Embracing Fresh Realities through Customer Satisfaction Audit in Retail Banking

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ABSTRACT:

There has been increasing competitive pressures by retail banks in India since last two decades. The same has encouraged the banks to consolidate their positions to adopt new technology, which were completed by increasing consumer demands with the objective of improving and rendering quality services. Satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceive performance/ outcome to their expectations. Customer satisfaction is the key to the profitability of retail banking and it implies the retention of customers for the long term, which is cheaper than attracting new customers through. The knowledge of current levels of satisfaction benefits the industry to allow them to focus and understand the sales growth and help to embrace fresh realities. Customer satisfaction audit is a comprehensive, systematic, interdependent and periodic examination of customer expectations. It has become the business drivers of these days to embrace fresh realities.

Keywords: Customer Satisfaction Audit, New Business Driver, Fresh Reality, Sales Growth.

In these regards, this research paper measures the satisfaction level of the customer and it also trace the impact of satisfaction on sales growth.

In this research, 100 respondents are taken into account for the study. Data are collected through structured questionnaire and presented with the help of Rating scale from very satisfied -5 to very dissatisfied-1. Collected data are analysed with the help of percentage and cross tabulation method. The area of the research is Wanawadi area in Pune city.

Through this research, it is found that quality service offerings and satisfaction derived from services improve the customer experience and result in enhancement in loyalty, retention and consequently business performance. It also observed that service quality is the key business driver in sales growth and service quality is one of the valuable means in building a competitive position in the service industry by understanding fresh realities through customer satisfaction audit.

INTRODUCTION

Customer satisfaction audit is the key business driver to understand and embrace current/fresh realities. Satisfaction is a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome to their expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied.

Customer satisfaction can be judged on the basis of utility/ need / benefits provides to the customer. The most popular view of customer satisfaction in academia is that customer satisfaction is the judgment come out of the comparison of pre–purchase expectations with post purchase evaluation of the product or service experience (Oliver, 1997). Customer satisfaction can result from any dimension (whether or not it is quality related) and its judgments may arise from non-quality issues (e.g. needs, equity, and perceptions of `fairness') and require experience with the service or provider (Taylor et al, 1994; Howard and Sheth, 1969).

Strong linkages have been apparent between service quality dimensions (for example speedy responses to enquiries) and overall customer satisfaction (Anderson and Sullivan, 1993). But much debate arises from whether customer satisfaction is an antecedent of service quality judgements (Bitner, 1990; Parasuraman, et al, 1985) or the other way round (Anderson and Sullivan, 1993; Cronin an`d Taylor, 1992; Taylor et al, 1994).

The foundations of service quality may be viewed from two widely accepted perspectives – the SERVQUAL model and the Technical/Functional Quality Framework (Gronroos, 1983, 1990). SERVQUAL, offers five dimensions of service quality to be evaluated in any service setting; reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman, et al, 1985), and it has been widely used in practice in its original and modified form (Levesque and McDougall, 1996). However, further research has illustrated that there are two overriding dimensions to service quality, the core or outcome aspects and the relational or process aspect of the service (Naser, Jamal and Khatib, 1999). While reliability is largely concerned with the service outcome, tangibles, responsiveness, assurance, and empathy are more concerned with the service process. Customers judge the accuracy and dependability (i.e., reliability) of the delivered service, but they judge the other dimensions as the service is being delivered. It was found that although reliability is the most important dimension in meeting customer expectations, the process dimensions

(especially assurance, responsiveness, and empathy) are most important in exceeding customer expectations (Parasuraman et al, 1991).

Another perspective on service quality is the Technical/Functional Quality perspective originally conceptualized by Gronroos (1983). Technical quality refers to the quality of what is provided while functional quality (process quality) refers to the quality of how it is provided. Technical outcome quality involves the actual competence of the provider and the technical outcome of the product, while this is considered difficult to evaluate due to the lack of knowledge on the part of the consumer, functional quality (or process quality) is more easily judged. Functional quality refers to the delivery of the service. Its elements include items such as courtesy, confidence and attentiveness. These form the basis of the customer's evaluation of the service provided and provider. In banking, this would be judged through an evaluation of the personnel's' efficiency and speed in dealing with problems as well as the opening or closing hours of the bank. Effectively, once technical quality has attained an acceptable level, functional quality becomes more imperative in determining the overall perception of the service (Gronroos ,1983). Due to the relative speed in which innovations in products and other aspects of technical quality of the banking service may be replicated, this is highly indicative of the heightened importance of the functional aspects of the service.

In the final analysis, service quality cannot be separated from the concept of customer satisfaction. Further research has also identified other factors such as customer specific and situational factors as contributing to overall satisfaction (Zeithaml and Bitner, 2000).

The nature or characteristics of the service has been found to influence the relative importance of the drivers of customer satisfaction. For instance, where core service quality (technical qualities) is easier to evaluate it may be a more critical driver of customer satisfaction, on the other hand in services high in credence qualities, functional qualities is suggested as a more critical driver of customer satisfaction (Shemwell, Yavas and Bilgin, 1998). Therefore, elements of customer satisfaction, which may be more important in retail banking, are functional elements.

Literature Review:

Better-quality service offerings enhance the customer experience and result in improvements in loyalty, retention and subsequently sales growth. In this regards, following are the some opinions from available literature:
To survive in highly competitive markets, organizations need to provide services thatyield highly satisfied and loyal customers. (Westbrook and Oliver, 1991)

Satisfied customers are more inclined to be loyal, producing several benefits for Organizations. (Asif and Sargeant, 2000; Hansemark and Albinsson, 2004; Reichheld and Sasser, 1990)

Customer satisfaction is considered to be a key to organisational survival (Jones and Sasser, 1995), as well as increased market share. (Rust et al., 1992) and profitability. (Heskett et al., 1994).

Objectives of the Study:

1. To measure the customer satisfaction level.
2. To find out the impact of satisfaction on sales growth.

Research Design:

For this research, conclusive research method is used wherein causal research procedure is followed with the help of different level of satisfaction and its impact on sales growth.

Data Collection:

Researcher has used Simple Random Sampling method for data collection. The main instrument for data collection is questionnaire. To find the overall satisfaction of the respondents towards the retail banking services was gauged using a five point Rating scale. It consists of scale from very satisfied-5 to very dissatisfied-1.We measure the various items like; branch satisfaction, ATM satisfaction, economic satisfaction and remote service satisfaction.

Data Analysis:

The total sample size is 100 respondents, but out of which 90 were found to have been accurately and completely answered. Data are analyzed by cross tabulation method with the help of percentage drawn from available data.

Scope of the Study:

➢ It would be beneficial to understand satisfaction level and its relevance to sales growth and would help to embrace fresh realities.
➢ This study is expected to bring lucidity to the issues of customer satisfaction in retail banking, and help in improving specific parameters of service to enhance overall customer satisfaction.
➢ This would help the management of the banks to create strategies and action plans to retain their current customers and to attract new customers and embrace fresh opportunities.

Table no. 1-
Satisfaction Audit Criteria and Relative no. of Respondents:

	Parameters/ Determinants	Very satisfied	Fairly satisfied	Neither	Fairly dissatisfied	Very dissatisfied
Branch satisfaction	1. Cooperation of staff, 2. Availability of cash machines, 3. Reliability of cash machines, 4. Personal data Privacy in-branch, 5.QMS(Queue mgmt. service), 6. Air –conditioning in the Branch. 7. Water Dispenser, 8. Clean Floor, 9. Easy access of Services, 10. Working hours, 11. Availability of Suggestion box / Complaint Book	48	25	10	5	2
ATM satisfaction	12. Availability of cash, 13. Cheque drop box availability, 14.Deposit slip availability, 15. Cleanliness, 16. Easy access of ATM services	43	21	10	13	3
Economic satisfaction	17. AQB charges, 18. Overdraft interest rate, 19.Cheque bouncing charges, 20. FD interest rate, 21. Various loan interest rates, 22Service charges,	33	15	10	16	16
Remote Service satisfaction	23. Internet banking, 24. Phone Banking, Mobile Banking SMS Banking 25. Speed of replying to letters, 26. Outstation cheque collection, 27. Payment gateway facility, 28. NEFT/ RTGS 29. Customer care Service	47	21	11	8	3
Average Total		43	21	10	11	6
Average Percentage		46	26	11	10	7

Table no. 2 - The impact of customer satisfaction on sales growth:

Customer Category	Very satisfied	Fairly satisfied	Neither	Fairly dissatisfied	Very dissatisfied
Average total (From table no.1)	43	21	10	11	6
No of respondent willing to render the services like: insurance, various accounts, various loans and the like	39	19	6	4	2
Average Total Percentage	91	90	45	36	30

Chart showing relationship between satisfaction and willingness to re-render the service.
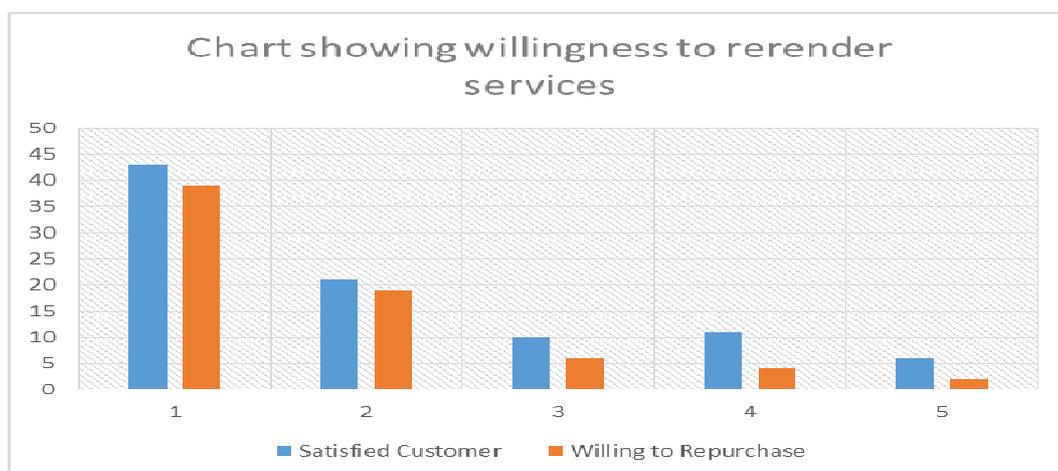
Findings:

Following fresh realities are revealed:

1. One of the major findings emerges from this study is that overall satisfaction is very high for customers of retail banking.
2. High service quality leads to high customer satisfaction Customers are more satisfied in the parameters of in-branch satisfaction.
3. In-branch satisfaction was found to be the most important factor followed by remote services satisfaction, and ATM satisfaction, and with the least influence by economic satisfaction, because various charges of the bank are most crucial part to satisfy the customer.
4. In terms of influence of satisfaction on sales, it is found that there is immense correlation between satisfactions and re-render the services.
5. Study reveals that satisfaction leads to increase the sales, entire sales growth is dependent on high quality service.
6. Customer satisfaction audit is new age business driver to embrace fresh realities of the business.

Conclusion:

Study revealed that the most important determinant of customer satisfaction was economic factors, which highlighting that various charges and interest rates do determine the overall satisfaction of the customer. Value added services and its quality, reliability, responsiveness, assurance may be able to increase the overall satisfaction of customers in retail banking. In terms of the determinants of satisfaction, it was found that customers were more satisfied with factors in-branch and remote services. These had higher satisfaction ratings compared to ATM services and economic factors. In fact economic factors recorded the lowest mean satisfaction scores. This has important suggestions with regards to areas in various charges and interest rates, which need attention in retail banking to improve marketing outcomes.

Researcher also found that there is immense correlation between satisfactions and re-render the services. Because of superior quality service customer would like to maintain the relation with the bank and in turn they will re-render

more services from the bank. It will help to cross-sale the banking product and will help to gain maximum market share.

As per fresh realities revealed through the research, it can be concluded that customer satisfaction audit is the new age business driver to embrace the recent and fresh realities of the business, which will help to strengthen the opportunities.

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