CUSTOMERS SATISFACTION TOWARDS VALUE ADDED SERVICES IN PRIVATE SECTOR BANKS (With reference to Coimbatore city)

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Abstract

The Banking Industry is one of the basic instruments of economic growth. There has been amazing growth in profits in banking industry over the last two decades. Privatization is closely associated with the phenomena of globalization and liberalization. Private sector banks pioneered the use of technology to provide enhanced customer services. The widespread application of internet banking has made it possible to market financial products and services on a global basis. It provides various value added services viz., ATM services, Credit Cards, DEMAT Cards, Student banking, Special NRI Services, Tele and internet banking, Online trading Business, Insurance, Retail banking, Special deposit scheme, special deposit scheme Other facilities to the customers. The bank recapitalization plan by Government of India is expected to push credit growth in the country to 15 per cent and as a result help the GDP grow by 7 per cent in FY19.

Key Words: Banking Sector, Value added Service, Private sector bank

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I. INTRODUCTION

Banking is the fulcrum of an Economy. The Banking Industry is one of the basic instruments of economic growth. It must be on a sound footing as it constitutes an important link in various socio-economic activities. Since it is considered the backbone of economic development, any change in its processes is deemed to have repercussions on the country's growth. The essential part of the banking system is its financial viability. It is not only necessary for its survival but also to discharge its various obligations. There has been amazing growth in profits in banking industry over the last two decades. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with

India's Immediate Payment Service (IMPS) being the only system at level 5 in the Faster Payments Innovation Index (FPII)[1].

The Indian banking system consists of 27 public sector banks, 22 private sector banks, 44 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. Bank credit grew at 12.64 per cent year-on-year to Rs 85.511 lakh crore (US$ 1,326.78 billion) on May 11, 2018 from Rs 75.91 lakh crore (US$ 1,131.47) on May 12, 2017. Mr Arun Jaitley, Minister of Finance, Government of India, introduced 'The Banking Regulation (Amendment) Bill, 2017 which will replace the Banking Regulation (Amendment) Ordinance, 2017 to allow the Reserve Bank of India (RBI) to guide banks for resolving the problems of stressed assets[2].

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed by Rajya Sabha and is expected to strengthen the banking sector. At present, Indian banking sector has affected more on economic crisis. The Honorable finance minister Ms.Nirmala Setharaman has announced many reforms in banking sector such as merger and reduction of interest rates for corporate, personal and home loans[3].

II. STATEMENT OF THE PROBLEM

Nowadays, great attention is paid to all the Bank-customer touch points, aiming to optimize the interaction and user friendly services. Higher penetration of technology and increase in global literacy levels has set up the expectations of the customer higher than never before. Increasing use of modern technology has further enhanced reach and accessibility.

In fact the perception and the expectation of the customers have undergone a vast change with the availability of banking services at their door steps through the help of technology. Though the Private sector Banks are providing supplementary services with multiple channels, enquiries have been made on the following. Hence the present study focused on following questions: What are the banking services provided by the private sector banks? How far the services cater to the needs of the customers of private sector banks? To what extent the services are utilized by the customers of private sector banks? And what are the factors influencing the customers with

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[1] *Brady, M.K., and Robertson, C.J., (2001), "Searching for a consensus on the antecedent role of service quality and satisfaction: an exploratory cross national study", Journal of Business Research, 51,53-60.*
[2] *Lee, H., Lee, Y. & Yoo, D., The determinants of perceived service quality and its relationship with satisfaction, Journal of Service Marketing, (2000)14, pp.217-231.*
[3] *A.Ananth arul Raj. A (2011), A study on banking quality in Nagapattinam district, Tamilnadu Indian Journal of Marketing Vol.41,P4*

the usage of retail banking services?[4]

III. NEED OF THE STUDY

Customer Satisfaction is dynamic and to be studied regularly, increasing living standards and urbanization has led to increase in the changing preferences and the same has forced the marketers to change their product features a sound, Progressive and systematic banking system is a fundamental requirement for economic development. Private bank are major role in playing the country development and also the value added services provided by customers the research is important to aware of value added service given by the selected private banks. In Banking there is a fundamental shift on the usage of consumers from traditional ways to modern ways with respect to the services rendered. Hence, the present study is important to know the level of satisfaction of customers in selected private banks. Technological innovation in banking services which includes ATM, Internet banking, Mobile banking etc. These technologies can be used by the customers in an independent way without interaction of an assistant or an employee. The study is important to find out the problems of value added service in selected banks[5].

IV. OBJECTIVIES OF THE STUDY

☐ To know the socio-economic profile of the respondents in the study area.

☐ To analyze the satisfaction level of customers towards value added services.

☐ To identify the problems faced in value added services provided by selected banks.

V. FRAMED HYPOTHESIS

Ho: There is significant relationship between the demographic profile of respondents and the dependent variables (Awareness, satisfaction level and problems faced)

VI. RESEARCH METHODOLOGY

✓ Sample size - 135 respondents

✓ Respondents - Customers of the bank (account holders)

✓ Sampling Method - Stratified sampling method,

✓ Sample Plan - Interview schedule (Primary Data)

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[4] *Zeithaml VA., Berry, LL., Parasuraman, A., The Nature and Determinants of Consumer Expectations of Service , Journal of the Academy of Marketing Science, Vol 21(1993), No. 1.*

[5] *Derek, A., Rao, Tanniru, R., , Analysis of Customer Satisfaction Data , Milwaukee (Wisconsin): ASQ Press, 2000.*

✓ Sample Unit - the private sector banks (5).

✓ Sample area - Coimbatore city

✓ Data analysis - SPSS (IBM 25.0)

Table.1.   Distribution on Market Capital of the Sample Units

Private Sector Banks	Market Capital (Crores)
The Housing Development Finance Corporation Limited (HDFC)	4,75,501.40
Kotak Mahindra Bank	2,07,004.00
Industrial credit and investment corporation of India(ICICI)	1,84,170.72
Axis bank	1,31,520.55
IndusInd bank	1,02,182.89
Total no of private sector banks – Coimbatore city	21
Number of banks taken for the study	5

Source: Secondary data

Table.2.   Distribution on Sample Units

Sl.No	Name of the banks	No. of respondents
1.	AXIS bank (S1)	27
2.	HDFC bank (S2)	27
3.	Kotak Mahindra (S3)	27
4.	IndusInd bank (S4)	27
5.	ICICI Bank (S5)	27
	Total	**135**

Source: Primary data

VII. LIMITATIONS OF THE STUDY

❖ The study is confined to the respondents of Coimbatore city only.

❖ Only a few private sectors banks based on their capital market was taken for the study.

❖ Due to time constrain , the research period is limited only to 3months

❖ The primary data were collected through interview method which is subjected to recall bias.

VIII. ANALYSIS OF DATA

Table.3.   Distribution on Demographic Profile of Respondents

Sl.No	Particulars	Particulars	No. of respondents	Percentage
1	Age	25 and below	41	30
		26-50	63	47
		51 and above	31	23
2	Gender	Male	90	67
		Female	45	33
3	Education Qualification	School Level	20	14
		Under Graduate	52	39
		Post Graduate	34	25
		Professional	29	22
4	Marital Status	Married	72	53
		Unmarried	63	47
5	Occupation	Govt Employee	36	27
		Private Employee	56	41
		Business	43	32
6	Monthly Income	Upto 10,000	25	18
		10,001-30,000	42	31
		30,001-50,000	48	36
		Above 50,001	20	15

Source: Primary Data

Table.4.   Distribution on VAS and the sample units (Factor analysis)

Sl.No	Value added services	S1	S2	S3	S4	S5
1	Core banking solutions (CBS)	0.705	0.927	0.465	0.166	0.592
2	Automated teller machine (ATM)	0.698	0.241	0.449	0.159	0.591
3	Tele-banking	0.719	0.567	0.319	0.162	0.591
4	On-line banking	0.741	0.712	0.428	0.292	0.425
5	Credit card	0.635	0.370	0.301	0.391	0.495
6	Debit card	0.766	0.619	0.325	0.291	0.353
7	Electronic purse	0.745	0.545	0.449	0.125	0.419
8	Call center	0.619	0.932	0.341	0.195	0.537
9	Electronic fund transfer (EFT)	0.639	0.198	0.386	0.153	0.562
10	12-hours banking	0.602	0.325	0.464	0.319	0.466
11	Banc assurance	0.666	0.545	0.309	0.137	0.425
12	Door step banking	1.416	0.223	0.675	0.532	0.302
13	Bill collection	3.478	0.932	0.659	0.598	0.466
14	Tax collection	0.419	0.198	0.662	0.519	0.425
	h^2	0.675	0.498	0.445	0.747	**0.833**
	Percentage of variation	9.11	11.90	8.75	6.59	16.29

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalisation, A Rotation converged in 14 iterations

Source: Computed Data

Table.5.   Distribution on Weighted Score Rank for Problems faced in VAS

Sl.No	Problems	Weighted Score	Rank
1	P-1	302	4
2	P-2	297	7
3	P-3	308	3
4	P-4	290	8
5	P-5	312	2
6	P-6	280	10
7	P-7	336	1
8	P-8	288	9
9	P-9	299	6
10	P-10	136	11
11	P-11	300	5

Source: Computed Data

Table.6.   Chi-square distribution on overall result of hypothesis testing @ 1% & 5% level of significance

Sl.no	Independent variable	Dependent variable	Chi-square value	p-value	Result
1	Age	Satisfaction level	22.57	0.001	
		Problems faced	59.26	0.009	Significant
2	Gender	Satisfaction level	69.34	0.000	
		Problems faced	26.34	0.002	Significant
3	Education Qualification	Satisfaction level	33.49	0.000	
		Problems faced	51.24	0.002	Significant
4	Marital Status	Satisfaction level	25.02	0.004	
		Problems faced	29.42	0.002	Significant
5	Occupation	Satisfaction level	35.82	0.004	
		Problems faced	43.46	0.000	Significant
		Satisfaction level	30.44	0.001	
6	Monthly Income	Problems faced	54.09	0.000	
		Satisfaction level	35.60	0.000	Significant

Source: Computed data

IX. FINDINGS OF THE STUDY

Profile of respondents (Simple Percentage Analysis): Table 3 depicts the profile of respondents, from that it was found that in age group majority of the respondents fall under the age group 26-50 the number of respondents are 63(47%), in gender male 90(67%), marital status married 72(53%), occupation private employees 56(41%) and monthly income 30000 – 50001 48(36%).

Value Added Services and sample units (Factor analysis): Table 4 represents the factor analysis between the banks (S1 to S5) and the value added services such as Core banking

solutions (CBS), Automated teller machine (ATM), Tele-banking, On-line banking, Credit card, Debit card, Electronic purse, Call center, Electronic fund transfer (EFT), 12-hours banking, Banc assurance, Door step banking, Bill collection and Tax collection. It was found that the sample unit S5 has showed the highest h^2 value 0.833, this indicate that all the value added services in this bank has highest loading and that ICICI bank (S5) is been ranked first followed by S4,S1,S2 and S3.

Ranking of data (Weighted Average Score): Table 5 shows the purpose of calculating WAS for the problems taken for the study, they are as follows (P1 to P11) P1:Cards get blocked, P2:Machine out of cash,P3:No printing statement, P4:Machines out of order, P5:Waiting in queues, P6:Reduction in balance without receipt of cash, P7:Lack of Information, P8:Insecurity, P9:Lack of Response, P10:Hacking Problems and P11:Network Connection. It was found that P7- Lack of Information was ranked first followed by P5, P3, P1, P11, P9, P2, P4, P8, P6 and P10.

Testing of hypothesis (chi-square): Table 6 relives the chi-square test at 5% and 1% level of significance, it is found that the p-value is less than 0.05 and 0.01 thus it is concluded that each variable had significant relationship, that is the null hypothesis (Ho) was rejected and the alternative hypothesis (H1) is accepted, that is There is significant relationship between demographic profile of the respondents (customers) and dependent variables (satisfaction level and awareness).

X. SUGGESTIONS and RECOMMENDATIONS

1. The banks have to take necessary steps to install more number of ATM counters. This will make the customers not to walk into the bank and spend a considerable amount of time for carrying out regular banking transactions such as depositing and withdrawal of the money. This will also enhance the utilization of the services of the banker even in the non -banking hours.

2. The norms fixed by the banks for the maintenance of the minimum balance in the accounts of the customers must suit the requirements of different categories of the customers.

3. The extension of services to rural parts will enhance the customer base and volume of the transactions of the banks. It will facilitate the banks to reap the benefits of large scale operations.

4. Appropriate promotional strategies have to be initiated by the banks with a view to motivate the customers to make use of the variety of products offered by the banks. Adequate awareness among the customers about these products will result in better and effective utilization of the various bank products among them.

5. The banks must try to maintain transparency in their transactions, especially in the case of calculation of interest on loans granted to the customers. This will improve confidence of the customers. The increased confidence will result in attracting more new customers and retaining the existing customers.

6. The banks have to focus more on customer relationship management. It will enhance the customer satisfaction and maintain a sustained relationship with the customers in the long run.

7. In order to speed up the banking transactions of the customers, necessary steps have to be initiated by the banks for creating awareness among the customers and to educate them regarding the utilization of the various e-banking services and facilities.

8. The banks have to organize regular customer meets and this will help the banker to assess the expectations and demands of the customers. By taking the possible steps by the banker for implementing the suggestions offered by the customers through this meet, the banker can fulfill the expectations and demands of the customers to the maximum possible extent and

9. The strengthening of the mechanism with regard to the settling of the customer disputes will further enhance the customer satisfaction.

XI. CONCLUSION

The advent of liberalization, Globalization and Privatization has paved the way for the entry of more number of private and global players in almost all the economic activities of the country and the banking sector is not an exception to this. The banking sector plays a pivotal role in accelerating the phase of the economic growth of the nation by means of encouraging the

saving habits among the people, satisfying the financial requirements of the industries and increasing the rate of capital formation in the country. By offering adequate facilities and attractive schemes, the banks can satisfy the needs of the variety of their customers. As there is a wider scope for the private sector banks in the future, the suggestions offered in this study will be very much helpful to the private sector banks to expand their operations and maximize the customer satisfaction[6].

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