Analysis of Customer Satisfying Factors of Indian Banks

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Abstract

Gone are the days when customers had to purchase whatever marketers offered. Today customers are the king of business and all business organization irrespective of offering products or services take every decision considering customers. The increased awareness of customers, fierce competitions among businesses and quick switch over of customers to products and services which offer better feature, price and other attributes has compelled the business to identify the factors which satisfy their customers. Banking sectors are also making all efforts to attract new customers and retain the existing one. The present study focuses on the factors which are important in satisfying or delighting their customers. The study also ranks the factors on the basis of importance given by customers. Facto Analysis tool has been used to find out the factors with the help of SPSS. The result indicates that the ambience of the banks and customer oriented services followed by knowledge able and trustworthy employees are the most important factors to select the banks by customers.

Keywords: Banks, Customers, Factors, Satisfaction, employees

1. Introduction

Customers are the king of the business and satisfying the customers are the most important agenda among business organizations. Customers use certain products or services with their own expectations, and if the perceived performance of those products or services meets the expectations, customers are satisfied but if it exceeds customers are referred as customers delight. (Hutt and Speh[1], 2004).

According to Gerpott[2] et al. (2001) customer's satisfaction is based on their estimated experience of the extent to which a provider's services fulfill his or her expectations.

Customers satisfaction bring many benefits as it creates positive word of mouth canvassing, customers re purchase products or services and gradually become loyal. Satisfied customers buy additional products, are less sensitive to price and are less influenced by competitors and stay longer (Zineldin[3], 2000).They share their experiences thus work as network to reach other potential customer. (Hague & Hague [4], 2016.)

A company's sales come from two groups: new customers and repeat customers (kotler[5],) . But attracting a new customer may be five time costly in comparison to pleasing an existing customer and bringing the new customers to the same level of profitability may cost sixteen times than a lost customers.(Forum company[6]). Thus according to Kotler, Customer retention is more important than attracting new customer who can come only by satisfying their customers.

Many researchers revealed   the quality as the primary requisite of satisfaction.(Petrick and Backman[7], 2002 and Cronin and Taylor[8], 1992) .

Banks are integral part of economy of any country and play a vital role in development of a nation. India, an emerging economic giant, is also the world's largest independent democracy. Without a sound and effective banking system, no country can have a healthy economy. Indian banks are in incessant effort to satisfy their customers by proving

multiple services and facilities and offering new schemes to attract customers. The present study focuses on the factors which satisfy their customers.

Objective of the study

The basic objective of the study is to explore the factors affecting the customer satisfaction with services in Indore city.

1. To explore the factors responsible for customer satisfaction with the service quality provided by traditional banks
2. To rank the factors affecting customer satisfaction with traditional bank service.

Literature Review:

Prerna Dawar[9] used Factor analysis to find out the factors which satisfy bank customers in contemporary global and highly competitive economy and revealed six factors which explaining 63.369 percent of total variance.

Monalisha Pattnaik and Adyasha Suvadarshini[10] also used Factor analysis to study the employee satisfaction of State Bank of india in Bhuneswar and their study revealed seven factors responsible for satisfying their employees which are Employee-centric policies and practices, Co-operative work environment, Personal growth and motivation, Financial and Non-financial benefits, Measures for Improved Performance, Brand value and Perceived Opportunity for Change.

In another research study work culture and timeliness has emerged as the most important factor for customer satisfaction with service quality Indian Banks. (*Mustafa Raza Rabbani, Zehra Zulfikar[11]*).

Ahmad Pasha and Ahmad Waleed[12] (2016) used Correlation and regression techniques to study the determinants of customer loyalty in the banking sector by analyzing variables such as customer satisfaction, brand trust, perceived price and service quality and reported that perceived value, service quality, customer satisfaction, and brand trust significantly influence customer loyalty.

Arusha Elizabeth Auniel, Dr. Samuel Obino Mokaya[13] (2018) studied factors affecting customers retention by surveying 132 customers . Data collected were analysed using One sample t-test, independent t-test, ANOVA, correlation and regression techniques to study the relationships between customer satisfaction, service quality, customer trust, customer commitment, switching barrier factors and customer retention. Their result indicated that service quality, service delivery, customer relationships and customer satisfaction are positively related to customer retention.

In another study Factor analysis was used to measure the items which may strongly influence customer's level of satisfaction and the result revealed eight factors which were good predictors of overall satisfaction in e-banking.(Meenakshi Sharma[14], (2017).

Research Methodology

Research Design

The study is being conducted in reference to individuals in Indore city only. The research design chosen for the study is the exploratory research.

Data collection

The data collected for conducting this research is primary in nature. A sample of 100 respondents through convenient sampling for recording their responses has been considered for the study.

Research tool

The researcher has designed and distributed self-structured questionnaire to record the responses of the respondents.

Data Analysis

Factor analysis has been applied to analyse the data set. The KMO (Kaiser-Meyer-Olkin) test is performed to measure the adequacy of the data set and Bartlett's Test of Sphericity has been considered to examine the appropriateness of factor analysis for the data set.

The Bartlett's Test of Sphericity is also performed in order to examine the hypothesis that the variables are uncorrelated in the population. The factor extraction method chosen is Principle Component method because it considers the total variance of the data and helps us in determining the minimum number of factors that account for the maximum variance in the data for use in subsequent multivariate analysis.

The factors are called as the principal components. The factors determined are then rotated by using the varimax rotation; it just helps in minimizing the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors.

Data Analysis and Results

Factor analysis is a set of techniques, which by analysing the correlation between variables, reduces their number into a few factors that explain much of the original data more economically (Nargundkar [15], 2005)

It tests the reliability and validity of the obtained data reduction. The value of KMO statistics is greater than 0.5 i.e. 0.714 indicating that the factor analysis can be used for given set of data.

The Bartlett's test of Sphericity is showing the significance (p-value) 0.000 which is less than 0.05 therefore indicating that correlate ion matrix is insignificant and factor analysis can be considered on this data set.

Table No 1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.714
Bartlett's Test of Sphericity	Approx. Chi-Square	1194.741
	df	153
	Sig.	.000

Kaiser-Meyer-Olkin (KMO) and Bartlett's test statistic has been used to investigate the appropriateness of factor analysis which is shown in table No 1. A value of greater than 0.5 is desirable and it is found to be   0.714 indicating that the factor analysis can be used for given set of data. The value of Bartlett's Test of Sphericity is also statistically significant and acceptable.

The reliability or internal consistency of sets of statements is measured by Cronbach's alpha coefficient which is represented in Table No 2. George and Mallery [16] (2003) has given certain rules to be used to ascertain the internal consistency and reliability. According to him the alpha value > .9 shows excellent >.8 Good, > .7 is acceptable and if it is <7 it is required rechecking deleting of items to improve Cronbach's alpha. In the present study the alpha coefficients value has been found to be.911, which is excellent, indicating very good consistency among the variables
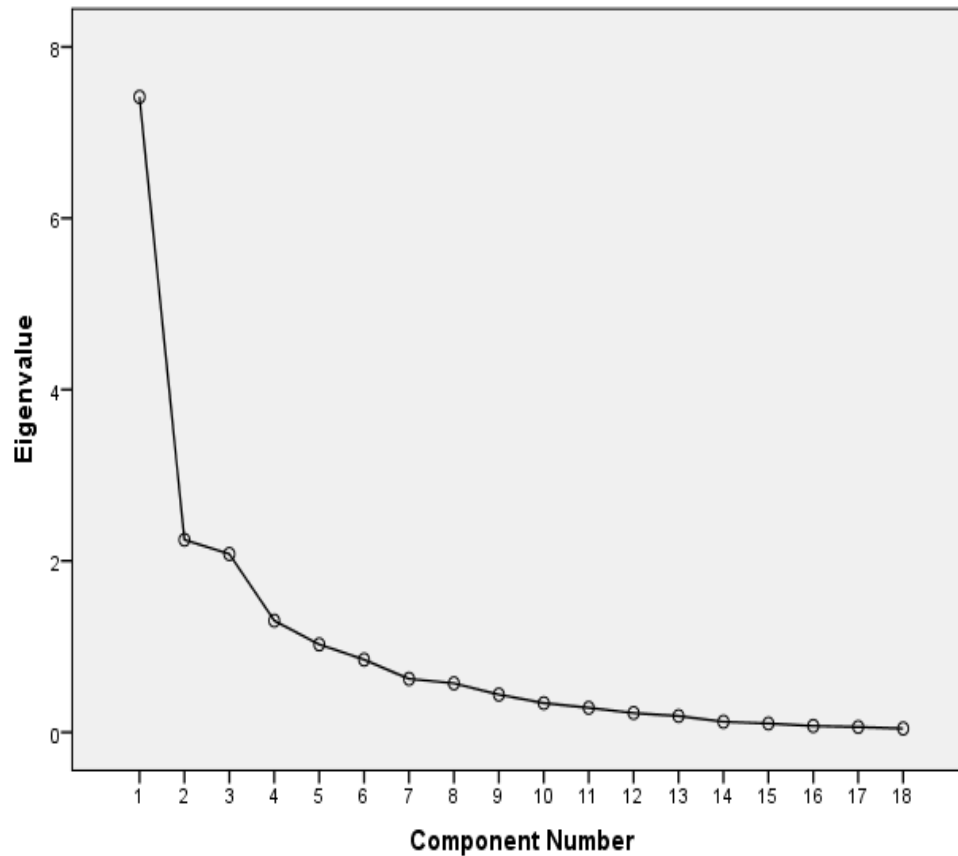
Table No 2

Reliability Statistics	
N of Items	Cronbach's Alpha
18	.911

Mean Value of Variables: The Table No 3 indicates that mean value of all the variables are 3.5 to 4.5 which simply shows that customers are between satisfied to highly satisfied.

Table No 3
Mean Value of Variables

S No	Statements	Mean	Std. Deviation
1	Modern Equipments(V1)	4.38	.736
2	Visual Facilities visually Appealing(V2)	4.05	.810
3	Employees well dressed and Presentable(V3)	4.06	.752
4	Function of banks are performed timely(V4)	4.06	.769
5	Customer problems are solved by bank with a sincere interest(V5).	4.06	.700
6	Bank performs the service right the first time (V6).	3.90	.880
7	Bank provide their services at the time they promise (V7).	3.95	.870
8	Bank keep their records accurately (V8).	4.29	.640
9	Customers feel safe in their transactions with employees in the bank.(V9)	3.96	.818
10	The behavior of employees in bank instill Confidence in customers.(V10)	4.08	.759
11	Employees of bank have the knowledge to answer customers' questions.(V11)	4.19	.658
12	Banks operating hours are convenient to all their customers.(V12)	4.19	.943
13	Bank gives customers individual attention. (V13)	4.20	.664
14	Bank functions in their customers' best interest.(V14)	4.19	.765
15	The employees understand the specific needs of their customers.(V15)	4.16	.719
16	Employees give prompt service to customers.(V16)	3.99	.703
17	Employees are always willing to help customers.(V17)	4.01	.834
18	Employees in a bank are never e too busy to respond to customers' requests.(V18)	4.00	.811

The Scree plot given in fig 1 demonstrates the Eigen values for all eighteen factors considered to effect the satisfaction of customers in the study. The Scree Plot shows four factors having Eigen value more than 1.

Figure No1

The Table No 4 shows the cumulative percentage extracted together account for 78.18 % which indicates that only 21.82% of the information is not explainable through the variables taken into account.

Table No 4
Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.417	41.203	41.203	7.417	41.203	41.203	3.564	19.798	19.798
2	2.247	12.484	53.687	2.247	12.484	53.687	3.561	19.783	39.580
3	2.081	11.559	65.246	2.081	11.559	65.246	2.495	13.863	53.443
4	1.302	7.235	72.481	1.302	7.235	72.481	2.445	13.582	67.025

5	1.025	5.694	78.175	1.025	5.694	78.175	2.007	11.150	78.175
6	.847	4.707	82.882						
7	.623	3.463	86.345						
8	.572	3.177	89.522						
9	.440	2.447	91.969						
10	.340	1.891	93.860						
11	.285	1.585	95.445						
12	.225	1.248	96.693						
13	.190	1.053	97.747						
14	.123	.686	98.432						
15	.102	.569	99.001						
16	.074	.412	99.413						
17	.062	.345	99.758						
18	.044	.242	100.000						

Extraction Method: Principal Component Analysis.

Table No 5
Rotated Component Matrix[a]

	Component				
	1	2	3	4	5
Modern Equipments	.845				
Facilities visually Appealing	.802				
Employees well dressed and presentable	.588				
Function of banks are performed timely	.502		.613		
Customer problems are solved by bank with a sincere interest					.857
Bank performs the service right the first time					.665
Bank provide their services at the time they promise			.831		
Bank keep their records accurately			.857		
Customers feel safe in their transactions with employees in the bank.		.791			
The behavior of employees in bank instill confidence in customers.		.812			
Employees of bank have the knowledge to answer customers' questions.		.614			
Banks operating hours are convenient to all their customers		.793			
Bank gives customers individual attention.	.645				
Bank functions in their customers' best interest	.785				
The employees understand the specific needs of their customers		.752			
Employees give prompt service to customers				.872	
Employees are always willing to help customers				.829	
Employees in a bank are never e too busy to respond to customers' requests				.621	.550

From Table No 6, it is revealed that factor 1 is a group of 6 variables which are Modern Equipments, Visual Facilities visually Appealing, Employees well dressed and Presentable, Function of banks are performed timely, Bank functions in their customers' best interest, Bank gives customers individual attention,. The employees understand the

specific needs of their customers had loading .845, .802, .588, .502, .645 and .785 respectively.

Factor 2 consists of 5 variables which are Customers feel safe in their transactions with employees in the bank The behavior of employees in bank instill confidence in customers Employees of bank have the knowledge to answer customers' questions Banks operating hours are convenient to all their customers and The employees understand the specific needs of their customers with loading .791, .812, .614, .793 and .752 respectively.

Similarly Factor 3 comprises 3 variables namely function of banks are performed timely, Bank provide their services at the time they promise, Bank keep their records accurately with loading .613, .831 and .857 respectively.

Table No 7
Factors of Banking Services Affecting Customer Satisfaction

Factor	Naming of Factors	Variables included
Factor 1	**Customer oriented services with Good Ambience**	Modern Equipments, Facilities visually Appealing, Employees well dressed and Presentable, Function of banks are performed timely, Bank functions in their customers' best interest, Bank gives customers individual attention,. The employees understand the specific needs of their customers
Factor2	**Trustworthy and knowledgeable Employees**	Customers feel safe in their transactions with employees in the bank, The behavior of employees in bank instill confidence in customers, Employees of bank have the knowledge to answer customers' questions, Banks operating hours are convenient to all their customers and The employees understand the specific needs of their customers
Factor3	**Punctuality and Accuracy**	Function of banks are performed timely, Bank provide their services at the time they promise, Bank keep their records accurately
Factor4	**Prompt and helpful staff**	Employees give prompt service to customers Employees are always willing to help customers Employees in a bank are never too busy to respond to customers' requests
Factor 5	**Sincerity of Staff**	Customer problems are solved by bank with a sincere interest, Bank performs the service right the first time, and Employees in a bank are never e too busy to respond to customers' requests

Factor 4 is consisting 3 variables which are Employees give prompt service to customers Employees are always willing to help customers Employees in a bank are never e too busy to respond to customers' requests with loading.872, .829 and .601 respectively.

In the last Factor 5 is combination of 3 variables which are Customer problems are solved by bank with a sincere interest, Bank performs the service right the first time, and Employees in a bank are never e too busy to respond to customers' requests with loading 857, 665 and 550 respectively.

Ranking of factors: Table No 8 and Fig No 2 represent the ranking of the factors on the basis of means of score given by respondents. It clearly shows that Customer oriented services with Good Ambience is the most important factor to satisfy customers with mean 4.15 followed by Trustworthy and knowledgeable Employees with mean 4.11. Table reveals punctuality and accuracy as the third most important factor with mean 4.11 followed by prompt and supportive staff with mean 4.0. However the Sincerity has been given the least but important factor with mean 3.98.

Table No 8

Ranking of Factors

Factor	Mean	Ranking
Factor 1 (Customer oriented services with Good Ambience)	4.15	I
Factor 2 (Trustworthy and knowledgeable Employees)	4.11	II
Factor 3 (Punctuality and Accuracy)	4.10	III
Factor 4 (Prompt and helpful staff)	4.0	IV
Factor 5 (Sincerity of Staff)	3.98	V

Fig No 2
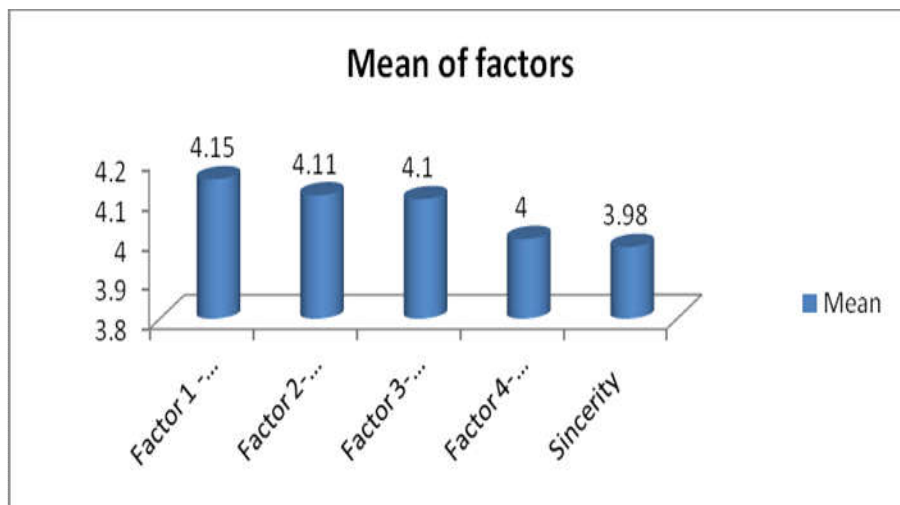
Conclusions and recommendations:

1. The result of current research indicates that the customer's oriented/centered services offered by banks are the most important factor to satisfy the customers. Customer's are said to be the king of business and banks should always consider them while taking any decision, formulating any policy or planning to offer any new product/facility. Similarly the banking environment also play significant role in satisfying customers and the respondents opined that the neat and clean look with good ambience also important factor.

2. Personnel's / employees are also very important in organization which offers service as they directly discourse with customers and their knowledge about their own products instill confidence and make them trustworthy. This is the second most important factor in the study to satisfy customer. Therefore bank should train their employees and keep them abreast with every products(like term deposits, lockers, insurance policies etc./ services (ATMs, Internet and mobile banking) keep them informed with every small changes if there are as the customers are not very knowledgeable about all which is happening in the banks.

3. It is essential to perform right task at right time and in right manner and this has emerged as the third most important factor. Customers are satisfied when the employees perform rightly and timely. The banks should try to perform all the operations in right time without any excuses.

4. The fourth factor which is also important is the promptness and support of the staff. It is essential that staff in bank should always be ready to any types of help asked by the customers and that should be prompt. The prompt and helpful staff is necessary to satisfy customers.

5. The sincerity of staff is the fifth and the last factor emerged from the study.
   All the satisfying factors which emerged from the responses of customers are related to staff/ employees of the bank and their environment. So the banks should take care while recruiting the employees and hire only right personals, train them properly, keep them inform about each and every small changes related to banks policies, products enabling them to guide, to convince and to provide help to the customers. All these inculcate confidence and make them trustworthy among the customers.

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