

PROBLEMS FACED BY BANK CUSTOMERS: A STUDY IN SELECTED PRIVATE SECTOR BANKS IN ERODE DISTRICT

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ABSTRACT: *Banking is mainly customer oriented. The banks should satisfy their customers qualitatively as well as quantitatively to gain competitive advantage. The customers today are very smart and they are harder to please. The customers also face various problems while transacting with the banks. To retain the customer base, banks should never neglect the grievances of their customers. They should "put the customers first" and "Customer is the king" should be the mantra of the banks.*

It is essential for the banks to study the behavioural intentions of customers and the problems faced by the customers while transacting with their banks. If they fail to study the above, it will become difficult for the bank managers to formulate strategies to improve customer loyalty. They needed to know who their customers are?, what they think? and why they will choose a particular bank and not just any other?. In the competitive trend, bankers are keen interested to identify the problems of the customers and resolve them. For this, bankers are taking much effort to extract the information from the black box (mind) of the customers. By keeping this in mind, the present study focuses on the problems faced by the customers of private sector banks in Erode district. The required primary data have been collected from 700 customers using Multi-Stage Sampling method. The Garret's Ranking technique and Kendall's 'W' Statistics have been used to identify the intensity of the problems faced by the customers of private sector banks.

Key Words: *Banks, Private sector banks, problems, customer, service sector, competition*

INTRODUCTION

Banking sector is the backbone of all the financial activities in our country. Indian banks are sound and efficient when compared to most of the banks in other countries. Banks are no longer limited to a particular geographical location. Globalisation has widened the scope of banking industry. The progress towards globalization has commenced many changes in the economic and business environment all over the world. In recent years, strategy and marketing research in the banking area have focused on the identification, creation and delivery of services based on the preference of the customers.

To plan a suitable marketing strategy, to keep existing customers and for attracting new customers, banks need to identify the criteria by which customers determine their bank selection decision. Sometimes marketing planning of organizations do fail due to improperly identifying the determinants or determinants that consumer consider in bank selection. Hence, there is a need for service organization to effectively differentiate their offerings from those of competitors in order to attract customer's attention and choice.

Now-a-days, customers prefer their banks for various reasons. The customers in the present scenario are highly sensitive. So, they should be handled with due care. Otherwise it is not possible to retain them.

Of course, selection of a particular bank by a customer may depend upon so many factors and that too will be purely based on customers' living environment. At the same time, in the practical world, problems faced by the customers are innumerable. By keeping these in mind, this study highlights the problems faced by the customers of banks. To examine this, statistical tools like Kendall's 'W' Statistic and Garret's Ranking Technique have been used.

In the present globalised scenario, banks are trying their level best to redress the grievances faced by the customers. Though this is the fact, it cannot be stated that the customers of the banks do not face any problem. Against this background, this study is an attempt to identify the problems faced by the customers of private sector banks.

REVIEW OF LITERATURE

Abdul Hamid (2017) studied the problems faced by the customers in Qatari banking industry. A survey of Customers from 15 banks comprising Islamic, conventional and foreign banks in Qatar during the

period 2007 to 2011 was made. Data Envelopment Analysis (DEA) technique was applied to compute the technical efficiency and scale efficiency. Malmquist Productivity Index (MPI) was used to identify the problems and sources of productive efficiencies of the banks. It was found that all the Qatari banks were experiencing a decline in productivity mainly attributed to less technological innovation in the banking sector of Qatar. It was suggested that the bank manager should focus on educating customers about modern technologies and other innovative banking services in Qatar.

Sasikala (2013) studied the impact of demographics on service quality, customer satisfaction and loyalty in the Indian Banking. The study also identified the problems faced by customers with their banks. She found from the Chi-square analysis, that there was an association between marital status of the respondents and customer satisfaction. She also found that lack of convenient ATM centres and poor communication regarding the specific needs of the customers were some of the major problems faced by the customers with the banks. She suggested that the banks should develop proper strategies and acknowledge the changes in customers' banking behaviour more quickly.

Melba Kani and Merlin (2013) made a study on the issues and challenges faced by customers with ATM services of State Bank of India in Kanyakumari. They found that the customers faced network related problems while using ATMs. They made recommendations to the banks to increase the limit in withdrawing cash per day to the convenience of customers.

Vennila (2014) tried to identify the problems faced by the customers towards E-Banking services of private sector banks in Coimbatore. She collected the first-hand information from 400 customers of HDFC bank, ICICI and AXIS bank by using simple random sampling method. The problem of 'unauthorised access within the network and damage of data by hackers' was identified as the most common problem faced by the customers of E-Banking.

OBJECTIVES OF THE STUDY

1. To identify the problems faced by customers of private sector banks in Erode District.
2. To offer suggestions to overcome the problems faced by the customers.

SAMPLING DESIGN AND METHODOLOGY

The present study is an empirical research based on survey method. For the present study, the primary data has been used. The required primary data have been collected by using Multi-Stage Sampling method from 700 customers of selected private sector banks in Erode District.

FRAMEWORK OF ANALYSIS

In the present study, both primary data and secondary data have been used.

The collected primary data have been analysed with Henry Garret's Ranking technique and Kendall's 'W' Statistic.

KENDALL'S 'W' STATISTIC

Kendall's 'W' Statistic is a measure of correlation or association that is employed for three or more sets of ranks. Specifically, Kendall's 'W' is a measure which allows a researcher to evaluate the degree of agreement between 'm' sets of ranks for 'n' subjects/objects (which is often referred to as inter judge reliability). The population parameter estimated by the correlation co-efficient will be represented by the notation 'W'. If 'W' is 1, it is meant that all the respondents are similar in ranking. If 'W' is 0, then there is no agreement among the respondents in ranking the factors. Kendall's 'W' statistic is calculated with the following formula:

$$W = \frac{12 S}{p^2(n^3 - n) - p^T}$$

where, n is number of items,
p is number of individuals and
T is correlation factor for tied ranks.

T is calculated as,

$$T = \sum_{k=1}^m (t^3 - t_k)$$

where, t_k is the of number of tied ranks in each (k) of m group of ties.

GARRETT’S RANKING TECHNIQUE

This technique takes into account of the ranks of the customers on certain choices based on the importance of the each choice to them. The rank 1 is assigned for the first choice of the customers. The procedure includes converting the ranks to percentage position and to Garrett’s scores. The Garrett’s scores are then averaged over various choices to find out the order and magnitude of importance of the choices to the overall respondents.

The orders of merit given by the respondents were converted into ranks by using the following formula:

$$\text{Percentage Score} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where, R_{ij} = Rank given for i^{th} item j^{th} individual.

N_{ij} = Number of items ranked by j^{th} individual.

The score value (f_x) is calculated for each factor by multiplying the number of respondents (f) with respective scale values (x). The total scores are found by adding the score values (f_x) of each rank for every factor. The mean score is then calculated to know the order of preference given by the respondents for the factors. Based on the mean, score, the overall ranks are assigned for each factor.

The percentage position of each rank is converted to Garrett’s scores by using Garret table. Then, the scores for each choice are averages for overall respondents. Higher score represents the importance of a particular choice.

PROBLEMS FACED BY THE CUSTOMERS

In the present globalised scenario, banks are trying their level best to redress the grievances faced by the customers. Though this is the fact, it cannot be stated that the customers of the banks do not face any problem.

To identify the problems faced by the bank customers, ten problems like High Minimum Balance, Frequent failures of ATMs, Long waiting time, Problems in using technological services, Cumbersome loan procedures, Withdrawal limit in ATMs, Poor infrastructure, High Service charges, Security issues and Unpleasant employees have been included in the interview schedule.

In the interview schedule, the sample customers have been asked to rank each problem on its intensity. Each sample customer has been instructed to indicate the intensity of the problem by giving rank 1 to the most important problem affecting them, rank 2 to the second important problem and so on. The analysis of ranks is made by using Garrett’s Ranking technique and Kendall’s ‘W’ Statistic.

GARRETT’S RANKING TECHNIQUE

To identify the problems faced by the sample customers, the Garrett’s Ranking technique is administered. The percentage scores for each rank from 1 to 10 are calculated. The scale values are calculated using the formula proposed by Henry Garret. The total scores are found by adding the score values of each rank for every problem. The mean score is then calculated to know the order of preference given by the sample customers for the problems faced with their bank. Based on the mean score, the overall ranks are assigned for each problem. The ranking analysis for the problems faced by the customers with their banks through Garrett’s Ranking Technique is depicted in Table 1.

**TABLE 1
PROBLEMS FACED BY THE CUSTOMERS: GARRETT’S RANKING TECHNIQUE**

Ranks Problems Scale		1st 81	2nd 70	3rd 63	4th 57	5th 52	6th 47	7th 42	8th 36	9th 29	10th 18	Total	Mean Score	Ranks
High Minimum Balance	f	140	104	19	47	79	36	75	36	88	76	700	52.37	6
	f_x	11340	7280	1197	2679	4108	1692	3150	1296	2552	1368			
Frequent failures of ATMs	f	84	10	70	112	60	183	102	33	23	23	700	52.25	7
	f_x	6804	700	4410	6384	3120	8601	4284	1188	667	414			
Long waiting time	f	153	80	35	68	87	75	51	123	28	0	700	56.44	2
	f_x	12393	5600	2205	3876	4524	3525	2142	4428	812	0			
Problems in	f	81	87	70	81	86	93	94	38	65	5	700	54.02	

using technological services	fx	6561	6090	4410	4617	4472	4371	3948	1368	1885	90			4
Cumbersome loan procedures	f	58	82	138	102	68	101	26	10	83	32	700	53.89	5
	fx	4698	5740	8694	5814	3536	4747	1092	360	2465	576			
Withdrawal limit in ATMs	f	150	82	116	70	101	88	35	11	34	13	700	59.52	1
	fx	12150	5740	7308	3990	5252	4136	1470	396	986	234			
Poor infrastructure.	f	0	50	36	59	32	25	82	170	103	143	700	38.71	8
	fx	0	3500	2268	3363	1664	1175	3444	6120	2987	2574			
High Service charges.	f	24	165	198	48	46	71	48	41	26	33	700	56.10	3
	fx	1944	11550	12474	2736	2392	3337	2016	1476	754	594			
Security issues.	f	0	7	11	13	78	17	109	149	183	133	700	34.89	10
	fx	0	490	693	741	4056	799	4578	5364	5307	2394			
Unpleasant employees	f	10	33	7	100	55	10	78	103	84	220	700	37.10	9
	fx	810	2310	441	5700	2860	470	3276	3708	2436	3960			
Total		700	700	700	700	700	700	700	700	700	700			

Note: x = Scale value; f= Number of Customers; fx = Score

It is clear from Table 1 that the sample customers are affected more by the problem of ‘Withdrawal limit in ATMs’(59.52) followed by ‘Long waiting time’(56.44), ‘High Service charges’(56.10), ‘Problems in using technological services’ (54.02), ‘Cumbersome loan procedures’ (53.89), ‘High Minimum Balance’ (52.37), ‘Frequent failures of ATMs’ (52.25), ‘Poor infrastructure’ (38.71), ‘Unpleasant employees’(37.10) and ‘Security issues’(34.89).

PROBLEMS FACED BY THE CUSTOMERS: KENDALL'S 'W' STATISTIC

The similarity in the ranking of the customers is analysed with Kendall's ‘W’ Statistic. The ranks given by the sample customers with regard to the problems faced by them are shown in Table 2.

**TABLE 2
PROBLEMS FACED BY THE CUSTOMERS: KENDALL'S 'W' STATISTIC**

Problems	Total score	Mean score	Rank	'W' Statistic
High Minimum Balance	3569	5.10	6	0.22
Frequent failures of ATMs	3575	5.12	7	
Long waiting time	3168	4.53	3	
Problems in using technological services.	3374	4.82	5	
Cumbersome loan procedures.	3319	4.74	4	
Withdrawal limit in ATMs.	2744	3.92	1	
Poor infrastructure.	5045	7.21	8	
High Service charges.	3024	4.32	2	
Security issues.	5523	7.90	10	
Unpleasant employees.	5158	7.39	9	

Table 2 reveals that the mean score for the problems faced by the sample customers with their bank varies between 3.92 and 7.9. It is found that the problem of ‘Withdrawal limit in ATMs’ (3.92) has been felt as important. Followed by ‘High Service charges’(4.32), ‘Long waiting time’(4.53), ‘Cumbersome loan procedures’ (4.74), ‘Problems in using technological services’ (4.82), ‘High Minimum Balance’ (5.1), ‘Frequent failures of ATMs’(5.12), ‘Poor infrastructure’(7.21), ‘Unpleasant employees’(7.39) and ‘Security issues’(7.9).

It is identified that the calculated value of ‘w’ is 0.22 (lesser than 0.5). Therefore, it can be concluded that there is low similarity among the sample customers in assigning the ranks to various problems faced by them with their bank.

SUMMARY AND FINDINGS

In this study, the problems faced by the customers while using the banking services have been examined by applying Garrett's Ranking Technique. Further, the similarity of the sample customers in giving ranks to the determinants and the problems have been analysed with Kendall's 'W' Statistic.

In the Garrett's Ranking analysis of problems faced by the customers, it is found that 'Withdrawal limit in ATMs'(59.52) is the most critical problem faced by the sample customers while using the services of their banks.

As per Kendall's 'W' Statistic, it is found that there is low similarity among the sample customers in assigning the ranks to various problems faced by them with their banks ('W' = 0.22 which is lesser than 0.5).

SUGGESTIONS

1. In the present study, it is found that 'Withdrawal limit in ATMs' is the most important problem faced by the sample customers while using the services of their banks. It is suggested that RBI and Government of India should taken measures to increase the withdrawal limit in ATMs.
2. It is identified that 'Long waiting time' is an important problem faced by the customers. It is suggested that the banks should install additional ATMs in crowded centers to reduce the waiting time of the customers.
3. The customers feel that the private sector banks charge high service charges. Hence, it is suggested that the private banks can reduce their service charges.
4. The banks can conduct awareness programme to the customers to educate them on the usage of technological services
5. It is also suggested that the procedure for applying for loan can be simplified.

CONCLUSION

The private sector banks have contributed significantly towards the development of Indian economy. The competition faced by banking sector is so stiff that they have to satisfy the needs of the customers by identifying and resolving the problems faced by them. By realizing this, the present study has been undertaken to identify the problems faced by customers of private sector banks and offer suggestions to overcome the problems. For which, the required data have been collected with appropriate methodology and the same have been analysed with statistical tools like Garrett's Ranking technique and Kendall's 'W' Statistic. On the basis of the findings of the present study, some viable suggestions have been offered for resolving the problems of customers of private sector banks. If all the suggestive measures have been seriously considered by the authorities concerned, it is hope that the private sector banks will cope up with the day-to-day requirements of the customers and they will be in upper-hand position among their competitors.

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