

**A STUDY ON CUSTOMERS' PERCEPTION AND
SATISFACTION TOWARDS BANKING SERVICES WITH
SPECIAL REFERENCE TO SBI IN ERODE TOWN**

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ABSTRACT

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country. The State Bank of India, popularly known as SBI, is one of the leading banks in India. The customers of SBI are increasing day by day, and it was very difficult to provide the services to the customers manually through a limited staff. SBI is presently the largest commercial bank in the country. The purpose of the study is to know the customers' perception and satisfaction towards banking services with special reference to SBI in Erode town. The investigators collected data with the help of well-structured questionnaire. One hundred samples were taken in Erode town for this study. The data subjected to analysis and findings of the study reveals that majority of the respondents were satisfied about the banking services of SBI, the majority of the respondents were influenced by "Customer Care" provided by SBI.

KEYWORDS: SBI Bank, E-banking services, Customers satisfaction, Customers perception, Quality services.

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Introduction

India's banking sector is growing at a fast pace. It has become one of the most preferred banking destinations in the world. Indian markets provide growth opportunities, which are unlikely to be matched by the mature banking markets around the world. The banking sector is the backbone of any economy. The stronger and efficient the banking sector in an economy the easier can business take place, the more attractive the market is for companies and more beneficial it is for the customer. SBI has completed core banking of all the branches in India at the end of 2007. Most of the customers in the beginning were not aware as the new technologies like ATM and core banking were implemented. This type of study of customer perception helps to improve the quality of products and quality services in the bank.

Banks play an important role in the economic development of a country. It is a financial institution that accepts deposits and channels those deposits into lending activities either directly or through capital markets. A bank connects customers which have capital deficits to those customers with capital surpluses. The banking industry in India is facing certain challenges i.e. challenges of quality service, customer satisfaction, customer retention, customer loyalty. Quality service plays a major role in achieving customer satisfaction and creating brand loyalty in banking sector. Branch expansion programs formulated by the Reserve Bank of India aimed at making available necessary banking facilities in all parts of the country specially the unbanked rural and semi urban areas.

Review of Literature

1. **Devlin, F. James et al. (2003)** conducted “**A study with an objective to provide an insight into some factors which explain why customers in the retail banking sector**” might consider switching from traditional methods of conducting their banking activities to internet banking either partially or fully. An important finding was that the level of bank charges and level of overdraft interest rates were not significant in motivating individuals to internet banking. It also revealed that the level of satisfaction with elements of the existing retail banking services have a significant impact on their propensity to use internet banking.
2. The empirical study conducted by **Vyas, Parimal (2004)** tried to measure “**A study on customer satisfaction considering the prevalent state of IT adoption among selected**

branches of nationalized, private, co-operative and foreign banks located at Baroda". The total sample size of the study was 121 customers of above categories of banks. The major finding of the study was that there was effective implementations of e-banking services in case of private banks and foreign banks where as nationalized banks were found to have lesser degree of computerization. It also revealed the fact that, without IT the banking sector would not be able to serve the changing needs of the market. satisfaction with in - branch service is associated with a lower propensity to switch to internet banking.

3. **Angelis, Vasilis A. et al. (2005)** conducted a research "A study with an objective of determine customer's satisfaction and also their perceived value received from the banking services -in the country- Greece." The sample size of the study was 1470 customers selected by using quota sampling technique and a modified form of SERVQUAL instrument was used to collect data from them. One of the major findings of the study was that State-controlled bank customers enjoy a higher perceived value in the case of marketing efficiency where as private bank customer enjoy a higher perceived value in the case of professional service and effective communications.

4. **Laxman, G (2005)**"A study to the performance of ATM services of Andra Bank and ascertained the satisfaction level of ATM using customers of Andra Bank". The study identified number of motivational factors for availing ATM services from Andra Bank. It also revealed that majority of respondents from middle and higher income groups and above qualification holders expressed good and very good opinion about the services while others expressed performance as average.

5. The study conducted by **Man Siu, Noel Yee et al. (2005)**"A study an attempt to examine customer's service quality perceptions in internet banking as well as the impact of these on customer satisfaction and future consumption behavior". The study was based on four dimensions of service quality viz., credibility, efficiency, problem handling and security. The results of the study showed that all dimensions except security are important in determining overall service quality perceptions, credibility, problem handling and security are important on customer satisfaction and security and efficiency are significantly associated with future consumption behavior.

6. Raheem, Abdul A. (2005) conducted “A study to identify the latent factors determining satisfaction of the quality parameters in public sector banks”. It pointed out four major parameters of service quality such as, empathy, responsiveness, system and tangibility. The customer perfection on these service quality dimensions was obtained by averaging the mean value of the entire dimensions. The study highlighted the areas in which public sector banks need to improve to survive the competition posed by the new entrants in the banking sector.

Objectives of the Study

The following are the objectives of the study:

- To understand the socio-economic profile of the respondents.
- To know which type of account the respondents are having in SBI.
- To find out the utilization of e-banking services provided by SBI.
- To understand the reasons for preferring SBI Bank and the factors influencing the level of satisfaction.
- To offer suitable suggestions and conclusion.

Selection of the Area

The area chosen as sampling unit for this study is Erode Town.

Sources of Data

Both the primary data and secondary data are used for the study. Primary data are collected with the help of well-structured questionnaire. The questionnaire covers the entire study on customers' perception and satisfaction towards SBI bank. Secondary data was collected from various books, magazines, website, etc.

Sample Size

Sample size refers to the number of items to be selected from the universe to constitute a sample. One hundred respondents are taken for this study.

Sample Technique

Convenience sampling method was applied for choosing one hundred respondents.

Tools used for the Study

1. Percentage analysis
2. Chi-square test
3. Weighted average ranking method

Limitations of the Study

- ❖ The sample size has been confined to 100 respondents, due to the time and economic constraints.
- ❖ The findings of the study rely upon the data obtained from the respondents of Erode town. Hence it cannot be generalized.
- ❖ The study is based on primary data collected from the respondents. The result of the analysis is fully depends on the correctness of the information revealed by the respondents.

Results and Discussion

a) Percentage Analysis

Age, Gender, Educational qualification, Occupation, Monthly income, Marital status, Number of members in the family, Type of accounts, Period of usage in SBI, Influencing sources, Transaction period, E-banking services, Home loan, Factors influenced to take home loan, Level of perception regarding interest rate are presented using percentage analysis.

Table - 1

S.No	Demographic profile of the respondents	No.of Respondents	Percentage
1	Age:		
	Below 25 years	53	53
	25-30 years	20	20
	31-35 years	14	14
	Above 35 years	13	13
2.	Gender:		
	Male	25	25
	Female	75	75
3.	Educational Qualification:		
	School level	25	25
	College level	28	28
	Professional	27	27
	Illiterate	20	20
4.	Occupation:		
	Students	26	26
	Employee	25	25
	Professional	16	16
	Business	19	19
	Agriculture	14	14
5.	Monthly Income:		
	Below Rs.10,000	32	32
	Rs.10,000-Rs.20,000	26	26
	Rs.20,000-Rs.30,000	22	22
	Above Rs.30,000	20	20
6.	Marital Status		
	Married	43	43
	Unmarried	57	57
7.	Number of members in the		
	Up to 2members	14	14
	3-5 members	80	80
	More than 5 members	6	6
	Total	100	100

Source-Primary Data

It is found from the table that, majority (53%) of the respondents belongs to the age group of below 25 years. Majority (75%) of the respondents are female. 26% of the respondents belong to the category of students. Majority of the respondents (32%) belong to the income group of below Rs.10,000. 57% of the respondents are unmarried. Majority (80%) of the respondents are having 3-5 members in their family.

Table -2
TYPE OF ACCOUNT

S.NO	Type of account	No.of.Respondents	Percentage
1.	Savings account	53	53
2.	Current account	17	17
3.	Fixed Deposit account	27	27
4.	Recurring Deposit account	3	3
	TOTAL	100	100

Source- Primary Data

It is found from the table that majority (53%) of the respondents are having Savings Account in SBI.

Table -3
PERIOD OF USAGE IN SBI

S.NO	Period	No. of. Respondents	Percentage
1.	Below 2 years	25	25
2.	2-3 years	53	53
3.	4-5 years	13	13
4.	Above 5 years	9	9
	TOTAL	100	100

Source- Primary Data

It is found from the table that majority (53%) of the respondents are using the services of SBI from 2 to 3 years.

Table -4
INFLUENCING SOURCES

S.NO	Influencing sources	No. of. Respondents	Percentage
1.	Friends & Relatives	55	55
2.	Neighbours	28	28
3.	Advertisement	12	12
4.	Colleagues	5	5
	TOTAL	100	100

Source- Primary Data

It is found from the table that majority (55%) of the respondents came to know about the SBI bank through friends and relatives.

Table -5
TRANSACTION PERIOD

S.NO	Transaction Period	No. of. Respondents	Percentage
1.	Daily	6	6
2.	Weekly	19	19
3.	Monthly	64	64
4.	Monthly twice	11	11
	TOTAL	100	100

Source- Primary Data

It is found from the table that majority (64%) of the respondents were transacting the bank on monthly basis.

Table - 6

E-BANKING SERVICES

S.NO	E-banking Service	No. of. Respondents	Percentage
1.	ATM facility	38	38
2.	Mobile banking	18	18
3.	Credit Card	32	32
4.	Electronic fund transfer	5	5

5.	On-line payment system	7	7
	TOTAL	100	100

Source- Primary Data

It is found from the table that majority (38%) of the respondents are using ATM facility in E-banking services provided by SBI.

Table - 7

HOME LOAN

S.NO	Ever taken home loan	No.of .Respondents	Percentage
1.	Yes	50	50
2.	No	50	50
	TOTAL	100	100

Source- Primary Data

It is found that 50% of the respondents were taken home loan in SBI.

Table - 8

FACTORS INFLUENCED TO TAKE HOME LOAN

S.NO	Factors	No.of.Respondents	Percentage
1.	Interest rates	15	30
2.	Service Providing	12	24
3.	Payback period	16	32
4.	Schemes	7	14
	TOTAL	50	100

Source- Primary Data

It is found from the analysis that majority (32%) of the respondents are attracted by payback period.

Table -9

LEVEL OF PERCEPTION REGARDING INTEREST RATE

S. No	Level of perception	No. of. Respondents	Percentage
1.	Highly Satisfied	20	20
2.	Satisfied	52	52
3.	Dissatisfied	3	3
4.	Highly dissatisfied	9	9
5.	Neutral	16	16
	TOTAL	100	100

Source-Primary Data

It is found from the table that majority (52%) of the respondents are satisfied with the interest rate of deposits provided by SBI.

b) Chi-Square Test

To find out the association between age and level of satisfaction of SBI, the gender and level of satisfaction of SBI, educational qualification and level of satisfaction of SBI, occupation and level of satisfaction, monthly income and level of satisfaction of SBI, marital status and level of satisfaction, chi-square test were used and findings of the chi-square test are as follows:

1. There is no relationship between age, gender, occupation, monthly income, and marital status of the respondents and their level of satisfaction while using the banking services of SBI.
2. There is a close relationship between the educational qualification of the respondents and their level of satisfaction while using the banking services of SBI.

C) Weighted average ranking method

To know the factors influencing to prefer the banking services of SBI, the weighted average ranking method is used.

Table -10

FACTORS INFLUENCING TO PREFER THE BANKING SERVICES OF SBI

S. No	Factors	Total score	Mean score	Rank
1.	Innovative product	422	4.22	IV
2.	Quality of service	459	4.59	II
3.	Reputed bank	417	4.17	V
4.	Customer care	472	4.72	I
5.	Easy access	395	3.95	VI
6.	Technology	352	3.52	VII
7.	Nominal service charge	442	4.42	III

Source-Primary Data

It is summarized from the above table that the factor “Customer Care” have influenced the respondents to prefer the banking services of SBI and it was ranked as first with Garrett Score of 472 and last rank was “Technology” with a Score of 352 in SBI.

Sugesstions

- ❖ Establishing branches in every possible area would be better way to get progress. This would really helps banks to create more accounts and gives more reach to the customers.
- ❖ Almost all the customers were satisfied with the services provided by the SBI bank. Therefore, the bank should encourage more customers to adopt e-banking services other than ATM.
- ❖ The customers should learn new precautionary measures so nobody can misuse their accounts and they should have 100% trusts on their banks for smooth functioning.
- ❖ Implementation of various option saving plan and schemes to enhance the customer lifelihood.
- ❖ Apart from providing good services, the banks have to ensure to clarity customers doubts and querries.

Conclusion

Today, customers expect higher quality services from banks which, if fulfilled, could result in significantly improved customer satisfaction levels. Customers can be satisfied if they are providing with better and efficient service. E-channels are very helpful in managing efficient transformation. With the development of information technology, the world has become a global village and it has brought revolution in the banking operations. SBI is one of the first banks in Public Sector to start the use of advanced technology for computerization and core banking concept. Banking Service should be used as a strategic tool to get a competitive advantage over the competitors.

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