

Effects of Customer Satisfaction on Bank in India at Tamil Nadu: An Analysis of Indian Bank

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Abstract

This study concentration customer satisfaction on Bank in India through an analysis of Indian Bank. The objective of this study is customers satisfaction with a service / product can be measured through a survey of the actual perception of the users or otherwise comparing their actual perfection the study adopted a primary research design and using statistical methods such as tabulation and charts. The study reveals that some of the findings are, regarding the opinion about the service of the Bank, majority of the account holders appreciated the services rendered by the Bank, Regarding the types of loans available by the respondent most of the respondent availed agricultural loan and educational loan, most of respondents are visiting the Bank for the purpose of withdrawing money and to avail loan, and finally the impression of respondents about the employee attitude is normal. The study recommended for improving the CS firstly proper. Steps must be taken to reduce the service charges, proper awareness must be created among the customer regarding power pay smart pay skid e-Bank facility, the Bank has to increase its customers among care centers because in some places there are no such care centers to reduce brands or introduce of bogus cards by any other person the photo card should be issued.

Keywords: Indian Bank, Commercial Bank, Customer satisfaction any types of loans

Introduction

Banks play an important role in the Economic Development of any county. The business of a commercial bank is primarily to accept deposit and advance short-term loans. Apart from this, a bank performs a number of other useful functions to the country.

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Every bank gets its funds mainly from the sources of share capital, reserve funds and deposit from the general public. Various banking systems came into existence with the development of banking in the World.

The Economic Development of a country is directly dependent upon the availability and the optimum use of the factors of production. In a developing country like, India endowed with abundant labour and unexploited natural resources, it is the supplies of capital, which influences, the Economic Development. The supply of capital depends, among other, upon the savings and investment habits of its people, being consumed is held in various forms and invested for furthering production in the form of capital. Saving is done by the household, corporate and the Government sectors of these three, the household sector is larger and spreads over the entire Nation. Its contribution in a developing economy amounts to the significant share ranging from 50 percent to 65 of the total savings.

There are many financial agencies which encourage the savings by attracting different type of deposit from different classes of investors. These agencies may be grouped into unorganized sector and organized sector. Private unregistered chit funds and money lenders fall under the unorganized sector. Nationalized banks, Private limited banks, Co-operative societies come under organized sectors.

In the beginning of the 18th century, the East Indian company set up a few commercial banks on modern lines. Later the East Indian Company started three presidency banks with government participation. These were bank of Calcutta (1806) the bank of Bombay (1840) and the bank of Madras (1843) these banks had the financial participation by the government also.

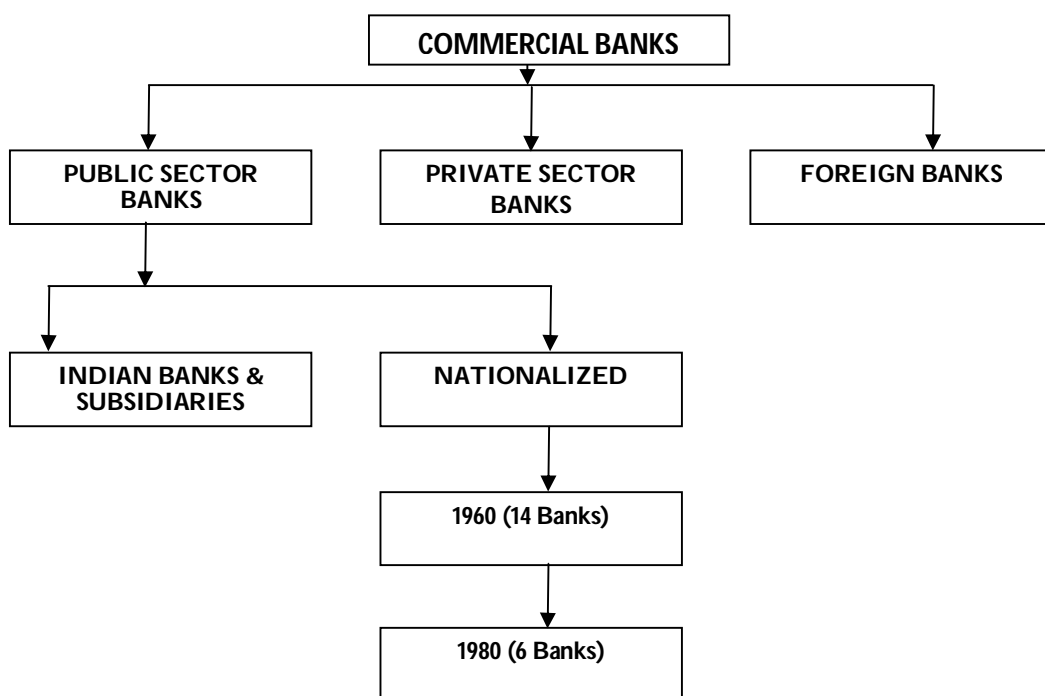
During the 18th century, some other banks were also opened by agency houses in madras and Calcutta. All these banks failed. Hence, the need of banking regulation in India was seriously felt. As a result, companies Act 1833, was bought into force. The impacts of the agency houses get slowly reduced.

Indian Bank History

The study concentrates on the customer satisfaction of the Indian bank, Mayiladuthurai. Hence it is necessary to know the profile of the Indian Bank and the profile of Mayiladuthurai town.

The Indian Bank was established on 15th of August 1907. One of the prime figures associated with the establishment of the bank was V. Krishnaswamy Iyer, a lawyer from Madras. The bank soon spread its wings outside India too, and opened its branch in Colombo, Sri Lanka in the year 1932 and Rangoon, Burma in 1940. The Bank was further nationalized by the government of India in the year 1969. The modest beginning made by the Indian bank has come a long way since then, with 1642 branches located nationwide within India and overseas branches in Singapore and Colombo as of April 2009. The Bank also has 40 Overseas correspondent Banks in 70 countries, giving a strong presence internationally. A 22,000 strong workforce of dedicated employees takes pride in serving the Indian bank.

Commercial Banking System In India



Bank refers to an institution in which people keep their cash balance in the form of deposits.

- I. Receiving deposits from the public.
- II. Making loan and advances.
- III. Used of the cheque system

IV. Transfer of funds

V. Other functions.

An important function of a commercial bank is to attract deposits from the public. Those who have cash balances but who want to keep them in a safe place, deposit the same with a bank. The commercial bank not only protects them but also provides the depositors with a convenient method for transferring funds through the use of cheque. Deposits are of various types-demand deposits, saving deposits and fixed deposits.

The second major function of a commercial bank is to make loans and advances out of the money which comes to it from the public by way of deposits. Direct loans and advances are given to all types of persons particularly to businessmen and investors against personal security, gold and silver, other movable assets.

Apart from these two major functions, a commercial bank performs a number of other useful functions to the community. For instance, it has developed the cheque system, under which the depositors are given the right to withdraw from their deposits any amount at their convenience by means of cheque. While the currency note is a legal tender money, the cheque serves only a limited circle but is much more convenient and safe. The cheque is the most developed credit instrument known to man.

Another functions of a commercial bank is to provide facilities for transfer of from one part of the country to another or from one country to another. This may be done either by the cheques itself or through a bank draft. Any amount of money can be transferred cheaply by these methods.

Other miscellaneous functions performed by a commercial bank include the provision of safety vaults or lockers to valuable articles of customers in safe custody, making and receiving payments in behalf of its depositors, issuing letters of credit and travelers cheque for its customers, issuing and operation plastics cards – VISA, master card etc. are common names-and, in general performing all functions which results in profits for the shareholders.

Statement of the Problem

Banks cannot exist without customers. The banks' operations are invested to serve customers and not vice versa. A customer looks for certain values like product, quality, reliability, superior service, state of the art technology, low cost, a premium image, etc., while purchasing anything. In service sector like bank, customer service should not only be a critical function, but a way of life also. Banks can be said as being customer oriented if its various organizational activities like organizational restructuring, staffing, co-ordination are geared to fulfill customers' needs. So, total customer satisfaction should be the focal point. Those alone serve the banks' objective of maximization of profit. It is obvious that a bank cannot think of making profit without customers.

Customer orientation comprises two factors – customers' need analysis and banks' effort to fulfill those needs up to the level of their satisfaction. At present customer satisfaction may be called a complicated mix of hardware (technology, product, price, quality) and software (attitude, responsiveness, deliverance and communications). In fact customer satisfaction is currently changed into 'Customer Delight'. The aim is to provide such services at customer's doorstep so that he gets delighted by the service and not merely satisfied of it.

World over, dramatic changes are taking place in banks and banking operations. The global financial integration has brought about a bigger challenge to the Indian Banking. Indian banks are bracing up to meet the standards set by supranational bodies like Bank for International Settlements (BIS) with regard to various prudential measures. The complexities of banking operations in the recent years have undergone significant changes due to innovations in the banking products and cross – border dealings.

This study is an attempt made for the customers towards their satisfaction.

Purpose of the Study

Customer satisfaction with a service / product (p/s) can be measured through a survey of the actual perception of the users or otherwise comparing their actual perfection with their exceptional.

More appropriately in the first case "Quality is considered, in the second "customer satisfaction". Therefore to measure the CS we have to compare the evaluations of the user with his expectation connoted to an ideal P/S such expectation are typically "Subjective", they have the P/S referring to an optimum P/S in this way the expectations are collected in an "Objective" way.

Objectives of the Study

- I. To familiarize with the concept of customers satisfaction in Banking Industry.
- II. To study the various kinds of service rendered by the Indian Bank Branch Mayiladuthurai, to their customers.
- III. To analysis the personal status of the different respondents.
- IV. To offer finding and suitable suggestions.

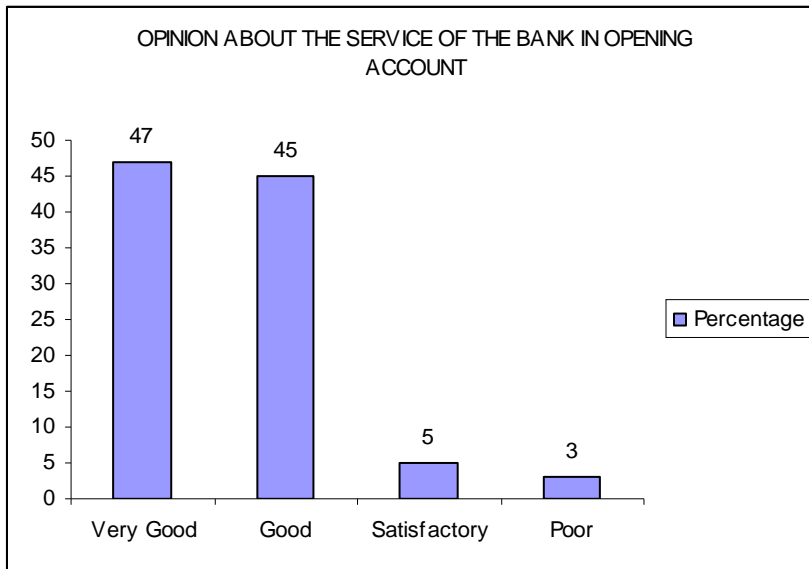
Research Questions

1. What is your opinion about the service of the bank in opening account?
2. What types of loan the customers avail?
3. How they impress the employees attitude while approaching for deposits?
4. How many times the customer visits the Bank in a Month?

1.1 Opinion About the Service of the Bank in Opening Account

Options	No. of Respondents	Percentage
Very Good	47	47
Good	45	45
Satisfactory	5	5
Poor	3	3
Total	100	100

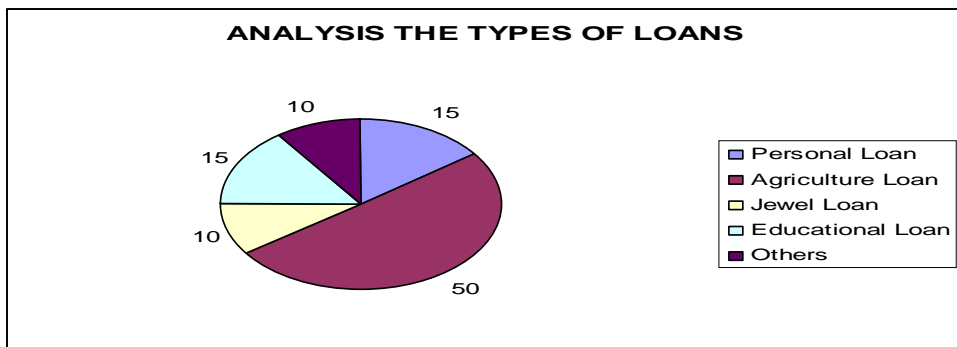
Chart 1.1



1.2 Analysis the Types of Loans

Options	No. of Respondents	Percentage
Personal Loan	15	15
Agriculture Loan	50	50
Jewel Loan	10	10
Educational Loan	15	15
Others	10	10
Total	100	100

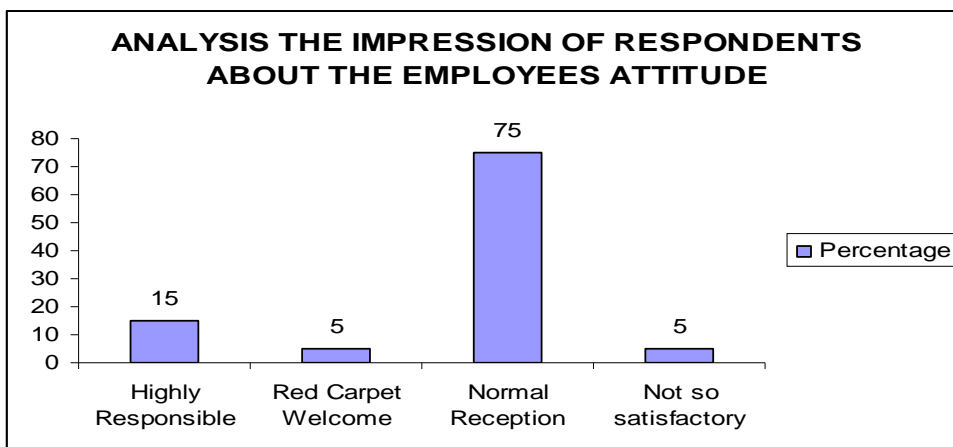
Chart 1.2



1.3 Analysis the Impression of Respondents about the Employee Attitude

Options	No. of Respondents	Percentage
Highly Responsible	15	15
Red Carpet Welcome	5	5
Normal Reception	75	75
Not so satisfactory	5	5
Total	100	100

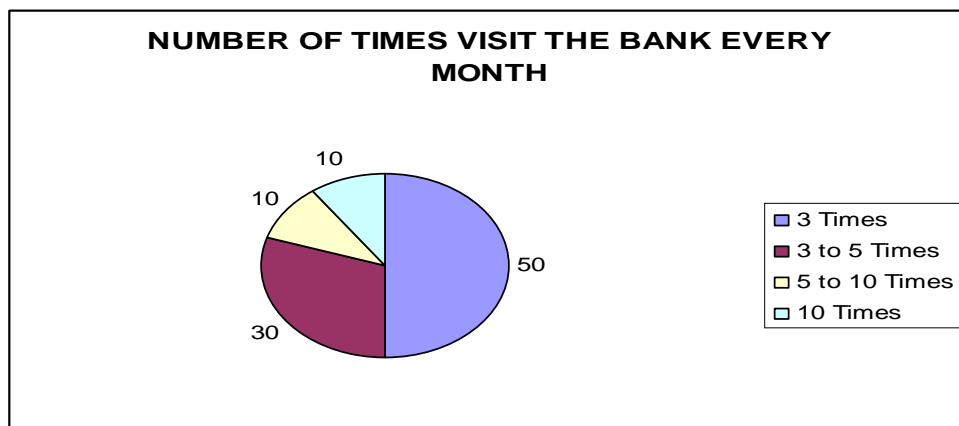
Chart 1.3



1.4 Number of Times Visit the Bank Every Month

Options	No. of Respondents	Percentage
3 Times	50	50
3 to 5 Times	30	30
5 to 10 Times	10	10
10 Times	10	10
Total	100	100

Chart 1.4



Customer Satisfaction in the Banking Industry

The ability of banks to offer clients access to several markets for different classes of financial instruments has become a valuable competitive edge. Convergence in the industry to cater to the changing demographic expectations is now more than evident. Bank assurance and other forms of cross selling and strategic alliance will soon after the business dynamics and revenue. The thrust on farm sector, health sector and service offers several investment linkages. In short, the domestic economic is an increasing pie which offers extensive economics of scale that only large banks will be in a positions to tap. With the phenomenal increasing in the country's population and the increased demand for banking services; speed, service quality and customer satisfaction are going to be key differentiators for each bank's success in the future. Thus it is imperative for banks to get useful feedback on their actual response time and customer service quality aspects of retail banking, which in turn will help them take positive steps to maintain a competitive edge.

The working of the customer's mind is a mystery which is difficult to solve and understanding the nuances of what customer satisfaction is, a challenging task. This exercise in the context of the banking industry will give us an insight into the parameters of customer satisfaction and their measurement. This vital information will help use to build satisfaction amongst the customers and customer loyalty in the ling run which is an integral part of any business.

The customer's requirements must be translated and quantified into measurable targets. This provides an easy way to monitor improvements, and deciding upon the attributes that need to be concentrated on in order to improve customer satisfaction. We can recognize where we need to make changes to create improvements and determine if these changes, after implemented, have led to increased customer satisfaction. "If you cannot measure it, you cannot improve it."

The Need to Measure Customer Satisfaction

Satisfied customers are central to optimal performance and financial returns, in many places in the world, business organizations have been elevating the role of the customers to that of a key stakeholder over the past twenty years. Customers are viewed as a group whose satisfaction with the enterprise must be incorporated in strategic planning efforts. Forward-looking companies are finding value in directly measuring and tracking customer satisfaction as an important strategic success indicator. Evidence is mounting that placing a high priority on customer satisfaction is critical to improved organizational performance in a global marketplace.

With better understanding of customer's perceptions, companies can determine the actions required to meet the customer's needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement, customer satisfaction measurement helps to promote an increased focus on customer outcomes and stimulate improvement in the work practices.

When buyers are powerful, the health and strength of the company's relationship with its customers-its most critical economics assets-is its best predictor of the future. Assets on the balance sheet-basically assets of production-are good predictors only when buyers are weak. So it is no wonder that the relationship between those assets and future income is becoming more and more tenuous. As buyers become empowered, sellers have no choice but to adapt. Focusing on competition has its place, but with buyer power on the rise, it is more important to pay attention to the customer.

Customer satisfaction is quite a complex issue and there is a lot of confusion about what is exactly required. This report is an attempt to review the necessary requirements, and the steps that need to be taken in order to measure customer satisfaction.

The Models of Customer Satisfaction

1. **Basic Factors:** The minimum requirements which will cause dissatisfactions if they are not fulfilled but do not cause customer satisfaction if they are fulfilled (or are exceeded). The customer regards these as prerequisites and takes these for granted. Basic factor establish a market entry 'threshold'.
2. **Excitement Factors:** The factors that increase customer satisfaction if delivered but do not cause dissatisfaction if they are not delivered. These factors surprise the customer and generate 'delight'. Using these factors, a company can really distinguish itself from its competitors in a positive way.
3. **Performance Factors:** The factors that cause satisfaction if the performance is high and they cause dissatisfaction if the performance is low. Here, the attribute performance overall satisfaction is linear and symmetric. Typically these factors are directly connected to customers' explicit needs and desires and a company should try to be competitive here.
4. **Indifferent attributes:** The customer dose not care about this feature.
5. **Questionable attributes:** It is unclear whether this attribute is expected by the customer.
6. **Reverse attributes:** Reverse of this product feature was expected by the customer steps in the customer satisfaction model.

The Profit-Chain Model

Research has shown that organizational subunits where employee perceptions are favorable enjoy superior business performance. The service profit chain model of business has identified customer satisfaction as a critical intervening variable in this relationship. A number of researchers have found that revenue-based measures of business unit performance, for example, sales and profitability, are significantly correlated with employees' work-related perceptions are relatively favorable perform better.

Stated simply, the service profit chain assets that satisfied and motivated employees produce satisfied customers and satisfied customers to purchase more, increasing the revenue and profits of the organization. For example, define the service profit chain as involving direct and strong relationship between profit; customer loyalty; customer; and employee capability, satisfaction, loyalty and productivity'. These authors recommend the service profit chain as a frame work for construction a strategic organizational vision, and suggest, provided service profit chain concepts are carefully interpreted and adapted to an organization's specific situation, they are capable of delivering 'remarkable results'.

The second crucial element of the service chain is the link between customer satisfaction and financial performance. Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer.

Consumer researcher has established that customers who are satisfied with a supplier report stronger intentions to purchase from that supplier than do dissatisfied customers. However, as noted by verbose, fronses, and Hoekstra, the link between customer satisfaction and actual, as opposed to intended, purchase behavior is less well established. Indeed, the results are mixed, with both positive findings and null findings.

Findings

- ❖ The findings of the study are given below; Regarding the opinion about the service of the Bank, majority of the account holders appreciated the services rendered by the Indian Bank Mayiladuthurai Branch.
- ❖ Regarding the types of loans available by the respondent, most of the respondents availed agricultural loan and educational loan.
- ❖ Regarding the purpose of the visit most of the respondents are visiting the Bank for the purpose of withdrawing money and to avail loan.
- ❖ Regarding the impression of respondents about the employee attitude is normal.

Suggestions

1. Emphasis must be given on advertisement through various media. Prompt advertising stimulates various categories of the customers.
2. The banks has to reduce the initial deposit and it is too high.
3. Proper steps must be taken to reduce the service charges.
4. To reduce frauds or introduce of bogus cards by any other person, the photo card should be issued.

5. Proper awareness must be created among the customers regarding power – pay, smart – pay & Kid – e – Bank facility.
6. The bank has to increase its customer among care centers because in some places there are no such care centers.

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