



ORIGINAL RESEARCH PAPER

Commerce

CUSTOMER SATISFACTION IN COMMERCIAL BANKS

KEY WORDS: Commercial bank ,Customers satisfaction, Staff attitude and behaviour.

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ABSTRACT

The efficiency of a banking sector depends upon how best it can deliver services to its target customers. In order to survive in this competitive environment and provide continual customer satisfaction, the providers of banking services are now required to continually improve the quality of services. Customer satisfaction means something more than a happy customer; it is broadly used in commerce and business sector. The present study is intended to analyse the customer satisfaction in commercial banks in Idukki district.

INTRODUCTION

DEFINITION OF A CUSTOMER

Imhoffet al., (2001) defines customer as: "A party who is involved with the acquisition of the company's goods and services, and who is also of interest to the organization" In the above definition, party or customers can be either individuals or organizations. Customers can also be loose group of individuals joined together as a membership organization, such as the Civil Aviation Authority (CAA) in UK. This definition is too broad in this paper but in the current research, we mean customer as a "Bank Client".

CUSTOMERS' SATISFACTION

A customer can be defined as a user or potential user of banking services. A customer would include an account holder, or his representative, or a person carrying out casual business transactions with a bank, or a person who, on his own initiative, may come within the banking fold (Talwar Committee Report 1976).

The efficiency of a banking sector depends upon how best it can deliver services to its target customers. In order to survive in this competitive environment and provide continual customer satisfaction, the providers of banking services are now required to continually improve the quality of services. The globalization of Indian economy has truly called for much more disciplined approach on the part of Indian banking sector to improve the overall quality of customer services through smart use, absorption and adoption of flexible and appropriate information technology.

Customer satisfaction means something more than a happy customer; it is broadly used in commerce and business sector. Customer satisfaction is a term used in business explaining about the quality of product and service that are being provided by companies to full fill the need of their customers. For some, it is also a key performance indicator of company. It is noted that satisfied customers are the core element in long-term success of business. Returns of the companies are seen to have a highly positive relationship with strong base of satisfied customers.

In banking, customer is the person who executes transaction and efficiency of the institution relays on the quality of services delivered by that institution. To sustain in this competitive environment, satisfied customers are the key element which one can attain by continuous improvement in the quality of their services. To retain market share it is necessary for the organization to beat/outperform its competitors which could be done by ensuring quality of products and services to attract and retain customers by keeping them satisfied .(Levesque & McDougall, 1996)Has

found in their study that customer satisfaction will decline with unsatisfied customer service, its result would be that the unsatisfied customer will start considering switching and also won't be willing to recommend the service, from that institutions, to his friends. (Aqeel Mukhtar1, HifzaInam, HumaAshiq, RabiaAmjad, &Humara Nasar,2014)

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 behaviours 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.

SIGNIFICANCE OF THE STUDY

The banking sector is an integral part of the economy. Hence this sector plays a key role in the well being of the economy. A weak banking sector not only jeopardizes the long-term sustainability of an economy, it can also be a trigger for a financial crisis which can lead to economic crises. Majority of the banking institutions are now putting emphasis on marketing to make customer aware about the services and benefits offered by them. Marketing is the crucial connection between banks and customers, no banks can expect to succeed without putting substantial investments in its marketing efforts. Banks nowadays are coming up with surprising and impressing ways to lure the customers and retaining their customer base. These days' banks are focusing heavily on building long term relationships with their existing customers and thereby gaining new customers. Hence, relationship marketing becomes very important for the banks. It is concerned with mapping out all the touch point and evaluating what services are provided, by whom, and when, and how, and what is expected by customers.

In India, the banking sector is a central component of services sector. Banks are the most common institutions for transfer of funds and investments. Prior to economic liberalization, public sector banks enjoyed a monopoly over market due to protectionist policies of the government. The liberalization policy of the Government of India in 1991 permitted entry to foreign and private banks in the banking industry, leading to increased competition. Because of increased competition, banks are exploring marketing strategies to differentiate their services from their competitors. Level of satisfaction varies with the respect to type of bank, frequency of visit and years of dealing in few factors of tangibility aspects of banking only. But both banks should concentrate on

increasing features and fine tuning tangibility of the banking services according to customer expectations which assures the customer satisfaction.

STATEMENT OF THE PROBLEM

The banking today is re-defined and re-engineered with the use of IT and it is sure that the future banking will offer more sophisticated services to the customer with the continuous product and process innovations. Thus, there is a paradigm shift from the seller's market to buyer's market in the industry and finally it affected at the bankers level to change their approach from "conventional banking to convenience banking" and "mass banking to class banking". The shift has also increased the degree of accessibility of a common man to bank for his variety of needs and requirements. Indian banking system has under gone a drastic change since liberalization. The present study is planned to conduct in the area of "Customer satisfaction in Commercial Banks."

SCOPE OF THE STUDY

The study is intended to be conducted within the geographical boundary of Idukki District.

OBJECTIVE OF THE STUDY

To analyse the customers satisfaction in commercial banks in Idukki district.

RESEARCH METHODOLOGY

DATA COLLECTION

Both primary and secondary data were used for the study. Primary data were collected using structured questionnaire. Secondary data were collected from magazines, journals, web sites, etc.

UNIVERSE AND SAMPLE

The present study is limited to the geographical area of Idukki district in Kerala state. Multi stage Random Sampling method was used.

REVIEW OF LITERATURE

Mukhtar, Inam, Ashiq, Amjad, & Nasar (2014), analyzed the basic factors/variables which affects customer satisfaction towards financial services of Banks. This study adopted empirical research design on the sample size of 152 respondents who were customers of different banks in Bahawalpur. Findings indicated that assurance and tangibility has significant influence on customer satisfaction, but reliability, responsiveness and empathy have no significant influence on satisfaction level of customers.

Ali & Tabari (2016), conducted a study aimed to identify factors affecting on customers satisfaction in Internet banking Iran's Post Bank. The effect of six independent variables ease of use, security, customer support services, speed, content and design customer satisfaction was examined. The results showed that four variables easiness, security, speed and content of service have positive and significant effect on customer satisfaction variable Hammoud, Bizri, & Baba (2018), examined the relationship between the dimensions of E-Banking service quality and customer satisfaction to determine which dimension can potentially have the strongest influence on customer satisfaction. The findings showed that reliability, efficiency, and ease of use; responsiveness and communication; and security and privacy all have a significant impact on customer satisfaction, with reliability being the dimension with the strongest impact. E-Banking has become one of the essential banking services that can, if properly implemented, increase customer satisfaction, and give banks a competitive advantage.

Sharma (2017), reflected customers' perception of service quality of public and private sectors banks operating in

District Bhiwani and Dadri. Two public sector banks- PNB and SBI- and two private sector banks- HDFC and ICICI were selected for the study. The service quality of the bank has been measured using SERVQUAL scale to determine different dimensions of service quality. Factor analysis reveals that the five factors which results in customer satisfaction are - Grievances handling, Prompt and helping, Appealing and Accurate, Empathy and Courteous.

Murugiah & Akgam(2016), evaluated the customer satisfaction of the banks sector in Libya, based on customer perception regarding service quality. This is an empirical study. The findings based on three different independent variables (service quality, customer loyalty and security) showed that all these variables influenced consumers satisfaction in Libyan banking sector. There is a positive and significant relationship between the customer satisfaction and two variables (service quality and customer loyalty), and there is negative and significant relationship between service quality and customer satisfaction.

Varshney (2017), throws light on the emergence of selected public sector banks in India and its role in retail banking services. It gives a description of the spread and rating of Public Sector Banks in India and measures the performance of public sector banks in terms of retail banking. The retail banking sector, be it the Indian financial player or a foreign entrant has to adopt a different approach in all fields viz., products, services to hold the Indian market share.

Kyei (2016), examined the impact of relationship marketing practices on customer satisfaction in the Ghanaian banking sector. Data was collected using questionnaires from 250 customers of universal banks in Ghana. The findings showed that relationship quality, trust, competence, shared value and communication were important in determining and influencing customer satisfaction. The findings suggested that banks which desire to have a good quality relationship with customers should insist that their managers and staff act trustworthily, competently, show strong commitment to service, communicate efficiently and reliably, pay much attention to shared values, and improve reciprocal abilities of the employees.

A. Ali & Bisht (2018), measured satisfaction level of customers of Public and Private Banks and factors responsible for variation in customers' satisfaction between Private and Public banks in India. The objective of the research is to get the satisfaction level, variations in satisfaction level and reasons responsible for variations in satisfaction level or dissatisfaction in public and private banks. It concluded that customers of Private and Public sector banks are satisfied except some tangibles and behavioural factors of the banks employees due to the policies, strategies for tangibles and inefficiency of the employees.

Adams (2018), employed the cross-sectional research design and the mixed research approach in his study. Primary data were collected from 155 customers of GCB bank using questionnaires. The customers were selected through accidental sampling. Data were analysed using descriptive statistics. The study revealed that current account, savings account and ATM services were at least of high quality to majority of the respondents. However, over 40% of the respondents were not satisfied with the quality of the bank's products and services.

DATA ANALYSIS AND INTERPRETATION

Demographic profile of the sample respondents reveals that both male and female respondents are there in the sample. They belong to the age groups below 20 years, 21-40 years, 41-60 years and above 60 years. The sample respondents have different educational qualifications such as non-matriculate,

matriculate, graduate/post graduate, technical & professional qualification and others. The sample respondents belong to different occupations such as agriculture, business, govt. service, daily wages, housewife, private service, professional, NRI and retired & others. The sample respondents are categorised into different monthly income groups such as up to Rs.25000, Rs.25001 -50000, Rs.50001-100000 and above Rs.100000. Customers of public sector banks and private sector banks are included in the sample respondents. Respondents have different types of accounts such as Current account, Savings Bank account, FD/RD account, NRI account and Loan account. From different sources the sample respondents get awareness about the banking products and services.

CUSTOMER SATISFACTION

The Customer satisfaction is measured under various heads, viz, Staff attitude and behaviour, Speed in rendering various services, Customer awareness and Education, Customer Relationship and Customer grievance redress mechanism. Now we use Structural Equation Model to evaluate the impact of these constructs on Customer satisfaction. In other words we use SEM to test the hypothesis

- H1: Staff attitude and behaviour has a positive influence on Customer satisfaction.
- H2: Speed in rendering various services has a positive influence on Customer satisfaction
- H3: Customer awareness and Education has a positive influence on Customer satisfaction.
- H4: Customer Relationship has a positive influence on Customer satisfaction.
- H5: Customer grievance redress mechanism has a positive influence on Customer satisfaction.

Table 1 Model fit Indices for CFA –Customer satisfaction

	χ^2	DF	P	Nor med χ^2	GFI	AGFI	NFI	TLI	CFI	RMSEA
Customer satisfaction	4.365	3	.225	1.455	.996	.980	.996	.995	.999	.168

Source: Primary data

All the attributes loaded significantly on the latent constructs. The value of the fit indices indicates a reasonable fit of the measurement model with data. In table 2 we present the regression coefficients

Table 2 The regression Coefficients –Customer satisfaction

Path	Regression Coefficient	t	P	Variance explained	AVE (in %)	Composite Reliability
Staff attitude and behaviour →Customer satisfaction	0.650	15.679	<0.001	42.3	56.3	0.65
Speed in rendering various services →Customer satisfaction	0.643	15.436	<0.001	41.3		
Customer awareness and Education →Customer satisfaction	0.816	23.151	<0.001	66.6		
Customer Relationship →Customer satisfaction	0.809	22.734	<0.001	65.4		
Customer grievance redress mechanism →Customer satisfaction	0.812	22.911	<0.001	65.9		
Sa1 → Staff attitude and behaviour	0.813	22.97	<0.001	66.1	49.10	0.51
Sa2 → Staff attitude and behaviour	0.736	19.045	<0.001	54.1		
Sa3 → Staff attitude and behaviour	0.666	16.25	<0.001	44.4		
Sa4 → Staff attitude and behaviour	0.711	17.983	<0.001	50.5		
Sa5 → Staff attitude and behaviour	0.584	13.52	<0.001	34.1		
Sa6 → Staff attitude and behaviour	0.674	16.544	<0.001	45.4		
SRS1 → Speed in rendering various services	0.520	11.656	<0.001	27	39.63	0.52
SRS2 → Speed in rendering various services	0.563	12.887	<0.001	31.7		
SRS3 → Speed in rendering various services	0.451	9.828	<0.001	20.4		
SRS4 → Speed in rendering various services	0.631	15.028	<0.001	39.8		
SRS5 → Speed in rendering various services	0.783	21.297	<0.001	61.3		
SRS6 → Speed in rendering various services	0.723	18.483	<0.001	52.3		
SRS7 → Speed in rendering various services	0.670	16.396	<0.001	44.9		
CAE1 → Customer awareness and Education	0.818	23.272	<0.001	66.9	63.03	0.76
CAE2 → Customer awareness and Education	0.807	22.618	<0.001	65.2		
CAE3 → Customer awareness and Education	0.755	19.91	<0.001	57		
CuR1 → Customer Relationship	0.503	11.19	<0.001	25.3	54.77	0.80
CuR2 → Customer Relationship	0.863	26.392	<0.001	74.4		
CuR3 → Customer Relationship	0.804	22.445	<0.001	64.6		
Cg1 → Customer grievance redress mechanism	0.768	20.536	<0.001	58.9	68.50	0.75
Cg1 → Customer grievance redress mechanism	0.923	32.538	<0.001	85.2		
Cg1 → Customer grievance redress mechanism	0.783	21.297	<0.001	61.4		

Source: Primary data

H1: Staff attitude and behaviour has a positive influence on Customer satisfaction.

The results exhibited in Table 2 revealed that the regulatory construct Staff attitude and behaviour has significant influence on Customer satisfaction as the standardised direct effect of this construct on Customer satisfaction is 0.650, which is more than the recommended value of 0.4. So the hypothesis H₁ is accepted and concludes Staff attitude and behaviour has significant influence on Customer satisfaction.

H2: Speed in rendering various services has a positive

influence on Customer satisfaction

The results exhibited in Table 2 revealed that the regulatory construct Speed in rendering various services has significant influence on Customer satisfaction as the standardised direct effect of this construct on Customer satisfaction is 0.643, which is more than the recommended value of 0.4. So the hypothesis H₂ is accepted and concludes Speed in rendering various services has significant influence on Customer satisfaction.

H3: Customer awareness and Education has a positive influence on Customer satisfaction.

The results exhibited in Table 2 revealed that the regulatory

construct Customer awareness and Education has significant influence on Customer satisfaction as the standardised direct effect of this construct on Customer satisfaction is 0.816, which is more than the recommended value of 0.4. So the hypothesis H₃ is accepted and concludes Customer awareness and Education has significant influence on Customer satisfaction.

H4: Customer Relationship has a positive influence on Customer satisfaction.

The results exhibited in Table 2 revealed that the regulatory construct Customer Relationship has significant influence on Customer satisfaction as the standardised direct effect of this construct on Customer satisfaction is 0.809, which is more than the recommended value of 0.4. So the hypothesis H₄ is accepted and concludes Customer Relationship has significant influence on Customer satisfaction.

H5: Customer grievance redress mechanism has a positive influence on Customer satisfaction

The results exhibited in Table 2 revealed that the regulatory construct Customer grievance redress mechanism has significant influence on Customer satisfaction as the standardised direct effect of this construct on Customer satisfaction is 0.812, which is more than the recommended value of 0.4. So the hypothesis H₅ is accepted and concludes Customer grievance redress mechanism has significant influence on Customer satisfaction.

The regression equation for customer satisfaction is **Customer satisfaction = 0.650 Staff attitude and behavior + 0.643 Speed in rendering various services + 0.816 Customer awareness and Education + 0.809 Customer Relationship + 0.812 Customer grievance redress mechanism**

significant influence on Customer satisfaction. From the study it is concluded that customers are satisfied in the functioning of commercial banks in Idukki district.

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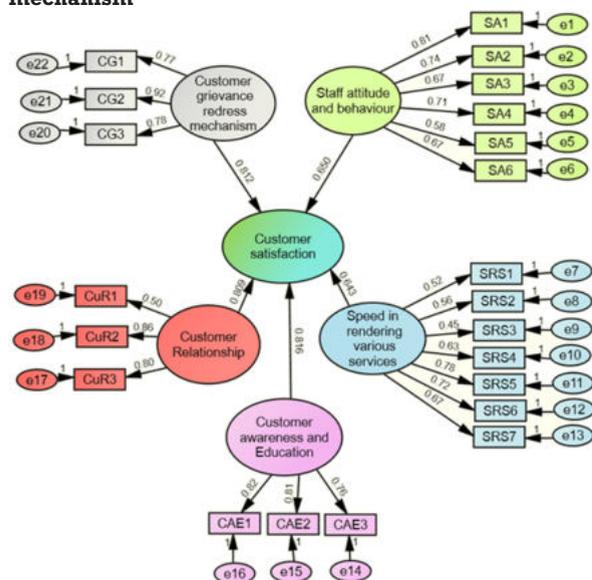


Figure 1 Model fit Indices for CFA –Customer satisfaction

CONCLUSION

Customer Satisfaction in commercial banks is measured under various heads, viz, Staff attitude and behaviour, Speed in rendering various services, Customer awareness and Education, and Customer grievance redress mechanism. The results showed that Staff attitude and behaviour has significant influence on Customer satisfaction. Speed in rendering various services has significant influence on Customer satisfaction. Customer awareness and Education has significant influence on Customer satisfaction. Customer Relationship has significant influence on Customer satisfaction. Customer grievance redress mechanism has