IMPACT OF RETAIL BANKING ON CUSTOMER SATISFACTION IN MADURAI DISTRICT

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Abstract

Retail banking in India has fast emerged as one of the major drivers of the overall banking industry and has witnessed enormous growth in the recent past. The inflow of consumerism has its natural spill over effect in terms of increased demand of retail banking products like saving account, current account, ATM, net banking, online services and SMS banking customized products and services. To have a better understanding of booming opportunities in retail banking in India. Retail banking in general and different channels of distribution in particular, to function and perform better. If the present study helps the researchers in any way to undertake the studies of a similar nature in other areas, he will feel happy that his study has helped the future researchers and he will have a sense of satisfaction that he has undertaken a useful study.

Key Words: *Retail banking, quality of retail banking services, customer satisfaction, etc.,*

INTRODUCTION

The retail banking sector in India has come a long way from operating traditionally to operating on digital platforms. This tremendous transformation is stills ongoing. The recent retail banking industry trends show that this kind of banking has revolutionized banking services. Different branches of theses retail banks have spread out across the nation. Retail banking in India is improving day by day. The services are also getting digitalized which makers if easier and convenient for the customer.

About the Retail Banking

Retail banking is widely known as consumer banking. Retail banking in India offers facilities like a savings account, current account, credit card and debit card services as well as loans and mortgages. The funds of the depositors are used to sanction loans to other customers. The bank charges a high interest rate on the loans that they offer to customers.

And give a low rate on the deposited funds. The banks earn revenues of the difference between these two interest rates.

Providing Services

The bank also provides services other than lending and cash deposits. Retail banking offers services and products like an insurance, mutual funds and Dematerialisation accounts.

Types of Retail banks:

Retail banking is nothing but personal banking. The banks that provide these services are also known as people's banks. These are three types of Retail Banks: a) Community banks: This types of bank offers retail banking solutions to people of low or moderate level of income.

b) Private Bank: This type of bank offers retail banking solutions to people of high level of income, also known as high net worth individuals.

c) Postal Savings Banks: These banks provide services in areas lacking access to proper banks. These banks are specially designed to serve the poor people or the people residing in rural areas.

REVIEW OF LITERATURE

Review of literature has vital relevance with any research work due to literature review the possibility of repetition of study can be eliminated and another dimension can be selected for the study. The literature review helps researcher to remove limitations of existing work or may assist to extend prevailing study.

Usha Arora and Dr. Monica Bansal in their article entitled "Retail Banking (Capatibility Mode)" have found that retail banking has immense opportunities in a growing economy like India. As the growth story gets unfolded in India, retail banking is going to emerge a major driver. The rise of the Indian middle class is an important contributory factor in this regard. The percentage of middle to high income Indian households is expected to continue rising. The younger population not only wields increasing purchasing power, but as far as acquiring personal debt is concerned, they are perhaps more comfortable than previous generations. Improving consumer purchasing power, coupled with more liberal attitudes toward personal debt, is contributing to India's retail banking segment. It has been observed

that the procedure for taking various kinds of loan from selected banks is complicated and is not easily understandable to a layman.

Ramasundaram, G. and Ramachandra Aryasri and Sakthivel Murugan, in their article entitled "Life Style A Core Segmenting Criteria –Retail Banking Industry in India" have stated that serving and satisfying the whole market is impossible practically. In a competitive world, bankers have to find niche submarket and develop a strategy to satisfy their needs. As a result, loyalty of customers and profitability of bank will be enhanced. There are many variable used as the base for segmenting the heterogeneous market into homogeneous submarkets. Among them, lifestyle is one of the most important variables. In retail banking, especially in retail credit market, lifestyle plays a major role in the behavior of consumers.

STATEMENT OF THE PROBLEM

Banks often classify their retail customers into branch loyalists branch depositors, multi-channels and fully automated or they may classify them as 'simplifiers' 'self directed' 'advice seekers' and 'fickle'. What each system of the classification norms reveals is that the focus will increasingly have to be on the customer and products may have to be designed accordingly. In this aspect retail banking is not single to be viewed uniformly.

SCOPE OF RETAIL BANKING IN INDIA

It is an attractive banking segment that has drawn immense attention from investors and accelerators. Technology is constantly evolving that makes the future of retail banking. In India uncertain digital transformation is just the beginning these is much more in the pipeline that is about to change the business of money.

OBJECTIVES OF THE STUDY

The following are objectives of the study

i. To find out the level of customer satisfaction from the product marketing of retail banking

ii. To find out what type of problem customer are facing related to services

RESEARCH METHODOLOGY

The study used both descriptive and quantitative research designs. Descriptive method was used to describe the characteristics / dimensions of the research variables. Quantitative method was used to collect data from a given number of respondents. The sample population was as include top management to customers totalling 60. Data was

collected from both primary and secondary sources. The study on retail banking with respect to different channels and with respect to customer satisfaction is descriptive in the sense that it is mainly based on the opinion of the sample customers in Madurai District.

FINDING AND DISCUSSION

TABLE 1

Retail Banking Services Availed by the Respondents

Sl. No.	Service	No. of Respondents
1	ATM Card	50
2	Credit Card	16
3	Kisan Card	6
4	Internet Banking	17
5	SMS Banking	8
6	Mobil Banking	4
7	Online Services	16
Total		**118**

Source: Primary Data

It is noted from Table 1 that out of the 60 respondents, 50 (83%) have been using ATM cards, 17 (28.8%) have been using internet banking, 16 (26%) have been using credit cards, 16 (26%) have been using online services and 8(13.1%) have been using SMS banking.

It is important to understand the customers' judgment as to quality in services. On the basis of literature available, the judgment as to quality can be done in different dimensions such as performance, features, reliability, durability, serviceability. Performance means the extent to which the primary operating characteristics of the product are satisfactory. Features mean the secondary characteristics that supplement the product's basic functioning. Reliability means the likelihood of the product failing or malfunctioning within a specified time period. Conformance means how closely the product's design and operation match pre-established specifications or users' expectations. Durability means the amount of use one gets from a product before it physically deteriorates or becomes obsolete. Serviceability means the speed, courtesy, competence and case experienced when getting a product repaired. The response of the respondents on the above statement has been shown in Table 2

TABLE 2

Total Quality of Retail Banking Services

Sl. No.	Quality	No. of Respondents					Mean
		HS	**S**	**N**	**DS**	**HDS**	
1	Performance	29	3	10	3	0	4.1524
2	Features	24	2	9	5	0	3.9770
3	Reliability	20	2	11	9	0	3.7262
4	Durability	19	2	2	9	1	3.6114
5	Serviceability	22	2	11	19	0	3.5032

Source: Primary data

Indicated that the HS- Highly Satisfied, S- Satisfied, Neither-Satisfied nor Dissatisfied, DS-Dissatisfied, HDS-Highly Dissatisfied

It is seen from Table 2 that analyzing the quality of services, on the basis of mean score, the performance of the services stands first with a mean sure of 4.1524, while the product's basic functioning stands second with a mean score of 3.9770, the reliability of the product has secured the third place with a mean score of 3.7262. It can be inferred that the retail banking products and services are offered with satisfactory characteristics and with reliability features. They are offered according to the users' expectation.

Among the different retail banking products and services, savings bank account, current account, loan, subsidiary services and technological services determine the level of banking services. Table 3 shows the level of banking services for each type with mean score.

TABLE 3
Quality of Banking Services

Sl. No.	Service	No. of Respondents			Mean
		Expected Quality	**Desired Quality**	**Excited Quality**	
1	Savings account	10	17	33	2.3786
2	Current account	31	18	11	1.6688
3	Loan account	39	12	10	1.5163
4	Subsidiary services	37	21	2	1.4114
5	Technological services	28	12	20	1.8655

Source: Primary data

It is noted from Table 3 that among the retail products and services, the level of banking services in respect of savings banks account has got a mean score of 2.37, current account with a mean score of 1.67, loan with a mean score of 1.52, subsidiary services with a mean score of 1.41 and technological services account for 1.8. It is infused that saving account determines the level of banking services.

Low Level of Awareness

Individuals vary with level of awareness about the retail products and services. The awareness level among the customers differs from area to area. In the urban area, the awareness on the part of the customers about the retail products and services is high as they are familiar with the banking and banking products through various media. The people in the rural area are lacking such awareness.

Simplification in Procedure

The procedure for availing of the various retail products and services is not so simple, even though the technology has developed sufficiently. It is felt by the customers that there is the longest process in availing the retail products especially loans from the banks.

Product Conceptualization into Product Customization

The retail products are not perceived by the customers conceptually, as they are perceived in other sectors. The retail products should be customized according to the needs and demands of the customers. This will in turn help the commercial banks to reach the people and to maximize the satisfaction level of the customers and thereby enhance the business of the banks.

Impact of Human Factor

With the advent of technology in the banking sector, the human resource has become more vital. The electronic and mechanized channels have been fast replacing the human elements in the banking sector. As such, it has changed the facets of the banks from a product provider to a technology provider. As a result, personalized services are missing.

Behavioral Difference

The very fundamental concept in banking is banker-customer relationship. The relationship develops as the customer develops his transactions. In retail banking, though the number of customers is very large, the relationship with the banker is found less because of the behavioral difference by the employees towards customers. The difference is wide in the case of banks located in urban and semi-urban areas. This will affect the customer loyalty to banks.

Product Difference

It is essential that the retail banking offers a variety of products to the individual customers. The introduction of technology warrants continuous product innovation. The banks come out with new products, stating that the products are introduced according to the needs and requirements of different types of different types of customers.

Quality Difference

Quality of product and service will speak of the bank and its image. When there is a slight deviation in the quality of product and in the delivery of service, it will affect the organization. The quality differs from sector to sector and area to area.

Conclusion

Retail banking led by the commercial banks in the wake of the financial reforms has opened new vistas for banks to change over to a customer-centric approach. The increasing use of modern technology has further enhanced reach and accessibility. Distribution is therefore going to be a differentiator as banks struggle to increase their share in retail financing. Most banks as such are experimenting with alternate technology like ATMs, internet banking or Tele banking in the hope of lowering cost and increasing efficiency. The role of the branch is bound to undergo change over the next few years. Thus, Indian banking has changed the entire scenario with an assurance that customer satisfaction has given way to innovation in products and services. It is to be mentioned that a study on retail banking with respect to different channels and with respect to customer satisfaction is descriptive in the sense that it is mainly based on the opinion of the sample customers in Madurai District. This will enable us to understand the role of commercial banks in retail banking in the new electronic era. The suggestions made will enable bankers to formulate necessary policies on retail banking in general and different channels of distribution in particular, to function and perform better. If the present study helps the researchers in any way to undertake the studies of a similar nature in other areas, he will feel happy that his study has helped the future researchers and he will have a sense of satisfaction that he has undertaken a useful study

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