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Factors Affecting Customer Satisfaction in Public Sector Banks (With Special Reference to State Bank of India)

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Abstract: ***Public sector banks in India play a vital role in the Indian economy, especially State Bank of India, as it is the largest public sector Bank in the country. However, gone are days when SBI was the only option for most of the people in India. With emergence of Private Sector Banks and other Public sector Banks, customer satisfaction plays an important role now a days. This research is all about finding the Factors affecting customer satisfaction in public sector banks with special reference to State Bank of India.***

Keywords: ***customer satisfaction in banks. State Bank of India, Banks in India, public sector banks customer satisfaction.***

I. INTRODUCTION

Customer satisfaction plays a very pivotal role for any successful venture, because it indicates for further repurchases by the customers and customer loyalty towards the brand. It serves as a competitive edge to any organization in this competitive marketplace. According to Paul Clitheroe "Don't go into business with sole objective of making lot of money. If you put service, quality , and customer satisfaction first – the money will follow". Customer Satisfaction provides the business owners and marketers a scale to measure and manage their business processes. Successful businesses understand the importance of customer lifetime value (CLV), it is a beneficiary of high customer satisfaction and good customer retention.

The services and functions of banking has become highly customer centric or we can say customized. To give a tough competition to its its rivalries, all banks are now planning certain strategies for value addition in their banking service, service quality and customer satisfaction. Most of the importance in given to customer satisfaction as it will help in increasing customer base and building favorable reputation of the bank in the eyes of the public.

The purpose of this paper is to do analysis of customer satisfaction at State Bank of India . The design includes descriptive survey which looks into the determinants of customer satisfaction at the bank. Questionnaire has been used for collecting the data which is further analysed to draw relevant conclusions.

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarter in Mumbai, Maharashtra. As of 2014-15, it had assets of INR 20,480 billion (USD 310 billion) and more than 14000 branches, including 191 foreign offices spread across 36 countries, making it the largest banking and financial services company in India by assets.

State Bank of India is one of the Big Four banks of India, along with ICICI bank, Bank of Baroda and Punjab National Bank.

The bank traces its ancestry to British India, through the Imperial Bank of India, to the founding, in 1806, of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. Bank of Madras merged into the other two "presidency banks" in British India, Bank of Calcutta and Bank of Bombay, to form the Imperial bank of India, Which in turn became the State Bank of India in 1956. Government of India owned the Imperial Bank of India in 1955, with Reserve Bank of India (India's Central bank) taking a 60% stake, and renamed it the State Bank of India. In 2008, the government took over the stake held by the Reserve Bank of India.

State Bank of India is a banking behemoth and has 20% market share in deposits and loans among Indian commercial banks. SBI provides a range of banking products through its network of branches in India and overseas, including products aimed at non-resident Indians (NRIs). SBI has 14 regional hubs and 57 Zonal Offices that are located at important cities throughout India. SBI operates several foreign subsidiaries or affiliates.

The logo of the State Bank of India is a blue circle with a small cut in the bottom that depicts perfection and the small man the common man- being the center of the bank's business. The logo came from National Institute of Design (NID), Ahmedabad and it was inspired by Kankaria Lake.

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SBI is one of the largest employers in the country having 222,033 employees as on 31 march 2014, out of which there were 45,132 female employees (20%) and 2,610(1%) employees with disabilities. On the same date, SBI had 42,744 schedule caste (19%) and 17,243 schedule tribe (8%) employees. The percentage of officers, assistants and sub-staff was 36%, 46% and 18% respectively on the same date. Hiring drive: 1,776 assistants and 1,394 officers joined the bank in FY 2013-14, for expansion of the branch network and to mitigate staff shortage, particularly at rural and semi-urban branches. Staff productivity: as per its annual report for 2013-14, each employee contributed net profit in INR 4.85 lakhs.

II. REVIEW OF LITERATURE

Hussein Mohamed Mkoma (2014), His research considered factors like quality of services , service time, and accuracy of service and welcoming attitude of staff members. According to him ,all these factors can help firms in the banking sub sector in understanding the attitudes of their customers towards their institution. It can further help in designing effective strategies for enhancing customer loyalty which is a must do or die measure for all firms to have a competitive edge.

Charlet Jenifer D. and Nageshwar Rao (2018), They concluded that there is significant relationship among customer relationship , customer loyalty and service quality . According to their study, customer satisfaction characterize itself by degree of rumor about the experience of the customers in the banks . The correlation shows that there is significant relationship among responsiveness , customer relationship and service quality.

Trapti Pandya, Neeti Mathur & Himanshu Mathur (2016), concluded that most of the customers were satisfied with the services ,products , basic infrastructure facilities of the bank , but they were least satisfied with the services like grievance handling , staff members willingness to listen and response to the customers . Hence, they concluded by finding a significant correlation between HRM, HRD practices of the bank customer satisfaction.

M.E. Doddaraju (2013),found that the satisfaction level of the customers of the PSU is very low due to the courtesy shown by the bank staff to the customer, this calls for better Human Resource Development Programme for the training of the staff. The bank should aware the customers about the interest rates , service charges etc. The PSU requires technology upgradation to adapt to the changes as well as should provide facilties like parking , proper seating arrangement and sanitary facilities to the customers . In order to attract more customers the bank should develop social banking environment and should focus on maintaining good relationship with the customers.

E. Hari Prasad , G. V. Bhavani Prasad (2017), They used the SERVQUAL model to assess and compare the service quality delivered by 3 major banks operating in rural areas of Kaimnagar district. The response of customers varied between good and very good . Although the bank needs to focus on service quality in areas like ‘tangibility’ and ‘empathy’ .It can be done by giving proper attention and services to the customers . This can help retaining existing customers and attracting new customers.

Pallavi Gupta *et al.*, (August 2014) , According to their paper the economic growth of India is in fast pace , the banking industry plays an important role for the same . With the technology upgradation and the competition has been increased which is providing more choices to the customers . So, according to them the demands of the customers has to be fulfilled to survive in such competitive market .

Alabar T. Timothy (2012), has focused on e banking and customer satisfaction in Nigeria, and concluded that there is an impact of e banking on satisfaction of the customer of the banks in Nigeria.

(Dhandabani, 2010), Examined linkage between service quality and customer loyalty in Indian retail banking and identified service quality dimension i.e., reliability, responsive , knowledge, recovery and tangibles . All these dimensions leads to customer satisfaction and customer’s loyalty. However, this model reveals that the service quality has a significant indirect impact on customer's loyalty especially through customer's satisfaction.

(Santhiyavalli, 2011), Studied the service quality of SBI by adopting the SERVQUAL technique developed by A.parasuraman *et al.*(1988) and found that that among five dimensions 'Reliability', 'Responsiveness', Empathy' and 'Tangibility' are the major factors responsible for customer satisfaction which stood at 90 percent regarding the services provided by State Bank of India. Thus based on the percent level of customer satisfaction, the State Bank of India has scope to improve the quality of the service rendered to its customers to ensure their loyalty.

(Palban Sharma, 2016), SBI should focus more on customer satisfaction, though it emerges as the leading bank in India, but still customers are not fully satisfied. Most of the are found unsatisfied with the services provided by the SBI towards ATM and CDM. Customer services is somewhat improper with respect to other bank services such as Axis bank and HDFC.

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(Amruth Raj Nippatlapali, 2013) , Some light was shed on some negative factors also like creating an awareness on online transactions, interest rates on loans, A.T.M. facilities etc., That's why Some suggestion were provided to the management like concentrating on Online services, solving banking problem with a quick time and promote loan facilities like industrial, business, agriculture, individual loans etc, with an attracting advertisements

(K. R. Sakthi Devi & Dr. R. Eswaran,2016) A sample of 80 was collected were convenience sampling was used to analyse the data with percentage analysis and chi-square as tools. The conclusion is that there is a need for SBI staff to have training in the areas of technology and interactive skills.

(Unknown) They have now diversified financial activities. The present study also investigated the differences among the male and female customers regarding their satisfaction level on various service quality components. Female customers had better level of satisfaction than male customers in Meghalaya. It reveals that satisfaction level is higher in case of graduate customers in both SBI and other PSBs.

III. ANALYSIS

A. *Objectives*

To find out Factors Affecting Customer Satisfaction in Public Sector Banks (With Special Reference to State Bank of India)

B. *Research Methodology*

The Study and Population: To "Put your Research Topic here", the researchers have conducted a survey of Indore city

1) *The Sample:* Individual units (Students and professionals from different sectors) of Indore city
2) *Sample Size:* 132 Respondents.

a) *Data Collection:* Data was collected through questionnaire method. A total of 400 emails and 250 paper questionnaires offered 119 usable questionnaires for use. Participants ranged from 18 to 60 years old: 61% men and 39% wome

b) *Data Analysis:* Collected data was tabulated, edited and coded using MS Excel software. For further analysis of data, SPSS version 24 software was used.

IV. FINDINGS

The results of Factor Analysis are as follows:

The KMO and Bartlett's Test results are

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.844
Bartlett's Test of Sphericity	Approx. Chi-Square	2462.326
	Df	561
	Sig.	.000

A. *Calculation of factor loading for factor (Bank Procedural Factors)*

Factor 1 namely **Bank Procedural Factors** with variance 42.898% is significantly loaded with thirteen variables in which first variable is loaded with highest 0.860 load while the last variable with lowest 0.597 load.

Table 1.1
Name of Variable and their factor loading

S. No.	Factor 1	Variable Name	Load
1	F-1 BANK PROCEDURE FACTORS With 30.898 % Variance	procedure to open an account	.860
2		final transaction with bank	.745
3		maintain minimum balance in account	.622
4		minimum account limit is not high and easy to maintain	.597

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B. Calculation of factor loading for factor (Bank Service Factors)

Factor 2 namely Bank Service Factors with variance 22.249% is significantly loaded with eleven variables in which first variable is loaded with highest 0.853, and last variable with lowest 0.417.

Table 1.2
Name of Variable and their factor loading

S. No.	Factor 2	Variable Name	Load
1	F-2 BANK SERVICE FACTORS With 22.249 % Variance	bank caters all your need	.787
2		get prompt service when you visit bank	.685
3		bank shows sincere interest in solving problems	.511
4		service provided are accurate	.443

C. Calculation of factor loading for factor (Bank Staff Factors)

Factor 3 namely Bank Staff Factors with variance 20.698% is significantly loaded with eleven variables in which first variable is loaded with highest 0.853, and last variable with lowest 0.417.

Table 1.3
Name of Variable and their factor loading

S. No.	Factor 3	Variable Name	Load
1	F-3 BANK STAFF FACTORS With 20.698 % Variance	employees at bank understand your specific need	.853
2		overall staff quality of the bank is excellent	.776
3		Staff shows sincere interest in solving	.522
4		the staff service time is good	.417

D. Calculation of factor loading for factor (Operational Related Factors)

Factor 4 namely **Operational Factors**with variance 14.155% is significantly loaded with eleven variables in which first variable is loaded with highest 0.791, and last variable with lowest 0.447

Table 1.4
Name of Variable and their factor loading

S. No.	Factor 4	Variable Name	Load
1	F-4 BANK OPERATION FACTORS With 14.155% Variance	bank should provide more services online	.791
2		Intention to switch in next 12 months	.711
3		Competitive interest rates	.613
4		Overcharging of services provided	.447

V. CONCLUSION

The researchers have done the study for “PUT YOUR TOPIC HERE”. The findings said that there are namely four factors that effects customer satisfaction in a bank, ie, procedure, service , staff and operations. The research has concluded that the biggest factor is Bank Procedural factors where the customer satisfaction lies the most. Moreover, Service comes second in the list followed by Staff and Operations. So there is a huge potential to overcome the shortcomings of these factors for Indian Banks. They can improve upon their Staff behaviour and they can provide better services to their customers as they have a great impact on customer satisfactions.

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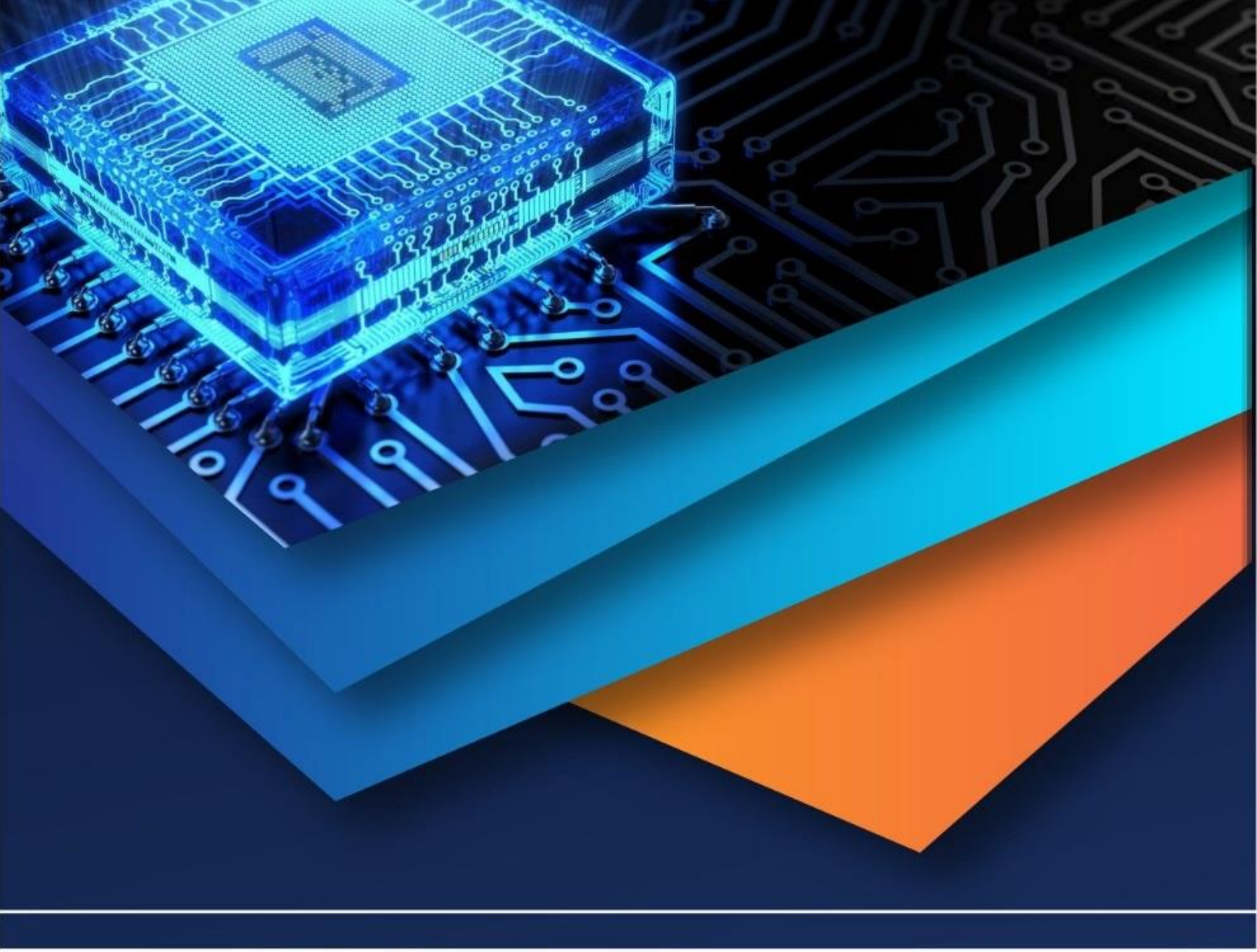

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