TECHNOLOGY, SERVICE QUALITY AND CUSTOMER SATISFACTION IN BANKING SECTOR : A STUDY WITH REFERENCE TO CHITTOOR DISTRICT, ANDHRA PRADESH

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Abstract : *Banking is one of the fast growing competitive finance industry in our economy. To face the competition and sustained growth of business in banking sector, the customer must be satisfied through quality services with new technology. The bank relationship with customer must be permanent, when the quality of new services provided by a bank. In this study an attempt has been made to ascertain the level of satisfaction of customers with banking services and technology. The structured questionnaire is used to collect the data from the customers. To analyze the results, various statistical techniques such as percentages, mean, standard deviation and coefficient of variations were used.*

Keywords : *Banking, Technology, Services, Satisfaction*

Introduction : Banking sector plays an important role in contributing to the economic development of a country. The financial service is the backbone of service sector. This is important not only for the banking sector but also Indian economy as a whole. To maintain stability in the business the customers have become most important. Customer services and satisfaction are essential for banking industry to survive in the competitive world. Banking being a service business, the best strategy is to identify with the customers and offer them what they actually need. The rapid change of services in banking system has led to the evolution of a highly competitive and complex market where there is a continuous refinement of services.

Today the customers' expectations are increased in many folds. All the customers particularly in urban areas, they are no longer want to wait in long queues and spend hours in banking transactions. To avoid spending valuable time by the customers, the banks developed ATMs, phone and net banking along with availability of services at the customers doorstep. The stiff competition among banks has redefined the concept of the entire banking system. The increased competition leads to change in the functional orientation and purpose of banks. All the financial institutions both public and private are trying to provide

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all the services at the customer's doorstep. Now a days the banks are looking for new ways to attract and also to retain the customers and this could gain competitive advantage over the competitors. To satisfy the customer's various requirements and expectations there is a need to implement universal banking system with an aim to provide all banking process and schemes, services offered under one roof with quality.

Review of Literature

The study of Lowis B 1990 reviewed the importance of satisfying the present customer's virtue of offering the quality of services as pursued by the customers and establishes long term customer relationship. This study has insisted that the satisfaction of present customer is the pre requisite for any service producing organization, to which the bank is not an exemption. Bandyophadhyaya S C 1994 highlighted that the banks should not only satisfy the routine functions of the customers but also think of innovative ideas of new services to retain the existing customers. According to Jacob Mankidy 2000 that the ignorance, overpowering, neglecting colleagues by bank managers are bad and this would lead to low quality of bank services. Vimala. D (2007) study examined that the facilities provided by private sector banks have resulted in increased customer satisfactory level and suggested the improvements attained in the existing facilities would increase the customers' satisfaction level. Jayachand T.K. (2008) Study revealed that the adoption of advanced technology supplemented by PC banking, web pages, ATM and call centers are the need of the present banking business to retain the customers positive attitude towards the banking services. Rayappan and Shanmughan (2008) examined by using regression analysis to know the relationship between the satisfaction score of the customers and independent variables such as gender, age, marital status, educational qualifications and other demographic profile of the customers and their total awareness. To ascertain the influence of different sets of independent variables on satisfaction, eight separate regression models were used. Trivedi and Agarwal (2009) examined and highlighted the five dimension of customer satisfaction that is tangibility, reliability, responsiveness, assurance and sympathy. Banks performance and its strengths and weaknesses are evaluated with regard to set of satisfaction parameters. Keerthe and Vijayalakshmi (2009) examined the perception level of customer with the respondents' demographic profile such as gender, age, and marital status, number of family members, educational qualification, occupation and monthly income. Mishra (2010) in his study suggested that adopting different types of marketing strategies to retain and satisfy the customers. Balakrishnan (2010) viewed that the value of services provided should be measured in terms of quality and quantity. The success of

banks to be depends up on not only 'just hitech' but also 'hightouch' that is staying in touch with customers. Ghosh and Kailash (2010) measured the satisfaction level of customers by using factors such as service quality, customer loyalty and customer commitment. Customers' knowledge about the services of bank is also one of the important factors to get complete satisfaction.

Need and Importance of the Study

In any country if customer oriented services becomes failure, this would lead to phenomenal loss to the government revenues. Customer oriented service helps to meet the national objectives. The banking companies with top rating in the customer services survive for long run with high returns (Kuralovian 2006). Navita Nathani, K K Agarwal and Umesh Holani 2007 identified that the customer services of the banking companies with hi-tech services and products such as ATM, Credit cards, debit cards, smart cards, petro cards, tele banking, electronic transfer, electronic clearing services, online banking, e-banking, internet banking any time banking and any where banking customer care and customer concern becomes more important. The success of banking industry thus depends on the speed and quality of customer services provided by the banking industries. Man banking sector has been successful in getting fundamental objectives but it has to make large field of operations in the year to come. The banking sector should take positive steps and policies in the near future to satisfy the maximum extent to the banking customers.

Limitations of the Study

The geographical scope of the study was limited to Chittoor District and does not represent the whole state. This study is limited to only banking customers.

Objectives

1. To study the demographic profile of the customers.
2. To study the satisfaction level of the customers from the services offered by banks.
3. To offer suggestions for the improvement of banking services to attract and satisfy the customers.

Research Methodology and Sampling Units

450 customers were selected as sample respondents. So, the questionnaire was administered to 450 respondents. The Chittoor district has three revenue divisions i.e., Chittoor, Tirupati and Madanapalle. All the sample respondents were selected from each revenue division equally (150) to carry out the study in a more accurate and easier way, the researchers by applying convenience sampling method. The questionnaire consists of five parts. The first part contains questions on demographic characteristics and some general information about the customers. The remaining four parts consists of questions on various factors like convenience, cost, facilities and general services of banks. Respondents

were asked to rate the level of satisfaction based on five-point Likert scale ranging from most satisfied to most unsatisfied. Sampling units were customers of the banks. Analysis and interpretation had been drawn with the help of various statistical techniques such as percentage, mean and standard coefficient of variation.

Data Analysis and Findings

The questionnaire also consists of customer profiles. This was done because an assortment of demographic and other factors were likely to influence the degree of customer satisfaction with regard to the products and services offered by the bank. The study of demographic features is also useful in formulating the bank's marketing strategy. The demographic profile of the respondents is framed in Table 1.

Table 1: Demographic Profile of the Respondents

S. No.	Demographics	F(Frequency)	%
1	**Gender**		
	Male	306	68
	Female	144	32
2	**Age in Years**		
	Below 25	99	22
	26-35	117	26
	36-45	153	34
	Above 45	81	18
3	**Marital Status**		
	Married	252	56
	Unmarried	171	38
	Other	27	6
4	**Monthly Income**		
	Up to 10,000	126	28
	10,001 to 15,000	153	34
	15,001 to 20,000	108	24
	Above 20,000	63	14
5	**Educational Status**		
	Undergraduates	99	22
	Graduates	162	36
	Postgraduates	117	26
	Others	72	16
6	**Employment Status**		
	Self-Employed	144	32
	Service-Related Work	153	34
	Professional	126	28
	Others	27	6

Table 1 shows that among the 450 respondents, 68% were male and 32% female. Further age wise, 22% were in the age group of below 25 years, 26% in the age group of 26 to 35, 34% the age group of 36 to 45 and 18% in the age group of 45 years above. As for marital status, 56% were married, 44% were single and only 6% consisted of others. The survey shows that 28% of the respondents come under income group of below Rs.10,000, 34% are in the group of Rs. 10,001 to 15,000, 24% lie between Rs.15,001 to 20,000 and only 14% in the group of above Rs.20,000. Similarly the education level shows that 22% are undergraduates, 36% graduates, 26% postgraduates and 16% others. Further in employment status, 32% are self employed, 34% are engaged in service related work, 28% are professionals and 6% in other jobs. In this study an attempt was made to find out to what extent the customers are satisfied with the services provided by the banks. The level of satisfaction of the customer must increase when increase in the quality services offered by banks. The factors

influencing that the level of customers satisfaction are shown in Table 2 & 3. along with percentage, mean, standard deviation and coefficient variation. In this study totally four factors have been considered Convenience factor, Cost factor, Facility factor and other general factors. The factors are discussed as follows.

Table 2 : Percentage, Mean, Standard Deviation and Coefficient of Variance (CV) of Customer's Satisfaction Level Regarding Banking Services.

Factors	Most Satisfied	Satisfied	Not sure or No Opinion	Un - satisfied	Most Un-satisfied	Mean	Standard Deviation	CV (in %)
1.Convenience								
Procedure of opening account	40	27	14	9	10	3.78	1.323	35
System of depositing cash	35	28	21	10	6	3.76	1.201	31.9
Working hours of bank	48	24	7	11	10	3.89	1.37	35.2
Location of branch	28	39	18	11	4	3.76	1.097	29.2
Procedure to apply for loan	18	23	23	21	15	3.08	1.324	43
System to repay loan	21	28	26	16	9	3.36	1.229	36.6
2.Costs								
Rate of return on SB account	12	17	19	28	24	2.65	1.329	50.2
Rate of return on FD account	11	19	24	25	21	2.74	1.285	46.9
Processing charges on loan	18	27	22	24	9	3.21	1.243	38.7
Interest on new deposit scheme	16	24	27	19	14	3.09	1.274	41.7
Fees for collecting outside check	19	34	23	16	8	3.4	1.192	35
Charges on other services	26	23	21	18	12	3.33	1.349	40.5
Interest on loan	26	21	19	19	15	3.24	1.408	43.5

Factor 1- Convenience : This is one of the most important attributes which determines the customer's satisfaction level regarding banking products and services. About 72% of respondents are satisfied regarding to the working hours of bank with mean 3.89 and SD 1.370. The higher the value of mean the high will be the level of satisfaction. Lower the standard deviation higher will be the satisfaction and similarly lower coefficient variation higher will be the satisfaction.

Then the highest mean (3.78) is for service that is procedure of opening account with SD 1.323. 67% of the respondents are satisfied with the location of branch with mean 3.76 and SD 1.097. 63% of respondents are satisfied with system of depositing cash with a mean 3.76 and SD 1.201. Only 49% respondents are satisfied regarding the system to repay loan with a mean 3.36 and SD 1.229. Finally 41% of the respondents are satisfied with the procedure to apply for a loan with a mean of 3.08 and SD 1.324.

Factor 2- Cost : In this cost factor there are seven items. Cost factor is one of the important factors that affect the customer satisfaction level. The study critically reveals that 52% of the sample respondents are not satisfied with the bank service i.e. rate of return on SB account with lesser mean of 2.65 and SD at 1.329. 46% of the sample respondents are also not satisfied with the interest on FD, with mean of 2.74 and SD 1.285. Only 45% of the respondents are satisfied with the processing charges on loan charged by a banker with a mean of 3.21 and SD 1.243. About 40% of the respondents are satisfied with the interest on new deposit schemes with a mean of 3.09 and SD 1.274. 24% of the respondents are not satisfied with the fees for collecting outside cheque with a mean of 3.4 and SD 1.192. 49% of the sample respondents where highest satisfaction is found for the factor charges on other services with a mean 3.33 and SD 1.349. 47% of the respondents are satisfied with interest on loan with a mean 3.24 and SD 1.408.

Table 3 : Percentage, Mean, Standard Deviation and Coefficient of Variance (CV) of Customer's Satisfaction Level Regarding Banking Services

Factors	Most Satisfied	Satisfied	Not sure or No Opinion	Un-satisfied	Most Un-satisfied	Mean	Standard Deviation	CV (in %)
3.Facilities								
Loan facility	15	21	22	26	16	2.93	1.306	44.6
O/D facility	24	20	29	14	13	3.28	1.320	40.2
Cash credit	27	24	19	16	14	3.34	1.387	41.5
Traveler's cheques	20	26	24	18	12	3.24	1.289	39.8
ATM	64	14	13	7	2	4.31	1.065	24.7
New deposit schemes	45	21	14	11	9	3.82	1.344	35.2

Mobile banking	12	19	23	28	18	2.79	1.275	45.7
Credit card	43	24	15	10	8	3.84	1.294	33.7
Internet banking	21	23	27	13	16	3.2	1.342	41.9
WUMT	12	17	22	24	25	2.67	1.335	50.0
RTGS	16	19	18	29	18	2.86	1.349	47.2
EFT	19	16	27	18	20	2.96	1.378	46.5
Demat account	21	24	18	16	21	3.08	1.440	46.8
Safe custody	53	25	13	5	4	4.18	1.090	26.1
Mutual Fund	24	17	20	18	21	3.05	1.465	48.0
Telephone bill	23	24	26	14	13	3.3	1.315	39.9
4.General Factors								
Courtesy at the counter	15	26	18	20	21	2.94	1.377	46.8
Promptness in transactions	24	27	16	20	13	3.29	1.366	41.5
Prompt redressal of grievances	19	24	23	19	15	3.13	1.332	42.5
Modernization	36	27	13	14	10	3.65	1.352	37.0
Communication	26	30	17	12	15	3.4	1.378	40.5
Providing guidance	30	25	14	18	13	3.41	1.408	41.3

Factor 3- Facility : This is another important prime factor which the highest level of satisfaction lies. This consists of total 16 items. This study reveals that the satisfaction level in case of ATM is very high followed by safe custody and credit card with the highest mean of 4.31, 4.18 and 3.84 respectively. Next rank as given to new deposit schemes followed by cash credit and overdraft facilities where the customers are more satisfied with a mean of 3.82, 3.34 and 3.28 respectively. 42% of the respondents were not satisfied in the loan facility with mean of 2.93 and SD 1.306. 46% of the sample respondents were satisfied in the service of travelers' cheque with the mean of 3.24 and SD 1.289. As compared to different types of facilities such as internet banking, WUMT,RTGS and EFT is a mean with 3.2,2.67,2.86 and 2.96 respectively. The satisfaction level of Demat account shows with a mean 3.08 and SD 1.440. 41% of the respondents were satisfied in the mutual fund with a mean of 3.05 and SD 1.465. Finally 47% of sample respondents are satisfied with the service of telebanking with a mean of 3.3 and SD 1.315.

Factor 4- General : There are six items in this factor. Customers are more satisfied with the modernization and providing guidance with the highest mean of 3.65 and 3.41 and SD of 1.352 and 1.408 respectively. Nearly 51% to 56% of the sample respondents are satisfied with the promptness in transactions and communications with a mean of 3.29 and 3.4 and SD of 1.378 respectively. 41% respondents are satisfied with the courtesy at the counter with the lowest mean of 2.94 and SD 1.337. Finally 43% of the respondents are satisfied with the prompt redressal of

grievances with mean of 3.13 and SD 1.332.

All these factors significantly affect the level of customer satisfaction with regard to banking products and services and will be of concern to both bankers and customers. Therefore, banking institutions have to maintain the highest satisfaction level of the customers to preserve their market share.

Suggestions:

Based on the study, it can be said that most of the banks have done their best to increase the customer satisfaction level. However, the following suggestions are considered, to do better in their services:

1. In our study most of the customers are not satisfied with regard to services like loan facility, WUMT, RTGS and courtesy at the counter. Therefore, the banks should pay special attention to improve these services.

2. The bank officials should maintain good relationship with the customers by providing social banking environment.

3. The information regarding the new services, investment schemes should be displayed on the boards in the banks and they should also pass on the information by distributing brochures.

4. The loan applying procedure should be made more simpler so that every customer can easily fill the forms and avail themselves of the loans provided by the bank.

5. Most of the customers in the bank stand in a long queue to deposit their amount. The reason for this is that the bank has only one deposit counter. Therefore, keeping in mind the customers valuable time, they should provide more deposit counters where the customers can do multi-transactions.

6. The banks should develop innovative and modern advanced technology required in the services of banks to face the competition from other banks.

Nearly 65% of the total population live in the rural areas, so the banks should capture the market by satisfying the requirements of the rural and semi urban people with new branches, new schemes and also provide requisite information which will be useful to the customers.

Conclusion:

The banks success mainly depends up on its customer services. Customer satisfaction is crucial for bankers in the long run which is an integral part of business. Fast increase in number of customers and stiff competition among public and private sector banks enhance the demand for quality banking services. Now a days the speed, service quality and customer satisfaction are going to be key factors for each of the banks future success. Banks should satisfy the customer needs by providing maximum quality features in their services.

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