

“Customer Satisfaction and Service Quality in Commercial Banks”

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Abstract – *The banking scenario in India in the post liberalization and deregulated environment has witnessed sweeping changes. The tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations. Customer satisfaction can be considered as the essence of success in today's highly competitive world of business. Customer satisfaction increases the existing customer loyalty, repurchase process, awareness of the people about the firm, decrease the price flexibility, the cost of gaining new customers and prevent the customers being affected from competitive enterprise.*

Keywords: *Customer Satisfaction, Service Quality, Competition*

INTRODUCTION

The banking industry in India has undergone drastic change since post-independence. Banking sector reforms along with financial sector liberalization and opening up of the economy have made the situation precarious to the banks [Sharma, 1995]. Indian commercial banks have been striving to satisfy their customers by ensuring quality service, but in some cases many banks could not do this. Again, customers of different banks are not satisfied on their banks, because of low quality services. Increased level of awareness of customers and wide range of options open to them have their effect in changing the needs and expectation of customers and consequently Indian commercial banks in order to preserve their market share are compelled to cope up with the emerging environment and changing needs of bank customers [Dahotre, 1994].

REVIEW OF LITERATURE:

Faizan Mohsan (2011) in his paper titled "Impact of Customer

Satisfaction on Customer Loyalty and Intentions to Switch: Evidence from Banking Sector of Pakistan" revealed that customer satisfaction was positively correlated with customer loyalty and negatively correlated with customer intentions to switch. Mishra (2009) tried to explore the factors that lead to customer satisfaction in retail banking in India.

Several authors have defined satisfaction in a different way. There are some definitions of customer satisfaction that will give us clear idea about satisfaction concept. Vijay M. Kumbhar (2011) in his paper titled "Alternative Banking Channels and Customers" Satisfaction: An Empirical Study of Public and Private Sector Banks" shows that, there was significant relationship between age, education and profession of the bank customers and customers' satisfaction in alternative banking. Jham and Khan (2008) studied the customer's satisfaction in the Indian banking sector and inferred that the satisfaction of customers with the services of Indian banks is linked with the performance of banks. Dash and Mahapatra (2006) gave an insight into the parameters of customers' satisfaction and their measurement. The paper observed that the customer's requirements must be translated and quantified into measurable targets. This provided a way to monitor improvements, and deciding upon the attributes that need to be concentrated in order to improve customer's satisfaction. Gouri Shankar, A. (2004) suggested that excelling and managing customer relationship was the future of any business.

BANKING IN INDIA:

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, NOW which started in 1786, and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which

originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955[Amruth Raj Nippatlapalli, Dec-2013].

CUSTOMERS SATISFACTION:

Satisfaction is the sum total of customers' expression of service quality and depends upon customers' own perception and expectations. Customer satisfaction is the outcome felt by the buyers who have experienced a company's performance that has fulfilled their expectations. Customers are satisfied when their expectations are met and delighted when their expectations are exceeded. Customer satisfaction with respect to service quality is an invaluable asset for the modern organizations, providing unmatched competitive edge.

CONCLUSION:

Time is a key aspect which has an effect on the eminence and standing of the bank. E-banks are as long as quick service and that is why they are flattering more well-liked. Therefore it is very necessary that the bank should put in position the right type of systems to additional cut down on service time and render immediate services to the consumer [Dr. B.S Sharma, Preeti Aggarwal, and Dec-14].

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