

# Factors Responsible For Customer Satisfaction In Selected Co-operative Banks Of Surat City.

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Abstract:

With the growth of banking in india, Cooperative Banks are trying to serve the suppressed and depressed mass. In India particularly in the metro cities, cooperative movement has developed significantly and cooperative banks cater the needs of members and non-members. This paper emphasis on those who are interested to know the competitive strength of cooperative banks and its professionalized management.

The Co-operative Bank knows that success in the corporate banking sector isn't a mass marketing exercise as it may be in retail banking; it's down to the quality of its relationships with customers. Therefore it is necessary for the cooperative banks to achive customer satisfaction. Many factors have been said to contribute greatly to customer satisfaction which has become widely studied in the recent past as one of the ways organizations may use to turn around their performance. This study analyzed mainly six of these factors that influence customer satisfaction in cooperative banks. The focus was on the cooperative banking sector in selected banks of south Gujarat. The paper also sought to find out the level of customer satisfaction exists in different co-operative banks of south Gujarat. The specific objectives of the study included determining major factors affecting customer satisfaction. The Descriptive survey method was being applied to carry out the research. The population comprises selected customers of selected cooperative banks of south Gujarat. Data was analyzed by using the Statistical Package for Social Science (SPSS version 15) after which appropriate interpretation was be done. The study found that main factors affecting customer satisfaction in the selected banks of south Gujarat are environment of bank, interaction with customers, differentiation in services, products and services, access of services and availability of services.

**Key words:** customer satisfaction, environment of bank, interaction with customers, differentiation in services, products and services, access of services and availability of services.

INTRODUCTION:

During the 90s in rural areas of India, a new form of co-operative activity appeared with significant dynamism. In early 90s there were few credit cooperatives operating in territory and at the end of the decade there were so many co-operative banks located in provincial cities of India. The basic difference between co- operative and commercial banks is the fact that co-operative banks primary aim is the support and growth of local economy. In co-operative banks, customer's deposits and capital are recycling within the local economy. Co-operative banks have better knowledge of local economy and they are having great

deal of soft information (which is hard to collect) about the credit worthiness of customers, so less lending mistakes. Co-operative banks generally support new enterprising efforts and small and medium-sized businesses have easier access in financing their scopes. Flexibility and low functional cost is another difference of co-operative banks relative to commercial banks. Moreover, co-operative banks have larger capital base and capital adequacy than commercial banks (Fiordelisi & Mare, 2013). Moreover, membership in co-operative banks is not tradable as in commercial banks. Finally, in co-operative banks, members, who are also customers of the bank, control the management in principle. Although co-operative banks may pay dividends based on profitability, the distribution of profits is more limited relative to commercial banks (Wyman, 2008).

Over the last two decades, the Indian banking industry has undergone substantial changes. Deregulation came as an outcome of the international trends towards globalization and liberalization of financial markets. Newly introduced banking products and services, technological advances, intense competition and recently mergers and acquisitions between institutions, have transformed the structure and performance of banks.. Prior to the economic crisis, the banking sector was highly competitive by international standards, with sound fundamentals.

A Co-operative bank is a financial entity which belongs to its financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest and provide their members with a wide range of banking and financial services like loans, deposits, banking account etc. For the improvement of their performance or quality of service, the banks should measure how their products and services met or exceed customer expectations. Thus the customer satisfaction acts as a key performance indicator within the organizations and which have powerful effects. They give awareness to employees about the importance of fulfilling customer's expectations. Thus, expectations are a key factor behind satisfaction. When customer have high expectations and the reality fall short, they will be disappointed and will likely rate their experience as less than satisfying. Co-operative banks are now an important element of Indian financial system and are much more important in India than anywhere else in the world.

The present study identifies the important factors affecting customer satisfaction for cooperative banks of surat city.

#### LITERATURE REVIEW:

According to Zeithaml et al (2006:214), "resolving customer problems effectively has a strong impact on customer satisfaction, loyalty, word of mouth communication, and bottom line performance".

According to Zeithaml et al (2006:106) although service quality and customer satisfaction are used interchangeably, there is indeed a distinction. Customer Satisfaction is when the outcome of the service matches the expectations of the service. As pointed out by Looy et al (2003:125), even though they differ one is a component of the other. Zeithaml et al (2003:110) defines it the customer's evaluation of a product

or service in terms of whether the product or service has met his needs or expectations. Failure to meet needs results in dissatisfaction, or a poor perception of the service quality.

Service quality is one of those factors that contribute to customer satisfaction, in other words a component of customer satisfaction measure. As Looy et al (2003:124), points out the distinction between the two is a very important one. The level of customer satisfaction is the result of the customers comparison of the service quality expected in a given service encounter, with the perceived service quality. In addition, the distinction is that in measuring customer satisfaction, the actual experience of the customer is the basis of assessments while in service quality measurement the customer experience is not required.

Dutta and basak (2008) Studied and suggested that co-operative banks should improve their recovery performance adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment.

Jyothi gupta and suman Jain (2012)analyzed the lending practices of co-operative banks in India, comparison of efficiency of co-operative banks in India, Impact of size on the efficiency of the co-operative banks and different types of loans preferred by different set of customer from these banks.

S.Sivesan (2012)He found the impact of the service quality on customer satisfaction in banking sectors. Service quality are inter related with customer satisfaction. Manager of the bank or administrative body needs to identify the primary quality determinants, clearly managing the customer expectation, educating the knowledge to customer regarding the service for improving the service quality in the banking sectors.

A.H.Sequeira (2012) He made an attempt to address the issues related to customer satisfaction and quickness of transactions in co-operative banks. It is clear from the results that the customer services are reasonably satisfactory.

Ravi C.S & Kundan Basavaraj (2013) investigated the preference and satisfaction level of level of customer toward loans, deposits schemes, insurance and value added services rendered, by and public banks in private banks in shivamogga district.

Dr.Balwindersigh and Ruchika sonsi(2015) study is genuine attempt to understudy the construct of customer satisfaction and the factor affecting customer satisfaction in the urban co-operative banking sector in the states of Punjab, Harayana, and himachal pradesh through a qualitative approach. The very widely representation profile of respondents to helps us to reply and appropriately weight the above outcomes.

#### METHODOLOGY:

The **Objectives** of the Study was:

- To identify factors responsible for customer satisfaction in selected co-operative banks of surat city.
- To know the level of customer satisfaction in selected co-operative banks of surat city..
- To identify the difficulties faced by the customers of the selected banks.

#### **Research Design:**

A descriptive research design has been used in this study to identify important factors responsible for the customer satisfaction in selected co-operative banks of surat city.

**Unit of Study:**

The target population of this study includes customers of the selected banks.

**Sample Selection:**

Non-probability sampling techniques have been used like convenience sampling to collect the Data from the customers of the selected banks with the help of structured questionnaire. Attempt has been made to collect samples from the 15 branches of selected banks. Sample size was 137 customers of selected banks.

**Collection of data**

Primary data were collected with the help of structured questionnaire. The secondary information was obtained from the reports of RBI, different branches, websites, journals and magazines. Questionnaire consists of 23 statements. Five options given to the respondent on the bases of 5 point likert scale ranging from strongly agree to strongly disagree. With the help of pretested structured questionnaire, researcher tried to know the different aspects of customers regarding their expectations from the banks.

Analysis of data:

**Factor analysis**

The data was analyzed using SPSS software with the help of factor analysis technique to identify factors important to measure level of customer satisfaction in selected co-operative banks of surat city. Initially the compatibility of data set is tested, so that it can be determined whether factor analysis can be used for analysis or not. The sample size is 137 customers and variable used is 23, which satisfy the first two conditions that sample size should be more than 100 and ratio between them should be atleast 5:1.

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.719
Bartlett's Test of Sphericity	Approx. Chi-Square	433.294
	Df	153
	Sig.	.000

Principal component analysis requires that the Kaiser-meyer-olkin measure of sampling adequacy be greater than 0.50 for the set of variables. From the above table we can see that as KMO value is more than 0.5, i.e. 0.719 therefore it is meaningful to run factor analysis. Moreover the significance value is 0.000 which is less than 0.05 and therefore we reject HO which shows that interrelated matrix is not identity matrix. It is another indication of the result of factor analysis.

Principal component analysis requires that the probability associated with the Bartlett's test of sphericity be less than the level of significance. as shown in the table, this requirement also gets satisfied. Therefore, the preliminary analysis proves that factor analysis can be satisfactorily used for the present data.

## Communalities

	Initial	Extraction
CS3	1.000	.520
CS5	1.000	.508
CS7	1.000	.699
CS9	1.000	.678
CS10	1.000	.661
CS11	1.000	.566
CS12	1.000	.464
CS14	1.000	.582
CS15	1.000	.644
CS17	1.000	.401
CS18	1.000	.590
CS20	1.000	.643
CS24	1.000	.608
CS8	1.000	.568
CS13	1.000	.550
CS19	1.000	.531
CS21	1.000	.544
CS22	1.000	.657

Communalities represent the proportion of the variance in the original variables that is accounted for by the factor solution. The factor solution should explain at least half of each original variables variance, so the communality value for variable should be more than 0.50 or higher. We can see that all of the communality values are more than 0.5 and nearer to 1 so it indicates validation of factor analysis.

## Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.513	19.516	19.516	3.513	19.516	19.516	2.840	15.780	15.780
2	2.130	11.836	31.352	2.130	11.836	31.352	1.699	9.439	25.219
3	1.374	7.634	38.987	1.374	7.634	38.987	1.695	9.414	34.633
4	1.264	7.025	46.012	1.264	7.025	46.012	1.592	8.842	43.475
5	1.081	6.005	52.017	1.081	6.005	52.017	1.387	7.705	51.180
6	1.051	5.841	57.858	1.051	5.841	57.858	1.202	6.678	57.858
7	.963	5.349	63.207						
8	.930	5.169	68.376						
9	.780	4.334	72.710						
10	.758	4.208	76.919						
11	.702	3.900	80.819						
12	.616	3.422	84.241						
13	.600	3.335	87.575						
14	.554	3.076	90.651						
15	.464	2.579	93.231						
16	.417	2.318	95.549						
17	.413	2.296	97.844						
18	.388	2.156	100.000						

Extraction Method: Principal Component Analysis.

From the above table we can see that SPSS output of the total variance explained by the component extracted from the input data. The 6 component explain 57.858 of the total variance in the variables which are included in the component. So it is reasonable enough to go with the analysis. Also from the above table we can see that the eigen values of first 6 component are more than 1 thus this components are significant for the analysis of as it contribute positively in the analysis.

Rotated component matrix(a)

	Component					
	1	2	3	4	5	6
CS3	.664					
CS5						
CS7				.798		
CS9		-.684				
CS10			.794			
CS11		.742				
CS12	.667					
CS14						
CS15			.552			
CS17	.585					
CS18	.602					
CS20		.506				
CS24					.743	
CS8						
CS13	-.565					
CS19				.610		
CS21					.603	
CS22						.751

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 a. Rotation converged in 8 iterations.

We can use above table to extract the relevant variables to be loaded on each factor. We attribute variables which have loading more than 0.500 to a particular factor. From the above table we can see that total 18 variables are divided between 6 factors. Below table shows that factor 1 includes 5 variables. Factor 2 includes 3 variables. Factor 3 includes 2 variables. Factor 4 includes 2 variables. Factor 5 includes 2 variables and factor 6 includes only 1 variable.

**Factors extracted**

	Factors						Communalities
	F1	F2	F3	F4	F5	F6	
<b>Factor 1 environment of bank</b>							
Friendly relationship with employees	0.664						0.520
Modern technology and equipment	0.667						0.464
Physical appearance of bank	0.585						0.401
Promptness of banking services	0.602						0.590



Credibility of bank	0.565	0.550
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**Factor 2 interaction with customers**

Service charges	0.684	0.678
Up gradation of products & services	0.742	0.566
Provide complete information	0.506	0.643

**Factor 3 differentiation in services**

Special product	0.794	0.661
Bank image	0.552	0.644

**Factor 4 products & services**

Variety of products & services	0.798	0.699
Service flexibility	0.610	0.531

**Factor 5 access of services**

Expanded network	0.743	0.608
Overall satisfaction	0.603	0.544

**Factor 6 availability of services**

ATM functionality	0.751	0.657
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**CONCLUSIONS:**

The present study aimed at identifying factors related to customer satisfaction from the point of view of the customers of selected co-operative banks of surat city. In order to identify major factors, principal component analysis or factor analysis is used as statistical tools. The data is collected through the survey of customers of the selected banks through well structured questionnaire.

The factor analysis results showed that there are 6 important factors related to customer satisfaction. The study proves significant for selected banks who have interest to deliver good services in their system and who are planning to achieve high level of customer satisfaction. There are lots of opportunities for banks to get competitive advantage by improving customer satisfaction. However, since the 6 factors account for only 57 % of the variance and the survey has been conducted only for the surat city.

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