



## CUSTOMERS PERCEPTION AND SATISFACTION ON SERVICES BY COMMERCIAL BANKS IN COIMBATORE

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### Abstract

A sound financial system is very imperative for a stable and dynamic economy. Over the past two decades financial sector around the world have transformed radically; global financial flows have doubled to five trillion dollars and substantial part of global assets are now internationally owned. Financial series play a crucial role in all developed economies and make an enormous contribution to global economic development. In the last two decades service sector has emerged as global economy, providing more than two per cent of global output and bulk contributors of employment in many countries. Keeping pace with the global trends the service sector in India has also grown rapidly in the last two decades. Its growth has been greater than that of agriculture and manufacturing sectors. Its contribution to GDP is almost 53 per cent. The banking system as a part of financial service sector has also witnessed tremendous growth over the years and has become more and more technology dependent. Banking in India is indeed as old as Indus valley culture. It has played a diffident role in the economic development during the pre-independence period.

### Introduction

Banking services in those day's were available only to a particular section of the society, mostly of corporate people. The common public was deprived of availing services from the bank and they solely depended on the indigenous bankers and private mortgage shops to cater to their credit needs. The banking functions became a effective force of economy only after the first decade of twentieth century. The enactment of Banking Regulation Act 1949 necessitated the banks to more towards the common people and they slowly started utilizing the benefits of commercial banking service. Further, nationalization of banks in 21,969 increased the in traction of the banker with the people and banks in India were obliged to conduct their business with a social motive.

### Statement of The Problem

Customer service is not merely the fulfillment government's guidelines or mechanical adherence to the time frames of services. It is a philosophy, an attitude of professional commitment which believes in the ultimate satisfaction of a customer's want. The very nature of service marketing requires that service organizations should devote more attention on offering efficient services to the customers. As the services are invisible, they can gain confidence and goodwill through efficient and prompt customer's services only. Customer service goes beyond spot transaction. It is more than effectively meeting the customer needs and handling of their grievances. Customer service would be better if employees develop the desired attitude and motivations and develop their capabilities in the direction of effective customer service.

### Scope of the Study

The study is confined to scheduled commercial banks in Coimbatore. The scheduled commercial banks are these, which are included in the second schedule of RBL Act 1934. However, the Regional Rural Banks and Cooperative Banks are excluded from the present study. The study incorporates the perception of the customers towards, banking services provided by Public sector Banks. For the purpose of the study commercial banking services, Mobile Banking services, card based services and other value Added services.

### Objectives of the Study

1. To evaluate the service quality and public sector banks
2. To measure the customers' satisfaction level based on customers perception.

### Research Methodology

The present study is based on primary and secondary data. The information relating to the customer perception towards services provided by Commercial banks in Coimbatore is collected for the study through survey with the help of questionnaire .The total sample size of the study is 300.

### Sampling Technique

Sampling is a technique or method of selection of samples. Convenient sampling method is used.

### Statistical Tools Employed

- a) Percentage analysis



- b) Chi-square analysis

### Limitations of the Study

- a. A sample size of 300 people was chosen because of the limited period of time available for the study.
- b. The study is confined to respondents of Coimbatore alone therefore this report is not applicable to other areas.

### Review of Literature

**Edwin M. & Fathima S. (2011)**<sup>1</sup>, 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.

**Naveen Kumar & DK.Gangal (2011)**<sup>2</sup>, held a study on Customer Satisfaction In New generation Banks (A Case Study Of HDFC Bank) and found that the majority of India's banks are not very diversified in terms of the products and services they offer. One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible. And customer retention is possible through customer satisfaction only. Thus, customers' satisfaction is the key of success in to days' competitive era.

**Gauga, Ritika; Mishra, R. C. (2013)**<sup>3</sup>, Banking is a service industry, and therefore, the quality of customer service plays a pivotal role in the prosperity of any bank. Good customer service leads to better customer relationship, higher customer satisfaction, increased customer loyalty and ultimately profitability. The purpose of this research is to analyze and compare the customer service and satisfaction level of the two leading banks of India - SBI and HDFC. The findings help the two banks identify the impact of banking personnel, processes, physical evidence, income, age, occupation and gender on customer's satisfaction level.

**S.C.Vetrivel (2014)**<sup>4</sup>, This study tries to identify the determinants which include service quality dimensions service features, service problems, service recovery and products used. Because of globalization, internationalization, technical innovations, law deregulations, and market saturation, the current situation of the banking industry is changing. The intensity of competition increases due to new products and services as well as the entrance of competitors from other industries, such as the so-called non- and near-banks. Even more, the continuously growing educational standard as well as better opportunities to gather information induce enormous changes in customer behavior. Thus, competition for customers becomes more difficult and, considering the growing intensity of competition, the major banks' need for sustained competitive advantage.

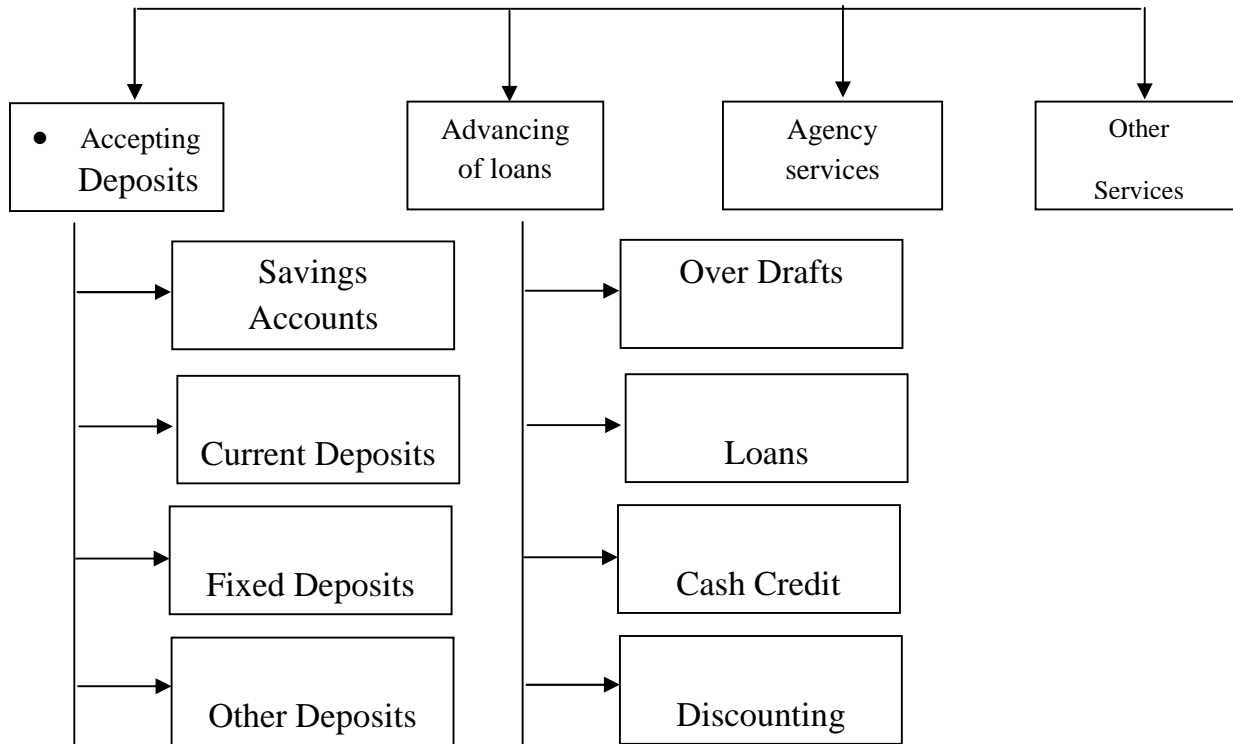
**K M Sugandha Verma (2015)**<sup>5</sup> present retail banking industry of the country has endless limits with a large number of existing and potential customers, having different needs and requirements. The market scenario has turned into the competitive one and survival relies on satisfied customers. The banking companies should focus on delivering the quality services to their diversified customers' wants. This research paper is an endeavor to assess the comparative customers' satisfaction level of the public and private sector banks in Haridwar district of Uttarakhand, based on modified SERVPERF approach. For analyzing the customers' satisfaction towards service quality of banking companies, a structured SERVPERF type questionnaire relevant to the industry has been constructed, which consists of 12 variables under three dimensions i.e., Tangibility, Responsiveness and Convenience.

### Profile of The Commercial Bank

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, which, upon India's independence, became the State Bank of India in 1955.

### FUNCTIONS OF COMMERCIAL BANKS

Modern banks not only deal in money and credit creation, other useful functions management of foreign trade, finance etc. The meaning of modern banks is used in narrow sense of the term as commercial banks. The various functions of banks can be seen from the following figure:



**Analysis and Interpretation of Data**

In this study the analysis and interpretation of a Customers Perception and Satisfaction on Services by Commercial Banks in Coimbatore is presented based on a sample of 300 respondents selected from Coimbatore through an interview schedule comprising of personal profile of the respondents and study related aspects. The collected data are classified and analyzed using the following tools in tune with the objectives of the study.

**Percentage Analysis**

The percentage analysis is a useful tool for any study because it provides the distribution of the respondents under each classification. As it is expressed in percentage it facilitates comparison.

$$FD = \frac{F}{N} * 100$$

Where, F- Number of Respondents

N- Total Number of Sample Population

**Chi-Square Analysis**

The chi-square test is an important test used to test the independence of two attributes. In other words this test is employed mainly to assess whether one factor has significant influence on the other factor. The results are presented in tables with suitable hypothesis and relevant interpretations.

$$X^2 = \frac{(O-E)^2}{E}$$

Where , O-Observed Frequency

E-Expected Frequency

**Table No 4.1, Age Group Distribution of The Respondents**

S.No	Age Group	No	%
1	<20 yrs	33	11.0
2	21-30 yrs	46	15.3
3	31-40 yrs	27	9.0
4	41-50 yrs	105	35.0
5	51-60 yrs	84	28.0
6	>60 yrs	5	1.7
Total		300	100.0

Source : Primary Data

### Interpretation

It is noted from the above table that, among the total respondents, 1.7% belong to above 60 years age group, 9.0% belong to 31-40 years age group, 11.0% belong to below 20 years age group, 15.3% belong to 21-30 years age group and the remaining 28.0% belong to 51-60 years. Thus, the study revealed that most of the respondents belong to 41-50 years of age group.

**Table No 4.2, Gender Wise Distribution of The Respondents**

S.No	Gender	No	%
1	Male	202	67.3
2	Female	98	32.7
Total		300	100.0

Source : Primary Data

### Interpretation

It is seen from the above table that, among the respondents, 32.7 % are Female and the remaining 67.3% are male. Thus, the study revealed that majority of the respondents are male candidates.

**Table No 4.3, Marital Status of The Respondents**

S.No	Marital status	No	%
1	Married	78	26
2	Unmarried	222	74
Total		300	100

Source : Primary Data

### Interpretation

It is seen from the above table that among the respondents, 26% are married and remaining 74% are Unmarried. Thus, the study revealed that majority of the respondents are Unmarried.

**Table No 4.4, Educational Status of The Respondents**

S.No	Educational Status	No	%
1	Primary school	47	15.7
2	Secondary school	73	24.3
3	Degree / Diploma	67	22.3
4	Post Graduate Degree	77	25.7
5	Professional Degree	36	12.0
Total		300	100.0

Source : Primary Data

### Interpretation

It is seen from the above table that among the respondents, 12% belong to Professional Degree, 15.7% studied to Primary school level, 22.3% are Degree and Diploma level, 24.3% studied to secondary school level, and the remaining 25.7% are Post graduate. Thus, the study revealed that most of the respondents are post graduate.

**Association between characteristics of the respondents and satisfaction on Credit service.** In order to study whether there is association between demographic, socio-economic variables and overall satisfaction with Credit service in the current bank, **Chi-square** analysis is performed and the results are given in the tables furnished below:

**Table No 4.5, Occupation And Overall Satisfaction With Credit Service**

Occupation	overall satisfaction			Total
	Low	Medium	High	
Student	19	14	21	54
Private Employee	22	24	19	65
Government Employee	12	21	19	52
Business Man	8	7	14	29
Industrialist	1	6	5	12
Professionals	11	10	14	35
Agriculture	4	5	7	16
Home maker	1	13	3	17
Others	10	6	4	20
Total	88	106	106	300

\*-Significant at 5 % level

$$X^2_{cal} = 28.01^* : X^2_{tab} = 26.3 \text{ d f} = 16$$

It is seen from the above table that the calculated Chi-square value is significant and thus there is association between occupation and overall satisfaction with credit services.

**Table No 4.6, Monthly Income and Overall Satisfaction With Credit Services**

Monthly income	overall satisfaction			Total
	Low	Medium	High	
<Rs.10,000	25	27	20	72
Rs.10,001-20,000	24	20	23	67
Rs.20,001- 30,000	16	15	13	44
Rs.30,001-50,000	5	16	23	44
Rs.50,001-80,000	8	11	21	40
Rs.80,001-1,00,000	9	15	4	28
Rs.1,00,000 and above	1	2	2	5
Total	88	106	106	300

\*-Significant at 5 % level

$$X^2_{cal} = 24.78^* : X^2_{tab} = 21.0 \text{ d f} = 12$$

It is seen from the above table that the calculated Chi-square value is significant and thus there is association between monthly income and overall satisfaction with credit services.

### Conclusion

The study could establish the strong relationship between the customer satisfaction and customer perception. Customers' perception of service will determine the success of the product or service in the market. With better understanding of customers' perceptions, banks can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path for further progress and improvement. Customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvements in the work practices and processes used within the bank. The study concludes that the perception and satisfaction of commercial bank customers.

### Reference

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