

## CUSTOMER AWARENESS AND SATISFACTION TOWARDS THE SERVICES OF PUBLIC SECTOR BANKS

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### **Abstract:**

In the present competitive environment, the Indian banking industry has been undergoing a rapid technological transformation, for rendering the innovative, effective and efficient customer services. Upgradation of new technology in banking industry, especially public sector banks, paves the way to multiple delivery channels for customer services. Customer satisfaction is an important factor, for retaining the existing customers and attracting new customers towards the banks and hence the public sector banks must offer services according to the customer needs and wants. The present studyproposes to analyse customer awareness and satisfaction towards the services of public sector banks, in Thanjavur District. The study revealed that customers of the public sector banks in Thanjavur District reported adequate awareness about the general and special services offered by their banks. Customers of public sector banks in Thanjavur District expressed satisfaction about the services offered by the public sector banks like counter services, environment inside the bank and ATM in the bank premise, customers queries and redressal by bank, interest rates offered by bank for deposits and interest rates etc.,

**Keywords:** General Services, Special Services, Customer Awareness, Customer Satisfactions, Banking Services, Customer Preference.

### **I.a. Introduction:**

In the present globalised environment, banking industry has undergone strategic changes in the banking services structure (G.Chandana Deepa, 2021).Now a days technology plays the pivotal role in rendering the banking services and hence the banks, especially public sector banks, have to regularly upgrade their technology in order to increase their customer base. In the present scenario, strategic focus of the public sector banks has drastically changed from the production oriented to customer service oriented (V.Reddy, 2019). Due to global competition, the satisfaction of customershas become an important factor in the banking organization.The public sector banks are facing cut throat competition from private sector banks and foreign banks. Customer satisfaction is the mind set which is a product of past experience and the perceived knowledge (M.Raja, 2020). In the present global competitive world, almost all service rendering industries concentrate mainly on customer satisfactions, which have become the most important factor to reckon with.

### **b. Review of Literature:**

The following are the important reviews, relevant for the present study.

**Cronin, J. and Taylor, S. (1992)**examined the service quality of the banks and its conceptualization. Further they analyzed the relationship between the quality of bank services and customer satisfactions. It is very clear from the study that service quality and its performance may improve the customers' satisfaction.

**Gerrard, P. & Cunningham, J.B. (2003)** studied the diffusion of internet banking among Singapore consumers and the results revealed that adopters of internet banking perceived the service to be more convenient, less complex, more compatible to them and more suited to those who are PC proficient. Adopters were also found to be more financially innovative.

**Laforet, S & Lo, X. (2005)** examined the determinants of mobile banking adoption, among bank customers in Ghana, with specific emphasis on Access Bank. The study recommended that banks in Ghana should create more awareness through personal interaction with customers, develop quality initiatives in order to build customers' confidence. Equally, banks should also review the cost of their mobile banking service.

**Raed Awamleh & Cedwyn Fernandes (2005)** established that United Arab Emirates is a regional leader for banking sector and they have rapidly introduced the internet banking for proper utilization. It was found to be an added value tool to improve customer relationship and to attain cost advantages.

**Malhotra, P. & Singh, B. (2007)** attempted to discover the factors affecting a bank's decision to adopt Internet banking in India. Particularly, the study wanted to examine the relationship between the bank's adoption decision and various bank and market characteristics. The results indicated that larger banks, banks with younger age and banks which reported large amounts of deposits were found to exhibit a higher probability to adopt internet banking adoption.

**Padachi, K., Rojid, S. & Seetanah, B. (2008)** investigated the factors that influenced the adoption of internet banking in Mauritius. Results indicated that the customers mostly used internet banking for inter account transfer, payment to other personal account, transfer to credit card account, and recharge mobile phones.

**Kamadkodi .N. & Ahmed Khan, M.B. (2008)**, analysed customer expectations and service level in E-Banking era. The result revealed that technology alone cannot give a sustainable competitive advantage for the banks. When all banks introduced IT, it will lose its position as a differentiator. Beyond a point, IT, along with 'personal touch', will be necessary for the banks to retain existing clients and to attract new ones. Banks have to incorporate this in their operational strategy.

**Baskar, S. & Ramesh.M (2010)**, asserted that the commercial banks in India are introducing online banking to their customers, in order to retain their customers, in the face of the competition from foreign banks. The findings of the study revealed that for online customers, service quality, online information system quality and banking service product quality significantly and positively contributed to their satisfaction.

**Vinayagamoorathi Vasanth, Murugesan Selvam and Mariappan Raja etal (2015)** tested the environmental Kuznets curve hypothesis at Indian firms. The authors mentioned that environmental pollutions is drastically increased due to growth large number of industries. The result of the study showed that environmental pollution will control through introduction of low level of energy intensity and implementation of green technologies.

**R Rajesh Ramkumar, M Selvam, M Raja (2015)**, investigated the efficiency of sectoral indices in two major stock exchanges called BSE and NSE India. Further the authors analysed the randomness of daily share price return and the result of the run test indicated that there is no random distribution in market.

### **c. Statement of Problem:**

In the present globalised environment, Indian banking industry is in the midst of an IT revolution. The technological advancement has introduced competition into the banking industry. Hence the banking industry had to introduce total banking automation. There is big competition among the new private sector banks, foreign banks and public sector banks, in the implementation of technological solutions. Reform in the early 90s in the financial sector had brought about a completely new operating environment in the banks. Almost all category of banks introduced new innovative products and services like "Anywhere Banking," "Tele-Banking," "Internet Banking," "WebBanking," "E-Banking" etc. They have become the buzzwords of the day and the banks are trying to cope with the competition by offering innovative and attractively packaged technology based services to their customers. Private and foreign banks have been the early adopters of e-banking while the public sector banks are also beginning to face the competition. Against this background, the present study is proposed to study the customers' awareness and satisfaction towards services of public sector banks in Thanjavur District.

### **d. Objectives of the Study:**

To study the customer awareness and satisfaction towards the public sector banking services, the following objectives were framed.

1. To examine the customer awareness about the general services offered by the public sector banks in Thanjavur district.

2. To investigate the customer awareness about the special services offered by the public sector banks in Thanjavur District.
3. To examine the customers' perceptions towards the services offered by the public sector banks in Thanjavur District.
4. To study the customers' satisfactions towards the services offered by the public sector banks in Thanjavur District.

**e. Hypotheses of the study**

The following are the important hypotheses, to be tested the present study.

1. Public sector banks' customers have adequate awareness about the general services offered by their banks in Thanjavur District.
2. Public sector banks' customers have adequate awareness about the special services offered by their banks in Thanjavur District.
3. Public sector banks' customers report positive perception about the services offered by their banks in Thanjavur District.
4. Public sector banks' customers are satisfied with the services offered by their banks in Thanjavur District.

**II. Research Methodology**

The main aim of this study is to identify significant gaps in customers' awareness, perception and satisfaction towards the general and special services offered by public sector banks in India. The period, chosen for the present study was 2021. Data for the present study were collected from 300 respondents, who had account with public sector banks in Thanjavur District. The banks, chosen for the present study, were SBI, Canara Bank, Indian Bank, Indian Overseas Bank and Punjab National Bank in Thanjavur district. The data, used for the study were unique in several aspects. First, the data for the present study covered only five nationalized banks. Secondly, other relevant information, used in this study, was compiled from the official websites of the sample banks.

**Limitations of the Study**

1. The sample for the present study consisted of only five nationalized banks, operating in Thanjavur District.
2. The present study selected only important operations and services of nationalized banking. The service variables, selected for this study, were not final.
3. The information related to different services being offered by the nationalized banks in Thanjavur District was obtained only from the official web sites of banks.

**III. Analysis and Discussions:**

To study the customer awareness about the general and special services, customers' perception and customers' satisfaction towards services offered by nationalized banks in Thanjavur District, two important tests were employed. First one was the KMO & Bartlett's Test. This test was used to check whether the collected data were appropriate for the factor analysis or not. Second one was the factor analysis to study four-dimensions of customer awareness about the general and special services, their perception and customer satisfaction variables.

**Table-1 KMO & Bartlett's Test**

<b>KMO &amp; Bartlett's Test</b>		
<b>KMO Measures of Sampling Adequacy</b>		<b>0.846</b>
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	1682.47
	Degree of Freedom	2467
	Significance	0

The four-dimension, general and special services, customers' perception and their satisfaction variables had recorded Coefficient alpha of 0.846. It was a good score, comparable to standard 0.70 score (Sekaran, 2005). KMO and Bartlett's Test of Sphericity was significant (Chi-Square – 1682.47,  $p < 0.000$ ). The KMO measure of sampling adequacy was higher at 0.846 and the value exceeded the recommended value of 0.60 (Kaiser, 1974). The results of KMO and Bartlett's Test indicated that the data were appropriate for the factor analysis.

**Customer Satisfaction and Awareness towards general and special services offered by public sectors banks- Factor Analysis:**

The present study attempted to analyse the customers' awareness, their perception and satisfaction towards services offered by nationalized banks using Principal Component Analysis method. The present study used four variables – customers' awareness, general and special services, their perception and their satisfaction towards the services offered by public sector banks.

**Table 2- Customers Awareness about the general services offered by public sector banks**

S.No	Factors considered under customer awareness about general services	Factor loadings	Eigen values	Percentage of variance	Reliability
1	Loan facility extended by the bank	0.841	(Cronbach $\alpha$ = 12.684)	24.824	(0.782)
2	Credit Card facility extended by the bank	0.823			
3	Locker facility offered by the bank	0.816			
4	Multicity Cheque Book facility provided by the bank	0.802			
5	Utility Bill Payment service offered by the bank	0.785			
6	Demand Draft facility offered by the bank	0.764			
7	Cheque deposit/Cheque clearing facility extended by the bank	0.743			
8	Stay Connected (Address Change) form facility offered by bank	0.724			
9	Facility of transfer of account from one city to another, offered by bank	0.702			
10	Electronic Statement facility provided by the bank	0.681			

Table -2 explains the customer awareness about the general services offered by public sector banks. Principal Component Analysis revealed ten factors, with Eigen value exceeding 1.0, explaining the variance up to 24.824. The variance up to 0.841 was explained by loan facility extended by the bank, 0.823, by Credit Card facility extended by the bank, 0.816, by Locker facility offered by the bank, 0.802, by Multicity Cheque Book facility provided by the bank, 0.785, by Utility Bill Payment service offered by the bank, 0.764, by Demand Draft facility offered by the bank, 0.743, by Cheque deposit/Cheque clearing facility extended by the bank, 0.724, by Stay Connected (Address Change) form facility offered by bank, 0.702, by Facility of transfer of account from one city to another offered by bank and 0.681, by Electronic Statement facility provided by the bank. To determine the important factors of customer awareness about the general services offered by public sector banks, varimax rotation was performed for 10 factors. These factors were labeled as variables. The factor analysis revealed that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypothesis -1: Public sector banks' customers reported adequate awareness about the general services offered by their banks in Thanjavur District is accepted.

**Table -3 Customer Awareness about the special services offered by public sector banks**

S.No	Factors considered under customer awareness about general services	Factor loadings	Eigen values	Percentage of variance	Reliability
1	Internet/ Mobile banking facility, offered by bank	0.894	(Cronbach $\alpha$ = 4.682)	12.624	(0.862)
2	SMS Alerts facility, provided by bank	0.867			
3	National Saving Scheme facility Under Form 15 (g), offered by bank	0.846			
4	National Saving Scheme facility Under Form 15 (h), offered by bank	0.821			
5	Demat A/C facility, offered by bank	0.785			
6	KYC (Know your identity) facility, offered by bank	0.762			
7	Provident Fund facility, offered by bank	0.741			
8	Electronic Fund Transfer facility, offered by bank	0.728			
9	Electronic Clearing services (RTGS) facility, offered by bank	0.682			

Table -3 depicts the customer awareness about the special services, offered by public sector banks. Principal Component Analysis revealed nine factors, with Eigen values exceeding 1.0, explaining the variance up to 12.624. The variance up to 0.894 could be explained by Internet/ Mobile banking facility, offered by bank, 0.867,

bySMS Alerts facility provided by bank, 0.846,byNational Saving Scheme facility Under Form 15 (g),offered by bank, 0.821,byNational Saving Scheme facility Under Form 15 (h),offered by bank,0.785f,byDemat A/C facility,offered by bank,0.762,by KYC (Know your identity) facility,offered by bank, 0.741,byProvident Fund facility,offered by bank,0.728,byElectronic Fund Transfer facility offered by bankand 0.682, byElectronic Clearing services (RTGS) facility, offered by bank. To determine the important factors of customer awareness, about the special services offered by public sector banks,varimax rotation was performed for nine factors. These factors were labeled according to the variables. The factor analysis revealed that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the hypothesis-2:Bank customers have adequate awareness about the special services, offered by the public sector banks,in Thanjavur District was accepted.

**Table 4- Customer perception towards services offered by public sector banks**

S.No	Factors considered under banks, prompt responses	Factor loadings	Eigen values	Percentage of variance	Reliability
1	My bank is influenced by the range of services	0.862	(Cronbach $\alpha$ = 10.674)	22.624	(0.724)
2	Bank has attracted customers, based on the quality of services offered by them	0.843			
3	Bank sends timely bank statements	0.812			
4	Bank has ensured the safety of transactions	0.802			
5	Bank keeps the physical facilities aesthetically appealing	0.769			
6	Bank shows the sincere interest in solving problems	0.745			
7	Bank provides the service as per promised schedule	0.723			
8	Time taken by bank, to respond to our writtencommunication, is appreciable	0.692			
9	Bank employees have the knowledge about the bankproducts	0.674			
10	Bank ensured the safety, liquidity and profitability of investment	0.612			

Table -4 explains the customer perception towards services offered by public sector banks. Principal Component Analysis revealed ten factors, with Eigen values exceeding 1.0, explaining the variance up to 22.624. The variance up to 0.862 for the sample, could be influenced by the range of services, 0.843,by banks attracting customer, based on the quality of services offered by them, 0.812,bybank sending timely bank statements, 0.802,by bank ensuring the safety of transactions, 0.769,by Bank maintainingaesthetically appealing physical facilities, 0.745,by bank showing sincere interest in solving problems, 0.723,by bank providing the service, as per the promised schedule, 0.692,by time taken by bank to respond to our written communication being appreciable, 0.674,by bank employees conversant with the bank products and 0.612,by bank assuring the safety, liquidity and profitability of investment. To determine the customerperception towards services offered by public sector banks,varimax rotation was performed for 10 factors. These factors were labeled according tothe variables. The factor analysis revealed that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the Hypothesis -3: public sector banks' customers reported positive perception about the services offered by their banks in Thanjavur District, was accepted.

**Table 5- Customers satisfaction towards services offered by public sector Banks**

S.No	Factors consider under banks prompts responses	Factor loadings	Eigen values	Percentage of variance	Reliability
1	Counter services offered by bank	0.892			
2	Clean and tidy environment in inside the bank and ATM in the bank premise	0.874			
3	Customers queries and redressal by bank	0.856			
4	Interest rates offered by bank for deposits	0.827			

5	Interest rates charged by bank for loans	0.789	(Cronbach $\alpha$ = 12.467)	22.420	(0.784)
6	Time taken for processing of loan transaction	0.764			
7	Execution of standing instructions given by customer	0.742			
8	Implementations of suggestion given by customers in suggestion box	0.720			
9	Display of information such as DD commission, cancellation charges for DD on bank premises etc.	0.684			
10	Display of information's regarding changes in interest rates	0.642			

Table -5 explains the customer satisfaction towards services offered by public sector banks. Principal Component Analysis revealed ten factors, with Eigen value exceeding 1.0, explaining the variance up to 22.420. The variance up to 0.892, could be explained by counter services offered by bank, 0.874, by clean and tidy environment inside the bank and ATM in the bank premise, 0.856, by customer queries and redressal by bank, 0.827, by interest rates offered by bank for deposits, 0.789, by interest rates charged by bank for loans, 0.764 by time taken for processing of loan transaction, 0.742, by the execution of standing instructions given by the customer, 0.720, by implementations of suggestion given by customers in suggestion box, 0.684, by the display of information such as DD commission, cancellation charges for DD on bank premises etc and 0.642, by the display of information regarding changes in interest rates. To determine the important factors of customer satisfaction towards services offered by public sector banks, varimax rotation was performed for 10 factors. These factors were labeled according to the variables. The factor analysis indicated that reliability measures exceeded the minimum value of 0.60 for all variables. Hence the Hypothesis -4: public sector banks' customers are satisfied with the services offered by their bank in Thanjavur District was accepted.

#### IV. Findings, Suggestions and Conclusions:

##### a. Findings from the Study:

It is evident from the analysis of the study that majority of customers of the public sector banks in Thanjavur District reported adequate awareness about the general services offered by their banks. Customers of public sector banks in Thanjavur District also reported adequate awareness about various special services offered by banks.

Public sector banks' customers in Thanjavur District reported positive perception about the various services and products offered by the banks like range of service, quality of the services, timely bank statement, safety and transparency of transaction, physical facilities, interest in problem solving, services as per the promised schedule and bank response to written communication, employees' knowledge about banks' products and banks' assurance for safety, liquidity and profitability of investment.

Customers of public sector banks in Thanjavur District were also satisfied with the services offered by the public sector banks like counter services, environment inside the bank and ATM in the bank premise, customers' queries and redressal by bank, interest rates offered by bank for deposits, interest rates charged by bank for loans, time taken for processing of loan transaction, execution of standing instructions given by the customer, implementations of suggestions given by customers through the suggestion box, display of information such as DD commission, cancellation charges for DD on bank premises etc and display of information regarding changes in interest rates.

##### b. Suggestions from the study:

The banks should provide regular communications to customers, regarding security features and details of the latest transactions to prevent the misuse of customer's privacy information. The sample public sector banks must create more awareness, to all categories of the people, about their general and special services like Multicity Cheque Book Facility, Locker Facility, Loan Facility, Credit Card Facility, Utility Bill Payment Service, Demand Draft Facility, Cheque Deposit/Cheque Clearing Facility, Stay Connected (Address Change) form facility, Facility of transfer of account from one city to another and Electronic Statement facility.

Internet/ Mobile banking facility, SMS Alerts facility, National Saving Scheme facility Under Form 15 (g), National Saving Scheme facility Under Form 15 (h), Provident Fund facility, Demat A/C facility, KYC (Know your identity) facility, Electronic Fund Transfer facility and Electronic Clearing services (RTGS) facility. The public

sector banks in Thanjavur District should customize their products and services, to give wider coverage to all categories of people in the society. The bankers should adopt the latest technology, to increase the accuracy of virtual banking, with navigation features, to incorporate the various financial services for better services.

**c. Conclusions:**

The present study on customer's awareness and satisfaction towards the services of public sector banks in Thanjavur District covered only five public sector banks. It is interesting to note that the result of the study revealed that the public sector banks' website and technological platform has to offer various innovative financial services and products in collaboration with other financial agencies. To increase the customer satisfaction, the public sector banks should use the up to date information and technology to render the services and enrich the communication. The present study was limited to exploring the customer's awareness and satisfaction on various general and special services offered, by the public sector banks in Thanjavur District. Public sector banks should conduct regular surveys in the area of customer satisfaction, customer awareness and latest trends in the banking sector and make the necessary changes in their operations.

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