CUSTOMER SATISFACTION OF KERALA GRAMIN BANK IN ERNAKULAM DISTRICT, KERALA

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ABSTRACT

Indian economic expansion has been boosted by the country's improved financial infrastructure. The ultimate consumers of banks are the recipients of the services they provide. Following the liberalisation of the Indian economy in the 1990s, the banking industry underwent significant transformation. One of the most important factors in a bank's long-term success is the level of happiness its customers express. As the primary source of finance in rural areas, Regional Rural Banks are responsible for providing a wide range of agricultural loan products. The Kerala countryside is served by Kerala Gramin Bank (KGB), the state's sole rural regional bank. Kerala Gramin Bank improves performance and makes a profit of 124.14 crore in the last financial year.[i]It was roughly four times compared to the profit of 33.43 crore that the bank made in the previous year. KGB, like many rural banks, is under competition from larger, more well-established banks in both the public and private sectors. For banks, keeping their customers happy is a constant battle. The purpose of this research was to analyse how happy Ernakulam, Kerala, customers are with Kerala Gramin Bank. The study relied on primary data from a sample of 200 consumers who filled out a questionnaire based on the one created by Mihelis et al., (2001). Z-test and analysis of variance (ANOVA) were employed for the analysis. According to the data, customers of Kerala Gramin bank are generally satisfied. In addition, we discovered that consumer satisfaction is quite stable across all of the demographic categories examined.

Key Words: *C*ustomer satisfaction, Regional rural banks, Kerala Gramin Bank, Rural Development

INTRODUCTION

The development of the banking system has accelerated India's economic growth. Banks deliver services to the ultimate customers. Business expansion is impossible without satisfied customers, hence this metric is essential. Acquiring new customers, providing excellent service,

and keeping existing ones happy is incredibly difficult in the banking industry due to the high level of competition. In order to survive in the face of rising competition and rising customer expectations for improved service quality, rural banks are going to great lengths to learn about their clients' purchasing habits. While playing a crucial role in improving people's lives and the economy as a whole, banks must also evolve into profit-driven enterprises. Banks, if they want to turn a profit, will have to focus more on their customers, satisfaction and service, per se. Reinartz(2016).[ii]However, the bank no longer places a premium on merely comprehending the customer's requirements and making an effort to fulfill their commitment to the bank alone. However, in the present day, banks are more concerned about keeping their existing customers than acquiring new ones (Van Quiet et al. 2015).[iii] Customers who feel a strong connection to their bank are more likely to stick with them, spend more money there, and refer their friends and family (Suvarchala& Narasimha, 2018).[iv]

A satisfied customer can influence 100 new customers and a dissatisfied customer can influence 1000 customers (Sangwan, 2009). The major reason is that customers are switching to other banks due to their dissatisfaction (Manrai & Manrai, 2007). Customers who have a positive experience with a firm are more likely to recommend that business to others in the industry. So banks should consider customer satisfaction as an important factor for their growth and profit maximisation. High competition and the customer's high demand bring to the banks with many challenges (Alolayyan et al. 2018).[v] To expand their market and maximise their profit the banks have to develop a competitive strategy to build a loyal base of customers. When we look at customer satisfaction, it is defined as Customer satisfaction is a measure of how content a company's clients are with those providers' offerings and performance.

Banks play a crucial role in the mobilization and allocation of resources in any country. Many changes happened in the banking sector after the liberalisation of the Indian economy. Computerisation in the banking sector has made a rapid change in the banking functioning process in India. The banking industry is facing a rapidly changing market after the decision of the government to privatise the banks based on the recommendation of the Narasimham committee (1991). Several banks were set up to cater to the needs of Rural India, and once such initiative is the Garmin Banks. Rural people in India are facing problems in getting an adequate supply of credit and other supporting services. The government passed the Regional Rural Banks Act in 1976 (RRB Act, 1976) accepting the recommendations of the Narasimham committee. The main objective of Regional Rural Banks (RRBs) is to provide credit and other facilities for developing agriculture, trade and commerce, industry and other productive activities in rural areas. Regional Rural Banks (RRB) are the key financing institution in rural areas which shoulders the responsibility of meeting the credit needs of various types of agricultural credit. Kerala Gramin Bank is the only regional rural bank in Kerala, and the entire rural sector depends

on this bank for various development and credit facilities. The bank should explore the possible devices to improve the customer satisfaction.

Literature Review

Customer satisfaction is one of the key results of marketing effort (Oliver, 1980; Surprenant and Churchill, 1982; Spreng et al., 1996; Mick and Fournier, 1999). It links the processes leading up to consumption and purchases including the post-purchase phenomena like attitude shifts, recurrent purchases, and brand loyalty(Surprenant andChurchill, 1982).Customer satisfaction, is described as how a customer feels or behaves toward a product or service after using it, and typically meeting the complete needs fully while achieving their expectations(Oliver, 1980).Similar to this, many studies define customer satisfaction as the emotion that an individual has when evaluating the perceived performance of a product in light of his or her expectations. However, Customer satisfaction is a measure of how content a company's clients are with those providers' offerings and performance.

Customers are more likely to use the services again if they are satisfied with the items or services they received(East, 1997).Positive advertising will result from satisfied customers' likelihood to share their purchases or use of a certain service with zeal(File and Prince, 1992; Richens,1983). On the other hand, unsatisfied customers are likely to migrate to a competing brand, which will result in negative advertising and those type of customers also talk negative about the organisation (Nasserzadeh et al., 2008). It is impossible to disregard the importance of retaining and pleasing customers when developing plans for a business that is focused on the market and its customers(Kohli and Jaworski, 1990).Kaur, N., and Kiran, R. (2015)[vi] found that clients are happier with foreign bank services than domestic or domestically-based domestic banks.According to Ameme and Wireko (2016), [vii]technology developments increase consumer happiness in banking and other businesses.

Research Problem

The Kerala Gramin Bank has been providing banking services in the rural areas of the state for a long period of time. Like many other rural banks KGB is also facing various challenges from other established public and private sector banks. Maintaining customer satisfaction is a major challenge faced by the banks. Review of literature revealed that during the past few decades, the topic of customer satisfaction has been a pivotal area of attraction to service organisation because customer satisfaction has high positive impact on profits and other key financial and economic performance indicators. However, at this juncture it is decided to conduct a research on the customer satisfaction of Kerala Gramin Bank.

Objectives of the Study

1) To gain insight into how satisfied Kerala Gramin Bank's Ernakulam District customers are with the bank.

2) To explicate the customer satisfaction of Kerala Gramin Bank in Ernakulam District based on the selected demographic variables.

Hypothesis

H$_1$: In Ernakulam District, the customer satisfaction of Kerala Gramin Bank is good.

H$_2$: Customer satisfaction at Kerala Gramin Bank in Ernakulam District varies significantly dependent on the selected demographic characteristics.

Methodology

The data required for the study was collected from primary sources. A pre-tested questionnaire adapted from the model developed by Mihelis et al., (2001) was used for collecting the data. The random sampling method was used to collect a sample of 200 respondents who are customers of Kerala Gramin Bank in Ernakulam District. All the items were measured on a five-point Likert scale ranging from strongly agree to strongly disagree. Data was analysed using SPSS. Statistical tools such as Z-test and ANOVA were used for the analysis.

Results and Discussion

The data obtained from the respondents were classified, tabulated and analysed to study customer satisfaction of Kerala Gramin Bank in Ernakulam district. The results are analysed and inference is drawn based on the responses as follows.

Level of Customer Satisfaction

The customer satisfaction of Kerala Gramin Bank in Ernakulam district was assessed using a standard scale of customer satisfaction with six dimensions viz; personnel, products, image, service and access. The level of customer satisfaction of the Kerala Gramin Bank in Ernakulam district has been interpreted by using the methodology developed by Loyd&Abidin (1985). According to the methodology developed by Loyd&Abidin (1985), the mean percentage score is classified into one of the four groups as low or poor if the mean percent score is less than 35%, average if the mean percentage score is between 35 to 50 %, medium or good if the mean percent score lies in the interval 50 to 75%, and high or excellent if the mean percent score is above 75%. The result obtained by employing the method using the primary data is presented in table 1

Table 1 - *Level of Customer Satisfaction*

Variable	Mean	SD	Mean % Score	CV
Customer Satisfaction	61.94	3.20	68.82	5.17

Table 1shows that the mean percentage score of customer satisfaction of the Kerala Gramin Bank in Ernakulam district is 68.82, which indicate a good level of customer satisfaction on the service offered. The CV (5.17) which indicates that the score is stable as the value is less than 20. So the hypothesis $H_1$is accepted and it is concluded that the customer satisfaction of Kerala Gramin Bank is good.

Customer Satisfaction Based on Demographic Variables

The customer satisfaction of Kerala Gramin Bank in Ernakulam was analysed based on gender, age, educational qualification, occupation, average income, branch location, and years of business association with bank. Z test and one-way ANOVA compare customer satisfaction based on demographics. Tables 2-8 provide outcomes.

Table 2 - *Customer Satisfaction Based on Branch Location*

Variable	Branch Location	N	Mean	SD	Z	p value
Customer Satisfaction	Municipality	20	63	3.34	1.50	0.13
	GramaPanchayat	180	61.82	3.17		

Table 2 shows that the result of Z test is 1.50 and the p value is 0.13, p> .05indicate that there is no significant difference exists in the customer satisfaction with respect to branch location.

Table 3 - *Customer Satisfaction Based on Gender*

Variable	Gender	N	Mean	SD	Z	p value
Customer Satisfaction	Male	126	61.95	3.27	0.07	0.94
	Female	74	61.92	3.11		

Table 3 reveals that Z = 0.07 and p = 0.94, which is greater than.05. So gender does not affect customer satisfaction.

Table 4 - *Customer Satisfaction Based on Age*

Variable	Age	N	Mean	SD	F	p value
Customer Satisfaction	25 - 35	30	61.60	2.87	0.28	0.84
	35 - 45	36	62.27	3.34		
	45 - 55	54	62.03	2.99		
	55 and above	80	61.85	3.43		

Table 4 shows that the F value is 0.28 and the p value is 0.84, p> .05 implies that there is no significant difference exists in the customer satisfaction with respect to age.

Table 5 - *Customer Satisfaction Based on Educational Qualification*

Variable	Gender	N	Mean	SD	Z	p value
Customer Satisfaction	Up to 12	132	61.84	3.08	0.54	0.58
	Graduation	68	62.11	3.43		

Table 5 reveals that Z = 0.54 and p = 0.58, which is greater than .05. So customer satisfaction isn't affected by educational level.

Table 6 - *Customer Satisfaction Based on Occupation*

Variable	Age	N	Mean	SD	F	p value
Customer Satisfaction	Government	19	61.89	3.95	0.12	0.94
	Private	80	62.10	3.22		
	Self	78	61.79	3.31		
	Business	23	61.91	2.02		

Table 6 illustrates that the F value is 0.12. The p value (0.94) is greater than .05, shows that there is no significant difference exists in the customer satisfaction with respect to occupation.

Table 7 - *Customer Satisfaction Based on Average Monthly Income*

Variable	Monthly Income	N	Mean	SD	F	p value
Customer Satisfaction	Below 10000	52	60.96	2.72	2.30	0.07
	10000 - 20000	88	62.36	3.54		
	20000 - 30000	38	62.26	2.76		
	Above 30000	22	62.00	3.23		

Table 7 provides that the F value is 2.30 and the p value is 0.07, p > .05 gives that there is no significant difference exists in the customer satisfaction with respect to average monthly income.

Table 8 - *Customer Satisfaction Based on Years of Business Relationship with Bank*

Variable	Years of Relationship	N	Mean	SD	F	p value
Customer Satisfaction	Less than 1	16	61.12	4.08	1.59	0.19
	1 - 3	84	62.92	3.09		
	3 -5	50	61.48	2.90		
	Above 5	50	61.68	3.31		

Table 8 shows that the F value is 1.59 and the p value is 0.19 which is greater than .05. So it can be inferred that there is no significant difference exists in the customer satisfaction with respect years of relationship with bank.

From the above analysis it is clear that the Z values and F values obtained are greater than the table values at .05 level which indicates there is no significance difference between the satisfaction based on selected demographic variables considered in the study. So the hypothesis H$_2$ is rejected and it is concluded that the customer satisfaction of Kerala Gramin bank do not differ with respect to selected demographic variables such as gender, age, educational

qualification, occupation, average monthly income, branch location and years of relationship with bank.

Managerial Implications

Banks value customer retention. Due to domestic and worldwide competition, bank management struggle to design customer-focused projects and services. The present study analysis on banking customer satisfaction trends would help bank management. After implementing these changes, they'll prioritise customer satisfaction. Bank Management and Managers must treat consumers with almost service orientation. Businesses must know what makes customers satisfied in terms of service quality, customer service, staff behaviour, speed of service, and the like. This study's results will help bank executives improve customer satisfaction and serve more better the rural community.

CONCLUSION

According to the report, Kerala Gramin Bank has satisfied customers. It was also shown that gender, age, educational qualification, occupation, average monthly income, branch location, and years of bank connection do not affect customer satisfaction. In a competitive market, keeping consumers is key to growth and profit. Boosting client satisfaction is crucial. Kerala Gramin Bank must improve customer service by emphasising employees, products, image, service, and access.

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End notes

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