Customer Satisfaction - A Comparative Study Among New and Old Generation Private Banks

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Abstract

Banking scenario is undergoing rapid changes in new improved technology. Due to development of technologies bankers changed the way of interaction and the services provided to the customers. Quality of service has become a popular area and has been recognized to satisfy the relationships with customers. The banks are very particular and identifying their needs for their customer and develop new strategies to separate themselves from competitors and provide a services with high technology and innovative products. Many banks are channelling more efforts to retain existing customers rather than to acquire new ones, since the cost of acquiring new customer is more than cost of retaining the customer. The present study focuses on satisfaction of customers in old and new generation private banks in Coimbatore city. A total sample of 250 respondents has been considered from ten old and new generation private sector banks. The result founds that respondents who are older in their age are less satisfied with the banking services and also respondents who are in the higher income groups are found to have less satisfaction score.

Key words – Customer Satisfaction, private sector banks, services

INTRODUCTION

The Bank plays an important role in the financial and economic development of a country. The growth of a country in various sectors of the economy depends on effective banking system. A banking organisation provides financial services including deposits and extending credit to the customers. The purpose of the bank is to create new schemes to retain the customers. The private sector bank innovate new products and services to holdon their customers. Information technology has also improved and strengthens the business processes in banking sector.People in the banking industry face large number of complex challenges in the global economy. The challenges for banks are lowest cost, increased efficiency and customer satisfaction. In India, the banking industry has created new activities in the area of merchant banking, housing finance, venture capital and in financial services. Banking scenario is undergoing rapid changes in new improved technology. Due to development of technologies bankers changed the way of interaction and the services provided to the customers. Due to the increased competition more attention is given to improve the quality of service. Service Quality is the continuous process of building and satisfying relationships by evaluating, and fulfilling the customer's needs.

Problem Statement

Banking is a customer oriented service industry which has witnessed a drastic shift in the market power. Increased competition, highly educated consumers and increase in standard of living are forcing many businesses to review their customers' service strategy. The arrivals of new and advanced technology in banking sectors are highly competitive. In order to deal with this scenario each banks should improve their services to attract the customer and different approach to meet the challenges ahead.In spite of their capacity of transaction either a poor or middle class or higher income people all should be treated equal. The concept of customer satisfaction depends upon the services offered by the banks to position themselves more effectively in the market place. Many banks are taking more efforts to channelize and retain existing customers rather than to acquire new ones, since the cost of getting new customer is more than cost of retaining the customer. Hence, the study focuses on the customer satisfaction on various services provided by the private banks in Coimbatore city.

Concept of Private sector banks

The private sector bank represents the Indian banking sector that is made up of both private and public sector banks in India. Shares or equity which is not held by the government but by private shareholders. Banking in India has been nationalized by the Indian government in 1969. However, since the change in government banking policy in the 1990s old and new generation private banks have reemerged. Private sector banks are divided into two groups by financial regulators in India, as old generation private banks and new generation private banks. Old private sector banks nationalization that took place in 1969. New generation private banks have come into procedure very recently, that liberalizations took place in the 1990s

Objectives of the Study

 \checkmark To study the level of customer satisfactiontowards various services provided by the banks.

 \checkmark To find the problems faced by the customersof private sector banks.

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Research Methodology

Sources of Data The primary data has been collected through a structured questionnaire and secondary data has been collected through various sources which include Books, Journals, Magazines, websites and other related research work.

Sample Selection: Sample has been selected at random based on the select old generation private sector banks, namely, Karurvysya bank Ltd, City union bank Ltd, Tamilnadmerchantile bank Ltd, Federal Bank Ltd, South Indian Bank Ltd and new generation banks such as, HDFC Bank Ltd, ICICI Bank Ltd, Axis Bank Ltd, Kotak Mahindra Bank Ltd andIndusInd Bank Ltd. The banks have been selected based on number of ATMs available for banks in and around Coimbatore city.

Sampling Technique: For selection of respondents' random sampling method has been adopted and those who are having bank account in the above mentioned banks have been considered as sample

Sample Size: A total of 250 respondents have been considered for the study and is equally divided among new generation and old generation private bank customers.

Review of Literature

Chandrasekaran, Prasathi (2018)conducted "A study on customer satisfaction towards banking service". The main aim of the study is toexamine a customer perception towards SBI Bank at Tiruchirappalli district, convenient sampling method has been applied for the study. Data has been collected from 50 SBI respondents. The study found that there is no significant difference between customer preference and satisfaction towards bank. The study pinpointed that banks should give more importance to the perception of the customer, and they should monitor and control the service and this may satisfy and customer's needs.

Aayasha Nawaz (2017)have conducted astudy on, "Customer's satisfaction towards banking services of state bank of India in Bareilly district Uttar Pradesh". The aim of this research is to assess the satisfaction of customers with the banking services provided by the SBI in the Uttar Pradesh of Bareilly district. Data has been collected from 150 respondents in and around Uttar Pradesh in order to find satisfaction with the services provided by the SBI bank. The results show that the customers are satisfied and they are expecting more co-operation from the bank employees. The bank must pay more attention to the customers by providing better services through their employees.

Kesari Singh and Nitin Gupta (2016)have done a research on the topic, "A customer's perception and satisfaction towards services of public & private sector banks". The main aim of the study is to analyse the customer satisfaction level on services provided by public and private sector bank in Himachal Pradesh, Punjab, Haryana. Data has been collected from 900 respondents. Study found that private banks are more user friendly towards mobile banking, and they give more importance to customers view point when compare to public sector banks and customers suggested that the private bank should be more transparent in fee and other charges

Percentage Analysis - Demographic profile

- Percentage analysis reveals that 54 per cent of the respondents are female and 39.6 per cent of the respondents are in the age group between 26-35 years.
- 40.8 per cent of the respondent's complete post graduates and 51.2 percent of the respondents are employed,
- 39.2 percent of the respondent's monthly income is below 25000 and 77.6 percent of the respondents are having savings bank account.
- 36.4 per cent of the respondents are using banking service 1-3 years and 34.8 percent of the respondents visit bank for depositing cash and 46 per cent of the respondents directly access their bank occasionally.

Descriptive Statistics - Influence score

Influence score is found out by adding the rating given by the respondents for the services offered by the bank. Highest rating of 5 is given for highly Aware, and lowest rating of 1 is given for highly not aware.

					Std.
Particulars	Ν	Minimum	Maximum	Mean	Deviation
Better Money Transfer Facilities	250	1	5	4.11	.807
Good Infrastructure and Advanced	250	1	5	2.02	0.95
Technology	230	1	5	5.92	.985
Safety & Security	250	1	5	4.03	.818
Friendly Approach by Employees	250	1	5	3.85	.917
High Interest on Deposits	250	1	5	3.68	1.146
Work place Compulsion	250	1	5	3.85	.985
Loan Availability	250	1	5	3.68	.982
Quality of service	250	1	5	3.91	1.022
Goodwill of the Bank	250	1	5	3.77	.883
Total	250	10	50	38.95	9.502

Table-1 Influence Score on Banking Services

Source: primary Data

It isseen from the table that, the ratings for all the items vary between a minimum of 1 to a maximum of 5. The highest mean rating is found (4.11) for better money transfer facilities and the least score (3.68) has been found for high interest on deposits.

Satisfaction Customers

Descriptive Statistics: Satisfaction score is found out by adding the rating given by the respondents for satisfaction on services provided by the bank. Highest rating of 5 is given for highly satisfied and lowest rating of 1 is given for highly not satisfied.

Particulars			8		Std.
	Ν	Minimum	Maximum	Mean	Deviation
Provision of ATM facility	250	1	5	4.18	.901
Maintenance of suggestion box	250	1	5	3.63	1.023
Seating facility	250	1	5	3.61	.909
Entries in the pass book	250	1	5	3.68	1.042
Safety measures	250	1	5	3.92	1.013
Speed of service	250	2	5	3.92	.897
Locker Facility	250	1	5	3.95	.934
Procedures for opening and closing the account	250	1	5	3.77	.962
Procedure to shot out the problem	250	1	5	3.73	.913
Loan and rate of interest	250	1	5	3.59	.941
Banks' Image	250	1	5	3.92	.935
Balance enquiry	250	2	5	3.84	.984
New technology updating	250	1	5	3.68	1.027
Printing of pass book	250	1	5	3.54	1.042
Parking facilities	250	1	5	3.37	1.054
Bank employees attitude	250	1	5	3.63	1.076
Internet & mobile banking	250	1	5	3.80	.962
Electronic clearing services	250	1	5	3.62	.980
Different schemes	250	1	5	3.65	1.011
Bank charges on services	250	1	5	3.58	.996
Facilities to transfer funds	250	1	5	3.77	.982
Monthly bank account statement by E- mail	250	1	5	3.89	.938
Total	250	22	110	78.59	21.522

Table-2	Satisfaction	on Banking	Services
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Source: computed data

It is seen from the table that, the ratings for all the items vary between a minimum of 1 to a maximum of 5. The highest mean rating is found (4.18) for Provision of ATM facility, the least score (3.58) has been found that Bank charges on services. It is inferred that the customers are satisfied with ATM facility provided by the banks.

ANOVA

ANOVA has been applied to find whether there is any significant different among the customers satisfaction score and various personal factors

 $H_{0:}$ Satisfaction score do not differ significantly among the respondents classified based on personal factors.

Pers	onal factors	Sum of	Df	Mean	F	Sig.	Table
	T	Squares		Square			value
	Between Groups	386.490	3	128.830	1.303	Ns	2.641
Age	Within Groups	24319.910	246	98.861			
	Total	24706.400	249				
Educational	Between Groups	3280.937	5	656.187	7.473	**	3.093
Qualification	Within Groups	21425.463	244	87.809			
	Total	24706.400	249				
Occupation	Between Groups	692.799	3	230.933	2.366	Ns	2.641
	Within Groups	24013.601	246	97.616			
	Total	24706.400	249				
Monthly	Between Groups	310.911	4	77.728	.781	Ns	3.397
Income	Within Groups	24395.489	245	99.573			
	Total	24706.400	249				
Years of using	Between Groups	256.404	3	85.468	.860	Ns	2.641
bank services	Within Groups	24449.996	246	99.390			
	Total	24706.400	249				
Frequency of	Between Groups	392.252	3	130.751	1.323	Ns	2.641
visiting bank	Within Groups	24314.148	246	98.838			
	Total	24706.400	249				

Table - 2 (a) Satisfaction of Customers Vs Personal factors

ANOVA has been applied to find whether the mean satisfaction score differ significantly among the personal variables, such as, age, Educational qualification, occupation, monthly Income, years of using bank services, frequency of visiting banks. And the result shows that, the mean satisfaction score differ significantly with Educational qualification of the respondents. Hence, hypothesis is rejected in case of educational qualification. The satisfaction score do not differ among the respondents classified based on age, occupation, monthly income, years of using bank services, frequency of visiting bank. **t-Test**

The t-Test has been applied to find whether the mean satisfaction scores differ significantly between old generation and new generation private banks.

Type of Bank	Satisfaction Score				
	Mean S.D No.				
Old Private Banks	82.98	9.84	125		
New Private Banks	81.58	10.07	125		
Total	82.28	9.96	250		

Table-3 Type of bank Vs Sat	tisfaction score
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Source: computed data

The mean value ranges between 82.98 and 81.58. The highest mean value of 82.28 has been found for the respondents who are having savings account in private banks. The following hypothesis has been framed to test the significant difference between the mean score.

H₀: Satisfaction score do not differ significantly between savings account and current account

	Table 5 (a) to rest for Equality of Means					
	t	Df	Sig.	Table value		
	1.105	248	Ns	1.970		
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Table- 3	(a) t-	Test for	Equality	y of Means
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The calculated t-test value is 1.105, which is less than the table value of 1.970 at 5% level of significance. Since the calculated value is less than the table value it is inferred that the mean satisfaction score do not differ significantly between old private banks and new private banks. Hence, the null hypothesis is accepted.

The t-Test has been applied to find whether the mean satisfaction scores differ significantly between saving account and current account.

Type of account	Satisfaction Score			
	Mean	S.D	No.	
Saving A/c	83.08	9.86	194	
Current A/c	79.52	9.90	56	
Total	82.28	9.96	250	

Table–4 Type of account and Satisfaction score

The mean value ranges between 83.08 and 79.52. The highest mean value of 83.08 has been found for the respondents who are using savings account in private banks. The following hypothesis has been framed to test the significant difference between the mean score.

H₀: Satisfaction score do not differ significantly between saving account and current account Table- 4 (a) t- Test for Equality of Means

	e reserior	Equancy of It	icuits
t	Df	Sig.	Table value
2.378	248	*	1.970

The calculated t-test value is 2.663, which is higher than the table value of 2.596 at 5% level of significance. Since the calculated value is higher than the table value it is inferred that the mean satisfaction score differ significantly between saving account and current account. Hence, the null hypothesis is rejected.

Regression Analysis

Regression analysis has been applied to find the effect of several personal and service quality factors on the satisfaction of the respondents. Satisfaction score has been taken as the dependent variable. The results of regression analysis are given below:

 Table – 5 Dependent Variable -Satisfaction Score

	В	Std. Error	Beta	Т	Sig.
(Constant)	10.208	6.603			
Gender	.646	.972	.032	.664	Ns
Age	035	.063	027	550	Ns
Educational qualification	1.050	.427	.123	2.459	*
Monthly Income	104	.390	014	267	Ns
Type of account	-1.921	1.135	081	-1.693	Ns
No. of years using bank services	143	.164	045	877	Ns
Frequency of visiting banks	.420	.487	.040	.862	Ns
Awareness score on banking services	.061	.088	.035	.689	Ns
Influence Score	.748	.101	.380	7.405	**

Source: computed data

The regression table shows that, among the personal variables educational qualification, frequency of visiting the banks have positive regression coefficients. The respondents with higher Educational qualification are found to have proportionately more satisfaction score than those who are having lesser educational qualification. Similarly, in the case of frequency of visiting the banks also, the respondents who visit more number of times to bank are found to have more satisfaction scores compared to those who visit less number of times. Age and Monthly income are found to have negative regression coefficients. That is, it can be inferred as, respondents who are older in their age are less satisfied with the banking services and also respondents who are in the higher income groups are found to have less satisfaction score. Awareness score is having positive regression coefficient, from which it can be inferred that respondents with higher awareness scores would have more satisfaction scores.

Standardised regression coefficient (Beta) has been calculated for each independent variable to determine the relative contribution of each variable to the dependent variable, Satisfaction score. These regression coefficients are independent of unit's measurements and hence comparable with other betas. It is seen from the regression table that Influence score has high beta value of 0.380 which contributes more to the satisfaction score compared to other variables.

Table- 5	(a) Dependent	variables	VSK	sausneu sc
R	R Square	F		Sig.
.73	.544	19.996		**

Table- 5 (a) Dependent variables Vs Satisfied score

Multiple correlation coefficient (R) is found out to assess the degree of relationship between satisfaction score and the set of all independent variables. The R value is found to be 0.737 which shows that there is high correlation between the dependent and the selected independent variables. The R square value (0.5444) shows that 54.4% of the variation in Satisfaction score is contributed by the set of all the independent variables taken together. F-test value (19.996) shows that the multiple correlation coefficients (R) are significant at 1% level.

Problem Faced by the respondents

The following table describes the problem faced by the respondents with their respective banks. **Table - 6 Problem Faced by the respondents**

Problem Faced by the respondents	No.of the	Per Cent
	Respondents	
Minimum balance is high	133	53.2
Delay in handling in queries / doubts	90	36.0
Lack of guidance about banks schemes and services	105	42.0
Interest rates are high	127	50.8
Insufficient technical knowledge	117	46.8
Network or connectivity Problem	122	48.8
Time Delay	90	36.0
High Transaction Cost	113	45.2
charges for not maintaining minimum balance	98	39.2
Waiting time at counter is too high	119	47.6
Biased attitude towards rich community	99	39.6
Restrictions in with drawl	127	50.8
Security problem of ATM Centre	122	48.8
Limited transaction is allowed in a day for all customers	102	40.8
Limited free transaction of other bank ATM Centre	110	44.0
limitation in cash withdrawal from ATM	143	57.2

Source: Primary data

It is seen from the above table that, 57.2 per cent of the respondents felt that there is a limitation in cash withdrawal from ATM, 53.2 per cent of the respondents feel that Minimum balance is high, 50.8

per cent of the respondents felt that interest rates are high, and few customers felt restrictions in with drawl, 48.8 per cent of the respondents said there is a Security problem in ATM Centre, followed by that few felt that there is a huge network or connectivity Problem, 47.6 per cent of the respondents are felt waiting time at counter is too high, 46.8 per cent of the respondents felt that there is an insufficient technical knowledge of the employees 45.2 per cent of the respondents felt every transaction there is a high transaction Cost, 39.6 per cent of the respondents felt that bankers show biased attitude towards rich community, 39.2 per cent of the respondents felt that there is problem in charges for not maintaining minimum balance.

Chi- square Test

Chi-square test has been applied to find the relationship between type of banks. The results are presented in the following table.

	Problem Score						Total	
	Low(<=5)		Moderate (6-		High (>=10)		No.	Per
Type of Bank			10)					cent
	No.	%	No.	%	No.	%		
Old Private Banks	33	26.4	81	64.8	11	8.8	125	100.0
New Private Banks	27	21.6	85	68.0	13	10.4	125	100.0
Total	60	24.0	166	66.4	24	9.6	250	100.0

Table - 7	Туре	of Bank	Vs	Problems	faced
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Source: computed data

Among old private bank 26.4 per cent of the respondents have low level of problems, 68.0 per cent have a moderate level of problem and 8.8 have high level of problems. In new generation private banks, 68 percent have moderate level of problems, 21.6 have low level of problems and 10.4 per cent respondents face high level of problems.

The following hypothesis has been framed to find significant relationship between type of bank and problem faced by the respondents.

 H_0 : There is no significant relationship between type of bank and problem faced by the respondents

Table – 7 (a) Chi- square test				
	Value	Df	Sig.	Table value
Pearson Chi-Square	.863	2	Ns	5.991

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It is clear from the above table that, the calculated value of chi square is .0863 which is less than the table value of 5.991 at 5% level of significance. Since the calculated value is less than the table value it is inferred that there is no signification relationship between type of bank and the problems faced by the respondents. Thus, the null hypothesis is accepted.

Suggestions

- Highly knowledgeable employees are always big boon for any organization. Employees should be trained on technical and behavioural aspects, so that the banks can provide quick and prompt services
- Irrespective of banks the employees working in the banks should understand the customer needs and requirements. Because they are interact with customers directly. Hence, Proper training to be given for employees regarding customer relationship to retain the customers
- Many customers felt that there is a limitation in cash with drawl at the time of emergency situation and the interests are high. Hence, the bank should take initiatives to satisfy the customer needs.
- Many customers felt that there are security problems while using online and mobile banking. The bank can create software and upgrade facilities to track and protect customer's information from hacking.

Conclusion

The rising competition in banking sector has forced banks to offer innovative and quality services to their customers. The banks are required to render efficient services to their customers in order to retain the present customers and attract potential future customers. To provide efficient services to their customers, the banks have to realize what the customer really wants as we know customer expectations are continuously increasing day by day and they expects timely, efficient and qualitative services from the banks. To retain the existing customers, both new and old generation banks has to carry out regular surveys on customer satisfaction. They should communicate the developments of banking periodically, to update various services andtechnology related information to customers to assure their satisfaction.

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