

# STUDY ON CUSTOMER SATISFACTION IN STATE BANKS IN TRINCOMALEE DISTRICT

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## ABSTRACT

In recent years, the banking industry has undergone massive changes in scope and the nature of its environment. Technological advances, increased competition, the expansion of economic activities, as well as the growing diversity of customer needs have contributed to the increase and the scope of banks' services. This research aimed to investigate the level of customer satisfaction in state banks in the Trincomalee district. The study has been done with a number of account holders for the last five years in these three state banks. Even though all three are state banks, the record shows a low number of savings accounts in the National Savings Bank even it though it was established for promoting the saving habit among people. Therefore, special reference has been given to the National Saving Bank, comparing it with the other two state banks, People's Bank and Bank of Ceylon. Consequently this research investigation has been conducted by analyzing the marketing mix strategy. Marketing mix strategies are seen as a main strategy of winning competitive advantage. The objective of this study is to evaluate the satisfaction level of product, price, place, promotion, people, physical evidence and process (Service Marketing Mix: 7Ps) among the state banks. A structured questionnaire was used to collect the primary data from 150 respondents. Questionnaires were divided and 50 questionnaires for each bank were randomly issued and secondary data were collected through books, journals, magazines and annual reports. The collected data were analyzed using the techniques of univariate analysis with the help of Statistical Package for Social survey (SPSS). The level of customer satisfaction of three state banks in Trincomalee district varies based on the variables considered. Compared with the other state banks the National Savings Bank customers revealed that they have a moderate level of satisfaction whereas the Bank of Ceylon and People's Bank have a high level customer of satisfaction. This bank has to improve the level of customer satisfaction by improving the service quality of the bank, by granting more benefits for the savings account holders, and applying new information technology such as ATM facilities, worldwide online money transfer, and e-banking system.

Key words: Bank, 7 Ps, Information Technology and customer satisfaction.

## PROBLEM STATEMENT

The number of accounts for the last five years from 2007 to 2011 in the state banks clearly show that there is a big difference among state banks' services in the Trincomalee district.

**Table 01**

No	Banks	2007	2008	2009	2010	2011	Total
01	National savings Bank	9951	10178	11526	12897	13261	57813
02	Bank of Ceylon	178,940	179,740	169,960	139,988	75,000	743,628
03	People's Bank	157,650	169,780	168,580	169,000	100,000	765,010

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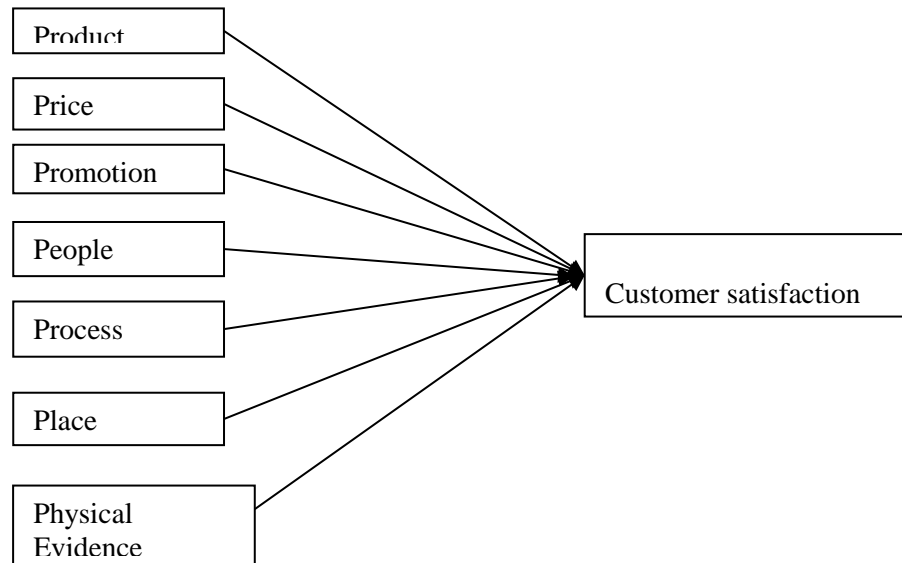
(Source: Regional branch/main branch in year 2012)

## OBJECTIVES OF THE STUDY

- To evaluate the level of customer satisfaction among the three state banks.
- To find the factors contributing to customer satisfaction.
- To find out the use of Information Technology.

## CONCEPTUAL FRAME

**Figure 01**



(Source: Develop for the research purpose)

There are 7 P's determining Marketing Mix. They are Product/Service, price, place, promotion, people, process and physical evidence. Each piece determines service marketing. As a result bank pricing must be competitive and must entail profit. The pricing strategy can comprise discounts, offers and the like. Place, refers to the place where the customers can obtain the service and how the service reaches out to that place. This is done through different channels, like internet, wholesalers and retailers. Another one is promotion; it includes the various ways of communicating to the customers of what the bank has to offer. It is about communicating the benefits of using a particular product or service rather than just talking about its features. People refer to the customers, employees, management and everybody else involved in it. It is essential for everyone to realize that the reputation of the brand that is involved with is in the people's hands. Process, refers to the methods and process of providing a service and is hence it is essential to have a thorough knowledge of whether the services are helpful to the customers, whether they are provided in time, if the customers are informed beforehand about the services and many such things. Finally, Physical (evidence), refers to the experience of using a product or service. When a service goes out to the customer, it is essential that you help them see what he is buying or not.

## OPERATIONALIZATION

**Table 02**

Variable	Indicator	Scale	Q.No
Product	Availability of deposit products	Five point	07
	Availability of loan products	Likert	08
	International transactions	Scale	09
Price	Low interest rate for Loan facility	Five point	10
	Special interest rate for deposit	Likert	11
	Service Charges	Scale	12
Promotion	Raffle	Five point	13
	Advertisement	Likert	14
	Special offer	Scale	15
People	Willingness to help	Five point	16
	Complaint handling	Likert	17
	Individualized attention	Scale	18
Process	E-banking	Five point	19
	SMS Banking	Likert	20
	Service process	Scale	21
Place	Accessibility	Five point	22
	Location	Likert	23
	ATM Service	Scale	24
Physical Evidence	Printed receipt	Five point	25
	Certificate	Likert	26
	Statement	Scale	27

(SoDevelop for the research purpose)METHODOLOGY

### SAMPLE SELECTION

The target population for this study includes all the account holders of state banks in the Trincomalee district.

### SAMPLING

**Table 03**

Banks	Town & Gravates Region	No of account holders in year 2011	No of questionnaires
National savings Bank	Main Branch	13,261	50
Bank of Ceylon	Main Branch	33,467	50 (23+21+6)
	Bazar Branch	32,250	
	China bay Branch	9,283	
People's Bank	Main Branch	65,813	50 (33+17)
	Twon Branch	34,187	

(Source: Regional branch/main branch in 2011)

For this research 150 samples were randomly selected from savings account holders in the Trincomalee district. Around 188,261 customers were identified as having bank accounts from which 150 customers were taken as samples for this study. These 150 questionnaires were divided and 50 questionnaires for each bank were randomly issued. In evaluating data if the mean value falls in between  $1 \leq X \leq 2.5$ ,  $2.5 < X \leq 3.5$  and  $3.5 < X \leq 5.0$ , the decision was low, moderate and high level of satisfaction respectively. Secondary data were collected from the statistical hand book, journals, magazines and websites.

## **RESULTS AND DISCUSSION**

### **PRODUCT**

Evaluating the product/service of the three state banks. The highest level of customer satisfaction is seen from the PB and BOC. A moderate level customer satisfaction is seen from the NSB. NSB has a mean value 3.18 with standard deviation 0.670. BOC has mean 3.53 with standard deviation 0.815. PB has mean value of 3.68 with standard deviation 0.768.

### **PRICE**

Prices relate to special interest rate for senior citizens, fixed deposit, day interest for saving amount, interest rate for loan and service charges. The highest level of customer satisfaction is seen from the PB. The moderate level of customer satisfaction is seen from the BOC and NSB. In the NSB price mix has mean 3.38 with standard deviation 0.470. BOC has mean 3.43 with standard deviation 0.325. PB has mean 3.59 with standard deviation 0.362.

### **PLACE**

The place is one of the variables and it has four indicators. distance, internal and external environment, ATM facilities and mobile services. The highest level of customer satisfaction is seen from the BOC and then PB. The low level of customer satisfaction is seen from the NSB. NSB has mean 2.23 with standard deviation 0.724. BOC has mean 3.85 with standard deviation 0.782. PB has mean 3.81 with standard deviation 0.812

### **PROMOTION**

The variable of promotion includes lottery, seasonal loan re-payment method, attractive advertisement and cash advance. The highest level of customer satisfaction is seen from the PB and then BOC. The moderate level of customer satisfaction is seen from the NSB. NSB has mean 2.99 with standard deviation 0.572. BOC has mean 3.63 with standard deviation 0.801. PB has mean 3.93 with standard deviation 0.854.

### **PEOPLE**

Evaluating the efficiency, customer care, experience and relationships of the three state banks in Trincomalee district the highest level customer satisfaction is seen from the BOC and then PB. The moderate level customer satisfaction is seen from the NSB. NSB has mean 3.22 with standard deviation 0.702. BOC has mean 3.66 with standard deviation 0.869. PB has mean 3.83 with standard deviation 0.967.

### **PROCESS**

The process depends on adaptation of Information Technology. Online banking, telecommunication services, SMS banking and Part payment are evaluated. The highest level of customer satisfaction is seen from the BOC and then PB. The lowest level of customer satisfaction is seen from the NSB. In NSB Information Technology has mean 2.43 with standard deviation 0.724. PB has mean 3.81 with standard deviation 0.812. BOC has mean 3.85 with standard deviation 0.782.

## **PHYSICAL EVIDENCE**

Physical Evidence includes printed receipt, certificate, and statements. Evaluating the physical evidence of the three state banks the highest level customer satisfaction is seen from the PB and then BOC. The moderate level customer satisfaction is seen from the NSB. In NSB it has mean 2.98 with standard deviation 0.572. BOC has mean 3.63 with standard deviation 0.801. PB has mean 3.66 with standard deviation 0.854.

## **OVERALL ANALYSIS**

Evaluating the overall analysis of the three state banks in Trincomalee district the highest level customer satisfaction is seen from the PB and then BOC. The moderate level customer satisfaction is seen from the NSB. In NSB customer satisfaction has mean 2.91 with standard deviation 0.539 BOC has mean 3.65 with standard deviation 0.808. PB has mean 3.75 with standard deviation 0.910.

## **CONCLUSION**

Customer satisfaction is a most important factor in the banking sector. In this research seven variables have been taken into consideration to assess the level of customer satisfaction of banking. The customer satisfaction pattern is changing day to day in this way; the banking sector has to update their product and services according to the trend in which it is most important for survival and existence of the sector. Illustrating the customer satisfaction in three state banks namely NSB, BOC, PB it appears that the level of customer satisfaction in NSB is low compared to the other two state banks. In view of the above it can be stated that the People's bank and BOC have a slight difference in the level of customer satisfaction. NSB has highest variation compared to the BOC and PB in the level of customer satisfaction. Therefore, it is important to find ways and means to increase the level of customer satisfaction in NSB.

## **RECOMMENDATIONS**

Though NSB provides high rate of interest for savings between 5% - 6%, fixed deposit 8.5% - 14% compared BOC (Savings 4%-5%, fixed deposit 7.5% - 12.68%) and PB savings (Savings 4.25%-6%, fixed deposit 11% - 12%) the bank should give more attention on customers to fulfill their other requirements such as quick service, healthy communication, reduced interest charges for loan pawning and mortgage.

NSB should concentrate on increasing the infrastructure facilities of their branches by providing sufficient vehicle parking facilities, Seating facilities and tools and equipment for their customers. Also NSB should establish sub branches, where customers can easily reach the bank by travelling a short distance.

The bank staff should explain the benefits of the interest rate given by the bank in order for the bank customers to be more aware about the benefits of maintaining their savings in the bank. It should take necessary action to reduce the time in waiting at the counter section and other sections. The bank should appoint experienced staff for each task to facilitate completion of a customer's transactions in a short time

In the case of service hours NSB should take necessary action to provide more ATM facilities for customers to do their day to day transaction conveniently.

NSB has also introduced new services such as providing double interest rates, providing gifts, scholarship, through innovation to each target group.

NSB should pay more attention to improving the staff morale as bank staff should treat the customer well and talk to them politely and should also fulfill their needs as early as possible.

The NSB has one main branch in Trincomalee District. But BOC has three branches; the main branch, Bazaar branch and Chinabay branch. People's Bank has two branches, the main branch and the town branch. This leads customers to deal with a bank closely and leads to increasing the number of customers. Therefore NSB should open more branches in the district in addition to the main branch, which can help increase the number of accounts and customer satisfaction in this bank.

Compared to the other two state banks NSB had very low satisfaction in relation to ATM facilities provided by the bank. Therefore NSB should make arrangements to provide ATM services for customers to make their day to day transactions more convenient. Also NSB should take more action to increase and improve the money transfer facilities for customers to get the services very quickly and easily without any delays. Furthermore the bank should provide for foreign exchange facility and facility to convert any country currency at any time. The bank staff should be trained to fulfill the customer's needs quickly without keeping the customer long time. NSB should offer more scholarship programmes to the account holders below 18 years such as children, students etc. The bank also should provide a lottery for account holders, seasonal gift vouchers, free tours, air tickets etc to their customers.

Also bank staff should take immediate action to attend to the complaints made by customers in order to reduce customer dissatisfaction. NSB should concentrate on increasing the infrastructure facilities of their branches, by providing sufficient vehicle parking facilities, Seating facilities and tools and equipment for the ease of their customers. Also NSB should establish sub branches in the Trincomalee district, where customers can easily reach the bank.

## **LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

There is no research without limitations. This study also has several limitations. First, the data for the objectives have been collected within one geographical location. For the purpose of business strategy banks' actual data and information are kept commonly secret. The study has been conducted based on people who respond to changing environments according to their needs and wants. Further research is needed to investigate the extent to which these findings generalize to other settings and to the national level with larger samples.

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