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Banking Sector: An Analytical Study on Customer Satisfaction in India

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Abstract

Customer satisfaction depends on various factors such as accessibility, cost, convenience, security, web portal management etc. Banks emphasize on customer satisfaction to survive in the dynamic and competitive environment of banking sector. The customers suffer as the bank employees are not always able to serve the customers appropriately due to lack of proper training. The service quality of private sector banks is better than public sector banks. Rural masses face difficulties to avail banking facilities due to poor infrastructure of banks in rural areas. Customers suffer due to inadequate number of bank branches in rural areas. Customers avoid e-banking due to security threat. Customers face difficulties to avail e-banking services due to poor internet connection. The study is based on both primary and secondary data. In this paper, an attempt has been made to analyze various aspects of customer satisfaction in banking sector in India.

Keywords: Bank, Banking Sector, Customer, Customer Satisfaction.

Introduction

Banks emphasize on customer satisfaction to exist in the competitive and dynamic environment of banking sector. Banking system is the backbone of the economy of a country. Banking sector plays important role behind the growth of economy in India. Customer satisfaction is the major concern of banks to increase customer loyalty. Customer satisfaction depends on various factors such as security, accessibility, cost, convenience etc. Many people are not aware about the banking

facilities. Customers suffer to avail banking services due to poor infrastructure of banks in both public and private sectors. Rural masses face difficulties to avail banking services due to lack of bank branches in rural areas. Private sector banks use modern technologies more than public sector banks to deliver banking facilities properly to the customers. The banking habits is less among rural masses due to lack of awareness.

Literature Review

Banks play vital role for the development of economy (Goud, 2021). In commercial banking sector, working condition signifies working environment and various matters related to labour in work place such as work load, job hours, legal rights and responsibilities (Adah et al., 2020). Economic reforms has significant impact on banking sector (Purbey, 2020). Banking sector plays important role behind economic growth (Huang et al., 2023). Liberalization of banking sector has immense impact behind the growth of private sector banks (Roy et al., 2023). Banks should analyze customer reviews to improve the quality of banking services. Banks must use digital communication to protect the customers from fraud (Sharp et al., 2024). Banks face various challenges which put its profitability at risk (Svoboda, 2023). The role of banking sector is essential for the growth of Indian economy (Kamboj et al., 2022). The role of banking industry in India is significant regarding financial inclusion, lower incidence of non-performing assets, credit expansion etc. (Kapparahetty, 2020). The growth of e-banking sector is very significant in India (Yuvaraj et al., 2023). The banking sector in India is changing due to technological innovation, financial liberalization and regulatory reforms (Sreenivasamurthy, 2022). Customer expectations must be fulfilled to increase the level of customer satisfaction (Ghimire and Agarwal, 2024). The economic growth of country depends on banking sector. Banking sector plays vital role in the financial system. Banks provide loans to many sectors for the development of economy (Rehman and Lakshmi, 2024). Internal control is very important to prevent fraud in banking sector (Samuel et al., 2024). Training is essential for bank employees as it inspires employees to become dedicated towards work (Takeed et al., 2024). E-banking has immense impact behind the improvement of service quality in banking sector (Subedi and Adhikary, 2024). Banks deal with various financial activities such as receiving deposits and disbursing loans (Singh, 2023). Advancement of technology plays important role towards the modification of banking industry in India (Sah, 2024). Online banking is replacing traditional banking as the customers can avail banking facilities round the clock through online banking (Kavitha, 2024). Banks should provide modern facilities to retain customers in dynamic and competitive environment (Padhy, 2023).

Objectives of the Study

The objectives of the study are as follows:

- To analyze various factors of customer satisfaction in Banking sector in India.
- To analyze different aspect of customer satisfaction in e-banking in India.
- To analyze various aspects of customer satisfaction in banking sector on rural masses in India.

Methodology

The study is based on primary data and secondary data. Primary data has been collected from the customers of both public and private sector banks. Secondary data has been collected from journal articles. The sample size of the study is 300. 35% of the respondents are between the age of 20 years to 30 years. 31% of the respondents are between the age of 31 years to 40 years. 19% of the respondents are between the age of 41 years to 50 years. 11% of the respondents are between the age of 51 years to 60 years. 4% of the respondents are above 60 years of age. 66% of the respondents are Male. 34% of the respondents are female. 63% of the respondents are graduates. 7% of the respondents are post graduates. 54% of the respondents are service holders. 23% of the respondents are businessmen. The respondents are from both urban and rural areas. The respondents are customers of public and private sector banks.

Limitations of the Study

The limitations of the study are as follows:

- The study is based on limited number of customers of public and private sector banks.
- The study of e-banking services depends on few banks.
- The study on rural customers is restricted to few rural areas.

Banking Sector and Customer Satisfaction

Customer satisfaction is the primary concern of banks to survive in the competitive environment of banking sector. The preference of customers change with the development of technology. 73% of the customers agree that private sector banks adopt modern technology more than public sector banks. The employees of banks are not always properly trained. They cannot properly communicate with the customers due to lack of knowledge about local language. 84% of the respondents agree that the employees of the banks need proper training so that they can deliver service appropriately to the customers. E-banking has replaced traditional banking in recent years. Customers can avail e-banking services without visiting bank branch. 89% of the respondents agree that the inclination of customers towards e-banking has increased in recent years. Many customers avoid e-banking due to security threat and

lack of technological knowledge. Banks must take proper initiatives to increase the e-banking habit among customers. 67% of the respondents agree that customers avoid e-banking due to security threat. 54% customers agree that people avoid e-banking due to lack of technological knowledge. Rural masses have to face difficulties to avail banking facilities due to poor infrastructure. Private sector banks have very few branches in villages. Rural masses depends on public sector banks. 88% of the respondents agree that the number of bank branches is very less in villages. Rural masses are not aware about the banking facilities. The bank authorities should take proper initiatives to increase awareness about banking facilities among rural masses. 62% of the respondents agree that awareness among rural masses about banking facilities should be increased. The work culture of private sector banks is better than public sector banks. The infrastructure of public sector banks is very poor. Customers suffer a lot due to poor infrastructure of banks of public sector banks. 88% of the respondents agree that the infrastructure of private sector banks is better than public sector banks. Customer satisfaction depends on the quality of service. The service quality of private sector banks is better than public sector banks. Service quality is the major factor behind customer satisfaction. Banks adopt modern technology to increase the quality of service. 92% of the respondents agree that the service quality of private sector banks is better than public sector banks. Rural masses avoid banking facilities due to high bank charges. The bank charges of private sector bank is higher than public sector banks. 71% of the respondents agree that the bank charges of public sector banks is less than private sector banks.

Conclusion

Customers prefer e-banking more than traditional banking in recent years as they can avail banking facilities without visiting bank branches. Rural masses suffer a lot due to lack of infrastructure in villages. Both private and public sector banks have few branches in remote areas of villages. Banks should take initiatives to improve the infrastructure in villages so that rural masses can avail banking facilities properly. Customers have lack of knowledge about e-banking. Many people are not interested in e-banking due to security threat. Private sector banks deliver better services than public sector banks. The employees of private sector banks are properly trained to provide banking facilities appropriately to the customers. The employees of public sector banks are not properly trained due to which the customers suffer to avail banking services. The authority of public sector banks must take necessary steps to improve the quality of services. Customer satisfaction is the major factor behind customer retention.

Suggestions

Banks should adopt modern technology to deliver banking services appropriately to the customers. Bank employees need proper training to serve

customers properly. The quality of e-banking services should be enhanced. Banks should take necessary steps to protect the customers from fraud. Banks must take necessary steps to increase e-banking habits among customers. The number of bank branches should be increased in rural areas. The awareness among rural masses regarding banking facilities should be increased. The infrastructure of public sector banks should be increased to survive in the competitive environment of banking sector. Private sector banks should reduce bank charges. The service quality of public sector banks should be enhanced for the benefit of customers.

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