

An executive summary of the final report of work done on the minor research project of Ms. Suchitra entitled “**MODERN BANKING SERVICES: A STUDY ON CUSTOMER PERCEPTION AND BEHAVIOUR**” sanctioned by UGC, vide sanction letter No. MRP (H) - 0164/12-13/KAMA022/UGC-SWRO Dated: 23.09.2013

Customer satisfaction is of great significance and it has become a corporate goal as an ever increasing number of organizations are making every effort to improve the level of quality in their products and services. Investment in customer satisfaction, customer relationships and service quality leads to profitability and market share. Modern banking services made people easy to access all their necessities in life with short span of time. In the gender response rate of survey, male respondents were more than female respondents, 54.2% of the respondents were married and the remaining 45.8% of the respondents single. Majority of the respondents were from the age category of 26-35. 31.2% of the respondents have their account in Corporation bank, 26.4% of respondents in Central bank of India, 13.6% of the respondents are Canara bank account holders, 8.4% of the respondents holding their account in Syndicate bank and remaining 7.8% of respondents from Vijaya bank. 38.2% of the respondents have 4-6 years experience with the same bank, followed by above 12 years of bank transaction experiences as assigned by 20.6% of the respondents, 16.6% of the respondents had 1-3 years of experience while a very minimal (12.8% and 11.8%) of the respondents opined that they had 7-9 years and 10-12 years banking transaction experience with their respective banks.

Out of 342 respondents, housing loan (41%), vehicle loan (19.33%) were the most preferred loans and a very low percentage of the respondents said that they availed jewel loan. Majority of the respondents (53.8%) opined that interest rates on bank loans are acceptable and even they (60%) opine that processing time of loan requested is quick, followed by 30.99% of them opined that loan processing time is reasonable and acceptable. Only few of the customers indicated loan processing time as very low (8.77%) and slow (25.15%). This indicates that 226 customers are satisfied with loan processing time against 116 customers who were dissatisfied. Customers pleasure highly depends on many factors of the quality and quantitative services of only three factors, i.e., 44.44% of the respondents are attracted by good services assistance provided by banking employees and 40.94% of the respondents preferred particular banking services due to facilities like easy accessibility, online banking etc. And only 14.62% of the respondents are attracted by initial interest rates offered by banks. Majority of the respondents were satisfied with the current

bank services (72.52%), followed by 21.05% of customers neutral due to tardy services, penalties, fears of threatening, hidden charges and 6.43% of respondents are highly satisfied. Bankers should treat customer issues in solvable manner, then only any bank can retain the customer for a long term else there may be chances of consumer switchovers and loss of profitable customers. Out of 666 responses, 436 respondents had fixed deposits (47.18%) and demand deposits (18.31%). It is found from the study that interest rates offered by banks (36.61%), safety (26.76%) and services of the banks (21.83%) were major customer preference factors for choosing particular deposit schemes. Overall satisfaction on bank deposit schemes resulted positively and respondent's satisfaction is higher than the dissatisfied customers and this point was well supported by low (62.67%) and moderate (33.09%) opinion about interest rates on deposit schemes. It is clear from the study, that of the 1000 respondents, 66% of the respondents did not have any dealing with insurance services in banks. Rest of the 34% had insurances offered through account holding banks. Out of 204 insurance holders, majority of the customers (69.6%) opined that the bank offered insurance services were reasonable whereas only meagre responses were recorded for high level of satisfaction and dissatisfaction. It is clear that, the commonly used modern services are ATM (608), locker facilities (160), mobile banking (560), and net-banking (336) and tele banking, online fund transfers etc., are categorised as others (only 224 users). Users of mobile banking is more compare to net banking as it indicates increase in usage of mobiles day by day for the various purposes while chances of usage of net banking was low, due to confusion, poor internet literacy, fear of online theft, no training on this aspect etc hence it was given the last preference.

From the survey it clears that out of 1000 customers 578 respondents, 57.8% of them are dealing with online banking services. Out of 578 customers 40% of them are using online banking 1-3 times, 29.35% of customers using 3-5 times and only 17% of customers used only once. 35.64% of respondents are using online services above one year, 34.6% of them are using between seven months to year, 19.38% between 1-6 months and only 10.38% of customers using from last one month. Major part of the respondents (58.48%) are using online banking for checking their account balance, 19.37% of them are using to book ticket, to settle online payment and for others purposes also respondents depends upon online banking each share 11%. Customers feel very much secured in online banking. Around 73.7% feel secured and only 26.3% of them feel not safer. 54% of respondents feel safer in third party transfer compare to other 46% who feel unsecured. It is revealed from the study

that 59% of customers feel bank staffs are helpful and 15.6% of them feel staffs are polite .13.4% and 11% of respondents opine that bank staffs are caring and friendly in nature respectively. Only few customers were forward to avail loan may be due to poor services, penalties for late payment, fear of threats, interest rate confusion, hidden costs, unknown deductions etc. Hence the banker should treat these customer issues in a solvable manner, and then only they can retain customers. Banks should take necessary steps to convert non-users of insurance services into users by offering customer expected services, customer satisfaction drives, create importance of insurance. Adequate training and instructions must be given to banking employees to guide their customers regarding how to use modern banking services like mobile banking, net banking, online banking etc. Proper publicity must be given to public towards various facilities available in their respective banks. Customer must be informed in case of delayed payment, customer accepted insurances on loans, no hidden charges, quick processing, tendency of maintaining customer relationships that fosters customer loyalty. The immediate changes required in value-added services like reducing service charges or increase free services, more training than instruction on how to use net banking, que less ATMs, easy accessibility of ATMs, reducing unnecessary repairs in ATMs, reducing unnecessary promotions through mobile banking etc. Lot of improvement is required in receiving alerts, mobile banking, online banking and advertisement. Banker must create secure feelings to customer in online banking. Hence banker can increase number of online banking customers. The study is aimed at measuring the consumer's preference and satisfaction levels for modern banking services offered by five different banks in Mangalore city. Housing and vehicle loans are fast moving than other services and overall satisfaction resulted at 78%. Further overall satisfaction on bank deposit schemes resulted positively while banking insurance services still need to be given attention by focussing on customer issues. New innovative schemes, strategies to cater to non-users of insurance services have to be adopted. A study or future research is recommended on all verticals of banking insurance services. In modern banking services customer preference for net banking was least ranked and if the bankers wish to increase net banking traffic, bankers should take maximum efforts to educate the consumers by offering on-line training instead of handing out instruction manuals. Finally, if they want to sustain customers on a long-term basis, bankers should work towards 100% customer satisfaction that automatically fosters customer delight.

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