

Customers' Satisfaction on the Services of Pallavan Grama Bank: A Study in Villuppuram District

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Abstract

In the present competitive era, the growth and progress of any business is based on customer satisfaction. As the financial services are meant for meeting the financial needs of customers, the services should be up to the fullest satisfaction of the customers. The selling of financial services should be directed towards meeting the customers' needs. Financial institutions should always aim for better customers' satisfaction to enjoy the competitive edge. Measuring the customer satisfaction helps to promote an increased focus on customer services and stimulate improvements in the work practices and processes used within the company. With the surge in information technology, banks have inclined to offer round the clock service to their customers through mobile and net banking. In this context, it is relevant probing the customers' satisfaction level on the services of the Pallavan Grama Bank (PGB). The study has revealed a significant association between the level of satisfaction and that of the marital status and occupation.

Keywords: Customer Services, Customer Satisfaction, Regional Rural Bank

1. Introduction

Quality and quick execution are the main outlooks of the customers of any firm in the present competitive era driven by information technology, yielding them the sense of satisfaction. The banking sector is no exception to this and particularly, the Regional Rural Banks (RRBs) have all the more an urge to achieve customer satisfaction in order to compete with the other nationalised and scheduled banks in maintaining the customer accounts.

RRBs play a significant role in the rural financial sector, as they provide funds to the weakest among weaker sections of rural society. Their proximity to downtrodden and weakest among the weaker sections makes them unique institutions working in the field of rural financial sector. However, satisfaction of the customers will only enables the RRBs to out beat the fierce competition; otherwise lose the customers to others which provide better services. In this

context, it is relevant probing the customers' satisfaction level in respect of Pallavan Grama Bank (PGB) services.

2. Review of Previous Literature

Scher¹ investigated the impact of the amalgamation of Regional Rural Banks in India, in 2005-06. Siva Rami Reddy² examined in detail about the problems of rural population, rural development and the role of credit in the rural development. Anil Kumar Soni and Abhay Kapre³ analyzed the financial performance of RRBs in India and found to have significantly improved. Rajashekarappa and Kundan Basavaraj⁴ concluded that both the performance and network of Pragathi Grama Bank in Karnataka has gradually increased. Richa⁵ aimed to determine whether the disbursement of priority sector loans significantly differed from the disbursement of non-priority sector loans by the RRBs. Suman⁶ highlighted the efforts made by RRBs

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in branch expansion, deposit mobilisation and advances to the rural poor. Palacios⁷ made a comparative study on Regional Rural Banks in Chhattisgarh state with key performance indicators.

However, the present study is undertaken to determine the satisfaction level of the customers towards Pallavan Grama Bank's services in Villuppuram District of Tamil Nadu.

3. Statement of the Problem

Villuppuram District is surrounded by villages that are agriculture based. Majority of the population live in rural areas and most of them are below the poverty line and depend heavily on agriculture for their livelihood. Despite of hi-tech and sophisticated banking services, they are not able to use the services without any hurdles. In this backdrop, the present study is a modest attempt to find the answer to the following question:

- Are the customers satisfied towards services provided by the Pallavan Grama Bank?

4. Objectives

- To analyse the satisfaction level of customers towards the services provided by the Pallavan Grama Bank
- To offer suitable suggestions to improve the quality of the customer services in Pallavan Grama Bank

5. Sampling Design and Methodology

Of the two RRBs in Tamil Nadu viz., Pallavan Grama Bank and Pandyan Grama Bank, Pallavan Grama Bank was purposively selected. The Pallavan Grama Bank provides its services to 15 districts in Tamil Nadu and as on 31st March, 2014 there were 136 Branches. Among the 15 districts, Villuppuram district with the highest number of 18 branches was purposively selected. Among them three branches (Villuppuram, Kanjanur, Edapalayam) were randomly selected.

As per records of these three select branches, there were totally 5681 customers' accounts. Of them, 160 sample respondents were randomly selected, which however due to incomplete and incorrect information, a final sample size of 120 respondents was considered for analysis. This consisted of 55 sample respondents from Villuppuram branch, 35 respondents from Kanjanur branch and 30 sample respondents from Edapalayam branch. Hence, the

study was based on Multi-stage Random Sampling method. Primary data was collected from March 2014 to June 2014 through a well framed interview schedule

6. Hypotheses of the Study

The following null hypotheses were framed and tested:

H₀: There is no significant association between the socio-economic characteristics (Age, Gender, Marital Status, Educational Status, Occupation, Nature of Family, Size of Family, Number of Earning Members, Annual Income, Annual Expenditure, Annual Savings and Types of Account) of the sample respondents and the satisfaction of the respondents on the services of Pallavan Grama Bank.

Chi-square test, 'Z' and 'F' tests were employed to examine the significant of the hypotheses.

7. Data Analysis

The collected primary data were analysed with simple percentages and for further analysis statistical tools like Chi-square test, 'F' test and 'Z' test at 5% level of significance were also employed. The calculations were made with SPSS Version 21.

7.1 Socio-Economic Variables of the Respondents

Distribution of the sample respondents based on the socio-economic variables is shown in Table 1.

From Table 1, it is obvious to note that a majority of 60% of the sample respondents are middle aged; 65% are male; 68% are married; 64% belong to nuclear family; 63% belong to medium size family; 52% have 4-6 earning members in the family; 60% make a low annual savings of upto Rs.10,000 only; 72% hold savings bank account; a maximum of 45% are college educated; and a maximum of 40% are engaged in agriculture.

7.2 Quantification of Data to Measure the Satisfaction Level

An interview schedule with 21 statements was used to collect the necessary primary data from the sample respondents to measure their satisfaction level as given in the annexure. Likert's summated 5-point scaling technique⁸ was applied to find out the aggregate satisfaction level of the sample respondents ranging from 'Highly Satisfied' to 'Highly Dissatisfied'.

Table 1. Distribution of the respondents by socio-economic variables

S.No	Socio-economic Character	Divisions	No.of Respondents	Percentage
1	Age	Young	26	22
		Middle	72	60
		Old	22	18
		Total	120	100
2	Gender	Male	78	65
		Female	42	35
		Total	120	100
3	Marital Status	Married	81	68
		Unmarried	39	32
		Total	120	100
4	Educational Status	Illiterate	18	15
		School Level	48	40
		College Level	54	45
		Total	120	100
5	Occupation	Agriculture	48	40
		Business	34	28
		Employer	32	26
		Profession	6	6
		Total	120	100
6	Nature of family	Joint family	44	36
		Nuclear family	76	64
		Total	120	100
7	Size of the firm	Small	18	15
		Medium	76	63
		Large	26	22
		Total	120	100
8	Number of Earning Members	Group A (2-3 members)	46	38
		Group B (4-6 members)	62	52
		Group C (Above 6 members)	12	10
		Total	120	100
9	Annual Savings	Low (upto Rs.10,000)	72	60
		Medium (>Rs.10,000- Rs.25,000)	34	28
		High (above Rs.25,000)	14	12
		Total	120	100
10	Types of Account	Savings Bank Account	86	72
		Current account	16	13
		Fixed Deposit Account	10	8
		Recurring Deposit Account	8	7
		Total	120	100

Source: Primary data

The total scores of 120 respondents were calculated and the individual's score arrived at ranged from 21 to 105 and hence the average score was 63. Further, for in-depth analysis, the respondents were classified into two groups, based on their satisfaction level viz., Satisfied (The respondents who secured 63 and above) and Dissatisfied (The respondents who secured below 63).

7.3 Distribution of the Sample Respondents by Satisfaction Score on the Services of Pallavan Grama Bank

The details relating to distribution of the sample respondents by satisfaction score on services rendered by Pallavan Grama Bank are shown in Table 2.

Table 2 reveals that 51.7% of the customers are dissatisfied with the services of the Pallavan Grama Bank and it is found that the average score of this category is 64.83.

7.4 Association between the Socio-Economic Variables and Satisfaction

The association between socio-economic variables namely, age, gender, marital status, education qualification,

occupational status, nature of family, number of earning members in family, annual savings, types of account which are independent and the satisfaction level of the respondents on services of the Pallavan Grama Bank are analysed by applying 'chi-square' test and the significance of the association of all variables with the level of satisfaction is shown in Table 3.

Table 3 reveals that the socio-economic factors of age, gender, educational qualification, nature of family, size of family, number of earning members in family, annual savings and types of account are not significantly associated with the level of satisfaction on services of the Pallavan Grama Bank. However, occupation and marital status emerged as factors with significant association. More or less similar inferences are drawn by using 'F' and 'Z' test and the results are shown in Table 4.

Table 4 reveals that the socio-economic factors of age, gender, educational qualification, nature of family, size of family, number of earning members in family, annual Savings and types of account are not significantly associated with the level of satisfaction on services of Pallavan Grama Bank. However, marital status and occupation emerged as factors with significant association.

Table 2. Distribution of the sample respondents by satisfaction level

Satisfaction Level	Number of Sample Respondents	Percentage	Total Score	Average Score
Satisfied (Score ≥ 63)	58	48.3	2902	70.78
Dissatisfied (Score <63)	62	51.7	4266	64.83
Total	120	100	8024	66.87

Source: Primary data

Table 3. Association between the socio-economic characteristics of the sample respondents and their satisfaction: Chi-square analysis

Socio-Economic Characteristics	Table Value@5% Level	Calculated Value x ²	Degree of Freedom	Result
Age	5.991	1.016	2	Insignificant
Gender	3.841	0.443	1	Insignificant
Marital status	3.841	4.789	1	Significant
Educational Qualification	5.991	1.692	2	Insignificant
Occupation	7.815	11.97	3	Significant
Nature of family	3.841	1.404	1	Insignificant
Size of the family	5.991	0.391	2	Insignificant
Number of earning members in family	5.991	0.263	2	Insignificant
Annual Savings	5.991	2.439	2	Insignificant
Types of account	7.815	1.405	3	Insignificant

Source: Primary data

Table 4. Association between socio-economic characteristics and level of satisfaction: 'F' test and 'Z' test

Socio-Economic Characteristics	Table Value@5% Level	Calculated Value F and Z test	D.F	Test	Result
Age	3.07	1.275	2	F	Insignificant
Gender	1.96	0.586	1	Z	In significant
Marital status	1.96	2.76	1	Z	Significant
Educational Qualification	3.07	1.603	2	F	Insignificant
Occupation	2.68	2.98	3	F	Significant
Nature of family	1.96	0.812	1	Z	Insignificant
Size of the Family	3.07	0.162	2	F	Insignificant
Number of earning members in family	3.07	0.450	2	Z	Insignificant
Annual savings	3.07	0.628	2	F	Insignificant
Types of account	2.68	1.824	3	F	Insignificant

Source: Primary Data

8. Key Findings

- 51.7% of the sample respondents have a low level of satisfaction on the services of the Pallavan Grama Bank in Villupuram district.
- In Chi-square test, it is found that the association between level of satisfaction and Age, Gender, Educational Status, Nature of Family, Size of Family, Number of Earning Members, Annual Savings and Types of Account are statistically proved as insignificant i.e., framed null hypothesis is accepted. Whereas, association between level of satisfaction and that of Marital Status and Occupation are statistically proved as significant i.e., framed H_0 is rejected.
- In 'F' test, it is found that the association between satisfaction level and average score of Age, Educational Status, Number of Earning Members, Annual Savings, Type of Account, Size of Family, are insignificant. Whereas, it is found that the association between level of satisfaction and that of Marital Status and Occupation are significant.
- In 'Z' test analysis, it is found that the association between level of satisfaction and gender and nature of family are insignificant, while Marital Status is Significant.

9. Suggestions

Since a majority of 51.7% of the sample respondents were found to have a low level of satisfaction on the services of

PGB, following suggestions are made based on their opinion drawn during the survey:

- Bank employees need to elicit a positive disposition in their dealings with customers.
- Location of PGB in Villupuram district needs to be in the close proximity to the customers' reach.
- Collection charges on outstation cheques should be reduced.

Hence, if these suggestions are implemented by the authorities concerned (Central Government and State Government) to increase the level of satisfaction; it would enable more number of customers to come forward to have an account with Pallavan Grama Bank.

10. Conclusion

Offering good and adequate banking facilities in the rural areas is the need of the hour and Pallvan Grama Bank should enhance the customers' satisfaction in order to be successful. The concerned authorities of Pallavan Grama Bank meticulously consider the suggestions, it would certainly enable PGB to enjoy the competitive edge and even become a lead bank in India.

11. References

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Annexure: Interview Schedule to Measure the Satisfaction Level on the Services of PGB

Indicate your level of satisfaction/dissatisfaction with each of the following statements.

S.No.	Statements	HS	S	N	DS	HDS
1	Procedure for opening account					
2	Customer service hours					
3	Time taken for each transaction					
4	Procedure in getting loans					
5	Location of the bank					
6	Credit/debit card facilities					
7	Response for the enquiry regarding opening account					
8	Minimum balance					
9	Technology innovation					
10	Commission on outstation cheques					
11	Maximum limit for withdrawal per day					
12	No. of ATM counters provided by the bank					
13	Locker facilities					
14	Locker Service					
15	Rent charged for lockers					
16	Bank's advertisement regarding services					
17	E-banking facilities					
18	All services offered by the bank					
19	Rate of interest on deposits and loans					
20	Prompt service by bank staff					
21	Cheque facilities					

HS: Highly Satisfied S: Satisfied N: Neutral DS: Dissatisfied HDS: Highly Dissatisfied