"A study on customers perception towards banking services"

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ABSTRACT

India's banking sector operates under nationalized (state) private banks and specialized banking institutions. India is vibrant after 16 years of economic liberalization banking sector driven by both improved efficiency public sector banks and growth-hungry private banks thing. This study is an empirical study to investigate customers and factors that affect them and differences between these factors perceived by customers of public and private bank. The analysis identified five factors that influence customer perceptions of banking services and results. Analysis of Variance (ANOVA) includes gender, respondent qualifications, and the period of partnership with a bank does not have a significant impact on many factors. These factors are different It depends significantly on age group, respondents' income level and bank type.

Keywords:- Customers perception

INTRODUCTION

The banking industry is considered a service-oriented industry. They provide various services to our customers. Effective customer service is central to all business operations and plays an important role in the banking industry's growth strategy. A solid, progressive and dynamic banking system is a fundamental requirement for economic development. Therefore, commercial banks serve as the backbone of economic development. They teach savings and investment habits. They mobilize money from many small household activities to help businesses spread over large geographic areas. In the past, the general public has been unable to take full advantage of the banking industry to improve their standard of living due to lack of information and appropriate guidance. It is undeniable that the faces of Indian consumers are changing. This is reflected in the changing income patterns of urban households. The direct impact of these changes is the consumption pattern and therefore the habit of Indian banks, which is currently targeted at retail products. At the same time, India is

performing very poorly compared to other economies in the world. Other economies in the world are becoming comparable in terms of spending patterns as they open up.

Banks play an important role in the process of economic growth of the country by mobilizing public savings and canalizing the flow of funds for productive processes. Today, banking institutions face many challenges including global competition for deposits, loans, underwriting fees, increasing customer demands, shrinking profit margins and the need to keep up with the new technologies. In the current Indian Banking scenario of intense competition, deregulation and the availability of internet, the customers have a diversified array of banking and financial products and services to choose from.

Dynamic changes in the competition as well as customer expectations have resulted in a dynamic shift from one time transaction based approach to long-term relationship oriented approach, increasing demand s of the customers as well as the intense competition in the market place forced banks to device their strategies accordingly to up the growing market potential.

Present scenario focuses, the environment of cut-throat competition, where private and foreign banks are leaving no stones unturned to attract new customers and existing customers of the banking sector to their turf, customer retention has become the key to the survival of national and international banks. Customer awareness is increasing day by day, customer expectations are rising as product and service choices expand, and the concept of banking from generation to generation is changing. Customer loyalty today depends on the quality of the product and its delivery mechanism. As a result of all this, banks need to provide better and better customer service. The new product will be added to your shopping cart.

Most importantly, computerization and networking have been introduced for faster deployment and are widely adopted to avoid relative content differentiation. They have their own characteristics and relate to other services in a completely different way than the above clients. ATM, mobile-banking, internet banking, credit and debit cards, etc. Banks offer value-added services in many product areas, either through additional attractive features or delivery mechanisms. Many banks have introduced credit cards, insurance-linked deposit products, 24-hour banks, anytime banks, mobile banks, cash back offers, accounting systems, banks everywhere and more.

India's banking sector operates under nationalized (state-owned) private banks and specialized banking institutions. Reserve Bank of India functions as governing body Define standards and regulations and monitor deviations and defects system. Since the bank was nationalized in 1969, it has been taken over by public banks. It is a prominent place and has made tremendous progress since then. The need to Customer-centric, slow-moving public sector banks fast track approach. In the 1990s, the Indian government's liberalization policy was seen. Allow access to private banks, paving the way for nine new generations to enter Private bank.
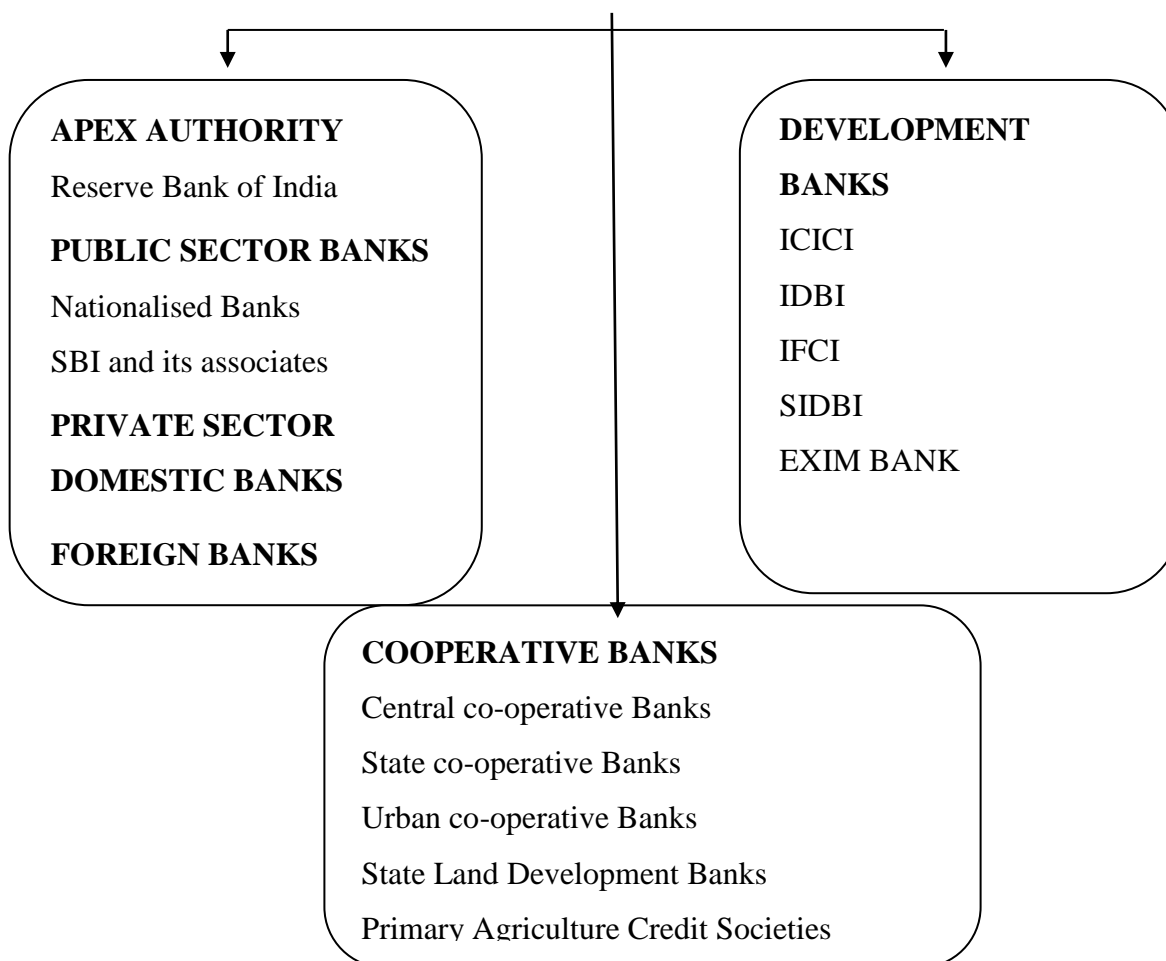
INDIAN BANKING SYSTEM

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Since independence in 1947, there has been a fairly developed Indian commercial banking system. India's banking sector has traditionally been one of the most tightly regulated sectors in the country. The Indian banking system consists of commercial banks and cooperative banks, of which commercial banks account for more than 90% of the assets of the banking system. There are two types of commercial banks. Some commercial banks are planned (listed in Schedule II of the 1934 RBI Act) and some are not. Scheduled commercial banks were further categorized into public sector banks, private sector banks and foreign banks, and regional banks and regional banks.

Figure 1 : Indian Banking System

Banking System in India

LITERATURE REVIEW

Mosad Zineid (2005) has traditionally operated banks in a relatively stable environment for decades, better understanding the impact of quality and customer relationship management (CRM) on a bank's competitiveness. It states. Banks need to build customer relationships that go beyond the value of their core products. This includes adding tangible and intangible elements to the core product to create and enhance the product environment. The author has the necessary conditions to achieve quality, and the creation of added value is the measurement and control of quality. An important

function is to ensure that the requirements of a particular customer are met. CRM, the quality and differentiation of products and services are the keys to building a strong competitiveness.

Benjamin (2006) seeks to investigate how customer expectations, perceived quality of service, and satisfaction predict the loyalty of Nigerian banking customers. Research studies, including qualitative methods for investigating customer expectations for banking services, have been conducted and measurement scales have been developed to measure survey variables. Respondents to the qualitative survey included 18 participants in the focus group. Twenty three Discussion for a detailed interview and 24; they were operators of savings, checking and electronic bank accounts. The quantitative survey included 247 bank customers who responded to a questionnaire that measured survey variables. Hierarchical regression analysis performed reveals that awareness of service quality and satisfaction is an important predictor of customer loyalty, and customer satisfaction is a greater contributor. Nigerian bank management means that we need to conduct market research from time to time to determine customer needs and satisfy them. Nigerian bank management can develop appropriate marketing strategies to achieve customer satisfaction, which in turn leads to improved customer retention. This work improves the external validity of similar findings in the West and demonstrates the general suitability of quality of service and customer satisfaction perceptions as predictors of customer loyalty.

Arvinthan and Prithwiraj (2003) contribute to a study of how the role of trust embraces retail bank exchanges and customer interactions in various aspects of online banking. In particular, they emphasize the bank-to-customer exchange that takes place across the technical interface. This study assumes that banks share credible values, communication, and opportunistic behaviour. Trust and commitment are also casual. They experimentally test five hypotheses using a sample of 510 Internet users from different profiles in India, develop a structural equation model (lisrel), and set all hypotheses. They found that shared value is of paramount importance in building trust and relationship involvement. We also found that increased trust significantly improved customer engagement with online banking transactions. Significant contributions relate to building and maintaining trust across different levels of customer relationships in online banking. A customer's future loyalty to online banking depends on perceived trust.

Rajeev Kumar and Mitial (2002) have a paper describes some of the key administrative issues that are essential for the Indian banking sector to survive and prosper in global competition. The results of the survey show that new technologies, better financial management, product diversification, better internal control, customer-centric approaches, and enhanced talent can bring the banking industry to the pinnacle of international excellence. Indicates that a combination of is required. The task is a huge task, but it needs to be started. Ultimately, building a safe and sound banking system for a dynamic economy should be a challenge.

Sanjay and Bhayani (2005) argue in their article that the purpose, subject, or scope of this research project is limited to the comparison of services provided by private banks in the city of Largest. The survey also seeks to determine customer perceptions of the services offered. How often do you use these services? Subsequent attempts are made to know the customer's purchasing behavior and customer awareness. He pointed out his findings and suggestions that (1) one of the most important

reasons people choose private banks is the service and connectivity between branches. (2) The use of electronic banking services is not as high as banks expect. This requires customers to be aware of the benefits of these services. Customers need to be aware of the benefits of these services. It will help banks in the long run.

Purohit, Avinash and Pathardikar (2007) found that research conclusions reveal that nationalized banks have almost all the same policies regarding customer traffic and financial transactions. .. Consumer perceptions by banks that are too different can vary depending on the behavior of each employee or officer. The surveyed respondents rated almost all services as good, except for interest on loans and mortgage lending. The five aspects of SERVQUAL were ideally preserved at all banks. The slight difference in staff reliability was an exception. It may be due to the nature of the staff's transferable service. Banks, with the exception of consumers, also carry out quality measurements on a regular basis and improve their policies accordingly. Bank rating criteria were capital, integration, and corporate governance. In addition, bank management needs to focus on raising awareness of how information is interpreted and educating various stakeholders in order to contribute to a better understanding of banks, their operations and performance.

RESEARCH METHODOLOGY

AREA OF THE STUDY

The objectives of the study to warranted to selection the city where predominant banking services are carried out in the Gujarat. For the purpose of study Ahmedabad city was selected purposely for a study for more than one reason.

SAMLPE SIZE

Using convenient sampling 150 respondents are selected and questionnaires were distributed.

OBJECTIVE OF THE STUDY

- To study the customers perceptions towards factors influencing provided by banks.

HYPOTHESIS OF THE STUDY

- There is no significant difference between customers perception and factors influencing provided by banks.

CUSTOMER RELATION MANAGEMENT OF DIFFERENT BANKING SECTORS

Table 1 : Customer Relation Management

Factors	1		2		3		4		5		Total
	N	%	N	%	N	%	N	%	N	%	

Bank will give attention to individual customer	9	6	18	12	39	26	61	40.7	23	15.3	150
Bank has operating hours convenient to all their customers	9	6	19	12.7	43	28.7	57	38	22	14.7	150
Bank employees will give personal attention to all customers	9	6	21	14	42	28	50	33.3	28	18.7	150
Bank employees will not understand the specific needs of their customers	26	17.3	33	22	37	24.7	40	26.7	14	9.3	150

1 = Strongly Disagree,   2 = Disagree,   3 = Neutral

4 = Agree,   5 = Strongly Agree,

N = Number of Respondents

In overall banking sector bank will give attention to individual customer was ranked first. It is followed by the bank employees will give personal attention to all customers and bank has operating hours convenient to all their customers was ranked third on the basis of mean rank of different banking sectors customer relation management.

BANKING SECTOR WISE OPINION REGARDING THE RELIABILITY

To study the effect of banking sector according the opinion regarding the reliability are shown in the below table.

Table 2 : Banking Sector Wise Opinion Regarding The Reliability

Factors	Banking Sector						ANOVA	p
	Public Sector Banks		Private Sector Banks		Cooperative Banks			
	Mean	SD	Mean	SD	Mean	SD		
When bank promise to do something by a certain time, they	3.4	1.1	3.6	1.1	3.4	1.1	2.7	0.07

will not do							
Bank insists on error free records	3.5	1.0	4.0	0.8	3.4	1.0	29.4	<0.001*
When have a problem, the bank shows no sincere interest in solving it	3.0	1.1	3.7	1.0	3.3	1.2	35.4	<0.001*
The quality of bank services has improved over the past 4-5 years	3.2	1.1	3.2	1.0	2.7	0.9	27.9	<0.001*

*Highly Significant

It could be noted from the above table that the opinion regarding when bank promise to do something by a certain time, they will not do among the respondents of public sector banks the mean score was (3.4 ± 1.1), among the respondents of private sector banks the mean score was (3.6 ± 1.1) among the respondents of cooperative banks the mean score was (3.4 ± 1.1).

The opinion regarding bank insists on error free records among the respondents of public sector banks the mean score was (3.5 ± 1.0), among the respondents of private sector banks the mean score was (4.0 ± 0.8) among the respondents of cooperative banks the mean score was (3.4 ± 1.0).

The opinion about when have a problem, the bank shows no sincere interest in solving it among the respondents of public sector banks the mean score was (3.0 ± 1.1), among the respondents of private sector banks the mean score was (3.7 ± 1.0) among the respondents of cooperative banks the mean score was (3.3 ± 1.2).

The opinion about the quality of bank services has improved over the past 4-5 years among the respondents of public sector banks the mean score was (3.2 ± 1.1), among the respondents of private sector banks the mean score was (3.2 ± 1.0) among the respondents of cooperative banks the mean score was (2.7 ± 0.9).

Thus, It is cleared from the above analysis that the maximum opinion regarding when bank promises to do something by a certain time, they will not do was found among private sector banks, about bank insists on error free records it was found among public sector banks, about when have a problem, the bank shows no sincere interest in solving it was found among private sector banks and about the quality of bank services has improved over the past 4-5 years it was found among private sector banks

Further to test of significant difference between the mean score regarding reliability the ANOVA test is used and result is shown in the above table. Since the p value is less than 0.01 regarding bank

insists on error free records, when have a problem, the bank shows no sincere interest in solving it, the quality of bank services has improved over the past 4-5 years and the result are significant at 1%.

CONCLUSION

This study provides a step towards understanding existing CRM strategies in the Indian banking sector. Today, banks are more focused on their marketing strategies. The dynamics of the market are putting pressure on staff to focus on delivering products to their customers, rather than trying to provide them with a great experience. Banks in India have grown tremendously over the past decade with the enactment of economic reforms. Banking, public, private and co-operative sectors have become for-profit business organizations and play a role in promoting development in the economy. Banks are more competitive and customer-centric to be more profitable. This new focus has forced her to take a more realistic approach to running the company. CRM is one of the tools that help us meet customer expectations in response to changing needs. When analyzing CRM implementations, CRM practices are more effective than public sector practices. This shows that private banks are more strategically innovative in understanding their customers, building good relationships with them and their credit unions and improving their products and services.

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