

STUDY OF CUSTOMER PERCEPTION TOWARDS BANKING SECTOR

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ABSTRACT

Due to the advancement in technology, the traditional banking sector services has also changed and have taken a new shaped in the minds of its customers. All banks perform same function and therefore it is crucial for banks to maintain and provides quality services to its existing customer and to acquire retain and satisfy potential customer for longer period. As there are various banks and non-banking financial institution in the market, the customer perception and satisfaction measures the performance of different banking services. The main objective of this study is to analyses the customer perception towards banking services. For this a sample size of 71 respondents were taken from friends, family and known people who are using the services of any banks. An online questionnaire was sent via mail and social apps.

Keywords: *Banking Sector, Customer Perception, Satisfaction Level of Customers.*

Introduction

In India, the banking sector is the lifeline of any modern economy. The banking sector is important financial pillars of the financial sector that played the vital role in the functioning of an economy. The banking sector plays a crucial role for the growth and development of any economy. The presence of banking sector encourage saving habit among the people. The more the number of people deposits their money in the bank, more money will be landed to the needy people. As one of the main function that a bank performs is to channelize the funds from people who have surplus funds (borrower or investor). Banks plays a vital role in increasing the standard of living. Earlier, there were very few banks and consequently there were no or very less competition. But after the new economic refers and nationalization in 1991, all the barriers on free entry and exit were removed and 100% FDI were allowed. This result is increase the competition for Indian banks to the great extent.

As all the banks perform same function, therefore, there quality of service provided to their existing and potential customer makes them distinctive from other banks. Because, now the customers are also more knowledgeable and well-informed and therefore, they have some expectation from their banks. And if banks failed to fulfill their customer's expectation, the customer will switch to other banks. From time to time, the perception of customer may change and therefore, it is important for banks to focus on their expectations and try to fulfill them and also try to acquire, retain and satisfy their customers for a longer period. The banking sector has work with financial system that provides loans and accepts deposit money; also provide some other service to their customer. The following functions of the bank explain the need of the bank and its importance:

- Banks provide the security to the customers for their savings and transactions.
- Banking sector has control the money supply and credit.
- Banking sector has avoided focus of financial powers of a few individuals and institutions.
- Banking sector has set equal condition (i.e. rate of interest, period of lending etc) to their all types of customers.

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Literature Review

According to **Ahmed K. and Choudhury T. A. (2012)** in his study found that nationalized commercial banks and private commercial banks are almost equally reliable but services of private commercial banks give more assurance to the customers. The study revealed that the performance of nationalized commercial banks suffer in terms of empathy and tangibles. The customers feel that all commercial banks are performing better than the nationalized commercial banks. So Nationalized Commercial Banks needs to take initiative for service quality improvements.

According to **Joshua A J, V Moli, P. Koshi (2014)**: The study evaluated and compared service quality in old and new banks using sample size of 480. This study found that the customers are satisfied in reliability, empathy and price for other parameters of the difference between expectations and perceptions.

According to **Mohammad et al (2014)**: The study tries to develop a comprehensive model of banking automated service quality taking into consideration unique attributes of each delivery channel and other dimensions which influence service quality

According to **Dr Ravichandran et al (2014)**: The paper analyses existing study and try to understand socio demographic and rational profile of public retail banking consumers. It also finds out the importance of service quality dimensions to predict the multidimensional model of behavioral intentions among public sector consumers in India. Service quality parameters like tangibility, responsiveness and empathy dimensions were also found to be very important.

Research Methodology

- **Research Objective**
To study the customer's perception towards banking sector.
- **Research Design**
This research study is based on descriptive research design as its includes questionnaire.
- **Sample Size**
For this study the sample size is 71 respondents.
- **Source of Data Collection**
This research study is based on primary source I have stated the information through primary data that includes first hand information collected through questionnaire.

Data Analysis and Interpretations

Descriptive Statistic: frequency (mean / standard deviation)

Table 1

"Which Age group do you belongs to?"					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	36	50.7	50.7	50.7
	25-30	19	26.8	26.8	77.5
	30-35	9	12.7	12.7	90.1
	Above 35	7	9.9	9.9	100.0
Total		71	100.0	100.0	

Interpretation Stated from the above Table

The information stated in the above table determines the age group factor where can see the majority of the respondents around 50.7% are belonging to the age group of 18-25 whereas 26.8% respondents are belongs to 25-30 age group and very few respondents are belongs to 30-35 i.e.12.7%.

Table 2

What's your Occupation?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Salaried	21	29.6	29.6	29.6
	Business man	11	15.5	15.5	45.1
	Professional	16	22.5	22.5	67.6
	Other	23	32.4	32.4	100.0
Total		71	100.0	100.0	

Interpretation Stated from the above Table

This table indicates that most of the respondents around 32.4% are choosing other occupation, whereas the 29.6% respondent has salaried occupation and also the 22.5% respondent's occupation is professional. Very few respondent occupations are business i.e. 15.5%.

Table 3

Tick which Bank does you preferred?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Axis Bank	13	18.3	18.3	18.3
	Axis Bank & other Bank	1	1.4	1.4	19.7
	HDFC	12	16.9	16.9	36.6
	HDFC & Axis	2	2.8	2.8	39.4
	ICICI	13	18.3	18.3	57.7
	Other Bank	10	14.1	14.1	71.8
	SBI	17	23.9	23.9	95.8
	SBI, HDFC, other	1	1.4	1.4	97.2
	SBI, ICICI	1	1.4	1.4	98.6
	SBI, other bank	1	1.4	1.4	100.0
Total		71	100.0	100.0	

Interpretation Stated from the above Table

The above table indicates the maximum number of respondents around 23.9% are prefer the SBI banks .whereas the 18.3% respondent has prefer the Axis bank and ICICI and very few respondent are prefer the HDFC i.e. 16.9.

Table 4

What was the reason of choosing this Bank as your Bank?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Service is good	40	56.3	56.3	56.3
	They provide security	20	28.2	28.2	84.5
	cheaper service fees	11	15.5	15.5	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

The information of above table has stated that the most of respondent around 56.3% prefer the SBI banks because the found this bank offers better service as compaire to other banks. Some respondent around 28.2% prefer this bank for the security concern .they feel banks are provide the safe and secure transactions. And very few respondents around 15.5% have choosing banks for cheaper service fees.

Table 5

What type of facilities do you currently used from bank?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Saving account	32	45.1	45.1	45.1
	Credit card	16	22.5	22.5	67.6
	Loan	15	21.1	21.1	88.7
	Other	8	11.3	11.3	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

The above table indicates the customers have used various types of the service. The most of respondent i.e. 45.1% are used the saving accounts. Whether the 22.5% respondent are using credit cards facilities. Least of respondent i.e. 11.3% are using other facilities like loan /Active debit cards /fixed deposit services etc.

Table 6

Do you think that there is adequate staff at the Bank to meet your requirement?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	54	76.1	76.1	76.1
	No	17	23.9	23.9	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

As we can see the above table the most of respondent around 76.1% are agree to their banks has adequate staff to meet their requirement whereas few respondent around 23.9% has not agree to their bank has adequate staff for meet there requirement.

Table 7

How do you rate the Customer service in the Bank?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor	8	11.3	11.3	11.3
	Average	19	26.8	26.8	38.0
	Good	27	38.0	38.0	76.1
	very Good	17	23.9	23.9	100.0
Total		71	100.0	100.0	

Interpretation Stated from the above Table

The information in above table that determine the customer service in their preferred banks the 38% respondent has found the banking service is good whereas the 26.8% respondent are found the banking service has provide average facilities and few respondent around 11.3% has found the banking service is poor.

Table 8

Is the space available at the Bank for customers sufficient for transaction with reasonable comfort?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Superior	14	19.7	19.7	19.7
	Average	23	32.4	32.4	52.1
	Good	34	47.9	47.9	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

The above table has stated the information where the maximum numbers of respondent's i.e.47.9% are found the bank has provide the sufficient space and reasonable comfort but the 19.7% respondent are not found the sufficient space and comfort in their respective banks.

Table 9

Which environmental forces influences you the most to select Bank?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Reputation	17	23.9	23.9	23.9
	Nearness	25	35.2	35.2	59.2
	Commercial	18	25.4	25.4	84.5
	Friends	11	15.5	15.5	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

In this table the most of respondent i.e. 35.2% are select their banks because they influences from the nearness of banks whereas the 23.9% and 25.4% respondent are influence from their banks from its reputation and commercial environment. Few respondents i.e. 15.5% are influences from their friends to select their banks.

Table 10

Level of Interaction Till the Complaint was Resolved?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	poor	6	8.5	8.5	8.5
	Average	24	33.8	33.8	42.3
	Good	25	35.2	35.2	77.5
	Very good	16	22.5	22.5	100.0
	Total	71	100.0	100.0	

Interpretation Stated from the above Table

The above table information has indicates the maximum number of respondent around 35.2% /33.8%/22.5% has satisfied with the service level of resolving the complaints .But 8.5% respondent are dissatisfied the service level of resolving the complaints.

Correlations				
		Sum	Which environmental forces influences you the most to select bank?	Level of interaction till the complaint was resolved?
Sum	Pearson Correlation	1	.430**	.326**
	Sig. (2-tailed)		.000	.006
	N	71	71	71
which environmental forces influences you the most to select bank?	Pearson Correlation	.430**	1	.286*
	Sig. (2-tailed)	.000		.016
	N	71	71	71
Level of interaction till the complaint was resolved?	Pearson Correlation	.326**	.286*	1
	Sig. (2-tailed)	.006	.016	
	N	71	71	71

Correlation is significant, the level 0.01 (2-tailed).

Correlation is significant, the level 0.05 (2-tailed).

Interpretation Stated from the above Table

- The correlation between the environmental forces influence the selected bank .430 and it lies between the range +0.25_+0.75 which shows it is a moderate positive correlation.
- The correlation between environmental forces and resolve complaints is .326 which is also moderate positive correlation.

From the above table, we came to conclusion that the degree of association between with all variables is showing moderate positive correlation.

Regression

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.479a	.230	.207	3.14745

a. Predictors: (Constant), Level of interaction till the complaint was resolved? , which environmental forces influences you the most to select bank?

ANOVA ^a						
	Models	Sum of Square	DF	Mean squares	F	Sig.
1	Regression	201.009	2	100.504	10.145	.000b
	Residual	673.639	68	9.906		
	Total	874.648	70			

a. Dependent Variable: SUM

b. Predictors: (Constant), Level of interaction till the complaint was resolved? , which environmental forces influences you the most to select bank?

Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.624	1.310		14.215	.000
	which environmental forces influences you the most to select bank?	1.283	.388	.367	3.305	.002
	Level of interaction till the complaint was resolved?	.855	.430	.221	1.988	.051

a. Dependent Variable: SUM

Interpretation from the above Table

Table of modal summary, provides the value of R and R square. The value of R represents the simple correlation and is 0.479 which indicates the positive correlation. The value of R square indicates how much total variation in the dependent variable, can be explained by the independent variable. The table of coefficients provides us with the necessary information to predict the users for banking sector from respondent, as well as determine whether users of banking sector statistically significantly to the environmental forces influences. Further, we can use the values in the 'B' column under the "Unstandardized Coefficients" column as shown above;

Findings from the Research Study

- From this study it can be observed that out of 71 respondents the maximum number of people from age group of 18-25 has used the banking service.
- It can observe the most of customer are satisfied the service provided of bank and some customers are think to improve their service in some attributes.
- It should also recommend the banks have given the security to their transaction.
- Government has also taken steps to aware the customer for new policies and a scheme of banks has started.

Suggestions / Recommendations

- The banks are recommended basic deficiency, and banks must ensure the service is competitive.
- The employees of banks are conducting the survey to measure the customer preference and satisfaction towards banks.
- The government has open maximum number of banks and its branches to provide the easy to service and nearness to their locality.
- The banks are not taking more charge from their customer for availing the any service of banks
- The banks are providing the training to the employees for give effective responsibility.

Conclusion

From the above research study, the results are declared the banks are become integral part of our society. The banks are play vital role in economic activities and also help to increase the growth of economy. It is easy to figure out the all banks can accept the deposit money and provide the loan to the customer. Although the findings of this study reveal the people has unaware about the service of the banks so that bank should try to promote their strategy to retain the customers. Banks are more innovative to understanding their customers' needs and building good relations with them and banks are improve their over product and services. Banks have starts focusing on making the customers feel comfortable in terms of service consumption. The Indian banks are recorded a phenomenal growth in the past decade in the initiation of Economic reforms. Overall we can say that the banking industries could become improved by establishing orientation programs to educating and explaining about the benefits of banking service.

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