



Customer satisfaction and Indian banking sector: An imperial study of leading banks

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Abstract

Customer satisfaction is an ambivalent and conceptual term and the actual manifestation of the level of satisfaction. It is very important because it provides producers and owners with a metric that they can use to improve and manage their business. Today's era of globalization, deregulation, liberalization and privatization has created a competition in banking industry. The growing awareness, demand and interest among customers affect the banking industry a lot. Banking industry is a customer oriented service industry. This paper tries to highlight the customer satisfaction by the main leading Indian banks through service quality.

Keywords: customer satisfaction, deregulation, manifestation, oriented, privatization

Introduction

Customer satisfaction is the key element of each and every business strategy. It uses to be measured at individual level but represents and reported at an aggregate level. It may vary from person to person and product to product. Customer Satisfaction is a psychological state. Researchers suggest that the highly profitable strategy for a bank is the satisfaction of its customers. The Economic Liberalization and continuous reforms in financial sector brought this issue to forefront. Today's customers are very demanding. The changing and developed environment has increased the level of competition among banks. Banks has not only to compete with each other but also with other financial institutions and non-banks. Bankers have to develop new product and approaches to cope with the growing expectations of the customers. All the banks mainly have similar services and products, so some times they can make a difference only on the basis of quality and price. In this way it become a tough job and challenge for the banks to win the new customers and retain the existing one. No doubt the argument for retention of the customers is highly straight forward. It is more expensive to acquire the new ones as to retain the old customers. In order to achieve this goal a bank should have a high satisfaction rate from its customers. Satisfaction is a multidimensional construct which has been conceptualized as a prerequisite for building relationship and is generally described as the full meeting of one's expectations (Oliver, 1980).

Banking is a customer oriented industry. The customer satisfaction is the main focus and customer service is the factor of differentiating. Now these days the purpose of banking is redefined. In the current era all banks and financial institutions are trying to provide all the basic services at the customer's door's step. Once the good service is extended to a customer, a loyal customer will work as an Ambassador to the bank and facilitate growth of a business (Bhashkar, P.V., 2004, P-9). The long term customers will be loyal to a bank and their positive word-of-mouth will be a promotion tool for a bank. The whole retail banking industry should concentrate on

customer satisfaction, customer value and quality of service resulting into customer royalty. The banks are deploying the new innovative techniques to sell their product and using advanced marketing strategies to gain supremacy over other banks. The main reason behind all these changes is drastic and rapid change in customers' needs and expectations. We can determine the level of customer satisfaction and service by branch location and design, system and procedures, variety of services, skills and responses of staff, attitude of staff etc. In modern era customers are mainly concerned with the ease of technology and want to save their time. Customers from urban areas no longer want to stand in long queues and to waste a lot of time in banking transactions. This results into the development of Net Banking, ATM's, Mobile Banking etc. A good customer service in banks should have these basic tenets- courtesy, accuracy and speed (Ganesh, C and Varghese, 2003)

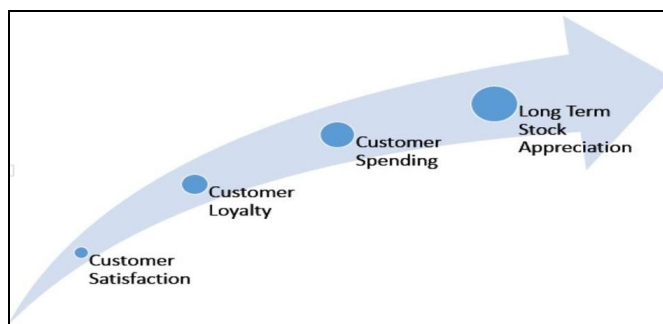


Fig 1

Financial services are the backbone of the Indian service sector. The whole Indian economy and mainly the banking sector totally depends upon these services. In present days banks are more emphasizing on customer delight. A highly satisfied customer is a delighted customer. Thus it is not only a need of the hour but to delight the customer.

Initiatives taken by various banks

HDFC Bank

one of the India’s premier banks was not only recently identified by the RBI as a Domestic Systematically Important bank, but was also able to add many other feathers in its cap during this year(source: Financial Express, 18th dec, 2017). Various measures have been adopted by this bank to increase

the level of its customer satisfaction. Some of them are:

- Change in the norms of minimum balance for premier customers
- Launch of smart up zones for start ups
- Launch of all-in-one DIGI POS(point of sale) machines
- Launch of UPI on Chirp



Fig 2

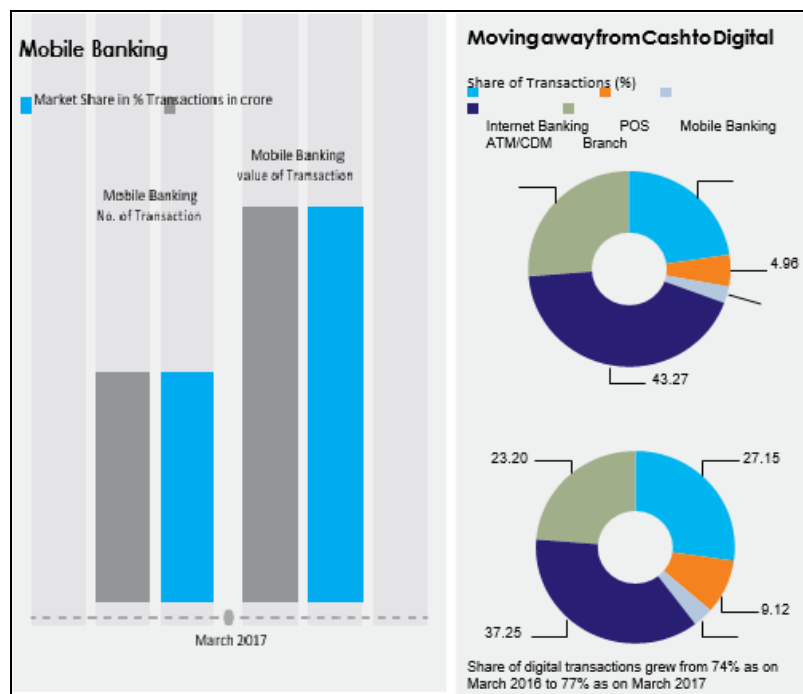
State Bank of India

The SBI enters the league of top 50 Global banks by following the merger with five associate banks and Bharatiya Mahila Bank. With this merger, customers can access SBI across the globe at over 190 foreign offices in over 36 countries (Source). This will increase the level of satisfaction among the customers of bank. Beside these various other initiatives have been taken by the bank:

- SBI new card with 14 payment options e.g. NEFT, OTC

tc.

- Insta Card
- A lucrative reward system
- Launch of a cutting edge IVR system(Interactive Voice Responses)
- Customer Experience Excellence Programme (CEEP) to track average wait and processing time



Source: Annual report of SBI FY 2016-17

Fig 3

ICICI

ICICI has always been put customers delight at most one of the endeavors towards this aspiration was to locate and handover the original property documents of customers who had not collected them after closing home loans. The partnership of ICICI bank with TWITTER is aimed at integrating additional digital customer care support. ICICI creating environment to promote women entrepreneur. Bank is steering several initiatives such as "I work at home" for women. (Source: Global Entrepreneurship summit, Nov. 28, 2017)

With more than 50% of branches in rural and semi-urban areas, we are the largest private sector bank in Bharat. 570 of our over 2,500 rural/semi-urban branches are in villages where there were no banking facilities earlier. Our efforts at deepening financial inclusion and promoting inclusive growth led us to launch 'Mera iMobile' - a comprehensive, first-of-its-kind mobile app, developed especially for Bharat. (source: annual report 2016-17)

Conclusion

The Indian banking sector is passing through major changes duet competition and advancement of technology. The awareness of customers enhance their level of satisfaction. A bank should build strong relationship with their customers through service quality. Modern customers are exposed to the international banking services, so they expect the same set of serices from their respectie banks. Indian banks must pay attention to the failure points and recovery procedures. The timely feedback from customrs can help the banks to assess and reasess hoe the customers perceiv bank services.

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