

Measurement of Customer Satisfaction Towards the Services of Public Sector Banks

B. Ravi Kumar

Sree Vidyanikethan
Engineering College
A.Rangampet

Abstract

The purpose of this research is to know the customers' perception towards the services rendered by the public sector banks and to recognize the draw backs for improving the quality of services of public sector banks. The basic intention of the researcher/s is to measure the customer satisfaction by using customer satisfaction index (CSI) method. The factors pertaining to the services of banking sector were taken for the purpose of the study by interviewing the banks' managers and employees who influences the customer satisfaction. In order to collect the information a well structured questionnaire was developed and non -probability sampling methods were taken into consideration. 120 existing respondents/customers of SBI and Andhra Bank who are utilizing the services of two nationalized banks in Chandragiri area were contacted directly by face to face interview method through a pretested questionnaire for collecting the primary data. The analysis of this study will be helpful to find out the reasons for the dissatisfaction of the customers and to suggest for the improvement of the quality of banking services of selected banks in order to satisfy the customers more.

Key Words: Andhra Bank, Customer Satisfaction (CS), CSI, SBI, Banking Services.

Introduction

Now-a-days banks are playing a crucial role in the modern society. The volume of banking transactions are increasing day-by-day due to increase in the size of population as well as the growth in industrialization. Numerous people are visiting the banks every day to solve their personal and business issues. With this reason the numbers of branch banks were also increased to meet the requirements of its customers. This would increase the competition among various banks. Hence in this regard it is to be noted that the banks have to satisfy their customers in various aspects, because customer satisfaction is the key factor for attracting and retaining the customers to their banks.

Review of Literature

Fornell, (1992) defined customer satisfaction as a customer's post-purchase evaluation of or experience with a product or service. Researcher argued that higher customer satisfaction can lead to a strong competitive position into the market that result in increasing in

market share and profit, make price inelastic, dipping business cost, lessen breakdown cost, and reduce the cost of attracting new customers. Researchers also argued that customer satisfaction is also a significant determinant of customer loyalty, positive talk, and repetitive sales. Satisfied customers return and buy more, and they share their experiences with other people also.

Li et al. & Takala et al., (2006) argued that it is self evident that companies should listen to the words of their customers in order to satisfy and to retain them for a long period. Numerous studies have shown that the long term success of a firm is closely related to its ability to adapt to customer needs and changing preferences.

Johnson et al., (2001) argued that the CSI model is a structural model based on the hypotheses that CS is caused by means of some factors such as, likeness of a firm, perceived value, expectations of customers, and perceived quality. Research proved that these factors are the antecedents of overall customer satisfaction. In addition to that this model estimates the outcomes regarding the satisfaction level of the customers. The outcomes of customer satisfaction are consequences factors such as complaints or loyalty of customers.

Purpose of the Study:

The main purpose of this study is to know the level of satisfaction of various customers having account/s in SBI and Andhra Bank in Chandragiri.

Methodology:

The research design is a sketch which specifies the

procedure and method for collecting and analyzing the required data. The present research work is a descriptive study, which includes surveys and fact-finding enquiries of various aspects. The research instrument used for collecting the data is a well structured questionnaire. The data has been collected from various customers of two dissimilar banks. 120 respondents of two banks were contacted personally in order to collect the first hand information and or fair responses of the respondents of two different banks pertaining to the elements which leads to the over all contentment of the customers.

a.Sampling Design: Non-Probability Sampling method has been used, and the sample size of the current study is 120 customers of two different banks.

b.Sampling Element: Existing customers of SBI and Andhra Bank.

c.Sampling Unit: Service users of SBI and Andhra Bank.

Data Collection Methods

Primary Data: The unpublished or first hand information has been gathered from the respondents of the two banks by conducting face-to-face interview through a questionnaire consisting of open-ended and closed-ended questions including rating scales.

Secondary Data: Secondary data has been gathered from the published sources like Journals, Magazines, websites and reports.

Results and Discussion

Table.1 Calculation of Total Customer Satisfaction Index (CSI) for State Bank India

Parameters	Significant Score a	Satisfaction Score b	Weighting factor $c = (a/T)$	Weighted Score $d = (b*c)$
Availability of ATM Machines all over	4.21	4.05	0.069829159	0.282808
Availability of Net- Banking and Mobile Banking	4.36	4.24	0.072317134	0.306625
Proper responses from the employees of the bank	5	4.61	0.082932493	0.382319
Medical facility	3.28	3.47	0.054403715	0.188781

Safe, easy and quickness of the transactions	4.01	4.54	0.066511859	0.301964
Service charges	5	3.58	0.082932493	0.296898
Operating hours of the banks	4.89	4.26	0.081107978	0.34552
Interest on fixed deposits and borrowing	3.84	3.12	0.063692155	0.19872
Cleanliness of the Bank	4.87	4.76	0.080776248	0.384495
Water and Toilet facility in the bank	4.95	4.72	0.082103168	0.387527
Parking facility	3.18	3.05	0.052745066	0.160872
Problem solving	4.69	4.23	0.077790678	0.329055
Security facility	4.15	3.98	0.068833969	0.273959
Advisory services	3.86	3.54	0.064023885	0.226645
Total	T=60.29			$\Sigma d = 4.066187$
				$(4.066187*2) = 8.132374$
Customer Satisfaction Index				81.32%

Source: Primary Data

Over all CSI = 81.32

Table.2 Calculation of Total Customer Satisfaction Index (CSI) for Andhra Bank

Parameters	Significant Score a	Satisfaction Score b	Weighting factor $c = (a/T)$	Weighted Score $d = (b*c)$
Availability of ATM Machines all over	4.86	4.24	0.08273749	0.32877835
Availability of Net-Banking and Mobile Banking	5	4.63	0.08512087	0.39204279
Proper responses from the employees of the bank	3.98	3.74	0.06775621	0.25580834

Medical facility	3.68	3.29	0.06264896	0.19795355
Safe, easy and quickness of the transactions	4.12	4.08	0.0701396	0.30443307
Service charges	3.87	3.69	0.06588355	0.24901426
Operating hours of the banks	4.38	4.17	0.07456588	0.31801207
Interest on fixed deposits and borrowing	4.65	4.48	0.07916241	0.36705194
Cleanliness of the Bank	5	4.19	0.08512087	0.32106986
Water and Toilet facility in the bank	3.74	3.61	0.06367041	0.23833394
Parking facility	3.81	3.64	0.0648621	0.24231163
Problem solving	3.96	3.68	0.06741573	0.24766642
Security facility	3.56	3.32	0.06060606	0.2015801
Advisory services	4.13	3.92	0.07030984	0.28102414
Total	T=58.74			$\Sigma d = 3.94508047$
				$(3.94508047 * 2)$
				$= 7.890161$
Customer Satisfaction Index				78.90%

Source: Primary Data

Over all CSI = 78.90

Table.3 Services to be improved by the banks

State Bank of India	Andhra Bank
Medical facility	Water and Toilet facility
Parking facility	Security facility
Advisory services	Problem solving
Interest on deposits and borrowings	Service Charges

Findings and Suggestions

1. The over all satisfaction level of the respondents according to customer satisfaction index are, SBI - 81.32%, and Andhra Bank - 78.90%. This projects that the SBI customers are highly satisfied with their services when compared to Andhra Bank.
2. The study reveals that the over all Customer Satisfaction Index of SBI i.e. 81.32%, is at the highest level, where as Andhra Bank CSI level is the lowest one i.e. 78.90%.
3. Few parameters of SBI like medical facility, parking facility and advisory services projects that the SBI should have to pick up the quality of services in order to satisfy their customers as a whole.
4. On the basis of the above table. 2 it is clear that the Andhra Bank should have to improve their services on various aspects like Water and Toilet facility in the bank, Medical facility, Security facility and Problem solving etc., for delivering better quality of services to its customers.
5. In India the largest part of the customers income lies between 1, 00,000-2, 00,000p.a. Hence the banks have to take care about their service charges which are going to be charged on their customers. The reasonable charges i.e. low will also attract the customers to their banks.
6. Majority of the bank customers are farmers and businessman. So banks have to take economic decisions to attract more number of customers to their banks. Farmers are attracted by the ancillary services and facilities provided by the bank, where as the businessman wants to know about the information of their transactions that are occurred in their day-to-day business life. Basing on their requirement of services they will choose a particular bank. Hence all the banks should provide better quality of services in various aspects for the development of its bank and for the welfare of its customers.

Conclusion

Customer satisfaction (CS) is a means to attract and retain the existing customers to their banks. Customer satisfaction

is having that much of importance in the present scenario. In the present modernized world banks are playing a crucial role in the day-to-day activities of the individuals. The study reveals that the over all satisfaction level of SBI customers is more than that of the customers of Andhra Bank. Yet there are some draw backs for both the banks on various aspects. Hence, if the banks are going to focus on those pitfalls for its improvement, definitely new customers will also attract to their banks and retain with them as long as they maintain healthy relationship with their customers. The banks have to focus mainly on the services/parameters that are more important to its customers, which in turns lead to maximize their level of satisfaction at an optimum level for attraction and retention.

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