

A Study on Customer satisfaction towards Core Banking Services in Private sector banks with special reference to TMB in Tirunelveli District

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Abstract

The study has been conducted with the objective of assessing the customer service quality of Tamilnad mercantile bank limited in Tirunelveli district. The use of core banking system is drastically changing the way of banking activities. Almost all banks are transforming their banking system to the modern technology in which they can offer efficient banking services to their customer and get customer satisfaction in return. Hence the researcher has taken the study entitled customer satisfaction of core banking services. 100 samples were selected by convenience sampling method. The study reveals that majority of the customers are satisfied with the core banking services provided by the Tamilnad mercantile bank limited in Tirunelveli district.

Key words; *Core banking services, Tamilnad mercantile bank, Customer satisfaction.*

Introduction

The Indian banking industry plays an important role in the economic development of the country and is the most dominant segment of the financial sector. Due to the technological changes in the recent years, the core banking system has been emerged in the banking sector. Core banking helps the overall operation of a bank. It gives all bank employees a standardized process for receiving customer information, posting transactions, and making changes to an account. This will minimize the cost and inconvenience of errors. Now in a competitive world customer satisfaction is widest area where all the service banks are focusing on. Customer's

satisfaction is influential for maintain existing customers and attracting desirable fresh customers to elaborate the level of operational activities in any concern. Private banking is a service that receives limited attention in the academic literature, especially with regard to the measurement of customer satisfaction. Hence the researcher concentrates the area of customer satisfaction in the private sector banks for the study.

Statement of the Problem

In a fast-changing banking ecosystem, the call of the hour is to deliver tailor-made solutions that don't just offer customer convenience but is also a sustainable exercise. Core Banking solutions are vital to the day-to-day functioning of any bank. It is an integral part of the banking technology which aims to serve their clients and customer with the best services. Core banking provides various services to the customers which include transaction accounts, loans, mortgages, Automated teller machine, Debit/Credit cards, E-cheques, smartcards, RTGS, NEFT etc. These services help to manage and use one's bank account such as verifying balance of the accounts, transfer of money from one. This will strengthen the banks competitive position in the banking industry. Hence, this research focus on customer satisfaction of core banking services private sector banks can use to establish strategies for enhancing customer satisfaction.

Review of literature

Ramya T J (2016) in her study "A Study on Customer Satisfaction towards Private Banks with special reference to Mysuru City" The banking industry has an incredible growth in Indian market. The doorway of new technology has made lot of changes in Indian banking sector. The growth of private bank is not possible without achieving customer satisfaction. Customer satisfaction is a present-day come within each of to survive in the market. Gaining of customer satisfaction is currently very central to gain self-assurance to build the market. The study indicates service and employee commitment is very important for customer satisfaction.

Dr.T. Santhiya Ran, A. Saravanan (2018) analyses the customers satisfaction towards internet banking of all banks has been elicited and analyzed. This part consists of demographic profile of customers and bank transaction details and reasons for using Internet banking has been taken into consideration. The question of how attitude towards element of existing banking services might influence to customer decision to used internet banking has not been investigated. As client get additional and educated, obtaining insight concerning fashionable

banking, via web banking has registered as primary knowledge concern for all leading and future banks in Asian nation.

Operational Definition

Customer Satisfaction

Philip Kotler defines customer satisfaction as a 'person's feeling of pleasure or disappointment, which resulted from comparing a product's perceived performance or outcome against his/her expectations'.

Core banking system

Core banking is a banking service provided by a group of networked bank branches where customers may access their bank account and perform basic transactions from any of the member branch offices.

Gartner defines a **core banking system** as a back-end system that processes daily banking transactions and posts updates to accounts and other financial records. Core banking systems typically include deposit, loan and credit processing capabilities, with interfaces to general ledger systems and reporting tools.

Profile of Tamilnad Mercantile Bank Limited

Tamilnad Mercantile Bank Limited (TMB) is a bank headquartered at Thoothukudi, Tamil Nadu, India. TMB was founded in 1921 as the Nadar Bank, but changed its name to Tamilnad Mercantile Bank in November 1962 to widen its appeal beyond the Nadar community. The bank currently has 509 full branches throughout India, 12 Regional offices and two link offices, two central processing centers, one Service Branch, four Currency Chests, 48 lobby centers, 262 Cash Recycler Machines (Cash deposit machine) and 1135 Automated Teller Machines (ATM). The bank has been expanding its footprint all over India. TMB was rated as the fastest growing Private Sector Bank continuously for the five years from 2010 to 2015. It was also rated as the Best Bank in the years 2013, 2014 and 2015, due to its robust growth. Tamil Nadu Mercantile Bank was the first private sector bank in India to introduce computerization for branch-level operations. The bank adopted modernization as early in the year 1983. Today all 509 branches of the bank are networked using Infosys's

"FINACLE" Software and have achieved 100% connectivity. RTGS/NEFT facilities in e-banking have been successfully implemented. The bank has also entered into an agreement with Bill Desk (India ideas.com), Avenue (Avenues India), SBI ePay, Atom Technologies and PayU India for providing payment gateway services to the internet banking customers. It was the first old bank to have introduced mobile banking and providing POS machines to their customers. The bank has implemented a video conferencing facility to connect Head Office with various Departments and Regional offices. TMB is a member of National Financial Switch for its ATM operations. Tie-up arrangement made with Western Union Money Transfer, UAE Exchange & Financial Services...etc. for remittances from abroad to India to facilitate quick receipt of remittances by the beneficiaries. The bank has tie-up agreement with ICICI Prudential Mutual Fund, UTI Mutual Fund, Reliance Mutual Fund, Franklin Templeton Mutual Fund, Birla Sun Life Mutual Fund, Sundaram Mutual Fund and HDFC Mutual Fund for selling their Mutual Fund Products. The bank became a Depository participant through NSDL to make available Demat facilities. It also offers off-line and online share-trading through Relegate Securities. TMB entered the commodity futures market by becoming a clearing bank for NCDEX and MCX. It was one of the first banks in the banking industry to have online deposit opening through the TMB e-connect facility. TMB has introduced "Choose Your Account Number" facility for anywhere banking account holders and introduced Missed Call Banking to check Account Balance, BSNL bill payment through branches and RuPay Debit Card. The Mobile application like TMB e-Passbook and TMB Locations are also introduced.

Objectives of the study

1. To understand the socio-economic conditions of customers of TMB in Tirunelveli District
2. To identify the motivating factor to avail core banking services from TMB in Tirunelveli District
3. To analyse the level of satisfaction towards core banking services offered by TMB in Tirunelveli District

Scope of the study

The study aims to analyse the customer satisfaction of core banking services with special reference to Tamil Nadu Mercantile Bank in Tirunelveli District. It covers the demographic profile of customers, motivating factors to avail core banking services and level of satisfaction

in TMB bank. The study helps in knowing how far the core banking services are used by the customers. The study further extends and helps to develop an increasing association with the customers through core banking services.

Research methodology

The present study is an empirical and mainly primary data collected from the respondents. To know the response of the customers the well-structured interview schedule prepared after consulting experts in the field. The sample size is 100 and the sample were selected by adopting the convenience sampling method secondary data was collected from books, journals, website, etc. After the data collection is over, the researcher has analyzed the data with the help of statistical tools like percentage analysis, Garrett ranking, and Factor analysis to draw the interpretation.

Limitations of the study

1. The study is confined to Tirunelveli district only, hence it cannot be generalized in other area
2. The results of the study are relied on the opinion of the respondents.

Analysis and interpretation

Table 1
Demographic Profile

Demographic variable	Categories	No. of respondents	Percentage
Gender	Male	35	35
	Female	65	65
	Total	100	100
Age	Below 30 years	25	25
	31-40 years	40	40
	41-50 years	20	20
	Above 50 Years	15	15
	Total	100	100
Educational qualification	Up to high school	18	18
	Higher Secondary	21	21
	Graduate	32	32
	Professional	16	16
	Diploma/Technical	13	13
	Total	100	100

Marital status	Unmarried	25	25
	Married	75	75
	Total	100	100
Occupation	Student	08	8
	Private Employee	24	24
	Govt employee	25	25
	Business	26	26
	Professional	08	8
	Daily wages	09	9
	Others	Nil	-
	Total	100	100
Place of residence	Urban	38	38
	Rural	49	49
	Semi Urban	13	13
	Total	100	100
Monthly Income	BelowRs.20,000	36	36
	Rs.20,001Rs.30,000	40	40
	Rs.30,001-Rs.40,000	15	15
	Above Rs.40,000	09	9
	Total	100	100
Type of account	Savings account	64	64
	Current account	10	10
	Salary account	26	26
		100	100
Using core banking services	Less than 1 year	12	12
	1-3 years	28	28
	3-5 years	40	40
	More than 5 years	20	20
		100	100
Cost of operation in core banking services	High	60	60
	Moderate	30	30
	Low	10	10
		100	100

Source: Primary Data

Table 1.2
Reasons for core banking

S. No	Reasons for core banking	Total score	Garrett mean score	Mean rank
1	Time saving	5,692	56.92	I
2	Convenience to access	4,786	47.86	VIII
3	Payment made easy through e-banking	5,075	50.75	V
4	Easy to access ATM	5,101	51.01	IV

5	24X7 working hours	4,899	48.99	VI
6	More number of e-banking services	4,701	47.01	IX
7	Easy to operate	4,864	48.64	VII
8	Cost of operation is low	4,690	46.9	X
9	Prompt customer service	4,581	45.81	XI
10	Quick and easy access of information	5,176	51.76	III
11	Provide safety and security	5,499	54.99	II

Source: primary data

Table 1.3

Overall satisfaction about core banking services

S. No	Overall satisfaction	No of respondents	Percentage
1	Highly dissatisfied	03	3.0
2	Dissatisfied	05	5.0
3	Neutral	17	17.0
4	Satisfied	40	40.0
5	Highly satisfied	35	35.0
	Total	100	100.0

Source: Primary data

Factor analysis for core banking satisfaction level of TMB bank

Factor analysis helps to reduce the innumerable variables into limited number of latent factors having inter-correlation within them. The results of the calculation are presented below.

Table 1.4

KMO and Bartlett's Test for customer's satisfaction towards TMB bank

Kaiser-Meyer-Olkin measure of Sampling Adequacy		0.657
Bartlett's Test	Chi-Square	1652.288
	Degrees of freedom	351
	Significance	.000

Source: Computed Data

High value of Kaiser-Meyer -Olkin (KMO) test of sample adequacy (0.657) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis is considered to be appropriate in this model. The findings of the rotated factor analysis on the customer satisfaction towards core banking services TMB bank are presented in the following table

Table 1.4**Customer satisfaction towards core banking services TMB bank- Factor wise analysis**

Sl.No	Factors	Eigen value	Percentage of variance	Cumulative Percentage of Variance
1	Reliability factor	4.515	16.724	16.724
2	Accessibility factor	3.803	14.087	30.811
3	Convenience factor	3.301	12.227	43.038
4	Safety factor	2.252	8.343	51.380
5	Financial security factor	2.001	7.410	58.790

Source: Computed Data

FINDINGS

- ❖ Majority 65 percent of the respondents are female.
- ❖ It is found that majority 40 percent of the respondents are 31-40 year's age group.
- ❖ It is observed that 32percent of the respondents are graduate.
- ❖ It is witnessed that majority 75 percent of the respondents are married.
- ❖ It is confirmed that 26 percent of the respondents are doing business.
- ❖ Majority 49 percent of the respondents belong to urban area.
- ❖ It is perceived that majority 40 percent of the respondents are earning Rs.20, 001-Rs.30, 000 per month.
- ❖ It is observed that 64 percent of respondents are savings account holder.
- ❖ It is found that majority 40 percent of the respondents are using core banking services for 3-5 years.

- ❖ On the basis of the ranks assigned by the sample respondents the reason for choosing core banking satisfaction level are analysed through Garrett Ranking Techniques. It is evident from above table reveals that the Time saving (56.92 Score) was the main reason for core banking, followed by provide safety and security (54.99), Quick and easy access of information (51.76), easy to access ATM (51.01), Payment made easy through e-banking (50.75), 24X7 working hours (48.99), easy to operate (48.64), convenience to access (47.86), more number of e-banking services (47.01), cost of operation is low (46.9) and the least reason is prompt customer service (45.81).
- ❖ It is observed that the 40 percent of the respondents have satisfied and 35 percent highly satisfied with the statement overall satisfaction and 3 percent respondents highly dissatisfied with the overall satisfaction of banking services.
- ❖ The first two important factors influencing customer satisfaction towards core banking services are reliability factor and accessibility factor and their Eigen values are 4.515 and 3.803 respectively. The percentage of variance explained by these two factors is 16.724 and 14.087 percent respectively. The next two factors are convenience factor and safety factor and their Eigen value are 3.301 and 2.252 respectively. The last factor named financial security factor and its Eigen value is 2.001.

SUGGESTIONS

As a result of careful scrutiny of the finding of the study, the following suggestions are made in order to help the private sector bank to improve their core banking services.

- Only meagre amount of people aware about core banking in rural area, therefore the private bank should conduct awareness programme exclusively in rural place so as to improve their core banking services
- Banks should ensure to their customers that their service is competitive.
- Many customers feel that the privacy and security features are to be enriched. So banks must concentrate further on security to withhold their customers and improve them more.
- The study reveals that majority of the customers are satisfied with the core banking services. Hence they could concentrate tele-banking/ mobile banking, SMS banking to enhance their core banking services

CONCLUSION

In conclusion, customer satisfaction and customer service are key elements for banks. In the modern world of technology internet ruled the banking sector which depend on core banking services. Core banking service is a new delivery channel which has become available to customers in the banking industry. Online and mobile banking are growing fast while branch importance declines rapidly. The future of internet banking lies in offering personalised internet-based services that are not only valued by their customers but are also unique to them.

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