



# Customer satisfaction towards new generation banking services with special reference to Pattambi Area

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## ABSTRACT

*In banking industry, e-services are revolutionizing the way business is conducted. Electronic based business models are replacing conventional banking system and almost of banks are rethinking business process designs and customer relationship management strategies. Hence it is necessary to evaluate the satisfaction of bank customers on the modern banking facilities. This paper is proposed to study the customer satisfaction of new generation banking industries.*

**Key Words :** Customer satisfaction, Newgeneration Banking, Money Manager

## Introduction

A bank is a financial institution and a financial intermediary that accepts deposits and channels these deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is a connection between customers that have capital deficits and customers with capital surpluses.

The history of banking begins with the first prototype banks of merchants in the ancient world, which made grain loans to farmers and traders who carried goods between cities. This began around 2000 BC in Assyria and Babylonia. Later in ancient Greece and during the Roman Empire, lenders based in temples made loans and added two important innovations; they accepted deposits and changed money. Archaeology from this period in ancient China and India also shows evidence of money lending activity.

Banking in the modern sense of the word, can be traced to medieval and early Renaissance Italy, to the rich cities in the north such as Florence, Venice and Genoa. The Baidi and Peruzzi families dominated banking in 14th century Florence, establishing branches in many other parts of Europe. Perhaps the most famous Italian bank was the Medici bank, established by Giovanni Medici in 1397. The oldest bank still in existence is Monte dei Paschi di Siena, headquartered in Siena, Italy, which has been operating continuously since 1472. It is followed by Berenberg Bank of Hamburg (1590) and Sveriges Riksbank of Sweden (1668).

Banking in India in the modern sense originated in the last decades of the 18th century. The first banks where the Bank of Hindustan (1770- 1829) and The General Bank of India, established 1786 and since

defunct. The oldest bank still existing in India is the State Bank of India which originated as the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other three being the Bank of Bombay and Bank of Madras, all three of which were established under charters from the British East India Company. The three banks merged in 1921 to form the Imperial Bank of India which, upon India's independence, became the State Bank of India in 1955.

### **Generation Banking:**

During the 20th century developments in telecommunication and computing caused major changes to bank's operation and let banks dramatically increase in size and geographic spread. By 2010, banking in India was generally fairly mature in terms of supply, product range and reach, even though reach in rural India still remains a challenge for the private sector and foreign banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the bank on the Indian Rupee is to manage volatility but without any fixed exchange rate and this has mostly been true.

Customer's satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviours such as return and recommend rate. The level of satisfaction can also vary depending on the other options the customer may have and other products against which the customer can compare the organization's product.

### **Review of Literature:**

**Manoranjan Mobapatra et al. (2010):** About 40% of the population in India is unbanked. Since e-banking has evolved as a platform for future innovations that can have long ranging socio economic benefits for India and hence also be able to capitalize on the Indian Government's dream of one bank account per Indian, established the fact that e-banking is the need of the hour in India today. It is a win-win situation for all concerned. Operators bank and specialist companies are gradually getting themselves organized to operate e-banking services. Banks are able to reach remote areas without incurring the heavy expenses that opening a branch. Also the ATM penetrating in rural areas is not that high with only 40 ATMs per million people in India.

**Bernadette D. Silva et al. (2010):** There are certain parameters in new generation banking which are affected by demographic status like gender, income level and education qualification etc for opening internet bank account. Bank operations through internet can attract large customers and it will enhance the brand image of banks for usage of sophisticated technology.

**K R Kamath (2010):** Banks may move towards universal banking driven by the forces of deregulation, liberalisation and technological advancement. The pressure would emanate from super markets, utility service providers etc. Technology has played and is playing a critical and arguably the most important role in redefining the financial business. Banks are responding by offering alternative delivery channels like ATMs, tele banking, internet banking, mobile banking, etc. Most of the banks have already implemented

core banking solutions across all offices to provide “anytime anywhere” banking in true sense.

**Umari (2006):** describes the customer satisfaction on the basis of services provided by the new generation and old generation banks. The customers are more satisfied with the old generation banks as compared to new generation banks. The customers feel no complexity and problem with the old bank services. Although the customer.

relationship management practices adopted by the new generation banks are satisfactory, their services are not satisfactory as compared to the old banks.

**Sureshchander et al. (2003):** The study focuses on investigating the factors of customer perceived quality of three banks in India. The banks are local, private and foreign banks. From the study it came to know that customers are more satisfied with foreign banks as compared to other banks. A foreign bank provides the core services and other services in the standardized and simplified process.

### **Objectives of the study**

- To find out the awareness level of customers regarding various services provided by Banks.
- To find out the average satisfaction level of customers towards various modern services provided by Banks.
- To examine the consistency of opinions of customers regarding various services.
- To examine the satisfaction level towards the services of Bank among customers, with different education level, occupation and annual income.
- To find out the general attitude of customers towards new generation banking.

### **Methodology of the study**

Sample Unit of the study is people having a bank account in Pattambi Area.

There are 1000 plus banking customers in Pattambi area from among 50 customers are selected randomly. Random sampling method is used for selecting the respondents. To achieve the objective of the study, the primary data have been collected through questionnaire. This questionnaire aims to gather information related to customer’s satisfaction level regarding various products/services of the bank.

Secondary data have been collected through magazines, internet, brochures etc.

### **Tools and Techniques used:**

- Personal interview
- Questionnaire
- Percentage analysis
- Tables and diagrams
- Arithmetic mean and standard deviation

### **Scope of study:**

Scope of study is limited to the study of customer’s satisfaction level of various products of the Bank. The project studies the satisfaction level of 50 banking customers of Pattambi area.

**Limitations of the study:**

Although every effort is taken to make the study a fair one, it is not free from limitations. The study is based on data collected from customers by conducting interview. There may be chances of bias on the part of respondents. Customer's opinion may change from time to time. So the result can't be generalized for a long period of time. The allotted period of time was not sufficient for a comprehensive study. Errors in sample selection act as a limitation to the study

**Modern Products/Services of Banks:**

Banks perform all the traditional functions of a bank like accepting deposits, granting advances, transfer of funds, collection of cheques etc.

The modern products/services provided by banks include:

**ATM:**

Banks provide 24 hrs ATM service for customers. It helps in cash withdrawal, balance enquiry, mini statement, cheque book request etc.

**Internet Banking:**

With Bank's internet banking customers can conveniently and securely manage their finance through internet. It helps to transfer funds, pay bills, shop, book tickets etc.

**Mobile Banking:**

Bank's mobile banking facilitates customers to check account balance, transfer funds 24x7, pay bills, book tickets, recharge prepaid mobile or DTH connection and do a lot more effortlessly and securely. The services work with almost all types of handsets and helps to access bank account easily and securely.

**Demat Account:**

The attracting features of Demat services of Banks include e- instructions, digitally signed statement, corporate benefit tracking, mobile alerts etc.

**Cards:**

The various cards provided by banks include credit cards, debit cards, prepaid cards, corporate cards, travel cards etc.

**Insurance Policy:**

Bank offer customers the facility to invest in Life Insurance and General Insurance.

**Card Protection Plan:**

Banks introduce the CPP Card Protection, India's first comprehensive card protection service. It can be used in the event of card loss, theft, any related fraud and emergencies. Customers can safeguard all financial and non financial cards including credit, debit, loyalty and membership cards with CPP Card Protection.

**Investment Options:**

Bank assists customers to manage their finances by providing various investment options ranging from Bank Tax Saving Bonds to Equity Investments through Initial Public Offers and Investment in Pure Gold. Some Banks facilitate Investment Plans and products like mutual funds, public provident fund, foreign exchange etc.

**Money Manager:**

Money Manager is a useful and secure personal finance management tool that enables customers to take better control of their money. It helps to understand and plan finances and track expenses. It helps to get a single view of all account of the customers, categorise expenses, set budgets and get SMS and e-mail alerts when the customer reach or overshoot the limits or nearing a bill payment date.

**My Savings Rewards Program:**

My Savings Rewards is a reward program for some Bank Savings Account customers through which they get reward points when they use their Bank's Savings Account, subject to certain limits. These points can be redeemed against existing rewards from the partners of that Bank.

These are some of the important innovative Products/Services provided by Banks. Besides it also provides services like online tax payment, online shopping, business banking, NRI banking etc.

**ANALYSIS AND INTERPRETATIONS**

Analysis of the data was done by using the data collected from 50 randomly selected banking customers of Pattambi area. The satisfaction level regarding various modern services is analysed. The respondents are classified into different groups on the basis of gender, age, education, occupation and annual income.

Table 1  
**Classification of respondents on the basis of gender**

Gender	Number of respondents	Percentage
Male	40	80
Female	10	20
Total	50	100

It is observed that majority of respondents are male. i.e., 80%. Female respondents are only 20%.

Table 2  
**Classification of respondents on the basis of education**

Education	Number of respondents	Percentage
SSLC	8	16
Plus two	9	18
Graduation	18	36
Post graduation	5	10
Others	10	20
Total	50	100

Table 3  
**Classification of respondents on the basis of occupation**

Occupation	Number of respondents	Percentage
Business	40	80
Professional	6	12
Others	4	8
Total	50	100

It is observed that a major portion of respondents are doing business. Only 12% of respondents are professionals and 8% respondents fall in other category

Table 4  
**Classification of respondents on the basis of annual income**

Annual income	No of respondents	Percentage
Below 2lakhs	4	8
2lakhs- 5lakhs	36	72
5lakhs- 10lakhs	8	16
Above 10lakhs	2	4
Total	50	100

It is observed that majority of respondents (72%) have an annual income between 2-5lakhs. 16% respondents fall in 5-10lakhs category and 8% fall in below 2lakhs category. Only 4% respondents have an annual income above 10lakhs.

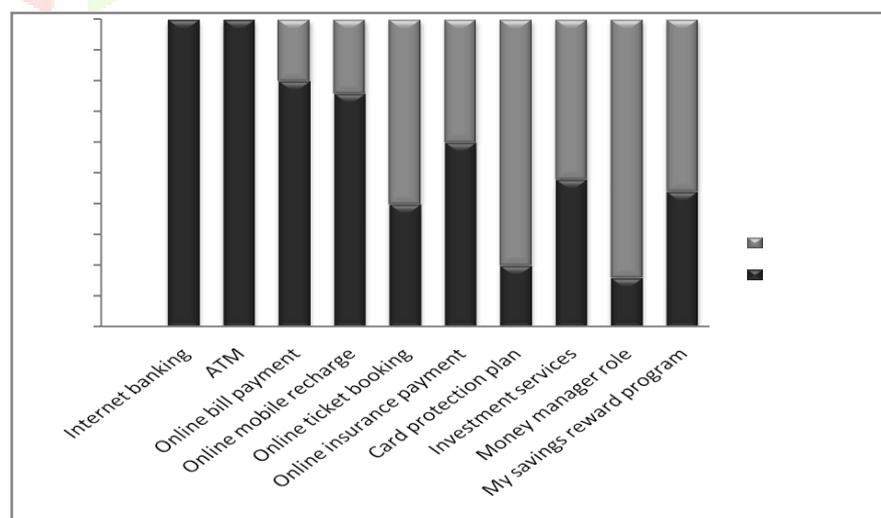


Figure 1

Table 5

**Awareness of respondents about various services of banks**

Facility	Aware		Not aware	
	NR	%	NR	%
Internet banking	50	100	0	–
ATM	50	100	0	–
Online bill payment	40	80	10	20
Online mobile recharge	38	76	12	24
Online ticket booking	20	40	30	60
Online insurance payment	30	60	20	40
Card protection plan	10	20	40	80
Investment services	24	48	26	52
Money manager role	8	16	42	84
My savings reward program	22	44	28	56

From the table and figure , it is clear that almost all the respondents are aware of ATM and internet banking facility. Majority of respondents are aware of online bill payment and online mobile recharge. About half of the respondents are aware of online ticket booking, online insurance premium, investment services, and my savings reward program. The services about which the respondents are less aware are card protection plan and money manager role.

Table 6

**Level of satisfaction towards online fund transfer**

Level of satisfaction	Weight	NR	W*NR
Highly satisfied	5	35	175
Satisfied	4	12	48
Neither satisfied nor dissatisfied	3	2	6
Dissatisfied	2	1	2
Highly dissatisfied	1	0	0
Total		50	231

Table 7  
**Level of satisfaction towards internet banking facility**

Level of satisfaction	Weight	NR	W*NR
Highly satisfied	5	30	150
Satisfied	4	13	52
Neither satisfied nor dissatisfied	3	4	12
Dissatisfied	2	3	6
Highly dissatisfied	1	0	0
Total		50	220

Weighted average =  $220/50 = 4.4$

Standard deviation = .87

It can be observed that majority of respondents are satisfied with the internet banking facility. The standard deviation is comparatively high which shows that there is difference in opinions of respondents. Overall satisfaction of respondents towards the banking services

For measuring the overall satisfaction level towards the services of the bank, respondents are classified on the basis of their education, occupation and annual income. The satisfaction level of different category of respondents towards the services is identified and average satisfaction level is calculated. The average satisfaction levels of respondents are tabulated and the average of satisfaction level of all services is taken to find out the overall satisfaction level.

### Findings Of the study

- Majority of customers are male.
- Majority of customers falls in 25-50 age group.
- Majority of customers are graduates, followed by plus two qualification.
- A big portion of banking customers are businessmen.
- Almost all the customers are aware of internet banking and ATM.
- About 75% of customers are aware about online bill payment, mobile recharge and online insurance premium.
- About half of the customers are aware about online ticket booking, investment services and my savings reward program.
- The services about which the customers are least aware are card protection plan & money manager role.
- There is a good level of satisfaction towards internet banking facility, online fund transfer and online bill payment.
- A major portion of customers are neither satisfied nor dissatisfied towards investment management services, money manager role, card protection plan and my savings reward program

## Suggestions

- The bank should try to include more females, professionals, employers, low income group etc. in their target customers.
- The awareness level of customers regarding various services should be increased.
- The bank can use e-mail and SMS service to improve customer awareness towards different services.
- Less educated customers can be made about the services through phone calls.
- The customers who are not using various services should be identified to know why they ignore such services. The problems, if any, should be solved.
- Special awareness should be given about services like investment management, money manager, card protection plan and my savings reward program.
- Complex procedures, if any, regarding various services should be simplified to improve the satisfaction level of customers.
- Services like online fund transfer, online payment facility etc. should be improved to create a high level of satisfaction.
- Competitors' strategy should be analysed from time to time and changes should be made according to that to retain the existing customers and to attract more people.
- Customer relationship management should be improved to raise the satisfaction level of customers.
- More attractive and innovative services should be introduced which can improve the customer satisfaction level

## Conclusion

The paper enabled me to study and understand the customer satisfaction towards new generation banking services with special reference to Pattambi area. Customer satisfaction is one of the key factors to be considered in this competing era. The customers are highly satisfied towards a number of services which are innovative and attractive. Still, there are some drawbacks which hinder the growth of the bank like lack of awareness about different services from the part of customers. These drawbacks should be given more emphasis, in order to achieve the overall objective of service effectiveness. By considering the above suggestions, these limitations can be overcome to an extent.

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