

Customer Satisfaction in Banking Sector: Taking Oriental Bank of Commerce as an example

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Abstract: *Customer satisfaction for any business is the root for its existence in the market. In case of changing world economy banking sector now days is also open for private players hence it has become imperative for the banks to keep in mind the satisfaction level of its customers. This research paper examines whether various service provided by Oriental Bank of Commerce satisfies the customer satisfaction level. A questionnaire eliciting information on socio-demographic variables along with an addition of various services provided by the bank like interest rates on loan comprising both education and home loan, ATM cash availability at different times and various other facilities offered by the bank to its customers comprises the overall customer satisfaction. Results suggest that there is a significant effect of education on customer satisfaction. Customer satisfaction further can be extended to understand and evaluate customer loyalty.*

Keywords: *Customer, Customer Satisfaction, OBC Bank, customer loyalty.*

1. INTRODUCTION

Concept of banking can be traced back to medieval period i.e. to the time period of 4th century B.C where the concept of creditors, lenders and offering interest on loaning commodities is discussed by Kautilya. However the modern day banking practices can be traced back to 18th century where the system was refurbished and modified by Britishers for their own ease of doing business in India. IT all started with the establishment of banks in three presidencies of the country where the first bank came into existence in Calcutta which was later named as Bank of Calcutta in 1809, which was then followed by the development of Bank of Madras in 1843 and so on.

With this onset of banking industry eased the process of doing business as it acted as the lender and accepting agency of business. It also acted as a safe haven for those businesses which required the transaction of huge cash flows thereby relieving them from carrying huge amount in physical format.

As the time progressed, facilities provided by the banks increased and also various other private players entered in the banking sector. This entrants of new vendors in the banking sector led to analysis of customer satisfaction from the various services and products offered by the banking sector

to its customers. Basically satisfaction is the feeling perceived by the mind of a customer after experiencing services and using financial products of the banking industry. This satisfaction is the main reason which urges the customer to either retain its old banking service provider or to change the banking vendor and search for the next one.

This paper aims to analyze the customer satisfaction of the customers of Oriental Bank of Commerce and tries to find out the relevant factors which contributes to the increase of satisfaction level and the factors which inhibit the satisfaction.

Oriental Bank of Commerce

Oriental Bank of Commerce offers plethora of financial services to its clients. Some of the basic services offered by them include Loans, Deposit, SMS Banking, Tele-banking Service, International Proton Debit Card, NRI Banking Services, Internet Banking, Savings Account, Current Account, Flexi Fixed Deposit, Cash Management Services, De-MAT Services, Current Account – Savings Account Deposit scheme (CASA), Variable Progressive Deposit, various government led banking schemes for the challenged and underprivileged class, various schemes of government for tax saving and other deposit schemes like NPS,

PRAGATI Deposit scheme, and Tax Saving Schemes, Suidha Deposit, Term Deposit etc.

Like other banks it also offers Real Time Gross System (RTGS) service to clients. Under this the money of the client is transferred in real time to its other vendor as both the bank and financial institutions have an account with RBI which transfers the amount to another desired vendor on an instant during the working business hours. This facility can also be used on behalf of the customers for fund transfer to the same or the other nationalized private or public sector bank.

Apart from RTGS it also offers another money transfer facility called National Electronic Fund Transfer (NEFT) to its customers as well as to people who do not have the account with OBC to transfer the capital to the targeted vendor having an account with OBC. Presently to carry out all the service and other facility to its vendors OBC has approximately 1400 Service outlets all over India.

2. CUSTOMER SATISFACTION

Customer satisfaction can mainly be considered as the extent to which customers are happy and satisfied with the various products and services provided by them to carry out their safe transaction of money to continue their day to day business activities. Understanding the level of customer satisfaction is very important for the business as lower level of customer satisfaction may lead to decline in the customers of bank then by resulting in huge business losses for them hence it is imperative to understand the needs of the customers and increase their level of satisfaction. Various people have explained customer satisfaction according to their understanding, some of the basic definitions define it as

“Understanding and meeting the customer needs and expectations by offering specialized products and services to its customers” While other researchers have explained customer satisfaction as the “perception of the customer such that the outcome of a business transaction is equal to or greater than his/her expectation”.

Now days the importance of customer satisfaction and support is increasingly becoming important and crucial as organization realize the benefits of healthy and positive Customer Relationship Management (CRM) for providing effective customer service as effective customer relationship helps in building the business while a non-healthy CRM drives away the customers to other banking institutions. Now days banks have assisted their main financial working with call centers or help desks, who inform them with latest customer satisfaction techniques by keeping in touch with them and taking their feedback on various standard parameters in order to have their customer base intact.

Hence from the existence of small customer service departments to large call centers in the banks, in order to develop a valued relationship with customers it is imperative to have a higher level of customer satisfaction for the long-term business growth.

3. LITERATURE REVIEW

According to M. Kumbhar, (2011) 57 In his study he evaluates major factors are service quality, brand perception) affecting on customers’ satisfaction in E-banking service settings. This study also finds out influence of service quality on brand perception, perceived value and satisfaction in E-banking. The A result indicates that, Perceived Value, Brand Perception, Cost Effectiveness, Easy to Use, Convenience, Problem Handling, Security/Assurance and Responsiveness are important factors in the customer satisfaction in E-banking. Various other facilities like Contact Facilities, availability of system, Fulfillment of tasks, Efficiency of the system and Compensation provided by them are comparatively less important as they capture a lesser amount of satisfaction level. Security/Assurance, Responsiveness, Easy to Use, Cost Effectiveness and Compensation are predictors of brand perception in E-banking and Fulfillment, Efficiency, Security/Assurance, Responsiveness, Convenience, Cost Effectiveness compensation is predictors of perceived value in E-banking.

According to Yesodha Devi N. et al, (2011) 58 This study is carried out to find the customer’s awareness about Mobile banking, their opinion regarding the problems faced and the reason for choosing this technology in spite of other technologies. The study is based on primary data collected from 249 respondents by means of a questionnaire. Random Sampling Technique was applied and Statistical tools like Percentage Analysis, ANOVA and T-test, Kendall’s Coefficient of Concordance was carried out in order to reveal the results of the study. The various studies reviewed by the researcher, related to the Banking services, service quality; banking awareness, the relationship between the customer and banker. Mostly review studies covered and focusing on Service Quality in the banking sector, Internet Banking awareness and knowledge, the merits of the banking system.

According to Aayushi Gupta and Santosh Dev, (2012) 59 in her paper she finds that the factors impacting customer satisfaction in Indian banks and finds out their effects on the level of customer satisfaction through regression. The questionnaire was given to current customers of 13 retail banks in India. In total, 400 accurate questionnaires were taken as samples. Five factors, namely, “service quality”, “ambience/hygiene”, “client participation/ involvement”,

“accessibility” and “financial” that drives customer satisfaction. Subsequent multiple regression analysis revealed that “service quality”, ambience and hygiene”, and “client participation and involvement” in that order are the most important factors impacting client satisfaction. Josiah A and Nancy K, (2012) 60 have reported that the advancement in Technology has played an important role in improving service delivery standards in the Banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow customers carry out banking transactions beyond banking hours. With the assistance of online banking facility provided by banks, individuals can check their account balances, there Fixed deposits and there other avenues of market and bank investments and along with that they can also make payments without having to go physically the bank branch. This is gradually creating a cashless society where customers no longer have to pay for all their purchases with hard cash. 59Aayushi Gupta and Santosh Dev, “Client Satisfaction in Indian Banks: An empirical study”, Management Research Review, Volume - 35, Issue - 7, 2012, pp 617-636. 60 Josiah A and Nancy K, “The relationship between electronic banking and financial performance among commercial banks in Kenya”, Journal of finance and investment analysis, Volume - 1, No – 3, 2012, pp 99-103 53.

4. OBJECTIVE OF THE STUDY

- To understand the attitude and behavior of its existing customers.
- To understand the differences among perceived as well as expected services by the customer.
- To understand the role of education of the customer over its perceived customer satisfaction.
- To understand the effect of customer’s occupation over the level of customer satisfaction related to the services offered by OBC.

5. REASERCH METHODOLOGY

A descriptive study that tries to discover answers to the questions who, what, when, where, and, sometimes, how. An attempt has been made to describe or define a subject, often by profile creation of complications, prospective customers or various events etc. Such kind of studies involve the primary collection of data from various respondents and the creation of a distribution sheet where the researcher manages that how many times a single event or characteristic (the

research variable) has been repeated or has occurred only once, or they may involvement of two or more variables in a positive or negative manner. Such kind of descriptive studies may not completely have the potential for drawing powerful inferences and conclusions.

A descriptive study, however, does not explain why an event has occurred or why the variables interact the way they do. This survey gives insights of customer satisfaction over different variables. The analysis is done using descriptive statistics like mean, number of respondents and the standard deviations.

Sample Size

Sample Size includes 500 respondents belonging to different age group and various educational background, who filled up the questionnaire in order to know there satisfaction level in the services provided by oriental bank of commerce.

Test: An ANOVA test is a statistical tool to find out if the data collected by survey and the conclusion drawn after that is significant or not. In other words, it helpsthe researcher to figure out if one needs to reject the null hypothesis or accept the alternate hypothesis. Basically, the researcher is testing the group to understand if there’s a valid difference in between their means or not. Hence ANOVA (one way) has been used to test the hypothesis to establish the relationship between the customers and services provided by oriental bank of commerce (OBC).

6. HYPOTHESIS VALUATION AND CONCLUSION

Hypothesis formulated here is between two variables. One is dependent variable another is independent variable.

From our analysis our findings are as follows:

1) Education

Null Hypothesis: H_0 : There is no significant effect of Education over customer satisfaction in Oriental Bank of Commerce.

Alternative Hypothesis: H_1 : There is a significant effect of Education over customer satisfaction in Oriental Bank of Commerce.

RESULT:

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.172	3	.251	4.021	.048
Within Groups	205.818	96	1.51		
Total	206.990	99			

Explanation:

From the above result it can be observed that level of significance is 0.048 which is less than 0.05 hence there is a significant effect of Education over Customer Satisfaction in Oriental Bank of Commerce which means that Education of the respondent plays a crucial role in effecting the level of customer satisfaction of the services offered by bank to its customers.

2) Occupation

Null Hypothesis: H₀: There is no significant effect of Occupation over customer satisfaction in Oriental Bank of Commerce.

Alternative Hypothesis: H₁: There is a significant effect of Occupation over customer satisfaction in Oriental Bank of Commerce.

RESULT :

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	11.240	2	5.620	2.785	.067
Within Groups	195.750	97	2.018		
Total	206.990	99			

Explanation:

From the above result it can be observed that level of significance is 0.067 which is more than 0.05 hence there is a significant effect of Occupation over Customer Satisfaction in Oriental Bank of Commerce which means that Occupation of the respondent does not play any role in effecting the level of customer satisfaction of the services offered by bank to its customers.

3) Gender

Null Hypothesis: H₀: There is no significant effect of Gender over customer satisfaction in Oriental Bank of Commerce.

Alternative Hypothesis: H₁: There is a significant effect of Gender over customer satisfaction in Oriental Bank of Commerce.

RESULT:

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.680	1	1.680	.802	.373
Within Groups	205.310	98	2.095		
Total	206.990	99			

Explanation:

From the above result it can be observed that level of significance is 0.373 which is more than 0.05 hence there is a significant effect of Gender over Customer Satisfaction in Oriental Bank of Commerce which means that Gender of the respondent does not play any role in effecting the level of customer satisfaction of the services offered by bank to its customers.

7. CONCLUSION

From this research it can be concluded that out of three variables, gender, education and occupation, it is only education which plays an important part in case of effecting customer satisfaction in OBC Bank. While in case of Gender and occupation they do not play any role in effecting the satisfaction level of customer but as the education level increases their level of satisfaction also changes with it. Hence it can be perceived that education of the customers play a crucial and important role case of customer satisfaction level.

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