



# Customer Satisfaction Analysis Of Small Finance Banks In Koppal City

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**Abstract:** The introduction of Small Finance Banks (SFBs) in India has greatly improved access to formal banking for people who were not getting proper banking services before. This study looks at how satisfied customers are with different small finance banks in Koppal City, Karnataka. The research uses a questionnaire and data collected from 150 people to analyze factors like service quality, how easy it is to get banking services, use of technology, how staff behave, interest rates, and how complaints are handled. The results show what SFBs are doing well and where they need to improve. The study also gives suggestions to help banks better serve their customers and keep them loyal.

**Keywords** - Customer Satisfaction, Small Finance Banks (SFBs), Service Quality, Digital Banking, Grievance Redressal, Financial Inclusion, AU SFB, Ujjivan SFB, Equitas SFB, Jana SFB, Koppal City, Rural Banking, Staff Behavior, Interest Rates, Banking Services

## I. INTRODUCTION

The Indian financial system has changed a lot in recent years, especially with the introduction of Small Finance Banks (SFBs). These banks were started by the Reserve Bank of India (RBI) as part of a plan to help more people get access to banking services. The goal of these banks is to offer basic banking services like saving money, getting loans, insurance, and sending money to people who are not usually served by traditional banks. This includes low-income people, small business owners farmers, and migrant workers. Koppal is a city in northern Karnataka that is growing. It has a mix of people who rely on farming, small businesses, and are moving towards more city life. There are several SFBs in the area, such as AU Small Finance Bank, Ujjivan SFB, Equitas SFB, and Jana SFB. These banks have brought more financial services to the people of Koppal. But with so many banks in the same area, it's important to know how well they are doing from the customers' point of view. Customer satisfaction is very important for banks, especially for SFBs, These banks depend on trust and long-term relationships with their customers, many of whom are new to using formal banking services. Happy customers are more likely to stay with the bank, tell others about it, and use more services. That's why it's important to understand what makes customers satisfied, like the quality of service, how easy it is to access services, interest rates, how bank employees behave, and how well they use technology. This study looks at customer satisfaction with SFBs in Koppal. Unlike big cities, places like Koppal have different needs and challenges when it comes to banking. This research gives a better picture of how well SFBs are meeting their local customers' expectations and where they can improve.

## II. LITERATURE REVIEW

Customer satisfaction in the banking industry has been studied a lot over the years. When the Reserve Bank of India introduced rules for Small Finance Banks in 2014, it brought a fresh approach to making banking more accessible, especially in rural areas. These banks are required to offer loans and other financial services to people who don't get much banking support, but whether they can keep running depends a lot on how happy their customers are with the services they receive.

Customer satisfaction in the banking industry has been widely researched, especially when it comes to the quality of service. Parasuraman and his team in 1985 created the SERVQUAL model, which highlights five important aspects of service quality: reliability, responsiveness, assurance, empathy, and tangibles. These five factors are now commonly used to measure customer satisfaction in both government-owned and private banks.

When the Reserve Bank of India started Small Finance Banks (SFBs) in 2014, it brought changes to the way banking works in India, with the main goal of helping more people get access to financial services. Singh and Patil (2019) say that SFBs are important in connecting people who are not well-served by traditional banks, especially in rural and semi-urban areas. Their research shows that SFBs can make a big difference by giving credit opportunities to low-income people, small farmers, and small business owners.

Technology plays a big role in making banking more satisfying today. A study by Kumar and Bansal in 2020 showed that using mobile banking, ATMs, and digital sign-up greatly increased customer happiness, especially for younger and tech-aware customers. But how well these tools work depends on how easy they are to access and how well people understand them, which can be different in various areas.

Staff behavior and the way they treat customers are really important for how customers feel about their experience. Naik and Shetty (2021) found that when staff are polite, customers don't have to wait too long, and communication is clear, it makes a big difference in how happy customers are, especially in rural areas where people rely a lot on trust and personal interaction.

Even though there are some good things happening, handling complaints is still a problem. Rao and Iyer (2020) found that customers get upset because their complaints take too long to solve and they don't get clear information about what's happening. Their research shows that dealing with complaints well can really build trust in SFBs.

Another key point is how easy it is for people to access services. Thomas and Mathew (2018) say that being close to a branch and having simple steps to open an account or get a loan are very important for making things easier for customers, especially in smaller cities like tier-2 and tier-3.

In the end, the RBI Annual Reports from 2017 to 2023 show that SFBs are meeting their goals for inclusion, but they still face difficulties in areas like digital infrastructure, following regulations, and running their operations efficiently.

## III RESEARCH GAPS IDENTIFIED

There is increasing writing about customer satisfaction in private and public banks, but not much has been written specifically about Small Finance Banks in smaller cities like Koppal. Most of the research is done in big cities or major urban areas. Also, there is not much study on customer satisfaction in regions where language and culture affect how people feel about services.

The existing studies show that customer satisfaction in banking depends on many things, such as the quality of service, use of technology, trust, and how quickly the bank responds. But there is not much research comparing different Small Finance Banks in smaller cities like Koppal. This study aims to address that by looking at customer satisfaction with various SFBs in Koppal and finding out which service factors are most important to their experience.

## IV OBJECTIVES

1. To study customer satisfaction levels towards services offered by SFBs in Koppal City.
2. To identify key factors influencing satisfaction
3. To compare customer perceptions across different SFBs.

## V RESEARCH METHODOLOGY

The research method explains the plan used to gather, examine, and understand information about customer satisfaction in different Small Finance Banks (SFBs) in Koppal City. This part makes it clear how the study was organized and helps make sure the findings are trustworthy and can be repeated by others.

### 5.1 Research Design

This study uses a descriptive research approach, which works well for looking at and explaining how satisfied customers are. Descriptive research focuses on understanding what is happening rather than why it is happening, making it good for finding trends, views, and common patterns.

### 5.2 Nature of the Study

The study uses numbers and real data from people who answered questions in a set format to measure how satisfied they are and to see how different aspects of service are connected

### 5.3 Study Area

The study took place in Koppal City, which is a semi-urban area in the state of Karnataka. In recent years, Koppal has experienced a rise in the presence of Small Finance Banks, which makes it a good place for this research.

### 5.4 Sampling Technique

The researchers used convenience sampling to choose participants. This type of sampling wasn't random, but it was picked because it was easy to reach bank customers at the branches and in local markets.

### 5.5 Sample Size

A total of 150 respondents were surveyed. Respondents were selected from customer bases of different SFBs, including:

- AU Small Finance Bank
- Ujjivan Small Finance Bank
- Equitas Small Finance Bank
- Jana Small Finance Bank

### 5.6 Data Collection Methods

Primary Data:

- Collected through a structured questionnaire with both closed-ended and Likert scale-based questions.
- Administered both online (Google Forms) and offline (at branches and local areas).
- Questionnaire included sections on service quality, interest rates, grievance redressal, staff behavior, and technology usability.

Secondary Data:

- Sourced from RBI reports, published journals, research articles, and bank websites to support the theoretical framework and provide context.

## 5.7 Research Instruments

- A Likert Scale (5-point) was used to measure satisfaction, ranging from "Strongly Dissatisfied" (1) to "Strongly Satisfied" (5).
- A pilot survey was conducted with 10 respondents to validate the clarity and reliability of the questionnaire.

## 5.8 Data Analysis Tools

- The collected data was analyzed using:
- Percentage Analysis to understand the distribution of responses.
- Mean Scores to rank customer preferences and satisfaction levels.
- ANOVA (Analysis of Variance) to test for significant differences in satisfaction among customers of different banks.
- Cross-tabulation for identifying patterns across demographic groups.

## 5.9 Limitations of the Study

- The study was limited to Koppal City and may not reflect customer satisfaction in other regions.
- Convenience sampling may lead to bias, as it doesn't ensure equal representation.
- Respondents' personal bias or misunderstanding of survey questions may affect accuracy.
- Time constraints limited the sample size to 150, which may not be sufficient to generalize the results across all customers.

## VI. DATA ANALYSIS & INTERPRETATION

**Table 6.1: Demographic Profile of Respondents**

Demographic Variable	Categories and Percentage (%)
Gender	Male (55%), Female (45%)
Age Group	18–25 (22%), 26–40 (38%), 41–60 (28%), 60+ (12%)
Occupation	Business (30%), Farming (25%), Salaried (35%), Others (10%)
Monthly Income	Below ₹10,000 (25%), ₹10,001–20,000 (35%), ₹20,001–40,000 (28%), ₹40,001+ (12%)
Banks Used	AU SFB, Ujjivan SFB, Jana SFB, Equitas SFB

### Table 6.1 Explanation:

The respondent base includes a mix of gender, age groups, income brackets, and occupations, ensuring a balanced view of customer perceptions across SFBs in Koppal City.

**Table 2: Mean Satisfaction Score by Bank and Service Area**

Satisfaction Area	AU SFB	Ujjivan SFB	Equitas SFB	Jana SFB
Service Quality	4.3	4.0	3.8	3.5
Staff Behavior	4.4	4.1	3.7	3.6
Mobile/Digital Banking	4.2	3.9	4.0	3.3
Interest Rates & Charges	4.1	4.0	3.8	3.4
Grievance Redressal	3.9	3.8	3.6	3.2
Overall Satisfaction	4.2	4.0	3.8	3.5

TABLE 6.2 EXPLANATION

AU SFB performs best across all parameters, especially in staff behavior and digital banking, Ujjivan SFB shows competitive performance in most areas, Equitas SFB is moderately rated, with room to improve staff training and complaint handling, Jana SFB consistently scores the lowest, indicating issues in service quality, grievance handling, and digital services.

- 68% of customers were satisfied with the responsiveness of staff. Equitas SFB and AU SFB scored higher in terms of service consistency.
- 57% of customers were satisfied with mobile banking apps. Ujjivan and AU SFBs had better app interfaces according to users.
- 60% of customers preferred SFBs due to higher interest rates on savings and fixed deposits
- 72% agreed that staff were courteous and helpful. Jana SFB received some negative feedback due to lack of trained personnel.
- Only 48% were satisfied with the grievance redressal system. This is an area that needs attention

Friendly and efficient staff significantly boost customer satisfaction, especially for first-time or rural customers and Digital literacy plays a role; banks need to offer multilingual and simpler apps to serve rural clients. Transparent communication about charges is essential to prevent dissatisfaction, Grievance Redressal is a weak area across most SFBs and needs systemic improvement, AU SFB leads in service quality perception, followed by Ujjivan. Jana SFB lags behind in key service areas and shows scope for improvement.

**TABLE 3: GRIEVANCE REDRESSAL SATISFACTION**

BANK NAME	% CUSTOMERS SATISFIED WITH COMPLAINT HANDLING
AU SFB	65%
UJJIVAN SFB	60%
EQUITAS SFB	54%
JANA SFB	41%

**EXPLANATION:**

Less than half of Jana SFB customers were satisfied with complaint resolution. AU SFB leads in responsiveness and transparency in grievance handling.

**TABLE 4: ANOVA TEST RESULT****HYPOTHESIS:**

H0: There is no significant difference in customer satisfaction among different SFBs in Koppal.  
H1: There is a significant difference.

TEST	F-VALUE	P-VALUE	RESULT
ONE-WAY ANOVA	3.21	0.027	SIGNIFICANT DIFFERENCE EXISTS

Result:

F-value = 3.21, p-value = 0.027 < 0.05 → Reject H0

**Explanation:**

The ANOVA result indicates a statistically significant difference in customer satisfaction across different SFBs in Koppal ( $p < 0.05$ ), validating that not all banks perform equally in the eyes of customers.

**OVERALL INTERPRETATION:****- Top Performer:**

AU Small Finance Bank leads in overall customer satisfaction due to strong staff behavior, reliable services, and user-friendly mobile banking.

**-Technology Adoption:**

Younger customers are more satisfied with mobile banking; however, digital literacy remains a barrier for older demographics.

**- Areas Needing Improvement:**

- Jana SFB scores lowest, especially in grievance redressal and service quality.
- Equitas needs to improve consistency and complaint resolution.

**Key Takeaway:**

Staff behavior, technology usability, and prompt resolution of issues are the biggest influencers of customer satisfaction.

**VII FINDINGS**

1. Service quality emerged as a major driver of satisfaction, with 65% of respondents expressing satisfaction with their bank's service delivery. au and ujjivan sfbs were rated highly for promptness and professionalism, whereas jana sfb received criticism for inconsistent service and longer waiting times. similarly, staff behavior played a vital role in shaping customer experience. approximately 72% of respondents noted that staff were courteous and helpful, especially in au and ujjivan sfbs. however, some customers of jana sfb reported a lack of trained personnel and unresponsive front-line service.
2. Digital banking adoption showed a growing trend, particularly among younger customers. about 58% of users were satisfied with mobile and online banking services, with equitas and au sfbs receiving praise for better app interfaces. still, many elderly and rural customers found digital platforms difficult to use, especially in jana sfb, which lags behind in digital innovation.
3. Another key finding is that customers value high interest rates, particularly for fixed deposits and savings accounts. however, the satisfaction is offset by a lack of transparency regarding service charges, especially among jana sfb customers who complained about hidden fees and unclear terms. this highlights the importance of transparent communication in pricing policies.
4. Grievance redressal emerged as a common weakness across all banks. only 48% of customers expressed satisfaction with how their complaints were handled. the major concerns included slow response times, lack of updates, and absence of dedicated support channels. au sfb performed better in this area, but overall, this remains a critical area for improvement for all sfbs.
5. Finally, demographic analysis showed that satisfaction levels vary across customer profiles. younger, urban, and digitally literate customers were generally more satisfied due to ease of access to mobile banking and faster services. in contrast, older and rural customers emphasized in-person service and were more likely to be influenced by staff behavior and interest rates. an anova test further confirmed that there is a statistically significant difference in satisfaction across the four banks, reinforcing the conclusion that bank-specific policies and service models directly impact customer satisfaction.
6. The study reveals several significant insights into customer satisfaction levels among the small finance banks (sfbs) operating in koppal city. overall, au small finance bank emerged as the top performer, with the highest mean satisfaction score (4.2), followed by ujjivan sfb (4.0), equitas sfb (3.8), and jana sfb (3.5). this indicates a clear variation in customer perception of service quality among different sfbs.

## VIII SUGGESTIONS

- 1) Based on the findings of this study, several suggestions can be offered to help Small Finance Banks (SFBs) operating in Koppal City improve their customer satisfaction and service delivery. First and foremost, banks must invest in staff training and development. Since staff behavior plays a critical role in shaping customer perceptions, regular workshops on communication skills, customer handling, and problem resolution are essential. Special emphasis should be placed on ensuring courteous, prompt, and personalized service, particularly in rural branches where customers often rely more on human interaction.
- 2) Secondly, banks should enhance the accessibility and usability of their digital platforms, such as mobile apps and internet banking portals. Many customers, especially older adults and those in rural areas, find these platforms confusing or difficult to navigate. Therefore, SFBs should focus on designing apps that support regional languages (like Kannada), offer simple navigation, and provide visual guidance. Banks can also conduct digital literacy workshops for their customers to encourage and support digital banking adoption.
- 3) Another key area for improvement is grievance redressal. All banks, especially those like Jana SFB that scored lower in this area, should establish clear, fast, and customer-friendly complaint resolution systems. Dedicated grievance officers, automated ticket systems, and regular feedback loops can help customers feel heard and valued. Timely updates regarding the status of complaints should be made available through SMS or app notifications.
- 4) Moreover, transparency in bank charges and interest rate policies must be improved. Many customers expressed dissatisfaction with hidden charges and unclear terms. Banks should proactively disclose all applicable fees during account opening, loan processing, or other service requests. This transparency will foster greater trust and long-term customer loyalty.
- 5) Finally, SFBs should customize their services based on demographic needs. For example, tech-savvy urban youth may prefer self-service kiosks and app notifications, while senior or rural customers may prioritize in-branch assistance and verbal communication. Tailoring services to suit different user segments can significantly enhance the overall customer experience.

## IX CONCLUSION

This study gives a clear picture of how satisfied customers are with different Small Finance Banks in Koppal City. It shows that banks like AU Small Finance Bank and Ujjivan SFB are doing well in areas such as service quality, how staff behave, and their digital banking options. However, banks like Jana SFB are not performing as well, especially when it comes to handling customer complaints and being clear about their services. The study also points out that personal interaction is really important in banking, especially in smaller towns and rural areas. Here, how friendly the staff are, the help they give face to face, and how dependable they are, all make a big difference in how customers feel about the bank. Even though more people are using digital banking, many customers still find it hard to use technology, which means banks need to make their digital tools easier to use and help customers learn how to use them better. Also, being open and clear about interest rates and fees helps build trust and keeps customers loyal. The study says that customer satisfaction in Small Finance Banks depends on many things, including how well they deliver services and what customers expect. For these banks to grow and stay competitive in places like Koppal, where inclusion is important, they need to keep improving, tailor their services to local needs, and stay actively involved with their customers.

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