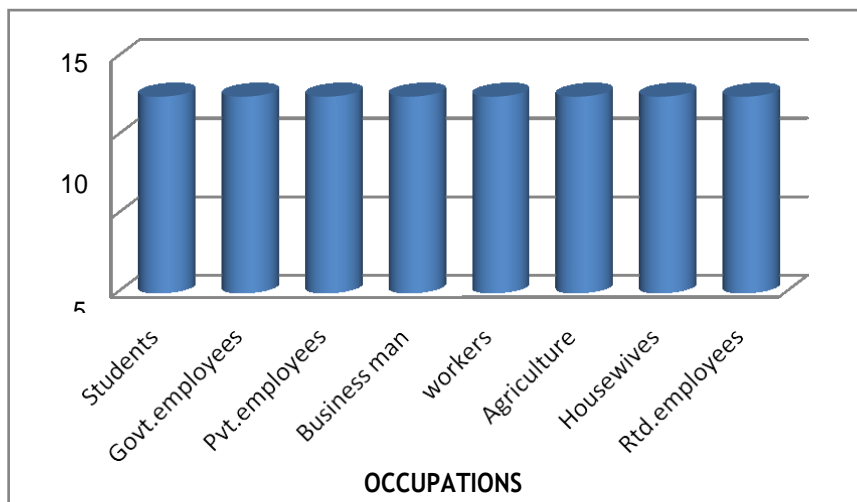
There is a positive Correlation between core banking respondents and online banking respondents with the value of 0.4047

**Table 4.2**

Table shows different respondents with respect to their occupations:

Occupations	Respondents	Percentage
Students	15	12.50
Govt.employees	15	12.50
Pvt.employees	15	12.50
Business man	15	12.50
workers	15	12.50
Agriculture	15	12.50
Housewives	15	12.50
Rtd.employees	15	12.50
Total	120	100.00

**GRAPH 4.1**



Inference: There are different types of respondents had being taken in each of them were same number ie 15 members.

## 5. CONCLUSION

This research articles highlights the satisfaction level of customers towards services provided by banks. Having considered the demographic factors of age, sex, marital status, educational qualifications and monthly income of 120 respondents, a final data has been arrived and it point out that there is a medium level of satisfaction on the customers' side. With factors like employee behavior, banking services and

banking performance affecting the level of customer satisfaction, the banks has to implement prompt customer friendly schemes / portfolios as an initiative go. These would thereby go a long way to enhance the level of customers' satisfaction thereby rectifying customer worries and alleviate the number of customers as well. Perhaps this would definitely lead to a flourishing economy, since customer satisfaction is the pivot of a successful banking structure.

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