

## **Problem Faced by the Customer of Private Sector Banks in Erode District of Tamilnadu**

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### **Abstract**

Banks in India have undergone various ups and downs in our country. We can divide development phases of banks in four phases viz. prior to nationalization of banks in 1969, second phase after nationalization when massive expansion of rural branches and lending to priority sector have taken place, third phase i.e. after Narsimham Committee report on Bank Reforms, and now fourth phase i.e. in last decade i.e. first decade of 21st century. Technology and human capital in banking industry at its peak level to give service to human society. Net banking, core banking, e payment, e statement, online share trading, debit and credit card, door service etc. has revolutionized banking industry. However are all involved in this revolutionary move? Present research paper highlights the problems faced by bankers in dealing with customers in the light of ever-increasing and changing expectations, competitions from private sector and other banks, tapping untapped 25% rural citizens, service quality problem etc. This paper highlights some of major problems faced by banks today, strategies they have formulated and implemented and innovative suggestions to overcome problems by considering that bank is a service industry component.

**KEYWORDS:** Problems, Banking services.

### **INTRODUCTION**

In the present competitive environment, consumers are increasingly aware of alternatives in relation to services and organizations providing services. Consequently, expectations rise and consumers become more critical of quality of services. With a view to ensure efficient financial services, India has deregulated and liberalized the financial sector in general and the banking sector in particular. By all accounts, services symbolize the set of the third revolution in our modern history. The first revolution seemed to have occurred in our life in the form of agriculture where 'Man learnt to use, exploit and interact with nature (land and natural resources)' for his development. The revolution ended out dependence or the need to kill animals for human survival and heralded the arrival of human dignity. The second revolution could be traced to industrial revolution. Here man learnt to use, exploit and interact with equipments and machines for development. The industrial revolution brought in benefits of production, scale of operations, standardization and effectiveness. Service sector symbolizes the third, and possibly the most romantic revolution of our time, where man learnt to use, exploit and interact with other manmade resources for development. The major ingredients of service revolution were not tangible products and resources, but intangible resources like human knowledge, information and ideas. No wonder that service sector will be the biggest driver of the new electronic growth and profit earner in the next millennium for the work

as well as India. Banks today function in a fast changing environment, the changes fuelled by intensifying competition, rapid innovation in financial instruments, products and services, changing consumer demands and the explosive growth in information technology. Only under such circumstances, banks that perform well on all trend fronts will survive the innovation of banking by technology that has created an era of informative commoditization of banking services. Technology provides Customer's seamless route to accessing the banking products to entry created by the huge capital investments required to meet the internal challenges. At the same time, even with huge capital investments, they have to face the fickle mindedness of the net generation. Simply put, banks have to serve not only what customers want, but also when and how they want it.

Human Resource Management is crucial to any business which is dealing with goods or service, and a bank is a service industry too, hence it has to give significance to its employees also and the system followed. There are two different kind of problems faced by the banks i.e. employees retention and management of risk. It is the question of, how you are managing the people and how you are managing the risks which determines your success in the banking business. Tackling risk powerfully may not be possible without skilled manpower. Though the interest rate on deposits and loans is important, there may be other reasons / factors as to why people select and stay with a particular bank. Banks must try to distinguish themselves by creating their own niches, especially creating transparent working /situations with a high level of competitiveness. Those who do not meet the customer expectations or does not fulfill the demands will find survival difficult. Banks must communicative and emphasize the services i.e. Unique Selling Proposition (USP) in order to attract and retain certain customers. Services should be consistent, novel; internationally acclaimed, socially responsible, etc. be emphasized and to be worked upon.

## LITERATURE REVIEW

**Archana Mathur (1986)** in her article "Customer Service in Public Sector Banks – A Comparative Study" revealed that customers face the problems of delayed service, lack of proper guidance, discrimination between small and big customer by bank staff. She suggested automation and customer feedback system may be implemented efficiently to reduce the delay in offering of services and other related problems regarding delivery of services. It was further suggested that there must be a periodical review of the existing feedback system for proper updating.

**Biswa et al. (1989)** in their article on 'Marketing of Banking in the 90s: Problem and Perspective' listening carefully on the areas of problems and perspective of marketing of banking services. They highlighted the major challenges Indian banks have to face and the role of banks in relation to customers. They concluded that banking in the nineties require new market oriented banking with a disciplined, dedicated, professional and committed man power, specialized bank branches and strong marketing organization.

**Levesque and McDougall (1996)** conducted a study to find the determinants of Customers Satisfaction and its relationship with retention among 325 bank customers through a structured questionnaire. It revealed that, core and relational performances and service features like convenience, interest rates and skilled employees were found as

important drivers of customer satisfaction. Unsolved problems resulted in drop in Customer satisfaction.

**Garg and Jham (2006)** investigated factors that influence Indian customers to adopt ATMs by using factor analysis and focused on the influence of demographic and psychological variables of customers of six selected banks such as SBI, PNB, ICICI, HDFC, ABN and IDBI. It was found that most of the respondents are below the age of 35 years and the users with lesser experience face more problems in comparison to others and they look for reliability of information. There are problems of dim vision of screen and they use ATMs maximum for withdrawals and rarely for deposits.

### OBJECTIVE OF THE STUDY

The main objective of this study is to identify the problems faced by the customers of private sector banks in Erode district of Tamilnadu.

### METHODOLOGY

The study is mainly based on the primary data, collected from the bank customers in Erode district through questionnaire method. Erode district includes six taluks namely Anthiyur taluk, Bhavani taluk, Erode taluk, Gobichettipalayam taluk, Perundurai taluk, and Sathyamangalam taluk. The respondents of the study are the customers belonging to private sector banks which include viz., Industrial Credit and Investment Corporation of India (ICICI), Housing Development Finance Corporation (HDFC), AXIS Bank. The data were collected from 316 respondents.

### PROBLEMS FACED BY CUSTOMERS

In this section an effort is made to pinpoint the problems and grey areas in quality of services offered by private sector banks

#### Mean Scores and SD of Customer Problems Regarding Private Sector Banks

S. No	Statements	No. of Respondents						Mean Score	S.D
		SA	A	N	DA	SDA	Total		
<b>Factor-1 (facilities)</b>									
1	The employees are forth coming in clarifying doubts	34 (10.8)	108 (34.2)	121 (38.3)	48 (15.2)	5 (1.6)	316 (100)	3.37	0.922
2	Irrespective of position every employee comes forward to answer the enquiries and give clarifications	47 (14.9)	109 (34.5)	122 (38.6)	33 (10.4)	5 (1.6)	316 (100)	3.51	0.924

3	Employees answer the queries of customers patiently and politely	37 (11.7)	151 (47.8)	89 (28.2)	33 (10.4)	6 (1.9)	316 (100)	3.57	0.897
4	There is seldom failure of system/networks	40 (12.7)	114 (36.1)	121 (38.3)	32 (10.1)	9 (2.8)	316 (100)	3.46	0.937
5	The bank follows good and healthy practices	29 (9.2)	125 (39.6)	123 (38.9)	33 (10.4)	6 (1.9)	316 (100)	3.44	0.869
6	The counter service works very well in the bank	25 (7.9)	122 (38.6)	142 (44.9)	21 (6.6)	6 (1.9)	316 (100)	3.44	0.808
7	The employees show equal care to poor and small customers	47 (14.9)	98 (31)	126 (39.9)	39 (12.3)	6 (1.9)	316 (100)	3.45	0.953
8	There are always efforts to retain existing the customers	42 (13.3)	109 (34.5)	128 (40.5)	31 (9.8)	6 (1.9)	316 (100)	3.47	0.91

The above table shows that 10.8 per cent of the respondents strongly agree and 34.2 per cent of the respondents agree that employees are forthcoming in clarifying doubts and 15.2 per cent of the respondents disagree and 1.6 percent of the respondents strongly disagree with the statement.

14.9 per cent of the respondents strongly agree and 34.5 per cent of the respondents agree that employees come forward to answer the enquires and given classification and 10.4 per cent of the respondents disagree and 1.6 percent of the respondents strongly disagree with the statement.

11.7 per cent of the respondents strongly agree and 47.8 per cent of the respondents agree that employees answer the queries of customers patiently and politely and 10.4 per cent of the respondents disagree and 1.6 percent of the respondents strongly disagree with the statement.

12.7 per cent of the respondents strongly agree and 36.1 per cent of the respondents agree that there is seldom failure of system/networks and 10.1 per cent of the respondents disagree and 2.8 percent of the respondents strongly disagree with this statement.

9.2 per cent of the respondents strongly agree and 39.6 per cent of the respondents agree that the bank follows good and healthy practices and 10.4 per cent of the respondents disagree and 1.9 percent of the respondents strongly disagree with this statement.

7.9 per cent of the respondents strongly agree and 38.6 per cent of the respondents agree that the counter service works very well in the bank and 6.6 per cent of the respondents disagree and 1.9 percent of the respondents strongly disagree with this statement.

14.9 per cent of the respondents strongly agree and 31.0 per cent of the respondents agree that the employees show equal care to poor and small customers and 12.3 per cent of the respondents disagree and 1.9 percent of the respondents strongly disagree with this statement.

13.3 per cent of the respondents strongly agree and 34.5 per cent of the respondents agree that there always efforts to retain existing the customers and 9.8 per cent of the respondents disagree and 1.9 percent of the respondents strongly disagree with this statement.

S. No	Statements	No. of Respondents						Mean Score	S.D
		SA	A	N	DA	SDA	Total		
<b>Factor-2 (procedure)</b>									
1	The complaints from customers are resolved then and there	48 (15.2)	111 (35.1)	124 (39.2)	24 (7.6)	9 (2.8)	316 (100)	3.52	0.937
2	The services offered by the bank are always as per expectations	38 (12)	138 (43.7)	98 (31)	42 (13.3)	0 (0)	316 (100)	3.54	0.87
3	Customers are not made to wait for long time	63 (19.9)	122 (38.6)	68 (21.5)	63 (19.9)	0 (0)	316 (100)	3.59	1.022

15.2 per cent of the respondents strongly agree and 35.1 per cent of the respondents agree that the complaints from customers resolved then and there and 7.6 per cent of the respondents disagree and 2.8 percent of the respondents strongly disagree with this statement.

12 per cent of the respondents strongly agree and 43.7 per cent of the respondents agree that the services offered by the bank are always as per expectations' and 13.3 per cent of the respondents disagree and 0 percent of the respondents strongly disagree with this statement.

19.9 per cent of the respondents strongly agree and 38.6 per cent of the respondents agree that customers are not made to wait for long time and 19.9 per cent of the respondents disagree with this statement.

S. No	Statements	No. of Respondents						Mean Score	S.D
		SA	A	N	DA	SDA	Total		
<b>Factor-3 (speed of service)</b>									
1	My banker manages well during the peak hours also	45 (14.2)	129 (40.8)	76 (24.1)	66 (20.9)	0 (0)	316 (100)	3.48	0.977
2	There is always keenness to attract new customers	32 (10.1)	120 (38)	117 (37)	40 (12.7)	7 (2.2)	316 (100)	3.41	0.913
3	Visiting the bank is a pleasant experience for me	46 (14.6)	135 (42.7)	94 (29.7)	41 (13)	0 (0)	316 (100)	3.59	0.892

14.2 per cent of the respondents strongly agree and 40.8 per cent of the respondents agree that the banker manages well during the peak hours also and 20.9 per cent of the respondents disagree with the statement.

10.1 per cent of the respondents strongly agree and 38 per cent of the respondents agree that there is always keenness to attract new customers and 12.7 per cent of the respondents disagree and 2.2 per cent of the respondents strongly disagree with the statement.

14.6 per cent of the respondents strongly agree and 42.7 per cent of the respondents agree that visiting the bank is a pleasant experience for me and 13 per cent of the respondents disagree with the statement.

S. No	Statements	No. of Respondents						Mean Score	S.D
		SA	A	N	DA	SDA	Total		
<b>Factor-4 (Information)</b>									
1	The 'May I help you' section works well in the bank	20 (6.3)	134 (42.4)	101 (32)	55 (17.4)	6 (1.9)	316 (100)	3.34	0.903
2	The employees never mind working over time to help the customer	84 (26.6)	87 (27.5)	72 (22.8)	66 (20.9)	7 (2.2)	316 (100)	3.55	1.155
3	All the employees move cordially with customers	24 (7.6)	120 (38)	129 (40.8)	31 (9.8)	12 (3.8)	316 (100)	3.36	0.899

4	There are always efforts to attract customers from other banks	63 (19.9)	140 (44.3)	70 (22.2)	36 (11.4)	7 (2.2)	316 (100)	3.68	0.989
5	There is never a letup in relationship with customers	46 (14.6)	112 (35.4)	118 (37.3)	40 (12.7)	0 (0)	316 (100)	3.52	0.892

6.3 per cent of the respondents strongly agree and 42.4 per cent of the respondents agree that the ‘may I help you’ section works well in the bank and 17.4 per cent of the respondents disagree and 1.9 percent of the respondents strongly disagree with this statement.

26.6 per cent of the respondents strongly agree and 27.5 per cent of the respondents agree that the employees never mind working over time to help the customer and 20.9 per cent of the respondents disagree and 2.2 percent of the respondents strongly disagree with this statement.

7.6 per cent of the respondents strongly agree and 38 per cent of the respondents agree that the all the employees move cordially with customers and 9.8 per cent of the respondents disagree and 3.8 percent of the respondents strongly disagree with this statement.

19.9 per cent of the respondents strongly agree and 44.3 per cent of the respondents agree that the there are always efforts to attract customers from other banks and 11.4 per cent of the respondents disagree and 2.2 percent of the respondents strongly disagree with this statement.

14.6 per cent of the respondents strongly agree and 35.4 per cent of the respondents agree that the there is never a letup in relationship with customers and 12.7 per cent of the respondents disagree with the statement.

S. No	Statements	No. of Respondents					Total	Mean Score	S.D
		SA	A	N	DA	SDA			
<b>Factor-5 (use of technology)</b>									
1	The oral and written suggestion are entertained by the bank	29 (9.2)	116 (36.7)	111 (35.1)	60 (19)	0 (0)	316 (100)	3.36	0.892
2	The service is never delayed by employees	57 (18)	135 (42.7)	84 (26.6)	40 (12.7)	0 (0)	316 (100)	3.66	0.917
3	The bank is way forward in	45	119	130	22	0	316	3.59	0.817

	introducing modern tools and methods	(14.2)	(37.7)	(41.1)	(7)	(0)	(100)		
4	The employees never show discrimination among customers	41 (13)	120 (38)	127 (40.2)	28 (8.9)	0 (0)	316 (100)	3.55	0.828

9.2 per cent of the respondents strongly agree and 36.7 per cent of the respondents agree that the oral and written suggestion entertained by the bank and 19 per cent of the respondents disagree and 0 percent of the respondents strongly disagree with this statement.

18 per cent of the respondents strongly agree and 42.7 per cent of the respondents agree that the service is never delayed by employees and 12.7 per cent of the respondents disagree with the statements.

14.2 per cent of the respondents strongly agree and 37.7 per cent of the respondents agree that the bank is way forward in introducing modern tools and methods and 7 per cent of the respondents disagree with this statement.

13 per cent of the respondents strongly agree and 38 per cent of the respondents agree that the employees never show discrimination among customers and 8.9 per cent of the respondents disagree with this statement.

## FINDINGS

A significant number of customers of **private banks** are of the opinion that Employees are not forth coming in clarifying doubts, Customers are made to wait for long time, the banker does not manage well during the peak hours also, ‘May I help you’ section does not work well in the bank, The employees do not work over time to help the customer and The oral and written suggestions are not entertained by the bank.

## SUGGESTIONS

It is found that the customers of public sector banks have more complaints / problems than the customers of private sector banks. Hence the public sector banks should take steps to redress the complaints and try to reduce the number of complaints. The private sector banks should take steps to address the complaints pointed out by the customers.

The customers of both the private and public sector banks have the common complaints / problems viz., ‘the customers, are made to wait for long time’, ‘May I help you’ section does not work well in the banks’, ‘the employees do not work to help the customers ‘This denotes that both the banks should take steps to improve this customer relationship management.

## CONCLUSION

Therefore it is concluded that the customers of private sector banks are satisfied with the services offered by them. The customer satisfaction of banks depends upon the service quality, technology and customer relationship management between bankers and



customers. The demographic variables of the customers very much influences their satisfaction

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