A STUDY ON CONSUMER LOYALTY OF PRIVATE BANK IN TIRUNELVELI CITY

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Abstract

Banks are basically service rendering institutions. India has an extensive banking network in both urban and rural areas. The Indian banking sector through dominated by the public sector banks is also the home of numerous private and foreign banks. The city Tirunelveli popularly known as “Temple City” and “Business Centre” of South India has the presence of wider network of banks. Apart from the functioning of a large number of branches of the various nationalized banks the private sector banks are also equally contributing towards satisfying the banking needs of the people in Tirunelveli City. Hence, the present study is done to find out the level of satisfaction derived by the customers on the service rendered by the various private sector banks in Tirunelveli City. The study is based on primary data. Data are collected through a well-structured questionnaire. The respondents were drawn by means of convenient sampling method. Finally the study has a number of suggestions to the banks in order to raise the satisfaction level of the customers.

Key words: Consumers, Consumer locality, Private bank and Tirunelveli city.

1. Introduction

Banks are basically service rendering institutions. The existence and success of banks depend on their ability to meet the varied needs and wants of their customers. Banks employ more and more technological aspects in the modern days not only with a view to increase their operational efficiency but also to offer higher customer satisfaction. Banks have become more and more customer oriented through the customized services and engineering products as to respond to the needs and expectations of their customers. In order to ensure the survival, in the modern competitive environment, banks regularly evaluate their products and services with a view to provide better services to their customers. Banks regularly undertake the activities relating to the launch of new products and understanding their existing products with the view to meet the ever increasing needs and expectations of their customers.

2. Private Sector Banks

India has an extensive banking network, in both urban and rural areas. The Indian banking sector though dominated by the public sector banks, is also the home of numerous private and foreign banks. The process of economic liberalization and the reform measures implemented in the banking sector have encouraged the entry of many private players in the Indian banking industry. The private sector banks are setting new standards in the Indian banking scenario. They have made optimum use of technology and offer internet banking, phone banking, personal banking and the like. The Indian private sector banks include the UTI bank, the ICICI bank, the IDBI bank, Lakshmi Vilas bank and Karur Vysya bank. Currently, India has the presence of 88 scheduled...
commercial banks, 28 private banks with the Government of India holding a stake, 29 private banks with no Government stake, but may be publicly listed and traded on stock exchanges and 31 foreign banks. They have a combined network of over 53,000 branches and 18,000 ATMs. According to a report by the ICRA limited, a rating agency, the public sector banks hold over 75 per cent of the total assets of the banking industry with the private and the foreign banks holding 18.20 per cent and 6.5 per cent respectively.

3. Objectives of the study
   To find out the level of satisfaction derived by the customers on the services rendered by the various private sector banks in Tirunelveli city.

4. Methodology and tools used
   The study is based on primary data and the required data for the study were collected through structured questionnaire from thirty customers of various private sector banks in Tirunelveli city. The respondents for the study were drawn by means of convenient sampling method.

5. Level of customer satisfaction
   The level of satisfaction derived by the respondents on the various services rendered by the private sector banks in Tirunelveli city is presented in the following paragraphs. Respondents’ opinion on account opening formalities and level of satisfaction. The distribution of the respondents on the basis of their opinion on the account opening formalities and the level of customer satisfaction are presented in Table 1. It indicates that the account opening formalities are found to be complicated by eight respondents, simple by eight respondents and is very simple by the remaining fourteen respondents. In order to find out the association between the opinion of the respondents on the account opening formalities and their level of satisfaction, Chi square test is applied.

Null hypothesis: The association between the opinion of the respondents on the account opening formalities and their level of satisfaction is not significant. As the calculated Chi-square value (8.492) is lesser than the table value (9.488) at 5 % level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the opinion of the respondents on the account opening formalities and their level of satisfaction is significant.

6. Respondents’ opinion on products offered by the banks and level of satisfaction
   The distribution of the respondents on the basis of their opinion on the products offered by the banks and the level of customer satisfaction are presented in Table 4. It indicates that the products offered by the banks are a few for eight respondents, moderate for ten respondents and many for there maining twelve respondents. In order to find out the association between the opinion of there spondents on products offered by the banks and their level of satisfaction, Chi-square test is applied.

Null hypothesis: The association between the opinion of the respondents on the efficiency of the staff in the banks and their level of satisfaction is not significant. As the calculated Chi-square value (21.786) is greater than the...
table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is rejected and it could be concluded that the association between the opinion of the respondents on the efficiency of the staff in the banks and their level of satisfaction is significant.

7. Opinion of respondents on value added services offered by the banks and level of satisfaction

The distribution of the respondents on the basis of their opinion on the value added services offered by the banks and the level of customer satisfaction is presented in Table 4. It indicates that the value added services offered by the banks are less for seven respondents, adequate for eleven respondents and plenty for twelve respondents. In order to find out the association between the opinion of the respondents on the value added services offered by the banks and their level of satisfaction, Chi-square test is applied.

Table - 3: Opinion on valued added services offered by the banks

<table>
<thead>
<tr>
<th>Value added service</th>
<th>Level of satisfaction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Less</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Adequate</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>plenty</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

Null hypothesis: The association between the opinion of the respondents on the value added services offered by the banks and their level of satisfaction is not significant. As the calculated Chi square value (2.629) is greater than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the opinion of the respondents on the value added services offered by the banks and their level of satisfaction is significant.

8. Opinion of respondents on the customer relationship maintained by the banks and level of satisfaction

The distribution of the respondents on the basis of their opinion on the relationship maintained by the bankers with their customers and the level of customer satisfaction is presented in Table 5. It indicates that the customer relationship maintained by the banker is poor for twenty seven respondents, fair for fifty nine respondents and the same is good for two hundred and fourteen respondents. In order to find out the association between the opinion of the respondents on customer relationship maintained by the banks and their level of satisfaction, Chi-square test is applied.

Table - 4: Opinion on Customer Relationship Maintained by the Banks

<table>
<thead>
<tr>
<th>CRM</th>
<th>Level of satisfaction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>More</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Normal</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Less</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>11</td>
</tr>
</tbody>
</table>

Null hypothesis: The association between the opinion of the respondents on the personal touch maintained by the banks and their level of satisfaction is not significant. As the calculated Chi-square value (33.18) is greater than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is rejected and it could be concluded that the association between the opinion of the respondents on the customer relationship maintained by the banks and their level of satisfaction is significant.

9. Opinion of respondents on the e-banking facilities offered by the banks and level of satisfaction

The distribution of the respondents on the basis of their opinion on the e-banking facilities offered by the banks and the level of satisfaction of the customers is presented in Table 6. It indicates that seven respondents are less satisfied, twelve respondents are satisfied and the remaining eleven respondents are highly satisfied with the e–banking facilities offered
by the banks. In order to find out the association between the opinion of the respondents on the e-banking facilities offered by the banks and their level of satisfaction, Chi-square test is applied.

Table - 5: Opinion on E–Banking Facilities offered by the Banks

<table>
<thead>
<tr>
<th>E-Banking</th>
<th>Level of satisfaction</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Less Satisfied</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Satisfied</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Highly Satisfied</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>14</td>
</tr>
</tbody>
</table>

Null hypothesis: The association between the opinion of the respondents on the e-banking facilities offered by the banks and their level of satisfaction is not significant. As the calculated Chi square value (0.078) is greater than the table value (9.488) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the opinion of the respondents on the e-banking facilities offered by the banks and their level of satisfaction is significant.

10. Findings of the study

The findings of the study revealed that the opinion of the customers of the private sector banks in Tirunelveli city on the following factors influencing significantly the satisfaction derived by them on the services of the banks. They are account opening formalities, working hours of the banks, interest rate on deposits, products offered by the banks, loan sanctioning procedure, quantum of loans sanctioned by the banks, efficiency of staff, value added services offered by the banks, time taken to serve the customers, ambiance facilities in the banks, customer dispute settling mechanism, relationship maintained by the bank with their customers and overall quality of services of the banker.

11. Suggestions

- The norms fixed by the banks for the maintenance of the minimum balance in the accounts of the customers must suit the requirements of different categories of the customers.
- The banks have to organize regular customer meets and this will help the banker to assess the expectations and demands of the customers.
- The banks have to focus more on customer relationship management. It will enhance the customer satisfaction and maintain a sustained relationship with the customers in the long run.

12. Conclusion

The advent of liberalization, Globalization and Privatization has paved the way for the entry of more number of private and global players in almost all the economic activities of the country and the banking sector is not an exception to this. The banking sector plays a pivotal role in accelerating the phase of the economic growth of the nation by means of encouraging the saving habits among the people, satisfying the financial requirements of the industries and increasing the rate of capital formation in the country. By offering adequate facilities and attractive schemes, the banks can satisfy the needs of the variety of their customers. As there is a wider scope for the private sector banks in the future, the suggestions offered in this study will be very much helpful to the private sector banks to expand their operations and maximize the customer satisfaction.

13. References


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