

# A Study On Customer Satisfaction On Services Offered By Private Sector Banks In Kancheepuram District

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## **Abstract**

*In the business world, customer pleasure is neither foreign nor novel. All facets of the Indian economy have adopted it, but the service sector places a premium on it, and the banking sector especially values it. Unorganized and Unstructured: Although customer satisfaction has been practiced for a long time, it has never been organized or structured. It did not adhere to any particular pattern. The researcher has succeeded in achieving the following goals, including examining the scope of banking services provided by private sector banks and assessing client satisfaction with those services. In this instance, various consumers would have varying degrees of happiness and perception from the same goods and services, and if any unfavorable perceptions arise, they might pose a danger to the business. In service, client pleasure is very crucial. Consumers differ from one another in terms of their requirements, expectations, and behavioral habits. Customer satisfaction is the lifeblood of every institution. Thus, the goal of this study is to evaluate how satisfied clients are with the services provided by private banks in the Kancheepuram District. This research article found that the null hypothesis is rejected that means there is a significant effect between level of customer satisfaction on services offered by private sector banks.*

**Keywords:** *Customer satisfaction, banking services, private sector banks etc.*

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## **1. INTRODUCTION**

In general, a bank is a location where account holders store extra money for savings and replenish it as required. Deposits are taken there, and credits are granted in the form of loans or borrowings. In India, banking has existed since the time of the Vedic Civilization. Back then, banks were not yet structurally developed or given the name bank; instead, individuals handled similar financial transactions as banks, giving money to those in needs and receiving it back from them with interest. A bank is a type of structured organization that provides its clients with financial services and transactions. Banks play a crucial part in a nation's economic structure by handling financial transactions both within and outside of the country. In India, for example, banks form the foundation of the whole financial system.

## **2. STATEMENT OF THE PROBLEM**

When a customer contacts any bank, they need two things. They require a solution to their credit and investment-related issues. Consumer demands are unquenchable, and their tastes are shifting quickly. Bankers must offer services that are appropriate for their demands in order to thrive and adapt to the shifting tastes. Since banks are offering specialised services to meet consumers' evolving demands in order to compete with other banks, the customer is king when it comes to present day banking. Today's customers want information to make decisions quickly and are not prepared to tolerate any kind of service delay. Thus, in terms of servicing, client happiness is more crucial. Consumers differ from one another in terms of their requirements, expectations, and behavioural habits. Customer satisfaction is the lifeblood of every institution. Thus, the goal of this study is to evaluate how satisfied clients are with the services provided by private banks in the Kancheepuram district.

## **3. REVIEW OF LITERATURE**

Sanjuq, G. (2014) in this researcher carried out a study to look at how customer satisfaction in the banking industry in Riyadh, Saudi Arabia, is affected by the quality of services provided. According to the study's findings, the SERVQUAL Model is a useful tool for gauging customer happiness, and all aspects of service

quality—aside from dependability—have a positive correlation with customer satisfaction. **Khan, M. M. (2014)** in this paper carried out a survey to find out how satisfied and loyal consumers were with the various services offered by banks and to assess the quality of those services. The study came to the conclusion that all aspects of service quality that deal with customer loyalty and satisfaction are positively correlated. **Quy, T. V., Vinh, N. Q., & Chang, T. (2015)** in their study carried out a research to examine the connection between customer satisfaction with deposit services provided by Vietnamese Commercial Banks and the five SERVQUAL model aspects. All five characteristics had a positive correlation with consumer satisfaction, according to the study. According to the survey, banks must increase dependability in order to compete more successfully in the market. dependability was found to have just moderate support. **Al-Azzam, A. F. M. (2015)** in his study has attempted to gauge the effect of aspects of service quality on client satisfaction at Jordan's Arab Bank. The study's findings showed that happier customers are the result of better service quality. The survey also expressed the opinion that every aspect of service quality matters and has a favourable impact on client satisfaction. **Aljasser, I. A., & Sasidhar, B. (2016)** According to their study, Saudi Arabian banking customers favoured friendly, easily understood communication environments and staff members who were not only knowledgeable and skilled but also understood their needs and could consistently deliver dependable services.

#### **4. CONCEPTUAL FRAMEWORK**

##### **Primary Functions of the Commercial Banks includes**

##### **Accepting Deposits.**

This is where real banking begins, as it is the initial function of commercial banking. Public deposits are accepted by banks, which in turn mobilizes family savings. These deposits are accepted by banks via client accounts. Four different kinds of accounts exist.

##### **i. Current Deposits Account.**

Because the depositor of the account can withdraw funds from the account at any time and to any degree of the balance to their credit, current deposit accounts are also known as demand deposits. Typically, businesspeople, businesses, corporations, and other commercial organizations, etc., are in charge of maintaining these accounts. There are no restrictions on the quantity of transactions, and checks are accepted as payment methods. Additionally, there is no interest paid to the account holder on the amount in these types of accounts. Customers who have regular transactions and a solid credit score are eligible for the benefits of an overdraft facility.

##### **ii. Saving Deposits Account.**

The public's and families' promotion of saving practices has resulted in deposits into savings accounts. This facilitates the raising of capital that eventually strengthens a nation's economy. While there are no restrictions on the deposit amount, there are limits on the withdrawal amount and the daily maximum of withdrawals. In accordance with their policies, banks pay a specific amount of interest on the account's balance.

##### **iii. Fixed Deposits Account.**

Because a certain sum is locked with the banks for a predetermined period of time at the customer's request and the banks' consent, fixed deposits are also known as time deposits. Such accounts prohibit the withdrawal of funds prior to the agreement's maturity date. Compared to savings account deposits, these deposits have a higher interest rate. Premature withdrawal refers to a situation where the depositor must pay a fine in the form of fees and receive their money back if they must withdraw their deposits due to an unforeseen circumstance. According to the offers made by banks, the period of deposits can range from one year to five, ten, etc., and the greater the duration, the higher the interest rate.

##### **iv. Recurring Deposits Account.**

It's similar to a fixed deposit account, but with the ability to deposit the fixed amount in smaller amounts each month rather than having to deposit the entire amount all at once. The deposit term might be as short as six months or as long as several years. Recurring deposit accounts provide a greater interest rate than savings accounts, but they also offer a lower rate than fixed deposit accounts. Like a set amount of money is not locked here, withdrawals prior to the maturity time are permitted, however subject to certain limitations, conditions, and restrictions.

**Lending of funds or Advancing of Loan.**

Lending money and advances to the general public, company owners, entrepreneurs, and other governmental and non-governmental organisations in need is one of the commercial bank's other main functions. When a consumer takes out a loan, the banks charge them interest. The interest rate is determined by the kind of loan being taken out as well as the bank's policy. These loans are granted simply by the completion of forms and the verification of the provided documentation; but, on occasion, loans are granted in exchange for the mortgage of valuables like as gold, silver, government security, and other assets. The several loan and advance options that are available to consumers are listed below.

**i. Overdraft.**

In the banking industry, an overdraft refers to the ability to write a cheque for a sum of money more than what is actually in the account. Only the current account holder with good credit and goodwill is eligible for this financing. The extent of the specified limit is the surplus amount. Furthermore, banks may alter the interest rate they charge on overdraft amounts in accordance with their policies; this service is not free.

**ii. Cash Credit.**

In economics, this function is also known as credit generation. Here, the banks grant loans to the clients who have submitted applications for them. To use a bank's lending facility, a person does not need to have held an account in the past. In this approach, the loan applicant does not get the money immediately; instead, a new account is formed in his or her name, from which he or she can withdraw funds as needed and up to a certain amount. The loan is not free; instead, it is granted in exchange for the loan seeker's personal guarantee or a promise or hypothecation of commodities.

**iii. Ordinary loans/ Term loans.**

Here, a predetermined amount of collateral securities are used as collateral for the loan. It is accessible to all people, businesses, industries, and farmers, among others. The loan can be taken out for six months to five years. A loan is referred to as short-term when its duration is shorter than a year.

**iv. Discounting of Trade Bills of Exchange.**

This is a function of contemporary banking in which banks help a nation's trade and commerce. When conducting business, the buyer draws the bill in the seller's favour, which is primarily payable on the maturity date. However, in the event that the bill bearer needs cash immediately, it can be worked out with the banks. The participating bank deducts certain fees known as the "discount" before giving the customer the cash amount specified on the bill. The bank demands payment from the drawer for the bill when it matures. Due to its discountability with the RBI, India's central bank, it is secure for the banks.

**v. Money at Call or Very Short-Term Advances.**

Given that it is advanced for no more than seven days, this is a money market product. Since it must be returned to the bank upon request, it is known as call money. Typically, someone looking for such a loan is a stock exchange dealer or broker.

**vi. Consumer credit.**

These loans are provided to a household individual for luxury items, ordinary consumer durables, or any other type of personal necessity. This type of financing must be paid back quickly in installments

**Agency Functions of the Commercial Banks.**

In exchange for set fees and commissions, banks also carry out a number of other tasks for their clients; this is known as banks serving as agents for their clients. The banks provide the agency services listed below.

**General Utility Functions of Commercial Banks.**

Commercial banks also provide the following general utility functions to the customer to make their daily working life activities easier.

- i. Letter of Credit.
- ii. Safe Vaults/Lockers Facility.
- iii. Bank Drafts and Issue of Travelers' Cheques.
- iv. Collection of Business Statistics.
- v. Underwriting of Securities.

**Customer Satisfaction**

In the business world, customer pleasure is neither foreign nor novel. All facets of the Indian economy have adopted it, but the service sector places a premium on it, and the banking sector especially values it.

Unstructured and Unorganized: Although customer satisfaction has been practiced for a long time, it has never been structured or organized and did not adhere to any predetermined pattern. It's impromptu by nature. Customer satisfaction at the discretion of the individual - This highlights the shortcomings of an unstructured customer satisfaction pattern that has been in place for a while, which holds that the level of attention provided to a customer may not be based on how valuable the client is to the organization. However, it may depend on how well-connected he or she is to someone in the organizations high or low administrative levels, or to the person behind the desk who serves as the organization's representative. In this instance, the identical goods and services would result in varying degrees of consumer pleasure and perception. If any unfavorable perceptions arise, they might pose a danger to the business.

### 5. Objectives of the Study

The researcher has accomplished the following objectives

- To study the overview of banking services offered by the private sector banks
- To analyze customer satisfaction on service offered by private sector banks
- to give valuable findings and suggestion

### 6. Scope of the Study

The purpose of the study is to identify consumer satisfaction levels with the services provided by private sector banks. specifically, as the Kancheepuram District's Industrial Credit and Investment Corporate Bank (ICICI), Housing Development Finance Corporation (HDFC), Tamilnadu Mercantile Bank, KarurVsyra Bank (KVB), and City Union Bank (CUB), as well as the degree of customer satisfaction with the services rendered by the district's private sector banks. Customers are divided into five categories: company owners, government and private sector workers, farmers, professionals who aren't employed by the government, and retirees.

## 7. METHODOLOGY

The nature of the current research study was descriptive and empirical. The researcher has used both primary and secondary sources of data. A sample respondent from banking customers in Kancheepuram district based on convenient sampling techniques. Several journals, official publications, banking reports, and handbooks, were used to collect secondary data. These have furthermore been gathered.

### 7.1 Sampling Design

In the present study, the researcher used convenient sampling methods. The sampling size is 150 samples of banking customers in Kancheepuram District

### 7.2 Statistical Tools

The researcher used statistical tools such as Percentage analysis, Analysis of Variance (ANOVA), Multiple Regression.

### 8. Hypothesis of the Study

The researcher has set out the following hypothesis for the analysis,

- ❖ There is no Significant relationship between the demographic profile of the respondents and their level of satisfaction.
- ❖ There is no significant relationship between the services offered by private sector banks.

### 9. Limitation of the Study

- ❖ The present study is limited to cover only private sector banks
- ❖ The study was taken the respondents are limited to 150 sample respondents in the selected area.
- ❖ There is a limited area that is only covered in the Kancheepuram district of Tamil Nadu.

## 10. RESULTS AND DISCUSSION

The social economic profile of selected customers in private sector banks includes both quantitative and qualitative features. The section that follows gives the respondent's social and economic profiles, which comprise demographic, gender, age, educational qualification, marital status, monthly income, and level of satisfaction.

The following sections contain the demographic profile of the respondent.

Table 1

Demographic Factors	Number of Respondents	Percentage of Total
Age of the customer		

Below 25 years	43	28.7
26-35 years	44	29.3
36-45 years	45	30.0
46- 55 years	16	10.7
above 55 years	2	1.3
Total	150	100.0
<b>Gender of the customer</b>		
Male	90	60
Female	60	40
Total	150	100.0
<b>Educational Qualification</b>		
UG	49	32.5
PG	53	35.1
Engineering/Diplamo	48	31.8
Total	150	100.0
<b>Monthly Income</b>		
Below Rs.25,000	16	10.6
25,000-45,000	66	43.7
46,000-65,000	43	28.5
Above Rs.65,000	25	16.6
Total	150	100.0
<b>Occupation of the customer</b>		
Businessmen	64	42.4
Employees from the private sector	58	38.4
Employees from the Government sector	25	16.6
Professionals	3	2.0
Total	150	100.0

Source: Primary Data (SPSS Version 20)

Frequency analysis found that the out of 150 respondents, 43(28.7%) of the respondents are belong to below 25 years. (29.3%) of the respondents are belong to 26-35 years of age people. 45(30%) of the respondents are belong to 36-45 years of age group. 16 (10.7%) of the respondents are belong to 46-55 year of age people. 2 (1.3%) of the respondents are belong to above 55 years of age group customers. The majority of the respondents are belong to 36-45 years of people maintain account in private sectors banks in kancheepuram district. Gender-wise classification of the respondents found through frequency analysis. Out of 50 respondents, 90(60%) of the respondents are belong to male customer. 60(40%) of the respondents are belong to female customers. The majority of the customers are male respondents maintaining accounting in private sector banks in kancheepuram district. Educational qualification -wise classification of the respondents. Out of 150 respondents, 49(32.5%) of the respondents are belong to UG. 53(35.1%) of the respondents are belong to PG. 48(31.8%) of the respondents are belong to Engineering/Diplamo qualification. The majority of the respondents are belong to PG Qualification. Monthly income -wise classification of the respondents, Income is predominant factor for maintain savings account in banks. Out of 50 respondents, 16(10.6%) of the respondents are belong to below Rs.25,000. 66(43.7%) of the respondents are belong to 25000-45000 income. 43(28.5%) of the respondents are belong to 46000-65000 monthly income. 25(16.6%) of the respondents are belong to above 65000 monthly income. The majority of the respondents are belonging to Rs.25000-45000 income. Occupation wise classification of the respondents, out of 150 respondents, 64(42.4%) of the respondents are belong to businessman and 58(38.4%) of the respondents are belong to private sector employees.

**Table 2 Level of Customer satisfaction towards the services offered by Banks– Multiple Regression**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.451	0.436		36.473	0.000
X1	Satisfaction on Infrastructure	0.257	0.243	0.287	2.143	0.002
X2	Satisfaction on technology	0.761	0.215	0.273	3.668	0.010
X3	Satisfaction on Product and Services	1.326	0.263	0.682	4.511	0.000
X4	Satisfaction on Loan settlement	1.437	0.482	0.515	4.571	0.000
X5	Satisfaction on bank management	1.301	0.489	0.431	3.541	0.000

a. Dependent Variable: level of customer satisfaction

Source: Primary Data (SPSS Version 20)

The Table 2 exhibits the result of regression equation model. The regression equation is framed as follows:

$$Y = a + bx_1 + bx_2 + bx_3 + bx_4$$

$$Y = 4.451 + 0.257 x_1 + 0.761 x_2 + 1.326 x_3 + 1.437 x_4 + 1.301 x_5$$

The Table 2 explains that the customer satisfaction as the dependent variable and five independent variables such as Satisfaction on Infrastructure (x1), Satisfaction on technology (x2), Satisfaction on Product and Services (x3), Satisfaction on Loan settlement (x4) and Satisfaction on bank management (x5) are taken as predictor variables. Satisfaction on Infrastructure (t=2.143, p=0.002), Satisfaction on technology (t=3.668, p=0.010), Satisfaction on Product and Services (t= 4.511, p=0.00), Satisfaction on Loan settlement (t=4.571, p=0.000) Satisfaction on bank management (t= 3.541, P= 0.000). Hence, the null hypothesis is rejected that means there is a significant effect between level of customer satisfaction on services offered by private sector banks.

## 10. Findings

- ❖ The majority of the respondents are belong to 36-45 years of people maintain account in private sectors banks in kanchepuram district.
- ❖ The majority of the customers are male respondents maintaining accounting in private sector banks in kanchepuram district.
- ❖ The majority of the respondents are belong to PG Qualification.
- ❖ The majority of the respondents are belonging to Rs.25000-45000 income.
- ❖ Occupation wise classification of the respondents, out of 150 respondents, 64(42.4%) of the respondents are belong to businessman and 58(38.4%) of the respondents are belong to private sector employees.
- ❖ The researcher found that multiple regression analysis on Customer satisfaction towards the services offered by private sector banks. The variables such as Satisfaction on Infrastructure (t=2.143, p=0.002), Satisfaction on technology (t=3.668, p=0.010), Satisfaction on Product and Services (t= 4.511, p=0.00), Satisfaction on Loan settlement (t=4.571, p=0.000) Satisfaction on bank management (t= 3.541, P= 0.000). Hence, the null hypothesis is rejected that means there is a significant effect between level of customer satisfaction on services offered by private sector banks.

## 11. CONCLUSION

According to this study, private sector banks must do more to entice consumers in the younger age range to create accounts. In the current technological era, the majority of customers are tech savvy and aware of the new and improved technologies that are being introduced on a daily basis, as well as what banks are acquiring or may acquire. Therefore, banks should adopt new and improved technology as needed since they risk losing both current and potential consumers if they do not keep up with emerging innovations. Customers have

reported saving time and money thanks to mobile and online banking, but illiterate customers are unable to complete online transactions, so the bank needs to take appropriate action to educate these clients. The outcome demonstrates that private sector banks are leading the way in this area. Additionally, it has been discovered that the majority of employees in banks, both public and private, do not behave in a humble and courteous manner towards their clients. This is a crucial attitude for keeping clients for an extended period of time and can, inadvertently, result in the loss of both current and potential clients.

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