

# **Ph D Pre Submission Seminar**

## **CUSTOMER SATISFACTION IN BANKING SERVICES-A STUDY OF SELECT BANKS IN HYDERABAD AND SECUNDERABAD**

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## **INTRODUCTION**

After liberalization, privatization and globalization (LPG) policy enactment, Indian banking industry has undergone tremendous qualitative changes. International banks are coming to market, which are competing with local banks irrespective with that they are private sector banks or public sector banks. Various banks are available with new offers, schemes, and services with wide range of products. Customer has range of choices where proper information can be gathered at cheap cost, and can take the advantage of such competitiveness. In the era of globalization customer has more rights to choose right product according their profile, opportunities available for their money.

With the advent of liberalization policy and RBI's easy norms several private and foreign banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market share. Banks have to deal with many customers and render various types of services to its customers and if the customers are not satisfied with the services provided by the banks then they will defect which will impact economy as a whole since banking system plays an important role in the economy of a country, also it is very costly and difficult to recover a dissatisfied customer. Since the competition has grown manifold in the recent times it has become a herculean task for organizations to build loyalty, the reason being that the customer of today is spoilt for choice. It has become imperative for both public and private sector banks to perform to the best of their abilities to retain their customers by catering to their explicit as well as implicit needs. Many a times it happens that the banks fail to satisfy their customer who can cause huge losses for banks and there the need of this study arises. Even through the customer is well educated some time high technology banking services hesitate the customer for the transaction.

## **OBJECTIVES OF THE STUDY**

1. To examine the socio-economic profile of the customers in select banks
2. To measure the level and the difference of customer satisfaction in select banks
3. To test the significance of the socio-economic factors as the predictors customer satisfaction in select banks
4. To suggest measures to augment customer satisfaction in banking sector in India.

## **HYPOTHESES OF THE STUDY**

1. There is no significant difference in the customer satisfaction levels in select banks
2. The impact of socio-economic factors on customer satisfaction in select banks is insignificant

Towards the end of the objectives and hypotheses, the following methodology is adopted.

## **METHODOLOGY**

### **Sample design**

For the purpose of the present study, 500 sample customers are selected from four banks at a rate 125 respondents per bank. The list of select banks includes SBI, Andhra bank, ICICI, and HDFC located in Hyderabad and Secunderbad. The sample respondents are drawn on the basis of convenient sampling methods. The size of the customers and wide geographical distribution of them did not permit to resort to random sampling methods.

## CHAPTER-II

### SOCIO-ECONOMIC PROFILE OF THE SAMPLE RESPONDENTS

Table-2.1

| Bank        |           |         |                    |
|-------------|-----------|---------|--------------------|
| Name        | Frequency | Percent | Cumulative Percent |
| SBI         | 125       | 25.0    | 25.0               |
| Andhra Bank | 125       | 25.0    | 50.0               |
| ICICI       | 125       | 25.0    | 75.0               |
| HDFC        | 125       | 25.0    | 100.0              |
| Total       | 500       | 100.0   |                    |

Source: Field study

Table-1 refers to the distribution of the sample respondents by the bank. It is observed that out of the total 500 sample respondents, 25 percent are drawn from each bank namely SBI, Bank of India, ICICI, and HDFC.

**CHAPTER-III**  
**CUSTOMER SATISFACTION IN SELECT BANKS**

Table-3.1

Customer satisfaction in Banks with reference to Tangibles

| Sl.No | Tangibles  | Response (%), N=500 |          |                  |       |                |
|-------|--|---------------------|----------|------------------|-------|----------------|
|       |  | Strongly disagree   | Disagree | Moderately agree | Agree | Strongly agree |
| 1     | Use of modern equipment                                  | 9.2                 | 9.8      | 12.8             | 38.6  | 29.6           |
| 2     | Appealing physical facilities                            | 10.2                | 10.6     | 24.8             | 27.0  | 27.4           |
| 3     | Neat appearance of employees                             | 9.2                 | 12.6     | 18.8             | 45.6  | 13.8           |
| 4     | Statements and Brochures are appealing with good designs | 12.0                | 17.4     | 26.4             | 18.4  | 25.8           |
| 5     | Technologically well equipped ATMs                       | 8.0                 | 9.2      | 13.8             | 26.4  | 42.6           |
| 6     | Adequate number of ATMs                                  | 11.4                | 18.6     | 29.2             | 15.8  | 25.0           |
| 7     | Enriched internet banking services                       | 12.4                | 16.6     | 26.4             | 19.0  | 25.6           |

Source: Field study

Table-3.1 refers to the distribution of the sample customers of the select banks by their response about their satisfaction towards tangibles. The customer satisfaction levels with regard to tangibles is identified and arranged in the descending order of endorsement (strongly agree) which include Technologically well equipped ATMs Use of modern equipment Appealing physical facilities Statements and Brochures are appealing with good designs Enriched internet banking services Adequate number of ATMs Neat appearance of employees.

Table-3.2

Customer satisfaction in Banks with reference to Reliability

| Sl.No | Reliability   | Response (%), N=500 |          |                  |       |                |
|-------|---|---------------------|----------|------------------|-------|----------------|
|       |   | Strongly disagree   | Disagree | Moderately agree | Agree | Strongly agree |
| 1     | Adherence to time schedules                           | 10.0                | 10.8     | 24.6             | 27.0  | 27.6           |
| 2     | Keen interest in solving the customer's problem       | 12.0                | 17.4     | 26.4             | 20.2  | 24.0           |
| 3     | Perfect performance of the service from the beginning | 9.2                 | 9.8      | 12.8             | 38.6  | 29.6           |
| 4     | Prompt delivery of service on time                    | 9.2                 | 12.2     | 16.8             | 36.4  | 25.4           |
| 5     | Error free records                                    | 8.8                 | 10.4     | 16.8             | 45.0  | 19.0           |

Source: Field study

Table-3.2 refers to the distribution of the sample customers of the select banks by their response about their satisfaction towards reliability. The customer satisfaction levels with regard to reliability is identified and arranged in the descending order of endorsement (strongly agree) which include Perfect performance of the service from the beginning Adherence to time schedules Prompt delivery of service on time Keen interest in solving the customer's problem Error free records.

Table-3.3

Customer satisfaction in Banks with reference to responsiveness

| Sl.No | Responsiveness  | Response (%), N=500 |          |                  |       |                |
|-------|---|---------------------|----------|------------------|-------|----------------|
|       |   | Strongly disagree   | Disagree | Moderately agree | Agree | Strongly agree |
| 1     | Prior information to the customers about the service delivery | 11.8                | 17.6     | 27.6             | 17.4  | 25.6           |
| 2     | Prompt service to customers                                   | 8.8                 | 10.0     | 16.0             | 45.8  | 19.4           |
| 3     | Always willing to help the customers                          | 12.0                | 17.2     | 25.4             | 21.0  | 24.4           |
| 4     | Quick response to the requests of customers                   | 12.0                | 27.2     | 17.8             | 18.2  | 24.8           |

Source: Field study

Table-3.3 refers to the distribution of the sample customers of the select banks by their response about their satisfaction towards responsiveness. The customer satisfaction levels with regard to responsiveness is identified and arranged in the descending order of endorsement (strongly agree) which include Prior information to the customers about the service delivery Quick response to the requests of customers Always willing to help the customers Prompt service to customers.

Table-3.4

Customer satisfaction in Banks with reference to assurance

| Sl.No | Assurance   | Response (%), N=500 |          |                  |       |                |
|-------|---|---------------------|----------|------------------|-------|----------------|
|       |   | Strongly disagree   | Disagree | Moderately agree | Agree | Strongly agree |
| 1     | Employee behavior itself instills confidence in customers       | 11.4                | 28.4     | 18.2             | 16.0  | 26.0           |
| 2     | Ensures ' feel safety' to the customers in their transactions   | 7.6                 | 9.6      | 16.2             | 34.0  | 32.6           |
| 3     | Always courteous to the customers                               | 12.0                | 17.4     | 26.4             | 20.2  | 24.0           |
| 4     | Well conversant and immediately answer the customers' questions | 34.6                | 12.8     | 11.6             | 17.2  | 23.8           |

Source: Field study

Table-3.4 refers to the distribution of the sample customers of the select banks by their response about their satisfaction towards assurance. The customer satisfaction levels with regard to assurance is identified and arranged in the descending order of endorsement (strongly agree) which include Ensures ' feel safety' to the customers in their transactions Employee behavior itself instills confidence in customers Always courteous to the customers Well conversant and immediately answer the customers' questions.



Table-3.5

Customer satisfaction in Banks with reference to empathy

| Sl.No | Empathy  | Response (%), N=500 |          |                  |       |                |
|-------|--|---------------------|----------|------------------|-------|----------------|
|       |  | Strongly disagree   | Disagree | Moderately agree | Agree | Strongly agree |
| 1     | Equitable attention to the customers               | 12.0                | 17.8     | 26.4             | 20.0  | 23.8           |
| 2     | Flexible operating hours to the customers          | 10.2                | 11.0     | 25.2             | 26.6  | 27.0           |
| 3     | Personal assistance and attention to the customers | 34.0                | 15.0     | 13.4             | 15.6  | 22.0           |
| 4     | Able to understand specific needs of the customers | 14.0                | 27.4     | 19.0             | 27.0  | 12.6           |

Source: Field study

Table-3.4 refers to the distribution of the sample customers of the select banks by their response about their satisfaction towards empathy. The customer satisfaction levels with regard to empathy is identified and arranged in the descending order of endorsement (strongly agree) which include Flexible operating hours to the customers Equitable attention to the customers Personal assistance and attention to the customers Able to understand specific needs of the customers.

## CHAPTER-IV

### SOCIO-ECONOMIC FACTORS AS PREDICTORS OF CUSTOMERS' SATISFACTION IN SELECT BANKS

Table-4.1

The impact of socio-economic factors on customer satisfaction

| Sl. No | factor   | Age            | Education      | Occupation     | Social status  | Type of account | Gender         |
|--------|--|----------------|----------------|----------------|----------------|-----------------|----------------|
| 1      | Use of modern equipment                                  | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected  | Ho is accepted |
| 2      | Neat appearance of employees                             | Ho is accepted | Ho is accepted | Ho is rejected | Ho is rejected | Ho is rejected  | Ho is rejected |
| 3      | Appealing physical facilities                            | Ho is accepted | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted  | Ho is accepted |
| 4      | Statements and Brochures are appealing with good designs | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted  | Ho is accepted |
| 5      | Technologically well equipped ATMs                       | Ho is rejected | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted  | Ho is rejected |
| 6      | Adequate number of ATMs                                  | Ho is rejected | Ho is rejected | Ho is accepted | Ho is rejected | Ho is accepted  | Ho is rejected |
| 7      | Enriched internet banking services                       | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected  | Ho is accepted |

|    |   |                |                |                |                |                |                |
|----|---|----------------|----------------|----------------|----------------|----------------|----------------|
|    |   |                |                | d              |                |                | d              |
| 8  | Adherence to time schedules                                     | Ho is accepted | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is accepted |
| 9  | Keen interest in solving the customer's problem                 | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is accepted |
| 10 | Perfect performance of the service from the beginning           | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected | Ho is accepted |
| 11 | Prompt delivery of service on time                              | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is rejected |
| 12 | Error free records  | Ho is rejected | Ho is accepted | Ho is rejected | Ho is rejected | Ho is rejected | Ho is accepted |
| 13 | Prior information to the customers about the service delivery   | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is accepted |
| 14 | Prompt service to customers                                     | Ho is rejected | Ho is accepted | Ho is rejected | Ho is rejected | Ho is rejected | Ho is accepted |
| 15 | Always willing to help the customers                            | Ho is rejected | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted |
| 16 | Quick response to the requests of customers                     | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted |
| 17 | Employee behavior itself instills confidence in customers       | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted |
| 18 | Ensures 'feel safety' to the customers in their transactions    | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected |
| 19 | Always courteous to the customers                               | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected |
| 20 | Well conversant and immediately answer the customers' questions | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted |
| 21 | Equitable attention to the customers                            | Ho is rejected | Ho is accepted | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected |
| 22 | Flexible operating hours to the customers                       | Ho is accepted | Ho is rejected | Ho is accepted | Ho is rejected | Ho is accepted | Ho is accepted |

|    |  |                |                |                |                |                |                |
|----|--|----------------|----------------|----------------|----------------|----------------|----------------|
| 23 | Personal assistance and attention to the customers | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted | Ho is accepted |
| 24 | Able to understand specific needs of the customers | Ho is accepted | Ho is accepted | Ho is rejected | Ho is rejected | Ho is rejected | Ho is accepted |

It is concluded that

1. The perceptions of customers about their satisfaction in banks attributable to the use of modern equipment are significantly influenced by occupation and type of account and not significantly influenced by age, education, social status and gender.
2. The perceptions of customers about their satisfaction in banks attributable to the appealing physical facilities are significantly influenced by social status and not significantly influenced by age, education, occupation, type of account and gender.
3. The perceptions of customers about their satisfaction in banks attributable to the neat appearance of bank employees are significantly influenced by occupation, social status, type of account and gender and not significantly influenced by age, and education.
4. The perceptions of customers about their satisfaction in banks attributable to the statements and Brochures are appealing with good designs are significantly influenced by age, and social status, and not significantly influenced by age, type of account gender and education.
5. The perceptions of customers about their satisfaction in banks attributable to the availability of technologically well equipped ATMs are significantly influenced by age, and gender, and not significantly influenced by education, occupation, social status and type of account.
6. The perceptions of customers about their satisfaction in banks attributable to the availability of adequate number of ATMs are significantly influenced by age, education, social status and gender, and not significantly influenced by occupation, and type of account.
7. The perceptions of customers about their satisfaction in banks attributable to the availability of enriched internet banking services are

significantly influenced by occupation and type of account, and not significantly influenced by age, education, social status and gender.

8. The perceptions of customers about their satisfaction in banks attributable to the adherence to time schedules are significantly influenced by social status and not significantly influenced by age, education, occupation, gender and type of account.

9. The perceptions of customers about their satisfaction in banks attributable to the keen interest in solving the customers' problems are significantly influenced by age and social status and not significantly influenced by education, occupation, gender and type of account.

10. The perceptions of customers about their satisfaction in banks attributable to the perfect performance of the service from the beginning are significantly influenced by occupation and type of account and not significantly influenced by age, education, social status, and gender.

11. The perceptions of customers about their satisfaction in banks attributable to the prompt delivery of service on time are significantly influenced by gender and not significantly influenced by age, education, occupation, social status, and type of account.

12. The perceptions of customers about their satisfaction in banks attributable to the error free records are significantly influenced by age, occupation, social status and type of account and not significantly influenced by education, and gender.

13. The perceptions of customers about their satisfaction in banks attributable to the prior information to the customers about the service delivery are significantly influenced by age and social status and not significantly influenced by education, occupation, gender, and type of account.

14. The perceptions of customers about their satisfaction in banks attributable to the prompt service to customers are significantly influenced by age, occupation, social status, and type of account and not significantly influenced by education, and gender.

15. The perceptions of customers about their satisfaction in banks attributable to the always willing to help the customers are significantly influenced by age and not significantly influenced by education, occupation, social status, gender and type of account.

16. The perceptions of customers about their satisfaction in banks attributable to the quick response to the request of customers are not significantly influenced by any single socio economic factor.

17. The perceptions of customers about their satisfaction in banks attributable to the employee behavior itself instills confidence in customers are not significantly influenced by any single socio economic factor.

18. The perceptions of customers about their satisfaction in banks attributable to ensures ' feel safety' to the customers in their transactions are significantly influenced by age, social status and gender and not significantly influenced by education, occupation, and type of account.

19. The perceptions of customers about their satisfaction in banks attributable to always courteous to the customers are significantly influenced by age, social status and gender and not significantly influenced by education, occupation, and type of account.

20. The perceptions of customers about their satisfaction in banks attributable to the well conversant and immediately answer the customers' questions are not significantly influenced by any single socio economic factor.

21. The perceptions of customers about their satisfaction in banks attributable to equitable attention to the customers are significantly influenced by age, social status and gender and not significantly influenced by education, occupation, and type of account.

22. The perceptions of customers about their satisfaction in banks attributable to flexible operating hours to the customers are significantly influenced by education and social status and not significantly influenced by age, gender, occupation, and type of account.

23. The perceptions of customers about their satisfaction in banks attributable to personal assistance and attention to the customers are not significantly influenced by any single socio economic factor.

24. The perceptions of customers about their satisfaction in banks attributable to able to understand specific needs of the customers are significantly influenced by occupation, social status and type of account and not significantly influenced by age, education and gender.

25. **The first hypothesis "The is no significant difference in the customer satisfaction levels in select banks" is rejected**

26. **The second hypothesis "The impact of socio-economic factors on customer satisfaction in select banks is insignificant" is rejected**

### **SUGGESTIONS**

On the basis of the major findings and the experience gained through this study, the following suggestions are made to the banks aiming at augmenting the satisfaction of their customers which include

1. Banks must conduct research studies with regard to the customers need analysis frequently so as to redesign and reorient their packages to increase their customer satisfaction.
2. Bank customers must also be provided effective mechanisms of feedback about the banking services so as to ensure a near match between demand and supply of banking services.
3. Appraisal of customer satisfaction must also be on the basis of relevant segmentation of customers besides on the basis of nature of the banking services.
4. Banks must also deal with the subject of customer satisfaction with the broad goal of effective implementation of customer retention strategies rather focusing on customer acquisition strategies.
5. The third party evaluation of customer satisfaction in banks must be conducted at bank premises so as to capture the true picture about customer satisfaction at decentralized levels.

6. The banks must ensure customer satisfaction effectively through cost effective techniques and time saving devices.

### **LIMITATIONS OF THE STUDY**

Despite the scientific method of inquiry of this study, the results of the present study suffer from certain limitations which include

1. Observational bias may be evident in this study as the data of the study is mostly based on value judgments of the customers.
2. The results of the study may not be universalized as they are drawn only from four banks.

### **AREAS OF FURTHER RESEARCH**

1. Evaluation of the customer retention strategy with a focus on customer satisfaction in banks.
2. Shift in customers' loyalty from one bank to the other: causes and consequences.



