

Customer Satisfaction in Banking Sector: An Analysis

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ABSTRACT

Banks emphasize on customer satisfaction to survive in the competitive environment of banking sector. Customer satisfaction depends on various factors such as security, cost, convenience etc. Rural masses suffer to avail banking facilities due to poor infrastructure of banks in villages. The inclination of urban customers towards online banking has increased in recent years. Private sector banks deliver banking facilities to customers with the help of advanced technology. The employees of public sector banks have inadequate knowledge about online banking. Banks should increase the number of bank branches in villages. The bank charges of private sector banks are higher than public sector banks. Urban people prefer online banking more than rural people. Urban people can avail banking facilities easily whereas rural people face difficulties to avail banking facilities due to lack of awareness. The study is based on both primary data and secondary data. Primary data has been collected from the state of West Bengal. Secondary data has been collected from journal articles. In this paper, an attempt has been made to analyze various aspects of customer satisfaction in banking sector.

Keywords: Bank, Banking Sector, Customer, Customer Satisfaction.

Introduction

Customer satisfaction plays major role behind success of banks. Rural masses face difficulties to avail banking facilities due to inadequate number of branches in rural areas. Banking habit among rural people is less than urban people. Urban customers avail e-banking more than rural customers. Private sector banks provide better banking facilities than public sector banks. Development of technology has allowed banks to deliver banking facilities through e-banking. Highly educated people prefer e-banking more than traditional banking. Private sector banks provide banking facilities with the help of advanced technology whereas public sector banks are not adopting advanced technology properly. Customer satisfaction depends on several factors such as accessibility, cost, security, service quality etc. Banks emphasize on service quality to increase the level of customer satisfaction. Urban customers are more privileged than rural customers as the infrastructure of banks in urban areas is better than rural areas. Private sector banks deliver banking facilities accurately to the customers whereas public sector banks are not able to provide banking facilities appropriately to the customers. The objective of the study is to analyze various aspects of customer satisfaction in banking sector.

Literature Review

Banks should focus on service quality to increase the level of customer satisfaction (Kampakaki and Papathanasiou, 2016). Technological development has allowed the banks to deliver banking facilities to the customers through e-banking (Zafar et al., 2011). Many employees of banks have inadequate knowledge about e-banking (Singhal, 2017). Customer reviews play important role to improve the quality

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of banking services. Banks must ensure that the digital communication they provide are informative and transparent. Banks should use digital communication to protect the customers from fraud (Sharp et al., 2024). The development of e-banking sector is significant in India. E-banking is known as internet banking (Yuvaraj et al., 2023). The role of Indian banking sector is significant regarding financial inclusion, lower incidence of non-performing assets, credit expansion etc. Banks are performing significantly over the past decade (Kapparashetty, 2020). Customer satisfaction varies from product to product, service to service and person to person. Customer satisfaction depends on several factors such as economic and psychological factors (Kumbhar, 2011). Banks emphasize on customer satisfaction to gain customer loyalty (Suleiman et al., 2012). E-banking includes electronic fund transfer, automated teller machine, credit cards, debit cards etc. E-banking provide various facilities such as low cost, mobility, convenience (Sahu, 2016). Mobile banking depends on various factors such as preference of customers and technology adopted by banks. Mobile banking faces several challenges such as economic challenges, regulatory challenges and demographic challenges (Deshwal, 2015). Urban people prefer e-banking more than rural people. Highly educated people avail internet banking more than moderately educated people (Yadav, 2016). Electronic banking services are very vital for banks to compete with other banks in the banking sector. E-banking is based on developed technology to deliver banking facilities to the customers around the clock (Balogun et al., 2013). Customer satisfaction plays essential role behind the success of e-banking. Online banking is based on internet whereas traditional banking is based on branch banking (Santhiya and Saravanan, 2018). Customer are shifting towards e-banking from traditional banking with the help of developed technology. Banks adopt modern technology to deliver accurate e-banking facilities to customers (Ayyash, 2017). Customers avail e-banking facilities through internet. Customer satisfaction depends on various factors such as cost effectiveness, accuracy, security. Many customers prefer e-banking as it is cost effective whereas some customers avoid e-banking due to lack of security (Prasad et al., 2019). Customer satisfaction is the major concern for banks to survive in global competition. Long-term relationship with customers is essential for the success of banks (Esmaeili et al., 2013). Customers continue their relationship with banks only when they are satisfied by the services delivered by banks. The quality of e-banking services has immense impact on customer satisfaction (Madavan and Vethirajan, 2020). Banks play vital role behind modern economic activities (Nandini et al., 2021). Indian economy depends on agriculture and rural economy is the prime factor of Indian economy (Kher, 2013). Regional rural banks play essential role behind the development of rural economy (Karunakaran, 2020). Rural credit facilities play vital role behind rural development. Regional rural banks deliver banking facilities to rural people (Sharma et al., 2019). Illiteracy is the main problem for rural banking sector. Government has taken several initiatives for the development of rural banks. Involvement of rural people is required for digital transactions in rural banking (Das et al., 2017). Banks emphasize on rural banking platform and most of the banks provide technology based banking services. Success of banking sector depends on customer awareness (Puttaswamy, 2018). Restructuring in banking sector has enhance the performance of rural banks. Rural banks play major role behind rural credit system in India (Khankhoje and Sathye, 2008). The features of Indian banking sector is changing fast (Anita et al., 2018). Regional rural banks are playing essential role behind the development of rural areas (Barot and Japee, 2021). Rural development is essential for economic growth in India. The role of regional rural banks is very significant for the development of rural areas in India (Tigari and Gaganadeepa, 2019). Rural people such as farmers, labourers and artisans suffer to avail credit facilities (Ahmed, 2020). Rural banks deliver financial services to rural masses (Kuddus et al., 2020). Rural banks help to develop financial activities in rural areas (Deb, 2020). The purpose of regional rural banks is to enhance banking habits among rural masses (Tagariya and Panchal, 2016). The major objective of rural banking is the development of rural society (Singh, 2020). Banking industry faces various challenges which put its profitability at risk (Svoboda, 2023). Indian banking sector is changing due to technological innovation, financial liberalization and regulatory changes in corporate sector (Sreenivasamurthy, 2022). Working condition in commercial banks signifies working environment and several matters related to labour in work place such as job hours, work load, legal rights and responsibilities (Adah et al., 2020). The role of banks is essential for the economic development of India (Kamboj et al., 2022). Banks have immense impact behind the development of economy. Economic reforms has remarkable effect on banking sector (Purbey, 2020). Banks must provide modern facilities for retention of customers in competitive and dynamic environment (Padhy, 2023). Customer expectations must be fulfilled to achieve customer satisfaction (Ghimire and Agarwal, 2024). Banking system has immence effect on economic development. Economic growth may be damaged due to uncertainty in banking system (Huang et al., 2023). Banking sector has immense impact on financial

system. Banking sector plays essential role behind the economic growth of country (Rehman and Lakshmi, 2024). Internal control is essential to prevent fraud in banking sector (Samuel et al., 2024). Liberalisation of banking sector plays vital role behind the development of public sector banks (Roy et al., 2023). The future of banks is under threat as the needs of customers change (Jhumb, 2022). Banking sector in India is changing with the development of technology (Sah, 2024). Online banking delivers banking services to customers round the clock (Kavitha, 2024). The role of e-banking is essential behind the development of service quality in banking sector (Subedi and Adhikary, 2024). Banks deliver several services such as receiving deposits and disbursing loans (Singh, 2023). Training is important for bank employees as it motivates employees to become dedicated towards work (Takeed et al., 2024).

Banking Sector and Customer Satisfaction

The study is based on both primary and secondary data. Primary data has been collected from the state of West Bengal. The respondents are the customers of public and private sector banks. The sample size of the study is two hundred. 62% of the respondents are male and 38% of the respondents are female. 27% of the respondents are between the age of 21 years to 30 years. 38% of the respondents are between the age of 31 years to 40 years. 22% of the respondents are between the age of 41 years to 50 years. 9% of the respondents are between the age of 51 years to 60 years. 4% of the respondents are above 60 years of age. 31% of the respondents have studied upto higher secondary. 63% of the respondents are graduates. 6% of the respondents are post graduates. 67% of the respondents are service holders and 21% of the respondents are businessmen. The respondents are the bank customers of rural and urban areas of West Bengal.

The preference of customers has increased towards online banking in recent years. 78% of the respondents agree that the inclination of customers has increased towards online banking. Highly educated people avail online banking more than moderately educated people. 92% of the respondents agree that highly educated people prefer online banking more than moderately educated people. Many people in rural areas avoid banking facilities due to high bank charges. 53% of the respondents agree that many people in rural areas are not interested to avail banking facilities due to high bank charges. Banks should emphasize to increase banking habits among rural masses. 84% of the respondents agree that the banking habits among the rural masses is less than urban people. Rural people suffer to avail banking facilities due to poor infrastructure of banks in rural areas. 88% of the respondents agree that rural masses face difficulties to avail banking facilities due to poor infrastructure of banks. The number of bank branches is inadequate in rural areas. 94% of the respondents agree that banks should increase the number of bank branches in rural areas. Rural masses face difficulties to avail bank loan due to complexity in banking procedure. 77% of the respondents agree that rural people face difficulties to avail bank loan due to complexity in banking procedure. Many people avoid online banking due to lack of security. 59% of the respondents agree that many people of rural and urban areas avoid online banking due to security threat. The service quality of private sector banks is better than public sector banks. 86% of the respondents agree that the service quality of private sector banks is superior than public sector banks. The employees of private sector banks are more efficient than the employees of public sector banks. 85% of the respondents agree that the employees of public sector banks need to be properly trained so that they can work appropriately. Private sector banks adopt advanced technology to increase the quality of service. 93% of the respondents agree that private sector banks adopt advanced technology more than public sector banks. Many people avoid public sector banks due to delay in banking procedure. 71% of the respondents agree that the banking procedure of private sector banks is faster than public sector banks. The success of banks depends on customer satisfaction. 87% of the respondents agree that private sector banks emphasize on customer satisfaction more than public sector banks.

Conclusion

Public sector banks should take necessary steps to deliver banking facilities properly to customers. The employees of public sector banks have inadequate knowledge about modern technology. Public sector banks should adopt advanced technology to compete with private sector banks. The bank charges of private sector banks are more than public sector banks. Many people in rural areas avoid banking facilities due to high bank charges. The number of bank branches in remote areas of villages is very less. Rural masses suffer to avail banking facilities due to poor infrastructure of banks. Urban customers prefer online banking more than traditional banking in recent years. The cost of online banking is less than traditional banking. Banks should take necessary steps to increase banking habit among

rural masses. Private sector banks mainly focus on urban customers whereas public sector banks focus on both urban and rural customers. Banking sector plays essential role behind economic development. Customer satisfaction is the major factor for customer retention. Banks emphasize on customer satisfaction to enhance customer loyalty.

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