



FACTORS INFLUENCING CUSTOMER PERCEPTION TOWARDS SELECTION OF BANK

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ABSTRACT

The rapid development of the banking sector with strong competition has given a powerful push to traditional banking services in India. Banking sector with traditional banking services started providing innovative, value added financial services which adds value to customers satisfaction in terms of better quality of service offerings and at the same time enable the banks gain more competitive advantage over other competitors. We investigate the relative importance of the factors determining customer perception towards the selection of bank. The sample survey has been conducted in Tiruchirappalli city. Data has been analyzed using descriptive statistics, factor analysis and t-test. The present study shows that some factors highly influence the customers' choice of banks. The present research concludes that customer perception becomes an important phenomenon in the banking industry so various measures should be put in place to ensure more customer satisfaction by providing innovative and timely availability of product and services so as to increase efficiency of banking sector.

KEYWORDS: Banking Industry, Customer Perception.

INTRODUCTION

The satisfaction of the customer especially in the service business had a great importance because the satisfaction of the customer directly linked with the customer loyalty or the repetition of using the services the modern banking has provided (Ravichandran et al., 2010). Customer satisfaction is much vital in internet based companies. Good quality products and services are demanded by customers and if they don't get the desired services they can easily move away towards another option. All the online businesses are compelled to isolate and focus customer's need for their satisfaction (Kadir, Rahmani, & Masina, 2011). The banking industry plays a key role in the development of any country and is an especially large and important sector in the India. Given the importance of the banking industry to overall economic activity in the India, it is important to monitor and assess new developments in the industry. There are a number of factors that may result in a customer switching to different banking as their desired choice of banking services. One such factor is the benefits associated with the use of banking services. These benefits include cost savings, time savings, improved service and reliability. With the adoption of technology, the Indian banking sector has undergone significant transformation from local banking to anywhere-anytime banking. Over the past couple of years, there has been huge growth registered in the number of transactions done through mobile devices. Many studies showed that customers perceive the service provided from banking as



an improvement over that offered by other channels of delivery. The survival of a bank in this region lies in identifying customers' needs and developing new ways of doing business. The objective of this study is customer perception for selection of the bank. The findings should be of value to researchers as well as practitioners and enhance understanding of customer perception for banking services and customer expectations towards banks.

REVIEW OF LITERATURES

Davis (2006) studied new business concepts, a change in client sophistication and an increasing number of new competitors entering into the market, such as independent financial consultants, have changed the business models and the competitive forces that established financial services organizations are facing today worldwide. In recent years, research has been conducted to gain insights of service quality and customer satisfaction Parasuraman et al. (1985, 1988, 1991 and 1994); Carman, (1990); Zenithal et al.(1993); Anderson et al. (1994). According to Owusu-Frimpong (1999) financial services are characterized by high levels of credence and experiential features, therefore, making them difficult to be evaluated before consumption. Customer satisfaction is, from the point of view of these authors, seen as a wider concept influenced by service quality, product quality and price but also from situational and personal factors as for instance customers' emotional status. However, Shajahan (2004) studied the impact of information technology variables on Jordanian customer preference towards Commercial Bank, which deals with, in order to encourage and assist banks to adopt a modern management and marketing philosophy which will help them to achieve their objectives and support capabilities and competitive advantages. Uma Sekaran (2006) studied various services offered by the banks can be utilized by the customers only when they are made aware of these services. Author found that the banker and customer have to know about one another. The banker has to understand the customers' needs and in the same way, the customer has to know about the various services offered by the banks.

OBJECTIVES

- To identify factors that influences the options of bank selection
- To understand perception of customer for selection of bank

METHODS AND MATERIALS

The present study involves 50 respondents from Tiruchirappalli city in Tamil Nadu state of India. The sample size has been taken by non-random convenience sampling technique. Data has been collected both from primary as well as secondary sources. Primary data was obtained through questionnaires filled by people and through direct communication with respondents in the form of Interview. The secondary sources of data were taken from the various websites, books, journals reports, articles etc. A Likert-type instrument with 5-point rating scale was used to measure the respondents' perception with regards to selection of bank. The responses to the different questions have been represented using descriptive statistics to the variable under investigation. Factor analysis has been done to sum up the different factors that are considered important in selection of bank. The t-test has been used to determine if there are significant differences in the mean scores for gender (male and female), age (younger and older) and income (lower and higher).

DATA ANALYSIS AND INTERPRETATION

Table No – 1: Socio-economic profile of the respondents

Variables	No.of respondents (n=50)	Percentage (100%)
Age		
Below 30yrs	40	80
Above 30yrs	10	20

Marital status		
Married	32	64
Unmarried	18	36
Gender		
Male	41	82
Female	09	18
Educational qualification		
Below Hsc	11	22
UG	22	44
PG	17	34

Percentage analysis table shows that vast majority (80 per cent) were below 30yrs of age group and remaining 20 per cent were above 30yrs. majority (64 per cent) were married and remaining 36 per cent were unmarried. Vast majority (82 per cent) of the respondents were male and remaining 18 per cent were female. Nearly half (44 per cent) of the respondents were qualified in UG, 34 per cent were PG and remaining 22 per cent were below Hsc.

Research Hypothesis: There is no significant difference between customer educational qualification and their overall customer perception

Table No – 2: One-way ANOVA difference between customer educational qualification and their overall customer perception

overall customer perception	N	Mean	S.D	Statistical inference
Below Hsc	11	19.81	0.412	F=2.141
UG	22	19.17	0.522	0.217>0.05
PG	17	18.94	0.784	Not Significant

The above one-way ANOVA 'f' test table indicates that mean and S.D values of below Hsc 19.81±0.412, UG 19.17±0.522 and remaining PG 18.94±0.784. Therefore, there is no significant difference between customer educational qualification and their overall customer perception. The calculated value is greater than table value (0.217>0.05). The research hypothesis is accepted.

CONCLUSION

The present investigation demonstrates that Bank notoriety, potential advantages, quality administration are imperative variables which impacting view of client towards determination of bank. These components as introduced in this investigation can help bank administration to decide their techniques to pull in and hold clients. The discoveries of the investigation uncovered that clients put a gigantic accentuation on administrations while choosing their banks. The examination additionally uncovers that innovation assumes an essential job in the choice of banks by client. In the present condition, clients require increasingly customized and esteem included administrations like ATM, eBanking, and portable keeping money. Every one of these components recommend that client need speed in the administrations. As innovation has adjusted the conveyance system of banks items and administrations, separating the client from the bank counter, it has not the slightest bit modified the requirement for neighborly administration. Thus banks ought to enhance the relational abilities of their workers. To meet the changing inclinations of the clients and to remain in front of contenders, bank should improve client benefit by utilizing on innovation, support of productive administration conveyance measures and business process re-building.

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