

CUSTOMER SATISFACTION TOWARDS RECENT TREND IN BANKING AND FINANCIAL SERVICES IN CHENGALPATTU DISTRICT.

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Abstract

As we know, 10 Public Sector Banks (PSB) were merged with 4 big PSB on 30 August 2019. So now the number of Public Sector Banks in India reduced to 12. On the other hand, the number of Private sector banks is reduced to 22. In this article, we have published the list of Public Sector Banks and Private Sector Banks in 2020. Banking systems and financial institutions are integral parts of an economy. Seamless functioning of these sectors is important for an economy to grow. Due to the advent of digital technology, banking and financial services have undergone a massive shift in their mode of operations. Objectives of the study, To ascertain the level of satisfaction towards banking and financial services of selected respondents in the study area. **Methodology of the study**, Descriptive research design has been used in this study. Private and public sector bank customer are respondents. Primary as well as secondary data has been used in this study. Primary data collected through structured questionnaire. Secondary data collected through journals, magazines, new papers, bank websites, RBI websites, etc.,. some information gathered from library also. 240 Respondents were selected. Findings of the study, customer preference for supporting nature of cause. "EFT (Electronic funds transfer) was ranked first by the selected sample respondents with the mean score of 4.28. "SMS banking" was ranked second with the mean score of 4.08. "Face book banking" "Tablet Banking" occupied third and fourth position with mean score of 4.009 and 3.98 respectively. Suggested this study, to avoid the sense of 'insecurity' on the part of employees, the banks are suggested that they should take appropriate measures to boost up the morale of their employees through occasional counselling. Conclude this study, is found that only educated, well to do persons and male forms the majority of the users. Housewives, small businessmen and persons from unorganized sector feel shy and keep themselves away from banking services.

Keywords: ATM services, Credit cards, EFT transfers etc.,

1.1. INTRODUCTION

Banking systems and financial institutions are integral parts of an economy. Seamless functioning of these sectors is important for an economy to grow. Due to the advent of digital technology, banking and financial services have undergone a massive shift in their mode of operations. New trends are gaining momentum at a fast pace as the customers find it convenient and also flexible at the same time. The emergence of financial technology has resulted in the introduction of several technological advancements in the industry. Fintech companies, internet banking and mobile banking are just some examples that mark this shift. Today, we will read about the latest trends that are revolutionising the Indian banking and financial sector.

DIGITIZATION

With the rapid growth of technology, digital services became an indispensable part of banking operations as these institutions needed to keep up with the changes and introduce innovations that made services convenient. In India, the initial phase of digitization began in the 1980s when information technology was used to perform basic functions like customer service, bookkeeping, etc. Gradually core banking solutions were also adopted to improve customer experience. The main shift came during the 1990s when liberalization opened the Indian market to the global world. Private and international banks which came into operation boosted technological changes in the banking sector.

Features like online banking, IMPS (Immediate Payment Service), RTGS (Real Time Gross Settlement), telebanking enabled customers to avail banking facilities from anywhere.

MOBILE BANKING

Almost a decade back, even though digital services came into the picture, it was only done through desktop computers which means the customer must be at home or at a place with a computer and internet connection. But the vast penetration of smartphones created a need among customers to avail banking services on their mobile phones. Cheap data charges also contributed towards the increase in usage of mobile banking.

UNIFIED PAYMENT INTERFACE (UPI)

UPI is a trend that emerged in the last couple of years and it is revolutionizing the way we pay and receive money. Transactions can be done within seconds using this interface. Goggle Pay and BHIM (Government of India) are two major interfaces among numerous other services that enable easy payment even if you are out of physical cash.

BLOCKCHAIN

Blockchain is a robust technology that is still in the development phase. Security is a major factor as far as digital services are concerned. Despite technical advances, fraud practices are still a challenge in the digital domain. Blockchain is the answer to these challenges. Like the way in which it operates, there is no scope for any malpractices in it. The technology works on computer science, data structures and cryptography.

ARTIFICIAL INTELLIGENCE (AI) ROBOTS

Many private and nationalized banks have started to make use of chatbots or Artificial Intelligence (AI) robots for assistance in customer support. The practice is still in its initial stage but will definitely evolve and make the entrance to the general public in the near future. Chatbots are one of the emerging trends that are estimated to grow.

FINTECH COMPANIES

Fintech or financial technology is indeed a disrupting force in the sector. Due to the changing landscapes in the Indian financial sector, many companies have emerged to be a significant part of this ecosystem. Fintech companies specialise in developing technology solutions that help companies to manage the financial aspects of their business, like new softwares, applications, processes as well as business models. Investments made on Fintech companies have increased drastically in the past decade making it a multi-billion dollar industry globally.

DIGITAL-ONLY BANKS

Digital-only banks operate only through IT platforms which can be accessed using mobile phones, laptops or tablets. Digital-only banks operate in a paperless and branchless model and seem to overtake the traditional system of banks in the future. These banks provide high-speed banking facility at a low transaction charge. These virtual banks are an ideal choice for the current fast-paced world. All these recent trends will reshape the banking and finance industry by bringing revolutionary changes in the traditional models. This shift is not devoid of challenges, but the customers are quite open to innovations and the government is also showing great support for these trends. **Subscribe** to Biz Encyclopedia.com now for regularly updating your knowledge on the latest trends in different industries.

1.2. REVIEW OF LITERATURE

Ramakrishna and Venkoba Rao (2006)¹ made an attempt to study on Virtual Banking. They measured the customer awareness, perception and level of satisfaction regarding virtual banking services offered by the Indian Public Sector Banks in Hyderabad city. The results of the study revealed that the majority of the customers (62%) were operating Internet Banking from home. Around 17% of the customers check it at cyber cafes and 4% at office, 14% of the customers use

their mobiles to access Internet Banking. Among the internet banking users, 60% of them were not satisfied with the overall Internet Banking Services.

Narendrakumar and Mohankumar (2005)² made a study on Impact of computerization on Customer Service and analyzed the impact of computerization on customer services. Eight parameters were selected for the study. The study was conducted in Public Sector Banks in Haryana and Delhi. 460 bank customers were selected for the study. It was evident from the study that the computerization has brought improved customer service in bank branches. They also found that the increase in efficiency was higher in fully computerized bank branches.

1.3. STATEMENT OF THE PROBLEM

Each bank starts with certain aims and objectives. The primary aim of bank is to promote the financial and social welfare of customers. Hence the present study is an attempt to analyze the Customer Satisfaction towards Banking and Financial Services in Chengalpattu District. The concept of banking sector has undergone significant changes in terms of products and services. Banks found themselves in a market where the buyer [customer] has more options than even before and the seller [bank] has therefore been compelled to constantly review its package of product and services to suit the expectation of customers. Economic liberalization, globalization, information technology revolution, changing customer requirements and increasing competition have posed a lot of challenges to the existing banking sector in India. As a consequence, banks have undergone increasing pressure to offer today what customers would expect tomorrow. In order to survive in the fierce competition faced by the domestic banks due to the entry of international Banks, rapid innovation and introduction of new financial instruments, understanding of changing customer needs and extensive use of information technology have all become essential. However, with the availability of similar technology among almost all the banks, it is felt that it is only through the provision of better service to its customers; a bank can survive in the market. Hence there is an imperative need for identifying their ability to satisfy the service quality requirements as per their customer expectations. Is there any problem faced by the customer while availing internet services from the private and public sector banks?

The present study includes the following

- The socio- economic background of customers.
- The indicators of new (innovative) internet banking services.
- The various services provided by private and public sector banks.

Hence there is a need to identify customer expectation for designing services and delivery system to suit the requirements of customer. Having done so, it becomes necessary to continuously assess and reassess how customers perceive bank services. Therefore assessing the services delivered by the bank being an essential element, the present study is an attempt towards this direction.

1.4. OBJECTIVES OF THE STUDY

- ❖ To ascertain the level of satisfaction towards banking and financial services of selected respondents in the study area.
- ❖ To offer suitable suggestions to enhance customer satisfaction.

1.5. RESEARCH METHODOLOGY

Descriptive research design has been used in this study. Private and public sector bank customer are respondents. Primary as well as secondary data has been used in this study. Primary data collected through structured questionnaire. Secondary data collected through journals, magazines, newspapers, bank websites, RBI websites, etc.,. Some information gathered from library also. 240 Respondents were selected. Respondents are selected from Chengalpattu district. Non probability sampling under convenience sampling method used in this study. Private sector 120 and Public sector 120 respondents were participated in this study. A structured questionnaire used in this study. Factor analysis and weighted averaged method used in this study.

I.6. ANALYSIS AND INTERPRETRATION

TABLE -1 KMO AND BARTLETT’S TEST FACTORS RELATED TO OVERALL OPINION ON LEVEL OF SATISFACTION OF RECENT SERVICES OF BANKING

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.797
Bartlett's Test of Sphericity	Approx. Chi-Square		2208.475
	df		253
	Sig.		.000

From the above table, two tests namely, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett’s Test of Sphericity have been applied to test whether the relationship among the variables has been significant or not. The Kaiser-Meyer-Olkin Measure of sampling adequacy shows the value of test statistics is 0.797 which means the factor analysis for the selected variable is found to be appropriate or good to the data. Bartlett’s test of sphericity is used to test whether the data are statistically significant or not with the value of test statistics.

TABLE –2. EIGEN VALUES AND PROPORTION OF TOTAL VARIANCE OF EACH UNDERLYING LEVEL OF SATISFACTION TOWARDS RECENT SERVICES OF BANKING

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	5.940	25.825	25.825	5.940	25.825	25.825	3.027	13.163	13.163
2	1.847	8.030	33.855	1.847	8.030	33.855	2.571	11.178	24.341
3	1.612	7.007	40.862	1.612	7.007	40.862	1.940	8.434	32.776
4	1.444	6.278	47.140	1.444	6.278	47.140	1.911	8.310	41.086
5	1.297	5.640	52.780	1.297	5.640	52.780	1.867	8.117	49.203
6	1.207	5.249	58.029	1.207	5.249	58.029	1.696	7.372	56.575
7	1.068	4.644	62.673	1.068	4.644	62.673	1.403	6.099	62.673

Extraction Method: Principal Component Analysis.

The results of the factor analysis presented in the table – 2 regarding factors influencing level of satisfaction to the excellent banking service of present working condition, have revealed that there are twenty three factors that had Eigen value exceeding “one”. Among those seven factors, the first factor accounted for 25.82 percent of the variance, the second 8.03 percent, the third factor accounted for 7.07 percent, the fourth factor accounted for 6.27 percent, the fifth factor accounted for 5.640, the sixth factor accounted for 5.29 and last factor accounted for 4.64 percent factors influencing of information technology in Nationalised Banking Services. Hence from the above results, it is certain that are factors influencing level of satisfaction towards banking and financial services.

TABLE ---3 COMMUNALITIES FOR FACTORS RELATED TO LEVEL OF SATISFACTION TOWARDS RECENT SERVICES OF BANKING

SL.NO	CODE	Communalities	Initial	Extraction

1	X1	Reliability	1.000	.701
2	X2	Accessibility	1.000	.563
3	X3	Accuracy	1.000	.508
4	X4	Service Speed	1.000	.611
5	X5	Responsiveness	1.000	.669
6	X6	Security	1.000	.639
7	X7	Enquiry Facility	1.000	.676
8	X8	Timeliness	1.000	.558
9	X9	Confidentiality	1.000	.524
10	X10	Courtesy	1.000	.684
11	X11	Communication	1.000	.672
12	X12	Flexibility	1.000	.694
13	X13	Banking products	1.000	.682
14	X14	Professionalism	1.000	.710
15	X15	Banking process	1.000	.731
16	X16	Banking channels	1.000	.717
17	X17	Overall satisfaction	1.000	.636
18	X18	ATM	1.000	.673
19	X19	Internet Banking	1.000	.552
20	X20	Phone Banking	1.000	.274
21	X21	Personal banking	1.000	.602
22	X22	Mobile banking	1.000	.650
23	X23	Personal visit to the bank	1.000	.687
Extraction Method: Principal Component Analysis.				

The above table (Communalities) represents the application of the Factor Extraction Process, it was performed by Principal Component Analysis to identify the number of factors to be extracted from the data and by specifying the most commonly used Varimax rotation method. In the principal component analysis, total variance in the data is considered. The proportion of the variance is explained by the eighteen factors in each variable. The proportion of variance is explained by the common factors called communalities of the variance. Principal Component Analysis works on initial assumption that all the variance is common. Therefore, before extraction the communalities are all 1.000. Then the most common approach for determining the number of factors to retain i.e., examining Eigen values was done.

TABLE 4 ROTATED COMPONENT MATRIX FOR FACTORS RELATED TO OVERALL OPINION ON LEVEL OF SATISFACTION TOWARDS RECENT SERVICES OF BANKING

Rotated Component Matrix							
SATISFACTION FACTORS							
	1	2	3	4	5	6	7
Enquiry Facility X7	.780						
Security X6	.764						
Responsiveness X5	.682						
Service speed X4	.590						
Timelines X8	.559						
Accuracy X3	.495						
Courtesy X10		.769					
Communication X11		.745					
Flexibility X12		.558					
Confidentiality X9		.503					
Phone Banking X20		.445					

Personal visit to the bank X23			.774				
Mobile banking X22			.724				
Personal banking X21			.618				
Banking channels X16				.811			
Overall satisfaction X17				.679			
Banking process X15				.673			
Professionalism X14					.710		
Banking products X13					.704		
ATM X18						.789	
Internet Banking X19						.716	
Reliability X1							.827
Accessibility X2							.540
Extraction Method: Principal Component Analysis. .							

Table 4 represents the Rotated Component Matrix, which is an important output of principal component analysis. The coefficients are the factor loadings which represents the correlation between the factors and the twenty three variables (X₁ to X₂₃). From the above factor matrix it is found that coefficients for factor-I have high absolute correlations with variable X₁, X₇,X₆,X₅,X₄,X₈ and , and Factor I, that is, 0.780, 0.764, 0.682, 0.590, 0.559 and 0.495, respectively. Similarly factor- II has high absolute correlation with variable X₁₀,X₁₁,X₁₂,X₉ and X₂₀ that is, .769, 0.745,.558,0.553, and 0.445 respectively. factor-III has high absolute correlation with variable X₂₃,X₂₂ and X₂₁,X₉ and X₂₀ that is, .774, 0.724 and .618 respectively. Factor-Iv has high absolute correlation with variable X₁₆, X₁₇ and X₁₅ , that is, .811, 0.679 and .673 respectively . Factor-V has high absolute correlation with variable X₁₄, and X₁₃ , that is, .710and .714 respectively . Factor-VI has high absolute correlation with variable X₁₄, and X₁₃ , that is, .710and .714 respectively . Factor-VII has high absolute correlation with variable X₁₄, and X₁₃ , that is, .7827and .540 respectively . For example in this study, factor one is at least somewhat correlated with the twenty three variables with absolute value of factor loading greater than or equal to 0.5. In such a complex matrix it is difficult to interpret the factor. So we proceed to compute the rotated factor matrix.

TABLE -5

COMPONENT TRANSFORMATION MATRIX

Component Transformation Matrix							
Component	1	2	3	4	5	6	7
1	.592	.484	.308	.346	.329	.256	.162
2	-.180	-.509	-.285	.515	.516	.237	.200
3	-.495	.004	.670	.199	.035	.289	-.426
4	-.347	.551	-.512	-.125	.050	.538	-.085
5	-.406	.446	-.023	.268	.285	-.684	.123
6	-.236	.053	.158	.260	-.557	.168	.714
7	-.174	-.045	.296	-.648	.480	.095	.469
Extraction Method: Principal Component Analysis.							

The above table reveals the factor correlation matrix. If the factors are uncorrelated among themselves, then in the factor correlation matrix, the diagonal elements will be 1's and off diagonal elements will be 0's. Since matrix was rotated with Varimax, barring some variables all other variables are found to have, even if not zero correlations but fairly low correlation.

TABLE – 6 SHOWING THE FACTORS IDENTIFIED THE FACTORS RELATED TO OVERALL OPINION ABOUT LEVEL OF SATISFACTION TOWARDS BANKING SERVICES

SL.NO	FACTORS	%	
1	Enquiry Facility X7	60.84	FACTOR I

2	Security X6	58.37	
3	Responsiveness X5	46.51	
4	Service speed X4	34.81	
5	Timelines X8	31.25	
6	Accuracy X3	24.50	
7	Courtesy X10	59.14	
8	Communication X11	55.50	
9	Flexibility X12	31.14	
10	Confidentiality X9	25.30	
11	Phone Banking X20	19.80	
12	Personal visit to the bank X23	59.91	FACTOR III
13	Mobile banking X22	52.42	
14	Personal banking X21	38.19	
15	Banking channels X16	65.77	FACTOR IV
16	Overall satisfaction X17	46.10	
17	Banking process X15	45.29	FACTOR V
18	Professionalism X14	50.41	
19	Banking products X13	49.56	FACTOR VI
20	Professionalism X14	62.25	
21	Banking products X13	51.27	FACTOR VII
22	Reliability X1	68.39	
23	Accessibility X2	29.16	

CONCLUSION

Thus the twenty three variables in the data were reduced to seven Component factor and each factor may identified with the corresponding variables.:

TABLE -7 OVERALL OPINION ON BANKING E-SERVICES

S.NO		Mean	Sum	RANK
1	EFT	4.283	3298	I
2	SMS Banking	4.0818	3143	II
3	Face book Banking	4.0091	3087	III
4	Tablet Banking	3.9857	3069	IV
5	Mobile Banking	3.8792	2987	V
6	Smart Card	3.8692	2986	VI
7	Credit Card	3.8416	2958	VII
8	ATM cum Debit Card	3.8013	2927	VIII
9	Online Banking	3.6623	2820	IX
10	Tele - Banking	3.5545	2737	X

Source: Primary Data.

Table reveals the customer preference for supporting nature of cause. “EFT (Electronic funds transfer) was ranked first by the selected sample respondents with the mean score of 4.28. “SMS banking” was ranked second with the mean score of 4.08. “Face book banking” “Tablet Banking” “occupied third and fourth position with mean score of 4.009 and 3.98 respectively. “Mobile banking” was ranked fifth with the mean score of 3.87. “Smart card” occupied sixth position with the mean score of 3.86 “Credit card” “ATM cum Debit Card” occupied seventh and eighth position with the mean score of 3.84 and 3.80 respectively. “Online banking” occupied ninth position with the mean score of 3.66 and “Tele banking” occupied the last position with the mean score of 3.55 It is evident that most of the respondents gave top priority to “Electronic fund transfer” for E-banking services.

1.7. LIMITATIONS OF THE STUDY

Limitations are common for all studies based on social survey. The conclusions arrived at this study are not without limitations. Even though the study is innovative and extensive in some aspects in banking and financial services. There may be certain reluctance on the part of customer to respond to some questions in the interview schedule. However adequate care was taken to collect unbiased data. The cost factor is the other limitation. The study is restricted to Chengalpattu district only and the findings are applicable to the study area only.

I.8. SUGGESTIONS OF THE STUDY

To avoid hurdles in customer-banker relations, customers are to be pursued at regular intervals to repay the amounts on loans and credit cards and for this open houses need to be conducted.

2 The public sector banks have to provide physical facilities on par with those of private sector banks.

3. To avoid the sense of 'insecurity' on the part of employees, the banks are suggested that they should take appropriate measures to boost up the morale of their employees through occasional counselling.

4. Banks need to carefully understand the different needs of customers and focus on them to satisfy the customers.

5. ATM centres need to be established in the rural centres as these areas are potential centres of bank transactions.

6. The public sector banks have to find out means and ways to simplify the procedures as simplification of procedures by private sector banks are attracting greater number of customers (Similarly, the procedures for introduction for opening accounts need the attention of all banks). Regarding cheques transactions, it is suggested that the banks need to arrange for cheques and demand draft collections through collection boxes at ATM and other Institutions of reputation. The procedure for cheques collections by filling the details can be avoided to save time to the customer and cost to the banker.

I.9. CONCLUSION

The new age public sector bank can be said to be the forerunners in offering such customer oriented service. Concept of anywhere banking, 24 hour banking, ATM which were introduced by them have revolutionized the banking practices in India. Today many routine banking operations can be done through ATMs, telephone and Mobile banking is slowly catching on. There is no denying the fact that private and foreign banks are penetrating into the Indian market with great force as they have a better focus on the implementation of modern technology and providing convenient banking services to their customers. However the public sector banks still control almost 80% of the business in the country due to their wide network of branches through a better reach to more and more people. Though RBI encourages entry of new public sector banks and grant licences to industrial houses, the public sector banks are way ahead of their private counterparts the RBI is now even permitting mutual funds nor borrow financial company bond houses and institutions company to borrow funds against corporate funds by allowing the sale and repurchase agreement in corporate debt.

Today in India almost every private as well as nationalized banks are providing IT based products and services to their customers and co-operative banks have recently entered into the same. Services and Products like "Anywhere Banking", "Tele-Banking", "Internet Banking", "Web Banking", "E-Banking", "E-Commerce", "E-Business" etc. have become the buzzwords of the day and the banks are trying to cope with the competition by offering innovative and attractive packaged technology-based services to their customers. On the basis of the analysis, it can be concluded that usage of banking services is still not open wide. It is found that only educated, well to do persons and male forms the majority of the users. Housewives, small businessmen and persons from unorganized sector feel shy and keep themselves away from banking services. It can be concluded that there is an urgent need of spreading the awareness among the common people. The small business men, the

house wives, the person's working in unorganized sector be influenced to use banking and e-banking services. They should feel that their money is more safe and secure with the bank.

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