

Customer Satisfaction of Banks in Nanded District

Dr. Mudholkar Gajanan Panditrao
Assistant Professor,
School of Commerce and Management Sciences
Swami Ramanand Teerth Marathwada University, Nanded, Maharashtra.

Abstract

The customer satisfaction is very important parameter while studying marketing strategies. The customers are said to be satisfied if their needs, want and desires are fulfilled by the product. Hence this customer satisfaction leads to customer loyalty, customer retention and customer relationship management. The customer satisfaction is measured through linear or multiple regression through relative importance of each variable is understood in banks and NBFCs in Nanded district. For this purpose a sample has been drawn from managers, employees and customers of banks and non banking financial companies respectively.

Keywords: Customer satisfaction, Banking, NBFC

1. Introduction:

The customer satisfaction is very important parameter while studying marketing strategies. The customers are said to be satisfied if their needs, want and desires are fulfilled by the product. Hence this customer satisfaction leads to customer loyalty, customer retention and customer relationship management. The study of customer satisfaction related strategies are as customer satisfaction related to Product Related Strategies, Price Related Strategies, Place Related Strategies, Promotion Related Strategies, People Related Strategies, Process Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies and ICT related strategies.

In 21st century due to erasing of national boundaries for business in globalization, companies are trying very hard to retain the existing customers by better customer relationship management. The same trend is again seen in the banking industry and its rivalry industry i.e. non banking financial companies. The banking business is now changing its face as relationship banking due to the immense competition from PSU banks, Private sector banks such as HDFC, ICICI and more professional foreign banks. Competition is increased manifold and foreign players and private players are targeting upper bracket of business community resulting in higher profitability. For all of the banks customer relationship stands very important so that they are trying very hard to increase their profitability.

2. Research Methodology

In present study researcher has made attempt to analyze customer satisfaction in banking companies and compared that of non banking financial companies. For this purpose a sample has been drawn from managers, employees and customers, the ratio taken amongst them is 1:2:10 respectively for managers, employees and customers. The data is collected from respondents through a structured questionnaire.

The customer satisfaction is measured through linear or multiple regression through relative importance of each variable is understood in banks and NBFCs in Nanded district. The reliability is studied through Cronbachs' alpha reliability test and conclusions have been drawn from the data.

3. Data Analysis:

Cronbachs' alpha reliability test is used to understand reliability of research and its findings are as follows

Reliability Statistics

Cronbach's Alpha	N of Items
.981	10

The Cronbachs' alpha value 0.981 indicates that there is greater reliability in customer satisfaction parameters. Hence researcher is interested in doing multiple regression as follows

Regression tables are as follows

Table No.6.135 Variables Entered or Removed for Regression Analysis

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	ICT related strategies, Price Related Strategies, Product Related Strategies, Process Related Strategies, Promotion Related Strategies, Place Related Strategies, People Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies ^b	.	Enter
a. Dependent Variable: Customer Satisfaction			
b. All requested variables entered.			

Source: SPSS output

From the above table, it is observed that the variables entered for studying customer satisfaction through multiple regression analysis are as ICT related strategies, Price Related Strategies, Product Related Strategies, Process Related Strategies, Promotion Related Strategies, Place Related Strategies, People Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies. There are no variables removed.

The regression analysis includes the model summary represented by following table as

Table No.6.136 Model Summary of Regression Analysis

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.894 ^a	.799	.795	.226	.799	225.623	10	569	.000
a. Predictors: (Constant), ICT related strategies, Price Related Strategies, Product Related Strategies, Process Related Strategies, Promotion Related Strategies, Place Related Strategies, People Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies									

Source: SPSS output

From the above model summary table, it is clear that the value of R is 0.894 where R is the link between the examined and supposed value of dependent variable. The square of R shows the customer satisfaction in Banks and NBFCs that can be explained by the independent variables such as ICT related strategies, Price Related Strategies, Product Related Strategies, Process Related Strategies, Promotion Related Strategies, Place Related Strategies, People Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies.

R square is also called as coefficient of determination in two variable case and it is known multiple coefficient of determination when more than two variable case. R square tells how the sample regression line fits the data.

In this example, the value of R square is 0.799, which means that about 79.9 % variations in dependent variable customer satisfaction is explained jointly by all the independent variables. When additional independent variables are included in this model, each variable explain the some of the variances in the dependent variable explained by Adjusted R square value.

In this case of multiple regression, the adjusted R square attempts to yield a more realistic picture of the fit of regression value to estimate the R squared for the population. The value of R square is 0.799 while the value of adjusted R square is 0.795.

Table No. 6.137 ANOVA for multiple regression

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	114.866	10	11.487	225.623	.000 ^b
	Residual	28.968	569	.051		
	Total	143.834	579			
a. Dependent Variable: Customer Satisfaction						
b. Predictors: (Constant), ICT related strategies, Price Related Strategies, Product Related Strategies, Process Related Strategies, Promotion Related Strategies, Place Related Strategies, People Related Strategies, Physical Evidence Related Strategies, CRM Related Strategies, Service Quality Related strategies						

Source: Field Survey and SPSS output

From the above table no. 6.137, it is found that the value of F test under ANOVA is 225.623 at degree of freedom 10, 569 and the p-value associated with this F value is very small (0.000). These values are used to answer the question, “Do the independent variables reliably explain the variations in the dependent variable?”, The p- value is compared to chosen alpha level (typically 0.05) and if smaller, one can conclude that the independent variables jointly explain the variations in dependent variable. Hence there is statistically significant relationship with the dependent variable or it explains the variations in dependent variable customer satisfaction.

The coefficient table represents the multiple regression equation as follows

Table No. 6.138 Coefficient Table

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.009	.220		9.147	.000
	Product Related Strategies	-.746	.141	-.538	5.305	.000
	Price Related Strategies	.812	.119	.534	6.803	.000

Place Related Strategies	.313	.126	.254	2.487	.013
Promotion Related Strategies	1.310	.158	.975	8.293	.000
People Related Strategies	.146	.177	.101	.828	.408
Process Related Strategies	.362	.140	.284	2.581	.010
Physical Evidence Related Strategies	-.625	.182	-.452	3.442	.001
CRM Related Strategies	-.485	.155	-.367	3.125	.002
Service Quality Related strategies	-.036	.189	-.026	-.192	.847
ICT related strategies	-.915	.140	-.675	6.551	.000

Source: Field Survey and SPSS output

The constant shows the Y intercept when all other variables are zero. B represents unstandardized coefficient, representing the values of regression. These values forecast the dependent variable from the independent variables. They are evaluated in their natural units that's why they are known as unstandardized coefficient. The regression equation can be presented in following way

$$Y_{\text{Predicted}} = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \beta_7x_7 + \beta_8x_8 + \beta_9x_9 + \beta_{10}x_{10}$$

Y = Overall Customer Satisfaction (Dependent variable)

Where β_0 = constant and

$\beta_1, \beta_2, \beta_3, \dots, \beta_{10}$ are labeled coefficient or estimates of customer satisfaction for

- x_1 = Product Related Strategies
- x_2 = Price Related Strategies
- x_3 = Place Related Strategies
- x_4 = Promotion Related Strategies
- x_5 = People Related Strategies
- x_6 = Process Related Strategies
- x_7 = Physical Evidence Related Strategies
- x_8 = CRM Related Strategies
- x_9 = Service Quality Related Strategies
- x_{10} = ICT Related Strategies.

Hence the values of $\beta_1, \beta_2, \beta_3, \dots, \beta_{10}$ labeled coefficient or estimates of customer satisfaction are given the first column of unstandardized coefficients

The value of predicted overall customer satisfaction is given as

$$Y_{\text{Predicted}} = 2.009 - 0.746x_1 + 0.812x_2 + 0.313x_3 + 1.310x_4 + 0.146x_5 + 0.362x_6 - 0.625x_7 - 0.485x_8 - 0.036x_9 - 0.915x_{10}$$

Conclusion

The customer satisfaction of financial services is tested through multiple regression model in SPSS. It is concluded that from the t test values and p- value associated with it, it is observed that the customer satisfaction for people related strategies and Service Quality Related Strategies are having p values greater than std alpha value 0.05,

hence the null hypothesis ‘there is no statistically significant difference in customer satisfactions of banks and NBFCs as far as people related strategies and Service Quality Related Strategies are concerned’ is retained and the customer satisfaction for other independent variables there is statistically significant difference in comparison of banks and NBFCs as far as customer satisfaction related to given other independent variables concerned.

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