



## A STUDY ON PROBLEMS FACED BY THE CUSTOMERS REGARDING THE SERVICES OF SELECTED PUBLIC SECTOR BANKS IN ERODE DISTRICT

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### ABSTRACT

Banking is mainly customer oriented. The banks should satisfy their customers qualitatively as well as quantitatively to gain competitive advantage. The customers also face various problems while transacting with the banks. To retain the customer base, banks should never neglect the grievances of their customers. They should "put the customers first" and "Customer is the king" should be the mantra of the banks. It is essential for the banks to study the behavioral intentions of customers and the problems faced by the customers while transacting with their banks. The study problems faced by the customers regarding the services of selected banks with the help of 300 customers from three major public sector banks in Erode District only. The study was conducted from May 2020 to September 2020. Results revealed that Lengthy account opening procedure, Improper / poor response to queries by staff and Lengthy loan procedure are the most important problems.

### KEYWORDS :

#### INTRODUCTION

Banking Industry in India has undergone a significant process of changes over time. From Nationalization of large banks in 1969, and strong dominance of public ownership till 1980, a slew of change process continued to dominate the Indian banking sector. However, the rate of transformation was very slow and technology intervention was minimal. A wide range of financial sector reforms was introduced in India in the year 1991, with Liberalization, Privatizations and Globalization. Such reforms were initiated to improve resources efficiency and accelerate the growth process by removing structural deficiency affecting the performance of financial markets as well as financial institutions. Till the 90's no major technological breakthrough took place in the Indian banking system and one could only make payments through two most distinguished means: cash and cheque. But after the 1990's banks in India put greater emphasis on technology and product innovation, which resulted into many new products and services deliverables. And today, a normal as well as an IT savvy customer is more empowered and left with many options of making payments, through his ATM and debit cards, credit cards, RTGS, NEFT transfer, ECS, or mobile payments. However, change in technological aspect is rapid and is evolving constantly and therefore what lies ahead in future cannot be predicted with conformity.

Customer satisfaction is playing a significant role in all organizations. In products manufacturing organizations, customers should be satisfied with the products especially quality and price of the product. Banking industry is the service industry and providing various financial services to its customers. Indian banking industry is rendering their services according to the directions of Reserve Bank of India. As banking industry is service providing industry and customers' satisfaction is vital in its business.

#### REVIEW OF LITERATURE

Lau et al. (2003) stated that the challenge before the banks is not only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products.

Panda (2003) described customer expectations are difficult to manage but are often the cause of dissonance which results in loss of existing customer base. So understanding of customer expectations with regard to service delivery levels and product quality is essential for establishing a long term symbolic value relationship.

Ray (2007) described that it is also important to understand that if customers bring in profits for the bank, it becomes

imperative for the bank to provide excellent services to those customers, otherwise they switch to other banks.

Girdhar (2009) observed that by satisfying the internal customers and building good relationship with them, the relationship with the external customers can also be retained and satisfied by the banks.

Kumar & Rajesh (2009) revealed that any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship.

#### Statement Of The Problem

Indian banking industry is undergoing metamorphosis in terms on adoption on technology and automation. It is very important for the banks to understand the preferences of the customers to offer the services required both to attract new clients and protect existing client-base from migrating to other banks. The present study makes an attempt to explore the problems faced by the customers to particular banks.

#### Objective Of The Study

The objective of the study is as follows

To identify the problems faced by the customers regarding the services of selected public sector banks

#### Area And Period Of The Study

The study on the problems faced by the customers regarding the services of selected public sector banks is confined to 300 customers from three major Public Sector banks in Erode District only. The study was conducted from May 2020 to September 2020.

#### COLLECTION OF DATA

The study used only primary data. The required primary data are collected through well structured questionnaire.

#### SAMPLING DESIGN

To achieve the objective of the study, three major Public Sector banks in Erode district have been purposively selected. The population of the research consists of all the customers who hold any type of account in these banks in Erode district. The list of customers holding account could not be obtained. Using Judgment sampling it was decided to select 100 customers from each selected bank for the study and hence from three banks 300 customers have been selected. The method of sampling used for selecting sample respondents for the study is non-probability convenience sampling method. The sample size selected for the study is 300 customers who actively hold account at least for one year.

**TOOLS USED FOR DATA ANALYSIS**

The statistical tools used for analysis of Garrett Ranking Technique.

**PROBLEMS FACED BY THE CUSTOMERS REGARDING THE SERVICES OF PUBLIC SECTOR BANKS – GARRETT RANKING ANALYSIS**

Problems in banking services such as Lengthy account opening procedure (F1), Improper/poor response to queries by staff (F2), Lengthy loan procedure (F3), Higher service charges (F4), More waiting time at counters (F5), Lack of proper guidance (F6), Poor human relations (F7), Lack of infrastructure (F8), Network Errors (F9), Problems in using ATM service (F10), Problems in accessing online banking service

(F11), Lack of innovative products (F12), Poor value added services (F13) and Higher minimum balance (F14) are found common while accessing banking services and these are analyzed with the help of Garret Ranking Analysis.

By referring the Garrett's Table (vide appendix-ii), the per cent position estimated is converted into scores. Accordingly, score value as per Garrett Ranking Analysis for first rank to fourteenth rank is as 85, 74, 69, 63, 59, 55, 52, 48, 45, 41, 37, 32, 25 and 15 respectively. Then for each factor, the scores of each customer are added and then mean value is calculated. The factor which has the highest mean value is considered to be the first. Table 5.7 depicts the problems faced by the customers regarding the services of public sector banks in Erode District.

**Table 1: Problems Faced by the Customers Regarding the Services of PUBLIC SECTOR Banks – Garrett Ranking Analysis**

Rank	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	Total Score	Mean Score	Rank
<b>Factors</b>	<b>GV</b>	<b>85</b>	<b>74</b>	<b>69</b>	<b>63</b>	<b>59</b>	<b>55</b>	<b>52</b>	<b>48</b>	<b>45</b>	<b>41</b>	<b>37</b>	<b>32</b>	<b>25</b>	<b>15</b>		
F1	1360	6290	4347	2520	1416	550	1456	384	270	246	222	128	50	30	19269	64.23	1
	16	85	63	40	24	10	28	8	6	6	6	4	2	2	300		
F2	2465	888	2346	2583	2950	2420	1248	768	720	82	222	192	200	180	17264	57.55	2
	29	12	34	41	50	44	24	16	16	2	6	6	8	12	300		
F3	2550	1258	1242	1512	1180	880	1820	2112	1170	820	592	384	300	150	15970	53.23	4
	30	17	18	24	20	16	35	44	26	20	16	12	12	10	300		
F4	2380	1480	414	504	1298	1430	1352	1152	1215	1107	814	640	300	480	14566	48.55	8
	28	20	6	8	22	26	26	24	27	27	22	20	12	32	300		
F5	2210	1184	552	630	826	935	520	1248	990	1148	1147	640	850	570	13450	44.83	14
	26	16	8	10	14	17	10	26	22	28	31	20	34	38	300		
F6	3400	1036	1242	756	413	440	520	960	990	1066	666	1344	950	375	14158	47.19	9
	40	14	18	12	7	8	10	20	22	26	18	42	38	25	300		
F7	4165	1776	1104	252	472	440	624	672	855	574	1184	1344	750	420	14632	48.77	7
	49	24	16	4	8	8	12	14	19	14	32	42	30	28	300		
F8	3570	1332	1518	756	590	440	312	912	720	902	1332	1216	775	300	14675	48.92	6
	42	18	22	12	10	8	6	19	16	22	36	38	31	20	300		
F9	2210	1480	966	1008	944	880	520	192	630	1804	1147	736	750	540	13807	46.02	12
	26	20	14	16	16	16	10	4	14	44	31	23	30	36	300		
F10	850	1480	1380	882	1180	550	520	912	1710	1394	1036	832	750	315	13791	45.97	13
	10	20	20	14	20	10	10	19	38	34	28	26	30	21	300		
F11	340	2072	1173	1260	708	880	1248	1248	1620	902	962	928	300	420	14061	46.87	11
	4	28	17	20	12	16	24	26	36	22	26	29	12	28	300		
F12	170	444	1794	1638	1770	1210	1404	1728	900	943	666	448	700	330	14145	47.15	10
	2	6	26	26	30	22	27	36	20	23	18	14	28	22	300		
F13	170	444	552	2457	1770	2475	2288	864	900	902	740	576	450	150	14738	49.13	5
	2	6	8	39	30	45	44	18	20	22	20	18	18	10	300		
F14	1360	1332	2208	2268	2301	2860	1560	1440	540	328	296	64	175	150	16882	56.27	3
	16	18	32	36	39	52	30	30	12	8	8	2	7	10	300		

GV – Garrett Value;

Table 1 describes that Lengthy account opening procedure (F1) has been identified as the most important problem faced by the customers accessing public sector banking services with the highest mean score of 64.23 as they have to fill up so many documents and wait for such a long time to get final approval. Improper/poor response to queries by staff (F2) and Higher minimum balance (F14) are identified as the second and third major problems of customers with the mean scores of 57.55 and 56.27 respectively. The problems such as Lengthy loan procedure (F3), Poor value added services (F13), Lack of infrastructure (F8), Poor human relations (F7), Higher service charges (F4), Lack of proper guidance (F6) and Lack of innovative products (F12) are ranked as fourth, fifth, sixth, seventh, eighth, ninth and tenth problems respectively. Problems in accessing online banking service (F11), Network Errors (F9) Problems in using ATM service (F10) and More waiting time at counters (F5) are considered as the least problems faced by the public sector bank customers.

help of 300 customers in three major public sector banks located in Erode District. Results revealed that Lengthy account opening procedure has been identified as the most important problem faced by the customers accessing private sector banking services with the highest mean score of 63.48 followed by improper/poor response to queries by staff and Higher minimum balance as the second and third major problems of customers.

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**CONCLUSION AND SUGGESTION**

This study has made an attempt to examine the problems faced by the customers to prefer a particular bank with the