

**A STUDY OF PROBLEMS FACED BY THE CUSTOMERS
TOWARDS THE BANKING SERVICES IN SIVAKASI BLOCK**

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ABSTRACT:

“Now-a-days the importance of customers is very significant that they are forced to determine what type of service should be produced for them, where, when and at what price the services will be rendered. Even though there the many limitations to customers, a realistic point of view the first commandment of market would be known they customer that is sovereignty from know they markets”.

“Effective banking service is in large part of a matter of having the correct attitude towards the customers. The customer wants help in solving problems.”

An attempt had been made to find out the problems faced by the users in this area and this study will also help us to understand the factors affecting the service and how to overcome the problems depending on customers’ attitude.

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INTRODUCTION:

“Now-a-days the importance of customers is very significant that they are forced to determine what type of service should be produced for them, where, when and at what price the services will be rendered. Even though there the many limitations to customers, a realistic point of view the first commandment of market would be known they customer that is sovereignty from know they markets”.

“Effective banking service is in large part of a matter of having the correct attitude towards the customers. The customer wants help in solving problems.”

“A successful banker should know his customer well because it is he who brings business to him. His success largely depends on the ability to recognize and treat his customers well. It has been rightly known that customers are the paymasters”. The customers should be recognized and treated in the way liked to be treated”.

SCOPE OF THE STUDY:

An attempt had been made to find out the problems faced by the users in this area and this study will also help us to understand the factors affecting the service and how to overcome the problems or factors depending on customers’ attitude.

STATEMENT OF THE PROBLEM:

Even though, most of the banks provide the same type of loans or funds under different schemes, the public prefer only a particular bank. Because from the customer’s point of view, he feels that only a particular bank provides a satisfying service to him. So, to ascertain the customer’s preference for selecting the particular bank, this study has been undertaken.

OBJECTIVES OF THE STUDY:

- To find out the problems faced by the customers.
- To offer suitable suggestions to overcome the problems identified.

RESEARCH DESIGN AND METHODOLOGY:

In view of considerable data, descriptive research is considered as the most appropriate for the present study, due to survey research as well as secondary sources that were collected and presented in this research report. Hence the study was descriptive and analytical. The research problems, the null hypotheses and interview schedule all have to be formulated and framed accordingly. The suggestions of the study were emerged from the inferences drawn from the sample survey of customers in Sivakasi Block

In the present competitive world the customers may face several problems. An attempt has been made to study the problems faced by the customers in the study area.

PROBLEMS WHILE OPENING ACCOUNTS:

This study reveals that the customers have faced problems like more formalities, introduction letter, time delay, minimum balance requirements and so on while opening an account.

The customers have provided ranks to each problem. Each rank has been given points as follows. I Rank = 6 Points, II Rank = 5 Points, III Rank = 4 Points, IV Rank = 3 Points, V Rank = 2 Points, and VI Rank = 1 Point.

The points are multiplied with respective ranks and the sum is divided with number of respondents. Then weighted arithmetic mean for each problem is founded and is presented in the table 1.

Table1**Ranking The Problems of the Customers While Opening Accounts Source: Primary****Data.**

Problems	I		II		III		IV		V		V		TOTAL CUMULATIVE	Weighted Arithmetic Mean
More Formalities	24	144	19	95	21	84	18	54	22	44	16	16	437	3.64
Introduction letter	16	96	22	110	16	64	24	72	17	34	25	25	401	3.34
Time delay	22	132	17	85	24	96	23	92	19	38	15	15	458	3.63
Minimum balance	20	120	18	90	23	92	16	48	20	40	23	23	413	3.44
Cost of Cheque Book	17	102	21	105	19	76	20	60	18	36	25	25	404	3.37
Service charge	21	126	23	115	17	68	19	57	24	48	16	16	430	3.58

It is inferred from the above table that burning problems, while opening an account in banks is 'More Formalities' 3.64 following by 'Time delay' 3.63, Service Charges 3.58 get the third rank and the problem of minimum balance 3.44 gets the fourth rank, cost of cheque book 3.37 gets fifth position and the introduction letter 3.34 gets the last rank.

It is interesting to note that majority of the customers state that more formalities are the major problems while opening an account.

PROBLEM FACED BY THE CUSTOMERS WHILE APPLYING FOR LOANS:

While applying for loans, the customers have to go through so many formalities. They have to go submit more than the required documents, furnish securities and so on. To decide the problems faced by the customers, an investigation has been made and its findings.

It is crystal clear from the above table that the problems, 'collateral security (3.61) gets the first place in applying for loans. More formalities (3.58) gets the second place following by

guarantee (3.50). The fourth position is given to the lack of guidance (3.47) and forms being printed in English (3.40) is ranked in the last place.

It is inferred from the above table that most of the respondents feel that 'collateral security' is the principal problem in applying for loans.

Six problems while applying for loans namely special documents required, More formalities, Guarantee, collateral security, lack of guidance and forms being printed in English According to their preference and assets the importance of ranking given by the respondents points were assigned for each components on the basis of problems. Accordingly Weightage of 6,5,4,3,2 and 1 points were assigned for I,II,III,IV,V,VI Priority respectively. On this basis cumulative points and weighted arithmetic mean score value are calculated. For all the components. These details are highlighted in **Table 2**

Ranking the problems while applying for loans Source: Primary Data

Problems	I	II	III	IV	V	VI	Total Cumulative	Weighted Arithmetic Mean						
Special Documents required	18	108	19	95	23	92	19	57	21	42	20	20	414	3.45
More Formalities	23	138	19	95	21	84	18	54	19	38	20	20	429	3.58
Guarantee	21	126	18	90	19	76	23	69	20	40	19	19	420	3.50
Collateral security	20	120	25	125	18	72	21	63	17	34	19	19	433	3.61
Lack of guidance	19	114	21	105	18	72	20	60	23	46	19	19	416	3.47
Forms Printed in English	19	114	18	90	21	84	19	57	20	40	23	23	408	3.4

Testing of Hypothesis

To prove the above problems the following hypothesis has been framed.

“Too many formalities affect the relationship with the good customer”

To test the above hypothesis, the researcher has used the Chi-square test.

Table 3

Observed Frequency Table

Formalities	Relationship		
	Affected	Not affected	Total
More formalities	51	22	73A
Less formalities	19	28	47c
Total	70 B	50 D	120 N

Source: Primary Data

$$A \times B / N = 73 \times 70 / 120 = 5110 / 120 = 42.58$$

$$A \times D / N = 73 \times 50 / 120 = 3650 / 120 = 30.42$$

$$C \times B / N = 47 \times 70 / 120 = 3290 / 120 = 27.42$$

$$C \times D / N = 47 \times 50 / 120 = 2350 / 120 = 19.58$$

Table 4

CHI-SQUARE TABLE

O	E	O-E	(O-E) ²	(O-E) ² / E
51	42.58	8.42	70.90	1.67
22	30.42	-8.42	70.90	2.33
19	27.42	-8.42	70.90	2.59
28	19.58	8.42	70.90	3.62

$$\sum (O-E)^2 / E = 10.21$$

$$X^2 = \sum (O-E)^2 / E = 10.21.$$

$$\text{Degrees of freedom} = (C-I) \times (R-I)$$

$$= (2-1) \times (2-1)$$

$$= 1 \times 1 = 1$$

For 1 degree of freedom at 5% level the table value, therefore the hypothesis is rejected.

Decision:

Too many formalities did not affect the relationship with the good customers.

PROBLEMS WHILE SANCTIONING LOANS

At the time of conducting the survey, the respondents expressed the problems they met while sanctioning the loans. They feel that the loans amount is merged and is not sanctioned at the right time. To rank the four problems while sanctioning the loans namely meager amount, inordinate delay, intermediaries and not sanctioned in time. Accordingly weightage of 4, 3, 2 and 1 points were assigned for I, II, III and IV priority respectively on this basis cumulative points and weighted arithmetic mean value are calculated and presented in table 5

Table 5
Ranking The Problems While Sanctioning Loans

Problems	I	I	II	II	III	III	IV	IV	Total cumulative	Weighted Arithmetic Mean
Meager amount	30	120	29	87	32	64	29	29	300	2.50
Inordinate Delay	29	116	34	102	30	60	27	27	305	2.54
Intermediaries	28	112	31	93	29	58	32	32	295	2.45
Not sanctioned in time	33	132	26	78	29	58	32	32	300	2.50

Source: Primary Data

It is unearthed from the above table that inordinate delay (2.54) is the major problem in sanctioning the loans followed by meager amount (2.50) and “not sanctioned in time (2.50). The remaining one problem is intermediaries (2.46). It is understood from the above table that majority of the respondents feel that “inordinate delay” is the main problem in sanctioning the loan.

PROBLEMS IN THE REPAYMENT OF LOANS:

While conducting the survey, the customers uttered the problems they had in the repayment of loan. Taking into consideration of their present loans, the bankers are delaying further loans. Also, they charge high penal interests even for a little delay. The customers have provided ranks to each problem. Each rank has been given points below I rank = 4 points, II rank = 3 points, III rank = 2 points and IV rank = 1 points. The points are multiplied with respective ranks and the sum is divided with number of respondents. Then weighted arithmetic mean for each problem is found and is presented in the table 6

Table 6

Ranking the Problems in the Repayment of Loans

Problems	I	I	II	II	III	III	IV	IV	Total Cumulative	Weighted Arithmetic Mean
Attitudes of the staff	28	112	33	99	27	54	32	32	297	2.48
Delay in Sanctioning Further loan	34	136	29	87	30	60	27	27	310	2.58
Penal interest	31	124	30	90	33	66	26	26	306	2.55
Improper Credit in the account	27	108	28	84	30	60	35	35	287	2.39

Source: - Primary Data

The above table makes it clear that delay in sanctioning further loan 2.58 is the major problem, followed by penal interest 2.55; Attitudes of the staff 2.48 and the fourth position is occupied by improper credit in the account.(2.39)

Table 6 provides the fact that 'delay in sanctioning further loan' seems to be the burning problem mentioned by the customers.

Making Complaints with Banks

To ascertain the number of respondents who made complaints, an in depth study has been made and its output is tabulated below.

Table 7**Making Compliments with Banks**

Making Compliments	No of Respondents	Percentage
Yes	56	46.67
No	64	53.33
Total	120	100

Source:-Primary Data

It is interred from the above table than 56 respondents (46.67%) have made complaints on banking activities and the remaining 64 (53.33%) of them have not made any complaints on banking activities.

REASONS FOR COMPLAINTS MADE BY THE CUSTOMERS:

The study on the “Reasons for complaints made by the customers” expressed that only 56 respondents of the sample made complaints on the banking activities (This has already been explained in the previous table). Further, an attempt has been made to find out the reasons for complaints made by those 56 respondents and its outcome has been exhibited in the following table 8

Table 8**REASONS FOR COMPLAINTS MADE BY THE CUSTOMERS**

S.No	Reasons	No. of Respondents	Percentage
1	Non-Payments of cheques, drafts etc.	9	16.07
2	Non-adherence of bank branches to prescribed	15	26.79
3	Delay in banking activities	32	57.14
	Total	56	100.00

Source: Primary Data

It is lucid from the above table that out of 56 respondents, 32 respondents feel that the delay in banking activities is the main cause for making complaint, 15 respondents express that the bank branch is not adhering to prescribed working hours and the remaining 9 respondents state that the bank does not pay amount for cheque, drafts and bills.

It is evident from the above table that most of the respondents complained the delay in banks activities.

FINDINGS:

1. In ascertaining the problems faced by the customers while opening accounts in banks, it is interesting to note that majority of the customers state that 'more formalities' is the major problem while opening an accounts.
2. When trying to find out the ability of customers in understanding the entries made in the passbook among the persons who feel difficulties, it is coming to know that most of the respondents have expressed that entries could not be followed because of abbreviations used.
3. While ascertaining the problems faced by the customers, it seems that most of the respondents feel that 'security' is the principal problem in applying for loans.
4. In determining the problems faced by the customers in sanctioning loans, it is understood that majority of the respondents feel that 'Inordinate delay' is the main problem in sanctioning the loan.
5. While finding out the problems faced by the customers in the repayment of loan, it is inferred that 'delay in sanctioning further loans seems to be the burning problem mentioned by the customers.
6. In ascertaining the number of respondents who made complaints with banks, it is observed that majority of the respondents have not made any complaints on banking activities.
7. In knowing the reasons for making complaints made by the customers (who have made complaints), it seems that most of the respondents complained the delay in bank activities.

SUGGESTIONS:

1. To win the confidence of the customers the banker must reduce the formalities in opening the accounts.
2. To overcome the problem in sanctioning loans i.e. inordinate delay. The banks should provide the loan immediately.
3. To cater the needs of the customer's banks offered further loans without any delay for good/prompt customers.
4. To strengthen the relationship between the banker and customer, banks should provide quick services to the customer.
5. To improve the efficiency and personal services, it is suggested that best personnel services, it is suggested that best personnel shall be selected, motivated and trained to conduct marketing functions in a much better way.

CONCLUSION:

Bank services are varied in terms of the satisfaction they deliver and not just things that are created with a value. The major task before the banking industry is to consolidate its progress by greatly improving its progress by greatly improving its operating efficiency and customer services in order to improve its financial viability and profitability could it do so?

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